

2025

# Loss Adjusting Insights Report



# Your go-to guide for the top trends in loss adjusting

This annual insights report for loss adjusting is your ultimate guide to the most compelling news and thought leadership on the trends impacting commercial and residential property claims.

Dive into this issue and discover the nine most pressing industry topics – everything from tariffs and labor shortages to climate change, artificial intelligence (AI), legislative updates and so much more.

With these insights, you'll not only uncover the challenges and opportunities shaping the industry but also gain the expertise to navigate them confidently and ensure resilience in an ever-evolving market.

# The trends shaping property claims

## Construction trends

Tariffs, immigration policies and workforce shortages threaten to stall nonresidential construction growth. How will the industry adapt?

## Tariffs

Trade regulations could significantly impact material pricing. What should insurers and contractors expect in the coming years?

## Climate change

Extreme weather events are reshaping the claims landscape. How are insurers navigating the increasing risks posed by climate change?

## Sustainability

With environmental consciousness at the forefront, how are sustainable materials influencing restoration efforts, cost structures and claim timelines?

## AI, machine learning and technology

The rise of AI and machine learning is revolutionizing risk assessment and claims processing. How are these technologies reshaping decision-making, fraud detection and virtual claims handling?

## Customer service

Policyholders today demand more transparency and tech-driven solutions. How are insurers evolving to meet these shifting expectations?

## Labor shortages

The insurance and construction sectors are both feeling the strain of labor gaps. What strategies are helping to manage this growing challenge?

## Reform

Legislative reforms in Florida and Texas seek to curb excessive litigation in both states. How will these changes impact claims and constructions projects?

## Litigation

Claim disputes are on the rise. How will Florida's latest reforms impact policyholders and insurers?

# Construction trends

There are approximately 12 million construction workers in the U.S., and it's estimated that 1 in 8 is undocumented.

The looming threat of tariffs and restrictive immigration policies are creating new challenges and uncertainties for the construction industry. While there's been a surge in nonresidential building spending in recent years, the latest forecasts indicate that a slowdown is imminent as the industry braces for an increased labor shortage and price hikes. Amid these challenges, AI is stepping in as a game-changer, sparking excitement in the industry by boosting efficiencies and attracting new talent.

## The threat of tariffs and emerging immigration policies

Construction spending for nonresidential buildings has been on the rise for the last couple years, but according to the [January 2025 AIA Consensus Construction Forecast](#), that's about to change. While spending for commercial, industrial and institutional facilities was up almost 20% in 2023 and another 6% last year, it's expected to slow drastically this year and next. There are a couple reasons for that.

One major factor driving down construction spending is the threat of increased tariffs and their impact. A 25% tariff on goods from Canada and Mexico, and an additional 10% tariff on goods from China, could be disruptive to the construction industry as it relies on these countries for materials. Canada supplies lumber and construction equipment, Mexico provides cement and gypsum, and China exports furniture, plastics and electronics. The tariffs could impact the availability of several materials and products that are critical to construction.

Perhaps an even more pressing concern for the construction industry, according to the [AIA](#) forecast, is the impact of immigration policies. There are approximately 12 million construction workers in the U.S., and it's estimated that 1 in 8 is undocumented. Stricter immigration enforcement could significantly reduce the construction labor force.

Read more about [how tariffs are disrupting the U.S. construction industry](#).



## The struggle to find and retain skilled workers

In a report from February, [Cemex Ventures](#) warned that the construction industry is already facing labor shortages. The average age of construction workers is increasing, and as many near retirement, there's a lack of interest among younger generations to take their place and pursue construction-related careers.

As the [Associated Builders and Contractors \(ABC\)](#) trade association reported in a recent news release, the construction industry had 264,000 job openings as of the last day in February. That's according to their analysis of data from the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey. While the job openings are down from where there were the same time last year, they still signal a lack of skilled labor available for construction jobs.

Keep reading for more on the [pressing labor shortage](#).

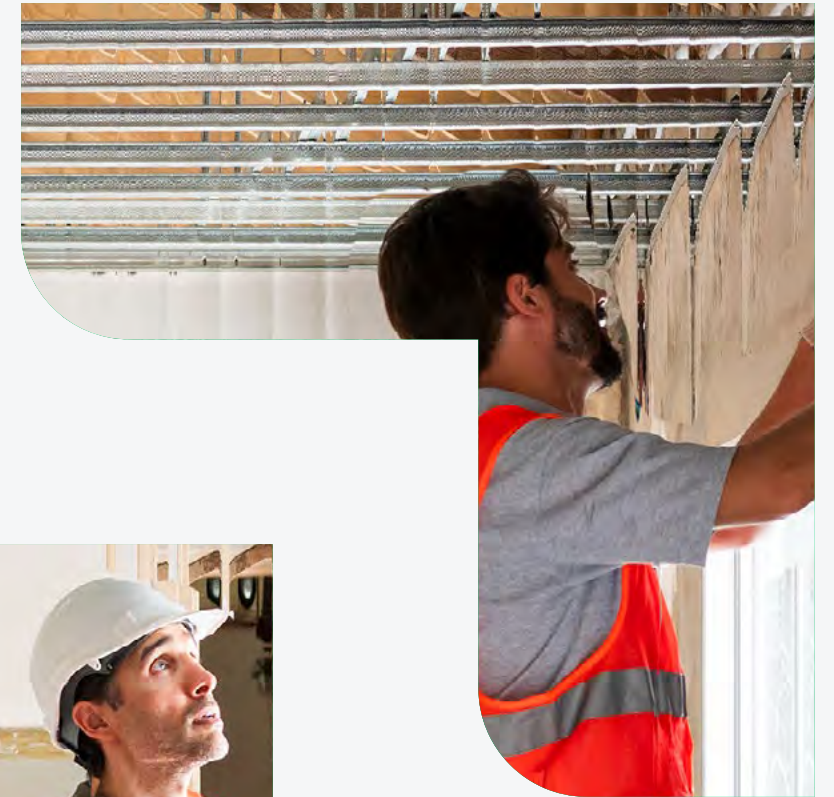
## AI is transforming the construction industry

Amid some of the challenges facing the industry, there's collective excitement around AI.

Cemex Ventures noted how AI's far-reaching applications are revolutionizing the construction industry and enabling unprecedented efficiencies. AI can be instrumental in monitoring construction progress, tracking materials, managing schedules and optimizing resource allocation to ensure projects stay on track. AI is also being used to predict potential project delays or other issues that allow for proactive problem-solving when they're identified early.

The industry's investment in AI is not only a way to power data-driven decisions, process automations and overall efficiencies, but as Cemex Ventures explained, it can also be a strategy for attracting and retaining talent. By embracing innovative technology, companies are making construction jobs more efficient and appealing to younger workers.

Learn more on how [AI is transforming the construction industry](#).



## Key takeaways

Increased tariffs on goods from Canada, Mexico and China are expected to **disrupt material availability and increase costs.**

Stricter immigration policies could **exacerbate labor shortages**, impacting the construction labor force.

AI is revolutionizing the construction industry by **enabling data-driven decisions, improving overall efficiencies and attracting new talent.**





# Staying ahead of construction trends with smart cost-control strategies

 ED REIS, PRESIDENT REPAIR SOLUTIONS

Prices in the building and construction industry are soaring amid inflation, limited labor, material shortages and looming tariffs. Now more than ever, it's crucial to uncover innovative and impactful strategies to help our clients keep their repair project expenses under control.

## Keeping projects on track

One way to control costs is by helping contractors stick to their timelines. Delays add extra costs and impact not just the current project, but all projects that follow it that also rely on the same construction crew. That's adding time and cost, and it's creating a backlog of labor.

