



 THE COUNCIL

COMMERCIAL PROPERTY/ CASUALTY MARKET INDEX

Q3/2017



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EXECUTIVE SUMMARY

The following are key takeaways from The Council of Insurance Agents & Brokers' *Commercial Property/Casualty Market Index Q3 2017 (July 1 – September 30)*:

- Overall, it was still a buyers' market in the United States, with an inconsistent approach. Demand, underwriting and claims varied across lines of business.
- By account size, average premiums declined by 1.3 percent, *the smallest decrease throughout the past 11 quarters*.
- By line of business, average premiums for five major commercial Property/Casualty (P/C) lines *increased for the first time (one percent) in 11 quarters*. This increase, however, was driven by the tightening Commercial Auto line, a steady trend throughout the past 25 quarters.

RATE CHANGE FOR MAJOR LINES RANGED FROM -2.3% TO +7.3% IN Q3 2017

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Third Quarter 2017	7.3%	-2.3%	0.9%	-0.8%	-0.4%	1.0%
Second Quarter 2017	6.1%	-2.7%	-3.6%	-2.7%	-1.4%	-0.9%
First Quarter 2017	5.4%	-1.9%	-3.1%	-2.6%	-1.1%	-0.7%
Fourth Quarter 2016	4.4%	-2.9%	-4.4%	-2.6%	-1.4%	-1.4%
Third Quarter 2016	3.2%	-2.6%	-4.5%	-3.0%	-1.7%	-1.7%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-14.8%	-13.6%	-13.5%	-13.1%

- Fifty-nine (59) percent of brokers reported an increase in the number of Flood claims and sixty-four (64) percent of brokers saw an increase in demand for Flood coverage.
- Eighty-one (81) percent of all brokers reported an increase in demand for Cyber coverage.
- Across all sized accounts, respondents reported that underwriting practices remained relatively similar to that of last quarter, except for two new trends: automated underwriting of small accounts and tightening underwriting for Commercial Auto.

Further insights including market developments in cyber, data analytics and top challenges/opportunities are being created exclusively for members who participated in the survey. To obtain, or to ensure you are on the list to participate for Q4, please contact The Council's Kim Do at kim.do@ciab.com.

INSURANCE MARKET CONDITIONS

PREMIUMS

While the market saw three significant catastrophes in Q3, premium rates still saw a decline of 1.3 percent. Although premiums across all sized accounts decreased, it was worth noting that this was half the decrease of last quarter and the smallest decrease since Q1 2015.

The largest decrease of 2.1 percent was seen in large accounts, compared to a 1.2 percent decrease for medium accounts and 0.5 percent for small accounts.

RATE CHANGE BY-ACCOUNT SIZE RANGED FROM -2.1% TO -0.5% IN Q3 2017

	SMALL	MEDIUM	LARGE	AVERAGE
Third Quarter 2017	-0.5%	-1.2%	-2.1%	-1.3%
Second Quarter 2017	-1.0%	-3.1%	-4.3%	-2.8%
First Quarter 2017	-1.4%	-2.4%	-3.8%	-2.5%
Fourth Quarter 2016	-1.3%	-3.8%	-4.9%	-3.3%
Third Quarter 2016	-1.5%	-3.7%	-4.3%	-3.2%
Second Quarter 2016	-2.1%	-4.2%	-5.3%	-3.9%
First Quarter 2016	-2.1%	-4.4%	-4.6%	-3.7%
Fourth Quarter 2015	-1.5%	-3.0%	-3.7%	-2.8%
Third Quarter 2015	-1.4%	-3.8%	-4.1%	-3.1%
Second Quarter 2015	-1.3%	-3.5%	-5.2%	-3.3%
First Quarter 2015	-0.5%	-2.7%	-3.7%	-2.3%

In contrast to the decreasing premiums across all sized accounts, **average premiums for five major commercial Property/Casualty lines (P/C) increased for the first time (one percent) in 11 quarters.** This average rate change was heavily skewed by Commercial Auto, which increased by 7.3 percent, a steady trend throughout the past 25 quarters. Commercial Property experienced a small increase in premiums of less than one percent. Workers' Compensation, General Liability, and Umbrella experienced a premium decrease of 2.3 percent, 0.8 percent, and 0.4 percent, respectively.

RATE CHANGE FOR MAJOR LINES RANGED FROM -2.3% TO +7.3% IN Q3 2017

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Third Quarter 2017	7.3%	-2.3%	0.9%	-0.8%	-0.4%	1.0%
Second Quarter 2017	6.1%	-2.7%	-3.6%	-2.7%	-1.4%	-0.9%
First Quarter 2017	5.4%	-1.9%	-3.1%	-2.6%	-1.1%	-0.7%
Fourth Quarter 2016	4.4%	-2.9%	-4.4%	-2.6%	-1.4%	-1.4%
Third Quarter 2016	3.2%	-2.6%	-4.5%	-3.0%	-1.7%	-1.7%
Second Quarter 2016	2.4%	-4.3%	-6.0%	-3.6%	-2.8%	-2.9%
First Quarter 2016	3.6%	-3.0%	-5.2%	-3.2%	-2.5%	-2.1%
Fourth Quarter 2015	2.7%	-2.6%	-3.5%	-3.4%	-2.8%	-1.9%
Third Quarter 2015	1.3%	-2.5%	-5.2%	-2.7%	-3.0%	-2.4%
Second Quarter 2015	0.5%	-1.9%	-5.4%	-3.0%	-2.7%	-2.5%
First Quarter 2015	1.5%	-0.4%	-4.0%	-2.2%	-2.1%	-1.5%
Fourth Quarter 2014	3.0%	0.7%	-2.2%	-0.4%	-0.3%	0.1%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-14.8%	-13.6%	-13.5%	-13.1%

Along with Commercial Auto and Commercial Property, other commercial lines experienced a premium increase, but of lesser volume: Employment Practices (0.7 percent), D&O (0.4 percent), Construction Risks (0.4 percent), Surety Bonds (0.1 percent), Business Interruption (0.1 percent), Broker E&O (0.04 percent) and Flood (0.04 percent).

The rest of the commercial lines experienced a small decrease in premiums of less than one percent. These lines were Cyber (-0.7 percent), Marine (-0.5 percent), and Medical Malpractice (-0.04 percent).

RATE CHANGE IN OTHER LINES RANGED FROM -0.7% TO 0.7% IN Q3 2017

	3Q17	HIGH	LOW
Broker E&O	0.04%	15.4%	-4.3%
Business Interruption	0.1%	28.8%	-10.0%
Construction	0.4%	38.7%	-10.7%
Cyber	-0.7%	-0.7%	-2.6%
D&O Liability	0.4%	32.4%	-8.4%
Employment Practices	0.7%	21.9%	-8.1%
Flood	0.04%	15.4%	-4.0%
Marine	-0.5%	3.0%	-4.2%
Medical Malpractice	-0.04%	3.0%	-4.2%
Surety Bonds	0.1%	11.2%	-2.3%
Terrorisms	0.0%	10.4%	-3.5%

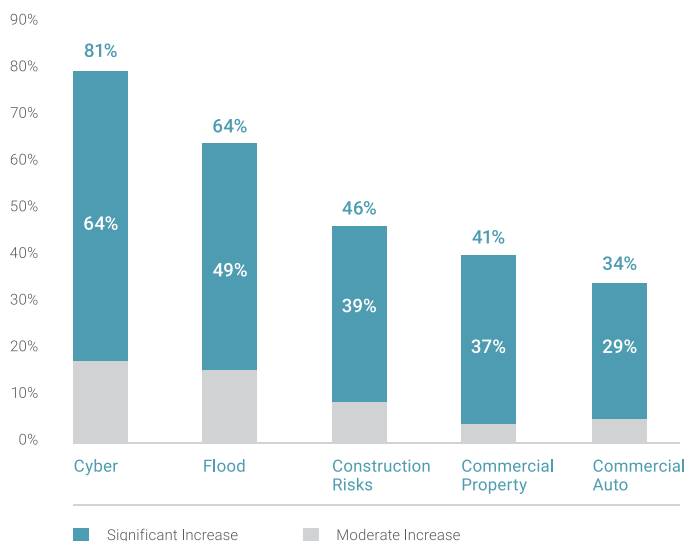
DEMAND

Across all lines, an average of 63 percent of surveyed brokers said demand did not change. However, 27 percent reported an increase. Four percent of all surveyed brokers reported that demand for coverage decreased.

