Commercial insurance is two markets, not one

Progressive cut rates and Chubb reported an 84.1% combined ratio in the same quarter, both from strong margins. The split behind them is by line, not by personal versus commercial. Commercial auto and casualty are the lines to harvest; commercial property, softening 5 to 20 percent, is the line to defend.

- The published split is property versus casualty, not personal versus commercial. Personal auto is a profitable share war; commercial auto and casualty are the lines to harvest.
- The fault line runs inside commercial. Commercial auto runs a combined ratio near 104 outside Progressive, and casualty runs 113 to 121; commercial property is softening.
- Five carriers' third-quarter filings show each acting line by line. Progressive spends where it holds margin; Chubb, Allstate, Travelers and W. R. Berkley harvest or take rate.
- Before the 1 January 2027 reinsurance renewal, mark every line harvest, defend or spend, and stop treating commercial as one stance.
- One point of combined ratio is about $10 billion of industry underwriting result a year, and about $200 million a year on a typical carrier's $20 billion book.

Progressive cut rates and Chubb reported strong results in the same quarter, and they pulled opposite levers. Progressive's combined ratio was 88.7. A combined ratio is the share of each premium dollar spent on claims and expenses, so 88.7 means 11.3 cents of profit on each premium dollar. Chubb reported 84.1 with modest premium growth. Both are strong, so this is not a turn where one side is in distress.

The market has split, and the split runs by line, not between personal and commercial insurance. Commercial auto and casualty are the distressed lines: commercial auto runs near a 104 combined ratio outside Progressive, auto liability near 113 and general liability near 121. Commercial property is the opposite, softening as new capital floods in, with rates down 5 to 20 percent.

A chief underwriting officer who treats commercial as one stance will raise prices in commercial property and give up share, while the 2027 loss lands in commercial auto. One point of combined ratio is worth about $10 billion a year across the industry, and about $200 million a year on a typical top-10 carrier's $20 billion premium book. The gainers harvest the distressed lines and spend only where they hold margin. The losers mis-sort their commercial book.

What to do first: before the 1 January 2027 reinsurance renewal, mark every line harvest, defend or spend, with commercial auto and casualty harvested and commercial property defended.

What changed

Progressive's shareholder letter, published with its third-quarter results on 2 November 2026, reports net premiums written up 4 percent on the year. It says the slower growth is in part because of 'rate reductions as we compete in this soft market.' Its combined ratio was 88.7 in the quarter, and personal auto policies in force rose 7 percent. Chubb's third-quarter supplement, published 20 October 2026, reports a property-and-casualty combined ratio of 84.1 percent, up from 81.8 percent a year earlier, with premium growth of 1.9 percent.

One bellwether is cutting prices while another prints a ratio below 85. Both results are strong, so the market has not turned into distress. It has split, and the split is not the one most readers assume.

The split runs inside commercial

The assumed axis is personal versus commercial: personal lines soften while commercial lines stay firm. The filings do not support that axis. Progressive cuts rates in commercial auto too. Its letter attributes commercial growth to 'targeted rate decreases in states and business market targets in which we have margin,' plus more advertising and agent incentives. Its Commercial Lines business grew premiums 9 percent at a 92.6 combined ratio, driven by commercial auto, against an industry combined ratio of about

104 for commercial auto excluding Progressive.

The genuinely distressed lines sit inside commercial. The consultancy ERA Group records auto liability unprofitable for nine straight years at a 113 combined ratio, and general liability posting a $14 billion underwriting loss in 2024 at a 121 combined ratio. Commercial auto outside Progressive runs near 104. Commercial property is the opposite: ERA records property rates down 5 to 20 percent as $121 billion of alternative capital floods in.

Five carriers' own third-quarter filings, shown in Exhibit 1, make the same point line by line. None acts on a single personal-versus-commercial stance. Progressive spends where it holds margin: personal auto policies in force rose 7 percent and Commercial Lines premiums rose 9 percent. Chubb's property-and-casualty premiums grew 1.9 percent, and Travelers' business premiums rose 2.8 percent while its personal premiums fell 5.8 percent. W. R. Berkley's chief executive says it plainly: 'the cycles for various product lines have decoupled.'

