



 THE COUNCIL

## COMMERCIAL PROPERTY/ CASUALTY MARKET INDEX

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Q4/2019



# EXECUTIVE SUMMARY

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*The following are key takeaways from The Council of Insurance Agents & Brokers' Commercial Property/Casualty Market Report Q4 2019 (October 1 – December 31):*

- Premium pricing across all-sized accounts increased by an average of 7.5% in Q4 2019, the ninth consecutive quarter of rate increases. Large and medium-sized accounts experienced significant increases, at 9.4% and 8.0%, respectively.
- The market continued to harden in Q4 2019, with all major lines except for Workers' Compensation reporting moderate-to-significant increases. Umbrella pricing was impacted the most, with premiums increasing by an average of 13.6%, alongside the perennially problematic Commercial Auto, which saw an increase of 10.5%. Overall, the average increase across all lines was 7.6%.
- More than three-quarters (76%) of respondents noted they saw an increase in demand for cyber insurance in Q4 2019, suggesting that brokers' clients believe in the importance of having insurance to insulate a firm from the effects of a cyber breach or attack.
- "Future premium increases" was one of the top concerns 82% of respondents said they heard from their clients, followed by "limitations on coverage" and "high current premium," reflecting the trend of carriers reducing limits and increasing pricing for lines such as Commercial Auto seen in previous survey results.

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

The market continued to harden in Q4 2019, with respondents reporting rising premiums, stricter underwriting, and carriers denying to cover specific lines of business. The average premium increase across all-sized accounts was **7.5%** in Q4 2019, compared to 6.2% in Q3 2019 and 5.2% in Q2. Broken down by individual account size, large and medium accounts experienced the most significant increases, at **9.4%** and **8.0%**, respectively, compared to 7.6% and 6.8% in Q3 2019. Pricing for small accounts was less influenced by market conditions in Q4 2019, with a reported average increase of **5.2%**.

### AVERAGE COMMERCIAL PRICING INCREASES

	By Account Size			AVERAGE
	SMALL	MEDIUM	LARGE	
<b>Fourth Quarter 2019</b>	<b>5.2%</b>	<b>8.0%</b>	<b>9.4%</b>	<b>7.5%</b>
<b>Third Quarter 2019</b>	<b>4.4%</b>	<b>6.8%</b>	<b>7.6%</b>	<b>6.2%</b>
<b>Second Quarter 2019</b>	<b>3.9%</b>	<b>6.2%</b>	<b>5.6%</b>	<b>5.2%</b>
<b>First Quarter 2019</b>	<b>3.0%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>3.5%</b>
<b>Fourth Quarter 2018</b>	<b>2.3%</b>	<b>2.7%</b>	<b>2.2%</b>	<b>2.4%</b>
<b>High</b>	<b>20.8%</b>	<b>31.7%</b>	<b>33.0%</b>	<b>28.5%</b>
<i>High Date</i>	<i>4Q01</i>	<i>4Q01</i>	<i>4Q01</i>	
<b>Low</b>	<b>-10.0%</b>	<b>-15.0%</b>	<b>-15.9%</b>	<b>-13.6%</b>
<i>Low Date</i>	<i>1Q08</i>	<i>3Q07</i>	<i>3Q07</i>	

Source:  
The Council of Insurance Agents & Brokers.

## PREMIUM PRICING BY LINE OF BUSINESS

Similar firming was seen throughout most commercial lines. The average premium pricing increase across the five major lines of business was **7.6%** in Q4 2019, compared to 5.9% in Q3 2019 and 4.6% in Q2 2019. This marks the **10<sup>th</sup>** consecutive quarter of increases for this particular metric, a trend begun in Q3 2017.

“Q4 was a difficult quarter for insurers, brokers, and clients alike,” said Ken A. Crerar, President/CEO of The Council. “The increased frequency and severity of Commercial Auto, Umbrella and D&O claims were linked with higher premiums and significant tightening in underwriting. While other lines did not experience such notable shifts, they still felt the effects of the firming market. It’s crucial now for brokers to position themselves as ‘trusted advisors’ by helping their clients understand and navigate current market conditions.”

Commercial Auto, Commercial Property, and Umbrella continued to be the most volatile major lines of business The Council monitors (see chart on page 3). Commercial Auto’s average premium increase broke double-digits for the first quarter since 2003, at **10.5%**. The same is true for Umbrella, which recorded an average premium increase of **13.6%**, the highest increase among all commercial lines. Premium pricing for Commercial Property increased to 9.7%, up from 8.8% in Q3 2019.

## BY-LINE FOURTH QUARTER 2019 RATE CHANGES RANGED FROM -1.9% TO +13.6%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Fourth Quarter 2019	10.5%	-1.9%	9.7%	5.8%	13.6%	7.6%
Third Quarter 2019	9.1%	-2.7%	8.8%	4.6%	9.8%	5.9%
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%
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.

Outside of the major lines, **D&O Liability** and **Construction Risks** saw sizable increases in Q4 2019, at 7.0% and 6.3%. Lastly, two lines, **Cyber** and **Marine**, also set record high increases since The Council began monitoring these lines in 2016 and 2008, at 2.9% and 3.2% respectively.

## RATE CHANGES IN OTHER LINES

	4Q19	HIGH	LOW
Broker E&O	2.2%	15.4%	-4.5%
Business Interruption	4.4%	28.8%	-10.2%
Construction	6.3%	38.7%	-10.7%
Cyber	2.9%	2.9%	-1.5%
D&O Liability	7.0%	32.4%	-8.7%
Employment Practices	4.6%	21.9%	-8.1%
Flood	4.1%	8.6%	-2.7%
Marine	3.2%	3.2%	-10.6%
Medical Malpractice	3.6%	32.5%	-4.1%
Surety Bonds	0.8%	11.2%	-2.3%
Terrorism	1.2%	10.4%	-3.6%

**Source:**

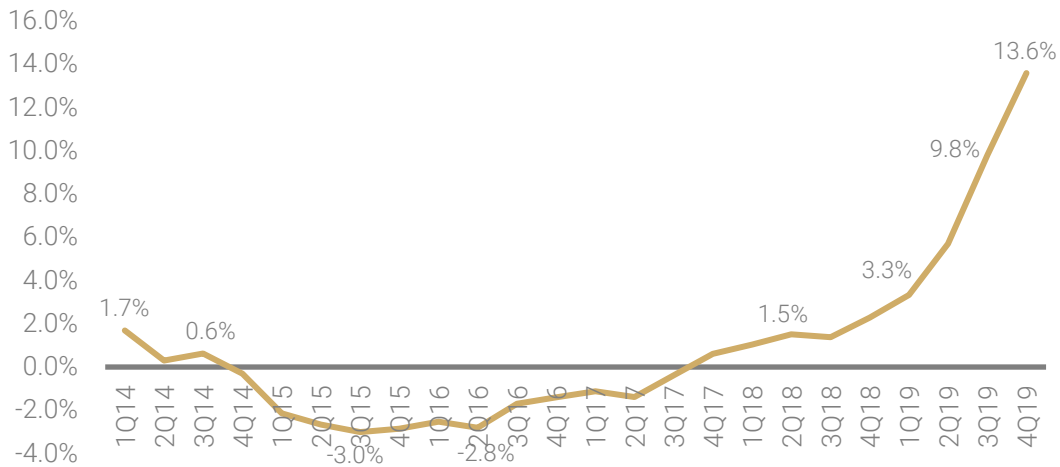
The Council of Insurance Agents & Brokers.

## NOTABLE LINES OF BUSINESS

### UMBRELLA

As seen in the graph below, the rate of increase for Umbrella’s premium prices was notably accelerated in the past year, meaning increased premium pricing for Umbrella grew at a faster rate compared to the other lines The Council monitors. In Q1 2019, Umbrella pricing increased 3.3% compared to the previous quarter, but in Q4 2019, Umbrella experienced an average increase of **13.6%** compared to pricing in Q3 2019. Fittingly, multiple respondents mentioned that the largest premium increases they saw in Q4 2019 were in Umbrella. “Umbrella is in a crisis mode,” said one respondent from a Southeastern firm.

Premium Change for Umbrella, 2014-Q3 2019

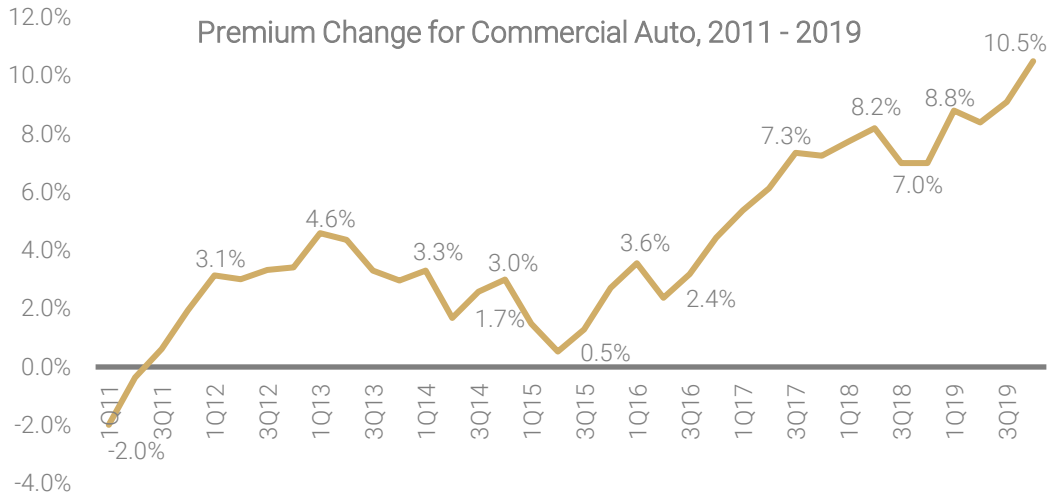


Similar to previous surveys, responses suggested that Umbrella rates were influenced by other concerning lines of business, in particular Commercial Auto and Commercial Property. Several respondents mentioned that carriers were “looking to reduce risk, especially regarding umbrella with underlying auto coverage,” which resulted in lower limits and “much higher prices.”

Outside Commercial Auto and Commercial Property, respondents agreed that, for most lines, claims also continued to increase in “both frequency and severity” in Q4 2019. Respondents noted the increasing severity of claims could also be forcing insureds to rely on their Umbrella policies.

