

THE SHAPE OF RISK IN 2026

THE MUTUAL FACTOR 2026 MIDYEAR REPORT

*A look at the financial and physical forces shaping
the U.S. mutual property/casualty industry.*

 **NAMIC**[®]
NATIONAL ASSOCIATION OF
MUTUAL INSURANCE COMPANIES

AON

THE 2025 MUTUAL FACTOR REPORT

INDUSTRY RESULTS THROUGH Q2 2025

During the first half of 2025, unprecedented catastrophic wildfire events in California resulted in a paradigm shift throughout the industry. The devastation stemming from the California wildfires amounted to insured losses reaching an estimated \$40 billion.

Excluding the results of the California wildfires, the U.S remains at the forefront of global natural catastrophe losses due to intensifying activity. Natural catastrophes in the U.S. made up 90% of global insured losses in 1H 2025, with numbers peaking at \$92 million. Severe convective storm activity prevails as the key driver. Insured losses were found to be strikingly lower in all other regions across the globe.

KEY TAKEAWAYS FROM SEPTEMBER'S REPORT

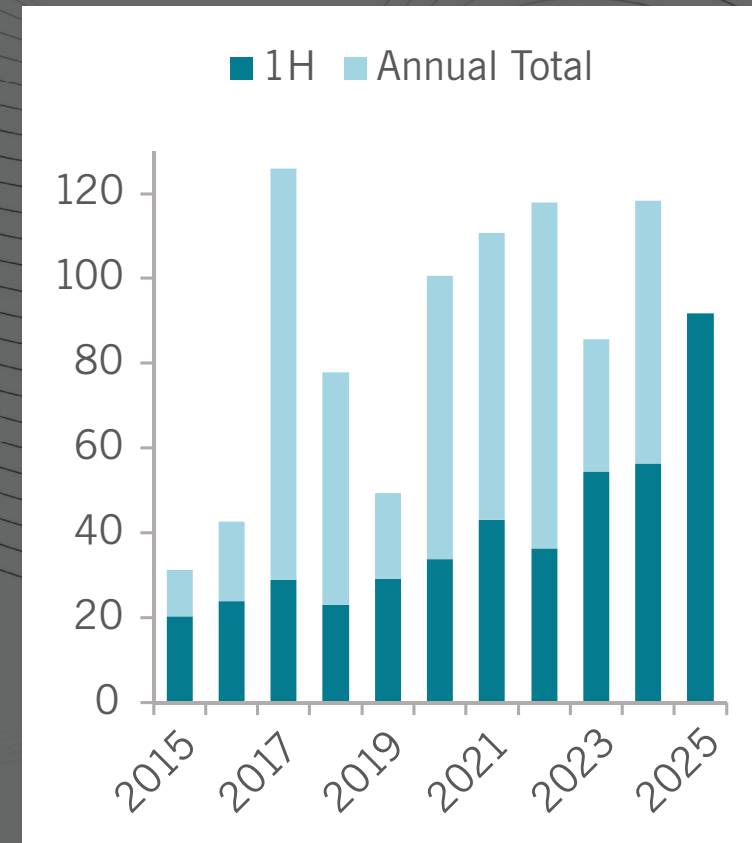
The mutual insurance industry remained financially strong at year-end 2024 and through 1H 2025.

- Surplus grew for the entire industry by 7.3% through year-end 2024, which is a little more than one point higher than the growth experienced in 2023. The mutual segment grew by nearly four points more than its stock counterpart in 2024.
- Loss and LAE ratio in Q2 2025 improved from Q2 2024 for the entire industry. Mutuals saw an improvement of more than three points.
- 86% of mutual companies were rated "A-" or higher and 84% have a "Positive" or "Stable" outlook.
- The median VaR 99.6 BCAR score for mutual companies was 53%, seven points higher than stock companies at 46%.

Top Five Costliest Global Insured Loss Events – Q1/Q2 2025

Date(S)	Event	Location	Fatalities	Insured Loss (\$B)
01/07-01/28	Palisades Fire	United States	12	23.0
01/07-01/28	Eaton Fire	United States	18	17.5
03/14-03/16	Severe Convective Storm	United States	43	8.0
05/14-05/16	Severe Convective Storm	United States	30	8.0
05/17-05/20	Severe Convective Storm	United States	0	4.0

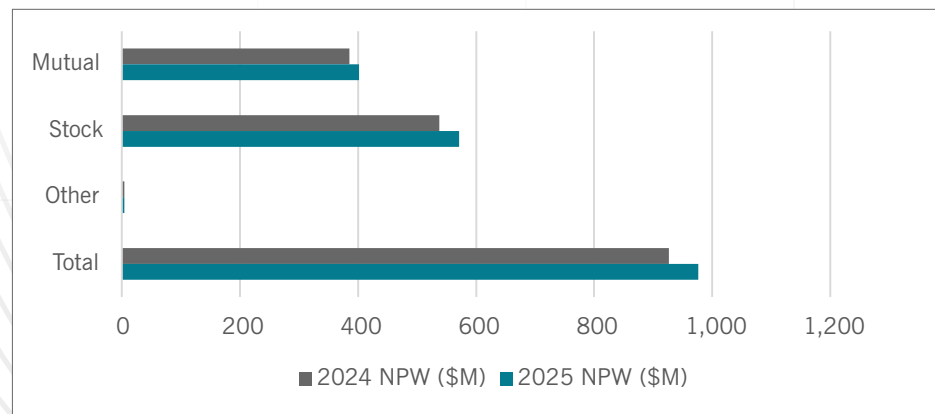
U.S. Insured Losses Q1/Q2 2025 (\$B)



