



**THE COUNCIL**  
of Insurance Agents + Brokers

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## **NEWS RELEASE**

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# **Commercial P/C Rates Continue To Harden In 2000**

*Prices Continue to Rise in 4 of 5 Lines of Coverage*

*Washington, DC* -- Commercial property/casualty rates across the country continued to harden during the second quarter of 2000, according to the Commercial Insurance Market Index published by The Council of Insurance Agents + Brokers. The purpose of the survey is to provide a benchmark for tracking rate changes across the country. It presents a snapshot of where rates are today compared to three months ago.

The Council's Commercial Insurance Market Index surveys member firms from all regions of the United States. The results of this recent survey show a continuation of an upward trend in 2000 in the pricing of four of five distinct lines of commercial property/casualty insurance (auto, workers' compensation, property and general liability). The exception is pricing for umbrella coverage, which remains steady, according to survey respondents.

"When we created this index earlier this year, we sought to give the industry useful solid information about broad market conditions," explained Council President Ken A. Crerar. "We believe that this index provides a tool for helping to quantify what our members have been reporting-- that property and casualty rates continue to harden."

Just as the Council reported in the first market index (released in March), the current survey reported prices are continuing to rise. The most notable increase continues to be in rates for medium-size commercial accounts. Eighty-seven percent of those responding to the survey reported higher prices within the last 90 days. Of that 87%, nearly a third (31%) reported that rates have increased more than 10%.

(more)

As in the first survey, rates for auto and workers' compensation markets continue to harden the most. Fifty-nine percent of respondents to this survey described auto rates as "somewhat hard," while another 7% described these rates as "very hard." Workers' compensation rates were described as "somewhat hard" by 60% of respondents. Those same rates were described as "very hard" by 14% of those polled.

Group medical rates continued to harden as well. For small commercial accounts, 73% of firms reported increases, with 55% saying the increase has been over 10%. For medium commercial accounts, 78% of firms reported increases, with 53% finding increases of over 10%. Among large accounts, 76% reported increases, with 38% reporting increases of over 10%.

The survey, conducted during the first two weeks of May, was sent to 250 Council member firms across the country and was validated by a significant number of responses (87 firms responded). The following chart gives a breakdown of responses nationally.

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Since 1913, **The Council of Insurance Agents + Brokers** has provided industry leadership while representing the largest, most productive and most profitable commercial insurance agencies and brokerage firms in the U.S., and around the globe. Council members in over 3,000 locations, place nearly 80% — well over \$90 billion — of the U.S. commercial property/casualty premiums. In addition, Council members specialize in a wide range of insurance products and risk management services for business, industry, government and the public. Council members, who operate nationally and internationally, also administer billions of dollars in employee benefits. Web site: [www.ciab.com](http://www.ciab.com).



# Property – Casualty Market Survey

**Total Responses: 87**

**Released May 2000**

**Report for January 1 – March 31, 2000**

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

**2. Compared to 3 MONTHS AGO, how has commercial property-casualty pricing changed for the following categories?**

	Down >10%	Down 0 – 10%	No Change	Up 0 – 10%	Up > 10%	N/A
Small (<\$25K Comm. & fees)		1 %	21 %	56 %	20 %	2 %
Medium (\$25 – 100K)	2 %		10 %	56 %	31 %	1 %
Large (>\$100K)		2 %	23 %	36 %	31 %	8 %

**3. Compared to 3 MONTHS AGO, how has the market (pricing and underwriting) changed in the following lines of business for medium and large accounts?**

	Very Soft	Somewhat Soft	No Change	Somewhat Hard	Very Hard	N/A
Auto	1 %		32 %	59 %	7 %	1 %
Workers' Comp		1 %	22 %	60 %	14 %	3 %
Property		5 %	39 %	49 %	6 %	1 %
General Liability		3 %	38 %	54 %	3 %	2 %
Umbrella	2 %	5 %	58 %	31 %	2 %	2 %

**4. Compared to 3 MONTHS AGO, how has GROUP MEDICAL pricing changed for the following account categories?**

	Down > 10%	Down 0 – 10%	No Change	Up 0 – 10%	Up > 10%	N/A
Small (<\$25K Comm. & fees)			10 %	18 %	55 %	17 %
Medium (\$25 – 100K)		1 %	5 %	24 %	53 %	17 %
Large (>\$100K)		1 %	4 %	38 %	38 %	19 %

