

NEWS RELEASE – FOR IMMEDIATE RELEASE

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COMMERCIAL P/C MARKET PRICING TOUGHENED IN FIRST QUARTER, ACCORDING TO COUNCIL SURVEY

WASHINGTON, D.C. – May 8, 2012 – Prices hardened and underwriting toughened in the commercial property/casualty market in the first quarter of the year, according to The Council of Insurance Agents & Brokers’ quarterly Commercial P/C Market Index Survey. On average, small medium and large account pricing rose 4.4 percent compared with 2.7 percent last quarter. Large account pricing realized the biggest increase quarter-to-quarter. Prices also rose across most lines surveyed.

“We’ve been cautious up to now about declaring a market turn, but I think it’s reasonable to say that the market has made a hard turn after two quarters of price increases and tighter underwriting,” said Ken A. Crerar, president/CEO of The Council. “It’s difficult to predict length and severity, but the market has turned.”

	Small Accounts	Medium Accounts	Large Accounts	Avg
First Quarter 2012	4.2%	4.9%	4.1%	4.4%
Fourth Quarter 2011	3.1%	3.5%	1.6%	2.7%
Third Quarter 2011	2.1%	1.1%	-0.6%	0.9%
Second Quarter 2011	1.0%	-0.1%	-1.3%	-0.1%
First Quarter 2011	-1.3%	-2.9%	-4.4%	-2.9%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low (3Q07)	-10.0% (1Q08)	-15.0%	-15.9%	-13.3%

Source: The Council of Insurance Agents and Brokers. Chart prepared by Barclays Capital Equity Research.

A broker from the Midwest summed up the past quarter market environment: “Insurers sought rate [price] increases of 5 percent-plus across the board. For those accounts with losses, higher rate [price] increases were sought. For those risks, other markets were more selective in considering than in prior years.” A broker from the Northwest said, “Most carriers were asking for a five-to-eight percent increase depending on the line of business. DIC, earthquake and flood all increased about 25 percent or coverage is hard to find.”

The rising cost of natural disasters clearly had an impact on insurer pricing, particularly for coastal properties, as insurers embraced new modeling programs such as RMS11.

“We manage coastal property and pricing increased due to RMS 11, substantially on some accounts,” a broker from the Southeast said. Brokers in the Northeast experienced much the same. “RMS 11 treaty reinsurance price increased and the general market for companies with CAT-prone properties made carriers dictate structure, terms and premium increases.”

Workers' compensation toughened as carriers raised prices or rejected the business. Sixty-eight percent of brokers responding said workers' compensation prices increased 1 percent to 10 percent in the first quarter of the year. A broker in the Southeast commented, "Workers' compensation was up with any kind of losses or up just a little even with no losses. Certain classes were not being accepted like they were." A broker in the Northwest said, "Workers' compensation increased in pricing or many carriers are non-renewing accounts."

In an indication that the economy may be improving, 59 percent of respondents said demand for insurance was up in the first quarter, compared to 53 percent who said demand did not improve in the previous quarter.

The economy and the federal budget and deficit continue to weigh in as the top political issues facing the country. However, the issue that keeps brokers awake at night is attracting new talent to the business.

The Council's survey is the oldest, most authoritative source of existing market conditions, pricing practices and trends, dating back to 1999.

Below are the full survey results with charts.

The Council of Insurance Agents & Brokers is the premier association for the top national, regional and international commercial brokerage firms and agencies in the United States and around the world. Member firms have offices in more than 3,000 locations across 100 countries. Council members place more than \$200 billion in commercial property/casualty and employee benefits premiums worldwide. More than 16 percent of the membership is comprised of firms headquartered outside the United States. Founded in 1913, The Council is based in Washington, D.C.

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Commercial Property – Casualty Market Survey
1st Quarter 2012 Released: May 2012

Below are the survey results for: ALL REGIONS

1. On average, how have premium rates changed over the last three months (December 31, 2011-March 31, 2012) 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%	0%	0%	4%	13%	73%	5%	0%	0%	0%	5%
Medium (\$25K – \$100K)	0%	0%	0%	3%	11%	73%	9%	0%	0%	0%	4%
Large (>\$100K)	0%	0%	0%	5%	14%	68%	7%	0%	0%	0%	6%

2. How much have premium rates changed over the last three months (December 31, 2011-March 31, 2012) 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%	0%	0%	2%	19%	68%	5%	0%	0%	0%	6%
Commercial Auto	0%	0%	1%	5%	23%	60%	4%	0%	0%	0%	7%
Commercial Property	0%	0%	0%	4%	4%	66%	22%	0%	0%	0%	4%
Construction Risks	0%	0%	0%	4%	17%	58%	5%	1%	0%	0%	15%
D & O	0%	0%	1%	1%	28%	50%	7%	1%	0%	0%	12%
Flood Insurance	0%	0%	0%	1%	40%	27%	12%	1%	0%	0%	19%
Employment Practices	0%	0%	1%	1%	31%	47%	9%	2%	0%	0%	9%
General Liability	0%	0%	0%	5%	23%	65%	1%	0%	0%	0%	6%
Marine	0%	0%	0%	5%	38%	38%	0%	0%	0%	0%	19%
Medical Malpractice	0%	0%	1%	6%	22%	26%	2%	0%	0%	0%	42%
Surety Bonds	0%	0%	1%	0%	40%	18%	0%	0%	0%	0%	42%
Terrorism	0%	0%	0%	1%	60%	16%	0%	0%	0%	0%	23%
Umbrella	0%	0%	0%	5%	25%	59%	4%	0%	0%	0%	7%
Workers' Compensation	0%	0%	2%	1%	8%	47%	35%	1%	0%	0%	6%
Broker E&O	0%	0%	1%	30%	18%	4%	0%	0%	0%	0%	47%

Commercial Property – Casualty Market Survey

1st Quarter 2012 Released: May 2012

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 (December 31, 2011-March 31, 2012) 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%	0%	0%	11%	11%	67%	0%	0%	0%	0%	11%
Medium (\$25K – \$100K)	0%	0%	0%	0%	11%	67%	11%	0%	0%	0%	11%
Large (>\$100K)	0%	0%	0%	10%	10%	70%	10%	0%	0%	0%	0%

