

INSURANCE MARKET UPDATE

CAPITAL REGION BOMA- JUNE 2026

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AGENDA

- NYS Personal Auto Insurance Market and Governor Hochul
 - TALE OF TWO CITIES
 - Softening Property
 - Property trends within softening market
 - “Severe Convective System” or Secondary Peril
 - Hardening Casualty
 - Trends, mitigation techniques, and renewal preparedness
 - Local Claim Frequency Drivers and Mitigation
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NYS AUTO INSURANCE: WHAT IS GOV. HOCHUL PROPOSING?

- FRAUD Act (Fraudulent Claims Reduction And Unlawful Deception Act)
 - Change to Penal Code making Class E Felony for staged accidents
 - Change Ability for “At-Fault” Plaintiffs to Collect Against Insurance
 - Change Definition of “Serious Injury” Threshold
 - Change Joint and Several Liability
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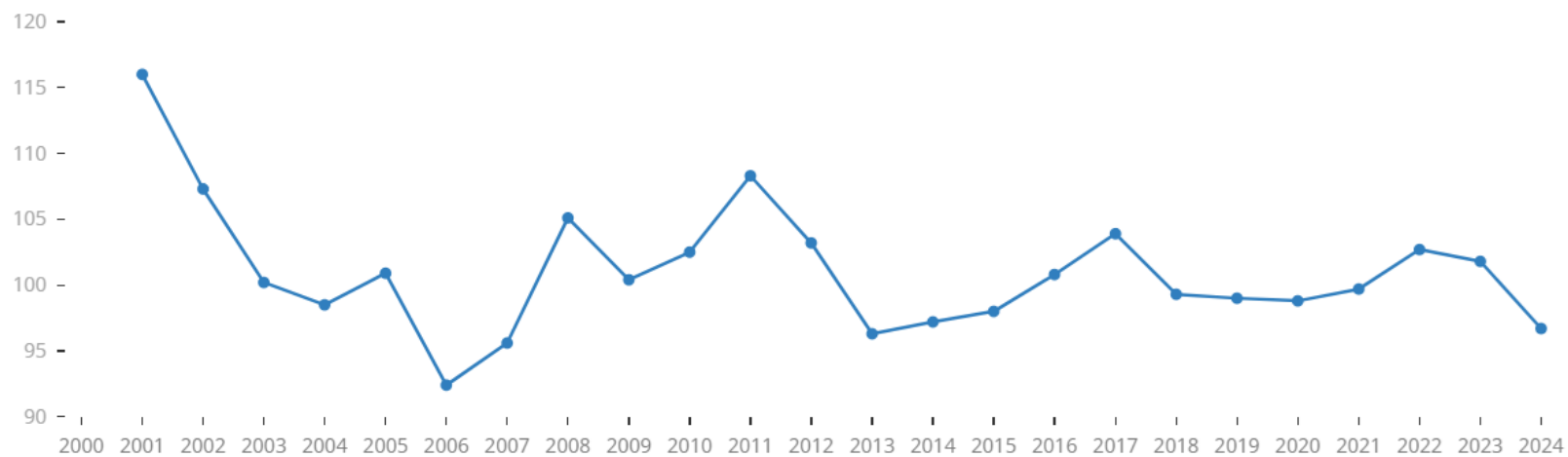
**2026 US
PROPERTY AND
CASUALTY
INSURANCE
MARKET
OUTLOOK**

A TALE OF TWO CITIES

PROPERTY INSURANCE- SOFTENING

- 2025 Q3 US P&C Combined Ratio 89.1%

Property/Casualty Insurance Combined Ratio, 2000-2024



Source: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.

