Q2 2025

Global Insurance Market Insights Report

Interactive PDF →

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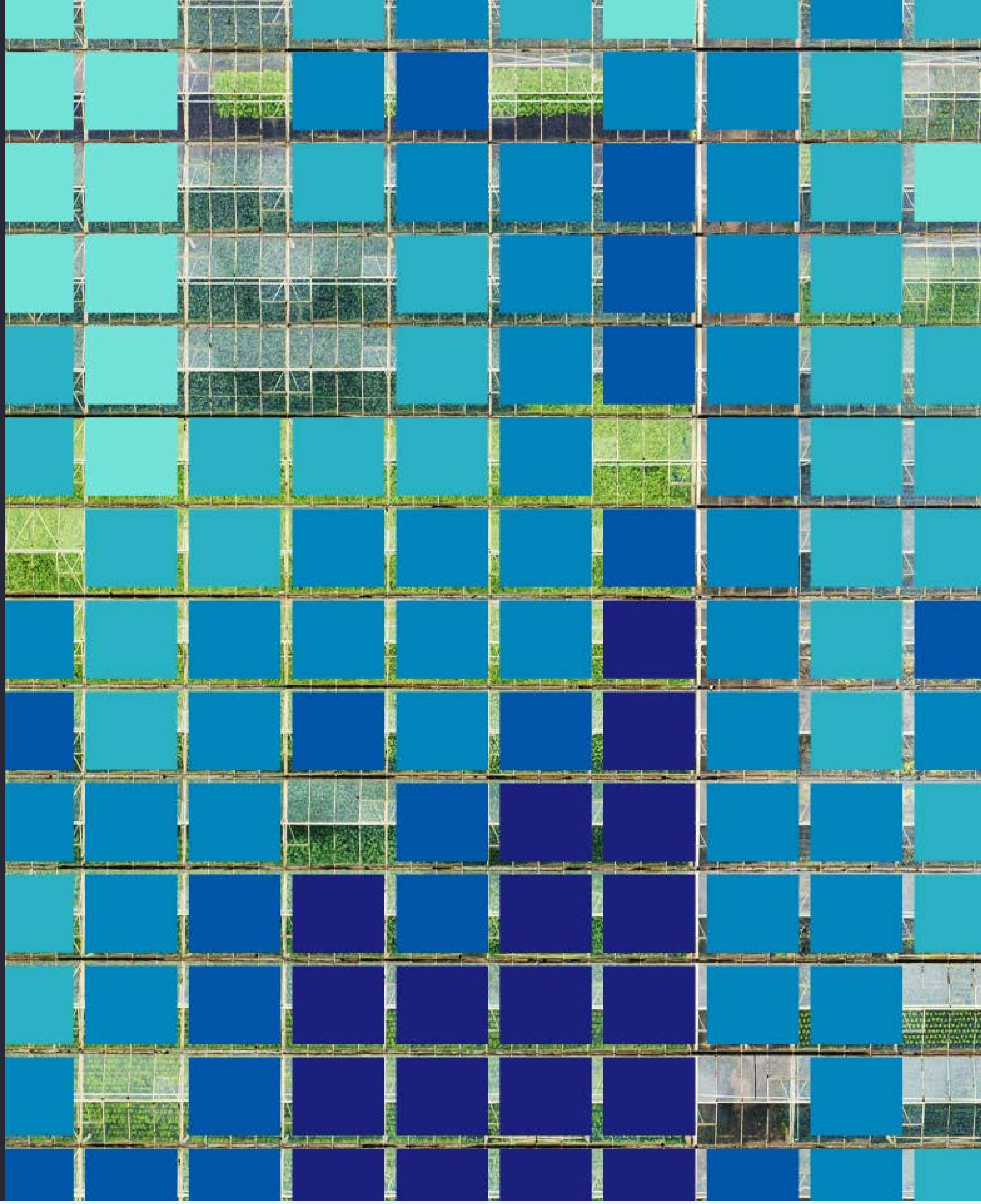
Introduction



Q2 **Global Insurance Market Insights Introduction**

At the midpoint of 2025, organizations are contending with a risk landscape that is both fast-moving and deeply interconnected. From geopolitical uncertainty to climate volatility and digital disruption, the sources of uncertainty are multiplying, and so are the opportunities for those prepared to act. In the context of this environment, I am pleased to introduce Aon's Q2 Global Insurance Market Insights, a report designed to help you navigate emerging risks, capitalize on market conditions, and make better decisions with confidence.

Among the most salient drivers of the Q2 market are geopolitical and systemic risk, as well as climate, cyber and infrastructure threats.

Geopolitical and Systemic Risk

As I write this, the deadline for reciprocal tariffs is quickly approaching, and is expected to have significant implications for price inflation, supply chains, and global trade dynamics. Meanwhile, the turbulent geopolitical environment in the Middle East serves as a stark reminder of the speed at which such events can escalate and the very real implications they carry for risk and insurance. The ongoing Russia-Ukraine war is a case in point: A U.K. court decision in June on coverage for aircraft stranded in Russia due to sanctions will have ramifications for the aviation war risk market as insurers come under pressure to recoup losses and settle similar claims.

Climate, Cyber and Infrastructure Threats

Extreme weather, nuclear verdicts and large supply chain events continue to test resilience. The widespread power outage that affected Spain and Portugal in April is just one example that highlighted the vulnerability of critical infrastructure. At the same time, cyber risk is accelerating and the impact of Artificial Intelligence bringing both risks and rewards is just beginning. Yet cyber remains significantly underinsured. Closing the cyber insurance gap and helping firms navigate this evolving risk remains one of the industry's most urgent and strategic imperatives.

Market Conditions Create a Window of Opportunity

Despite this volatility, Q2 brought favorable conditions across most (re)insurance markets. The second quarter of 2025 saw a broadening of insurer appetite, with most geographies and lines of business benefiting from ample capacity and healthy competition. Property pricing continues to improve, with double-digit price reductions increasingly available, especially on preferred occupancies and those with good loss records. Directors and officers and cyber markets remain soft, and non-U.S. exposed casualty is stable and competitive. However, insurers continue to differentiate and placements with significant U.S. casualty exposure, automobile and certain natural catastrophe perils remain more challenging.

Notable market conditions:

- Conditions in the property market continue to improve, with more flexibility around coverage and terms, as well as increasing appetite for natural catastrophe risks. (However, we note that the year began with the California wildfires, "secondary peril" losses have continued unabated, and we are in the early weeks of the Atlantic hurricane season.)
- U.S. casualty and automobile remain challenging due to adverse claims trends, but capacity continues to be broadly responsive to demand, and options are available to buyers, albeit at higher rates and attachment points.

- Competition for directors and officers and cyber increasingly presents opportunities for clients to enhance coverage and increase limits.
- Development of broker-organized facilities, like the Aon Client Treaty (ACT), continues, especially in the London Market.

Strategic Levers for Clients

Now is the time for clients to take advantage of market conditions. In today's competitive market, clients will find that insurers are more flexible on terms, and more willing to engage with insureds on enhancements to coverages, limits and attachment points.

At the same time, the diversity of capital and products available to clients continues to expand, with many buyers exploring a combination of captives, parametric triggers, structured and facultative solutions alongside traditional risk transfer. Aon continues to help clients shift from a transactional mindset to a total cost of risk approach, leveraging analytics, alternative capital, and advisory services to manage volatility and unlock strategic value.

Looking Ahead

While current market conditions are favorable, they are also fragile and likely to be temporary. The systemic change in loss activity across property, cyber and U.S. casualty continues. Also, there has been fairly limited new capital coming into the traditional (re)insurance market. Large or surprising loss events, in tandem with geopolitical or financial market volatility, could affect a rapid change in insurer appetite for certain risks. Reviewing insurance strategies with this in mind, and considering a wide range of risk capital, will put buyers in a strong position to weather any potential future storms.

On behalf of our global Commercial Risk team, we hope you find the information in our Q2 Global Insurance Market Insights helpful in understanding recent developments in the risk and risk-solution environment.

