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THE COUNCIL OF INSURANCE AGENTS & BROKERS

**NEWS RELEASE – FOR IMMEDIATE RELEASE**

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**COMMERCIAL P/C PRICING INCREASES SLOWED IN SECOND QUARTER,  
ACCORDING TO CIAB SURVEY**

**WASHINGTON, D.C. – July 23, 2013** – Commercial property/casualty pricing continued to gently creep upwards in the second quarter, The Council of Insurance Agents & Brokers' quarterly Commercial P/C Market Index Survey revealed. On average, pricing rose at a rate of 4.3 percent compared with 5.2 percent in the first quarter of 2013, according to the charts prepared by Barclays Research based on The Council's data.

Small and medium account pricing continued to rise more than pricing for large accounts, as shown in the chart below.

"There weren't any great surprises in the second quarter," said The Council's President/CEO Ken A. Crerar. "Prices inched up, underwriting tightened and insurers looked to reduce exposure in some critical areas. However, the market hardening appears to have moderated in the last quarter," Crerar added.

**Average Second Quarter 2013 Commercial Rate Increases Slow**

|                            | Small<br>Accounts | Medium<br>Accounts | Large<br>Accounts | Avg    |
|----------------------------|-------------------|--------------------|-------------------|--------|
| <b>Second Quarter 2013</b> | 4.6%              | 4.7%               | 3.8%              | 4.3%   |
| <b>First Quarter 2013</b>  | 5.2%              | 5.3%               | 4.9%              | 5.2%   |
| <b>Fourth Quarter 2012</b> | 5.5%              | 5.1%               | 4.4%              | 5.0%   |
| <b>Third Quarter 2012</b>  | 3.7%              | 4.5%               | 3.5%              | 3.9%   |
| <b>Second Quarter 2012</b> | 4.3%              | 4.9%               | 3.7%              | 4.3%   |
| <b>High (4Q01)</b>         | 20.8%             | 31.7%              | 33.0%             | 28.5%  |
| <b>Low (3Q07)</b>          | -10.0% (1Q08)     | -15.0%             | -15.9%            | -13.3% |

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

The critical areas continued to be property and workers' compensation. The second quarter survey also showed that insurers were still feeling the sting of Superstorm Sandy, the most destructive hurricane of the 2012 Atlantic hurricane season. In fact, insurers were looking carefully at any CAT-prone property exposure on the coast or inland. Brokers across the country reported that insurers were using more wind/hail deductibles.

Brokers also said carriers pulled back on terms and conditions and lowered limits and cover for exposures, such as storm surge, flood and off-site power, among others.

One broker in the Midwest noted that flood mapping by carriers was fraught with uncertainty and inconsistency and suggested there should be a universally recognized and uniform flood mapping model.

Workers' compensation again was a tough sell, particularly where loss experience was poor. A broker in the Northwest reported that "Workers' compensation was the line with the strongest rate [increases] and non-renewals." A similar story played out in most regions of the country with some brokers reporting that carriers were backing away from the line.

Demand for insurance appeared to hold steady in the second quarter, according to the brokers responding -- an indication that the economy is slowly recovering.

The survey showed that the top concern among brokers continued to be finding young talent to fill the shoes of the aging and retiring broker force. Uncertainty surrounding health insurance reform also remained a great concern.

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

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*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 2<sup>nd</sup> Quarter 2013 Released: July 2013

Below are the survey results for: **ALL REGIONS**

**1. On average, how have premium rates changed over the last three months (April 1, 2013-June 30, 2013) for the following accounts? Please check N/A if you don't know or don't handle the type of account.**

|                             | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-20% | 8<br>Up<br>20-30% | 9<br>Up<br>30-50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-------------------|-------------------|-------------------|----------------------|-----|
| Small (<\$25K Comm. & Fees) | 0%                  | 0%                  | 0%                  | 2%                 | 15%               | 70%              | 6%                | 1%                | 0%                | 0%                   | 6%  |
| Medium (\$25K – \$100K)     | 0%                  | 0%                  | 0%                  | 4%                 | 16%               | 72%              | 4%                | 1%                | 1%                | 0%                   | 2%  |
| Large (>\$100K)             | 0%                  | 0%                  | 0%                  | 5%                 | 24%               | 61%              | 2%                | 1%                | 1%                | 0%                   | 6%  |

**2. How much have premium rates changed over the last three months (April 1, 2013-June 30, 2013) for the following lines? Please check N/A if you don't know or don't handle the line.**

|                       | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-<br>20% | 8<br>Up<br>20-<br>30% | 9<br>Up<br>30-<br>50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-----------------------|-----------------------|-----------------------|----------------------|-----|
| Business Interruption | 0%                  | 0%                  | 0%                  | 1%                 | 27%               | 63%              | 2%                    | 1%                    | 0%                    | 0%                   | 6%  |
| Commercial Auto       | 0%                  | 0%                  | 0%                  | 3%                 | 26%               | 63%              | 6%                    | 0%                    | 1%                    | 0%                   | 1%  |
| Commercial Property   | 0%                  | 0%                  | 0%                  | 4%                 | 12%               | 65%              | 14%                   | 3%                    | 0%                    | 0%                   | 2%  |
| Construction Risks    | 0%                  | 0%                  | 0%                  | 3%                 | 20%               | 60%              | 10%                   | 1%                    | 0%                    | 0%                   | 6%  |
| D & O                 | 0%                  | 0%                  | 0%                  | 3%                 | 22%               | 46%              | 22%                   | 2%                    | 0%                    | 0%                   | 5%  |
| Flood Insurance       | 0%                  | 0%                  | 0%                  | 1%                 | 33%               | 31%              | 13%                   | 7%                    | 1%                    | 0%                   | 14% |
| Employment Practices  | 0%                  | 0%                  | 0%                  | 3%                 | 30%               | 42%              | 21%                   | 1%                    | 0%                    | 0%                   | 3%  |
| General Liability     | 0%                  | 0%                  | 0%                  | 3%                 | 32%               | 61%              | 4%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Marine                | 0%                  | 0%                  | 0%                  | 6%                 | 38%               | 41%              | 5%                    | 1%                    | 0%                    | 0%                   | 9%  |
| Medical Malpractice   | 0%                  | 0%                  | 2%                  | 5%                 | 26%               | 25%              | 2%                    | 0%                    | 0%                    | 0%                   | 40% |
| Surety Bonds          | 0%                  | 0%                  | 0%                  | 0%                 | 52%               | 17%              | 1%                    | 0%                    | 0%                    | 0%                   | 30% |
| Terrorism             | 0%                  | 0%                  | 0%                  | 1%                 | 56%               | 21%              | 2%                    | 1%                    | 0%                    | 0%                   | 19% |
| Umbrella              | 0%                  | 0%                  | 0%                  | 5%                 | 30%               | 59%              | 4%                    | 0%                    | 1%                    | 0%                   | 1%  |
| Workers' Compensation | 0%                  | 0%                  | 0%                  | 1%                 | 10%               | 57%              | 25%                   | 5%                    | 1%                    | 0%                   | 1%  |
| Broker E&O            | 0%                  | 0%                  | 0%                  | 2%                 | 29%               | 31%              | 5%                    | 0%                    | 0%                    | 0%                   | 33% |

## Commercial Property – Casualty Market Survey 2<sup>nd</sup> Quarter 2013 Released: July 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 (April 1, 2013-June 30, 2013) for the following accounts? Please check N/A if you don't know or don't handle the type of account

|                             | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-20% | 8<br>Up<br>20-30% | 9<br>Up<br>30-50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-------------------|-------------------|-------------------|----------------------|-----|
| Small (<\$25K Comm. & Fees) | 0%                  | 0%                  | 0%                  | 0%                 | 29%               | 53%              | 6%                | 6%                | 0%                | 0%                   | 6%  |
| Medium (\$25K – \$100K)     | 0%                  | 0%                  | 0%                  | 0%                 | 31%               | 63%              | 0%                | 0%                | 6%                | 0%                   | 0%  |
| Large (>\$100K)             | 0%                  | 0%                  | 0%                  | 6%                 | 47%               | 35%              | 0%                | 0%                | 0%                | 0%                   | 12% |

