



 THE COUNCIL

## COMMERCIAL PROPERTY/ CASUALTY MARKET INDEX

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Q2/2019



# EXECUTIVE SUMMARY

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*The following are key takeaways from The Council of Insurance Agents & Brokers' Commercial Property/Casualty Market Report Q2 2019 (April 1 – June 30):*

- Premium pricing across all-sized accounts saw moderate increases in Q2 2019. Pricing for medium-sized accounts increased the most in comparison to large and small accounts, at 6.2%, nearly double its Q1 2019 increase of 3.5%.
- All lines of business, with the exception of Workers' Compensation, experienced slight-to-moderate pricing increases in Q2 2019. Commercial Property and Commercial Auto were hit the hardest in Q2, with increases of 8.5% and 8.4%, respectively. The average premium increase across all major lines was 4.6%, in comparison to 3.4% in Q1 2019 and 2.1% in Q4 2018.
- Cyber was again top of mind for respondents' clients in Q2 2019, with 74% of respondents reporting an increase in demand for cyber insurance. According to a respondent from a midsize Southeastern firm, "many of our accounts purchased cyber liability this year whereas they declined in past years."
- "Future premium increase" was by far the greatest concern to clients in Q2 2019, with 78% of respondents naming it as a top-three client concern, in line with the uptick in premiums recorded this quarter. "Cyber risk" and "limitations on coverage" were also sources of client anxiety, with 56% and 40% of respondents identifying them as a top-three concern, respectively.

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](mailto:robert.boyce@ciab.com).

## PREMIUM PRICING

Signs of continued market firming were evident in Q2 2019. The average premium increase across all-sized accounts was **5.2%**, in comparison to the slight increases of **3.5%** and **2.4%** in Q1 2019 and Q4 2018. **Medium and large accounts** saw the worst of it, with premium increases of **6.2%** and **5.6%**, respectively, in Q2 2019. **Small accounts** experienced a pricing increase of **3.9%**, compared to a **3.0%** increase in Q1 2019.

“This marked the seventh consecutive quarter of increased premium pricing,” said Ken A. Crerar, President/CEO of The Council. “Additionally, the rate of increase has grown consistently quarter-over-quarter, confirming the growing consensus of market-wide firming. While this trend was specific to a number of lines in late 2017, including Commercial Auto, Commercial Property and Umbrella, every line The Council monitors, with the exception of Workers’ Compensation, experienced an increase in premium pricing in Q2 2019.”

### Average Commercial Pricing Increases

	By Account Size			AVERAGE
	SMALL	MEDIUM	LARGE	
Second Quarter 2019	3.9%	6.2%	5.6%	5.2%
First Quarter 2019	3.0%	3.5%	4.0%	3.5%
Fourth Quarter 2018	2.3%	2.7%	2.2%	2.4%
Third Quarter 2018	1.4%	1.7%	1.6%	1.6%
Second Quarter 2018	1.8%	1.8%	0.9%	1.5%
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.

## PREMIUM PRICING BY LINE OF BUSINESS

“All prices are firming but WC [Workers’ Compensation],” said one respondent from a large Southeastern firm, consistent with the results reported by respondents. The average premium pricing increase across all lines of business was **4.6%** in Q2 2019, continuing a trend of moderate but steady increases that began in Q3 2017.

**Commercial Property** experienced the biggest shift in pricing, increasing from **5.9%** in Q1 2019 to **8.5%** in Q2 2019. This marks the first time since the end of 2014 where another line of business had a larger premium increase than Commercial Auto, where premiums increased by 8.4% in Q2 2019.

### By-Line Second Quarter 2019 Rate Changes Ranged From -2.5% to +8.5%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Second Quarter 2019	8.4%	-2.5%	8.5	3.2%	5.7%	4.6%
First Quarter 2019	8.8%	-3.3%	5.9%	2.0%	3.3%	3.4%
Fourth Quarter 2018	7.0%	-3.3%	2.9%	1.4%	2.3%	2.1%
Third Quarter 2018	7.0%	-2.6%	2.9%	0.8%	1.4%	1.9%
Second Quarter 2018	8.2%	-2.9%	2.2%	0.8%	1.5%	2.0%
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.

In general, respondents from all regions agreed that underwriters were approaching renewals more aggressively. "In most classes (with the exception of Work Comp) and industries, underwriters start with asking for an increase," said one respondent from a large Southwestern firm. "For the most part, rates/premiums are going up across the board." Said another respondent from the Southeast, "We are continuing to see increases on most lines into the [second] quarter this year even on loss-free accounts."

### Rate Changes in Other Lines

	2Q19	HIGH	LOW
Broker E&O	1.9%	15.4%	-4.5%
Business Interruption	3.8%	28.8%	-10.2%
Construction	3.1%	38.7%	-10.7%
Cyber	1.2%	1.2%	-1.5%
D&O Liability	4.3%	32.4%	-8.7%
Employment Practices	3.2%	21.9%	-8.1%
Flood	3.3%	8.6%	-2.7%
Marine	2.3%	3.0%	-10.6%
Medical Malpractice	2.8%	32.5%	-4.1%
Surety Bonds	0.5%	11.2%	-2.3%
Terrorism	0.8%	10.4%	-3.6%

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

## NOTABLE LINES OF BUSINESS

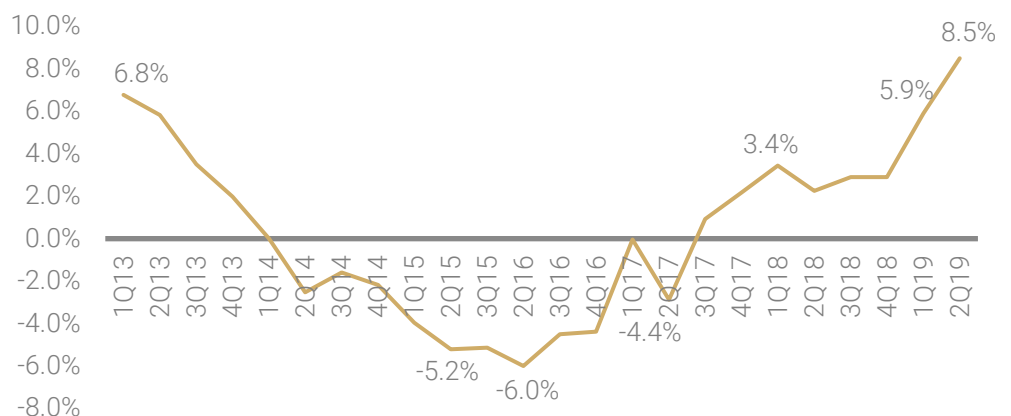
### COMMERCIAL PROPERTY

As previously mentioned, Commercial Property was the most problematic line of business this quarter, with a premium pricing increase of **8.5%**. Brokers in the Southwest and Northwest identified wildfires as one of the major reasons for carrier restrictiveness in this area (recall that California had the [nation's worst fire season in 2018](#) and the "worst in recorded history for the state"), while in the Midwest brokers named flooding as the culprit, likely referring to the [floods](#) plaguing Midwestern communities since March 2019 around the Mississippi and Missouri Rivers. The Southeast was also victim to significant flooding in the [past few months](#), thanks to a wet winter followed by an even wetter spring.

Carriers took note. According to a respondent from a midsized Northwestern firm, "The commercial property market for higher hazard classes and wildfire areas is tightening, and we are seeing non-renewals." And in the Southeast, one respondent observed, "Property market has seen increase in Cat deductibles and application of water damage sub-limits - in addition to increase in program rates."

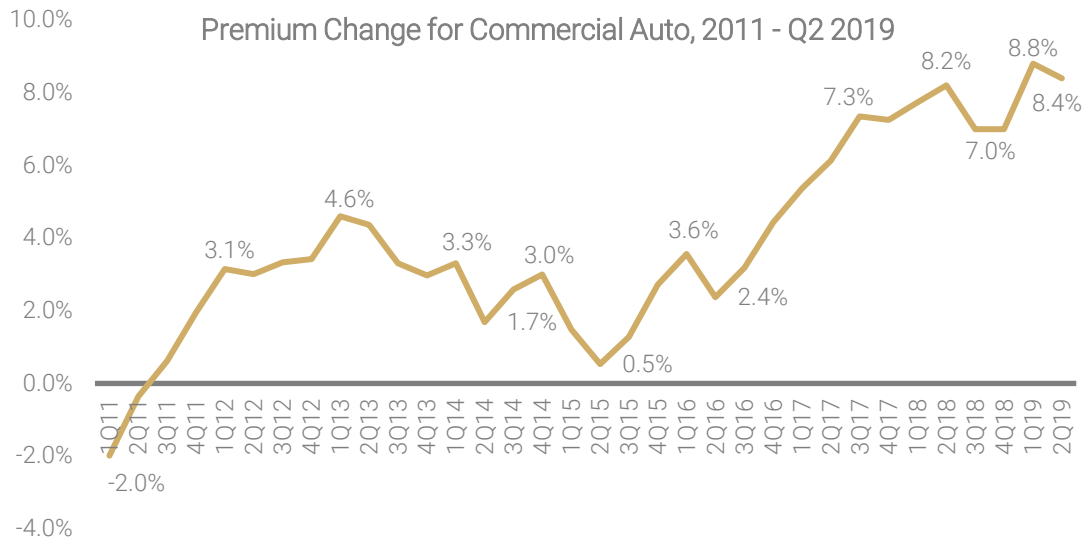
In some particularly high-risk areas, respondents noted they weren't just seeing significant increases in premiums; they were seeing non-renewals as carriers pulled back from lines seriously impacted by natural catastrophes. "We are seeing underwriters across the board look for price increases and deductible adjustments," said one respondent from a midsized Southeastern firm. "Property is leading the pack."

