

CONNER  
STRONG &  
BUCKLEW

# Insurance Market Update & Overview

November 4, 2025



REAL ESTATE FINANCE  
PROFESSIONALS



# Introductions & Objectives

# About Us



**FOUNDED IN 1959**



**PRIVATELY HELD**



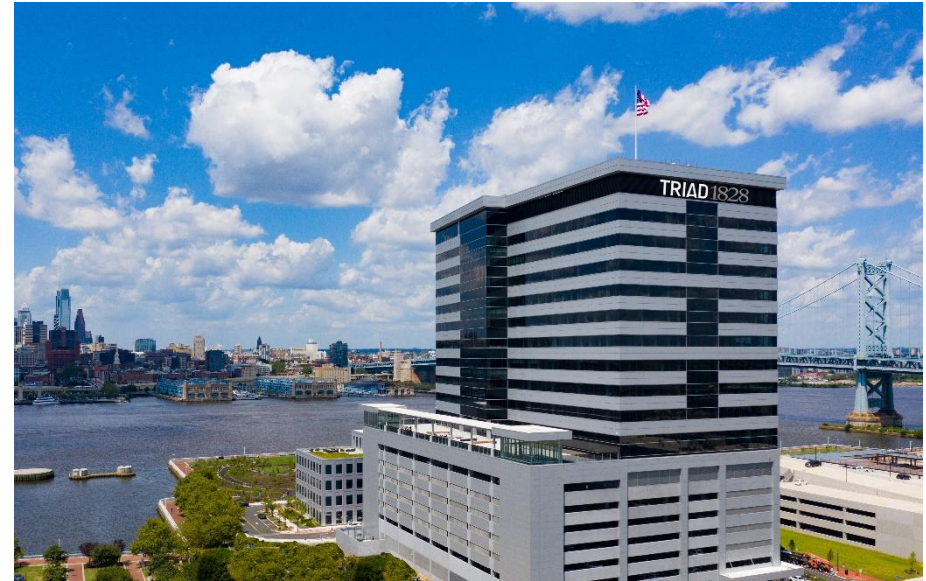
**A BROADSTREET PARTNER**



**TOP 13 U.S. BROKERAGE**



**CLIENTS THROUGHOUT NORTH AMERICA AND ABROAD**



## About BroadStreet

BroadStreet Partners is an insurance brokerage holding company that invests in entrepreneurial, high-performing independent agencies using a unique co-ownership business model. With BroadStreet Partners we are among the 13 largest insurance brokerage, risk management and employee benefits consulting firms in the United States serving clients throughout North America and abroad.

## MAXX HOFMANN

Partner – Business Development Executive  
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Maxx specializes in designing comprehensive risk management programs for large commercial clients with a focus on the commercial real estate, development, and hospitality verticals. Maxx began his career with RPA Insurance Services in 2012, where he led the placement for their National Accounts Department. Maxx joined Conner Strong in 2018 with the responsibility of generating new business opportunities. Maxx utilizes his intellectual capital and his consultative approach to help clients uncover coverage gaps and implement alternative strategies to structure their insurance program. Specialties include large, layered property placements in Domestic and London Markets; large retentions, plus aggregate deductibles; and Captive Insurance.

Maxx is actively involved with various real estate organizations at both the local and national levels. Maxx serves on the NAHMA Educational Foundation Board, the Board of Directors for the Delaware Apartments Association, and co-chairs the Pennsylvania Apartment Association Eastern Regional Advisory Council. Additionally, Maxx is an active member of NAHMA, NAA, IREM, NMHC, and the local affordable and market rate apartment associations affiliated with these organizations.

## MEGHAN MCERLEAN

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Meghan is responsible for maintaining relationships on an assigned book of business under the direction and leadership of the Managing Account Executive. She grows the assigned book of business through new lines of coverage and provides risk management expertise to clients. Meghan provides direction and leadership to the account service team. Meghan specializes and is also an active participant in the Real Estate & Hospitality Practice Group, which works to address current coverage issues and stay at the forefront of emerging trends in the real estate and insurance industry.

Meghan began her career with Conner Strong & Buckelew as a National Accounts intern while pursuing her undergraduate degree at Temple University. As an intern, Meghan supported teams in the National Accounts department as they serviced their respective books of business across various client industries.

