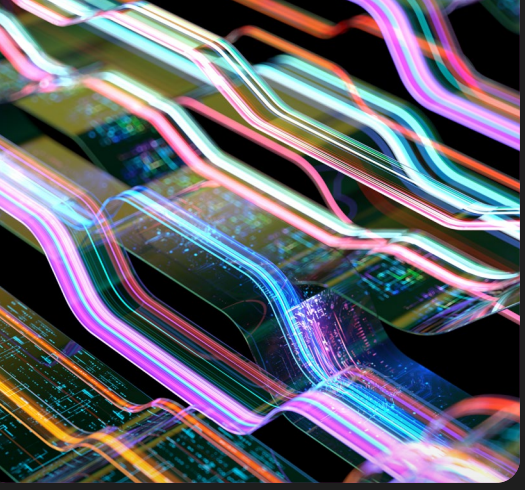
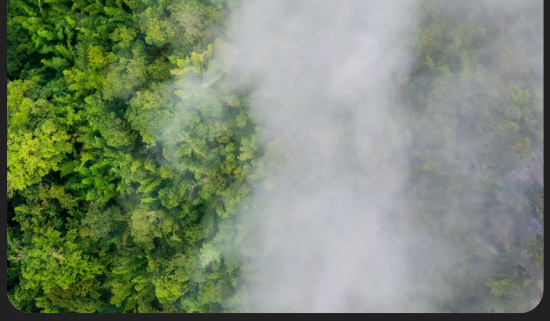







2026

Loss Adjusting Insights Report

Inside the report

$100B+
projected AI value for insurers

25%
claims adjusters expected to retire by end of 2027

10x
higher litigation risk when claims reported after 90 days

sedgwick

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

A new era of property claims is taking shape. Technologies are advancing, pressures are building and risks are becoming harder to untangle.

In this report, Sedgwick's experts explore eight pressing trends reshaping the future of property claims, drawing on recent industry data and front-line experience handling the world's most complex losses.

Together, these insights will help you understand the forces changing loss adjusting today and what they could mean for your organization tomorrow.

01 / Talent shortages

Property experts are retiring faster than new talent can replace them. How can carriers protect claim quality as critical expertise leaves the workforce?

02 / AI & technology

Adoption is accelerating, but carriers still struggle to scale AI across operations. What will it take to turn technology investments into measurable outcomes?

03 / Data centers

Interconnected systems mean even minor damage can cause major disruptions. How can carriers minimize downtime with data center losses?

04 / Power, utilities & renewables

Rapid growth in energy infrastructure is creating complex loss scenarios. What will it take for carriers to mitigate risks as systems grow more specialized?

05 / Builder's risk

Labor constraints and supply chain disruptions are making builder's risk claims harder to control. How can carriers reduce delays before costs escalate?

06 / Climate volatility

Catastrophes are happening more frequently and in unexpected places. How can carriers stay prepared with less time to recover between events?

07 / Early intervention

Decisions made in the first 48 hours increasingly shape a claim's outcome. What should carriers prioritize to make the most of that critical window?

08 / Appraisals under policy

Loss-value disputes are rising and becoming more difficult to resolve. How can carriers reach resolution before disagreements turn into litigation?



Talent shortages

Why institutional knowledge is becoming a competitive advantage

The loss adjusting industry is facing a significant workforce challenge.

Property experts are rapidly retiring and taking decades of institutional knowledge with them. At the same time, claims are becoming more complex to handle — requiring stronger judgment and decision-making skills than ever before.

Now, many carriers are asking themselves the same question: How do we maintain claim quality when expertise is walking out the door?

Nearly 25% of claim adjusters are expected to retire by the end of 2027. [1]

Carriers are losing expertise

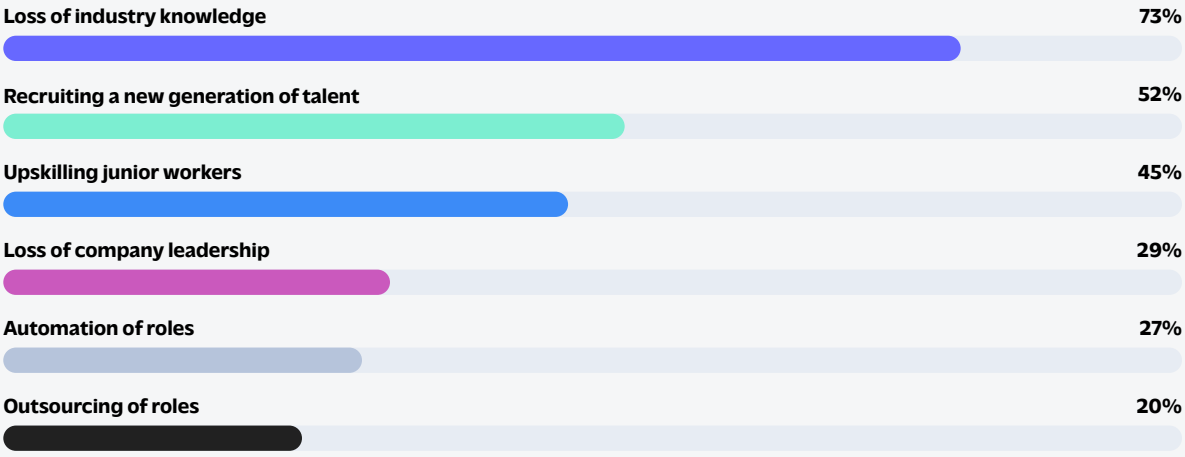
Adjusters, technical specialists and claims leaders have been rapidly retiring over the last decade, fueling what Sedgwick's Andy McCallum has dubbed the "silver tsunami." These retirements are happening faster than new talent is entering the industry, shrinking the talent pool and making it harder for carriers to fill roles.

When experienced professionals leave the workforce, carriers don't just lose capacity. They lose valuable policy knowledge, technical expertise and leadership skills that only come from spending years in the industry.

As a result, succession planning and knowledge transfer are now critical priorities. To ensure long-term success, carriers must identify the knowledge areas most at risk and ensure those skills are passed on before they leave the organization.



What do you think will be the greatest impact of the retirement wave on the insurance industry?[2]





Talent pipelines are under pressure

The need for knowledge transfer has never been greater, yet today's carriers have fewer experts than ever to help develop the next generation. Rapid retirements mean fewer mentors — and fewer learning opportunities for newer adjusters.

As property claims become more complex, adjusters must be able to evaluate large losses and make nuanced coverage decisions in high-stakes situations. For carriers, building those capabilities across the organization is challenging with fewer experts around to guide teams.

Now more than ever, carriers must invest in structured training programs and hands-on development opportunities that help future talent build real-world expertise. Mentorship initiatives and tandem-team approaches can accelerate knowledge transfer and help maintain consistent claim outcomes as the workforce changes.

62% of insurance professionals **expect a shortage of mentorship opportunities** due to the retirement wave.[2]

Staffing models are being tested

With lower claim volume over the past few years, some carriers have adjusted their staffing models to operate with fewer surge resources and leaner teams. The question now is whether these models can hold up when claim activity accelerates.

If volume spikes, carriers may need to quickly supplement their teams with more experts to maintain service levels and keep claims moving. But with a shrinking talent pool, finding and hiring that support will only become more difficult.

To stay ahead, carriers must think beyond internal capacity and find ways to scale outside expertise. By tapping into trusted resource networks and outsourcing partners, carriers can build flexibility into their staffing models and respond more effectively when workloads suddenly increase.



20%

of insurance companies say hiring talent has become more difficult compared to last year.[2]

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Developing the next generation of property experts

David Armstrong, Executive Vice President, Property Americas

When people talk about talent shortages, they're often focused on headcount. In my view, the real challenge is expertise.

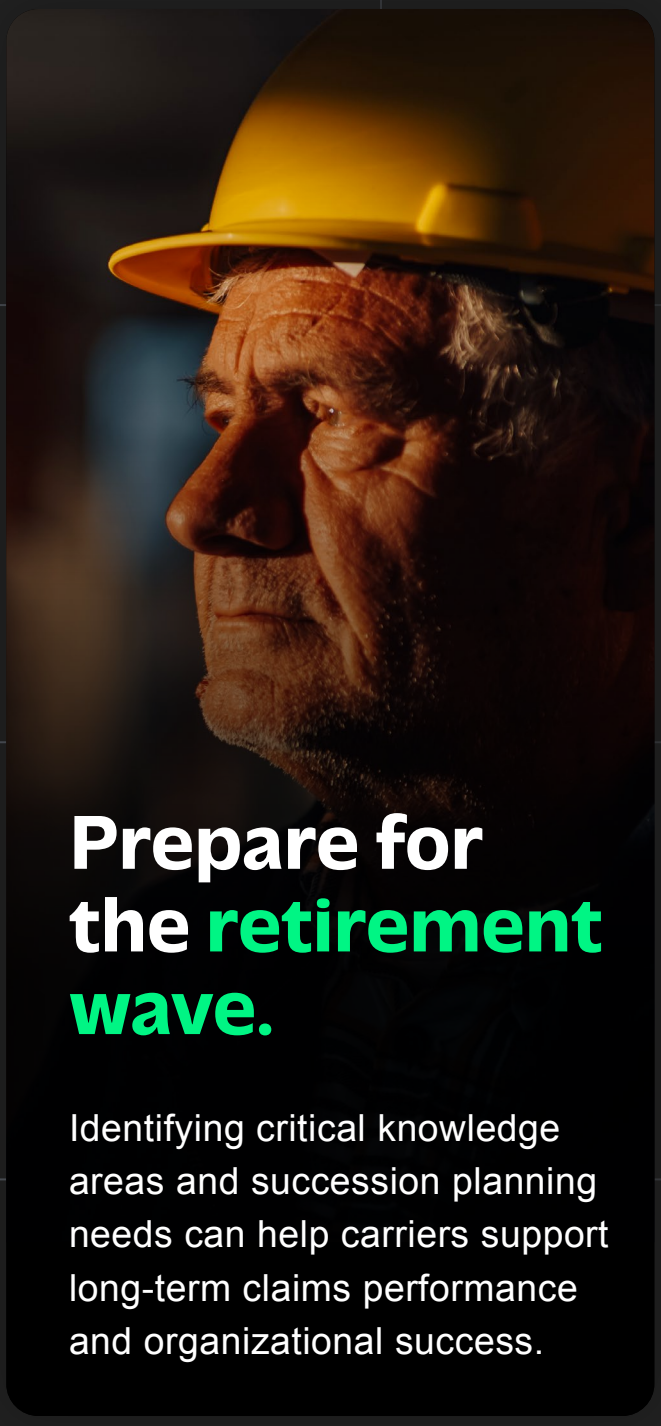
Behind every property expert is a wealth of institutional knowledge and lessons learned from difficult claim situations. Once that expertise leaves the organization, it's not easily replaced.

