

NEWS RELEASE – FOR IMMEDIATE RELEASE

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**DOWNWARD TREND IN COMMERCIAL P/C RATES CONTINUED IN Q4,
ACCORDING TO CIAB MARKET SURVEY**

WASHINGTON, D.C. – February 1, 2017 – Commercial property/casualty (P/C) rates declined in Q4 across small, medium and large accounts for the eighth straight quarter, according to The Council of Agents & Brokers' Commercial P/C Market Survey. While this rate decrease began slowly during the fourth quarter in 2014, premium pricing saw the greatest decline throughout 2016. However, survey respondents noted that the decrease in rates in the fourth quarter were fairly consistent with Q3 2016, signaling some stability in the market.

The average rate decrease was 3.3 percent, which is consistent with the third quarter's 3.2 percent decrease. Large accounts again saw the largest decrease at 4.9 percent, followed by medium accounts at 3.8 percent and small accounts at just 1.3 percent. One broker from a mid-market firm on the east coast noted that the continuation of the soft market is no surprise, as increased competition puts downward pressure on premium pricing.

Average Fourth Quarter 2016 Commercial Pricing Declines

	By Account Size			Average
	Small	Medium	Large	
Fourth Quarter 2016	-1.3%	-3.8%	-4.9%	-3.3%
Third Quarter 2016	-1.5%	-3.7%	-4.3%	-3.2%
Second Quarter 2016	-2.1%	-4.2%	-5.3%	-3.9%
First Quarter 2016	-2.1%	-4.4%	-4.6%	-3.7%
Fourth Quarter 2015	-1.5%	-3.0%	-3.7%	-2.8%
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

"While premium rate decreases have been steady throughout the past two years, there was normalization in the market across most lines of businesses," said Ken A. Crerar, President/CEO of The Council. "However, Commercial Auto continues to harden and go against these trends."

Small Accounts

Small accounts appeared to be stabilizing at a faster rate than medium and large accounts, which is consistent with the previous three quarters of 2016. A common trend among small accounts this quarter was aggressive underwriting and incentive plans for small businesses. One Broker from a large-market southern firm explained, "Carriers were accepting letters of no losses or applications without loss runs and no losses indicated on the application. They were quoting new business on that basis because they

are so hungry for premium.” Additionally, carriers seem to be acting more aggressive on new business and trying to get small rate increases on renewal in small commercial.

Small commercial makes up one third of the U.S. commercial lines market and the segment is both fragmented and profitable, a scenario that is drawing the attention from new carriers as well as from new market entrants seeking to capitalize on small business owners openness to online direct channels to shop for and purchase insurance coverage.

Middle/Large Accounts

Respondents tended to agree that the middle and large marketplace has not seen significant changes in the rate decline for premium pricing as the market continues to soften. Several survey participants also noted that carriers are willing to be a little more liberal with medium and large accounts regarding losses and exposure. A broker from a mid-market firm in the Midwest explained that “Carriers were willing to accept ancillary exposures that are atypical if the primary operations can be profitably underwritten.” Overall, the rates in this space remained fairly consistent with the previous quarter.

Rate Change by Line of Business

This quarter, commercial P/C premium pricing saw a slow but steady trend of decreased rates across most lines, except for Commercial Auto, Flood and Employment Practices Liability, with the latter two increasing only slightly. The Commercial Auto market again, “has continued to be the center of attention looking for increases while everything else is decreasing,” explained one respondent. In all, the by-line rate changes ranged from -4.4 percent to +4.4 percent this quarter, with Commercial Property, Workers’ Comp and General Liability seeing the strongest rate decreases. These trends are also consistent with Q3.

By-Line Fourth Quarter 2016 Rate Changes Ranged From -4.4% to +4.4%

By-Line Fourth Quarter 2016 Rate Changes Ranged From -4.4% to +4.4%						
	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
Fourth Quarter 2016	4.4%	-2.9%	-4.4%	-2.6%	-1.4%	-1.4%
Third Quarter 2016	3.2%	-2.6%	-4.5%	-3.0%	-1.7%	-1.7%
Second Quarter 2016	2.4%	-4.3%	-6.0%	-3.6%	-2.8%	-2.9%
First Quarter 2016	3.6%	-3.0%	-5.2%	-3.2%	-2.5%	-2.1%
Fourth Quarter 2015	2.7%	-2.6%	-3.5%	-3.4%	-2.8%	-1.9%
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

Fourth Quarter 2016 Rate Changes in Other Lines			
	4Q16	High	Low
Business interruption	-2.4%	28.8%	-10.2%
Construction	-1.8%	38.7%	-10.7%
D&O liability	0.1%	32.4%	-8.7%
Employment practices	0.0%	21.9%	-8.1%
Surety bonds	0.0%	11.2%	-2.3%

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

Line of Business

Respondents provided much insight into the Commercial Auto market this quarter. Commercial Auto premium pricing has seen a steady increase for quite some time now, with 2016 being the largest at 4.4 percent. One broker explained that “auto underwriting guidelines have tightened up—fewer violations were acceptable, leading to a minimum 3-15 percent increase in auto.” Some carriers were even quoting auto fleets with no loss runs, according to one broker. All in all, the Commercial Auto market continued to

be unprofitable for most carriers and was the most volatile line with premium increases and limited availability.

Property was also a hot topic in this quarter's survey. Many respondents noted that property remains very soft and the most significant deductible changes this quarter were in respect to wind and hail. "The deductibles came down on property and pricing fell faster than I have seen since the soft market began," explained one respondent from a southern large-market firm. For example, a broker on the east coast explained that "one account with frequent and large flood losses in 2016 renewed with only a seven percent rate increase."

Key Market Trends in Q4 2016

Several key market trends were also noted this quarter. Many respondents said that carriers were underwriting new businesses very aggressively, often putting incumbents at an inferior position. "While renewal pricing is closer to being flat," one broker explained, "new business pricing was more aggressive and softer." Other carriers were writing accounts with tough losses and/or no loss ratios, leading to more coverage across the board.

Many carriers were also willing to broaden terms in Q4. "Terms and conditions for good accounts are getting better—many carriers are at maximum on rate relief so they were broadening terms," said one broker from a small-market southern firm explained. "For clients with claims, they were looking for higher rates and deductibles." This was a common trend in Q4.

Capacity

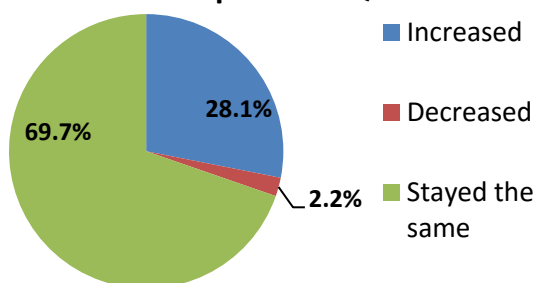
The majority of respondents noted that capacity stayed the same from Q3 to Q4, with the exception of Commercial Auto, which consistently decreased throughout 2016. However, several others explained that general capacity in the market is at an all-time high, and still seems to be slightly increasing due to more new players in the market.

Demand

In regards to demand for commercial insurance, most respondents (70 percent) reported that demand for insurance products stayed the same in Q4 compared to Q3 2016. Nearly 30 percent saw an increase in demand while only 2.2 percent noted a decrease.

Demand for many lines, including cyber, crime and environmental increased in Q4, according to several respondents. Cyber insurance has seen the most significant increase in demand, primarily due to a rise in awareness, and survey participants noted that capacity is also increasing in response. Overall, a factor of the increase in demand for insurance products across the board can be contributed to the soft market. Many respondents explained that clients have been willing to buy additional lines of coverage that they haven't in the past with premium savings from their other lines of coverage.

Did demand for insurance products in Q4 increase or decrease compared to Q3?



Top of Mind

When asked which business issues kept them awake at night, talent management was overwhelmingly selected as the first choice. Price competition/excess capacity came next, followed by increasing cost of business (i.e. regulation, compliance, other).