With every project we assign to one of the contractors from our expansive national network, we also bring in our concierge team to serve as virtual project managers. We have found these project managers to be invaluable in making sure contractors start and finish work as scheduled.

## The power of strong supply chain partnerships

Another way to help control costs is making sure that contractors have access to the materials and equipment they need at a fair price.

We at Sedgwick have been helping contractors and clients keep their source materials and equipment costs in check by giving them access to our supply source program. With the program, contractors from our national repair network have priority access to limited resources at discounted rates.

This means, they're not waiting on materials or equipment to start or complete their projects, and they're benefiting from our large buying power to get the supplies needed at a cost-effective rate.

## Unlocking savings for temporary housing

Often, policyholders need to live somewhere else during repairs, and hotel stays and short-term rentals can add significant cost to the overall project.

Integrating temporary housing and repair services can lead to added efficiencies and cost savings. For example, at Sedgwick, we're able to save clients up to 35% through hotel discounts and better long-term lease negotiations.

Because our repairs also come with a concierge team for project management, there are also cost savings from keeping projects on track.

## Making the best use of available labor

We frequently hear from our carrier partners that finding and scheduling with qualified contractors is challenging. It doesn't have to be if they have access to a network of carefully vetted contractors in their area, and if that network is optimized to make the best use of the talent in it.

We have a national repair network of nearly 3,000 contractors and manage the labor we have access to as efficiently as possible. At any given time, we know what each contractor's daily capacity is for the services they provide and for the territories they cover. This ensures we're assigning the right experts to meet each timeline.

Added efficiencies also come from our three-tier approach of using local, regional and national contractors to fill assignments. This means, we can mobilize quickly during emergencies like catastrophes and bring in experts who can help right away.

Looking ahead, our industry will continue encountering challenges posed by economic realities like tariffs and the labor shortage. It will take strategic planning and proper resource management to help clients navigate them.

**Read our thought leadership article for more on [how we're responding to the labor shortage](#).**

Interested in learning more about our solutions?

**Contact an expert at Sedgwick.**



# Tariffs

Tariffs on goods from Mexico and Canada will raise the cost of imported construction materials by more than

**\$3 billion**

U.S. tariffs are disrupting the construction industry, even before they've been fully implemented. Historically dependent on essential building materials from Canada, Mexico and China, the industry now faces substantial cost increases on these items due to the tariffs. This surge in prices is putting a financial strain on both builders and homebuyers, underscoring the urgent need for the industry to adapt and find new strategies to mitigate these rising costs.

## U.S. dependence on imports

Imports from Canada and Mexico play a key role in U.S. home construction. Both countries account for 70% of U.S. imports of lumber and gypsum, according to the Associated Press. Canadian lumber is widely used for framing, cabinetry and furniture, among many other applications. Mexican gypsum is essential for manufacturing drywall.

The U.S. historically has sourced numerous raw materials and components from China, including steel, aluminum and home appliances.

## Price hikes on building materials

Prices for building materials began to increase shortly after the executive order calling for increased tariffs.

In an article for [Fortune](#), Bank of America research analysts shared that by March 9, building product manufacturers had already announced to their customers that there would be price increases. These companies make the equipment and supplies used for homes and commercial buildings. They noted in their letters to customers that changing global trade is to blame for the higher prices.

The [Associated Press](#) reported that lumber futures in March reached their highest level in over two years, at \$658.71 per thousand board feet. It reached that level even before new lumber tariffs had been rolled out.

As the [Associated Press](#) also reported, the current administration announced on March 6 that there would be a one-month delay on its 25% tariffs on softwood lumber and other imports from Mexico and Canada. A 25% tariff on steel and aluminum imports – 50% on those from Canada – took effect in mid-March.

The National Association of Home Builders (NAHB) is predicting that the impending tariffs on goods from Mexico and Canada will raise the cost of imported construction materials by more than \$3 billion. These increases are on top of a previous 14.5% tariff on Canadian lumber, raising the total tariffs on Canadian lumber to nearly 40%.



### Increased cost for new homes

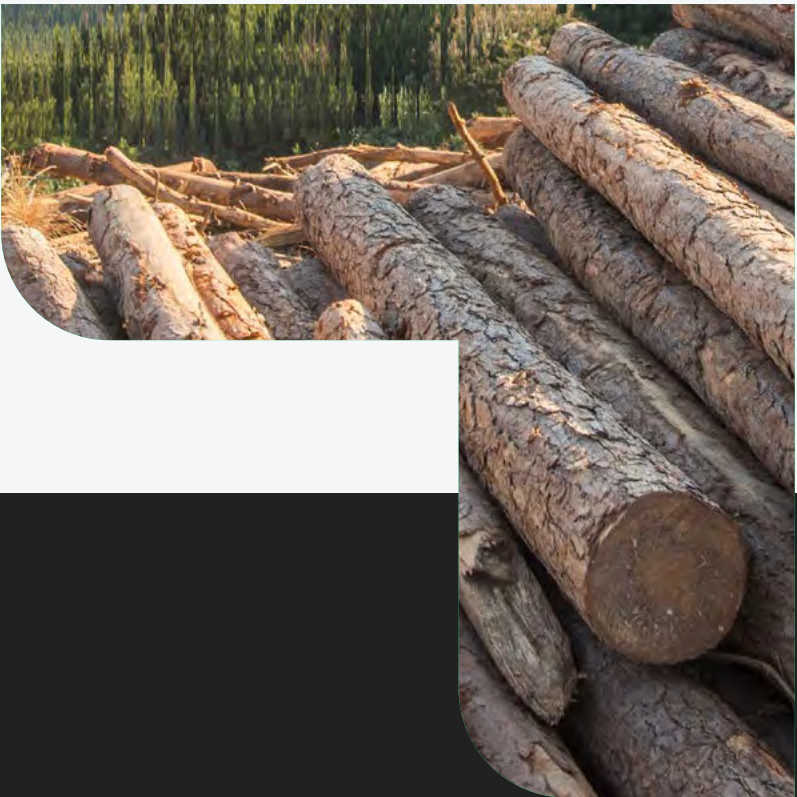
The [Associated Press](#) reported that the ultimate impact of the tariffs and increased prices for building materials is that it will be more expensive to build a single-family home in the U.S. going forward. According to the NAHB, the cost will go up by \$7,500 to \$10,000.

In a March [Fortune](#) article, an economist for First American Financial Corporation shared that single-family home sales are expected to drop for the next six months as a result of the tariffs and increased cost of construction materials. Unsurprisingly, builder sentiment was low in February and marked the largest one-month decline since the early months of the pandemic.

### Mitigating the impacts of tariffs

The [NAHB](#) has shared that it's been at the forefront of the fight against tariffs because of the adverse effect they have on housing affordability.

The organization shared that it will continue to partner with stakeholders, both at the White House and elsewhere, and work to roll back tariffs, boost sawmill production domestically and increase the U.S. supply of timber from federally owned lands.



## Key takeaways

Canadian and Mexican imports account for **70% of U.S. lumber and gypsum needs**, essential for home construction.


U.S. tariffs could increase the **cost of imported construction materials by over \$3 billion.**

Building a single-family home in the U.S. is projected to become **\$7,500 to \$10,000 more expensive** due to these tariffs.





# Tackling the tariff problem

 **STEVE POWELL**, PRESIDENT OF EFI GLOBAL AND EVP, PROPERTY AMERICAS

Today, it's no secret that tariffs are having an impact on our lives. With new ones popping up daily, uncertainty and volatility are hitting the property and casualty (P&C) industry hard. We see the daily impact of these policies on our partners, and we're working to understand the challenges and lead through the storm to emerge stronger.

