

NEWS RELEASE – FOR IMMEDIATE RELEASE

Contact: Brianne E. Spellane
Director of Communications
202.662.4303
brianne.spellane@ciab.com

**COMMERCIAL P/C PRICING SLOWED IN THIRD QUARTER,
ACCORDING TO THE COUNCIL’S SURVEY**

WASHINGTON, D.C. – Nov. 1, 2012 – Increases in commercial property/casualty insurance pricing slowed slightly in the third quarter of the year, according to The Council of Insurance Agents & Brokers’ quarterly Commercial P/C Market Index Survey. Pricing rose on average at a rate of 3.9 percent, compared with 4.3 percent in the second quarter, across small, medium and large accounts.

“We definitely saw an increase in most lines, but it was more of a creep than a leap,” said The Council’s President/CEO, Ken A. Crerar. “Carriers seemed more focused on tightening terms and conditions.”

Average Third Quarter 2012 Commercial Rate Increases Slow

	Small Accounts	Medium Accounts	Large Accounts	Avg
Third Quarter 2012	3.7%	4.5%	3.5%	3.9%
Second Quarter 2012	4.3%	4.9%	3.7%	4.3%
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%
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.

The emphasis on tougher underwriting was evident in responses from brokers answering the survey. A broker in the Southeast said carriers quoted “more restrictive terms and pricing.” A mid-Western broker said there was “much tighter underwriting across the board in regard to loss history.”

In the Southwest one respondent pointed out “increased deductibles and reduced limits.” And a broker from the Pacific Northwest said, “Most all [carriers] required five-year loss runs, instead of three as in years’ past.”

Catastrophe-prone property underwriting toughened, particularly along the East Coast. A Southeast broker said, “Carriers continued to underwrite property lines very carefully due to CAT losses in the region. Wind deductibles were being added or coverage excluded on some.” In the Northeast, “CAT deductibles [were] increasing with less CAT capacity for flood and earthquake. More restrictions/exclusions for New York construction and capacity was more limited.”

The workers’ compensation market also continued to harden. “Few carriers writing monoline workers’ compensation, i.e., more carriers were requiring package or other lines to consider workers’ compensation,” said a Pacific Northwest broker. In the Midwest, it was “much more difficult to get workers’ compensation quotes.”

A broker from the Northeast summed up the third quarter market environment: "Workers' compensation and property continued to show the strongest price increases; pricing on casualty lines remained flat to modest; and large accounts with good loss history remained very competitive."

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

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.

www.ciab.com

Commercial Property – Casualty Market Survey

3rd Quarter 2012 Released: October 2012

Below are the survey results for: ALL REGIONS

1. On average, how have premium rates changed over the last three months (July 1, 2012-September 30, 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%	2%	2%	15%	69%	4%	0%	0%	0%	8%
Medium (\$25K – \$100K)	0%	0%	1%	4%	11%	71%	9%	0%	0%	0%	4%
Large (>\$100K)	0%	0%	2%	4%	16%	67%	4%	0%	0%	0%	7%

2. How much have premium rates changed over the last three months (July 1, 2012-September 30, 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%	1%	2%	19%	62%	4%	0%	0%	0%	12%
Commercial Auto	0%	0%	1%	3%	22%	60%	4%	0%	0%	0%	10%
Commercial Property	0%	0%	1%	2%	9%	64%	16%	1%	0%	0%	7%
Construction Risks	0%	0%	1%	2%	18%	55%	7%	2%	0%	0%	15%
D & O	0%	0%	0%	2%	24%	47%	13%	3%	0%	0%	11%
Flood Insurance	0%	0%	0%	2%	40%	33%	6%	1%	0%	0%	18%
Employment Practices	0%	0%	1%	1%	27%	41%	15%	1%	1%	0%	13%
General Liability	0%	0%	1%	3%	20%	62%	6%	1%	0%	0%	7%
Marine	0%	0%	1%	3%	35%	40%	5%	0%	0%	0%	16%
Medical Malpractice	0%	0%	1%	4%	25%	22%	3%	0%	0%	0%	45%
Surety Bonds	0%	0%	0%	1%	39%	15%	1%	0%	0%	0%	44%
Terrorism	0%	0%	1%	3%	56%	19%	1%	0%	0%	0%	20%
Umbrella	0%	0%	2%	3%	25%	57%	3%	1%	0%	0%	9%
Workers' Compensation	0%	0%	1%	1%	6%	46%	31%	5%	0%	0%	10%
Broker E&O	0%	0%	0%	1%	25%	28%	3%	1%	0%	0%	42%

Commercial Property – Casualty Market Survey

3rd Quarter 2012 Released: October 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 (July 1, 2012-September 30, 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%	13%	13%	67%	0%	0%	0%	0%	7%
Medium (\$25K – \$100K)	0%	0%	0%	13%	13%	60%	7%	0%	0%	0%	7%
Large (>\$100K)	0%	0%	7%	7%	20%	53%	0%	0%	0%	0%	13%

2. How much have premium rates changed over the last three months (July 1, 2012-September 30, 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%	13%	20%	67%	0%	0%	0%	0%	0%
Commercial Auto	0%	0%	0%	13%	13%	67%	0%	0%	0%	0%	7%
Commercial Property	0%	0%	0%	13%	7%	73%	7%	0%	0%	0%	0%
Construction Risks	0%	0%	0%	13%	7%	46%	7%	7%	0%	0%	20%
D & O	0%	0%	0%	7%	40%	39%	7%	0%	0%	0%	7%
Flood Insurance	0%	0%	0%	7%	47%	46%	0%	0%	0%	0%	0%
Employment Practices	0%	0%	0%	7%	40%	46%	0%	0%	0%	0%	7%
General Liability	0%	0%	0%	13%	20%	60%	0%	0%	0%	0%	7%
Marine	0%	0%	0%	7%	46%	20%	0%	0%	0%	0%	27%
Medical Malpractice	0%	0%	0%	7%	20%	33%	0%	0%	0%	0%	40%
Surety Bonds	0%	0%	0%	7%	40%	13%	0%	0%	0%	0%	40%
Terrorism	0%	0%	0%	13%	53%	27%	0%	0%	0%	0%	7%
Umbrella	0%	0%	7%	7%	7%	72%	0%	0%	0%	0%	7%
Worker's Compensation	0%	0%	7%	0%	7%	59%	20%	0%	0%	0%	7%
Broker E&O	0%	0%	0%	7%	27%	26%	7%	0%	0%	0%	33%