Respondents were also asked about their organizations' top one or two investments in Q4 and the overall consensus was again, talent and technology. Firms tend to be investing in new producers (inside and outside of the industry), young talent, stronger analytics and InsurTech, which has been the talk of the industry in 2016. Other firms noted risk management, data analytics specifically, for claims and value proposition as other key investments.

One respondent noted that due to the soft market, their firm has put a strong focus on value proposition. "Our agency is in the process of defining our value proposition and investing in training our staff to exceed our client's expectations." Providing a unique and optimal client experience seemed to be a consensus. Organizations want to portray themselves as "more than a just a seller of insurance, and viewed as a partner that is an integral part of the client's operations," explained a broker from a large-market national firm.

Into the Unknown

As we enter the new, and certainly unique, administration, respondents were asked their expectations and the administration's potential effect on the way customers purchase P/C insurance. Respondents were generally unsure, but fairly optimistic. Many respondents agreed that if the new administration is able to grow the economy and instill less regulation on businesses, there will be a greater demand for insurance and new opportunities for business expansion. While there may not be many changes in the short run, an expanding economy could bring more jobs and growth, leading to more opportunities for growth and income in the insurance marketplace, a broker explained.

Lastly, participants were asked about trends and developments in the insurance industry, the economy at large and whether they are challenges or opportunities for their business. Respondents noted "cybersecurity as a strong area of concern and an incredible opportunity." Other areas of challenge and opportunity include CAT coverages, proper risk assessment and data analytics. Commercial Auto continues to be a concern for aforementioned reasons. As outside players begin to enter the world of insurance, primarily those in the tech space, respondents remain optimistic that investments in technology and InsurTech presents itself as more than an opportunity than a challenge.

The Council's survey is the oldest source of commercial property/casualty market conditions, pricing practices and trends, dating back to 1999.

Commercial Property – Casualty Market Survey

4th Quarter 2016 Released: January 2017

Below are the survey results for: **ALL REGIONS**

1. On average, how have premium rates changed over the last three months (October 1 – December 31, 2016) for the following accounts? Please check N/A if you don't know or don't handle the type of account.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Small (<\$25K Comm. & Fees)	0.00%	0.00%	4.49%	38.20%	29.22%	21.35%	1.12%	0.00%	0.00%	0.00%	5.62%
Medium (\$25K – \$100K)	0.00%	0.00%	6.74%	62.92%	21.35%	7.87%	0.00%	0.00%	0.00%	0.00%	1.12%
Large (>\$100K)	0.00%	0.00%	15.73%	55.06%	19.10%	4.49%	0.00%	0.00%	0.00%	0.00%	5.62%

2. How much have premium rates changed over the last three months (October 1 – December 31, 2016) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Business Interruption	0.00%	0.00%	4.55%	36.36%	48.86%	1.14%	0.00%	0.00%	0.00%	0.00%	9.09%
Commercial Auto	0.00%	0.00%	1.14%	5.68%	13.64%	68.18%	10.22%	0.00%	0.00%	0.00%	1.14%
Commercial Property	0.00%	1.14%	14.76%	47.73%	22.73%	9.09%	0.00%	0.00%	0.00%	0.00%	4.55%
Construction Risks	0.00%	0.00%	4.60%	33.33%	41.38%	6.90%	1.15%	0.00%	0.00%	0.00%	12.64%
Cyber	0.00%	0.00%	2.27%	19.32%	61.36%	6.82%	1.14%	0.00%	0.00%	0.00%	9.09%
D & O	0.00%	0.00%	2.35%	17.65%	49.41%	23.53%	1.18%	0.00%	0.00%	0.00%	5.88%
Flood Insurance	0.00%	0.00%	0.00%	5.68%	59.09%	19.32%	3.41%	0.00%	0.00%	0.00%	12.50%
Employment Practices	0.00%	0.00%	0.00%	23.26%	46.51%	23.26%	0.00%	0.00%	0.00%	0.00%	6.97%
General Liability	0.00%	0.00%	1.15%	55.17%	34.48%	5.75%	0.00%	0.00%	0.00%	0.00%	3.45%
Marine	0.00%	0.00%	5.81%	31.40%	43.02%	2.33%	0.00%	0.00%	0.00%	0.00%	17.44%
Medical Malpractice	0.00%	0.00%	1.19%	13.10%	30.95%	4.76%	1.19%	0.00%	0.00%	0.00%	48.81%
Surety Bonds	0.00%	0.00%	0.00%	4.66%	54.65%	1.16%	1.16%	0.00%	0.00%	0.00%	38.37%
Terrorism	0.00%	0.00%	2.30%	12.64%	57.47%	4.60%	0.00%	0.00%	0.00%	0.00%	22.99%
Umbrella	0.00%	0.00%	0.00%	45.45%	35.23%	17.05%	0.00%	0.00%	0.00%	0.00%	2.27%
Workers' Compensation	0.00%	0.00%	7.95%	52.27%	25.00%	10.24%	2.27%	0.00%	0.00%	0.00%	2.27%
Broker E&O	0.00%	0.00%	2.28%	11.36%	43.18%	12.50%	0.00%	0.00%	0.00%	0.00%	30.68%

Commercial Property – Casualty Market Survey

4th Quarter 2016 Released: January 2017

Below are the survey results for: **NORTHEAST**
(CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI)

1. On average, how have premium rates changed over the last three months (October 1 – December 31, 2016) for the following accounts? Please check N/A if you don't know or don't handle the type of account.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Small (<\$25K Comm. & Fees)	0.00%	0.00%	0.00%	38.89%	27.78%	22.22%	0.00%	0.00%	0.00%	0.00%	11.11%
Medium (\$25K – \$100K)	0.00%	0.00%	0.00%	77.77%	16.67%	5.56%	0.00%	0.00%	0.00%	0.00%	0.00%
Large (>\$100K)	0.00%	0.00%	11.11%	66.66%	16.67%	5.56%	0.00%	0.00%	0.00%	0.00%	0.00%

2. How much have premium rates changed over the last three (October 1 – December 31, 2016) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Business Interruption	0.00%	0.00%	5.56%	44.44%	44.44%	5.56%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial Auto	0.00%	0.00%	0.00%	0.00%	38.89%	61.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial Property	0.00%	5.56%	11.11%	61.10%	5.56%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Construction Risks	0.00%	0.00%	11.76%	41.18%	29.42%	11.76%	0.00%	0.00%	0.00%	0.00%	5.88%
Cyber	0.00%	0.00%	0.00%	16.66%	66.67%	5.56%	0.00%	0.00%	0.00%	0.00%	11.11%
D & O	0.00%	0.00%	0.00%	23.53%	47.06%	23.53%	0.00%	0.00%	0.00%	0.00%	5.88%
Flood Insurance	0.00%	0.00%	0.00%	5.56%	72.22%	11.11%	0.00%	0.00%	0.00%	0.00%	11.11%
Employment Practices	0.00%	0.00%	0.00%	23.53%	64.71%	5.88%	0.00%	0.00%	0.00%	0.00%	5.88%
General Liability	0.00%	0.00%	5.88%	58.82%	29.42%	5.88%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	5.56%	33.33%	33.33%	5.56%	0.00%	0.00%	0.00%	0.00%	22.22%
Medical Malpractice	0.00%	0.00%	5.88%	5.88%	29.41%	5.88%	0.00%	0.00%	0.00%	0.00%	52.95%
Surety Bonds	0.00%	0.00%	0.00%	5.88%	58.82%	0.00%	0.00%	0.00%	0.00%	0.00%	35.30%
Terrorism	0.00%	0.00%	0.00%	11.76%	58.83%	0.00%	0.00%	0.00%	0.00%	0.00%	29.41%
Umbrella	0.00%	0.00%	0.00%	44.44%	38.89%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Worker's Compensation	0.00%	0.00%	0.00%	72.22%	16.64%	11.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	27.78%	33.33%	5.56%	0.00%	0.00%	0.00%	0.00%	33.33%

Commercial Property – Casualty Market Survey

4th Quarter 2016 Released: January 2017

Below are the survey results for: **SOUTHEAST**
(AL, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV)

