



THE COUNCIL
of Insurance Agents + Brokers

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NEWS RELEASE

November 17, 2000

Commercial P/C Rates Continue to Harden

Commercial Insurance Market Index Shows Continuing Trend

Washington, DC – Through its Commercial Insurance Market Index for the third quarter 2000, released today, The Council reported property-casualty rates for small, medium, and large commercial lines continued to rise between July 1 renewals and September 30, 2000.

The Council reported significant rate increases for four of the five commercial property-casualty (p/c) lines: commercial auto, workers' compensation, property, and general liability (see attached table). Fifty-four percent said there has been no change in umbrella pricing.

The Index is based on a quarterly survey of The Council's member firms, who represent the top one percent of agents and brokers in the United States, and who place over 80 percent of all commercial insurance premiums. "The Index is proving itself as a key financial service sector planning tool," stated Ken Crerar, The Council's president.

Third quarter rate increases are particularly evident for medium-size commercial accounts. Ninety-seven percent of survey respondents reported higher prices from July to September, and over half of those, or 54 percent, reported that rates have increased more than 10 percent (in the previous quarter, 44 percent said rates increased more than 10 percent).

Third quarter rates for small accounts rose more modestly, and may show some sign of leveling out. Seventy-three percent reported increases in that market (89 percent in second quarter), with 26 percent reporting increases of greater than 10 percent. Another 25 percent reported "no change" in the market compared to nine percent who reported "no change" in the previous quarter.

For large accounts, 88 percent reported some rate increases (85 percent previous quarter), with 49 percent of those indicating increases of more than 10 percent. Only 38 percent reported more than a 10 percent jump in rates in the second quarter.

Rates for auto, workers' compensation, property, and general liability continue to harden as well. Auto took a leap forward with 90 percent reporting that rates were either "somewhat hard" or "very hard" (80 percent reported a market hardening in previous quarter); 27 percent said workers' compensation rates were "very hard" (16 percent in previous quarter); and 18 percent reported property rates were "very hard" (compared to 13 percent in previous quarter).

Group medical rates showed another dramatic price jump for small, medium and large accounts. Nearly 60 percent of those polled said rates for small and medium accounts increased more than 10 percent. Forty-four percent said rates for large accounts increased by more than 10 percent. Seventy-seven percent reported rate increases overall for large medical accounts.

Through its quarterly survey, The Council documents trends in property-casualty rates throughout the U.S. and by region. The third quarter survey, covering the period from July 1 – September 30 was sent to 250 Council members firms from throughout the U.S. The results are based on 100 responses from all regions. The attached chart gives national response breakdowns, and regional charts are available (*e-mail copies of regional charts of The Council of Insurance Agents & Brokers' Commercial Insurance Market Index are available from Jacob Tsizis, at jtsizis@ciab.com*).

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.



Total Responses: 100

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)	0 %	2 %	25 %	47 %	26 %	0 %
Medium (\$25 – 100K)	0 %	0 %	3 %	43 %	54 %	0 %
Large (>\$100K)	0 %	0 %	6 %	39 %	49 %	6 %

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	0 %	0 %	10 %	74 %	16 %	0 %
Workers' Comp	1 %	1 %	18 %	53 %	27 %	0 %
Property	0 %	1 %	16 %	65 %	18 %	0 %
General Liability	0 %	3 %	30 %	63 %	4 %	0 %
Umbrella	1 %	2 %	54 %	38 %	4 %	1 %

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)	0 %	0 %	3 %	27 %	57 %	13 %
Medium (\$25 – 100K)	0 %	0 %	2 %	29 %	57 %	12 %
Large (>\$100K)	0 %	0 %	5 %	33 %	44 %	18 %



Property – Casualty Market Survey

Released: November 2000

Period: July 1, - September 30, 2000

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

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)	0 %	4 %	52 %	16 %	28 %	0 %
Medium (\$25 – 100K)	0 %	0 %	4 %	36 %	60 %	0 %
Large (>\$100K)	0 %	0 %	0 %	33 %	63 %	4 %

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	0 %	0 %	8 %	76 %	16 %	0 %
Workers' Comp	0 %	0 %	16 %	72 %	12 %	0 %
Property	0 %	4 %	20 %	56 %	20 %	0 %
General Liability	0 %	4 %	16 %	72 %	8 %	0 %
Umbrella	4 %	0 %	50 %	42 %	4 %	0 %

