



Market changes

In most cases, there is capacity within the E&S liability market to help fill gaps left by programs and standard markets exiting the space. However, these solutions typically don't have the capability of matching the pricing and coverage previously provided, and insureds must choose broad coverage at a much higher retention or tighter coverage with a more moderate rate increase. For example, as terms and conditions tighten for mid- to large-sized real estate schedules (2,500 to 5,000), insureds that previously had deductibles of \$5,000 to \$25,000 are now facing SIRs of \$50,000 to \$100,000+ for clean coverage in order to remain compliant with lender requirements.

Capacity remains tight, and the average excess limits carried by property owners continues to shrink in response to pricing increases overall – reminiscent of market conditions in 2019 to 2020. The real estate market saw a brief reprieve at the end of 2024, when carriers seemed to be reconsidering lead excess layer capacity and rates stabilized. However, the trend was short-lived. It's now more challenging than ever to place the first \$5M of coverage, with most markets limiting capacity at \$2M to \$3M for the primary excess layer.

In the hospitality sector, many admitted markets are non-renewing or pushing significant rate on the primary for liquor driven risks (bars, taverns, nightclubs, gentlemen's clubs, live music venues, etc.). When it comes to restaurant and hotel risks, there have been mixed results from admitted markets on primary GL, with significant pullback from some carriers, while others remain competitive. Overall, we are seeing higher attachment points and tighter terms regardless of loss history.



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Certain venues remain extremely challenging and offer very limited options. While there is some overlap regardless of industry in states like Texas, New York and Florida, real estate continues to face difficulties in California and Georgia, while hospitality encounters complications in South Carolina, Alabama and Washington, DC.



A&B remains a top concern

Markets continue to be very restrictive when it comes to limits for assault and battery (A&B), especially when crime scores are above the national average. In fact, real estate accounts with property in Georgia are increasingly singled out when it comes to A&B coverage.

Single location liquor driven hospitality venues (bars, nightclubs, gentlemen's clubs, etc.) are finding it incredibly difficult to obtain full A&B coverage at a reasonable price. Most E&S carriers are requiring premiums of \$100,000+ to offer A&B limits of \$500,000 - \$1M+ and are reluctant to provide defense outside of the limits on the Assault and Battery. This is creating further issues as there are few Umbrella/Excess carriers willing to schedule A&B with defense inside the limit, and this is driving up pricing for venues who must have this coverage on both the primary and excess layers.



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For many of these insureds, restrictive coverage on A&B, as well as sexual abuse and/or firearms, is not acceptable, resulting in the need to explore higher cost and retention options. Working with an experienced wholesale partner can help you put the appropriate coverages in place despite dislocation in the market.

HNOA continues to drive rate

At a corporate level, hired non-owned auto (HNOA) is a top issue regardless of industry, with market conditions a blend of competitive pressures and regional capacity constraints. A coverage that was previously added for little to no cost has garnered increased scrutiny.



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To consider an account, carriers require a separate, complete HNOA application, including number of employees, mileage and intended use of vehicles (i.e., delivery, livery, incidental, etc.). Coverage has become increasingly expensive, with premiums exceeding \$25,000 in some cases.



A growing list of exclusions

Significant dislocation in the marketplace has resulted in many carriers implementing a growing number of exclusions across the board. We expect this to continue as many carriers believe rates are still inadequate for the exposures that many of these risks present.

- Human trafficking is a mandatory exclusion for most carriers. For those who are willing to consider offering this coverage, insureds must provide their formal written procedures and protocols and show proof that employees are receiving regular training for this exposure.
- Sexual abuse and misconduct are a mainstay when it comes to exclusions on the hospitality side, especially for restaurants, bars and taverns.
- Firearms/weapons exclusions are commonplace across both real estate and hospitality sectors.



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Liquor liability continues to be the most pressing challenge for the hospitality industry. We have seen the request for monoline liquor become more popular as admitted carriers are routinely non-renewing or no longer offering liquor liability for hospitality risks, but will remain on the GL in some cases.

In those situations, many insureds are trying to place their liquor liability exposure separately, in the E&S market. This can prove problematic as placing monoline liquor is expensive and can result in complex claims scenarios where both the GL and Liquor Liability carriers deny a claim – arguing that the responsibility lies with the other policy.

Impact of AI and technology

From a carrier standpoint, artificial intelligence (AI) is an additive tool to enhance efficiency in underwriting, sales and marketing, claims processing and audits. However, modifying existing workflows and adapting processes to accommodate AI models is multifaceted and human oversight remains key as full AI integration is complex.

From the insured's standpoint, advanced technology solutions can help provide more focused data to support risk management. Whether it's a more sophisticated security system that relies on AI-enabled cameras or smartphone technology that records tenants entering and exiting a property, insureds are armed with more information than ever before.

Tort reform

Once considered too controversial to take on, tort reform has become a focal point in state legislatures across the U.S., with several states either passing or considering laws aimed at narrowing the economic impact of litigation on both businesses and the broader economy. Here's how just a few states are addressing the issue.



Alabama – Liquor Liability Tort Form

- ISO recently changed rating from 10 (worst) to 5
- New legislation (SB104) requires proof that a business knowingly served alcohol to an intoxicated person and that the sale of alcohol is the proximate cause of injury, death or damage.



Florida – [House Bill 837](#), [Senate Bill 360](#) and [House Bill 1205](#)

- HB 837 was implemented to help reduce the number of frivolous lawsuits in the state and limit what many considered the long-standing abuse of Florida's prior bad faith law. It also brought Florida in line with 34 other states across the U.S. that apply a modified comparative negligence system.
- SB 360 revised the timeframe during which design, planning and construction defect claims can be brought. It also revised the date on which the statute of limitations period begins.
- HB 1205 prohibits advertisers from using language that implies their message is a public service announcement rather than an ad for legal services. It also bans the use of government logos that suggest support by the entity and protects consumer health information of those who respond to legal ads.



Georgia – [Senate Bills 68 and 69](#)

- [SB 68](#) restricts the use of anchoring, requires the disclosure of initial and adjusted medical claims amounts, shields property owners from liability in specific scenarios, provides a more uniform approach to premises liability cases and clarifies protection for security contractors.
- [SB 69](#) focuses on third-party litigation funding, enhancing transparency for all parties and ensuring plaintiffs know their rights while prohibiting funders from influencing the plaintiff's legal strategy.

Despite this positive momentum, we can't yet determine the full impact of the most recent reforms on the real estate and hospitality industries. They will need to be tested in court and the full impact may not be known for years.

You can read more about how states in the Southeast are grappling with the challenge of balancing a legal environment conducive to economic growth while still holding the appropriate parties accountable for wrongdoing [here](#).



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We do anticipate a reduction in the number of cases proceeding to trial and some of the new legislation will provide insurers and defendants with additional defenses, thereby increasing the risk for plaintiffs. This shift is expected to encourage more settlements, ultimately reducing legal expenses and the occurrence of nuclear verdicts.