Joe Peiser

Chief Executive Officer
Commercial Risk Solutions

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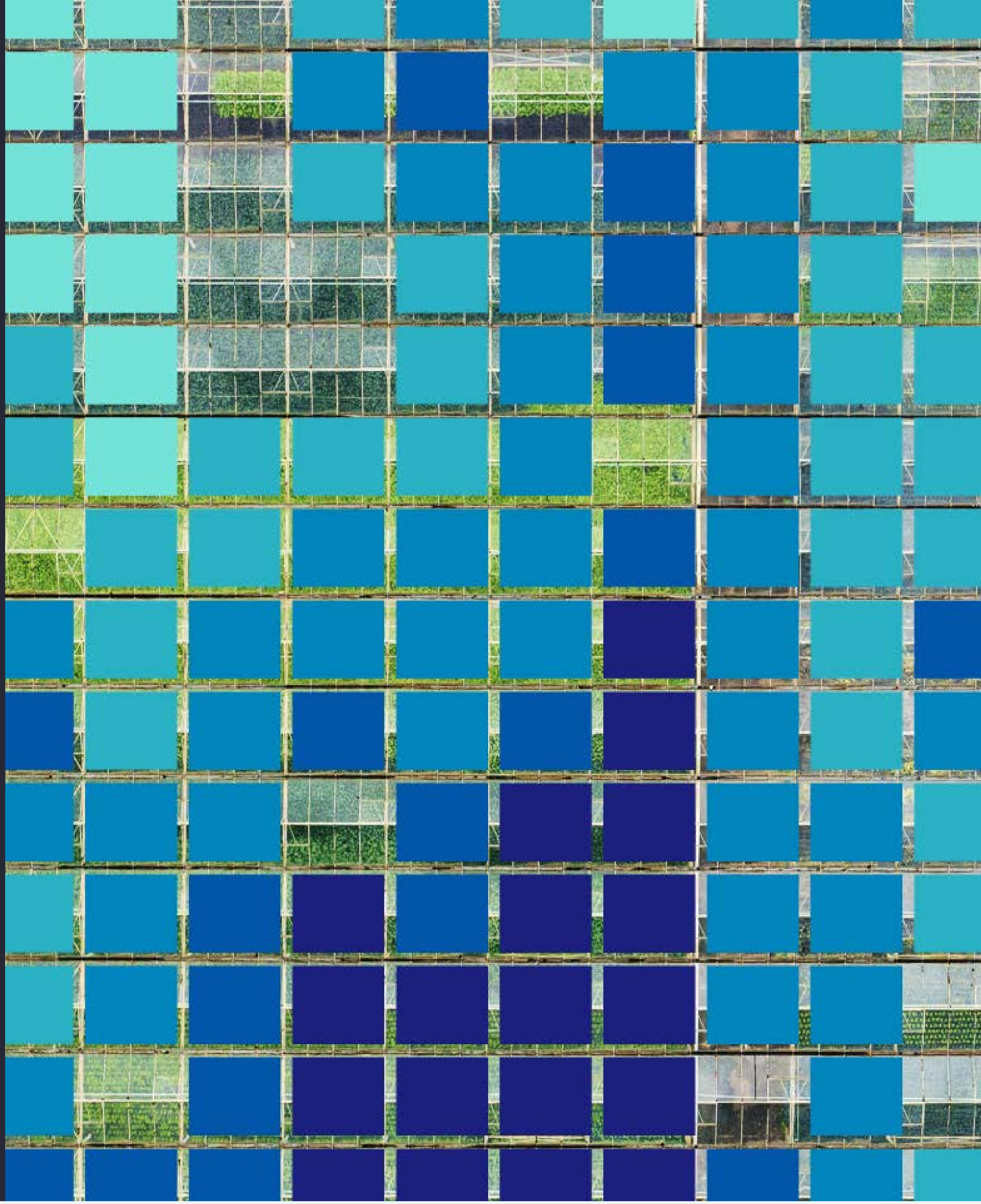
Global Insights



Q2 **Global Insurance Market Dynamics**

	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Asia	-1-10%	Abundant	Flexible	Increased	Flat	Broader
EMEA	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Latin America	-1-10%	Ample	Flexible	Increased	Flat	Broader
North America	Flat	Ample	Prudent	Flat	Flat	Stable
Pacific	-11-20%	Abundant	Flexible	Increased	Flat	Stable

Q2 **Global Insurance Market Dynamics**

Pricing

Soft market pricing continues across wide swaths of the market including cyber, directors and officers, and increasingly, property. The main geographical exceptions are North America, where pricing is more moderate, and Japan, where insurers, seeking to improve underwriting profitability, have continued to increase rates across-the-board. Property pricing continues its favorable trend, with significant reductions increasingly available, especially for preferred risks. Many local casualty markets are also seeing modest pricing reductions, although U.S. exposed risks and automobile remain more challenging.

Capacity

Capacity is ample-to-abundant, with over-subscription becoming increasingly common for preferred risks. Many markets and lines of business are experiencing increased levels of capacity as incumbent insurers target growth, and with growing competition from new entrants and international insurance markets. More favorable treaty and facultative reinsurance conditions are also bolstering capacity. In contrast, U.S. exposed casualty risks continue to experience more conservative capacity deployment due to adverse U.S. litigation trends. Focused on managing volatility, underwriters also continue to deploy limits cautiously for natural catastrophe exposures.

Underwriting

Overall, underwriting remains disciplined, but increasingly flexible as insurers broaden their appetite and growth ambitions. Underwriters continue to differentiate, with preferred, loss-free and well-managed risks – especially directors and officers and property – experiencing the most favorable and flexible environment. Underwriting is generally more rigorous for casualty and automobile. Detailed, quality data remains key to securing favorable terms from insurers, especially for complex risk placements, those with significant natural catastrophe exposures, and cyber risks.

Limits

Increasingly competitive market conditions and the availability of new risk analytics tools offer clients a timely opportunity to review limit adequacy and reinvest premium savings in the purchase of higher limits that take into account inflationary trends, supply chain complexity, and geopolitical and economic uncertainty. There are, however, some exceptions where insurers are more cautious of offering higher limits, or where buyers are considering limit options to manage challenging risk conditions, such as for U.S. exposed casualty, automobile and some natural catastrophe exposures.

Deductibles

As with limits, many clients are taking advantage of current market conditions to consider deductible options, particularly where increases had been required in recent years, and lower deductibles are often available in the market, especially for cyber and directors and officers. In other pockets, deductibles are increasing, such as for loss-impacted property placements in Asia and Latin America, natural catastrophe risks in Canada, and automobile placements, as insurers respond to higher accident frequency and rising claims costs.

Coverages

Increasing competition in certain lines of business is paving the way for more flexible terms and conditions and the removal of non-concurrent terms from the previous hard market cycle. More restrictive terms are being applied to natural catastrophe property risks in Canada, while casualty underwriters continue to apply PFAS exclusions.

Q2 **Global Insurance Product Trends**

	Automobile	Casualty	Cyber	Directors and Officers	Property
Asia	Moderate	Soft	Soft	Soft	Soft
EMEA	Challenging	Moderate	Soft	Soft	Soft
Latin America	Soft	Moderate	Soft	Soft	Soft
North America	Challenging	Moderate	Soft	Soft	Soft
Pacific	Moderate	Soft	Soft	Soft	Soft

Q2 **Global Insurance Product Trends**

Automobile

Market conditions vary widely by geography, with the most challenging conditions experienced in the U.S., where adverse loss trends have continued to drive double-digit rate increases for some renewals, and in EMEA, where claims inflation remains a key consideration. While, broadly, insurers remain cautious, there are positive signs. Vehicle repair costs and downtimes remain elevated, but supply chain delays are abating. Pricing is moderating in several markets and competition for preferred risks is gaining momentum. Alternative program structures and fleet risk management actions, such as the use of telematics, are helpful levers in achieving superior placement outcomes.

Casualty

The casualty market remains bifurcated. Product lines and risks that are exposed to the effects of rising U.S. litigation costs and claims severity driven by nuclear verdicts and litigation funding – including international risks with U.S. exposures – face challenging conditions as underwriters continue to evaluate and adjust their underwriting strategies. Outside the U.S., casualty markets are generally seeing healthy competition for domestic risks, with modest price reductions and long-term agreements available for preferred risks. Workers' compensation in the U.S. is also benefiting from strong insurer appetite, resulting in a buyer-friendly environment.

Cyber

The cyber market continues to benefit from abundant capacity and healthy competition. Despite the ongoing threat posed by ransomware, and concerns for systemic risks and the impact of artificial intelligence, buyer friendly market conditions continue, with modest price reductions and healthy insurer appetite. Underwriting remains robust and risk differentiation is key. Many insureds are using premium savings to purchase additional limits or expand coverage.

Directors and Officers

With an abundance of capacity, the directors and officers market remains buyer friendly. In addition to moderate premium decreases, market conditions allow for coverage enhancements, as well as lower deductibles in some cases. While the overall picture remains favorable for insureds, price reductions are decelerating as insurers focus on the need for sustainable pricing. Insurers are also mindful of the potential impacts of geopolitical and macroeconomic volatility, as well as regulatory changes and litigation trends, including an uptick in security class actions. A small number of insurers have exited the U.S. directors and officers market recently - a development Aon is monitoring.

Property

Conditions in the property market continue to improve. In the U.S., most placements are experiencing double-digit rate reductions, as well as increasing flexibility around coverage and terms. Most other geographies are seeing soft-to-moderate conditions with price reductions increasingly available, while Japan and India are experiencing rate increases following local regulatory changes. With an above normal hurricane season forecast for 2025, natural catastrophe exposures remain a key concern, especially in markets that have experienced recent large losses, such as Canada. However, the availability of capacity, together with competitive pressures, is helping to offset some of these challenges more generally.

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Q2 **Global Claims Trends**

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As we reached the end of Q2, geopolitical instability, macroeconomic pressures, and a rapidly evolving risk environment continued to shape the global claims landscape. The interplay of these forces is producing complex consequences for insurers and clients alike.

Mona Barnes

Global Chief Claims Officer
Commercial Risk Solutions

Below are several key claims trends and developments we've been closely monitoring this quarter.

Middle East Conflict Expands: Early Claims Impacts Emerging

The ongoing conflict in the Middle East has taken a significant turn following Israel's decision to formally expand the scope to include Iran. While this situation continues to unfold, we have already seen a few notifications tied to this development. If this situation further escalates, the broader consequences and the resulting impact on claims remains uncertain, especially as nations weigh positions of neutrality, support, or condemnation. As the situation evolves, potential implications for political violence, political risk, trade credit, and specialty lines will be closely watched.

Trade Tariffs and Claims Inflation: Impacts Reaching Property Lines

Trade tensions, particularly those involving U.S. tariffs and retaliatory measures by global trading partners, are impacting claims — especially through price inflation. These tariffs are beginning to show a measurable impact across supply chains, with insurance-linked costs rising accordingly. For example, the latest Crawford report on tariffs and claims inflation indicates that homebuilding costs in the U.K. may increase by an average of £10,000 per unit. This is just one example, but the consequences are far-reaching. With tariffs on raw materials impacting claims across commercial lines, Baker Tilly is projecting U.S. auto insurance premiums could rise by as much as 19% by end of 2025 due to repair and parts costs rising.

Russia-Ukraine War: Aercap Aviation Ruling Raises Questions for Market Stability

Following the U.K. Commercial Court's decision in the Aercap case relating to aircraft stranded in Russia due to sanctions, it remains to be seen whether the (re)insurance markets will respond by increasing premiums and making terms more restrictive. The case could serve as a bellwether for future disputes in the aviation and war risk markets, and its ripple effects may impact how similar claims are evaluated and reserved globally.