# ■ Objectives



**Commercial  
Property**



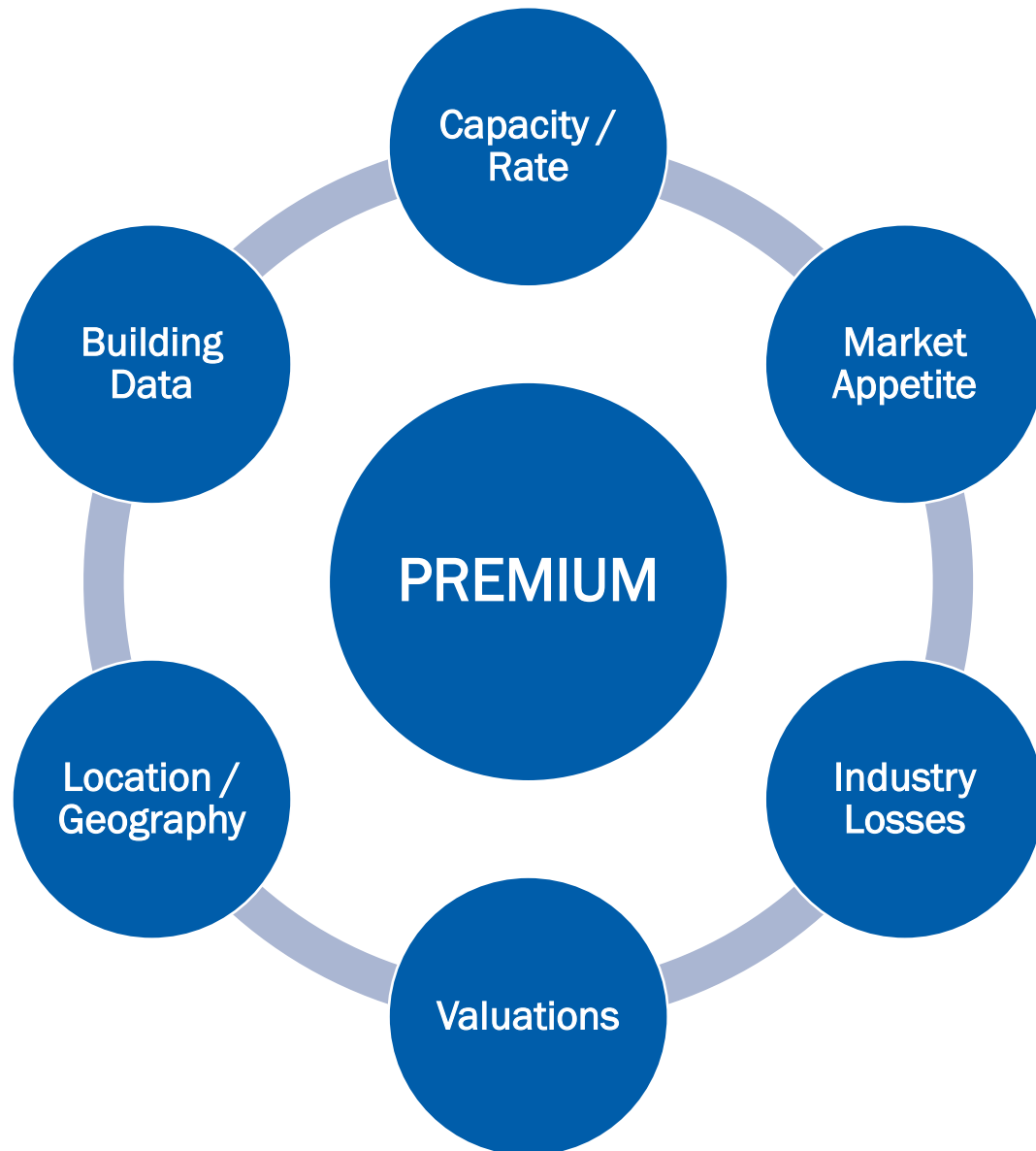
**Commercial  
Casualty**



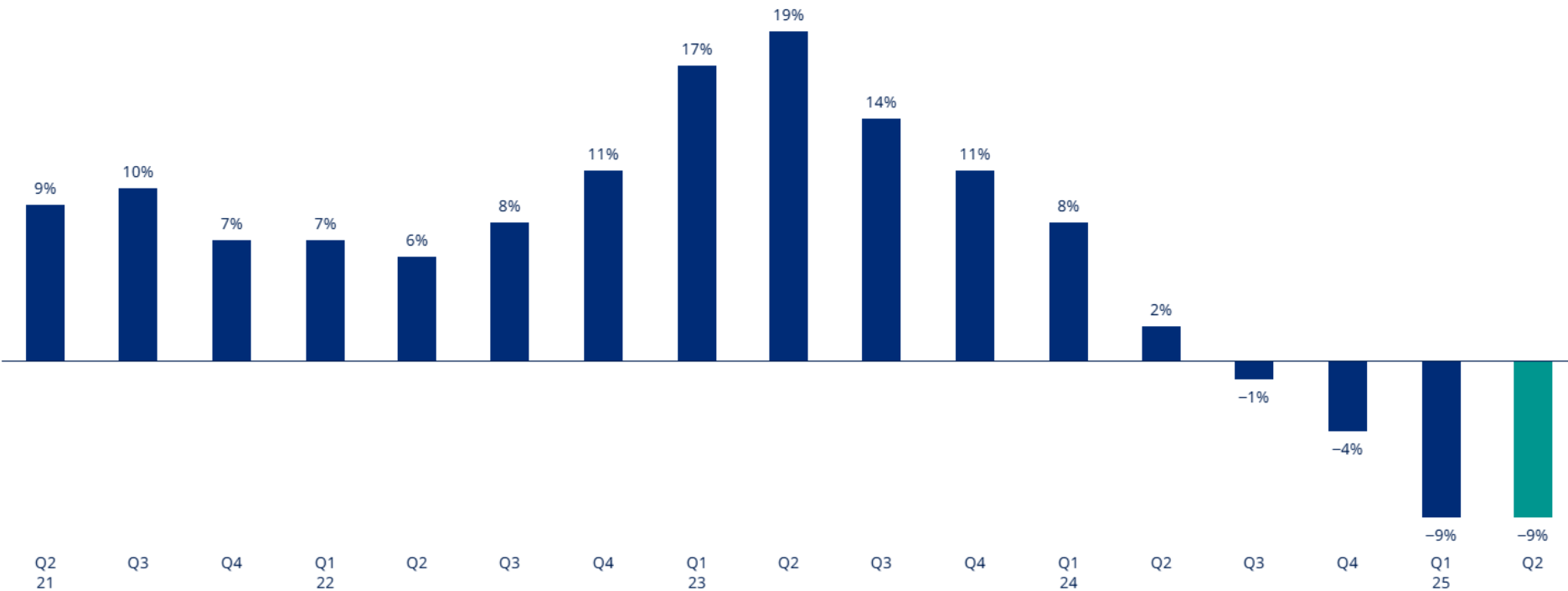
**Cyber  
Liability**

# Commercial Property

# ■ Cost Contributors



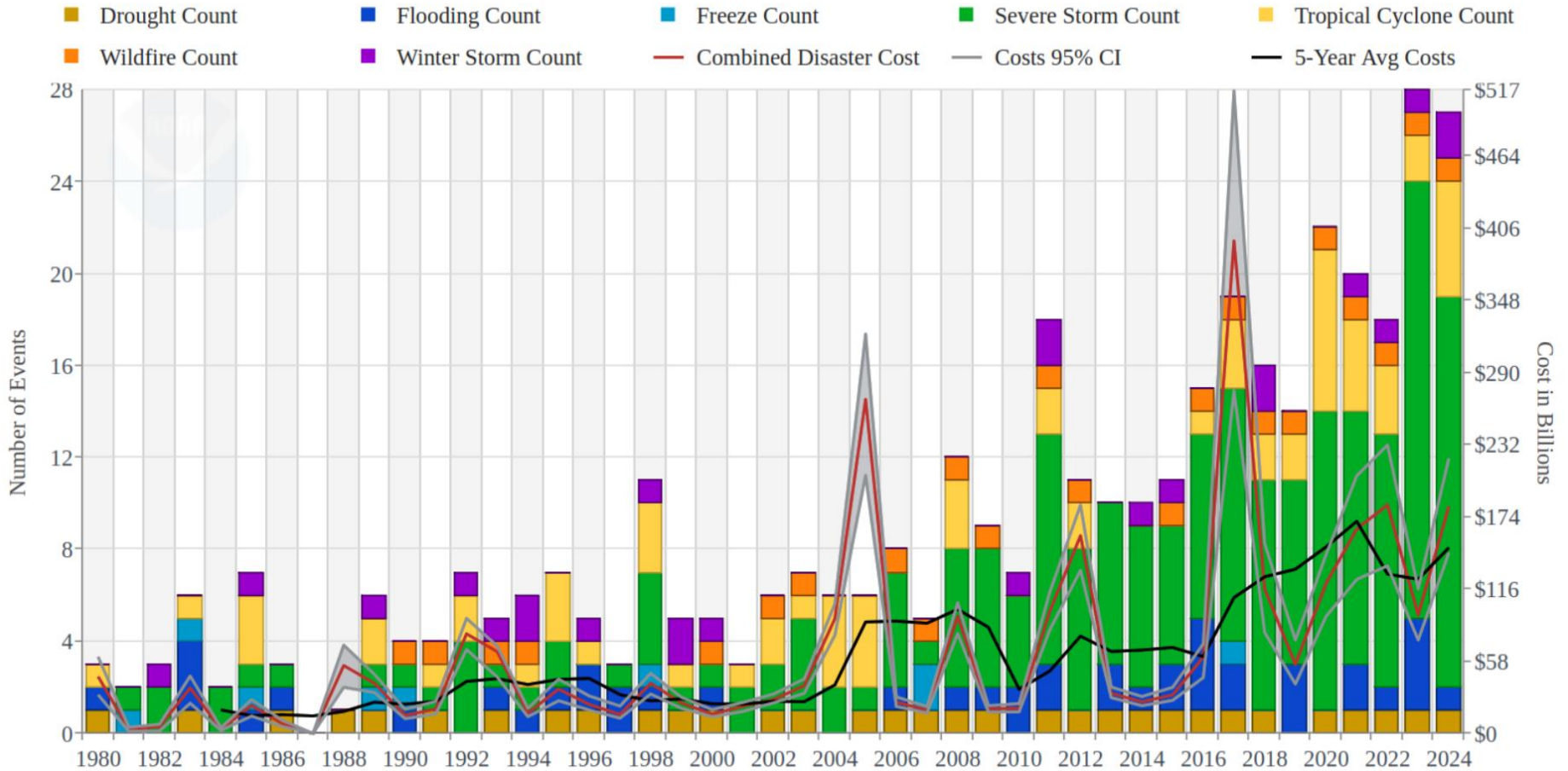
# United States Property Rate Changes



The above chart is inclusive of all US property placements from Q2 2021 – Q2 2025. The real estate industry’s experience within these quarters have been much more dramatic compared to other classes of business. During the hard market, real estate clients were seeing rate increases in the +20% to +50% range. As the market has