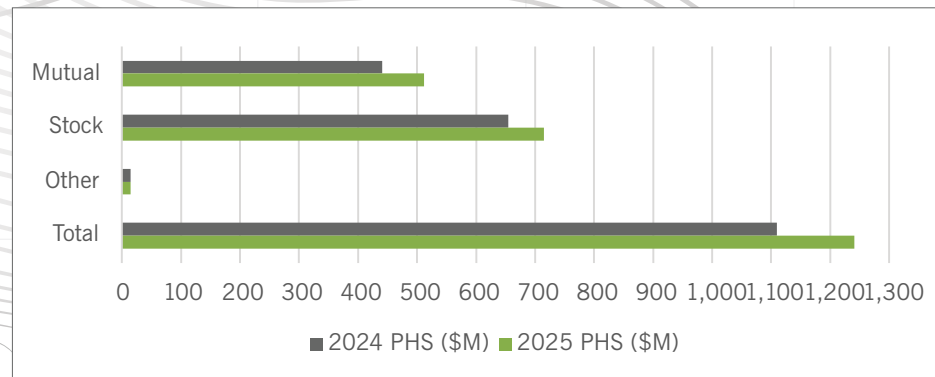
THE 2026 MUTUAL FACTOR REPORT

Mutual and stock companies both had strong performances in 2025, with a total industry combined ratio of 93. First-quarter catastrophe losses were elevated compared to historical norms, but losses leveled out over the rest of the year, leading to the favorable combined ratio. The mutual vs. stock dividend ratio trend has largely been stable for the last few years, although mutuals experienced an uptick in dividends compared to stock companies. The underwriting performance over the course of 2025 also helped the industry reach a record \$1.2 trillion in surplus. The chart and graphs on these pages represent some key metrics that will be further explored in the upcoming full 2026 Mutual Factor report.

2024–2025 NPW



2024–2025 PHS



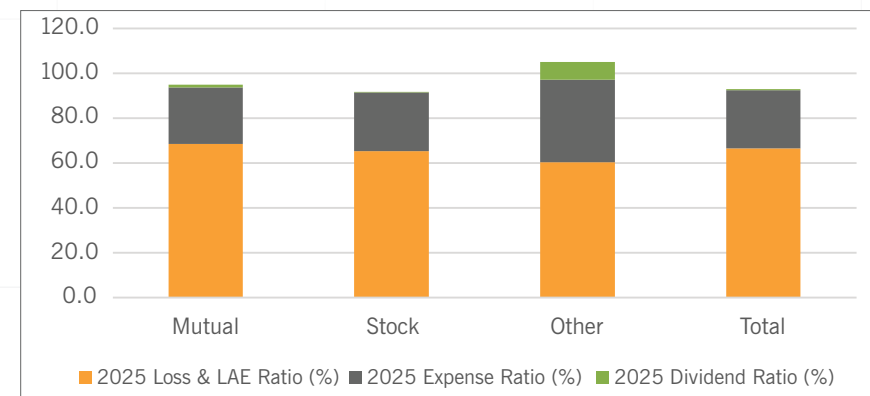
	Mutual	Stock	Other	Total
2025 Combined Ratio (%)	95.0	91.5	105.1	93.0
2025 Loss & LAE Ratio (%)	68.5	65.3	60.3	66.6
2025 Expense Ratio (%)	25.2	26.1	36.8	25.8
2025 Dividend Ratio (%)	1.3	0.1	8.0	0.6
2024 NPW (\$M)	384.9	537.4	4.3	926.7
2025 NPW (\$M)	401.8	570.8	4.4	976.9
NPW Annual Change (%)	4.4	6.2	2.3	5.4
2024 PHS (\$M)	440.7	655.0	14.1	1,109.9
2025 PHS (\$M)	512.0	714.8	14.5	1,241.3
PHS Annual Change (%)	16.2	9.1	2.8	11.8

Mutual and stock companies both had strong performance in 2025, with a total industry combined ratio of 93.

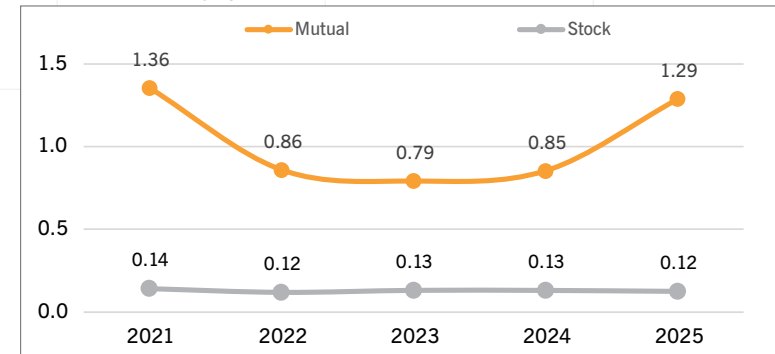
95%

The combined ratio for the mutual insurance sector in 2025.

2025 Combined Ratio



Dividend Ratio (%)



AND THE CHALLENGES AHEAD

U.S. mutual insurers entered 2026 amid rapid market transition. Strategies must shift quickly as conditions move from expansion to discipline, as insurers that adapt their underwriting, capital allocation, and portfolio strategy early consistently outperformed those that react late. The speed of the market cycles has increased, compressing decision timelines and raising the cost of delays.

Technology continues to reshape the industry. The “age of software and digital” has created new opportunity; yet many insurers still struggle to convert growing volumes of granular data into actionable underwriting and capital insights. At the same time, customer expectations have escalated. Policyholders want more choice, seamless digital experiences, and faster service, even as underlying risk and cost pressures intensify.

Climate-related risk is still a central challenge. Physical risks are being created, amplified, and increasingly concentrated across geographies while transition and liability risks add further uncertainty. Regional insurers must balance geographic diversification with real constraints related to regulation, talent availability, and localized exposure nuances. As population growth continues to concentrate in higher-risk areas, insurers face greater volatility tied to both peak perils and secondary perils.

