



 THE COUNCIL

COMMERCIAL PROPERTY/CASUALTY MARKET INDEX

Q4/2017



EXECUTIVE SUMMARY

The following key takeaways are from The Council of Insurance Agents & Brokers' *Commercial Property & Casualty Market Report Q4 2017 (October 1 – December 31)*:

- The majority of lines experienced flat or slight increases in premium pricing, with the exception of **Workers' Compensation**, which saw a 0.2 percent decrease.
- Across all-sized accounts, average premiums **increased for the first time in three years**, at **0.3 percent**, compared to a 1.3 percent decrease in Q3 2017.
- By line of business, average premiums for five major commercial property/casualty (P/C) lines increased for the second consecutive quarter, this time by **1.7 percent**, compared to 1.0 percent in Q3 2017.
- According to respondents, demand for **Cyber** and **Flood** continued to increase, but to a lesser extent than the previous quarter.
- **Sixty (60) percent** of surveyed brokers noted an increase in the number of Commercial Property claims in comparison to Q3 2017.
- **Commercial Auto** remained a hot topic among respondents, with premium pricing continuing to increase significantly. Respondents also noted poor loss ratios and a sharp decrease in underwriting capacity.
- **Commercial Property** accounts, especially those exposed to recent storms and hurricanes, were heavily scrutinized this quarter, as respondents agreed they experienced an increase in premium pricing, tighter/stricter underwriting, or both.

[Click here to download](#) the full *Commercial Property/Casualty Market Report Q4 2017*.

The Council relies on data from broker members to create this report. To participate in future surveys or for questions/comments, please contact The Council's Rob Boyce at robert.boyce@ciab.com.

PREMIUM PRICING

Overall, premium pricing for commercial property/casualty lines increased minimally during Q4 2017. Average premiums across all-sized accounts increased by **0.3 percent**, compared to a 1.3 percent decrease in Q3 2017. This increase, albeit small, happened for the first time in the past 13 quarters.

This average premium increase was driven by increases in small and medium-sized accounts, while large accounts continued to experience a premium decrease of 0.5 percent. However, it is worth noting that the premium decrease for large accounts was the smallest decrease since Q2 2014.

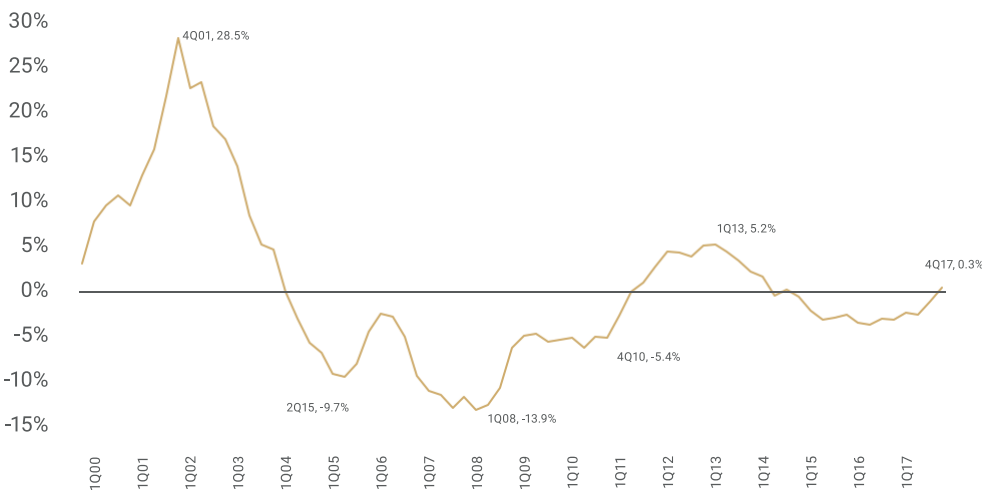
“As expected, coming off a historic natural catastrophe season, we are in a transitional market but it is more stable than anticipated. Due to abundant risk transfer capacity in the form of excess traditional and nontraditional capital, competition remains high in the market and carriers continue to be aggressive on new and existing business.”

RATE CHANGE BY ACCOUNT SIZE RANGED FROM -0.5% TO 0.8% IN Q4 2017

	SMALL	MEDIUM	LARGE	AVERAGE
Fourth Quarter 2017	0.7%	0.8%	-0.5%	0.3%
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%
High	20.8%	31.7%	33.0%	28.5%
High Date	4Q01	4Q01	4Q01	4Q01
Low	-10.0%	-15.0%	-15.9%	-13.6%
Low Date	1Q08	3Q07	3Q07	3Q07

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

AVERAGE PREMIUM CHANGES, 1999 - 2017



“We have experienced years of consistently soft market conditions. While commercial auto and catastrophic losses continue to be industry concerns, respondents agreed that the market experienced little change in other areas of business,” said Ken A. Crerar, President/CEO of The Council.

PREMIUM PRICING BY LINE OF BUSINESS

Across most lines of business, premium pricing remained relatively flat, with the majority of lines experiencing no change or slight increases. Results were fairly consistent with Q3 2017, as the changes seen in premium pricing were not significant, with the exception of commercial auto.

Across five major lines of business, including commercial auto, workers' comp, commercial property, general liability and umbrella, average premiums increased for the second consecutive quarter, by 1.7 percent in Q4 and 1.0 percent in Q3. One respondent explained, "We saw moderate firming in all lines in the fourth quarter. The most pronounced were property and business interruption due to the catastrophes."

According to survey data, workers' comp was the only line to experience a decrease in premium pricing (-2.0 percent). Respondents agreed that this decrease helped offset slight increases in other lines of business.

RATE CHANGE FOR FIVE MAJOR LINES RANGED FROM -2.0% TO 7.3% IN Q4 2017

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Fourth Quarter 2017	7.3%	-2.0%	2.4%	0.1%	0.6%	1.7%
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%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%