Commercial Property – Casualty Market Survey 3rd Quarter 2012 Released: October 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 (July 1, 2012-September 30, 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%	3%	0%	17%	73%	0%	0%	0%	0%	7%
Medium (\$25K – \$100K)	0%	0%	3%	0%	13%	74%	7%	0%	0%	0%	3%
Large (>\$100K)	0%	0%	3%	3%	18%	70%	3%	0%	0%	0%	3%

2. How much have premium rates changed over the last three months (July 1, 2012-September 30, 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%	3%	0%	10%	70%	7%	0%	0%	0%	10%
Commercial Auto	0%	0%	3%	0%	30%	57%	7%	0%	0%	0%	3%
Commercial Property	0%	0%	3%	0%	3%	71%	20%	0%	0%	0%	3%
Construction Risks	0%	0%	3%	0%	23%	64%	7%	0%	0%	0%	3%
D & O	0%	0%	0%	3%	27%	61%	3%	3%	0%	0%	3%
Flood Insurance	0%	0%	0%	3%	47%	30%	10%	3%	0%	0%	7%
Employment Practices	0%	0%	3%	0%	37%	43%	7%	0%	3%	0%	7%
General Liability	0%	0%	3%	0%	23%	68%	3%	3%	0%	0%	0%
Marine	0%	0%	3%	3%	37%	51%	3%	0%	0%	0%	3%
Medical Malpractice	0%	0%	0%	3%	27%	20%	0%	0%	0%	0%	50%
Surety Bonds	0%	0%	0%	0%	40%	13%	0%	0%	0%	0%	47%
Terrorism	0%	0%	0%	3%	63%	14%	0%	0%	0%	0%	20%
Umbrella	0%	0%	3%	0%	33%	54%	7%	0%	0%	0%	3%
Workers' Compensation	0%	0%	0%	3%	7%	51%	33%	3%	0%	0%	3%
Broker E&O	0%	0%	0%	0%	30%	14%	3%	0%	0%	0%	53%

Commercial Property – Casualty Market Survey

3rd Quarter 2012 Released: October 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 (July 1, 2012-September 30, 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%	76%	8%	0%	0%	0%	8%
Medium (\$25K – \$100K)	0%	0%	0%	0%	0%	87%	9%	0%	0%	0%	4%
Large (>\$100K)	0%	0%	0%	0%	4%	87%	0%	0%	0%	0%	9%

2. How much have premium rates changed over the last three months (July 1, 2012-September 30, 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%	21%	54%	4%	0%	0%	0%	21%
Commercial Auto	0%	0%	0%	0%	21%	62%	4%	0%	0%	0%	13%
Commercial Property	0%	0%	0%	0%	4%	66%	13%	0%	0%	0%	17%
Construction Risks	0%	0%	0%	0%	13%	58%	0%	4%	0%	0%	25%
D & O	0%	0%	0%	0%	29%	37%	13%	0%	0%	0%	21%
Flood Insurance	0%	0%	0%	0%	29%	42%	4%	0%	0%	0%	25%
Employment Practices	0%	0%	0%	0%	25%	41%	13%	0%	0%	0%	21%
General Liability	0%	0%	0%	0%	17%	67%	8%	0%	0%	0%	8%
Marine	0%	0%	0%	4%	33%	42%	4%	0%	0%	0%	17%
Medical Malpractice	0%	0%	0%	8%	42%	17%	4%	0%	0%	0%	29%
Surety Bonds	0%	0%	0%	0%	50%	17%	4%	0%	0%	0%	29%
Terrorism	0%	0%	4%	0%	54%	25%	0%	0%	0%	0%	17%
Umbrella	0%	0%	0%	4%	29%	55%	0%	4%	0%	0%	8%
Workers' Compensation	0%	0%	0%	0%	4%	41%	38%	4%	0%	0%	13%
Broker E&O	0%	0%	0%	0%	25%	38%	0%	4%	0%	0%	33%

Commercial Property – Casualty Market Survey 3rd Quarter 2012 Released: October 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 (July 1, 2012-September 30, 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%	8%	0%	0%	62%	15%	0%	0%	0%	15%
Medium (\$25K – \$100K)	0%	0%	0%	8%	0%	61%	23%	0%	0%	0%	8%
Large (>\$100K)	0%	0%	0%	8%	0%	69%	15%	0%	0%	0%	8%

2. How much have premium rates changed over the last three months (July 1, 2012-September 30, 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%	8%	76%	8%	0%	0%	0%	8%
Commercial Auto	0%	0%	0%	0%	15%	62%	8%	0%	0%	0%	15%
Commercial Property	0%	0%	0%	0%	8%	45%	31%	8%	0%	0%	8%
Construction Risks	0%	0%	0%	0%	15%	54%	8%	0%	0%	0%	23%
D & O	0%	0%	0%	0%	0%	39%	46%	0%	0%	0%	15%
Flood Insurance	0%	0%	0%	0%	31%	15%	8%	0%	0%	0%	46%
Employment Practices	0%	0%	0%	0%	0%	39%	38%	0%	0%	0%	23%
General Liability	0%	0%	0%	0%	8%	62%	15%	0%	0%	0%	15%
Marine	0%	0%	0%	0%	15%	54%	8%	0%	0%	0%	23%
Medical Malpractice	0%	0%	0%	0%	8%	15%	15%	0%	0%	0%	62%
Surety Bonds	0%	0%	0%	0%	38%	16%	0%	0%	0%	0%	46%
Terrorism	0%	0%	0%	0%	46%	8%	8%	0%	0%	0%	38%
Umbrella	0%	0%	0%	0%	15%	70%	0%	0%	0%	0%	15%
Workers' Compensation	0%	0%	0%	0%	0%	47%	23%	15%	0%	0%	15%
Broker E&O	0%	0%	0%	0%	15%	31%	0%	0%	0%	0%	54%

Commercial Property – Casualty Market Survey 3rd Quarter 2012 Released: October 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 (July 1, 2012-September 30, 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%	45%	55%	0%	0%	0%	0%	0%
Medium (\$25K – \$100K)	0%	0%	0%	9%	36%	55%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	0%	9%	45%	37%	9%	0%	0%	0%	0%

2. How much have premium rates changed over the last three months (July 1, 2012-September 30, 2012) for the following lines? Please check N/A if you don't know or don't handle the line.