been softening, rate changes on property coverage have been renewing in the -15% to -30%+ ranges. Important to note, that rate changes were and are relative to the “starting point” of renewal.

# US Billion-Dollar Disaster Events

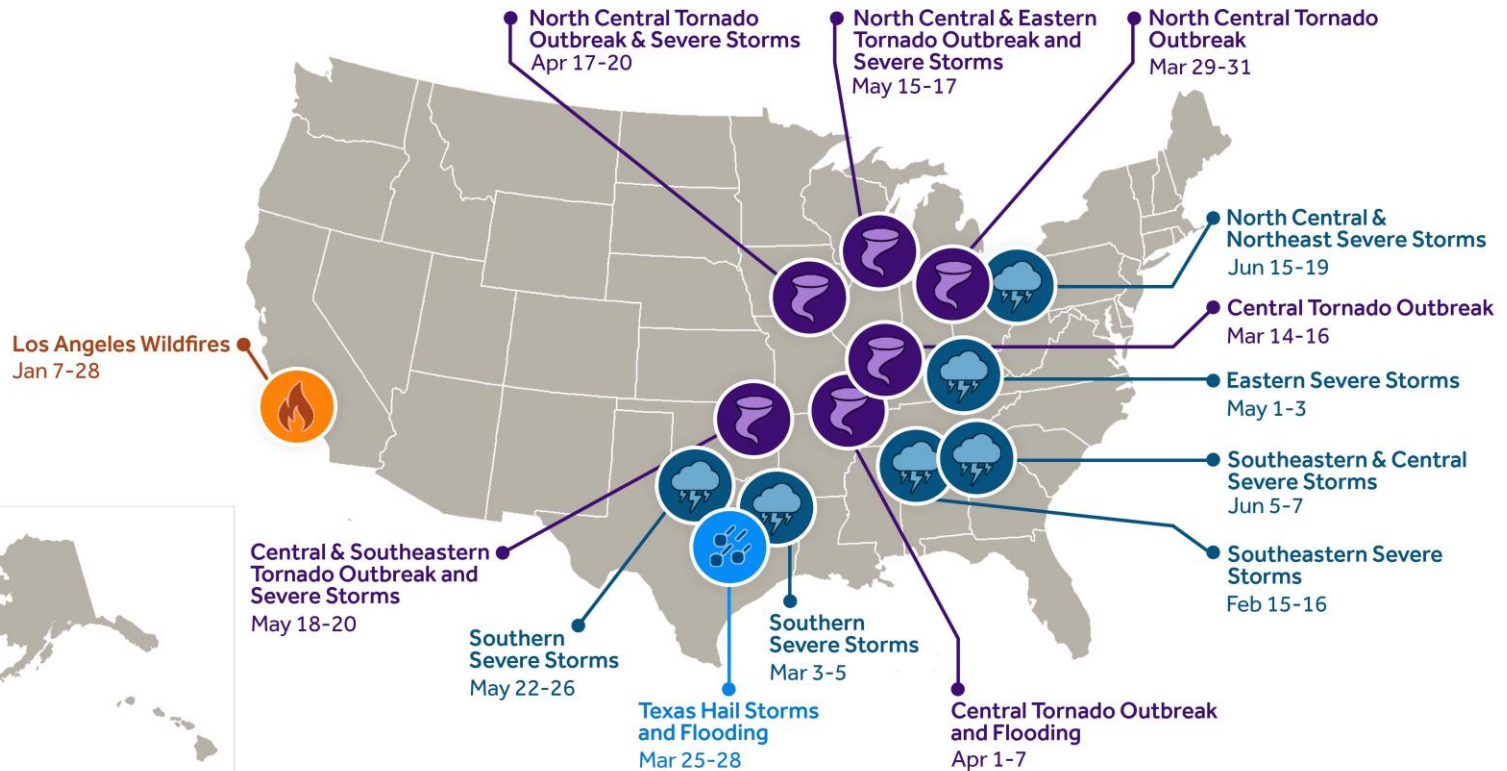
United States Billion-Dollar Disaster Events 1980-2024 (CPI-Adjusted)



Updated: January 10, 2025

# US Billion-Dollar Disaster Events

## U.S. 2025 Billion-Dollar Weather & Climate Disasters



This map shows the approximate location for each of the 14 separate billion-dollar weather and climate disasters that impacted the United States from January-June of 2025.

