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THE COUNCIL OF INSURANCE AGENTS & BROKERS

NEWS RELEASE – FOR IMMEDIATE RELEASE

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COMMERCIAL P/C PRICING CONTINUED UPWARD TREND IN FIRST QUARTER, ACCORDING TO THE COUNCIL’S SURVEY

WASHINGTON, D.C. – April 18, 2013 – Commercial lines pricing took another bounce upwards in the first quarter of 2013, according to The Council of Insurance Agents & Brokers’ quarterly Commercial P/C Market Index Survey. On average, pricing rose at a rate of 5.2 percent compared with 5 percent in the fourth quarter of 2012.

“The first quarter was a tough market for underwriting and for commercial clients who were hit with higher prices,” said The Council’s President/CEO Ken A. Crerar. “Carriers backed off risky business, tightened underwriting and pressed for higher pricing and deductibles on renewals. The upshot is more business is moving into the alternative markets.”

One broker called it a “Jekyll and Hyde” market with carriers seeking rate increases on renewals while good, new business is still aggressive.

Average First Quarter 2013 Commercial Rate Increases Continue

	Small Accounts	Medium Accounts	Large Accounts	Avg
First Quarter 2013	5.2%	5.3%	4.9%	5.2%
Fourth Quarter 2012	5.5%	5.1%	4.4%	5.0%
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%
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 survey revealed a number of trouble spots. Workers’ Compensation continued to be a hard line to place. Brokers across the country reported large price increases and in some areas capacity shrunk. A Midwest broker said some carriers had no appetite for the workers’ compensation business at all. Another broker said workers’ compensation was driving a lot of the underwriting decisions forcing business into mono-line or alternative markets.

The survey also reflected an on-going “Superstorm Sandy” effect with tighter underwriting on property risks with CAT exposure on the eastern coast. A broker in the region reported that “Insurers pushed for higher deductibles for named windstorm and flood in the Northeast, especially for insureds with claims

from Superstorm Sandy.” Another noted that flood deductibles increased and carriers were lowering limits or excluding flood coverage.

Meanwhile, the Midwest struggled with wind/hail deductibles, which were up one percent to two percent, according to a broker there. The Southeast also experienced higher deductibles, exclusions for wind/hail and tighter underwriting on commercial property in general.

A few brokers reported a capacity problem with employment practices liability coverage. Reflecting what brokers experienced from coast to coast, a broker in the Southwest said “EPLI rates [were] up dramatically over the last six months, coverage is being restricted and retentions are increasing.”

There was good news. Fifty-two percent of those responding said demand for insurance was up. As for what kept them awake at night – the majority answered finding new talent and the federal deficit.

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

*Celebrating its 100th year in 2013, **The Council of Insurance Agents & Brokers** is the premier association for the top regional, national and international commercial insurance and employee benefits intermediaries worldwide. Council members are market leaders who annually place 85 percent of U.S. commercial property/casualty insurance premiums and administer billions of dollars in employee benefits accounts. The Council also continues to expand its international reach, and currently 20 percent of its members are headquartered outside the U.S. Based in Washington, D.C., The Council fosters relationships industry-wide by engaging lawmakers, regulators and stakeholders around the world to promote the interests of its members and the valuable role they play in the mitigation of risk for their clients.*

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Commercial Property – Casualty Market Survey

1st Quarter 2013 Released: April 2013

Below are the survey results for: ALL REGIONS

1. On average, how have premium rates changed over the last three months (January 1, 2013-March 31, 2013) 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%	1%	10%	79%	7%	1%	0%	0%	2%
Medium (\$25K – \$100K)	0%	0%	0%	1%	9%	81%	9%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	0%	2%	17%	67%	9%	1%	0%	0%	4%

2. How much have premium rates changed over the last three months (January 1, 2013-March 31, 2013) 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%	1%	20%	74%	3%	0%	0%	0%	2%
Commercial Auto	0%	0%	0%	2%	16%	71%	8%	0%	0%	0%	3%
Commercial Property	0%	0%	0%	1%	9%	67%	19%	2%	0%	0%	1%
Construction Risks	0%	0%	0%	1%	14%	55%	16%	1%	0%	0%	13%
D & O	0%	0%	0%	1%	17%	56%	18%	0%	0%	0%	8%
Flood Insurance	0%	0%	0%	1%	31%	36%	13%	7%	1%	0%	11%
Employment Practices	0%	0%	1%	1%	21%	53%	15%	5%	0%	0%	4%
General Liability	0%	0%	0%	1%	18%	74%	5%	0%	0%	0%	2%
Marine	0%	0%	0%	1%	33%	47%	5%	0%	0%	0%	14%
Medical Malpractice	0%	0%	0%	3%	30%	26%	1%	1%	0%	0%	40%
Surety Bonds	0%	0%	0%	0%	45%	20%	2%	0%	0%	0%	33%
Terrorism	0%	0%	0%	1%	51%	24%	2%	0%	0%	0%	22%
Umbrella	0%	0%	0%	2%	23%	60%	12%	0%	0%	0%	3%
Workers' Compensation	0%	0%	1%	0%	7%	44%	36%	8%	1%	0%	3%
Broker E&O	0%	0%	0%	1%	26%	35%	5%	0%	0%	0%	33%

Commercial Property – Casualty Market Survey

1st Quarter 2013 Released: April 2013

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 (January 1, 2013-March 31, 2013) 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%	22%	68%	5%	0%	0%	0%	5%
Medium (\$25K – \$100K)	0%	0%	0%	0%	21%	79%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	0%	0%	27%	67%	6%	0%	0%	0%	0%