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

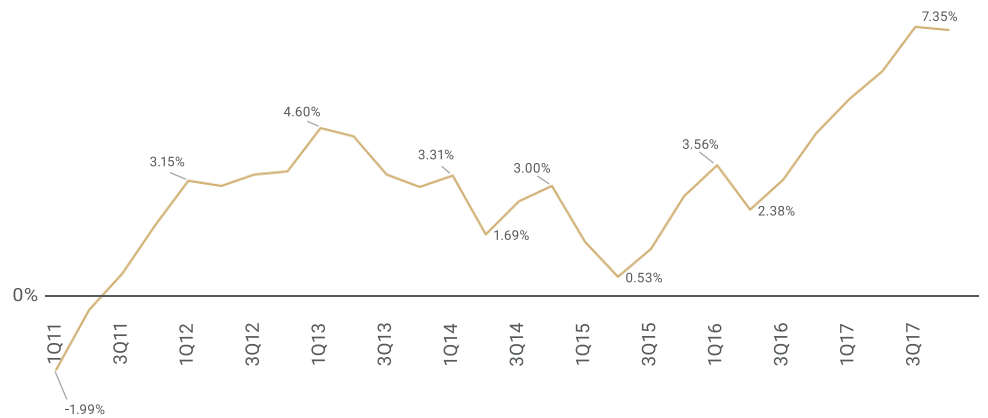
NOTABLE LINES OF BUSINESS

COMMERCIAL AUTO

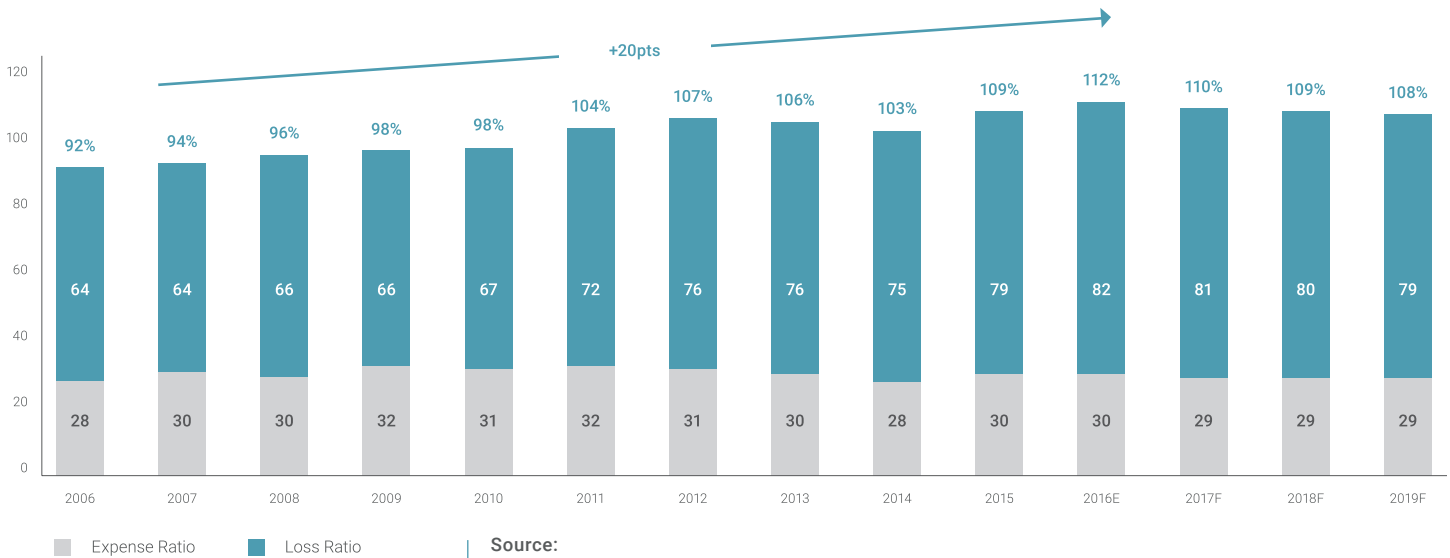
According to respondents, commercial auto continues to be an industry-wide concern, as poor loss ratios drove premium pricing, an **increase of 7.3 percent**, up for the 26th straight quarter. Commercial Auto industry expert Scott Fouts, VP of Hub South Region, contributes poor loss ratios to an increase in both the costs and number of claims, primarily due to distracted driving and increasingly expensive repair parts for vehicles.

Respondents also agreed that this has led to "more involved" and "heavily scrutinized" underwriting practices. Lastly, several respondents noted some carriers abandoning mono-line commercial auto, regardless of the books experience.

PREMIUM CHANGE FOR COMMERCIAL AUTO, 2011 - 2017



COMMERCIAL AUTO INDUSTRY COMBINED RATIO (2006-2019)



Source: Conning, Inc., Property/Casualty Forecast & Analysis First Q2017; Commercial Auto Year-End 2016. Historical data from A.M. Best

COMMERCIAL PROPERTY

While commercial property increased by a slight **2.4 percent** this quarter, compared to a 0.9 percent increase in Q3, several respondents added that coastal property or property accounts with catastrophic exposures could experience a premium increase of up to 10-15 percent. Respondents agreed that slight increases in commercial property can be contributed to poor loss experience. Several respondents also noted that commercial property is seeing more restrictive policy terms and tougher underwriting, particularly for CAT-exposed properties.

WORKERS' COMPENSATION

Premium pricing for workers' comp continued to decrease in Q4 2017. This **2 percent decrease**, compared to a 2.3 decrease in Q3 2017, follows a consistent trend of slight premium decreases since Q1 2015. Several respondents explained that the decrease in workers' comp helps offset slight increases among other lines of business.

CYBER

Respondents noted an increase in "client awareness" when it comes to cyber, but that did not necessarily translate to the purchase of a stand-alone policy. Additionally, despite highly publicized events such as the Equifax breach, according to survey results, **premium pricing for cyber coverage stayed the same** compared to Q3 2017.

High profile cyber events in the summer and fall of 2017 put cyber risks as the number one concern for clients' businesses and led to an increase in demand for cyber coverage. These results are consistent with the most recent [CIAB Cyber Market Watch Survey](#), which suggests the average take-up rate among SMBs continues to hover around 32 percent.

Nonetheless, the cyber market is still in its infancy and a lack of standardization in the market has led to some concerns. Insufficient actuarial data combined with the risk of an aggregate attack make large-scale underwriting extremely risky, as an attack on a cloud service provider could cripple the industry.

FLOOD

Along with the five major lines, flood experienced a premium increase of **1.4 percent**, a slight increase from the previous quarter, when flood premiums stayed the same. One respondent also explained that the “CAT losses over the summer drove people to flood and other property insurances.” However, when asked what percent of respondents’ clients added flood coverage to their current commercial policies, the mean was 5.14 percent.

“We are seeing increased scrutiny on losses and drivers for commercial auto and more detail required on larger cyber submissions.”

OTHER LINE

RATE CHANGE FOR OTHER LINES RANGED FROM 0.0% TO 1.4% IN Q4 2017

	4Q17	HIGH	LOW
Broker E&O	0.4%	15.4%	-4.3%
Business Interruption	0.8%	28.8%	-10.0%
Construction	0.9%	38.7%	-10.7%
Cyber	0.0%	0.0%	-2.6%
D&O Liability	0.2%	32.4%	-8.4%
Employment Practices	0.9%	21.9%	-8.1%
Flood	1.4%	15.4%	-4.0%
Marine	0.0%	3.0%	-4.2%
Medical Malpractice	0.1%	3.0%	-4.2%
Surety Bonds	0.1%	10.4%	-2.3%
Terrorism	0.1%	10.4%	-3.5%

“The CAT losses over the summer drove people to flood and other property insurances.”

“Carriers are becoming more conservative on auto and looking for 10 percent rate increases in some cases.”

“If a [large] account was sent out to market, rates would drop by 1-5 percent due to competition.”

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

UNDERWRITING

Among the commercial lines tracked by The Council, **commercial auto saw the biggest decrease in underwriting capacity with 49 percent** of surveyed participants witnessing capacity decrease in the line. While in some cases carriers walked away from unprofitable accounts, according to one respondent, underwriters are combating poor loss ratios with “tougher, broad-brush underwriting disciplines,” “more stringent terms” and “increased rates,” according to others. Several respondents also agreed that poor auto loss experience led carriers to apply **more stringent terms and limits on umbrella**, especially for accounts with heavy auto fleet.

Although capacity for **commercial property** remained the same compared to Q3 2017, commercial property accounts, especially those exposed to recent storms and hurricanes, were heavily scrutinized this quarter, according to respondents. Respondents also noted that in many cases, underwriters pushed for moderate increases in premiums and deductibles in high CAT-exposed areas.

UNDERWRITING BY ACCOUNT SIZE

For **small accounts**, respondents agreed that competition remained high and that carriers made an effort to underwrite these accounts more automatically with little underwriter involvement. One respondent explained that “carriers appear to be investing in disrupters in the small business category to drive business directly to them through a digital application that circumvents agents and brokers.”

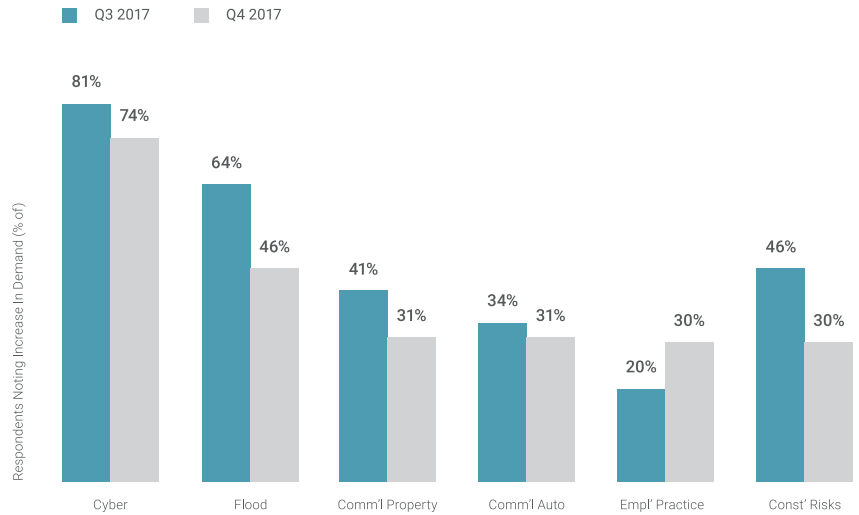
“**Medium accounts** are being underwritten a little more strictly,” explained one respondent. While respondents agreed that medium accounts saw more involved underwriting, responses were mixed on how carriers were underwriting medium accounts. Some described carriers as being “aggressive,” others used words like “conservative” and “selective.”

