



# U.S. PROFESSIONAL & EXECUTIVE LIABILITY

INSURANCE MARKET REPORT

MAY 2026

## MARKET OVERVIEW

The professional and executive liability insurance market remains somewhat soft overall, with new entrants providing abundant capacity and competitive pricing. Many lines and sectors are seeing flat or declining rates, and in some cases, it is often possible to negotiate coverage enhancements at renewal.

Some lines within the executive liability space are more challenging, drawing limited appetite and escalating rates. Emerging risks could put pressure on underwriting going forward.

## CYBER

Cyber insurance rates remain flat, and coverage capacity is stable with robust competition among carriers. CIAB reported an average rate decrease of 3.3% in the fourth quarter of 2025.<sup>2</sup>

Market conditions suggest that rates will remain flat or increase slightly throughout 2026. However, while insurance conditions remain stable, exposures continue to intensify. Social engineering fraud remains a loss driver with hackers' use of AI and deepfake technology. "ClickFix" attacks that trick users into manually executing a command

## Top Initial Access Methods

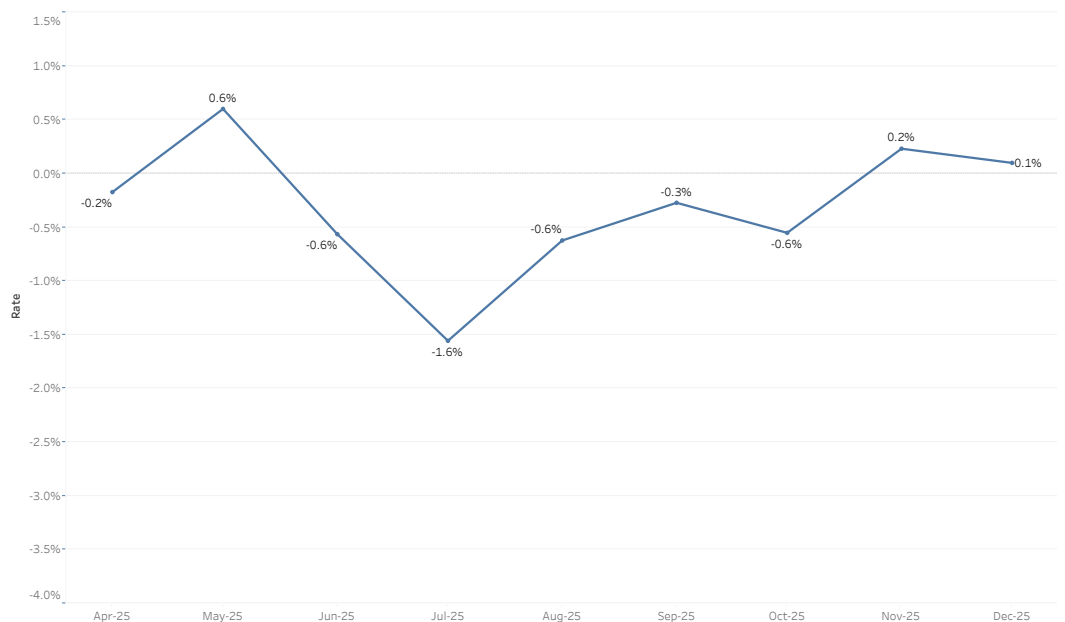
- ClickFix: 42%
- Phishing: 35%
- Password Spray: 10%
- Drive-by compromise and SEO poisoning: 7%
- Vulnerability: 1%

[Source: Microsoft Digital Defense Report<sup>1</sup>](#)

by copying and pasting it have also emerged as a major source of initial attack.

Ransomware continues to be challenging as well. Average ransom payments increased by 104% in the second quarter of 2025, reaching \$1,130,070. The median ransom payment also increased by 100%, reaching \$400,000. Only 26% of organizations hit by a ransomware attack opted to pay the ransom, primarily due to declining confidence in ransom payments guaranteeing data recovery, along with enhanced company backup and recovery solutions reducing the pressure to pay ransom demands. Also, regulatory changes in some jurisdictions discourage, and in some cases, restrict, ransom payments.

