



# 2026 Insurance Market Outlook

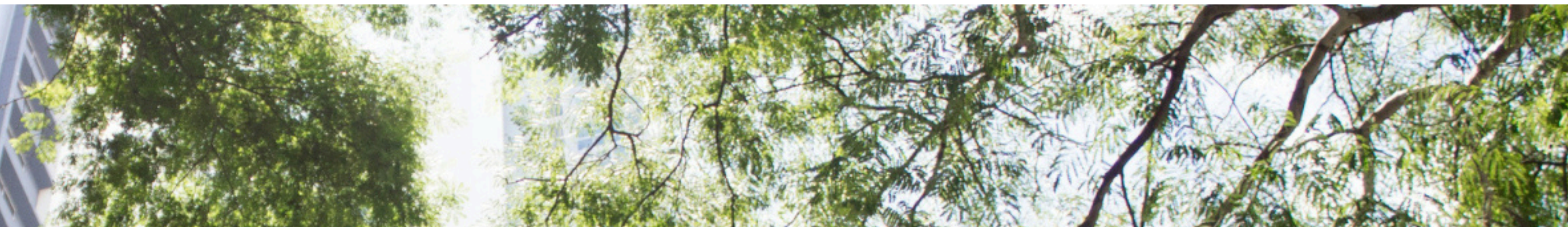
## Global Reinsurance and Local Insurance – How They Connect

Property insurance dominates the annual reinsurance cycle. Each January, the global insurance market enters a major renewal period known as “1/1.” During this period, insurers worldwide renew reinsurance contracts that protect them against portfolio losses and major natural catastrophe events they are unable or unwilling to retain.

So, why does this matter? Because the cost of reinsurance directly influences the premiums you pay through local ‘direct’ insurers such as QBE, Vero and Allianz. The January renewal season effectively sets the tone for pricing and capacity for the year ahead.

For 2026, the reinsurance market is experiencing its largest softening (price reductions) since 2014, driven by:

- Strong profit results reported by insurers and reinsurers in 2025
- Global natural catastrophe losses of around USD \$120B - high, but still 20% below the five-year average
- Major events such as the January 2025 Los Angeles wildfires (USD \$30B insured loss) and Cyclone Alfred in Australia (AUD \$1.2B)
- Strong financial performance attracting new capital into reinsurance, increasing competition
- Reinsurers offering improved terms as they seek to deploy this additional capital



Over recent years, insurers and reinsurers have worked hard to remain profitable while staying competitive for buyers. To manage large-scale catastrophe exposures, many have introduced per-event limits, higher deductibles, increased premiums and in some cases withdrawn capacity for specific regions or risk types.