2. How much have premium rates changed over the last three (April 1, 2013-June 30, 2013) for the following lines? Please check N/A if you don't know or don't handle the line.

|                       | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-<br>20% | 8<br>Up<br>20-<br>30% | 9<br>Up<br>30-<br>50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-----------------------|-----------------------|-----------------------|----------------------|-----|
| Business Interruption | 0%                  | 0%                  | 0%                  | 0%                 | 41%               | 47%              | 0%                    | 0%                    | 0%                    | 0%                   | 12% |
| Commercial Auto       | 0%                  | 0%                  | 0%                  | 12%                | 41%               | 35%              | 6%                    | 0%                    | 0%                    | 0%                   | 6%  |
| Commercial Property   | 0%                  | 0%                  | 0%                  | 6%                 | 24%               | 46%              | 18%                   | 0%                    | 0%                    | 0%                   | 6%  |
| Construction Risks    | 0%                  | 0%                  | 0%                  | 0%                 | 41%               | 41%              | 0%                    | 6%                    | 0%                    | 0%                   | 12% |
| D & O                 | 0%                  | 0%                  | 0%                  | 6%                 | 29%               | 47%              | 12%                   | 0%                    | 0%                    | 0%                   | 6%  |
| Flood Insurance       | 0%                  | 0%                  | 0%                  | 0%                 | 47%               | 23%              | 12%                   | 0%                    | 6%                    | 0%                   | 12% |
| Employment Practices  | 0%                  | 0%                  | 0%                  | 6%                 | 35%               | 41%              | 6%                    | 6%                    | 0%                    | 0%                   | 6%  |
| General Liability     | 0%                  | 0%                  | 0%                  | 6%                 | 47%               | 41%              | 6%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Marine                | 0%                  | 0%                  | 0%                  | 6%                 | 53%               | 23%              | 6%                    | 0%                    | 0%                    | 0%                   | 12% |
| Medical Malpractice   | 0%                  | 0%                  | 6%                  | 6%                 | 29%               | 35%              | 0%                    | 0%                    | 0%                    | 0%                   | 24% |
| Surety Bonds          | 0%                  | 0%                  | 0%                  | 0%                 | 76%               | 6%               | 0%                    | 0%                    | 0%                    | 0%                   | 18% |
| Terrorism             | 0%                  | 0%                  | 0%                  | 0%                 | 59%               | 17%              | 0%                    | 0%                    | 0%                    | 0%                   | 24% |
| Umbrella              | 0%                  | 0%                  | 0%                  | 6%                 | 41%               | 47%              | 0%                    | 0%                    | 0%                    | 0%                   | 6%  |
| Worker's Compensation | 0%                  | 0%                  | 0%                  | 0%                 | 18%               | 58%              | 18%                   | 0%                    | 0%                    | 0%                   | 6%  |
| Broker E&O            | 0%                  | 0%                  | 0%                  | 6%                 | 41%               | 35%              | 0%                    | 0%                    | 0%                    | 0%                   | 18% |

## Commercial Property – Casualty Market Survey 2<sup>nd</sup> Quarter 2013 Released: July 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 (April 1, 2013-June 30, 2013) for the following accounts? Please check N/A if you don't know or don't handle the type of account**

|                             | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-20% | 8<br>Up<br>20-30% | 9<br>Up<br>30-50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-------------------|-------------------|-------------------|----------------------|-----|
| Small (<\$25K Comm. & Fees) | 0%                  | 0%                  | 0%                  | 3%                 | 10%               | 70%              | 10%               | 0%                | 0%                | 0%                   | 7%  |
| Medium (\$25K – \$100K)     | 0%                  | 0%                  | 0%                  | 7%                 | 14%               | 66%              | 7%                | 3%                | 0%                | 0%                   | 3%  |
| Large (>\$100K)             | 0%                  | 0%                  | 0%                  | 7%                 | 28%               | 56%              | 3%                | 3%                | 3%                | 0%                   | 0%  |

**2. How much have premium rates changed over the last three months (April 1, 2013-June 30, 2013) for the following lines? Please check N/A if you don't know or don't handle the line.**

|                       | 1<br>Down<br>30-<br>40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-<br>20% | 8<br>Up<br>20-<br>30% | 9<br>Up<br>30-<br>50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------|-------------------------|---------------------|---------------------|--------------------|-------------------|------------------|-----------------------|-----------------------|-----------------------|----------------------|-----|
| Business Interruption | 0%                      | 0%                  | 0%                  | 3%                 | 28%               | 59%              | 7%                    | 0%                    | 0%                    | 0%                   | 3%  |
| Commercial Auto       | 0%                      | 0%                  | 0%                  | 3%                 | 24%               | 63%              | 7%                    | 0%                    | 3%                    | 0%                   | 0%  |
| Commercial Property   | 0%                      | 0%                  | 0%                  | 7%                 | 10%               | 66%              | 14%                   | 3%                    | 0%                    | 0%                   | 0%  |
| Construction Risks    | 0%                      | 0%                  | 0%                  | 4%                 | 29%               | 56%              | 11%                   | 0%                    | 0%                    | 0%                   | 0%  |
| D & O                 | 0%                      | 0%                  | 0%                  | 7%                 | 31%               | 35%              | 21%                   | 3%                    | 0%                    | 0%                   | 3%  |
| Flood Insurance       | 0%                      | 0%                  | 0%                  | 3%                 | 38%               | 31%              | 14%                   | 7%                    | 0%                    | 0%                   | 7%  |
| Employment Practices  | 0%                      | 0%                  | 0%                  | 3%                 | 38%               | 45%              | 14%                   | 0%                    | 0%                    | 0%                   | 0%  |
| General Liability     | 0%                      | 0%                  | 0%                  | 3%                 | 31%               | 56%              | 10%                   | 0%                    | 0%                    | 0%                   | 0%  |
| Marine                | 0%                      | 0%                  | 0%                  | 4%                 | 56%               | 29%              | 7%                    | 0%                    | 0%                    | 0%                   | 4%  |
| Medical Malpractice   | 0%                      | 0%                  | 0%                  | 4%                 | 19%               | 21%              | 4%                    | 0%                    | 0%                    | 0%                   | 52% |
| Surety Bonds          | 0%                      | 0%                  | 0%                  | 0%                 | 52%               | 7%               | 0%                    | 0%                    | 0%                    | 0%                   | 41% |
| Terrorism             | 0%                      | 0%                  | 0%                  | 0%                 | 66%               | 10%              | 3%                    | 0%                    | 0%                    | 0%                   | 21% |
| Umbrella              | 0%                      | 0%                  | 0%                  | 7%                 | 28%               | 55%              | 7%                    | 0%                    | 3%                    | 0%                   | 0%  |
| Workers' Compensation | 0%                      | 0%                  | 0%                  | 3%                 | 14%               | 53%              | 24%                   | 3%                    | 3%                    | 0%                   | 0%  |
| Broker E&O            | 0%                      | 0%                  | 0%                  | 0%                 | 30%               | 18%              | 4%                    | 0%                    | 0%                    | 0%                   | 48% |

## Commercial Property – Casualty Market Survey 2<sup>nd</sup> Quarter 2013 Released: July 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 (April 1, 2013-June 30, 2013) for the following accounts? Please check N/A if you don't know or don't handle the type of account.

|                             | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-20% | 8<br>Up<br>20-30% | 9<br>Up<br>30-50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-------------------|-------------------|-------------------|----------------------|-----|
| Small (<\$25K Comm. & Fees) | 0%                  | 0%                  | 0%                  | 4%                 | 11%               | 70%              | 4%                | 0%                | 0%                | 0%                   | 11% |
| Medium (\$25K – \$100K)     | 0%                  | 0%                  | 0%                  | 7%                 | 7%                | 78%              | 4%                | 0%                | 0%                | 0%                   | 4%  |
| Large (>\$100K)             | 0%                  | 0%                  | 0%                  | 7%                 | 11%               | 71%              | 0%                | 0%                | 0%                | 0%                   | 11% |