That's why carriers need to focus on developing talent now. Mentorship and tandem teams are some of the most effective ways to transfer knowledge and help newer adjusters build the critical judgment and decision-making skills complex claims need.

Technology will continue to play an important role, particularly when it comes to productivity and consistency. But there's still no substitute for experience when navigating a complex loss or making a difficult claim decision.

Carriers that combine strong talent development with flexible resource strategies will be well-positioned to succeed — no matter how the property landscape changes.

Key takeaways for carriers



Prepare for the retirement wave.

Identifying critical knowledge areas and succession planning needs can help carriers support long-term claims performance and organizational success.

Invest in talent development.

Structured training and hands-on development programs can help carriers fill capability gaps and maintain claim quality as the workforce changes.

Create knowledge transfer opportunities.

Mentorships and tandem-team approaches can help carriers transfer technical expertise, decision-making skills and real-world judgment to more junior adjusters.

Ensure expertise can scale with demand.

Flexible workforce models, trusted resource networks and strategic partnerships can help carriers quickly respond during surges with the right expertise.

Build your talent continuity strategy →



AI & technology

Why many carriers are struggling to scale AI across operations

AI is entering a new phase in insurance. The question is no longer what the technology can do, but how carriers can turn it into real, measurable value.

As carriers work to improve claim outcomes, control costs and ease workforce pressures, AI is becoming central to the claims operation, but adoption alone is no longer the differentiator.

To stay competitive, carriers must move beyond experimentation and build scalable, governed workflows that augment adjusters, not replace them.

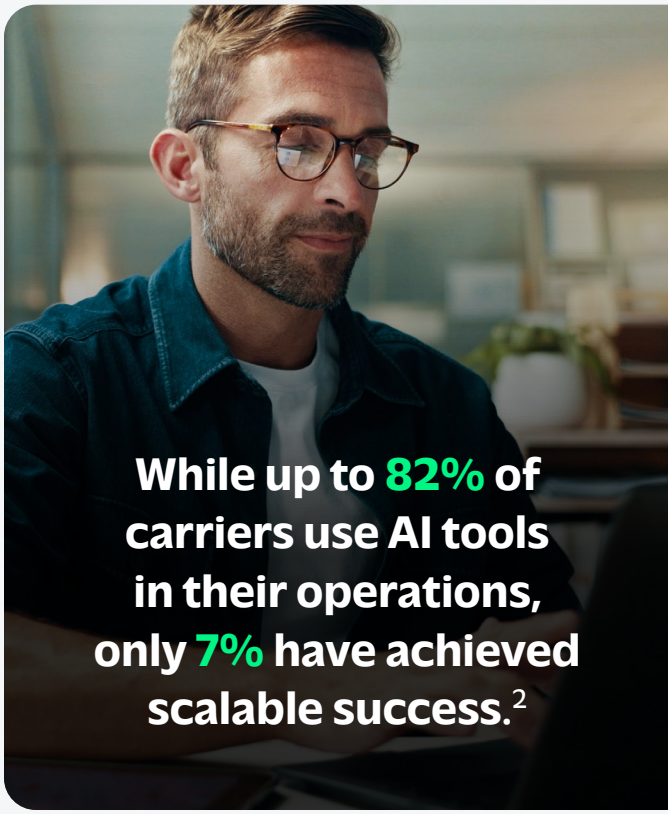
AI technology is projected to create more than $100 billion in value for insurers. [1]

AI tools are largely disconnected

AI is creating new opportunities across the claims ecosystem. From documentation review and estimating support to claim routing, carriers are increasingly using AI to improve efficiency, reduce leakage and help claims move forward faster.

Yet despite significant investment and growing adoption, many carriers continue to struggle with scale. The challenge isn't the technology itself, but the complexity of integrating AI into existing workflows, systems and operating models while maintaining accuracy and oversight. That complexity leads many carriers to begin with isolated pilots and point solutions that improve individual tasks but remain disconnected from broader claims operations

When tools operate in isolation, data stays trapped in silos, forcing adjusters to work across multiple systems and limiting the insight AI can actually deliver. As operational pressures increase, carriers must find ways to embed AI across end-to-end workflows and connect their data across systems to unlock real value at enterprise scale.





Governance is key to responsible adoption

As AI becomes more deeply embedded in claims operations, the regulatory landscape is evolving quickly to keep pace. More than half of U.S. states have adopted AI guidance influenced by the NAIC Model AI Bulletin, a framework that sets expectations for how carriers develop, monitor and govern AI-enabled decisions.

Some states are adding onto those expectations with their own directives. Texas TDI Bulletin B-0003-26, for example, clarified that AI-enabled insurance activities are subject to existing laws, raising expectations around validation, documentation, accountability and audit readiness.

In response, carriers are investing in oversight structures, controls and risk management frameworks that help ensure AI can be deployed safely and consistently. Governance is quickly becoming essential to long-term AI success, giving those who demonstrate transparency and oversight a clear path to scale.

70% of organizations have established dedicated AI risk committees, but only **14%** report being operationally prepared to implement AI safely and effectively.[3]

AI is amplifying human expertise

With more focus on governance and accountability, human-in-the-loop models are emerging as the preferred approach for balancing efficiency and trust. Carriers are recognizing that while AI can accelerate routine work, it can never replace the judgement, empathy and decision-making skills that adjusters bring to claims.

As a result, the role of AI in insurance is evolving from task automation to workflow orchestration. Rather than replacing adjusters, many carriers are using AI to reduce administrative friction and help their teams focus on the areas that require more oversight and human expertise, like investigations, coverage analysis and customer interactions.

The next evolution of claims operations will be centered on intelligent workflows that connect information, decisions and actions across the claims life cycle. By helping adjusters process information faster, AI-driven workflows are improving consistency, reducing cycle times and creating a better experience for both policyholders and claims professionals.



"The future of claims isn't AI replacing adjusters. It's combining world-class claims expertise with intelligent workflows to help professionals process information faster, make better decisions and deliver better outcomes at scale."

David Guaragna, Managing Director of Property Operations

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Reimagining claims through AI-assisted workflows

David Guaragna, Managing Director of Property Operations

When people in our industry talk about AI, the conversation often jumps straight to what it can replace. But the more interesting opportunity is how it can change the way adjusters handle claims.

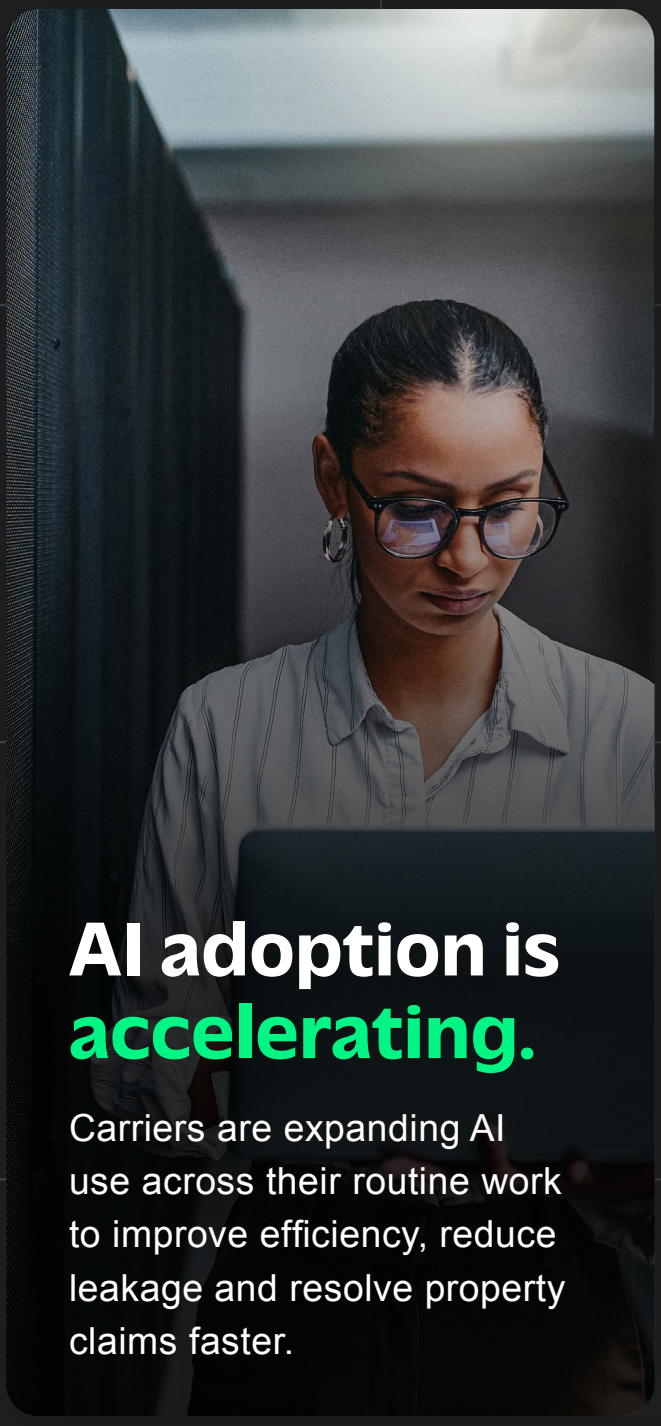
For years, we've applied technology to individual tasks. What's changing now is the shift toward orchestration, using AI to connect information, decisions and actions so a claim keeps moving instead of stalling between steps.