While many respondents cited “no significant changes” for **large accounts** in Q4 2017, several respondents noted that high exposure accounts saw rate increases while accounts with limited loss activity received some credits. One respondent explained that accounts with any loss history were “met with 8-12 percent initial increases.” Another respondent explained that, “despite conjecture about a hardening market, the marketplace remains extremely aggressive for well-run large organizations with a strong risk profile.”

DEMAND

Cyber, flood, commercial property and **commercial auto** experienced the largest increase in demand, but to a lesser extent than the previous quarters. Seventy-four (74) percent of respondents noted an increase in demand for cyber coverage, 46 percent for flood, 31 percent for commercial property and 31 percent for commercial auto. Demand for commercial insurance remained stable for other lines, with at least **90 percent** of surveyed participants saying that demand remained the same for Broker E&O, General Liability, Marine, Medical Malpractice, and Terrorism.

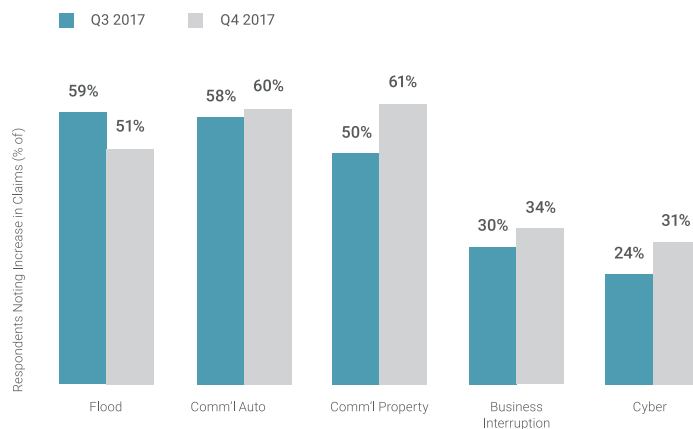
DEMAND INCREASE BY TOP LINES



CLAIMS

While most lines of business experienced a consistent number of claims in comparison to Q3 2017, several major lines of business experienced significant increases in the number of claims. Sixty-one (61) percent of respondents noted an increase in commercial property claims, 60 percent for commercial auto, and 51 percent for flood. While the increase in number of claims for commercial auto has been fairly consistent, the rise in both flood and commercial property claims can likely be contributed to a historically active NatCat season. Lastly, there were no particular lines that experienced a notable decrease in the number of claims in Q4 2017.

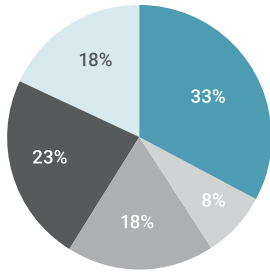
CLAIMS INCREASE BY TOP LINES



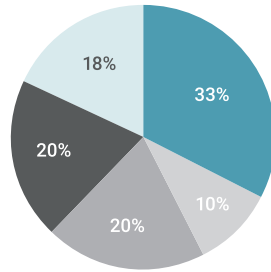
CLAIMS AT THE REGIONAL LEVEL

At the regional level, the Southeast region accounted for the biggest increase in number of claims in several catastrophe-related lines, including commercial property, commercial auto, flood, and business interruption, which can likely be attributed to hurricanes Harvey, Irma and Maria. Of those respondents who noted an increase in commercial property claims, 33 percent were located in the Southeast.

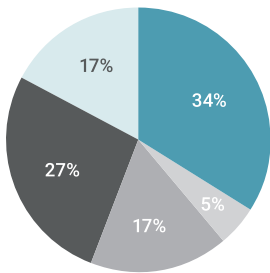
COMMERCIAL PROPERTY



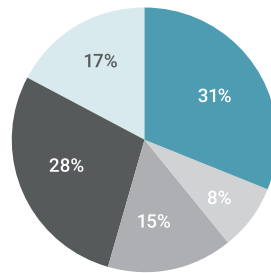
BUSINESS INTERRUPTION



FLOOD



COMMERCIAL AUTO

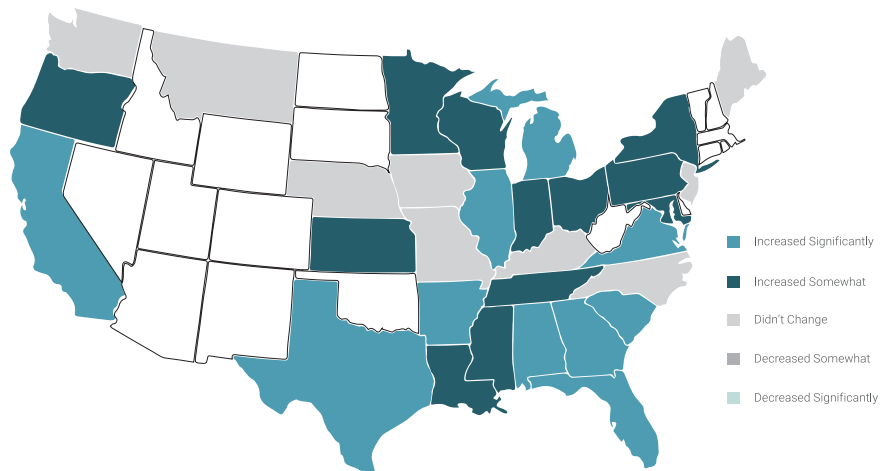


- Southeast
- Southwest
- Northeast
- Midwest
- Pacific Northwest

FLOOD CLAIMS BY STATE

At the state level, Florida, Texas, Michigan and Illinois experienced the most significant increase in the number of flood claims. Florida and Texas were directly impacted by 2017 hurricanes while Michigan and Illinois were impacted by a record level of rainfall during the summer.

LEVEL OF INCREASE OF FLOOD CLAIMS BY STATE



SEASONAL EVENTS IN REVIEW

HURRICANES

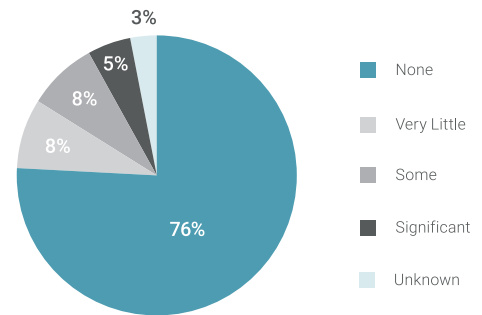
Although 2017 hurricanes accounted for **less than 15 percent** of the number of claims received during Q4 2017, surveyed brokers agreed these hurricanes had **some impact** on prices and terms of commercial property policies. According to several respondents, premiums increased among related lines and more stringent terms were added for commercial property, particularly for accounts with losses or with high catastrophe exposure.

WILDFIRES

The majority of surveyed brokers did not see any impact of recent wildfires on how their clients purchased commercial coverage during the fourth quarter of 2017. Rather, they saw impacts of recent wildfires on consequential issues such as potential rate increase, emergency preparedness, and business interruption due to the impacts of fires.

“As hurricane season passed, followed by major wildfires across the west coast, we will continue watching closely to see how they affect property rates in the first quarter of 2018,” said Ken A. Crerar, President/CEO of The Council.

