



E&S Insurance Trends 2025

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Emerging Trends in the E&S Insurance Market

*Leveraging Technology and
Innovation to Stay Competitive*

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Your way forward

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Introduction

The world is becoming riskier. Social inflation, extreme weather events, artificial intelligence, and cyberattacks are some emerging risks to individuals and businesses. Emerging threats and changing market conditions have fueled the growth of the E&S sector.

According to the U.S. Surplus Lines Service and Stamping Offices 2024 Midyear Report, surplus line premiums accounted for \$39.5 billion as of June 30, 2024. This growth represents a more than 10% increase in premiums compared to the same period in 2023.

While the E&S market continues to grow, the rate of growth is slowing. According to S&P Global, the yearly rate of growth peaked in 2021 at 32.3% and has fallen to 20.1% and 14.5% in 2022 and 2023, respectively.

There are still many E&S opportunities. Nearly three-quarters of industry leaders describe themselves as optimistic or very optimistic about the market for E&S insurance, according to a recent survey conducted by Xceedance via a partnership with

E&S Insurer from Reuters. The survey was conducted online among E&S carriers, wholesalers, and others during November-December 2024. Besides new opportunities, E&S leaders anticipate that the business flowing into the market will stay there because it is too volatile for admitted markets. Carriers have become better at identifying products and lines of business that should remain in the E&S space.

Along with growth opportunity comes increased competition. Several carriers have entered the market with dedicated specialty and E&S units. While customer demand is strong, there is also limited reinsurance capacity. This makes it more critical than ever for insurers and program managers to leverage technology, including generative AI-powered solutions, to identify new products and bring them to market quickly.



Five trends are impacting the E&S market today

01

The impact of automation on the underwriter role.

The underwriter's role is shifting away from operational tasks to new ways to create value, as they use AI technology to assist with processes, especially for information collection and document review. Instead of reading lengthy documents, Gen AI provides fast summaries underwriters can act on. Decisions made by humans can be informed and accelerated by AI-assisted data analysis, leading to improved efficiency and satisfaction.

Underwriters will be freed up to focus on more strategic workloads, such as creating customized coverage for complex risks and overseeing the regulatory landscape to ensure no lapses in compliance.





CLOSER LOOK: New Data Sources + Gen AI

New data sources are everywhere. According to the Xceedance/ E&S Insurer survey, catastrophe modeling and predictive analytics, cyber risk data, including threat intelligence and network security data, and geospatial and environmental data, including high-resolution maps and satellite imagery, are some of the top sources today. However, there's room to improve in using supply chain and business interruption data, regulatory compliance data, and IoT data, including telematics and building sensors. These sources are among the least used today, says the survey.

More data can enhance exposure management, enable insurers to choose risks they want to write, and more accurately price claims. In catastrophe modeling, for example, underwriters no longer rely on historical loss data. Still, they can utilize Gen AI solutions to analyze real-time exposure data, environmental conditions, and recent claims to provide more accurate assessments. This is especially vital as the natural disaster landscape has changed significantly over the past years.

02

Tech innovation is the next big thing

Technology innovation is an important and developing area. According to the survey, most leaders say there's significant scope to enhance digitalization efforts. Just 5.9% of respondents describe E&S's use of technology as advanced, with extensive use of AI machine learning, IoT, and embedded insurance. Many more – 56.9% of industry leaders – say technology use is moderate, with basic analytics and dashboards. And when it comes to their own organization's use of AI, 62.7% of respondents describe it as slight or moderate. That means they have only some use of AI.

The advancements from generative AI and their massive impact over the past two years have demonstrated the rapid pace of technology evolution. Leaders are realizing that what was considered effective in a core process like underwriting or claims could quickly become antiquated as new solutions enter the market. E&S insurers will adopt agile processes that can easily be adapted to keep up with technological advancements. They will also closely monitor the market and their own performance to stay ahead of the curve.



Innovation in E&S: Key areas where the E&S market has demonstrated technological innovation according to Xceedance/E&S Insurer survey:

- Submission digitization
- Use of data analytics
- Bordereaux data processing
- Use of portals
- E-submission and analysis
- Actuarial loss analytics
- Claims analytics
- Desktop applications for underwriting

03

Reinsurance drives more analysis

Demand for E&S insurance is growing, but reinsurance is finite. Reinsurers will seek insurers to supplement data with third-party information to identify markets for new products and anticipate claims experiences. E&S insurers will turn to generative AI to help make advanced predictions.