As demand change varied vastly across lines of business, a breakdown with largest increase and decrease is provided below:

INCREASE

COMMERCIAL LINES WITH LARGEST DEMAND INCREASE IN Q3 2017



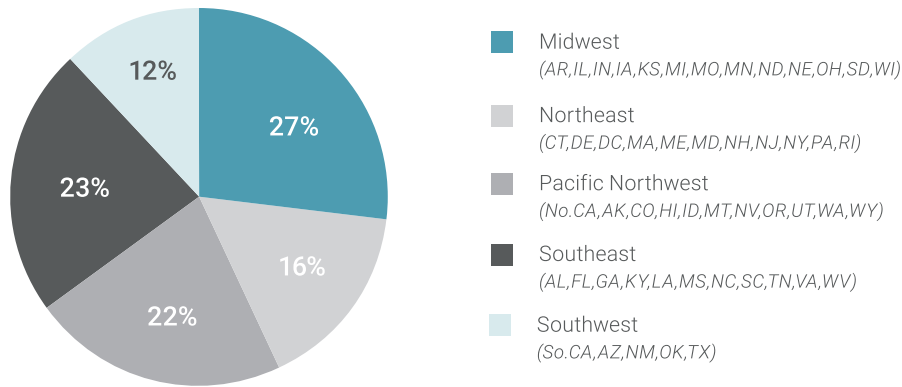
The increased demand was driven by five lines that were heavily impacted by recent hurricanes and cyber events: Cyber, Flood, Construction Risks, Commercial Property and Commercial Auto.

IN DETAILS:

Cyber

Eight-one (81) percent of all surveyed brokers reported an increase in demand for Cyber coverage (17 percent of significant increase and 64 percent of moderate increase). *This dramatic increase was driven by recent data breaches*, which not only “made everyone aware of Cyber risks and how [they] could happen to any size company,” per an EVP of a mid-sized firm in Southeast region but also led to “Cyber coverage becoming a requisite condition for a business contract to be in place,” according to a VP of a small-sized firm in the Pacific Northwest region. Surprisingly, in spite of the striking increase of demand, average Cyber premiums still decreased by 0.7 percent during Q3 2017. These two conflicting trends indicated that clients inquired about Cyber coverage but these inquiries have not translated to policy purchase.

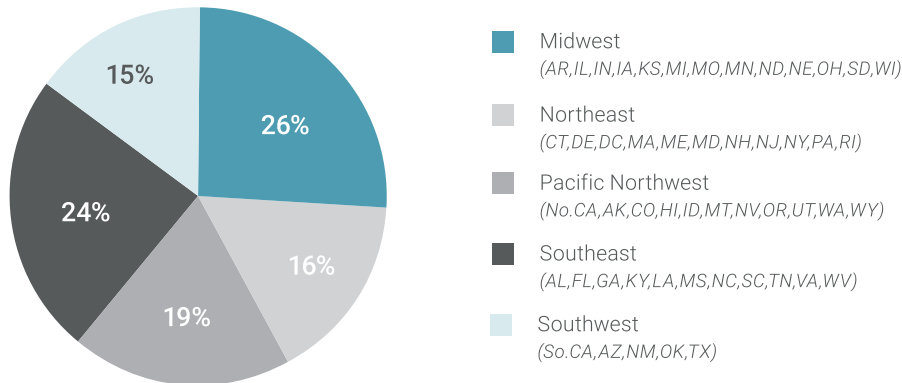
INCREASED DEMAND FOR CYBER COVERAGE



Flood

Sixty-four (64) percent of brokers saw an increase in demand for Flood coverage (15 percent of significant increase and 49 percent of moderate increase). Even though Texas (Southwest) and Florida (Southeast) were the two states primarily impacted by the three hurricanes that made landfall during Q3 2017, other regions, such as the Midwest also saw significant increase in demand for Flood coverage.

INCREASED DEMAND FOR FLOOD COVERAGE



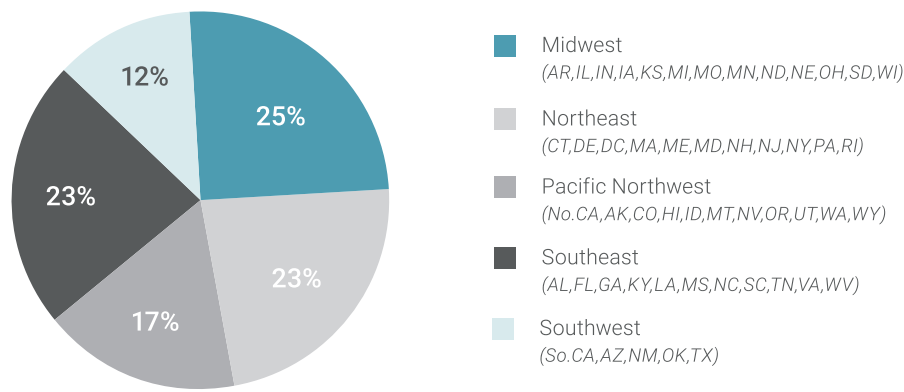
Construction Risks

Forty-six (46) percent of brokers saw an increase in demand for Construction Risks coverage (six percent of significant increase and 39 percent of moderate increase). An EVP of Insurance Services of a large-sized firm in the Midwest explained further that: "with all the building that is going on, the Construction, Wrap Up, and Builders Risk business is doing very well."

Commercial Property

Forty-one (41) percent of brokers saw an increase in demand for Commercial Property coverage (four percent of significant increase and 37 percent of moderate increase). Demand for Commercial Property coverage increased relatively consistently across regions, with the Midwest accounting for 25 percent, Northeast accounting for 23 percent, and Southeast accounting for 23 percent of total increase.

INCREASED DEMAND FOR COMMERCIAL PROPERTY COVERAGE



Commercial Auto

Thirty-four (34) percent of brokers saw an increase in demand for Commercial Auto coverage (five percent of significant increase and 29 percent of moderate increase). Many respondents said Commercial Auto continued to be a hot topic. One surveyed broker estimated that demand for Commercial Auto increased by at least 20 percent while another broker mentioned that "demand for Commercial Auto coverage, both primary and excess is increasing."

DECREASE

Decreased demand was driven largely by Workers' Compensation.

Workers' Compensation

Workers' Compensation became a difficult line, with 18 percent of brokers reporting demand for the line decreased during Q3 2017 (no significant decrease and 18 percent of moderate decrease). Throughout the survey, brokers repeatedly said that the line was becoming increasingly competitive. A vice president of Commercial Lines of a top 10 brokerage firm in term of revenue earned from clients based in the U.S. pointed out that: "Workers' Compensation has become a very competitive cover so many carriers are working hard to obtain that business by credits, dividends and offering loss control."

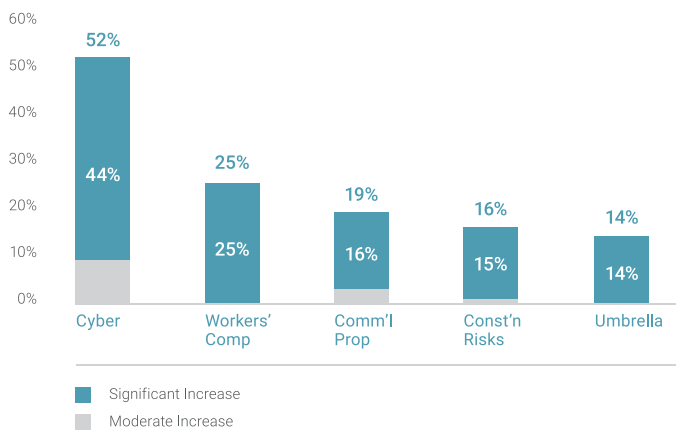
UNDERWRITING

Across all sized accounts, respondents reported that underwriting practice remained relatively similar to that of last quarter, except for two newer trends: **automated underwriting of small accounts and tightening underwriting for Commercial Auto.**

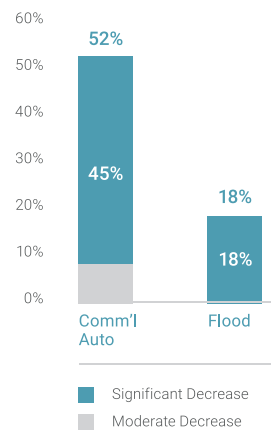
In the second quarter of 2017, the prevalent theme for underwriting practice was aggressive underwriting, which was driven by carriers’ pressure to retain clients. This trend continued in the third quarter of 2017, with 25 percent of surveyed brokers saying that underwriting practice was similar to the second quarter and another 25 percent explicitly saying that carriers continued to have a strong appetite for risks and were aggressive in renewing existing accounts and pursuing new accounts. To keep existing accounts, carriers started renewal early, offered flat renewal, increased exposures slightly to keep renewal flat, or dropped premiums to keep good performing business. To retain new accounts, carriers competed aggressively in terms of price.

