Brown & Brown

MARKET SURVEY & REPORT

2026 Financial Institutions Insurance Market Outlook

Key Trends by Sector

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Financial Institutions Market Overview

Brown & Brown is pleased to publish its 2026 Financial Institutions Market Survey, which examines market conditions across the banking, asset management, and insurance company sectors. Survey responses from leading U.S. and London-based insurance carriers highlight a market that remains broadly favorable despite an increasingly complex risk landscape.

Across all segments, underwriters identified cyber threats, fraud, operational resilience, third-party risk, and the expanding use of artificial intelligence (AI) as key areas of focus. While AI continues to create opportunities for innovation and efficiency, carriers are increasingly evaluating governance, oversight, compliance, and liability considerations associated with its use.

Overall insurance market conditions remain competitive. Capacity is generally abundant, coverage terms remain stable, and most insureds continue to benefit from flat pricing and consistent retention structures across Cyber, Directors & Officers (D&O), Professional Liability, and Crime/Fidelity products.

Key segment observations include:

- **Banks** continue to face elevated technology, fraud, and operational risks, though carrier appetite remains strong and market conditions remain favorable. Pricing is largely stable, with Bankers Professional Liability remaining the primary area of underwriting concern.
- **Asset Managers** continue to benefit from strong competition, ample capacity, and favorable pricing. However, underwriters are increasingly focused on loss trends within private equity, private credit, and larger alternative investment platforms.
- **Insurance Companies** are experiencing firmer conditions within Insurance Company Professional Liability (ICPL), driven by social inflation, bad faith litigation, and catastrophe-related exposures, while D&O, Cyber, and Crime/Fidelity lines remain stable and competitive.

In summary, financial institutions continue to operate in an environment defined by technological change, evolving liability exposures, and increasing operational complexity. Nevertheless, strong market competition and available capacity continue to create favorable purchasing conditions for most buyers, particularly those that demonstrate sound governance, effective controls, and disciplined risk management.

Banking Insurance Market Trends

The banking sector continues to operate in an increasingly complex risk environment. While economic conditions have remained more resilient than many anticipated, financial institutions still face significant challenges stemming from cyber threats, payment fraud, third-party dependencies, evolving regulatory expectations, and the rapid adoption of artificial intelligence. Banks are making significant investments in their digital transformation, with a focus on robust data governance and operational resilience.

Key Risks Affecting Banks in 2026

Cybersecurity continues to be the most significant, non-financial risks facing the sector. At the same time, social engineering, business email compromise, check fraud, and other forms of financial crime continue to generate losses across institutions of all sizes. The growing use of AI presents both opportunities and risks, creating new considerations around governance, model oversight, data privacy, and potential liability exposures. Financial institutions also remain attentive to credit quality trends, commercial real estate performance, and geopolitical uncertainty, all of which could impact future claims activity and earnings performance.

Banking Insurance Capacity and Coverage Conditions

Despite these challenges, the insurance marketplace for banks remains highly competitive. Underwriters generally report stable coverage terms and conditions across Cyber, D&O, Bankers Professional Liability (BPL/E&O), and Fidelity Bond placements. Appetite remains strong, with many carriers seeking growth within the banking segment.

BPL Pricing and Retention Pressure

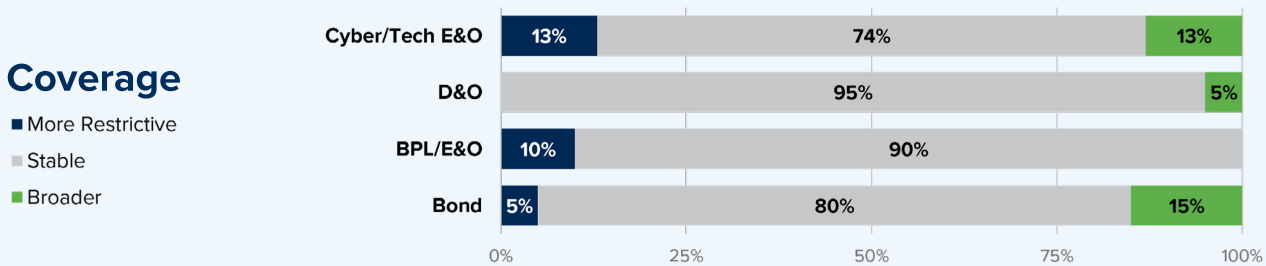
Pricing conditions remain favorable for most insureds. Many markets indicate flat or modest rate increases on renewals across all major product lines. Retentions have also remained largely unchanged, reflecting both carrier confidence in the sector and continued competition among carriers. BPL coverage remains the notable outlier, with 65% of underwriters observing moderate pricing increases in the 5% to 15% range and 37% reporting rising retentions as claims activity continues.