Exhibit 1: Five carriers' third-quarter 2026 combined ratios and rate actions

Carrier	Combined ratio, third quarter 2026	Rate action	What it shows
Progressive	88.7 companywide; Personal Lines 88.0; Commercial Lines 92.6	Cutting selectively in commercial auto; personal media spend up 18%	Spends where it holds margin
Chubb	84.1 (82.6 excluding catastrophe losses)	No rate increase disclosed	Harvests
Allstate	86.6 property-liability; auto 83.2	Homeowners rate up 4.8%; releases auto reserves	Harvests personal lines
Travelers	86.8 (underlying 84.1; Business Insurance 90.9)	No rate increase disclosed	Harvests commercial, shrinks personal
W. R. Berkley	90.8 (88.1 excluding catastrophe losses, accident year)	Average rate up 4.0%, excluding workers' compensation	Takes rate

Each company's third-quarter 2026 filing: Progressive shareholder letter, 2 November 2026; Chubb financial supplement, 20 October 2026; Allstate Form 10-Q, 4 November 2026; Travelers financial supplement, 16 October 2026; W. R. Berkley earnings release, 19 October 2026. Mosaic Singularity Strategic Intelligence Division analysis, November 2026.

Exhibit 2: The line-level split

Line	Where it stands	Stance
Commercial auto	Combined ratio near 104 outside Progressive, first half 2026	Harvest: take rate, underwrite selectively
Auto liability	113 combined ratio; unprofitable nine straight years	Harvest
General liability	121 combined ratio; $14 billion underwriting loss in 2024	Harvest
Commercial property	Rates down 5 to 20 percent as $121 billion of alternative capital enters	Defend: do not take rate
Personal auto	A share war, not distress: Progressive 88.7, Allstate 83.2	Defend or spend where you hold margin

Commercial auto from Progressive's shareholder letter, which cites S&P Global Market Intelligence. Auto liability, general liability and property from ERA Group, The Great Bifurcation, 4 March 2026. Personal auto from Progressive and Allstate third-quarter 2026 filings. Mosaic Singularity Strategic Intelligence Division analysis, November 2026.

What it is worth

One point of combined ratio is one percent of premium. On about $1 trillion of US property-and-casualty net premiums written a year, one point is about $10 billion of underwriting result before tax. For one company, the formula is your rate change in points times that line's annual premium times 1 percent. One point is about $200 million a year on a typical top-10 carrier's $20 billion book, about $131 million on W. R.

Berkley's $13.1 billion base, about $527 million on Chubb's $52.7 billion property-and-casualty base, and about $796 million on Progressive's $79.6 billion personal book.

These are per-point sensitivities, not a single market total, because the answer depends on which line a carrier moves. W. R. Berkley's 4.0 percent average rate increase, before workers' compensation, is a price change on its renewing book of about $523 million a year on that $13.1 billion base. Its measured net premiums written grew only 1.3 percent in the quarter, because the rate gain is partly offset by exposure change. The 4.0 percent is the intent; the 1.3 percent is what actually happened.

The decision and what to do first

The decision sits with the chief underwriting officer, with the chief financial officer and treasurer. For each line, choose harvest, defend or spend. Harvest means take rate and underwrite selectively. Defend means hold rate and share. Spend means cut rate and advertise to win share, and only where you hold margin to your own profit floor.

The recommended option is the per-line matrix: harvest commercial auto, auto liability, general liability and umbrella; defend personal auto and commercial property. The one thing to get right is commercial: it is not one stance. Commercial auto and casualty are harvest lines, and commercial property is a defend line.

Two clocks govern the work, and they are not the same. The 1 January 2027 reinsurance renewal is the date for the capital overlay: buy the softening property-catastrophe renewal and keep casualty protection firm. The rate stance is set through state rate filings, whose company-by-company dates were not established from the sources captured. Set the stance now and file it before year-end.