In terms of underwriting capacity, the majority of brokers (68 percent) said that it remained unchanged during Q3 2017. Fourteen (14) percent said capacity increased (one percent of significant increase and 13 percent of moderate increase). This capacity increase was driven by five major lines: Cyber, Workers’ Compensation, Commercial Property, Construction Risks and Umbrella. Meanwhile, eight percent of survey participants said capacity decreased (one percent of significant decrease and seven percent of moderate decrease). This capacity decrease was driven by two major lines: Commercial Auto and Flood.

COMMERCIAL LINES WITH LARGEST CAPACITY INCREASE IN Q3 2017



COMMERCIAL LINES WITH LARGEST CAPACITY DECREASE IN Q3 2017



Across all size accounts, brokers noticed tighter underwriting on Commercial Auto.

- Nineteen (19) percent of brokers reported that the underwriting for small Commercial Auto accounts became much tougher due to distracted driving and the severity of past losses, such as cost of repairs or cost from claims litigation.
- Twenty-three (23) percent of brokers reported that medium Commercial Auto accounts were closely underwritten with much more stringent terms and conditions on auto liability.
- Twenty-one (21) percent of brokers reported much tighter underwriting for large Commercial Auto accounts, especially if the account had loss.

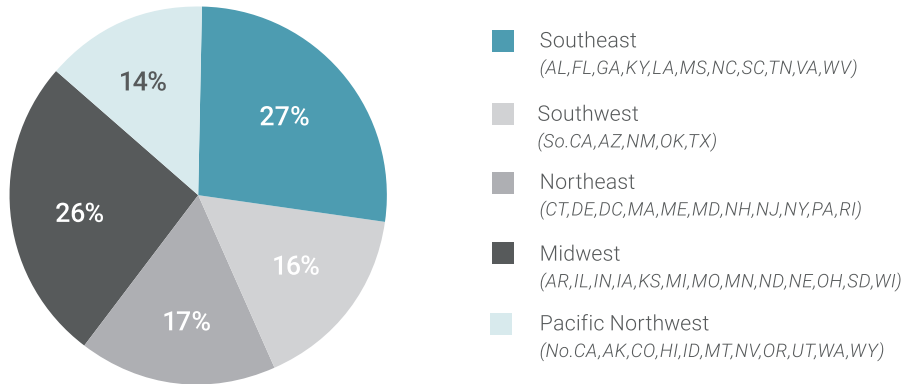
In terms of underwriting process, brokers noticed that underwriting started to become more automated, a trend more common among small accounts than medium and large accounts.

- Eleven (11) percent of brokers reported that the underwriting of small accounts was now performed under a streamlined process with limited underwriter interaction, enabling more real time pricing and other online functionalities.
- One percent of brokers reported that the underwriting of large accounts was now performed using deeper information and big data capacity.

CLAIMS

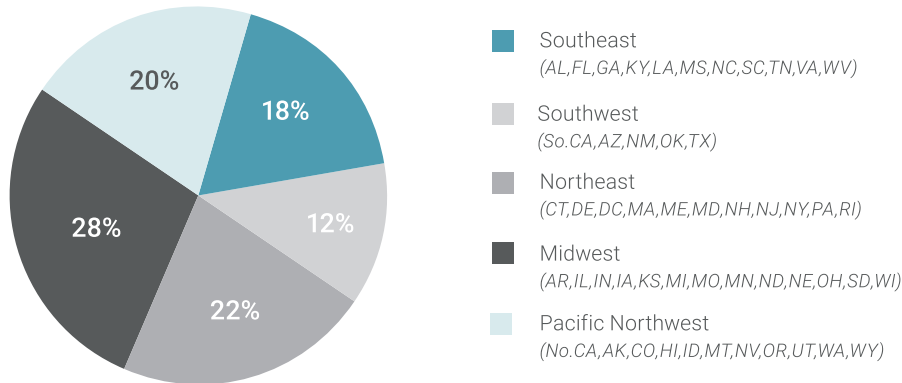
Fifty-nine (59) percent of all brokers saw an increase in the number of **Flood** claims (22 percent of significant increase and 37 percent of moderate increase). The number of Flood claims increased unevenly across U.S. regions, with the Southeast and Midwest to account for more than half (53 percent) of total increase. With the country’s focus on hurricane damage in Texas and Florida, these statistics showed that there were other states that were seriously impacted during 2017 CAT season. For instance, in the Midwest, a cluster of thunderstorms developed across eastern South Dakota and swept southeastward through Minnesota, Iowa, Wisconsin and Illinois, causing widespread flooding.

INCREASE IN NUMBER OF FLOOD CLAIMS ACROSS REGIONS



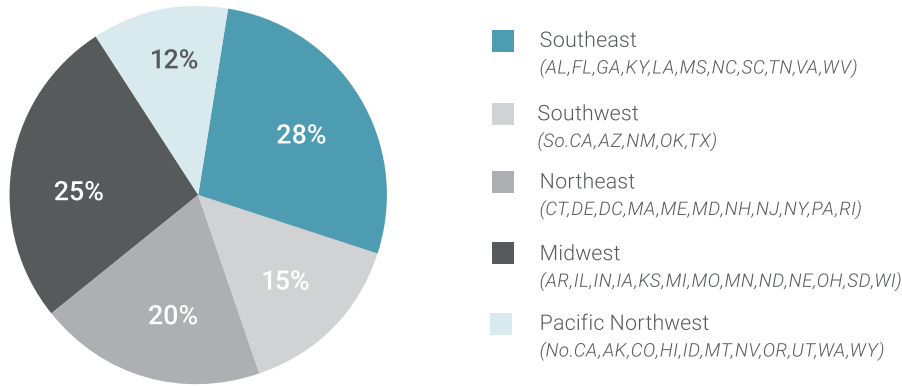
Fifty-eight (58) percent of all brokers saw an increase in the number of **Commercial Auto** claims (12 percent of significant increase and 46 percent of moderate increase). The Midwest led the way with the amount of claims increase, accounting for 28 percent of total increase in the number of claims. The Northeast and Pacific Northwest followed closely with 22 percent and 20 percent, respectively.

INCREASE IN NUMBER OF COMMERCIAL AUTO CLAIMS ACROSS REGIONS



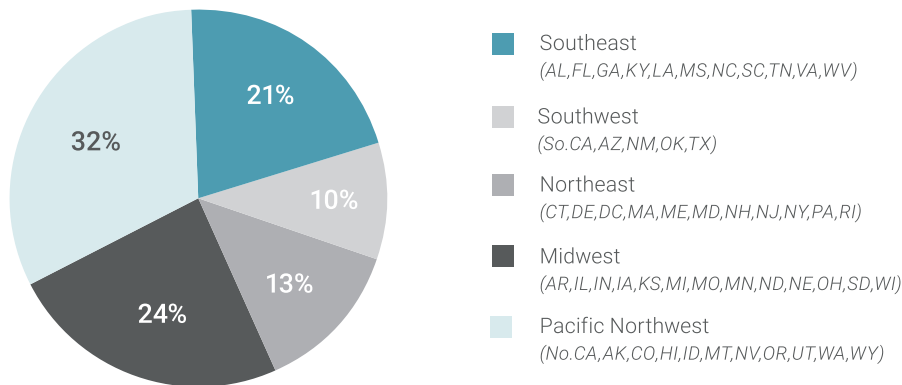
Fifty (50) percent of all brokers saw an increase in the number of **Commercial Property** claims (14 percent of significant increase and 36 percent of moderate increase). Increase in Commercial Property claims was distributed unevenly across U.S. regions, with the Southeast and Midwest to account for more than half (53 percent) of total increase.

INCREASE IN NUMBER OF COMMERCIAL PROPERTY CLAIMS ACROSS REGIONS



Thirty (30) percent of all brokers saw an increase in the number of **Business Interruption** claims (9 percent of significant increase and 21 percent of moderate increase). The Pacific Northwest witnessed the biggest increase in number of claims, accounting for approximately a third of total increase. The Southeast and Midwest contributed respectively 21 percent and 24 percent of total increase.

INCREASE IN NUMBER OF BUSINESS INTERRUPTION CLAIMS ACROSS REGIONS



2017 HURRICANE SEASON REVIEW

For the first time in the past decade, three different hurricanes made landfall in the U.S. in one quarter. Across the country, an average of 15.8 percent of all claims received during Q3 2017 were related to recent hurricanes.