2. How much have premium rates changed over the last three (January 1, 2013-March 31, 2013) 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%	27%	68%	0%	0%	0%	0%	5%
Commercial Auto	0%	0%	0%	5%	16%	68%	0%	0%	0%	0%	11%
Commercial Property	0%	0%	0%	0%	16%	63%	16%	0%	0%	0%	5%
Construction Risks	0%	0%	0%	0%	12%	58%	11%	5%	0%	0%	16%
D & O	0%	0%	0%	0%	21%	53%	21%	0%	0%	0%	5%
Flood Insurance	0%	0%	0%	0%	31%	16%	21%	21%	0%	0%	11%
Employment Practices	0%	0%	0%	0%	32%	53%	5%	5%	0%	0%	5%
General Liability	0%	0%	0%	0%	22%	68%	5%	0%	0%	0%	5%
Marine	0%	0%	0%	0%	47%	32%	0%	0%	0%	0%	21%
Medical Malpractice	0%	0%	0%	0%	48%	21%	0%	5%	0%	0%	26%
Surety Bonds	0%	0%	0%	0%	52%	16%	0%	0%	0%	0%	32%
Terrorism	0%	0%	0%	5%	58%	16%	0%	0%	0%	0%	21%
Umbrella	0%	0%	0%	0%	20%	53%	16%	0%	0%	0%	11%
Worker's Compensation	0%	0%	0%	0%	15%	37%	32%	5%	0%	0%	11%
Broker E&O	0%	0%	0%	0%	42%	32%	0%	0%	0%	0%	26%

Commercial Property – Casualty Market Survey

1st Quarter 2013 Released: April 2013

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 (January 1, 2013-March 31, 2013) 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%	0%	86%	14%	0%	0%	0%	0%
Medium (\$25K – \$100K)	0%	0%	0%	0%	0%	86%	14%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	0%	0%	5%	81%	14%	0%	0%	0%	0%

2. How much have premium rates changed over the last three months (January 1, 2013-March 31, 2013) 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%	85%	5%	0%	0%	0%	0%
Commercial Auto	0%	0%	0%	0%	5%	81%	14%	0%	0%	0%	0%
Commercial Property	0%	0%	0%	0%	0%	76%	19%	5%	0%	0%	0%
Construction Risks	0%	0%	0%	0%	10%	66%	19%	0%	0%	0%	5%
D & O	0%	0%	0%	0%	19%	57%	14%	0%	0%	0%	10%
Flood Insurance	0%	0%	0%	0%	48%	52%	0%	0%	0%	0%	0%
Employment Practices	0%	0%	0%	5%	19%	71%	5%	0%	0%	0%	0%
General Liability	0%	0%	0%	0%	0%	95%	5%	0%	0%	0%	0%
Marine	0%	0%	0%	0%	29%	52%	5%	0%	0%	0%	14%
Medical Malpractice	0%	0%	0%	0%	19%	33%	5%	0%	0%	0%	43%
Surety Bonds	0%	0%	0%	0%	33%	24%	0%	0%	0%	0%	43%
Terrorism	0%	0%	0%	0%	52%	19%	5%	0%	0%	0%	24%
Umbrella	0%	0%	0%	5%	10%	66%	19%	0%	0%	0%	0%
Workers' Compensation	0%	0%	0%	0%	5%	57%	33%	5%	0%	0%	0%
Broker E&O	0%	0%	0%	0%	14%	43%	0%	0%	0%	0%	43%

Commercial Property – Casualty Market Survey

1st Quarter 2013 Released: April 2013

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 (January 1, 2013-March 31, 2013) 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%	0%	92%	4%	0%	0%	0%	4%
Medium (\$25K – \$100K)	0%	0%	0%	0%	0%	92%	8%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	0%	4%	12%	67%	13%	0%	0%	0%	4%

2. How much have premium rates changed over the last three (January 1, 2013-March 31, 2013) 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%	17%	79%	4%	0%	0%	0%	0%
Commercial Auto	0%	0%	0%	0%	17%	70%	13%	0%	0%	0%	0%
Commercial Property	0%	0%	0%	0%	4%	67%	29%	0%	0%	0%	0%
Construction Risks	0%	0%	0%	0%	13%	53%	21%	0%	0%	0%	13%
D & O	0%	0%	0%	0%	17%	58%	17%	0%	0%	0%	8%
Flood Insurance	0%	0%	0%	0%	25%	38%	21%	8%	4%	0%	4%
Employment Practices	0%	0%	0%	0%	21%	50%	21%	4%	0%	0%	4%
General Liability	0%	0%	0%	0%	25%	67%	8%	0%	0%	0%	0%
Marine	0%	0%	0%	0%	33%	54%	13%	0%	0%	0%	0%
Medical Malpractice	0%	0%	0%	8%	29%	29%	0%	0%	0%	0%	33%
Surety Bonds	0%	0%	0%	0%	46%	25%	8%	0%	0%	0%	21%
Terrorism	0%	0%	0%	0%	50%	42%	4%	0%	0%	0%	4%
Umbrella	0%	0%	0%	0%	29%	58%	13%	0%	0%	0%	0%
Workers' Compensation	0%	0%	0%	0%	5%	33%	54%	8%	0%	0%	0%
Broker E&O	0%	0%	0%	0%	29%	38%	4%	0%	0%	0%	29%

Commercial Property – Casualty Market Survey

1st Quarter 2013 Released: April 2013

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 (January 1, 2013-March 31, 2013) 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%	8%	8%	68%	8%	8%	0%	0%	0%
Medium (\$25K – \$100K)	0%	0%	0%	8%	15%	54%	23%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	0%	8%	15%	53%	8%	8%	0%	0%	8%

2. How much have premium rates changed over the last three months (January 1, 2013-March 31, 2013) 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%	14%	62%	8%	0%	0%	0%	8%
Commercial Auto	0%	0%	0%	8%	15%	69%	0%	0%	0%	0%	8%
Commercial Property	0%	0%	0%	8%	0%	61%	23%	8%	0%	0%	0%
Construction Risks	0%	0%	0%	8%	0%	61%	8%	0%	0%	0%	23%
D & O	0%	0%	0%	8%	0%	53%	31%	0%	0%	0%	8%
Flood Insurance	0%	0%	0%	8%	15%	31%	15%	0%	0%	0%	31%
Employment Practices	0%	0%	8%	0%	0%	46%	31%	0%	0%	0%	15%
General Liability	0%	0%	0%	8%	15%	69%	0%	0%	0%	0%	8%
Marine	0%	0%	0%	8%	8%	69%	0%	0%	0%	0%	15%
Medical Malpractice	0%	0%	0%	8%	23%	23%	0%	0%	0%	0%	46%
Surety Bonds	0%	0%	0%	0%	39%	23%	0%	0%	0%	0%	38%
Terrorism	0%	0%	0%	0%	39%	23%	0%	0%	0%	0%	38%
Umbrella	0%	0%	0%	0%	23%	69%	0%	0%	0%	0%	8%
Workers' Compensation	0%	0%	8%	0%	0%	53%	15%	8%	8%	0%	8%
Broker E&O	0%	0%	0%	8%	22%	31%	8%	0%	0%	0%	31%

Commercial Property – Casualty Market Survey

1st Quarter 2013 Released: April 2013

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 (January 1, 2013-March 31, 2013) 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%	30%	70%	0%	0%	0%	0%	0%
Medium (\$25K – \$100K)	0%	0%	0%	0%	20%	80%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	0%	0%	40%	50%	0%	0%	0%	0%	10%

2. How much have premium rates changed over the last three months (January 1, 2013-March 31, 2013) for the following lines? Please check N/A if you don't know or don't handle the line.