Premium Change for Commercial Property, Q1 2013 - Q2 2019



## COMMERCIAL AUTO

A respondent from a midsized Southeastern firm offered this view: “Auto market is very hard with no relief in sight!” Commercial Auto’s struggles continued into Q2 2019, marking the 32<sup>nd</sup> consecutive quarter of premium pricing increases for this line with a premium increase of **8.4%**, slightly lower than Q1 2019’s **8.8%** increase. As discussed in previous surveys, **distracted driving** was a major concern; according to one respondent from a large Southwestern firm, “distracted driving” was a cause for “increased and higher auto loss amounts.” This, combined with the fact that the [number of drivers in the U.S.](#) has been increasing by more than 2 million a year since 2013, and increasingly expensive technologies packed into newer vehicles (e.g. parking assist, increasingly sophisticated collision avoidance systems and other sensors and telematics), is a recipe for more expensive accidents.



Respondents also highlighted the effect Commercial Auto’s high premiums was having on other lines, particularly Umbrella. “Everything at all levels seems to be stemming from Auto,” said one respondent from a large Southwestern firm, referring to how carriers pushed rate on lines that interact with Commercial Auto risks.

## UMBRELLA

Umbrella joins Commercial Auto and Commercial Property as one of the three lines of business with the highest premium increases in Q2 2019, with an increase of **5.6%**. Considering Umbrella had a 3.3% increase in Q1 2019 and a 2.3% increase in Q4 2018, it seems to be entering a trend of similar steady increases to those seen in Commercial Property/Auto. Indeed, as aforementioned, Commercial Auto’s troubles also impacted other lines, specifically Umbrella; as one respondent from a midsized Northwestern firm said, “Umbrella’s higher premium [was] due to more losses stemming from underlying auto policies.”

## UNDERWRITING

### UNDERWRITING BY LINE OF BUSINESS

The issues with Commercial Auto, Commercial Property and Umbrella were not reflected just in premium pricing, but also in underwriting practices. While **53%** and **54%** of respondents reported a decrease in underwriting capacity for Commercial Auto and Umbrella, respectively, **nearly 60%** of them reported a decrease in capacity for Commercial Property. For Commercial Auto, this was not a particularly significant difference from last quarter, as 58% of respondents reported a decrease in capacity for this line in Q1 2019. However, for Commercial Property, for which 44% of respondents reported a decrease in capacity in Q1 2019, and for Umbrella, for which 33% of respondents reported a decrease in capacity, this represented **a relatively significant contraction in capacity.**

Respondents' written responses were mostly in line with these results. According to one respondent from a large Southeastern firm, carriers were "providing **less umbrella limits** when fleet is of size and/or heavy vehicles are on schedule," tracking with respondents' impressions that Commercial Auto impacted other lines. Another respondent from the Northeast also described Commercial Property, Commercial Auto and Umbrella as a challenge: "Large Property risks with losses were a very difficult negotiation. No longer is one carrier providing coverage for the entire risk – they are moving to a **shared, layered approach with higher deductibles**. Standalone auto and umbrellas were also a challenge." Respondents agreed that carriers were attempting to address the issues with Auto by beginning to require "**risk management participation in distracted driving webinars** and training for employees."

Wildfires and floods also showed up in responses about changes in carrier underwriting practices. "In California, carriers are getting **much more restrictive due to the risk of wildfire. Non-renewals are on the rise** due to brush/location," said one respondent from a large firm based in California – the state which, as previously mentioned, was victim to the worst fire season in its history in 2018. And for Midwestern firms, there was "the addition of **wind/hail deductibles as high as 5%** in some impacted areas," and "**carriers that had offered Flood and EQ (Earthquake) as extensions** on their property forms have notified us that they **will be removing that option even though property is not in a high risk flood or EQ zone.**"

For all other lines except for Workers' Compensation and Cyber, underwriting capacity or practices did not appreciably change. For Workers' Comp, **40%** of respondents reported an increase in capacity. This may be because, as one respondent explained, "Adjustment to property/umbrella/auto affected rates, but underwriters would relieve it with WC [Workers' Compensation]." Regarding Cyber, half as many respondents reported an increase in Cyber capacity this quarter as did last quarter (19% in Q2 2019 versus 40% in Q1 2019). However, it is not clear if this was a contraction similar to Commercial Auto, Commercial Property or Umbrella, as **70%** of respondents reported that Cyber capacity stayed the same.

## UNDERWRITING BY ACCOUNT SIZE

**Medium and large accounts** experienced several difficulties this quarter. Respondents described "reduced capacity, reduced sub-limits, increased deductibles and retentions," as well as "mandatory loss control on problematic accounts." "We are seeing a tightening marketplace," said one respondent from the Southeast. "There are less carriers writing business and carriers exiting niche lines." Respondents also mentioned that carriers were retreating from specific geographic areas vulnerable to natural catastrophe, reducing capacity.

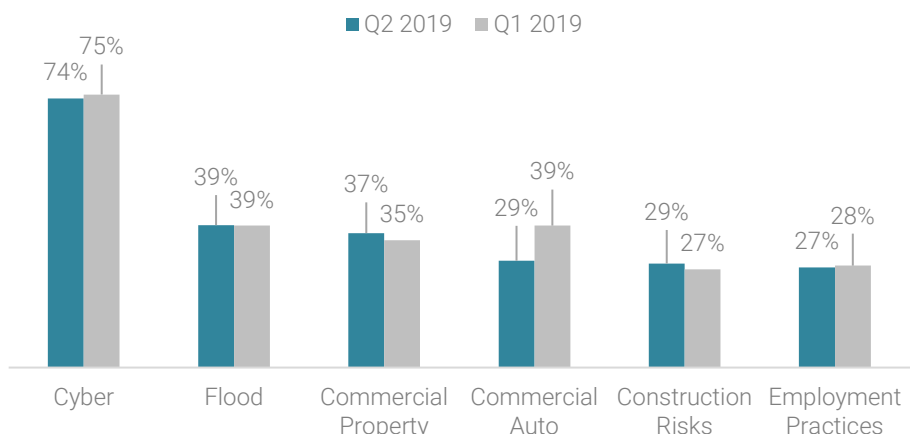
The tightening was also accompanied by increased demand for underwriting information, more personal visits from risk management personnel to insureds and increased emphasis on risk control efforts. Respondents also agreed that more carriers were using **automation** to underwrite **small accounts**, and that any premium increase for those lines was due to automated renewals.

## DEMAND

As seen in the graph, demand for Cyber, Flood, Commercial Property, Construction Risks and Employment Practices remained around Q1 levels, with Cyber, Flood and Commercial Property having the most demand.

Nearly **75%** of respondents stated they saw an **increase in demand for Cyber**, while **39%** and **37%** of respondents citing increased demand for Flood and Commercial Property. A

Respondents Noting an Increase in Demand



respondent from a large Southeastern firm explained the increased demand for Commercial Property: “Property rate lifts in [Q2 2019] led to more clients/prospects looking for alternative solutions for existing property programs.”

Another respondent mentioned that “many” of their clients “purchased cyber liability this year; whereas they had declined in past years,” which may be related to the clear and present danger posed by data breaches -- [see here](#) for a list of the over **90 major data breaches** that have been recorded so far this year.

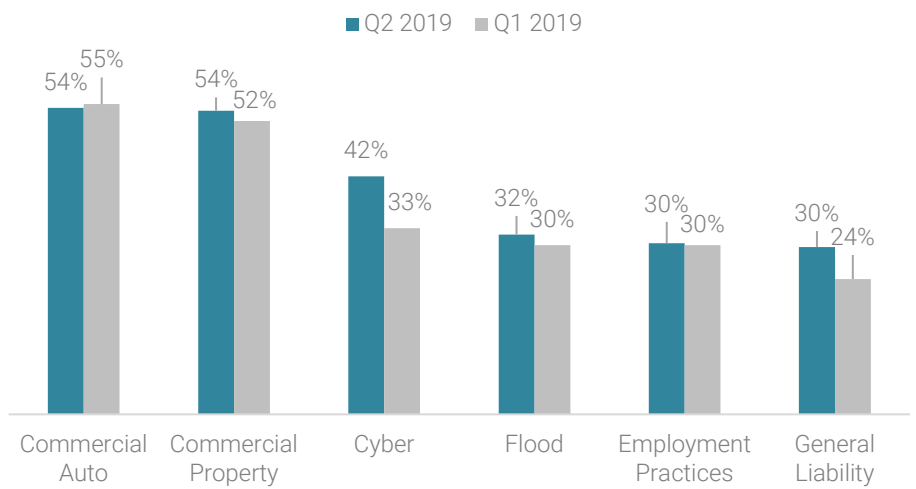
## CLAIMS

Like demand, the reported increase in claims for each line of business The Council tracks did not deviate noticeably from Q1 2019 numbers, with the exception of Cyber. **Forty-two (42) percent** of respondents reported an increase in Cyber claims in Q2 2019, while 33% reported the same in Q1 2019. While not a particularly large difference, it may have to do with the ever-evolving cyber-threat landscape discussed previously, considering that respondents highlighted increased social engineering and ransomware as reasons for cyber-related losses in Q2 2019.

Additionally, as stricter cyber regulations come into effect – the New York Department of Financial Services’ Cybersecurity Rule, the California Consumer Privacy Act and the several versions of the NAIC Cybersecurity Model Law – the number of privacy – and D&O-related (i.e. fines) cyber claims may have further increased in the past quarter.

Of course, that similar numbers of respondents to Q1 2019 reported an increase in claims for Commercial Auto and Commercial Property in Q2 2019 was not a welcome sign, considering that the increases are relative to previous quarters. More than half of respondents reported an increase in claims for those two particular lines, and in written responses, respondents blamed mainly natural catastrophes for the increase in property-related claims.

Respondents Noting an Increase in Claims



## TERRORISM RISK INSURANCE PROGRAM (TRIP)

This quarter, The Council also sought respondents’ thoughts on aspects of TRIP, including the minimum threshold to trigger the government backstop and insurer deductibles for TRIP-eligible lines of business. We believe that as the renewal date for TRIP, scheduled for December 31, 2020, is fast approaching, it is important to take a temperature reading of the current terrorism insurance market and aggregate broker perspectives on the law.

The average take up rate for terrorism insurance for **small accounts** was **33%**, for medium accounts it was **38%** and for large accounts it was **42%**. Every respondent (100%) also agreed that the threshold triggering TRIP compensation for a certified event, currently at an aggregate of \$200 million, should not be increased. Additionally, the amount of an insurers’ deductible is 20% of premium for TRIP-eligible lines of business, and for losses exceeding that amount, insurers must cover up to 20% of the co-payment, and every respondent believed those thresholds should remain where they are.