- The majority of brokers (63 percent) said less than 25 percent of claims received during the past three months were related to recent hurricanes.
- Ten (10) percent of brokers said between 25-50 percent of claims were related to hurricanes.
- Ten (10) percent said between 50-75 percent of the claims were related to hurricanes.
- Three percent of brokers said more than 75 percent of the claims received were related to hurricanes
- Fourteen (14) percent of brokers said none of the claims received during the past three months were related to hurricanes.

In response to these hurricanes, **a small portion of insureds, 6.2 percent, added flood coverage to their existing commercial policies.**

- More than half of surveyed brokers said less than 25 percent of their clients added flood coverage.
- Three percent of brokers said that between 25-49 percent of their clients added flood coverage.
- Less than three percent of brokers had more than 50 percent of their clients adding flood coverage.

As recent catastrophes increased in both frequency and severity, insureds were actively inquiring about their existing or potential coverage for Flood, Wind, and Business Interruption. Across the country, 86 percent of brokers received inquiries such as:

- Will my rates increase if I file a claim?
- Are there any restrictions in my coverage?
- Does flood insurance cover business interruption?
- Do we have enough flood coverage for our properties?
- Does flood insurance cover properties impacted by dam release water post flood?
- How do you determine whether flood or wind caused loss? And how do the deductibles work on each type of coverage?
- How do deductibles work for the CAT perils?
- Does flood coverage apply if a hurricane caused the damage?
- How do you know the difference between wind driven rain vs. rising water?

Interestingly, **a third of surveyed brokers felt that recent catastrophes opened the door for them to discuss Flood coverage and emergency preparedness with clients, furthering their role as a risk advisor.**

Ken A. Crerar, President/CEO of The Council of Insurance Agents & Brokers commented, "We have seen firms, even those not directly impacted by recent storms, create emergency preparedness programs to help themselves and their clients mitigate risks. Additionally, The Council has and will continue to use its Claims & Risk Management Working Group as a platform for our members to exchange ideas about risk mitigation strategies."

APPENDIX

COMMERCIAL PROPERTY/CASUALTY MARKET INDEX

Q3 2017 RELEASED:

BELOW ARE THE SURVEY RESULTS FOR: ALL REGIONS

1. Think about the account sizes within the commercial lines that your company offers brokerage services. During the past 3 months (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.76%	28.03%	46.97%	20.45%	0.00%	0.00%	0.00%	0.00%	3.79%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	1.50%	39.85%	36.84%	20.30%	0.00%	0.00%	0.00%	0.00%	1.50%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	7.41%	37.78%	31.11%	17.04%	0.00%	0.00%	0.00%	0.00%	6.67%

2. During the past three months (July 1 – September 30), did premiums go up or down for each line of business, compared to the second quarter of 2017 (April 1 - June 30)?

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Business Interruption	0.00%	0.00%	0.00%	18.18%	58.33%	15.15%	1.52%	0.00%	0.00%	0.00%	6.82%
Broker E&O	0.00%	0.00%	0.79%	6.30%	55.12%	10.24%	0.00%	0.00%	0.00%	0.00%	27.56%
Commercial Auto	0.00%	0.00%	0.00%	3.03%	9.09%	53.79%	25.76%	3.79%	0.00%	0.00%	4.55%
Commercial Property	0.00%	0.00%	0.75%	27.82%	33.83%	30.08%	3.76%	1.50%	0.00%	0.00%	2.26%
Construction Risks	0.00%	0.00%	0.78%	16.41%	53.13%	21.88%	1.56%	0.00%	0.00%	0.00%	6.25%
Cyber	0.00%	0.00%	3.05%	22.90%	53.44%	14.50%	0.00%	0.76%	0.00%	0.00%	5.34%
D&O	0.00%	0.00%	0.00%	10.69%	62.60%	14.50%	1.53%	0.00%	0.00%	0.00%	10.69%
Flood	0.00%	0.00%	0.00%	3.05%	52.67%	25.19%	7.63%	3.05%	0.00%	0.00%	8.40%
Employment Practices	0.00%	0.00%	0.00%	6.87%	64.89%	19.08%	0.76%	0.00%	0.00%	0.00%	8.40%
General Liability	0.00%	0.00%	0.77%	23.85%	61.54%	10.77%	0.00%	0.00%	0.00%	0.00%	3.08%
Marine	0.00%	0.00%	0.77%	13.85%	63.08%	6.15%	0.00%	0.00%	0.00%	0.00%	16.15%
Medical Malpractice	0.00%	0.00%	0.00%	5.47%	53.91%	4.69%	1.56%	0.00%	0.00%	0.00%	34.38%
Surety Bonds	0.00%	0.00%	0.78%	0.78%	71.32%	1.55%	0.00%	0.78%	0.00%	0.00%	24.81%
Terrorism	0.00%	0.00%	0.00%	3.10%	78.29%	0.78%	0.78%	0.00%	0.00%	0.00%	17.05%
Umbrella	0.00%	0.76%	0.00%	20.61%	55.73%	16.79%	0.00%	0.00%	0.00%	0.00%	6.11%
Workers' Compensation	0.00%	0.00%	6.92%	36.92%	39.23%	10.00%	0.77%	0.00%	0.00%	0.00%	6.15%

COMMERCIAL PROPERTY/CASUALTY MARKET INDEX

Q3 2017 RELEASED:

BELOW ARE THE SURVEY RESULTS FOR: NORTHEAST

(CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI)

1. Think about the account sizes within the commercial lines that your company offers brokerage services. During the past 3 months (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure	Total
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	3.85%	38.46%	30.77%	26.92%	0.00%	0.00%	0.00%	0.00%	0.00%	19.26%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	46.15%	34.62%	19.23%	0.00%	0.00%	0.00%	0.00%	0.00%	19.26%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	46.15%	30.77%	19.23%	0.00%	0.00%	0.00%	0.00%	3.85%	19.26%

2. During the past three months (July 1 – September 30), did premiums go up or down for each line of business, compared to the second quarter of 2017 (April 1 - June 30)?

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure	Total
Business Interruption	0.00%	0.00%	0.00%	26.92%	53.85%	19.23%	0.00%	0.00%	0.00%	0.00%	0.00%	19.26%
Broker E&O	0.00%	0.00%	0.00%	4.17%	58.33%	8.33%	0.00%	0.00%	0.00%	0.00%	29.17%	17.78%
Commercial Auto	0.00%	0.00%	0.00%	0.00%	15.38%	65.38%	3.85%	7.69%	0.00%	0.00%	7.69%	19.26%
Commercial Property	0.00%	0.00%	0.00%	38.46%	23.08%	30.77%	7.69%	0.00%	0.00%	0.00%	0.00%	19.26%
Construction Risks	0.00%	0.00%	0.00%	16.00%	56.00%	28.00%	0.00%	0.00%	0.00%	0.00%	0.00%	18.52%
Cyber	0.00%	0.00%	0.00%	32.00%	28.00%	28.00%	0.00%	4.00%	0.00%	0.00%	8.00%	18.52%
D&O	0.00%	0.00%	0.00%	12.00%	52.00%	16.00%	8.00%	0.00%	0.00%	0.00%	12.00%	18.52%
Flood	0.00%	0.00%	0.00%	8.00%	56.00%	20.00%	4.00%	4.00%	0.00%	0.00%	8.00%	18.52%
Employment Practices	0.00%	0.00%	0.00%	12.00%	52.00%	24.00%	0.00%	0.00%	0.00%	0.00%	12.00%	18.52%
General Liability	0.00%	0.00%	3.85%	23.08%	53.85%	15.38%	0.00%	0.00%	0.00%	0.00%	3.85%	19.26%
Marine	0.00%	0.00%	3.85%	11.54%	61.54%	7.69%	0.00%	0.00%	0.00%	0.00%	15.38%	19.26%
Medical Malpractice	0.00%	0.00%	0.00%	4.00%	60.00%	4.00%	0.00%	0.00%	0.00%	0.00%	32.00%	18.52%
Surety Bonds	0.00%	0.00%	0.00%	0.00%	80.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	18.52%
Terrorism	0.00%	0.00%	0.00%	4.00%	80.00%	4.00%	0.00%	0.00%	0.00%	0.00%	12.00%	18.52%
Umbrella	0.00%	0.00%	0.00%	23.08%	50.00%	15.38%	0.00%	0.00%	0.00%	0.00%	11.54%	19.26%
Workers' Compensation	0.00%	0.00%	3.85%	26.92%	46.15%	11.54%	0.00%	0.00%	0.00%	0.00%	11.54%	19.26%

COMMERCIAL PROPERTY/CASUALTY MARKET INDEX

Q3 2017 RELEASED:

**BELOW ARE THE SURVEY RESULTS FOR: SOUTHEAST
(AL, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV)**

1. Think about the account sizes within the commercial lines that your company offers brokerage services. During the past 3 months (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.00%	15.15%	51.52%	27.27%	0.00%	0.00%	0.00%	0.00%	6.06%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	33.33%	45.45%	15.15%	0.00%	0.00%	0.00%	0.00%	6.06%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	9.09%	30.30%	33.33%	15.15%	0.00%	0.00%	0.00%	0.00%	12.12%

2. During the past three months (July 1 – September 30), did premiums go up or down for each line of business, compared to the second quarter of 2017 (April 1 - June 30)?