2. How much have premium rates changed over the last three months (December 31, 2011-March 31, 2012) 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%	0%	0%	0%	10%	70%	20%	0%	0%	0%	0%
Commercial Auto	0%	0%	0%	10%	20%	50%	0%	0%	0%	0%	20%
Commercial Property	0%	0%	0%	0%	10%	70%	20%	0%	0%	0%	0%
Construction Risks	0%	0%	0%	10%	10%	30%	30%	0%	0%	0%	20%
D & O	0%	0%	0%	10%	20%	50%	0%	0%	0%	0%	20%
Flood Insurance	0%	0%	0%	0%	40%	20%	30%	10%	0%	0%	0%
Employment Practices	0%	0%	0%	10%	10%	60%	0%	0%	0%	0%	20%
General Liability	0%	0%	0%	10%	20%	50%	0%	0%	0%	0%	20%
Marine	0%	0%	0%	10%	40%	30%	0%	0%	0%	0%	20%
Medical Malpractice	0%	0%	0%	0%	40%	30%	0%	0%	0%	0%	30%
Surety Bonds	0%	0%	0%	0%	50%	10%	0%	0%	0%	0%	40%
Terrorism	0%	0%	0%	0%	90%	10%	0%	0%	0%	0%	0%
Umbrella	0%	0%	0%	0%	20%	60%	0%	0%	0%	0%	20%
Worker's Compensation	0%	0%	0%	10%	0%	50%	20%	0%	0%	0%	20%
Broker E&O	0%	0%	0%	0%	40%	20%	0%	0%	0%	0%	40%

Commercial Property – Casualty Market Survey

1st Quarter 2012 Released: May 2012

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 months (December 31, 2011-March 31, 2012) 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%	0%	0%	0%	8%	80%	8%	0%	0%	0%	4%
Medium (\$25K – \$100K)	0%	0%	0%	4%	8%	76%	8%	0%	0%	0%	4%
Large (>\$100K)	0%	0%	0%	4%	20%	60%	8%	0%	0%	0%	8%

2. How much have premium rates changed over the last three months (December 31, 2011-March 31, 2012) 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%	0%	0%	8%	8%	80%	4%	0%	0%	0%	0%
Commercial Auto	0%	0%	4%	8%	23%	50%	11%	0%	0%	0%	4%
Commercial Property	0%	0%	0%	8%	0%	65%	27%	0%	0%	0%	0%
Construction Risks	0%	0%	0%	4%	12%	61%	0%	0%	0%	0%	23%
D & O	0%	0%	4%	0%	31%	53%	0%	0%	0%	0%	12%
Flood Insurance	0%	0%	0%	4%	35%	26%	12%	0%	0%	0%	23%
Employment Practices	0%	0%	4%	0%	35%	45%	12%	0%	0%	0%	4%
General Liability	0%	0%	0%	12%	19%	61%	4%	0%	0%	0%	4%
Marine	0%	0%	0%	0%	42%	42%	0%	0%	0%	0%	16%
Medical Malpractice	0%	0%	4%	4%	19%	27%	0%	0%	0%	0%	46%
Surety Bonds	0%	0%	3%	0%	31%	12%	0%	0%	0%	0%	54%
Terrorism	0%	0%	0%	4%	50%	19%	0%	0%	0%	0%	27%
Umbrella	0%	0%	0%	12%	23%	54%	8%	0%	0%	0%	4%
Workers' Compensation	0%	0%	4%	0%	15%	41%	35%	0%	0%	0%	4%
Broker E&O	0%	0%	4%	0%	26%	12%	0%	0%	0%	0%	58%

Commercial Property – Casualty Market Survey 1st Quarter 2012 Released: May 2012

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 (December 31, 2011-March 31, 2012) 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%	0%	0%	9%	9%	78%	0%	0%	0%	0%	4%
Medium (\$25K – \$100K)	0%	0%	0%	4%	13%	79%	0%	0%	0%	0%	4%
Large (>\$100K)	0%	0%	0%	4%	13%	74%	0%	0%	0%	0%	9%

2. How much have premium rates changed over the last three months (December 31, 2011-March 31, 2012) 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%	0%	0%	0%	29%	58%	0%	0%	0%	0%	13%
Commercial Auto	0%	0%	0%	4%	17%	75%	0%	0%	0%	0%	4%
Commercial Property	0%	0%	0%	4%	0%	71%	17%	0%	0%	0%	8%
Construction Risks	0%	0%	0%	4%	8%	67%	4%	0%	0%	0%	17%
D & O	0%	0%	0%	0%	38%	46%	8%	0%	0%	0%	8%
Flood Insurance	0%	0%	0%	0%	42%	33%	8%	0%	0%	0%	17%
Employment Practices	0%	0%	0%	0%	38%	54%	4%	0%	0%	0%	4%
General Liability	0%	0%	0%	0%	21%	75%	0%	0%	0%	0%	4%
Marine	0%	0%	0%	8%	33%	46%	0%	0%	0%	0%	13%
Medical Malpractice	0%	0%	0%	13%	21%	29%	4%	0%	0%	0%	33%
Surety Bonds	0%	0%	0%	0%	46%	29%	0%	0%	0%	0%	25%
Terrorism	0%	0%	0%	0%	54%	25%	0%	0%	0%	0%	21%
Umbrella	0%	0%	0%	4%	17%	75%	0%	0%	0%	0%	4%
Workers' Compensation	0%	0%	4%	0%	4%	50%	38%	0%	0%	0%	4%
Broker E&O	0%	0%	0%	0%	38%	21%	8%	0%	0%	0%	33%

Commercial Property – Casualty Market Survey

1st Quarter 2012 Released: May 2012

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 (December 31, 2011-March 31, 2012) 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%	0%	0%	0%	23%	54%	15%	0%	0%	0%	8%
Medium (\$25K – \$100K)	0%	0%	0%	0%	8%	61%	31%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	0%	0%	17%	58%	17%	0%	0%	0%	8%