### COMMERCIAL AUTO

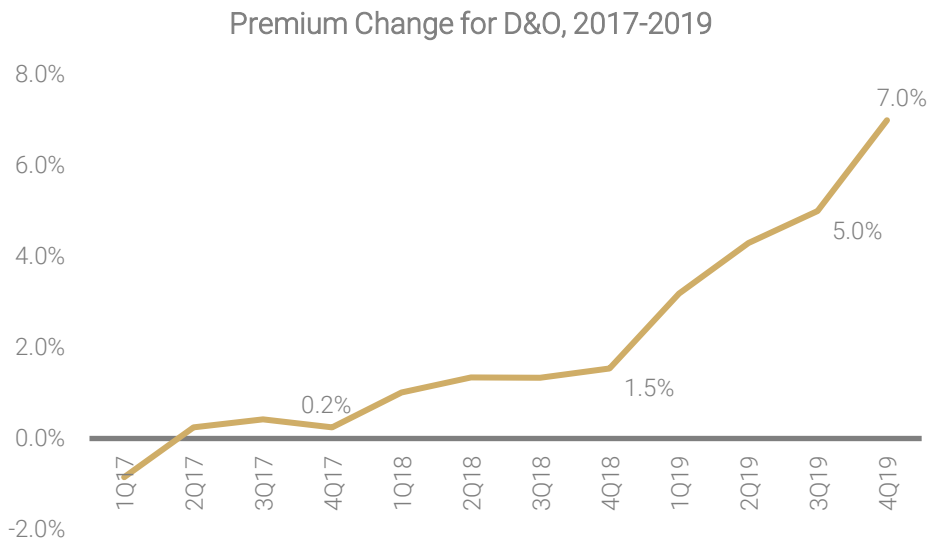
Commercial Auto prices continued to harden in Q4 2019, marking its **34<sup>th</sup> consecutive quarter of increased premium pricing** with an average increase of **10.5%**, making Commercial Auto and Umbrella the only lines to experience double digit rate increases in Q4. “Auto continues to be a challenge,” said one respondent from a mid-sized Northwestern firm, and another respondent from a large Midwestern firm specified that accounts with “sizable fleets” were particularly challenging.



We have discussed notable causes for Commercial Auto premium increases in previous surveys—distracted driving, increased claims from more people on the road, increased severity of claims due to higher cost of vehicles and larger settlements—in this survey before. One respondent from a large Midwestern firm also suggested that a “shortage of qualified/experienced drivers continued to lead to wage inflation and losses.”

## DIRECTORS & OFFICERS (D&O)

The average premium increase for D&O in Q4 2019 was **7.0%**. Similar to Umbrella, respondents noted that D&O experienced the largest rate increases seen in recent quarters.



Respondents agreed that there may be a correlation between D&O’s premium increases and social inflation, a [topic](#) recently discussed in *Leader’s Edge*. In short, a rising number of securities class action lawsuits and corresponding settlements, the growing popularity of litigation financing, and a shift in social trends (e.g., #metoo) triggering lawsuits that have inflated claims costs for insurers and therefore may also be affecting premiums. According to Milliman’s [Three Rising trends in D&O Insurance](#), settlement costs alone were up 71% between 2017 and 2018.

## CYBER

For the first time since The Council began monitoring the line, respondents agreed that Cyber firmed in Q4 2019, with a record increase (relative to its previous increases) of **3.0%**. A report by [Gallagher](#) suggested that Cyber may have finally reached an “inflection point”—after 10 quarters of premium decreases or increases of less than 1%. “There was clear evidence that the cyber market was taking a harder stance with some of the larger and more complex risks,” explained John Farley, managing director at Gallagher.

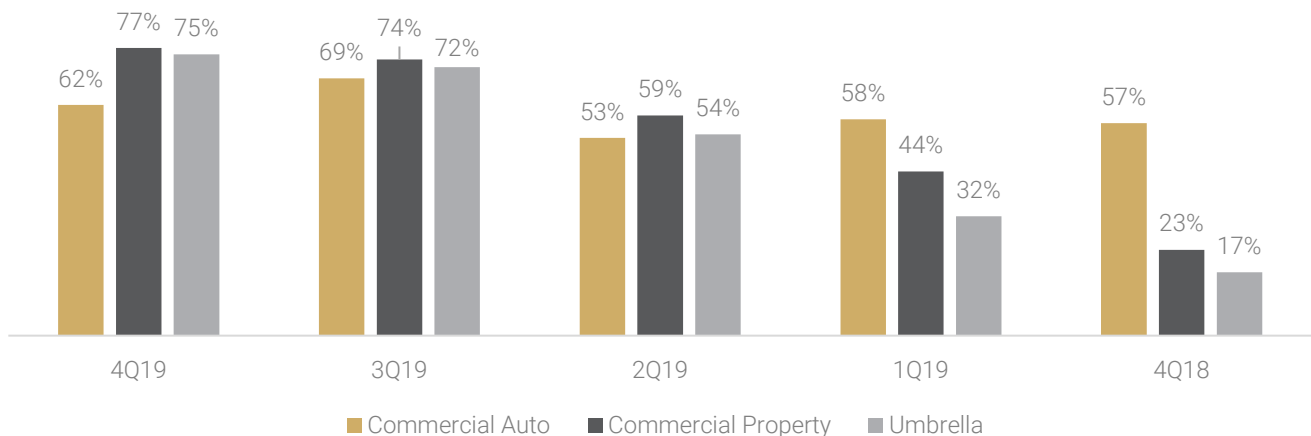
Additionally, the Gallagher report proposed that the firming in Q4 2019 came in response to the increase in frequency and severity of cyber-related losses observed during earlier quarters in 2019. Ransomware attacks, [for example](#), increased by 105% in the first quarter of 2019 when compared with 2018. That increase coincided with a 93% increase in the amount of ransom demanded over the same period.

## UNDERWRITING

### UNDERWRITING BY LINE OF BUSINESS

Tangible changes in underwriting mostly centered on Umbrella, Commercial Property, and Commercial Auto. These three lines all experienced significant tightening in capacity, as seen in the graph below.

Respondents Reporting a **Decrease** in Underwriting Capacity



Both Commercial Auto and Commercial Property saw similar changes in underwriting capacity. Respondents mentioned decreased limits, significantly reduced capacity and upward pressure on rates. Additionally, respondents noted that property underwriters were “more concerned about loss control recommendations than in the past. Clients can no longer ‘get away’ with noncompliance. [The recommendations] need to be done before renewal.” Respondents also highlighted there was an increase in non-renewals for tougher risks and accounts with losses—and in some cases, even non-renewal for accounts with “good loss experience” because those accounts were for a specific tough line of business (e.g. Commercial Auto).

As for Umbrella, “carriers wanted a buffer line of coverage between their contract and the underlying contract [which is] very difficult to get,” said one respondent from a midsized Southeastern firm. “There was increased pricing on Umbrella policies,” observed another respondent from a large Northwestern firm, adding that carriers were “trying to attach at \$2 million rather than \$1 million” in certain cases, echoing a common theme of carrier pushing for higher attachment points.

Coupled with rising premiums, D&O also experienced a decrease in capacity in Q4 2019, with **36%** of respondents reporting they had seen a decrease. Business Interruption (BI) was another line that saw moderate tightening, with **31%** of respondents noting a decrease in capacity. One respondent from a large Midwestern firm mentioned that “contingent BI, especially risks with global exposures, experienced large increases [in claims],” which may be a cause for tightening seen in Q4.

## UNDERWRITING BY ACCOUNT SIZE

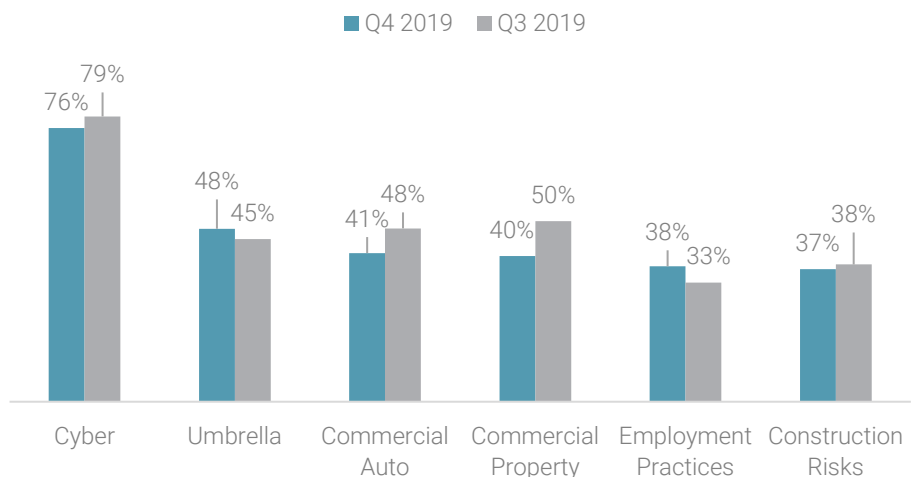
Respondents agreed that underwriters were seeking rate increases for all account sizes, especially those accounts that had Commercial Auto, Commercial Property, and Umbrella. Additionally, for **large accounts** specifically, several respondents mentioned that it was very difficult to secure excess liability coverage, mentioning “challenges building excess towers [due to capacity]” and that in some cases it was impossible to place coverage due to its prohibitively high price point. For **small and medium accounts**, a few respondents addressed how “greater use of online products” led to less communication and involvement from the underwriters, which one respondent from a large Northeastern firm saw as “not a good thing.”

Overall, “tough markets” translated to underwriters requesting additional information for renewals, or underwriters going as far as preconditioning renewals on providing that supplementary information. On the Commercial Property side, for all account sizes, respondents also mentioned a move towards higher wind/hail deductibles, and for Commercial Auto and Umbrella, they described carriers restricting coverage and locking in automatic rate increases. All in all, respondents agreed that carriers had significantly decreased appetite for risk.

## DEMAND

Demand for Cyber, Umbrella, and Construction Risks in Q4 2019 remained largely the same compared to the previous quarter, as seen in the graph. And while 41% and 40% of respondents still noted an increase in demand for Commercial Auto and Commercial Property in Q4 2019, this number was slightly down compared to Q3 2019. Interestingly, one respondent from the Northwest said, “I wouldn’t say demand has changed. The **availability** has changed in many coverage lines—Property, Auto, Umbrella/Excess and in some cases GL (Habitational).”