2. How much have premium rates changed over the last three (April 1, 2013-June 30, 2013) for the following lines? Please check N/A if you don't know or don't handle the line.

|                       | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-<br>20% | 8<br>Up<br>20-<br>30% | 9<br>Up<br>30-<br>50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-----------------------|-----------------------|-----------------------|----------------------|-----|
| Business Interruption | 0%                  | 0%                  | 0%                  | 0%                 | 22%               | 71%              | 0%                    | 0%                    | 0%                    | 0%                   | 7%  |
| Commercial Auto       | 0%                  | 0%                  | 0%                  | 0%                 | 15%               | 73%              | 12%                   | 0%                    | 0%                    | 0%                   | 0%  |
| Commercial Property   | 0%                  | 0%                  | 0%                  | 4%                 | 7%                | 70%              | 11%                   | 4%                    | 0%                    | 0%                   | 4%  |
| Construction Risks    | 0%                  | 0%                  | 0%                  | 7%                 | 4%                | 67%              | 11%                   | 0%                    | 0%                    | 0%                   | 11% |
| D & O                 | 0%                  | 0%                  | 0%                  | 0%                 | 11%               | 48%              | 30%                   | 4%                    | 0%                    | 0%                   | 7%  |
| Flood Insurance       | 0%                  | 0%                  | 0%                  | 0%                 | 22%               | 34%              | 22%                   | 15%                   | 0%                    | 0%                   | 7%  |
| Employment Practices  | 0%                  | 0%                  | 0%                  | 4%                 | 26%               | 40%              | 26%                   | 0%                    | 0%                    | 0%                   | 4%  |
| General Liability     | 0%                  | 0%                  | 0%                  | 4%                 | 26%               | 70%              | 0%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Marine                | 0%                  | 0%                  | 0%                  | 11%                | 21%               | 60%              | 4%                    | 0%                    | 0%                    | 0%                   | 4%  |
| Medical Malpractice   | 0%                  | 0%                  | 4%                  | 11%                | 26%               | 25%              | 4%                    | 0%                    | 0%                    | 0%                   | 30% |
| Surety Bonds          | 0%                  | 0%                  | 0%                  | 0%                 | 37%               | 37%              | 4%                    | 0%                    | 0%                    | 0%                   | 22% |
| Terrorism             | 0%                  | 0%                  | 0%                  | 0%                 | 56%               | 33%              | 4%                    | 0%                    | 0%                    | 0%                   | 7%  |
| Umbrella              | 0%                  | 0%                  | 0%                  | 4%                 | 30%               | 62%              | 4%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Workers' Compensation | 0%                  | 0%                  | 0%                  | 0%                 | 0%                | 59%              | 37%                   | 4%                    | 0%                    | 0%                   | 0%  |
| Broker E&O            | 0%                  | 0%                  | 0%                  | 0%                 | 30%               | 29%              | 4%                    | 0%                    | 0%                    | 0%                   | 37% |

## Commercial Property – Casualty Market Survey 2<sup>nd</sup> Quarter 2013 Released: July 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 (April 1, 2013-June 30, 2013) for the following accounts? Please check N/A if you don't know or don't handle the type of account.**

|                             | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-20% | 8<br>Up<br>20-30% | 9<br>Up<br>30-50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-------------------|-------------------|-------------------|----------------------|-----|
| Small (<\$25K Comm. & Fees) | 0%                  | 0%                  | 0%                  | 0%                 | 0%                | 93%              | 7%                | 0%                | 0%                | 0%                   | 0%  |
| Medium (\$25K – \$100K)     | 0%                  | 0%                  | 0%                  | 0%                 | 0%                | 100%             | 0%                | 0%                | 0%                | 0%                   | 0%  |
| Large (>\$100K)             | 0%                  | 0%                  | 0%                  | 0%                 | 0%                | 100%             | 0%                | 0%                | 0%                | 0%                   | 0%  |

**2. How much have premium rates changed over the last three months (April 1, 2013-June 30, 2013) for the following lines? Please check N/A if you don't know or don't handle the line.**

|                       | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-<br>20% | 8<br>Up<br>20-<br>30% | 9<br>Up<br>30-<br>50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-----------------------|-----------------------|-----------------------|----------------------|-----|
| Business Interruption | 0%                  | 0%                  | 0%                  | 0%                 | 0%                | 86%              | 0%                    | 7%                    | 0%                    | 0%                   | 7%  |
| Commercial Auto       | 0%                  | 0%                  | 0%                  | 0%                 | 7%                | 93%              | 0%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Commercial Property   | 0%                  | 0%                  | 0%                  | 0%                 | 0%                | 79%              | 14%                   | 7%                    | 0%                    | 0%                   | 0%  |
| Construction Risks    | 0%                  | 0%                  | 0%                  | 0%                 | 7%                | 79%              | 7%                    | 0%                    | 0%                    | 0%                   | 7%  |
| D & O                 | 0%                  | 0%                  | 0%                  | 0%                 | 7%                | 65%              | 21%                   | 0%                    | 0%                    | 0%                   | 7%  |
| Flood Insurance       | 0%                  | 0%                  | 0%                  | 0%                 | 21%               | 43%              | 0%                    | 0%                    | 0%                    | 0%                   | 36% |
| Employment Practices  | 0%                  | 0%                  | 0%                  | 0%                 | 7%                | 50%              | 36%                   | 0%                    | 0%                    | 0%                   | 7%  |
| General Liability     | 0%                  | 0%                  | 0%                  | 0%                 | 14%               | 86%              | 0%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Marine                | 0%                  | 0%                  | 0%                  | 0%                 | 21%               | 51%              | 7%                    | 7%                    | 0%                    | 0%                   | 14% |
| Medical Malpractice   | 0%                  | 0%                  | 0%                  | 0%                 | 29%               | 21%              | 0%                    | 0%                    | 0%                    | 0%                   | 50% |
| Surety Bonds          | 0%                  | 0%                  | 0%                  | 0%                 | 43%               | 21%              | 0%                    | 0%                    | 0%                    | 0%                   | 36% |
| Terrorism             | 0%                  | 0%                  | 0%                  | 7%                 | 36%               | 29%              | 0%                    | 7%                    | 0%                    | 0%                   | 21% |
| Umbrella              | 0%                  | 0%                  | 0%                  | 0%                 | 8%                | 84%              | 8%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Workers' Compensation | 0%                  | 0%                  | 0%                  | 0%                 | 0%                | 72%              | 14%                   | 14%                   | 0%                    | 0%                   | 0%  |
| Broker E&O            | 0%                  | 0%                  | 0%                  | 0%                 | 14%               | 51%              | 14%                   | 0%                    | 0%                    | 0%                   | 21% |

## Commercial Property – Casualty Market Survey 2<sup>nd</sup> Quarter 2013 Released: July 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 (April 1, 2013-June 30, 2013) for the following accounts? Please check N/A if you don't know or don't handle the type of account.**

|                             | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-20% | 8<br>Up<br>20-30% | 9<br>Up<br>30-50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-------------------|-------------------|-------------------|----------------------|-----|
| Small (<\$25K Comm. & Fees) | 0%                  | 0%                  | 0%                  | 0%                 | 38%               | 62%              | 0%                | 0%                | 0%                | 0%                   | 0%  |
| Medium (\$25K – \$100K)     | 0%                  | 0%                  | 0%                  | 0%                 | 50%               | 37%              | 13%               | 0%                | 0%                | 0%                   | 0%  |
| Large (>\$100K)             | 0%                  | 0%                  | 0%                  | 0%                 | 50%               | 24%              | 13%               | 0%                | 0%                | 0%                   | 13% |

