



 THE COUNCIL

COMMERCIAL PROPERTY/ CASUALTY MARKET INDEX

Q1/2018



EXECUTIVE SUMMARY

The following key takeaways are from The Council of Insurance Agents & Brokers' *Commercial Property/Casualty Market Report Q1 2018 (January 1 – March 31)*:

- Premium pricing across all-sized accounts experienced slight increases during Q1 2018, with an average increase of **1.7 percent**, compared to a 0.3 percent increase in Q4 2017.
- All lines of business experienced some increase in premium pricing, with the exception of Workers' Compensation, which saw a -2.0 percent decrease for the second consecutive quarter. The average increase across all lines of business was **2.2 percent**, compared to 1.7 percent in Q4 2017.
- According to respondents, the demand for cyber insurance is greater than any other line of business. Seventy-nine (**79 percent**) of respondents reported a "somewhat" or "significant" increase in demand for cyber coverage.
- Premium pricing for commercial auto increased **7.7 percent** in Q1 2018, marking the 27th consecutive quarter of increased commercial auto rates.
- **Driving organic growth, hiring and recruiting talent** and **enhancing the customer experience** remain top organizational priorities for respondents' firms. Nearly 80 percent of respondents listed "driving organic growth" as a top priority for 2018.

[Click here to download](#) the full *Commercial Property/Casualty Market Report Q1 2018*.

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

Premium pricing for commercial property/casualty lines experienced slight increases during Q1 2018. Average premiums across all-sized accounts increased by **1.7 percent**, compared to a 0.3 percent increase in Q4 2017. This marks the second consecutive quarter of increased premiums, following three years of soft market conditions.

“While we find ourselves in the beginning of a transitional market, carriers continued to be aggressive on new business due to excess and alternative capital in the market,” said Ken A. Crerar, President/CEO of The Council of Insurance Agents & Brokers.

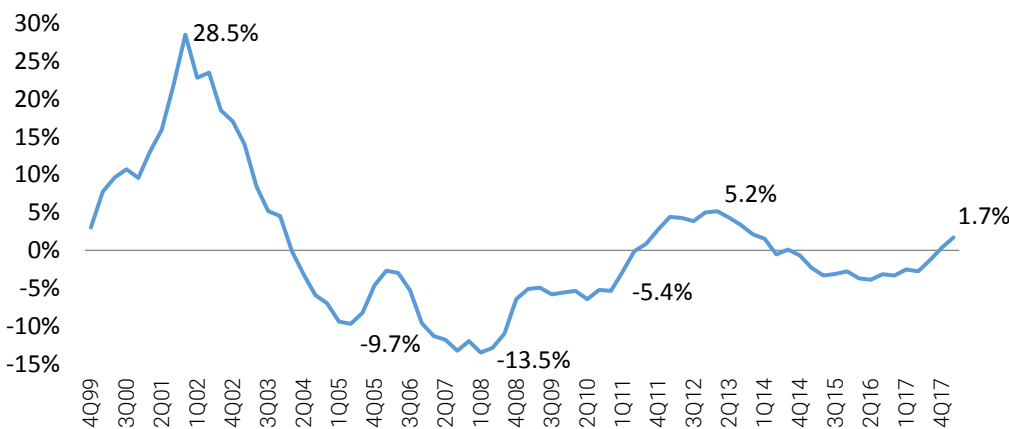
Rate Change By Account Size Ranged From 1.2% to 2.1% in Q1 2018

	SMALL	MEDIUM	LARGE	AVERAGE
First Quarter 2018	1.8%	2.1%	1.2%	1.7%
Forth Quarter 2017	0.7%	0.8%	-0.5%	0.3%
Thrid 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%
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	

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

Small, medium and large-sized accounts all saw premium increases in Q1, which more were more than double the increases experienced in Q4 2017, signifying that the market is firming across many lines. Despite weathering the historic 2017 natural catastrophe season, the market remained stable due to excess risk transfer capacity from both traditional and nontraditional capital, resulting in aggressive underwriting, excess capacity and competitive pricing in the market.

AVERAGE PREMIUM CHANGES, 1999 - Q1, 2018



“The days of the cyclical marketplace are pretty much gone with alternative capital reigning in as reinsurance price increases,” explained one respondent from a large national brokerage firm. “With \$700B+ in surplus, it will take an unprecedented event to change the market to an overall hard market.”

PREMIUM PRICING BY LINE OF BUSINESS

Across five major lines of business, including Commercial Auto, Workers' Comp, Commercial Property, General Liability and Umbrella, average premiums by line of business increased for the third consecutive quarter, by **2.2 percent** in Q1 2018, compared to 1.7 percent in Q4 2017 and 1.0 percent in Q3 2017.

RATE CHANGE FOR FIVE MAJOR LINES RANGED FROM -2.0% TO 7.7% IN Q1 2018

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
First Quarter 2018	7.7%	-2.0%	3.4%	0.6%	1.0%	2.2%
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%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

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

With the exception of Workers' Comp, all lines of business experienced at least some increase in premium pricing in Q1. However, the majority of lines saw only slight increases, which mostly trended with Q4 2017 results. Respondents also agreed that continuous soft Workers' Comp conditions helped offset slight increases in other lines of business.

"Carriers were more aggressive in pricing new business – just about all were trying to get 2-4% rate increases," explained one respondent from a large national firm. "Specifically, carriers were more aggressive in Workers' Compensation and getting rate on Commercial Auto, otherwise, we saw very little change in Q1 2018."

RATE CHANGE BY OTHER LINES

	1Q18	4Q17	HIGH	LOW
Broker E&O	0.5%	0.4%	15.4%	-4.5%
Business Interruption	1.5%	0.8%	28.8%	-10.2%
Construction	1.8%	0.9%	38.7%	-10.7%
Cyber	0.4%	0.0%	0.4%	-1.5%
D&O Liability	1.0%	0.2%	32.4%	-8.7%
Employment Practices	1.7%	0.9%	21.9%	-8.1%
Flood	2.5%	1.4%	8.6%	-2.7%
Marine	0.3%	0.0%	3.0%	-10.6%
Medical Malpractice	0.0%	0.1%	32.5%	-4.1%
Surety Bonds	0.2%	0.1%	11.2%	-2.3%
Terrorism	0.3%	0.1%	10.4%	-3.6%

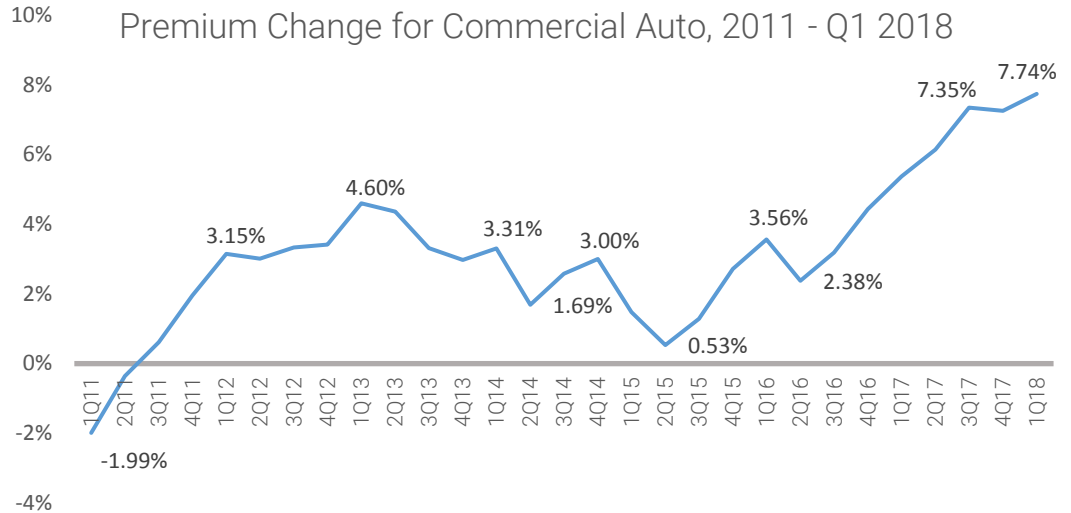
Source:
The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

NOTABLE LINES OF BUSINESS

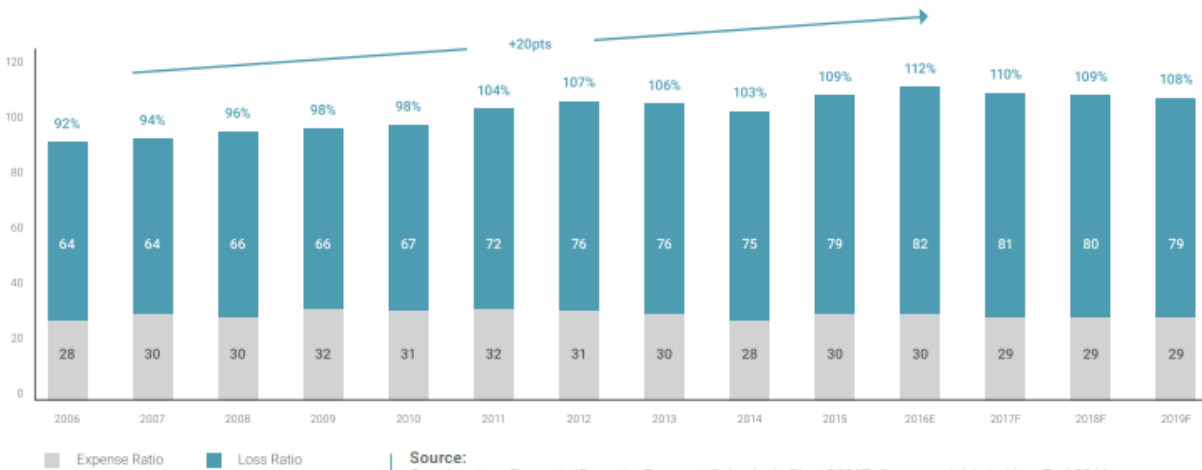
COMMERCIAL AUTO

Premium pricing for Commercial Auto increased 7.7 percent in Q1 2018, marking the 27th consecutive quarter of increased commercial auto rates. Several respondents noted Commercial Auto increasing as high as 30 percent last quarter with some carriers pulling mono-line auto altogether.

