



THE COUNCIL
of Insurance Agents + Brokers

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NEWS RELEASE

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Commercial P/C Rates Hardened in 2000

Commercial Insurance Market Index Shows Trend Continuing During Fourth Quarter 2000

Washington, DC – Through its fourth quarter 2000 Commercial Insurance Market Index, released today, The Council reported commercial property/casualty premium rates across all lines of the business and group medical coverage rose significantly over the last year. The Index also shows rates continuing to climb during the last quarter of the year.

Perhaps the most dramatic changes for 2000 were rates for medium and large business accounts. Nearly all brokers responding to the survey saw some price increases for medium accounts. Of those, 78 percent said rates rose more than 10 percent since the previous year.

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. "During its inaugural year, the Index proved itself as one of our industry's best indicators of pricing trends," states Ken A. Crerar, The Council's president.

For large accounts, 66 percent of survey respondents saw price increases of over 10 percent, and another 29 percent said rates increased by between 0-10 percent. Rates for small accounts also increased, but less steeply. Thirty-six percent of the brokers said prices for small accounts rose over 10 percent in 2000, and another 58 percent reported increases of less than 10 percent for the year.

Across the five commercial property/casualty lines – auto, worker's comp, property, general liability, and umbrella – well over the majority of brokers reported hardened rates.

Umbrella rate increases lagged somewhat behind the other property-casualty lines. Most brokers said umbrella rates were “somewhat hard;” another 33 percent saw “no change.”

Group Medical rates for small, medium, and large accounts showed sharp increases in 2000. Nearly 60 percent of brokers reported that group medical prices rose more than 10 percent over the previous year.

Fourth quarter results show rates continued the upward trend through the end of the year. Only a modest number of brokers saw no price change for small, medium, and large accounts and group medical during the last quarter. The vast majority reported increased rates: approximately 20 percent of survey respondents reported no change in auto, worker’s comp, property and general liability, and 35 percent reported “no change” in pricing for umbrella. For the fourth quarter, most brokers said rates were “somewhat hard” or “very hard” in the five commercial property/casualty lines.

Through its quarterly survey, The Council documents trends in commercial property/casualty rates throughout the U.S. and by region. The fourth quarter survey, covering the period from October 1 – December 31, 2000 was sent to 250 Council members firms throughout the U.S. The Index results are based on 121 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 percent — 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: 121

1. Below are the survey results for: ALL REGIONS

2. Comparing today (Jan 1, 2001) to one year ago (Jan 1 2000) how has commercial property-casualty 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)			5 %	58 %	36 %	1 %
Medium (\$25K – \$100K)				18 %	78 %	4 %
Large (>\$100K)				29 %	66 %	5 %

3. How has the market (pricing & underwriting) changed over the LAST THREE MONTHS (Oct – Jan 1) for the following categories?

	Down <10%	Down 0 – 10%	No Change	Up 0 – 10%	Up > 10%	N/A
Small (<\$25K Comm. & Fees)		1 %	17 %	50 %	30 %	2 %
Medium (\$25K – \$100K)			7 %	34 %	55 %	4 %
Large (>\$100K)			7 %	35 %	50 %	8 %

4. Comparing today (Jan 1, 2001) to a YEAR ago (Jan 1, 2000), how was the market (pricing and underwriting) changed in the following lines of business for medium and large accounts?

	1 Very Soft	2 Somewhat Soft	3 No Change	4 Somewhat Hard	5 Very Hard	N/A
Auto			10 %	60 %	27 %	3 %
Worker’s Comp			4 %	57 %	34 %	5 %
Property		1 %	10 %	61 %	26 %	2 %
General Liability			21 %	71 %	6 %	2 %
Umbrella			32 %	53 %	9 %	6 %

5. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (Oct – Jan 1) in the following lines of business for medium and large accounts?

	1 Very Soft	2 Somewhat Soft	3 No Change	4 Somewhat Hard	5 Very Hard	N/A
Auto			16 %	63 %	18 %	3 %
Worker's Comp			10 %	60 %	26 %	4 %
Property		1 %	11 %	67 %	20 %	1 %
General Liability			24 %	68 %	7 %	1 %
Umbrella			35 %	53 %	9 %	3 %

6. Comparing today (Jan 1, 2001) to a YEAR ago (Jan 1, 2000), 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)			2 %	11 %	58 %	29 %
Medium (\$25K – \$100K)			2 %	9 %	60 %	29 %
Large (>\$100K)			3 %	12 %	56 %	29 %

7. How has GROUP MEDICAL pricing changed over the LAST THREE MONTHS (Oct – Jan 1) for the following account categories?

	Down <10%	Down 0 – 10%	No Change	Up 0 – 10%	Up > 10%	N/A
Small (<\$25K Comm. & Fees)			17 %	18 %	43 %	22 %
Medium (\$25K – \$100K)			8 %	24 %	40 %	28 %
Large (>\$100K)			8 %	23 %	41 %	28 %