Much of an adjuster's day is consumed by administrative work. When AI takes on more of that load, it doesn't diminish the adjuster's role — it gives them room to do the work that actually requires their expertise.

As AI adoption accelerates, that expertise is becoming even more valuable. Complex losses still demand judgment, the ability to handle exceptions and the empathy to guide a policyholder through a hard moment. None of that can be automated. At Sedgwick, we're bringing those two strengths together, pairing our adjusters' experience with advanced AI to deliver faster, more consistent outcomes.

Looking ahead, the carriers that create the most value won't be the ones with the most technology, but the ones that best blend innovation, governance and human expertise.

Key takeaways for carriers



AI adoption is accelerating.

Carriers are expanding AI use across their routine work to improve efficiency, reduce leakage and resolve property claims faster.

Tools are fragmented.

Disconnected technology ecosystems and inconsistent data continue to limit scalability and reduce the effectiveness of AI.

Regulations are quickly evolving.

Carriers are under pressure to ensure AI-enabled decisions meet new and existing laws around transparency, accountability and defensibility.

Humans will always be essential.

While AI can support administrative tasks, adjusters are still essential to investigations, coverage analysis and customer interactions.

Explore AI-enabled claims solutions with an expert



Data centers

How minor damage is escalating into million-dollar losses

Data centers have quickly become critical infrastructure for the digital economy, but their growing importance is creating new challenges.

As these facilities grow in size and complexity, physical losses and outages now have far-reaching operational, financial and regulatory consequences.

For carriers, this means looking beyond traditional property exposures to understand a new generation of interconnected risks.

Data centers represent an estimated $2 trillion-plus global insurable asset base. [1]

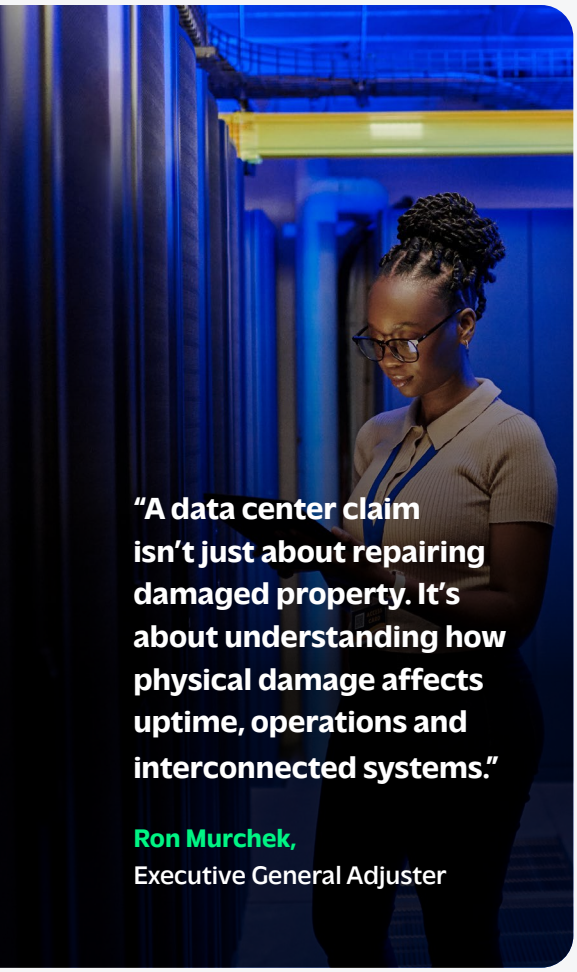
Physical losses can quickly escalate

The rapid expansion of AI and cloud computing is fueling the growth of hyperscale data centers. As these facilities become larger and more technologically complex, carriers are now insuring billions of dollars[3] in buildings, servers and cooling systems within a single location, creating greater loss exposure when incidents occur.

Data center systems are highly connected, so even a single loss can create widespread impacts. Whether it's a water leak, smoke event or a copper-wire theft, seemingly isolated incidents can affect sensitive equipment and quickly disrupt operations throughout the facility.

Because damage isn't always confined to the point of impact, adjusters must understand how systems connect to provide accurate assessments. That knowledge can also help adjusters make smarter repair-versus-replace decisions that help control costs and minimize disruption for operators.





Operational downtime comes at a premium

As businesses become increasingly dependent on data centers, even a brief outage can cause major disruptions. Banks, hospitals and other organizations rely on these facilities for critical functions like financial transactions, record management and communication, while consumers depend on them for services like emergency alerts, social media and GPS navigation.

When outages occur, business interruption and extra expense losses can quickly exceed the cost of physical damage. Unlike many traditional property losses, data center claim severity is often driven less by the extent of damage and more by how quickly critical systems can be restored. Even relatively minor incidents can have significant financial consequences when they interrupt services that millions of people rely on daily.

As demand for computing capacity grows, many operators are building data centers in the South and Midwest where land and power are readily available, but catastrophe risk is significant. In fact, one study found that 56% of planned U.S. data center projects are in areas highly exposed to hurricanes, severe storms, earthquakes or winter weather[5], prompting greater investment in redundancy, backup power and contingency planning to minimize operational disruption.

57% of significant data center outages cost more than $100,000, while **20% cost more than $1 million.**[4]

Regulations are reshaping the risk landscape

Data centers are becoming increasingly important to economic activity, but they're also drawing greater scrutiny from regulators and local communities. For years, many states actively encouraged development through tax incentives and other programs. But with the explosive growth of AI straining power grids and other local resources, lawmakers are now regulating how these facilities are approved, developed and operated.

With more data centers being built across the country, many residents are concerned about the noise pollution and environmental impact. In Virginia, for example, recent drought conditions have sparked debates about data center water usage, with some facilities consuming up to 5 million gallons a day. Concerns about electricity demand, water consumption and rising utility costs have prompted multiple states to introduce new requirements related to permitting, infrastructure planning and resource usage.

For carriers, evolving regulations introduce another layer of complexity. Permitting delays, utility constraints and environmental requirements can extend project timelines, increase repair costs and complicate recovery efforts. As the sector continues to expand, carriers will need to evaluate regulatory considerations alongside traditional property risks when insuring these facilities.



At least 18 states have introduced bills creating specialized energy rate classes for hyperscale data centers.[6]

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The hidden challenges of data center damage

Ron Murchek, Executive General Adjuster

As a former data center manager and current executive general adjuster, I've learned that data center claims are rarely as straightforward as they first appear.

Data centers date back to the 1940s and '50s, when companies like Ford and Sears built them to store financial records and internal communications. Today, they've become critical infrastructure that powers everything from Netflix and Venmo to email and instant messaging.

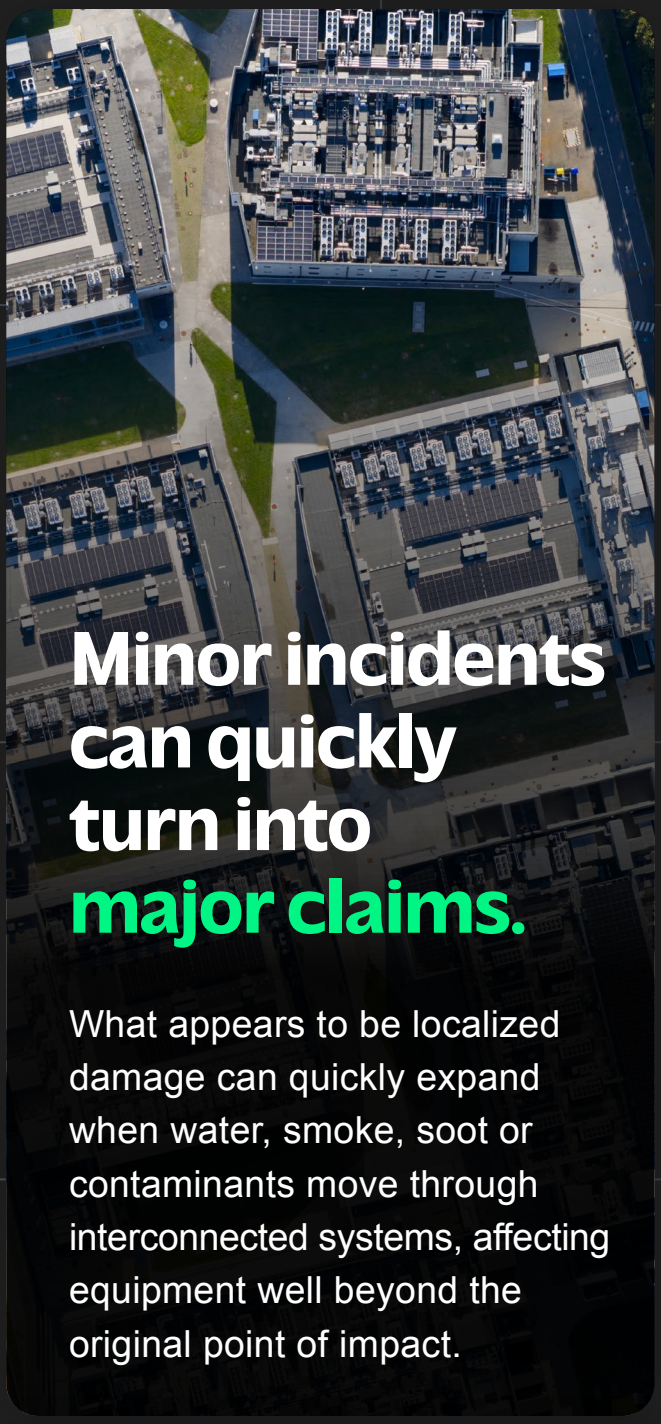
That shift has raised the stakes when losses occur. The more functions data centers take on, the more complex and interconnected they become. A water leak in one system can now affect many others, creating operational disruptions that reach far beyond the original area of damage.

