State of the Market

Construction / H1 2025

The construction casualty market remains firm but fragmented midway through 2025. Stability in primary layers contrasts with tightening conditions in the excess space, particularly for accounts with fleet exposure or adverse loss histories.

Primary coverage continues to benefit from consistent capacity and manageable pricing pressure while competition remains strong, and marketing efforts generally include multiple interested carrier partners.

Excess underwriters are broadly seeking rate increases between 7% and 15% (with spikes above 20% for distressed risks). We are continuing to see carriers pulling back on limits, tightening per-project aggregates and maintaining a firm stance on exclusions. However, there is room for negotiation when creative program structures, alternative markets and clear risk mitigation strategies are brought to the table.

Regional and class-specific trends

Construction casualty outcomes are increasingly driven by local market conditions, class of business and exposure mix. There is no single national trend: carrier appetite varies widely by geography and project type.

Commercial construction remains a relative bright spot, with ample capacity and competitive pricing, especially for clean, well-managed accounts. Project-specific general liability (GL) programs, including GL-only wrap-ups, are also maintaining traction, particularly in the E&S market.

Built-to-rent residential communities continue to attract attention in high-growth Sun Belt states like Texas, Georgia, Florida and the Carolinas. These developments offer insurers portfolio-style underwriting opportunities with predictable exposures and scalable risk, making them a favored class in an otherwise challenging market. Be sure to proactively discuss acceptable terms and conditions with clients, specifically for-sale conversion language and per project aggregates, as these have limited availability in the marketplace.

Conversely, certain classes and geographies remain challenging. For-sale residential construction in construction defect states (including Florida, California, Colorado, etc.) and auto-heavy civil construction projects continue to see limited appetite and steep pricing.

Fleet exposure, especially in markets like Texas, Georgia and California, is a major concern. Even modest auto schedules are drawing significant scrutiny, and facultative reinsurance is growing more difficult to place.

Litigation hotspots are also shifting. While challenges in New York, California, Florida and Colorado persist, there are smaller venues like Cook County, IL that are also drawing concern due to escalating verdicts and litigation trends. Even accounts with clean histories face increased scrutiny based on jurisdiction alone.

What's Trending

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- **Commercial Construction**
- **Built-to-Rent Residential Communities**

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- **Residential Construction (in construction defect states)**
- **Fleet Exposure**

Auto liability and legal challenges

While auto liability has long been a focal point for casualty insurers, its impact in 2025 is magnified by the broader legal challenges, especially in litigious venues such as Texas, Florida, California, New York and Washington.

The industry is moving beyond the term “social inflation” to recognize a broader, more organized effort, often backed by third-party litigation funding. This funding has transformed what might once have been considered straightforward claims into high-stakes jury trials and has become especially prevalent in injury cases, where sympathetic juries and anti-corporate narratives fuel inflated awards.

In Texas, the Stowers doctrine adds further risk, as failure to settle within limits can drag higher layers of coverage into claims. This risk dynamic is influencing tower design, defense strategy and even the willingness of some carriers to participate in high-risk excess placements.

To mitigate these pressures, brokers must proactively manage aggregates, monitor venue-specific trends and structure placements with a forward-looking view of legal risk.

Capacity, pricing and placement strategy

Primary layers are typically seeing flat to single-digit rate increases, compared to double-digit increases a year prior. Meanwhile, excess layers are experiencing double-digit hikes. Clean accounts can still secure favorable terms, but even these are being priced more conservatively. Capacity remains available, but it’s being deployed selectively.

Markets are increasingly focused on aggregate deployment. This can include capping per-project aggregates and limiting or removing excess of wrap coverage, as well as limiting aggregate reinstatements on projects. This shift is driven by carriers’ desire to reduce long-tail exposure and is reshaping how both primary and excess layers are structured.

Creative program structures are becoming essential with solutions such as quota shares, bifurcated towers and captive layers employed to help manage costs and ensure adequate coverage. These approaches can improve placement options, increase participation from facultative markets and make it easier to replace capacity when needed.