These solutions can combine historical data with real-time information from additional sources such as aerial or satellite imagery. These solutions can also analyze recent claims events like the Francis Scott Key Bridge collapse or the inland devastation caused by Hurricane Helene and help the insurer identify new product needs.



04

The insurance bundling effect

While embedded insurance isn't new, it hasn't been a key product in the E&S space. That's changing as insurers bundle insurance at the time of purchase. In new approaches, insurers may offer drone manufacturers the ability to provide their clients liability insurance on the drones when they're purchased, for example.

According to the survey, most E&S leaders have a neutral or positive outlook regarding embedded insurance in the distribution of E&S products. Overall, 46% say they're neutral, and 32% say they have a positive or very positive outlook.



05

Insurance becomes a talent destination

Big tech was often the top job destination for new graduates, but E&S insurers are changing the narrative, helping to draw more prospects to insurance. Within E&S insurers, the focus is not only on automating existing processes but also on leveraging emerging technology for innovation, something that appeals to new talent.

Consider this: without insurance, there would be no drones, electric cars, or wearable tech. E&S insurers are also more open to using technology, as they must be able to adapt to changing market conditions. Insurance organizations are leaning into these narratives as they partner with learning institutions and other organizations to advocate for why insurance can be an excellent place for new talent.

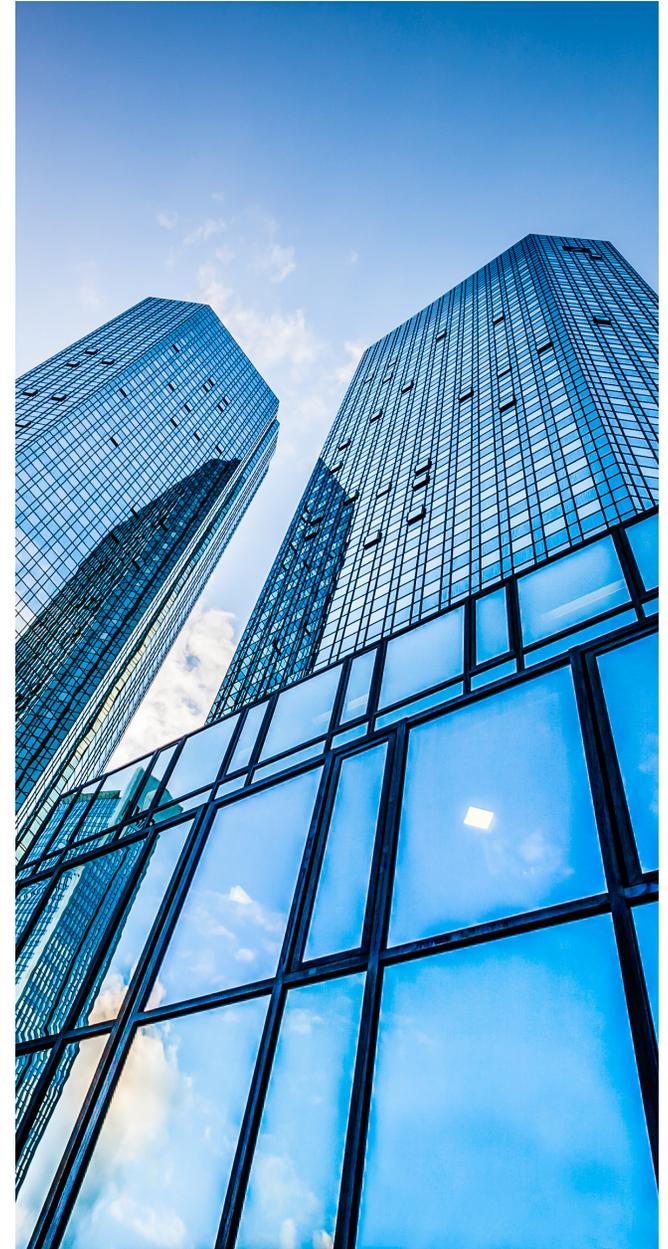


Conclusion

The future of the E&S insurance market lies in building a pragmatic roadmap for adopting technology and AI. Insurers must focus on quick, cost-efficient solutions that eliminate repetitive, manual tasks while minimizing disruption. By freeing up time and resources, teams can concentrate on what truly matters: innovating insurance products, building stronger client relationships, and writing more business.