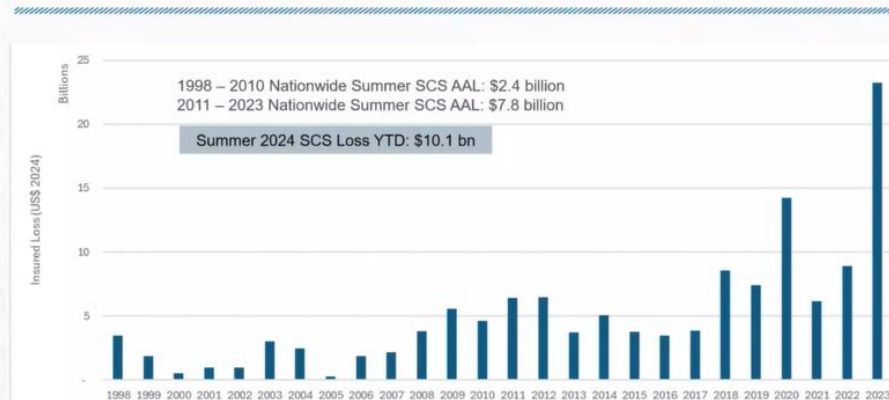
US PROPERTY CATASTROPHE LOSS HISTORY

- Total estimated CAT loss in 2025 estimated \$115b
 - Lowest total in 10 years
 - 2025 was the first time in 10 years a Hurricane did not make direct land fall in US
 - January 2026 LA Wildfires- \$41b loss
 - “Severe Convective Storm” (SCS) or Secondary Perils
 - March ‘25 microburst costs \$8b in damage across 26 states and generated an EF5 tornado
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SEVERE CONVECTIVE STORM (SCS)

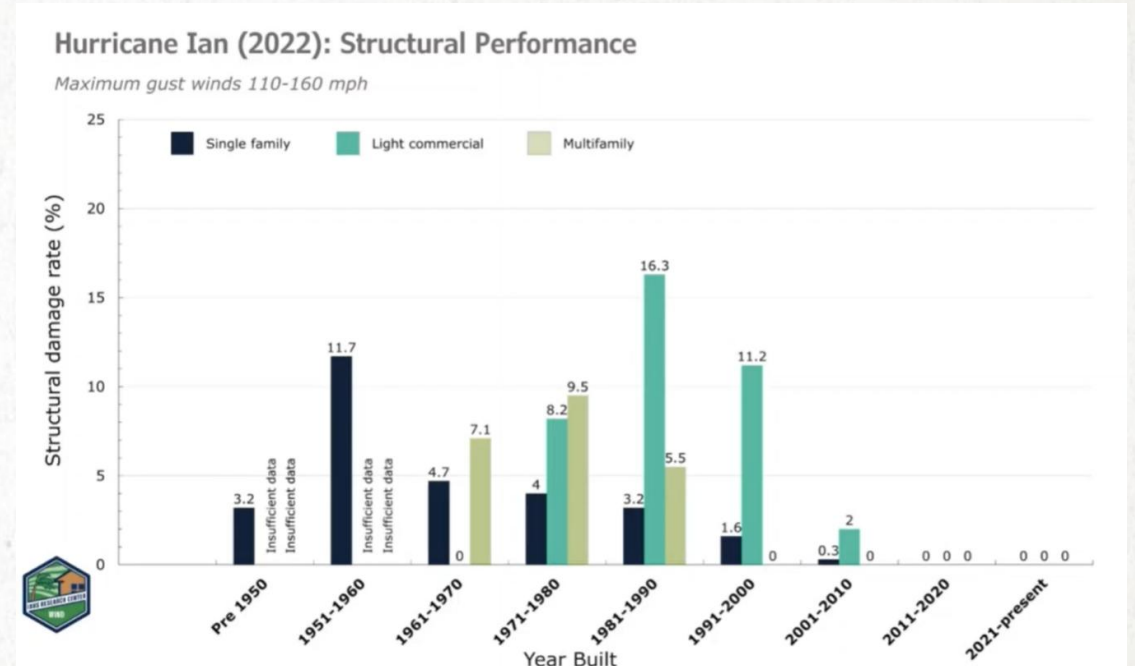
- Hailstorm
- Tornado
- Straight Line Wind

