



From fires to fleet safety

What's shaping energy
insurance in North America

Key takeaways

- Regulatory evolution under the current U.S. administration is holding the door open for energy companies in North America, but commodity prices are putting CAPEX and OPEX under the spotlight
- North America's upstream market is marked by an absence of major loss events, which is contributing to softening premiums
- Downstream energy companies with a solid loss history are still achieving rate reductions despite high-profile refinery fires
- Casualty capacity remains stable, with some outliers. Most sectors are renewing at flat to low single-digit increases for workers' compensation and general liability, but auto liability is the lone exception, continuing to see high single-digit to low double-digit rate increases due to claims inflation and increase in litigated claims
- While onshore upstream and downstream/midstream capacity is stable, the oilfield services sector (OFS) remains the most challenged casualty market

Upstream energy property market conditions are softening

In North America, commodity prices are lower than anticipated, with natural gas specifically reaching figures that hover around breaking even. Uncertainty over global demand and the looming fear of a recession are amplifying concerns for upstream energy companies that are assessing their CAPEX. To offset potential CAPEX constraints, upstream energy companies are assessing operational costs and tightening their belts by harnessing technology in new ways to reduce human capital costs and boost operational efficiencies. These incremental gains are helping companies bolster their balance sheets amid potentially uncertain supply-demand dynamics.

Much like the international markets, market conditions are softening, capacity is stable and underwriting appetite is increasing moderately, which is fuelling the competitive pressures to maintain and grow market share among underwriters in the region. Without any major losses since our last review in April, upstream energy companies with good loss histories can expect rate reductions of 5%-15%.

Regulatory changes are holding the door open for upstream energy companies to ramp up operations and exploration in oil and gas, but an uptick in activity needs to be addressed with a responsive and tailored risk strategy.

The downstream energy property market remains competitive

In the downstream refining and chemicals sector, echoes from the international downstream energy insurance market aren't quite stretching to the U.S.. Headline losses from refinery fires are not impacting premium reductions. Major losses have been covered by catastrophe bonds, and the downstream energy property insurance market in North America has maintained its profitability streak.

"Several hurricanes in the last five years have ranked [among the costliest in U.S. history](#)", but largely due to a benign 2025 hurricane season, underwriting profitability is cascading through the commercial market—even in typically catastrophe-prone areas such as the Gulf Coast. In some cases, aggressive reductions of 20% can be achieved, but renewals are achieving 10-15% reductions on average. A strong loss history remains a core factor in the rate reductions available.

Without any withdrawals from the market, capacity remains stable and placements are oversubscribed, keeping competitive forces at play.

Accurate asset valuation and transparent risk management remain prerequisites for smooth renewals.



Quantifying business interruption remains a perennial challenge

The relationship between property damage and business interruption remains in flux. Business interruption losses across both upstream and downstream sectors consistently outpace property damage losses. While underwriting competition keeps pricing competitive, there is heightened insurer focus on robust risk controls and clear exposure reporting to avoid underinsurance, especially given regulatory uncertainties and operational complexity in North America.

U.S. casualty

In 2025, the North American energy casualty market has faced varying conditions across different sectors.

Primary liability market capacity is stable. Manageable primary limits, risk-transfer attachment points, and ample overall capacity has kept capacity stable across the primary liability market, including workers' compensation (WC), general liability (GL), and auto liability (AL). Most sectors are experiencing flat-rated WC and GL renewals in 2025, although carriers have pushed for low single-digit rate increases on GL. AL remains the lone exception, continuing to see high single-digit to low double-digit rate increases due to claims inflation and increase in litigated

claims. Despite the challenges faced in AL where carriers are still struggling to reach profitable combined ratios despite a decade of rate increases on renewals, capacity in most sectors remains plentiful. Certain segments deemed to have less severity for workplace injuries and accidents are seeing a surplus of competitive capacity as primary carriers are focusing in on these risks. The oilfield services sector (OFS) remains the most challenged market.

General liability rates for upstream, midstream/downstream and chemical segments are seeing low single-digit increases or flat renewals. After the uptick in primary liability/lead umbrella capacity in 2024, some uncertainty remains in 2025 for offshore operators regarding available domestic capacity, as most of the capacity is now coming from the London market.

Workers' compensation remains profitable and stable for most sectors, with small rate increases requested at renewal. This line of business has kept many overall primary liability portfolios profitable for many carriers, offsetting the increasing pressure of social inflation on the AL and GL. Incumbent markets are seeking low rate increases but have been settling on flat renewals for most of the year. OFS companies and industrial contractors are seeing larger rate increases if they have negative loss records, driven by an uptick in severity of workplace injuries. Carriers are putting pressure on retentions and pricing for clients with losses in this segment, as the

industry is seeing an uptick in a WC claim turning into a litigated GL "action-over" claim.