Coordinating Coverage Across Interconnected Banking Risks

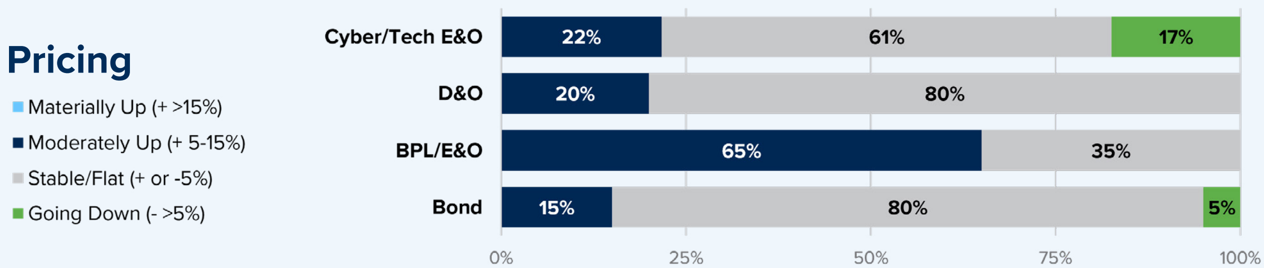
As banks increasingly rely on interconnected technology platforms, the overlap between Cyber, Professional Liability, D&O, and Crime/Fidelity exposures continues to grow. A single event could trigger multiple coverage towers, highlighting the importance of coordinated policy structures and minimizing potential coverage gaps. Carriers and brokers alike are placing greater emphasis on ensuring that coverage responds effectively to complex and interconnected risk scenarios.

In summary, the banking industry continues to face a dynamic risk environment characterized by technological change, evolving fraud schemes, and persistent operational challenges. However, insurance market conditions remain favorable, with strong capacity, stable terms, competitive pricing, and appetite across key product lines. These conditions provide banks with an opportunity to evaluate program structure, optimize coverage, and secure additional protection while market conditions remain advantageous.

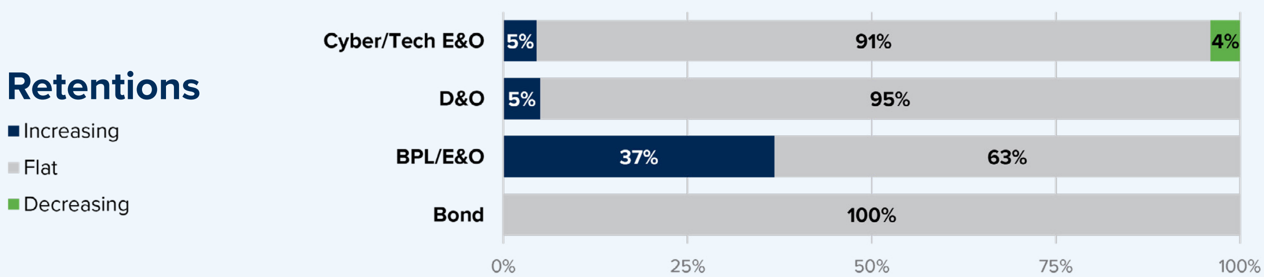
Coverage



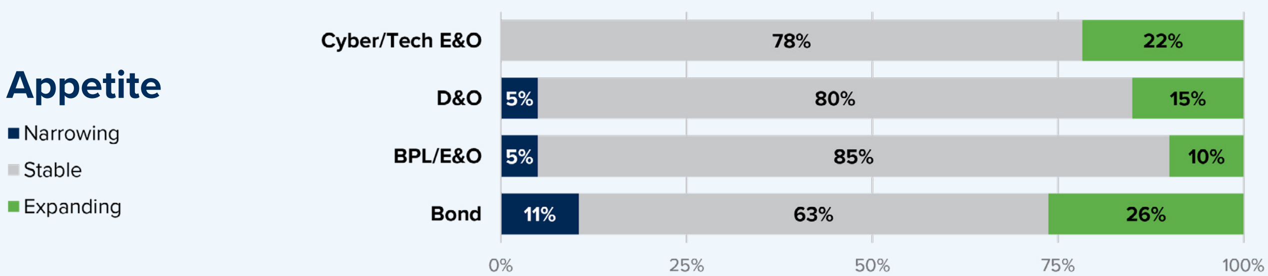
Pricing



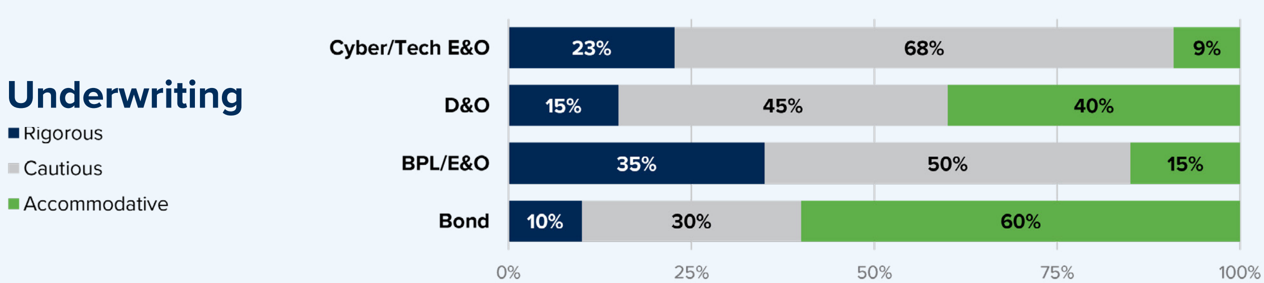
Retentions



Appetite



Underwriting



Asset Management Insurance Market Trends

The asset management sector remains one of the most attractive segments within the financial institutions marketplace, supported by historically favorable loss experience, strong risk management practices, and continued investor demand across both traditional and alternative investment strategies. As a result, competition among carriers remain robust, with both incumbent carriers and newer market entrants actively pursuing growth opportunities in the sector.

