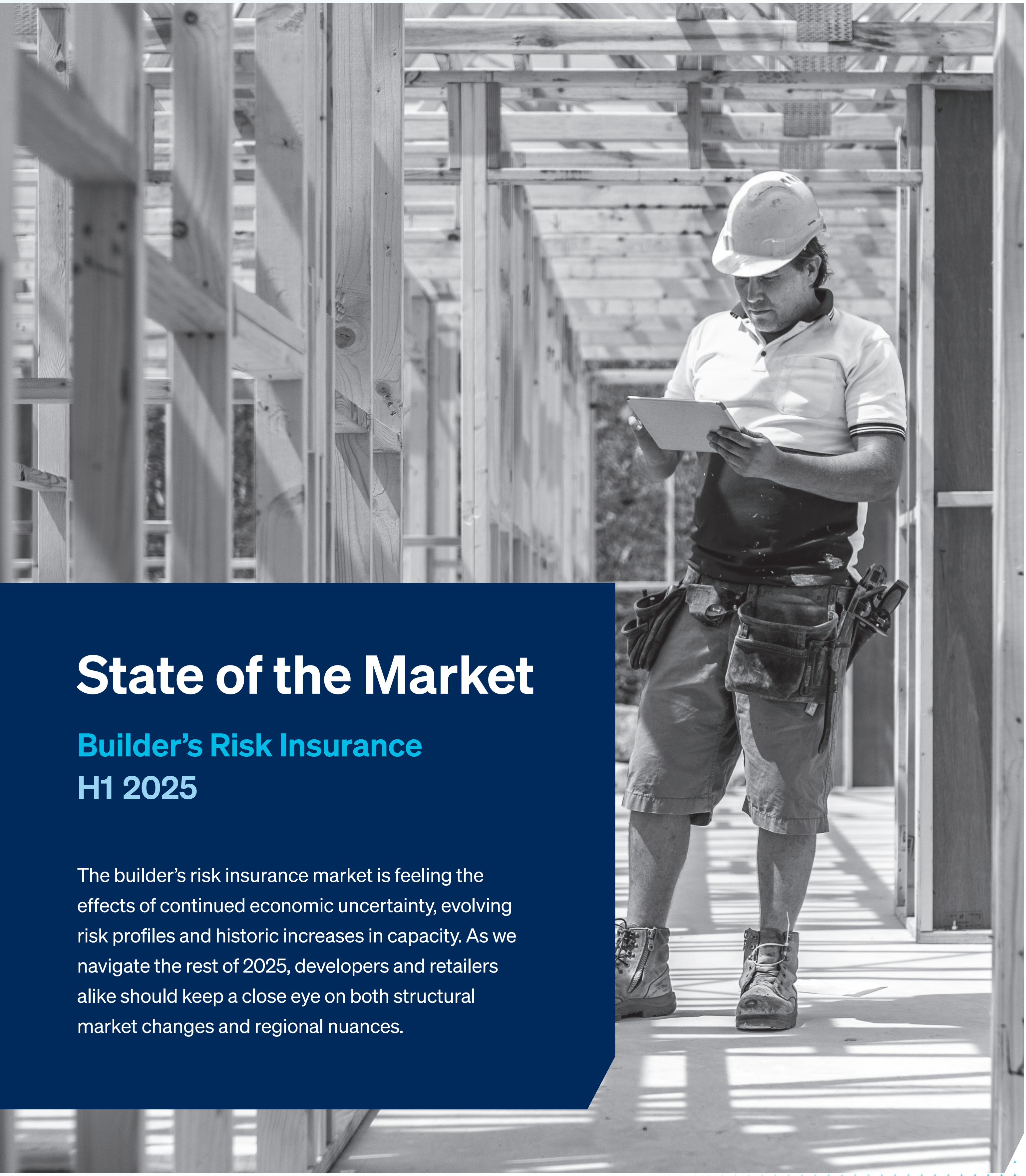


State of the Market

Builder's Risk Insurance
H1 2025

The builder's risk insurance market is feeling the effects of continued economic uncertainty, evolving risk profiles and historic increases in capacity. As we navigate the rest of 2025, developers and retailers alike should keep a close eye on both structural market changes and regional nuances.