As a result, Commercial Auto continued to be an industry-wide concern for accounts of all sizes, as poor loss ratios drove premium pricing and heavily scrutinized underwriting. Respondents agreed that this trend could be contributed to an increase in both the costs and number of claims, due to distracted driving and increasingly expensive vehicle repair costs.



COMMERCIAL AUTO INDUSTRY COMBINED RATIO (2006-2019)



More specifically, one respondent from a large national firm explained, it's a "difficult marketplace for auto, especially heavy trucks. Increasing deductibles for comp and collision have sometimes made the account more acceptable for underwriting but in general, pricing is increasing for those carriers that still offer coverage. Many standard carriers, especially regional carriers are not writing transportation risks, heavy trucks like mix-in-transit and waste haulers. We are relying more on programs for those risks."

COMMERCIAL PROPERTY

Several respondents agreed that the 2017 NatCat season did have some effect on pricing for Commercial Property lines, but not as much as expected. In Q1 2018, Commercial Property experienced its highest rate increase (**3.4 percent**) in three consecutive quarters of increasing commercial property premiums.

Several respondents added that CAT-exposed property, specifically those on the coast, experienced the greatest pricing pressure, higher deductibles and more restrictive underwriting terms and conditions.

Notably, another respondent from a mid-sized southeastern firm “expected to see a change (tightening) in property, but it never materialized due to an abundance of capacity” in the market.

WORKERS’ COMPENSATION

Premium pricing for Workers’ Comp continued to decrease in Q1 2018. This **2.0 percent decrease** follows a consistent trend of slight premium decreases since Q1 2015. Respondents agreed that this decrease helps offset slight increases among other lines of business.

CYBER

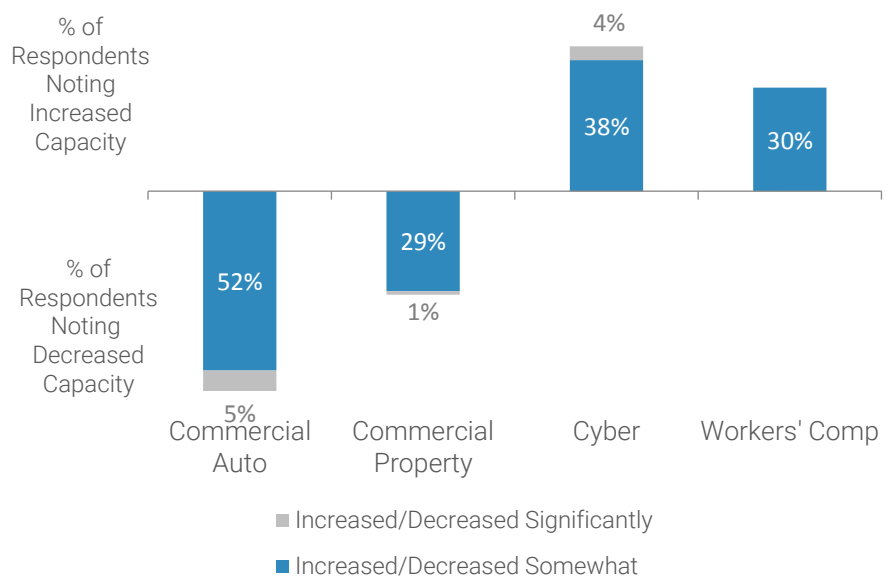
Although cyber coverage did not experience a notable change in premium pricing in Q1 (0.4 percent), respondents agreed that demand for Cyber has seen the greatest increase, with **79 percent of respondents** noting an **increase in demand** compared to the previous quarter. While several respondents contributed this to an increase in media coverage of large-scale cyber events, other firms are educating staff to help sell more cyber coverage and noted pressure from carriers to offer Cyber upon renewal. Additionally, respondents agreed that pricing remains competitive with plenty of capacity in the cyber market.

UNDERWRITING

Aside from a few lines of business, underwriting remained consistent with trends of Q4 2017, with the majority of lines experiencing little to no change in underwriting capacity. However, among the commercial lines tracked by The Council, **Commercial Auto** saw the largest decrease with **57.4 percent** of surveyed participants witnessing a decrease in capacity to some extent.

Additionally, **30.2 percent** of respondents noted a decrease in capacity for **Commercial Property**.

Significant Changes in Underwriting Capacity for Select Major Lines



This has also been met by more stringent terms and conditions for both lines of business, according to respondents.

On the other hand, **41.5 percent** of respondents noted an increase in capacity for Cyber coverage, with many citing new market entrants as a primary factor. Lastly, **30 percent** of respondents noted an increase in capacity for Workers' Comp due to soft market conditions for this particular line.

UNDERWRITING BY ACCOUNT SIZE

For **small accounts**, respondents agreed that carriers are beginning to rely more on predictive modeling to automate underwriting in the small commercial space, a continued trend from Q4 2017. Commercial Auto, especially mono-line policies, continued to be a problem in this space.

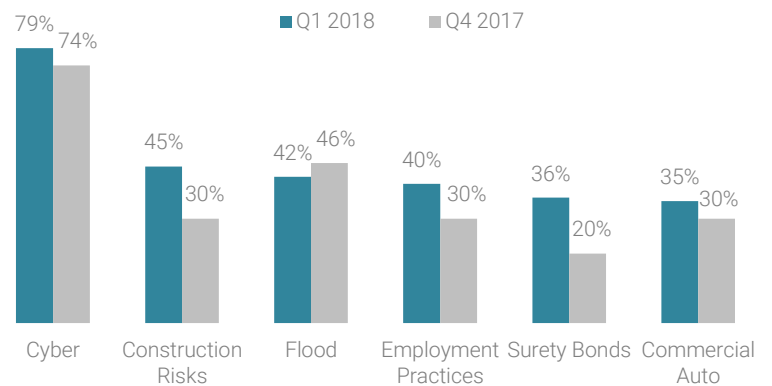
The majority of respondents cited no major change in the mid/large market space, but agreed that in general, carriers were aggressively writing new business. Some respondents did mention increased scrutiny for cat-exposed property as well as tightening Commercial Auto conditions.

DEMAND

Cyber coverage experienced by far the greatest increase in demand in Q1 2018, with **79 percent** of respondents reporting a "somewhat" or "significant" increase, a continuing trend from early 2017. Forty (40) percent or more of respondents also noted an increase in demand for Construction Risks, Flood and Employment Practices.

Additionally, there were no lines of business that experienced even moderate decreases in demand in Q1 2018.

PERCENT OF RESPONDENTS NOTING AN INCREASE IN DEMAND

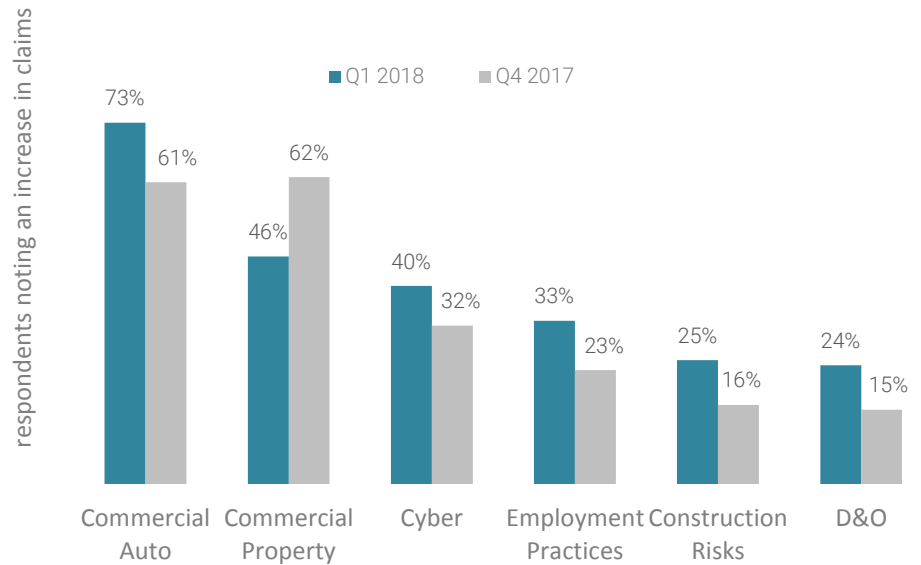


CLAIMS

While the number of claims remained consistent between Q4 2017 and Q1 2018 for most lines of business, Commercial Auto, Commercial Property, and Cyber saw a significant to moderate increase in number of claims.

Although Commercial Property, Flood and Business Interruption all experienced a significant increase in number of claims in Q4 2017, all three lines saw a steep drop in number of claims in Q1 2018 due to a quarter with very few catastrophe-related losses. As seen on the graph to the right, 16 percent fewer respondents noted an increase in Commercial Property claims in Q1 2018 compared to Q4 2017, whereas for Flood and Business Interruption, 31 percent and 20 percent fewer respondents, respectively, noted an increase.