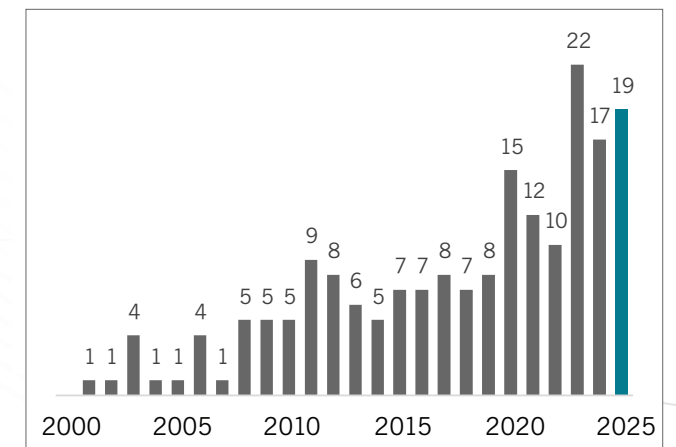
Over time, the cost of insurance has risen alongside home values and replacement costs driven by construction inflation, labor shortages, and materials volatility. More assets in risk-prone locations mean losses cost more and occur more often. Pricing pressure is not the result of insurer choice but rather of higher risk, higher claims severity, and higher capital requirements needed to remain solvent and reliable.

This is a message insurers must continue to communicate clearly: Insurance pricing reflects the cost of risk, not profit maximization. Disciplined underwriting, rate adequacy, and capital preservation are necessary to ensure availability, particularly for mutual carriers whose mission is long-term policyholder protection, not short-term returns.

Against this backdrop, insurers must prioritize investments across competing opportunities, implement change effectively, and optimize capital allocation. Securing reliable and diverse sources of capital remains essential, providing flexibility to support profitable growth while navigating volatility.

Success in 2026 will depend on clarity, discipline, and communication - understanding today’s risks, adapting quickly, and reinforcing why insurance is indispensable in an increasingly uncertain world.

Number of U.S. SCS Events Exceeding \$1B



\$52B

The amount of insured loss from severe convective storms—the third costliest year on record.

WHY THIS MATTERS FOR MUTUALS

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WHY INSURANCE IS SO EXPENSIVE

- **MORE DISASTERS, HIGHER LOSSES**
 - In the 1980s, the U.S. averaged just a few billion-dollar disasters a year; now it's roughly two dozen.
 - More disasters require higher premiums to cover them.
- **RISING REBUILDING COSTS**
 - Construction and material cost inflation have driven up repair costs by as much as 60% over the past decade.
 - Americans continue to build pricier homes in disaster-prone areas.
- **ECONOMIC AND REGULATORY PRESSURES**
 - Reinsurance costs rose sharply in 2023.
 - Legal system abuse and fraud have driven up loss payouts.
 - Some regulations are driving insurers to pull out of markets or curtail policies, which decrease competition and increase rates.

EXPLAINING RATE AND RISK

Discussions about the cost of insurance - whether in the news or the legislative and regulatory realms - are plentiful. While costs have undoubtedly risen, so have the risks. Mutual insurers have opportunities to help stakeholders better understand how rates work ... and even bring costs down.

• EDUCATION AND TRANSPARENCY

Carriers can strengthen communication with consumers, explaining why premiums are rising and emphasizing how insurance prices must reflect real risk. Clear messaging about how building in flood-, wildfire-, or wind-prone areas means higher costs can help manage policyholder expectations and encourage risk-reducing behavior.

• FRAUD AND LITIGATION CRACKDOWN

Companies can double down on antifraud measures and legal reform advocacy. By investing in fraud detection and supporting tort reforms, insurers can reduce unwarranted claims costs. NAMIC leadership has emphasized the importance of tackling these “cost-creep” factors.

• RISK REDUCTION AND RESILIENCE

Insurers can expand programs that prevent losses and reward mitigation. This includes promoting stronger building codes, partnering on grants or discounts for home-hardening elements such as wind-resistant roofs and wildfire-defensible space, and incentivizing the use of smart-home technology such as water-leak sensors or fire monitoring that can avert damage. Investing in resilience pays off over time by reducing claims and stabilizing premiums. Taking action on both risk and cost drivers is the only sustainable path.

• CONSTRUCTIVELY ENGAGING REGULATORS

Mutual carriers can continue to work closely with regulators and legislators on solutions that bring down rates without undermining market stability. Targeted public policy measures such as funding mitigation or addressing legal system abuse can reduce underlying costs. Regulators in some states have acknowledged the realities and are approving the use of forward-looking catastrophe models and reinsurance costs in rates. Ultimately, ensuring that carriers can charge adequate risk-based rates while helping consumers adapt to climate and economic risks is crucial to draw more insurance capital into stressed markets.

The goal is to provide a healthier equilibrium where insurance is accessible for consumers and viable for the mutual companies that protect them. NAMIC and its members continue to champion that balanced approach, recognizing that true affordability comes from addressing the root causes of loss and costs, not the symptoms.

CATASTROPHE LOSS ACTIVITY

Catastrophe activity in 2025

continued to shift toward higher-frequency, high-severity events, with losses concentrated in the U.S. and driven by evolving exposure and weather volatility. These trends remain central to underwriting discipline, pricing, and capital management.

Global insured catastrophe losses were projected at approximately \$260 billion in 2025, which is 23% below the long-term average but heavily concentrated in a small number of major events. The U.S. accounted for roughly 90% of global insured losses in the first half of the year, reinforcing its outsized influence on industry results.

Wildfires and severe convective storms were the primary drivers. California's Palisades and Eaton fires produced an estimated \$40

billion to \$41 billion in insured losses, making 2025 the costliest wildfire year on record. At the same time, SCS activity generated widespread, large-scale losses and continued to emerge as a leading source of volatility.