In summary, current views on TRIP seem to be along the lines of “don’t fix what isn’t broken.” The Council will continue to monitor this area in the coming quarters.

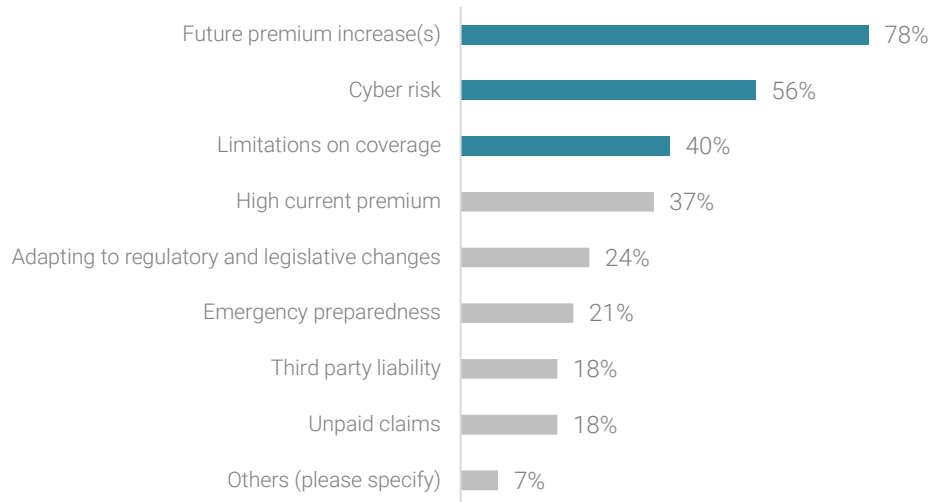
## CLIENT CONCERNS

Considering the focus on cyber in Q2 2019, one of the top three client concerns reported by respondents was “**cyber risk**,” with over half (56%) identifying it as such, compared to 65% of respondents in Q1 2019. Respondents’ clients were also noticeably concerned about “**limitations on coverage**,” which may be related to the decrease in capacity and the removal of extensions offered in previous quarters that respondents mentioned.

Lastly, “**future premium increase**” was the top client concern in Q2 2019,

with nearly 80% of respondents naming it as a top-three concern. Thirty-seven (37) percent of respondents also mentioned “high current premium” as a top-three client concern, putting it just behind “limitations on coverage.” Clients have always been concerned about premium increases, but the spike in premiums observed in Q2 2019 may have also contributed to client anxiety. And in the words of one respondent from a mid-sized Southwestern firm, “Delivering positive renewal outcomes for our clients was very challenging.”

Top 3 concerns you heard from your clients in Q2 2019



## PRIORITIES AND CHALLENGES

“Driving organic growth” and “recruiting and developing talent” were again brokers’ top two priorities and top two challenges in Q2 2019. “Organic growth impacts the profit margin significantly. It is the purest form of measuring success,” said one respondent from a large Midwestern firm.

Highlighting the fact that “driving organic growth” and “recruiting and developing talent” are linked, several respondents explained how their organization is recruiting and training producers. Regarding recruitment efforts, many respondents described strategies centered on making use of **internships**. A respondent from a large Northwestern firm said they “hired summer interns and trained them in basic insurance. Former interns have returned to our firm after finishing college and have launched a good career with us.” Interestingly, several firms also noted they had the most success with people that had proven sales talent but little to no insurance experience when recruiting producers. “It is easier to teach insurance than core sales drive,” said another respondent from the



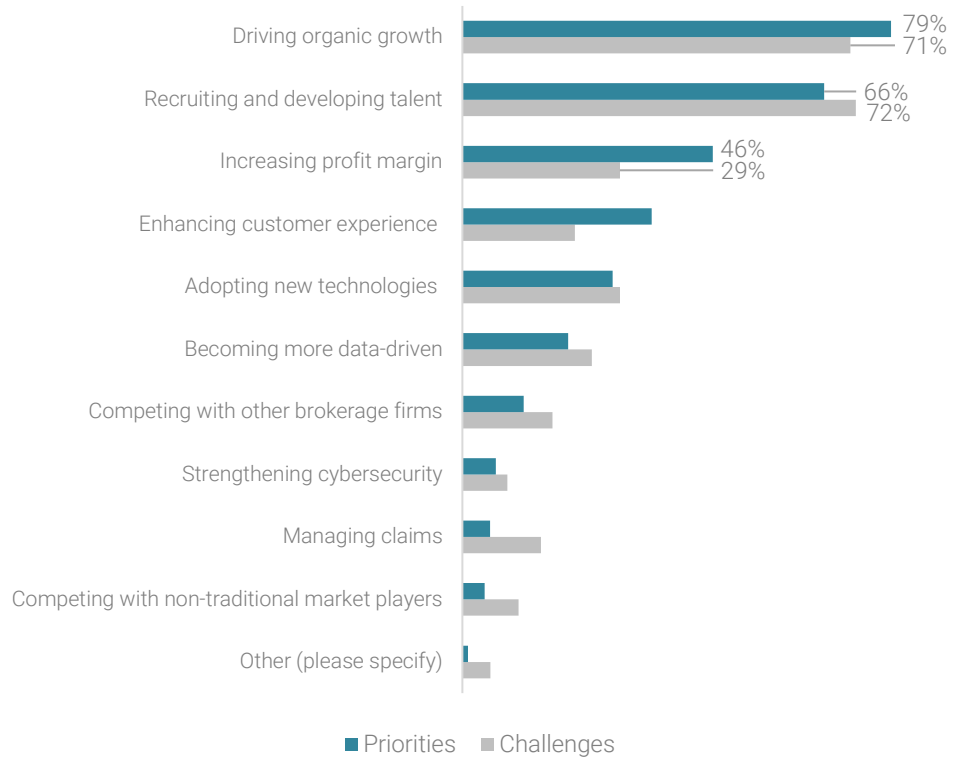
Northwest. In the end, it seems that having a personal connection — through, for example, an internship — is effective at attracting and retaining a new generation of producers.

A common theme in responses to how brokerages were attempting to improve profit margins was the use of technology to “do more with less,” through the use of and investment in technology to reduce operational costs and increase efficiencies. For example, one large Northeastern firm said they were seeking the “integration of multiple firms” under their umbrella “on to common HR, IT and accounting platforms.” **Specialization** also came up in responses about how to improve profits and how to build a sustainable future, such as “specialized loss control services for heavy CAT industries” or specializing in “key industries or lines of business.”

With the rates rising across almost all lines of business and worries about coverage top of mind for most clients, according to one respondent from a midsized Southeastern firm, “it’s a good time to sell coverage and service.” The “ability to offer enhanced services to our insureds increases retention and improves our ability to invest in sales practices and service training,” said a respondent from a large Midwestern firm.

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.

### Top 3 Priorities and Challenges for Brokers in Q2 2019



# APPENDIX

## BELOW ARE THE SURVEY RESULTS FOR: ALL REGIONS

1. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2019 (January 1 – March 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
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	1.05%	2.11%	16.84%	70.53%	5.26%	0.00%	0.00%	0.00%	4.21%
<b>Medium Account (Between \$25k to \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	1.04%	3.13%	80.21%	11.46%	3.13%	0.00%	0.00%	1.04%
<b>Large Account (More than \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	1.09%	7.61%	73.91%	14.13%	1.09%	0.00%	0.00%	2.17%

2. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2019 (January 1 – March 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
<b>Business interruption</b>	0.00%	0.00%	0.00%	1.08%	31.18%	59.14%	7.53%	0.00%	0.00%	0.00%	1.08%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	3.45%	54.02%	22.99%	2.30%	0.00%	0.00%	1.15%	16.09%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	1.09%	4.35%	57.61%	31.52%	4.35%	1.09%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.00%	0.00%	6.45%	56.99%	30.11%	5.38%	1.08%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	1.19%	38.10%	52.38%	3.57%	2.38%	0.00%	0.00%	2.38%
<b>Cyber</b>	0.00%	0.00%	0.00%	6.67%	58.89%	30.00%	1.11%	0.00%	0.00%	0.00%	3.33%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	1.10%	37.36%	46.15%	7.69%	3.30%	1.10%	0.00%	3.30%
<b>Flood</b>	0.00%	0.00%	0.00%	1.16%	48.84%	31.40%	11.63%	2.33%	0.00%	0.00%	4.65%
<b>Employment practices</b>	0.00%	0.00%	0.00%	0.00%	48.89%	38.89%	8.89%	1.11%	0.00%	0.00%	2.22%
<b>General liability</b>	0.00%	0.00%	0.00%	1.14%	37.50%	56.82%	3.41%	1.14%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	2.35%	61.18%	24.71%	4.71%	0.00%	0.00%	1.18%	5.88%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.00%	55.29%	17.65%	5.88%	2.35%	0.00%	1.18%	17.65%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	79.07%	10.47%	0.00%	0.00%	0.00%	0.00%	10.47%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	75.58%	10.47%	2.33%	0.00%	0.00%	0.00%	11.63%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	22.73%	53.41%	19.32%	3.41%	0.00%	0.00%	1.14%
<b>Workers' compensation</b>	0.00%	0.00%	8.99%	46.07%	29.21%	13.48%	1.12%	0.00%	0.00%	0.00%	1.12%

**BELOW ARE THE SURVEY RESULTS FOR:  
NORTHEAST (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI)**

1. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2019 (January 1 – March 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
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	4.76%	4.76%	9.52%	71.43%	9.52%	0.00%	0.00%	0.00%	0.00%
<b>Medium Account (Between \$25k to \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	0.00%	90.00%	10.00%	0.00%	0.00%	0.00%	0.00%
<b>Large Account (More than \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	5.00%	85.00%	10.00%	0.00%	0.00%	0.00%	0.00%

2. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2019 (January 1 – March 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
<b>Business interruption</b>	0.00%	0.00%	0.00%	4.76%	28.57%	52.38%	14.29%	0.00%	0.00%	0.00%	0.00%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	0.00%	60.00%	20.00%	5.00%	0.00%	0.00%	0.00%	15.00%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	0.00%	4.76%	66.67%	28.57%	0.00%	0.00%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.00%	0.00%	10.00%	60.00%	30.00%	0.00%	0.00%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	4.76%	28.57%	52.38%	4.76%	4.76%	0.00%	0.00%	4.76%
<b>Cyber</b>	0.00%	0.00%	0.00%	14.29%	57.14%	23.81%	4.76%	0.00%	0.00%	0.00%	0.00%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	0.00%	42.86%	47.62%	9.52%	0.00%	0.00%	0.00%	0.00%
<b>Flood</b>	0.00%	0.00%	0.00%	5.00%	45.00%	30.00%	10.00%	0.00%	0.00%	0.00%	10.00%
<b>Employment practices</b>	0.00%	0.00%	0.00%	0.00%	47.62%	47.62%	4.76%	0.00%	0.00%	0.00%	0.00%
<b>General liability</b>	0.00%	0.00%	0.00%	0.00%	26.32%	73.68%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	4.76%	61.90%	23.81%	4.76%	0.00%	0.00%	0.00%	4.76%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.00%	47.62%	19.05%	19.05%	0.00%	0.00%	0.00%	14.29%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	80.95%	9.52%	0.00%	0.00%	0.00%	0.00%	9.52%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	66.67%	9.52%	4.76%	0.00%	0.00%	0.00%	19.05%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	15.00%	55.00%	20.00%	5.00%	0.00%	0.00%	5.00%
<b>Workers' compensation</b>	0.00%	0.00%	23.81%	33.33%	28.57%	4.76%	4.76%	0.00%	0.00%	0.00%	4.76%

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

1. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2019 (January 1 – March 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
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	18.18%	72.73%	4.55%	0.00%	0.00%	0.00%	4.55%
<b>Medium Account (Between \$25k to \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	4.55%	77.27%	18.18%	0.00%	0.00%	0.00%	0.00%
<b>Large Account (More than \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	18.18%	68.18%	13.64%	0.00%	0.00%	0.00%	0.00%

2. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2019 (January 1 – March 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
<b>Business interruption</b>	0.00%	0.00%	0.00%	0.00%	38.10%	57.14%	4.76%	0.00%	0.00%	0.00%	0.00%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	0.00%	66.67%	28.57%	0.00%	0.00%	0.00%	0.00%	4.76%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	0.00%	4.55%	54.55%	27.27%	13.64%	0.00%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.00%	0.00%	14.29%	57.14%	19.05%	9.52%	0.00%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	0.00%	40.00%	60.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Cyber</b>	0.00%	0.00%	0.00%	4.76%	57.14%	38.10%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	4.76%	28.57%	52.38%	4.76%	9.52%	0.00%	0.00%	0.00%
<b>Flood</b>	0.00%	0.00%	0.00%	0.00%	47.62%	28.57%	19.05%	0.00%	0.00%	0.00%	4.76%
<b>Employment practices</b>	0.00%	0.00%	0.00%	0.00%	57.14%	38.10%	4.76%	0.00%	0.00%	0.00%	0.00%
<b>General liability</b>	0.00%	0.00%	0.00%	0.00%	47.62%	47.62%	4.76%	0.00%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	5.00%	55.00%	30.00%	10.00%	0.00%	0.00%	0.00%	0.00%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.00%	55.00%	30.00%	5.00%	5.00%	0.00%	0.00%	5.00%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	85.71%	9.52%	0.00%	0.00%	0.00%	0.00%	4.76%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	90.48%	9.52%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	23.81%	57.14%	14.29%	4.76%	0.00%	0.00%	0.00%
<b>Workers' compensation</b>	0.00%	0.00%	4.76%	47.62%	28.57%	19.05%	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 second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2019 (January 1 – March 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
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	16.00%	76.00%	0.00%	0.00%	0.00%	0.00%	8.00%
<b>Medium Account (Between \$25k to \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	3.70%	0.00%	77.78%	7.41%	11.11%	0.00%	0.00%	0.00%
<b>Large Account (More than \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	4.17%	4.17%	70.83%	16.67%	0.00%	0.00%	0.00%	4.17%

2. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2019 (January 1 – March 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
<b>Business interruption</b>	0.00%	0.00%	0.00%	0.00%	33.33%	58.33%	8.33%	0.00%	0.00%	0.00%	0.00%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	4.76%	38.10%	33.33%	0.00%	0.00%	0.00%	0.00%	23.81%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	0.00%	0.00%	62.50%	33.33%	0.00%	4.17%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.00%	0.00%	0.00%	64.00%	32.00%	0.00%	4.00%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	0.00%	40.00%	50.00%	0.00%	5.00%	0.00%	0.00%	5.00%
<b>Cyber</b>	0.00%	0.00%	0.00%	0.00%	54.55%	31.82%	0.00%	0.00%	0.00%	0.00%	13.64%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	0.00%	40.91%	40.91%	9.09%	0.00%	0.00%	0.00%	9.09%
<b>Flood</b>	0.00%	0.00%	0.00%	0.00%	38.10%	38.10%	9.52%	9.52%	0.00%	0.00%	4.76%
<b>Employment practices</b>	0.00%	0.00%	0.00%	0.00%	40.91%	36.36%	9.09%	4.55%	0.00%	0.00%	9.09%
<b>General liability</b>	0.00%	0.00%	0.00%	4.55%	36.36%	54.55%	0.00%	4.55%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	0.00%	66.67%	23.81%	4.76%	0.00%	0.00%	0.00%	4.76%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.00%	60.00%	15.00%	0.00%	5.00%	0.00%	0.00%	20.00%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	70.00%	15.00%	0.00%	0.00%	0.00%	0.00%	15.00%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	75.00%	10.00%	5.00%	0.00%	0.00%	0.00%	10.00%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	25.00%	60.00%	15.00%	0.00%	0.00%	0.00%	0.00%
<b>Workers' compensation</b>	0.00%	0.00%	0.00%	54.55%	22.73%	22.73%	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 second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2019 (January 1 – March 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
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	14.29%	71.43%	14.29%	0.00%	0.00%	0.00%	0.00%
<b>Medium Account (Between \$25k to \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	0.00%	85.71%	14.29%	0.00%	0.00%	0.00%	0.00%
<b>Large Account (More than \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	0.00%	83.33%	16.67%	0.00%	0.00%	0.00%	0.00%

2. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2019 (January 1 – March 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
<b>Business interruption</b>	0.00%	0.00%	0.00%	0.00%	28.57%	57.14%	14.29%	0.00%	0.00%	0.00%	0.00%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	16.67%	50.00%	0.00%	0.00%	0.00%	0.00%	16.67%	16.67%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	0.00%	0.00%	60.00%	20.00%	20.00%	0.00%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.00%	0.00%	0.00%	42.86%	28.57%	28.57%	0.00%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	0.00%	40.00%	60.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Cyber</b>	0.00%	0.00%	0.00%	40.00%	40.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	0.00%	33.33%	50.00%	16.67%	0.00%	0.00%	0.00%	0.00%
<b>Flood</b>	0.00%	0.00%	0.00%	0.00%	66.67%	16.67%	16.67%	0.00%	0.00%	0.00%	0.00%
<b>Employment practices</b>	0.00%	0.00%	0.00%	0.00%	66.67%	16.67%	16.67%	0.00%	0.00%	0.00%	0.00%
<b>General liability</b>	0.00%	0.00%	0.00%	0.00%	50.00%	33.33%	16.67%	0.00%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	0.00%	60.00%	20.00%	0.00%	0.00%	0.00%	0.00%	20.00%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.00%	33.33%	0.00%	0.00%	0.00%	0.00%	50.00%	16.67%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	83.33%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	66.67%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	16.67%	33.33%	33.33%	16.67%	0.00%	0.00%	0.00%
<b>Workers' compensation</b>	0.00%	0.00%	16.67%	33.33%	33.33%	16.67%	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)**

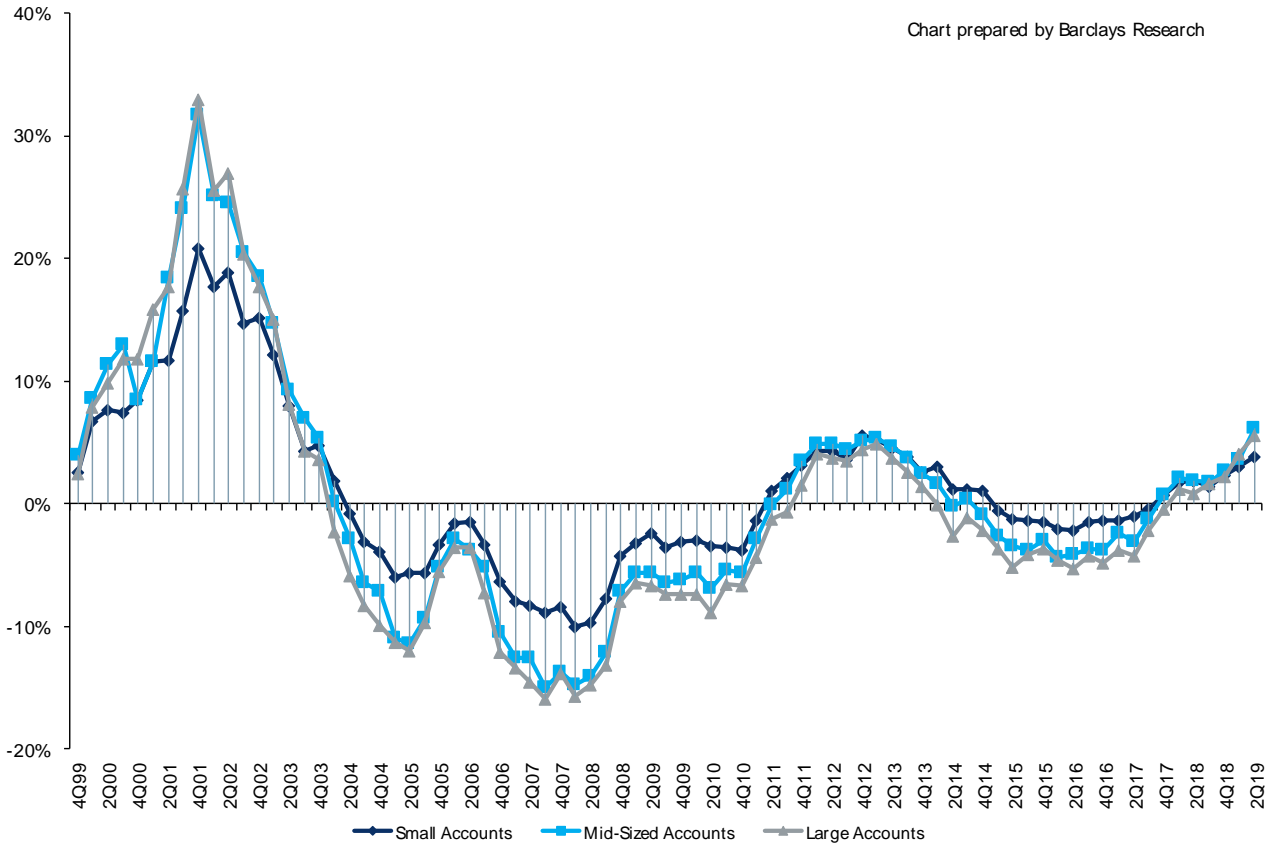
1. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2019 (January 1 – March 31)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	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
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	0.00%	5.00%	25.00%	60.00%	5.00%	0.00%	0.00%	0.00%	5.00%
<b>Medium Account (Between \$25k to \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	10.00%	75.00%	10.00%	0.00%	0.00%	0.00%	5.00%
<b>Large Account (More than \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	5.00%	70.00%	15.00%	5.00%	0.00%	0.00%	5.00%