PERCENT OF RESPONDENTS NOTING AN INCREASE IN CLAIMS

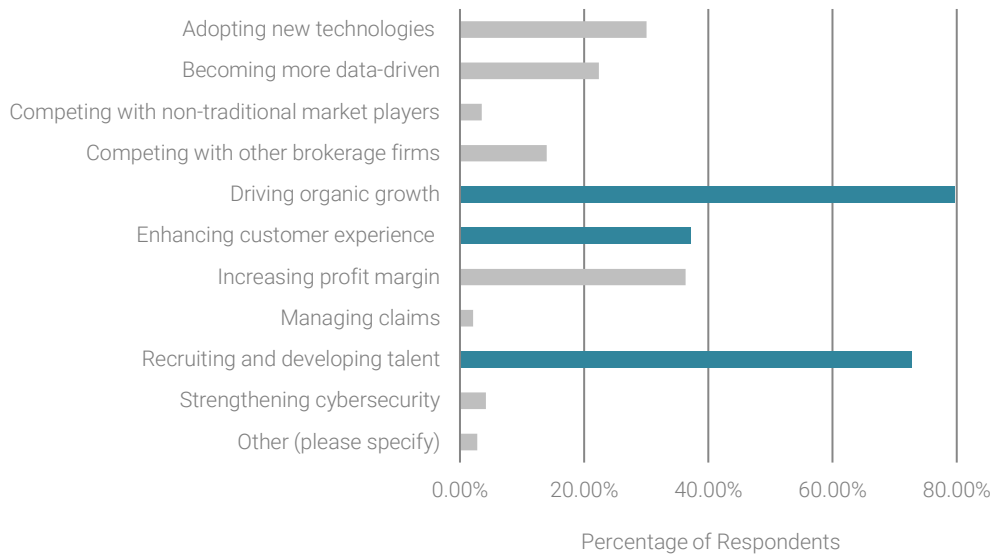


Lastly, while several respondents noted that some reported claims were related to the 2017 NatCat season, when asked what percentage of the total number of commercial claims in Q1 could be attributed to the 2017 NatCat season, the average was 8 percent of claims, with 45 percent of respondents selecting 0 percent.

ORGANIZATIONAL PRIORITIES

Respondents were asked their organizations' top priorities for 2018. **Driving organic growth and hiring and recruiting talent** led the way for the second consecutive year. Nearly 80 percent of respondents listed "driving organic growth" as a top priority for 2018, consistent with results from the Q4 2017 survey.

What are your organization's TOP 3 priorities for 2018?



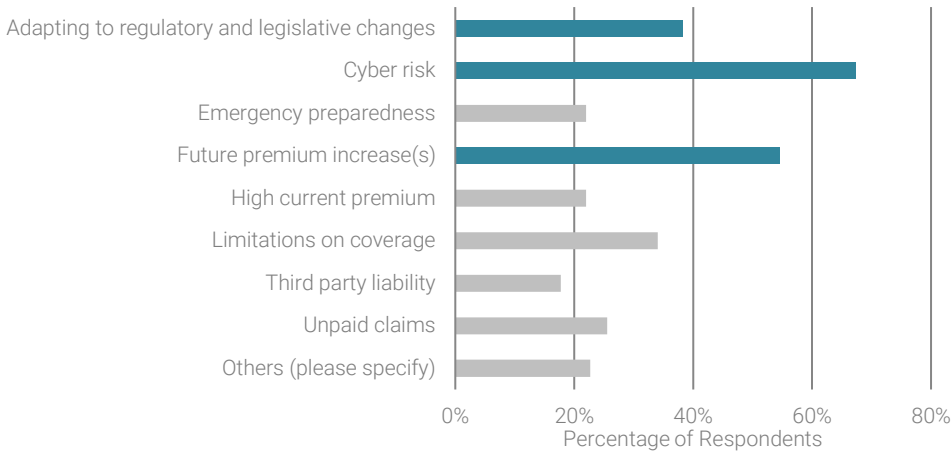
While strategies varied, "investing in new technology" and "hiring and training young producers" were priorities for driving organic growth. One respondent from a

midsized mid-western firm explained, “We are looking to grow organically, therefore we are trying to recruit and train producers and account managers. We have an in-house recruiter to help find people. We also have a leader on talent and development to assist us in developing talent.”

Similarly, respondents agreed that the aging workforce could have huge repercussions in the insurance industry and respondents’ firms have a variety of strategies to hire, recruit and develop young talent in the industry. Butler University’s Lacy School of Business predicts that 400,000 insurance professionals will leave the workforce by 2020. In response, firms have also begun implementing internship programs and working with universities to find new talent.

CLIENT CONCERNS

WHAT WERE THE TOP 3 CONCERNS FROM CLIENTS IN THE FIRST QUARTER OF 2018?



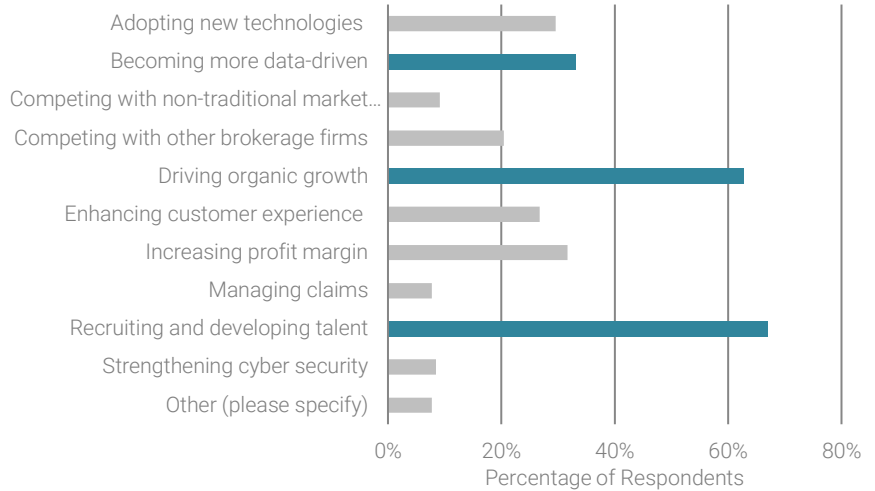
Responses varied when asked about clients’ top concerns during Q4 2017 but **cyber risk, adapting to regulatory changes, and future premium increases** were the top three for the second year in a row. One respondent from a small mid-eastern firm explained that they “completely revised the agency’s cybersecurity plan at the end of 2017” and plan to “continue to implement it in 2018.” Several other firms have hired outside independent contractors to help

“guide the process.” 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 a national, uniform data breach reporting law, which it believes would ease compliance burdens that businesses face in the wake of a breach affecting clients across state lines.

ORGANIZATIONAL CHALLENGES

Similar to organizational priorities, **driving organic growth** and **recruiting and developing talent** were clear challenges that respondents' firms have in common. To successfully attract and retain young talent, respondents' agreed there is no one solution, but stressed the importance of hiring outside the industry and "pool from a variety of resources including rising graduates of local risk management; engaging recruiter services (both general and insurance specific); and relying on quality referrals from within the industry."

What were the TOP 3 biggest challenges that your organization faced during the past three months?



More than 30 percent of respondents have also found the transition to becoming more data-driven a challenge for their organization—a common theme across the industry. As a result, organizations are investing in new AMS and CMS systems, utilizing data to create efficiencies and aggregating data to leverage customer insight. As one respondent explained, "whether its claims on the benefits or commercial side, brokerage/placement on the commercial side and renewal strategy on the commercial Side, we have a tremendous amount of coverage, exposure, rate and premium in our agency management system. We would be able to much more effectively and efficiently apply leverage for our clients if we could get the data out and into an AHT and then a client-friendly format."

The Council of Insurance Agents & Brokers is the premier association for the top regional, national and international commercial insurance and employee benefits intermediaries worldwide. Council members are market leaders who annually place 85 percent of U.S. commercial property/casualty insurance premiums and administer billions of dollars in employee benefits accounts. With expansive international reach, The Council fosters industry wide relationships around the globe by engaging lawmakers, regulators and stakeholders to promote the interests of its members and the valuable role they play in the mitigation of risk for their clients. Founded in 1913, The Council is based in Washington, D.C.

APPENDIX

BELOW ARE THE SURVEY RESULTS FOR: ALL REGIONS

1. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following account sizes, compared to the fourth quarter of 2017 (October 1 – December 31)? (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%	0.69%	9.66%	40.69%	46.21%	0.69%	0.00%	0.00%	0.00%	2.07%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	18.06%	22.22%	59.03%	0.69%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	2.10%	20.98%	27.97%	45.45%	2.10%	0.00%	0.00%	0.00%	1.40%

2. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following lines of business, compared to the fourth quarter of 2017 (October 1 - December 31)? (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
Business interruption	0.00%	0.00%	0.00%	5.76%	58.99%	34.53%	0.72%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	3.82%	75.57%	15.27%	0.00%	0.00%	0.00%	0.00%	5.34%
Commercial auto	0.00%	0.00%	0.00%	0.74%	4.44%	60.00%	31.85%	2.96%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	6.47%	20.86%	69.06%	3.60%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	6.62%	55.88%	32.35%	4.41%	0.00%	0.00%	0.00%	0.74%
Cyber	0.00%	0.00%	0.00%	20.29%	55.80%	21.01%	2.90%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	4.35%	75.36%	17.39%	2.90%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	62.50%	30.15%	4.41%	2.21%	0.00%	0.00%	0.74%
Employment practices	0.00%	0.00%	0.00%	3.62%	64.49%	28.26%	2.90%	0.72%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.72%	11.59%	62.32%	24.64%	0.72%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	5.30%	81.06%	12.88%	0.00%	0.00%	0.00%	0.00%	0.76%
Medical malpractice	0.00%	0.77%	0.77%	3.08%	81.54%	9.23%	0.00%	0.00%	0.00%	0.00%	4.62%
Surety bonds	0.00%	0.00%	0.00%	2.27%	90.15%	6.06%	0.00%	0.00%	0.00%	0.00%	1.52%
Terrorism	0.00%	0.00%	0.00%	1.49%	89.55%	8.21%	0.00%	0.00%	0.00%	0.00%	0.75%
Umbrella	0.00%	0.00%	0.00%	5.84%	67.15%	26.28%	0.73%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	3.70%	46.67%	34.81%	14.81%	0.00%	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. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following account sizes, compared to the fourth quarter of 2017 (October 1 – December 31)? (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%	10.81%	48.65%	37.84%	0.00%	0.00%	0.00%	0.00%	2.70%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	8.11%	32.43%	59.46%	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%	16.67%	25.00%	55.56%	0.00%	0.00%	0.00%	0.00%	2.78%

2. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following lines of business, compared to the fourth quarter of 2017 (October 1 - December 31)? (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
Business interruption	0.00%	0.00%	0.00%	5.41%	59.46%	35.14%	0.00%	0.00%	0.00%	0.00%	0.00%	37
Broker E&O	0.00%	0.00%	0.00%	6.06%	75.76%	12.12%	0.00%	0.00%	0.00%	0.00%	6.06%	33
Commercial auto	0.00%	0.00%	0.00%	0.00%	2.94%	79.41%	17.65%	0.00%	0.00%	0.00%	0.00%	34
Commercial property	0.00%	0.00%	0.00%	8.33%	19.44%	66.67%	5.56%	0.00%	0.00%	0.00%	0.00%	36
Construction risks	0.00%	0.00%	0.00%	2.78%	52.78%	38.89%	5.56%	0.00%	0.00%	0.00%	0.00%	36
Cyber	0.00%	0.00%	0.00%	25.71%	45.71%	22.86%	5.71%	0.00%	0.00%	0.00%	0.00%	35
D&O	0.00%	0.00%	0.00%	2.94%	73.53%	20.59%	2.94%	0.00%	0.00%	0.00%	0.00%	34
Flood	0.00%	0.00%	0.00%	0.00%	62.86%	31.43%	2.86%	0.00%	0.00%	0.00%	2.86%	35
Employment practices	0.00%	0.00%	0.00%	2.94%	70.59%	26.47%	0.00%	0.00%	0.00%	0.00%	0.00%	34
General liability	0.00%	0.00%	2.86%	5.71%	65.71%	25.71%	0.00%	0.00%	0.00%	0.00%	0.00%	35
Marine	0.00%	0.00%	0.00%	3.03%	81.82%	15.15%	0.00%	0.00%	0.00%	0.00%	0.00%	33
Medical malpractice	0.00%	0.00%	3.03%	0.00%	78.79%	12.12%	0.00%	0.00%	0.00%	0.00%	6.06%	33
Surety bonds	0.00%	0.00%	0.00%	2.94%	88.24%	5.88%	0.00%	0.00%	0.00%	0.00%	2.94%	34
Terrorism	0.00%	0.00%	0.00%	0.00%	88.57%	11.43%	0.00%	0.00%	0.00%	0.00%	0.00%	35
Umbrella	0.00%	0.00%	0.00%	0.00%	64.71%	32.35%	2.94%	0.00%	0.00%	0.00%	0.00%	34
Workers' compensation	0.00%	0.00%	0.00%	35.29%	41.18%	23.53%	0.00%	0.00%	0.00%	0.00%	0.00%	34

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

1. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following account sizes, compared to the fourth quarter of 2017 (October 1 – December 31)? (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%	10.26%	33.33%	48.72%	2.56%	0.00%	0.00%	0.00%	5.13%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	15.38%	20.51%	64.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	2.56%	17.95%	30.77%	43.59%	2.56%	0.00%	0.00%	0.00%	2.56%

2. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following lines of business, compared to the fourth quarter of 2017 (October 1 - December 31)? (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
Business interruption	0.00%	0.00%	0.00%	8.11%	56.76%	32.43%	2.70%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	5.71%	71.43%	14.29%	0.00%	0.00%	0.00%	0.00%	8.57%
Commercial auto	0.00%	0.00%	0.00%	0.00%	8.11%	51.35%	35.14%	5.41%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	8.11%	29.73%	59.46%	2.70%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	8.33%	61.11%	25.00%	5.56%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	18.42%	52.63%	23.68%	5.26%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	7.89%	71.05%	15.79%	5.26%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	64.86%	18.92%	10.81%	5.41%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	7.89%	60.53%	23.68%	7.89%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	5.41%	59.46%	32.43%	2.70%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	2.78%	77.78%	16.67%	0.00%	0.00%	0.00%	0.00%	2.78%
Medical malpractice	0.00%	0.00%	0.00%	2.78%	83.33%	8.33%	0.00%	0.00%	0.00%	0.00%	5.56%
Surety bonds	0.00%	0.00%	0.00%	2.78%	91.67%	2.78%	0.00%	0.00%	0.00%	0.00%	2.78%
Terrorism	0.00%	0.00%	0.00%	2.78%	86.11%	11.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	2.70%	67.57%	29.73%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	52.78%	36.11%	11.11%	0.00%	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. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following account sizes, compared to the fourth quarter of 2017 (October 1 – December 31)? (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%	2.94%	8.82%	47.06%	41.18%	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%	29.41%	20.59%	50.00%	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%	29.41%	29.41%	38.24%	2.94%	0.00%	0.00%	0.00%	0.00%

2. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following lines of business, compared to the fourth quarter of 2017 (October 1 - December 31)? (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
Business interruption	0.00%	0.00%	0.00%	6.06%	60.61%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	84.38%	15.63%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial auto	0.00%	0.00%	0.00%	3.13%	0.00%	59.38%	37.50%	0.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	3.03%	21.21%	72.73%	3.03%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	12.12%	54.55%	27.27%	6.06%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	20.59%	61.76%	17.65%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	5.88%	73.53%	20.59%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	60.61%	39.39%	0.00%	0.00%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	2.94%	73.53%	23.53%	0.00%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	24.24%	60.61%	15.15%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	12.12%	75.76%	12.12%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	3.13%	0.00%	6.25%	84.38%	6.25%	0.00%	0.00%	0.00%	0.00%	0.00%
Surety bonds	0.00%	0.00%	0.00%	0.00%	90.63%	9.38%	0.00%	0.00%	0.00%	0.00%	0.00%
Terrorism	0.00%	0.00%	0.00%	0.00%	96.88%	3.13%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	12.12%	60.61%	27.27%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	12.50%	46.88%	28.13%	12.50%	0.00%	0.00%	0.00%	0.00%	0.00%

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

1. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following account sizes, compared to the fourth quarter of 2017 (October 1 – December 31)? (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%	0.00%	46.15%	53.85%	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%	15.38%	23.08%	53.85%	7.69%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	23.08%	38.46%	30.77%	7.69%	0.00%	0.00%	0.00%	0.00%

2. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following lines of business, compared to the fourth quarter of 2017 (October 1 - December 31)? (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
Business interruption	0.00%	0.00%	0.00%	0.00%	54.55%	45.45%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial auto	0.00%	0.00%	0.00%	0.00%	9.09%	54.55%	27.27%	9.09%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	8.33%	8.33%	75.00%	8.33%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	45.45%	45.45%	0.00%	0.00%	0.00%	0.00%	9.09%
Cyber	0.00%	0.00%	0.00%	0.00%	72.73%	27.27%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	0.00%	81.82%	18.18%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	50.00%	40.00%	10.00%	0.00%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	0.00%	63.64%	27.27%	9.09%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	58.33%	41.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	90.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	80.00%	10.00%	0.00%	0.00%	0.00%	0.00%	10.00%
Surety bonds	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Terrorism	0.00%	0.00%	0.00%	0.00%	90.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	0.00%	83.33%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	50.00%	41.67%	8.33%	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. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following account sizes, compared to the fourth quarter of 2017 (October 1 – December 31)? (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%	13.64%	27.27%	59.09%	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%	23.81%	9.52%	66.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	9.52%	19.05%	19.05%	52.38%	0.00%	0.00%	0.00%	0.00%	0.00%

2. During the first quarter of 2018 (January 1 – March 31), on average, did premiums go up or down for each of the following lines of business, compared to the fourth quarter of 2017 (October 1 - December 31)? (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
Business interruption	0.00%	0.00%	0.00%	4.76%	61.90%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	5.00%	55.00%	30.00%	0.00%	0.00%	0.00%	0.00%	10.00%
Commercial auto	0.00%	0.00%	0.00%	0.00%	4.76%	47.62%	42.86%	4.76%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	4.76%	14.29%	80.95%	0.00%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	5.00%	60.00%	35.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	25.00%	60.00%	15.00%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	0.00%	85.71%	9.52%	4.76%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	66.67%	28.57%	0.00%	4.76%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	0.00%	47.62%	47.62%	0.00%	4.76%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	19.05%	66.67%	14.29%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	5.00%	90.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	0.00%	0.00%	5.26%	78.95%	10.53%	0.00%	0.00%	0.00%	0.00%	5.26%
Surety bonds	0.00%	0.00%	0.00%	5.00%	85.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Terrorism	0.00%	0.00%	0.00%	4.76%	85.71%	4.76%	0.00%	0.00%	0.00%	0.00%	4.76%
Umbrella	0.00%	0.00%	0.00%	14.29%	71.43%	14.29%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	4.76%	52.38%	28.57%	14.29%	0.00%	0.00%	0.00%	0.00%	0.00%