## Understanding the impact of tariffs

The current tariff environment is more than just a series of import taxes — it's adding a layer of volatility that's reshaping the entire economic landscape. With factors like supply chain vulnerabilities, inflation and geopolitical instability adding extra pressure, we must identify which categories our clients fall into for the most accurate risk assessment:

- **Tariff-impacted businesses** that rely heavily on imported goods, operate within thin margins and deal with complex supply chains.
- **Tariff-resistant businesses** that rely on more domestic or diversified supply chains and serve less sensitive markets.

Tariffs are disrupting the P&C claims process through several key mechanisms:

- **Direct material cost escalation**, driving up costs for materials like steel, aluminum, lumber, technology components and automotive parts.

- **Pricing volatility and quotation uncertainty**, making it hard for contractors and suppliers to provide long-term fixed-price bids for projects.
- **Supply chain disruptions**, causing supply chain shortages and delays, resulting in extended repair times, increased claim cycle times and exacerbated costs.
- **The overhead and profit (O&P) multiplier**, as material costs rise, the base for calculating contractor O&P also increases, compounding total claim costs.
- **Policy interpretation challenges**, testing standard policy language around "Like kind and quality," actual cash value and period of restoration which may lead to more disputes, an increase in appraisal under policy and eroded policyholder trust.
- **Business interruption**, which means some businesses benefit while others suffer. Tariffs can drastically and suddenly change a business's operations and profitability.

## Our framework for navigating the tariff test

Our response to these challenges must be anchored in our purpose of supporting people and businesses when they need it most. To navigate tariffs with a technology-enabled, human-centric approach, we're:

- Building trust through clear communication and actively listening to client concerns.
- Updating vendor contracts to be more flexible and responsive to volatility.
- Investing in supply chain intelligence to make informed decisions and effectively guide policyholders.
- Leveraging real-time insights and predictive analytics to manage financial risks and set realistic expectations.
- Evolving our products and policies to address changing risks and keep our clients safe.
- Empowering colleagues to handle tariff-impacted claims fairly and effectively.
- Fostering collaborative vendor partnerships that build mutual resilience and stability.

## Playing the infinite game: our enduring commitment

Our goal is to continually strengthen our ability to provide security and restore livelihoods, no matter what external pressures tariffs create. This means looking beyond short-term fixes and investing in the long-term resilience of our people, processes and partnerships.

As tariffs change and trade policies shift, new challenges will undoubtedly emerge. But by deepening our commitment to our purpose, we'll navigate the current turbulence and build a more resilient and trusted industry.

Interested in learning more about our solutions?

[Contact an expert at Sedgwick.](#)



# Climate change

**There were 54 global weather events with economic losses over \$1 billion in 2024.**

The rising frequency and cost of severe global weather events is placing unprecedented pressure on the insurance industry. As billion-dollar catastrophes become more common, insurers are finding it increasingly difficult to manage risks, leading to higher premiums and reduced coverage options. This leaves countless individuals and businesses vulnerable. It is imperative for governments and regulators to step in with effective measures to bridge the protection gap and ensure people have access to necessary coverage in the face of mounting climate threats.

## The major catastrophes of 2024

2024 saw a rise in the number of global events with economic losses above \$1 billion, according to [Aon](#), with 54 (up from 44). The [National Oceanic and Atmospheric Administration \(NOAA\)](#) reported that half of those events occurred in the U.S.

The costliest global event of the year was Hurricane Helene. It made landfall in the U.S. in September 2024 and caused \$80 billion in damages, according to [NOAA](#). Hurricane Milton hit in October and was the costliest single global insured loss event, causing \$34 billion in losses and resulting in the highest insured losses for insurance companies.

This increase in billion-dollar events is driven partly by the growth of severe convective storms in the U.S. These storms accounted for 41% of global insured losses, according to [Earth.org](#). As [Aon](#) explained, another factor in the increase of weather-related events is the fact that 2024 was the warmest year on record. From July 2023 through August 2024, there were 15 consecutive months of record-high global temperatures.

In total, weather-related events caused \$368 billion in damages in 2024, according to [Aon](#). Insurance companies covered 40% of the damages (the equivalent of \$145 billion). Insured losses far exceeded the average, but the protection gap of 60% resulted in significant financial strain on the people and businesses impacted.



## The wildfires of 2025

In 2025, climate change also increased the likelihood of wildfire disasters. That was evident in January, when the Palisades and Eaton Fires erupted in Los Angeles.

The [World Weather Attribution](#) shared how both wildfires burned through more than 50,000 acres and destroyed more than 16,000 structures, according to the California Department of Forestry and Fire Protection (CAL FIRE).

A key factor in the 2025 fires was the overlap of the dry season with the Santa Ana winds. The result was that the wildfires developed and spread quickly in the high-wind conditions.

According to AccuWeather estimates, total losses exceed \$250 billion.

## How climate events are reshaping insurance

Weather-related events are becoming more frequent and more costly, and the number of billion-dollar events is on the rise.

This trend complicates risk assessment and management for insurers, and they’re raising premiums to reflect the increased risk of climate-related events. In some areas, insurers are withdrawing altogether, which is creating “insurance deserts” according to [Earth.org](#).

In California, for example, several major insurers have significantly reduced their presence or have stopped issuing new policies due to the rising risk of wildfires. As premiums increase and there are more policy exclusions, homeowners and business owners are left paying more for less coverage.

## Government and regulatory response

Governments and regulators are responding to the climate crisis with new laws, public insurance programs and other interventions. These efforts aim to address the growing protection gap and ensure vulnerable populations have access to some form of insurance coverage, according to [Earth.org](#).

As a couple examples, in the U.S., the National Flood Insurance Program provides coverage for flood-prone areas, while the UK’s Financial Conduct Authority has introduced anti-greenwashing rules to enhance climate risk management.



# Key takeaways

In 2024, **weather-related events caused \$368 billion in damages**, with insurance companies covering 40% of these losses.

With the rise in billion-dollar events, **insurers are raising premiums, limiting coverage or withdrawing from high-risk areas.**

Governments and regulators are responding with new laws and public insurance programs to address the growing protection gap and **ensure vulnerable populations have access to coverage.**





# How the climate is changing claims

 COLE CREWS, GIS ANALYST

As climate change progresses, climate-driven catastrophes are happening more frequently and more severely. In a response, we're rethinking how our industry needs to prepare for and recover from large-scale loss events. From wildfires to hurricanes, the impact of these disasters is pushing the limits of our usual response and speeding up our innovations.

## The cost of catastrophe

Climate change isn't tomorrow's problem. It's having a real, disastrous impact across the entire world. In California, entire communities have been wiped away by wildfires, causing massive insured losses. Louisiana and California are in a similar boat, with hurricanes and flooding causing more destruction and more of strain on state-run insurance programs. With this level damage becoming the norm rather than the exception, both private and state-run insurers are feeling the pain.

State-run programs like Florida Citizens have taken on more risk as private insurers reassess their place in high-risk zones. In California, it was only after suffering billions of dollars in wildfire losses that State Farm was able to secure a 17% rate increase after years of trying,

giving Californians options for their insurance providers. As the damage from climate disasters gets more frequent and more severe, regulators and insurers will have to make drastic changes to how they manage and share risk.

## Responding with a birds-eye view

We're responding to these seismic shifts with high-tech solutions. For example, we've spent the past four years developing a Geographic Information System (GIS) that layers satellite imagery, weather data, and property information to assess damage as it happens. After wildfires in California and Maui, we were able to compare before-and-after images of specific addresses, prioritize response efforts and identify housing needs.

This data-driven, drone-empowered approach is transforming how we support our partners. It enables more accurate loss estimation and better communication with carriers and policyholders and allows us to make educated decisions around, where we dispatch resources to and how to go find housing for displaced people.

## Weathering what comes next

While this new tech is transforming our industry and supercharging the way we work — it will never replace the human touch we bring to every case. After the Maui fires, our adjusters spent hours talking to policyholders learning their life stories and helping them navigate the unimaginable. As advanced as our drones are, they'll never be able replicate that.

