



THE COUNCIL
of Insurance Agents + Brokers

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NEWS RELEASE

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Hard Market Commercial P/C Rate Trends Continue in First Quarter of 2001

Washington, D.C. – The Council’s Commercial P/C Market Index for first quarter 2001, released today, shows rate increases in the commercial property/casualty market continued to rise at the pace set in the final quarter of 2000.

In addition, some brokers responding to the survey reported major price increases of 30 percent or more for difficult-to-place coverage, such as those for construction, trucking, and nursing home businesses.

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.

Across lines, medium sized accounts (\$25K - \$100K commission and fees) saw the largest rate increases. Seventy-six percent of the brokers surveyed said prices for medium sized accounts rose 10 - 30 percent between January 1 and April 1. Prices for small (those under \$25K) and large (those over \$100K) accounts also rose significantly over last quarter. There were few rate increases over 30 percent for either small, medium, or large accounts.

Brokers reported increases for auto, worker’s compensation, property, general liability, and umbrella coverages. Close to 90 percent of responding brokers said rates for the five commercial lines were “somewhat hard” or “very hard.” Rates for general liability and umbrella business took a significant jump up compared to their performance last quarter.

The Index shows group medical rates are on the rise as well. Sixty-four percent of respondents said rates for small group medical accounts rose 10 - 30 percent; 57 percent

reported similar increases for medium accounts; and 48 percent saw increases for large accounts. A small number reported increases over 30 percent for all accounts.

Overall, the upwards pricing trends for commercial p/c business and group medical, which was revealed by The Council's Commercial Insurance Market Index in late 1999, continues.

Through its quarterly survey, The Council documents trends in property/casualty rates throughout the U.S. and by region. The first quarter 2001 survey, covering the period from January 1 – April 1, 2001, was sent to 250 Council member firms throughout the U.S. The results are based on 112 responses from all regions. The attached chart reflects overall national responses, 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 or on The Council's website: www.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: 112

All Regions

- 1. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|---------------|-----------------|-----------|---------------|----------------|-------------|
| Small (<\$25K Comm & Fees) | 0% | ½% | 3% | 52% | 44% | ½% |
| Medium (\$25K – \$100K) | 0% | 0% | 0% | 19% | 76% | 5% |
| Large (>\$100K) | 0% | 0% | 5% | 32% | 55% | 8% |

- 2. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) in the following lines of business for medium and large accounts? Please select N/A if there has been no rate change.**

| | Very Soft | Somewhat Soft | No Change | Somewhat Hard | Very Hard |
|-----------------------|-----------|---------------|-----------|---------------|-----------|
| Auto | 0% | 1% | 1% | 63% | 35% |
| Workers' Compensation | 0% | 5% | 5% | 57% | 33% |
| Property | 0% | 2% | 2% | 62% | 34% |
| General Liability | 0% | 8% | 1% | 85% | 6% |
| Umbrella | 0% | 12% | 1% | 75% | 12% |

- 3. How has GROUP MEDICAL pricing changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|---------------|-----------------|-----------|---------------|----------------|-------------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 18% | 12% | 64% | 6% |
| Medium (\$25K – \$100K) | 0% | 0% | 19% | 18% | 57% | 6% |
| Large (>\$100K) | 0% | 0% | 22% | 26% | 49% | 3% |



Northeast (CT,DE,DC,MA,ME,MD,NH,NJ,NY,PA,RI)

- 1. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 - 10% | No Change | Up 1 - 10% | Up 10 - 30% | Up > 30% |
|----------------------------|------------|--------------|-----------|------------|-------------|----------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 0% | 52% | 48% | 0% |
| Medium (\$25K - \$100K) | 0% | 0% | 0% | 20% | 76% | 4% |
| Large (>\$100K) | 0% | 0% | 4% | 28% | 60% | 8% |

- 2. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) in the following lines of business for medium and large accounts? Please select N/A if there has been no rate change.**

| | Very Soft | Somewhat Soft | No Change | Somewhat Hard | Very Hard |
|-----------------------|-----------|---------------|-----------|---------------|-----------|
| Auto | 0% | 4% | 0% | 56% | 40% |
| Workers' Compensation | 0% | 0% | 4% | 60% | 36% |
| Property | 0% | 4% | 0% | 64% | 32% |
| General Liability | 0% | 0% | 0% | 88% | 12% |
| Umbrella | 0% | 4% | 0% | 72% | 24% |

- 3. How has GROUP MEDICAL pricing changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 - 10% | No Change | Up 1 - 10% | Up 10 - 30% | Up > 30% |
|----------------------------|------------|--------------|-----------|------------|-------------|----------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 40% | 8% | 52% | 0% |
| Medium (\$25K - \$100K) | 0% | 0% | 40% | 12% | 44% | 4% |
| Large (>\$100K) | 0% | 0% | 40% | 20% | 36% | 4% |



Southeast (AL,FL,GA,KY,LA,MS,NC,SC,TN,VA,WV)

- 1. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|------------|--------------|-----------|------------|-------------|----------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 0% | 76% | 19% | 5% |
| Medium (\$25K – \$100K) | 0% | 0% | 0% | 33% | 62% | 5% |
| Large (>\$100K) | 0% | 0% | 13% | 29% | 48% | 10% |