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Business Interruption	0.00%	0.00%	0.00%	21.88%	53.13%	12.50%	3.13%	0.00%	0.00%	0.00%	9.38%
Broker E&O	0.00%	0.00%	0.00%	0.00%	58.06%	12.90%	0.00%	0.00%	0.00%	0.00%	29.03%
Commercial Auto	0.00%	0.00%	0.00%	3.13%	3.13%	53.13%	34.38%	0.00%	0.00%	0.00%	6.25%
Commercial Property	0.00%	0.00%	3.13%	37.50%	37.50%	15.63%	3.13%	0.00%	0.00%	0.00%	3.13%
Construction Risks	0.00%	0.00%	0.00%	19.35%	64.52%	6.45%	0.00%	0.00%	0.00%	0.00%	9.68%
Cyber	0.00%	0.00%	3.23%	32.26%	54.84%	6.45%	0.00%	0.00%	0.00%	0.00%	3.23%
D&O	0.00%	0.00%	0.00%	9.68%	70.97%	12.90%	0.00%	0.00%	0.00%	0.00%	6.45%
Flood	0.00%	0.00%	0.00%	3.13%	59.38%	31.25%	0.00%	0.00%	0.00%	0.00%	6.25%
Employment Practices	0.00%	0.00%	0.00%	6.45%	74.19%	12.90%	0.00%	0.00%	0.00%	0.00%	6.45%
General Liability	0.00%	0.00%	0.00%	29.03%	61.29%	6.45%	0.00%	0.00%	0.00%	0.00%	3.23%
Marine	0.00%	0.00%	0.00%	16.13%	64.52%	6.45%	0.00%	0.00%	0.00%	0.00%	12.90%
Medical Malpractice	0.00%	0.00%	0.00%	3.23%	48.39%	3.23%	3.23%	0.00%	0.00%	0.00%	41.94%
Surety Bonds	0.00%	0.00%	0.00%	0.00%	67.74%	0.00%	0.00%	0.00%	0.00%	0.00%	32.26%
Terrorism	0.00%	0.00%	0.00%	0.00%	80.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%
Umbrella	0.00%	0.00%	0.00%	19.35%	58.06%	16.13%	0.00%	0.00%	0.00%	0.00%	6.45%
Workers' Compensation	0.00%	0.00%	6.45%	38.71%	35.48%	9.68%	3.23%	0.00%	0.00%	0.00%	6.45%

COMMERCIAL PROPERTY/CASUALTY MARKET INDEX

Q3 2017 RELEASED:

BELOW ARE THE SURVEY RESULTS FOR: MIDWEST

(AR, IL, IN, IA, KS, MI, MO, MN, NE, ND, SD, OH, WI)

1. Think about the account sizes within the commercial lines that your company offers brokerage services. During the past 3 months (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.00%	37.93%	44.83%	10.34%	0.00%	0.00%	0.00%	0.00%	6.90%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	51.72%	37.93%	10.34%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	6.45%	48.39%	29.03%	9.68%	0.00%	0.00%	0.00%	0.00%	6.45%

2. During the past three months (July 1 – September 30), did premiums go up or down for each line of business, compared to the second quarter of 2017 (April 1 - June 30)?

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Business Interruption	0.00%	0.00%	0.00%	30.00%	46.67%	13.33%	0.00%	0.00%	0.00%	0.00%	10.00%
Broker E&O	0.00%	0.00%	0.00%	10.34%	44.83%	10.34%	0.00%	0.00%	0.00%	0.00%	34.48%
Commercial Auto	0.00%	0.00%	0.00%	6.90%	6.90%	75.86%	10.34%	0.00%	0.00%	0.00%	0.00%
Commercial Property	0.00%	0.00%	0.00%	40.00%	20.00%	33.33%	0.00%	3.33%	0.00%	0.00%	3.33%
Construction Risks	0.00%	0.00%	0.00%	27.59%	44.83%	17.24%	3.45%	0.00%	0.00%	0.00%	6.90%
Cyber	0.00%	0.00%	0.00%	16.67%	60.00%	20.00%	0.00%	0.00%	0.00%	0.00%	3.33%
D&O	0.00%	0.00%	0.00%	13.33%	63.33%	13.33%	0.00%	0.00%	0.00%	0.00%	10.00%
Flood	0.00%	0.00%	0.00%	3.33%	33.33%	46.67%	3.33%	3.33%	0.00%	0.00%	10.00%
Employment Practices	0.00%	0.00%	0.00%	10.00%	66.67%	16.67%	0.00%	0.00%	0.00%	0.00%	6.67%
General Liability	0.00%	0.00%	0.00%	35.71%	53.57%	10.71%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	27.59%	51.72%	6.90%	0.00%	0.00%	0.00%	0.00%	13.79%
Medical Malpractice	0.00%	0.00%	0.00%	6.90%	51.72%	6.90%	3.45%	0.00%	0.00%	0.00%	31.03%
Surety Bonds	0.00%	0.00%	0.00%	3.45%	65.52%	0.00%	0.00%	3.45%	0.00%	0.00%	27.59%
Terrorism	0.00%	0.00%	0.00%	6.67%	73.33%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%
Umbrella	0.00%	0.00%	0.00%	39.29%	50.00%	10.71%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' Compensation	0.00%	0.00%	6.90%	55.17%	24.14%	10.34%	0.00%	0.00%	0.00%	0.00%	3.45%

COMMERCIAL PROPERTY/CASUALTY MARKET INDEX

Q3 2017 RELEASED:

BELOW ARE THE SURVEY RESULTS FOR: PACIFIC NORTHWEST

(NO. CA, AK, CO, HI, ID, MT, NV, OR, UT, WA, WY)

1. Think about the account sizes within the commercial lines that your company offers brokerage services. During the past 3 months (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.00%	17.24%	55.17%	24.14%	0.00%	0.00%	0.00%	0.00%	3.45%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	3.33%	26.67%	33.33%	36.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	6.67%	23.33%	36.67%	26.67%	0.00%	0.00%	0.00%	0.00%	6.67%

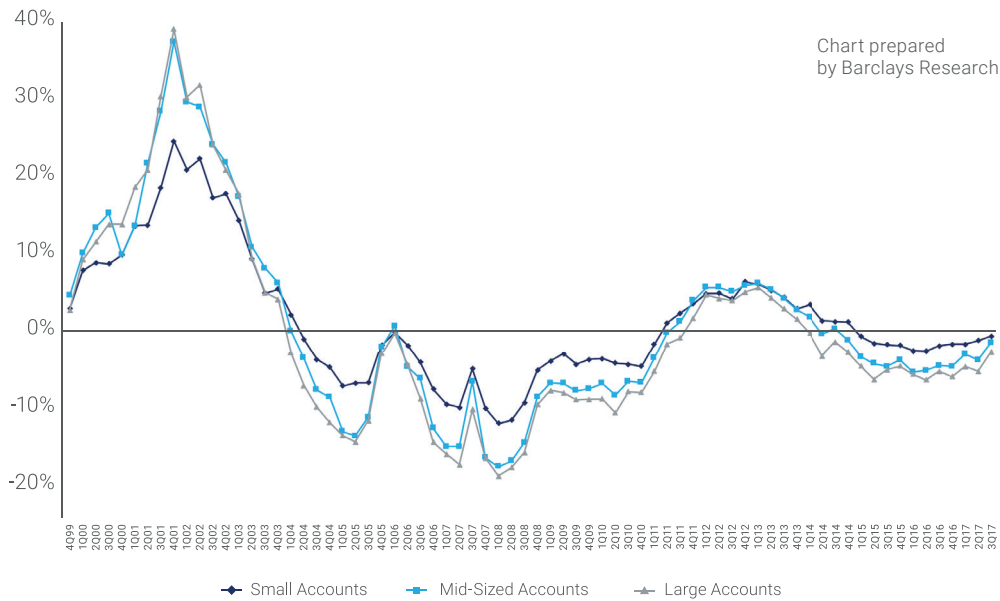
2. During the past three months (July 1 – September 30), did premiums go up or down for each line of business, compared to the second quarter of 2017 (April 1 - June 30)?