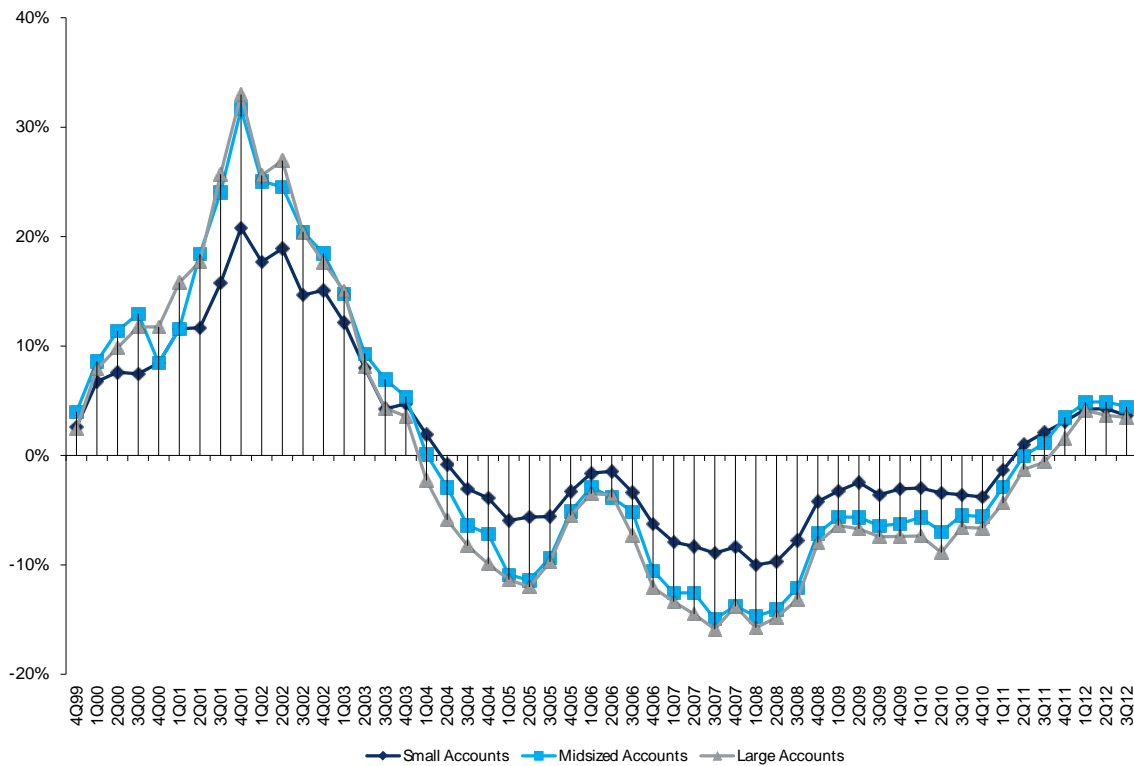
	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10- 20%	8 Up 20- 30%	9 Up 30- 50%	10 Up 50- 100%	N/A
Business Interruption	0%	0%	0%	0%	55%	27%	0%	0%	0%	0%	18%
Commercial Auto	0%	0%	0%	9%	18%	55%	0%	0%	0%	0%	18%
Commercial Property	0%	0%	0%	0%	36%	46%	9%	0%	0%	0%	9%
Construction Risks	0%	0%	0%	0%	36%	37%	18%	0%	0%	0%	9%
D & O	0%	0%	0%	0%	9%	55%	9%	18%	0%	0%	9%
Flood Insurance	0%	0%	0%	0%	45%	18%	9%	0%	0%	0%	27%
Employment Practices	0%	0%	0%	0%	18%	28%	36%	9%	0%	0%	9%
General Liability	0%	0%	0%	9%	36%	37%	9%	0%	0%	0%	9%
Marine	0%	0%	0%	0%	36%	19%	18%	0%	0%	0%	27%
Medical Malpractice	0%	0%	9%	0%	9%	27%	0%	0%	0%	0%	55%
Surety Bonds	0%	0%	0%	0%	9%	18%	0%	0%	0%	0%	73%
Terrorism	0%	0%	0%	0%	55%	18%	0%	0%	0%	0%	27%
Umbrella	0%	0%	0%	9%	27%	37%	9%	0%	0%	0%	18%
Workers' Compensation	0%	0%	0%	0%	18%	19%	36%	9%	0%	0%	18%
Broker E&O	0%	0%	0%	0%	18%	46%	9%	0%	0%	0%	27%

Average Third Quarter 2012 Commercial Rate Increases Slow

	Small Accounts	Medium Accounts	Large Accounts	Avg
Third Quarter 2012	3.7%	4.5%	3.5%	3.9%
Second Quarter 2012	4.3%	4.9%	3.7%	4.3%
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%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low (3Q07)	-10.0% (1Q08)	-15.0%	-15.9%	-13.3%