# ■ US 2024 Valuation Trending

	1 Year (2024) Cost Increase	5 Year (2020–Present) Cost Increase
<b>Building/ Construction:</b>		
FM Global - US Commercial	1.0%	37.0%
FM Global - US Residential	1.0%	30.0%
FM Global - Canada Industrial	2.0%	33.0%
Marshall & Swift® - East	2.6%	37.0%
Marshall & Swift® - Central	2.1%	39.0%
Marshall & Swift® - West	1.9%	39.0%
Engineering News - Record (Buildings)	0.9%	35.0%
BLS: New Industrial Building Construction	<1.0%	40.0%
<b>Personal Property/Contents:</b>		
FM Global - Composite (range btw occupancy)	3% (1% to 7%)	27% (17% to 52%)
Marshall & Swift® - Average All	2.3%	34.0%
BLS: Machinery & Equipment	2.6%	26.0%

Source: FM Global: Property Loss Data Sheets (January 2025), CoreLogic®/Marshall & Swift®: Quarterly Cost Indexes (January 2025), Engineering News-Record: Building Cost Index (January 2025), BLS - U.S Bureau of Labor Statistics: Producer Price Index (January 2025)

# ■ Portfolio Impacts



## Location

- Riskier geographies still underwritten with a bigger degree of conservatism (FL, TX, and CA)
- Rise of secondary perils still disrupting historically favored geographies (Mid-West / Coastal Mid-Atlantic / Southeast)



## Occupancy

- Different building occupancies creating different risks within the market
- Buildings with lower occupancy levels generating loss concerns around water damage, vandalism, theft, etc.



## Construction Class / COPE

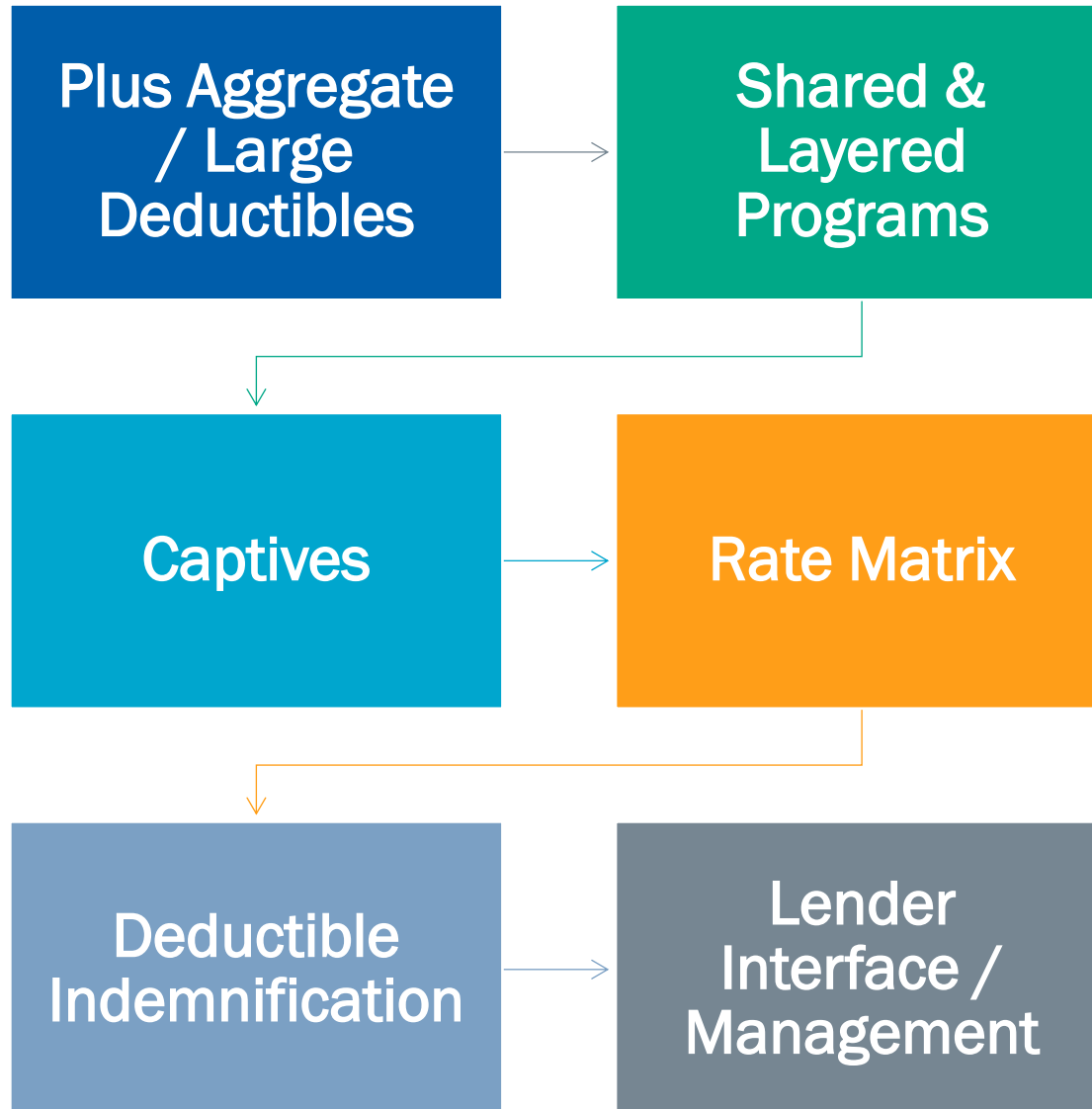
- Better constructed assets performing more favorably within the market
- Data around any protective measures for assets crucial for underwriting review



## Modeling

- Critical component of underwriting process to determine probable maximum losses and available limits
- Helps support limit selection process for catastrophic perils such as convective storms and named storms