Climate change is reshaping the risk landscape, and our innovations and insights are helping us keep pace. But, while we adapt to these new challenges, we bring human-centered caring that counts that is an essential part of our catastrophe response.

Interested in learning more about our solutions?

[Contact an expert at Sedgwick.](#)



# Sustainability



➤ In 2024, \$2 trillion was allocated to clean energy technology and infrastructure – more than ever before.

The shift toward clean energy and sustainable building practices is gaining unprecedented momentum. In 2024, investments in clean energy reached an all-time high, showcasing a global commitment to mitigating climate change. The ripple effects are particularly evident in the construction and building industry, where green materials and eco-friendly practices are becoming increasingly prevalent.

## Investments in clean energy

More people invested in clean energy in 2024 than ever before. As reported by [PropertyCasualty360](#), the global energy investment set a record last year at \$3 trillion, according to the International Energy Agency (IEA). Of that, \$2 trillion has been allocated to clean energy technologies and infrastructure, including things like renewables, electric vehicles, nuclear power grids and low-emission fuels.

## The rising demand for green buildings

Within the construction and building industry, there's an increased focus on green building materials as a way to reduce emissions and achieve net-zero targets. The green building materials market has grown rapidly in recent years and is on track to reach \$373 billion in 2025 (up from \$336 billion in 2024), as reported by [Research and Markets](#).

Research shows that the use of green building materials is an effective way to conserve energy and protect natural resources. As reported by [PropertyCasualty360](#), 26% of all greenhouse gas emissions come from the construction and building industry. As a way to combat that, green buildings consume 25% less energy than conventional buildings and have the potential to reduce carbon emissions by 34%, according to the U.S. Green Building Council in an article by [Research and Markets](#).

As climate change concerns and the demand for green building materials increase, we'll continue to see the use of more eco-friendly materials and practices in building and renovation projects. This includes the use of low-carbon building materials – like engineered wood, green steel and low-carbon concrete – insulation, heat pumps, off-site modular construction, recycled steel, reclaimed wood and eco-friendly paint.



## How renewable energy projects impact claims

Part of the investment in clean energy includes renewable energy projects like solar and wind installations. The claims for these projects tend to be lower in severity than claims related to power stations, petrochemical plants and other carbon-based energy assets, according to [PropertyCasualty360](#).

For renewable energy projects, weather and technological failures are the main risks, especially for projects that are in remote locations and exposed to extreme conditions.

For example, solar parks, the fastest-growing segment of the renewables market according to [PropertyCasualty360](#), are susceptible to wildfires, storms, tornadoes and snow loading. The most significant risk of all is hail. It accounts for 60% of total solar losses, but it only comprises 3% of claims, per Swiss Re.

For offshore wind projects, a technological failure is a big risk. These losses are 10 times more expensive than those for onshore wind due to the need for specialist vessels and ports for repairs. In recent years, there have been substantial losses in offshore wind projects, primarily attributed to damage to sub-sea cables.

## The need for more training on new building techniques

Another risk in the push for more sustainable building and construction practices is that contractors are increasingly utilizing unfamiliar materials. That can lead to accidental damage and costly mistakes.

The transition to green construction requires adopting and mastering new materials and techniques, necessitating comprehensive training and experience to mitigate the risks.



## Key takeaways

**Global energy investment hit a record \$3 trillion in 2024,** with \$2 trillion allocated to clean energy technologies and infrastructure.

The green building materials market is **expected to grow to \$373 billion by 2025,** driven by the push to reduce emissions.

**Claims for renewable energy projects tend to be lower in severity,** but there are risks posed by exposure to weather events, tech-related risks and contractors increasingly utilizing unfamiliar materials.



# Embracing sustainability in property repairs

 **PETER WASSELL**, TECHNICAL DIRECTOR, UK REPAIR SOLUTIONS

The growing demand for sustainability is reshaping the construction and repair industry. As eco-friendly materials and methods gain momentum, the industry must adapt to meet environmental expectations and embrace ways to make property repairs kinder to the planet.

## Reimaging repairs with green materials

It's not enough these days for repair colleagues and contractors to be experts in using conventional materials and methods when carrying out insurance-related building repairs. They need to be able to use green building materials and carbon-conscious processes, too.

At Sedgwick, we commonly encounter clients that want sustainable materials used in their repair projects, even when the eco-friendly options often come at an additional cost.

## Connecting clients to sustainable solutions

For clients that want a sustainable property repair, we often find that connecting them to a carbon reduction surveyor from the outset of a claim helps them explore all their options and select the best one based on their sustainability goals.

These surveyors advise clients on how to complete repairs in the most sustainable way, including what materials and construction processes should be used as lower carbon-emitting solutions.

Another helpful resource for clients can be a sustainable damage management consultant, who works to ensure all sustainable measures are put in place from the start of the repair.

## Measuring carbon impacts

A crucial component of an eco-friendly repair is being able to demonstrate the impact of using green building materials and processes.

At Sedgwick, we developed a carbon value calculator to quantify carbon costs for each repair, with CO2 values assigned to all components of a project, including materials and labor.

Our clients use this tool to understand the potential impact of opting for a green repair and to make important decisions around building materials, processes, suppliers and standards. It's also invaluable for clients wanting to document their carbon emission savings and progress in reducing their carbon use, up to achieving net-zero.

This kind of visibility into current and future carbon emissions ultimately helps clients ensure they're compliant with regulations and meeting their sustainability commitments.

## Next steps in sustainable construction

As demand for green construction practices continues, we as an industry need to be ready to support property claims and repairs with eco-friendly solutions. By continuing to offer low-carbon repair options, we'll not only help our clients meet their sustainability goals, but we'll also help pave the way for a greener tomorrow.



Interested in learning more about our solutions?

[Contact an expert at Sedgwick.](#)



# AI, machine learning and technology

In 2024, the global AI insurance claims processing market was valued at over

**\$514 million**



Artificial intelligence (AI), machine learning and other technologies are pushing the boundaries of what's possible within the insurance industry. These technologies have far-reaching applications in enhancing risk assessments, streamlining claims processing and detecting fraud. By embracing them, insurance companies are paving the way for a more responsive, accurate and personalized approach to insurance services.

## AI is revolutionizing the insurance industry

There's been an increasing use of AI within the insurance industry, and that's expected to continue.

Forbes reported that the global AI insurance claims processing market was valued at over \$514 million in 2024 and is expected to climb to \$2.7 billion by 2034.

## Enhancing risk assessment and underwriting

As the Economic Times reported, AI is instrumental in risk assessment and underwriting because it's able to analyze vast amounts of data, both structured and unstructured, and can do it using conventional and unconventional data sources. For example, it can pull from social media activity, purchasing patterns, telematics devices and fitness trackers.

By consuming large amounts of data, AI can give insurance companies valuable information that helps them create more accurate risk profiles, personalized policies and fairer risk ratings, according to the Economic Times. Insurers can offer usage-based insurance policies that are better tailored to real-world behaviors, rather than relying on modeled predictions of behaviors.

## Streamlining claims processing

AI is also being used to streamline claims processing. When it's used to automatically evaluate claims, verify information and assess damage, it can lead to faster processing times, reduced errors, faster payouts and improved customer satisfaction, according to Forbes.



The power of predictive analytics

Additionally, AI is helping insurers respond effectively to natural disasters. It can predict the impact of events like hurricanes, floods and wildfires, and automate claims processes for affected customers.

Forbes shared that another way AI's predictive analytics capabilities are being used is to identify when customers might cancel their policies and switch to a competitor. This data allows insurers to develop proactive strategies to retain their customers and enhance their overall experience.