PREMIUM RATE CHANGE - CYBER



Note:

1. Does not account for changes to terms & conditions or exposure units
2. Eliminates outliers

## CONTACT

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To maximize disruption, cyberattacks have also targeted the supply chain. In one notable example, FINRA<sup>4</sup> reports the cyberattack against Salesloft's Drift AI chat agent impacted more than 700 organizations.

Beyond cyberattacks, companies are seeing unauthorized data collection and use claims. This area of law continues to develop, with several recent data privacy regulation developments affecting requirements and penalties. We have seen an increase in third-party liability lawsuits and class action lawsuits, which could begin to affect loss ratios.

## How can businesses position themselves for success?

A high-risk environment should motivate organizations to strengthen cyber controls, refine AI risk management practices, and strengthen both operational technology (OT) and informational technology (IT) systems. They should also consider excess capacity facilities for high-limit, layered protection and review their coverage for crypto-related exposures.

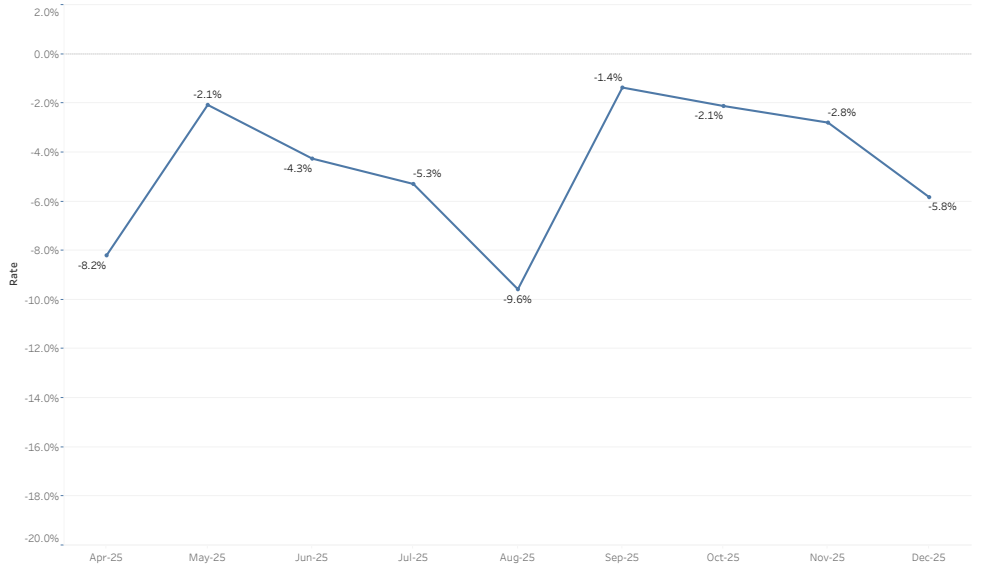
## TECH E&O

Compared to the cyber insurance market, the tech E&O market has been notably harder.

Copyright infringement claims against AI companies have been significant in the last few years, as evidenced by litigation against Google, Anthropic, Meta, OpenAI, Nvidia, Microsoft and other companies.<sup>5</sup> Some of these lawsuits allege that tech companies violated intellectual property rights by using copyrighted material without permission, which has led to hesitancy among carriers to write higher hazard Large Language Models (LLMs) or accounts with claims. For especially challenging accounts, some markets may look to minimize their exposure by not offering prior acts coverage for Media Liability.

Lastly, several lawsuits have focused on AI chatbot interactions with minors. The American Bar Association<sup>6</sup> reports that several lawsuits have accused AI companies of creating chatbots that are addictive and harmful to the mental health of young users, and at least one suit involves wrongful death allegations.