Strategic partnerships will play a pivotal role in accelerating this transformation. Collaborating with domain-focused AI and technology providers, as well as other ecosystem partners, can help insurers stay ahead of the curve. From streamlining operations to enhancing underwriting and claims efficiency, the right partnerships empower organizations to adopt cutting-edge solutions faster and drive meaningful outcomes.

The opportunity to harness technology for competitive advantage is here—and the time to act is now. Start building a future-ready strategy today. Reach out to us at contact@xceedance.com to discuss how we can help you unlock the potential of AI and technology to transform your E&S business.

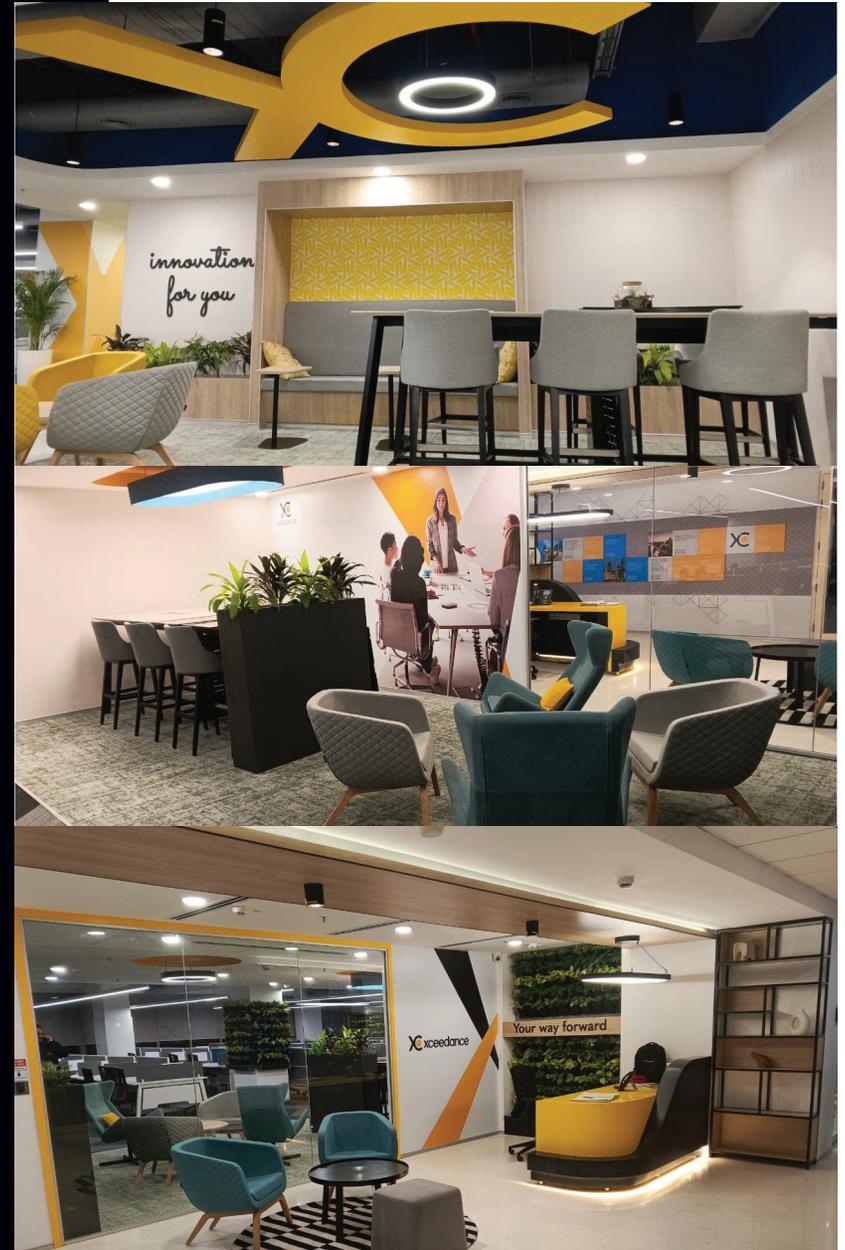


About Xceedance

Xceedance delivers insurance-focused consulting, technology, operations support, and data solutions to many of the world's largest P&C insurance organizations. With 4000+ team members across the Americas, EMEA, and APAC, our rightshoring delivery model blends deep insurance domain knowledge with AI and next-generation technologies to provide localized services and digital-first platforms.

We empower 200+ diverse clients, including commercial, personal, and specialty lines re/insurers, mutuals, program administrators, brokers and agents, and Lloyd's of London entities, to navigate market challenges and propel business growth.

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