Fraud detection and prevention

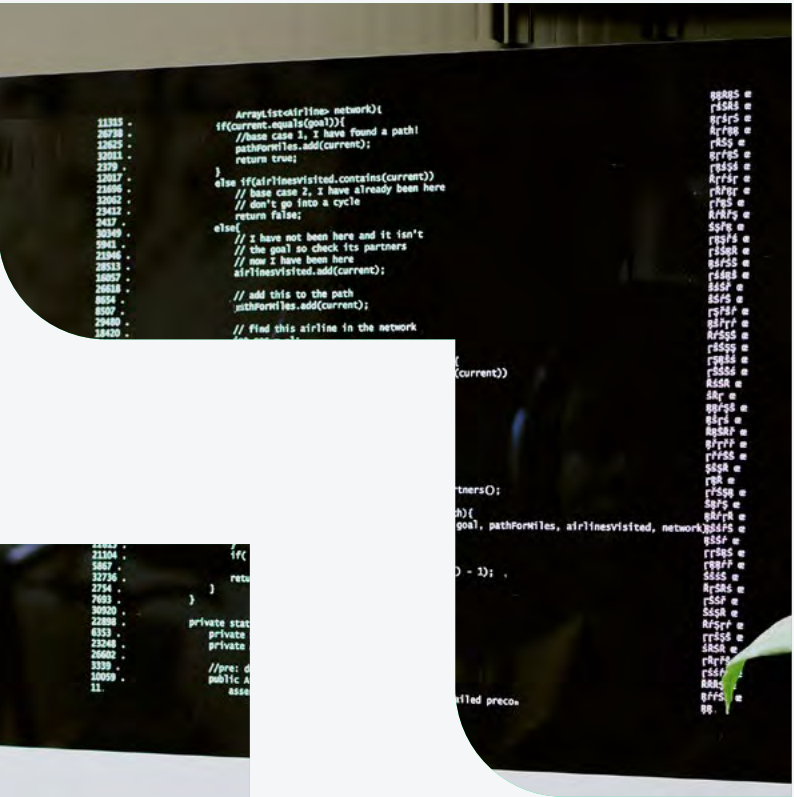
Fraud is a common issue in the insurance industry, and AI can help detect and prevent fraudulent activities, according to Forbes.

AI does that by analyzing patterns and anomalies in claims data. This capability is vital in maintaining the integrity of the insurance process and safeguarding against financial losses due to fraud.

Drone technology

Another trend in the insurance industry is the use of drones to help validate claims, resolve issues and reduce human error and bias. As reported by Reinsurance News, EagleView, a provider of drone and asset intelligence solutions, is broadening its drone offerings to give insurance carriers more comprehensive options for property inspections, analysis reports and repair estimates.

Drones can capture high-quality images and use machine learning and AI to identify roof defects. New technology from EagleView will also offer property repair estimates, which will enable insurance carriers to enhance claims processing and deliver accurate, in-depth evaluations.



Key takeaways


The global insurance industry’s use of AI is growing and by 2034 is **expected to reach \$2.7 billion.**

**AI is being used for risk assessment and underwriting,** due to its ability to evaluate large amounts of data and create accurate risk profiles and personalized policies.

Other uses of AI in the insurance industry include automating claims processing, **predicting the impact of natural disasters and when customers may switch to another provider,** and detecting fraud.



# How technology is transforming loss adjusting today

 **MASON BARTLESON**, VICE PRESIDENT, PROCESS DESIGN AND OPERATIONAL EXCELLENCE, AND **DAVID GUARAGNA**, MANAGING DIRECTOR PROPERTY

AI and cutting-edge digital tools have ushered in a new era in loss adjusting. These technologies are enabling policyholders to document minor damages themselves and empowering adjusters to work smarter and faster. These advancements not only benefit policyholders and adjusters, but they're also driving significant cost savings for insurers.

## The evolution of adjusting property claims

Traditionally, adjusting a property claim involved sending a qualified adjuster on-site for a thorough and hands-on evaluation of the loss. While this method ensures accuracy, it comes with higher operational costs and potential delays.

We first started seeing the industry embrace remote loss adjusting with personal line auto claims. When there's an auto loss, it's now standard practice for policyholders to be asked to gather information and take photos of the damage themselves, using self-service tools.

Personal line property claims are following that same trend for minor losses amounting to a few thousand dollars or less – such as a pipe or ceiling leak.

## The technology powering remote assessments

AI-enabled self-service tools are making it possible for policyholders to submit their own loss information.

Policyholders submit details and photos of their property damage following step-by-step instructions on an app or web browser. AI-enabled systems analyze the data submitted and create a 3D model with measurements. For some low-complexity losses, draft estimates are created just from the photos. For other losses, a desk adjuster can use those 3D measurements and photos to write the estimate, without ever stepping foot at the loss site.

This approach to property claims is more convenient for the policyholder and speeds up the claim resolution time, and ultimately, the payment.

## Limitations of remote adjusting

There are limits to what can be adjusted remotely using information gathered from the policyholder.

Claims that are complex or severe still require traditional loss adjusting methods of sending an adjuster on-site to assess the damage. Remote assessments are usually only recommended for non-complex, low-severity residential claims, but they've been used for some commercial claims, too.

## Broader uses of AI and technology in loss adjusting

In addition to powering remote loss adjusting, AI and other technologies can help make adjusters more efficient for both their work at the desk and in the field.

Generative AI tools have the potential to save adjusters hours of time by summarizing large quantities of information so it's easier to interpret. That's hours of time adjusters could spend on tasks that move a claim forward.

The next evolution of AI in loss adjusting is the use of agentic AI to help adjusters make decisions. That's something we're starting to do with our Sidekick Agent tool. By automatically setting up claims, assigning adjusters and offering claim recommendations, AI could be used to boost productivity while keeping adjusters involved in key decisions.

As we continue to explore the possibilities of new technologies, agentic AI in particular, the future of loss adjusting promises even greater innovation and unparalleled convenience and efficiency.

Interested in learning more about our solutions?

[Contact an expert at Sedgwick.](#)



# Customer service

What customers expect from their insurance provider has evolved significantly, especially among younger generations such as millennials and Gen Zers. While price remains a crucial factor in their decision-making process, transparency, flexibility and exceptional customer service are increasingly influencing their choices. This shift highlights the importance of creating customer-centric experiences to attract and retain policyholders.

## Today's customers expect more

Customers today – especially those who are younger – expect more from their insurance provider. Price is still a determining factor in who they choose as their provider, but so is transparency, flexibility and the overall customer service.

Based on [BCG's](#) Global Consumer Radar, 40% of millennials and Gen Zers believe insurance policies lack transparency. Nearly half say policies should match their lifestyles. While a lower premium is still the primary reason customers switch providers, better coverage and customer service are becoming increasingly important motivators as well.