Coverage Capacity and Pricing for Asset Managers

Results of the Brown & Brown Financial Institutions Market Survey for 2026 indicates insurance market conditions remain highly favorable for most asset managers. Coverage terms and conditions are generally stable, with several underwriters reporting broader coverage offerings across D&O/E&O, Cyber/Tech E&O, and Crime/Bond products. Carriers continue to differentiate themselves through expanded policy enhancements and flexible underwriting approaches. Appetite remains stable to expanding across all major product lines, reinforcing this segment's position as a strategic priority and a significant contributor to carrier growth objectives.

Pricing remains competitive, with over 60% of surveyed underwriters reporting flat renewals or modest rate increases or decreases across Cyber/Tech E&O, D&O/E&O, and Crime/Bond programs. Retentions also remain largely unchanged, with 80% of the markets surveyed reporting stable structures at renewal. For well-performing firms with strong governance, favorable claims experience, and mature operational controls, market competition continues to create attractive renewal outcomes.

Private Equity and Private Credit Loss Trends

Despite favorable market conditions, concerns around loss activity within portions of the alternative asset management space was a resounding theme amongst surveyed underwriters. Private equity and private credit were cited repeatedly as areas where claims frequency and severity have increased, particularly among larger platforms and funds with significant assets under management. Several respondents expressed concern that pricing and retention levels have not fully kept pace with emerging loss trends, leading some carriers to apply heightened underwriting scrutiny, adopt a more selective approach to limit deployment, or seek moderate rate increases within these segments.

Governance and Operational Controls Under Scrutiny

Beyond private equity and private credit exposures, underwriters continue to closely monitor governance quality, concentration risk, claims history, operational controls, and regulatory developments. As a result, carriers continue to place significant emphasis on operational resilience, documented controls, and effective oversight frameworks when evaluating risks.

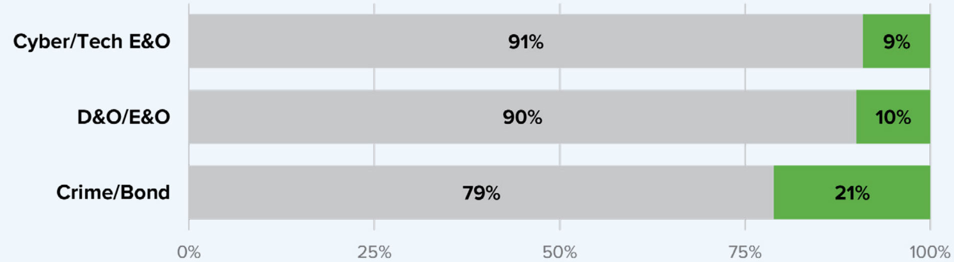
AI Governance Considerations for Asset Managers

The increasing adoption of artificial intelligence across investment management operations also remains a developing area of focus. While firms continue exploring AI-enabled investment tools, research capabilities, and operational efficiencies, carriers are evaluating the corresponding governance, compliance, model-risk, and disclosure considerations. Regulatory expectations surrounding AI usage remain fluid, requiring firms to maintain strong oversight and transparent governance practices.

In summary, market conditions for asset managers remain among the most favorable within the financial institutions sector. Competition, abundant capacity, stable retentions, and general flat pricing continue to benefit buyers. However, underwriters are becoming increasingly attentive to emerging loss trends within private equity, private credit, and large alternative asset management strategies. Firms that demonstrate strong governance, disciplined risk management, and operational excellence are expected to remain well-positioned to capitalize on these favorable insurance market conditions.

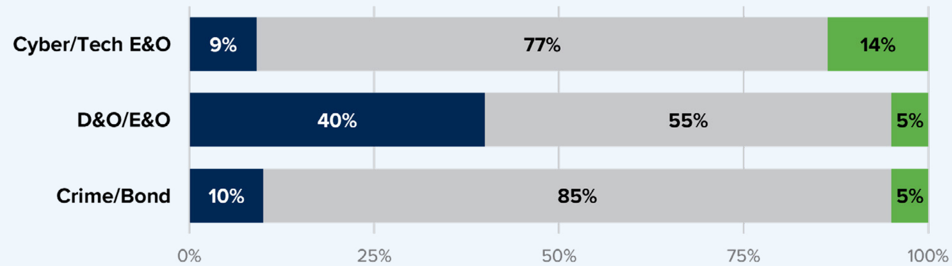
Coverage

- More Restrictive
- Stable
- Broader



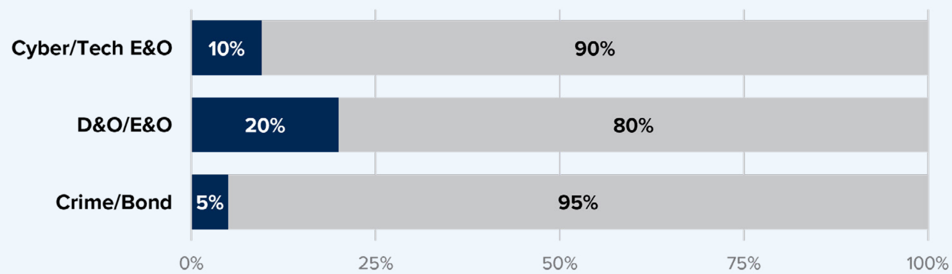
Pricing

- Materially Up (+ >15%)
- Moderately Up (+ 5-15%)
- Stable/Flat (+ or -5%)
- Going Down (- >5%)