1. On average, how have premium rates changed over the last three (October 1 – December 31, 2016) for the following accounts? Please check N/A if you don't know or don't handle the type of account.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Small (<\$25K Comm. & Fees)	0.00%	0.00%	16.00%	32.00%	16.00%	32.00%	4.00%	0.00%	0.00%	0.00%	0.00%
Medium (\$25K – \$100K)	0.00%	0.00%	12.00%	64.00%	8.00%	16.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Large (>\$100K)	0.00%	0.00%	28.00%	44.00%	16.00%	8.00%	0.00%	0.00%	0.00%	4.00%	7.41%

2. How much have premium rates changed over the last three months (October 1 – December 31, 2016) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Business Interruption	0.00%	0.00%	5.56%	44.44%	44.44%	5.56%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial Auto	0.00%	0.00%	4.00%	8.00%	4.00%	60.00%	24.00%	0.00%	0.00%	0.00%	0.00%
Commercial Property	0.00%	0.00%	36.00%	36.00%	20.00%	4.00%	0.00%	0.00%	0.00%	0.00%	4.00%
Construction Risks	0.00%	0.00%	4.00%	48.00%	24.00%	12.00%	4.00%	0.00%	0.00%	0.00%	8.00%
Cyber	0.00%	0.00%	4.00%	24.00%	56.00%	4.00%	4.00%	0.00%	0.00%	0.00%	8.00%
D & O	0.00%	0.00%	8.33%	20.83%	50.00%	16.67%	0.00%	0.00%	0.00%	0.00%	4.17%
Flood Insurance	0.00%	0.00%	0.00%	8.00%	52.00%	32.00%	4.00%	0.00%	0.00%	0.00%	4.00%
Employment Practices	0.00%	0.00%	0.00%	20.00%	56.00%	20.00%	0.00%	0.00%	0.00%	0.00%	4.00%
General Liability	0.00%	0.00%	0.00%	52.00%	32.00%	12.00%	0.00%	0.00%	0.00%	0.00%	4.00%
Marine	0.00%	0.00%	12.00%	32.00%	44.00%	0.00%	0.00%	0.00%	0.00%	0.00%	12.00%
Medical Malpractice	0.00%	0.00%	0.00%	8.70%	34.78%	4.35%	0.00%	0.00%	0.00%	0.00%	52.17%
Surety Bonds	0.00%	0.00%	0.00%	4.17%	70.83%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%
Terrorism	0.00%	0.00%	0.00%	16.00%	68.00%	4.00%	0.00%	0.00%	0.00%	0.00%	12.00%
Umbrella	0.00%	0.00%	0.00%	0.00%	40.00%	28.00%	28.00%	0.00%	0.00%	0.00%	4.00%
Workers' Compensation	0.00%	0.00%	16.00%	40.00%	16.00%	16.00%	8.00%	0.00%	0.00%	0.00%	4.00%

Broker E&O	0.00%	0.00%	0.00%	16.00%	36.00%	12.00%	0.00%	0.00%	0.00%	0.00%	36.00%
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Commercial Property – Casualty Market Survey 4th Quarter 2016 Released: January 2017

Below are the survey results for: **MIDWEST**

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

1. On average, how have premium rates changed over the last three months (October 1 – December 31, 2016) for the following accounts? Please check N/A if you don't know or don't handle the type of account.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Small (<\$25K Comm. & Fees)	0.00%	0.00%	0.00%	50.00%	32.14%	10.72%	0.00%	0.00%	0.00%	0.00%	7.14%
Medium (\$25K – \$100K)	0.00%	0.00%	7.14%	60.71%	28.57%	0.00%	0.00%	0.00%	0.00%	0.00%	3.58%
Large (>\$100K)	0.00%	0.00%	10.71%	60.71%	14.29%	0.00%	0.00%	0.00%	0.00%	0.00%	14.29%

2. How much have premium rates changed over the last three months (October 1 – December 31, 2016) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Business Interruption	0.00%	0.00%	0.00%	0.00%	37.04%	48.15%	0.00%	0.00%	0.00%	0.00%	14.81%
Commercial Auto	0.00%	0.00%	0.00%	7.41%	3.70%	77.78%	7.41%	0.00%	0.00%	0.00%	3.70%
Commercial Property	0.00%	0.00%	3.70%	51.85%	25.93%	7.41%	0.00%	0.00%	0.00%	0.00%	11.11%
Construction Risks	0.00%	0.00%	0.00%	29.63%	55.56%	0.00%	0.00%	0.00%	0.00%	0.00%	14.81%
Cyber	0.00%	0.00%	4.00%	24.00%	56.00%	4.00%	0.00%	0.00%	0.00%	0.00%	8.00%
D & O	0.00%	0.00%	0.00%	15.38%	53.85%	19.23%	0.00%	0.00%	0.00%	0.00%	11.54%
Flood Insurance	0.00%	0.00%	0.00%	7.41%	59.27%	14.81%	3.70%	0.00%	0.00%	0.00%	14.81%
Employment Practices	0.00%	0.00%	0.00%	34.62%	30.77%	19.23%	0.00%	0.00%	0.00%	0.00%	15.38%
General Liability	0.00%	0.00%	0.00%	66.67%	29.63%	0.00%	0.00%	0.00%	0.00%	0.00%	3.70%
Marine	0.00%	0.00%	0.00%	42.31%	42.31%	0.00%	0.00%	0.00%	0.00%	0.00%	15.38%
Medical Malpractice	0.00%	0.00%	0.00%	25.93%	25.93%	3.70%	0.00%	0.00%	0.00%	0.00%	44.44%
Surety Bonds	0.00%	0.00%	0.00%	3.70%	48.16%	3.70%	0.00%	0.00%	0.00%	0.00%	44.44%
Terrorism	0.00%	0.00%	3.70%	11.11%	48.15%	7.41%	0.00%	0.00%	0.00%	0.00%	29.63%
Umbrella	0.00%	0.00%	0.00%	51.85%	29.64%	14.81%	0.00%	0.00%	0.00%	0.00%	3.70%

Workers' Compensation	0.00%	0.00%	10.71%	42.86%	35.72%	7.14%	0.00%	0.00%	0.00%	0.00%	3.57%
Broker E&O	0.00%	0.00%	0.00%	3.70%	55.56%	7.41%	0.00%	0.00%	0.00%	0.00%	33.33%

Commercial Property – Casualty Market Survey

4th Quarter 2016 Released: January 2017

Below are the survey results for: **SOUTHWEST (So. CA, AZ, NM, OK, TX)**

1. On average, how have premium rates changed over the last three months (October 1 – December 31, 2016) for the following accounts? Please check N/A if you don't know or don't handle the type of account.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Small (<\$25K Comm. & Fees)	0.00%	0.00%	0.00%	66.67%	16.67%	16.66%	0.00%	0.00%	0.00%	0.00%	0.00%
Medium (\$25K – \$100K)	0.00%	0.00%	0.00%	66.67%	33.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Large (>\$100K)	0.00%	0.00%	16.67%	33.33%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2. How much have premium rates changed over the last three months (October 1 – December 31, 2016) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Business Interruption	0.00%	0.00%	16.67%	33.33%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%	16.67%
Commercial Auto	0.00%	0.00%	0.00%	0.00%	0.00%	100.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial Property	0.00%	0.00%	16.67%	33.33%	33.33%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Construction Risks	0.00%	0.00%	16.67%	0.00%	66.66%	0.00%	0.00%	0.00%	0.00%	0.00%	16.67%
Cyber	0.00%	0.00%	0.00%	16.67%	83.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
D & O	0.00%	0.00%	0.00%	33.33%	33.33%	33.34%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood Insurance	0.00%	0.00%	0.00%	0.00%	66.66%	16.67%	0.00%	0.00%	0.00%	0.00%	16.67%
Employment Practices	0.00%	0.00%	0.00%	16.67%	50.00%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
General Liability	0.00%	0.00%	0.00%	33.33%	66.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	16.67%	0.00%	83.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical Malpractice	0.00%	0.00%	0.00%	20.00%	40.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%
Surety Bonds	0.00%	0.00%	0.00%	0.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%
Terrorism	0.00%	0.00%	16.67%	0.00%	66.66%	0.00%	0.00%	0.00%	0.00%	0.00%	16.67%
Umbrella	0.00%	0.00%	0.00%	66.67%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Workers' Compensation	0.00%	0.00%	0.00%	80.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	16.67%	0.00%	66.66%	0.00%	0.00%	0.00%	0.00%	0.00%	16.67%