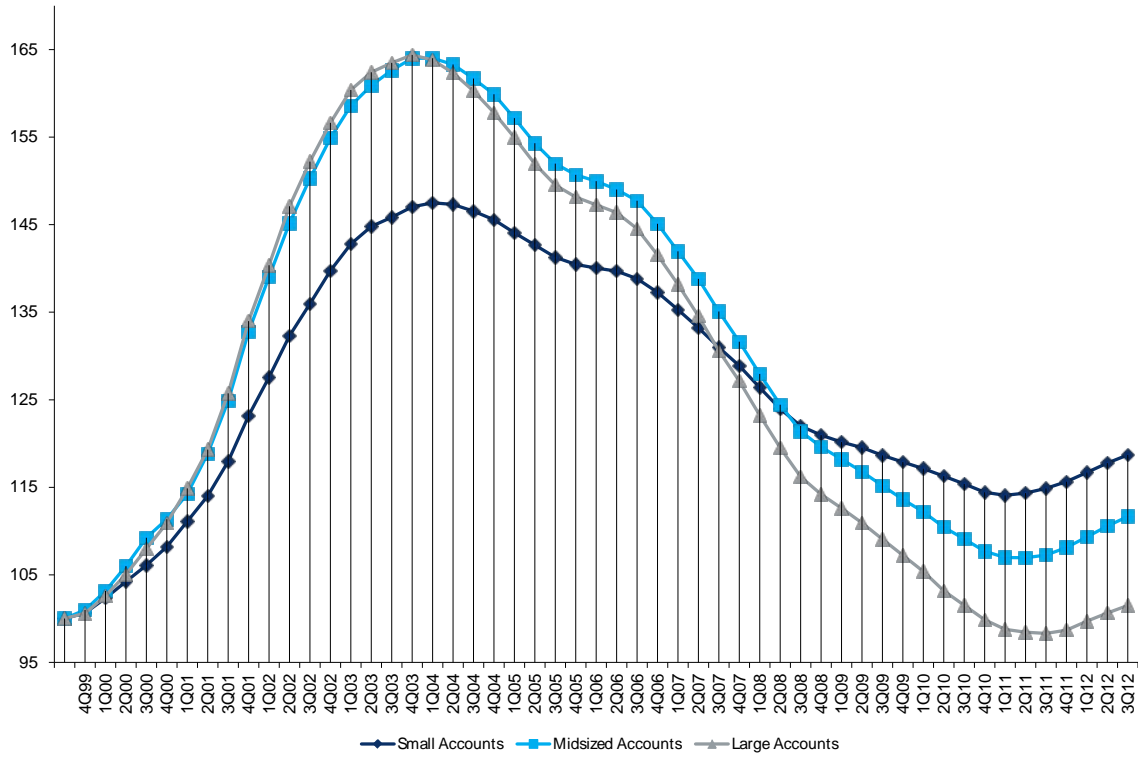
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

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 & Brokers. Chart prepared by Barclays Research.

By-Line Third Quarter 2012 Rate Changes Ranged From +3.1% to +8.1%

	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
Third Quarter 2012	3.3%	8.1%	5.6%	4.0%	3.1%	4.8%
Second Quarter 2012	3.0%	8.3%	7.2%	4.1%	3.8%	5.3%
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%
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%

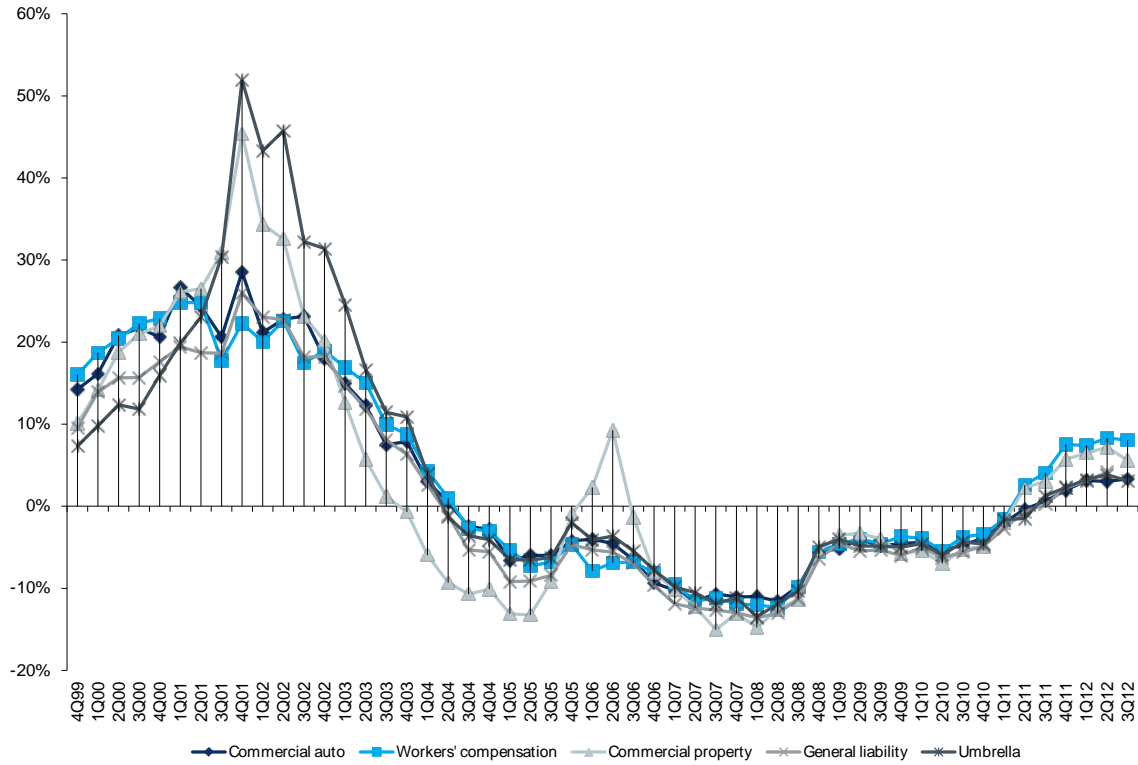
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Rate Changes in Other Lines

Third Quarter 2012 Rate Changes in Other Lines			
	3Q12	High	Low
Business interruption	3.4%	28.8%	-10.2%
Construction	4.0%	38.7%	-10.7%
D&O liability	5.0%	32.4%	-8.7%
Employment practices	4.8%	21.9%	-8.1%
Surety bonds	0.9%	11.2%	-2.3%