Because of that complexity, one of the biggest challenges now is deciding whether equipment should be repaired or replaced. The right answer isn't always determined by the physical condition. Adjusters must also consider the cost of downtime and how repairs will impact ongoing operations.

That's why technical expertise in this field matters. With so much riding on these facilities, every repair-versus-replace decision has implications beyond the damaged asset — influencing not just data center uptime but how quickly critical functions can be restored.

By looking beyond the physical damage to the operations data centers support, adjusters can make smarter restoration decisions and drive better outcomes for operators.

Key takeaways for carriers



Minor incidents can quickly turn into major claims.

What appears to be localized damage can quickly expand when water, smoke, soot or contaminants move through interconnected systems, affecting equipment well beyond the original point of impact.

Operational downtime drives claim severity.

For many data center losses, business interruption and extra expense costs can exceed the cost of repairing physical damage — making restoration speed a critical factor in overall claim severity.

Technical expertise is critical for data center claims.

Determining whether specialized equipment can be safely restored or must be replaced can have a significant impact on claim costs, recovery timelines and business interruption exposure.

Regulations are creating new risks for carriers.

Permitting requirements, utility constraints and environmental considerations can influence where facilities are built, how quickly projects move forward and the complexity of claims when losses occur.

Stay ahead of complex data center exposures



Power, utilities & renewables

Why new energy systems are creating more exposures for carriers

The rapid expansion of energy infrastructure is changing the nature of property claims.

As electricity demand grows, new technologies are being integrated throughout the sector, creating new risks and challenges for carriers.

Managing today's energy claims requires more than standard loss adjusting skills. It requires specialized expertise to navigate growing complexity and restore critical operations.

Global demand for electricity is expected to double by 2050.[1]

Energy infrastructure is expanding

Increased electricity demand is driving significant investment in renewable generation, battery storage and transmission infrastructure. With thousands of gigawatts of projects still awaiting grid connection, the buildout of new energy infrastructure is expected to continue for years to come.

As more facilities come online, this means that carriers are now insuring a larger concentration of high-value assets. More than 3,000 utility-scale solar[3] and wind facilities[4] are insured in the U.S. today, and each asset type brings its own technical and operational considerations.

Those differences are creating a new risk landscape for carriers. As the energy footprint rapidly expands, carriers are being asked to manage a broader mix of exposures and navigate increasingly complex claim scenarios.





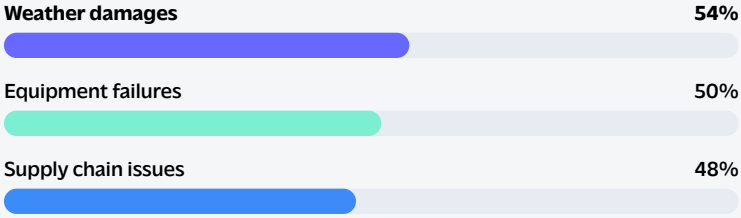
New systems are complicating recovery

Hailstorms, wildfires and floods are nothing new for the energy sector. But as generation facilities, substations and transmission infrastructure become more advanced, resolving those losses is becoming far more complex.

Battery energy storage systems (BESS) are just one example. When severe weather impacts a BESS, it can cause thermal runaway, fire and explosions, requiring highly trained specialists to investigate and repair the full extent of damage.

As BESS and other advanced systems become more common, carriers must be prepared to navigate increasingly complex loss scenarios in accordance with NFPA 855 and other safety standards. Successfully managing these losses requires specialists who can assess both physical and operational impacts while guiding safe recovery efforts.

54% of renewable energy providers cite weather damage as their top operational concern.[5]



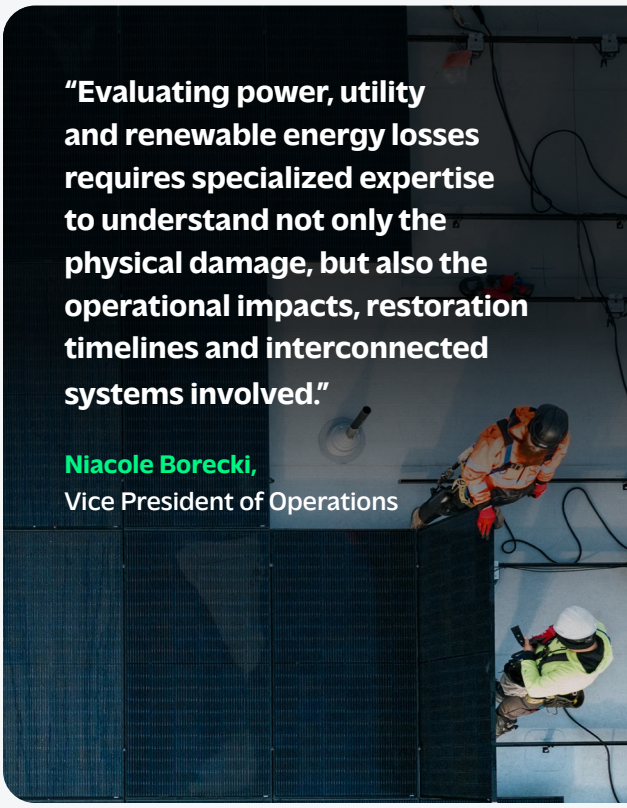
79% of maintenance and operations leaders reported that unplanned downtime **remained steady or increased** during the past year.[6]

Operational impacts are growing

Renewable generation, battery storage and transmission assets are increasingly being integrated to create a more flexible and resilient power grid. As these systems become more connected, the impact of a loss can extend far beyond the damaged asset.

A disruption affecting one part of the power system can ripple across operations, damaging generation, storage and transmission assets throughout the network. What begins as a localized event can quickly become a broader recovery challenge.

Understanding how these systems depend on one another is critical to minimizing costly downtime and get`ting operations back on track sooner. With supply chain constraints continuing to delay repairs, early involvement from technical experts can help carriers identify recovery pathways and accelerate restoration.



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Powering recovery in a more complex energy landscape

Niacole Borecki, Vice President of Operations

As energy infrastructure continues to expand, losses that once seemed straightforward are now becoming much more complex.

I've managed countless claims for solar and wind farms over the years. The difference today is that these facilities now rely on systems that are more specialized, interconnected and difficult to evaluate when losses occur.

That added complexity has real implications for carriers. It's no longer enough to simply assess damage. They also need to understand how that damage affects connected systems and broader operations.

In my experience, better claim outcomes start long before a loss occurs. The more carriers understand how these systems operate, the better positioned they'll be to control costs and get facilities back online as soon as possible.

Key takeaways for carriers



Infrastructure growth is creating more exposure.

As energy infrastructure continues to grow, carriers are now insuring a larger concentration of high-value assets with unique risk characteristics.

New technologies are creating new loss scenarios.

BESS and other advanced systems within the energy sector are creating complex loss scenarios that require specialized expertise to evaluate and repair.

Energy claims are becoming more complex.

Generation, storage and transmission systems are now highly connected, leading to costly downtime and broader business interruption when losses occur.

Technical expertise drives stronger claim outcomes.

Carriers must understand how modern energy systems operate and interact to minimize disruption, control claim costs and support recovery.

Prepare for next-generation energy risks



Builder's risk

How mounting delays are reshaping commercial property claims

As investment continues across large-scale developments like power plants and data centers, construction projects are becoming more sophisticated, more expensive and increasingly difficult to manage.

For carriers insuring these projects, this means more risk and more claim complexity when losses occur.

In an environment where every delay and decision matters, specialized expertise isn't just a nice-to-have. It's critical to controlling claim costs and supporting recovery.

Large-scale commercial projects can have total insurable construction values ranging from $10 billion to $30 billion.[1]

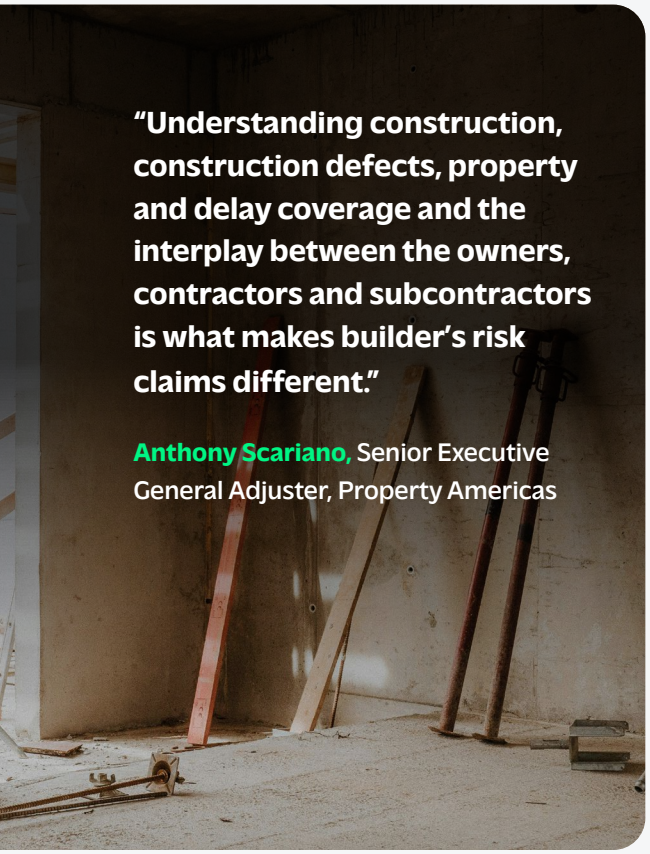
Labor shortages are impacting projects

Today's carriers are insuring construction projects that are larger and more complex than ever before. Many modern-day developments like data centers include sophisticated equipment and systems that require specialized expertise to build and restore.

