



Unearthing opportunity: How mining liability is shifting in a softer market

While the international liability market for mining remains technical, market conditions over the past 12 months have been increasingly favorable for well risk-managed mining clients. Four distinct yet interconnected factors are shaping the outcomes achievable from the market:

- **Multidimensional market dynamics:** The ability to generate competition remains impacted by factors such as the total program limit and geographical scope of operations
- **Emphasis on rate adequacy:** Underwriters are placing greater importance on maintaining rate adequacy rather than directional movement

- **Greater flexibility on price than coverage:** There is increased willingness from insurers to negotiate on premium rather than terms and conditions
- **Focus on evolving exposures:** The liability impacts of evolving exposures such as climate change and other macro factors will remain a focus for underwriters

Mining liability market conditions are creating a new equilibrium

Increased market capacity, set against the backdrop of a benign claims environment, has created a favorable buyer's market for international liability. Underwriters are under increasing pressure to meet portfolio growth targets, which is resulting in greater competition and a downward pressure on rates.

This trend is supported by [Lloyd's of London](#) announcing a third consecutive year of underwriting profit for casualty as a class of business in 2024. Although Lloyd's' classification of casualty is broader than just liability – and includes other classes such as D&O, financial lines, cyber and Accident & Health (A&H) – it signals the broader sustained profitability of the international liability market.

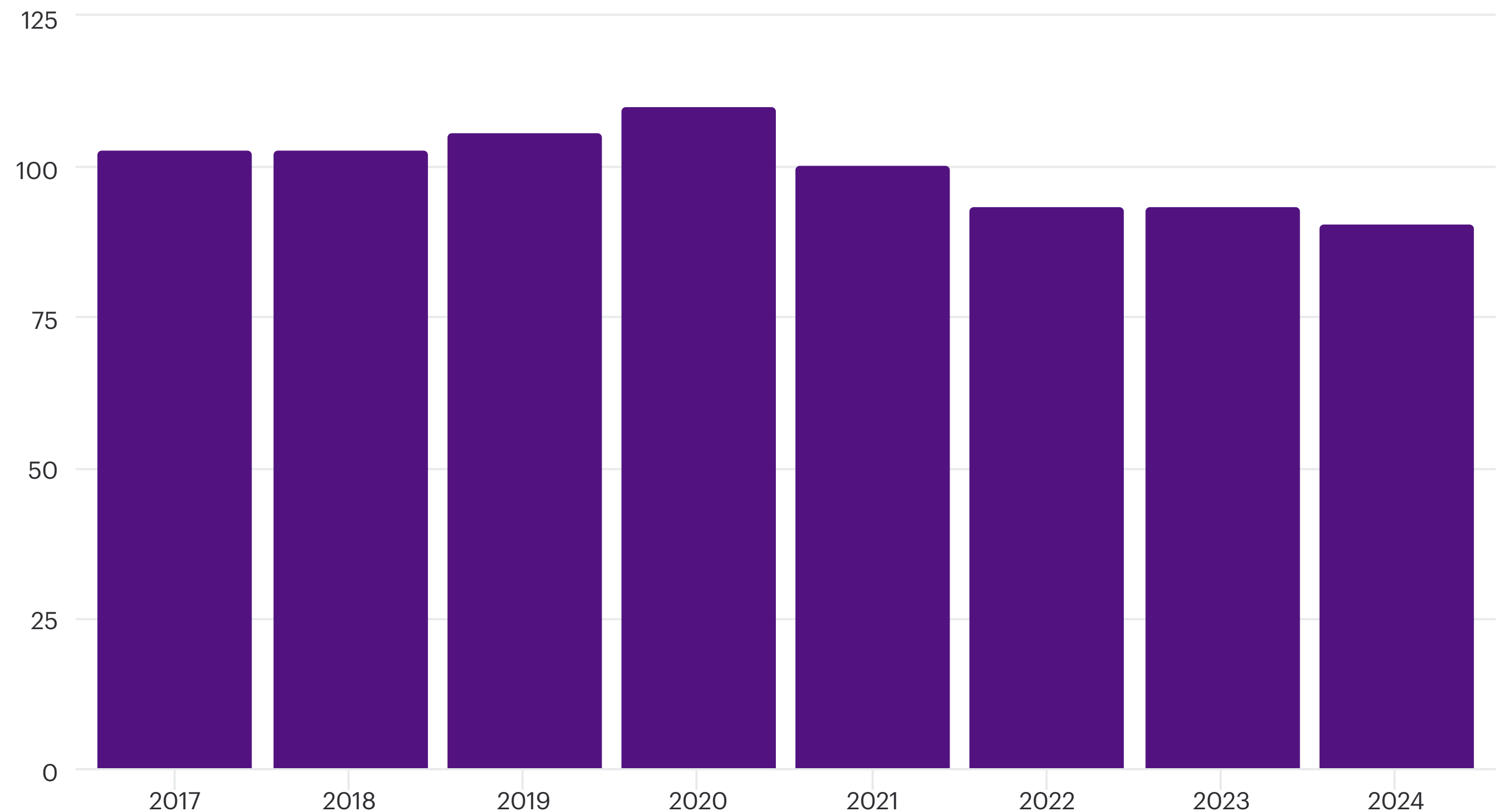
While the mining liability market only represents a small segment of the overall international liability market in London, these conditions remain consistent across the segment.