Capacity expansion and market segmentation

Wholesale builder's risk opportunities can generally be divided into three categories: large wood frame construction, catastrophe (CAT) exposed construction and CAT-exposed wood frame construction. While these segments differ in risk profile, 2025 has offered them the same hurdle—significant capacity expansion.

While rates and project activity were at an all-time high over the past several years, some carriers sought to deploy capital through managing general agents (MGAs) in a bid to join an attractive market landscape. As a result, carriers are now relying on the specialized underwriting expertise of MGAs and their operational agility to strengthen market presence, but the question remains, which of these newer entrants are going to follow the market down now that conditions are showing signs of significant softening?

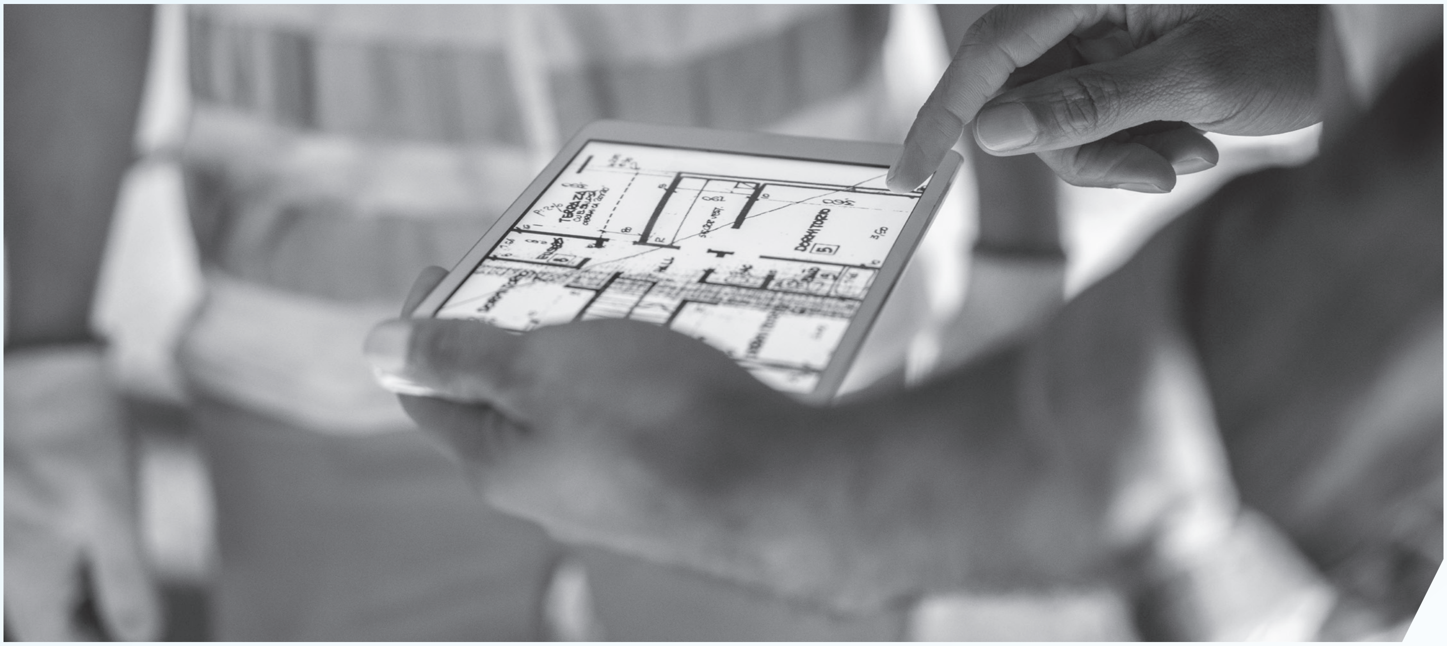
Economic pressure and rate softening

Capacity isn't the only strain on the builder's risk market. Rate softening is widespread, driven by heightened competition and hesitation among developers facing tighter margins and macroeconomic headwinds. Project starts have slowed, especially in multifamily, as sophisticated clients who have long-term interest in their developments are deferring development in hopes of better economic timing. Tiers 2 and 3 developers who rely on quick turnarounds for profit are opting to halt production all together while waiting the market out – leaving a noticeable gap in a previously active market.