**2. How much have premium rates changed over the last three months (April 1, 2013-June 30, 2013) for the following lines? Please check N/A if you don't know or don't handle the line.**

|                       | 1<br>Down<br>30-40% | 2<br>Down<br>20-30% | 3<br>Down<br>10-20% | 4<br>Down<br>1-10% | 5<br>No<br>Change | 6<br>Up<br>1-10% | 7<br>Up<br>10-<br>20% | 8<br>Up<br>20-<br>30% | 9<br>Up<br>30-<br>50% | 10<br>Up 50-<br>100% | N/A |
|-----------------------|---------------------|---------------------|---------------------|--------------------|-------------------|------------------|-----------------------|-----------------------|-----------------------|----------------------|-----|
| Business Interruption | 0%                  | 0%                  | 0%                  | 0%                 | 63%               | 37%              | 0%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Commercial Auto       | 0%                  | 0%                  | 0%                  | 0%                 | 63%               | 37%              | 0%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Commercial Property   | 0%                  | 0%                  | 0%                  | 0%                 | 25%               | 62%              | 13%                   | 0%                    | 0%                    | 0%                   | 0%  |
| Construction Risks    | 0%                  | 0%                  | 0%                  | 0%                 | 25%               | 50%              | 25%                   | 0%                    | 0%                    | 0%                   | 0%  |
| D & O                 | 0%                  | 0%                  | 0%                  | 0%                 | 38%               | 37%              | 25%                   | 0%                    | 0%                    | 0%                   | 0%  |
| Flood Insurance       | 0%                  | 0%                  | 0%                  | 0%                 | 38%               | 24%              | 0%                    | 13%                   | 0%                    | 0%                   | 25% |
| Employment Practices  | 0%                  | 0%                  | 0%                  | 0%                 | 38%               | 24%              | 38%                   | 0%                    | 0%                    | 0%                   | 0%  |
| General Liability     | 0%                  | 0%                  | 0%                  | 0%                 | 50%               | 50%              | 0%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Marine                | 0%                  | 0%                  | 0%                  | 13%                | 25%               | 24%              | 0%                    | 0%                    | 0%                    | 0%                   | 38% |
| Medical Malpractice   | 0%                  | 0%                  | 0%                  | 0%                 | 38%               | 12%              | 0%                    | 0%                    | 0%                    | 0%                   | 50% |
| Surety Bonds          | 0%                  | 0%                  | 0%                  | 0%                 | 63%               | 12%              | 0%                    | 0%                    | 0%                    | 0%                   | 25% |
| Terrorism             | 0%                  | 0%                  | 0%                  | 0%                 | 50%               | 12%              | 0%                    | 0%                    | 0%                    | 0%                   | 38% |
| Umbrella              | 0%                  | 0%                  | 0%                  | 13%                | 50%               | 37%              | 0%                    | 0%                    | 0%                    | 0%                   | 0%  |
| Workers' Compensation | 0%                  | 0%                  | 0%                  | 0%                 | 25%               | 37%              | 25%                   | 13%                   | 0%                    | 0%                   | 0%  |
| Broker E&O            | 0%                  | 0%                  | 0%                  | 13%                | 25%               | 24%              | 13%                   | 0%                    | 0%                    | 0%                   | 25% |

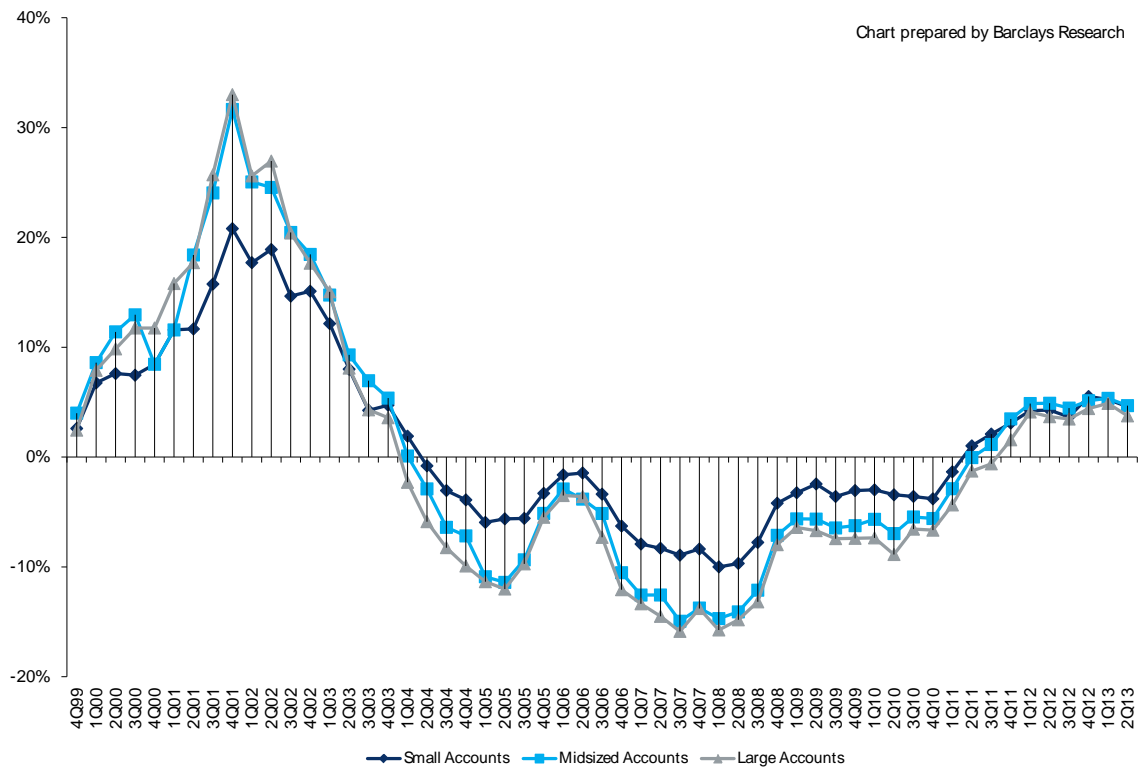


**Average Second Quarter 2013 Commercial Rate Increases Slow**

|                            | Small Accounts | Medium Accounts | Large Accounts | Avg    |
|----------------------------|----------------|-----------------|----------------|--------|
| <b>Second Quarter 2013</b> | 4.6%           | 4.7%            | 3.8%           | 4.3%   |
| <b>First Quarter 2013</b>  | 5.2%           | 5.3%            | 4.9%           | 5.2%   |
| <b>Fourth Quarter 2012</b> | 5.5%           | 5.1%            | 4.4%           | 5.0%   |
| <b>Third Quarter 2012</b>  | 3.7%           | 4.5%            | 3.5%           | 3.9%   |
| <b>Second Quarter 2012</b> | 4.3%           | 4.9%            | 3.7%           | 4.3%   |
| <b>High (4Q01)</b>         | 20.8%          | 31.7%           | 33.0%          | 28.5%  |
| <b>Low (3Q07)</b>          | -10.0% (1Q08)  | -15.0%          | -15.9%         | -13.3% |