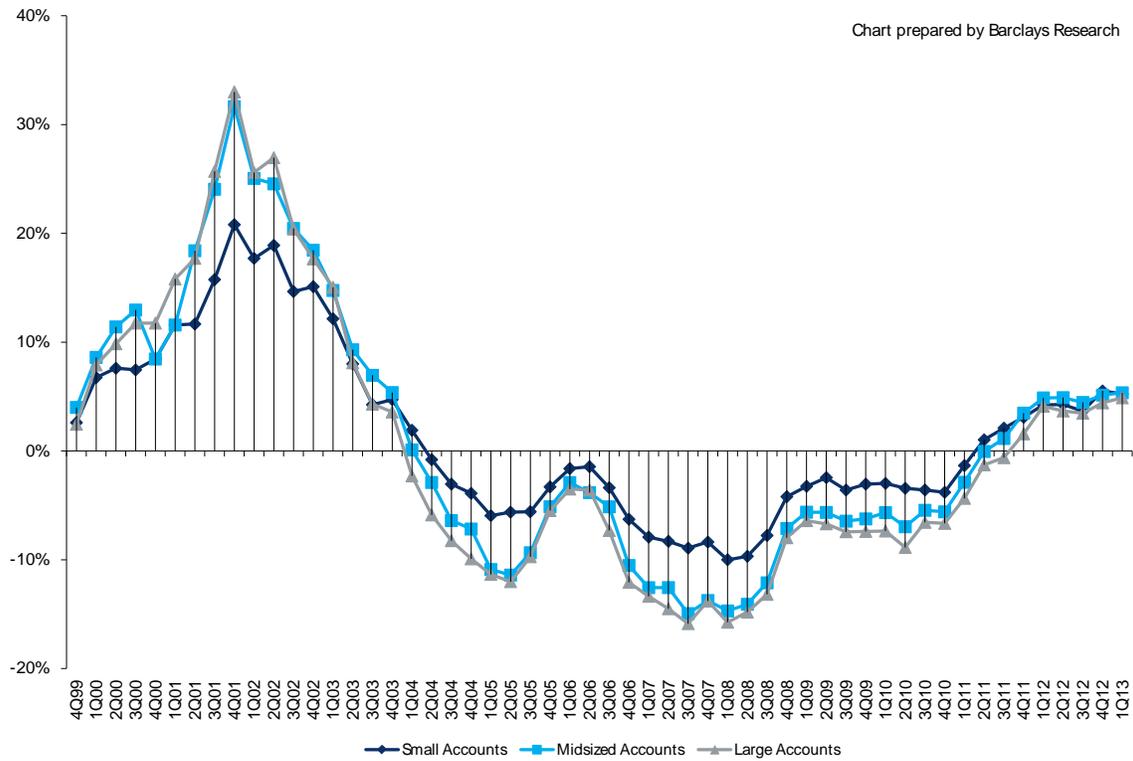
	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10- 20%	8 Up 20- 30%	9 Up 30- 50%	10 Up 50- 100%	N/A
Business Interruption	0%	0%	0%	0%	40%	60%	0%	0%	0%	0%	0%
Commercial Auto	0%	0%	0%	0%	40%	50%	10%	0%	0%	0%	0%
Commercial Property	0%	0%	0%	0%	40%	60%	0%	0%	0%	0%	0%
Construction Risks	0%	0%	0%	0%	50%	20%	20%	0%	0%	0%	10%
D & O	0%	0%	0%	0%	20%	60%	10%	0%	0%	0%	10%
Flood Insurance	0%	0%	0%	0%	30%	40%	0%	0%	0%	0%	30%
Employment Practices	0%	0%	0%	0%	30%	30%	20%	20%	0%	0%	0%
General Liability	0%	0%	0%	0%	40%	60%	0%	0%	0%	0%	0%
Marine	0%	0%	0%	0%	50%	20%	0%	0%	0%	0%	30%
Medical Malpractice	0%	0%	0%	0%	20%	10%	0%	0%	0%	0%	70%
Surety Bonds	0%	0%	0%	0%	60%	0%	0%	0%	0%	0%	40%
Terrorism	0%	0%	0%	0%	50%	10%	0%	0%	0%	0%	40%
Umbrella	0%	0%	0%	10%	40%	50%	0%	0%	0%	0%	0%
Workers' Compensation	0%	0%	0%	0%	10%	40%	30%	20%	0%	0%	0%
Broker E&O	0%	0%	0%	0%	20%	20%	20%	0%	0%	0%	40%

Average First Quarter 2013 Commercial Rate Increases Continue

	Small Accounts	Medium Accounts	Large Accounts	Avg
First Quarter 2013	5.2%	5.3%	4.9%	5.2%
Fourth Quarter 2012	5.5%	5.1%	4.4%	5.0%
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%
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.

