



GROWING TOGETHER

3 Market Forces Shaping Specialty Insurance

**And How Argo
Can Help You Respond**

INTRODUCTION

In today's volatile market, insureds and carriers are navigating inflation-driven pricing pressures, increasingly complex claims and evolving legal threats – often all at once. Amid these shifts, Argo Group is not just adapting to change but anticipating it, with a sharper focus on core strengths, investments in underwriting and claims capabilities and a commitment to profitable growth.

“We’re more disciplined than ever across our businesses. We continuously monitor and anticipate market trends, so that we are nimble and adjust our appetite to fit the current reality.”

Ari Chester
Head of Specialty Lines

That sharper focus is helping Argo stay ahead of industry shifts and enabling brokers to do the same.

Here are three key areas the Argo team is watching closely, and how a more focused, more agile Argo is helping brokers grow their business in a less predictable market.

- **MACROECONOMIC PRESSURE:**
How Argo is Addressing Inflation
- **LEGAL SYSTEM ABUSE:**
Managing Legal Risk
- **TALENT ATTRACTION:** **Building Teams Brokers and Insureds Can Count On**

Argo's Coverage at a Glance

- » Primary and Excess Casualty
- » Construction
- » Workers' Compensation (Rockwood)
- » Environmental
- » Garage
- » Inland Marine
- » Alternative Risk
- » Bermuda Property and Casualty

Growing Together, the Argo Way



Argo is focused on strategic, sustainable growth that strengthens broker relationships and unlocks long-term opportunity.



With targeted expansion and investment in underwriting, pricing and claims, Argo is combining entrepreneurial agility with the backing of a strong balance sheet.



The result: a more focused, responsive company that's better positioned to help brokers grow and win in a changing market.

1. MACROECONOMIC PRESSURE

How Argo is Addressing Inflation

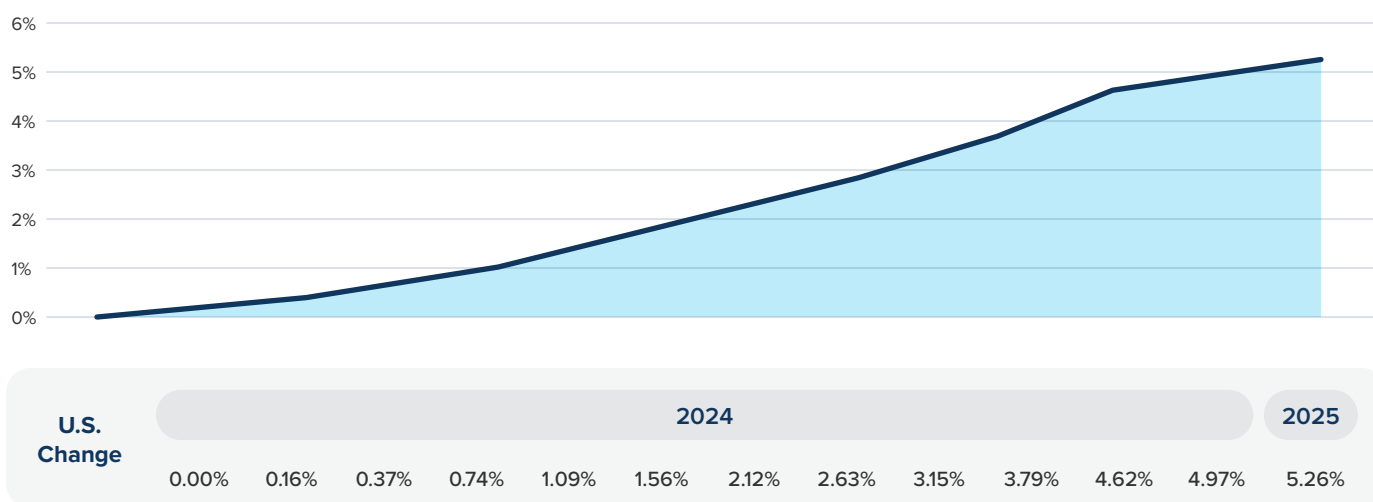
Macroeconomic pressure continues to drive claims costs and impact pricing strategy, requiring a sharper focus on profitable growth. Argo is responding with a clear and deliberate approach: stay disciplined, stay selective and stay aligned with long-term client needs. This doesn't only protect Argo's profitability, it ensures brokers can offer our clients stable, sustainable coverage in a volatile market.