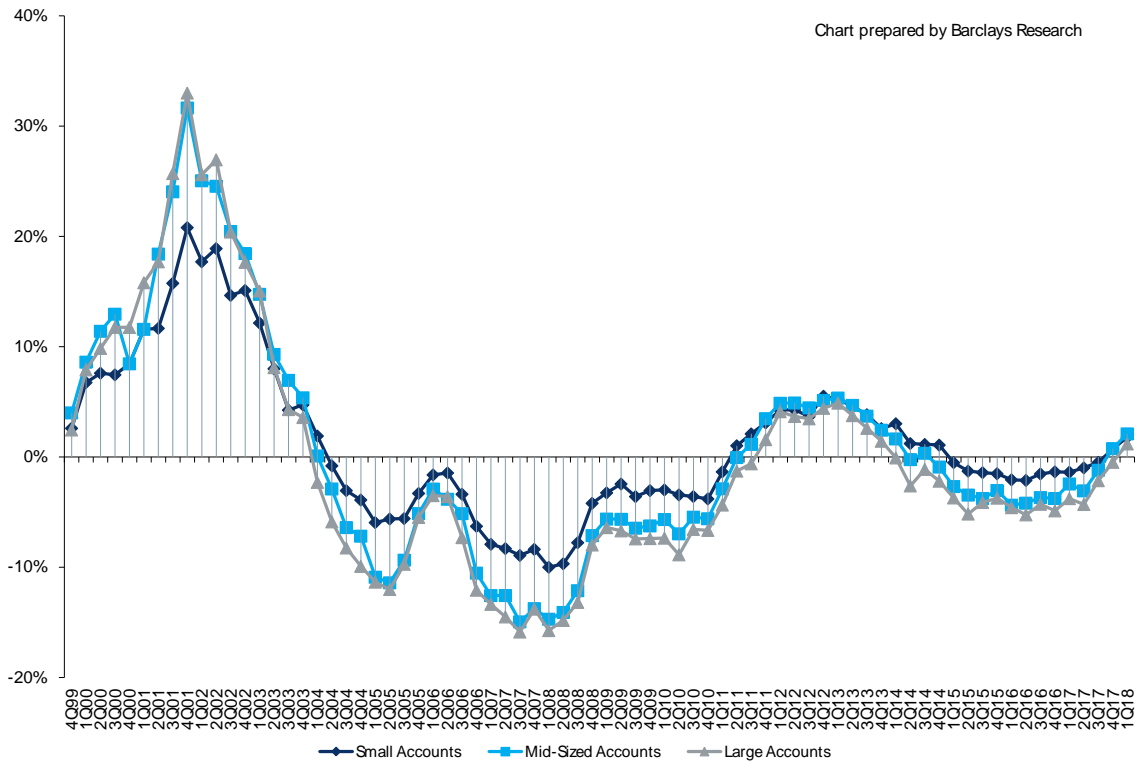
Average First Quarter 2018 Commercial Pricing

	SMALL	MEDIUM	LARGE	AVERAGE
First Quarter 2018	1.8%	2.1%	1.2%	1.7%
Forth Quarter 2017	0.7%	0.8%	-0.5%	0.3%
Thrid 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%
High	20.8%	31.7%	33.0%	28.5%
High Date	4Q07	4Q07	4Q07	
Low	-10.0%	-15.0%	-15.9%	-13.6%
Low Date	1Q08	3Q07	3Q07	

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

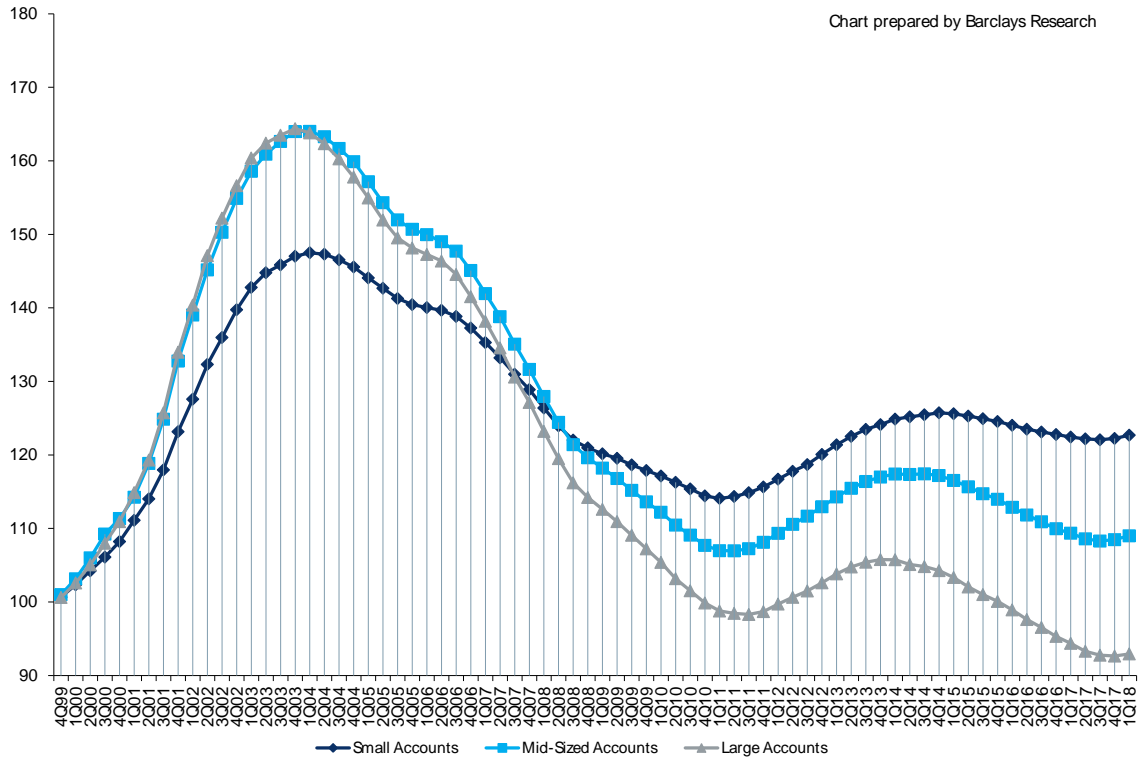
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Average Commercial Premium Rate Changes by Account Size



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

Cumulative Quarterly Rate Increases by Account Size



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

By-Line First Quarter 2018 Rate Changes Ranged From -2.0% to +7.7%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
First Quarter 2018	7.7%	-2.0%	3.4%	0.6%	1.0%	2.2%
Forth 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%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

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

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

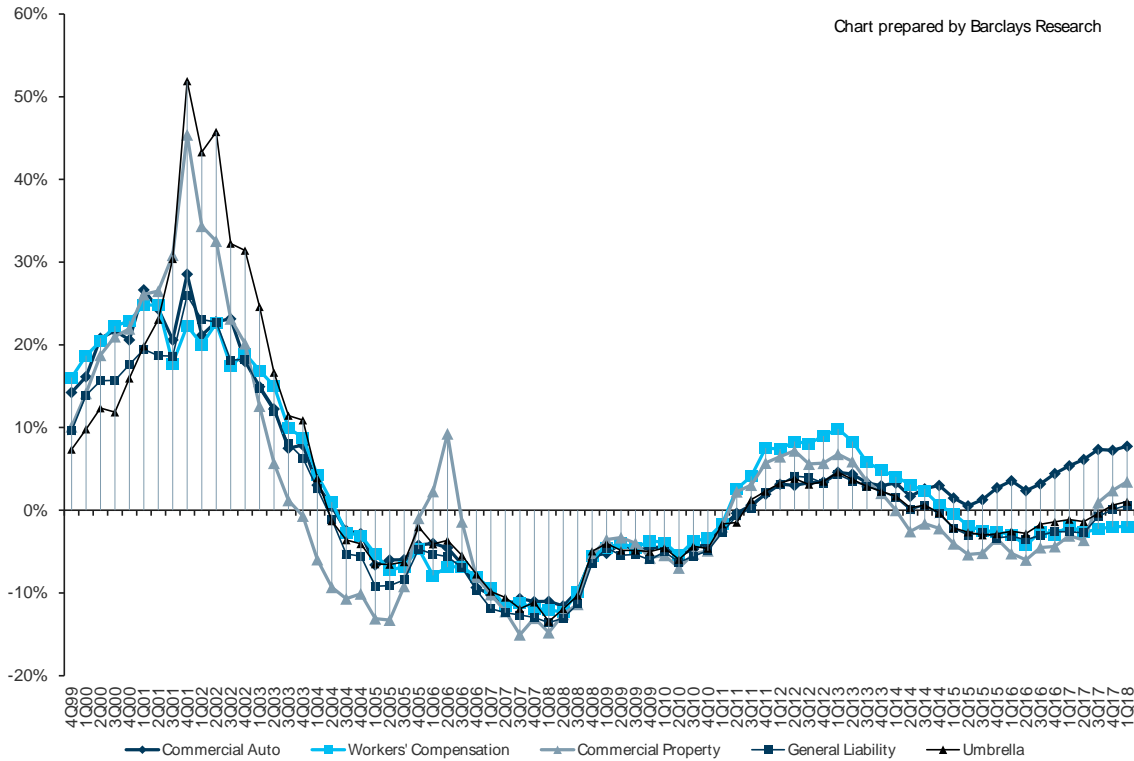
Rate Changes in Other Lines

	1Q18	4Q17	HIGH	LOW
Broker E&O	0.5%	0.4%	15.4%	-4.5%
Business Interruption	1.5%	0.8%	28.8%	-10.2%
Construction	1.8%	0.9%	38.7%	-10.7%
Cyber	0.4%	0.0%	0.4%	-1.5%
D&O Liability	1.0%	0.2%	32.4%	-8.7%
Employment Practices	1.7%	0.9%	21.9%	-8.1%
Flood	2.5%	1.4%	8.6%	-2.7%
Marine	0.3%	0.0%	3.0%	-10.6%
Medical Malpractice	0.0%	0.1%	32.5%	-4.1%
Surety Bonds	0.2%	0.1%	11.2%	-2.3%
Terrorism	0.3%	0.1%	10.4%	-3.6%