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Business Interruption	0.00%	0.00%	0.00%	0.00%	79.31%	13.79%	0.00%	0.00%	0.00%	0.00%	6.90%
Broker E&O	0.00%	0.00%	3.57%	7.14%	53.57%	14.29%	0.00%	0.00%	0.00%	0.00%	21.43%
Commercial Auto	0.00%	0.00%	0.00%	0.00%	13.33%	36.67%	40.00%	6.67%	0.00%	0.00%	3.33%
Commercial Property	0.00%	0.00%	0.00%	3.33%	56.67%	36.67%	0.00%	0.00%	0.00%	0.00%	3.33%
Construction Risks	0.00%	0.00%	0.00%	3.57%	50.00%	39.29%	0.00%	0.00%	0.00%	0.00%	7.14%
Cyber	0.00%	0.00%	6.67%	13.33%	63.33%	10.00%	0.00%	0.00%	0.00%	0.00%	6.67%
D&O	0.00%	0.00%	0.00%	6.67%	56.67%	20.00%	0.00%	0.00%	0.00%	0.00%	16.67%
Flood	0.00%	0.00%	0.00%	0.00%	65.52%	6.90%	13.79%	3.45%	0.00%	0.00%	10.34%
Employment Practices	0.00%	0.00%	0.00%	3.33%	56.67%	26.67%	3.33%	0.00%	0.00%	0.00%	10.00%
General Liability	0.00%	0.00%	0.00%	3.33%	80.00%	13.33%	0.00%	0.00%	0.00%	0.00%	3.33%
Marine	0.00%	0.00%	0.00%	6.90%	58.62%	6.90%	0.00%	0.00%	0.00%	0.00%	27.59%
Medical Malpractice	0.00%	0.00%	0.00%	7.14%	53.57%	7.14%	0.00%	0.00%	0.00%	0.00%	32.14%
Surety Bonds	0.00%	0.00%	0.00%	0.00%	72.41%	6.90%	0.00%	0.00%	0.00%	0.00%	20.69%
Terrorism	0.00%	0.00%	0.00%	3.45%	79.31%	0.00%	0.00%	0.00%	0.00%	0.00%	17.24%
Umbrella	0.00%	0.00%	0.00%	3.33%	63.33%	26.67%	0.00%	0.00%	0.00%	0.00%	6.67%
Workers' Compensation	0.00%	0.00%	6.67%	20.00%	56.67%	13.33%	0.00%	0.00%	0.00%	0.00%	3.33%

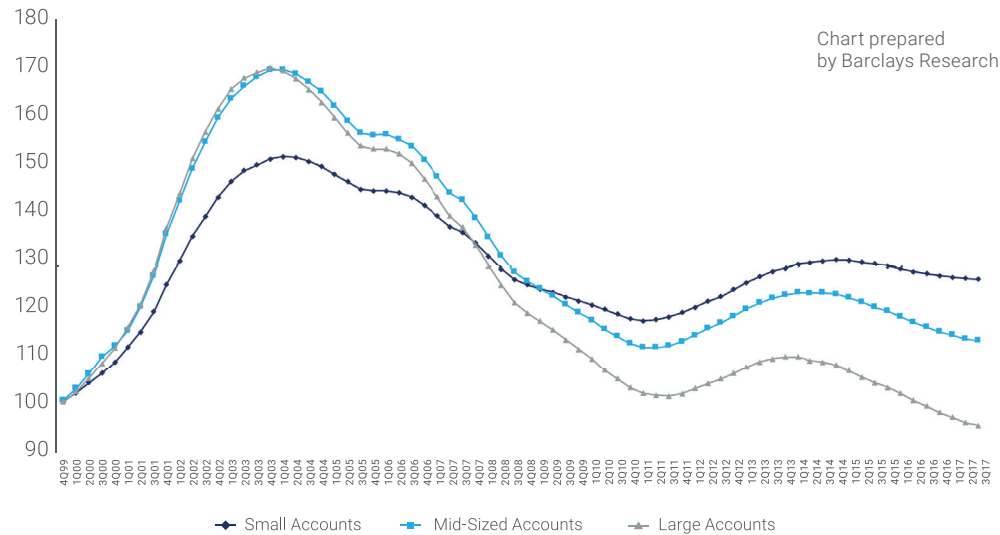
AVERAGE Q3 2017 COMMERCIAL PRICING DECLINED

	SMALL	MEDIUM	LARGE	AVERAGE
Third Quarter 2017	-0.5%	-1.2%	-2.1%	-1.3%
Second Quarter 2017	-1.0%	-3.1%	-4.3%	-2.8%
First Quarter 2017	-1.4%	-2.4%	-3.8%	-2.5%
Fourth Quarter 2016	-1.3%	-3.8%	-4.9%	-3.3%
Third Quarter 2016	-1.5%	-3.7%	-4.3%	-3.2%
High	20.8%	31.7%	33.0%	-13.5%
High Date		4Q01	4Q01	
Low	-10.0%	-14.7%	-15.7%	28.5%
Low Date	1Q08	1Q08	1Q08	

AVERAGE COMMERCIAL PREMIUM RATE CHANGES BY ACCOUNT SIZE



CUMULATIVE QUARTERLY RATE CHANGES BY ACCOUNT SIZE



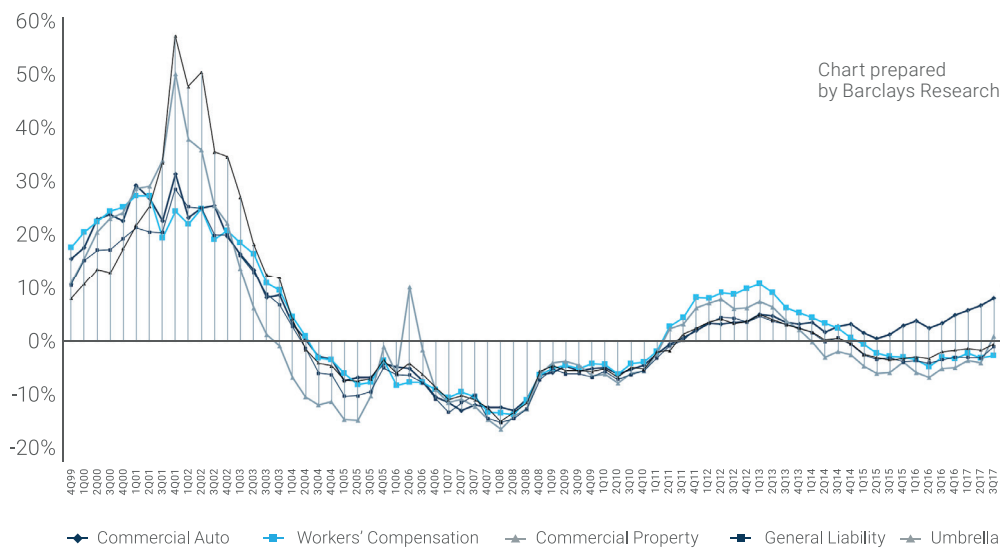
RATE CHANGE BY-ACCOUNT SIZE RANGED FROM -2.1% TO -0.5% IN Q3 2017

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Third Quarter 2017	7.3%	-2.3%	0.9%	-0.8%	-0.4%	1.0%
Second Quarter 2017	6.1%	-2.7%	-3.6%	-2.7%	-1.4%	-0.9%
First Quarter 2017	5.4%	-1.9%	-3.1%	-2.6%	-1.1%	-0.7%
Fourth Quarter 2016	4.4%	-2.9%	-4.4%	-2.6%	-1.4%	-1.4%
Third Quarter 2016	3.2%	-2.6%	-4.5%	-3.0%	-1.7%	-1.7%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-14.8%	-13.6%	-13.5%	-13.1%