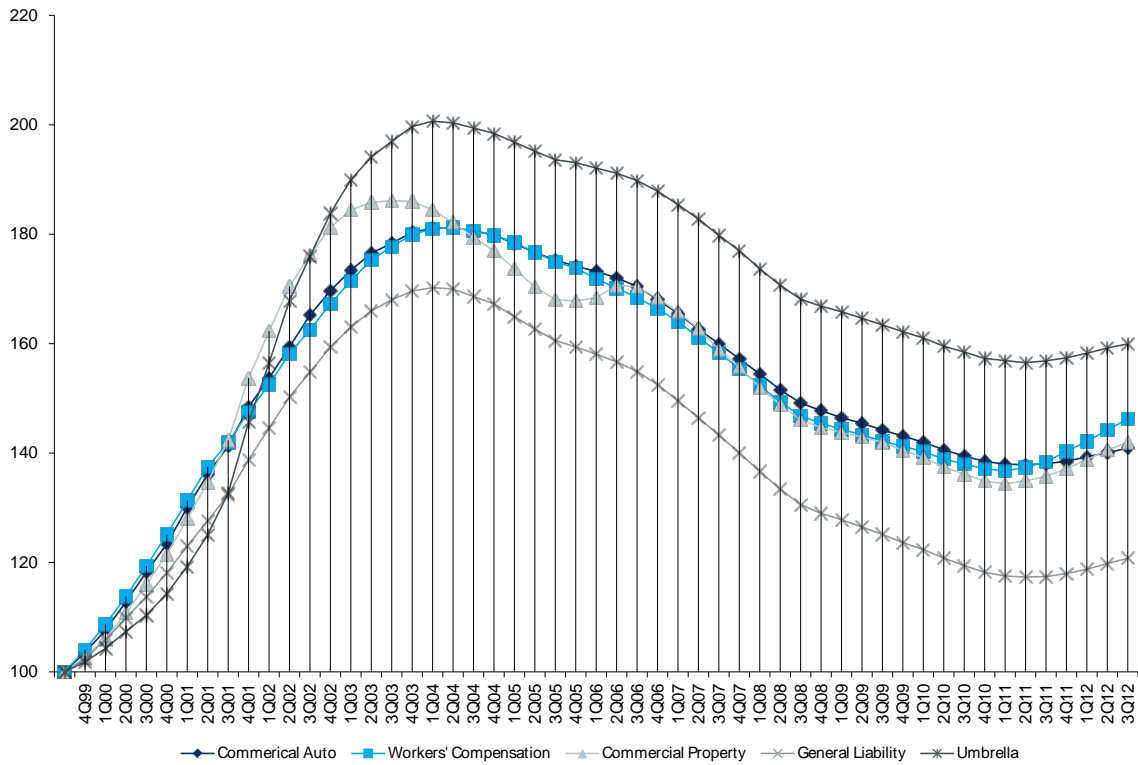
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Average Commercial Rate Increases by Line

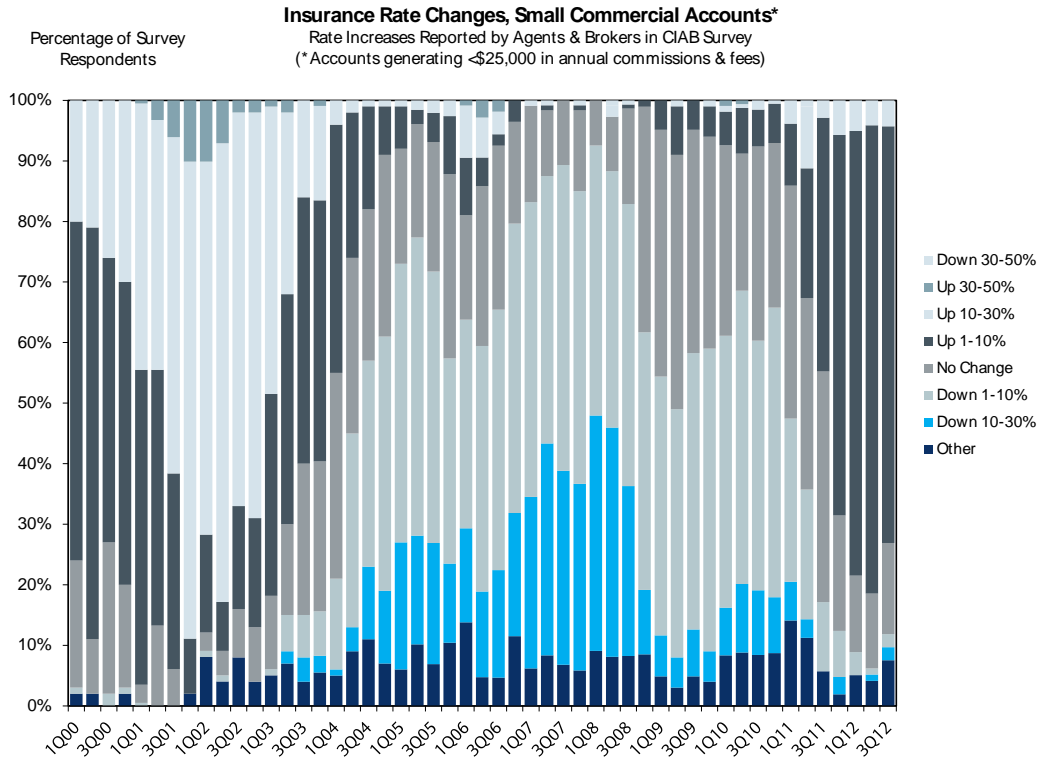


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

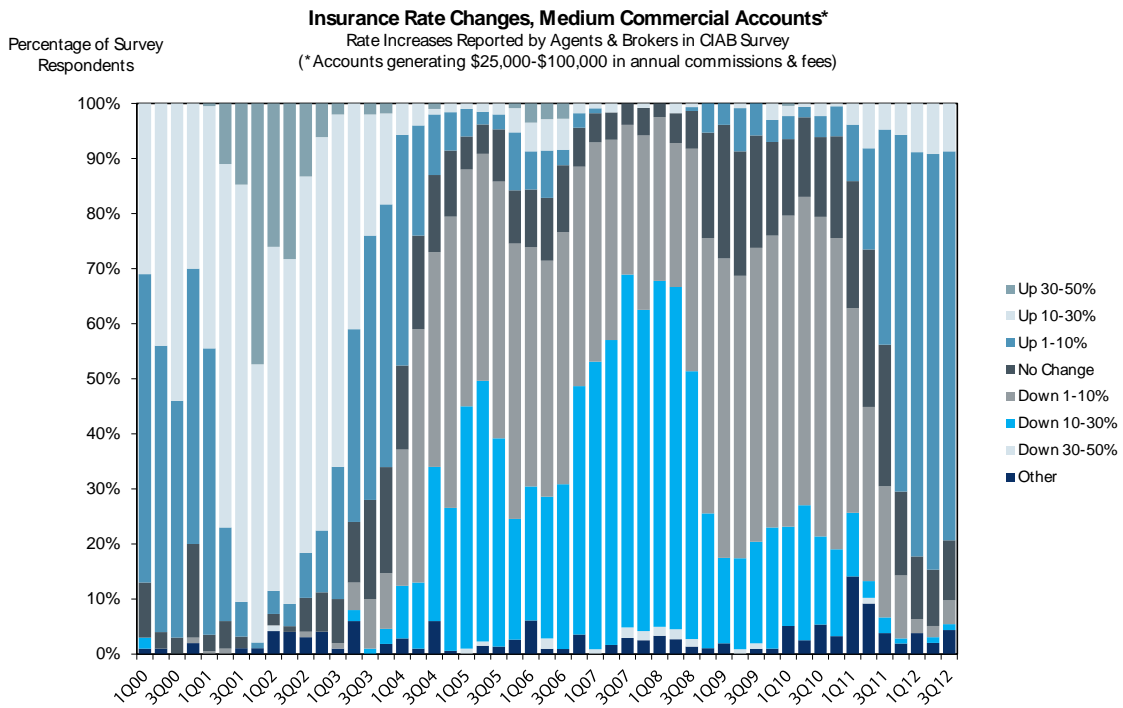
Cumulative Quarterly Rate Increases by Line