2. How much have premium rates changed over the last three months (December 31, 2011-March 31, 2012) 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%	0%	0%	0%	23%	69%	8%	0%	0%	0%	0%
Commercial Auto	0%	0%	0%	0%	31%	61%	0%	0%	0%	0%	8%
Commercial Property	0%	0%	0%	0%	8%	61%	31%	0%	0%	0%	0%
Construction Risks	0%	0%	0%	0%	31%	61%	0%	8%	0%	0%	0%
D & O	0%	0%	0%	0%	15%	54%	15%	8%	0%	0%	8%
Flood Insurance	0%	0%	0%	0%	46%	24%	15%	0%	0%	0%	15%
Employment Practices	0%	0%	0%	0%	38%	31%	15%	8%	0%	0%	8%
General Liability	0%	0%	0%	0%	46%	46%	0%	0%	0%	0%	8%
Marine	0%	0%	0%	8%	46%	31%	0%	0%	0%	0%	15%
Medical Malpractice	0%	0%	0%	0%	15%	31%	8%	0%	0%	0%	46%
Surety Bonds	0%	0%	0%	0%	46%	8%	0%	0%	0%	0%	46%
Terrorism	0%	0%	0%	0%	61%	8%	0%	0%	0%	0%	31%
Umbrella	0%	0%	0%	0%	38%	54%	0%	0%	0%	0%	8%
Workers' Compensation	0%	0%	0%	0%	8%	54%	31%	0%	0%	0%	8%
Broker E&O	0%	0%	0%	0%	31%	23%	8%	0%	0%	0%	38%

Commercial Property – Casualty Market Survey 1st Quarter 2012 Released: May 2012

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 (December 31, 2011-March 31, 2012) 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%	0%	0%	0%	25%	75%	0%	0%	0%	0%	0%
Medium (\$25K – \$100K)	0%	0%	0%	0%	25%	75%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	0%	13%	0%	87%	0%	0%	0%	0%	0%

2. How much have premium rates changed over the last three months (December 31, 2011-March 31, 2012) for the following lines? Please check N/A if you don't know or don't handle the line.

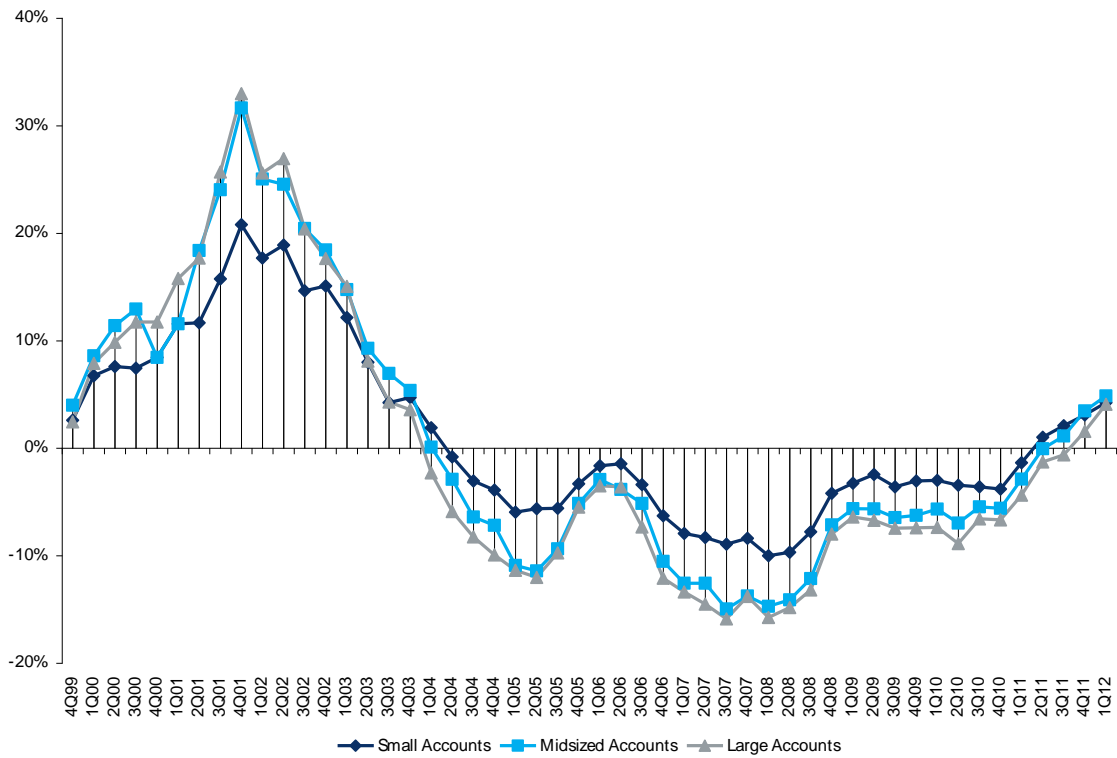
	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10- 20%	8 Up 20- 30%	9 Up 30- 50%	10 Up 50- 100%	N/A
Business Interruption	0%	0%	0%	0%	25%	50%	0%	0%	0%	0%	25%
Commercial Auto	0%	0%	0%	0%	25%	62%	0%	0%	0%	0%	13%
Commercial Property	0%	0%	0%	0%	13%	62%	13%	0%	0%	0%	12%
Construction Risks	0%	0%	0%	0%	50%	50%	0%	0%	0%	0%	0%
D & O	0%	0%	0%	0%	13%	37%	25%	0%	0%	0%	25%
Flood Insurance	0%	0%	0%	0%	38%	24%	0%	0%	0%	0%	38%
Employment Practices	0%	0%	0%	0%	13%	37%	13%	13%	0%	0%	24%
General Liability	0%	0%	0%	0%	13%	87%	0%	0%	0%	0%	0%
Marine	0%	0%	0%	0%	25%	25%	0%	0%	0%	0%	50%
Medical Malpractice	0%	0%	0%	13%	25%	0%	0%	0%	0%	0%	62%
Surety Bonds	0%	0%	0%	0%	25%	25%	0%	0%	0%	0%	50%
Terrorism	0%	0%	0%	0%	62%	0%	0%	0%	0%	0%	38%
Umbrella	0%	0%	0%	0%	38%	38%	12%	0%	0%	0%	12%
Workers' Compensation	0%	0%	0%	0%	0%	37%	50%	13%	0%	0%	0%
Broker E&O	0%	0%	0%	0%	0%	25%	0%	0%	0%	0%	75%

Average First Quarter 2012 Commercial Rates Continue to Rise

	Small Accounts	Medium Accounts	Large Accounts	Avg
First Quarter 2012	4.2%	4.9%	4.1%	4.4%
Fourth Quarter 2011	3.1%	3.5%	1.6%	2.7%
Third Quarter 2011	2.1%	1.1%	-0.6%	0.9%
Second Quarter 2011	1.0%	-0.1%	-1.3%	-0.1%
First Quarter 2011	-1.3%	-2.9%	-4.4%	-2.9%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low (3Q07)	-10.0% (1Q08)	-15.0%	-15.9%	-13.3%