Respondents Noting an Increase in Demand

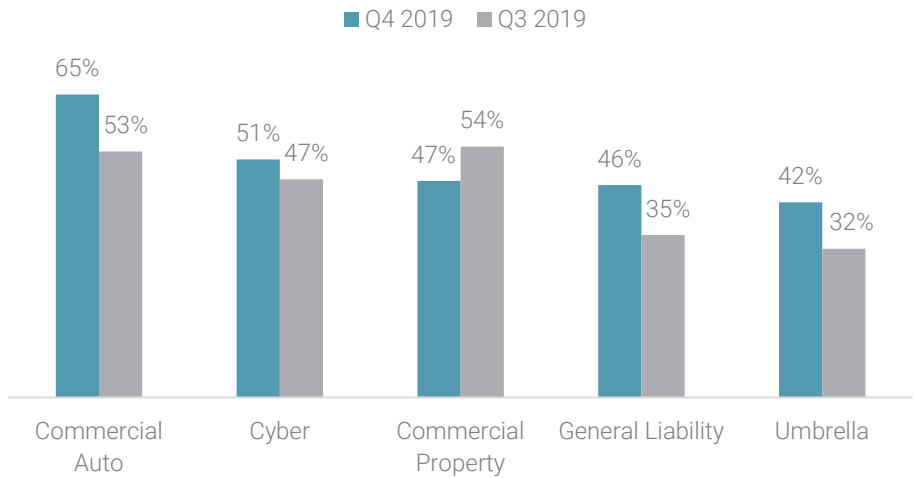


For all other lines, more than **70%** of respondents said that demand did not change compared to previous quarters.



## CLAIMS

Respondents Noting an Increase in Claims



In line with the increased Commercial Auto claims discussed previously, **65%** of respondents noted an increase in Commercial Auto claims in Q4 2019, compared to 53% of respondents in Q3 2019. General Liability and Umbrella also showed a noticeable increase in respondents reporting increased claims compared to the previous quarter. According to one respondent from a Southeastern firm, in Q4 2019 “[most types of] claims were increasing at an alarming pace with no end in sight.”

Respondents again linked **Social inflation** to the increase in General Liability claims, the litigation financing component of it in particular. Financier involvement gives plaintiffs the resources to pursue litigation against a business they normally may not be able to, potentially triggering a General Liability claim from the business for attorney fees.

The **rise in Umbrella claims** seen above may be associated with the rise in Commercial Auto claims, given the link between Umbrella and Commercial Auto discussed previously. The ever-increasing cost in Commercial Auto claims, coupled with the increase in frequency, could mean that Umbrella policies were triggered. Additionally, one respondent from a mid-sized Northeastern firm mentioned “Umbrella programs for residential associations were falling apart due to claims.”

Commercial Property was the only line that experienced a notable decrease in claims compared to the previous quarter. This may be due to the fact that while the 2019 still saw losses in excess of [\\$53 billion](#), those losses were about 34% lower than 2018 losses and 63% lower than 2017 losses, suggesting a slower natural catastrophe season than the past two years.

## PRIORITIES AND CHALLENGES

A consistent theme throughout this survey is the need to develop and organically grow brokerage teams in the face of an ageing workforce and the ever-present pressure that a brokerage must “grow or die,” according to a large Northwestern firm. **“Driving organic growth”** through referrals, cross-selling, and recruitment was also the top priority for survey respondents as they move into 2020.

Top 3 Broker Priorities for 2020 and Broker Challenges in Q4 2019



One respondent from a midsized Southwestern firm mentioned that they were “hiring young producers,” as they “need to continue perpetuation ...as older producers retire.” Another response, highlighting the fact that **“recruiting and developing talent”** was again a top-three priority and challenge for survey respondents, acknowledged the necessity of bringing fresh talent into the office, but said that it was difficult to find “good people.” “We have started to hire/train entry-level employees but investment is significant and returns are slow. We lose 40% of new trainees.”

Some solutions to this issue included adopting an entry-level training program, as well as recruiting directly from college and internship programs meant to show new talent the many possible career paths within the industry. However, as one respondent from a large Midwestern firm mentioned, “with low unemployment, attracting the right talent is challenging.” Given that Millennials value [meaningful work](#), perhaps the current market conditions will offer brokerages a chance to show new hires how an agency can tangibly help their clients through risk control programs and “providing broad risk transfer solutions.”

**The use of data** was also a key theme in responses, and **“becoming more data-driven”** was actually listed as a top-three challenge by **30%** of respondents and a top-three priority by **31%** of respondents. “Our clients are demanding better benchmark data in order to make limit and deductible decisions,” said one respondent from a midsized Northwestern firm. Another respondent said they needed to make sure “we are collecting data that is helpful to clients and not collecting data for the sake of collecting data.” Most respondents agreed that data will help them specialize and build their own niche.

Lastly, as with last quarter, a common refrain among responses describing upcoming opportunities for brokers in 2020 was how the current firming market will offer brokers the opportunity to reinforce the value they add for clients. Brokers need to be “taking on a more risk management philosophy” and make use of their unique expertise, which is “needed in a hardening market.” It is, as one respondent put it, “time to sharpen our pencils and prove we add more value.”

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.

**BELOW ARE THE SURVEY RESULTS FOR:  
ALL REGIONS**

1. During the fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following account sizes, compared to the third quarter of 2019 (July 1 – September 30)? (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%	1.67%	0.83%	11.67%	72.50%	12.50%	0.83%	0.00%	0.00%	0.00%
<b>Medium Account (Between \$25k to \$100k in commission and fees)</b>	0.00%	0.00%	1.65%	1.65%	2.48%	60.33%	30.58%	2.48%	0.83%	0.00%	0.00%
<b>Large Account (More than \$100k in commission and fees)</b>	0.00%	0.00%	0.83%	2.48%	1.65%	52.89%	33.88%	7.44%	0.83%	0.00%	0.00%

2. During the fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following lines of business, compared to the third quarter of 2019 (July 1 – September 30)? (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%	1.68%	26.89%	57.98%	10.92%	0.84%	0.00%	0.00%	1.68%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.87%	0.00%	45.22%	35.65%	5.22%	0.00%	0.00%	0.00%	13.04%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	1.68%	1.68%	44.54%	42.86%	8.40%	0.84%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.84%	0.84%	3.36%	50.42%	35.29%	7.56%	1.68%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	0.00%	22.41%	56.03%	11.21%	7.76%	0.86%	0.00%	1.72%
<b>Cyber</b>	0.00%	0.00%	0.00%	3.33%	44.17%	45.00%	5.00%	0.83%	0.00%	0.00%	1.67%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	0.00%	20.83%	53.33%	15.83%	7.50%	0.83%	0.00%	1.67%
<b>Flood</b>	0.00%	0.00%	0.00%	0.85%	40.17%	37.61%	12.82%	2.56%	0.00%	0.00%	5.98%
<b>Employment practices</b>	0.00%	0.00%	0.00%	1.68%	31.09%	54.62%	7.56%	1.68%	1.68%	0.00%	1.68%
<b>General liability</b>	0.00%	0.00%	0.00%	1.68%	15.97%	66.39%	10.92%	5.04%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	1.74%	42.61%	34.78%	8.70%	0.87%	0.87%	0.00%	10.43%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.88%	41.23%	23.68%	12.28%	2.63%	0.88%	0.00%	18.42%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	73.91%	13.91%	0.87%	0.00%	0.00%	0.00%	11.30%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.87%	71.30%	15.65%	3.48%	0.00%	0.00%	0.00%	8.70%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	6.67%	31.67%	38.33%	14.17%	8.33%	0.00%	0.83%
<b>Workers' compensation</b>	0.00%	0.00%	2.52%	55.46%	26.05%	12.61%	3.36%	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 fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	3.85%	0.00%	7.69%	73.08%	15.38%	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%	3.85%	3.85%	61.54%	30.77%	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%	3.85%	3.85%	50.00%	34.62%	7.69%	0.00%	0.00%	0.00%

2. During the fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following lines of business, compared to the third quarter of 2019 (July 1 – September 30)? (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%	3.85%	34.62%	46.15%	15.38%	0.00%	0.00%	0.00%	0.00%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	0.00%	56.00%	32.00%	4.00%	0.00%	0.00%	0.00%	8.00%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	4.00%	4.00%	44.00%	48.00%	0.00%	0.00%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	3.85%	0.00%	7.69%	50.00%	38.46%	0.00%	0.00%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	0.00%	32.00%	36.00%	16.00%	16.00%	0.00%	0.00%	0.00%
<b>Cyber</b>	0.00%	0.00%	0.00%	8.00%	40.00%	48.00%	0.00%	0.00%	0.00%	0.00%	4.00%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	0.00%	32.00%	52.00%	8.00%	4.00%	0.00%	0.00%	4.00%
<b>Flood</b>	0.00%	0.00%	0.00%	3.85%	46.15%	26.92%	15.38%	0.00%	0.00%	0.00%	7.69%
<b>Employment practices</b>	0.00%	0.00%	0.00%	0.00%	50.00%	37.50%	4.17%	0.00%	4.17%	0.00%	4.17%
<b>General liability</b>	0.00%	0.00%	0.00%	4.00%	12.00%	64.00%	16.00%	4.00%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	4.00%	44.00%	28.00%	20.00%	0.00%	4.00%	0.00%	0.00%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.00%	36.00%	28.00%	24.00%	0.00%	0.00%	0.00%	12.00%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	79.17%	12.50%	0.00%	0.00%	0.00%	0.00%	8.33%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	65.38%	11.54%	15.38%	0.00%	0.00%	0.00%	7.69%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	12.00%	28.00%	44.00%	12.00%	4.00%	0.00%	0.00%
<b>Workers' compensation</b>	0.00%	0.00%	4.00%	52.00%	24.00%	12.00%	8.00%	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. During the fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	0.00%	3.85%	7.69%	73.08%	15.38%	0.00%	0.00%	0.00%	0.00%
<b>Medium Account (Between \$25k to \$100k in commission and fees)</b>	0.00%	0.00%	3.70%	0.00%	0.00%	59.26%	33.33%	3.70%	0.00%	0.00%	0.00%
<b>Large Account (More than \$100k in commission and fees)</b>	0.00%	0.00%	3.70%	0.00%	0.00%	51.85%	37.04%	7.41%	0.00%	0.00%	0.00%