"We are constantly looking at the inflationary pressures in the United States and globally," said David Corry, Head of Casualty. By examining government statistics from the U.S. Bureau of Labor Statistics and factoring them into rate changes, Corry and the team can respond to today's reality, even if the results of those efforts lie far in the future. "We typically won't know our final results for a number of years in certain areas," explained Corry. "So, we work very closely with our pricing actuaries and claims staff to understand performance and hit our gross written premium plan." This long-term view combined with present-day analysis enables the team to pivot when necessary, helping brokers avoid unstable placements and build portfolios with stronger long-term performance potential.

Labor Costs are Squeezing Budgets – And Raising Prices

In Q4 2024, U.S. labor costs rose 1.42%, compared to just 0.93% for materials. Over the past year, labor inflation hit 5.26%, reshaping not just claims payouts but policy pricing. For brokers, that means underpriced risks are more vulnerable than ever. Argo is building pricing models around the real cost drivers, helping ensure stability, even when the market shifts.

January 2024 – January 2025 Labor Composite Index



Source: Verisk Quarterly Property Report October–December 2024. Retrieved August 19, 2025, from <https://www.verisk.com/492f95/siteassets/media/campaigns/gated/property-estimating/verisk-property-estimating-solutions-quarterly-property-reportq4-2024.pdf>.

Involving the Claims team at every step gives Argo the full picture

Claims also plays a vital role in helping the company manage rising costs and protect long-term partnerships. “We’re responding to macroeconomic pressures by, first and foremost, thinking of our long-term partnerships,” said Stephen Perrella, Chief Claims Officer. “We’re the stewards of a key asset of our customers: their insurance policy. We have an obligation not to squander that and to be very diligent in defending that insurance.”

“One of our top priorities is being a resource for brokers and insureds,” said Perrella. “I have found that they take advantage of that partnership opportunity. After all, when an insured is faced with an unfortunate situation, Claims is the customer service face of Argo.” Establishing that relationship early doesn’t only ensure a smoother working relationship in the future, it helps brokers understand how claims will be handled when the stakes are high and provides greater confidence when recommending Argo to insureds.

This combination of pricing discipline, underwriting selectivity and proactive claims management positions Argo to weather economic shifts without losing sight of its long-term strategy – or its broker relationships.

2. LEGAL SYSTEM ABUSE

Managing Legal Risk

The legal environment remains a significant source of uncertainty, and Argo Group is working behind the scenes to advocate for meaningful reform. “Argo is a member of and participates in two trade associations – the American Property Casualty Insurance Association and the Insurance Information Institute (Triple-I),” said Corry. As a member of the Executive Leadership Committee of Triple-I, Corry works with industry leaders to raise awareness of important areas in need of reform.

While these efforts don’t always involve direct communication with policyholders, Corry emphasized their importance in shaping the legal and regulatory environment. “I recently had an opportunity to address a select group of our top brokers at an event forum,” he said. “Toward the end of my comments, I focused on the need for tort reform and the importance of getting our brokers involved, and many of them already are.” By staying active in the fight for reform, Argo helps brokers protect their portfolios in a legal environment that’s anything but predictable.



Nuclear Verdicts Are Reshaping the Market

Legal system abuse is reshaping the risk landscape. Tort filings are rising, plaintiffs are winning more often, and jury awards are ballooning into nuclear verdicts. These legal trends aren’t just harder to predict, they’re harder to price. That’s why Argo is investing in claims discipline and legal insight to help brokers navigate tough markets with confidence.

+10%

**Court filings
per capita**

+9%

**Plaintiff
win rate**

+7.6%

**Inflation-adjusted
trial awards**

Source: What is the evidence for social inflation? Trends in trial awards and insurance claim payments | Rand. (n.d.). Retrieved August 20, 2025, from https://www.rand.org/pubs/research_reports/RRA2645-1.html.