# ■ Insurance Solutions, Structuring & Strategies

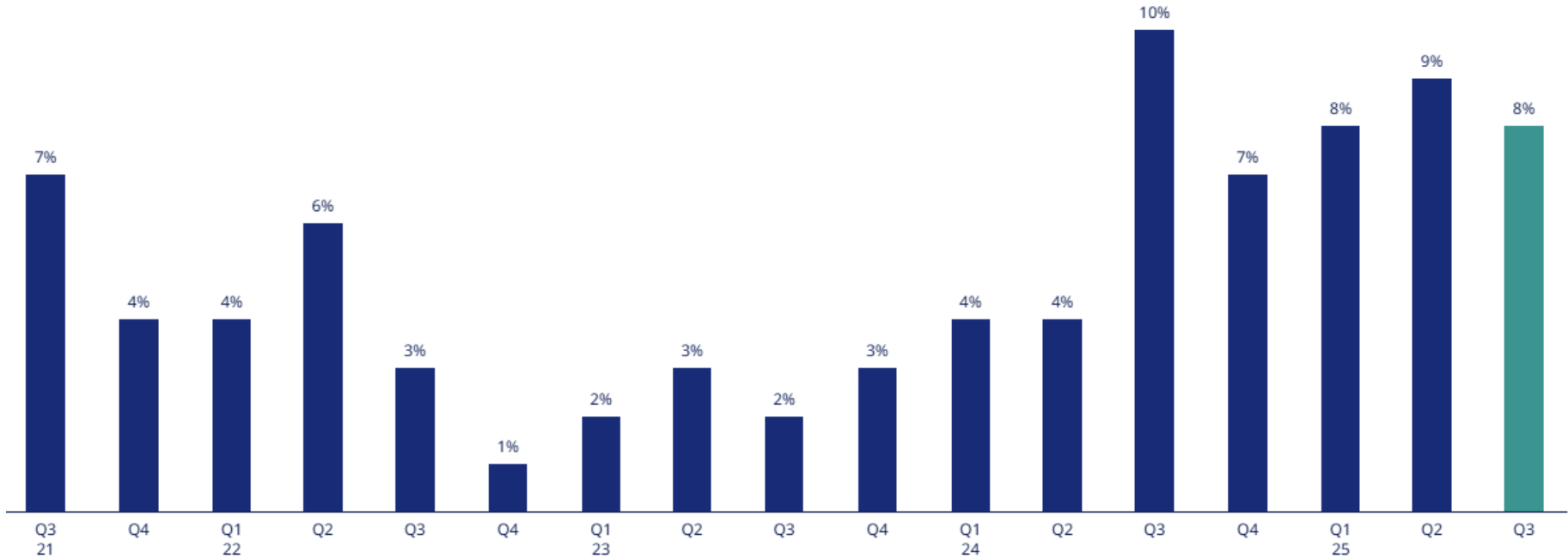


# General & Excess Liability

# ■ Cost Contributors



# United States Casualty Rate Changes

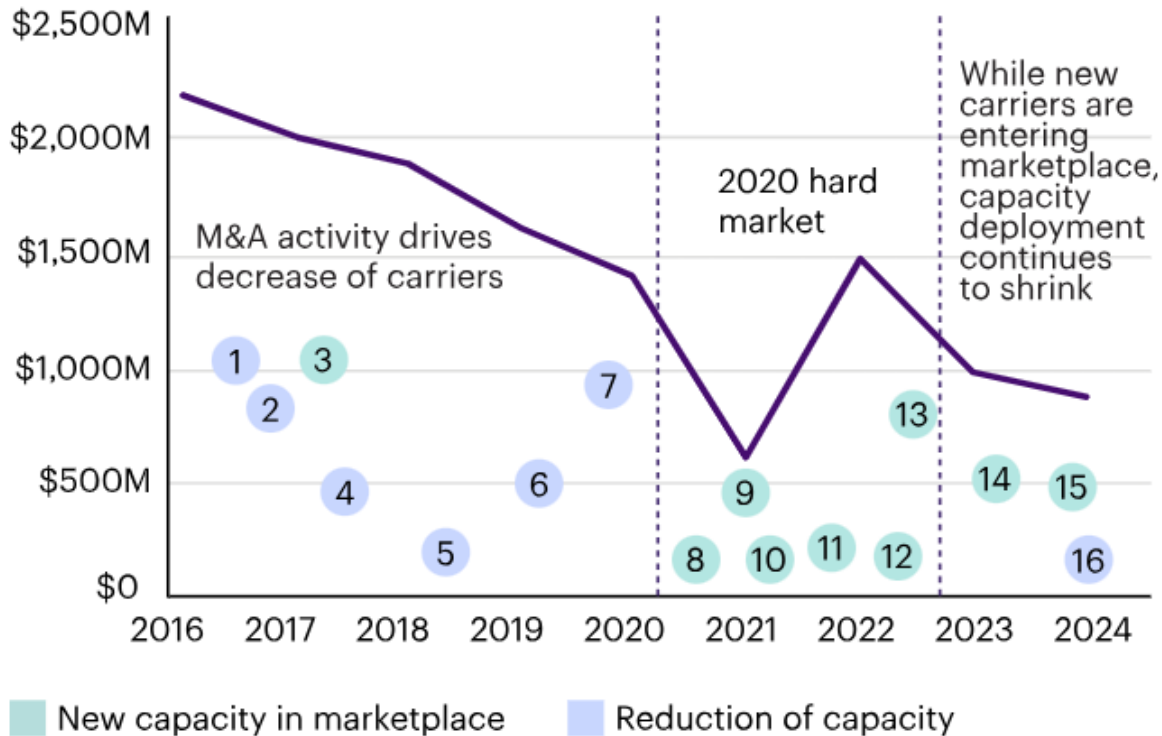


source: Marsh Specialty and Global Placement • Download SVG

The above chart is inclusive of all US casualty placements from Q3 2021 – Q3 2025. This includes General Liability, Automobile Liability, Workers Compensation and Excess Liability. The real estate industry's experience within these quarters have been much more dramatic in recent years. Prior to 2023, rate changes for the real estate industry were generally favorable or stable. Since 2023, the insurance market has been taking a hard look at the real estate industry, particularly habitational real estate. Real Estate renewals have been experiencing rate increases in the +15% to 35%+ range in more recent years.

# Deployable Excess Liability Capacity

Excess liability capacity and coverage trends updated



Typically deployed excess liability capacity

Note: Total market capacity available is risk dependent

# Understanding Liability Trends in the Real Estate and Hospitality Industry

## Trend:



Since 2016, Chubb has seen an **increase in general liability claim severity** within the first \$1 million of coverage of

# 56%

Chubb's analysis reveals:

**4 areas driving significant frequency and severity of claims** in the real estate and hospitality industry.

## 1 Child Safety: Attractive Nuisance Claims



Swimming pools, balconies, playgrounds, windows... fundamental features of a property can present substantial safety risks to children, and claims involving children can be especially severe. The “attractive nuisance” doctrine further heightens potential liability: An attractive nuisance is a condition on a property that a property owner should know is likely to appeal to children. It can run the gamut from pools, to mirrors, to construction sites and equipment. Property owners must demonstrate a “reasonable” degree of care to protect children from harm caused by the attractive nuisance, whether the minors are legally on a property or trespassing. Courts continue to raise the bar when considering what is reasonable care by a property owner.