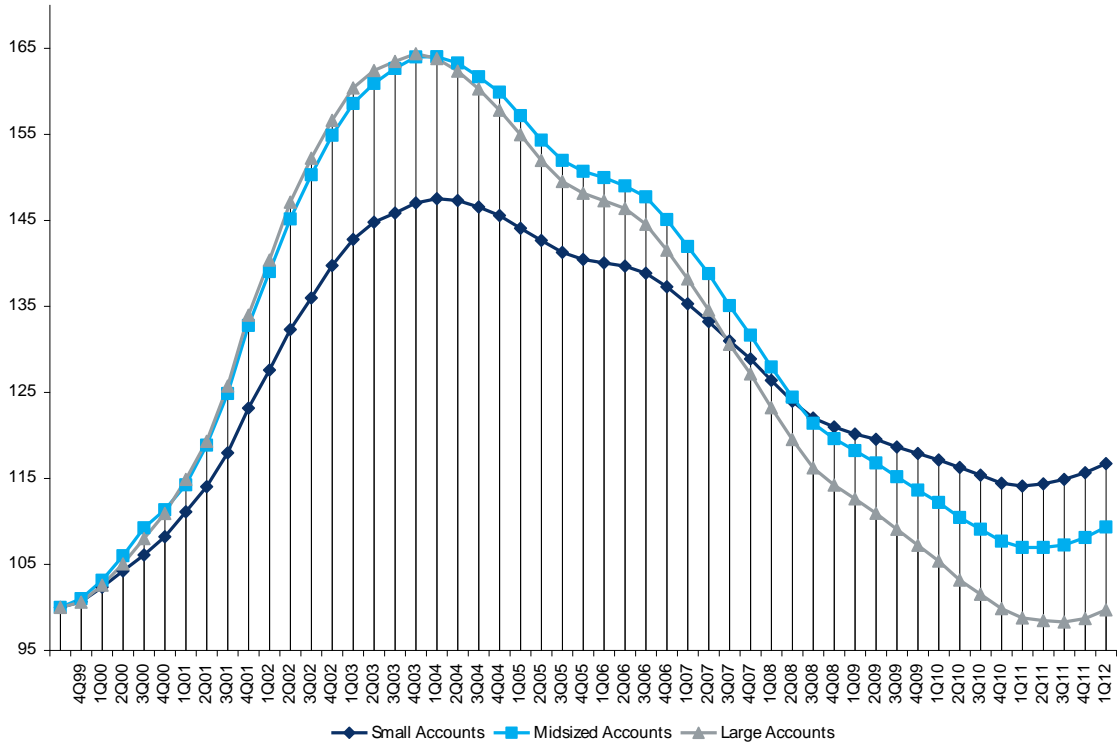
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

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 and Brokers. Chart prepared by Barclays Research.

By-Line First Quarter 2012 Rate Changes Ranged From +3.1% to +7.4%

By-Line First Quarter 2012 Rate Changes Ranged From +3.1% to +7.4%						
	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
First Quarter 2012	3.1%	7.4%	6.5%	3.1%	3.3%	4.7%
Fourth Quarter 2011	2.0%	7.5%	5.7%	2.2%	2.3%	3.9%
Third Quarter 2011	0.6%	4.1%	3.0%	0.2%	1.3%	1.9%
Second Quarter 2011	-0.4%	2.6%	2.2%	-0.7%	-1.5%	0.5%
First Quarter 2011	-2.0%	-1.6%	-2.0%	-2.7%	-1.7%	-2.0%
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%

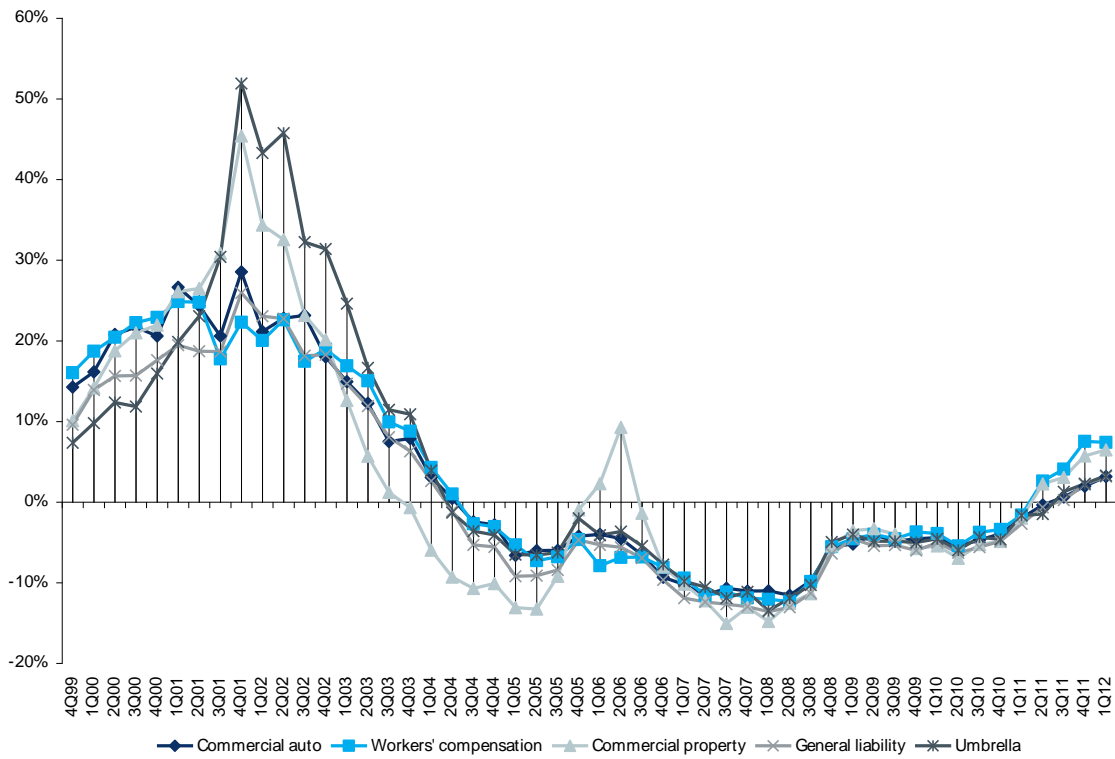
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Rate Changes in Other Lines