2. During the fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following lines of business, compared to the third quarter of 2019 (July 1 – September 30)? (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%	25.93%	59.26%	11.11%	0.00%	0.00%	0.00%	3.70%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	0.00%	56.00%	32.00%	4.00%	0.00%	0.00%	0.00%	8.00%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	0.00%	0.00%	37.04%	48.15%	14.81%	0.00%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.00%	0.00%	3.70%	55.56%	40.74%	0.00%	0.00%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	0.00%	22.22%	51.85%	11.11%	11.11%	0.00%	0.00%	3.70%
<b>Cyber</b>	0.00%	0.00%	0.00%	0.00%	44.44%	48.15%	0.00%	3.70%	0.00%	0.00%	3.70%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	0.00%	29.63%	40.74%	11.11%	14.81%	0.00%	0.00%	3.70%
<b>Flood</b>	0.00%	0.00%	0.00%	0.00%	48.15%	37.04%	14.81%	0.00%	0.00%	0.00%	0.00%
<b>Employment practices</b>	0.00%	0.00%	0.00%	3.70%	33.33%	51.85%	7.41%	0.00%	0.00%	0.00%	3.70%
<b>General liability</b>	0.00%	0.00%	0.00%	0.00%	25.93%	55.56%	11.11%	7.41%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	0.00%	50.00%	23.08%	3.85%	0.00%	0.00%	0.00%	23.08%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.00%	42.31%	15.38%	7.69%	0.00%	3.85%	0.00%	30.77%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	77.78%	3.70%	0.00%	0.00%	0.00%	0.00%	18.52%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	84.62%	3.85%	0.00%	0.00%	0.00%	0.00%	11.54%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	3.70%	29.63%	33.33%	18.52%	11.11%	0.00%	3.70%
<b>Workers' compensation</b>	0.00%	0.00%	3.70%	51.85%	33.33%	3.70%	7.41%	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 fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	15.63%	75.00%	9.38%	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%	3.03%	3.03%	63.64%	27.27%	3.03%	0.00%	0.00%	0.00%
<b>Large Account (More than \$100k in commission and fees)</b>	0.00%	0.00%	0.00%	2.94%	0.00%	52.94%	35.29%	8.82%	0.00%	0.00%	0.00%

2. During the fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following lines of business, compared to the third quarter of 2019 (July 1 – September 30)? (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%	29.03%	64.52%	3.23%	3.23%	0.00%	0.00%	0.00%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	0.00%	51.61%	41.94%	0.00%	0.00%	0.00%	0.00%	6.45%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	0.00%	3.13%	50.00%	40.63%	3.13%	3.13%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.00%	0.00%	3.23%	51.61%	38.71%	6.45%	0.00%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	0.00%	22.58%	67.74%	9.68%	0.00%	0.00%	0.00%	0.00%
<b>Cyber</b>	0.00%	0.00%	0.00%	3.13%	46.88%	37.50%	12.50%	0.00%	0.00%	0.00%	0.00%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	0.00%	21.88%	59.38%	18.75%	0.00%	0.00%	0.00%	0.00%
<b>Flood</b>	0.00%	0.00%	0.00%	0.00%	38.71%	45.16%	9.68%	3.23%	0.00%	0.00%	3.23%
<b>Employment practices</b>	0.00%	0.00%	0.00%	0.00%	37.50%	56.25%	6.25%	0.00%	0.00%	0.00%	0.00%
<b>General liability</b>	0.00%	0.00%	0.00%	0.00%	15.63%	68.75%	12.50%	3.13%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	0.00%	48.39%	48.39%	3.23%	0.00%	0.00%	0.00%	0.00%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	3.23%	45.16%	25.81%	12.90%	3.23%	0.00%	0.00%	9.68%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	70.97%	22.58%	0.00%	0.00%	0.00%	0.00%	6.45%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	73.33%	23.33%	0.00%	0.00%	0.00%	0.00%	3.33%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	6.25%	43.75%	28.13%	12.50%	9.38%	0.00%	0.00%
<b>Workers' compensation</b>	0.00%	0.00%	0.00%	56.25%	21.88%	21.88%	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 fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
<b>Small Account (Less than \$25k in commission and fees)</b>	0.00%	0.00%	0.00%	0.00%	13.33%	80.00%	6.67%	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%	6.67%	66.67%	26.67%	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%	6.67%	60.00%	33.33%	0.00%	0.00%	0.00%	0.00%

2. During the fourth quarter of 2019 (October 1 – December 31), on average, did premiums go up or down for each of the following lines of business, compared to the third quarter of 2019 (July 1 – September 30)? (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%	53.33%	13.33%	0.00%	0.00%	0.00%	0.00%
<b>Broker E&amp;O</b>	0.00%	0.00%	0.00%	0.00%	35.71%	50.00%	7.14%	0.00%	0.00%	0.00%	7.14%
<b>Commercial auto</b>	0.00%	0.00%	0.00%	0.00%	0.00%	46.67%	40.00%	13.33%	0.00%	0.00%	0.00%
<b>Commercial property</b>	0.00%	0.00%	0.00%	0.00%	0.00%	46.67%	20.00%	26.67%	6.67%	0.00%	0.00%
<b>Construction risks</b>	0.00%	0.00%	0.00%	0.00%	20.00%	53.33%	13.33%	6.67%	6.67%	0.00%	0.00%
<b>Cyber</b>	0.00%	0.00%	0.00%	6.67%	26.67%	53.33%	13.33%	0.00%	0.00%	0.00%	0.00%
<b>D&amp;O</b>	0.00%	0.00%	0.00%	0.00%	0.00%	73.33%	13.33%	6.67%	6.67%	0.00%	0.00%
<b>Flood</b>	0.00%	0.00%	0.00%	0.00%	28.57%	35.71%	7.14%	7.14%	0.00%	0.00%	21.43%
<b>Employment practices</b>	0.00%	0.00%	0.00%	0.00%	13.33%	73.33%	6.67%	6.67%	0.00%	0.00%	0.00%
<b>General liability</b>	0.00%	0.00%	0.00%	0.00%	20.00%	73.33%	6.67%	0.00%	0.00%	0.00%	0.00%
<b>Marine</b>	0.00%	0.00%	0.00%	0.00%	28.57%	42.86%	14.29%	0.00%	0.00%	0.00%	14.29%
<b>Medical malpractice</b>	0.00%	0.00%	0.00%	0.00%	50.00%	21.43%	0.00%	7.14%	0.00%	0.00%	21.43%
<b>Surety bonds</b>	0.00%	0.00%	0.00%	0.00%	71.43%	21.43%	0.00%	0.00%	0.00%	0.00%	7.14%
<b>Terrorism</b>	0.00%	0.00%	0.00%	0.00%	50.00%	28.57%	0.00%	0.00%	0.00%	0.00%	21.43%
<b>Umbrella</b>	0.00%	0.00%	0.00%	0.00%	13.33%	33.33%	33.33%	20.00%	0.00%	0.00%	0.00%
<b>Workers' compensation</b>	0.00%	0.00%	6.67%	53.33%	13.33%	26.67%	0.00%	0.00%	0.00%	0.00%	0.00%





## AVERAGE COMMERCIAL PRICING INCREASES

	By Account Size SMALL	MEDIUM	LARGE	AVERAGE
Fourth Quarter 2019	5.2%	8.0%	9.4%	7.5%
Third Quarter 2019	4.4%	6.8%	7.6%	6.2%
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%
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.

## BY-LINE FOURTH QUARTER 2019 RATE CHANGES RANGED FROM -1.9% TO +13.6%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Fourth Quarter 2019	10.5%	-1.9%	9.7%	5.8%	13.6%	7.6%
Third Quarter 2019	9.1%	-2.7%	8.8%	4.6%	9.8%	5.9%
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%
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:**