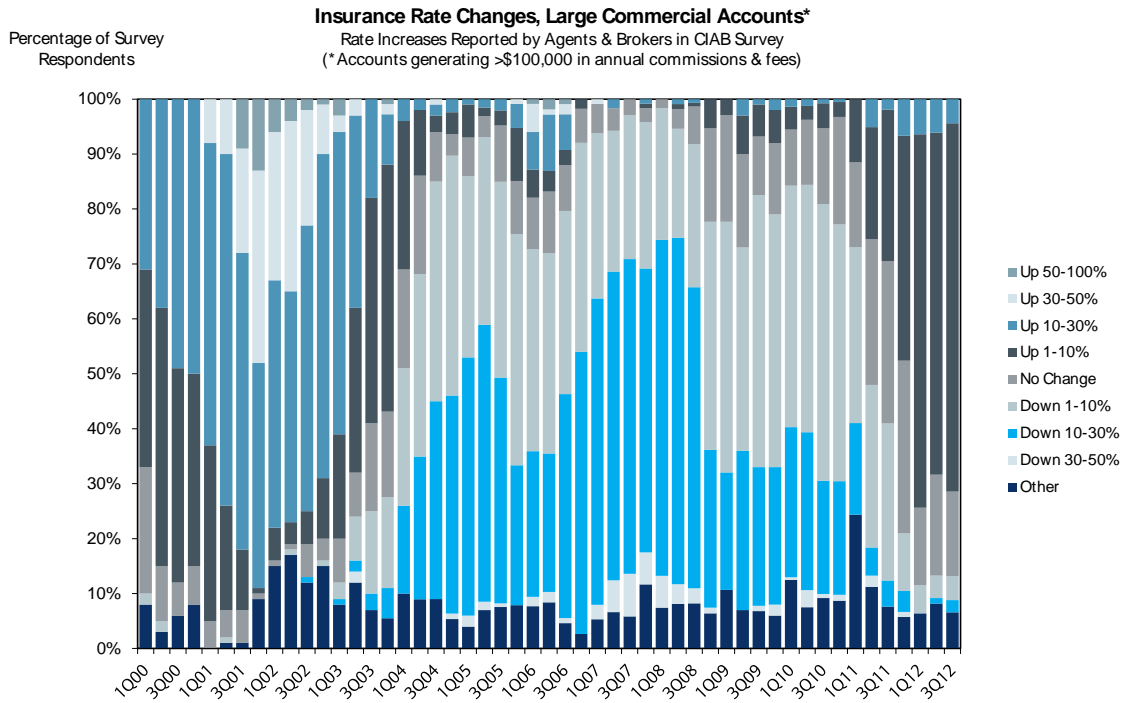
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



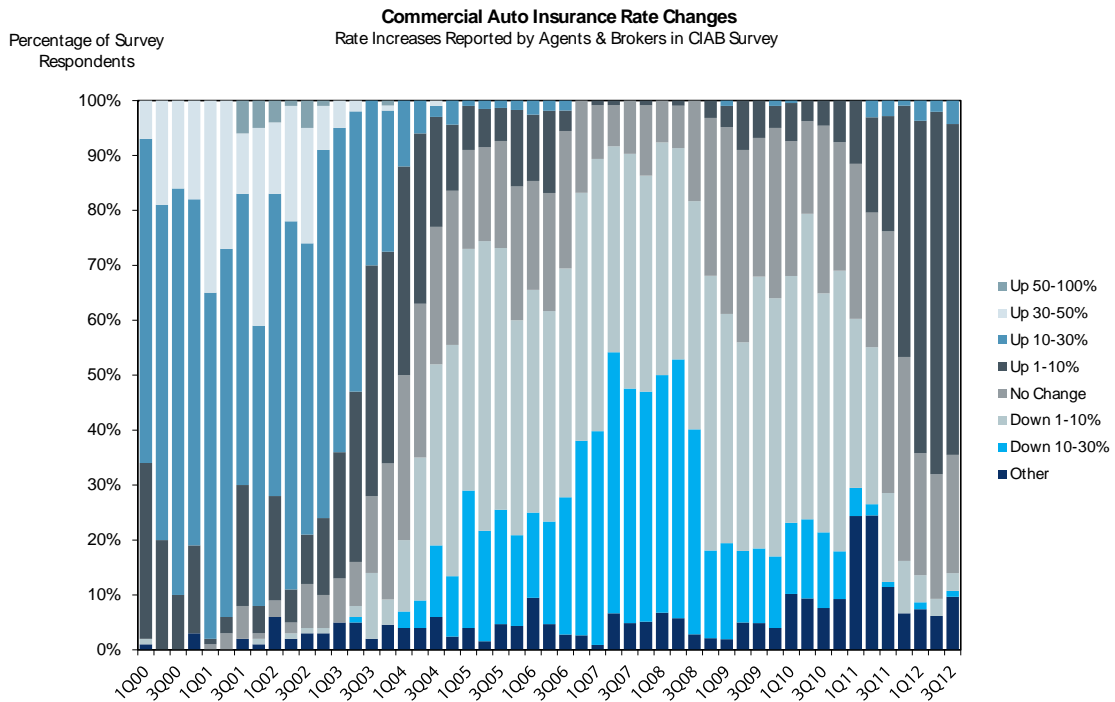
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