Year	SCS Agg. Insured Loss	EF2+ Tornadoes	Hail >1.25"	Hail > 2"	SLW >75 mph
2019	18,916,984,700	163	2,684	694	175
2020	33,358,356,800	120	2,364	724	243
2021	24,774,141,400	139	1,847	662	214
2022	29,431,364,425	153	2,230	638	244
2023	52,505,562,350	65	2,609	1,068	421

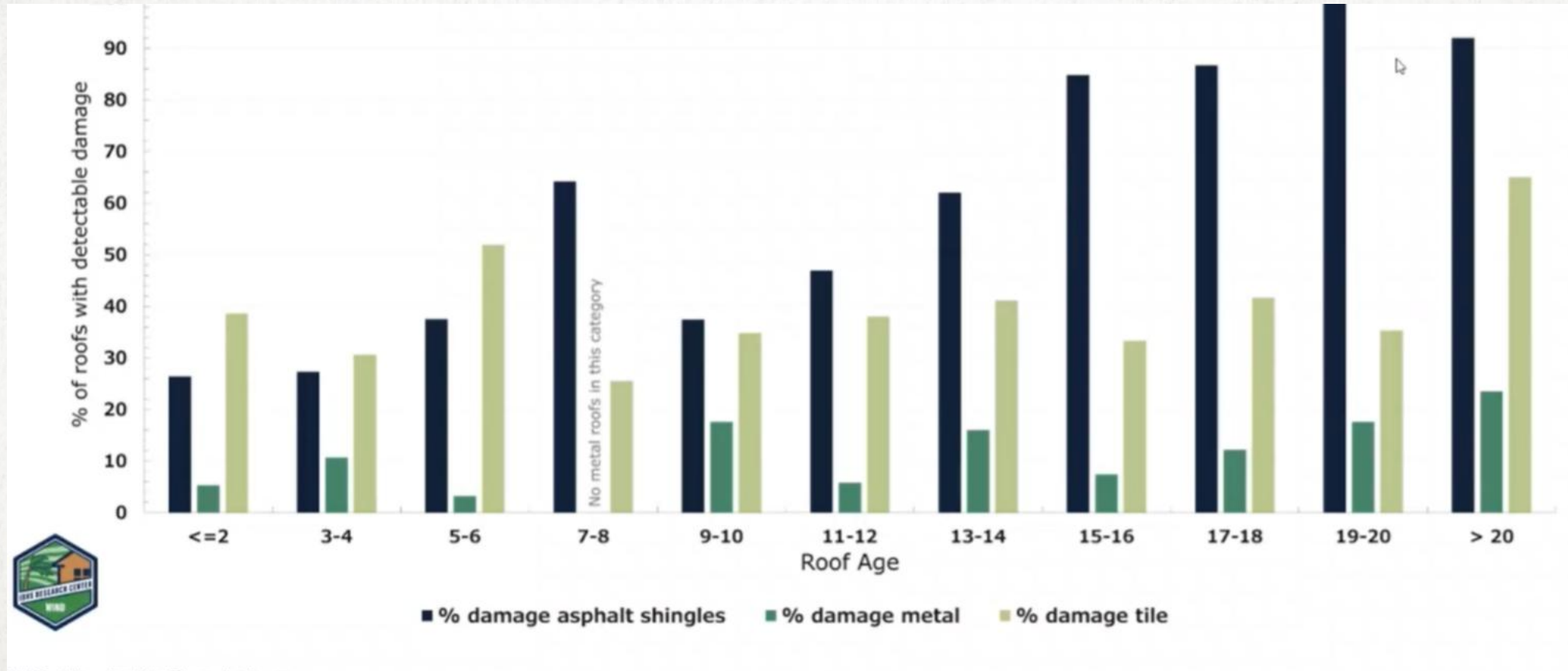


SCS PROPERTY LOSS MITIGATION

- Understand the “risky season”
 - OMEGA Block in June-August in Northeastern US
- Wind Rated Doors and Windows
- Sealing on sheathing, decking, plywood
- Inspections Matter- DRAINAGE
- Build Better
 - Florida Case Study After Hurricane Andrew in 1992