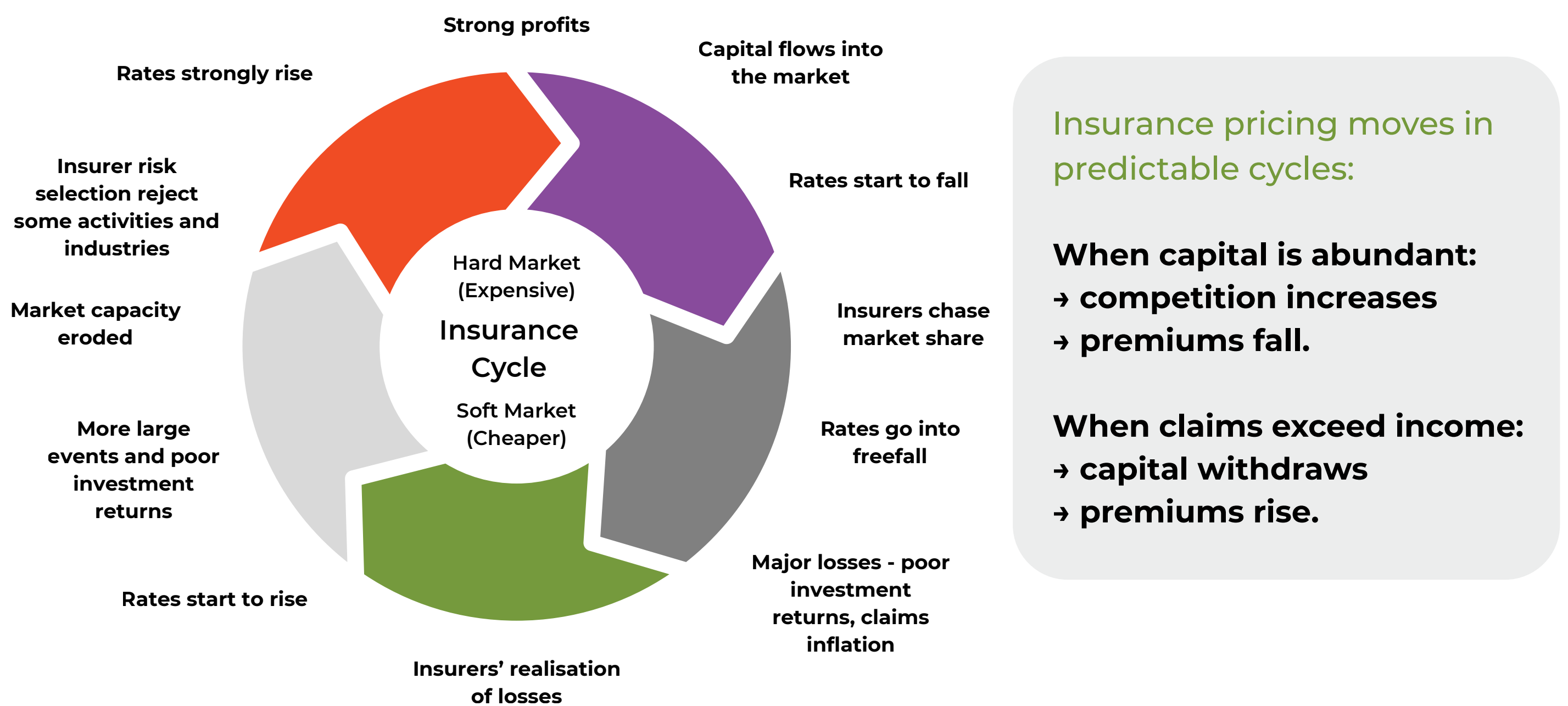
In northern Australia, for example, cyclone and flood risk became too costly for the traditional insurance market, prompting the government to establish a cyclone reinsurance pool for small businesses.

Where traditional cover becomes unavailable or unaffordable, alternative solutions such as parametric insurance have become increasingly relevant. Despite persistent hail, flood, fire and wind losses, particularly along the east coast, the industry has managed catastrophe exposure reasonably well over the past 12–24 months.

## What to Expect in 2026

With more capital flowing into the reinsurance market, costs for Australian insurers are expected to fall. This should support continued competition and maintain a buyer's market through 2026. Premium reductions are likely. However, if you have recent claims or your assets sit in high-risk locations (cyclone, flood, bushfire or hail-exposed regions), discounts may be limited. In these situations, premiums may remain stable rather than decrease.

## Understanding the cycle



These shifts are driven by supply and demand. CRIS recommends that insurance buyers stay informed about market dynamics and take a medium-term approach in order to minimise price fluctuations. Ahead of your next renewal, consider the following:

- Define your risk tolerance and target insurance costs.
- Review structural options (e.g. higher deductibles, alternative insurers, adjusted limits).
- Consider setting aside a reserve fund in advance of market corrections; prepare to take on more risk when premiums rise.
- Maintain a strong focus on risk management\* and ensure high-quality risk data is available - accurate valuations, up-to-date surveys, COPE data, maintenance regimes and loss-ready plans.

**\*Consider your risks:** For example, rooftop solar installations are increasingly common but create additional exposure to hail damage. Assess how this risk can be minimised through design choices, protection measures, or maintenance strategies.