The total capacity available for mining liability placements is estimated to have increased for a third successive year following the emergence of new entrants and the increasing of line sizes deployed by existing insurers. This has been driven by several factors, most notably:

- Underwriters are increasingly viewing mining as a profitable and an appealing area to contribute towards ambitious gross written premium (GWP) targets
- The role mining has to play in the clean energy transition is causing insurer-applied ESG restrictions to evolve and become more nuanced

Lloyd's result 2024: Casualty insurance segment

Aggregate combined ratio reported by Lloyds casualty segment since 2017



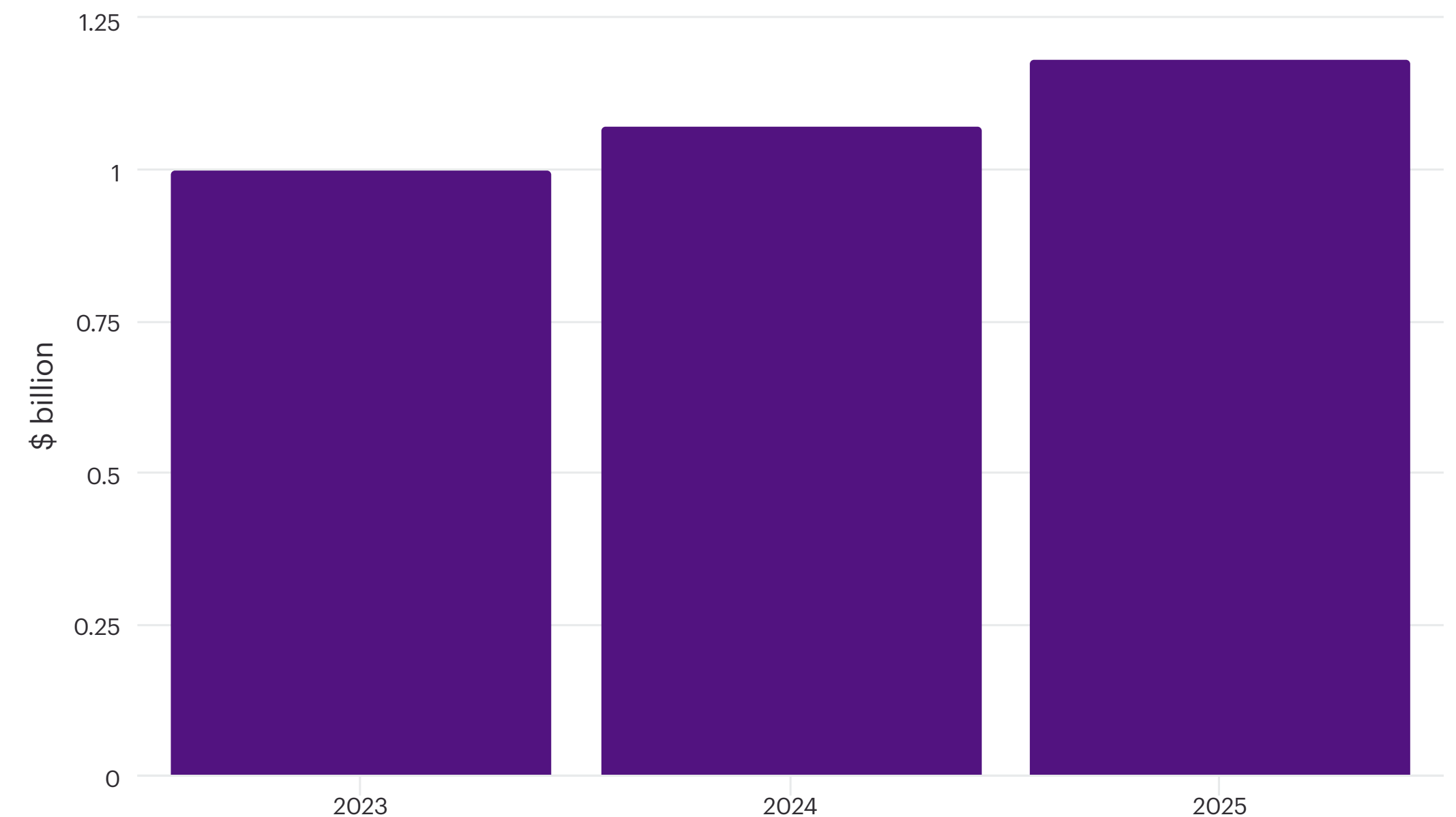


Following several years of underwriting discipline and the adoption of more quota share structures, mining placements are relatively well spread across the market. This, combined with the absence of major market-wide losses, has created a new competitive equilibrium – underpinned by less focus on exposure management and leading to greater choice for buyers.



Matt Clissitt, Deputy Head of Liability and Senior Director, Willis Natural Resources

Estimated global mining liability capacity



The outlook for 2026 is positive, but insurance buyers should remain focused on differentiating their risks.

The mining liability market remains inherently technical and nuanced. The provision of high-quality risk information continues to be pre-requisite for underwriters to consider a risk. Securing terms from a reputable primary lead carrier with risk engineering capabilities, also continues to be the key to unlocking competitive follow and/or excess capacity, particularly on larger or more complex placements.

Insureds' scale and geographical presence are impacting market appetite