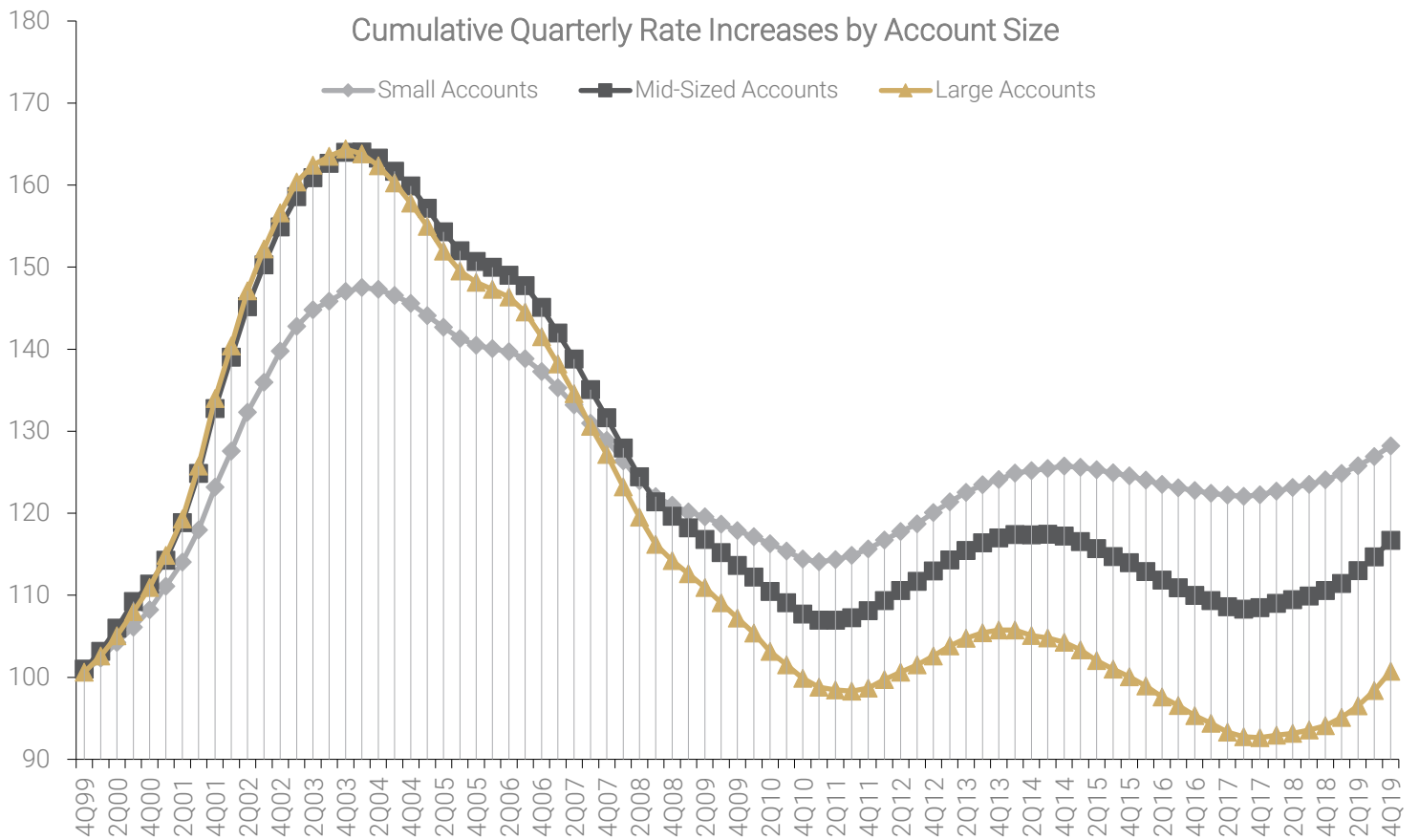
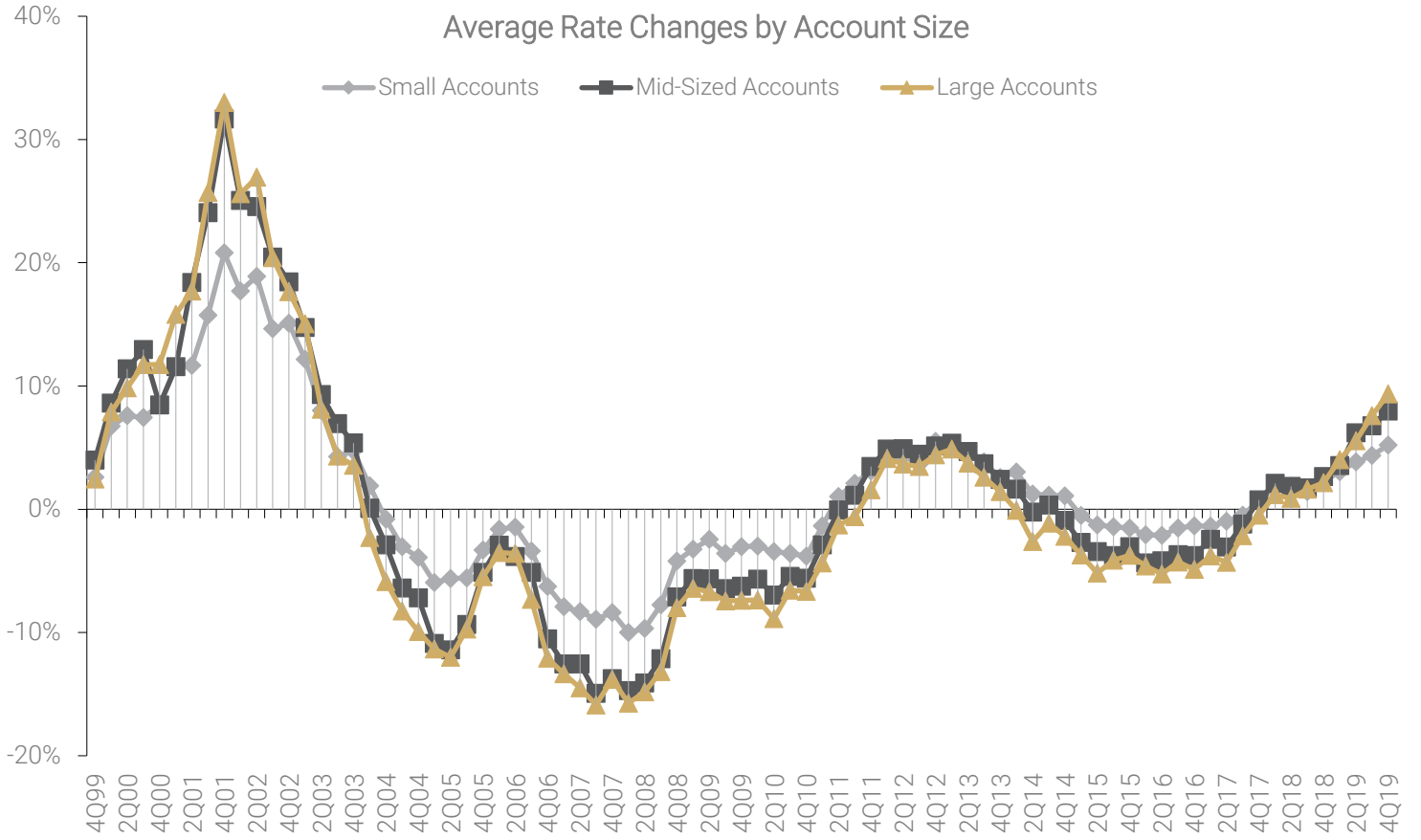
The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

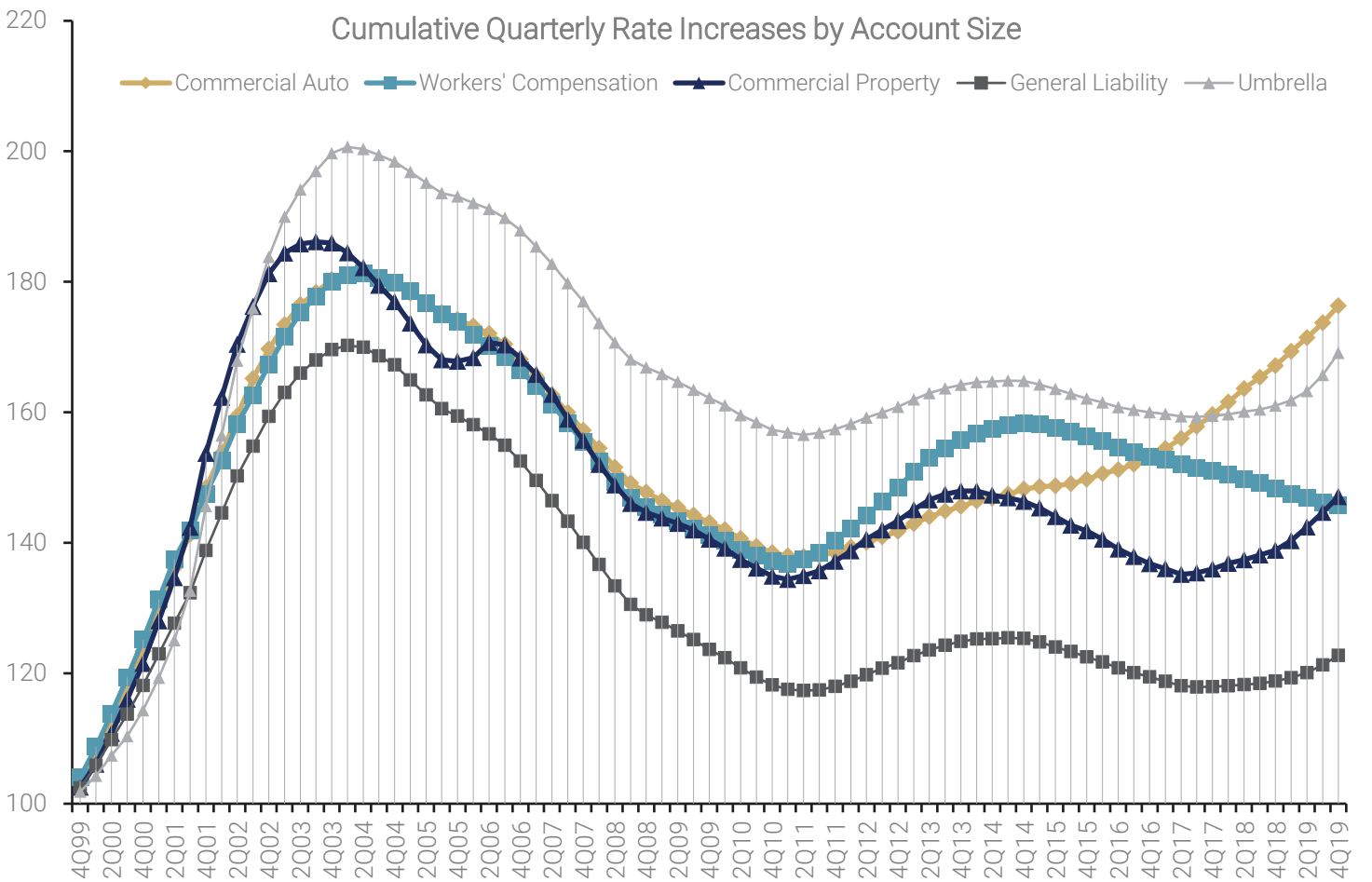
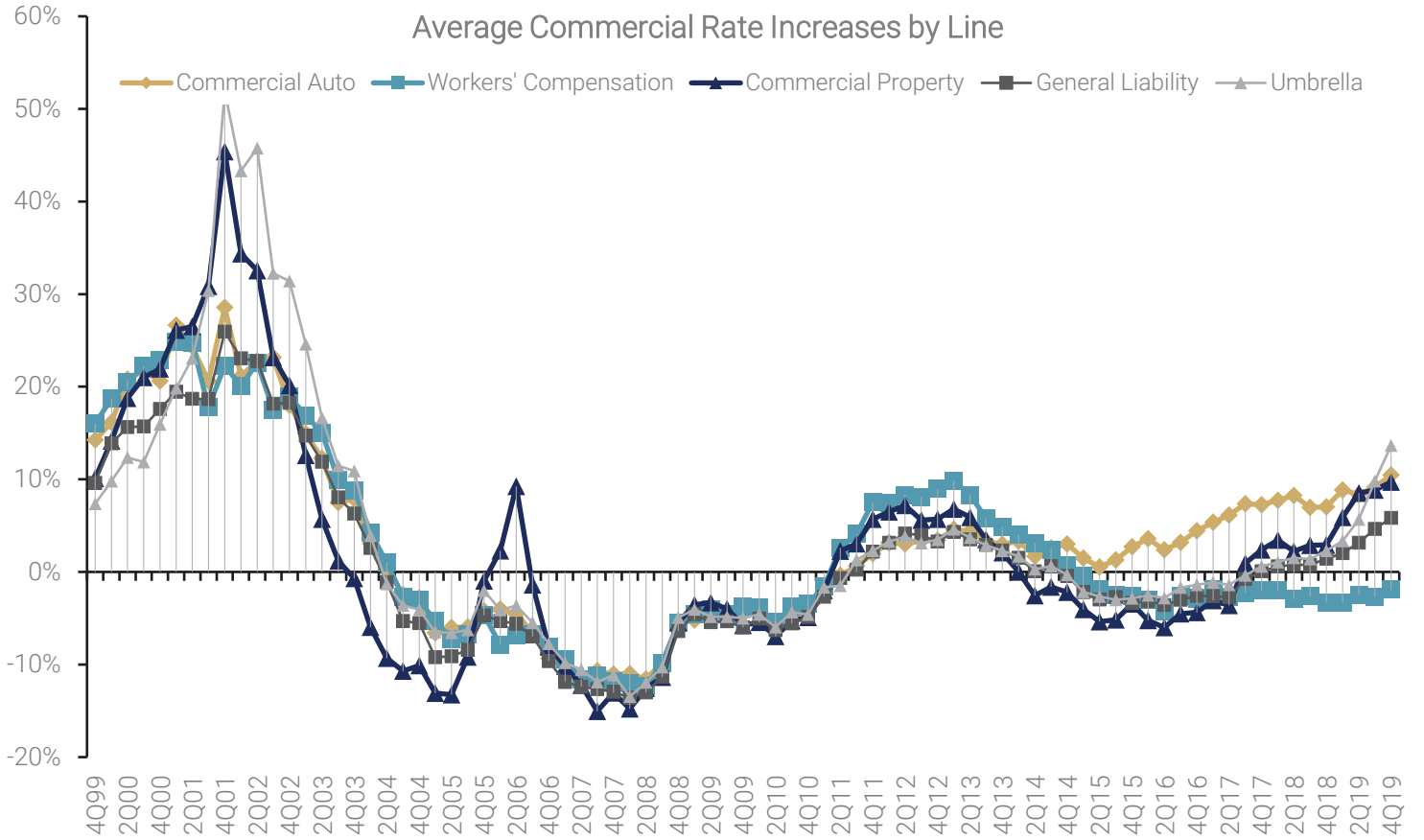
## RATE CHANGES IN OTHER LINES