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)	0 %	0 %	9 %	29 %	43 %	19 %
Medium (\$25 – 100K)	0 %	0 %	5 %	38 %	38 %	19 %
Large (>\$100K)	0 %	0 %	5 %	28 %	38 %	29 %



Property – Casualty Market Survey

Released: November 2000

Period: July 1, - September 30, 2000

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

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)	0 %	4 %	14 %	68 %	14 %	0 %
Medium (\$25 – 100K)	0 %	0 %	9 %	52 %	39 %	0 %
Large (>\$100K)	0 %	0 %	17 %	31 %	43 %	9 %

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	0 %	0 %	17 %	75 %	8 %	0 %
Workers' Comp	4 %	4 %	42 %	34 %	12 %	4 %
Property	0 %	0 %	21 %	62 %	17 %	0 %
General Liability	0 %	4 %	38 %	58 %	0 %	0 %
Umbrella	0 %	0 %	54 %	38 %	4 %	4 %

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)	0 %	0 %	5 %	53 %	26 %	16 %
Medium (\$25 – 100K)	0 %	0 %	5 %	45 %	30 %	20 %
Large (>\$100K)	0 %	0 %	15 %	40 %	25 %	20 %



Property – Casualty Market Survey

Released: November 2000

Period: July 1, - September 30, 2000

1. Below are the survey results for: **MIDWEST** (AR, IL, IN, IO, KS, MI, MO, MN, NE, ND, SD, OH, WI)
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)	0 %	0 %	13 %	57 %	26 %	4 %
Medium (\$25 – 100K)	0 %	0 %	0 %	38 %	62 %	0 %
Large (>\$100K)	0 %	0 %	0 %	33 %	63 %	4 %

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	0 %	0 %	0 %	71 %	29%	0 %
Workers' Comp	0 %	0 %	8 %	63 %	25 %	4 %
Property	0 %	0 %	8 %	71 %	21 %	0 %
General Liability	0 %	0 %	38 %	58 %	4 %	0 %
Umbrella	0 %	0 %	46 %	54 %	0 %	0 %

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)	0 %	0 %	0 %	13 %	79 %	8 %
Medium (\$25 – 100K)	0 %	0 %	0 %	13 %	83 %	4 %
Large (>\$100K)	0 %	0 %	0 %	29 %	67 %	4 %



Property – Casualty Market Survey

Released: November 2000

Period: July 1, - September 30, 2000

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

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)	0 %	0 %	17 %	50 %	33 %	0 %
Medium (\$25 – 100K)	0 %	0 %	0 %	50 %	50 %	0 %
Large (>\$100K)	0 %	0 %	8 %	67 %	17 %	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	0 %	0 %	8 %	84 %	8 %	0 %
Workers' Comp	0 %	0 %	0 %	75 %	25 %	0 %
Property	0 %	0 %	25 %	58 %	17 %	0 %
General Liability	0 %	9 %	45 %	46 %	0 %	0 %
Umbrella	0%	17 %	66 %	17 %	0 %	0 %

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)	0 %	0 %	0 %	9 %	82 %	9 %
Medium (\$25 – 100K)	0 %	0 %	0 %	27 %	64 %	9 %
Large (>\$100K)	0 %	0 %	0 %	36 %	46 %	18 %



Property – Casualty Market Survey

Released: November 2000

Period: July 1, - September 30, 2000

3. Below are the survey results for: PACIFIC/WEST (AK, CA-North, CO, HI, ID, MT, NE, NV, OR, UT, WA, WY)

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)	0 %	0 %	14 %	50 %	36 %	0 %
Medium (\$25 – 100K)	0 %	0 %	0 %	43 %	57 %	0 %
Large (>\$100K)	0 %	0 %	7 %	50 %	36 %	7 %

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	0 %	0 %	22 %	64 %	14 %	0 %
Workers' Comp	0 %	0 %	8 %	8 %	84 %	0 %
Property	0 %	0 %	7 %	79 %	14 %	0 %
General Liability	0 %	0 %	20 %	73 %	7 %	0 %
Umbrella	0 %	0 %	50 %	36 %	14 %	0 %

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)	0 %	0 %	0 %	29 %	64 %	7 %
Medium (\$25 – 100K)	0 %	0 %	0 %	21 %	72 %	7 %
Large (>\$100K)	0 %	0 %	0 %	37 %	38 %	25 %