There are some noticeable exceptions though. In some regions (particularly the Southeast and Gulf Coast) pricing reached historic highs in recent years but has since begun to retreat as capacity returns and competition increases.

Underwriting rigor and submission quality

Even in this softer market, underwriting discipline remains strong. Carriers are becoming increasingly selective, gravitating toward high-quality risks and exercising caution in more challenging geographies and project types. Submission quality remains a key hurdle; especially with insureds that fall into the CAT exposed category: underwriters continue to receive incomplete or inconsistent data, which slows the quoting process and complicates risk assessment. There may be instances where underwriters are willing to fight for better term conditions given the increased competition, but the technical underwriting standards are not being relaxed despite the flood of new capacity entrants.



Technology and construction trends

Loss prevention technology continues to be a key factor in risk assessment. Developers incorporating water flow detection systems, AI-powered security platforms and damage mitigation tools are increasingly viewed as higher-quality risks. While not necessarily mandated, these solutions help differentiate insureds in a competitive market and influence both premium pricing and policy terms.

Beyond loss mitigation, builders risk underwriters are beginning to consider the implications of digital construction management platforms, smart sensor integration and even early-stage adoption of digital twin technology. These tools offer real-time monitoring, predictive analytics and enhanced transparency—creating opportunities for more proactive risk engineering and claims response.

Another emerging trend is the growth of modular and prefabricated construction, particularly in the West and in certain industrial and wood frame sectors. These approaches can offer cost and time efficiencies but may introduce new risk considerations during transport, assembly or structural integration—raising unique underwriting questions.

Uneven recovery

Like any market, conditions vary by region. Florida has shown meaningful improvement in capacity and deal structure compared to prior years, while markets like Louisiana remain difficult due to legal and litigation-related concerns. The Southeast and Gulf Coast, once among the hardest hit by capacity constraints, are beginning to see pricing recalibrate.

In the West, demand remains steady, but high replacement cost valuation and CAT exposure continue to pressure both carriers and insureds. In the Northeast and Midwest, competitive conditions have returned more quickly, though carriers are still prioritizing risk quality and deal structure over volume.

From our underwriters

In 2025, economic uncertainty continues to loom large. Many developers are pausing or shelving construction projects due to interest rates, inflationary impacts, regional labor shortages and less than ideal costs for critical materials. Sectors like hospitality and multifamily are feeling the pressure most acutely, with project feasibility under increasing strain.

However, there are early signs of regional balance. In cities like Austin, Denver and Charlotte, rental supply is beginning to align with demand, prompting some developers to re-evaluate investment strategies. This recalibration suggests long-term opportunity—but in the short term, hesitation still dominates.

Builder's risk coverage is also evolving. Some insurers are offering broader language, especially around exclusions like construction defects, but those provisions often fall short on actual protection. At the same time, thinner project margins and higher interest rates are increasing the stakes. As construction timelines stretch, questions around claims handling (particularly during mid-project transitions) are gaining importance.

Strategic recommendations

In this climate, disciplined risk management is essential. Developers should engage with underwriters who understand the current environment and can tailor policies that reflect both project specifics and emerging market realities. While cost pressures are real, cutting corners on insurance can leave critical exposures unaddressed.

A long-term, value-driven view of coverage is key. By investing in comprehensive insurance solutions and trusted underwriting relationships, developers can better position themselves to weather today's volatility and seize tomorrow's opportunities.

We help you win

Amwins, through our exclusive products and strategic brokers, is readily equipped to help ensure that your clients get the builder's risk coverage they need and nothing less.

In this environment, relying on experienced wholesale partners is more critical than ever. At Amwins, our brokers work diligently, and with the insight and carrier relationships needed to anticipate trends, are well equipped to deliver the tailored placement strategies to help your clients win.

The market may be competitive, but with the right strategy and expert guidance, you can deliver smart, sustainable property solutions for your clients.

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