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

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

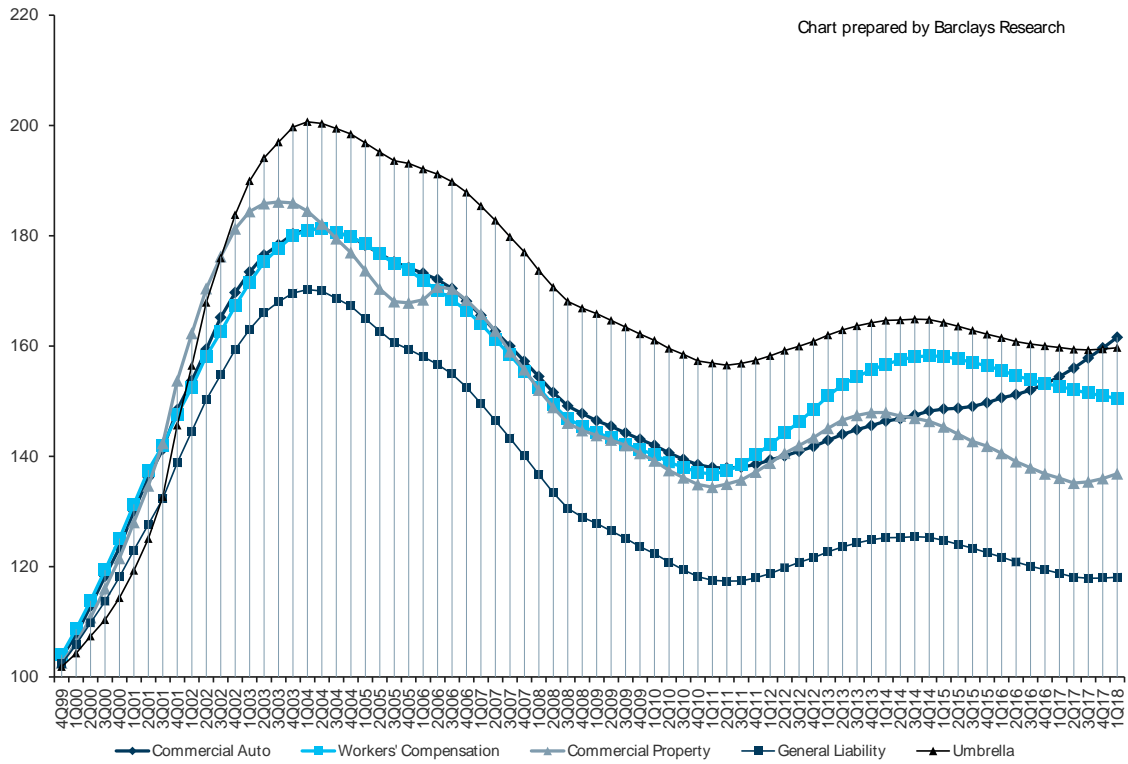
Average Commercial Rate Increases by Line



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

Source: The

Cumulative Quarterly Rate Increases by Line

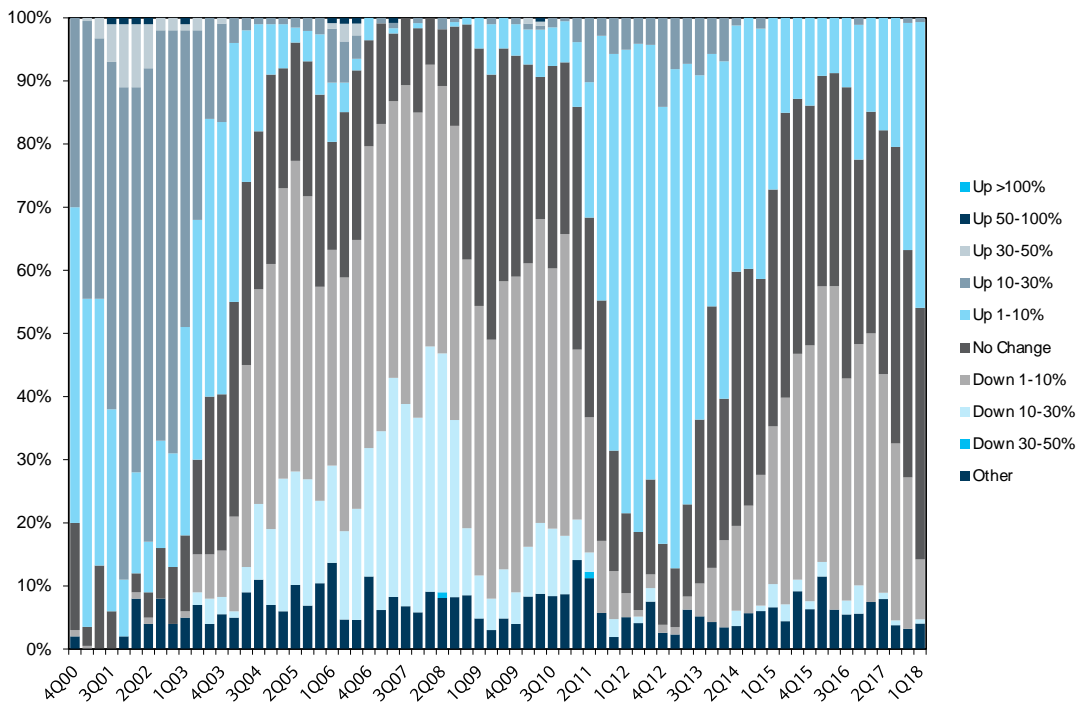


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

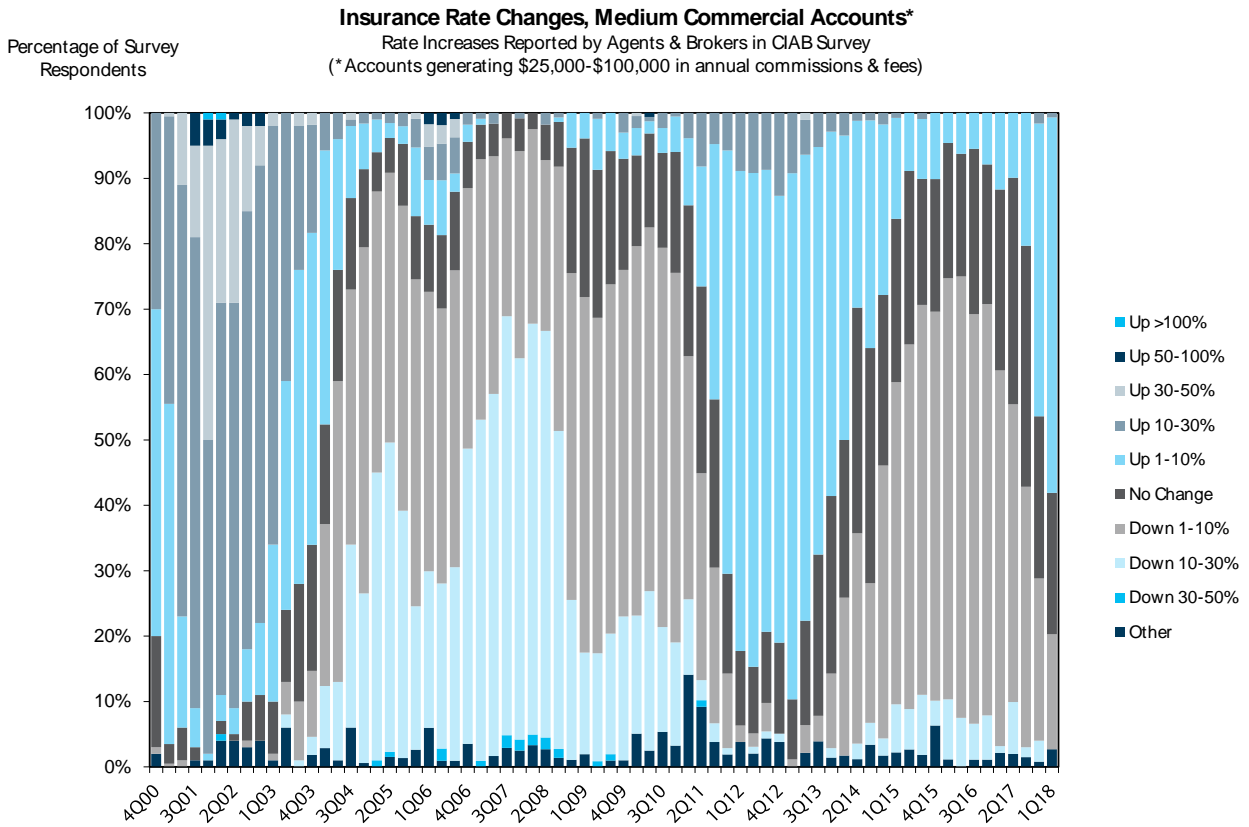
Insurance Rate Changes, Small Commercial Accounts*