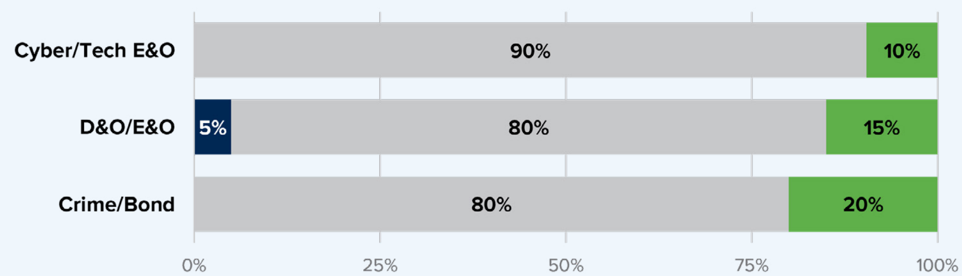
Retentions

- Increasing
- Flat
- Decreasing



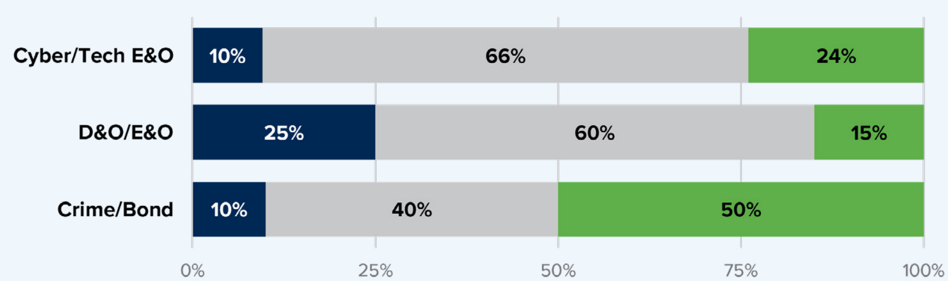
Appetite

- Narrowing
- Stable
- Expanding



Underwriting

- Rigorous
- Cautious
- Accommodative



Insurance Companies Insurance Market Trends

The insurance company sector is entering a more challenging underwriting environment as carriers contend with persistent social inflation, rising litigation costs, increased catastrophe activity, and growing regulatory scrutiny. These pressures are contributing to a gradual market firming, particularly within the insurance company professional liability (ICPL) coverage, which remains among the most difficult lines for carriers to underwrite profitably.

ICPL Pricing and Underwriting Appetite

Survey results reflect this shift, as nearly 40% of underwriters reported a reduced appetite for ICPL risks, limiting available capacity in the marketplace. Additionally, almost 80% of respondents reported rising premiums for ICPL coverage, indicating that this line of coverage is moving away from the prolonged soft-market conditions. Retention levels and policy terms have remained largely consistent, although some carriers continue to apply greater underwriting discipline on higher-risk accounts.

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Bad Faith Litigation

A key challenge for ICPL carriers remains the growing severity of bad faith litigation. Carriers increasingly face allegations related to claim settlement decisions, coverage determinations and claims administration practices, with adverse outcomes often resulting in outsized verdicts. Exposure is particularly elevated for carriers with significant concentrations of personal auto, general liability and property business in jurisdictions known for high plaintiff activity. States including Georgia, South Carolina, Florida, Missouri, and Washington continue to generate concerns due to unfavorable legal environments and heightened bad faith exposure.

Catastrophe Risk and Claims Pressure

Natural catastrophe risk creates an additional layer of complexity. Carriers operating in catastrophe-prone regions, such as Florida and California, are experiencing increased claim volume and severity associated with convective storms, hurricanes, and wildfires. According to NOAA, the annual average number of U.S. billion-dollar weather and climate disasters increased from nine events annually between 1980 – 2024 to 23 events annually during the 2020-2024 period (https://www.ncei.noaa.gov/access/billions/state-summary/US). As catastrophic losses become more frequent and severe, carriers face greater pressure on claims operations, reserve adequacy, and overall profitability.

Claims Management and AI-Related Liability Considerations

Given these dynamics, effective claims management remains a critical risk-control measure. Carriers are continuing to invest in stronger documentation practices, timely communication protocols and consistent claims-handling procedures to mitigate potential bad faith allegations. At the same time, carriers must remain attentive to evolving state-level legislation and regulatory developments that may influence claims obligations and liability exposure. The growing use of AI in claims administration and decision-making introduces additional considerations, as regulators and policyholders increasingly scrutinize how automated processes affect claim outcomes.