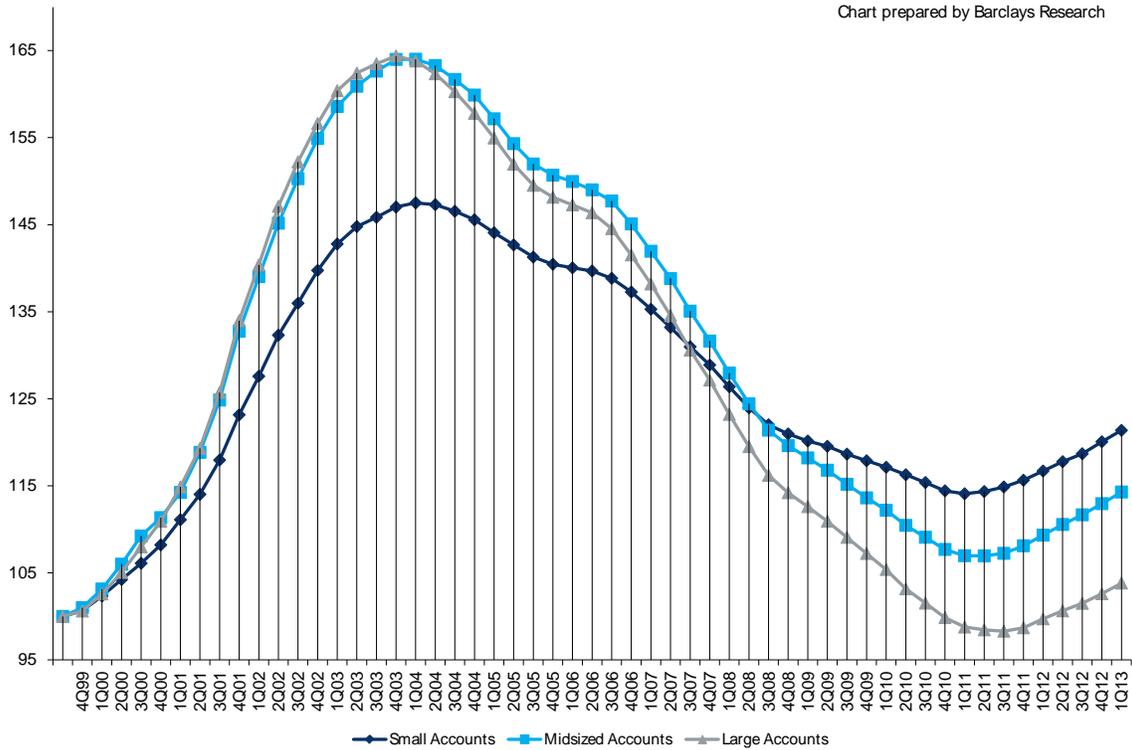
Average Commercial Premium Rate Changes by Account Size



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

Cumulative Quarterly Rate Increases by Account Size

Chart prepared by Barclays Research



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

By-Line First Quarter 2013 Rate Changes Ranged From +4.3% to +9.8%

	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
First Quarter 2013	4.6%	9.8%	6.8%	4.3%	4.6%	6.0%
Fourth Quarter 2012	3.4%	9.0%	5.7%	3.3%	3.5%	5.0%
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%
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%

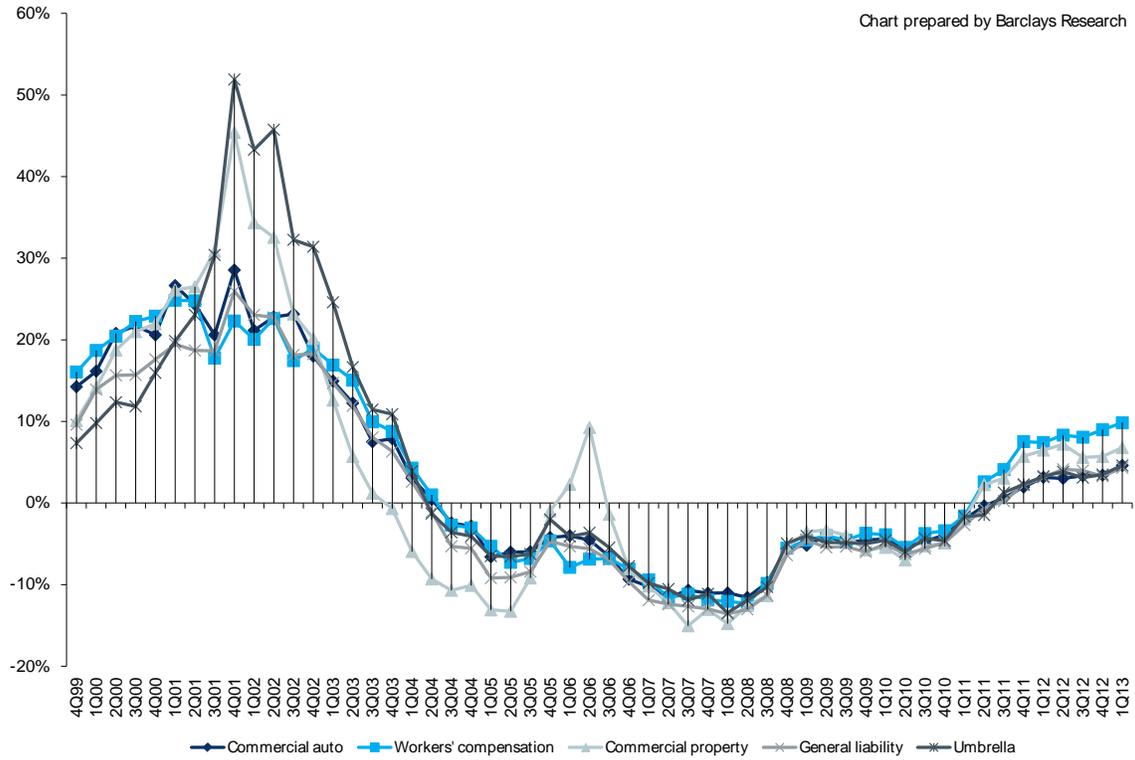
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Rate Changes in Other Lines

First Quarter 2013 Rate Changes in Other Lines	1Q13	High	Low
Business interruption	4.1%	28.8%	-10.2%
Construction	5.4%	38.7%	-10.7%
D&O liability	5.5%	32.4%	-8.7%
Employment practices	5.8%	21.9%	-8.1%
Surety bonds	1.3%	11.2%	-2.3%