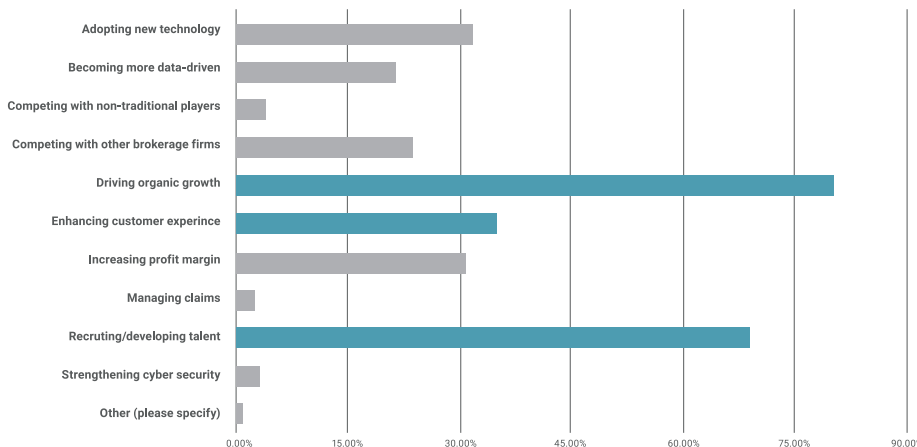
HAVE RECENT WILDFIRES IMPACTED THE WAY YOUR CLIENTS PURCHASE COVERAGE?



ORGANIZATIONAL PRIORITIES

Respondents were asked their organizations' top three priorities for 2018. **Driving organic growth and hiring and recruiting talent** led the way – each receiving over 70 percent of respondents' top three choices. Enhancing the customer experience, adopting new technologies and becoming more data driven were also notable priorities.

WHAT ARE YOUR ORGANIZATION'S TOP 3 PRIORITIES FOR 2018?



Over 80 percent of respondents listed “driving organic growth” as a top priority for 2018. Overall, the investment and development of new talent, particularly through hiring and developing new producers was a common theme for organic growth strategies. Other themes include cross-selling and upselling, strategically leveraging relationships and referrals to grow books of business.

Thirty-five (35) percent of respondents selected “enhancing the customer experience” as one of their organization’s top priorities. As the customer experience evolves in

other industries, customer expectations are evolving in response. Respondents cited single point of entry for various functions, increasing risk management services, and technology based tools to ease the customer experience as top priorities for their firm.

Firms investing in new technology and data-driven solutions cited several specific investments including integrating new agency management systems, electronic applications, forms and paperless files, investing in data security and management, claims reporting, and systems integration. A number of respondents also explained the importance of keeping an eye on the non-traditional market competition in the insurtech space. Butler University’s Lacy School of Business predicts that 400,000 insurance professionals will leave the workforce by 2020. Hiring, recruiting and producing top talent remains an industry concern, and respondents appear to be making this a top organizational priority.

“We must drive organic growth to remain private. Recruiting inexperienced and experienced producers is our top priority right now.”

“Our organization is changing/upgrading Agency Management Systems to drive efficiency and improve ability to capture actionable data.”

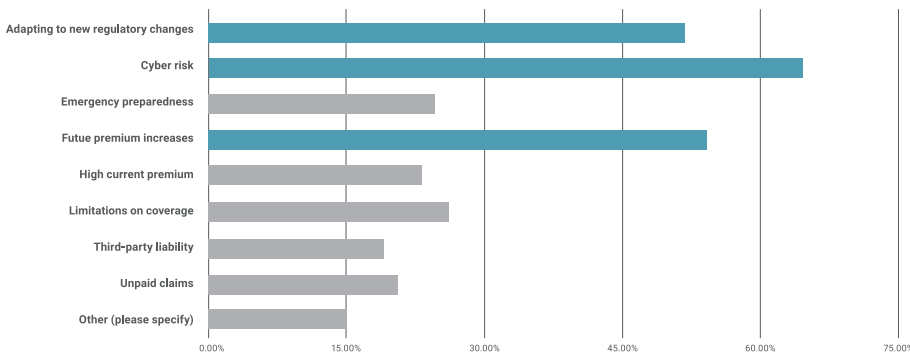
“As insurers cut costs and therefore service, we think there is an opportunity for brokers who focus on solid client service.”

“We are actually focusing on our clients’ cyber security and making them aware they need the coverage.”

CLIENT CONCERNS

Responses varied when asked about clients’ top concerns during Q4 2017 but cyber risk, adapting to regulatory changes, and future premium increases were the top three. As cybersecurity remains a concern for businesses and the government alike, regulations such as the New York District of Financial Services (NYDFS) Cybersecurity Rule, the EU’s GDPR and the NAICs Cybersecurity Model law are proving to be both prescriptive and costly. Additionally, The Council continues to support national, uniform data breach reporting law, which The Council believes would ease compliance burdens that businesses face in the wake of a breach affecting clients across state lines.

WHAT WERE THE TOP 3 CONCERNS FROM CLIENTS IN THE FOURTH QUARTER OF 2017?

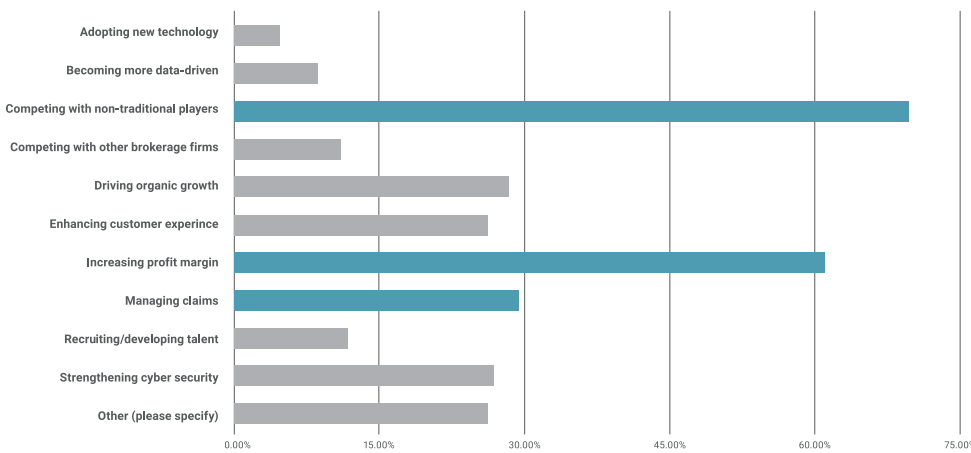


ORGANIZATIONAL CHALLENGES

Competing with non-traditional market players and increased profit margin remained the top challenges for respondents' organizations. Respondents agreed that although the emergence of innovation and technology in the insurance space provides opportunities for agents and brokers, non-traditional market players are also confronting the traditional insurance value chain, some of which could be potential competitors.

“We have a strong technology footprint already but we must focus on always improving it or risk being passed by the competition. Insurtech continues to drive the industry forward.”

WHAT WERE THE TOP 3 CHALLENGES THAT YOUR ORGANIZATION FACED DURING THE FOURTH QUARTER OF 2017?



“We are now adapting our workflows and systems to align with the customer priorities versus our traditional process.”