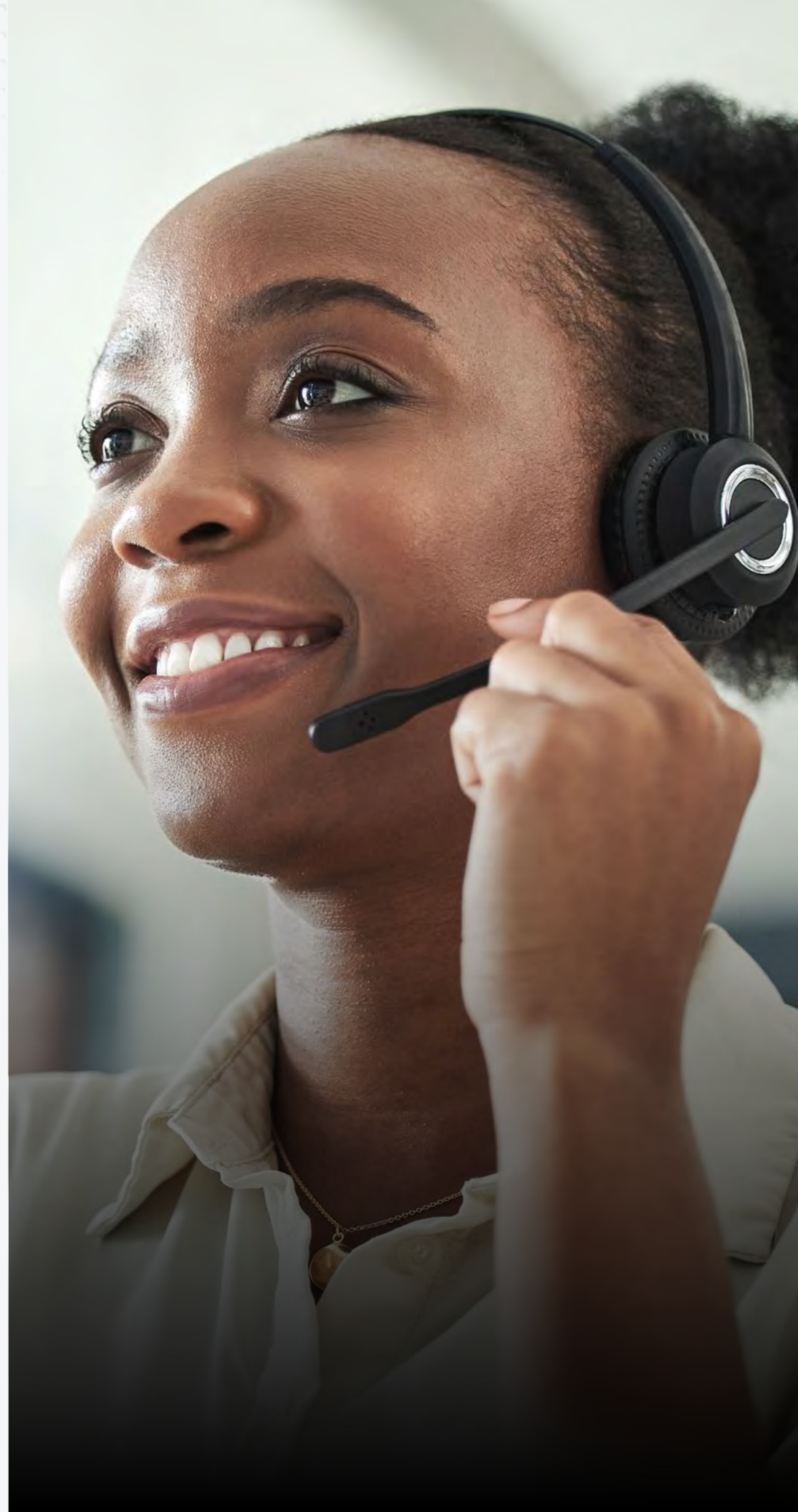
## Creating customer-centric experiences

Customer service is one of the top reasons why customers switch property insurance providers, according to [BCG](#). Customer churn not only results in lost premiums, but it increases acquisition costs, reduces customer lifetime value and creates volatility in an insurer's book of business.

[BCG](#) reported that a key moment in customer retention is the renewal process, since that's when customers are most likely to shop for alternatives. To retain policyholders and ensure long-term loyalty, insurers should be ready during the renewal process to provide tailored recommendations, bundling discounts or flexible endorsements that address customers' specific concerns.

The customer experience is also important during the claims process, and customers expect a personalized, digital experience throughout the entire claims journey, according to [Xceedance](#).

Key to creating a positive claims experience is simplifying the process and ensuring complete transparency at every step, providing tailored customer interactions that address specific needs, equipping customers with digital tools for fast and easy claims management, and leveraging data and insights for improved efficiencies and process improvements.




## Key takeaways

40% of millennials and Gen Zers believe **insurance policies lack transparency.**

**Customer service is among the top reasons** why customers switch property insurance providers.

Creating a positive claims experience requires **complete transparency and tailored, digital interactions.**





# Driving excellence in customer service through technology

 **DAVID ARMSTRONG**, EVP, PROPERTY AMERICAS

Customers today demand more than ever before. In every interaction, speed, convenience and personalization are no longer just nice-to-haves; they're must-haves. This shift, first seen in the retail industry, has rippled across all sectors. Technology is playing a critical role in how companies, including ours, meet or exceed these increasing expectations.

## Technology changes the game in claims

At Sedgwick, we know from talking to and surveying our claimants that they expect clear and frequent communications about their claim, a fast resolution and an easy claims process. Clients come to the table with their own set of expectations around claim outcomes and claimant satisfaction. Technology has been a key factor in us delivering for claimants and clients alike.

By leveraging digital tools — like chat platforms, mobile apps and other intuitive interfaces — we meet claimants on their terms, offering convenience and accessibility that fit into their busy lives. Wherever claimants are, they have access to tools and services that can move their claim forward.

Take, for instance, our self-service tool for reporting property damage. Instead of waiting for an adjuster to assess minor damages, policyholders can now file a claim and upload photos directly from their smartphone. Guided step-by-step, they can document losses and provide all necessary details for us to generate an estimate. They can even get connected to trusted contractors from our repair network for seamless home repairs.

This streamlined process accelerates claims and adds new levels of convenience for our claimants. That's our goal for every step of the claims process as we look to meet or exceed expectations.

## Technology that empowers fast, proactive responses

Technology doesn't just enhance customer experiences — it also optimizes internal operations.

For instance, during catastrophic events, digital tools allow us to predict weather impacts beforehand and deploy resources efficiently. By anticipating policyholder needs, we ensure that help is delivered swiftly and effectively when it's needed the most.

Another example is our adoption of agentic AI in various internal systems and processes. This advanced technology is not only automating claim creation and assignment, but it's helping our claims professionals make faster, more informed decisions. Ultimately, agentic AI enables us to add efficiency and speed up response times, leading to faster claims resolutions that consistently exceed claimant and client expectations.

## The future of exceptional experiences

As we look ahead, one thing is clear: customers will continue to raise the bar, demanding near-instant results, greater convenience and deeply personalized interactions. The key to delivering on these expectations lies in the use of advanced technologies, in the hands of the right experts.

By staying at the forefront of innovation like agentic AI, we are not just meeting expectations — we're setting new standards for what exceptional and seamless service truly means.

Interested in learning more about our solutions?

[Contact an expert at Sedgwick.](#)



# Labor shortages

The global construction industry is grappling with a severe labor shortage that threatens to delay projects, inflate costs and compromise worker safety. This critical shortage stems from a combination of factors – including an aging workforce, a lack of interest in construction careers among younger generations and a surge in job opportunities in other sectors. To tackle these challenges and ensure a steady supply of skilled labor for the future, the industry must attract young talent and invest heavily in safety training.

## The global shortage of skilled labor

According to predictions from the [Associated Builders and Contractors \(ABC\)](#), construction contractors will need to attract 440,000 new workers in 2025 to meet the anticipated demand for construction services. The demand will be even higher going into 2026, where nearly half a million workers will be needed.

A key reason for the labor shortage is the fact that over 30% of construction workers are over the age of 55 and nearing retirement, but only 3% of young people are interested in construction-related careers, according to ABC. Increased job openings outside construction — such as manufacturing — are absorbing a significant share of the labor force that might otherwise turn to a construction trade.

The labor shortage isn't just a problem in North America. Europe, Latin America and Asia also face similar issues with finding skilled workers to meet current and future construction project demands, according to [Insurance Business](#).

## The impact of the labor shortage

ABC shared that 70% of construction companies struggle to find enough workers, and that causes construction project delays and higher costs. Some companies are having to decline work due to staffing limits.