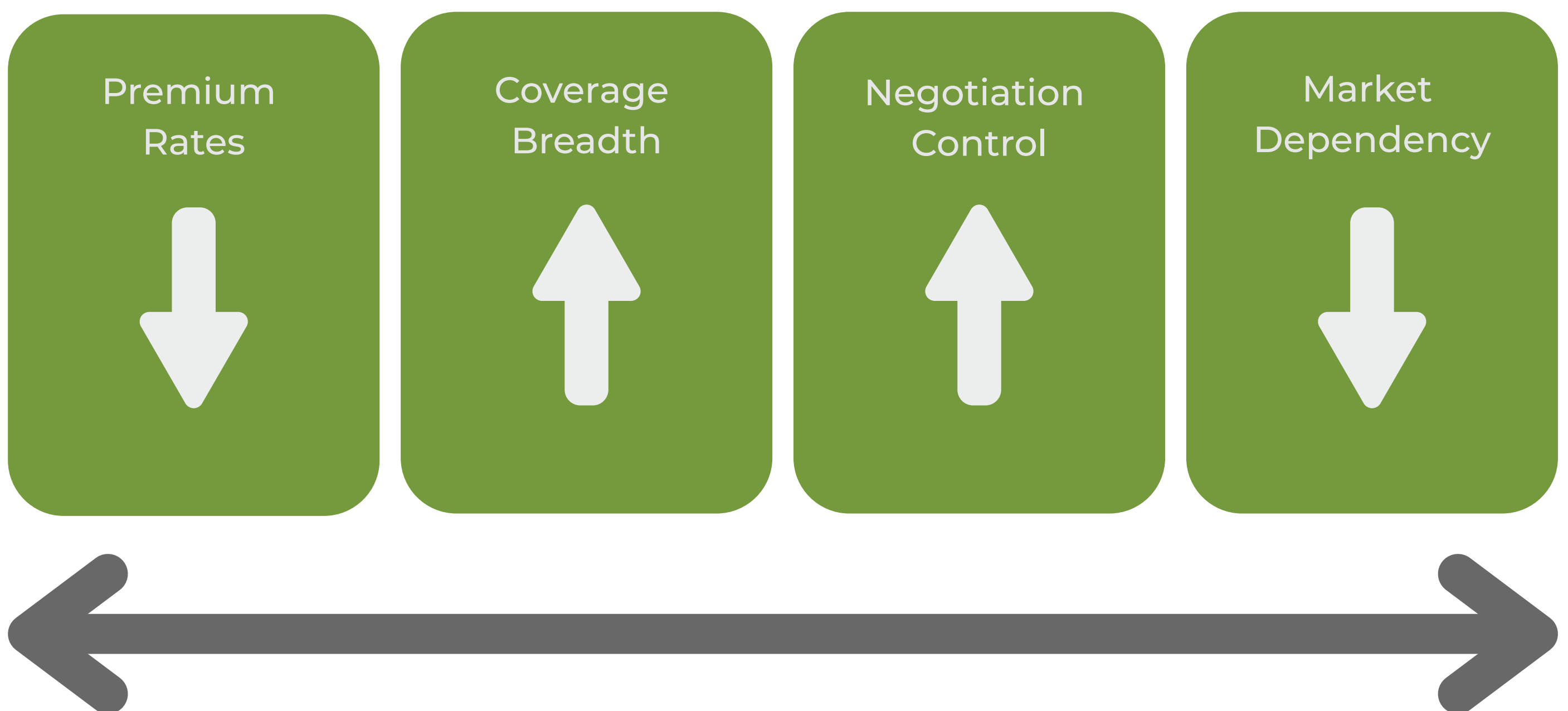
In tougher insurance markets, insurers become increasingly selective. Organisations that can demonstrate strong risk management will still attract competition.

CRIS recommends monitoring market trends closely, but the ultimate goal should be to reduce cost and coverage volatility over time. Opting for the cheapest deal in a soft market may result in a significant spike when conditions harden again.

## What happened with the Catholic renewals that concluded at the end of 2025?

Repositioning group negotiations with insurers and presenting high-quality risk information once again delivered strong outcomes, including further rate reductions and improved cover.

As a result, the respective asset portfolio owners are now far better positioned: they hold greater control in market negotiations and are no longer dependent on insurer-driven terms, marking a major positive shift following the transition from CCI. CRIS anticipates the buyer's market to continue throughout 2026.