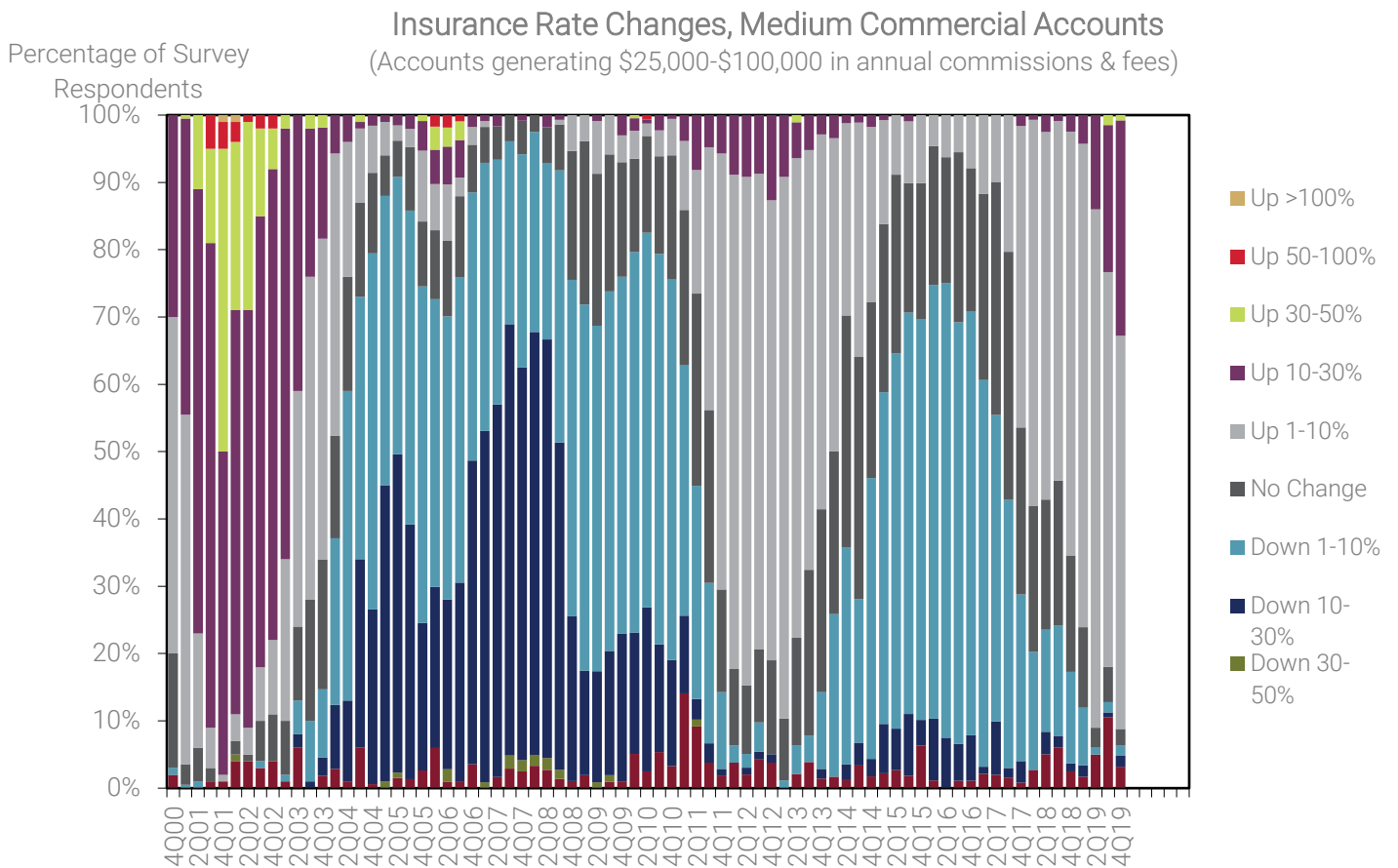
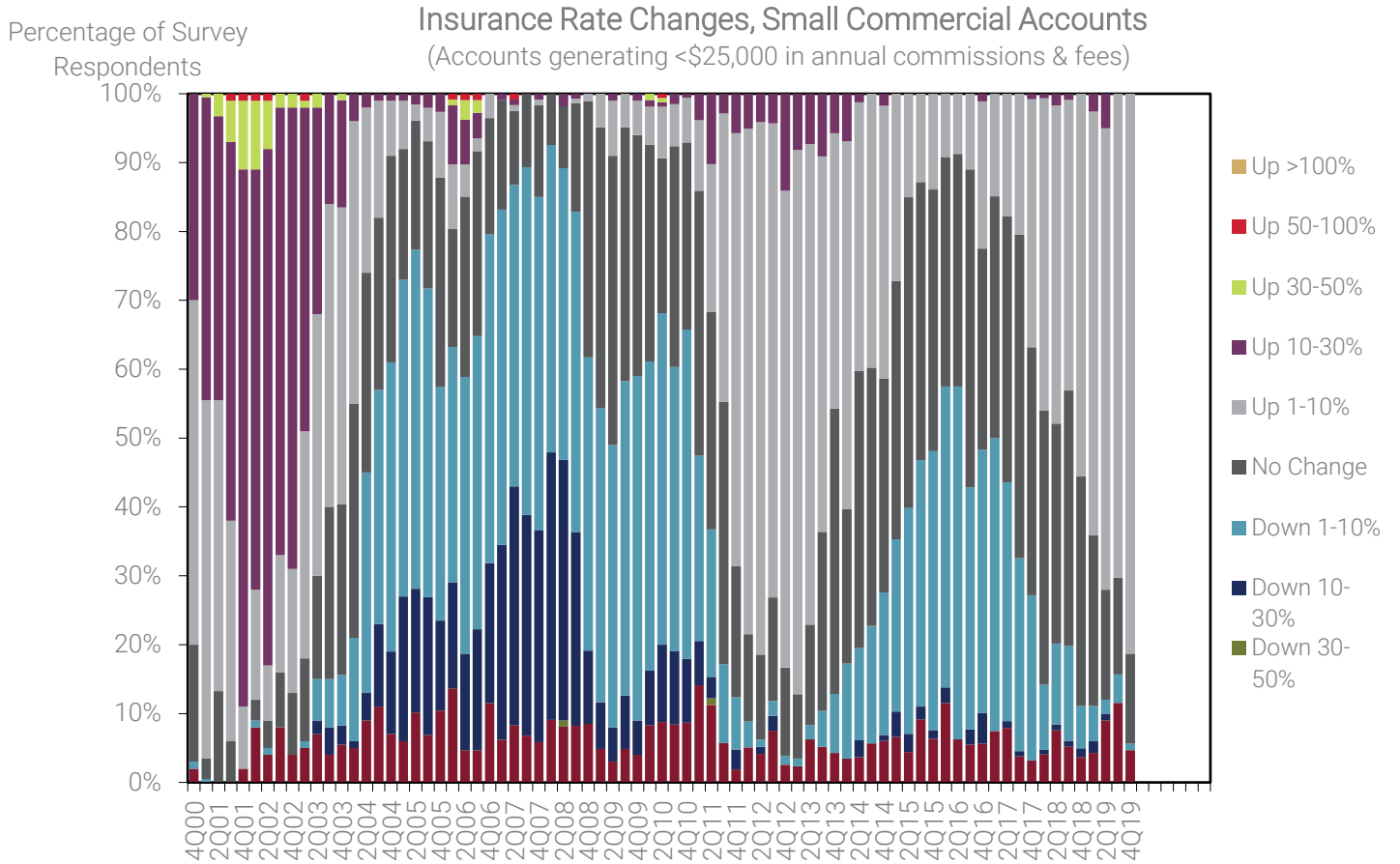
	4Q19	HIGH	LOW
Broker E&O	2.2%	15.4%	-4.5%
Business Interruption	4.4%	28.8%	-10.2%
Construction	6.3%	38.7%	-10.7%
Cyber	2.9%	2.9%	-1.5%
D&O Liability	7.0%	32.4%	-8.7%
Employment Practices	4.6%	21.9%	-8.1%
Flood	4.1%	8.6%	-2.7%
Marine	3.2%	3.2%	-10.6%
Medical Malpractice	3.6%	32.5%	-4.1%
Surety Bonds	0.8%	11.2%	-2.3%
Terrorism	1.2%	10.4%	-3.6%