2. During the second quarter of 2019 (April 1 – June 30), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2019 (January 1 – March 31)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

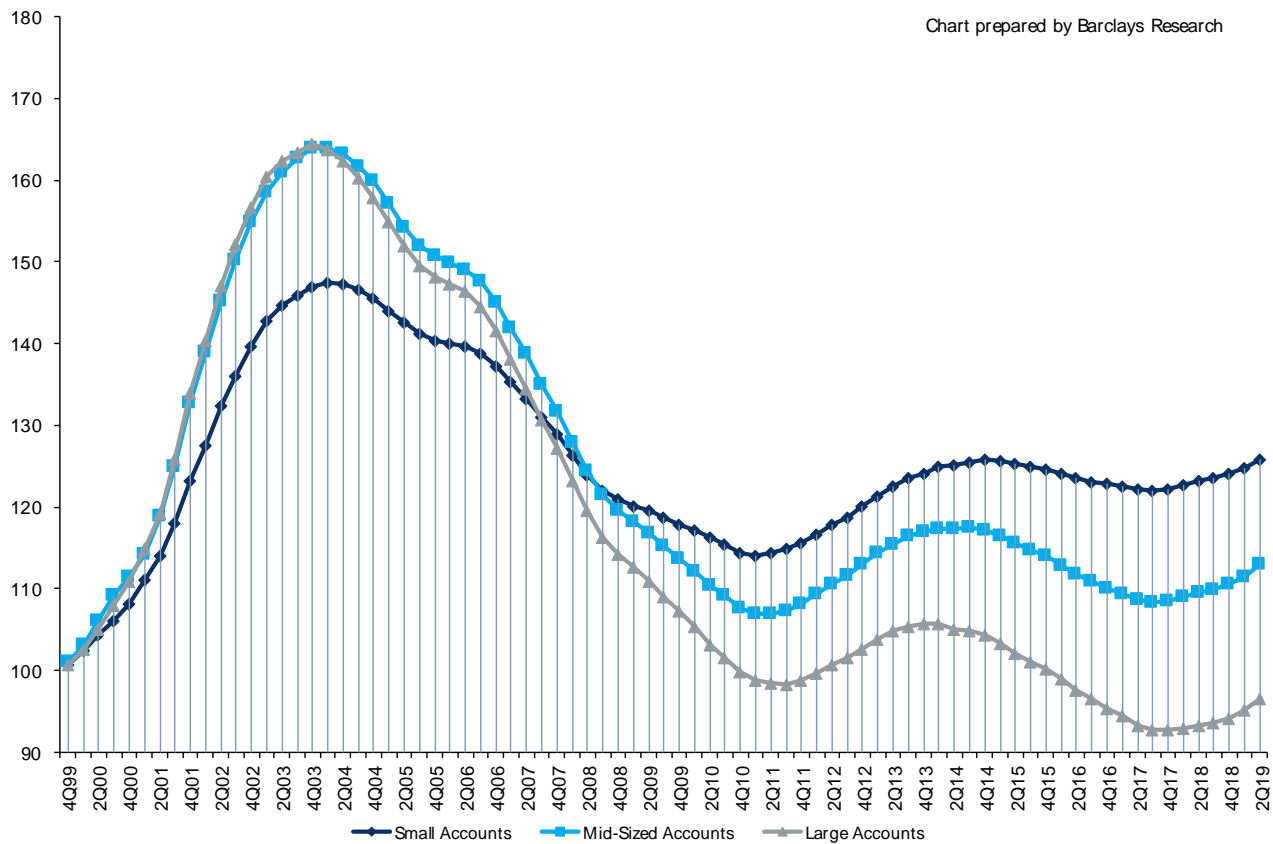
	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No Change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not Sure
<b>Business interruption</b>	0.00%	0.00%	0.00%	0.00%	25.00%	70.00%	0.00%	0.00%	0.00%	0.00%	5.00%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	5.26%	52.63%	15.79%	5.26%	0.00%	0.00%	0.00%	21.05%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	5.00%	10.00%	45.00%	40.00%	0.00%	0.00%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.00%	0.00%	5.00%	50.00%	40.00%	5.00%	0.00%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	0.00%	44.44%	44.44%	11.11%	0.00%	0.00%	0.00%	0.00%
<b>Cyber</b>	0.00%	0.00%	0.00%	0.00%	71.43%	28.57%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	0.00%	38.10%	42.86%	4.76%	4.76%	4.76%	0.00%	4.76%
<b>Flood</b>	0.00%	0.00%	0.00%	0.00%	61.11%	33.33%	5.56%	0.00%	0.00%	0.00%	0.00%
<b>Employment practices</b>	0.00%	0.00%	0.00%	0.00%	45.00%	40.00%	15.00%	0.00%	0.00%	0.00%	0.00%
<b>General liability</b>	0.00%	0.00%	0.00%	0.00%	35.00%	60.00%	5.00%	0.00%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	0.00%	61.11%	22.22%	0.00%	0.00%	0.00%	0.00%	16.67%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.00%	66.67%	11.11%	0.00%	0.00%	0.00%	0.00%	22.22%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	77.78%	5.56%	0.00%	0.00%	0.00%	0.00%	16.67%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	72.22%	5.56%	0.00%	0.00%	0.00%	0.00%	22.22%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	28.57%	47.62%	23.81%	0.00%	0.00%	0.00%	0.00%
<b>Workers' compensation</b>	0.00%	0.00%	5.26%	52.63%	36.84%	5.26%	0.00%	0.00%	0.00%	0.00%	0.00%