How Argo stays ahead of legal system abuse

Argo's Claims team is particularly engaged in the fight against legal system abuse, drawing on both legal expertise and disciplined strategy. "This is something the entire industry is dealing with," said Perrella, who, in addition to being Chief Claims Officer, is also a former trial lawyer. "In law school, you learn that our justice system is designed to make a plaintiff whole – no more, no less." But today, said Perrella, litigants are abusing the legal system to enrich themselves; in many jurisdictions, verdicts far exceed actual damages. "It has been a bit of a bonanza," Perrella said.

He pointed to states like Georgia and Florida, where outsized verdicts and systemic inefficiencies have triggered tort reform only after insurers began pulling out of the market. "The problem is we're implementing tort reform once those abuses have begun to overwhelm a just system," he said.

To stay ahead of these pressures, Argo relies on both coverage and courtroom experience. "We have

experienced coverage and trial professionals, people who've gone to mediations, who've tried cases," Perrella said. Just as important, the Claims team makes decisions collaboratively, not in isolation. "We have an escalation process in Claims where no one is handling a file alone." High-risk or complex cases are reviewed in roundtables that include the claims handler, their manager, the head of casualty claims and Perrella himself. "The four of us will sit down and strategize over a case. No one is making these decisions uninformed or on their own." For Perrella, this approach is essential to Argo's role in the market: "It's a tough field to play on, but we do everything we can to ensure we play tough and play fair, because shrinking from the fight isn't an option."

Argo also has a strong Claims-to-Underwriting feedback loop, so there is continuous dialogue and information-sharing. "Claims staff participates firsthand in all of our performance reviews," said Ari Chester, Head of Specialty Lines. "We continuously update our products and calibrate our appetite based on Claims feedback."

What's Moving the Market: Trends by Specialty

Primary Casualty

Legal System Abuse and Soft Market Collide

Product-driven general liability risks remain soft, but rising demand for harder-to-place accounts – combined with increased competition, legal system abuse and nuclear verdicts – is pressuring profitability and requiring disciplined underwriting.

Excess Casualty

Auto Loss Trends Drive Tightening Terms

In key states like New York, California and Texas, growth continues amid rising auto claim severity and complexity, prompting stricter terms, reduced limits and higher attachment points as more insureds turn to E&S markets.

Construction

Tariff-Driven Cost Spikes Strain Project Budgets

Rising material costs driven by tariffs are increasing insurance pricing and project budgets, leading to coverage repricing, quality concerns and future claims risk. Meanwhile, insurers tighten controls and explore tech-enabled risk management amid ongoing talent shortages.

Workers' Compensation (Rockwood)

Profitability Holds, but Complexity Grows

Despite continued profitability, the Workers' Comp market faces growing pressures from medical inflation, regulatory changes and emerging risks, driving carriers to focus on specialization, strategic distribution and tech-enabled services to maintain competitiveness and margin.

Garage (Colony Specialty)

Continued Hard Market as Standard Markets Pull Back

As standard markets exit tougher classes, opportunities are growing across E&S wholesale classes, including both liability and property. Some states have more litigious environments, which we address with pricing, product or pullback of capacity.

Inland Marine

Energy Innovation and Regulation Shift Risk Landscape

Innovation in oil, gas, and renewables and data centers is reshaping Inland Marine exposures. Increasing sophistication of bad actors is changing how the company underwrites and addresses transportation coverages.

Environmental

Market Pressures Grow Across Energy and Environmental Sectors

New entrants and added capacity are heightening competition across the board. While solar once played a larger role in the risk landscape, activity is pulling back – reducing overall exposure but also opportunity. At the same time, concern around PFAS exposure is on the rise. The EPA's health advisory may drive up cleanup costs, increase third-party litigation and lead to uninsured losses.

Tax Liability

Legislative Change, Shifts in Appetite

Adjacent lines like Contingent have been distressed, leading to market pullback of capacity. While near-term renewables outlook remains bullish, longer-term demand is uncertain. This is due to new renewable technologies picking up momentum even as wind and solar drop. Balance sheet transactions continue to have robust need for tax liability solutions.