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

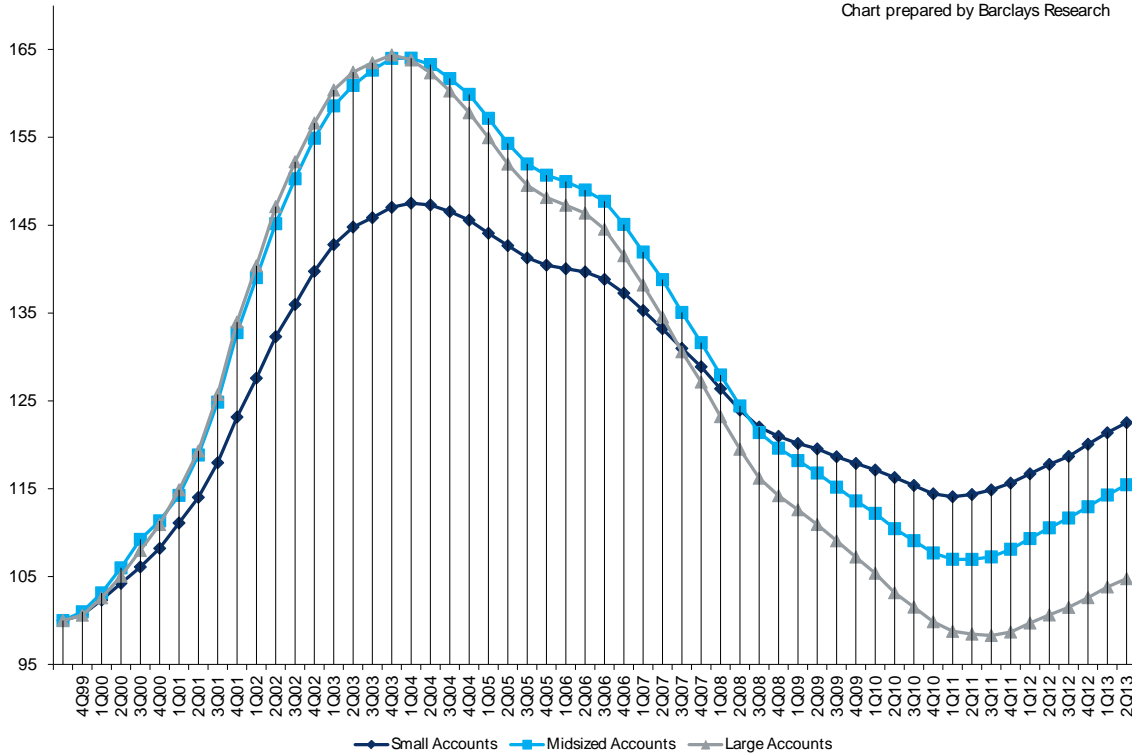
**Average Commercial Premium Rate Changes by Account Size**



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 Second Quarter 2013 Rate Changes Ranged From +3.5% to +8.3%

|                            | Comm'l<br>Auto | Workers'<br>Comp | Comm'l<br>Property | Gen'l<br>Liability | Umbrella | Average |
|----------------------------|----------------|------------------|--------------------|--------------------|----------|---------|
| <b>Second Quarter 2013</b> | 4.4%           | 8.3%             | 5.9%               | 3.5%               | 3.7%     | 5.2%    |
| <b>First Quarter 2013</b>  | 4.6%           | 9.8%             | 6.8%               | 4.3%               | 4.6%     | 6.0%    |
| <b>Fourth Quarter 2012</b> | 3.4%           | 9.0%             | 5.7%               | 3.3%               | 3.5%     | 5.0%    |
| <b>Third Quarter 2012</b>  | 3.3%           | 8.1%             | 5.6%               | 4.0%               | 3.1%     | 4.8%    |
| <b>Second Quarter 2012</b> | 3.0%           | 8.3%             | 7.2%               | 4.1%               | 3.8%     | 5.3%    |
| <b>High</b>                | 28.6%          | 24.9%            | 45.4%              | 26.0%              | 51.9%    | 35.3%   |
| <b>Low</b>                 | -11.6%         | -12.3%           | -15.0%             | -13.6%             | -13.5%   | -13.2%  |

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

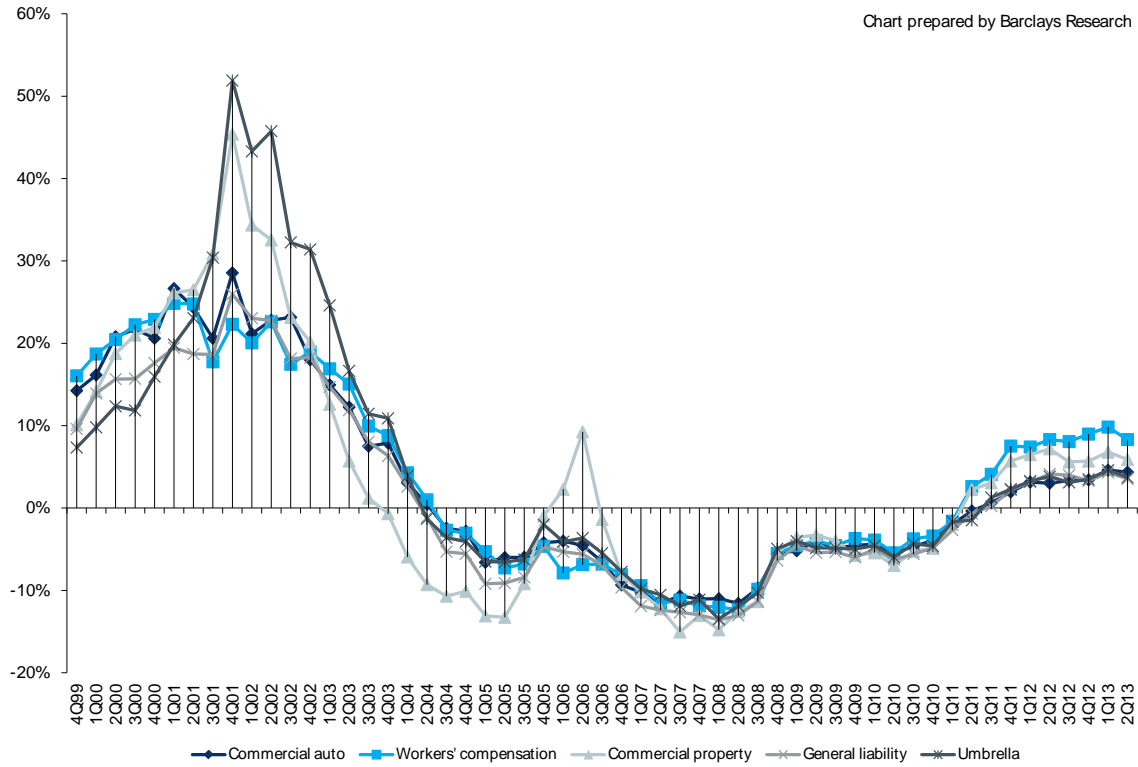
## Rate Changes in Other Lines

### Second Quarter 2013 Rate Changes in Other Lines

|                              | 2Q13 | High  | Low    |
|------------------------------|------|-------|--------|
| <b>Business interruption</b> | 3.6% | 28.8% | -10.2% |
| <b>Construction</b>          | 4.5% | 38.7% | -10.7% |
| <b>D&amp;O liability</b>     | 5.9% | 32.4% | -8.7%  |
| <b>Employment practices</b>  | 5.4% | 21.9% | -8.1%  |
| <b>Surety bonds</b>          | 1.1% | 11.2% | -2.3%  |

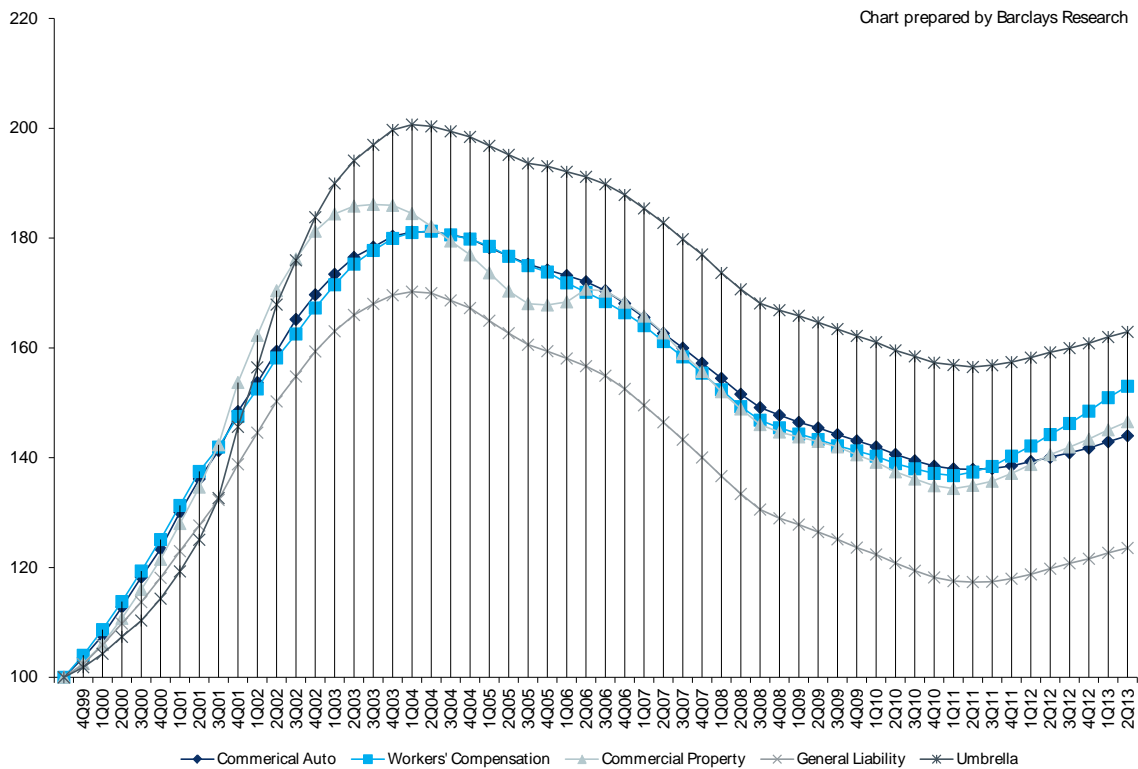
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