In the U.S., insured losses totaled approximately \$103 billion, with economic losses near \$141 billion, which is well above historical norms. Coverage levels improved, with about 73% of losses insured, resulting in the lowest protection gap on record.

Loss composition highlighted a changing risk profile. SCS generated one of the largest annual loss totals on record, driven by multiple outbreak periods and a high frequency of billion-dollar events. Wildfires remained a major

WHY THIS MATTERS FOR MUTUALS

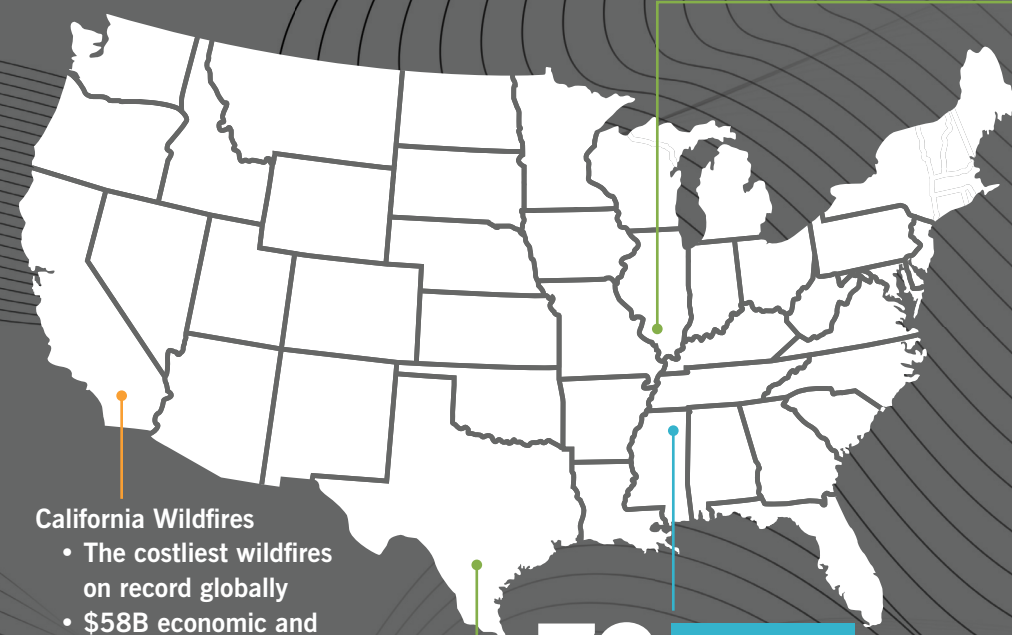
For mutual insurers, maintaining resilience will require continued focus on accumulation management, data-driven underwriting, and disciplined capital allocation.

contributor while flooding losses were more moderate. In contrast, hurricane activity was notably quiet, with no U.S. landfalls and some of the lowest tropical cyclone losses in the past decade.

Overall, 2025 underscores a clear shift. Losses are becoming more concentrated, secondary perils are driving a larger share of totals, and exposure growth continues to amplify severity.

For mutual insurers, maintaining resilience will require continued focus on accumulation management, data-driven underwriting, and disciplined capital allocation.

Above-Average Losses Highlight Shifting U.S. Catastrophe Profile



California Wildfires

- The costliest wildfires on record globally
- \$58B economic and \$41B insured losses

Central Texas Floods in July

- Catastrophic flash flooding with 135 fatalities

73 Unique Loss Events

Mississippi Valley Floods

- Widespread flooding in April
- \$4.5B economic and \$3B insured losses

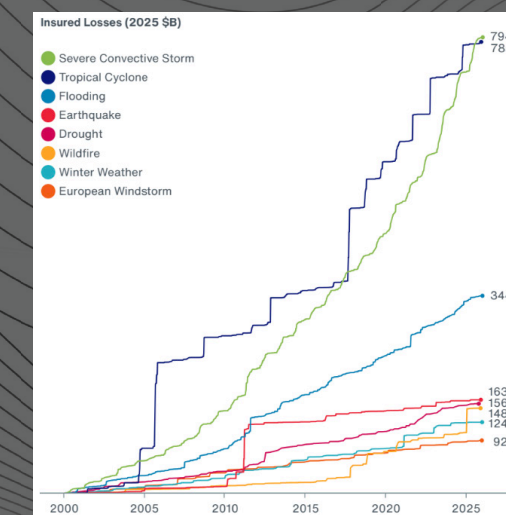
Severe Convective Storms

- Third-highest insured losses on record with at least 19 billion-dollar events
- \$68B economic and \$52B insured losses