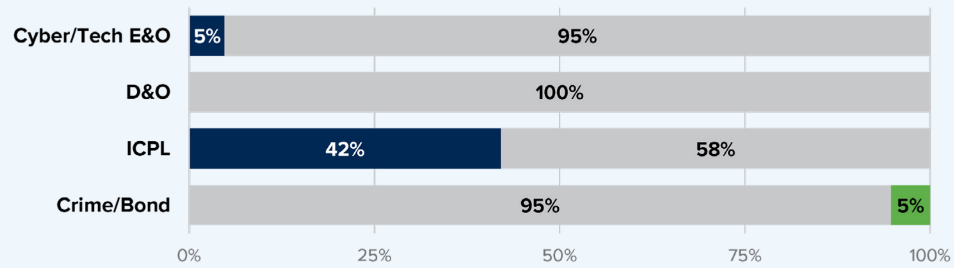
D&O, Cyber and Crime Coverage Conditions

Outside of ICPL, market conditions remain considerably more favorable. D&O, Cyber, and Crime/Bond coverages continue to demonstrate stable performance, with approximately 70% of surveyed underwriters reporting relatively unchanged pricing, retention structures, and coverage terms. Competition remains healthy within these segments, and carriers continue to provide certain coverage enhancements upon request.

Looking ahead, underwriters remain focused on several key drivers of market performance, including legal and regulatory developments, catastrophe loss trends and the expanding use of AI across underwriting and claims functions. While the broader insurance company marketplace continues to provide ample capacity, worsening loss trends and profitability pressures are expected to sustain upward pricing momentum in ICPL and could eventually influence conditions within the complementary financial lines as well.

Coverage

- More Restrictive
- Stable
- Broader



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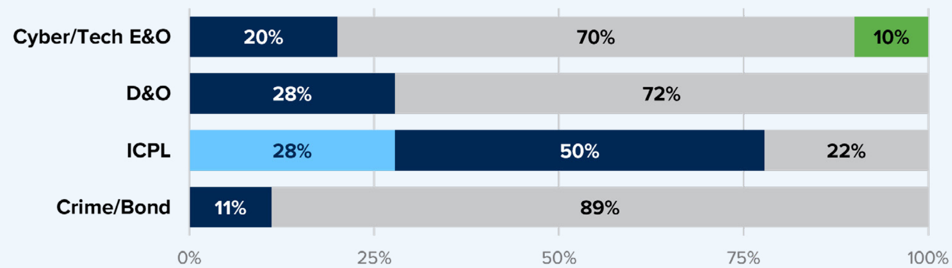

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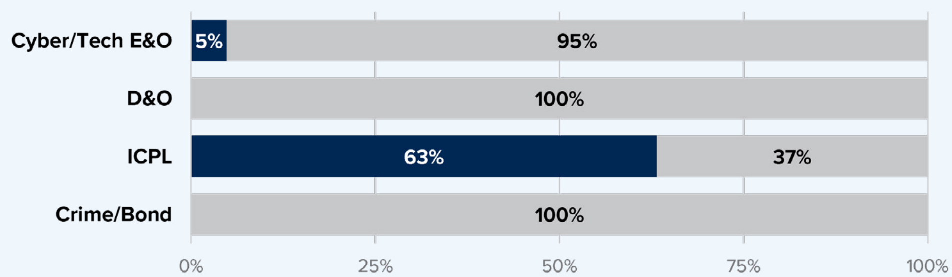

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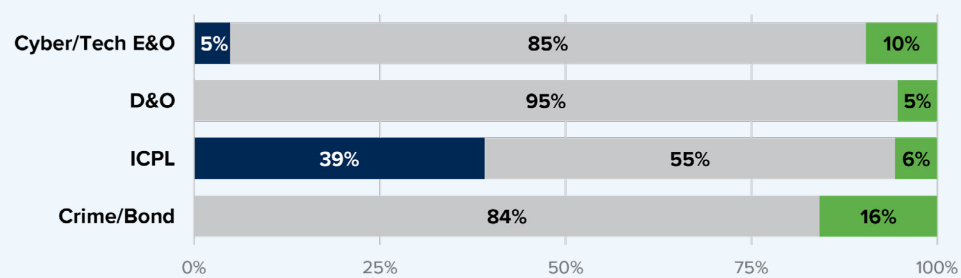

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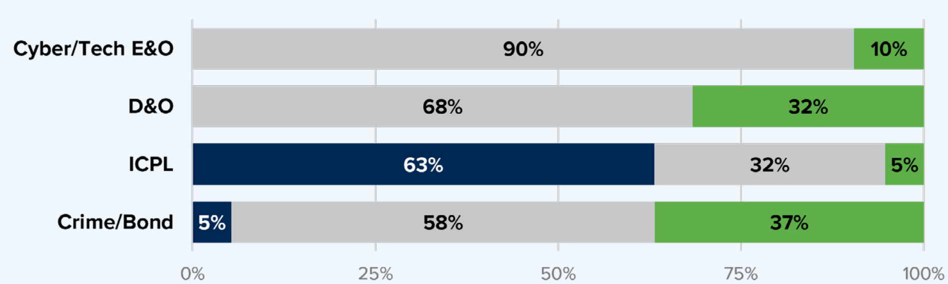


Cyber Insurance Market Trends for Financial Institutions

As technology and digital strategies continue to advance, Financial Institutions must regularly evaluate the breadth of their insurance coverage and the strength of their cybersecurity controls to effectively address an increasingly complex risk environment.