Q2 **Global Claims Trends**

Cyber Risk: Rise of Deepfakes Demands Heightened Awareness

Cyber continues to be one of the most dynamic and fast-evolving classes of risk. The rise of deepfake technology has moved from theoretical concern to tangible threat, with clear implications for claims. Fraudulent videos, emails, and voice recordings are being used to deceive employees and manipulate decision-making. Clients are strongly advised to invest in regular training, update firewall protections, and enforce strict verification protocols to reduce the likelihood of costly errors resulting from digital impersonation.

Claims Insights: The Challenge Insurers Face

Insurers continue to prioritize investment in enhanced IT systems which can leverage claims data and harvest valuable insights. However, many still face challenges due to reliance on multiple legacy systems and manual processes, making it difficult to amass consistent and meaningful data for tracking trends. We have seen significant momentum among major insurers who recognize the importance of claims data, the value of broker insights during system development, and the use of AI to automate routine processes for less complex claims.

As always, we will continue to monitor these and other developments to support our clients with timely insights and practical guidance. In a world of increasing uncertainty, the ability to respond swiftly and strategically to claims-related challenges has never been more important.

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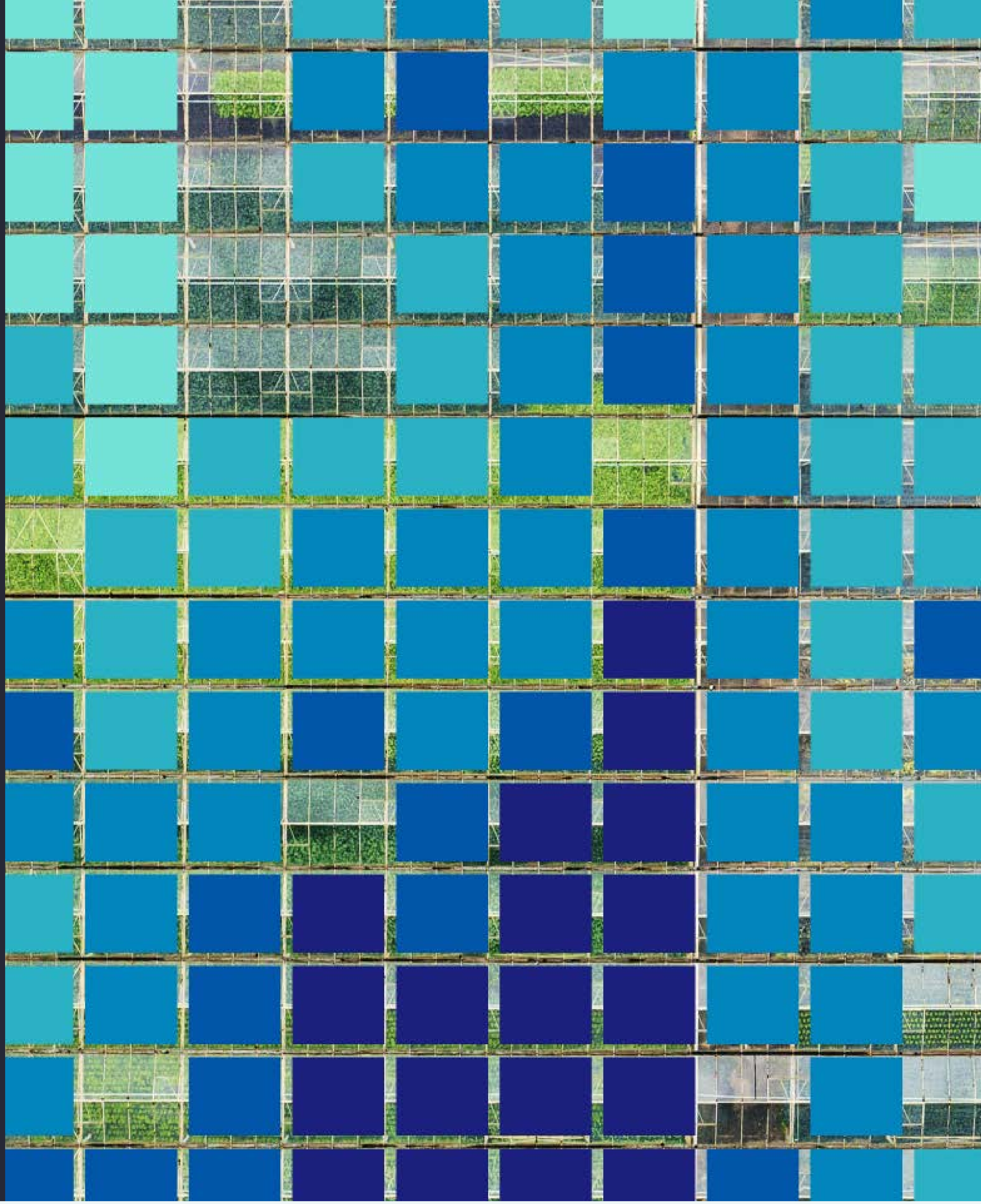
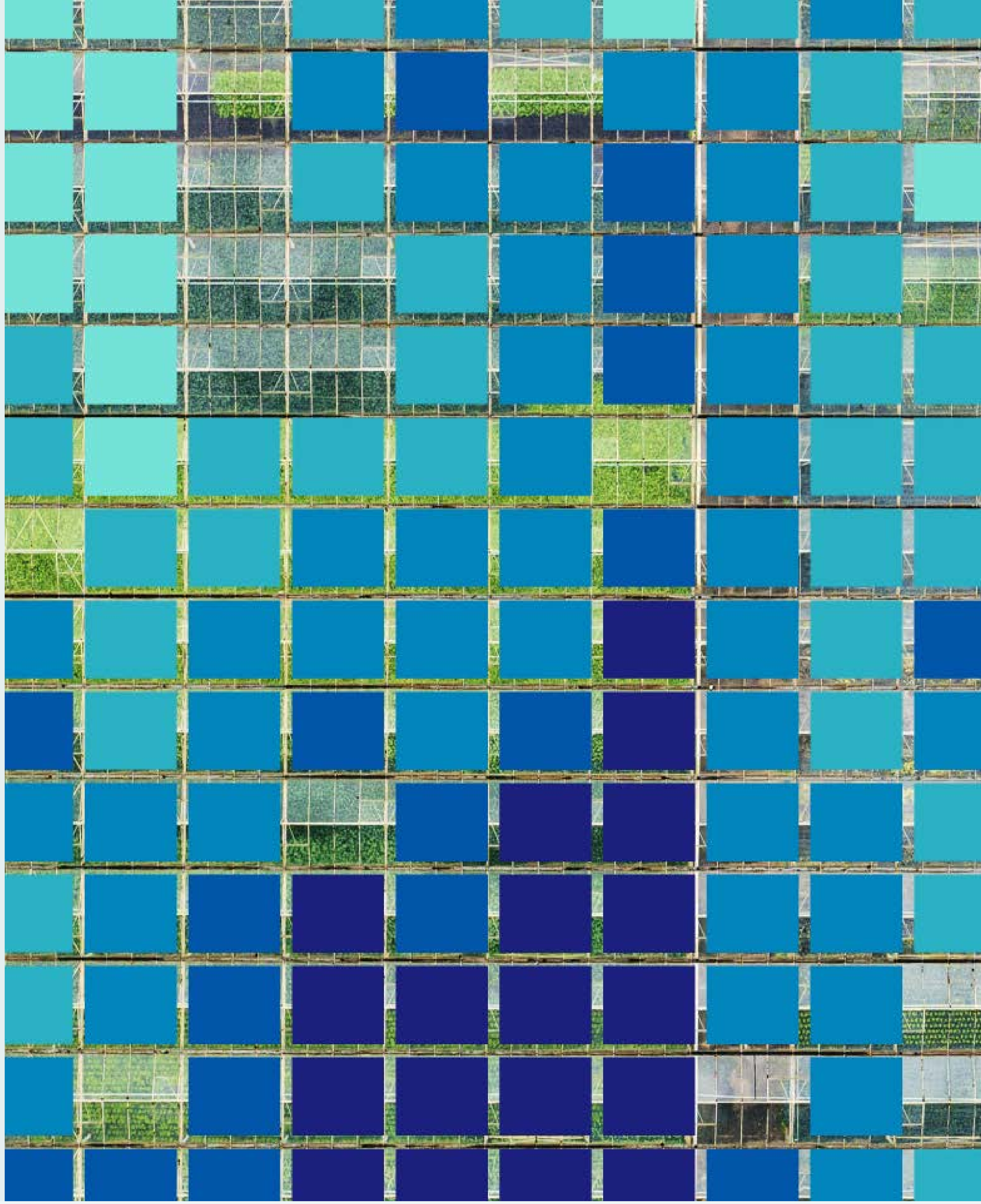
Regional Trends



Asia Market Overview



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Q2 **Asia Market Overview**

"Trends seen earlier in 2025 are not abating. Clients continue to enjoy a competitive market environment, allowing them to achieve more favorable risk transfer solutions.

Jon Pipe

Head of Commercial Risk Solutions
Asia

Executive Summary

- Insurers are keenly supporting new opportunities to win business as they aim to deliver premium growth in a softening market.
- New and existing capacity continues to drive a competitive environment in Asia, enabling clients to negotiate more favorable pricing and coverage.
- Sums insured are under renewed scrutiny as geopolitical volatility may materially impact replacement costs.
- The devastating earthquake in Myanmar, which caused at least 5,400 deaths and significant infrastructure damage, underscores the importance of being prepared for catastrophe-related risks.

Headlines

Positive Developments

- Clients are achieving favorable outcomes across Asia.
- Myanmar earthquake losses are not impacting pricing.
- Growth-focused insurers are keenly supporting new opportunities.

Challenging Developments

- Buyers should prepare early in the challenging Japanese market.
- Regulatory changes are affecting international reinsurer appetite in India.
- Risk analysis is key as insurers focus on natural catastrophe exposures.