In other cases, contractors and developers are turning to less experienced labor to help with construction projects, according to [Insurance Business](#). This poses a significant risk when it comes to build quality and adherence to safety protocols.




## Key takeaways

The construction industry is facing **unprecedented labor shortages around the world**, and that's expected to worsen in the coming years.

Over 30% of construction workers are over 55 and nearing retirement, while **only 3% of young people show interest in construction careers**.

The labor shortage is leading to **project delays, higher costs and increased reliance on less experienced labor**.





# Innovative solutions for tackling the construction workforce shortage

 **BILL THOMAS**, VP OPERATIONS REPAIR SOLUTIONS

One of the most pressing issues for the construction industry is the growing labor shortage. Skilled contractors are harder to find, and that's causing extended wait times for projects to begin. To meet construction demand, companies in the industry need to explore innovative ways to maximize efficiencies with their labor resources.

## Building and maintaining a network of contractors

At Sedgwick, we frequently hear from insurers how challenging it is to find and schedule with qualified contractors. Our repair network, which has nearly 3,000 contractors in it, can be a great way for our carrier partners to find the labor they need.

As we continue to grow and maintain the network, a key focus area for us has been ensuring that we're making the best use of the labor we (and our clients) have access to.

## Working in lockstep with contractors

To maximize contractor efficiency and make the best use of their time, we know how important it is to keep a pulse on each contractor's daily capacity for new work. We track this in our Sightline software platform, along with the services our contractors offer – everything from electrical and water mitigation to tree removal and roofing – and the territories they support for each service.

What we have found is that capacity for our contractors changes daily – sometimes, several times a day. Whether they get delayed on a project, someone from their crew quits, is sick or goes on vacation, whatever the circumstance, they need to be able to tell us about changes in their workload.

Knowing daily capacities enables us to be fully confident that when we assign out work, a contractor can get to it within expected timelines – including meeting a same-day, urgent request when that's needed.

## Efficient mobilization with a three-tier approach

Setting daily capacities is a key part of being able to respond to property repairs for our clients. So is having access to local, regional and national contractors.

In St. Louis earlier this year, we used all three levels of support to respond to the tornadoes and severe weather. We started by deploying local contractors, and when they were fully booked, we pulled in regional contractors and even a national contractor to help with the surge in roofing repairs.

This three-tier approach and escalation process is another example of how we continue to find innovative ways to respond to the industry-wide labor shortage and make the best use of our network contractors.

**Read our thought leadership article for more on [how we're responding to inflation, tariffs and material scarcity](#).**

Interested in learning more about our solutions?

**Contact an expert at Sedgwick.**



# Reform

**While the number of P&C insurers entering Florida since 2022 exceeds recent insolvencies, premiums still haven't gone down.**

Florida and Texas, among other states, are undergoing legislative changes aimed at curbing unnecessary litigation. In Florida, lawmakers are working to reverse pro-consumer laws from 2022 to ensure that the losing party in a lawsuit bears the financial burden. Meanwhile, Texas has introduced new laws that shorten the liability periods for construction defects, a move designed to reduce legal disputes and foster more efficient construction practices. These dynamic shifts reflect a broader trend to address litigation concerns across the construction and insurance sectors.

## Florida and the reversal of pro-consumer laws

Florida has seen a flurry of legislative activity aimed at reversing pro-consumer laws passed in 2022.

Lawmakers are pushing for changes to the reforms, notably the one-way attorney fee arrangement, which insurers had blamed for encouraging excessive lawsuits. House Bill 1551 introduces two-way attorney fees, which means the prevailing or winning party in a lawsuit will receive attorney fees.

Those in favor of the bill say it will discourage frivolous lawsuits and create a balanced approach, since the losers in an insurance-related lawsuit would be accountable for payment. On the other hand, insurance defense lawyers and lobbyists warn that the bill could reignite the property insurance crisis and lead to a surge in unnecessary lawsuits.

## Disputes on whether the Florida insurance industry is healing

There are some signs that the insurance industry in Florida is stabilizing. Rates have leveled off and new companies are entering the market in 2025. Notable new entrants include Apex Star and Mangrove. As reported by [Insurance Journal](#), Mangrove absorbed 30,000 policies from Florida Citizens, the largest property insurer in the state whose policy count peaked at 1.4 million in 2023. Two other providers have absorbed 135,000 policies from Citizens, according to [Insurance Business](#).

Overall, the number of new property-casualty insurers entering Florida since 2022 exceeds the insolvencies recorded between 2019 and 2023, according to [Insurance Journal](#).



As reported in the [Tampa Bay Times](#), a state report also supports that Florida's property insurance market is on the right track after the 2022 reforms. [Radey Law](#), A Florida-based firm, published an article that further backs the reforms.

Still, some politicians argue that the reforms aren't working since premiums aren't dropping.

### Texas construction liability laws

Significant legislative changes occurred in Texas in June 2023, when the governor signed HB 2022 and HB 2024 into effect.

These laws are aimed at addressing residential construction liability. HB 2022 amends the Texas Residential Construction Liability Act and focuses on improving the dispute resolution process when a builder offers to repair construction defects. HB 2024 allows builders who provide warranties meeting specified standards to shorten their liability for construction defect claims from 10 years to six.

Both laws address the excessive litigation within the construction industry as well as the high costs associated with structural defects. Structural claims average \$70,000, according to [2-10 Home Buyers Warranty](#).



## Key takeaways

Both Florida and Texas are experiencing **significant shifts in their legislative landscapes regarding deregulation.**

In Florida, House Bill 1551 would reverse pro-consumer laws passed in 2022 by **introducing two-way attorney fees that supporters argue will discourage frivolous lawsuits.**

In Texas, **HB 2022 and HB 2024 have been passed into law** and aim to improve dispute resolution surrounding construction defects, reduce the liability period for builders and address excessive litigation within the construction industry.



# How legal changes and reform are changing loss adjusting

 MIKE LENT, EVP, PROPERTY AMERICAS

The world of property and casualty claims is facing a flood of new challenges, and new reforms are emerging in response to these changes. States are reevaluating how claims are being handled, how liability is assigned and how providers are operating, with Florida and Texas leading the charge. As this wave of new legal standards and reforms hit our industry, we're helping our partners navigate the detours.

## How Florida hit the reset button

Florida has the highest rate of property claims litigation in the country with one in four claims heading to court. In recent years, they've been peeling back laws and legislation that many say exacerbated the problem. By eliminating AOB (assignment of benefits) clauses, capping attorney fees and tightening deadlines for insurers and adjusters, they've raised the bar for performance and documentation for everyone — and increased costs.

## Taking a Texas two-step back

Reform is hitting the construction sector, with states like Texas making big shifts. New legislation is changing how liability is assigned and shortening how long builders can be held liable for building defects from 10 years to six. These changes are all aimed at reducing litigation and streamlining dispute resolution in an already highly litigious area of property claims.

## The next dominos to fall

With more and more climate events impacting them, California and Louisiana are facing the next wave of reforms due to rising costs. Reliance on state-run programs put insureds at risk when the programs become too bloated as private insurers flee due to rising costs and inflexible laws. The growing reliance on Fair Access to Insurance Requirements (FAIR) plans, which provide insurance coverage when the private market cannot, is now in 35 states and the District of Columbia. With FAIR plans now insuring more than \$1 trillion in exposure over almost three million properties, private insurers are pushing back.

California has already made some changes. After a series of devastating wildfires, carriers threatened to pull out of the state unless they could raise their rates — a win that earned them more flexibility in a high-risk area.