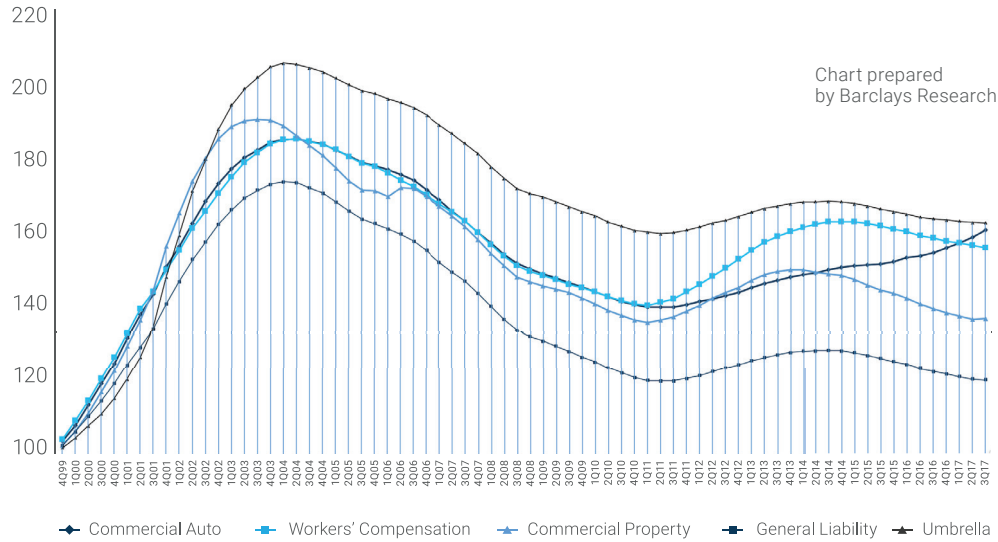
RATE CHANGE IN OTHER LINES RANGED FROM -0.7% TO 0.7% IN Q3 2017

	3Q17	HIGH	LOW
Broker E&O	0.0%	15.4%	-4.3%
Business Interruption	0.1%	28.8%	-10.0%
Construction	0.4%	38.7%	-10.7%
Cyber	-0.7%	-0.7%	-2.6%
D&O Liability	0.4%	32.4%	-8.4%
Employment Practices	0.7%	21.9%	-8.1%
Flood	0.04%	15.4%	-4.0%
Marine	-0.5%	3.0%	-4.2%
Medical Malpractice	-0.04%	3.0%	-4.2%
Surety Bonds	0.1%	11.2%	-2.3%
Terrorisms	0.04%	10.4%	-3.5%

AVERAGE COMMERCIAL RATE CHANGES BY LINE

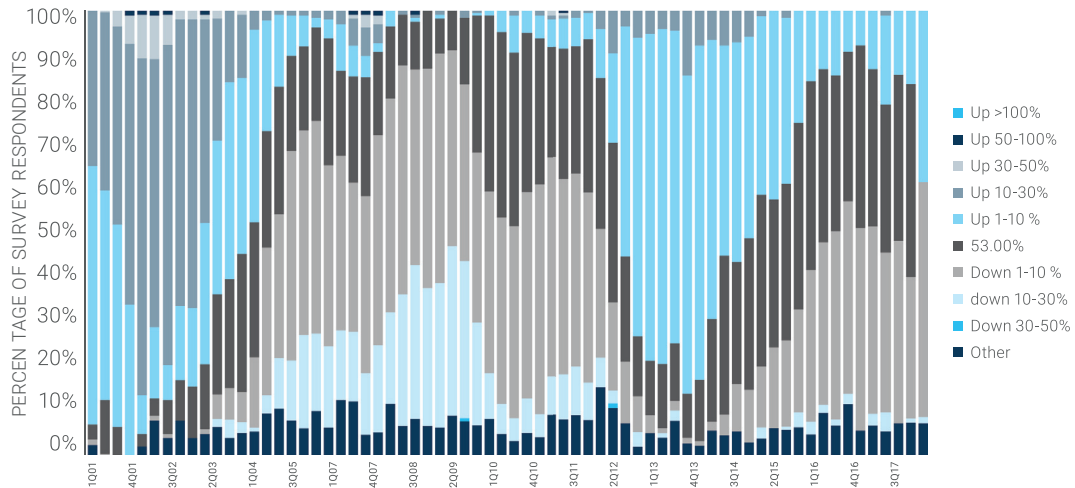


CUMULATIVE QUARTERLY RATE CHANGES BY LINE



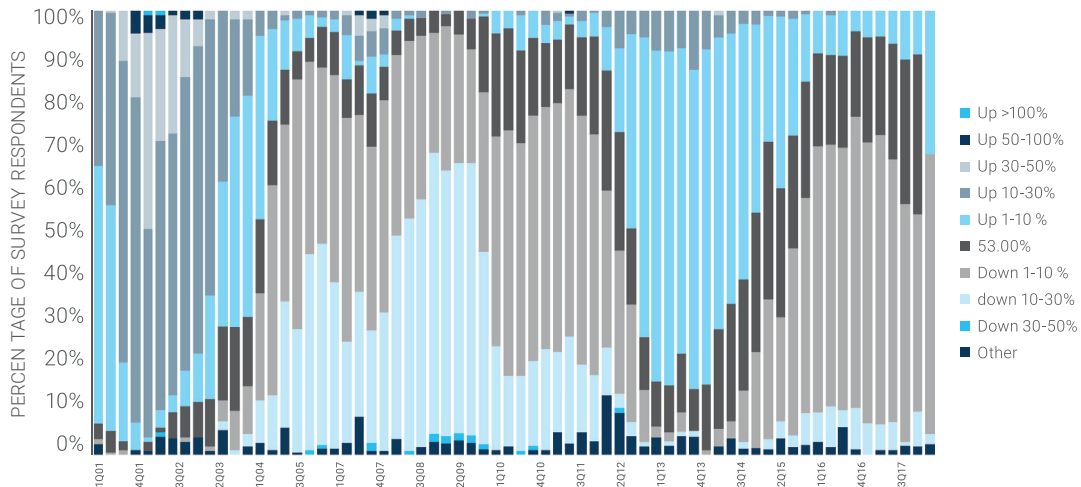
INSURANCE RATE CHANGES, SMALL COMMERCIAL ACCOUNTS*

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.
 (*Accounts generating <\$25,000 in annual commissions & fees)



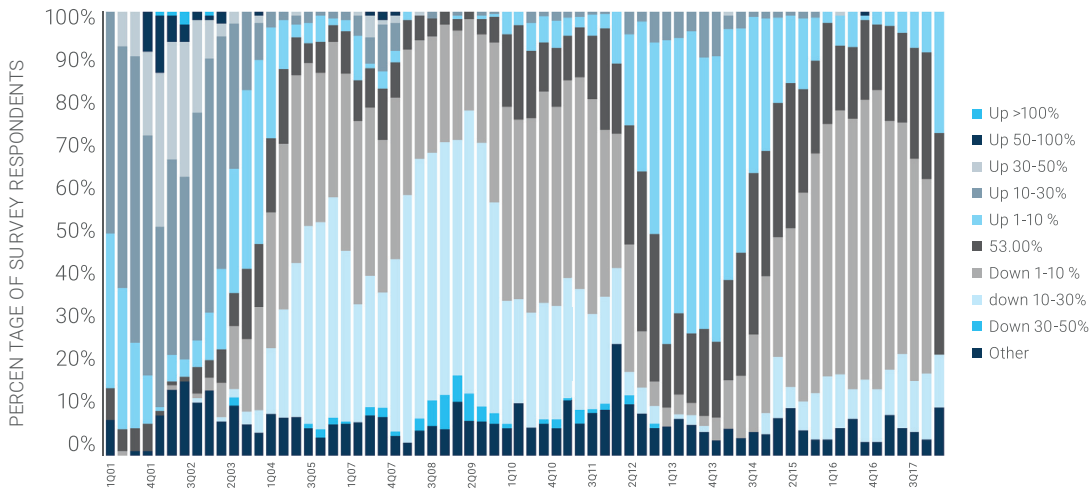
INSURANCE RATE CHANGES, MEDIUM COMMERCIAL ACCOUNTS*

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.
 (*Accounts generating \$25,000-\$100,000 in annual commissions & fees)