First Quarter 2012 Rate Changes in Other Lines			
	1Q12	High	Low
Business interruption	4.0%	28.8%	-10.2%
Construction	3.8%	38.7%	-10.7%
D&O liability	3.6%	32.4%	-8.7%
Employment practices	4.0%	21.9%	-8.1%
Surety bonds	0.7%	11.2%	-2.3%

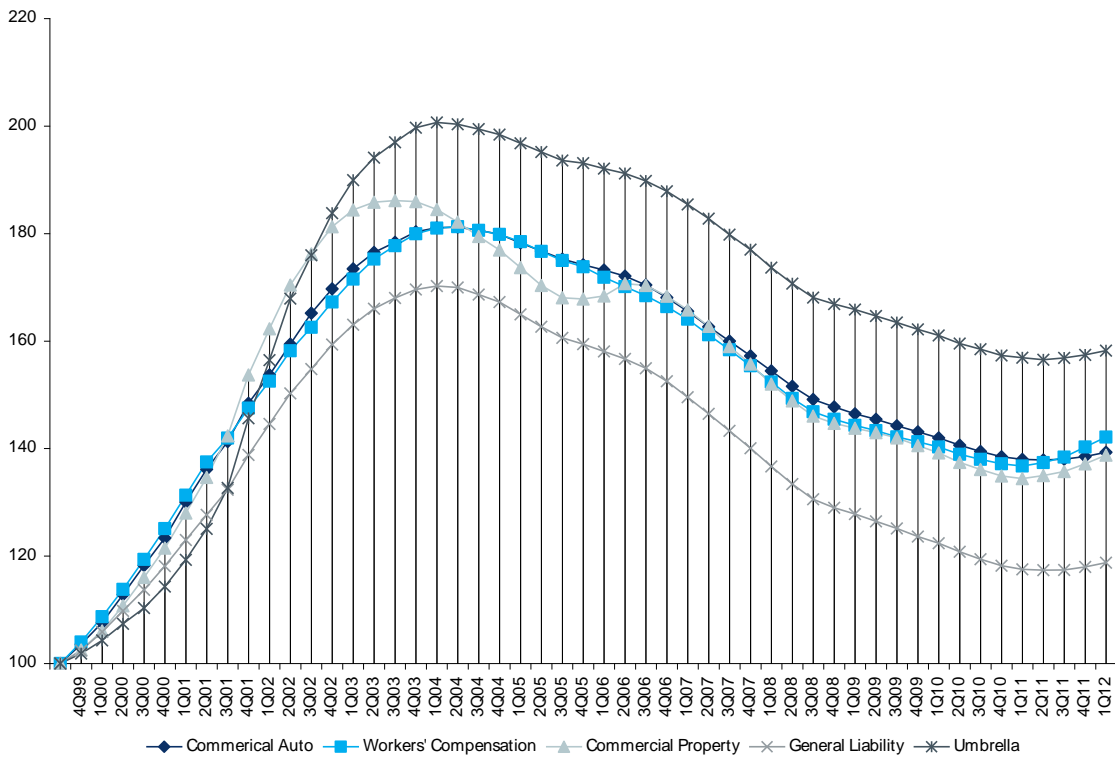
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Average Commercial Rate Increases by Line

