

# 2025 State of the Real Estate Marketplace

Eric Stevens  
National Real Estate Vertical Leader

# Quick Facts



**5th**

Largest P&C  
broker in the US



**11th**

Largest broker  
in the US



**35**

States, 250 Cities,  
4 Countries



**250**

Physical Office  
Locations



**250+**

Products &  
Services



**10,200**

Team Members



**900K**

Happy Clients and  
Counting!



**\$2.75B**

In Annualized  
Revenue



# Real Estate Practice

AssuredPartners has one of the largest real estate insurance consulting practices in the United States. We specialize in insurance programs for real estate portfolios including hotels, motels, multi-family, individual homes, retail, manufactured housing and commercial. Our team reviews, negotiates, insures and consults for over:



# Meet the Team

**Eric Stevens**

*National Real Estate Vertical Leader & EVP  
Director of Vertical Strategy*

Eric serves our large real estate clients and real estate specialized brokers by creating strategy and solutions to achieve better outcomes for our clients and brokers.

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**Maureen Gallagher**

*National Accounts/Real Estate Specialist  
Workers Comp Brand Leader*

As prior Real Estate Vertical Leader, Maureen has positioned herself to lead our national account practice as well as lead the Workers Comp Brand.

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**Cheryl Moulthrop**

*National Real Estate Vertical Strategy Leader*

Cheryl works with clients and brokers to connect our largest and most complex real estate clients to exceptional resources and services to achieve greater outcomes while controlling costs.

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**Nathan Shoemake**

*Director of Real Estate Data & Analytics*

Leading a team of six analysts, Nathan is a true difference maker bringing insight and innovation to our real estate insurance practice. His analysis has moved the needle for our clients in a positive direction.

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**Jeff Kurz**

*Alternative Risk & Captive Practice Leader*

As a former CPA and Captive Practice Leader at Marsh and Gallagher, Jeff's experience in alternative risk and risk financing has been invaluable to our clients in the challenging marketplace.

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**Phil Masi**

*Condo Practice Leader, Agency President  
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# “A Buyers Market Has Returned For Property, While Casualty Remains Challenging”

As predicted, we experienced an active hurricane season in 2024. However, the two main CAT events, Hurricane Helene and Milton, while causing significant economic damage in the Southeastern part of the U.S., didn't impact the insurance marketplace from an overall loss perspective or reinsurance costs for 2025. Helene became a significant rainfall and flooding event for Western NC, Eastern TN, and Upstate SC, and Milton became a coastal event for most of GA and parts of the Gulf coast in FL. Fortunately, neither storm had the overall impact on the insurance market that was initially predicted. However, the loss of life and property were biblical in nature. By staying west of Tampa and making landfall at the “Big Bend,” Milton dramatically lowered insured loss potential. Overall, the property market has now experienced two years of profitability, and the one thing our industry does well is not to react but to overreact.

The January 1, 2025, Reinsurance CAT treaties saw an 8% - 15% reduction, which generally translates to a 10% - 20% direct rate reduction. However, CAT retentions did not reduce, meaning during the hard market over the past few years, the insurance that carriers purchase to insure risk either individually or across a portfolio of risk, called reinsurance, saw retentions dramatically increase over the past three years. Though rates came down, their retentions remained. Real estate clients forced to take larger AOP,

Named Storm, and Wind/Hail deductibles during the hard market will see rate relief. However, their retentions or deductibles will remain the same as the prior year.

Ultimately, carriers will resist offering double-digit rate reductions initially. However, heavy competition in the property insurance market will force incumbent carriers to drop their rates to stay on quality accounts. Entering the year, most underwriters have come to the realization that their books of business will shrink by 25%-30%. For an underwriter to maintain their book of business and hit their 30% - 40% growth targets, underwriters will be aggressive on pricing and terms to eke out single-digit growth.



# 2025 Market Outlook/Focal Points

## PROPERTY

- ◆ 2025 reinsurance treaty renewal 8%-15% decreases, turning the market into a buyers' market
- ◆ 20%-30% direct rate reduction on quality accounts
- ◆ CAT-exposed property will see modest rate reductions; however, if we have an active wind season with a significant event, the later part of the year could change
- ◆ More capacity entering the marketplace
- ◆ Layered programs with underwriters wanting to ventilate their position by being in the primary layer while taking a portion of the buffer or excess layers
- ◆ Renewal terms delivered 30 days out from renewal vs. last-minute or hectic renewal offers
- ◆ London will be aggressive to pressure the domestic markets from a coverage and pricing perspective
- ◆ Admitted markets are still struggling to achieve profitable results, causing them to be very conservative
- ◆ E&S carriers are increasing their appetite and capacity, thus applying more downward pressure on E&S rates
- ◆ More Programs will be developed in the softening market, adding to the competitiveness of the market



