

JUNE 10, 2025

A Strategic Update on 2025 Insurance Market Conditions

By Ryan Matheson

As we progress through 2025, we have observed a significant shift in the insurance market from a hard state to a soft state. Typically, such transitions occur over several years; however, recent developments indicate an accelerated movement toward a soft market cycle. This acceleration is driven by several key factors:

Underwriting Discipline and Profitability Focus: During the hard market years [2019–2024], insurers focused on profitability and stringent underwriting practices. With increasing capacity, attention is now shifting toward top-line growth and market share, driving down pricing.

Emergence of New Reinsurance Entrants: 2025 has seen an influx of new reinsurance participants, increasing overall market capacity.

Interest Rate Increases: The overnight interest rate has risen from 0.25% in 2022 to 2.75% today, significantly enhancing the profitability of Insurance Investment Vehicles (IIVs), where insurers invest premiums for returns.

Economic Recession Concerns: Amid recession fears, investors are shifting capital into safer assets like gold and insurance, which historically offer small but stable returns.

WHY THIS TRANSITION MATTERS

During the hard market, insureds experienced rising premiums and narrower coverage. As the market softens and capacity expands, competition among insurers has intensified—leading to lower premiums and broader coverage offerings. In Q1 2025 alone, we've seen substantial pricing shifts in several key lines, including:

- Property (incl. Contractor Equipment)
- Commercial General Liability
- Wrap-up Liability
- Boiler Machinery
- Umbrella/Excess Liability
- Builders Risk

This list is not exhaustive. We encourage insureds to review their programs and consider both market and broker alternatives.

MARKET STRATEGY FOR INSURED

Our recommendation is that insureds initiate market discussions with their broker(s) well in advance of their renewal date. These meetings should serve as the foundation for the development of an overall placement strategy. Your broker(s) should be in a position to explain the options available to you, including the pros and cons for each. Generally, accounts make moves when the insurance environment changes (for good, or for bad). As we move from a hard [bad] market to a soft [good] market, insureds should explore their options.

At PLATFORM, we're here to help you navigate this changing landscape. Feel free to reach out directly to start the conversation.

Questions? Contact:

Ryan Matheson, Senior Vice President
Construction Industry Group
rmatheson@platforminsurance.com
437-431-9107



ABOUT PLATFORM

PLATFORM is a national, privately owned Canadian brokerage specializing in insurance, surety, sub-default insurance and benefit solutions. We are driven by industry at the heart of everything we do. Our team blends sophisticated expertise with strategic thinking, ensuring that our tailored solutions meet and exceed client expectations.

 www.platforminsurance.com

 info@platforminsurance.com

 416-434-4322

PLATFORM