Auto liability profitability is still a significant challenge for primary insurers after an uptick in litigated auto claims and settlements, particularly in areas like the Permian Basin, Louisiana, and South Texas. A well-funded plaintiff's bar continues to focus on commercial auto litigation, and accident frequency continues to trend upwards for many insured in the energy industry. Jurisdictions where activity is concentrated, and frequency of losses is high are now becoming plaintiff-friendly venues despite being considered neutral historically. Louisiana and South Texas continue to be challenging venues. This does not bode well for AL rates.

Excess liability market (lead umbrella and first \$25 million of programs) is impacted by claims inflation, causing lead umbrella carriers to focus on acceptable limits and more conservative premiums. As settlements continue to increase in size and scale, and nuclear verdicts continue to occur more frequently when claims are tried, carriers in all segments are scrutinizing limits deployed and premium charged to continue offering a sustainable lead umbrella product. Lead umbrella capacity remains limited for many industries, with a key market reducing lead capacity from \$10 million to \$5 million on energy risks. Capacity within the first \$25 million remains cautious due to lawsuit abuse issues in the U.S..

Excess liability market (above \$25 million) capacity remains stable, with most segments seeing a surplus of options in both the domestic and London markets. While the domestic excess liability market appears to be contracting somewhat, the London market has stepped in to fill the void in 2025. Insureds in all energy industries will find ample overall capacity to complete excess liability towers, with most segments seeing a stable year-over-year market. As we approach 2026, the excess liability marketplace has begun to stabilize.

Key energy sectors

- **Liability challenges in the OFS sector** endure, with capacity and limit challenges. Some primary carriers are reconsidering their participation due to historical profitability issues, adverse claims developments in prior years and a large uptick in severity of losses. Insureds with large auto fleets or challenging loss histories are facing increased retentions, larger rate increases and fewer primary liability options to offset incumbent-sought increases. Additionally, many carriers are cutting lead umbrella capacity from \$10 million to \$5 million for insureds within this segment, particularly with large fleets or severe claims on the loss record. Many carriers still participating in the primary liability segment for OFS companies are seeking larger rate increases due to profitability challenges and capacity remains cautious

when considering new risks as “action over” and auto liability claims continue to erode profitability

- **Upstream** capacity remains stable for onshore operators, and rate increases are expected to be moderate. The offshore market no longer has viable domestic capacity for primary liability
- **Midstream and downstream** segments have seen an increase in third-party contracting claims but remain stable in capacity. The lead umbrella marketplace is expected to seek high-single to low-double-digit rate increases and capacity is challenging, while capacity above \$25 million has seen lower single-digit increases

Trends to watch in 2026

- **Contractor injuries/limits:** Most of the larger claims impacting excess liability carriers continue to center around workplace injuries sustained by contractors. While many companies in the energy sector utilize tiered-limit requirements for evidenced excess liability contractual limits, the increase in claims settlements and awards are beginning to outpace these historical limit requirements. Hiring companies’ insurance programs are becoming more exposed to large workplace injuries or hired-trucking accidents, and clients should focus on revisiting these tiered limit requirements. Though a mechanism to offset exposure to their liability programs as the hiring

or partially negligent party for the last 10-15 years, this strategy may need to be reassessed

- **Continued underwriting focus on fleet safety programs:** As a result of the increase in AL settlements, insurers are paying closer attention to buyers’ fleet safety programs

“It is strongly recommended that buyers provide details of their auto safety programs in submissions and renewal presentations to differentiate themselves from their peer companies; they should also continue to focus on driver criteria improvement and consistency in applying standards for company vehicle use and policies”,

Blake Koen, Managing Director, U.S. Casualty, Willis Natural Resources, North America

Driver training, consistent motor vehicle record reviews, telemetric devices in vehicles as well as in-cabin cameras in heavy tractors, can all assist in differentiating risks for both primary AL and, more importantly, excess liability markets. However, if buyers are not actively enforcing in-force company fleet safety procedures, plaintiffs’ counsel have argued that lack of enforcement can increase the company’s negligence in a lawsuit.

Across property damage, business interruption and casualty risks, “success remains underpinned by a thoughtful and strategic approach”, William Helander, Regional Leader, Willis Natural Resources, North America. Brokers have a critical role in pinpointing the best point of

access to the insurance markets, and supporting energy companies to provide robust, data-driven risk information to help underwriters understand the risks and controls in place.

To find out how to optimize your risk strategy in a fractures market, 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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