*A three-year-old wandered into an apartment complex pool area through a broken gate and subsequently drowned. The complex had been cited multiple times for the broken gate. The family sued the property owner.*

The case settled for **\$3.95 million.**

*A five-year-old leaned on the window screen in her bedroom and suffered a fatal fall from the third-floor window. While the building had older windows grandfathered in to building codes, the windows represented an attractive nuisance. The family sued.*

The case settled for **\$2.5 million.**

### To help mitigate exposure to attractive nuisance claims:



- Enforce access and egress controls
- Proactively assess and secure all areas that could be considered an attractive nuisance

- Address and document known safety issues immediately
- Keep up to date on all maintenance and document it
- Establish proper signage and clear safety protocols

## 2 Contractual Liability



Proactively managing contractual liability can substantially mitigate the cost of a claim for property owners and mean the difference between facing liability or avoiding a claim altogether. With a properly written, legal counsel-reviewed and executed contract, a company can avoid paying unnecessarily for disputes and claims that may be the responsibility of third-party subcontractors or others. Poorly written contracts, or unexecuted contracts, can leave a company vulnerable and unnecessarily shouldering liability.



A resident sued the property owner after tripping and falling on ice and snow. The owner had contracted snow removal to a third party. **Because the owner included favorable indemnification language in their contract, the owner was able to tender defense and indemnification to the third-party defendant.**



As he backed out of a parking space, a tenant's customer did not see a female pedestrian walking behind his vehicle, possibly due to poor lighting. His truck hit the pedestrian, causing fatal injuries. Her estate sued for wrongful death damages, lost income and benefits. The property manager may have failed to follow up on a tenant's complaint about lights being out in the parking lot. **Nevertheless, the owner had promised indemnity to the property manager in their contract, so responsibility for all liabilities flowed to the owner, regardless of whether the property manager was at fault.**

The case settled for **\$2.6 million.**

### To help mitigate liability arising from work outsourced to third parties:

Keep contract wording as clear and specific as possible and have legal counsel review and approve all contracts as well as purchase orders and license and service agreements. Counsel should also review **contractor or vendor insurance policies** to be sure there are no exclusions that could protect them from tender or indemnity.



#### Contracts should:

- Outline the scope of responsibilities/duties and include a clear description of areas to be serviced
- Limit liability
- Provide favorable indemnification provisions
- Include warranty disclaimers
- Articulate severability



**Even seemingly simple purchase orders and license and service agreements can be considered contracts and should include similar indemnification provisions to protect the property owner.**

# 3 New York Labor Law



New York Labor Law (NYLL) 240 makes property owners vicariously liable for failures to provide proper fall protection onsite, even if they are not at fault. The law imposes strict liability, placing no responsibility on a potentially negligent contractor. In fact, the New York Court of Appeals has stated repeatedly that there is no defense to liability under NYLL 240. Its application has also been expanded to include virtually any gravity-related incidents.



**NYLL 240 places a non-delegable duty on a property owner to prevent injuries that are the result of risks associated with the effects of gravity.**

*A New York property owner hired a property management company to provide on-premises maintenance. A property management employee fell from a ladder while painting a stairwell and suffered numerous injuries. The property manager is an insured under the owner's general liability policy, and the policy's construction exclusion does not apply to maintenance. A lawsuit was filed alleging violations of NYLL 200, 241 (6) and 240 (1), which places strict/absolute liability on the owner. The plaintiff needs to show that the safety equipment provided was defective or not provided at all. In this case, none was provided, the plaintiff suffered numerous injuries and never returned to work. Special damages were estimated at \$1.3 million; general damages at \$3 million to \$4 million.*

The case settled for over **\$4 million.**

## To help mitigate liability associated with NYLL 240:



- Maintain a robust culture of safety focused on loss prevention, worker safety, and reducing or eliminating claims.
- Ensure that contractors have formal safety training programs for employees that work on-site.
- Keep all equipment (e.g., ladders, scaffolds) well maintained.
- When accidents happen, ensure experienced claims and litigation management specialists are engaged from the start. In many cases, prompt investigation and experienced defense counsel can keep settlement values from escalating.
- Be sure vendor contracts have solid indemnification provisions and vendor insurance policies do not have exclusions that would prevent indemnification (e.g., fall from heights exclusions).

# 4 Crime



Property owners have a duty to provide a safe environment and can be liable for criminal activity on their property if the incident is reasonably foreseeable and reasonable measures were not taken to guard against the crime.

*A woman alleged that she was assaulted by a hotel security guard who used his master key to enter her room while she slept. The perpetrator had a long criminal history. The hotel allegedly did not follow its own policies and procedures for hiring staff and was unaware of the criminal record.*

A jury awarded **\$177 million** in damages.

*A company was contracted to manage a property. After a female was sexually assaulted and killed by one of the squatters at the property, her estate filed suit against the landlord, the security company, and the property manager. The property manager tendered to the landlord and security company. As both parties include assault and battery and firearm exclusions in their general liability policies, the property manager was left as the sole defendant.*

The case may resolve for over **\$20 million**.