Q2 **Asia Market Dynamics**

Soft	-1-10%	Abundant	Flexible	Increased	Flat	Broader
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

Price decreases continue, with double-digit reductions achievable for some preferred risks. The main outlier is Japan, where conditions remain challenging for property and casualty lines. Also, property risks in India are seeing increases following changes to the country's tariff system, which went into effect on January 1, 2025.

Capacity

Capacity remains abundant, with many placements now oversubscribed. Competition remains healthy as insurers offer increased capacity and look to broaden their appetite and participation. However, capacity is constrained in Japan, and regulatory changes are affecting international reinsurer appetite in India.

Underwriting

Underwriting is generally flexible, especially on risks targeted for insurer growth.

Limits

Limits are broadly increasing and such increases are often available for no additional premium. Limits in Japan are under downwards pressure for large property and casualty placements.

Deductibles

Placements are typically renewing as expiring, although clients with significant losses may face higher deductibles.

Coverages

Broader coverage is generally available, and many insureds are taking advantage of soft market conditions to restore coverages lost in the hard market. A key exception is U.S. casualty exposures.

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Q2 **Asia Product Trends**

Moderate	Soft	Soft	Soft	Soft
Automobile	Casualty	Cyber	Directors and Officers	Property

Automobile

Conditions in the automobile insurance market are moderate overall, although insurer appetite continues to be shaped by loss trends. Automobile remains an important source of growth and profit for the property and catastrophe market in the region.

Casualty

Healthy competition for casualty risk is leading to modest-to-moderate price reductions for placements with good loss records. Conditions are more challenging in Japan, in particular for placements with large U.S. exposures.

Cyber

Soft market conditions continue, and abundant capacity is presenting opportunities for insureds to use premium savings to increase limits and broaden coverage. Conditions in some Asian markets, namely India and Japan, are more moderate.

Directors and Officers

The directors and officers market remains competitive, with price reductions and flexible underwriting. Superior terms are available for mature risks.

Property

The property market continues to soften overall, with increasing capacity and insurer appetite driving favorable renewal outcomes across the region. However, underwriting remains prudent for high risk and natural catastrophe exposed businesses. The market in Japan is less favorable as domestic insurers continue to take measures to raise underwriting profitability. The implementation of tariff pricing for property risks in India has raised pricing levels while making risk differentiation difficult for insurers.

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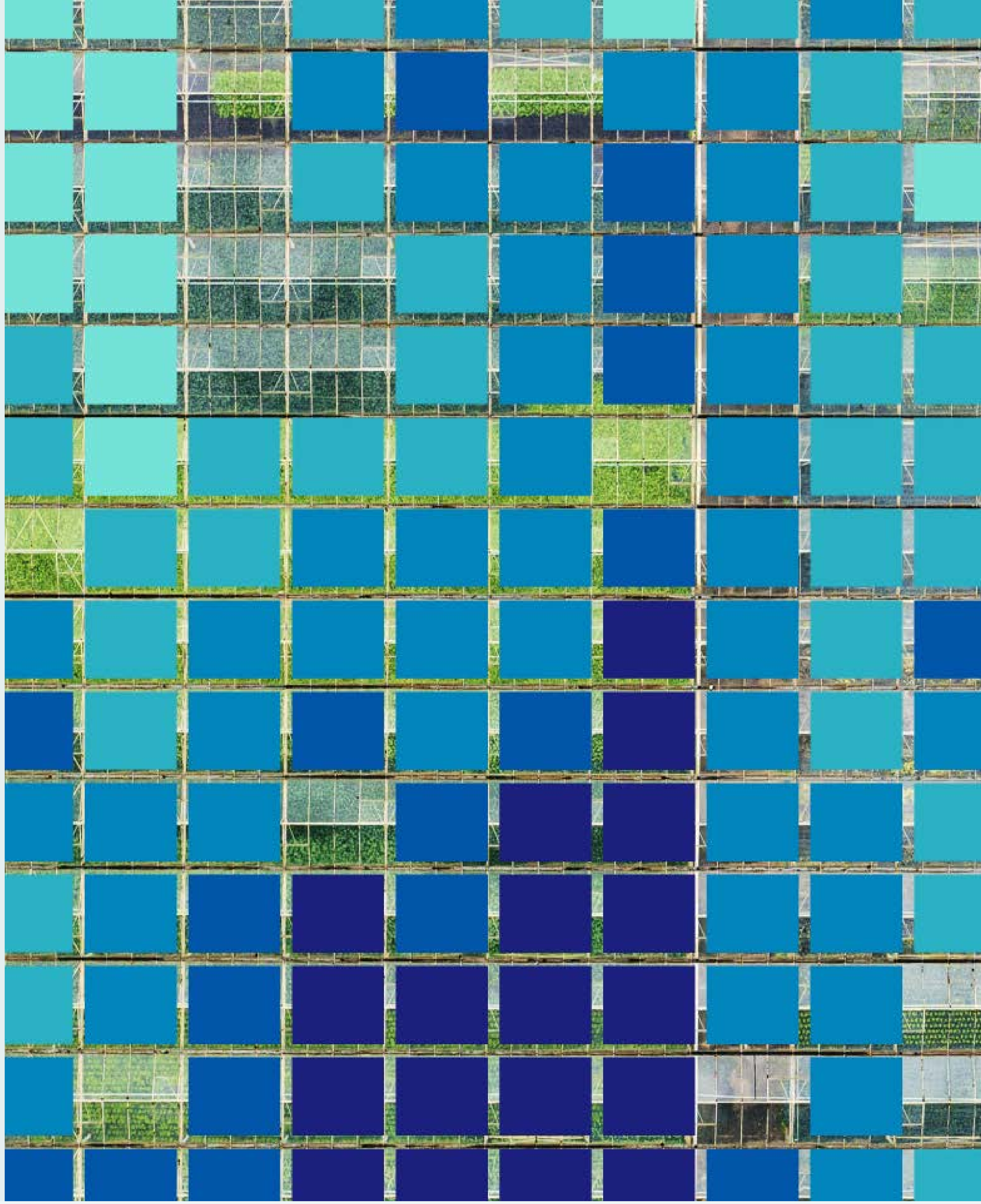
Q2 **Asia Advice to Clients**

- Leverage competition and new capacity but be prudent in the selection of insurer partners.
- Have a clear vision of the desired renewal outcome, balancing premium savings with the ability to broaden coverage.
- Explore long term arrangements, which are now more prevalent and may offer opportunities to lock-in favorable terms.
- Validate property limits with updated valuations to capture inflation and supply chain pressures.
- Revisit deductibles, especially where they were increased during the hard market.

EMEA Market Overview



Q2 **EMEA Market Overview**

Current market conditions present an opportunity for clients to enhance their insurance programs and protection against the challenging risk environment.

Erlantz Urbieta

Chief Broking Officer
Commercial Risk Solutions
EMEA

Executive Summary

- Competition continues to strengthen as insurers expand their appetites and focus on growth. Insurers that recently entered the market offering follow or excess capacity are now interested in lead positions, creating more lead insurers for buyers to choose from on certain risks.
- Across much of EMEA capacity is plentiful and conditions are favorable for buyers, although conditions vary by class of business and industry segment.
- Automobile and risks with U.S. casualty exposure are key exceptions to the favorable market conditions. These risks are experiencing focused appetite, underwriting scrutiny and limited availability of capacity.
- The combination of tariffs, regional conflicts, inflation and technology continue to create significant uncertainty related to supply chains, loss costs, and geopolitical risk. Clients are advised to leverage analytical tools, such as Aon Risk Analyzers, to re-evaluate risk and adapt insurance programs accordingly.

Headlines

Positive Developments

- Capacity is ample across much of the EMEA market.
- New market entrants are creating new lead options.
- Coverage enhancements and Long-Term Agreements are becoming more available.

Challenging Developments

- Tariff and supply chain volatility is adding complexity to Business Interruption value calculation.
- Risk management controls such as telematics are required by some automobile insurers.
- Appetite is limited for automobile and U.S. casualty.

Q2 **EMEA Market Dynamics**

Soft	-1-10%	Abundant	Prudent	Flat	Flat	Stable
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

Overall, pricing is reducing in EMEA, with the notable exception of automobile. Cyber and directors and officers pricing is generally soft. Property rates continue to moderate overall, with several EMEA markets now experiencing average price reductions. Casualty/liability placements with significant U.S. exposures remain challenging, although clients with non-U.S. exposed risks are achieving price reductions as competition increases.

Capacity

Capacity is generally abundant, with new players entering markets across the region and others leveraging reinsurance to support growth. Insurer growth ambitions continue to drive competition across most lines of business, although underwriters remain focused on managing volatility, in particular, property natural catastrophe exposures.

Underwriting

Underwriting across the EMEA region remains prudent overall, but more rigorous for automobile and U.S.-exposed casualty. More competitive lines of business, such as directors and officers, cyber, and non-U.S. exposed casualty are seeing greater underwriting flexibility, creating opportunities for clients to expand coverage or negotiate additional benefits, such as risk management bursaries and low-claims discounts. Quality, granular data is still required to secure the best terms from insurers.

Limit

Limits are generally stable across EMEA as a whole, although some clients are using premium savings to purchase higher limits in competitive lines. Buyer-friendly conditions offer a timely opportunity for clients to review limit adequacy to reflect inflationary trends. For U.S.-exposed casualty risks, some buyers are considering limit options to manage challenging conditions.

Deductibles

Most placements are renewing as expiring, although lower deductibles are available for some cyber and directors and officers risks. Automobile risks are a notable exception, where higher accident frequency and rising claims costs have led insurers to require higher deductibles. More clients are conducting total cost of risk exercises, challenging the market with different deductible and premium scenarios.

Coverages

Coverage remains stable across most of EMEA, but, with increasing competition, insurers are more open to discussing coverage enhancements. In some cases, clients are able to reinstate broader coverages that were withdrawn during the hard market. Casualty insurers continue to apply PFAS exclusions.