**Source:**

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

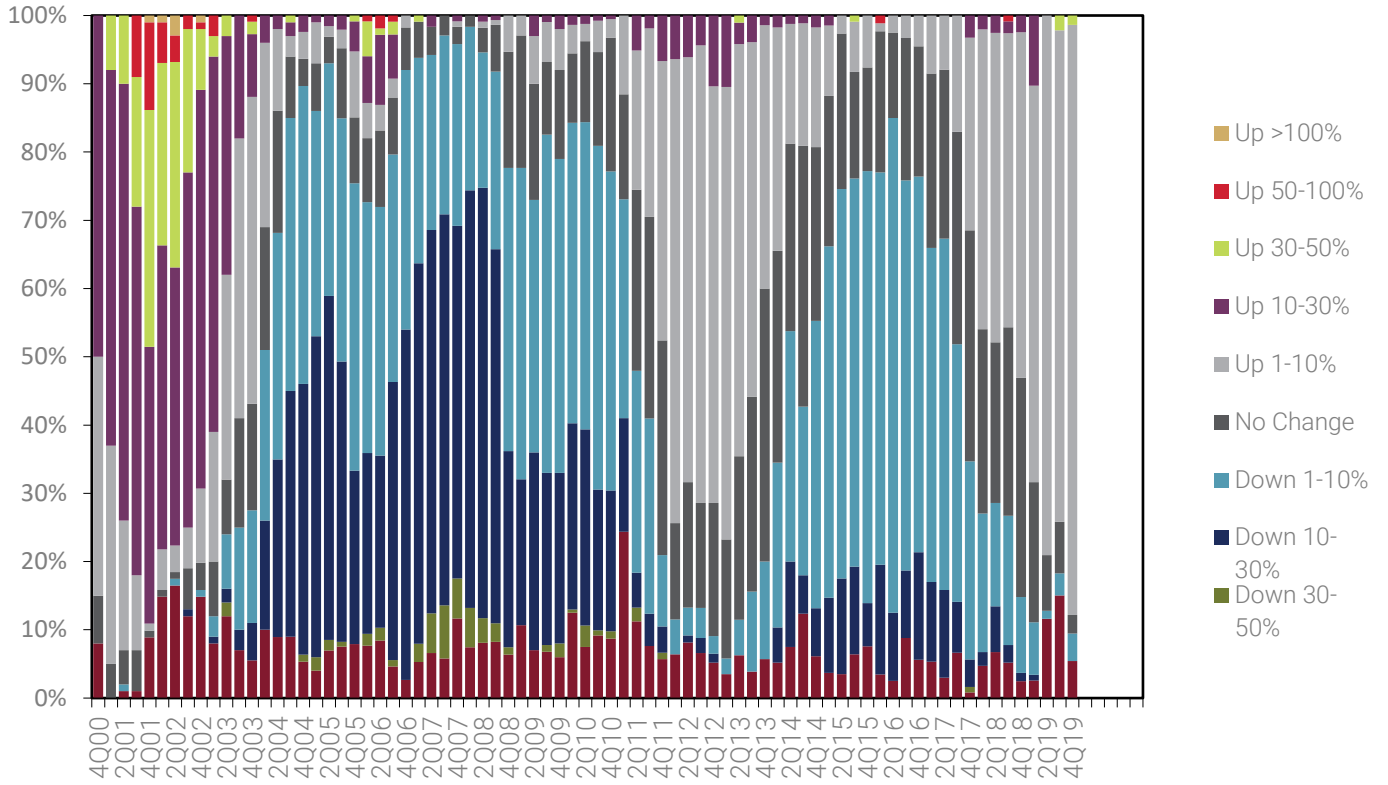






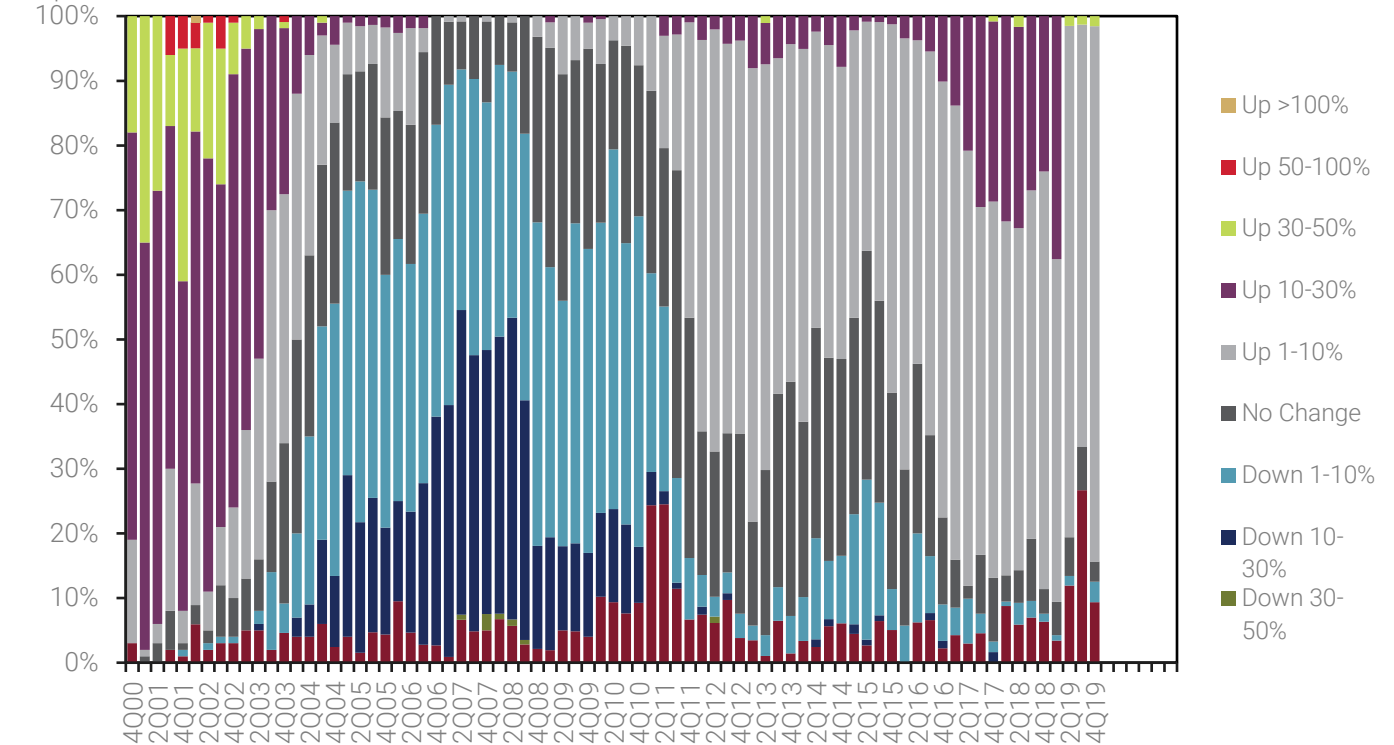
### Insurance Rate Changes, Large Commercial Accounts (Accounts generating >\$100,000 in annual commissions & fees)

Percentage of Survey Respondents



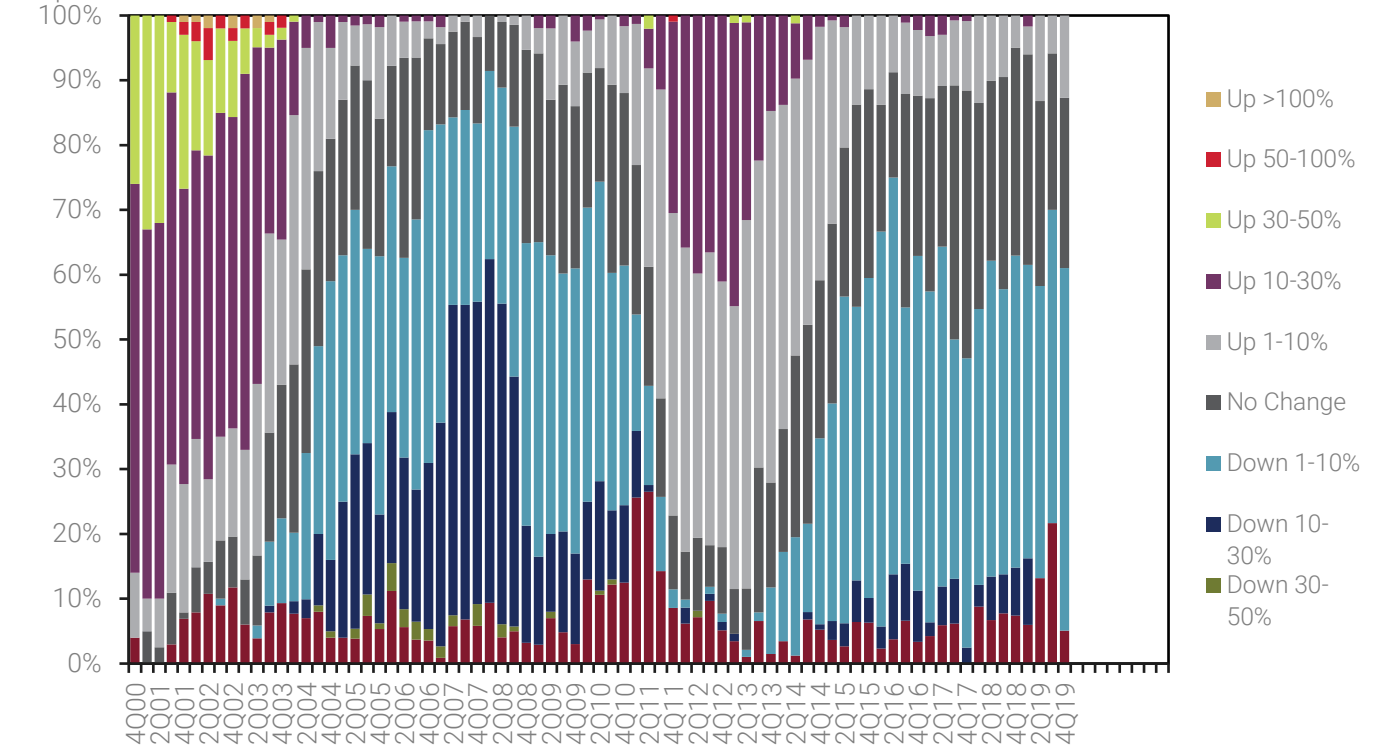
### Commercial Auto Insurance Rate Changes

