

FRIEND.

The soft market stopped being a phase and became the weather.

EVERY BUSINESS IS A CROSS-SECTION · CLARITY IS THE PRODUCT.

VOL. 03 · WEEK OF AUGUST 10, 2026

DESK NOTE.

This week the soft market stopped looking like a phase and started looking like the weather. Renewal prices eased again across nearly every commercial line in July, analysts now argue that even a \$100 billion disaster would not push rates back up, and record outside capital keeps arriving anyway. When everything gets cheaper at once, the only edge left is telling the good risks from the bad ones, which is the whole of what we do.

4.03%

COMM. AUTO RENEWAL,
JULY (FROM 4.58%)

7.42%

UMBRELLA, THE LINE
STILL CLIMBING
HARDEST

\$65B

CAT-BOND MARKET,
~8% OF REINSURANCE
CAPITAL

\$4.5M

COVERWATCH AI
PRE-SEED ROUND

July renewal rates cool across five of six commercial lines

INSURANCE BUSINESS · AUGUST 11, 2026 · IVANS INDEX

The Ivans Index for July 2026 shows average renewal rate increases easing month over month in five of six major commercial lines: commercial auto slipped to 4.03% from 4.58%, general liability to 4.99% from 5.33%, and umbrella to 7.42% from 7.60%, with commercial property at 6.16% and business owner's policies at 5.94%. Workers' compensation stayed the only line in negative territory at -1.26%. The reading extends a softening that began when the Council of Insurance Agents and Brokers recorded a 1.2% premium decline in Q1 2026, ending a 33-quarter run of increases.

THE FRIEND READ

Even a market that is cooling everywhere is not cooling evenly. Workers' comp, the coverage that pays when an employee is hurt on the job, is actually cheaper than a year ago, while umbrella, the extra liability layer that sits on top of a business's other policies, is still climbing past 7%. A small business buys these bundled into one bill, so the average looks calm while the pieces pull in opposite directions. That gap between the blended price and the true price of each piece is the mispricing we sell clarity on.

FIG. 02 · INSURANCE AI & INSURTECH FUNDING

Coverwatch raises \$4.5m to hunt coverage gaps for small businesses with AI

BEINSURE · AUGUST 12, 2026

Coverwatch raised \$4.5m in pre-seed funding led by CoFound and Restive, with participation from KFund and Liquid2 Ventures, to build an AI platform that reads a business's commercial policies, flags coverage gaps, and solicits competing bids from more than 50 carriers at once. Rather than take a broker commission, the six-person company charges a flat fee, tying its revenue to the premium savings it finds. It currently

operates across 17 states.

THE FRIEND READ

Notice where the money went: not to another engine that writes policies, but to one that audits them from the buyer's side. "AI in insurance" is quietly splitting into two different games, cutting the buyer's bill versus picking which risks are actually worth writing. Friend plays the second game, the risk-selection side, where the edge is proprietary data on who is a good bet, not a slicker way to shop the market. Both can be real businesses, but only one decides which risks get bound, and that is where the margin lives.

FIG. 03 • ALTERNATIVE CAPITAL & ILS

Cat-bond market nears \$65bn and 8% of reinsurance capital, yet stays disciplined

ARTEMIS • AUGUST 7, 2026 • J.P. MORGAN DATA

J.P. Morgan analysts put the catastrophe-bond market at roughly \$65bn of capital, now about 8% of all reinsurance industry capital, after a record run in which Q2 2026 became the first quarter ever to top \$11bn of issuance and May 2026 alone saw 20 deals raise around \$7bn. Roughly \$18bn has been issued so far in 2026. Even so, the analysts said the alternative market "remains well disciplined," with little of the loose behavior seen in past soft cycles, as growth came mostly from existing investors redeploying rather than new entrants.

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A catastrophe bond lets outside investors, pension funds and asset managers, put money directly behind insurance risk and earn a yield if the disaster does not strike. There is now about \$65 billion of it, and, unusually for a market awash in cash, it is behaving itself and still demanding a real price for the risk it takes on. That matters to us because this is the capital pool behind Insurco, our plan to match outside

money to a carefully chosen book of small-business policies. Disciplined capital does not want volume, it wants well-selected risk, which is precisely the thing we are built to hand it.

FIG. 04 • RISK ON THE FRONTIER

Lockton Re builds what it calls the first reinsurance deal combining property-cat and cyber triggers in one limit

ARTEMIS • WEEK ENDING AUGUST 9, 2026

Lockton Re said it executed the first industry-loss warranty to combine property-catastrophe and cyber risk triggers inside a single limit, letting one contract respond to either a large natural-catastrophe loss or a major cyber event. The structure landed in a week that also saw Talcott Financial launch the roughly \$1bn West Grove Re sidecar with Goldman Sachs, and wildfire-exposed cat-bond issuance reach \$5.18bn year to date, near the full-year 2025 record.

THE FRIEND READ

An industry-loss warranty is a simple bet dressed in jargon: it pays out when total insured losses from an event cross an agreed line, say \$30 billion, no matter whose policies took the hit. Stapling a wildfire and a cyberattack into one of these is a sign the market is getting more comfortable pricing brand-new combinations of risk out loud, rather than burying them in a vague catch-all policy. That is the same muscle Friend is built around, naming and pricing each exposure on its own instead of hiding it in an average. As more perils get their own honest price, the distance between careful and careless underwriting only widens, and wider gaps are where we win.

FIG. 05 · THE MARKET CYCLE

Berenberg: even a single \$100bn catastrophe would not flip the market back to hard

ARTEMIS · WEEK ENDING AUGUST 9, 2026 · BERENBERG

Analysts at Berenberg argued that a single \$100bn catastrophe event is now unlikely on its own to push the industry back into a hard market, given how much capital stands ready to absorb losses and refill capacity. Swiss Re separately described challenging midyear renewal conditions, with premium declines in natural-catastrophe underwriting even as terms and conditions held broadly stable.

THE FRIEND READ

A "hard market" is the stretch of the cycle when insurers pull back, coverage gets scarce, and prices jump; a "soft market" is the opposite, and that is where we sit today. Berenberg's point is striking: there is now so much capital waiting on the sidelines that even a \$100 billion disaster might not be enough to make prices rise again. If cheap pricing is here to stay, the sloppy underwriters who mis-sort good risk from bad will keep getting punished quietly, and the ones who can actually tell the difference will keep pulling ahead. A soft market that refuses to turn is not a threat to Friend, it is the exact climate our whole thesis was built for.

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