Cyber Pricing, Capacity and Retention Trends

From a Cyber insurance perspective, survey results indicate that, following several years of insured-friendly market conditions, the Cyber market has stabilized. Most carriers surveyed reported consistent coverage, stable pricing, and unchanged retentions. Financial institutions continue to be viewed as having inherently strong risk profiles due in part to significant regulatory oversight across the sector. Where cybersecurity maturity is strong, compliance is prioritized, and new technology is implemented thoughtfully, there are still pockets of competition being primarily driven by abundant Cyber capacity and carrier growth objectives.

Cyber Claims Frequency and Long-Tail Exposure

Consistent feedback from the Cyber market points to steady claims frequency with severity uncertain as claims continue to develop and resolve. Markets advise the tail risk for Cyber incidents is notably longer than previously expected. Examples include class action lawsuits often filed following breaches a year or years later and lengthy business interruption loss adjustment efforts. As Cyber becomes an increasingly important board-level issue, D&O implications could emerge from cybersecurity-related decisions and any required disclosures following a Cyber incident.

Cross-Policy Cyber Exposures

The survey results also identified Cyber as one of the coverages implicated in cross-over claims with Professional Services and Crime Coverage likely due to the technology underlying financial institution's services including electronic funds transfer, online customer account access, and internal functions (HR, IT, Finance). Crossover claims involving Cyber underscores the importance of careful review for alignment between the Cyber program and other insurance programs including Professional Liability (E&O), D&O, Crime, and Property which was not surveyed here.

Several years of soft cyber market conditions have contributed to increasingly expanded Cyber coverage necessitated by competition where negotiated. Coverage is not uniform among all Cyber programs and must be reviewed regularly for alignment with technological advancements, emerging claims trends, carrier intent, and base policy/endorsement wording.

Cyber Underwriting Priorities for Financial Institutions

Survey participants reported stable to expanding Cyber appetite for financial institutions with expected scrutiny around cybersecurity posture to support competitive coverage and pricing. As a result, underwriters will continue to request additional information around digital strategies, AI implementation, third party risk mitigation, and compliance with evolving state/federal privacy requirements. It is critical to remain Cyber vigilant year-round and demonstrate that commitment through Cyber renewal applications to achieve a favorable outcome.

Insurance Renewal Strategies for Financial Institutions

1 Begin the Renewal Process Early

Early preparation gives financial institutions an opportunity to identify underwriting concerns, improve the quality of submitted information, explain material changes, and resolve potential coverage issues before terms are finalized.

Submissions should clearly address:

- Material changes in operations, services, assets, or geographic footprint
- Recent claims and corrective actions
- Cybersecurity and operational resilience
- Fraud and payment controls
- Third-party and vendor risk management
- AI use, oversight, and governance
- Regulatory or litigation developments
- Board and senior management oversight
- Concentration and catastrophe exposures where applicable

These focus areas reflect the risks and underwriting considerations identified throughout the Brown & Brown banking, asset management, and insurance company analyses.

2 Present a Clear Governance and Controls Narrative

Asset managers should clearly document governance, operational controls, regulatory compliance, concentration-risk management, and oversight of AI-enabled investment or research tools. Private equity and private credit firms should be prepared to explain how they monitor claims trends and manage exposures across larger or more complex portfolios.

Banks should demonstrate mature cybersecurity, payment verification, fraud prevention, vendor oversight, data governance, and technology risk management. They should also explain how responsibilities are coordinated when an incident may involve multiple business functions or insurance policies.

Insurance companies should emphasize disciplined claims administration, consistent documentation, timely communications, regulatory monitoring, catastrophe preparedness, and governance surrounding AI-assisted claims decisions.

> Financial institutions should review their insurance programs as **coordinated structures** rather than isolated policies.

3 Evaluate Coverage Across the Entire Insurance Program

Financial institutions should review their insurance programs as coordinated structures rather than isolated policies. Particular attention should be given to how Cyber, Professional Liability, D&O, and Crime/Fidelity policies may respond to the same event.

The review should consider:

- Consistency among definitions
- Potentially overlapping or conflicting exclusions
- Allocation provisions
- Notice requirements
- Other-insurance language
- Coverage for investigations and defense costs
- Treatment of social engineering and payment fraud
- Third-party and technology-provider events
- AI-related activities and automated decision-making
- Claims involving multiple legal entities or business functions

This recommendation follows directly from Brown & Brown's observation that a single event can trigger multiple coverage towers as financial institutions become more technologically interconnected.

4 Use Market Competition Strategically

Banks and asset managers should use favorable capacity and strong carrier appetite to explore enhancements, optimize program structures, and address existing coverage limitations. Asset managers may have opportunities to secure broader terms across D&O/E&O, Cyber/Technology E&O, and Crime/Bond.