Q2 **EMEA Product Trends**

Challenging	Moderate	Soft	Soft	Soft
Automobile	Casualty	Cyber	Directors and Officers	Property

Automobile

Conditions for automobile insurance continue to be challenging across much of the region, with claims inflation remaining a key consideration. Increased loss frequency and higher claims costs have resulted in limited insurer appetite, higher deductibles and significant price increases in some markets. Capacity is particularly constrained on placements with poor claims history or those viewed as higher risk, such as logistics companies and bus operators. Insurers have required some insureds to adopt risk management controls, such as telematics, in order to secure cover. There are, however, some encouraging signs. In parts of the region, pricing is starting to moderate as competition strengthens and insurers become more growth focused.

Casualty

The casualty market in EMEA remains bifurcated. U.S. litigation trends continue to strongly influence casualty market conditions overall, and insureds with significant U.S. exposures face a cautious insurance market with limited available capacity. Many buyers are reviewing the adequacy of their limits after nuclear verdicts have exhausted some liability towers. In contrast, clients with little or no U.S. exposure are experiencing more favorable conditions, including rate reductions and increased flexibility in terms and conditions. Long-term agreements are again available as insurers seek to retain or win profitable business.

Cyber

The softening of the cyber market continues, albeit with some variation across industries and countries. Risk differentiation remains key to insurers. Buyers are taking advantage of the competitive market to revisit pricing and program terms. Aon continues to work with insurers to offer differentiated and expanded coverage for evolving risks and threats.

Directors and Officers

The risk landscape for directors and officers is evolving with geopolitical pressures and an uptick in U.S. security class actions. While these trends are driving increased caution by underwriters, the overall picture remains favorable for insureds, with soft insurance market conditions and an abundance of capacity. Many insureds continue to benefit from premium decreases, and in some cases improvements in wordings and deductibles. Price reductions are in the single-digit or low double-digit range, while some clients with higher risk profiles are experiencing flat renewals.

Property

Conditions are improving but vary by territory. Many countries are now experiencing soft market conditions, while others – such as the Nordics and Germany – continue to see more moderate conditions. Generally, the pace of pricing reductions for preferred risks is accelerating and some natural catastrophe exposed risks are beginning to see decreases in certain locations. The London market in particular is soft, offering competitive capacity for international risks, which in turn is driving conditions locally. Renewal outcomes are still dependent on specific client conditions, and higher-risk occupancies and placements with losses will continue to face scrutiny.

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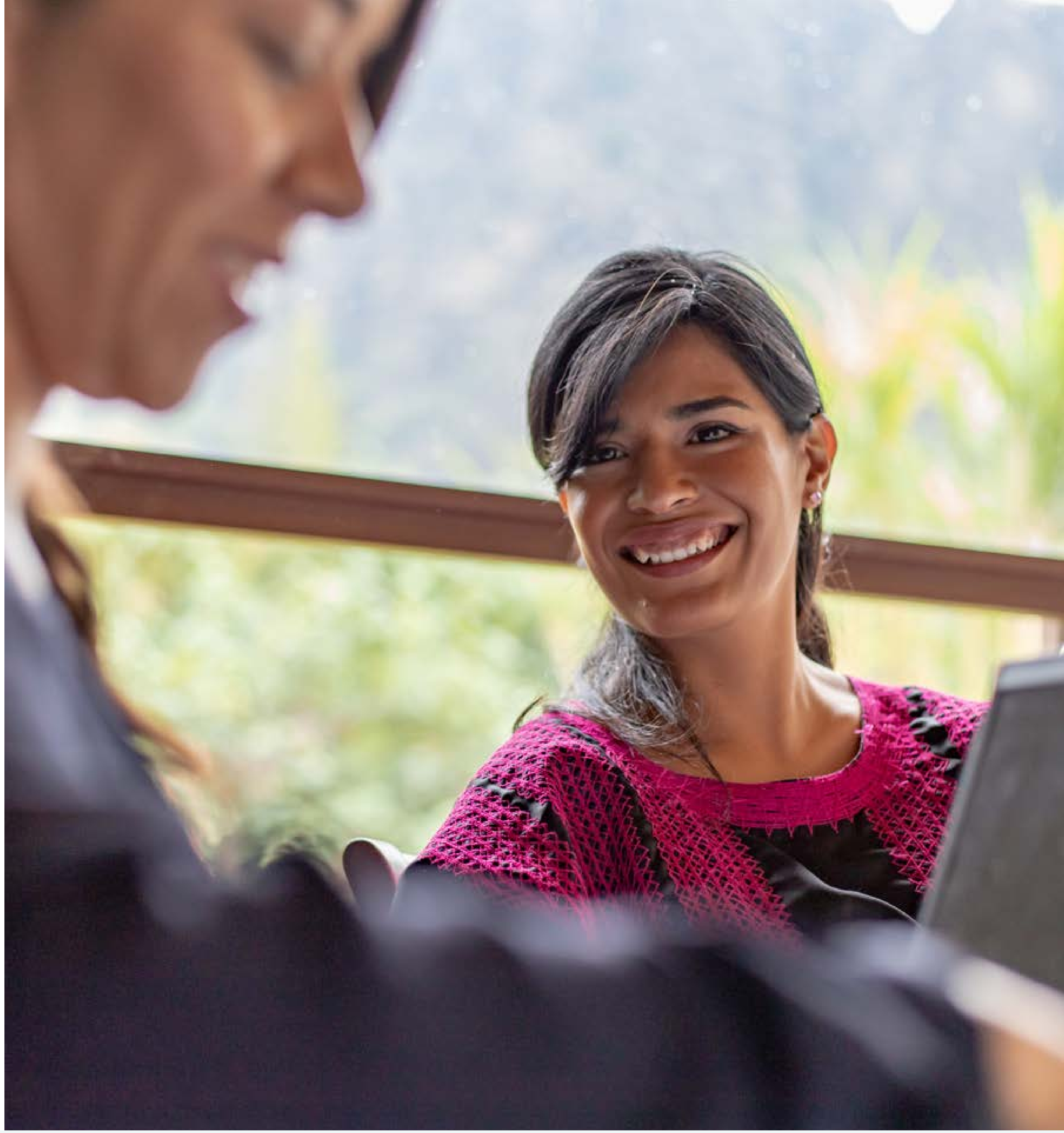
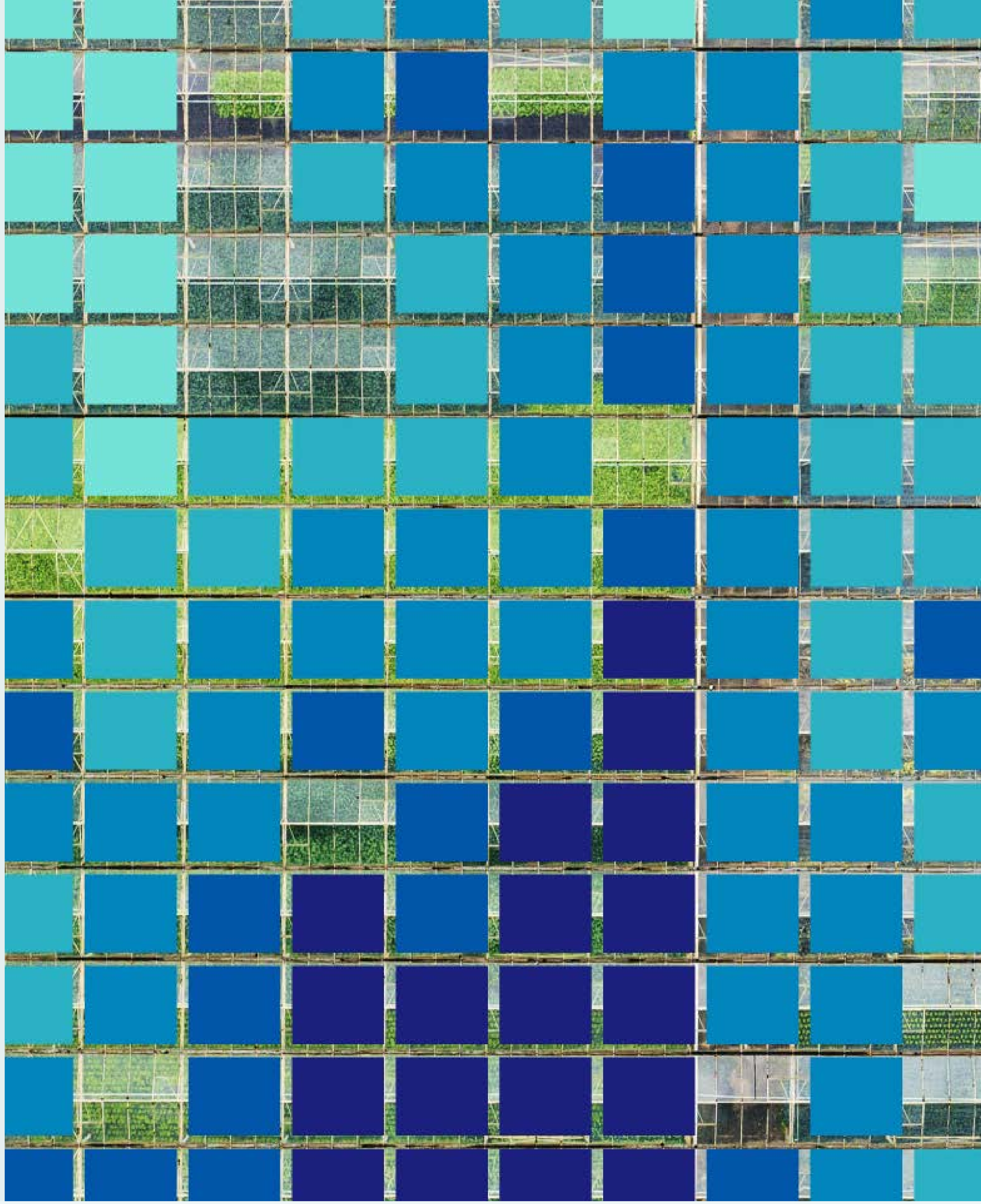
Q2 **EMEA Advice to Clients**

- In light of economic and geopolitical volatility, review supply chain risk, property and business interruption values, and re-evaluate program structures and limit adequacy, leveraging advanced risk analytics like Aon Risk Analyzers.
- Consider the use of alternative risk transfer solutions and parametrics to optimize current insurance programs and reduce susceptibility to future market volatility.
- Assess how the use of artificial intelligence is impacting your organization's risk profile and how insurance programs may respond to this evolving risk.