# 2025 Market Outlook/Focal Points



## CASUALTY

- ◆ Nuclear verdicts and social inflation are forcing a 28% median increase in claim payouts
- ◆ Assault & Battery exclusions and sub-limits continue to be added
- ◆ Fannie and Freddie no longer accepting waivers for A&B, A&M, firearms, and dog bites is causing a challenged marketplace to become even more challenging
- ◆ Specific jurisdictions or judicial hotspots where tort reform is needed remain challenging
- ◆ Crime scoring and crime indexing are still a critical factor in underwriting and profitability

## EXCESS CASUALTY

- ◆ Social inflation remains an issue
- ◆ Underlying exclusions causing issues in the Excess or Umbrella layers
- ◆ More layering to get to higher limits if desired

## PROFESSIONAL

- ◆ Softening market, reduction in renewal pricing, and more competition
- ◆ Cyber Liability seeing 10% decreases with properly controlled risks with MFA and enhanced security posture
- ◆ With the Russian Conflict ending seeing an uptick in Cyber and Ransomware attacks as the threat actors are off the battlefield and back behind the keyboard

## PERSONAL LINES

- ◆ California wildfire losses projected to be a 50B event
- ◆ CAT areas will continue to see a need for rate increases
- ◆ Fewer markets writing in CAT areas
- ◆ Auto rates will continue to increase
- ◆ Homeowners will continue to stabilize with a higher rate environment



# The Florida Condo Market

**Property Insurance:** Despite all the negative press, the Florida condo property market has improved significantly over the last 6 months. New entrants into the market, plus increased capacity for existing carriers, have significantly increased the supply, pushing down on pricing and allowing for reduced deductibles and improved coverages.

Expectations are that most associations will see a **5%-15%+ decrease in property rates** for their 2025 renewal. Condos with significant wind layers will see the largest reductions, which could be multiples of the expected range. Condos with significant losses, older roofs, construction defects, structural issues, etc., will likely be closer to flat or up, depending on the severity of the situation.

**Liability Insurance:** The liability market is moving in the opposite direction of the property market. As property coverage still drives the overall premium per account, the projected increases in liability lines will more than offset any property premium savings in most cases. Loss free accounts will likely see 5%-15% rate increases. Condos with losses may be higher depending on the claim type and severity. Carriers are non-renewing coverage as they continue to reposition their Florida condo underwriting exposure. Insurance carriers are also adding exclusions or coverage limitations at a higher rate to protect their balance sheets, adding exclusions or sub-limitations to assault & battery, firearms, animals, abuse & molestation, water damage, etc.

Agents must navigate these added exclusions vs. accepting them at reduced premiums, as they are critical coverages for condo associations to have in place. Recent tort reform legislation is still playing out in the courts and is expected to help the Florida condo liability market significantly in future years.