### 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

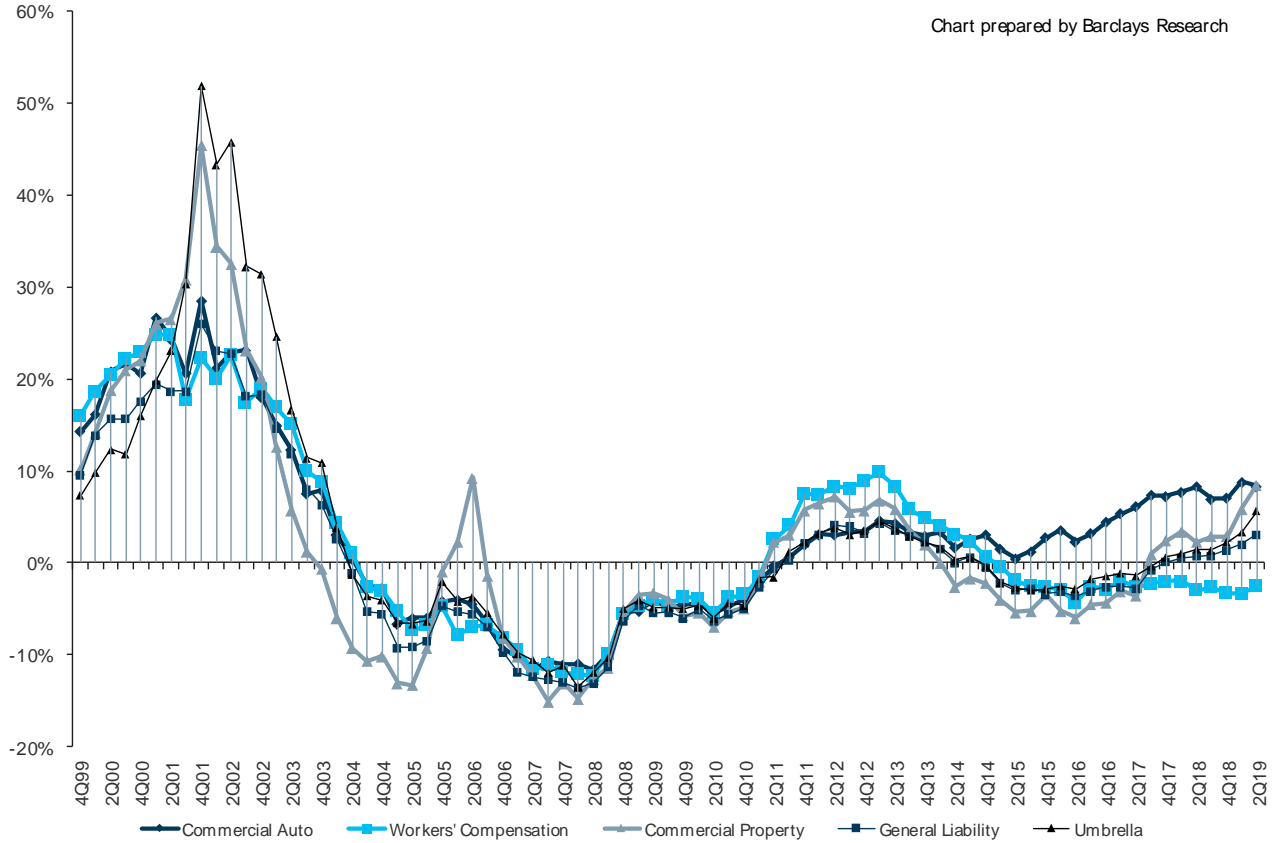


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



### Average Commercial Rate Increases by Line

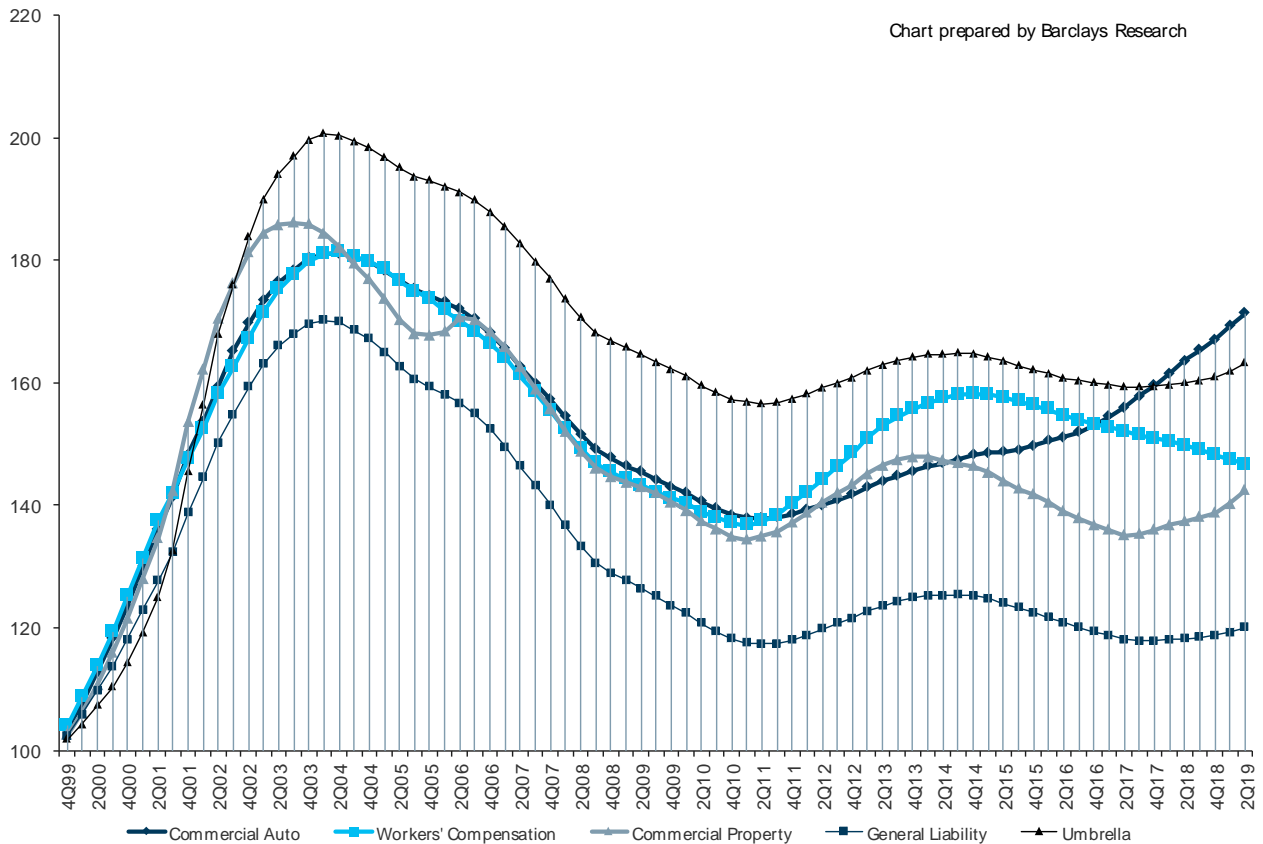
Chart prepared by Barclays Research



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

### Cumulative Quarterly Rate Increases by Line

Chart prepared by Barclays Research

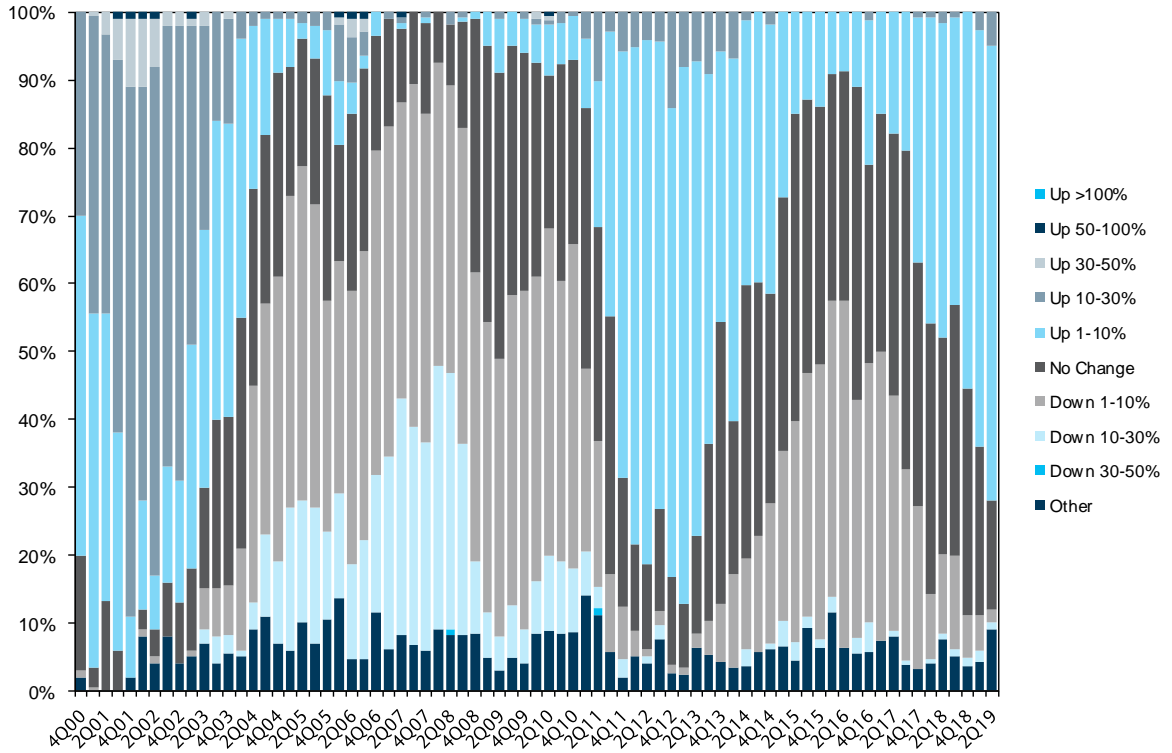


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

### Insurance Rate Changes, Small Commercial Accounts\*

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

Percentage of Survey Respondents

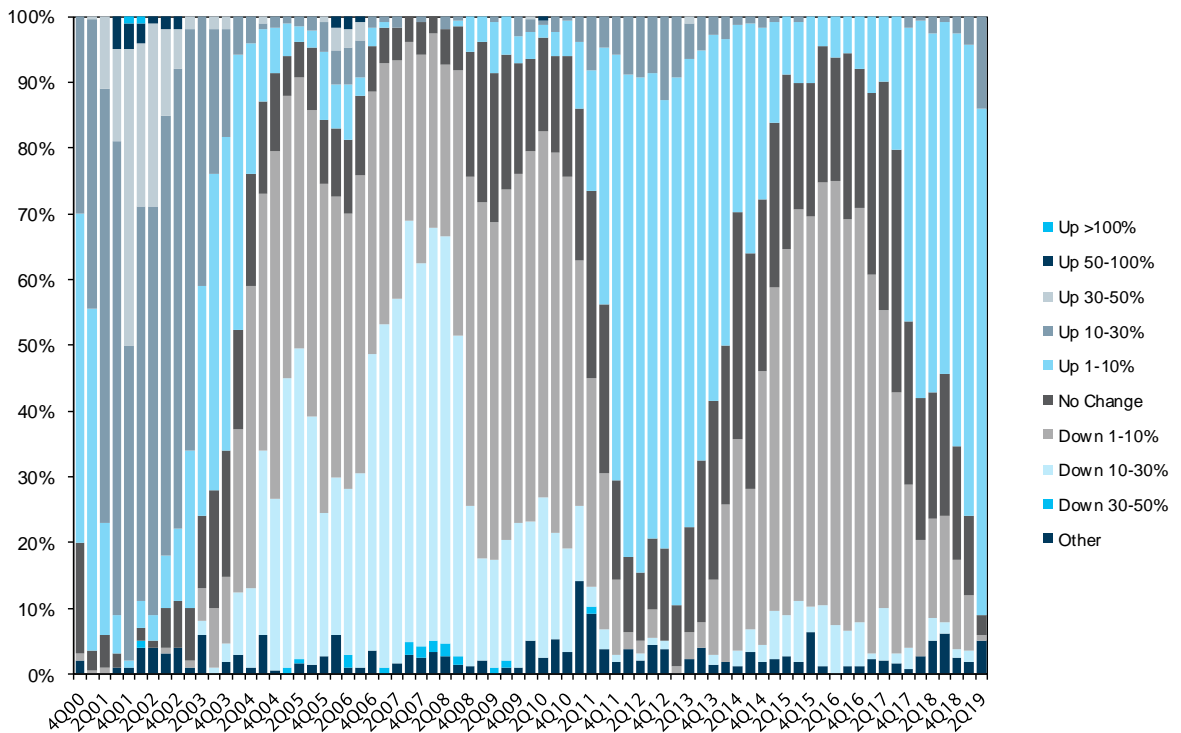


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

### Insurance Rate Changes, Medium Commercial Accounts\*

Rate Increases Reported by Agents & Brokers in CIAB Survey  
 (\*Accounts generating \$25,000-\$100,000 in annual commissions & fees)