Percentage of Survey Respondents

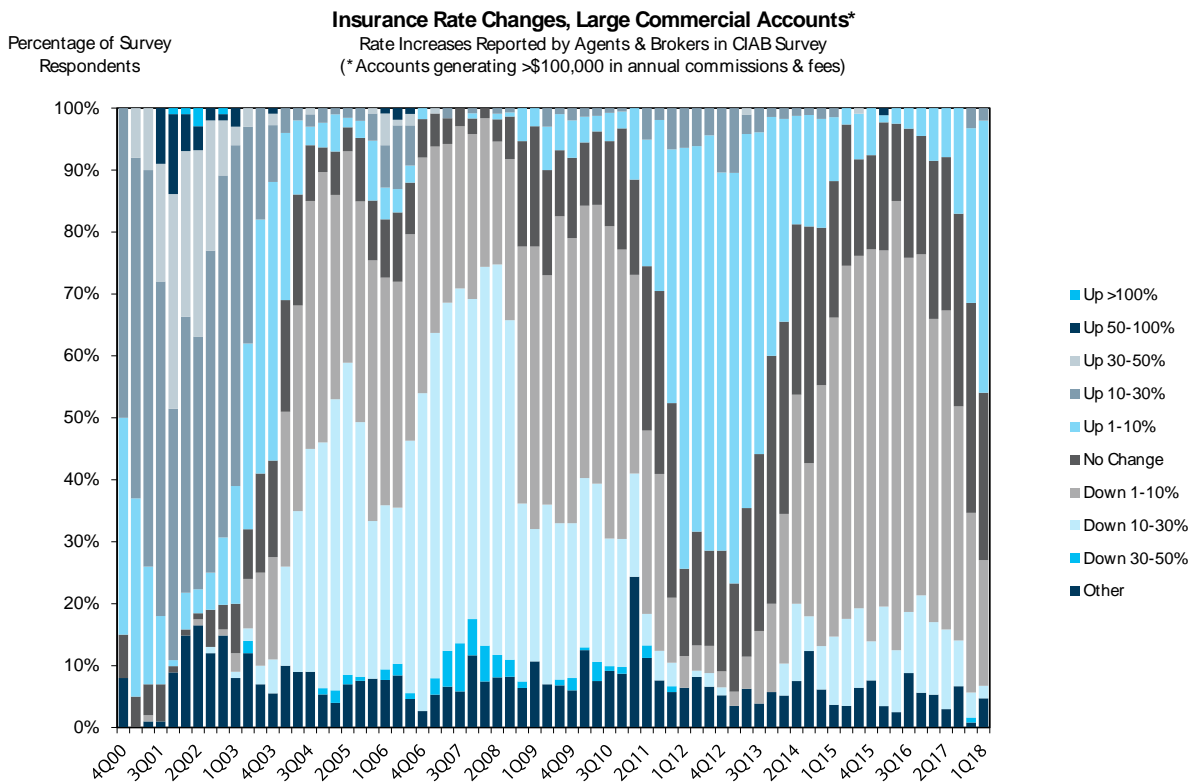
Rate Increases Reported by Agents & Brokers in CIAB Survey
(* Accounts generating <\$25,000 in annual commissions & fees)



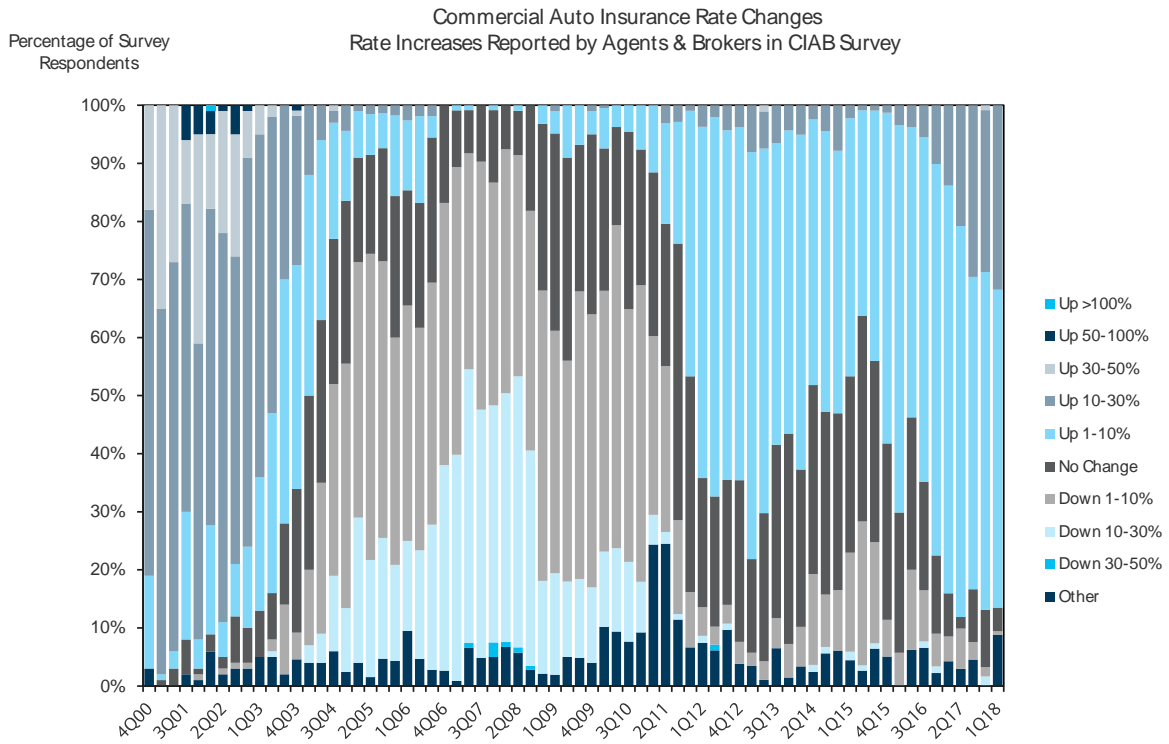
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



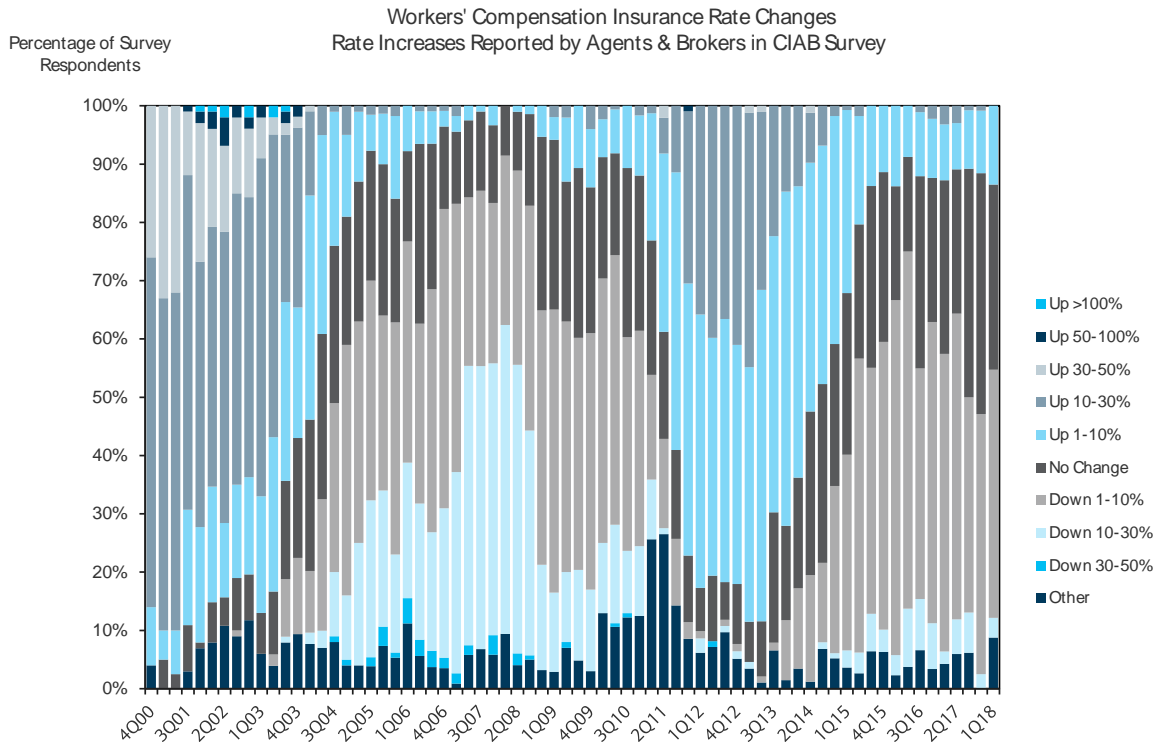
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