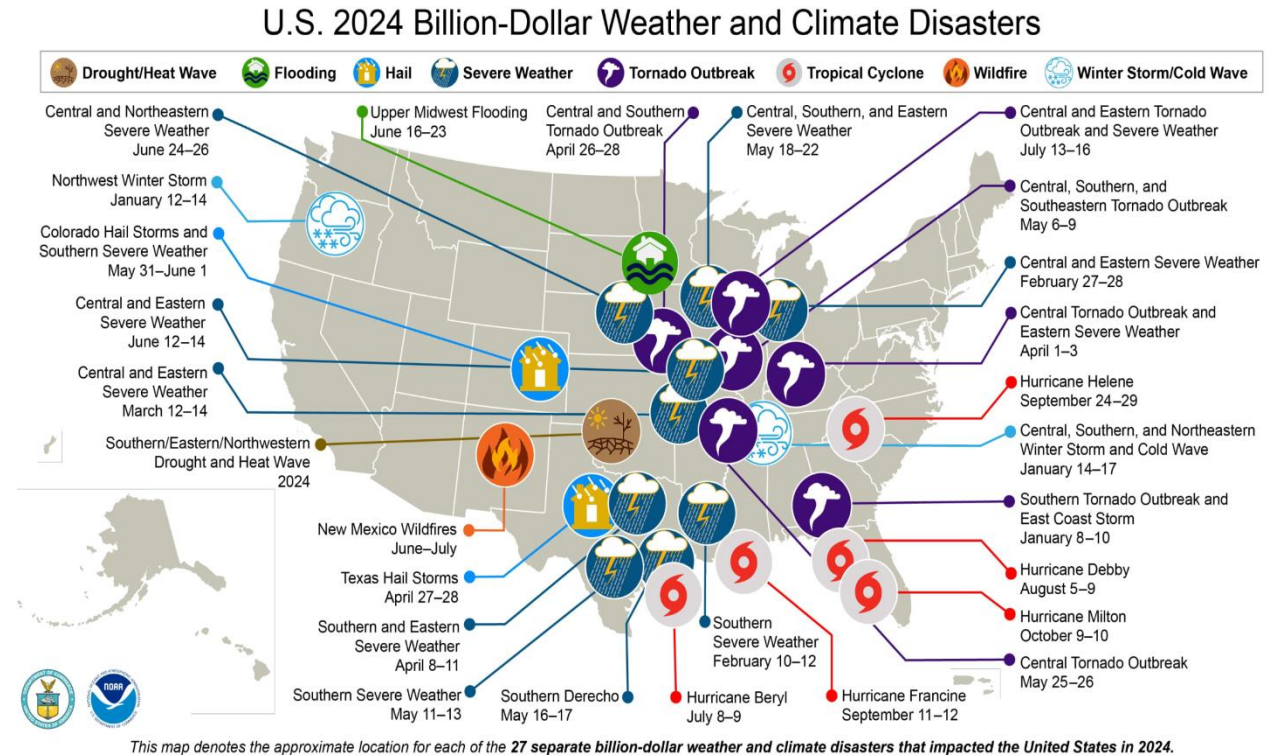
**Umbrella/Excess Insurance:** The market continues to harden but at a slower pace than in prior years. There have been no material new Risk Purchasing Group entrants into the Florida space in the last year, but we appear to have stopped losing carriers for at least now. Directors and Officers coverage is also hardening. Carriers are amending terms, pricing, and deductibles negatively in response to the recent Florida Legislative changes surrounding the Surfside condominium response.





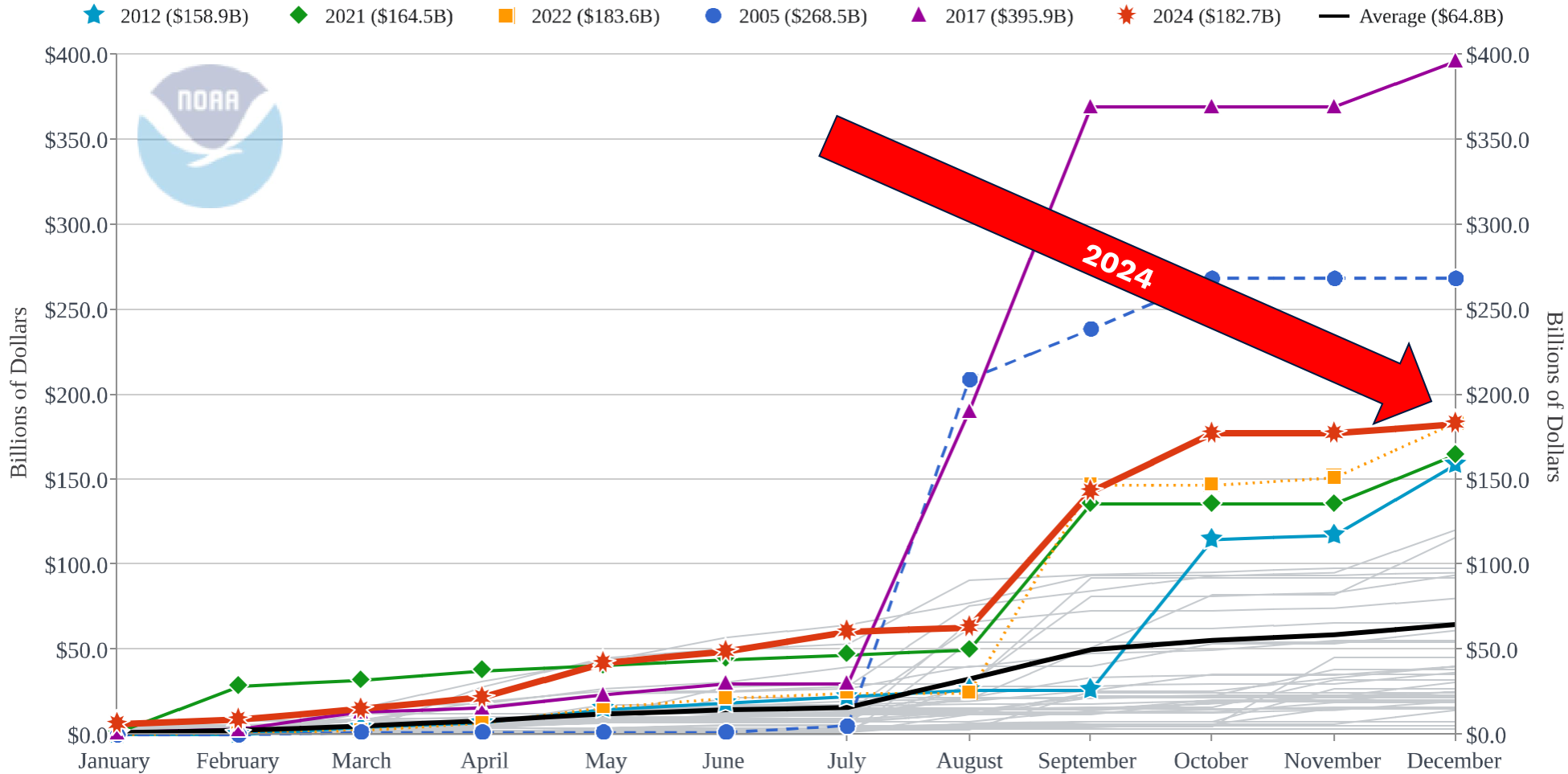
# US Billion Dollar Weather Events and Climate Disasters 2024