### Average Commercial Rate Increases by Line



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

### Cumulative Quarterly Rate Increases by Line

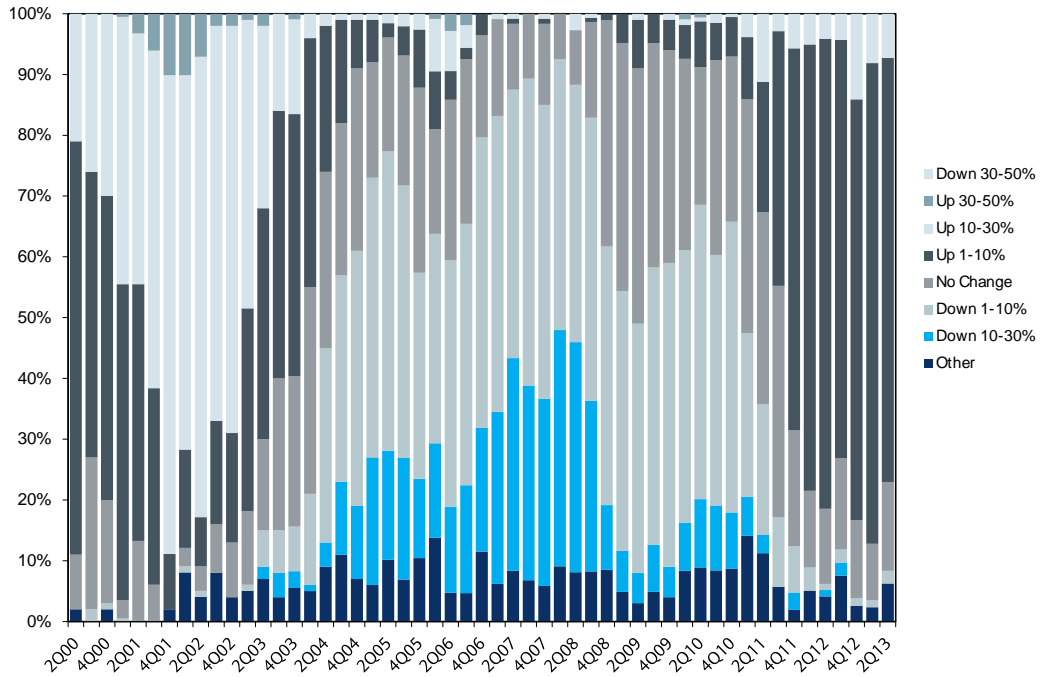


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

### Insurance Rate Changes, Small Commercial Accounts\*

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey  
 (\* Accounts generating <math>\leq 25,000</math> in annual commissions & fees)

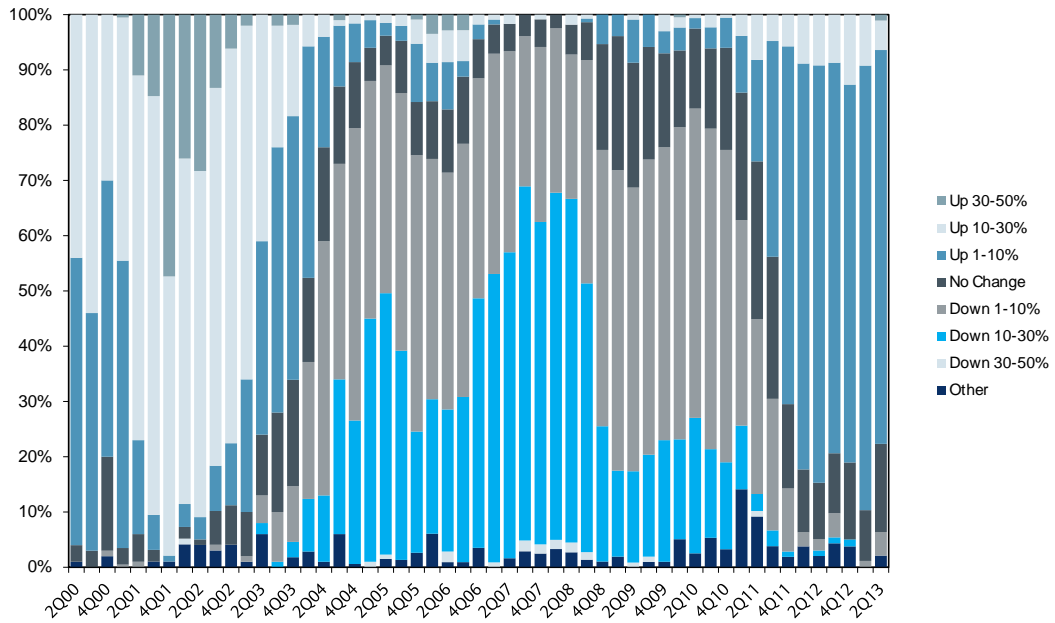


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

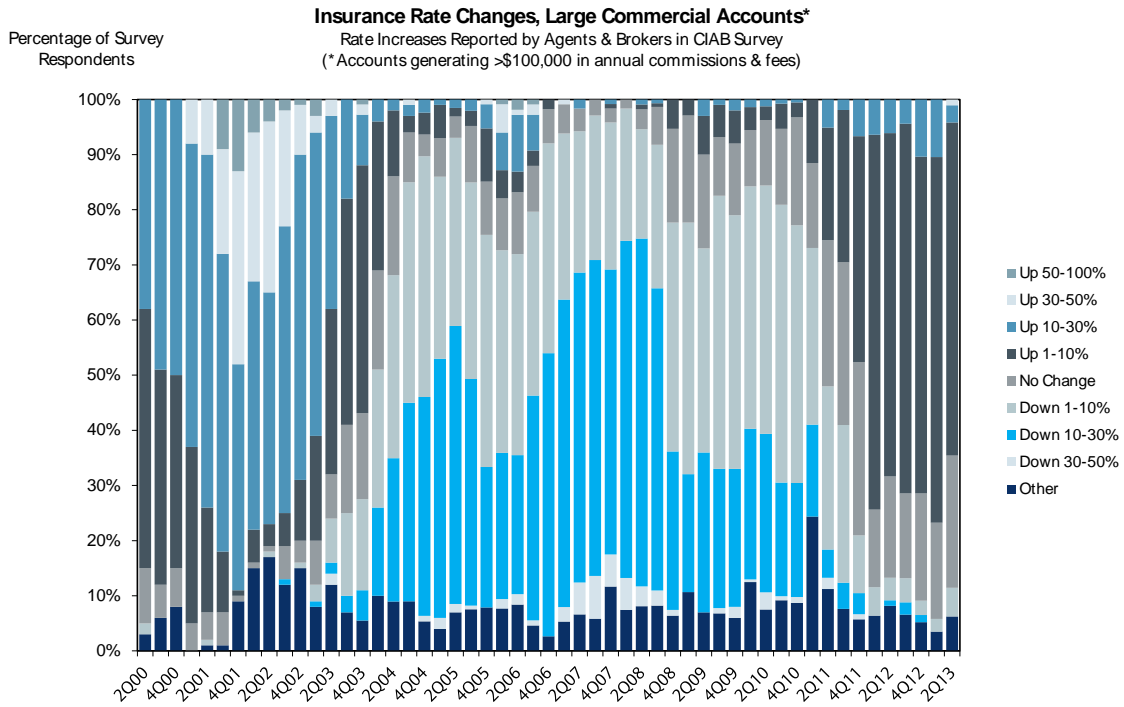
### Insurance Rate Changes, Medium Commercial Accounts\*