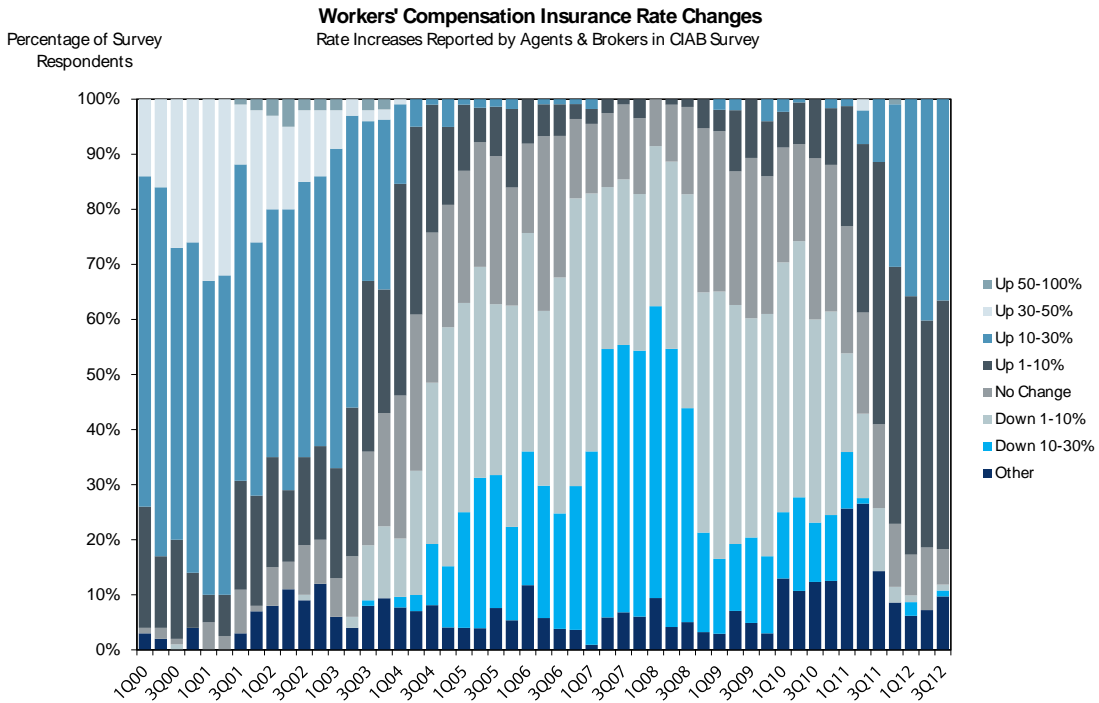
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



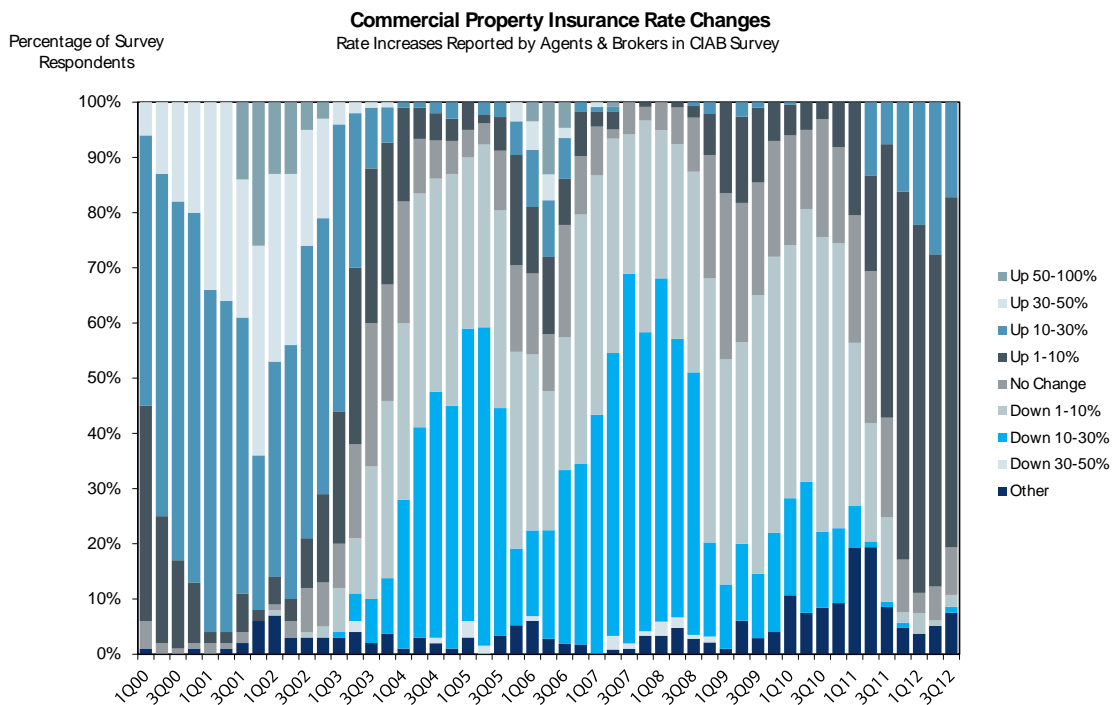
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



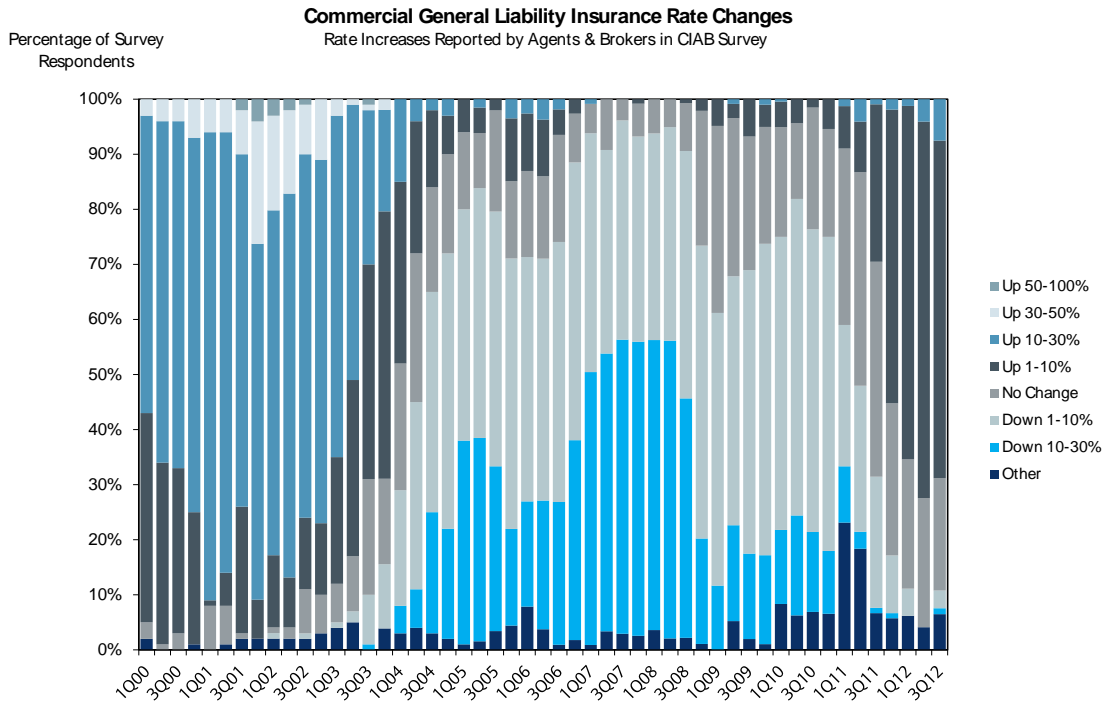
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