Commercial Property – Casualty Market Survey

4th Quarter 2016 Released: January 2017

Below are the survey results for: **PACIFIC NW**
(No.CA, AK, CO, HI, ID, MT, NV, OR, UT, WA, WY)

1. On average, how have premium rates changed over the last three months (October 1 – December 31, 2016) for the following accounts? Please check N/A if you don't know or don't handle the type of account.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Small (<\$25K Comm. & Fees)	0.00%	0.00%	0.00%	8.33%	58.34%	25.00%	0.00%	0.00%	0.00%	0.00%	8.33%
Medium (\$25K – \$100K)	0.00%	0.00%	8.33%	41.67%	33.33%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Large (>\$100K)	0.00%	0.00%	8.33%	58.34%	25.00%	8.33%	0.00%	0.00%	0.00%	0.00%	0.00%

2. How much have premium rates changed over the last three months (July 1, 2016 – September 30, 2016) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10-20%	8 Up 20-30%	9 Up 30-50%	10 Up 50- 100%	N/A
Business Interruption	0.00%	0.00%	0.00%	8.33%	83.34%	0.00%	0.00%	0.00%	0.00%	0.00%	8.33%
Commercial Auto	0.00%	0.00%	0.00%	8.33%	25.00%	58.34%	8.33%	0.00%	0.00%	0.00%	0.00%
Commercial Property	0.00%	0.00%	0.00%	50.00%	41.67%	8.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Construction Risks	0.00%	0.00%	0.00%	16.67%	50.00%	8.33%	0.00%	0.00%	0.00%	0.00%	25.00%
Cyber	0.00%	0.00%	8.33%	33.34%	50.00%	8.33%	0.00%	0.00%	0.00%	0.00%	0.00%
D & O	0.00%	0.00%	0.00%	0.00%	50.00%	41.67%	8.33%	0.00%	0.00%	0.00%	0.00%
Flood Insurance	0.00%	0.00%	0.00%	0.00%	50.00%	16.67%	8.33%	0.00%	0.00%	0.00%	25.00%
Employment Practices	0.00%	0.00%	0.00%	8.33%	33.33%	58.34%	0.00%	0.00%	0.00%	0.00%	0.00%
General Liability	0.00%	0.00%	0.00%	41.67%	41.67%	8.33%	0.00%	0.00%	0.00%	0.00%	8.33%
Marine	0.00%	0.00%	0.00%	18.19%	36.36%	9.09%	0.00%	0.00%	0.00%	0.00%	36.36%
Medical Malpractice	0.00%	0.00%	0.00%	0.00%	33.34%	8.33%	8.33%	0.00%	0.00%	0.00%	50.00%
Surety Bonds	0.00%	0.00%	0.00%	8.33%	33.34%	0.00%	8.33%	0.00%	0.00%	0.00%	50.00%
Terrorism	0.00%	0.00%	0.00%	16.67%	50.00%	8.33%	0.00%	0.00%	0.00%	0.00%	25.00%

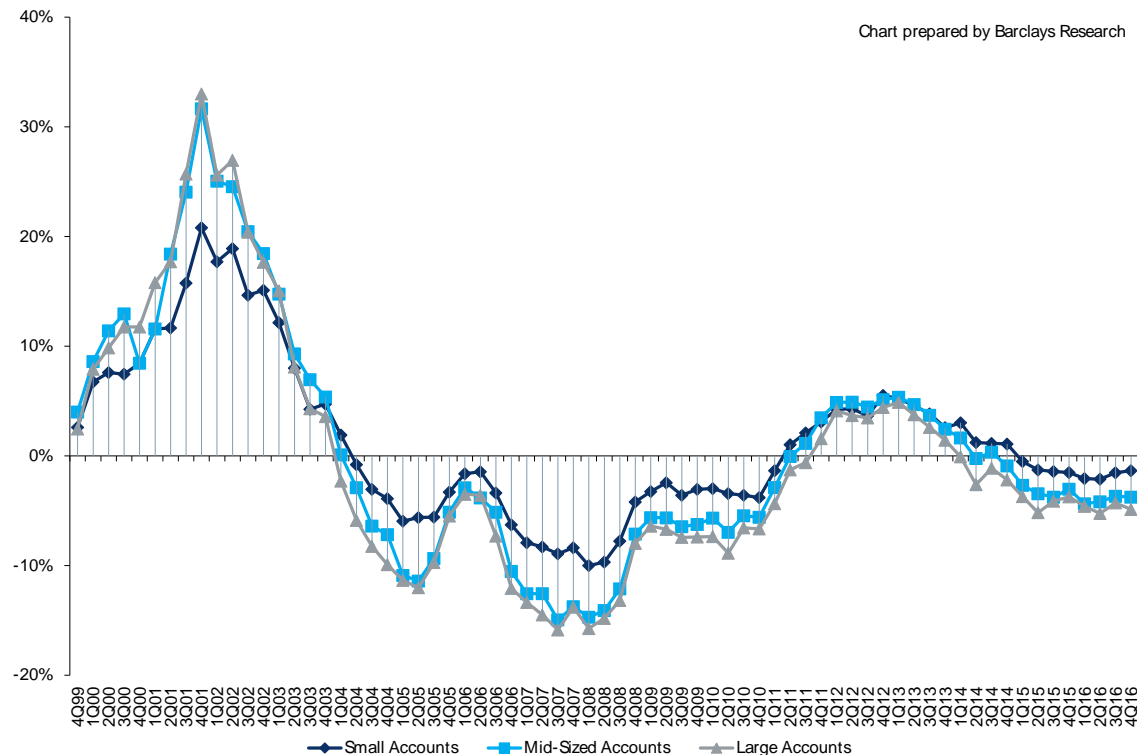
Umbrella	0.00%	0.00%	0.00%	33.34%	58.33%	8.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' Compensation	0.00%	0.00%	0.00%	58.33%	33.34%	8.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	8.33%	0.00%	33.33%	41.67%	0.00%	0.00%	0.00%	0.00%	16.67%

Average Fourth Quarter 2016 Commercial Pricing Declines

	By Account Size			Average
	Small	Medium	Large	
Fourth Quarter 2016	-1.3%	-3.8%	-4.9%	-3.3%
Third Quarter 2016	-1.5%	-3.7%	-4.3%	-3.2%
Second Quarter 2016	-2.1%	-4.2%	-5.3%	-3.9%
First Quarter 2016	-2.1%	-4.4%	-4.6%	-3.7%
Fourth Quarter 2015	-1.5%	-3.0%	-3.7%	-2.8%
High	20.8%	31.7%	33.0%	28.5%
<i>High Date</i>	4Q01	4Q01	4Q01	
Low	-10.0%	-15.0%	-15.9%	-13.6%
<i>Low Date</i>	1Q08	3Q07	3Q07	