## To help mitigate liability from on-premises crime:



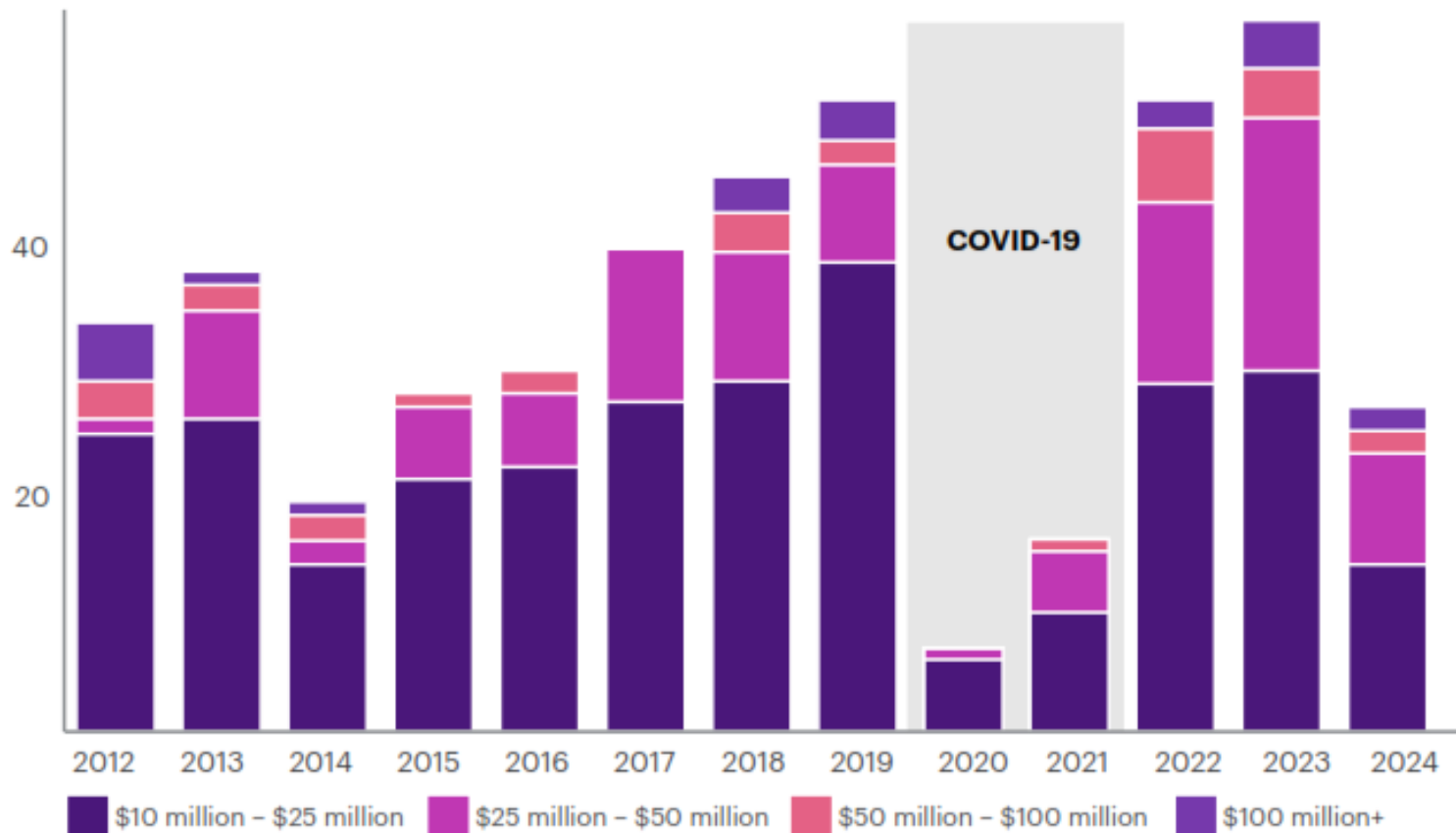
- Ensure that contracts for security contractors have clear indemnity language and contractor insurance policies do not have provisions that could impede indemnification (e.g., an assault and battery exclusion).
- Maintain security throughout facilities, including proper lighting indoors and outdoors, clear 'lines of sight,' controlled access.
- Provide ongoing security training for employees and third-party contractors.
- Establish and adhere to written policies and procedures for hiring, including background checks.

# 2024 - 2025 “Judicial Hell Holes”



# Nuclear Verdicts & Social Inflation

Number of nuclear verdicts over time



Source: "Inside the Insurance Industry's Casualty Claims Handling Problem," Insurance Insider, <https://www.insuranceinsiderus.com/article/2em9uz3ljp0gpo52o8v7k/industry-wide/inside-the-insurance-industrys-casualty-claims-handling-problem>.

# Negligent Security

Negligent security claims or cases arise when a person is injured or harmed due to inadequate security measures on a property. These claims typically fall under premises liability law, which holds property owners or managers responsible for maintaining safe conditions for visitors, tenants, or customers. Below is an overview of negligent security claims:

## What is Negligent Security?

Negligent security refers to the failure of a property owner, business, or entity to provide reasonable security measures to prevent foreseeable harm, such as assaults, robberies, or other criminal acts. If someone is injured or harmed because of this lack of security, they may have grounds to file a negligent security claim.

## Common Examples of Negligent Security

- Lack of security personnel or guards in high-risk areas.
- Poorly lit parking lots, stairwells, or walkways.
- Broken or malfunctioning locks, gates, or doors.
- Failure to install or maintain surveillance cameras.
- Lack of alarm systems or emergency communication devices.
- Failure to respond to prior criminal activity or threats on the property.

## Potential Defendants

The defendants in a negligent security case may include:

- Property owners
- Property management companies
- Business operators or tenants
- Security companies hired to protect the premises

# ■ What Can Be Done?

## **Provide Solid Underwriting Information**

- Some Liability Carriers are now requiring 10 years' worth of loss history
- Understanding of Acquired / Divested Assets / Portfolio changes Respecting Property losses
- Loss Control / CapEx detail & remedies for large claims
- Detailed Security Information and Best Practices

## **Carriers focused on:**

- Geography/Jurisdiction/Difficult Venues
- Crime Scores
- Violent Crime History
- Claim details and updates