The multidimensional nature of the mining liability market is best captured through three separate lenses:

1. Tier 1 and 2 mining companies: While capacity available remains sufficient for the largest mining liability placements – especially when both the London and global market is accessed – by default, there is less non-incumbent capacity available for larger placements to create competition. In addition, there are relatively few insurers with the risk engineering and multinational capabilities required to provide primary solutions for the largest mining companies. This, coupled with a preference from excess and follow markets to follow a

recognized primary lead market, dampens the impact of aggressive non-incumbent capacity.

2. Smaller to mid-sized mining companies: Capacity is abundant for most smaller to mid-sized mining companies, with there being a more limited reliance on having a primary carrier with risk engineering capabilities. This abundance of capacity is most pronounced for insureds with a well-articulated risk profile and no or little historical losses. Given smaller to mid-sized mining companies inherently purchase smaller liability program limits, there is now sufficient capacity to place most programs multiple times over, leading to greater competition and willingness to challenge pricing.
3. Placements with heavy-coal exposure: Although the market stance on placements with heavy-coal exposure has somewhat softened, the capacity available still remains a small subset of the overall mining liability market. As such, creating competition among insurers is more challenging and there is a greater prevalence of opportunistic pricing. In response, an increasing number of mining companies with extensive coal exposures are considering the use of captives and balance sheet self-insured retentions as a mechanism to reduce long-term pricing and capacity volatility.

