



VIEWPOINT

From Premiums to Policies:

Understanding Commercial Property
Insurance Trends in 2026

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Commercial real estate insurance dynamics are shifting rapidly. For commercial mortgage borrowers, staying ahead of these changes is critical to protecting cash flow and maintaining lender compliance. Whether you manage a single asset or a large institutional portfolio, understanding the nuances of the 2026 market can help you secure compliant coverage.

We sat down with Northmarq's loan servicing experts to discuss the latest trends in commercial property and casualty insurance. Below, they share actionable insights on premium stabilization, emerging trends and strategies to navigate an increasingly complex renewal process.

Premium stabilization and liability challenges

After years of relentless rate hikes, the commercial property insurance market is finally offering some relief. However, borrowers must still navigate targeted challenges in specific coverage lines.

"The commercial property insurance market is showing signs of stabilization, with property coverage rate increases moderating and, in some cases, reporting slight decreases," said **Matt Dvorak**, assistant vice president and senior manager of insurance at Northmarq. "However, other lines remain more challenging. In particular, the liability market continues to experience upward pressure driven by large 'nuclear verdicts'."

Isaac Cloos, commercial insurance risk manager at Northmarq, echoed this sentiment. He noted that while rates are still increasing generally, they are doing so at a much slower pace than in recent years.

"Larger accounts saw a decline in commercial property coverage premiums for the first time since 2017, according to The Council of Insurance Agents & Brokers' Q4 2025 Market Index," Cloos explained. "However, excess liability premiums have not softened and can still be difficult to place — especially without exclusions that lenders have been reviewing more closely in recent years."

Emerging trends in lender requirements and carrier exclusions

As carriers adjust their risk appetite, insurance policy structures grow increasingly intricate. Insurers are introducing more exclusions for specific exposures, which directly impacts lender compliance.

“Lenders are placing greater emphasis on obtaining complete copies of insurance policies rather than relying on ACORD certificates, which are now seen as less dependable documentation,” said **Whitney Ronning**, vice president and director of insurance at Northmarq. “There is also heightened attention on the compliance timeline, with lenders expecting policy compliance to be verified or any exceptions reported early in the policy term.”

A major theme for 2026 involves liability exclusions for exposures like firearms, assault and battery, abuse and molestation, and animal attacks. Lenders continue to require these coverages, forcing borrowers to seek alternative solutions.

Cloos observed that standalone coverage for these liability exclusions has become more available, however, “even these standalone policies will typically require lender approval due to the limits available,” Cloos said. Lenders may require reserves to offset the risk of uninsured losses if the borrower’s coverage contains exclusions or limits that are not compliant with their requirements.

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Whitney Ronning

Director, Commercial Loan Servicing

The impact of natural disasters on valuations

Environmental risks and natural disasters play a major role in shaping the commercial real estate insurance landscape. Natural disasters like floods, wildfires and severe convective storms have become more frequent, more severe and most costly.

“Carriers are paying closer attention to geographic risk factors, particularly in more hazard-prone regions, which has in some cases resulted in higher premiums,” Dvorak stated.

These severe weather events can cause massive losses. Insurers often respond by raising premiums, increasing deductibles, limiting coverage or reducing their exposure in these high-risk areas altogether.

“As a result, insurance has become one of the fastest growing operating expenses for property owners that directly impacts cash flow, debt service coverage and collateral values,” Ronning explained.

With escalating loss severity and frequency, insurer caution has increased and their underwriting has gotten more granular. This increased scrutiny means carriers are prioritizing accurate property valuations to ensure coverage limits reflect today’s rebuilding costs. “Property owners who fail to review and update their statement of values regularly will likely experience pushback from carriers, which could include higher premiums, coverage limitations or coverage rejection,” Ronning added.

To stabilize future renewals, borrowers should verify their agent has accurate property information, including square footage, recent renovations and information regarding the quality of building materials used. Operating with inaccurate details increases the likelihood that carriers flag an account or refuse to renew the policy. “Borrowers risk seeing an increase in premiums if carriers feel that the current insurance limit is not commensurate with the risk they’re taking on, especially in hazard-prone areas” Cloos added.



Proactive renewal strategies for 2026

To avoid premium volatility and compliance pitfalls, borrowers must adopt a proactive approach to their insurance renewals. The most common pitfalls borrowers face are underestimating the renewal timeline and not fully understanding their lender's requirements.

"Policy exclusions or limitations can create compliance issues and unexpected gaps at renewal or claim time," Dvorak warned. "Borrowers should proactively ask questions and engage with Northmarq's insurance team to ensure coverages align with lender requirements and avoid issues down the road."

Valuations are a key part of the insurance renewal process. "Borrowers who actively monitor their insurable values on an annual basis — typically with their insurance renewals — will be viewed more favorably when disputing a valuation requirement than an owner who has had the same building limit in place for the past 10 years," Cloos noted.

Ronning suggested that borrowers should start the renewal process early to ensure adequate time to review all options. "Partner with an expert broker who understands your loss history, knows the surplus lines market and grasps your lender's specific requirements," she advised.

Cloos agreed. "Reach out to your agent well in advance of the renewal date. If you have questions about what your lender requires, reach out to them or your servicer. At Northmarq, we find that having proactive conversations help our clients mitigate the risk of insufficient and non-compliant coverage, and it shows the lender that you are operating out of good faith efforts to comply with their requirements," he said.

For more information please contact:

Whitney Ronning | *Director, Commercial Loan Servicing*
wronning@northmarq.com | (952) 356-0076

Matt Dvorak | *Senior Manager, Commercial Loan Servicing*
mdvorak@northmarq.com | (952) 767-9565

Isaac Cloos | *Commercial Insurance Risk Manager*
icloos@northmarq.com | (952) 837-8781

Lanie Beck | *Senior Director, Content and Marketing Research*
lbeck@northmarq.com | (918) 494-2690

Bianca Farrington | *Content Marketing Manager*
bfarrington@northmarq.com | (972) 637-2159

Northmarq

3500 American Blvd W
Suite 500
Minneapolis, MN 55431
(952) 356-0100
www.northmarq.com