Exhibit 3: The options

Option	What it is	Cost and what it forecloses
A. Harvest the distressed lines (recommended for commercial auto and casualty)	Take rate and underwrite selectively in commercial auto, auto liability, general liability and umbrella	Forgoes share in the parts of those lines that are not distressed; nothing permanent
B. Defend the softening lines	Hold rate and share in personal auto and commercial property; spend only where you hold margin to your profit floor	Each point of cut is 1 percent of that line's premium; forecloses harvesting that margin later
C. Shift capital across lines	Move capacity from softening property toward distressed casualty where rate holds, and buy the softening 1 January 2027 property-catastrophe reinsurance	Frictional and tax cost of redeployment; mistiming a line turn

Mosaic Singularity Strategic Intelligence Division analysis, November 2026.

Exhibit 4: First three actions

By when	Owner	Action
1 December 2026	Chief underwriting officer	Build the line-level table: each line's combined ratio against your profit floor, its premium base and its industry rate trend; mark every line harvest, defend or spend
15 December 2026	Chief underwriting officer with the chief financial officer	Translate the stance into the 2027 rate filings and the December reinsurance bind order: commercial auto and casualty filed up, commercial property held flat
15 January 2027	Chief risk officer with the treasurer	Set the tripwire: if a spend line's combined ratio breaches your floor, or its accident-year frequency or severity turns up, freeze cuts and revert to harvest

Dates follow the 1 January 2027 reinsurance renewal, whose bind orders fall in December 2026. Mosaic Singularity Strategic Intelligence Division analysis, November 2026.

How you will know it worked

The metric is each line's combined ratio against your own profit floor, and each line's rate change against the industry index for that line. The tripwire: if a spend line's combined ratio breaches your floor, or its accident-year claim frequency or severity turns up, freeze the cuts and revert to harvest. In states that must approve rates before they take effect, set the spend buffer larger, because reversion lags.

What could change the answer

Four outcomes could change the answer. If line-by-line softening holds, carriers that spend where they hold margin take share. If loss costs re-accelerate, the carriers that cut deepest show adverse reserve development in the second half of 2027, and the harvesters are vindicated. If softening spreads to casualty, no line offers easy margin, and the winner is whoever converted margin into share earliest. If a casualty reserve crisis hits, the long-tail writers take the charge. The signposts are the carriers' quarterly reserve development, the industry rate surveys and the reinsurers' 1 January 2027 pricing. Each points to the same first move: set the per-line stance now.

How we did this

This piece was researched and written by Marcus Adeyemi, the Strategic Intelligence Division's AI analyst for financials. Every factual statement was checked against its primary source by the division's AI verification desk, the argument was challenged by its AI red team, and the article passed a standards review.

The primary sources are five insurers' third-quarter 2026 filings and three market commentaries.

- Progressive Corporation, shareholder letter, 2 November 2026.
- Chubb Limited, third-quarter 2026 financial supplement, 20 October 2026.
- Allstate Corporation, Form 10-Q, filed 4 November 2026.
- The Travelers Companies, third-quarter 2026 financial supplement, 16 October 2026.
- W. R. Berkley Corporation, third-quarter 2026 earnings release, 19 October 2026.
- ERA Group, The Great Bifurcation, 4 March 2026.
- Swiss Re Institute, US property and casualty outlook, 20 January 2026.
- BCG, Soft Rates and Big Risks Reshape the US P&C Market, 25 June 2026, lead captured only.

Each combined ratio and growth figure is read from the filing that names it. The per-point money is the identity one percent of premium: the about $10 billion industry figure uses a roughly $1 trillion annual US net-premiums-written base, and the company figures use each carrier's third-quarter written premium annualised. The combined ratio is computed on earned premium, and written and earned premium are close for a stable book, so these are order-of-magnitude figures. W. R. Berkley's $523 million is 4.0 percent of its $13.1 billion base.

Progressive's exact rate-cut size sits in its Form 10-Q, which was not captured, so the spend side is a sensitivity, not a measured number. The personal-auto benchmark is narrowed to Progressive and Allstate; GEICO was not captured. The about $1 trillion industry base is labelled commentary because the primary statutory source was blocked. Each company's rate-filing dates were not established. The December bind is an inference from the 1 January 2027 renewal date. The data cut-off is 12 November 2026.