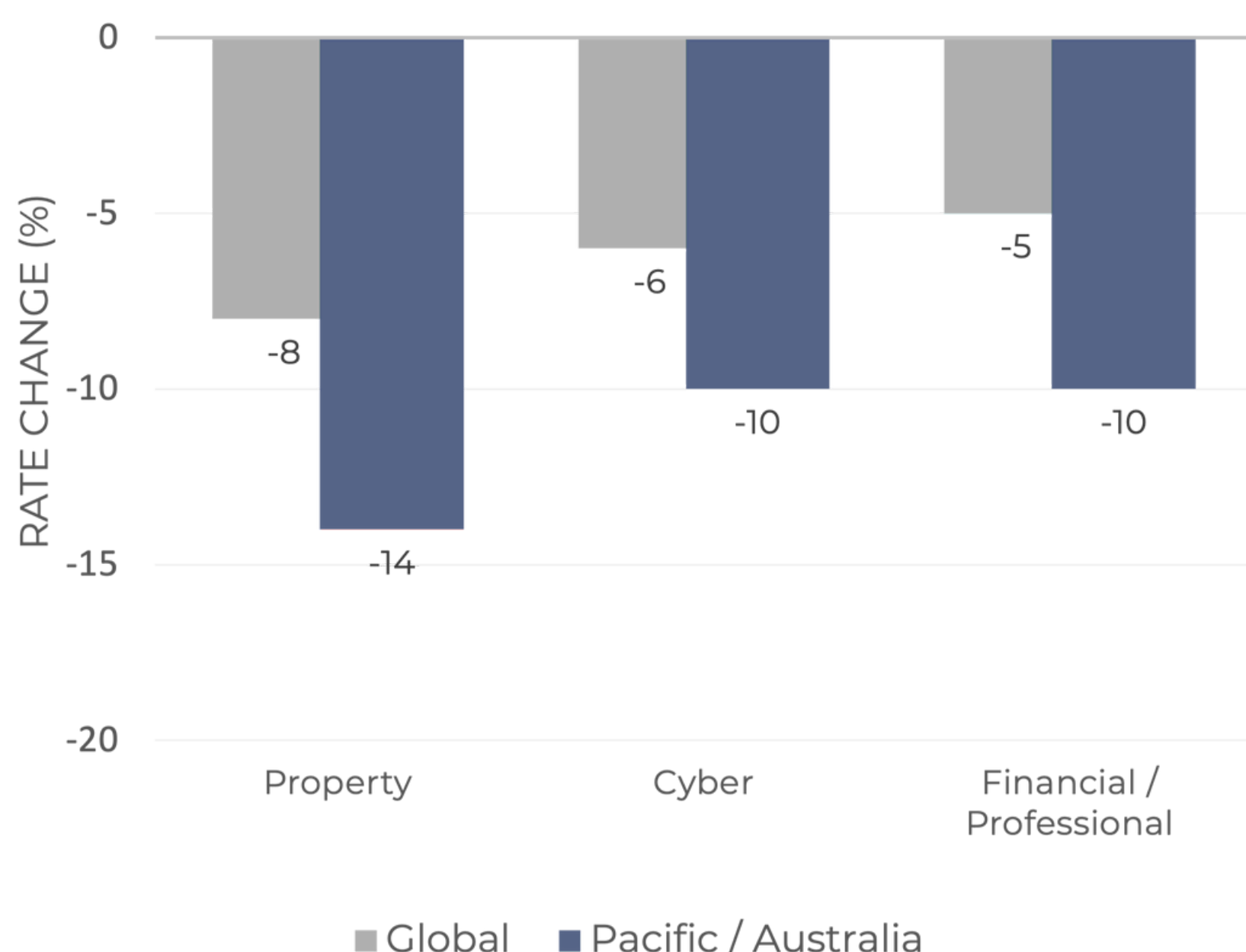


## CRIS Review: Global Insurance Market Overviews

This briefing note summarises key insights from the 2025 insurance market updates provided by Aon, Marsh, WTW, Gallagher and Lockton, with a particular focus on trends affecting the Australian market.

### Pricing Movements by Insurance Type

Overall, the market remained strongly buyer-friendly, with abundant capacity and heightened competition continuing to drive rate reductions across most insurance classes.



- **Property:** Global property rates declined by approximately 8%, led by a significant 14% reduction across the Australia-Pacific region.
- **Cyber:** Cyber insurance experienced meaningful softening as well, with global rates down around 6% and double-digit decreases recorded in Australia.
- **Financial & Professional Lines:** These classes followed a similar trend, with reductions of up to 10%.
- **Public Liability:** The key outlier was public liability, which increased by roughly 3% globally due to persistent challenges in the U.S., particularly social inflation. Outside the U.S., however, rates fell by as much as 7%.

Capacity remained plentiful across property, cyber and financial lines, supporting ongoing competition among insurers. Emerging themes included growing adoption of parametric solutions, captives and structured insurance programs, alongside increasing use of AI and automation to enhance claims performance.

Scenario-driven and recovery planning was highlighted as a key strategy for strengthening organisational resilience.