That growing complexity is increasing demand for skilled labor across the industry. But with so many experienced construction experts rapidly retiring, many markets are now struggling to get the support they need for their large-scale projects. Growing investment in infrastructure, energy, manufacturing and data center projects in the U.S. is increasing demand for specialized construction talent at a time when many experienced workers are approaching retirement.

This means that when losses occur during construction, carriers may have a difficult time securing experts who can help them restore projects and get work back on schedule. As complex developments become more common, carriers need consultants with specialized expertise who can help stakeholders anticipate these roadblocks and drive successful claim outcomes.





Project delays are driving claim severity

Evaluating damaged property is only one piece of a builder's risk claim. In many cases, the larger challenge is understanding how a loss affects the overall project timeline and its financial objectives.

Even small delays in construction can create significant downstream consequences, impacting project schedules, financing arrangements and overall claim severity. Soft costs like debt service, interest expense, taxes, management costs and professional fees can continue to accumulate throughout recovery — increasing the total cost of a claim far beyond the physical repairs themselves.

As construction values continue to grow and skilled labor becomes harder to secure, project delays are becoming a key driver of claim severity. Now more than ever, carriers must mitigate any delay-in-startup (DSU) risks and soft-cost exposures early on to keep claim costs under control.

Delay-in-start-up (DSU) policies often include indemnity periods of **12 to 36 months** following a major loss event.[3]

Supply chain disruptions are slowing recovery

Recovering from a construction loss is becoming more difficult as project schedules grow increasingly dependent on specialized materials and equipment. For many modern-day projects, the path to restoration is no longer as straightforward as replacing damaged property and resuming work.

Ongoing supply chain disruptions are extending procurement timelines for specialized equipment like electrical switchgear, generators, transformers and custom HVAC systems. When these components are damaged, a single delayed replacement can be enough to stall construction progress and extend recovery timelines by several weeks.

Successful builder's risk claim management requires looking beyond the immediate damage and understanding the recovery path. Identifying supply chain bottlenecks early and developing contingency plans can help stakeholders reduce delays, limit financial exposure and improve overall claim outcomes.



SEDGWICK LEADER PERSPECTIVE



Developing the next generation of property experts

Anthony Scariano, Senior Executive General Adjuster, Property Americas

When it comes to handling builder's risk claims, evaluating damage is only one part of the challenge.

I've seen plenty of losses where a single delayed replacement completely changed the trajectory of the project. In those situations, understanding how a disruption impacts recovery timelines and soft-cost exposures can help adjusters make more informed decisions and drive stronger claim outcomes.

That's why builder's risk requires a different skill set beyond traditional property losses. Success depends not only on understanding how commercial developments are planned, built and financed, but also on interpreting policy language and accurately measuring loss exposures.

From delay-related impacts and soft costs to specialized equipment and recovery timelines, these claims often require a deeper analysis to support fair, informed claim decisions.

As construction projects become larger and more complex, carriers must have the right experts on their bench to support recovery and keep builder's risk claims moving forward.

Key takeaways for carriers



Skilled labor is becoming harder to find.

Large-scale projects depend on specialized expertise, yet rapid retirements are making it difficult to find experienced construction workers.

Project disruptions are the biggest cost driver.

Construction delays can trigger significant DSU, financing and soft-cost exposures that often exceed the cost of physical repairs.

Supply chain delays are impacting recovery.

Long lead times for specialized equipment can delay restoration and increase the financial impact of a construction loss.

Early planning helps keep projects moving.

Identifying potential roadblocks early can help reduce project delays, control costs and improve outcomes for builder's risk claims.

Evaluate your builder's risk exposures



Climate volatility

Why operational readiness is becoming a year-round challenge

Catastrophe risk is no longer defined by a single season or peril.

Weather patterns are changing, recovery windows are shrinking and carriers are being asked to do more with fewer resources than ever before.

As losses become more complex, success depends on responding quickly, scaling effectively and staying ready for what's next.

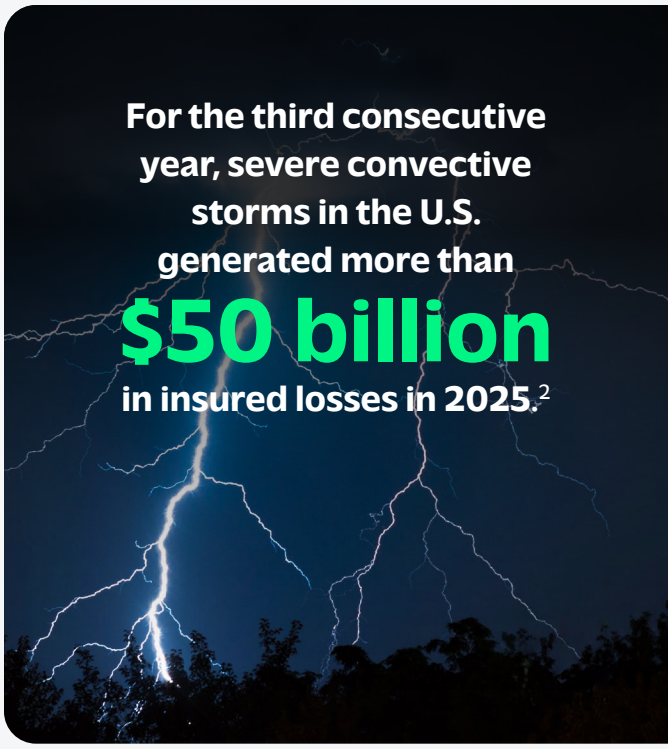
In 2025, the U.S. experienced 23 weather disasters that each surpassed $1 billion in damages.[1]

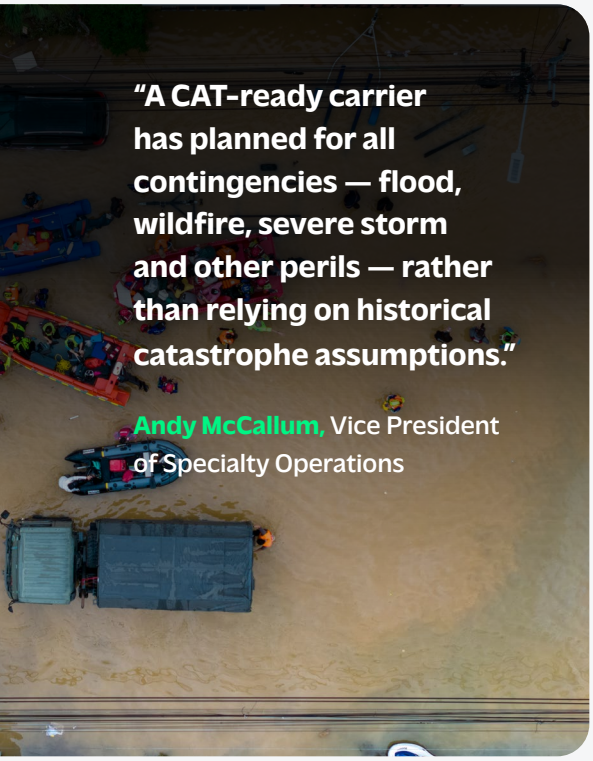
Catastrophe risk is changing

The catastrophe landscape looks different today than it did even a few years ago. Non-hurricane perils like severe convective storms, wildfires and floods now drive the majority of losses, with more events occurring in historically "low-risk" regions and outside the traditional peak season.

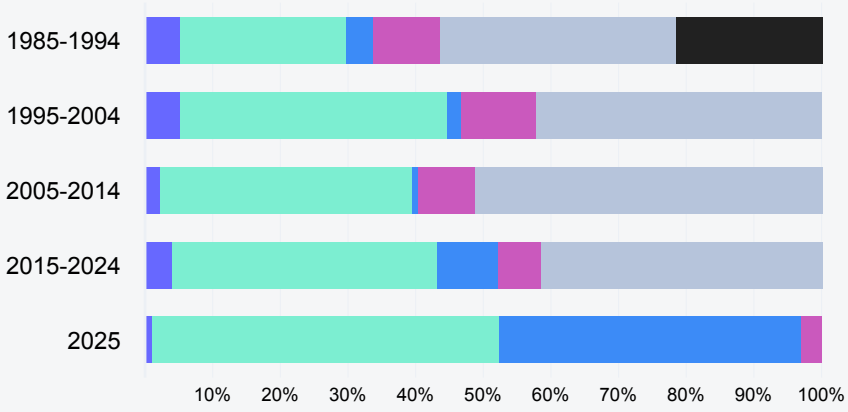
In 2025, that shift was on full display. Non-hurricane perils accounted for the three costliest U.S. weather events of the year, generating a combined $78 billion in damages[3]. From winter wildfires in California to tornado outbreaks beyond the Great Plains, last year's catastrophe activity reinforced just how unpredictable modern events can be when it comes to timing and location.

As weather patterns become more volatile, preparedness plans can no longer center around primary perils like hurricanes. Carriers need resilient, flexible claims operations that can adapt quickly and respond to a wider range of catastrophe scenarios.