Percentage of Survey Respondents

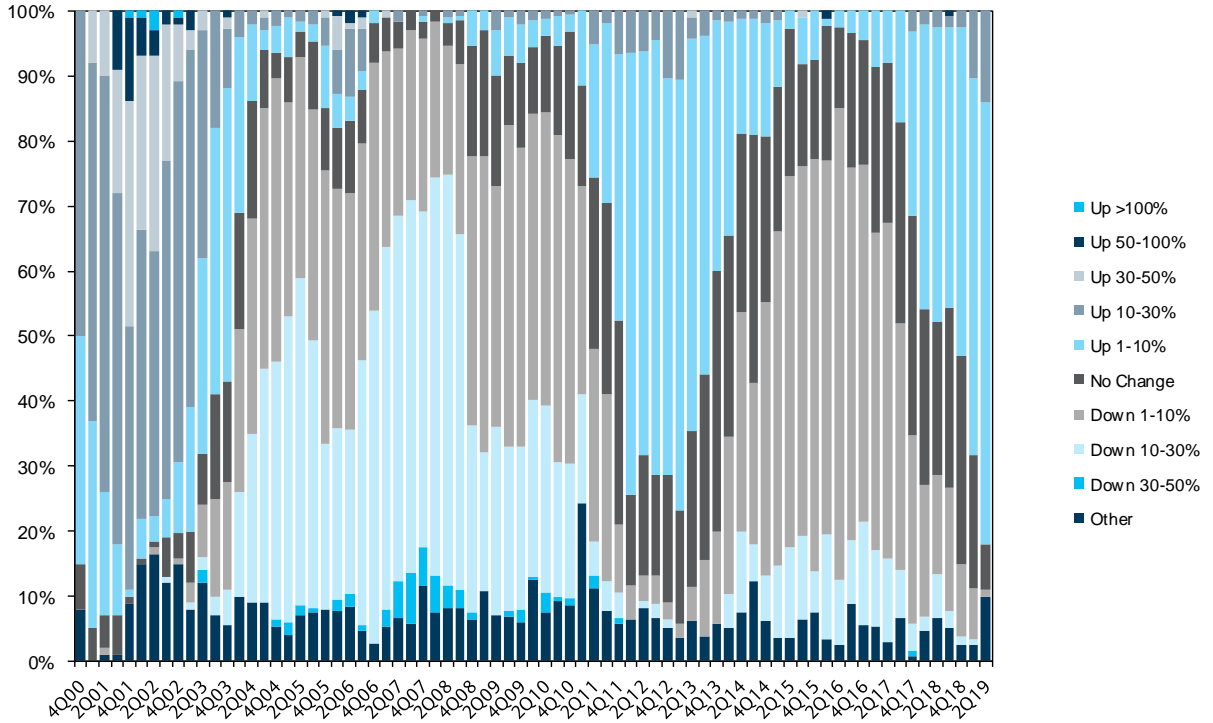


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

### Insurance Rate Changes, Large Commercial Accounts\*

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey  
 (\*Accounts generating >\$100,000 in annual commissions & fees)

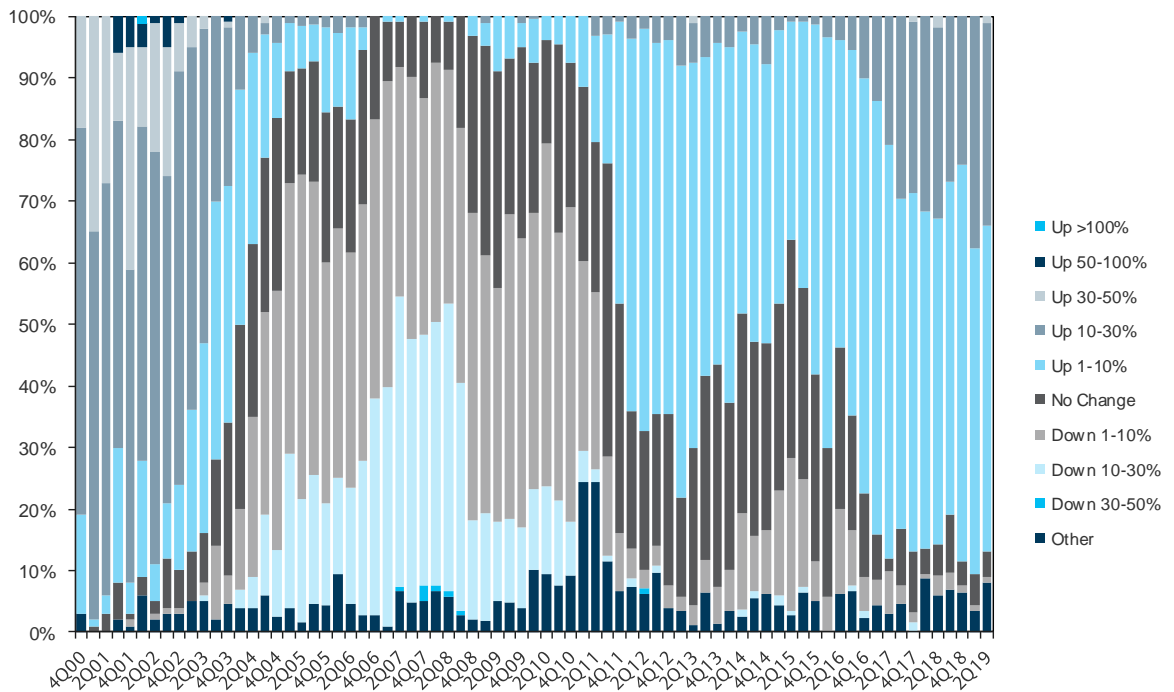


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

### Commercial Auto Insurance Rate Changes

Percentage of Survey Respondents

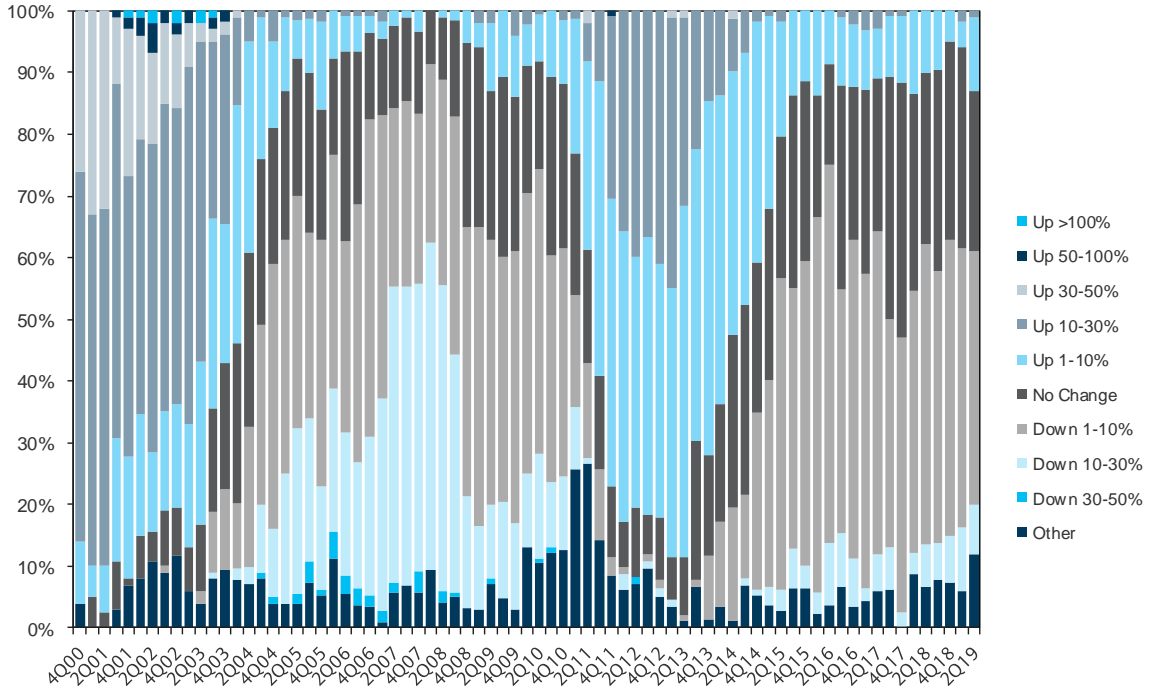
Rate Increases Reported by Agents & Brokers in CIAB Survey



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

Workers' Compensation Insurance Rate Changes  
Rate Increases Reported by Agents & Brokers in CIAB Survey