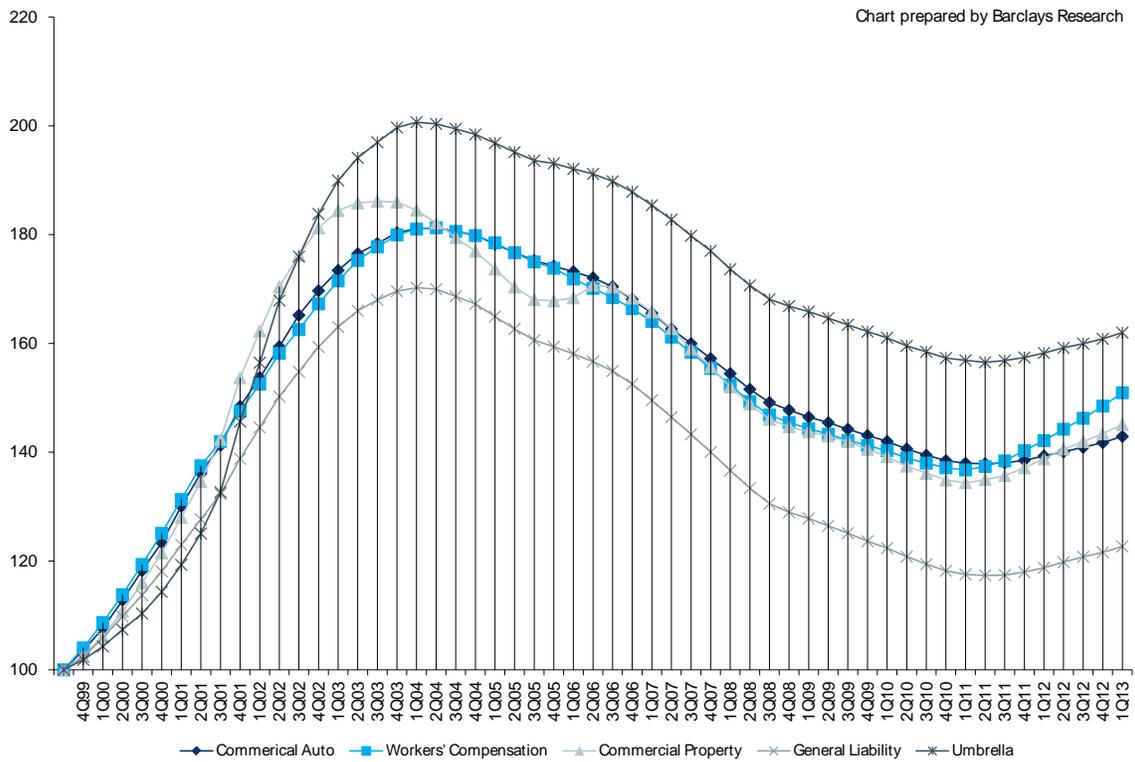
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Average Commercial Rate Increases by Line

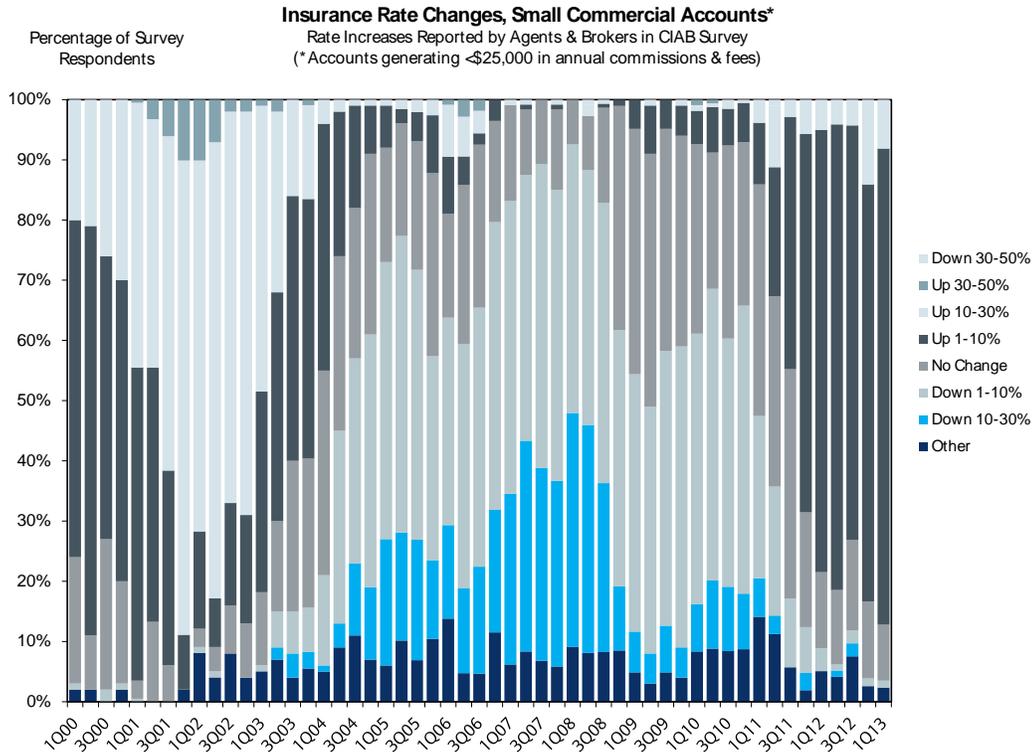


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

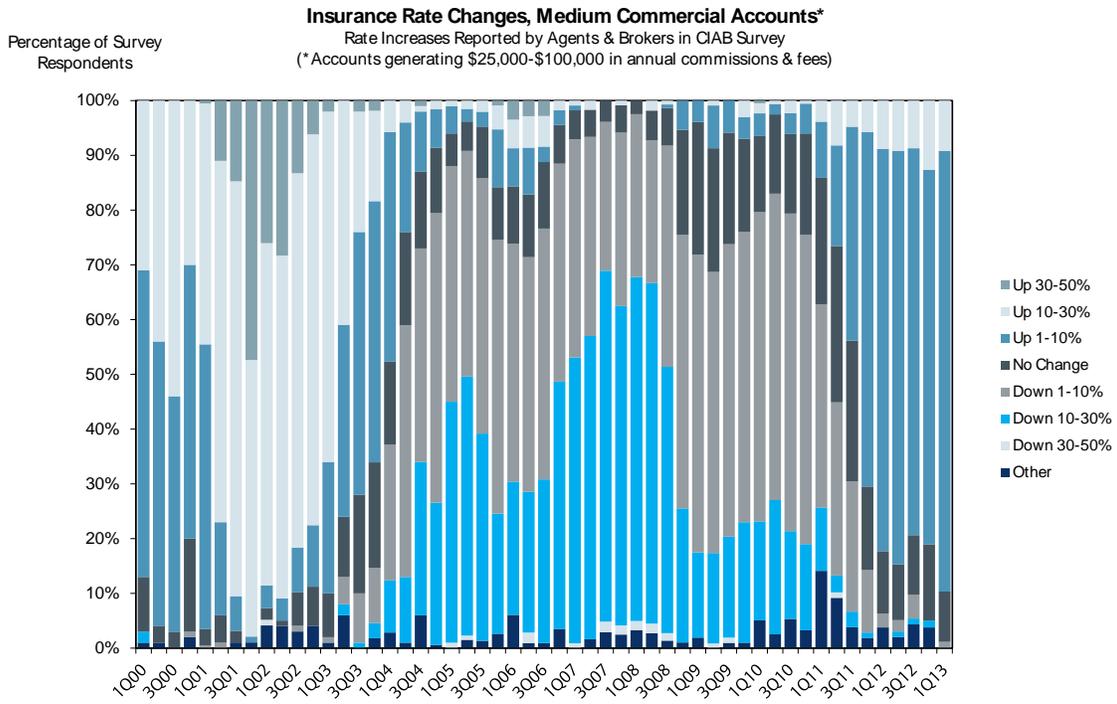
Cumulative Quarterly Rate Increases by Line