Insurance companies should use available competition in D&O, Cyber, and Crime/Bond while preparing for a more constrained ICPL placement. The difference between ICPL and the broader market makes it important to evaluate each coverage line according to its individual underwriting environment rather than applying one strategy to the entire program.

5 Establish a Documented AI Governance Framework

Financial institutions should maintain a current inventory of AI use cases and clearly define:

- Business ownership and accountability
- Human review and escalation requirements
- Data privacy and security controls
- Model testing and validation
- Compliance review
- Vendor oversight
- Documentation standards
- Disclosure practices
- Monitoring for unintended outcomes

This recommended framework is a Brown & Brown-oriented synthesis of the AI governance, compliance, model-risk, data privacy, and claims-administration concerns identified across the attached sector analyses.

6 Prioritize Carrier Quality and Long-Term Program Stability

Price should remain an important consideration, but financial institutions should also evaluate carrier financial strength, underwriting expertise, claims capabilities, policy wording, capacity commitment, and familiarity with the institution's operations. This is particularly important for ICPL, BPL, and alternative asset management risks, where underwriting conditions are more selective and claims can be complex.

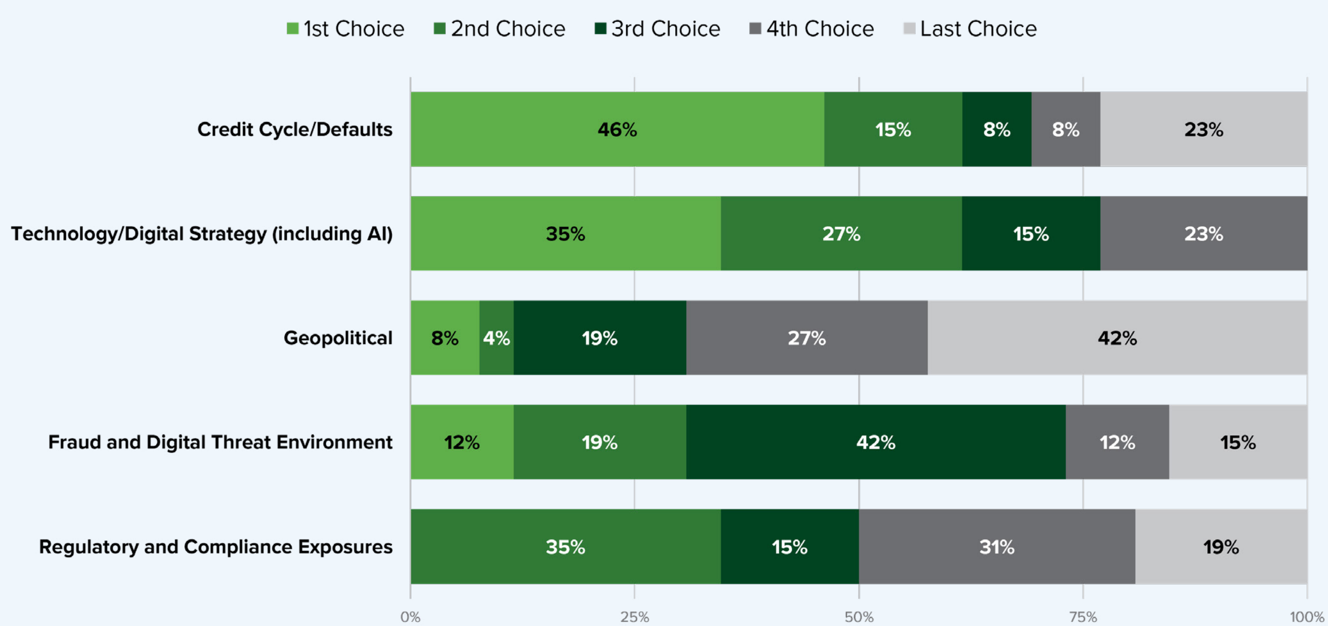
Key Considerations for Financial Institutions in the Current Insurance Market

The 2026 financial institutions insurance market remains favorable overall, but the advantages are not uniform. Banks continue to benefit from strong capacity and generally flat pricing, with BPL representing the primary area of pressure. Asset managers remain a preferred growth segment, although private equity and private credit firms face heightened scrutiny. Insurance companies confront a more challenging ICPL environment, while D&O, Cyber, and Crime/Bond remain comparatively stable.