Percentage of Survey Respondents

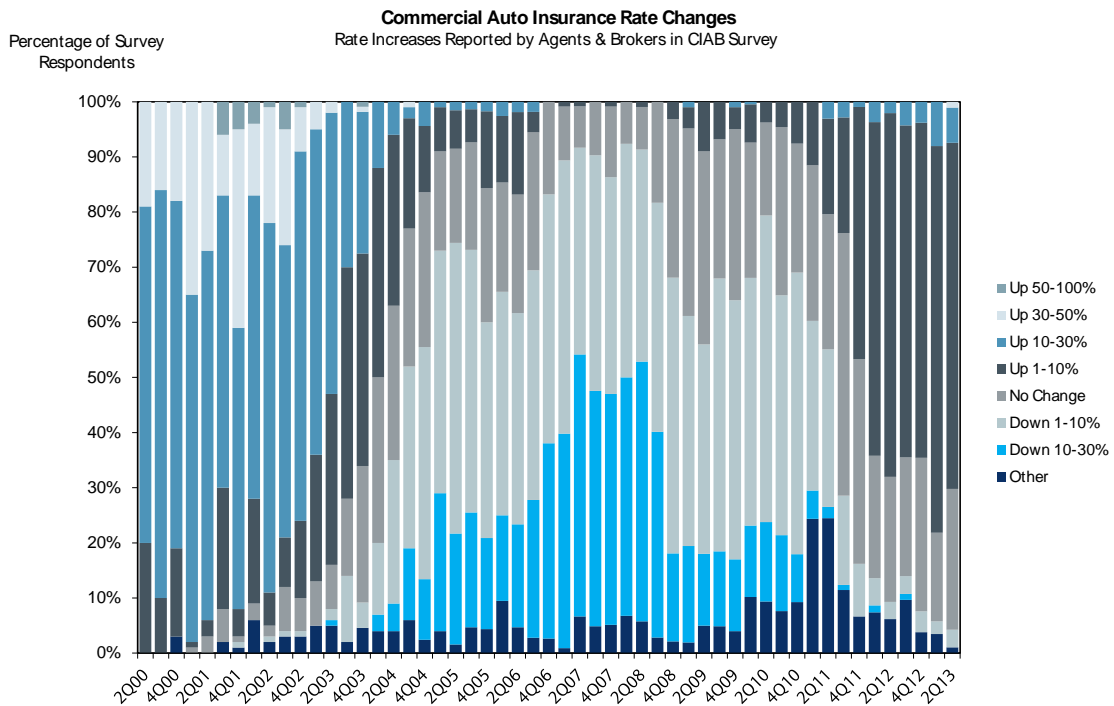
Rate Increases Reported by Agents & Brokers in CIAB Survey  
 (\* Accounts generating \$25,000-\$100,000 in annual commissions & fees)



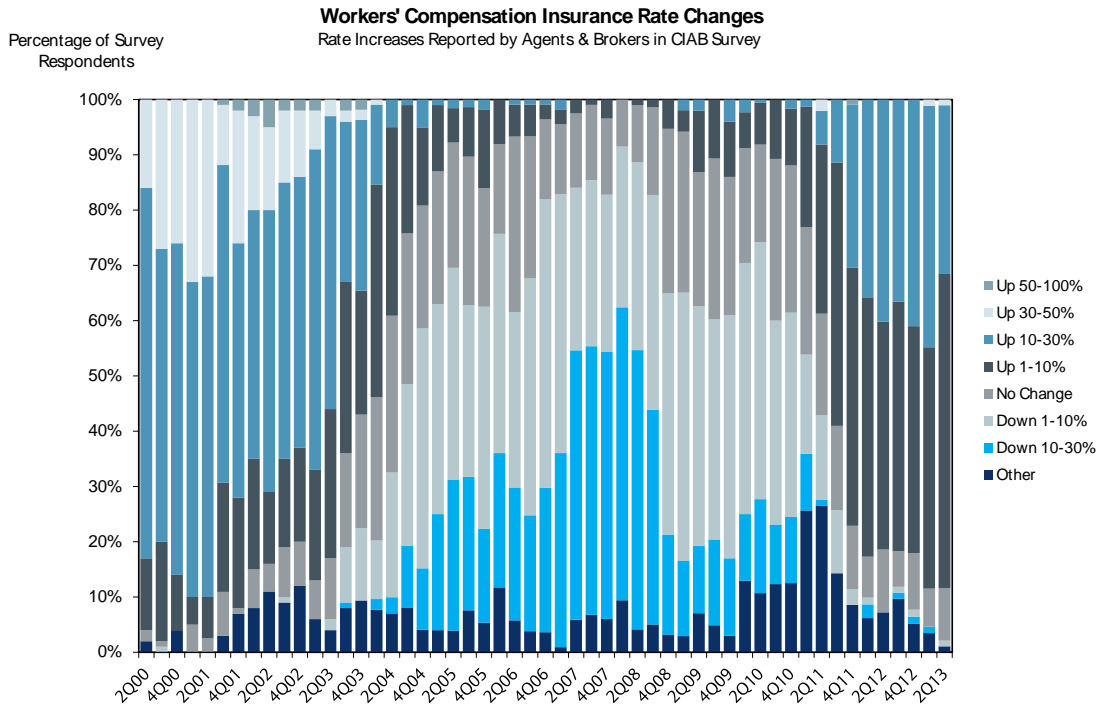
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



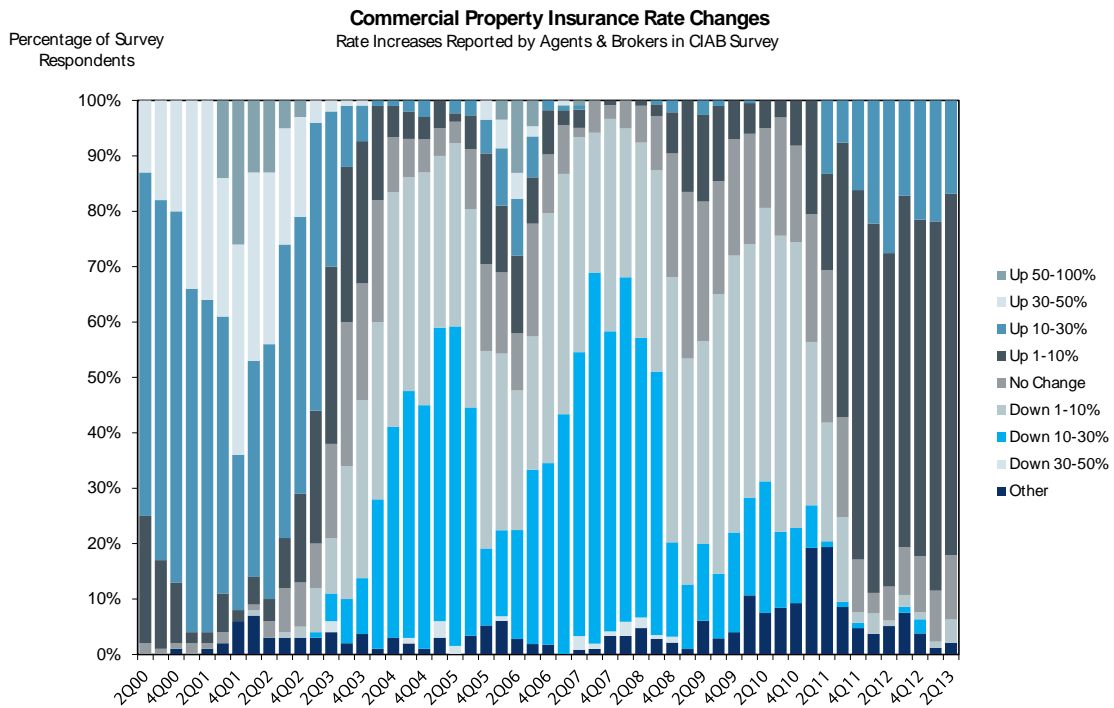
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