AGE OF ROOF



CASUALTY INSURANCE- SLIGHT HARDENING

- NYS Pre-Trial Settlement rate is 93%
 - 2022 Settlement Payouts- \$1b
 - 2023 Settlement Payouts- \$1.45b
 - NYC Average Tort Law Settlement has jumped 1,439% from 2012 – 2021
 - “Nuclear Verdict” - A **nuclear verdict** is an exceptionally high jury award in a lawsuit, typically exceeding **\$10 million**, that far surpasses historical norms, reasonable expectations, or actual damages. Often seen in personal injury or negligence cases, these verdicts frequently involve **punitive damages** designed to punish defendants
 - TPLF- Third Party Litigation Funding
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TPLF- THIRD PARTY LITIGATION FUNDING

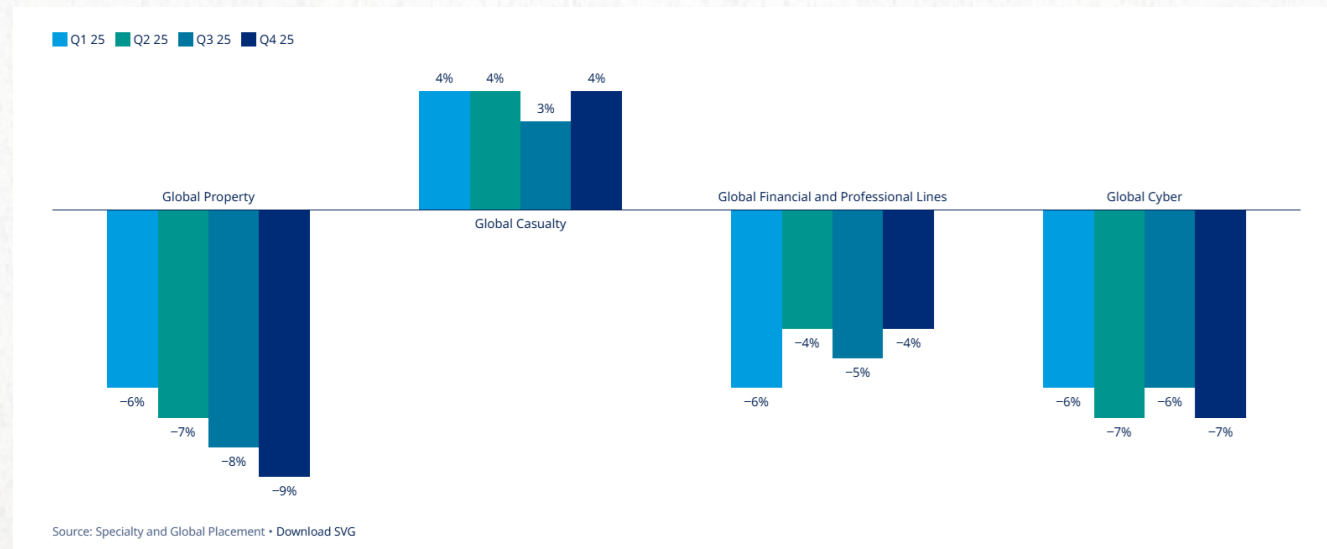
- Hedge funds and other financiers to invest in lawsuits in exchange for a percentage of any settlement or judgement.
 - “Champerty” Laws abolished in 31 US States, including New York
 - TPLF vs. Champerty- TPLF funds the litigator/attorney, not the injured party
 - Generally, the litigation funding agreement DOES NOT need to be disclosed during the litigation and settlement process
 - Difficult to determine true number due to lack of disclosure laws, 39 active known funders with \$15.2b in assets under management. Primarily out of NYC
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NYS CLAIM EXAMPLES OF NUCLEAR VERDICTS