3. TALENT ATTRACTION

Building Teams Brokers and Insureds Can Count On

In today's specialty insurance market, talent constraints remain an operational risk. With large portions of the workforce retiring and a limited pipeline of experienced underwriters, claims professionals and actuaries entering the field, competition for expertise is intense. That pressure is especially acute for carriers navigating complex risks and high-touch broker relationships. Staying competitive in this environment means more than hiring; it requires building teams that work seamlessly together and developing talent that's ready for what's next.

Differentiation through collaboration

At Argo, the response isn't just about recruitment, it's about integration. "Having a market-leading underwriting team is very important," said Chester. "There's a big push for high-quality talent." But building individual expertise isn't enough. "It's the breaking down of silos, working as one Argo, one team," he said. "Seamless integration across our teams and functional groups, is a major theme."

By fostering tighter collaboration across underwriting, claims, actuarial team and the full gamut of supporting functions, Argo is developing an operating model that will deliver more consistent service and enhanced broker responsiveness in a fragmented and competitive landscape.



Half the Industry Could Retire in the Next 15 Years

From brokers to claims leaders, the insurance industry faces a looming crisis: 50% of today's workforce is set to retire within the next 15 years, with over 400,000 roles expected to go unfilled. By focusing on building integrated teams and mentor-led development, Argo is helping close the gap.



2025



2040

Source: Epstein, D. (2024, March 4). That insurance talent crisis? It's a global knowledge opportunity. Insurance Journal. <https://www.insurancejournal.com/magazines/mag-features/2024/03/04/762494.htm>

Perrella emphasized that collaboration isn't just good for claims outcomes, it's a strategic advantage in attracting and retaining talent. In a labor market where experienced claims professionals are in high demand, Argo is investing in a culture where expertise is both shared and developed. "The claims value proposition is the way that we are responding with regard to our long-term partnerships," he said. That includes "a feedback loop with underwriters and actuaries, but also to be a resource to brokers and insureds."

This kind of cross-functional visibility appeals to professionals who want to contribute meaningfully beyond their silo. "We give people the opportunity to prepare. You really have developed your own strategy, what you want to do and why," Perrella explained. "At the same time, you're working with people who are concerned with their development. They're not left working without a net."

In a competitive talent environment, that mix of autonomy, support and purpose is a key differentiator – and it helps ensure that, when a claim hits, brokers are working with people who are both empowered and aligned.

Developing talent, at Argo and beyond

Corry connected Argo's talent strategy directly to business performance. "We've launched an underwriting training program that's the first of its kind at Argo. New underwriters are joining with limited experience, and we're teaching them from the ground up what it means to be an underwriter here. They're also learning the Argo way of thinking, which supports consistency and quality," he said. "We're giving our people tools to be successful – not just this year but in their long-term careers."

Argo's focus on talent development doesn't end at the company's door; it extends to the broader insurance ecosystem. "We've had success with things like Ascend with Argo, which is focused on developing talent externally – particularly early-career brokers," said Corry. The program helps participants build their professional skills through shadow days, training and industry events. By equipping new brokers with real-world knowledge and practical tools, Ascend with Argo supports career growth at a critical stage and helps ensure the wider industry continues to attract and retain top talent.

Argo's investment in early-career development and its culture of cross-functional knowledge-sharing means brokers work with people who are prepared, responsive and aligned with their goals.

IN A MARKET FULL OF NOISE, ARGO BRINGS CLARITY

Volatility isn't going away. If anything, the next few years will demand even more from brokers and insureds: faster decisions, sharper judgment and greater confidence in their carrier partners. It's becoming clear that a fragmented or reactive model won't cut it. Brokers need partners who can help them see beyond the noise, who are not just responding to shifts but anticipating them.

Argo's integrated approach appears to be working. According to a 2025 survey of the company's broker partners, 60% said they are satisfied or very satisfied with doing business with the company. This level of satisfaction reflects a broader trend in the specialty market: success depends less on isolated expertise and more on how well that expertise is connected. For brokers, the value of that alignment may become clearest in moments of stress. That's when clarity, speed and consistency are at a premium, but growth is still possible – with the right partner in your corner.

Explore areas where Argo experts can help you find the solutions you need. 