PREMIUM RATE CHANGE - D&O - PUBLIC



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## Notable Data Privacy Regulation Developments

- Texas SB 2160 limits punitive damages for Texas companies with fewer than 250 employees as long as they implement and maintain a cybersecurity program that meets certain requirements.
- Idaho ID H0035 increases cybersecurity requirements for the state government.
- Mississippi MS SB2894 adds cybersecurity insurance to the state insurance guarantee fund.

Technology has advanced quickly, and this creates coverage complications as risks evolve beyond traditional tech company exposures and standard coverage. Notably, AI regulations and requirements for AI developers frequently fall outside standard regulatory coverage on tech and cyber policies. Emerging technologies, such as AI, blockchain, and autonomous vehicles, require additional underwriting questions, and tailored coverages often need to be negotiated.

## How can businesses position themselves for success?

It may be a good time to review coverage and how it will respond to the use of AI and digital assets in light of changing regulations and litigation trends. Businesses should

also consider a review of their TCPA and data privacy compliance.

## PUBLIC D&O

New MGA entrants have helped to keep the public D&O market soft. We have seen abundant capacity, competitive pricing, and enhanced coverage availability. CIAB reports an average rate decrease of 3.8% for all D&O in the fourth quarter of 2025. For microcaps and companies with 250 or fewer employees, the increased capacity is especially noticeable. Even industries that historically faced difficult market conditions, such as life sciences, are now finding relief as capacity has increased. Crypto treasury companies are an exception, with many standard carriers avoiding this category of risk.

According to NERA<sup>7</sup>, 121 federal securities class action lawsuits were resolved in the first half of 2025. The average settlement value was \$56 million, which is 27% higher than the 2024 inflation-adjusted average. Cornerstone Research<sup>8</sup> reports that filing activity decreased slightly in the first half of 2025 compared to the first half of 2024, with 114 new securities class action lawsuits. AI and cryptocurrency-related filings are on pace to increase compared to 2024 levels, while COVID-19-related filings may decrease.

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In the absence of major catastrophic events, the soft market may continue in 2026 as new entrants expand capacity. However, litigation funding, climate-linked volatility and AI, cyber, geopolitical and ESG exposures may increase risks. In particular, back-and-forth regarding tariffs and shifting regulatory policies are creating uncertainty.

Some carriers are starting to turn away from business when they consider rates to be inadequate, especially on excess layers, and incumbent excess carriers are pushing back on their increased limit factors (ILFs). Some large, primary carriers are reluctant to participate in low excess ABC coverage, as pricing is often only a fraction of the primary layer.

IPO activity will continue to help shape the D&O market going forward. The U.S. IPO market showed signs of recovery in 2025 but was hampered by economic uncertainty regarding tariffs. In 2025, 202 IPOs raised \$44 billion total. SPAC activity has also experienced a resurgence; in 2025, the number of SPAC IPOs exceeded the combined total from the previous two years, according to EY<sup>10</sup>.

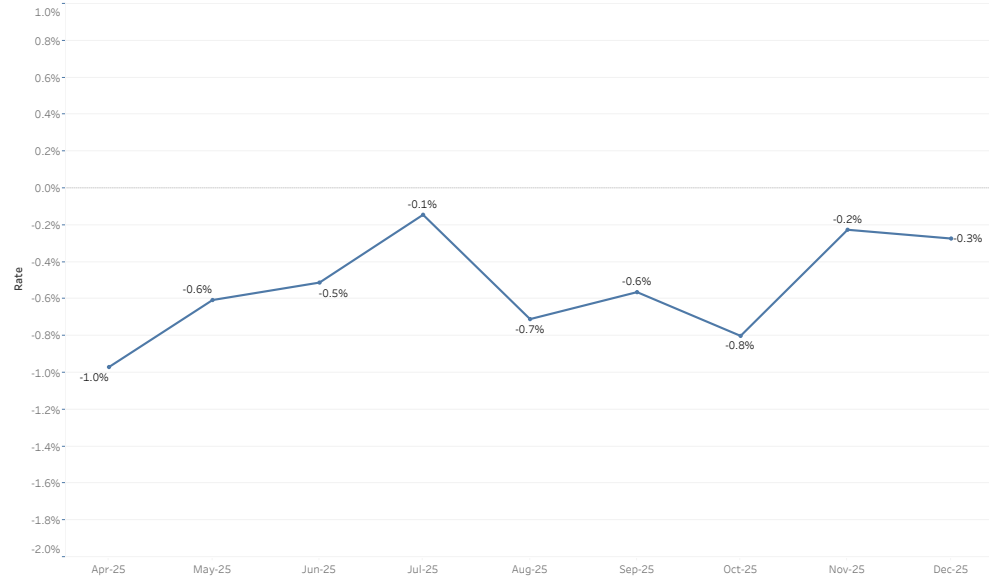
## How can businesses position themselves for success?