- 2022 Kings County- Gilmar Design Corp paid \$48m when found negligent in workplace safety for injury to subcontractor. The worker was left paralyzed.
 - 2019 *Liciaga v. NYC Transit Authority* provided \$110m settlement to Robert Liciaga when he was struck with a railroad tie that fell from a 2016 construction site and left him paralyzed.
 - 2012 *Georgia CVS Pharmacy LLC v. Carmichael* was just re-confirmed in a 2022 Supreme Court ruling that paid \$43m to James Carmichael who was shot while at a CVS Pharmacy that was being robbed.
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IMPACT ON THE INSURANCE MARKET

- Commercial Excess Liability average rate increase was 11.6% in 2025
- Nuclear Verdicts predominately a “US” problem and not impacting European market



HOW TO BEST PREPARE

MITIGATION TECHNIQUES

- Strong Risk Transfer Contracts
- Strong Premise Inspections
- Redundancy and Documentation

INSURANCE RENEWAL OPTIMIZATION

- Start Early
- Submit with Property- Avoid “Monoline Liability”
- Engage with Underwriting Process

LOCAL CLAIM FREQUENCY TRENDS

AND WHAT TO LOOK OUT FOR

CYBER CRIME- SOCIAL ENGINEERING AND THEFT

- 2025- Capital Region School District through Capital Project:
 - Accounts Payable Representative inadvertency wired \$1m to bad actor impersonating the General Contractor
 - FBI and OFAC involved in case
 - Cyber Liability Social Engineering Triggered (typically limited to \$100,000 or \$250,000 in limit)
- 2025- Drop Ship Distribution Company:
 - Accounts Payable Representative paid 3 separate fraudulent invoices totaling over \$40,000
 - Became aware after Manufacturer followed up for delinquent payment
 - “Voluntary Parting”

MICROMOBILITY

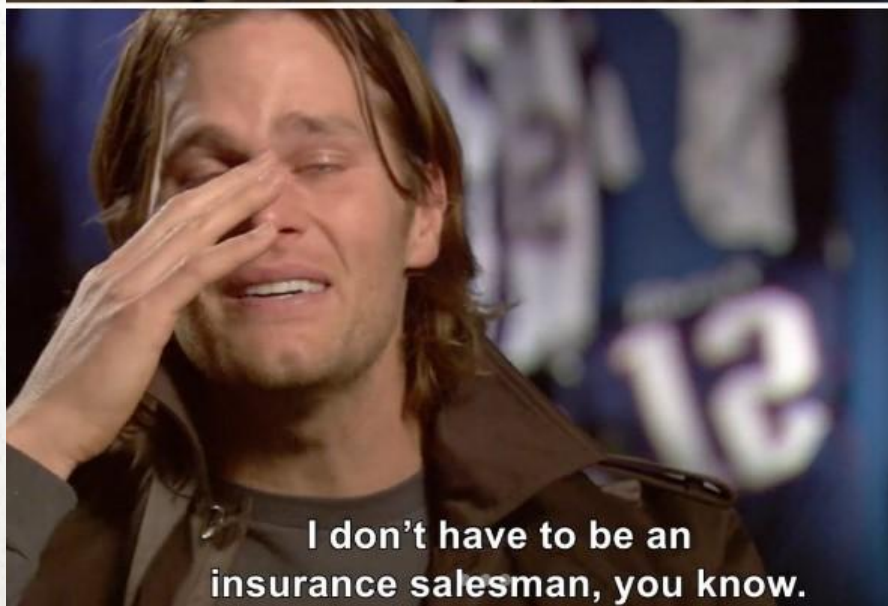
- **Micromobility** refers to a range of small, lightweight, wheeled vehicles—typically electric scooters, bicycles, and e-bikes—operating at low speeds and used for short-distance personal transportation.
- Thermal Runaway
 - Use PROPER CHARGERS
 - Protect Batteries
 - Proper Storage
 - Dry Chemical Extinguisher



Firefighters battle fire on Hawthorn Road in Niskayuna (Courtesy: Peter Barber, Niskayuna Fire District No. 1 photographer)



I was so excited, you know,
I was like,



I don't have to be an
insurance salesman, you know.

THANK YOU!