Irrespective of which category a risk falls into, the domicile and/or geographical footprint of a company continues to

have an impact on the amount of capacity available. While this is less pronounced than in previous years, the greatest appetite is still for those mining companies who are Canadian-, Australian- or European-domiciled, with more caution being exercised in other geographies.

Address insurers' key concerns

Tailings storage facilities (TSFs) continue to be the key consideration for insurers and increasingly, due to more loss activity, other structures such as heap leaches. Up-to-date and comprehensive risk engineering information is a pre-requisite of whether an insurer is able to compete aggressively or even consider a placement. There is also a growing focus from insurers on a company's roadmap to conformity to the Global Industry Standard on Tailings Management (GISTM) as a proxy to having a robust tailings management framework.

Pricing is flexible, but coverage remains tight

Underwriting discipline remains, as carriers are showing more flexibility on price than coverage. Peripheral, softer-market coverages remain challenging to obtain without extensive information and at additional cost.

Mining companies are working strategically to balance risk transfer and retention, particularly for challenging risks. There is a growing willingness for insureds to use captives or self-insured retentions as a mechanism to cover less sought-after exposures (even non-coal related) or as a tool to evidence confidence in the risk and drive competition amongst insurers.

There's a growing risk of underinsurance

“Where liability program limits are typically not indexed against a value or metric, there is a growing sentiment that liability limits are growing at a slower pace compared to the cost of potential claims (due to the impacts of inflation, social inflation of the emergence of new exposures) leading to the potential of underinsurance. Working with a specialist broker who has the access to data and analytics to help insureds monitor limit adequacy, is ever-more important.” Raj Vora, Associate Director, Liability, Willis Natural Resources

A spotlight on North America

The casualty insurance market continues to show strong appetite for precious metals and mineral mining, while coal operations continue to face limited carrier interest and heightened underwriting scrutiny.





General liability (GL):

- **Rate expectations: +2% to +8%**
- Strict and well-documented tailings management is crucial as carriers scale back on offering coverage for sudden and accidental (S&A) pollution incidents
- Thermal and metallurgical coal operations face limited interest from many carriers
- The cyber incident exclusion is becoming increasingly common, removing coverage for bodily injury, property damage, and personal and advertising injury resulting from a cyber event. “The application of this endorsement creates potential gaps for mining companies using automation, even with a cyber policy in place.” Abbie Crutsinger, Associate Director – Client Advocate, Willis Natural Resources, North America
- Guaranteed cost program structures remain available, however, there is noticeable premium savings and heightened competition when higher retentions are implemented



Commercial auto:

- **Rate expectations: +7% to +20%**
- Commercial auto remains an area of concern, and many carriers are still struggling for profitability
- Insurance carriers are not imposing the same level of rate increases on mining auto liability compared to other natural resources sectors, but carriers are intensifying their scrutiny of third-party hauling hiring exposure and vetting practices due to concerns over vicarious and contingent liability.
- Carriers are focusing on fleet safety programs (including use of telematics and on-board cameras) and hiring criteria/motor vehicle report reviews



Workers' compensation (WC):

- **Rate expectations: +1% to +5%**
- WC continues to be a profitable line of business. Increased automation in the mining industry has supported aggressive pricing from carriers. Carriers are using WC to offset rate needs on other lines and this competition can drive significant reductions

- Due to its dependable profitability, several carriers are requiring inclusion of the WC as a prerequisite for offering other liability lines
- An increasing number of carriers are reevaluating offering West Virginia Broad Form Employers Liability coverage to coal mining companies due to the state's aggressive legal climate and elevated loss severity
- WC is being closely watched as losses can develop into GL/excess action over claims