With rapidly accelerating technology and so many emerging exposures, it's important for boards to strengthen governance and disclosure practices while keeping an eye on regulatory changes and the overall competitive landscape. Essential steps may include reading policy language, leveraging all governance resources, assessing risk factors for derivative suits and making sure there is sufficient Side A coverage.

## PRIVATE D&O

The private D&O market also remains friendly to insureds with many risks benefiting from relatively low rates. In addition to competitive pricing, we are seeing abundant capacity and enhanced coverage options. Incumbent carriers have been pushing for flat rates or only slight reductions, but they have also been willing to bring rates down to match aggressive quotes for new buyers. Standalone runoff coverage for new buyers is being priced aggressively. However, some sectors, including healthcare, crypto, and sports, have been challenging.

PREMIUM RATE CHANGE - D&O - PRIVATE



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## 2025 H1 Core Federal Filings

- AI: 12
- COVID-19: 2
- Cryptocurrency: 6
- Cybersecurity: 1
- SPAC: 5

Source: Cornerstone Research<sup>9</sup>

So far, the soft market has yet to bottom out, but we are seeing a push for stabilization. In 2026, we could see a transition out of the current soft market. Underwriters have been tightening their underwriting criteria and digging deeper in some areas, for example where there appears to be the potential for insolvency.

A recent rise in bankruptcy filings is prompting carriers to scrutinize financial details, and underwriters are asking for documentation related to future funding if the insured's financial condition indicates that there may not be enough capital to continue operations for the next 12 months.

Likewise, the increased use of private credit has become an area of concern for insurers, and emerging exposures like cybersecurity breaches, AI, and tariffs could increase the risk of litigation.

## Business Bankruptcy Filings

- FY 2025: 24,039
- FY 2024: 22,762
- FY 2023: 17,051
- FY 2022: 13,125
- FY 2021: 16,140

Source: US Courts<sup>11</sup>

## How can businesses position themselves for success?

While pricing is low and capacity is abundant, it may be a good time to consider increasing limits. It may also be possible to negotiate enhanced coverage at renewal.

## EMPLOYMENT PRACTICES LIABILITY (EPL)

CIAB reports that average employment practices rates were down by 2.6% in the fourth quarter of 2025. Rates are higher for wage and hour coverage in Bermuda.

However, there is considerable rate variation depending on the jurisdiction. California, New York, New Jersey, Illinois and Florida are high-risk states, and several established carriers have warned they may implement rate increases in such high-risk areas.

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California, in particular, has been a challenging market. Carriers with high retentions have remained steady, while carriers that have historically come in below market are revisiting their positions. However, new entrants with less established claims are still competitive.

Notable loss drivers include DEI-related executive orders, new pay transparency laws, and an increase in discrimination and retaliation claims. Claims are also being driven by the use of AI in employment decisions and wage transparency exclusions.

In 2026, we can expect modest increases in high-risk jurisdictions and industries. Coverage exclusions for privacy and biometric-related claims, as well as for wage transparency claims, will become increasingly common. Even in regions enjoying a relatively soft market, carriers are generally not offering higher sub-limits for higher exposure enhancements, such as wage and hour coverage.