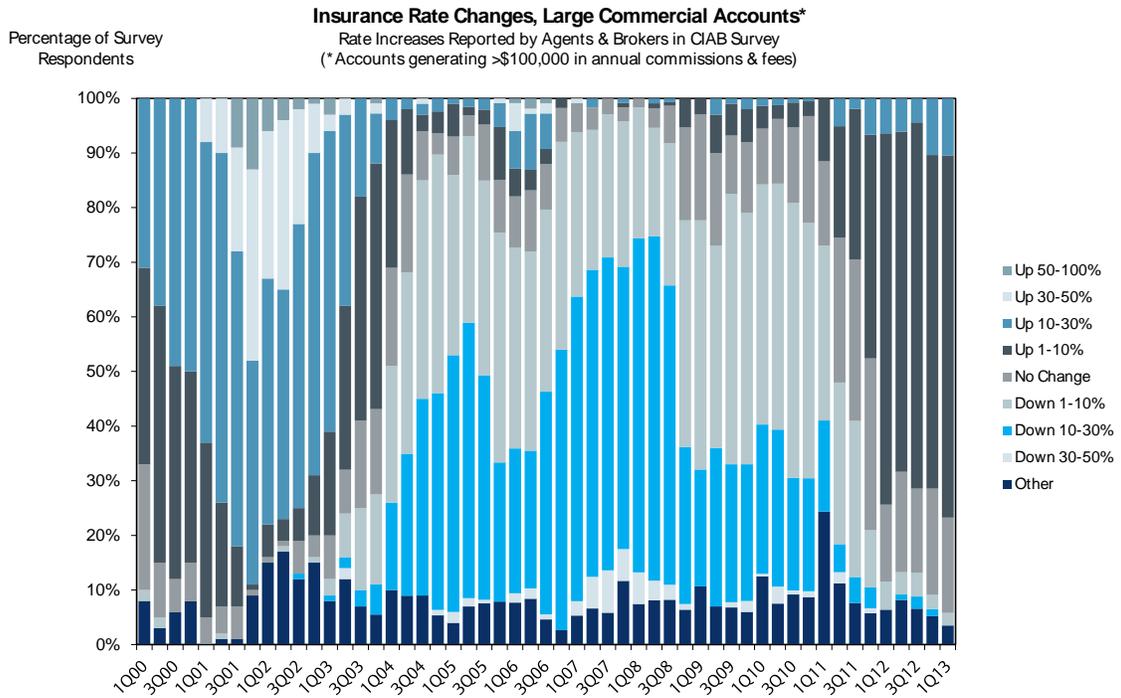
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



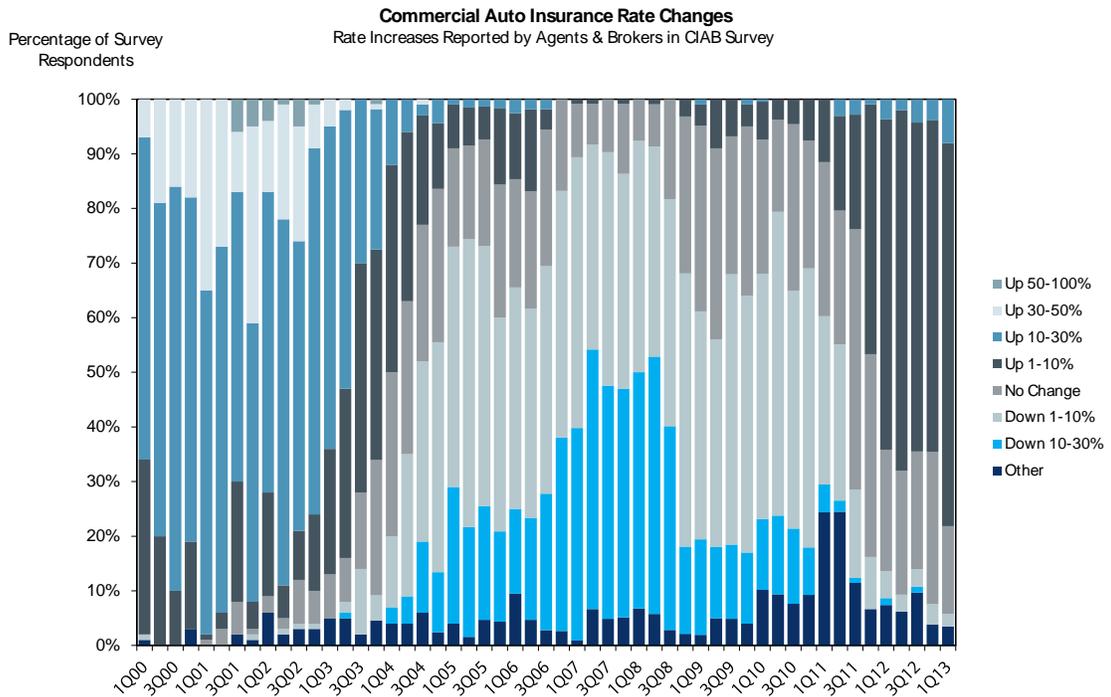
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