## Regulation changes and reciprocal licensing

Later in 2025, Iowa is implementing property adjuster licensing requirements. There is a window of opportunity open through October 1, 2025, for experienced Iowa adjusters to submit an application to request an Iowa license without having to take and pass the Iowa exam. Licensing in reciprocal states remain easier and less costly to navigate than in non-reciprocal states California, New York and Hawaii. The Designated Home State License, offered in Florida, Texas and Indiana, allows for license reciprocity in states that have entered into a reciprocal agreement with the home state. This means a more flexible, more responsive workforce — critical in catastrophe-prone regions. Carriers and property adjusting firms like Sedgwick benefit greatly from this through leveraging a large supply of licensed human capital in responding to surging claim volumes after a disaster.

## Keeping pace with the changes

These new rules mean we must work faster and more accurately, and that we must constantly educate ourselves on evolving legal frameworks. Not only are these our strong suits — we look at this as opportunities to innovate.

To help keep up with these changes, we're using powerful new AI tools that help us stay compliant, streamline documentation and flag regulatory changes. These tools can even monitor licensure renewal to ensure we're always ready.

Reform means doing things differently. Adapting faster. It means maintaining the empathy and expertise that we're known for in the face of uncertainty and change. Thanks to our perspective and expertise, our partners can rely on us.

Interested in learning more about our solutions?

[Contact an expert at Sedgwick.](#)



# Litigation

Florida is taking bold steps to stabilize its insurance market, reduce claim disputes and eliminate waste, fraud and abuse. A new bill would ensure that AI isn't denying claims, and there are ongoing investigations into managing general agents (MGAs). These measures underscore Florida's commitment to fostering a more equitable and transparent environment for consumers and insurers alike.

## Limiting AI's role in insurance decisions

A new bill in Florida, SB 794, seeks to prevent AI from making denial decisions for home, auto or health insurance claims. It would require a "qualified human professional" to review these claims and ensure an equitable adjudication process that reduces increasing claim disputes over denials.

The bill has the backing of the Florida Association of Public Insurance Adjusters and the Florida Medical Association, as reported by [WINK](#). However, industry experts, such as Mark Friedlander from the Insurance Information Institute, have expressed concerns that it could lead to higher insurance rates and slower claims processing.

## Investigations into MGAs in Florida

House Speaker Danny Perez, R-Miami, has announced an investigation into property insurance carriers' relationships with their MGAs and other affiliated companies. As reported by the [Tampa Bay Times and Miami Herald](#), a recently released study from the Florida Office of Insurance Regulation suggests that insurers had diverted billions to affiliate companies while claiming financial hardship from hurricanes and claims litigation.

Critics to the Tampa Bay Times and Miami Herald article argue in [Florida Politics](#) that MGAs play an essential role in Florida's insurance market, especially given the state's high risk for hurricanes. Insurers often rely on MGAs for underwriting expertise, infrastructure to process tens of thousands of claims efficiently, help negotiating reinsurance agreements and support to issue policies, ensure regulatory compliance and perform administrative functions.

[Florida Politics](#) also argued that MGAs play a role in attracting private investment to Florida's insurance market, and without MGAs and those investments, homeowners would be left with even fewer choices. Others have emphasized the importance of MGAs in maintaining Florida's market stability as well, including Kevin McCarty, former Florida Insurance Commissioner, and Jeff Grady, former CEO of the Florida Association of Insurance Agents.

While the outcome of the investigation into MGAs remains uncertain, it might lead to new restrictions or reporting requirements for Florida carriers and MGAs.

## Key takeaways

Recent legislative action in Florida aims to **foster a more equitable and transparent environment within the insurance industry.**

The new bill, SB 794 would **mandate human review for insurance claim denials**, aiming to balance innovation and consumer protection, and reduce claim disputes.


Investigations into property insurance carriers' relationships with MGAs and efforts to eliminate waste, fraud and abuse are **part of broader initiatives to ensure transparency and fairness.**







# The litigation lens: navigating rising premiums and legal pressures in property claims

 MIKE LENT, EVP, PROPERTY AMERICAS

In today's property and casualty landscape, litigation is increasingly becoming a major factor in costs for insurers and policyholders alike. As claim disputes rise and legal scrutiny intensifies, we must be able to adapt and respond to these challenges.

## The state by state of litigation

Let's look at the state of Florida as a case study for high litigation rates and costs. With one in four claim disputes going to court (compared to an average of one in twenty nationally), plus climate-related disasters, aggressive legal tactics and rampant assignment of benefits (AOB) fraud driving costs, private insurers fled. Now, remaining insurers and state-run insurer Florida Citizens have to pick up the pieces, and they're calling upon Sedgwick to provide the infrastructure that they lack.

## Rising premiums, rising pressure

So, who's next? States like California, Illinois and Louisiana reside in high-risk zones, putting them on a similar path to Florida. Using recent disasters as leverage, and as a reflection higher business costs and higher litigation costs, State Farm recently imposed a 17% increase in homeowners' rates and 15% for renters in California and a 27% increase in Illinois rates.

## The fix is in Florida

With mounting issues, Florida took steps towards reform. Its legislation limiting attorney fees and AOB clauses have made an impact and led to new demands: higher deductibles for insureds, faster response times on claims, higher expectations and a need for deeper collaboration between insurers and providers.

## Navigating the litigation storm

At Sedgwick, we're here to help our partners navigate these challenges with our signature empathy and expertise. We bring our unmatched perspective, caring that counts and culture of yes to help our clients thrive in uncertain environments, just like the one we're in now.

To help empower carriers, we are embracing tools like artificial intelligence solutions. From fraud detection to compliance tracking, AI is helping us stay ahead of litigation risks, help us process faster and investigate more thoroughly while maintaining efficiency.

## Preparing for what's next

With the evolving litigation situation changing the face of property claims, we're committed to helping our partners thrive. With powerful tools and our team of experts, we're helping the industry move forward.

Interested in learning more about our solutions?

[Contact an expert at Sedgwick.](#)



# State of the line insights

As the global leader in risk and claims administration, we've managed more claims than anyone else in the industry. Drawing on insights gathered from billions of data points across every kind of claim, we offer an unmatched perspective into what's trending now, and what's on the horizon. Our state of the line reports are where we share these insights to help you prepare for whatever the future holds.

Here are some trends we're seeing based on 2024 claims data for our U.S. property programs.

01

## New claim volume was consistent throughout 2024.

The number of new claims opened in the first half of last year closely matched new claim volume for the second half of 2024. This stability allowed for an increased focus on aged claims, resulting in lower pending claim inventories.

02

## Carriers are increasingly outsourcing desk adjusting.

Desk examiner outsourcing is emerging as a popular option because it enables carriers to get the support they need when there are surge events or gaps in coverage on their internal teams. Outsourcing has helped these clients scale quickly and drive efficiencies and cost savings.

Desk examiner outsourcing is one way we're seeing clients respond to the industry-wide labor shortage. Read more about the [shortage of skilled labor](#).

03

## Gross loss averages and loss totals are rising.

This growth underscores the financial impact of claims and highlights the importance of strategic planning and resource management to mitigate these rising costs.

Read more about [increasing costs for insurers, especially costs related to catastrophic events, and how that's reshaping insurance](#).

04

## Cycle time averages have stabilized.

In 2022, these averages were decreasing as a result of an influx of personal lines claims from catastrophic losses. Starting in 2023 and again last year, these numbers have stabilized, signaling a return to more predictable timelines.

05

## As catastrophes increase, preparedness becomes more challenging.

We're seeing more events exceeding \$1 billion in the U.S., which is intensifying the industry's focus on preparedness. Yet, the volatility in the year-over-year severity of these events remains a challenge, complicating efforts to anticipate and allocate resources effectively. This unpredictability emphasizes the need for robust planning and innovative approaches to disaster response.

Read more about the [rise in billion-dollar climate events and their impact on the industry](#).

## Want more insights from our **robust book of business?**

Check out our latest [property loss adjusting state of the line report](#).



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