- ◆ There were 27 confirmed weather/climate disaster events with losses exceeding \$1B each to affect the US
- ◆ **Events included:**
  - ◆ **1 drought event**
  - ◆ **1 flooding event**
  - ◆ **17 severe storm events**
  - ◆ **5 tropical cyclone events**
  - ◆ **1 wildfire event**
  - ◆ **2 winter storm events**
- ◆ Events resulted in the deaths of 568 people and had significant economic effects on the areas impacted
- ◆ 1980-2024 annual average of \$1B events is 9.0 (CPI-Adjusted)
- ◆ 2020-2024 annual average of \$1B events is 23.0 (CPI Adjusted)



# 1980-2024 Billion Dollar YTD Event Costs

1980-2024 United States Billion-Dollar Disaster Year-to-Date Event Cost (CPI-Adjusted)



Updated: January 10, 2025

Event statistics are added according to the date on which they ended.





# Data and Analytics

The AssuredPartners Impact Analytics Team continues to lead the way with innovative techniques to use public and private data sources to enhance submission quality and produce more credible modeling results. Underwriters are becoming more sophisticated, and we expect submission volume to continue to increase in this evolving market.

The best-in-class submissions will be those that receive greater underwriting consideration or capacity. Continue to focus on the quality of the statement of values and a solid narrative to prove that the past doesn't always equal the future. Due to the cost of capital or the interest rate environment, many real estate accounts disposed of assets within their portfolio. It's a great time to review prior losses and model out the losses where properties were disposed of.

Many best-in-class operations have begun to divest from catastrophe-prone areas of the country while considering hazard and risk analysis within their acquisition model.

## INFORMATION GATHERING

- ◆ Pictometry CONNECT Explorer Eagle View
- ◆ Google Maps
- ◆ Flood Zones and Mapping
- ◆ Statement of Values – Building Breakout
- ◆ Replacement Cost Evaluations
- ◆ Loss Projections
- ◆ BuildFax, CoStar, Yardi Matrix
- ◆ Crime Indexes
- ◆ MARS Claims Understanding

## IMPACT ANALYTICS

- ◆ Hail Probability Report
- ◆ Water Damage Risk Evaluation
- ◆ Earthquake Damage Risk Evaluation
- ◆ Experience Modification Review
- ◆ Property Modeling
- ◆ Limit Batching Analytics
- ◆ Deductible Analysis
- ◆ Actuary Reports
- ◆ Loss Analysis
- ◆ Cyber Risk Analysis



# Alternative Risk & Captives

Alternative risk strategies, such as captives, parametric insurance products, second-event reinsurance concepts, and multi-year single-limit structures, have all played a role in helping clients survive the hardest market conditions in the last 40 years.

As the market continues to soften, you will still see captives used less and less in property. Captives were brought forth as a solution to the hard market conditions over the past 4-5 years. However, many creative solutions can still be achieved for the right account with captives, not necessarily in property. Still, with the turbulent casualty marketplace, we may see this as a tool to solve lender requirements and curb higher rate increases, as long as the account has proper controls in place.