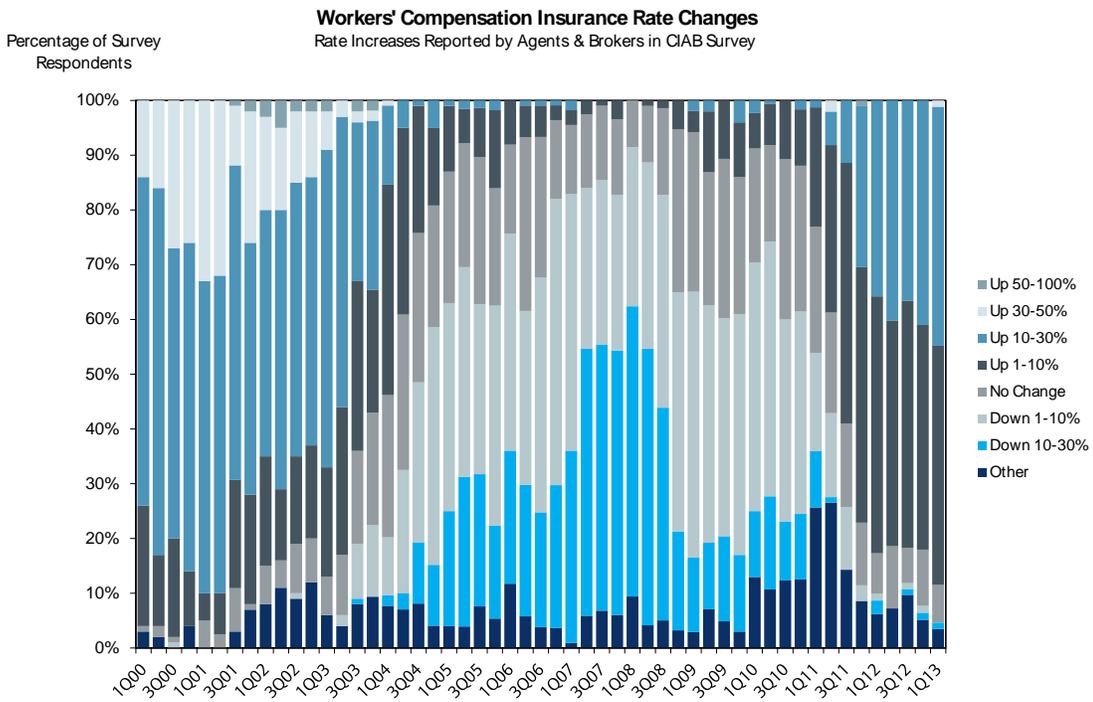
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



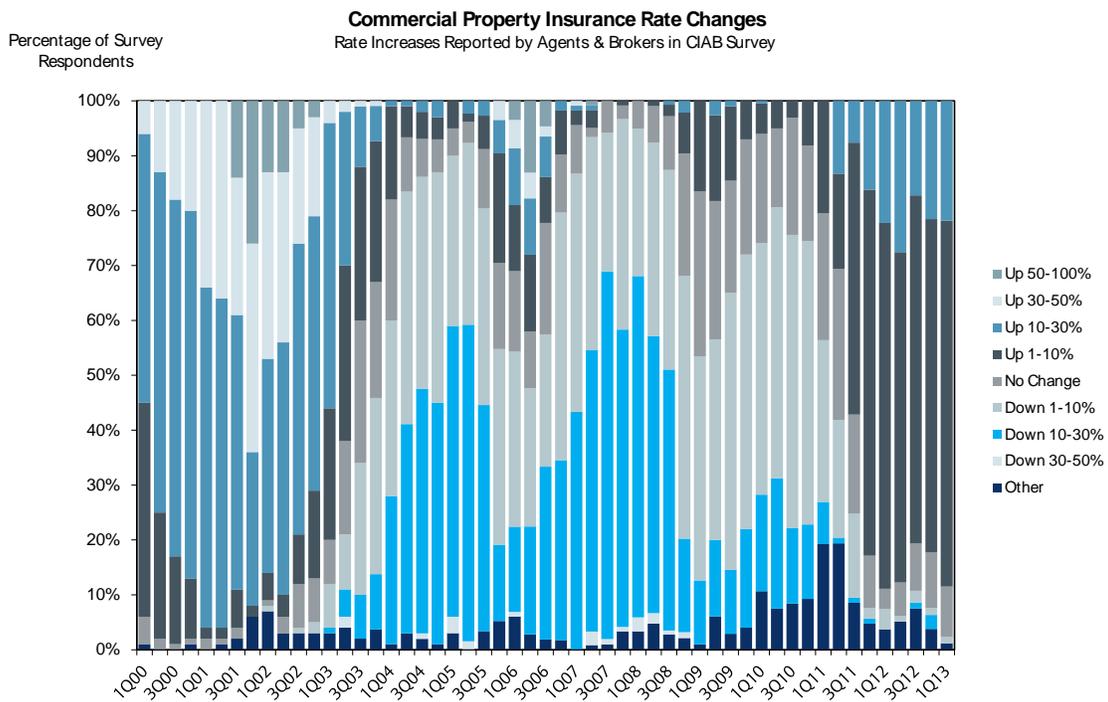
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