Insured losses by peril in 2025 and for previous past year averages (%) in North America



Source: Swiss Re Institute
* Secondary perils | ** Primary perils



Recovery time is shrinking

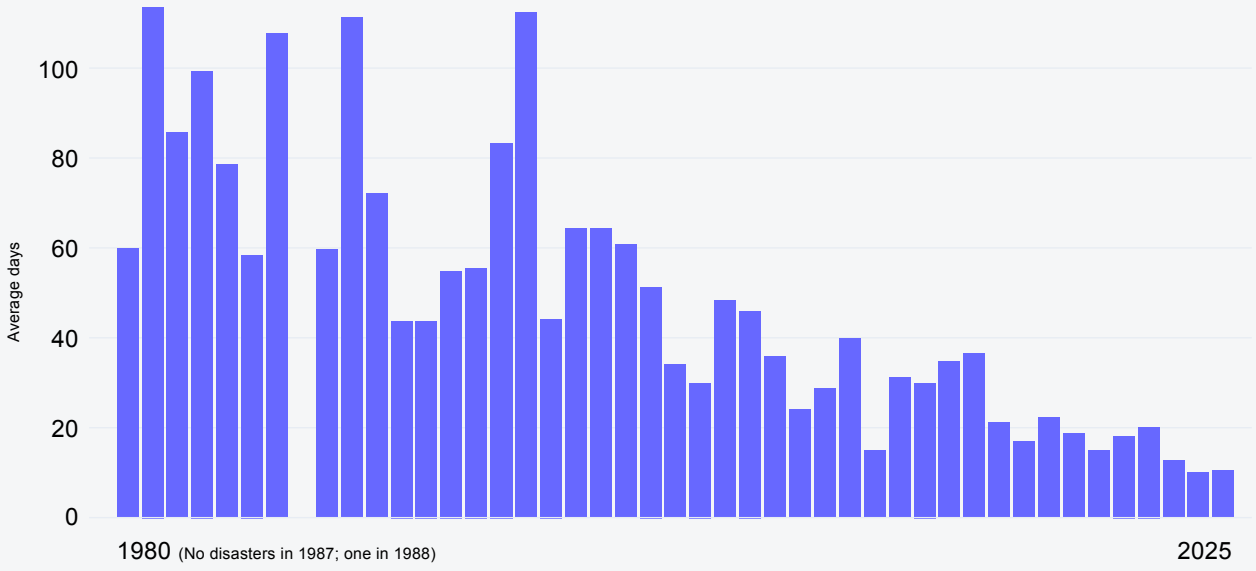
Catastrophe events are also occurring more frequently and overlapping across regions. Instead of preparing for a handful of major events each year, carriers are managing a continuous flow of moderate losses that keeps teams and resources in near-constant demand.

For carriers, this means less time to reset operations, redeploy teams and prepare for the next event. With an already-tight labor market limiting the pool of experienced adjusters, rebuilding capacity in that shorter window is becoming increasingly difficult.

In this environment, readiness depends on a carrier's ability to scale quickly without sacrificing service quality. Outsourcing partnerships can provide that flexibility, helping carriers expand capacity when demand rises and maintain consistent service across overlapping events.



Time between U.S. billion-dollar disasters



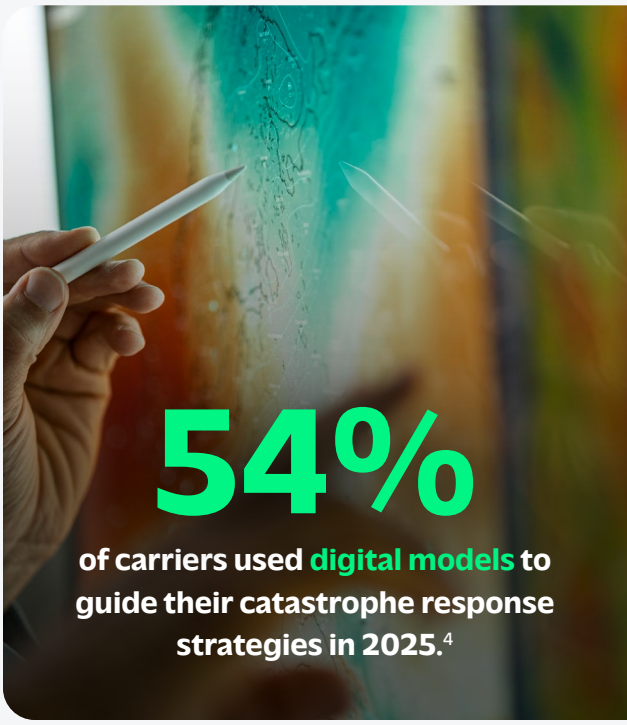
Source: Climate Central. Data as of December 31, 2025

Technology is accelerating response

With catastrophes becoming more frequent, more distributed and harder to predict, early intervention is critical to keeping claim severity in check. That's why many carriers are turning to data-driven tools to get an earlier understanding of damage and accelerate their response efforts.

Geographic information system (GIS) mapping, satellite imagery and drones are providing that visibility long before adjusters can reach an impacted area. For example, during the 2025 California wildfires, Sedgwick's adjusters used GIS data to compare structures before and after the event, allowing us to estimate damage remotely before neighborhoods were made accessible.

That kind of early insight can streamline the entire recovery process. With a clearer understanding of damage and resource needs from the outset, carriers can quickly deploy the right experts and help policyholders recover faster.



SEDGWICK LEADER PERSPECTIVE



Building a stronger catastrophe response

Andy McCallum, Vice President of Specialty Operations

After more than 30 years in this industry, I've learned that the strongest catastrophe responses are built long before an event hits.

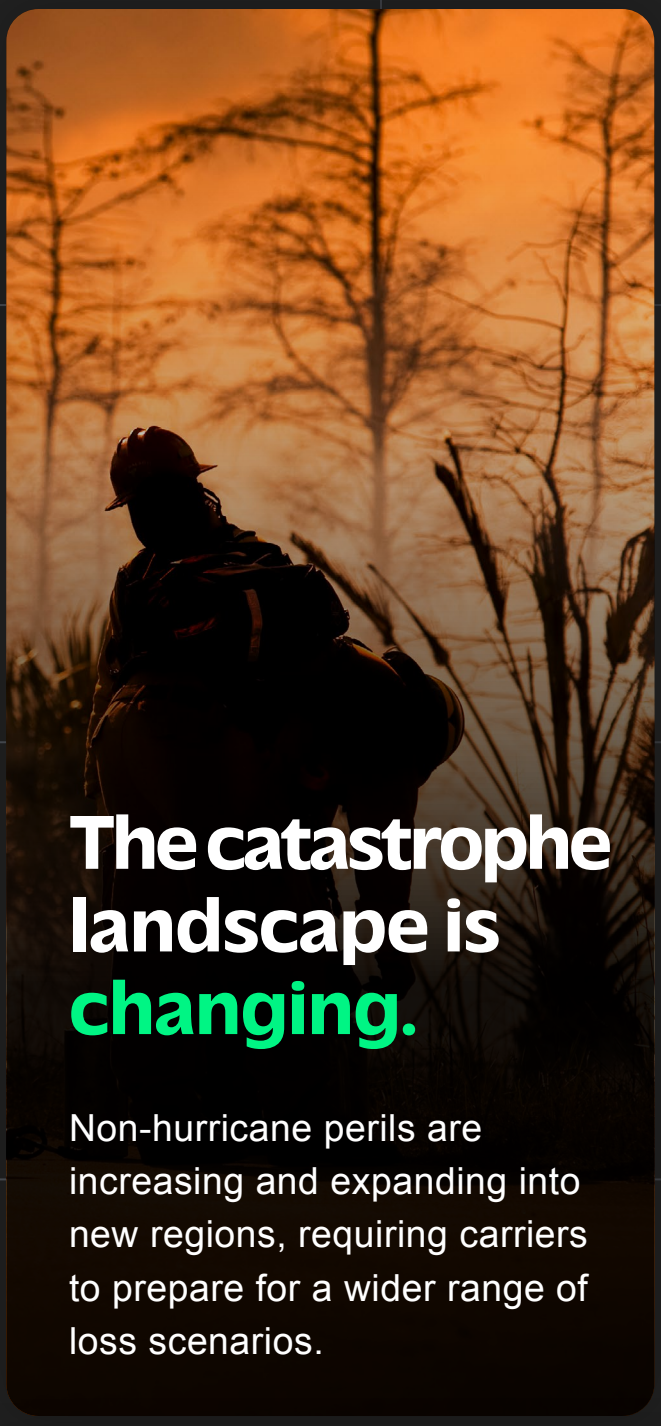
You may not know exactly where the next event will occur or how severe it will be, but you can make sure the right people, plans and partnerships are in place to respond when it does.

Today, technology is making that preparation even more effective. Forecasting models and predictive analytics are giving carriers a better view of potential exposures and helping them make more informed decisions about where resources may be needed.

But technology can only take us so far. Catastrophe response is, and always will be, a people business. Complex losses still require experienced adjusters who can assess the situation and show policyholders genuine empathy in their life-changing moments.

The strongest catastrophe response plans start with early preparation and bring together the best of technology and human expertise. When those pieces are in place, carriers are better equipped to navigate uncertainty and support policyholders through whatever comes next.

Key takeaways for carriers



The catastrophe landscape is changing.

Non-hurricane perils are increasing and expanding into new regions, requiring carriers to prepare for a wider range of loss scenarios.

Flexible capacity is a strategic advantage.

With less downtime between events, carriers must form outsourcing partnerships to quickly scale capacity and maintain service quality.