## ***How can businesses position themselves for success?***

This may be a good time to review DEI policies and compliance with pay transparency laws. Employers should also consider assessment of their AI-related employment risks, particularly whether the use of AI in hiring processes could trigger discrimination claims. Consider using separate questionnaires for biometrics and pay equity.

## **FIDUCIARY LIABILITY**

The fiduciary liability market is stabilizing as more carriers enter, and flat renewals have been common, although rate changes ranging from -5% to +5% are common for plans with up to \$50 million in assets. For larger plans, we've seen rates stay flat to +5%.

Common loss drivers include excessive fee suits, forfeiture, tobacco surcharges, ESG-related claims, actuarial equivalence, and pension risk transfers.

Continued stabilization is likely. However, companies should expect increased scrutiny regarding plan governance and investment practices, and regulatory changes may impact coverage.

## ***How can businesses position themselves for success?***

Businesses must demonstrate a disciplined approach to governance, process integrity and financial stewardship. Among other steps, they may want to: establish a formal fiduciary team that includes an outside legal advisor; clearly document meetings and the rationale behind investment decisions; regularly benchmark fees; and conduct quarterly reviews of investment performance.

## **FINANCIAL INSTITUTIONS**

Financial institution coverage pricing is stable, with flat or slight rate increases for some risks. Carriers have continued to show flexibility on enhanced coverage terms, particularly on excess layers, thanks to strong competition. Changes to terms and conditions at renewal are now typically in response to exposure changes, as opposed to being driven by market conditions. For example, accounts that have experienced significant growth, volatility, claims or other material developments in their risk profile may see premium and/or retention increases, as well as adjustments to coverage. However, supply shifts in certain market sectors are also driving premium increases.

Capacity is tightening in the upper-middle and large private equity markets as underwriters raise concern over the quality and lifespan of the funds' assets. Valuation of portfolio companies has always been a risk concern, but it has grown more complex with extended fund lives and roll-up models. Similarly in real estate, macro conditions, such as tenant health and interest rates, have made conditions more challenging for real estate investors.

In the public financial institutions segment, primary D&O capacity has contracted slightly. However, new entrants are helping maintain competitive conditions for excess layers, and this is keeping placements aggressive.

## ***How can financial institutions position themselves for success?***

Essential risk management steps for financial institutions may include stronger governance, more underwriting transparency and stricter portfolio oversight.

## **MISCELLANEOUS PROFESSIONAL LIABILITY**

The E&O or professional liability market has been extremely competitive, thanks at least in part to new entrants, including MGAs. Incumbent carriers are typically willing to meet pricing or enhanced coverages from their competition, unless they have paid out on a larger claim or there are frequency concerns. Each class fares slightly differently, but these differences are not usually dramatic.

## ***How can businesses position themselves for success?***

Businesses should consider a thorough review of their client contracts, internal controls and quality assurance processes. Childcare providers may want to work with their brokers to proactively structure standalone abuse coverage and layered excess programs.

## **ARCHITECTS & ENGINEERS**

Some notable wholesale-only MGAs have entered the architects and engineers space, with focus on small to mid-sized firms. Long-standing incumbent carriers seek moderate rate increases, but competitive pressure from new entrants, even on risks with significant loss experience, is forcing incumbents to lower their rates to retain accounts.

Geotech, residential structural, and condo exposures have shown the greatest consistency in rate retention.

Some carriers offer contract review services, which can help both the carrier and the insured mitigate losses.

## ***How can architects and engineers position themselves for success?***

Architects and engineers may be able to strengthen their risk profile by tightening contract language, leveraging their carrier's contract review services, and documenting quality control procedures. Disciplined project selection and a strong safety culture remain imperative.

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- Dedicated industry verticals
- Proprietary and exclusive products and enhancements
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- Claims advocacy and support

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