APPENDIX

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 (October 1 – December 31), on average, did premium 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%	23.39%	36.29%	36.29%	0.81%	0.00%	0.00%	0.00%	3.23%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	3.23%	25.00%	24.19%	45.16%	1.61%	0.00%	0.00%	0.00%	0.81%
Large Account (More than \$100k in commission and fees)	0.81%	0.00%	4.07%	29.27%	33.33%	28.46%	3.25%	0.00%	0.00%	0.00%	0.81%

2. During the past three months (October 1 – December 31), did premium go up or down for each line of business, compared to the third quarter of 2017 (July 1 – September 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%	0.83%	10.00%	62.50%	25.83%	0.83%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.84%	2.52%	75.63%	13.45%	0.00%	0.00%	0.00%	0.00%	7.56%
Commercial auto	0.00%	0.00%	1.65%	1.65%	9.92%	57.85%	26.45%	1.65%	0.83%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.83%	13.22%	30.58%	51.24%	4.13%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.84%	6.72%	69.75%	17.65%	3.36%	0.00%	0.00%	0.00%	1.68%
Cyber	0.00%	0.00%	1.65%	20.66%	58.68%	16.53%	1.65%	0.83%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	12.40%	70.25%	17.36%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	4.20%	59.66%	21.85%	9.24%	2.52%	0.00%	0.00%	2.52%
Employment practices	0.00%	0.00%	0.00%	4.92%	74.59%	19.67%	0.82%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.83%	14.05%	66.94%	18.18%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	9.48%	78.45%	8.62%	0.00%	0.00%	0.00%	0.00%	3.45%
Medical malpractice	0.00%	0.00%	0.85%	4.24%	73.73%	6.78%	2.54%	0.85%	0.00%	0.00%	11.02%
Surety bonds	0.00%	0.00%	0.00%	4.24%	86.44%	3.39%	0.00%	0.00%	0.00%	0.00%	5.93%
Terrorism	0.00%	0.00%	0.00%	2.52%	91.60%	1.68%	0.84%	0.00%	0.00%	0.00%	3.36%
Umbrella	0.00%	0.00%	0.82%	10.66%	63.11%	25.41%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	2.50%	45.00%	40.83%	10.83%	0.83%	0.00%	0.00%	0.00%	0.00%

**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 (October 1 – December 31), on average, did premium 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%	28.57%	33.33%	38.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	4.76%	19.05%	23.81%	47.62%	4.76%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	5.00%	40.00%	25.00%	25.00%	5.00%	0.00%	0.00%	0.00%	0.00%

2. During the past three months (October 1 – December 31), did premium go up or down for each line of business, compared to the third quarter of 2017 (July 1 – September 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%	5.00%	75.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	70.00%	25.00%	0.00%	0.00%	0.00%	0.00%	5.00%
Commercial auto	0.00%	0.00%	0.00%	0.00%	15.00%	55.00%	30.00%	0.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	10.00%	35.00%	55.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	5.00%	60.00%	30.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	20.00%	50.00%	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	5.00%	65.00%	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	10.00%	60.00%	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	0.00%	70.00%	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	15.00%	55.00%	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	10.53%	73.68%	10.53%	0.00%	0.00%	0.00%	0.00%	5.26%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	70.00%	20.00%	0.00%	5.00%	0.00%	0.00%	5.00%
Surety bonds	0.00%	0.00%	0.00%	5.00%	90.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Terrorism	0.00%	0.00%	0.00%	5.00%	80.00%	5.00%	5.00%	0.00%	0.00%	0.00%	5.00%
Umbrella	0.00%	0.00%	0.00%	19.05%	47.62%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	33.33%	57.14%	9.52%	0.00%	0.00%	0.00%	0.00%	0.00%

**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 (October 1 – December 31), on average, did premium 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%	23.53%	32.35%	35.29%	2.94%	0.00%	0.00%	0.00%	5.88%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	5.88%	29.41%	17.65%	47.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	2.94%	0.00%	5.88%	20.59%	32.35%	32.35%	5.88%	0.00%	0.00%	0.00%	0.00%

2. During the past three months (October 1 – December 31), did premium go up or down for each line of business, compared to the third quarter of 2017 (July 1 – September 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%	2.86%	11.43%	54.29%	31.43%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	2.86%	0.00%	77.14%	8.57%	0.00%	0.00%	0.00%	0.00%	11.43%
Commercial auto	0.00%	0.00%	0.00%	0.00%	11.43%	54.29%	28.57%	2.86%	2.86%	0.00%	0.00%
Commercial property	0.00%	0.00%	2.86%	8.57%	42.86%	42.86%	2.86%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	14.29%	71.43%	5.71%	5.71%	0.00%	0.00%	0.00%	2.86%
Cyber	0.00%	0.00%	2.86%	14.29%	62.86%	11.43%	5.71%	2.86%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	5.71%	65.71%	28.57%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	2.94%	55.88%	23.53%	14.71%	2.94%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	2.86%	77.14%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	14.29%	65.71%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	14.29%	71.43%	8.57%	0.00%	0.00%	0.00%	0.00%	5.71%
Medical malpractice	0.00%	0.00%	0.00%	5.88%	70.59%	2.94%	5.88%	0.00%	0.00%	0.00%	14.71%
Surety bonds	0.00%	0.00%	0.00%	2.86%	82.86%	0.00%	0.00%	0.00%	0.00%	0.00%	14.29%
Terrorism	0.00%	0.00%	0.00%	2.86%	91.43%	0.00%	0.00%	0.00%	0.00%	0.00%	5.71%
Umbrella	0.00%	0.00%	0.00%	5.71%	62.86%	31.43%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	2.86%	42.86%	40.00%	11.43%	2.86%	0.00%	0.00%	0.00%	0.00%

**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 (October 1 – December 31), on average, did premium 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%	34.38%	28.13%	31.25%	0.00%	0.00%	0.00%	0.00%	6.25%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	3.13%	28.13%	21.88%	40.63%	3.13%	0.00%	0.00%	0.00%	3.13%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	6.25%	31.25%	31.25%	25.00%	3.13%	0.00%	0.00%	0.00%	3.13%

2. During the past three months (October 1 – December 31), did premium go up or down for each line of business, compared to the third quarter of 2017 (July 1 – September 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%	6.90%	65.52%	24.14%	3.45%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	10.34%	82.76%	6.90%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial auto	0.00%	0.00%	6.67%	0.00%	6.67%	66.67%	20.00%	0.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	20.00%	23.33%	43.33%	13.33%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	3.45%	6.90%	68.97%	17.24%	3.45%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	23.33%	53.33%	23.33%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	24.14%	72.41%	3.45%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	3.45%	68.97%	17.24%	6.90%	3.45%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	9.68%	74.19%	16.13%	0.00%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	3.33%	16.67%	56.67%	23.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	10.34%	82.76%	6.90%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	0.00%	3.33%	6.67%	80.00%	0.00%	3.33%	0.00%	0.00%	0.00%	6.67%
Surety bonds	0.00%	0.00%	0.00%	3.57%	89.29%	3.57%	0.00%	0.00%	0.00%	0.00%	3.57%
Terrorism	0.00%	0.00%	0.00%	0.00%	93.10%	3.45%	0.00%	0.00%	0.00%	0.00%	3.45%
Umbrella	0.00%	0.00%	3.33%	6.67%	66.67%	23.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	6.90%	55.17%	27.59%	10.34%	0.00%	0.00%	0.00%	0.00%	0.00%

**BELOW ARE THE SURVEY RESULTS FOR: SOUTHWEST
(SO. CA, AZ, NM, OK, TX)**

1. Think about the account sizes within the commercial lines that your company offers brokerage services. During the past 3 months (October 1 – December 31), on average, did premium 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%	12.50%	37.50%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	6.25%	37.50%	56.25%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	18.75%	37.50%	43.75%	0.00%	0.00%	0.00%	0.00%	0.00%

2. During the past three months (October 1 – December 31), did premium go up or down for each line of business, compared to the third quarter of 2017 (July 1 – September 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%	20.00%	46.67%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	93.33%	6.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial auto	0.00%	0.00%	0.00%	13.33%	0.00%	53.33%	26.67%	6.67%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	20.00%	0.00%	80.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	66.67%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	20.00%	73.33%	6.67%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	26.67%	60.00%	13.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	6.67%	60.00%	20.00%	6.67%	6.67%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	13.33%	66.67%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	13.33%	80.00%	6.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	7.14%	85.71%	7.14%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	86.67%	6.67%	0.00%	0.00%	0.00%	0.00%	6.67%
Surety bonds	0.00%	0.00%	0.00%	6.67%	93.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Terrorism	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	13.33%	73.33%	13.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	33.33%	46.67%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**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 (October 1 – December 31), on average, did premium 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.)