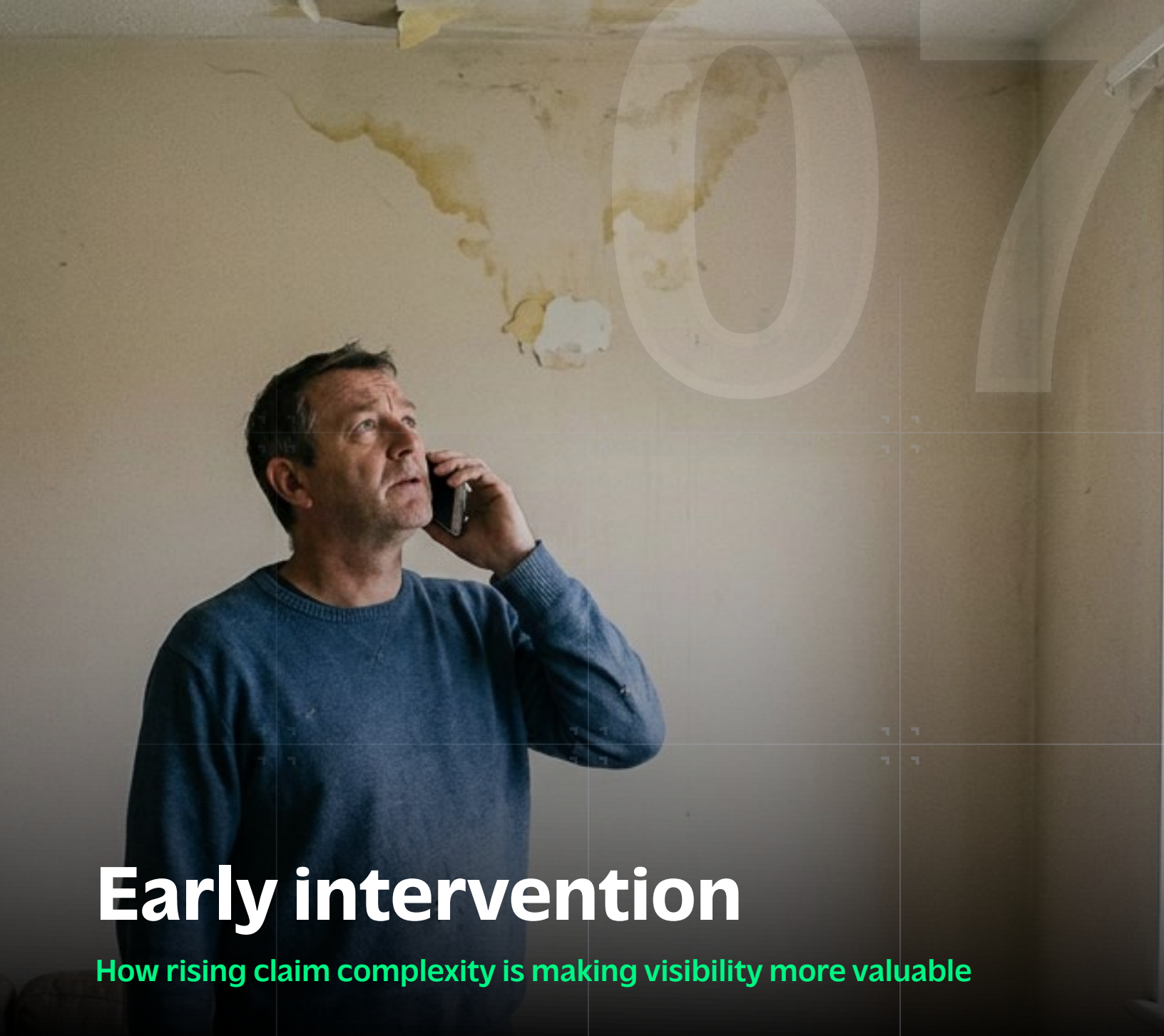
Earlier visibility drives better claim outcomes.

Technology can give carriers better insight into losses from the outset, helping them make faster decisions and deploy resources where they're needed.

Catastrophe claims require human expertise.

Even with advanced tools, experienced adjusters remain essential to navigating complex losses and guiding policyholders through the claims process.

Request a catastrophe preparedness review



Early intervention

How rising claim complexity is making visibility more valuable

The earliest moments in the claim life cycle often carry the most weight.

Recoveries are getting longer. Severity is climbing. And decisions around mitigation, repairs and temporary housing are more consequential.

What happens in the first 48 hours can change everything, making early intervention a critical standard in property claims.

The first 48 hours after a property loss often determine whether a claim remains controlled or escalates into a more costly, complex recovery.[1]

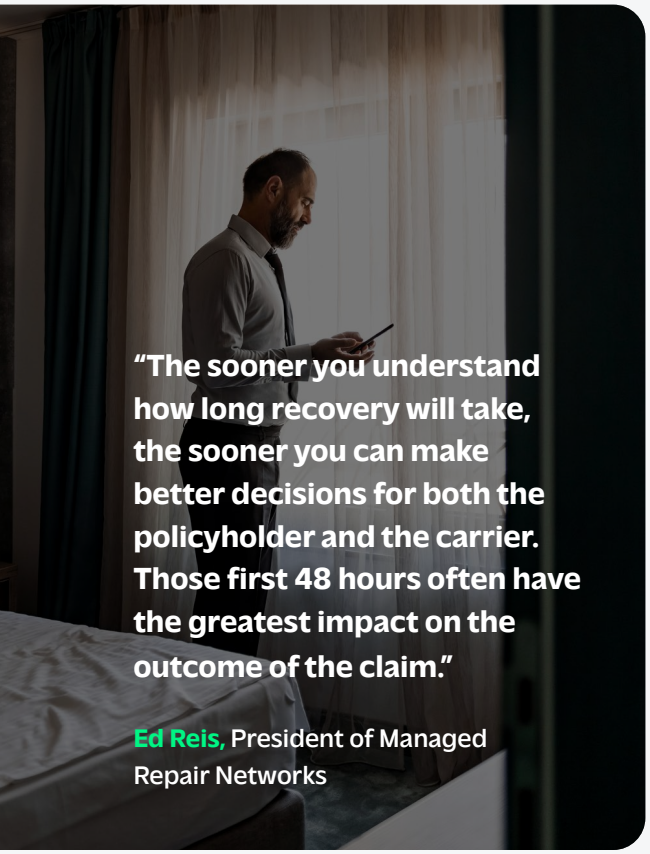
Visibility is becoming more valuable

Labor shortages and supply chain delays are making recovery timelines longer and harder to predict. As that uncertainty grows, early intervention is becoming essential to protecting claim outcomes.

Scopes can take weeks to develop, but immediate needs like temporary housing and mitigation can't wait. Without a clear recovery timeline determined quickly, those early decisions can create unnecessary expenses, extend the claim time frame and increase the chance of litigation.

That risk is driving more carriers to immediately engage contractors and estimate the entire recovery scope and timeline within the first 48 hours. The sooner carriers understand the likely scope and duration of repairs, the sooner they can set expectations, allocate resources and connect policyholders with the right solutions.





Early decisions are driving claim costs

Rising claim severity is increasing the cost of delays, putting more weight on the decisions made in the earliest stages. As recoveries take longer and losses grow more complex, temporary housing, mitigation and repair activities now have a greater impact on total claim costs than they did just a few years ago.

Expenses across each of these areas can compound quickly. Extended hotel stays, prolonged mitigation and delayed repairs can drive additional costs, while poor coordination between them can create leakage and increase claim severity.

Because these cost drivers are closely connected, today's carriers are taking a more coordinated approach to managing them. Contractor oversight and bill review services can help control mitigation and repair costs, while better alignment between repair timelines and housing decisions can help reduce unnecessary accommodation expenses.

Overall claim severity hit its **highest recorded level** in 2025, up 26% year over year.[3]

Disruption is extending beyond physical damage

As recovery timelines stretch, the consequences of a loss can reach well beyond the physical damage. Displaced families are spending longer periods away from home, while businesses are experiencing more operational downtime that puts their revenue and customer relationships at risk.

The longer repairs take, the harder claims are to resolve. Families may need longer-term housing arrangements, while businesses may need relocation strategies, temporary facilities or continuity solutions to reduce downtime and maintain operations.

Earlier recovery planning can help minimize that complexity and severity. By identifying and engaging the right housing, relocation and repair resources from the start, carriers can reduce their exposures and help policyholders recover faster.



Business interruption was the second-most important global business risk in 2025.[4]

SEDGWICK LEADER PERSPECTIVE



The first 48 hours shape more than the claim

Ed Reis, President of Managed Repair Networks

When a family is displaced from their home or a business is forced to close its doors, the first 48 hours can change everything.

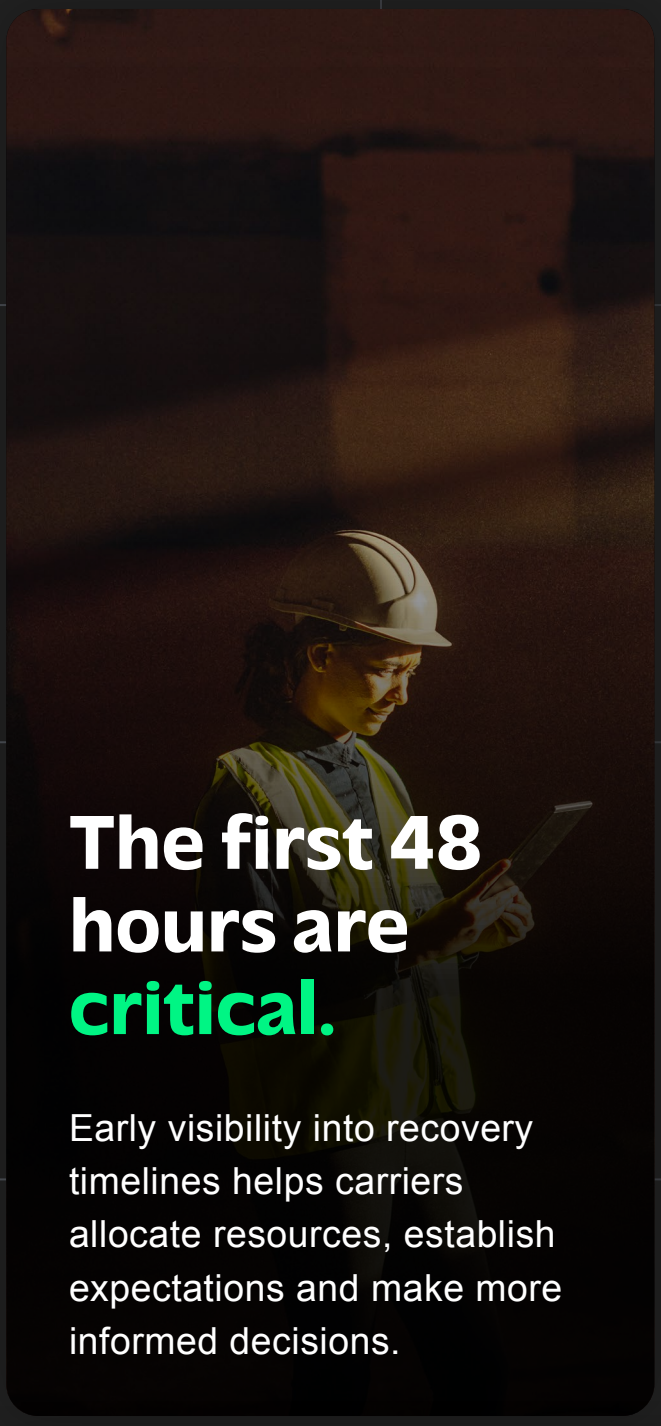
In those moments, policyholders are thinking about where they'll live, when they can reopen and how long it will take to get back to normal. How we respond early on can influence not only the path to recovery, but also their experience throughout the life of the claim.