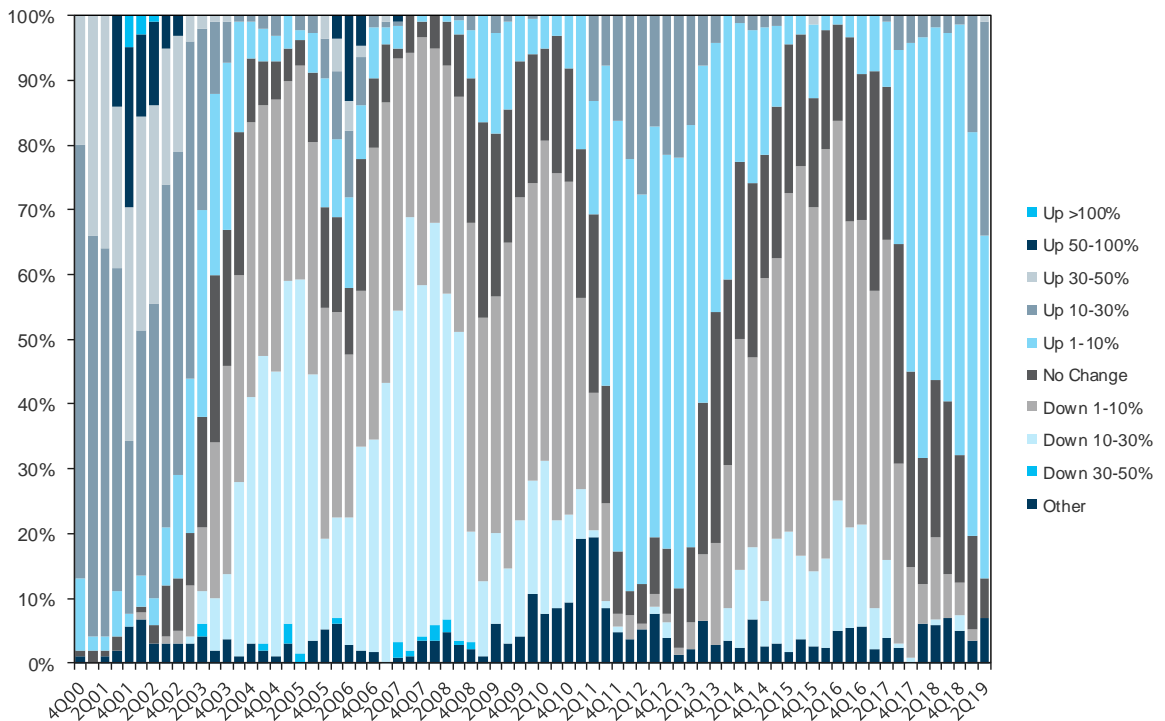
Percentage of Survey Respondents



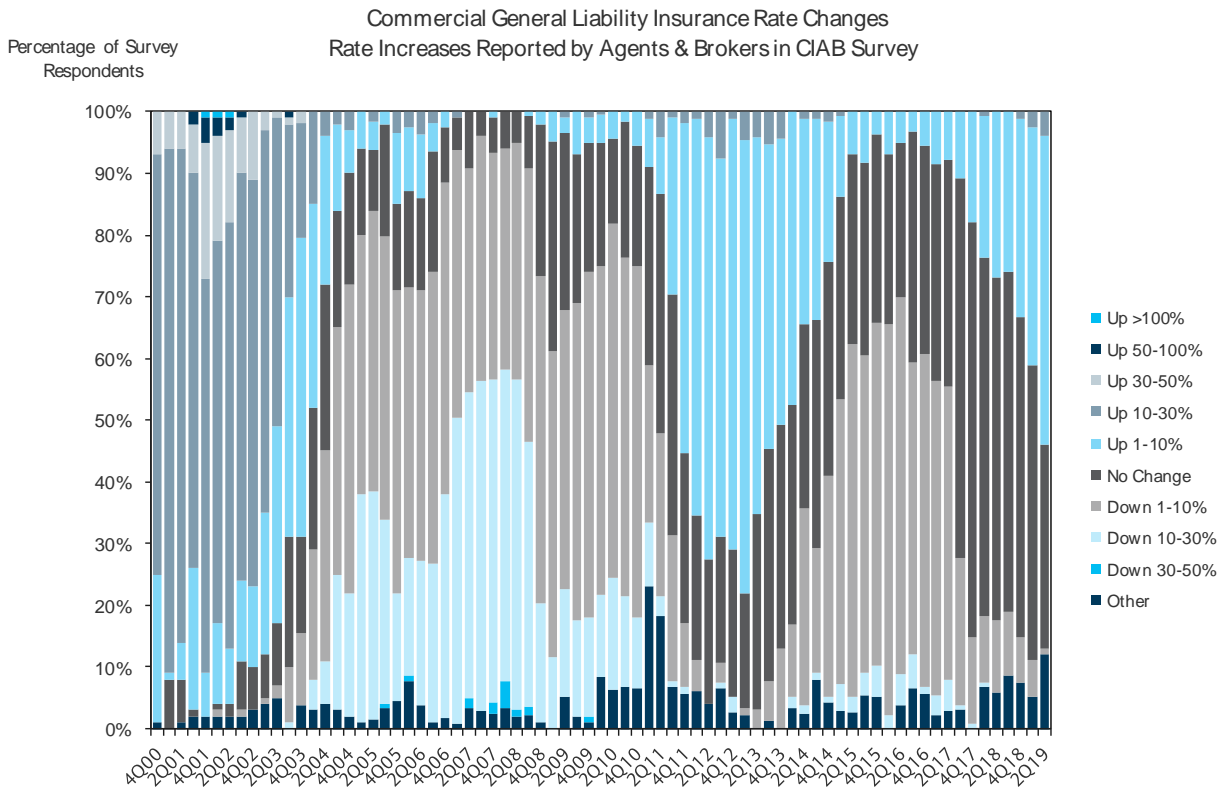
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Commercial Property Insurance Rate Changes  
Rate Increases Reported by Agents & Brokers in CIAB Survey

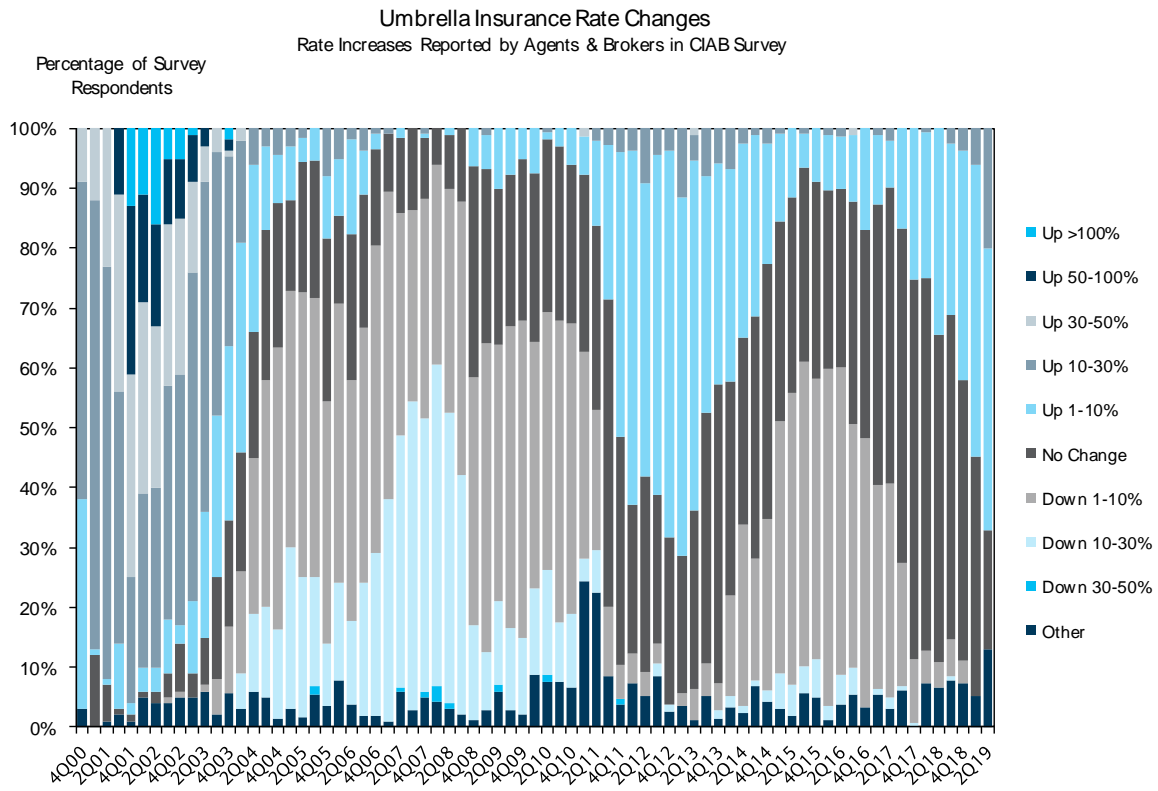
Percentage of Survey Respondents



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



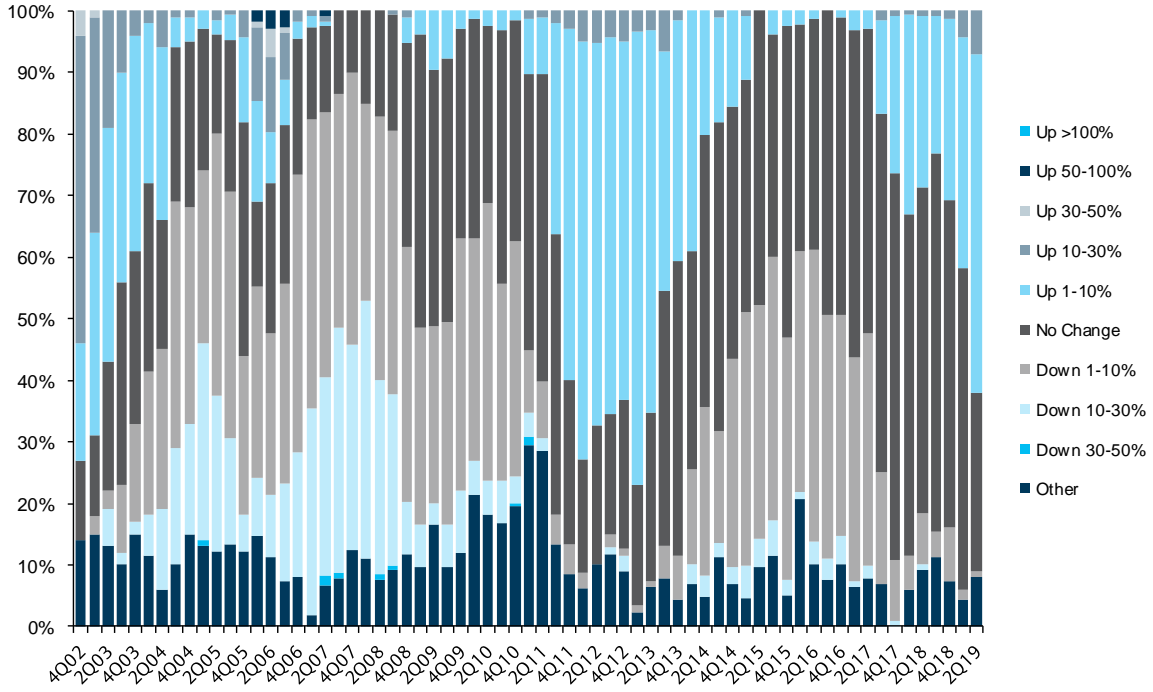
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



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

**Business Interruption Insurance Rate Changes**  
Rate Increases Reported by Agents & Brokers in CIAB Survey

Percentage of Survey Respondents



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

Source: The

