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MIDDLE EAST CONFLICT CONTRIBUTES TO NEW VOLATILITY IN CLAIMS COSTS, CRAWFORD AUSTRALIA REPORT FINDS

The latest report highlights how fuel, freight and material pressures are beginning to influence claim outcomes in 2026

Sydney, 10 June 2026: Crawford & Company (Australia) has released an update to its Claims Inflation Paper, finding that escalating geopolitical tensions in the Middle East are contributing to cost pressures that are beginning to be reflected in claims costs across the Australian market, particularly through fuel, freight and petrochemical-linked inputs.

The update builds on Crawford's March 2026 report and introduces a "domino effect" framework, illustrating how energy volatility can flow through procurement, contractor behaviour, claim cost and repair duration.

"What we're seeing is not broad-based inflation across everything, but a more concentrated set of pressures flowing through fuel, freight and petrochemical-linked inputs that appear in everyday property claims," said Tim Butler, head of Contractor Connection and CRD, Crawford & Company (Australia).

"The key issue at the moment is less about whether supply is arriving, and more about the cost and timing of that supply. That is influencing repair budgets, procurement decisions and claim timelines, particularly where quotes are time-sensitive and contract models are adjusting to a less predictable environment."

Key findings include:

- **Energy is emerging as a key transmission mechanism based on current observations:** Fuel cost increases associated with recent geopolitical developments, including tensions in the Middle East, are affecting mobilisation, transport and materials delivery, influencing repair budgets and contributing to variability in cost-to-complete and time-to-complete.
- **Cost pressures remain targeted:** The most visible impacts are in fuel-, freight- and petrochemical-linked inputs rather than across the broader inflation basket.
- **Material cost increases are emerging in key categories:** Plastics used in plumbing and drainage have seen reported price increases in some categories, with examples of increases of up to 36% in certain segments, while timber is also reported to be under pressure in some areas due to higher freight and haulage costs.

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- **Contracting models are shifting in response to uncertainty:** There is a move away from fixed-price arrangements toward cost-plus models, with tender validity periods in some cases shortening to as little as 15 days.
- **Regional markets may show greater exposure to volatility:** Longer transport distances and thinner subcontractor capacity can amplify cost pressures outside metro areas, particularly if volatility persists.
- **Underinsurance risk may become more visible:** Replacement costs may move faster than policy updates, potentially widening the gap between insured values and rebuild costs at claim time.

This is not a repeat of the broad supply shocks seen in recent years, but it is creating a new layer of volatility across property claims. While supply continues to flow into Australia, rising costs and timing pressures, particularly in transport-exposed repair categories, are making estimates more sensitive as procurement conditions and input costs shift.

Crawford's Claims Inflation Update combines publicly available market indicators with industry insights to assess how changing cost drivers are affecting claims outcomes. The full report is attached to this release.

About Crawford®
Based in Atlanta, Crawford & Company (NYSE: CRD-A and CRD-B) is a leading global provider of claims management and outsourcing solutions to insurance companies and self-insured entities with an expansive network serving clients in more than 70 countries. The Company's two classes of stock are substantially identical, except with respect to voting rights for the Class B Common Stock (CRD-B) and protections for the non-voting Class A Common Stock (CRD-A). More information is available at www.crawco.com.

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