Even when the full scope of a loss isn't yet understood, getting the right contractors involved early can help carriers set expectations and make more informed decisions. The more coordinated housing, mitigation and repair efforts are, the easier it is to streamline recovery and manage costs.

Clear communication is just as important, especially with labor shortages and supply chain delays making repair timelines less predictable. Keeping policyholders informed about what we know and what we're working through builds confidence that recovery is moving forward.

The first 48 hours can define both the claim and the relationship. When early planning is matched with clear communication, we can accelerate recovery while building trust from the very beginning.

Key takeaways for carriers



The first 48 hours are critical.

Early visibility into recovery timelines helps carriers allocate resources, establish expectations and make more informed decisions.

Early claim decisions carry more weight.

As severity rises, coordinating housing, mitigation and repair decisions can help control costs and improve outcomes.

Disruption goes beyond physical damage.

Displacement can create uncertainty for families, while downtime can have lasting operational impacts for businesses.

Communication shapes the claim experience.

Clear, consistent updates to policyholders can build confidence, reduce uncertainty and strengthen relationships.

Identify opportunities for earlier intervention



Appraisals under policy

How carriers are managing increased property value disputes

A growing divide over loss value is changing the path to claim resolution. As disagreements escalate, carriers face mounting costs, longer timelines and greater risk of litigation.

How carriers handle these disputes not only affects claim duration but can have a lasting impact on policyholder relationships and brand reputation.

Closing that divide quickly and fairly is becoming more critical and reshaping how carriers think about resolution.

Industry trends show appraisal becoming an increasingly prominent feature of claims handling.[1]

Appraisal is becoming more common

Valuation disputes are increasing and putting more pressure on carriers. As repair approaches and estimating practices continue to evolve, disagreements over how losses should be valued are occurring more often.

Much of that friction stems from competing views on repair scopes and pricing. When those perspectives don't line up, claims stall, and carriers must find ways to resolve disputes quickly while protecting the policyholder experience.

That pressure is making appraisal under policy a core component of modern-day claim resolution. By having each side select an appraiser to independently evaluate the loss, carriers and policyholders can resolve disputes efficiently and fairly without the cost and delay of litigation.





Disputes are getting harder to resolve

Labor shortages and increased material pricing continue to widen the gaps between carrier estimates, contractor estimates and policyholder expectations. As those differences grow, disputes over loss value are becoming more difficult to resolve.

At the same time, more policyholders are enlisting public adjusters to provide additional assessments and advocate for their interests. Each estimate adds more complexity, leading to more scope disagreements and pricing disputes that can prolong claim resolution.

For carriers, the challenge is weighing these competing viewpoints without losing consistency. Independent appraisal is helping carriers cut through competing estimates and bring greater objectivity and consistency to the final valuation.

A recent Iowa hail claim produced an appraisal award more than **$80,000 above the policyholder's original proof** of loss, showing just how widely valuations can differ.[3]

Pressure is mounting to avoid litigation

As valuation disputes become more complex, they're also taking longer to settle, causing more claims to end up in litigation. Now, resolving disagreements before they escalate is becoming an increasingly important claims priority.

Once a claim enters litigation, resolution becomes more costly and difficult to manage. Carriers face added legal and operational demands, while policyholders spend even longer waiting for an outcome.

With more claims moving toward litigation, appraisal is becoming an important tool for preserving relationships and resolving disputes outside the courtroom. Independent evaluations, and neutral umpire support when appraisers don't agree, can help carriers reach resolution before legal action becomes necessary.



SEDGWICK LEADER PERSPECTIVE



Moving disputes toward resolution

John Gragson, Senior Vice President of Specialty Operations

Loss-value disputes used to be a rare occurrence. Today, they're a routine part of handling property claims.

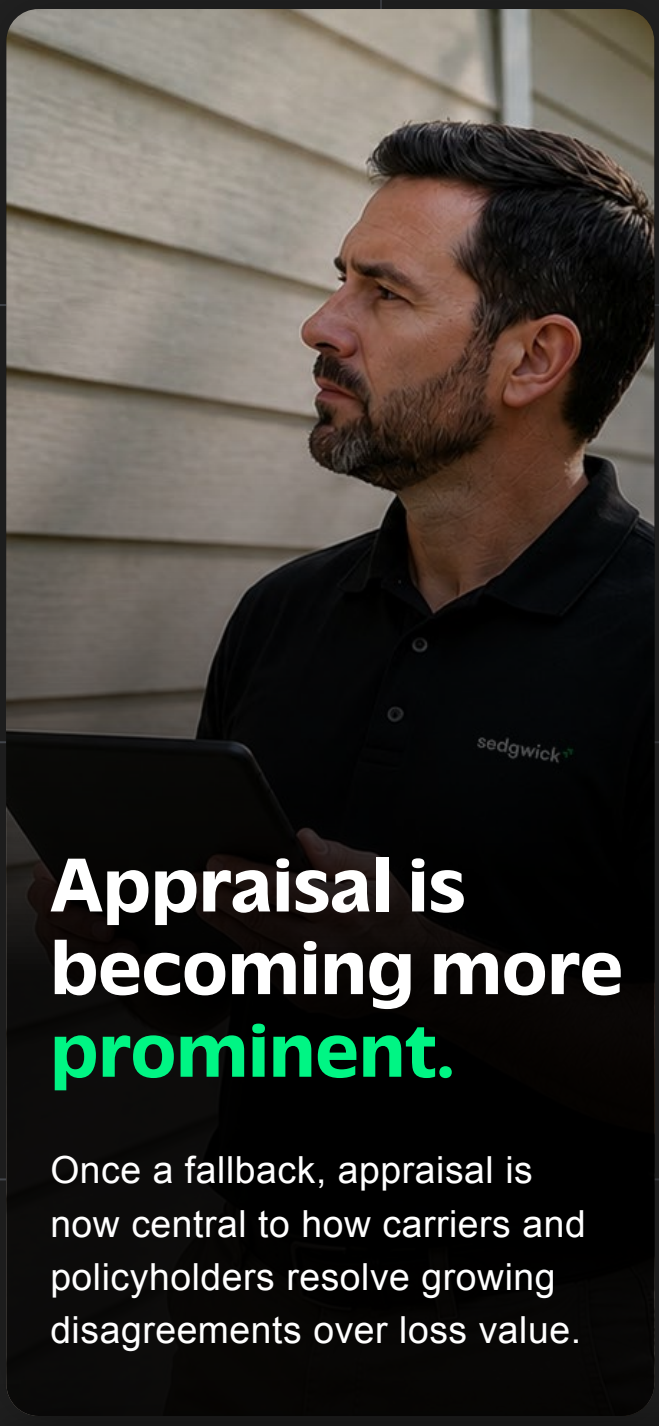
As labor shortages and increased material pricing push up repair costs, the gap between what a carrier expects to pay and what a policyholder expects to receive keeps widening. When a claim stalls in that gap, it drains resources, delays closure and wears on the customer relationship.

Appraisal changes that dynamic. It gives both sides an objective, structured way to settle their differences and reach resolution before a disagreement becomes litigation. Making that structure work, however, requires experts with technical skills who can assess complex losses and handle high-stakes claims with precision.

I've seen that expertise make a difference across thousands of claims. Our team of more than 270 certified appraisers and umpires has appraised over 20,000 cases and umpired more than 1,000 disputes. With an average of 18 years of experience and 70% working at the general adjuster level or above, they're experts not just in loss valuation, but conflict resolution and the broader implications of indemnity decisions.

Today's carriers can't wait for disagreements to harden. They need experienced professionals who can quickly step in to protect their costs, their timelines and most importantly, their policyholder relationships.

Key takeaways for carriers



Appraisal is becoming more prominent.

Once a fallback, appraisal is now central to how carriers and policyholders resolve growing disagreements over loss value.

Competing estimates are fueling disagreements.

Labor shortages, rising material costs and more public adjuster involvement are pushing stakeholder estimates further apart, leading to more disputes.

Disputes are escalating toward litigation.

Unresolved disputes are increasingly landing in court, driving up claim costs, delays and frustration for both carriers and policyholders.

Carriers are prioritizing faster resolution.

To avoid costly delays, many carriers are turning to structured appraisal processes to settle disputes early and move claims toward closure.

Discuss appraisal and dispute resolution services with our experts

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