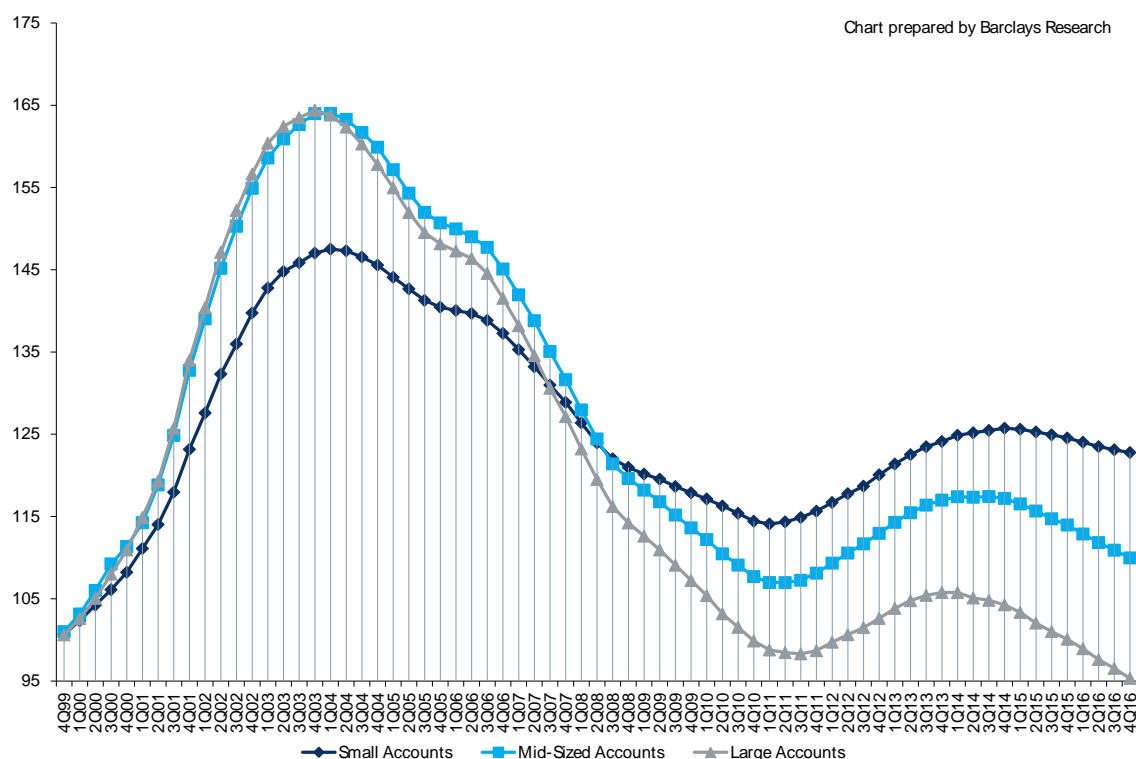
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

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 Fourth Quarter 2016 Rate Changes Ranged From -4.4% to +4.4%

By-Line Fourth Quarter 2016 Rate Changes Ranged From -4.4% to +4.4%						
	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
Fourth Quarter 2016	4.4%	-2.9%	-4.4%	-2.6%	-1.4%	-1.4%
Third Quarter 2016	3.2%	-2.6%	-4.5%	-3.0%	-1.7%	-1.7%
Second Quarter 2016	2.4%	-4.3%	-6.0%	-3.6%	-2.8%	-2.9%
First Quarter 2016	3.6%	-3.0%	-5.2%	-3.2%	-2.5%	-2.1%
Fourth Quarter 2015	2.7%	-2.6%	-3.5%	-3.4%	-2.8%	-1.9%
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%

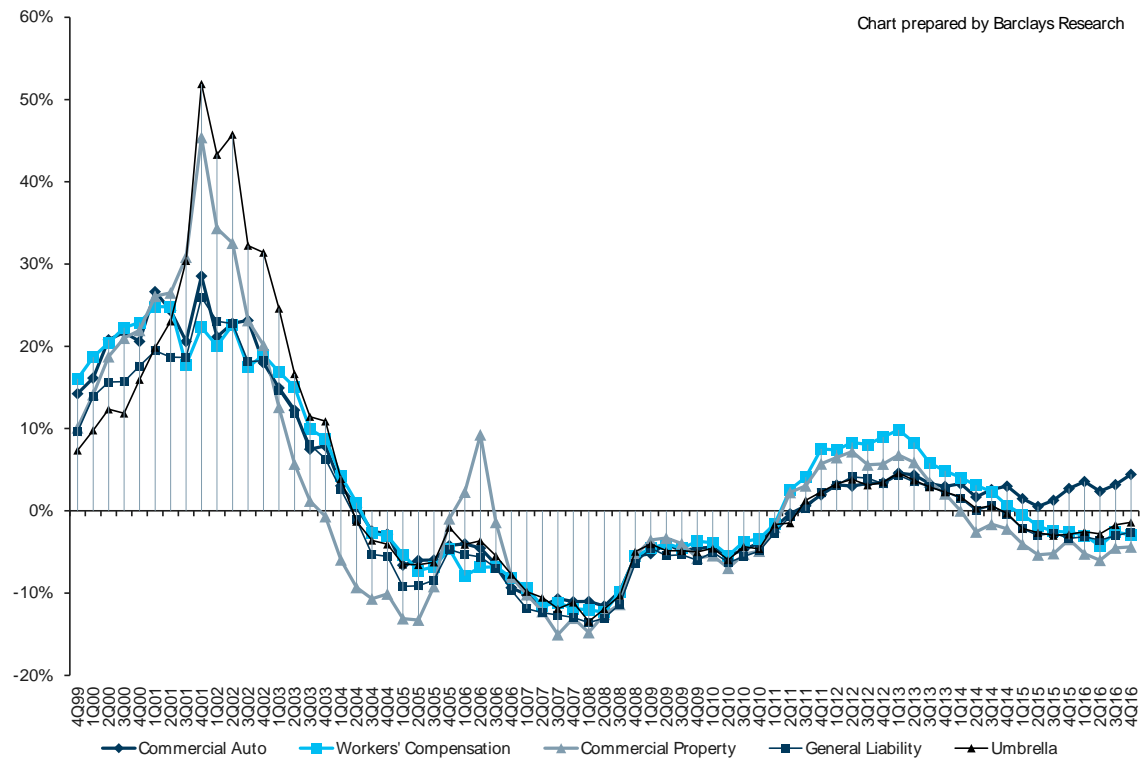
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Rate Changes in Other Lines

Fourth Quarter 2016 Rate Changes in Other Lines			
	4Q16	High	Low
Business interruption	-2.4%	28.8%	-10.2%
Construction	-1.8%	38.7%	-10.7%
D&O liability	0.1%	32.4%	-8.7%
Employment practices	0.0%	21.9%	-8.1%
Surety bonds	0.0%	11.2%	-2.3%

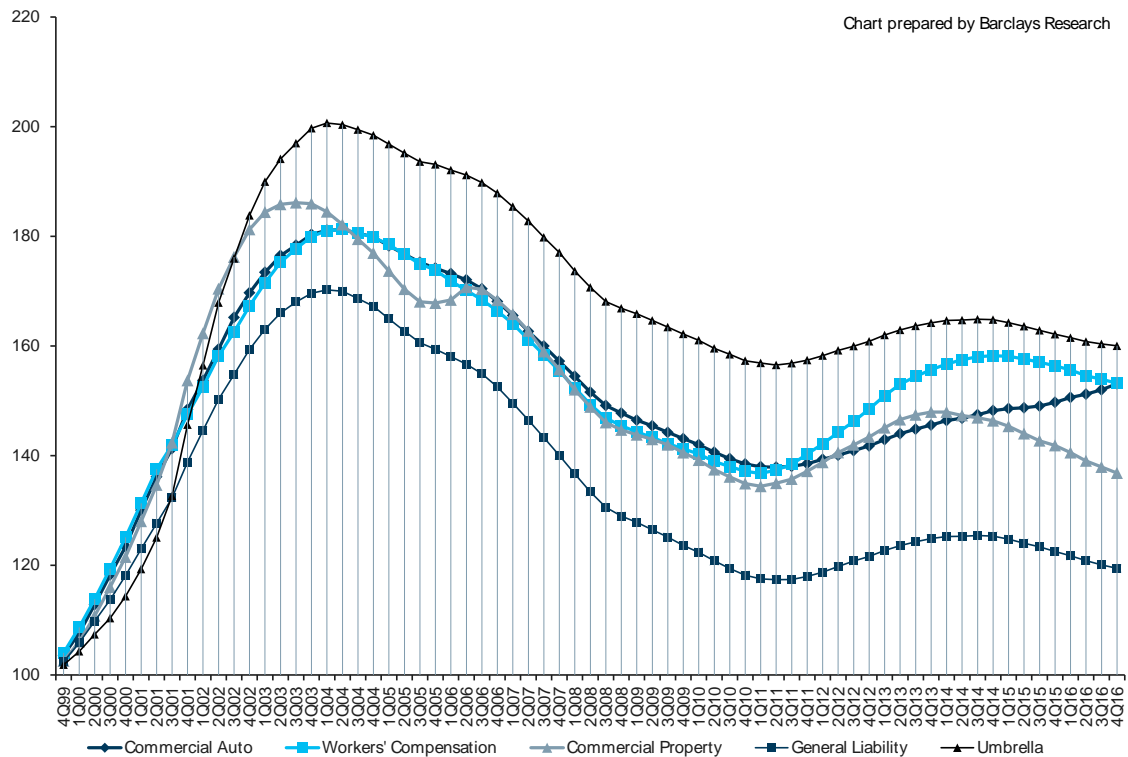
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Average Commercial Rate Increases by Line