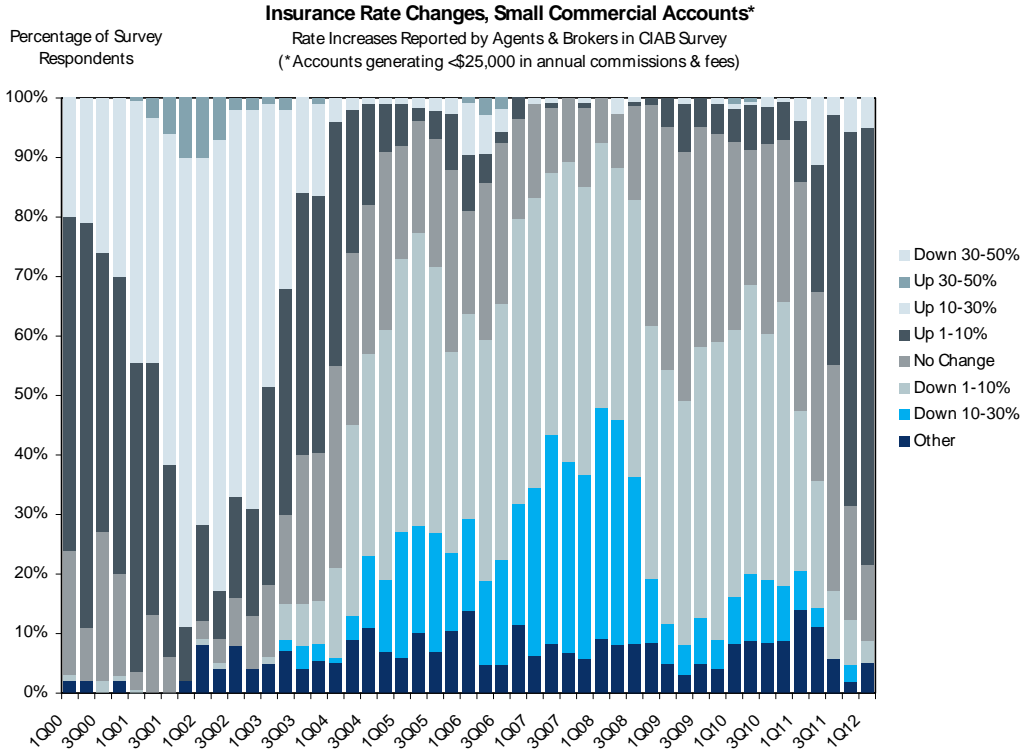


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

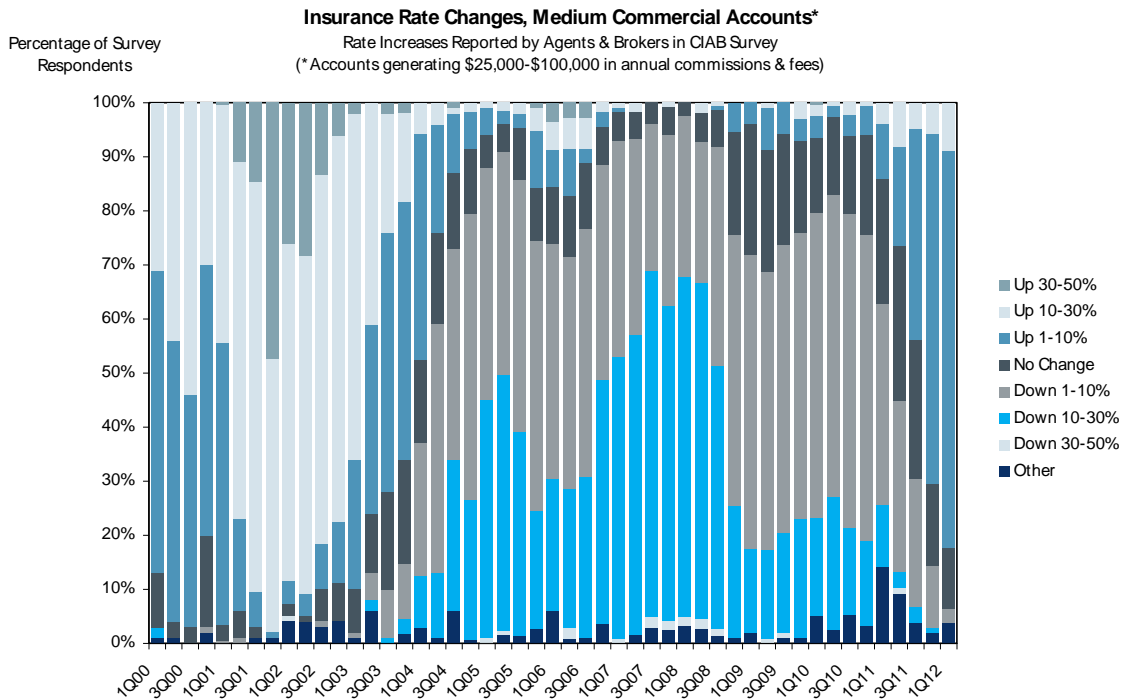
Cumulative Quarterly Rate Increases by Line



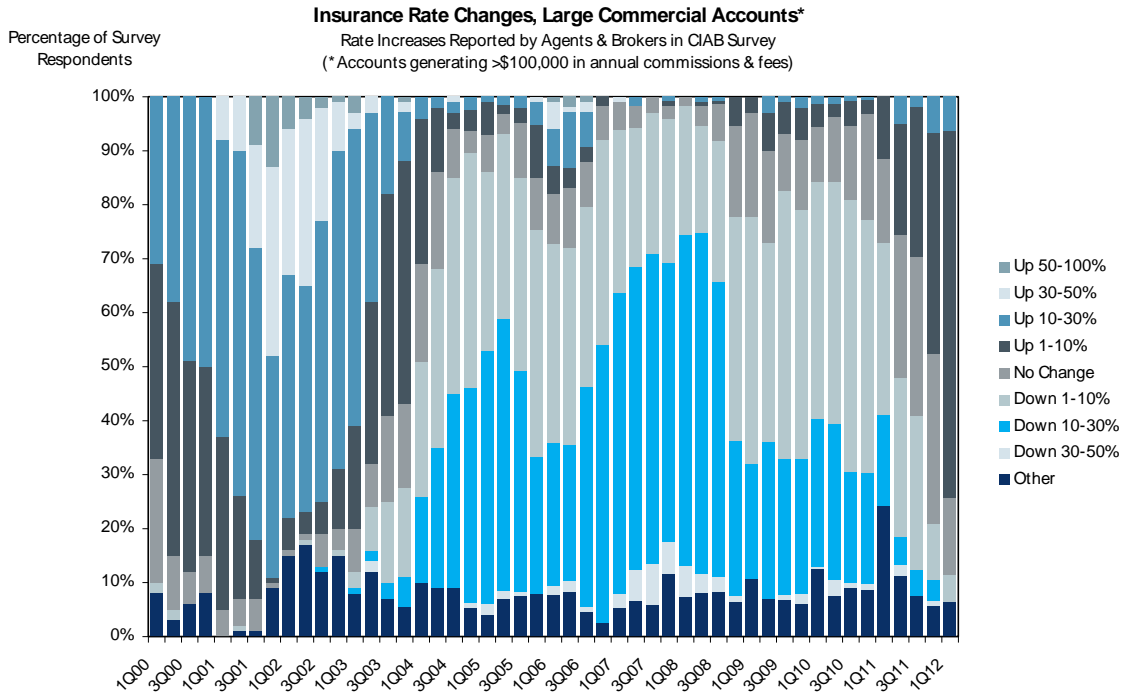
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



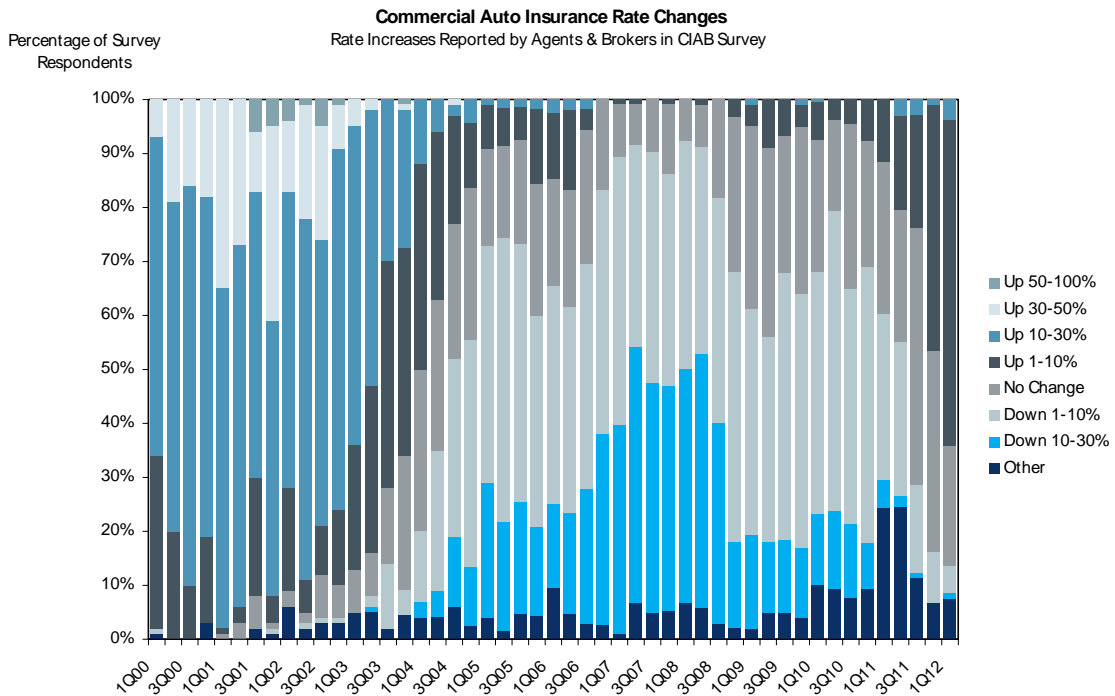
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