Latin America Market Overview



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Q2 **Latin America Market Overview**

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Conditions in the second quarter reflect a period of moderation and cautious optimism in Latin America, with competitive pricing and a focus on digital transformation. Insurers are adapting to regional challenges by enhancing risk management services and expanding coverage options to better serve clients.

Natalia Char

Head of Commercial Risk Solutions
Latin America

Executive Summary

- The insurance market is benefiting from economic growth and stability in Latin America which is helping drive additional demand for insurance. Lower inflation in some countries is providing a more predictable environment for insurers to operate, resulting in more competitive rates.
- The digital transformation is enabling insurers to offer more sophisticated products and improve customer service through technology-driven solutions such as online platforms and data analytics.
- Natural catastrophe exposures continue to impact insurer underwriting strategies and risk assessment.

Headlines

Positive Developments

- Economic growth is fueling insurance demand across Latin America.
- Digital transformation is enhancing products and the client experience.
- Broader coverage and higher limits are available for many clients.

Challenging Developments

- Targeted capacity has entered the market.
- Businesses may face heightened risks and costs from tariffs.
- Questions remain regarding the sustainability of current directors and officers pricing.

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Q2 Latin America Market Dynamics

Soft	-1-10%	Ample	Flexible	Increased	Flat	Broader
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

Conditions in Latin America are broadly favorable, with increasing pricing flexibility for most lines of business. Insurers are increasingly willing to give discounts for preferred risks and those with a good loss history. In the current market environment, most clients have renewal options, driving greater choice for clients amid greater competition.

Capacity

Capacity in the region continues to increase as capital is attracted to countries experiencing renewed economic stability and lower inflation, such as Argentina. Capacity is abundant for preferred and well-performing risks, although challenging risks with inadequate controls continue to face capacity constraints.

Underwriting

Underwriting is flexible, and technology-driven tools are helping to make underwriting more efficient and drive competition.

Limits

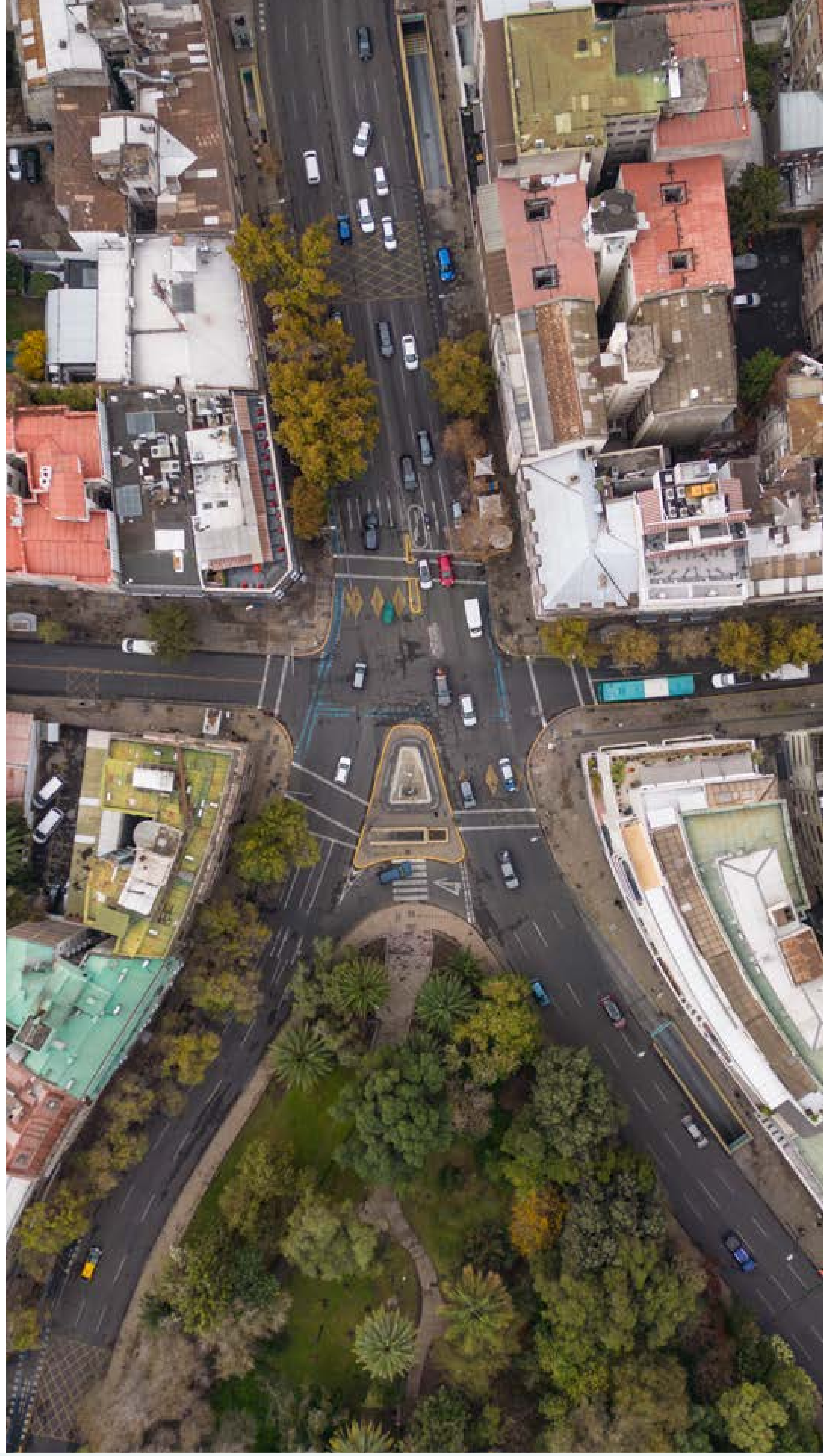
Limit increases are generally available in the market, especially for well-performing risks, and many insureds are taking advantage of current market conditions to restore limits lost in the hard market.

Deductibles

Most placements are renewing as expiring, although those with significant losses may face increased deductible levels. In some cases, deductible buy-downs are available, particularly for cyber and directors and officers policies.

Coverages

Broadly, there is greater flexibility on terms and conditions, especially for cyber, directors and officers and property policies. However, underwriters are typically focusing on price, rather than providing broader coverage.



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Q2 Latin America Product Trends

Soft	Moderate	Soft	Soft	Soft
Automobile	Casualty	Cyber	Directors and Officers	Property

Automobile

Overall, the market is soft. Commercial automobile risks with a good claims record can achieve modest pricing discounts. Capacity and appetite are buoyant, even for risk types that previously may have experienced limitations.

Casualty

Conditions in the casualty market remain moderate overall, although some countries, including Brazil and Chile, are experiencing more buyer friendly conditions. Specific sectors and U.S.-exposed casualty continue to experience some challenges. Casualty coverage attached to automobile policies is seeing greater flexibility and increasing limits.

Cyber

The cyber insurance market in Latin America is attracting growing appetite and capacity, leading to favorable conditions across the region. Competition is strong for risks that demonstrate robust cyber security and risk controls.

Directors and Officers

The directors and officers market remains highly competitive in Latin America, although there are questions as to the sustainability of current pricing.