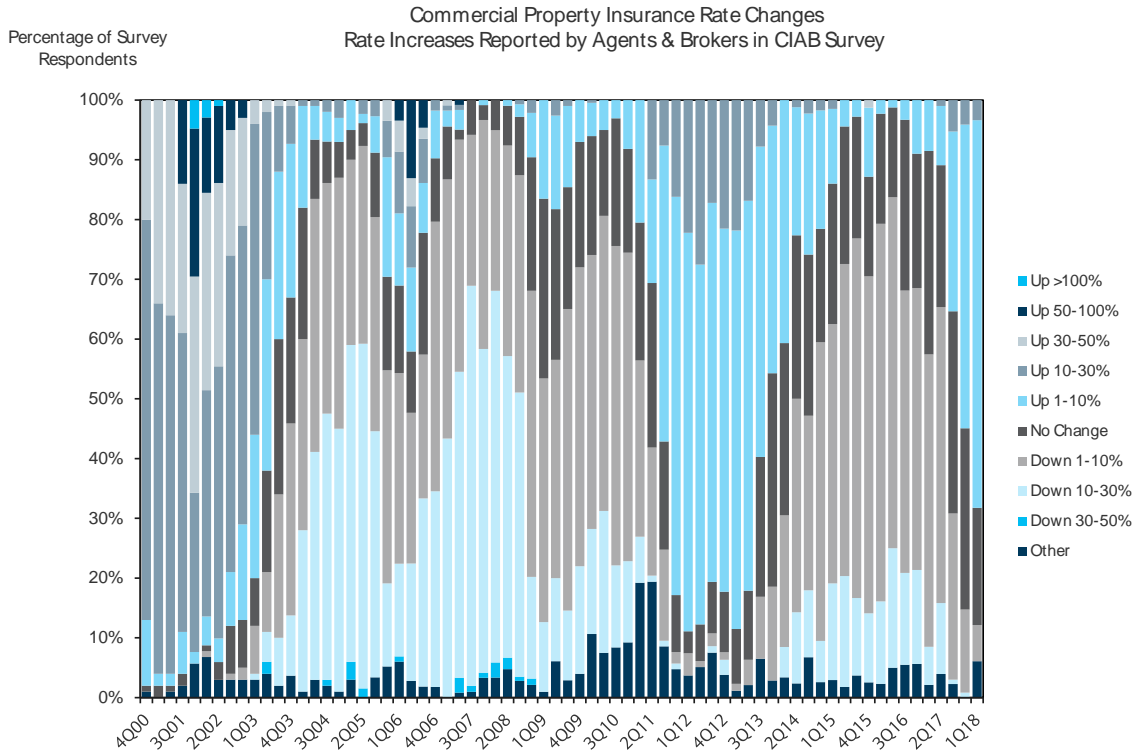
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



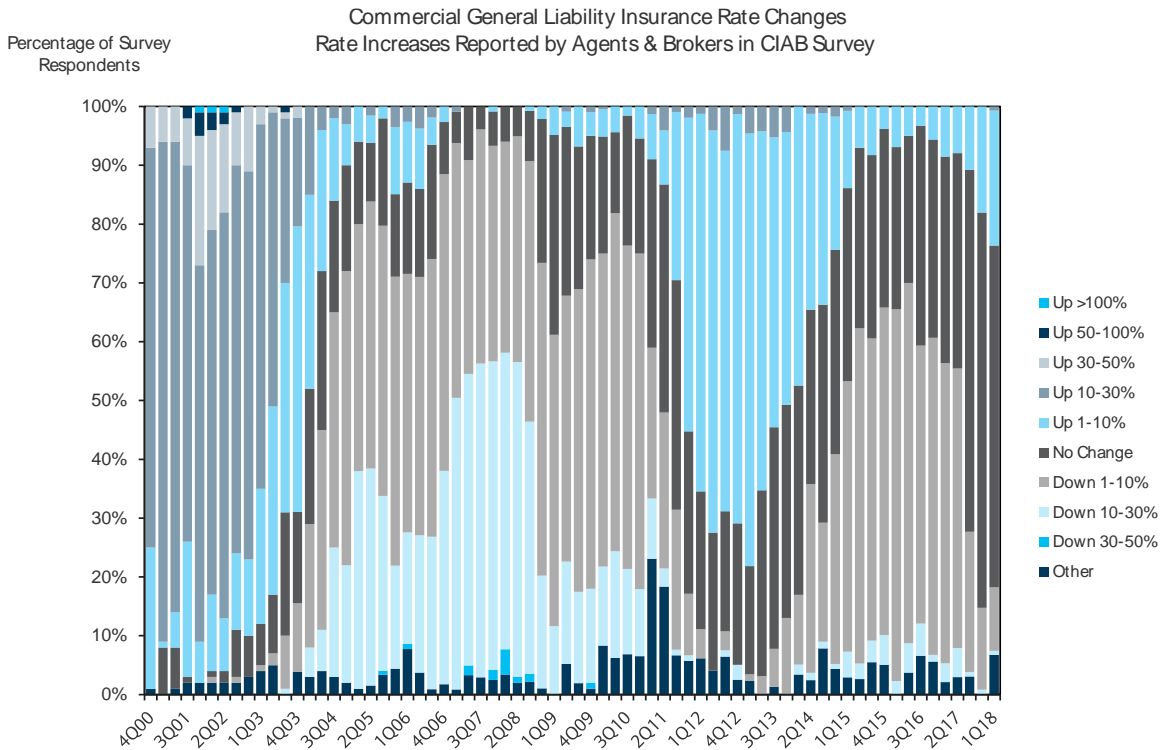
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



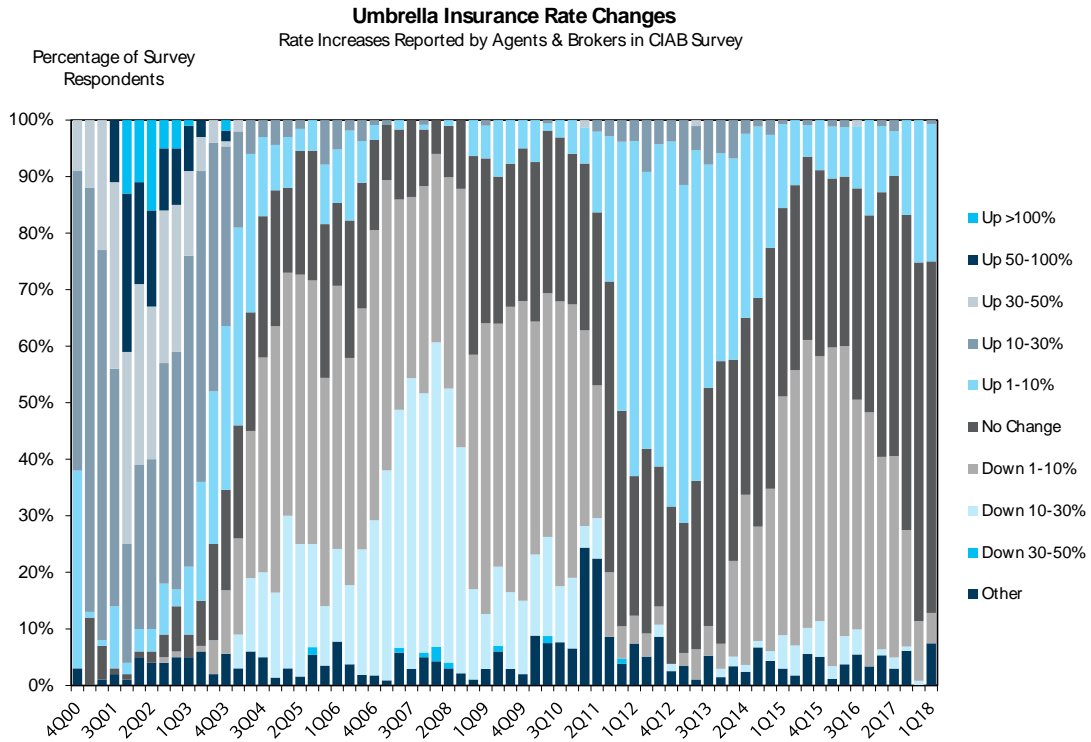
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



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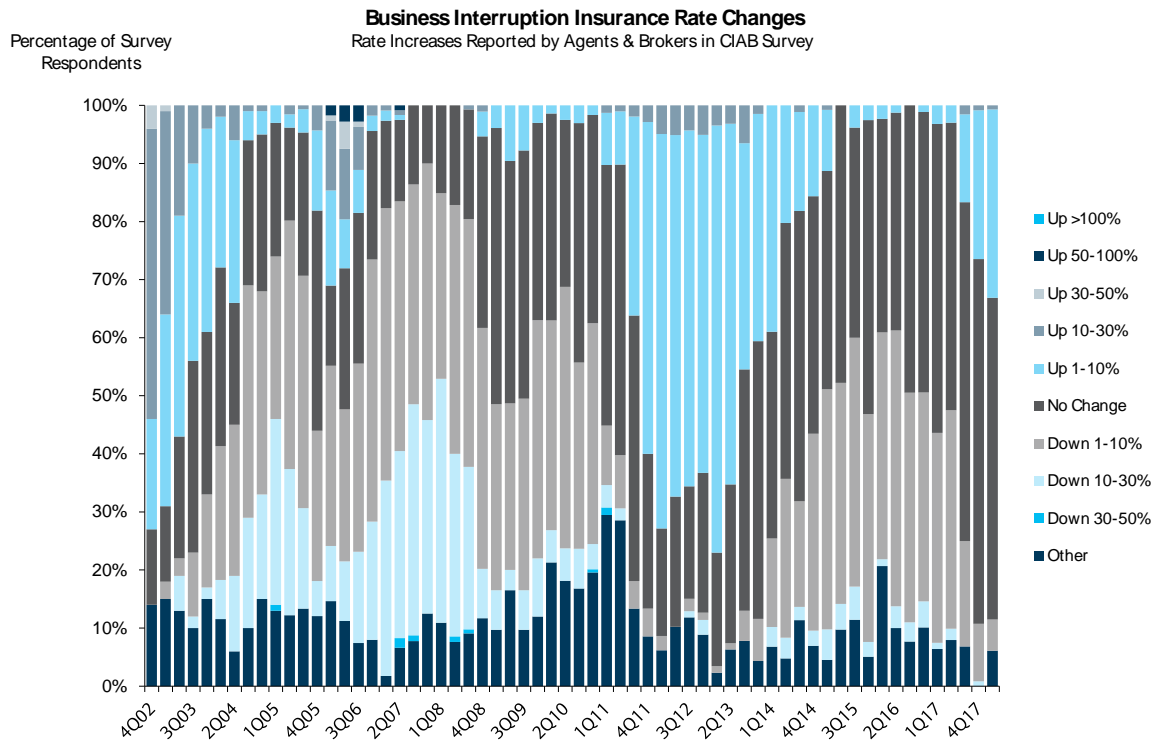


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