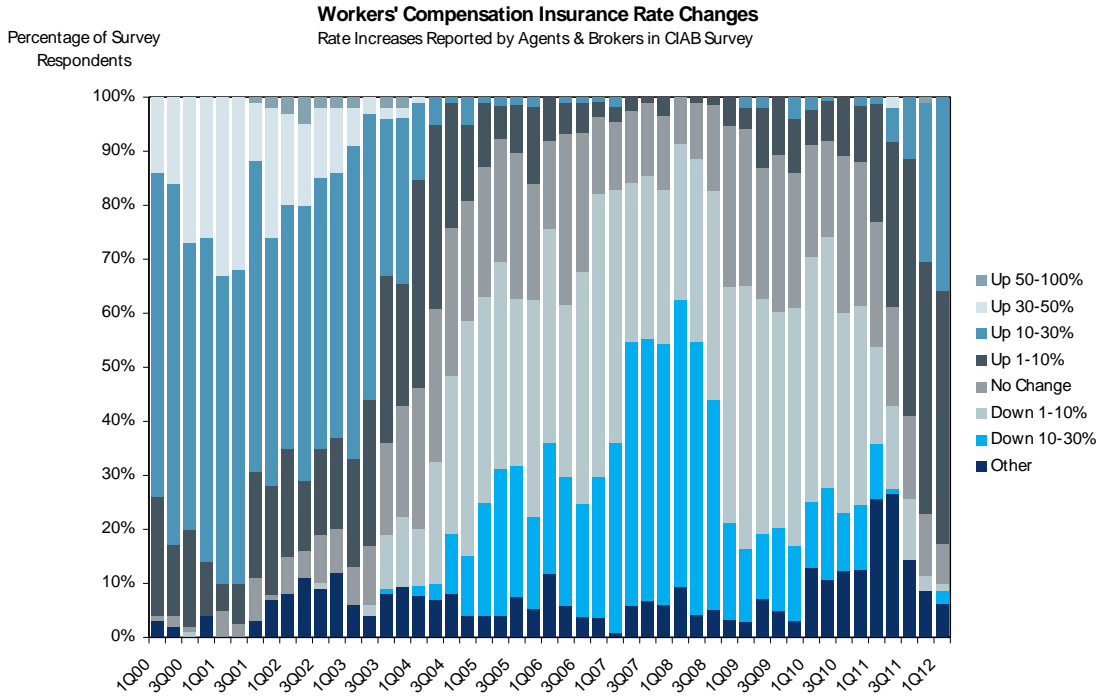
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



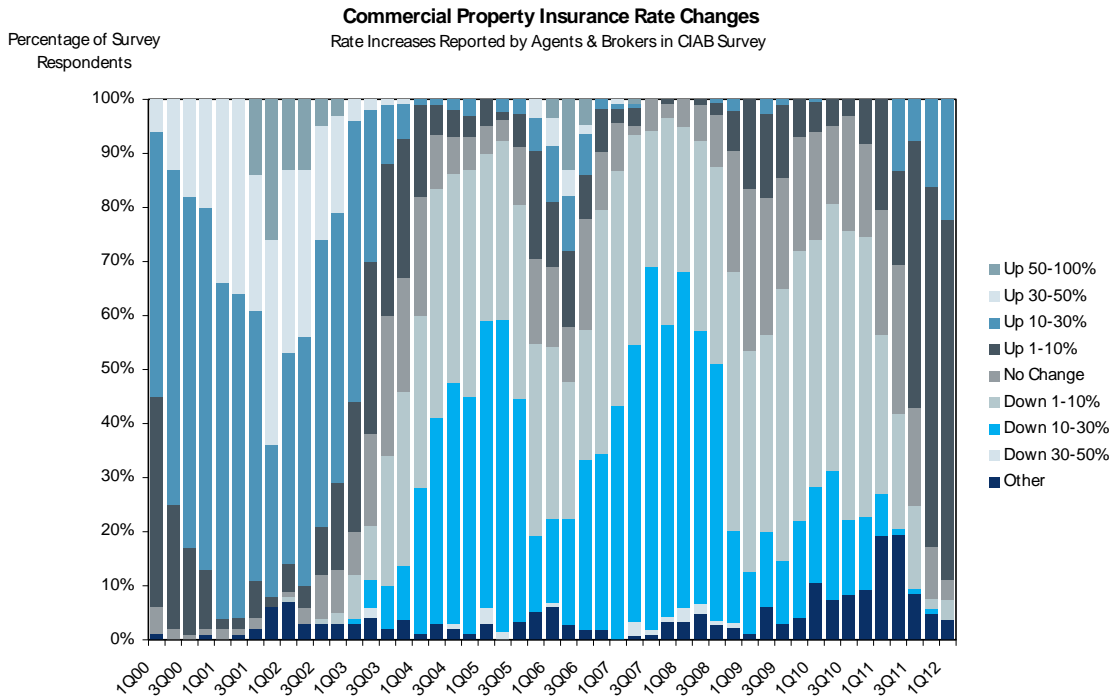
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