\$103B

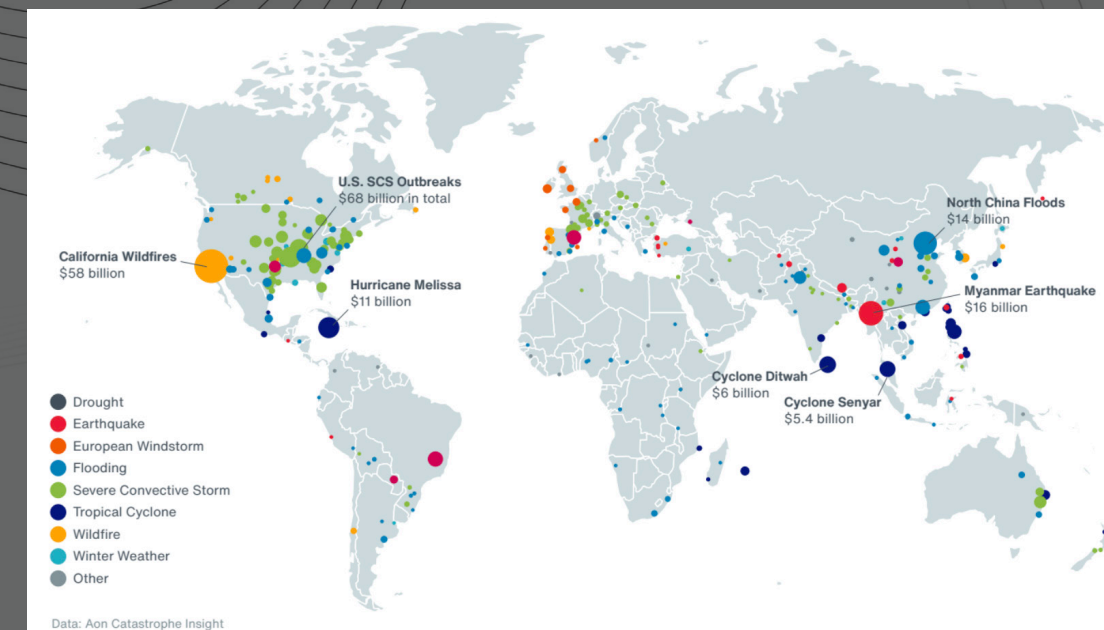
Total U.S. Insured Loss in 2025

Cumulative Global Insured Losses by Peril

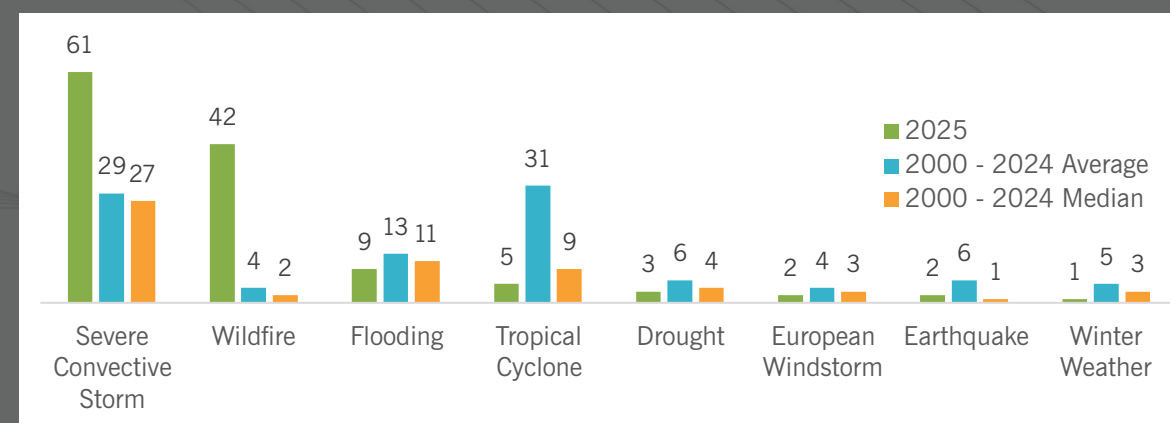


Global Catastrophe Losses – Full-Year 2025

Global insured loss totals from natural disasters are projected at \$260 billion, which is markedly 23% below the long-term mean since 2000 (\$336 billion).



Global Insured Losses from Natural Disasters by Peril (2025 \$B)



REINSURANCE MARKET

Global reinsurer capital hit a new high of \$785 billion at the end of 2025, a year-on-year increase of nearly 10%. This metric was driven by strong retained earnings, investment gains, and a record \$136 billion in third-party capital. The 18% rise in third-party capital helped lower retrocession costs and enabled many traditional reinsurers to expand sidecar and catastrophe bond programs. Sidecar capacity in 2025 grew more than \$5 billion while catastrophe bond issuance in Q1 2026 was close to 2025's Q1 record. Most reinsurers delivered

a third consecutive year of strong underwriting results in 2025, as the benefits of the market reset in 2023 continued to earn through. Peak peril losses of \$9 billion were unusually low in 2025 and record secondary peril losses of \$118 billion were largely retained by the primary market. As a result, the average reinsurance sector combined ratio was 88.5% in 2025, down from 90.1% in 2024.

The average return on equity across 29 insurers and reinsurers tracked by Aon was 17%, around double the average cost of equity.

WHY THIS MATTERS FOR MUTUALS

Over the next year to 18 months, insurers' margins are likely to come under pressure as primary pricing reductions begin to hit earnings and impact profitability.

THIRD-PARTY CAPITAL

+18% and sidecar capacity grew \$5B in 2025

GLOBAL DEMAND

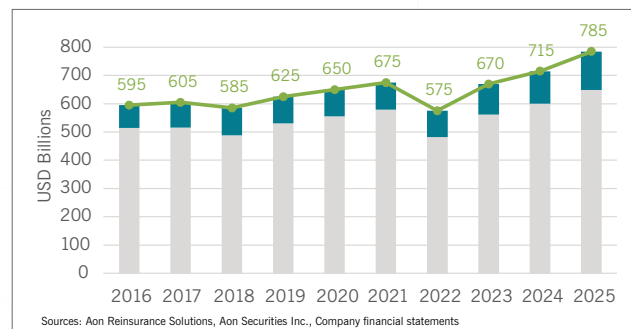
+10% increase at April 1 renewals

LOOKING AHEAD: MANAGING INCREASED VOLATILITY

Insurers and reinsurers are currently well capitalized and healthy results are expected in 2026, barring major loss activity. At today's levels, reinsurance pricing is expected to generate returns that remain attractive for reinsurers. However, volatility is increasing with several factors likely to impact performance. The conflict in the Middle East has triggered a reassessment of exposures in lines such as marine, aviation, cyber, political violence, and trade credit. Even before the events in the Middle East, geopolitical risks were leading to shifting risk accumulation with a move away from global just-in-time supply chains in favor of nearshoring, stockpiling, and resilience building.