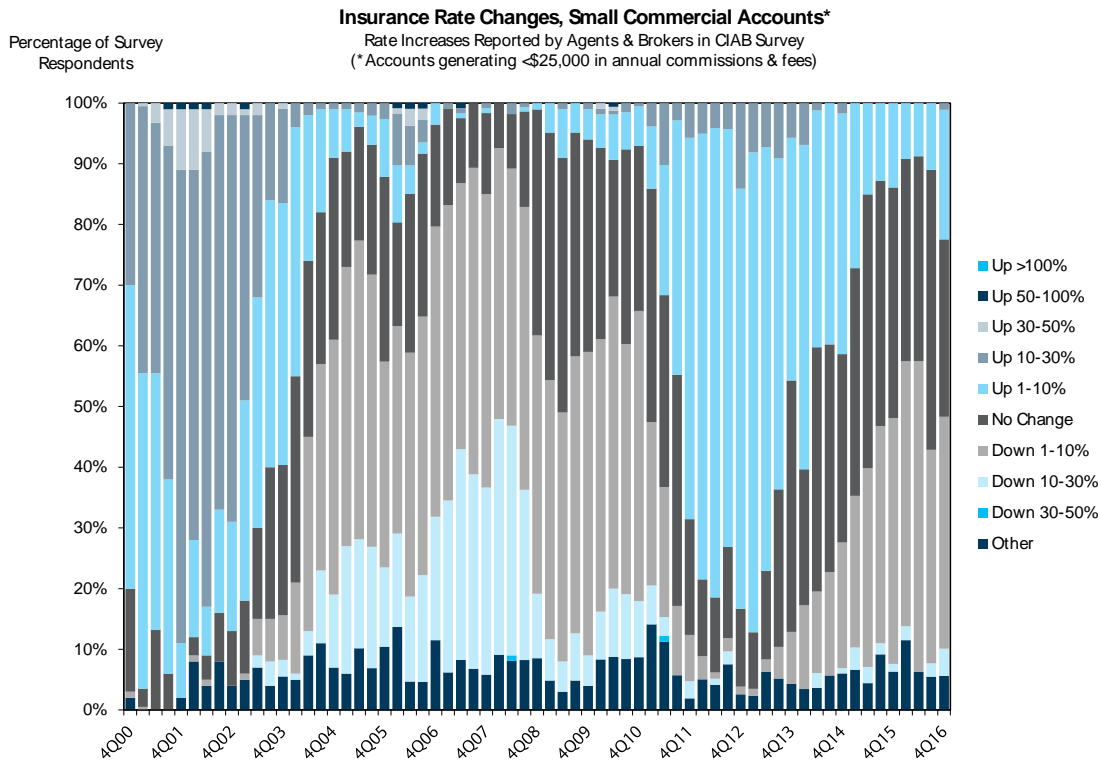


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

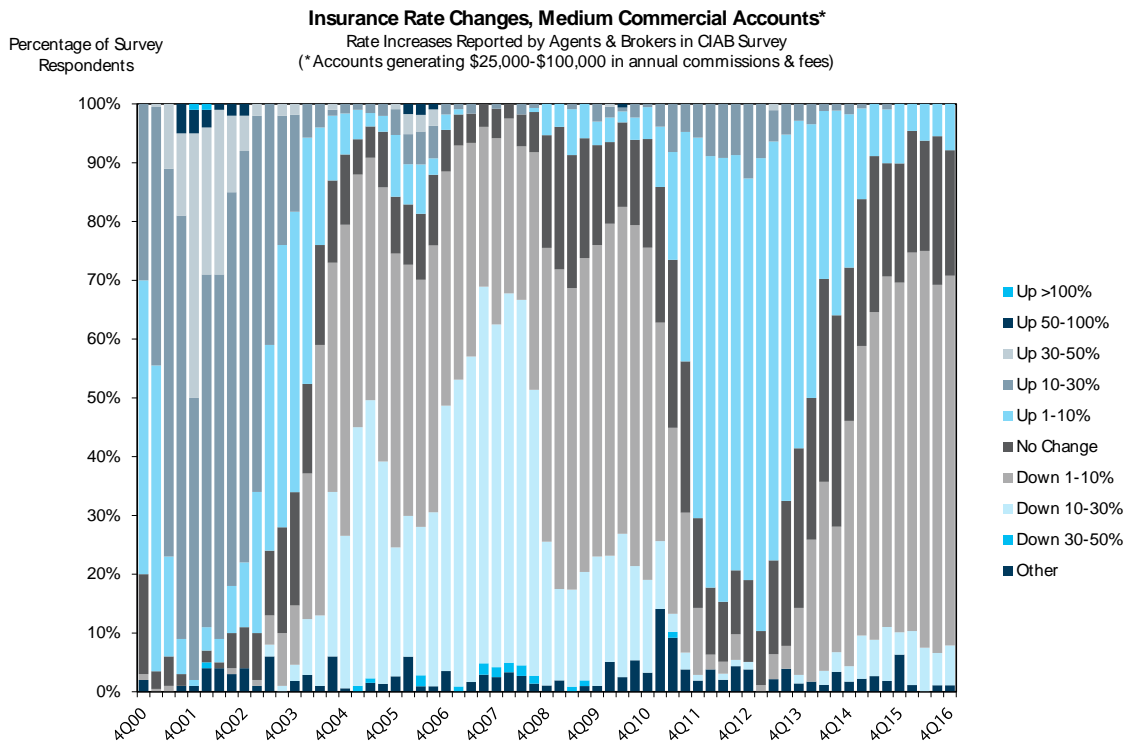
Cumulative Quarterly Rate Increases by Line



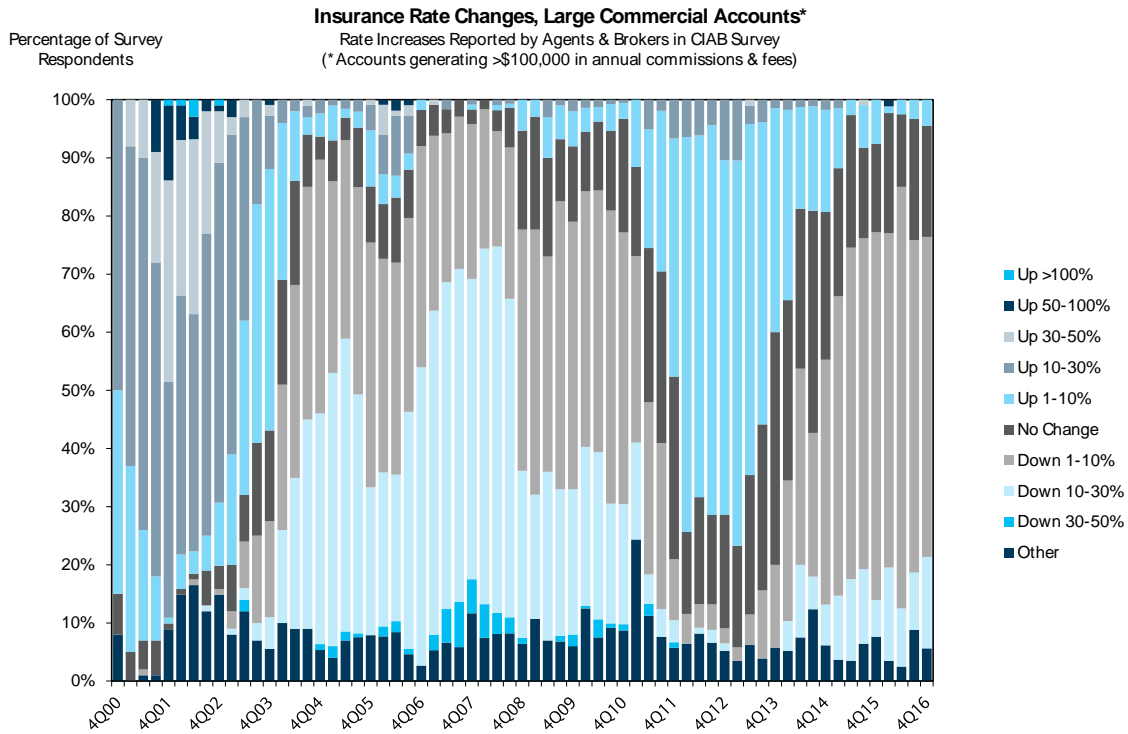
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



