

The Baldwin Group Q2 2025 Market Pulse: A Tale of Two Markets in Commercial Insurance

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Property Resilience Meets Liability Challenges in a Diverging Risk Landscape

TAMPA, Fla.--(BUSINESS WIRE)--Jul. 29, 2025-- The Baldwin Group's [Q2 2025 Market Pulse Report](#) reveals an increasingly bifurcated commercial insurance marketplace—one where stability and competition are returning to property insurance, while litigation-exposed casualty lines face increasing pressure.

On one side of the ledger, commercial property markets have stabilized, buoyed by improved reinsurance dynamics, expanded Managing General Agency (MGA) and Excess and Surplus lines (E&S) capacity and increased use of real-time risk data. On the other, excess and general liability, as well as commercial auto, continue to experience increased loss cost volatility, driven primarily by heightened litigation risks.

"The winners in today's market aren't just reacting—they're outmaneuvering," said Matt Kashdin, National Director of Client Engagement, The Baldwin Group. "Every year brings the potential for major catastrophe (CAT) risks, which can impact pricing trends. Businesses can unlock better terms, broader coverage, and strategic advantage by working with risk and insurance advisors who understand where the market is bending, not just where it's been."

Key Takeaways from Baldwin's Q2 2025 Market Pulse Report:

Market Conditions Favor Proactive Risk Management:

- **Commercial Property Pricing Drops:** A year-over-year comparison shows a steep decline in pricing trajectory from 8.3% in Q2 2024 to 0% in Q2 2025. This reflects ample July 1 reinsurance renewal capacity and greater pricing relief for well-differentiated risks. Market competition is increasing through expanded MGA participation and growth in E&S placements, bringing new flexibility to challenging accounts. Larger CAT-exposed accounts, that were most impacted during the recent period of market price firming, are experiencing significant year-over-year risk adjusted rate decreases.
- **CAT Events Test Market Strength:** The \$45 billion insured losses from January's Los Angeles wildfires significantly stressed CAT budgets early in the year, yet the market absorbed the blow. Reinsurance renewals for excess of loss cover ("XoL") remained favorable, reinforcing capacity and pricing stability in key property segments.
- **Resilience Strategies Rewarded:** Clients implementing flood barrier, retrofitted roofing, sensor technology, and up-to-date valuations are seeing tangible benefits in risk adjusted pricing, capacity availability, and coverage terms.

Liability Lines Strained by Legal and Systemic Pressures:

- **Litigation Risk Elevates Casualty Pricing:** General liability (+5.3%) and commercial auto (+6.5%) continue to see upward pricing pressure driven by legal system abuse, large legal verdicts, and third-party litigation funding. Umbrella and excess liability pricing also remains elevated at +9.3%.
- **Casualty Market Remains Reactive and Unsettled:** While the legal system's underlying framework remains unchanged, insurers are increasingly vocal in calling for structural reform, citing these costs as a hidden tax on the broader economy and policy holders. Many are also characterized by large, so-called "nuclear" jury awards.
- **Cyber Risks Expand:** The continued growth in ransomware attacks and supply chain vulnerabilities has prompted insurers to shift toward more comprehensive, prevention-oriented cyber coverage models. However, capacity is still abundant, and the market remains competitive.
- **Management Liability Sees Strategic Softening:** Directors & Officers (D&O) and Employment Practices Liability (EPLI) markets continue to reflect competitive pricing, especially for financially healthy, well-governed organizations, though underwriting is becoming more selective amid macroeconomic and regulatory uncertainty.

"With continued increases in the severity of CAT events forecasted and litigation trends showing no sign of retreat, nimbleness and responsiveness will define success," Kashdin added. "Organizations that adopt forward-looking resilience strategies and partner collaboratively with risk and insurance advisors who can help provide guidance and strategies will be best positioned to leverage optimal program structures and pricing at renewal."

With hurricane season underway and mounting economic and legal pressures on the horizon, The Baldwin Group encourages businesses to take decisive action now. Reassessing policy limits, tightening program structures, and reinforcing data-driven risk profiles are no longer optional—they are essential for navigating the range of variability ahead. As outlined in [The Baldwin Group's 2025 Mid-Year State of the Market report](#), organizations that invest in proactive mitigation, up-to-date valuations, and real-time monitoring technologies are consistently securing stronger terms, broader coverage, and greater underwriting confidence in today's discerning market.

For full insights and recommendations, download the complete *Q2 2025 Market Pulse Report* at [baldwin.com](https://www.baldwin.com)

ABOUT THE Q2 2025 MARKET PULSE REPORT

The Baldwin Group's *Market Pulse Report* offers a quarterly snapshot of pricing and trend data drawn from its commercial insurance portfolio. Created to inform brokers, clients, and partners, the report highlights dynamic forces shaping commercial risk and insurance pricing.

ABOUT THE BALDWIN GROUP

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