Percentage of Survey Respondents



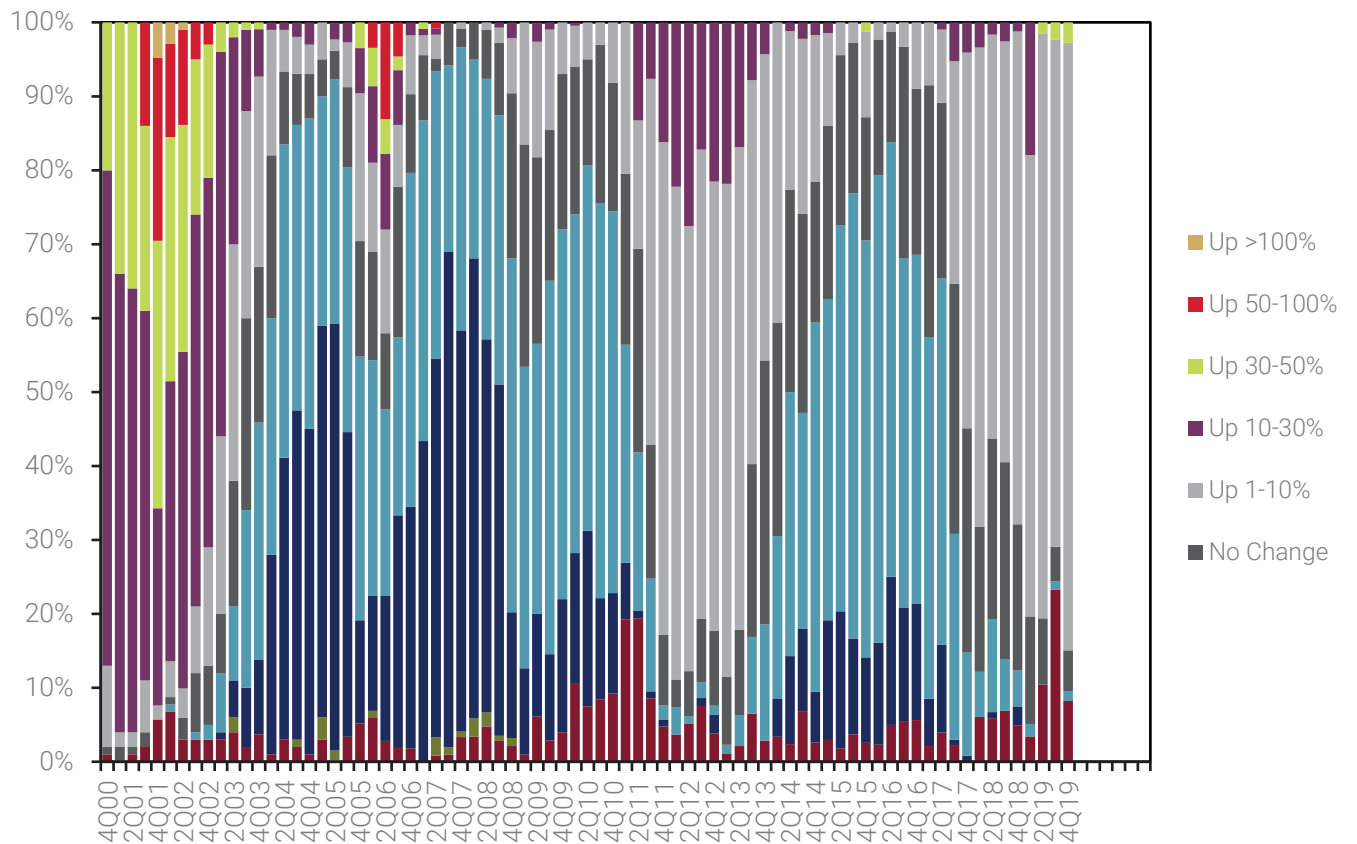
### Workers' Compensation Insurance Rate Changes

Percentage of Survey Respondents



### Commercial Property Insurance Rate Changes

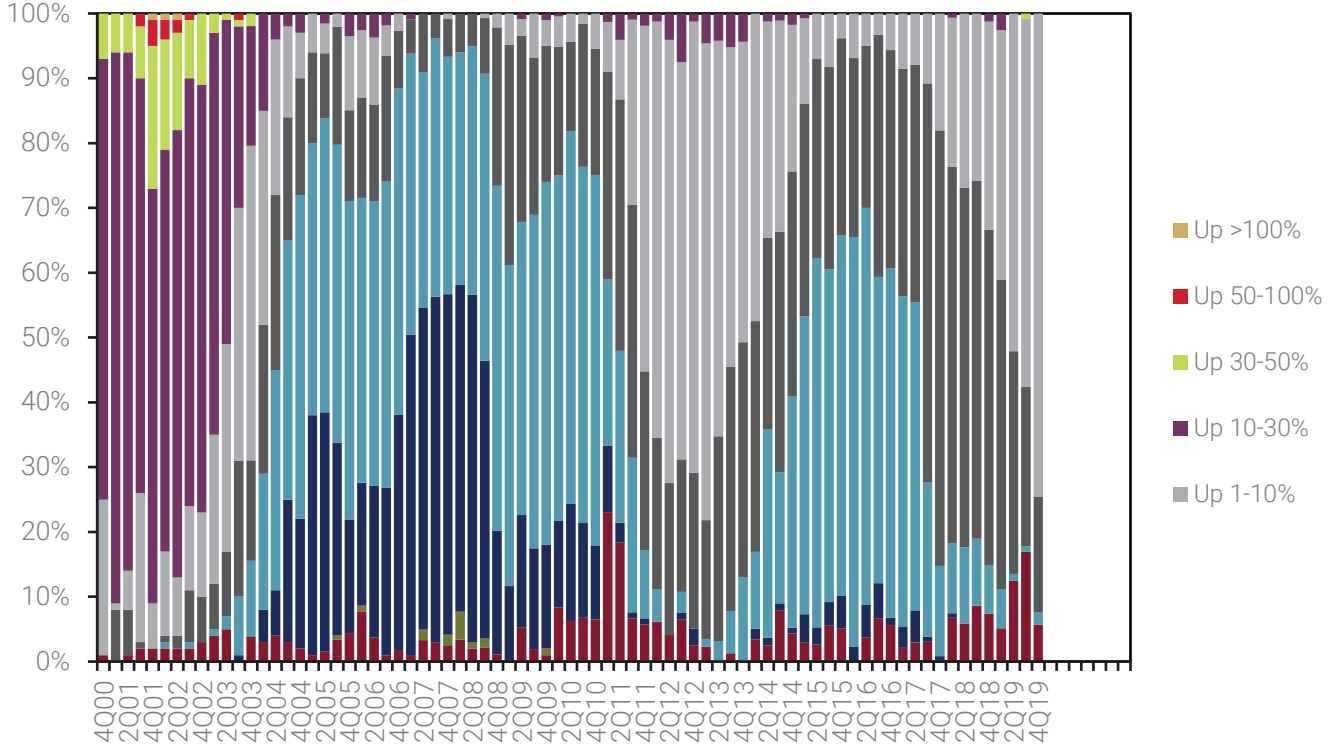
Percentage of Survey Respondents





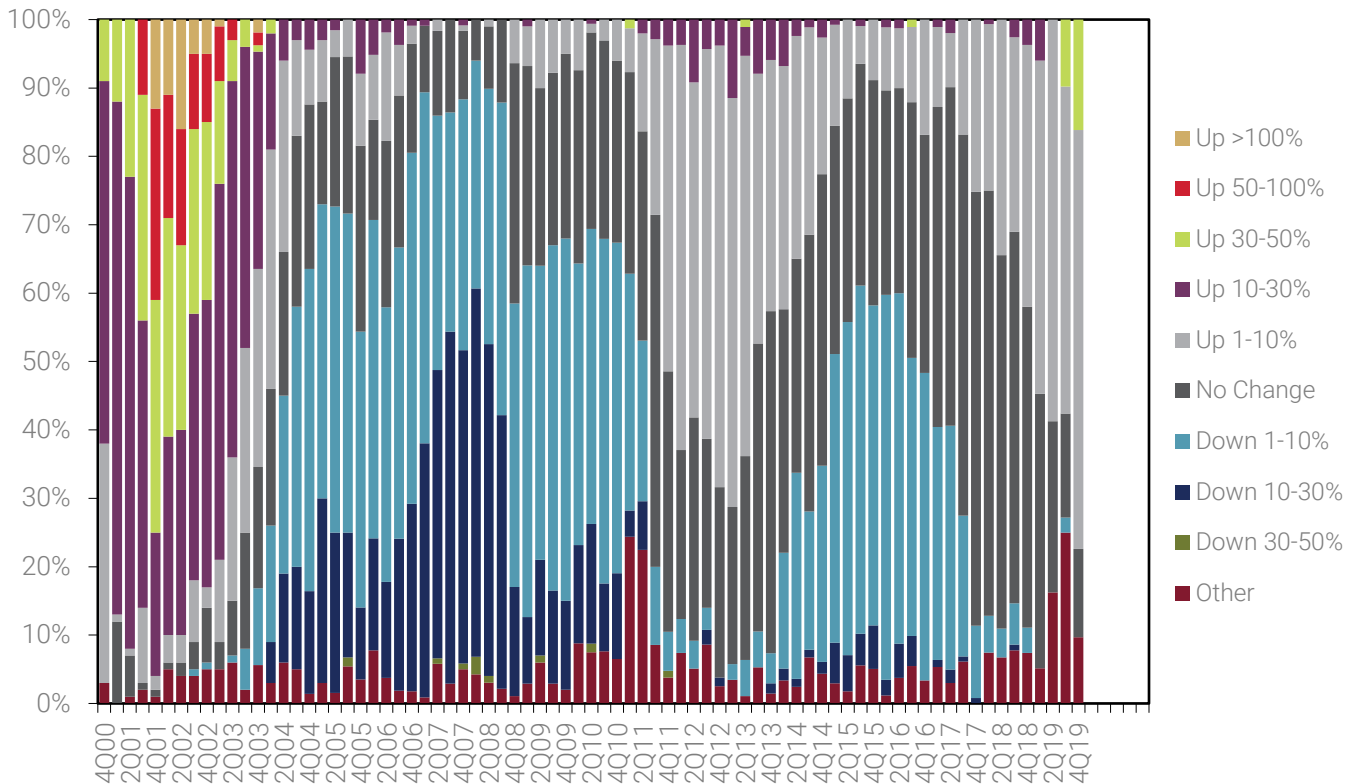
### Commercial General Liability Insurance Rate Changes

Percentage of Survey Respondents



### Umbrella Insurance Rate Changes

Percentage of Survey Respondents



### Business Interruption Insurance Rate Changes

Percentage of Survey Respondents

