

2025 Market Outlook

General Liability Insurance

Following years of rising claim frequency and severity, as well as poor underwriting results, the general liability insurance market showed signs of improvement in 2024. Rate increases for general liability customers moderated, and many insureds saw premium hikes below 10%—a vast improvement over the double-digit rate increases from previous years. For 2025, insurers will continue to focus on underwriting profitability and risk management. While capacity is healthy, general liability insurers will continue to be cautious about who they insure and at what price. Renewal results will likely depend on policyholders' unique exposures, class and loss history.

Developments and Trends to Watch

- **Litigation concerns**—The United States is an increasingly litigious society, leading to a growing number of lawsuits following liability incidents (actual or alleged) and, in turn, greater settlements and verdicts from such legal action. This trend, driven by social inflation (growth in insurance claim costs due to a more litigious environment and changing attitudes towards lawsuits), has driven up the frequency and severity of claims in the commercial general liability market. Key factors contributing to this environment include increased attorney advertising, third-party litigation funding (TPLF), and the rise of nuclear verdicts and settlements—awards that exceed \$10 million.
- **Biometric data losses**—Businesses are increasingly using biometric data (e.g., facial geometry, iris scans and fingerprints) to enhance account authentication measures, deploy stricter access controls, and monitor employees' workplace attendance and activities. The regulatory landscape for biometric data collection is constantly evolving, paving the way for potential challenges for businesses. While no overarching federal law applies specifically to biometric data in the United States, some aspects of federal legislation regulate certain sectors and individuals (e.g., the Health Insurance Portability and Accountability Act and the Children's Online Privacy Protection Act). More comprehensive data privacy laws have emerged at the state level, and at least 10 states have recently proposed such laws. As claims arise, insureds may have difficulty determining if their general liability policies provide coverage for biometric risks. Many businesses subject to biometric data lawsuits seek coverage under the "personal and advertising injury" provisions of their general liability policies, as they traditionally cover privacy violations. However, many insurers frequently contest these claims, resulting in inconsistent court outcomes.
- **Active assailant exposures**—An active assailant incident occurs when an individual or group of individuals enter a populated area to kill or attempt to kill their victims, generally through the use of firearms. These events have skyrocketed in the United States. According to the most recent data from the FBI, there were 229 active shooter incidents from 2019-23—an 89% increase from the previous five-year period. Active assailant incidents carry numerous consequences and often result in fatalities, serious injuries and prolonged emotional trauma among those involved. In response to the growing risks, businesses are turning to specialized insurance policies designed to cover losses. While these policies vary in design, they often include coverage for property damage, business interruption, third-party liability, crisis management, psychological counseling, funeral expenses, risk assessment, training and medical expenses. This coverage is especially critical, as standard general liability policies often exclude coverage for certain types of violent acts or claims related to mental anguish or emotional trauma, making standalone active assailant coverage or specific policy endorsements essential for protection.

Tips for Insurance Buyers

- Work with risk management experts to educate yourself on key market changes affecting your rates and how to respond using loss control measures.
- Adopt proactive safety and risk management measures to minimize incidents that could lead to lawsuits, such as employee training and stringent safety protocols. Create an active assailant response plan that includes evacuation procedures, staff training and communication protocols to mitigate and protect employees.
- Keep detailed records of your company's protocols and risk management measures to streamline the claims or litigation process. Documentation, such as written policies, training logs, inspection records and incident reports, can serve as valuable evidence that your business has taken reasonable steps to reduce risk.
- Communicate transparent data collection practices to employees and customers, ensuring they understand how their biometric data will be used and stored.



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