Umbrella/excess:

- **Rate expectations: +2.5% to +17.5%** (lead: higher end of range)
- Lead umbrella carriers are mostly reducing capacity offered to \$10 million or \$5 million depending on risk profile and historical losses
- Capacity within the first \$25 million is challenging for accounts with large fleets and/or GL or auto losses (or heavy WC losses) and certain insureds are seeing large increases as carriers either exit the space or deploy lower limits of liability
- Clients with losses are seeing major pressure on primary auto attachments and primary GL attachments due to increase of severe claims



Evolving exposures will remain a focus for underwriters in the year ahead

There are several evolving exposures and macro factors – though ancillary to traditional liability risk factors – which are being tracked and may face greater underwriting focus.

- **Changing climatic conditions:** The increased prevalence of extreme rain events is leading to operators considering changing the design basis of TSFs to accommodate for increased frequency and severity of rainfall events and reduce the risk of failures or overtopping. Similarly, the increased likelihood of droughts in some regions is also leading to considerations around dust management (particularly relating to TSFs) and the impact dust can have on nearby communities
- **Demand for battery materials:** The demand for battery materials has grown exponentially due to their essential role in the clean energy transition. Several countries are viewing the beneficiation process as a value creation opportunity, and have imposed export controls on raw materials to incentivize beneficiation in country (e.g., unprocessed cobalt in the Democratic Republic of the Congo and lithium in Zimbabwe). Similarly, there is a growing sentiment in several countries to diversify their supply and export chains away from China, adding further pressure on mining companies to invest into

the beneficiation process. A greater number of mining placements are including beneficiating or refining operations altering the liability risk profile compared to a traditional mining placement

- **Emission reduction:** Like with all industries, reducing carbon emissions is a major focus of the mining sector. Many companies are entering into build-own-operate or purchase power agreements (PPAs) with renewable energy companies to reduce scope 2 emissions. Reducing scope 1 emissions through the electrification of fleet vehicles has presented some greater challenges, particularly around the efficiency of using electric haulage trucks versus the traditional diesel alternative. Electrification also presents some different liability exposures to mining placements – for example, battery fires or the impact of cyber-attacks
- **Military juntas:** The rise of military juntas – particularly in West Africa – has led to several impacts on mining companies including the seizing of product, nationalization of mines and the revoking of licenses. While these are not traditional liability considerations, it is leading increased underwriting focus and scrutiny around certain territories

There's ample opportunity to capitalize on increasingly favorable conditions

The mining liability market remains a multidimensional space. "Although concerns around the impacts of social inflation, insufficient loss reserving and evolving liability exposures mean that underwriting headwinds remain, well risk-managed mining clients who provide comprehensive risk information are benefiting from greater insurer choice and favorable market conditions." Matt Clissitt, Deputy Head of Liability and Senior Director, Willis Natural Resources. The exception to this is for heavily-coal exposed placements where the rating environment remains more stable.

Partnering with a specialist broker who understands the full spectrum and intricacies of mining liability exposures remains the key for mining companies in developing and maintaining a robust liability risk transfer strategy. Sector-focused brokers can ensure a successful renewal through:

- Early engagement with insurers
- Hosting market roadshows to help shape the narrative of the renewal
- Comprehensive data-driven risk information (including up to date TSF risk engineering data)

- Striking the correct balance between the value of long-term relationships and the benefits of competition created by accessing non-incumbent capacity

Combined, this approach allows buyers to build resilience and best-position themselves to secure the optimal risk transfer solution from an increasingly favorable market.

To find out how to build resilience in the year ahead, contact:



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This update analyses our observations of the current global market conditions for renewable energy insurance and the impact this has on insurance buyers. This update is based on our observations of the market for our WTW clients and is not a whole of market review.



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