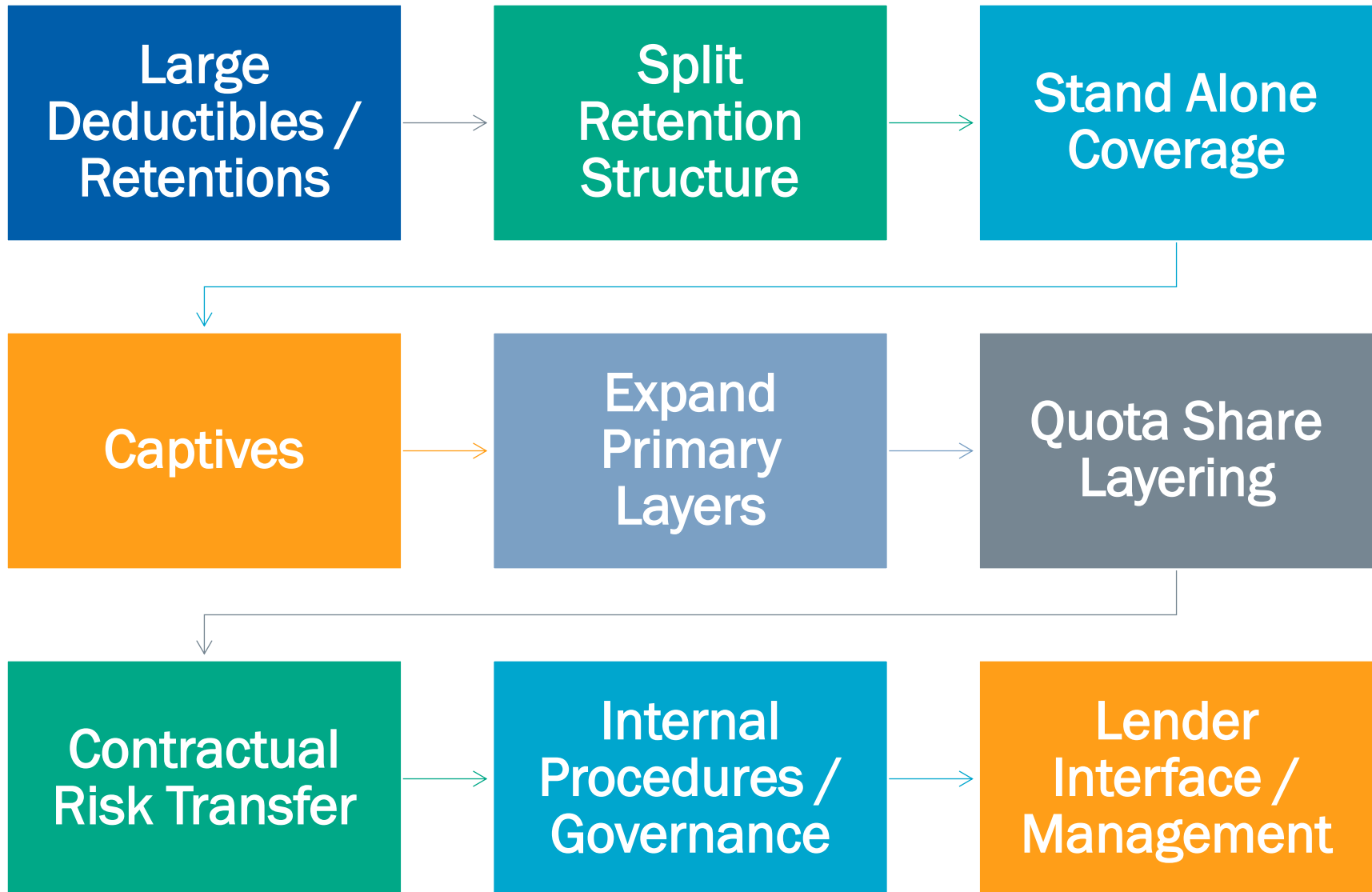
## **In-Person Underwriting / Carrier Meetings**

- Introduce the Client, tell their story, build relationships
  - Helps to make your account profile stand out and tell their story

## **Alternative Risk Solutions**

- Increase Deductibles / Retentions
- Captives

# Insurance Solutions, Structuring & Strategies



# Cyber Liability & Artificial Intelligence Impact

# Artificial Intelligence in Real Estate

## AI Applications in Real Estate

- ✓ Automated property valuation
- ✓ Predictive maintenance
- ✓ Energy management and sustainability
- ✓ Tenant screening and selection
- ✓ Intelligent lease management and documentation
- ✓ Fraud detection and prevention
- ✓ Market analytics and intelligent decision-making
- ✓ Workflow automation for operational efficiency
- ✓ Customer support with AI chatbots



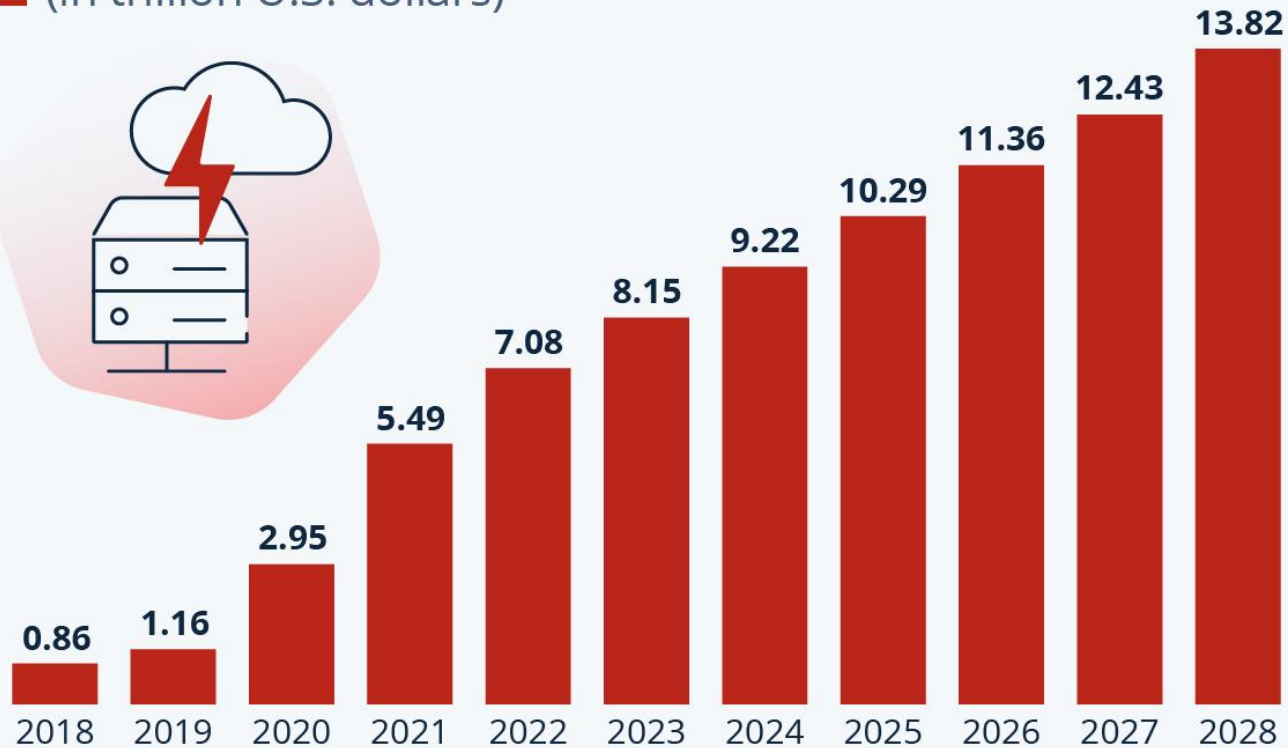
Governance?

Data Control?

Disclosure?

# Cybercrime Expected To Skyrocket

Estimated annual cost of cybercrime worldwide  
(in trillion U.S. dollars)



As of Sep. 2023. Data shown is using current exchange rates.

Source: Statista Market Insights





**Reactive Insurance Coverage**



**Limit Adequacy**



**Security & Controls**



**Corporate Governance**



**Employee Training**



# THANK YOU

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Questions? Comments?

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