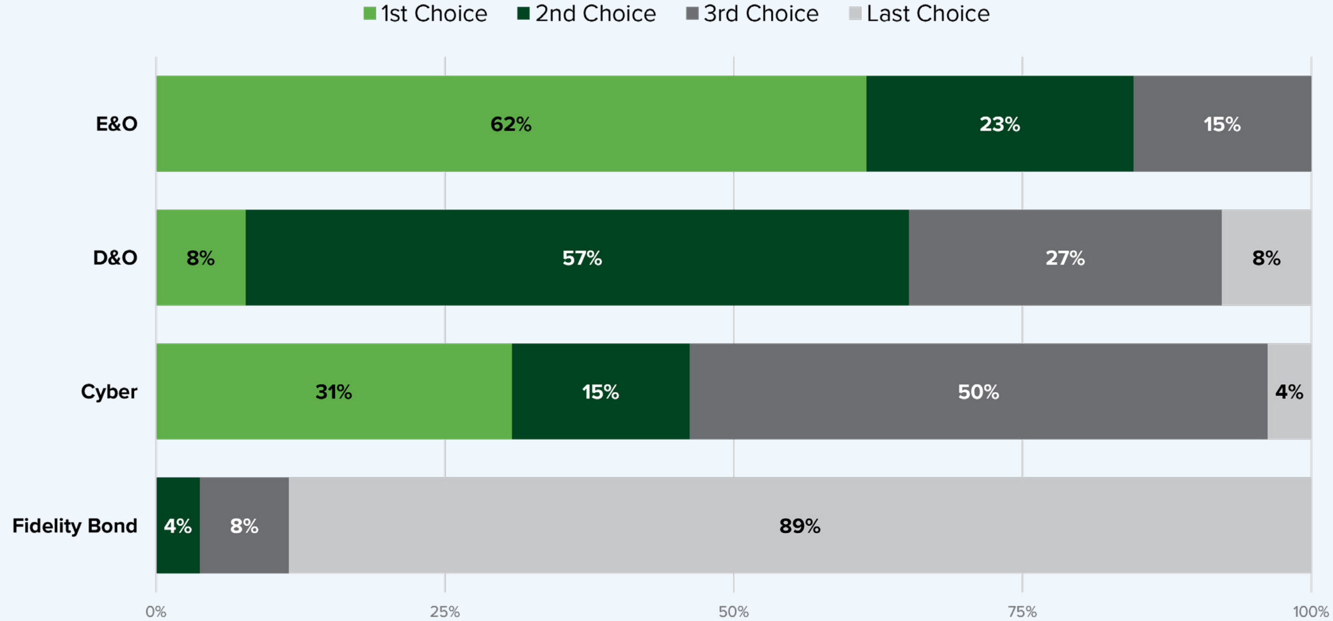
The most favorable outcomes will likely be achieved by institutions that enter the renewal process early, clearly communicate their risk profile, demonstrate strong governance and operational controls, and evaluate how their policies respond to increasingly interconnected risks. By using current market competition strategically while preparing for targeted underwriting pressure, financial institutions can strengthen program resilience and improve the predictability of their 2026 insurance outcomes.

Underwriters Survey Results

Top Emerging Risks Underwriters are Most Concerned About

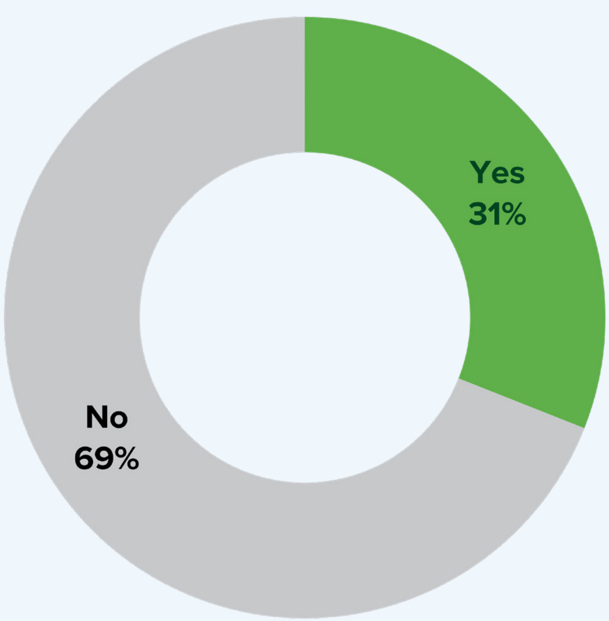


Ranking of Coverage Lines Producing the Most Claims Activity

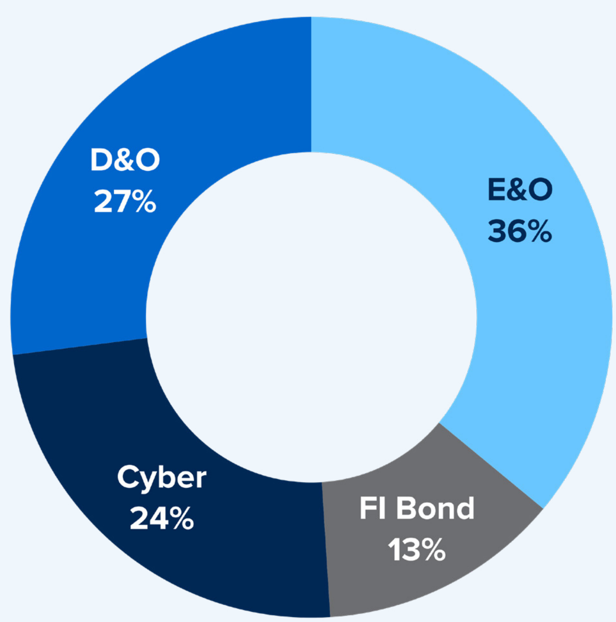


Are underwriters seeing more claim crossover between coverage lines year-over-year?

(i.e. a singular event triggering multiple coverages/policies)



Which policies are most frequently impacted by crossover claims?



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