The AssuredPartners Alternative Risk Practice is deploying captive strategies in the following ways:

- ◆ Single-parent captives remain the most common structure, protected cell/rent-a-captive
- ◆ Group captives combining auto liability, general liability, and workers compensation
- ◆ Allowing clients to retain additional risk while still satisfying debt covenants that dictate maximum deductibles using a fronting arrangement
- ◆ Using captives as a mechanism to access the reinsurance marketplace directly
- ◆ Creating group structures to address specific industry issues
- ◆ Tenant Legal Liability programs
- ◆ Deductible buy-down structures





## Risk Engineering or Loss Prevention Focus

- ◆ Carriers have become highly focused on loss prevention or site inspections due to the conditions in the market. Reinsurers are pressuring them to return their books of business to profitability. If they find conditions at a location that are unfavorable, they will be quicker to non-renew than in years past.
- ◆ At AssuredPartners, having a team of specialized real estate risk engineering consultants on staff who go to our clients' locations to identify potential hazards or underwriting concerns before a carrier-driven site inspection has paid dividends and added value.
- ◆ We recommend including these inspections in your new business or renewal submission to the marketplace, showing the quality of your portfolio or how you have addressed issues in the past through capex or updates to the property.

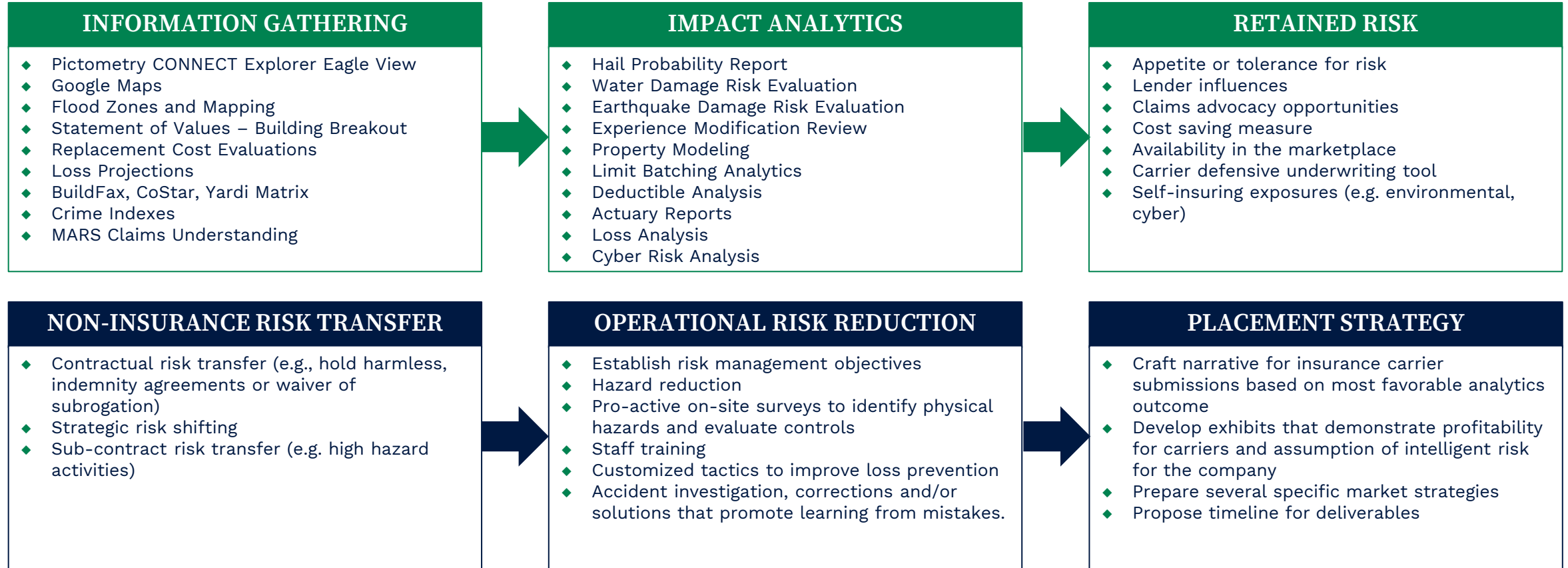


# Pro-Active Claims Management

- ◆ Risk-retention programs produce the best outcome when proactive claims management and loss prevention programs are in place to manage claims in the retained layer.
- ◆ It is critical to have advocates at the broker level and with the insurance company or third-party administrator (TPA) of claims.
- ◆ Best results are achieved when a vetted carrier claims adjuster is assigned to claims and written into the policy as the designated adjuster.
- ◆ Our experienced real estate claims consultants advocate on our clients' behalf. They monitor the claim and provide assistance and advice throughout the life of the claim.



# Our Analysis and Marketing Process





AssuredPartners