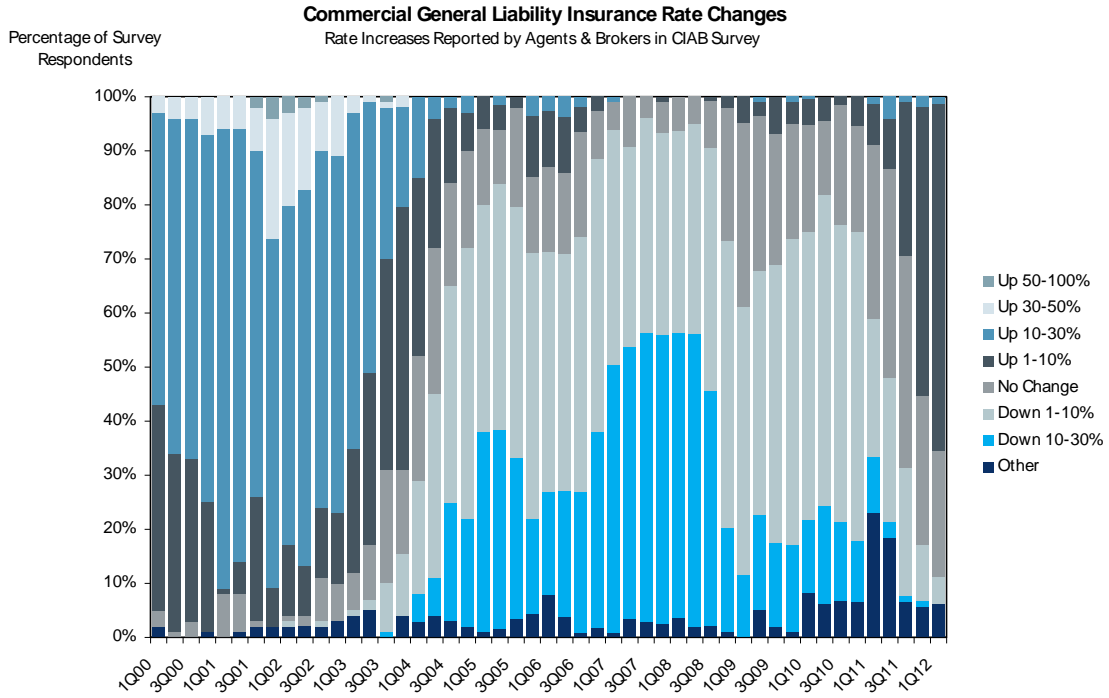
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



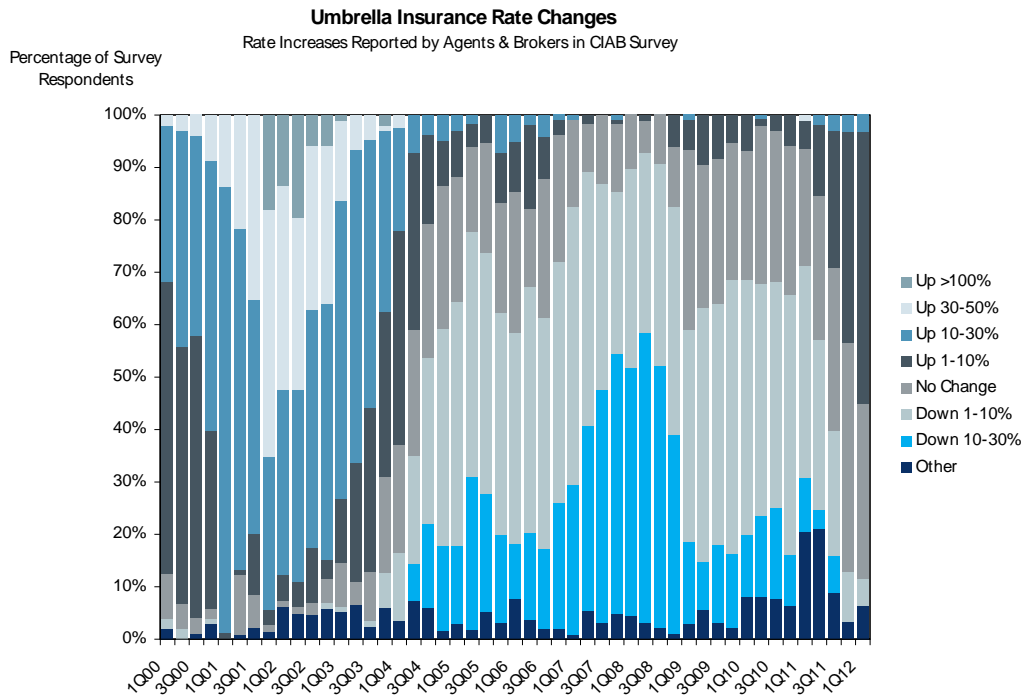
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



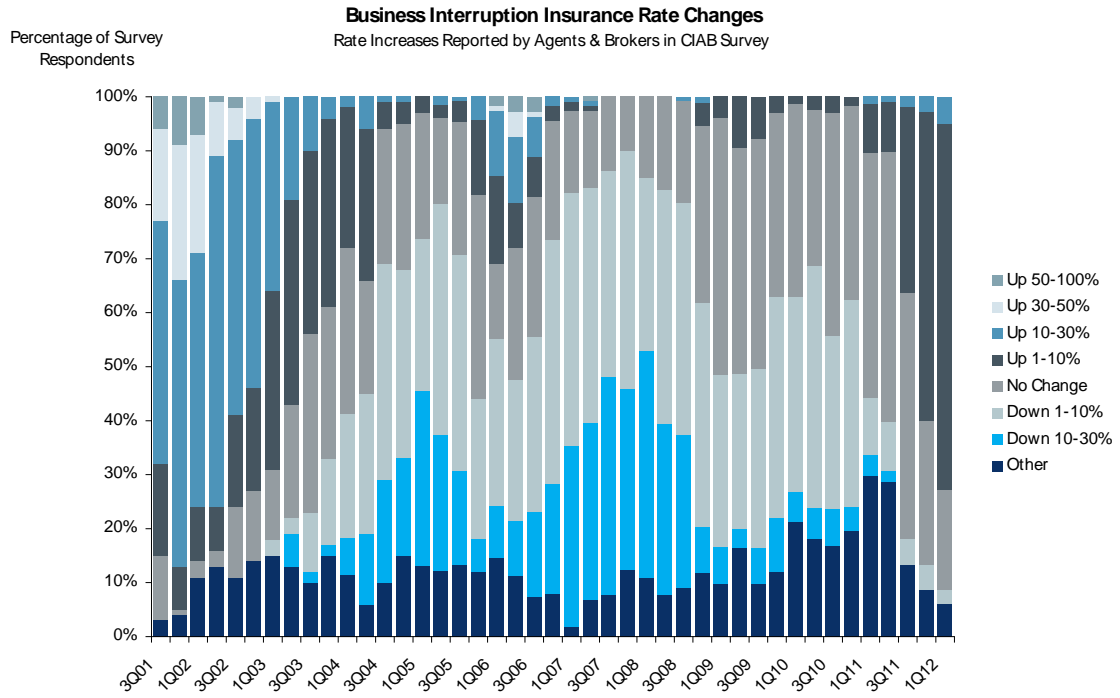
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



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