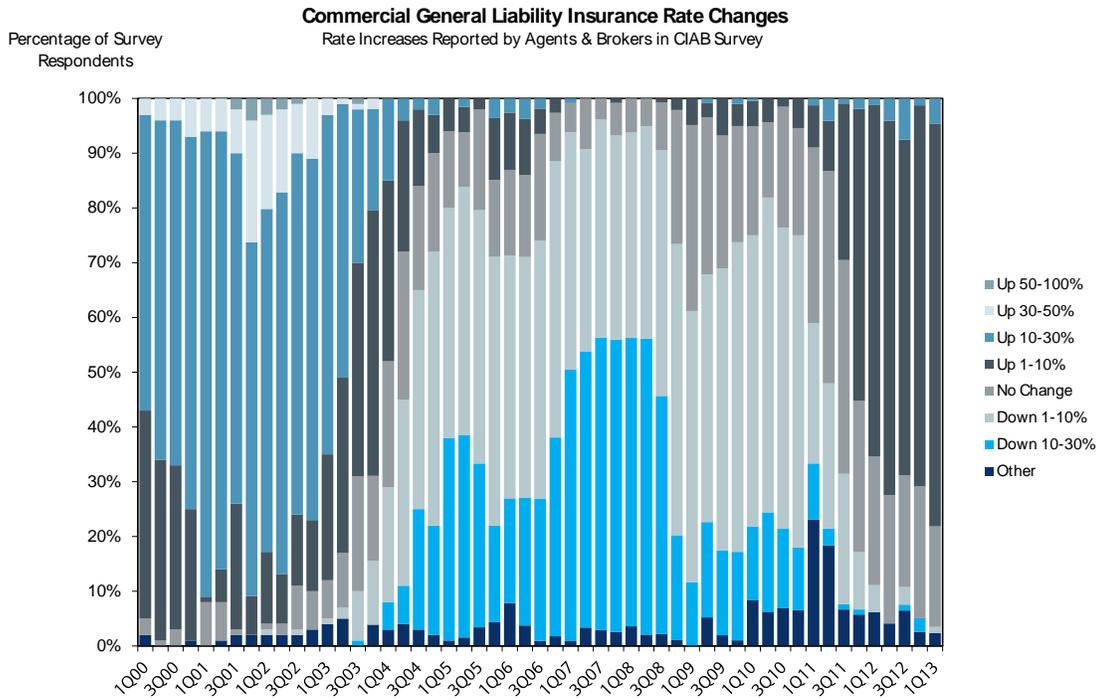
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



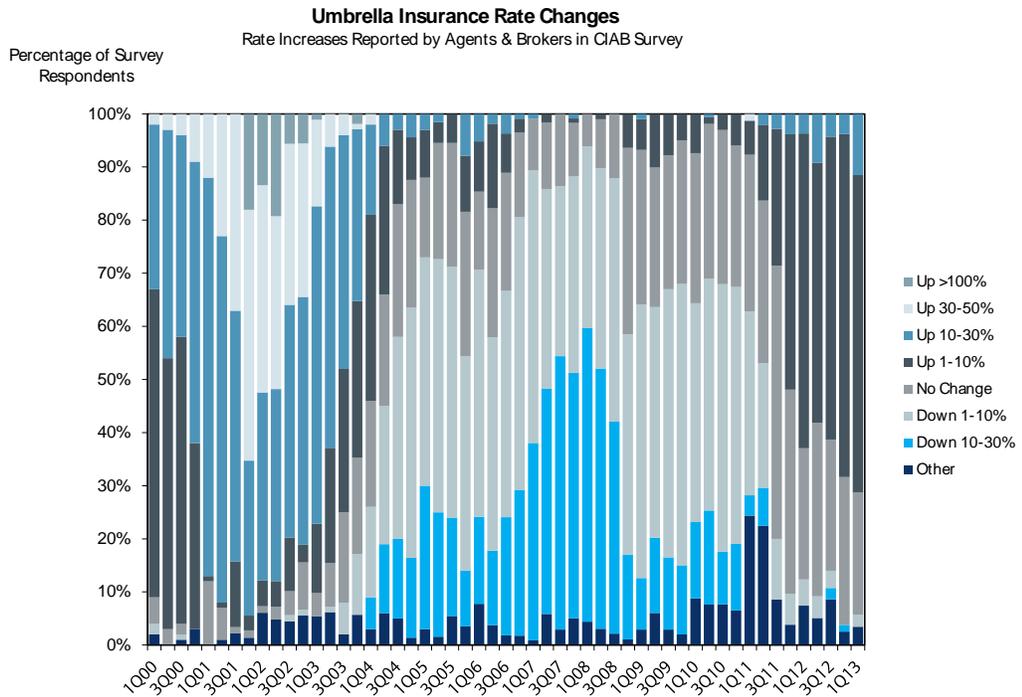
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



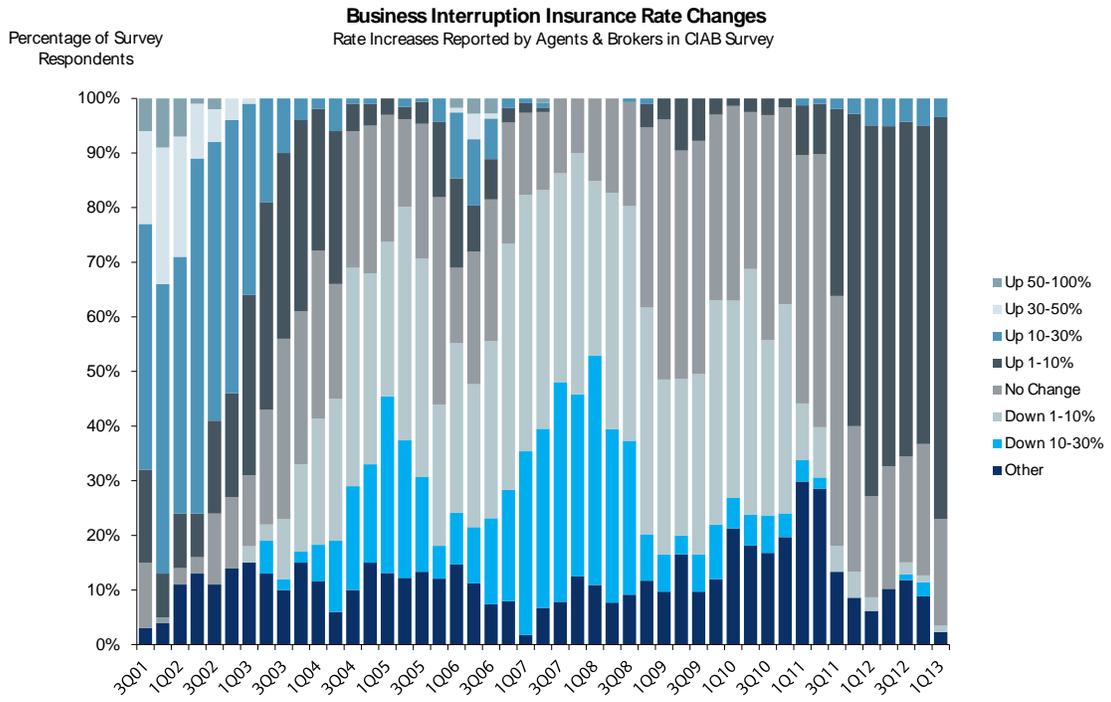
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



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