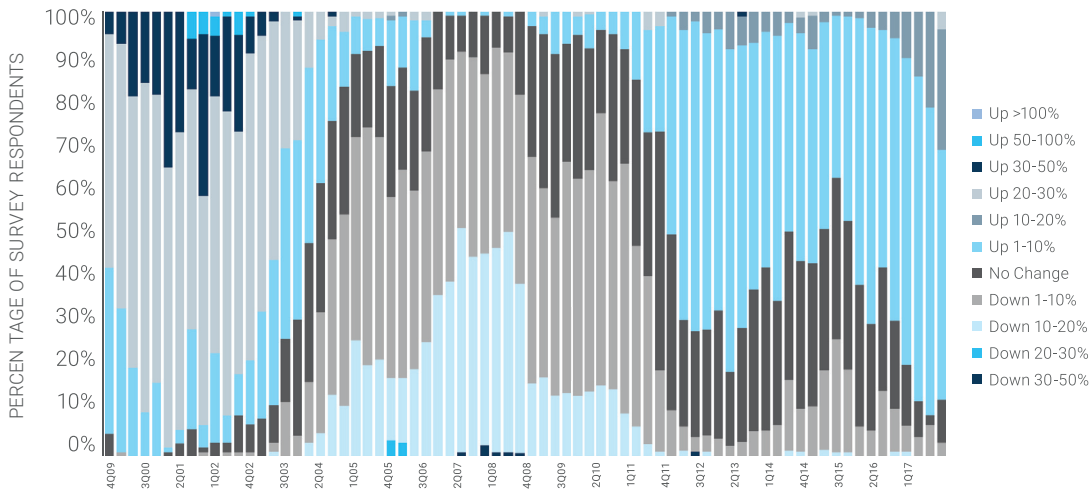
INSURANCE RATE CHANGES, LARGE COMMERCIAL ACCOUNTS*

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.
 (*Accounts generating >\$100,000 in annual commissions & fees)



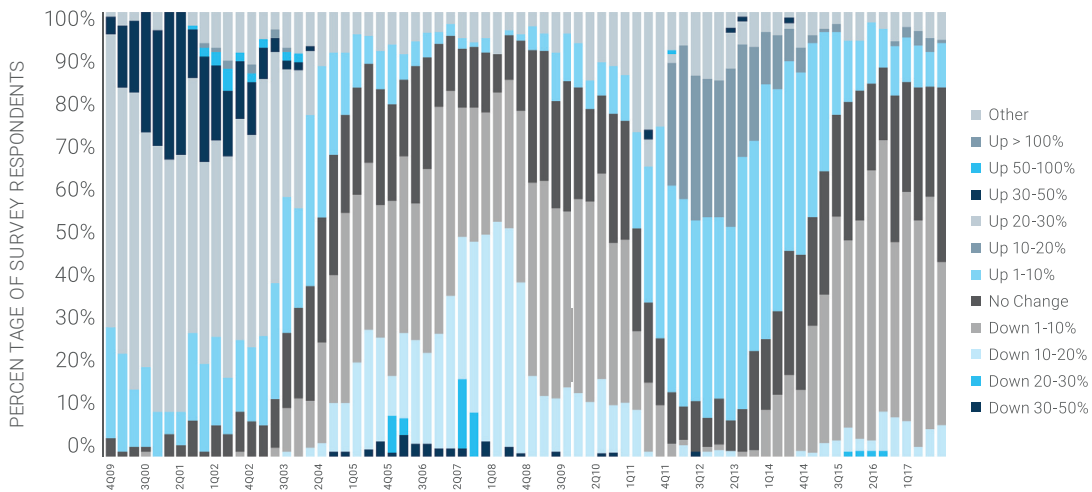
COMMERCIAL AUTO INSURANCE RATE CHANGES

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



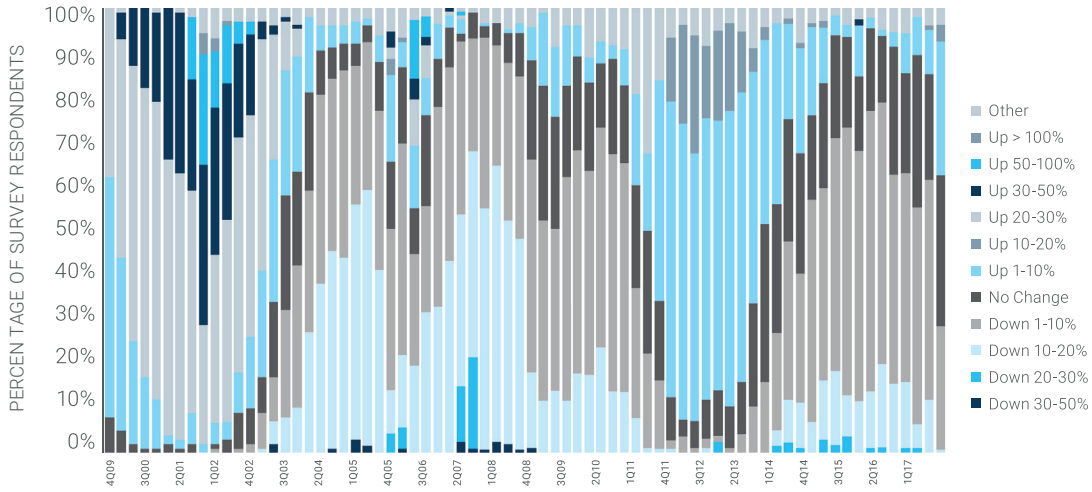
WORKERS' COMPENSATION INSURANCE RATE CHANGES

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



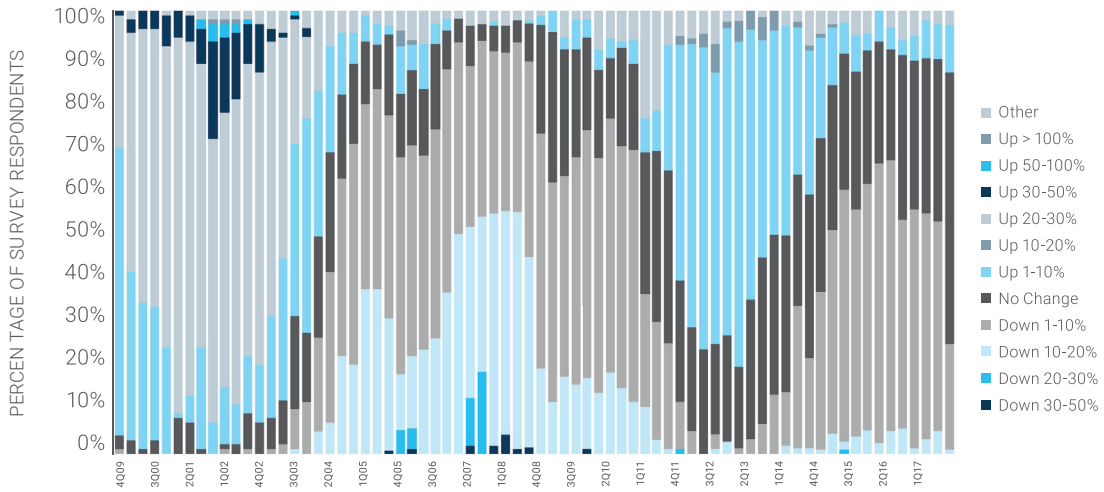
COMMERCIAL PROPERTY INSURANCE RATE CHANGES

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



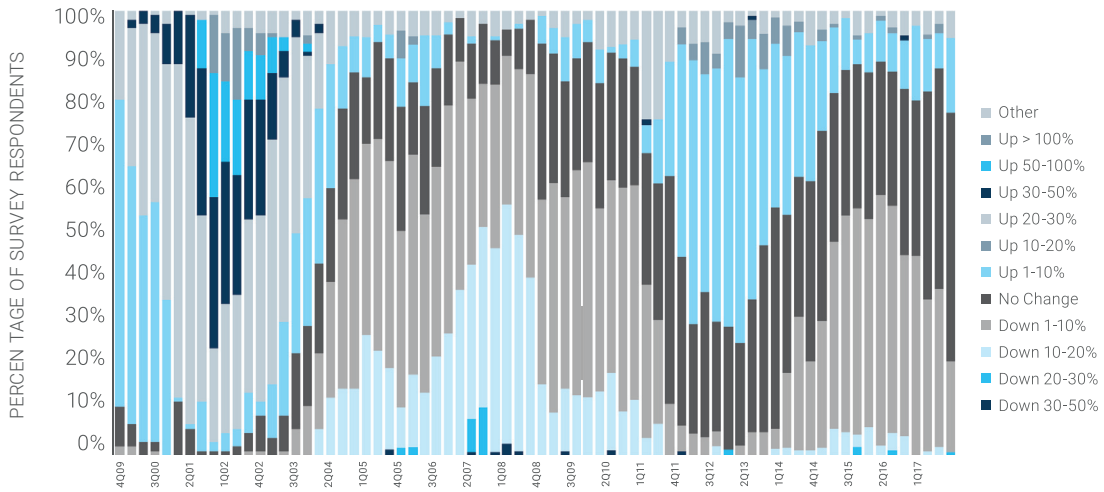
COMMERCIAL GENERAL LIABILITY INSURANCE RATE CHANGES

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



UMBRELLA INSURANCE RATE CHANGES

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



BUSINESS INTERRUPTION INSURANCE RATE CHANGES

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research