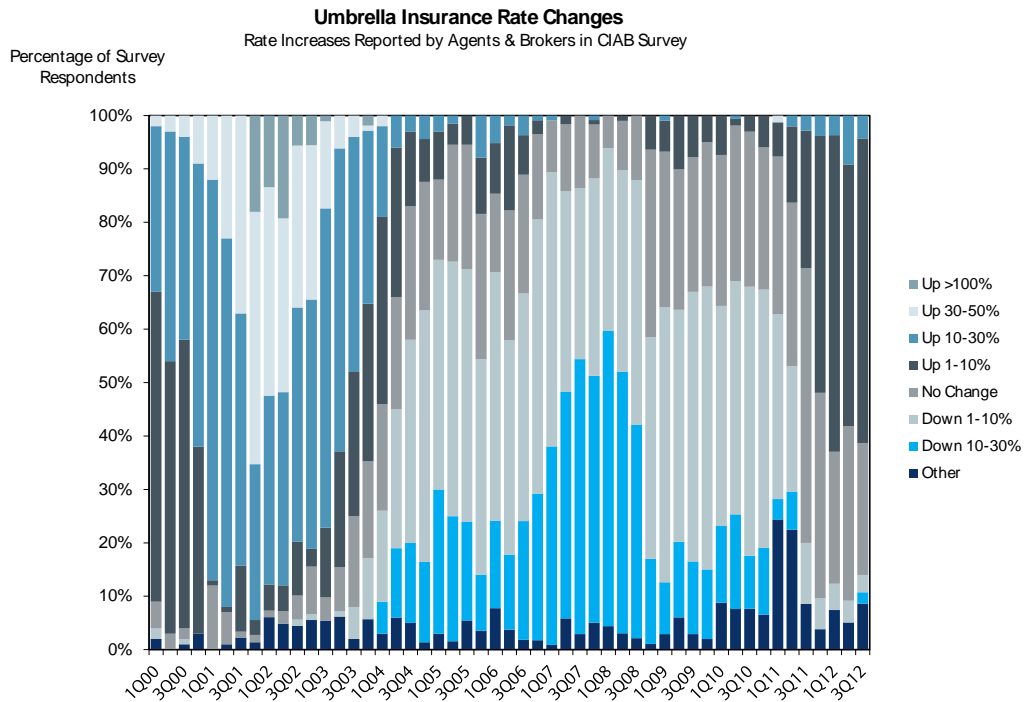
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



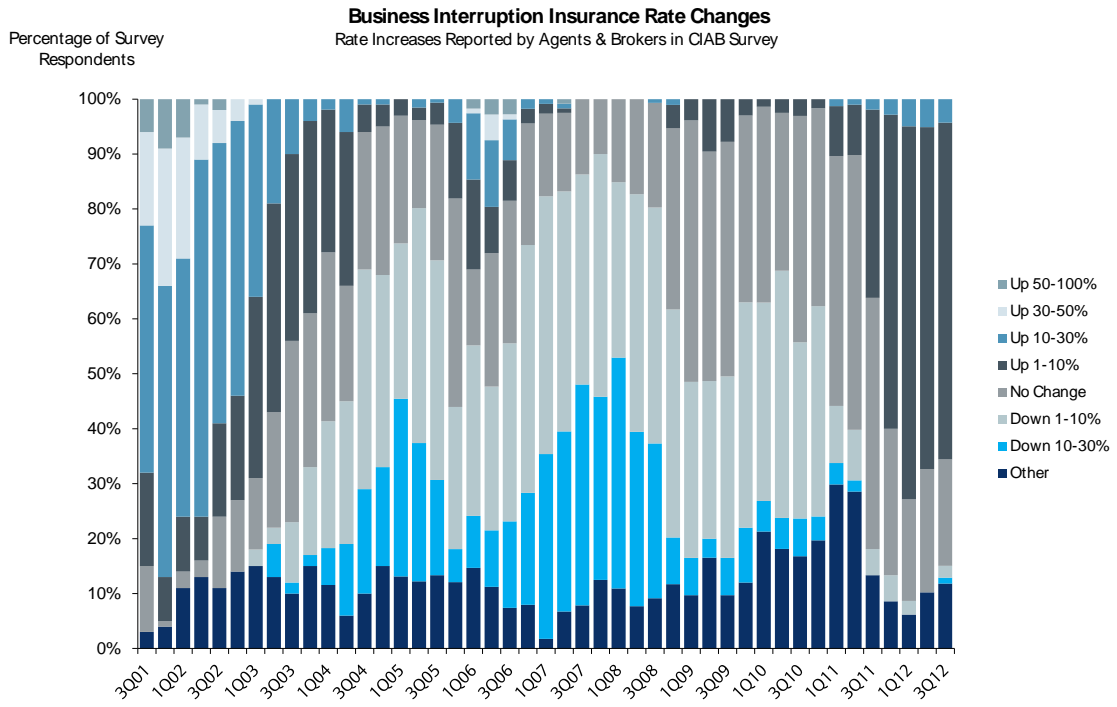
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



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.