## International Broker Market Sentiments

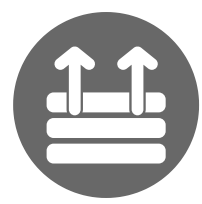
Broker	Market Sentiment	Pricing Trend	Capacity	Key Insights
Aon	Buyer-friendly, competitive	Double-digit property rate decreases were common	Strong capacity except for U.S. casualty and CAT-exposed property	Double-digit property decreases continued; cyber and D&O softening; insurers more sharply differentiating between well-managed versus challenging risks
Marsh	Broad softening	Global composite down 4%, Pacific down 11%	Abundant capacity driving competitive terms	Global composite down 4%; Pacific region saw an 11% overall decline (property -14%, cyber -10%, financial lines -10%); casualty rising in the U.S. but falling elsewhere
WTW	Divergent trends	Property softening globally	Capacity robust, with innovative portfolio solutions emerging	Property softening worldwide; North American casualty remains hard; strong focus on data analytics, catastrophe modelling and tailored program solutions
Gallagher	Mixed signals	Casualty pressured by litigation	Property capacity strong, though excess layers often require multiple carriers	Casualty under strain from litigation funding and nuclear verdicts; property stable but weather risks persist; cyber risk elevated by AI and deepfake-related threats
Lockton	Favourable but cautious	Broad pricing relief across most lines	Plentiful capacity, especially in property and financial risks	Rates falling across most major lines; property and financial classes competitive; early signs of tightening in D&O and cyber; liability remains challenging due to rising cost of insurance claims (social inflation)

## Australia Specific Insights (Q3 2025)

Broker	Australia Specific Highlights
Aon	Aon reports continued softening across Australian property and financial lines, with double-digit reductions for well-managed risks. CAT-exposed property, such as bushfire-prone regions, remains under scrutiny, with higher deductibles and tighter sub-limits. Insurers are sharply differentiating between strong risk profiles and those with adverse loss histories, making high-quality, data-driven submissions critical.
Marsh	Marsh highlights that the Pacific region, including Australia, saw the steepest global property rate declines at around 14%. Cyber and financial lines also experienced double-digit decreases, while casualty remained flat to slightly down. Strong competition and abundant capacity supported broader cover and improved terms, particularly for clients with robust risk management frameworks.
WTW	WTW notes favourable conditions for Australian buyers, with opportunities to expand coverage and challenge pricing across property and specialty classes. The broker points to increased use of analytics and catastrophe modelling to optimise placements. While property and cyber markets remain competitive, liability exposures require careful negotiation due to global litigation trends influencing local pricing (social inflation).
Gallagher	Gallagher’s commentary for Australia focuses on rising litigation funding and social inflation, which are beginning to influence liability pricing. Property markets remain competitive, though insurers are cautious about climate-related CAT exposures. Gallagher recommends early engagement and layered program structures to manage capacity constraints, particularly in excess liability placements.
Lockton	Lockton reports that Australia continues to benefit from broad pricing relief, particularly in property and financial lines, supported by strong insurer appetite. The introduction of Latent Defects Insurance (LDI) capacity is a significant development for the construction sector and aligns with regulatory requirements in NSW. Liability markets, however, remain challenging and require strategic negotiation and consideration of alternative risk transfer options.

## CRIS: Strategic Considerations

Current market conditions and emerging trends:



### Maximise Opportunity

Renegotiate terms and expand coverage while rates remain favourable.

Consider multi-year agreements to lock in competitive pricing and reduce future volatility.



### Explore Alternative Risk Transfer

Evaluate options such as mutuals, parametric solutions and structured insurance programs to improve resilience. These mechanisms can help manage cost fluctuations and reduce reliance on traditional market capacity.



### Strengthen Insurer Relationships

Engage early with established, high-performing carriers to secure capacity for CAT-exposed and liability risks.

Strong partnerships support continuity and provide access to better terms during shifting market conditions.



### Leverage Data and Analytics

Integrate catastrophe modelling, valuation accuracy and risk analytics into renewal strategies.

Data-driven insights help differentiate risk profiles and strengthen your position during negotiation.



### Monitor Emerging Risks

Remain vigilant regarding social inflation, litigation funding and AI-driven cyber threats.

Develop comprehensive internal risk registers and scenario-based planning, particularly for climate-related CAT exposures and evolving regulatory requirements.

For and on behalf of Catholic Risk and Insurances Services Ltd in February 2026.

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