Ongoing geopolitical instability is likely to have wider ramifications, raising questions about inflation, economic growth, and financial markets. The market cycle is another source of volatility. For now, insurers are well capitalized and making good returns, but over the next year to 18 months, insurers' margins are likely to come under pressure as primary pricing reductions begin to hit earnings and impact profitability. With excess capital in the market, insurers are looking to grow and deploy their capital into lines of business and geographies during heightened competition. At the same time, climate-related natural catastrophe losses remain elevated, with losses from secondary perils largely retained by insurers.

Global Reinsurer Capital



LEGAL SYSTEM ABUSE

Legal system abuse continues to materially impact casualty lines, particularly the commercial auto liability and other liability occurrence segments. Recent industry data highlights accelerating severity, prolonged claims development, and increasing uncertainty for pricing and reserving.

At the core of this issue is the structural shift in loss behavior. Industry results show that both paid and reported loss development patterns have reached multi-decade highs while loss ratios across key casualty lines have steadily deteriorated. These changes reflect a convergence of legal system abuse drivers, including nuclear verdicts, litigation financing, shifting juror sentiment, and court backlogs. Collectively, these are increasing claim severity and extending the lifecycle of claims.

Adverse reserve development remains a significant concern. Over the past several years, casualty lines most exposed to legal system abuse have experienced consistent unfavorable development, particularly in more recent accident years. This trend signals that initial pricing and reserving assumptions have not fully captured the pace or magnitude of loss escalation. As a result, reserve adequacy continues to be tested, with development emerging later and more significantly than expected.

Claim duration is another critical pressure point. Across the industry, claims remain open longer with slower closure rates and increased development at later maturities. This elongation of the claims lifecycle contributes not only to higher ultimate loss costs, but also to greater volatility. For insurers, which often emphasize stability and long-term stewardship of capital, these dynamics present unique challenges.

Looking ahead, the potential financial impact is significant. If current development patterns persist, industry loss estimates could increase meaningfully, with implications for reserve adequacy, capital requirements, and reinsurance structures. For mutual insurers, this reinforces the importance of maintaining disciplined underwriting, strengthening claims management practices, and proactively evaluating reinsurance strategies to mitigate tail risk.

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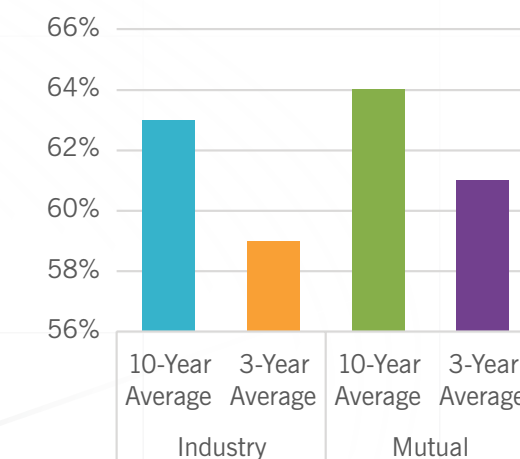
\$9B

in commercial auto adverse development over the last three years

\$21B

in other liability occurrence adverse development over the last three years

Commercial Auto Claim Closure Rates



Source: Aon Strategy & Technology Group

DISTRIBUTION SOURCES AND CHANGES

Distribution in the mutual insurance

marketplace continues to evolve as broker consolidation, shifting client expectations, and increased competition reshape how carriers access business. While insurance agency merger activity moderated in 2025, consolidation remains a defining structural force for mutual insurers.

Industry data shows approximately 695 insurance agency mergers occurred in 2025, down 12% from the prior year and nearly 24% below the five-year average. Despite slower deal volume, consolidation is still highly concentrated with private-equity-backed and hybrid firms accounting for roughly 70% to 75% of all transactions. At the same time, the number of active acquirers has declined to fewer than 100 firms industrywide. Importantly, estimates suggest that more than 30,000 independent agencies remain under \$1.25 million in revenue, many without formal succession plans, indicating that consolidation pressure in the distribution channel is likely to persist.

For mutual insurers, these dynamics carry meaningful implications. Distribution is becoming more centralized, placing greater emphasis on alignment, clarity, and relevance with fewer but larger broker partners. Feedback from executives across the mutual carrier landscape consistently reinforces that agents and brokers are central to growth, even as digital tools and analytics become more embedded in underwriting and sales. Technology can improve efficiency, insight, and

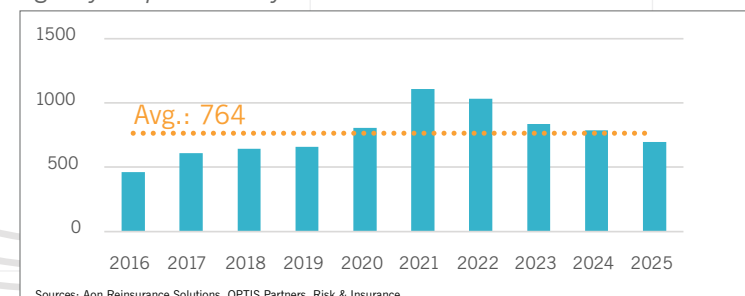
Technology can improve efficiency, insight, and preparation, but it cannot replace the relationship-driven nature of insurance buying, particularly for complex commercial risks. Mutual insurers that balance digital enablement with experienced underwriting, responsive claims handling, and consistent regional presence remain well positioned to compete.

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Understanding how distributors operate is also increasingly important. Many brokers now function as integrated platforms, offering p/c, benefits, and specialty solutions to the same client base. Carriers that understand where their products fit within a broker's broader client strategy and align underwriting and service accordingly are more likely to gain share. Transactional approaches or narrowly defined national strategies run the risk of reduced relevance.

Finally, servicing small and midsize accounts presents a clear opportunity for differentiation. As distribution models scale, these clients can feel overlooked. Mutual insurers can stand out by tailoring service models by segment, maintaining strong regional engagement, and delivering value beyond the policy transaction.