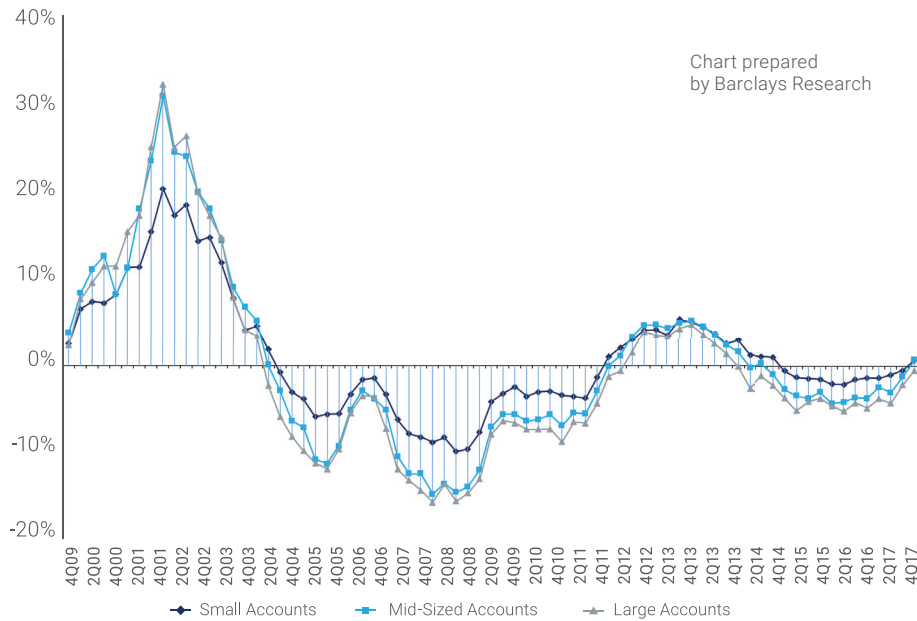
	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.00%	9.52%	57.14%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	33.33%	28.57%	38.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	38.10%	42.86%	19.05%	0.00%	0.00%	0.00%	0.00%	0.00%

2. During the past three months (October 1 – December 31), did premium go up or down for each line of business, compared to the third quarter of 2017 (July 1 – September 30)?

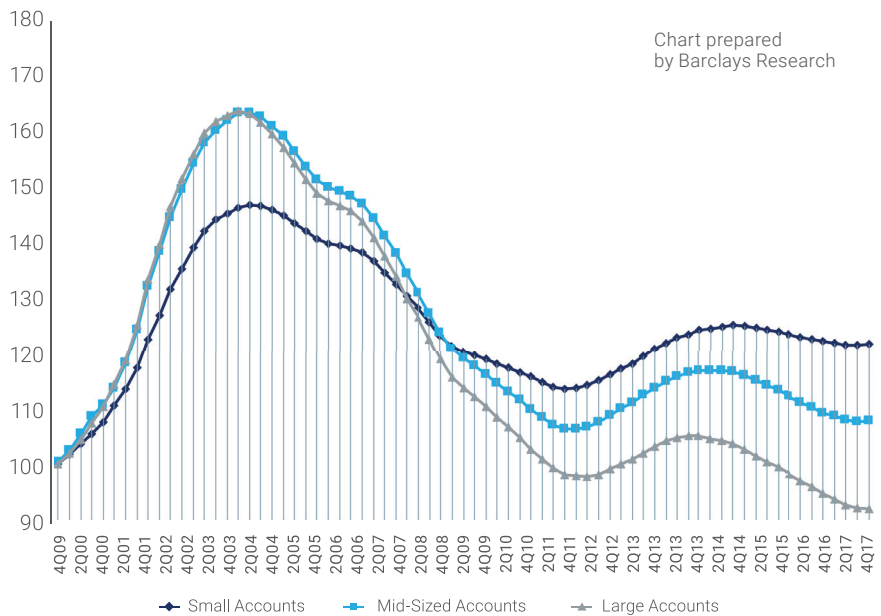
	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Business interruption	0.00%	0.00%	0.00%	9.52%	71.43%	19.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	55.00%	25.00%	0.00%	0.00%	0.00%	0.00%	20.00%
Commercial auto	0.00%	0.00%	0.00%	0.00%	14.29%	57.14%	28.57%	0.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	9.52%	38.10%	52.38%	0.00%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	80.00%	15.00%	0.00%	0.00%	0.00%	0.00%	5.00%
Cyber	0.00%	0.00%	4.76%	28.57%	57.14%	9.52%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	4.55%	86.36%	9.09%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	52.38%	19.05%	14.29%	0.00%	0.00%	0.00%	14.29%
Employment practices	0.00%	0.00%	0.00%	0.00%	80.95%	14.29%	4.76%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	9.52%	85.71%	4.76%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	84.21%	10.53%	0.00%	0.00%	0.00%	0.00%	5.26%
Medical malpractice	0.00%	0.00%	0.00%	5.26%	63.16%	10.53%	0.00%	0.00%	0.00%	0.00%	21.05%
Surety bonds	0.00%	0.00%	0.00%	5.00%	80.00%	10.00%	0.00%	0.00%	0.00%	0.00%	5.00%
Terrorism	0.00%	0.00%	0.00%	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	14.29%	66.67%	19.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	55.00%	40.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%

RATE CHANGE BY ACCOUNT SIZE RANGED FROM -0.5% TO 0.8% IN Q4 2017

	SMALL	MEDIUM	LARGE	AVERAGE
Fourth Quarter 2017	0.7%	0.8%	-0.5%	0.3%
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%
High	20.8%	31.7%	33.0%	28.5%
High Date	4Q01	4Q01	4Q01	
Low	-10.0%	-15.0%	-15.9%	-13.6%
Low Date	1Q08	3Q07	3Q07	



CUMULATIVE QUARTERLY RATE INCREASES BY ACCOUNT SIZE



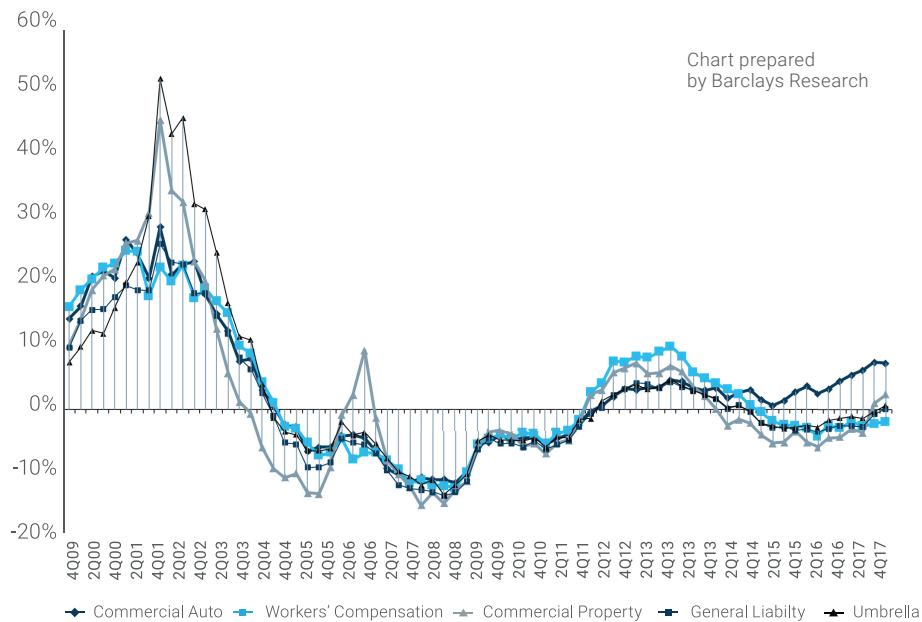
RATE CHANGE BY MAJOR LINES RANGED FOM -2.0% TO +7.3% IN Q4 2017

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Fourth Quarter 2017	7.3%	-2.0%	2.4%	0.1%	0.6%	1.7%
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%
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%

