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What's Driving General Liability & Umbrella Rates

Why costs remain under pressure - and where your business still has influence.

General liability and umbrella rates remain under pressure as liability claims become more expensive and more severe. Rising jury awards, long-tail claim costs and greater pressure on umbrella coverage are all contributing to the challenge. **Businesses can't control the market - but you can take steps to reduce your own exposure and strengthen how your risk is presented to carriers.**

Why Rates Remain Under Pressure

$4.9
MILLION
median jury award in 2025

$7.3
BILLION
in higher-than-expected costs for older claims

20%
MORE
paid out in claims than collected in premium

What's Driving the Pressure

01 **More expensive liability claims**

Social inflation, larger jury awards, increased attorney involvement and litigation funding are contributing to higher claim severity. Simply put, liability claims are becoming more expensive when they occur.

02 **New exposures continue to emerge**

Liability can develop over long periods of time. Emerging exposures, including PFAS litigation in some industries, are another reminder that today's activities can potentially create claims years into the future.

03 **Umbrella is absorbing more severe losses**

Umbrella coverage responds when a claim exceeds underlying policy limits. As large liability claims become more expensive, umbrella and excess insurers are more likely to be called upon to pay, increasing pressure on pricing and capacity.

04 **Older claims are costing more than expected**

Liability claims can take years to resolve. When older claims ultimately settle for more than insurers originally reserved, those results influence how carriers evaluate and price future risk.

Focus on What You Can Control

You can't control jury awards, litigation trends or the broader liability market. You can influence the risks within your own operation.

A STRONG LIABILITY RISK MANAGEMENT PROGRAM CAN INCLUDE

- ☐ Maintain documented safety policies and procedures.
- ☐ Provide appropriate employee training and reinforce expectations.
- ☐ Regularly inspect facilities, equipment and work areas for potential hazards.
- ☐ Establish clear incident-reporting procedures and investigate incidents promptly.
- ☐ Review loss trends and near misses for opportunities to prevent future incidents.
- ☐ Document inspections, corrective actions and other risk management efforts.
- ☐ Report potential claims to your insurance team in a timely manner.
- ☐ Review contracts to understand how liability is being allocated between parties.
- ☐ Establish appropriate insurance requirements for subcontractors, vendors and business partners.
- ☐ Periodically evaluate whether liability limits remain appropriate for your operations and exposures.

Help Tell Your Risk Story at Renewal

At renewal, carriers are looking at more than your loss history. How your organization identifies, responds to and learns from its liability exposures can help provide important context for your risk. **Good practices are more valuable when they can be demonstrated.**

Be prepared to show your insurance team:

- Changes made in response to past losses or near misses
- How safety policies, training and corrective actions are documented
- How contracts and third-party insurance requirements are managed
- Trends in claims and the steps taken to address recurring exposures
- Why your current liability limits and program structure fit your operations

Want the full details?

For additional context, market data and source information, read the complete article at morrisgarritano.com