Agency Acquisitions by Year



WHY THIS MATTERS FOR MUTUALS

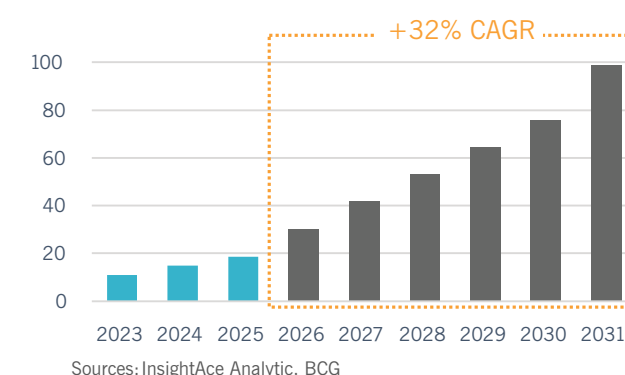
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ARTIFICIAL INTELLIGENCE

Artificial intelligence is rapidly becoming core infrastructure in insurance, not a future concept. For U.S. regional insurers, AI is moving from curiosity to execution, as carriers focus less on experimentation and more on disciplined, outcome-driven deployment. Industry investment reflects the shift. The global AI-in-insurance market is growing at an estimated 32% compound annual growth rate, with North America being the fastest-growing region.

Adoption is accelerating quickly, as 74% of insurers are piloting or scaling generative AI, and AI investment in 2026 is expected to be more than three times the 2025 levels. Among peers, momentum is clear - in a recent survey conducted by Aon, 70% of mutual insurers are already integrating AI and modern technologies into their 2026 strategies, and 43% cite AI and technology adoption as a key headwind for 2026 and beyond. While investment is increasing rapidly, success is less about keeping pace with spending and more about prioritizing the right use cases and sequencing adoption deliberately. For mutual insurers, this is less about bold transformation and more about staying competitive, disciplined, and efficient. With rising cost pressures, tighter capital, and talent constraints, AI is increasingly critical to underwriting quality, operational efficiency, and decision speed. Following behind does not just slow innovation, it compounds execution risk over time.

AI Market Size for North American Insurers (\$B)



AI ADOPTION IS A JOURNEY

Most carriers today are operating in automation and augmentation where AI improves workflow efficiency, decision support, and consistency while preserving human judgment. Transformation, embedding AI application into products, pricing, and processes, remains a longer-term destination, but carriers that move deliberately are building structural advantages that are difficult to unwind.

AI CHANGES ROLES, NOT PURPOSE

AI scales expertise so people can focus on higher-value work:

- **Underwriting** – Less data gathering, more portfolio management and pricing discipline;
- **Claims** – Earlier loss detection, faster triage, and proactive severity management; and
- **Analytics** – Faster insight generation, stronger scenario analysis, and better executive support.

For mutuals facing workforce limitations, this shift is especially powerful. AI adoption is becoming table stakes. Mutual insurers that move deliberately and decisively can improve efficiency, reinforce underwriting discipline, and protect affordability without compromising their mission.

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ALIGNING TALENT AND AI FOR U.S. MUTUALS

The U.S. insurance workforce is at an inflection point where growth, talent shortages, and AI adoption are converging. While 50% of insurers plan to increase staff and 72% expect revenue growth, hiring is becoming more challenging due to shifting skill requirements and automation. U.S. organizations are prioritizing workforce design and digital transformation, but many lag in AI reskilling despite increasing deployment. For mutual insurers, this creates a clear imperative: they must align talent strategy with technology to remain competitive while preserving differentiated, relationship-driven models.

AI is redefining, not replacing, the workforce. Most organizations expect AI to automate tasks while keeping core roles intact with new skills and opportunities emerging alongside automation. However, the pace of change is significant. Forty-three percent of tasks may be automated by 2030 and a portion of roles face disruption, making reskilling critical. For mutual carriers, the challenge is balancing efficiency gains while maintaining institutional knowledge and customer focus.

50%

of insurance companies plan to increase staff in the next 12 months

64%

of p/c insurance companies expect to increase revenue in 2026

WHY THIS MATTERS FOR MUTUALS

For U.S. mutual p/c insurers, the opportunity is not just adopting AI but embedding it into a workforce model that enhances both efficiency and the human expertise that underpins long-term performance.

Demand is shifting toward hybrid talent profiles that combine insurance expertise with digital and analytical skills. Technology, underwriting, and claims roles are expected to see the strongest growth while analytics and actuarial talent remain difficult to hire. Insurers are increasingly prioritizing adaptability, change management, and data fluency as core capabilities for long-term success.

Today, the insurance workforce is best understood through a skills-based lens with three emerging clusters: reimagined practitioners, industry futurists, and change orchestrators. Each plays a distinct role in the sector's transformation; yet together, they illustrate how technical and behavioral skills are converging to facilitate change.

AI investment is accelerating, but results depend on execution. Organizations are moving

While 50% of insurers plan to increase staff and 72% expect revenue growth, hiring is becoming more challenging due to shifting skill requirements and automation.

beyond efficiency toward broader transformation with leadership and change management identified as critical enablers. The key takeaway is clear: technology alone is insufficient. Success depends on aligning workforce capabilities, leadership, and culture with AI-driven change. For U.S. mutual p/c insurers, the opportunity is not just adopting AI, but also embedding it into a workforce model that enhances both efficiency and the human expertise that underpins long-term performance.

43%

of tasks may be automated by 2030 and a portion of roles face disruption, making reskilling critical.