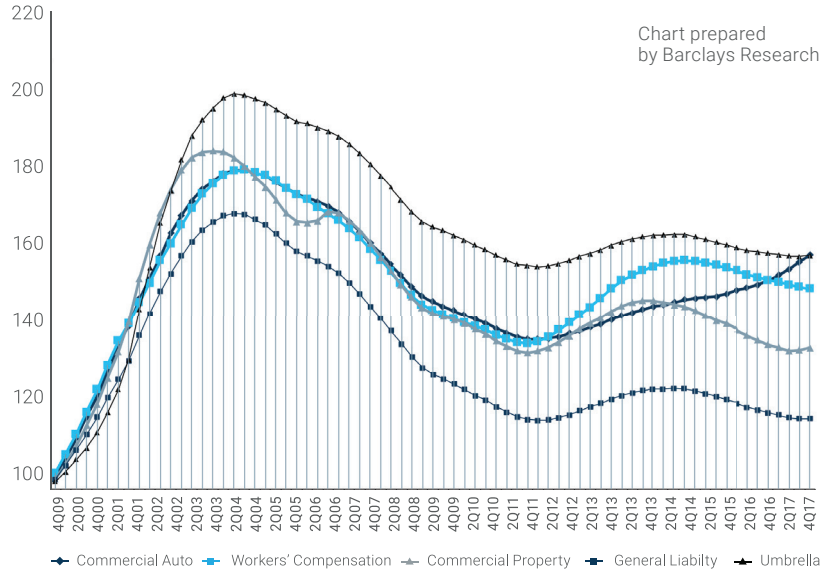
RATE CHANGE BY OTHER LINES RANGED FROM 0% TO 1.4% IN Q4 2017

	4Q17	HIGH	LOW
Broker E&O	0.4%	15.4%	-4.3%
Business interruption	0.1%	28.8%	-10.0%
Construction	0.4%	38.7%	-10.7%
Cyber	0.0%	0.0%	-2.6%
D&O liability	0.4%	32.4%	-8.4%
Employment practices	0.7%	21.9%	-8.1%
Flood	1.4%	15.4%	-4.0%
Marine	0.0%	3.0%	-4.2%
Medical Malpractice	0.1%	3.0%	-4.2%
Surety bonds	0.1%	10.4%	-2.3%

AVERAGE COMMERCIAL RATE INCREASES BY LINE

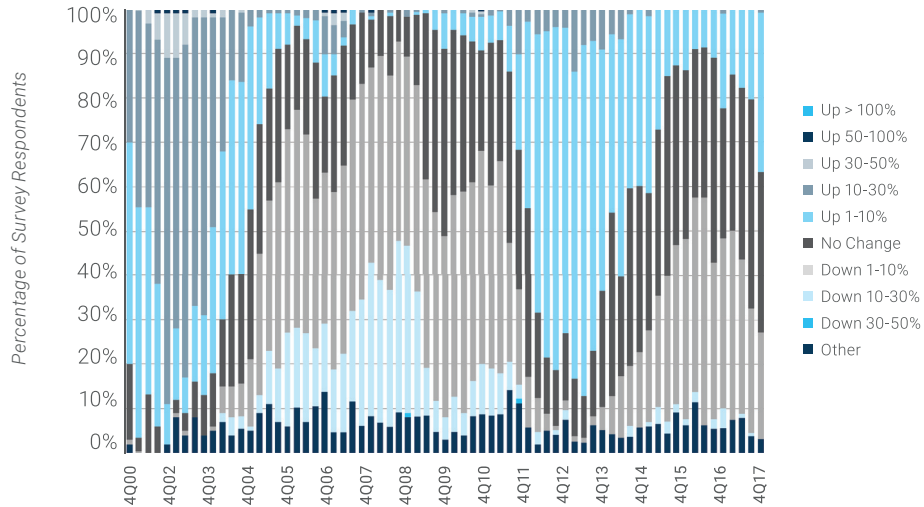


CUMULATIVE QUARTERLY RATE INCREASES BY LINE OF BUSINESS



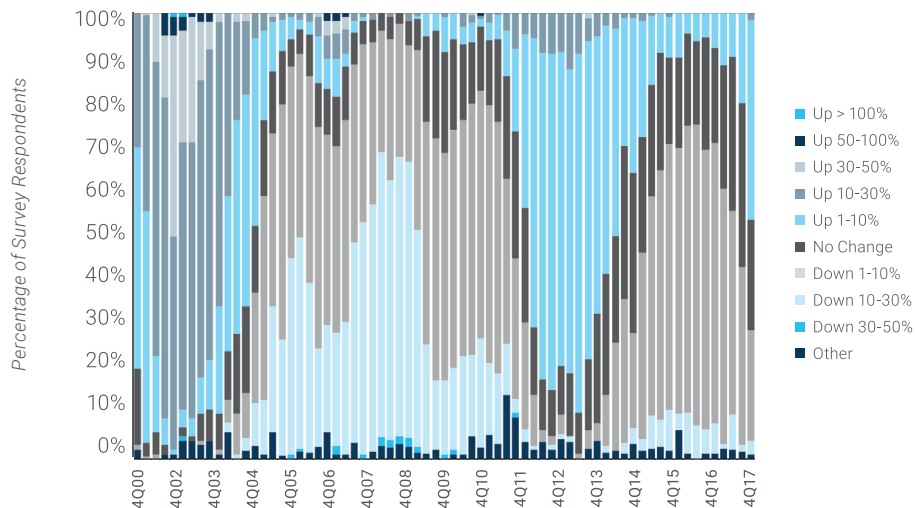
INSURANCE RATE CHANGES, SMALL COMMERCIAL ACCOUNTS*

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



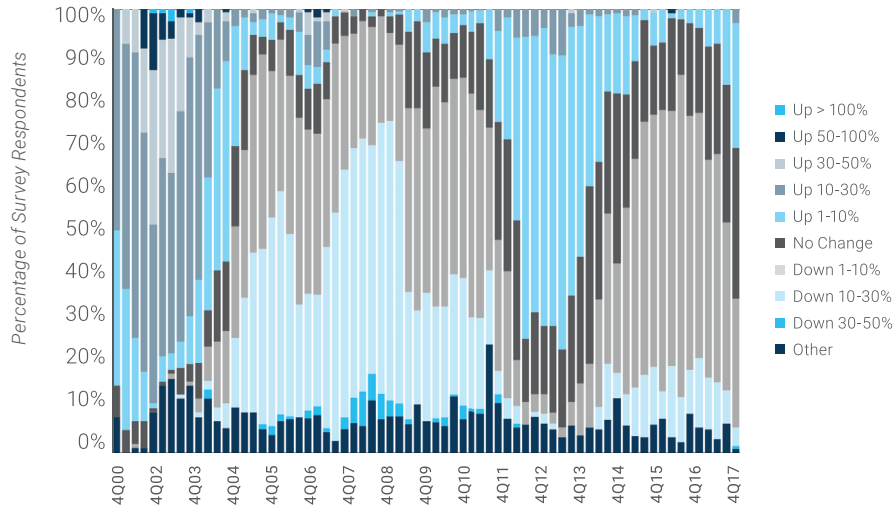
INSURANCE RATE CHANGES, MEDIUM COMMERCIAL ACCOUNTS*

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



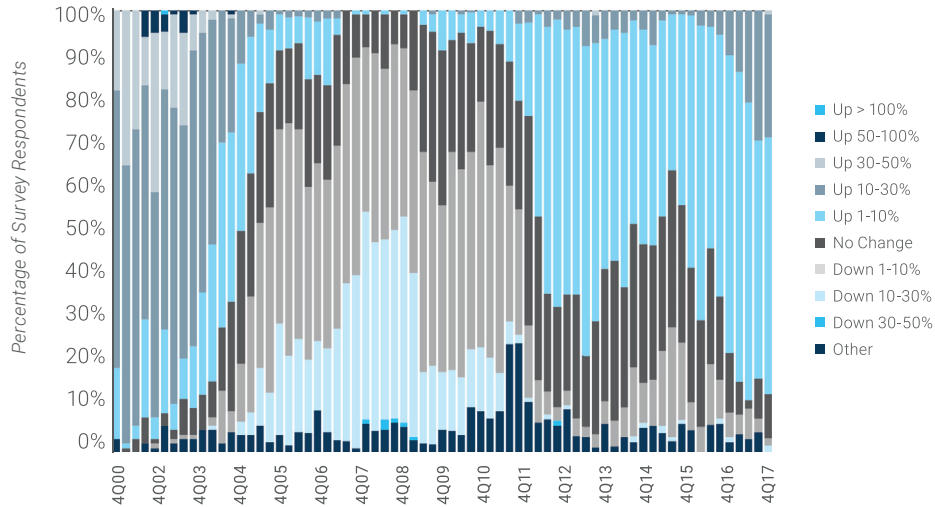
INSURANCE RATE CHANGES, LARGE COMMERCIAL ACCOUNTS*