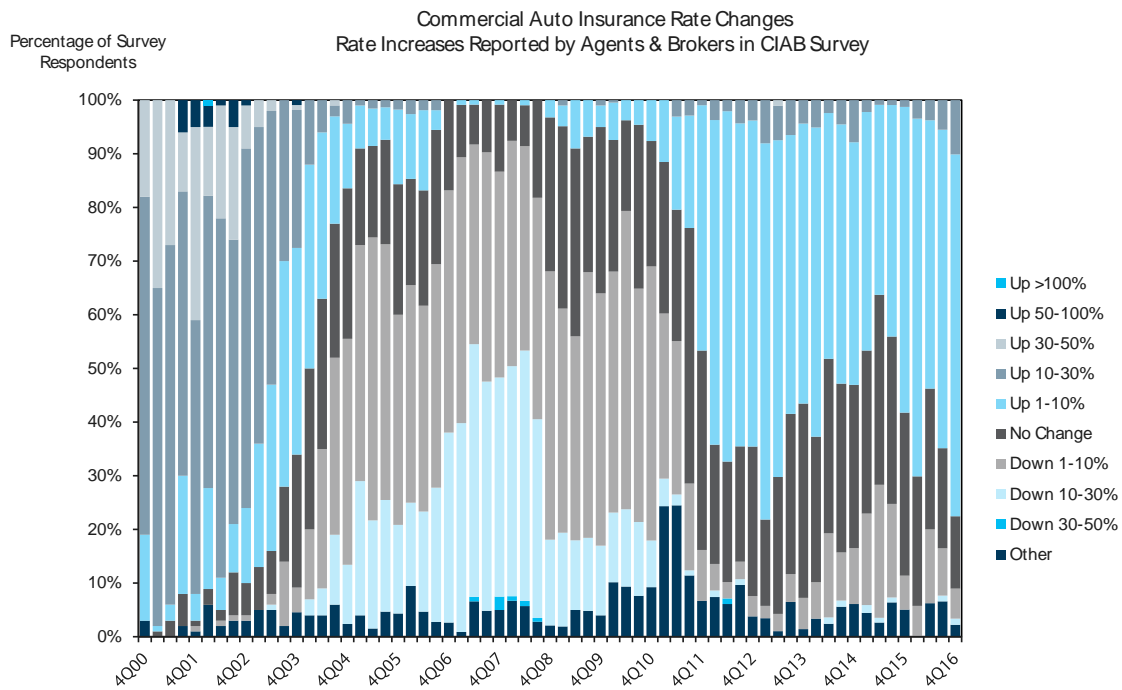
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