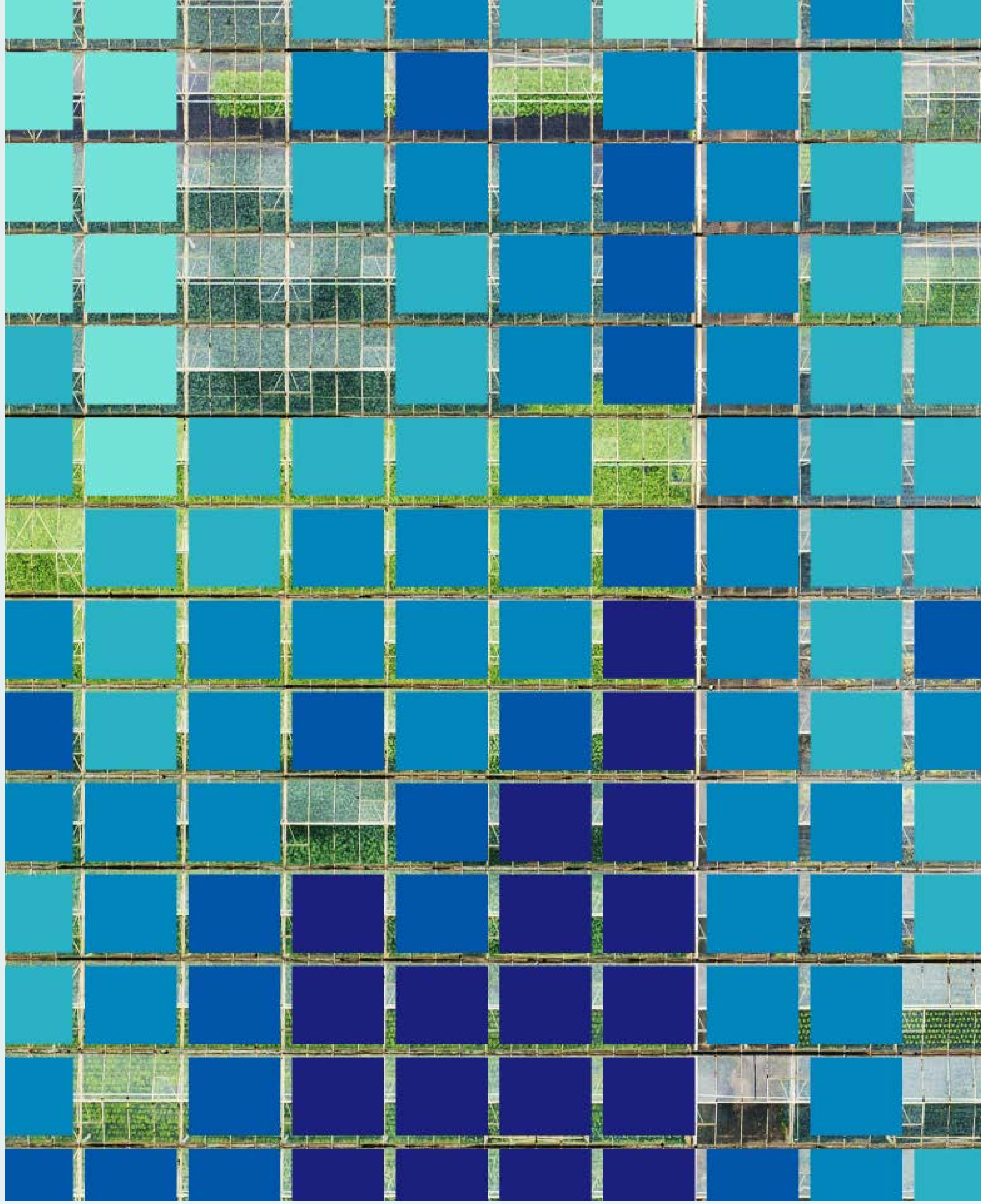
Property

After a period of volatility, market conditions continue to moderate, supported by increased competition and an improving economic environment. Property rates are increasingly favorable for buyers in Latin America.

Q2 Latin America Advice to Clients

- Stay informed on market conditions. Understanding the competitive landscape can help you negotiate better terms and pricing.
- Consider reinvesting premium savings in risk improvement and loss control actions, which will help differentiate your risk at future renewals.
- With increasing frequency and severity of natural catastrophes, revisit your valuations, coverages and limits to ensure they are adequate and will respond as needed.

North America Market Overview



Q2 **North America Market Overview**

"Insureds are strategically utilizing a portion of premium savings to invest in hygiene improvements like congruent follow form language, omnibus wording, elimination of gaps and sub-limits, and implementation of loss control measures, enhancing their risk management and long-term resilience.

"The Canadian market is currently defined by soft conditions, with many lines benefiting from increased capacity, stronger underwriting performance, and heightened competition as insurers prioritize client retention. These favorable conditions are creating opportunities for clients to optimize their current placements while proactively positioning for potential market shifts. To fully capitalize on this environment, strong and timely renewal submissions are key.

Brian Wanat

Head of Commercial Risk Solutions
North America

Russ Quilley

Chief Broking Officer
Commercial Risk Solutions
Canada

Headlines

Positive Developments

- Buyer-friendly conditions continue for cyber and D&O; intensify for property.
- Insurers are showing flexibility on limits, deductibles and coverage.
- Competition for workers' compensation is further strengthening.

Challenging Developments

- Above-normal activity is predicted for the 2025 hurricane season.
- Cyber pricing remains soft, but insurers are closely monitoring claims trends.
- Increasing securities class action settlements are a growing concern for D&O.

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Q2 **North America Market Overview**

Executive Summary

- Market conditions are broadly moderate in North America, although the environment for well-managed and preferred risks is increasingly favorable.
- California wildfires and severe convective storm events at the start of this year have not caused significant market dislocation. However, loss activity for the remainder of 2025 will be closely monitored following $52 billion of global insured catastrophe losses in the first quarter, the second highest Q1 on record.
- The oversubscription of capacity in the property market is driving prices down, as insurers with significant growth targets contribute to a softening landscape.
- Casualty insurers continue to focus on adverse loss trends and the effects of social inflation.

Q2 North America Market Dynamics

Moderate	Flat	Ample	Prudent	Flat	Flat	Stable
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

The overall pricing environment in North America is moderate. Despite the California wildfires in January, softening conditions are accelerating for U.S. property, with double-digit price reductions on average. Workers compensation, cyber, and directors and officers placements continue to experience favorable pricing conditions. In contrast, U.S. automobile and excess liability are experiencing increased pricing. In Canada, rates are generally flat to modestly down (i.e., single digit decreases). Clients in mainstream segments with favorable loss experience are seeing renewal terms with improved pricing, sometimes coupled with enhanced coverages.

Capacity

Capacity is broadly ample overall and increasing for some key lines. Capacity for cyber and directors and officers is ample-to-abundant and continuing to increase. In the U.S. insurers are increasing line sizes for property, resulting in oversubscription for the majority of programs and intensifying competition. Capacity for U.S. excess liability remains conservatively deployed as insurers manage their exposure to nuclear verdicts and adverse litigation trends. In contrast, capacity for excess liability is expanding in Canada, with insurers showing a greater appetite and flexibility.

Underwriting

Underwriting remains disciplined and prudent, although insurers are showing greater flexibility for well-managed risks which are experiencing the benefits of healthy competition and capacity. Property insurers are focused on underwriting profitability, but many are willing to quote risks they may have previously declined in order to achieve their growth goals. For more challenging risk types and lines of business, such as automobile, insurers are requiring more detailed information from insureds.

Limits

Limits are generally stable, and most placements are renewing with expiring limits. Some property, cyber, and directors and officers insureds are reinvesting premium savings to purchase higher limits.

Deductibles

Placements are typically renewing with expiring deductibles, although lower deductibles are available for some preferred risks. Some insurers are, however, using higher deductibles as a tool to manage loss exposure, particularly for catastrophe-exposed risks in Canada or for risks with high-frequency losses. Deductibles and attachment points for U.S. casualty programs are under pressure.

Coverages

Coverage terms are generally stable, although enhancements are available for some preferred products and risk types. When under competitive pressure, insurers are generally more flexible, resulting in expanded coverage and the removal of non-concurrent terms from the previous hard market cycle. Terms for Nat Cat exposed property remain unchanged in the U.S. market while insurers in Canada are applying restrictions, particularly where risk complexity and loss potential remain elevated. PFAS and biometric exclusions continue to be applied in casualty.

Q2 North America Product Trends

Challenging	Moderate	Soft	Soft	Soft
Automobile	Casualty	Cyber	Directors and Officers	Property

Automobile

Market conditions in the U.S. automobile market remain challenging, with adverse loss trends resulting in up to double-digit rate increases for some renewals. Underwriting scrutiny remains intense, especially for larger and non-owned fleets, and insureds can expect requests for detailed information on fleet safety, risk mitigation procedures and contract requirements. Clients also continue to explore alternative risk solutions, captives and increased risk retentions to mitigate price increases. Insureds in Canada are experiencing more moderate conditions with flat pricing. However, the market remains cautious and inflationary pressures are influencing underwriting decisions. Insurers are maintaining disciplined underwriting practices with a focus on risk selection and loss history to manage profitability.

Casualty

The casualty market remains bifurcated with products and risks exposed to adverse U.S. litigation trends and rising claims severity, and risks with deductibles / attachment points deemed too low, experiencing the most challenging conditions. For U.S. umbrella liability, underwriters continue to evaluate and the adequacy of their attachment strategies, which, if adjusted, can put pricing and structural pressure on primary placements. Umbrella capacity when not supported by primary placements has remained limited, and excess insurers continue to deploy capacity judiciously. Where excess limits are reduced, a larger number of insurers and layers is often required to replace lost capacity and maintain limits. Insureds continue to evaluate long-term strategies including alternative risk solutions, captive utilization and increased deductibles to offset market dynamics and create program stability / sustainability.

The challenges aren't limited to U.S. placements; Canadian placements with significant U.S. exposures are also facing headwinds with a tightening of capacity and conservative underwriting driving up rates. Across the region, exclusions for PFAS, climate change, and wildfire risks continue to be applied.

In contrast, U.S. workers compensation is benefiting from healthy competition, particularly when placements are actively marketed, resulting in average rate reductions for this segment. The Canadian casualty market is also competitive. Capacity is expanding, particularly in excess layers, and pricing is generally flat or slightly decreasing. Insurers are demonstrating a healthy appetite for well-managed casualty risks in Canada, although underwriting remains disciplined, especially for complex exposures.

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North America Market Dynamics

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North America Product Trends

Cyber

Market conditions are soft, despite an increase in claims frequency and poor loss development on prior year claims. Capacity remains abundant, driving favorable outcomes for buyers, including generally modest rate reductions at renewals. Many insureds are using premium savings to purchase additional limits or expand coverage. While the market remains soft, insurers are mindful of the potential for systemic and privacy-related loss events, as well as the growing use of AI by ransomware groups to automate and increase the sophistication and scale of cyberattacks.

Directors and Officers

The directors and officers market remains competitive, although rate reductions in both primary and excess layers have been decelerating as insurers turn their attention to the need for sustainable pricing. This shift is happening quickly for large public companies and financial institutions. Insurers are watching macroeconomic trends closely, while litigation trends remain a concern as settlement severity and defense costs rise. A small number of insurers have exited the U.S. directors and officers market recently, a development Aon is monitoring.