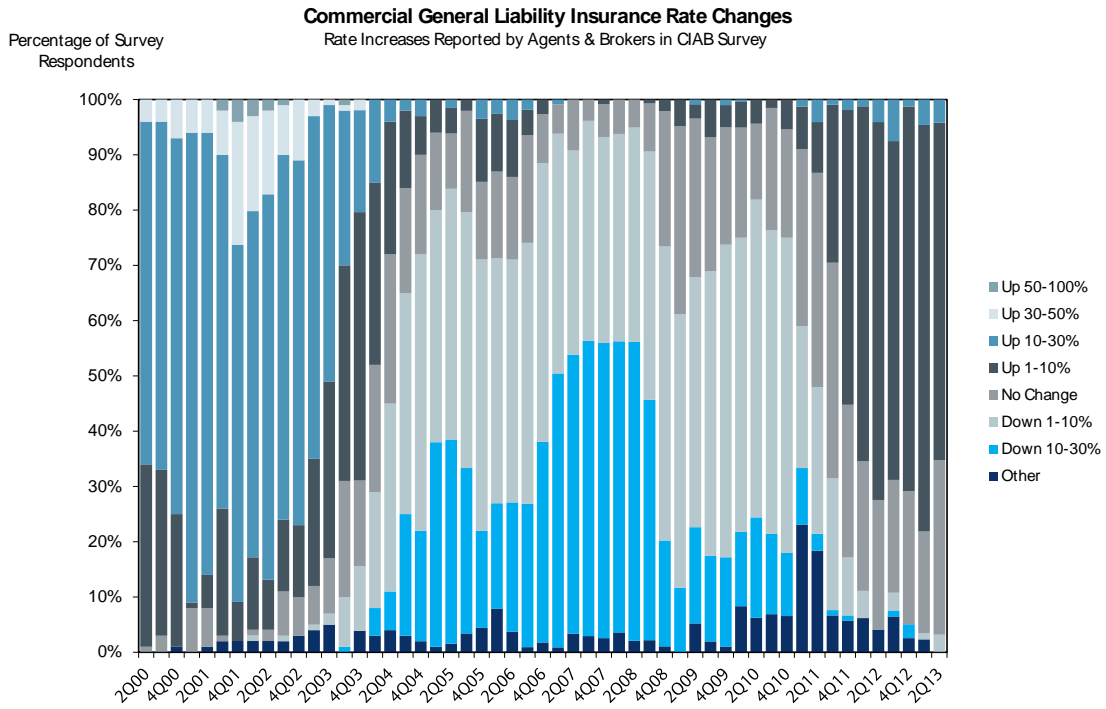
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



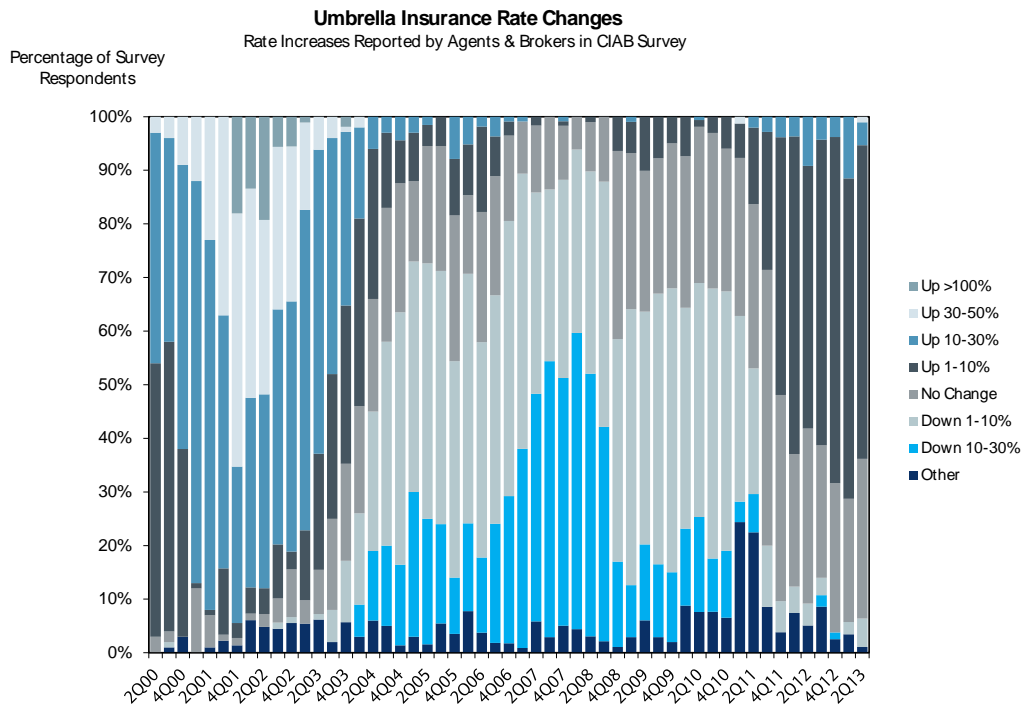
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



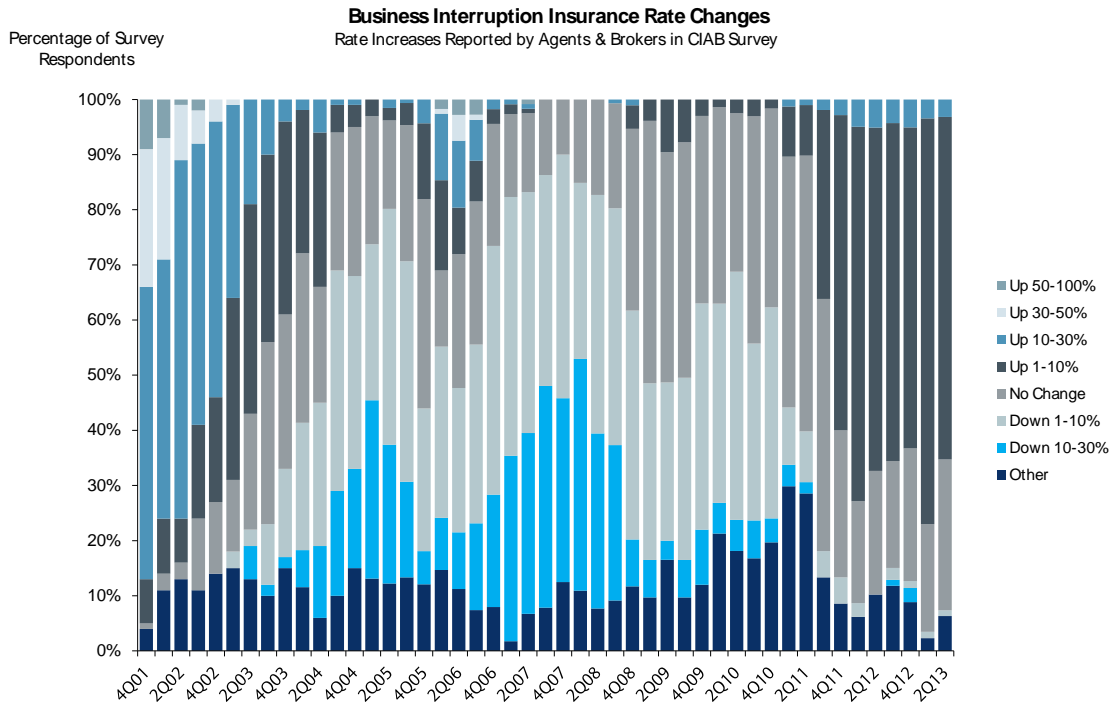
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



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