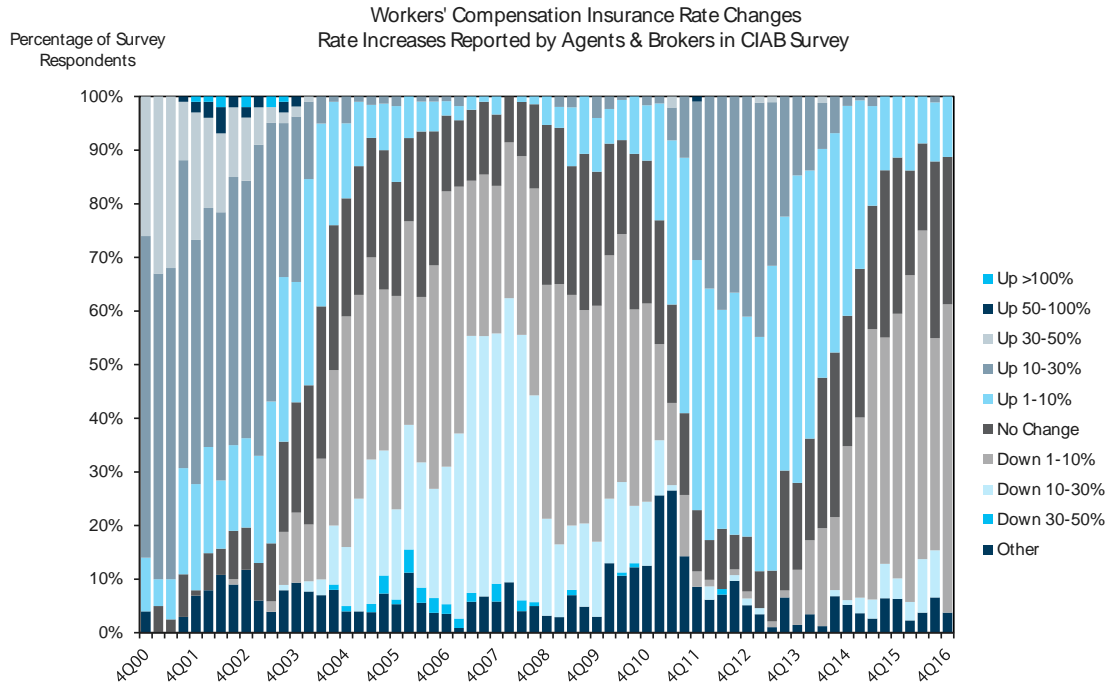
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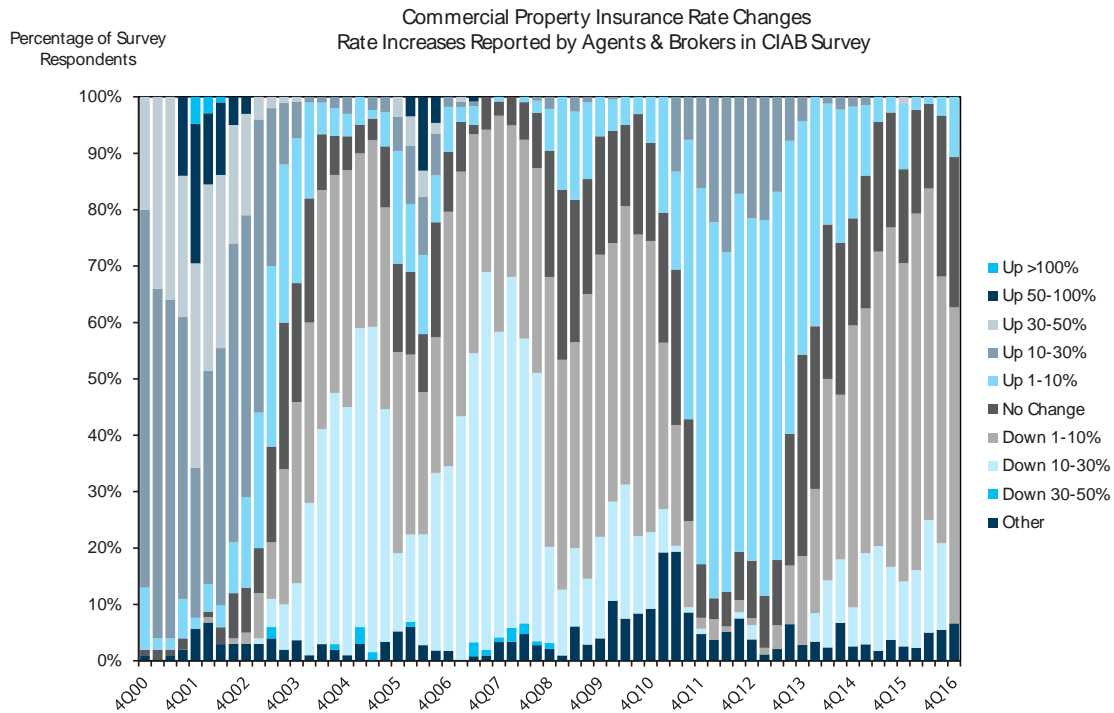
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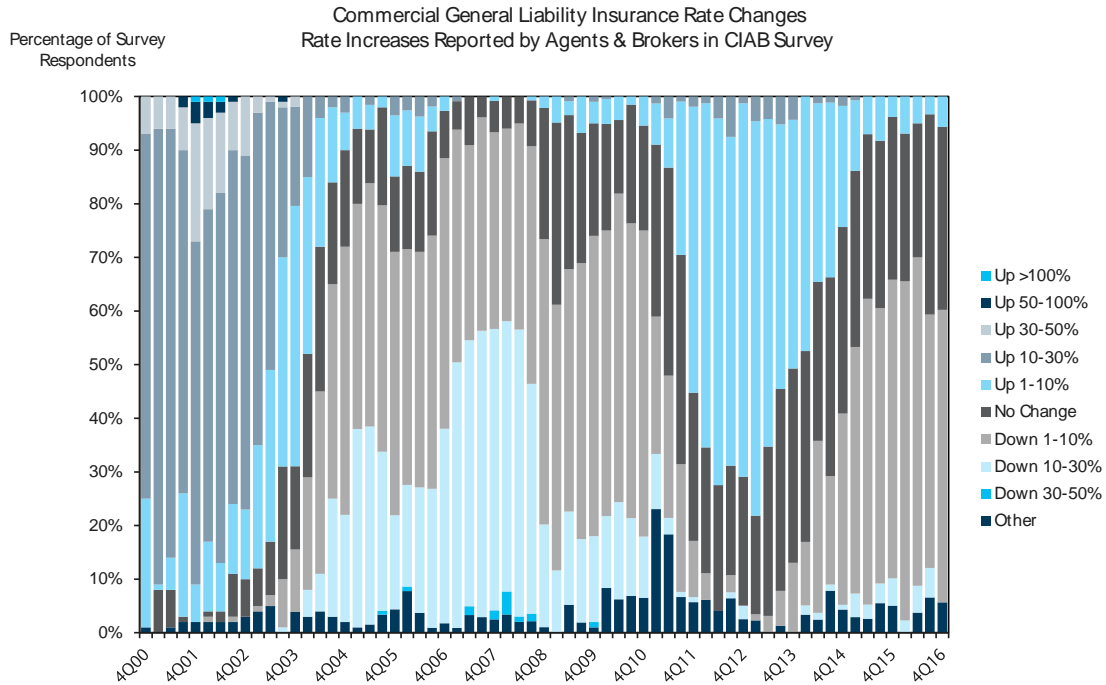
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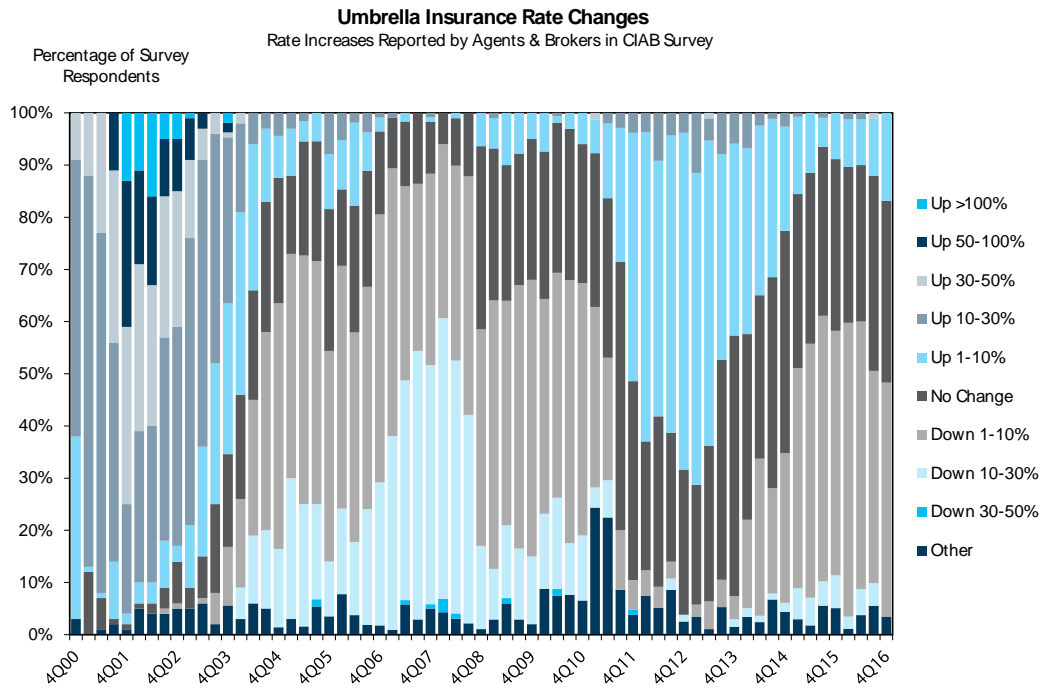
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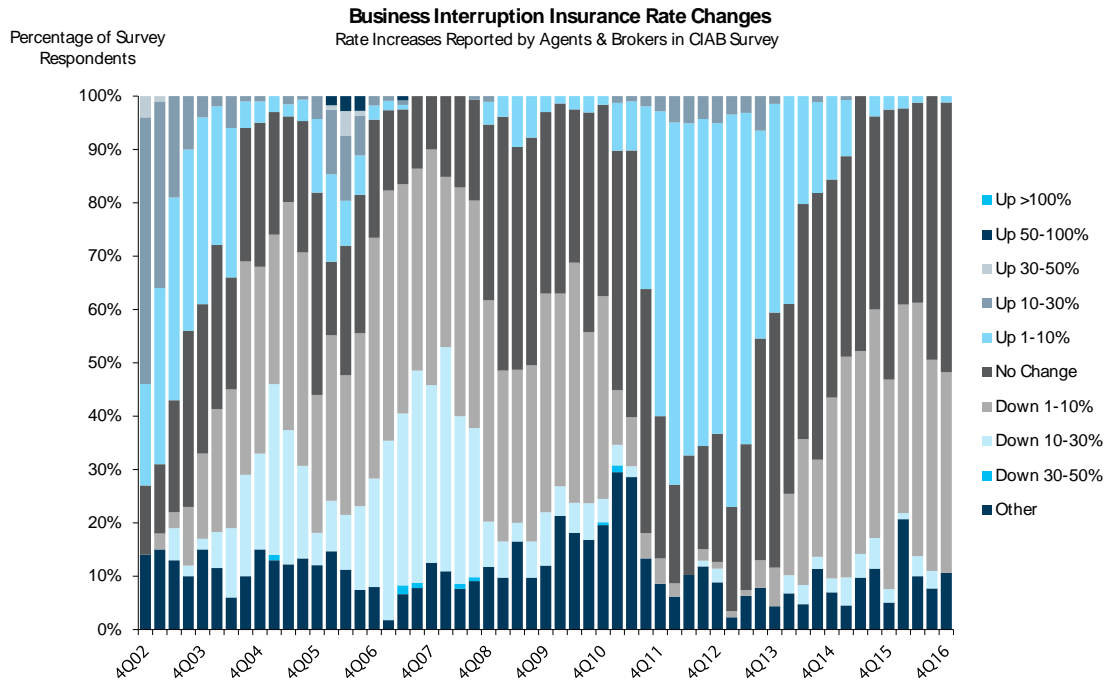
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