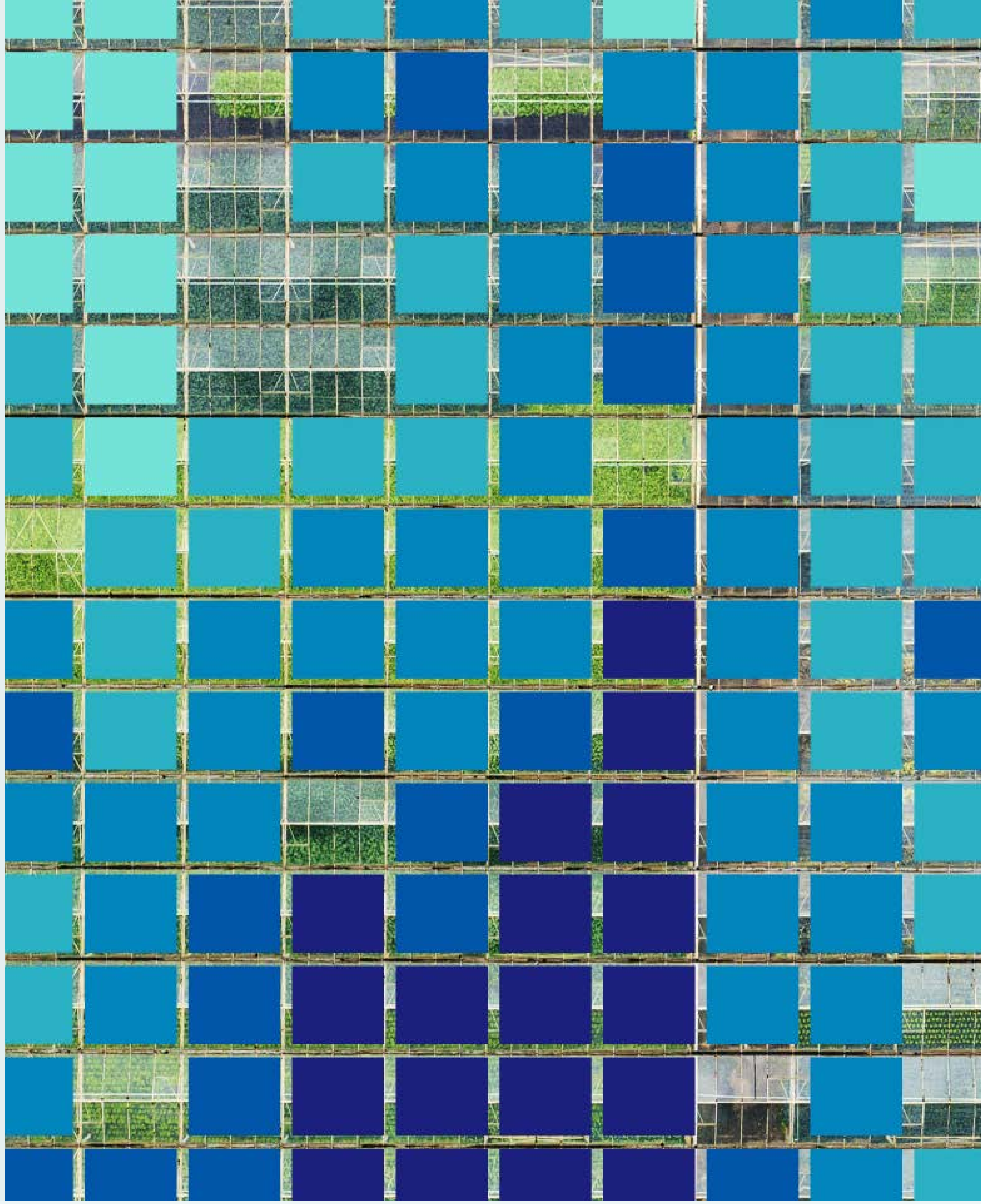
Property

The property insurance market continues to soften. Most U.S. placements are experiencing double-digit rate reductions, with shared and layered placements seeing the largest decreases. In general, growing competition is providing opportunities for improved pricing and broader coverage and terms. While natural catastrophe losses remain a key concern, the overall availability of capacity and competitive pressures are helping to offset some of these challenges. It should be noted that Colorado State University and the National Oceanic and Atmospheric Administration (NOAA) are predicting above-normal activity for the 2025 Atlantic hurricane season which runs from June 1 to November 30.

Q2 **North America Advice to Clients**

- Today's dynamic environment offers clients opportunities to deepen relationships with key insurers while securing enhanced risk transfer and alternative solutions. Clients are encouraged to revisit previous decisions around limit, retention and coverage in light of the more favorable market conditions.
- Despite buyer-friendly conditions for most lines, insureds are advised to remain attentive to their underwriting story. Providing insurers with detailed underwriting information, and bringing insurers along on their risk journey, typically will lead to superior renewal outcomes.
- Investments in long-term risk management and risk financing strategies using data and insights to inform decision-making will build resilience and help clients adapt to future changes in market conditions.
- Ransomware preparedness, including testing of incident response and business continuity plans, is critical as frequency remains problematic and with the evolving cyber threat from artificial intelligence.

Pacific Market Overview



Q2 **Pacific Market Overview**

In a positive development, Australian insurers are embracing an amendment to LMA 5400 / LMA 5401 (a London Market Association Clause) which incorporates an all-risks property damage and business interruption writeback for non-malicious cyber. This follows growing acceptance that the original endorsements were unintentionally over restrictive and if read literally would remove all property damage and business interruption losses emanating from non-excluded perils, but for a very restrictive writeback for property damage.

Tracy Riddell

Head of Product and Platforms
Commercial Risk Solutions
Australia

Executive Summary

- Inflation has eased, although the overall outlook is uncertain due to the global impact of U.S. trade policy, which could impact economic activity, investment, confidence and growth in the region.
- The surge in construction insolvencies and labor shortages in Australia are dampening expectations that construction costs will fall.
- More frequent and severe natural catastrophes are driving clients to seek a better understanding of their future climate risk as part of their investment and divestment strategies.

Headlines

Positive Developments

- Improved results and benign loss activity are helping to drive competitive conditions.
- Preferred risks are attracting competition and favorable terms and conditions.
- An easing of supply chain bottlenecks is benefitting the automobile insurance market.

Challenging Developments

- Vehicle repair costs continue to impact loss ratios.
- U.S. automobile and labor hire risks remain challenged.
- An active securities class action environment is clouding directors and officers pricing.

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Q2 Pacific Market Dynamics

Soft	-11-20%	Abundant	Flexible	Increased	Flat	Stable
Overall Conditions	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages

Pricing

Pricing is generally soft for property, directors and officers and cyber, and to a lesser extent, casualty. Rates are firmer for automobile insurance due to vehicle repair costs and longer downtime, which is driving higher loss ratios for insurers.

Capacity

Capacity is abundant across all lines of business as insurers look to grow and diversify their portfolios, especially in cyber and long tail classes. Key exceptions include automobile, where capacity is ample, and U.S. exposed casualty and automobile, where capacity is constrained.

Underwriting

Insurers are demonstrating greater underwriting flexibility, competing on differentiated terms and conditions, particularly for preferred risks and those with strong risk management practices.

Limits

Limit increases are generally available, particularly for cyber and property, including natural catastrophe risks where sought-after limit increases are deemed reasonable and warranted.

Deductibles

Deductibles are generally stable, although increasing for automobile due to inflationary pressures, which while abating, continue to impact insurer loss ratios. Deductibles are trending down for directors and officers, driven by continued competition.

Coverages

Coverage is broadly stable across all lines of insurance. In a positive development, terms and conditions for co-insured property placements are more consistent.

Q2 **Pacific Product Trends**

Moderate	Soft	Soft	Soft	Soft
Automobile	Casualty	Cyber	Directors and Officers	Property

Automobile

The market remains competitive for well-performing fleets with scale. For risks with sub-optimal claims performance, insurers are showing a willingness to work with clients who have an appetite for increased deductibles or alternative program structures to alleviate pressure on renewal pricing. Vehicle repair costs continue to cause longer downtime for insureds and higher loss ratios for insurers. However, an easing of supply chain bottlenecks has increased access to safer and lower emission replacement vehicles.

Casualty

Casualty is a two-speed market. Insurer appetite for new business continues to strengthen, with an abundance of capacity and a growth focus for non-complex loss-free risks. In contrast, placements with U.S. automobile or large labor hire exposures are more challenging regarding attachment points, capacity and pricing. However, insurers are prepared to work with and differentiate between clients based on individual risk profile.

Cyber

Increased capacity and insurer growth targets, along with buyers' acute awareness of cyber events, continue to drive positive momentum in the cyber market. Bespoke cyber coverage is more readily available, and buyers are opting to reinvest premium savings into expanded coverage and limits.

Directors and Officers

Aggressive competition in the directors and officers market is creating opportunities to improve pricing and coverage terms and conditions. Some insurers are prepared to reduce Side B and Side C retentions as an alternative to price reductions or to secure new business. Additionally, insurers are increasingly willing to offer long-term agreements with further rate reductions in the second year. Many clients who previously dropped Side C coverage during the hard market are now considering repurchasing or re-assessing the adequacy of their Side C limits. While conditions are favorable for buyers, the regulatory and legal landscape is evolving. Insurers are watchful of the securities class action environment and have expressed concern about the sustainability of pricing reductions.

Property

Insurer growth ambitions and recent strong performance, together with a period of benign natural catastrophe losses, are helping drive competitive market conditions. As a result, insurers are more willing to address client coverage needs, including for natural catastrophe exposures, and embracing an appropriate amendment to clause language as it relates to LMA 5400 / LMA 5401 to include a property damage and business interruption writeback for non-malicious cyber. Claims inflation and a tight construction market in Australia are contributing to rising costs for insurers who are closely managing claims and key indicators within their portfolios.

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Q2 **Pacific Advice to Clients**

- Well prepared insureds with detailed information, timely submissions and existing relationships continue to outperform and are able to maximize the improvements available in their risk transfer strategies.
- Clients looking for stability should consider nurturing existing relationships and exploring long term agreements for long-tail classes.
- Market conditions are ideal to optimize directors and officers programs, supported by coverage reviews, pricing contestability and assessment of insurer value propositions.

About Aon

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues provide clients in over 120 countries with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

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