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



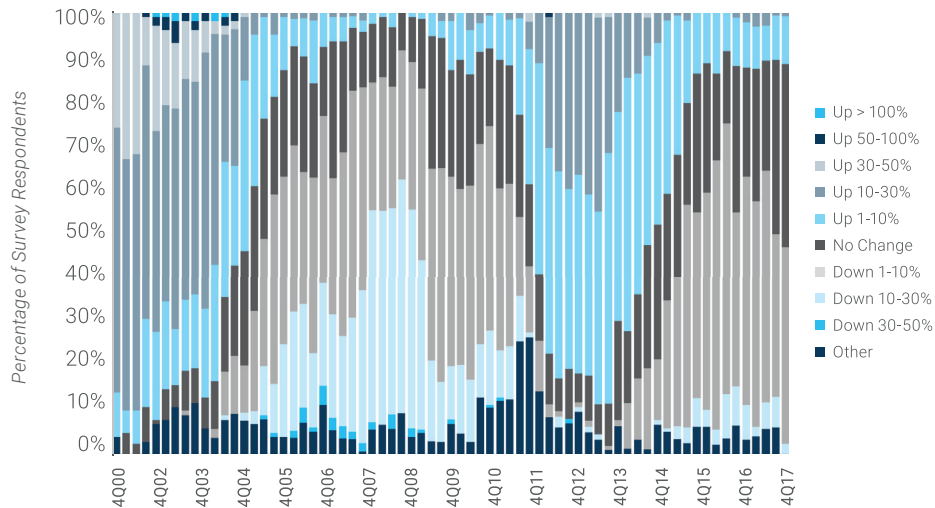
COMMERCIAL AUTO INSURANCE RATE CHANGES

Rate Increases Reported by Agents & Brokers in CIAB Survey



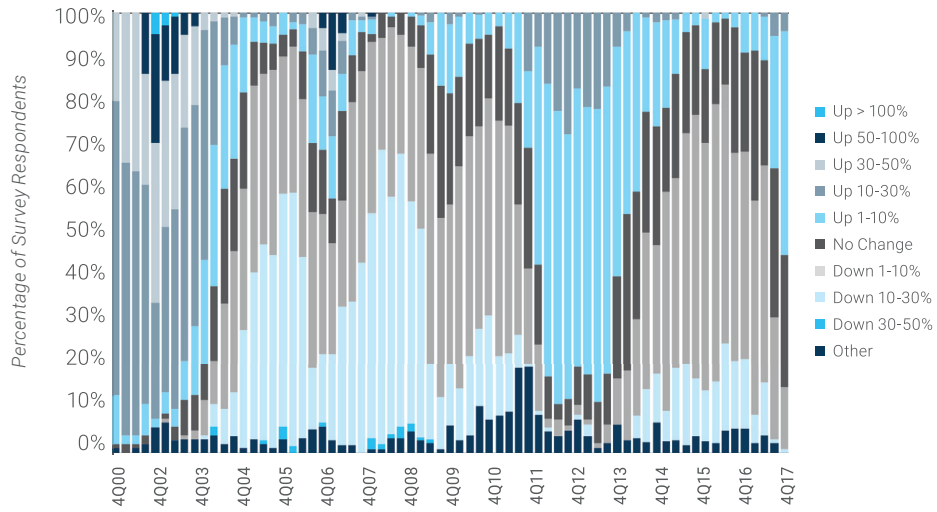
WORKERS' COMPENSATION INSURANCE RATE CHANGES

Rate Increases Reported by Agents & Brokers in CIAB Survey



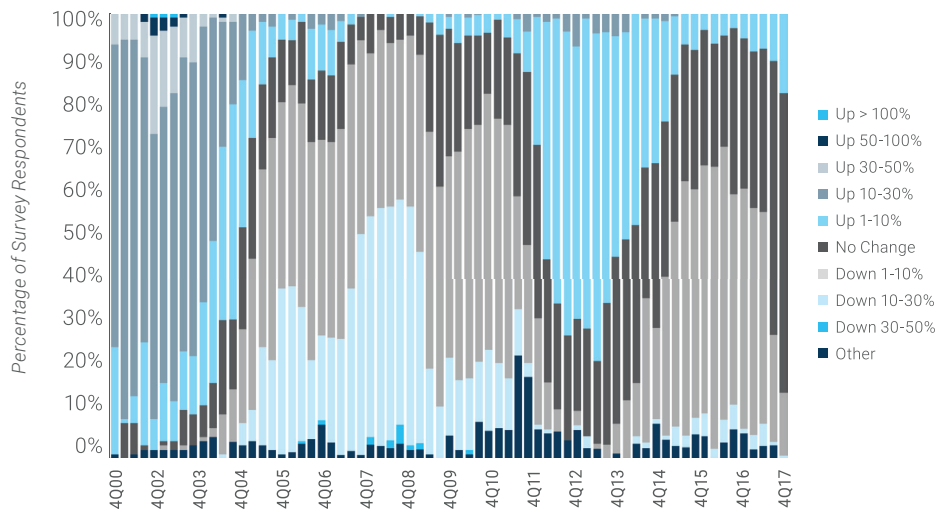
COMMERCIAL PROPERTY INSURANCE RATE CHANGES

Rate Increases Reported by Agents & Brokers in CIAB Survey



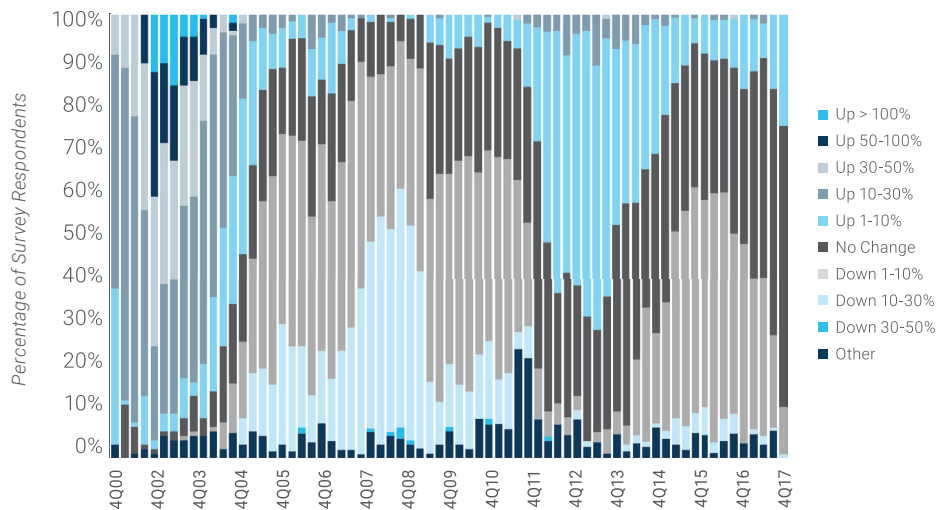
COMMERCIAL GENERAL LIABILITY INSURANCE RATE CHANGES

Rate Increases Reported by Agents & Brokers in CIAB Survey



UMBRELLA INSURANCE RATE CHANGES

Rate Increases Reported by Agents & Brokers in CIAB Survey



BUSINESS INTERRUPTION INSURANCE RATE CHANGES

Rate Increases Reported by Agents & Brokers in CIAB Survey