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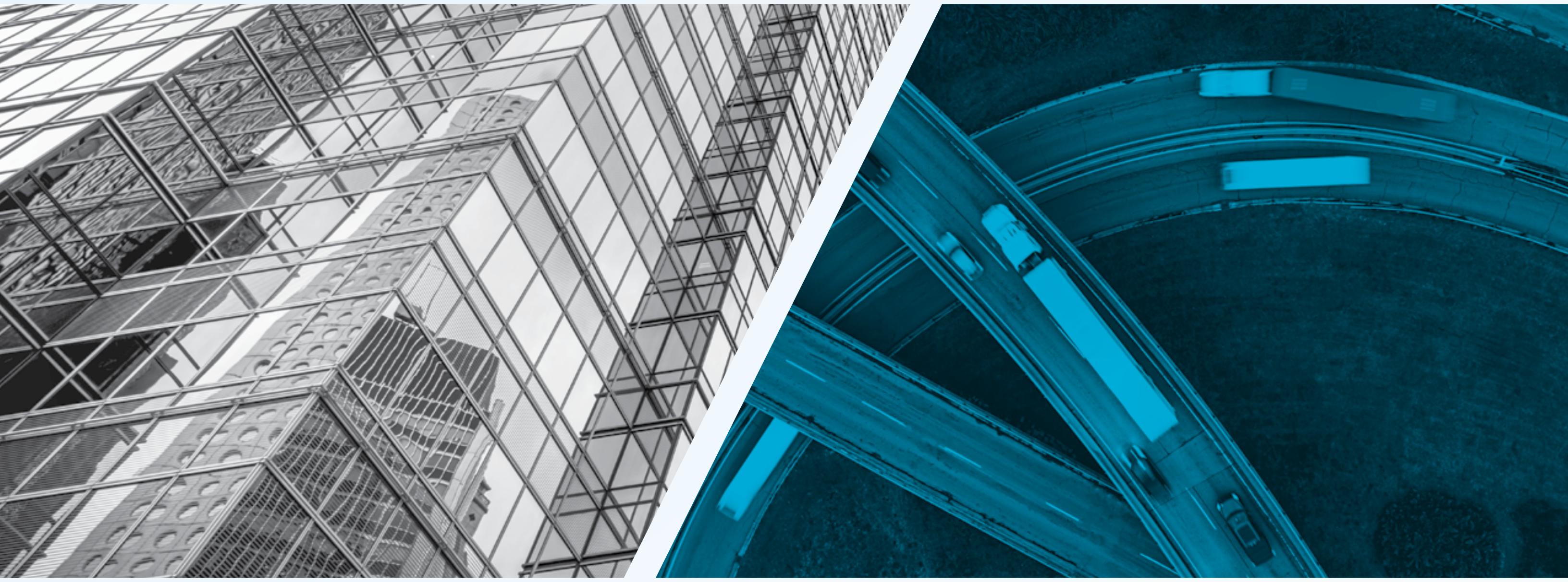
Clean energy sectors like wind, solar and EV charging are also growing areas of business, each with their own unique exposures and underwriting challenges.

Submission quality is more important than ever. Underwriters respond best to complete, well-structured submissions that clearly outline risk controls and loss mitigation. For distressed accounts or those moving into the E&S market, documenting remedial action is critical to retaining coverage and avoiding scaled-back limits.



New entrants and competitive dynamics

New market entrants have increased since 2019, with many entering through MGA and MGU structures or as standalone carriers. While they've brought fresh capacity, most are focused on higher attachment points of $5M or $10M, where there's already a lot of competition. They're not significantly disrupting the market at the lead level but have added valuable options for structuring excess layers.

Even among established carriers, capacity management has become more disciplined. Carriers that once deployed $15 million to $25 million per program are now reducing limits. This shift makes new players and alternative structures more important than ever.

One notable innovation in the casualty marketplace is the rollout of **Amwins' excess casualty sidecar program.** This exclusive product offers follow-form excess liability on a quota-share basis, ensuring flexibility and robust protection for clients. With fast turnaround and competitive terms, this program is available only through Amwins brokers.

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Technology and innovation

While construction remains a largely traditional industry, technology is gradually reshaping key areas of risk management. Telematics has emerged as the most widely adopted tool, particularly for fleet management, where it supports safer driving behaviors, more accurate underwriting and loss reduction.

Other tools like automated site mapping, hazard tracking, certificate monitoring and contract review are also gaining interest among more complex construction accounts. While these applications aren't yet mainstream, they represent a growing frontier in tech-enabled safety management and compliance.

Emerging risks

- Private equity activity continues to shape the casualty market. Roll-up acquisitions have become common, especially in HVAC and plumbing, resulting in large, complex accounts with rapidly growing exposures and limited historical loss data. These insurance programs often require flexible structures and a strong integration strategy to maintain underwriting stability.
- In response to the premium-to-limit imbalance many large accounts face, the market is seeing increased use of structured and fronted programs.

Takeaway

Retailers operating in today's casualty landscape face a level of complexity and nuance that's difficult to manage without dedicated support. Relying on wholesale partners is essential. At Amwins, our construction team lives and breathes the casualty market, staying ahead of market shifts, emerging trends and creative placement strategies.

The complexity and nuance of today's market can be difficult to manage without dedicated support.

Collaborating early and often can help prevent last-minute surprises and keep clients informed about what to expect, whether they're facing a rate hike or a complex renewal. Engaging 60 to 90 days in advance allows time to explore creative options, address any adverse loss developments and begin messaging around potential challenges. It's one of the most effective ways to set realistic expectations and protect client relationships.

We know the casualty market may be tough, but with a proactive approach, we can work with you to find competitive, creative and sustainable solutions for your clients.

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