- 2. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) in the following lines of business for medium and large accounts? Please select N/A if there has been no rate change.**

| | Very Soft | Somewhat Soft | No Change | Somewhat Hard | Very Hard |
|-----------------------|-----------|---------------|-----------|---------------|-----------|
| Auto | 0% | 0% | 14% | 53% | 33% |
| Workers' Compensation | 0% | 19% | 9% | 67% | 5% |
| Property | 0% | 0% | 9% | 48% | 43% |
| General Liability | 0% | 9% | 5% | 86% | 0% |
| Umbrella | 0% | 19% | 5% | 76% | 0% |

- 3. How has GROUP MEDICAL pricing changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|------------|--------------|-----------|------------|-------------|----------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 25% | 14% | 52% | 9% |
| Medium (\$25K – \$100K) | 0% | 0% | 28% | 24% | 43% | 5% |
| Large (>\$100K) | 0% | 0% | 48% | 19% | 28% | 5% |



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

- 1. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|---------------|-----------------|-----------|---------------|----------------|-------------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 7% | 50% | 43% | 0% |
| Medium (\$25K – \$100K) | 0% | 0% | 3% | 20% | 67% | 10% |
| Large (>\$100K) | 0% | 0% | 7% | 33% | 50% | 10% |

- 2. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) in the following lines of business for medium and large accounts? Please select N/A if there has been no rate change.**

| | Very Soft | Somewhat Soft | No Change | Somewhat Hard | Very Hard |
|-----------------------|-----------|---------------|-----------|---------------|-----------|
| Auto | 0% | 0% | 0% | 53% | 47% |
| Workers' Compensation | 0% | 3% | 7% | 73% | 17% |
| Property | 0% | 3% | 4% | 63% | 30% |
| General Liability | 0% | 13% | 4% | 83% | 0% |
| Umbrella | 0% | 13% | 4% | 73% | 10% |

- 3. How has GROUP MEDICAL pricing changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|---------------|-----------------|-----------|---------------|----------------|-------------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 20% | 10% | 57% | 13% |
| Medium (\$25K – \$100K) | 0% | 0% | 20% | 17% | 53% | 10% |
| Large (>\$100K) | 0% | 0% | 20% | 20% | 57% | 3% |



Southwest (Southern CA,AZ,NM,OK,TX)

1. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories?

Please select N/A if there has been no rate change.

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|---------------|-----------------|-----------|---------------|----------------|-------------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 0% | 7% | 43% | 50% |
| Medium (\$25K – \$100K) | 0% | 0% | 0% | 14% | 86% | 0% |
| Large (>\$100K) | 0% | 0% | 0% | 21% | 79% | 0% |

2. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) in the following lines of business for medium and large accounts?

Please select N/A if there has been no rate change.

| | Very Soft | Somewhat Soft | No Change | Somewhat Hard | Very Hard |
|-----------------------|-----------|---------------|-----------|---------------|-----------|
| Auto | 0% | 0% | 0% | 86% | 14% |
| Workers' Compensation | 0% | 0% | 0% | 43% | 57% |
| Property | 0% | 0% | 0% | 71% | 29% |
| General Liability | 0% | 7% | 0% | 86% | 7% |
| Umbrella | 0% | 7% | 0% | 79% | 14% |

3. How has GROUP MEDICAL pricing changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories?

Please select N/A if there has been no rate change.

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|---------------|-----------------|-----------|---------------|----------------|-------------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 14% | 0% | 86% | 0% |
| Medium (\$25K – \$100K) | 0% | 0% | 14% | 14% | 65% | 7% |
| Large (>\$100K) | 0% | 0% | 15% | 21% | 64% | 0% |



Pacific NW (Northern CA, AK, CO, HI, ID, MT, NV, OR, UT, WA, WY)

- 1. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|---------------|-----------------|-----------|---------------|----------------|-------------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 0% | 31% | 69% | 0% |
| Medium (\$25K – \$100K) | 0% | 0% | 0% | 0% | 100% | 0% |
| Large (>\$100K) | 0% | 0% | 0% | 46% | 54% | 0% |

- 2. How has the market (pricing and underwriting) changed over the LAST THREE MONTHS (January 1 - April 1) in the following lines of business for medium and large accounts? Please select N/A if there has been no rate change.**

| | Very Soft | Somewhat Soft | No Change | Somewhat Hard | Very Hard |
|-----------------------|-----------|---------------|-----------|---------------|-----------|
| Auto | 0% | 0% | 0% | 69% | 31% |
| Workers' Compensation | 0% | 0% | 0% | 8% | 92% |
| Property | 0% | 0% | 0% | 69% | 31% |
| General Liability | 0% | 8% | 0% | 84% | 8% |
| Umbrella | 0% | 15% | 8% | 69% | 8% |

- 3. How has GROUP MEDICAL pricing changed over the LAST THREE MONTHS (January 1 - April 1) for the following account categories? Please select N/A if there has been no rate change.**

| | Down > 10% | Down 1 – 10% | No Change | Up 1 – 10% | Up 10 – 30% | Up > 30% |
|----------------------------|---------------|-----------------|-----------|---------------|----------------|-------------|
| Small (<\$25K Comm & Fees) | 0% | 0% | 23% | 15% | 62% | 0% |
| Medium (\$25K – \$100K) | 0% | 0% | 23% | 15% | 62% | 0% |
| Large (>\$100K) | 0% | 0% | 23% | 31% | 46% | 0% |