The Three Emerging Skillsets Reshaping Insurance

Industry Workforce and Description		Example Roles
Insurance Gurus	Core roles enhanced with AI and data	Underwriter, Claims Professional, Actuary, Data Scientist
Industry Futurists	Translate emerging risks into strategy	Climate Risk Analyst, ESG Manager, Cyber Risk Lead
Change Orchestrators	Drive transformation and adoption	United States Transformation Lead, HR Strategist, Business Readiness Lead

Sources: The Jacobson Group, Aon STG, McLagen

GROWTH AS A STRATEGIC PRIORITY

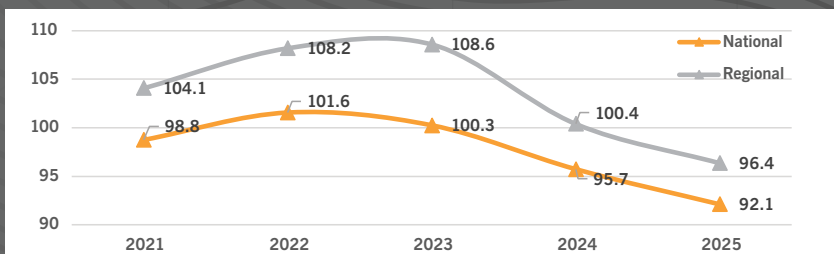
Mutual insurers face a fundamentally different growth challenge

than their stock-based peers. As recent tailwinds from rate increases and inflation-driven premium growth fade, profitable growth increasingly depends on intentional strategy, disciplined capital deployment, and strong execution. Growth must be profitable, sustainable, and aligned with long-term policyholder value. Yet, many organizations find execution increasingly difficult. Recent Aon survey results reinforce this reality, highlighting the internal constraints that limit insurers' abilities to grow.

More than half of the survey's respondents identified talent and workforce constraints; IT, systems, or data limitations; and speed to market or product development as the top barriers to growth. Capital adequacy, distribution management, regulatory burden, and board risk appetite follow closely behind. These constraints rarely exist in isolation; rather, they reinforce one another, slowing decision-making, diluting focus, and increasing execution risk. This is why a coherent growth framework is essential.

Looking forward to the second half of 2026 and into 2027, the industry remains largely united around a focus on growth and finding ways to compete in a market that continues to soften.

National vs. Regional Combined Ratios



FUELING THIS PHENOMENON ARE SEVERAL KEY FACTORS:

1. Dating back to the challenging years of 2022 and 2023, early movers recognized the dire market situation and quickly moved to position their products, rates, and underwriting strategies to ensure their portfolios remained at the forefront of the "race" to earning in higher rates, tighter coverages, and more heavily managed portfolio concentrations. The fastest movers were often fueled by a combination of advanced technology, diversified portfolios, and a culture that allowed for quick, nimble decision-making.

2. As the industry returned to profitability through 2024 and 2025, the early movers have focused on capitalizing on their competitive positions as others in the market remain behind on rate, coverage, and exposure management. The later movers are at the tail end of earning in their later-breaking underwriting actions. Agents now have more options and homes to move business, with many companies on their front foot in terms of seeking growth.

3. While geographic diversification does not guarantee success, data shared in previous Mutual Factor reports supports the consistent outperformance of companies with more diversified portfolios.

Early movers seeking growth are looking outside of their historic footprints for non-correlating growth. While geographic diversification can be challenging to execute, the trend of agency consolidation is proving to be a tailwind for companies looking into new states. In many instances, they have existing distribution partners with operations in their newly targeted states. That familiarity is allowing for an acceleration of relationship building and companies gaining a quicker foothold on newer geographies.

4. The technology "arms race" for mutuals has expanded beyond core underwriting and policy processing systems to include investments in artificial intelligence. These investments have further fueled the need for top-line growth as mutuals manage the delicate balance of investing for the future while managing growing expense ratio pressures. This challenge stands to further accelerate the softening of the overall market, as in many cases, mutuals have already made the medium- to long-term commitments in technology investment.

CREATING A PROFITABLE GROWTH FRAMEWORK

• START WITH A CLEAR VISION

A defined medium-term vision aligns leadership and the board on priorities while setting guardrails on what not to pursue. For mutuals, this clarity helps balance growth with capital preservation and long-term policyholder commitments, especially amid talent and execution constraints.

• APPLY A PORTFOLIO DESIGN AND MANAGEMENT LENS

Capital adequacy and distribution remain key constraints. A data-driven portfolio approach focuses growth on the most sustainable products, markets, and segments, aligned with risk appetite. This enables clearer tradeoffs, prioritization, and more objective decision-making.

• PREPARATION AND EXECUTION

Talent gaps, system limitations, and slower speed to market create execution risk. Addressing people, technology, and process gaps ensures strategies can be effectively delivered without compromising underwriting discipline or financial performance.

As mutual insurers worked to navigate the evolving market cycle dating back to the end of the global pandemic and rapidly firming market conditions leading into 2023, NAMIC and Aon partnered on an Insurance Uncovered podcast discussions that highlighted both timely market observations and considerations for a view of the future:

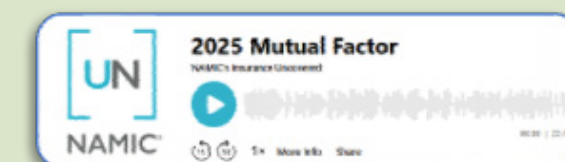
- In October 2024, NAMIC and Aon discussed the trajectory of mutual company results and foreshadowed the beginning shift of the overall market's focus to once again begin to think about growth.

ACCESS NAMIC's PODCAST:



- In October 2025, NAMIC and Aon further emphasized the improving carrier results further fueling the shifting focus towards growth, with rate and coverage changes had earned into portfolios, resulting in an accelerating market cycle.

ACCESS NAMIC's PODCAST:



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ABOUT AON

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business. Follow Aon on Twitter and LinkedIn. Stay up to date by visiting the Aon Newsroom and sign up for News Alerts here.

ABOUT NAMIC

The National Association of Mutual Insurance Companies consists of nearly 1,300 member companies, including six of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write \$383 billion in annual premiums and represent 61 percent of homeowners, 48 percent of automobile, and 25 percent of the business insurance markets.