

Commercial Property/Casualty Market Index

Q3/2019

EXECUTIVE SUMMARY

The following are key takeaways from The Council of Insurance Agents & Brokers' *Commercial Property/Casualty Market Report Q3 2019 (July 1 – September 30)*:

- Premium pricing across all-sized accounts increased moderately at **6.2%** in Q3 2019, marking the eighth consecutive quarter of rate increases. Large accounts were impacted the most by the hardening market, recording an average premium increase of **7.6%**, compared to 5.6% in Q2 2019.
- With the exception of Workers' Compensation, signs of market hardening were seen across all commercial lines of business, which experienced slight-to-moderate pricing increases in Q3 2019. **Umbrella** and **Commercial Auto** were hit hardest in Q3, with average price increases of **9.8%** and **9.1%**, respectively. The average premium increase across all major lines was **5.9%**, in comparison to 4.6% in Q2 2019 and 3.4% in Q1 2019.
- Demand for **Cyber** was as high as ever, with **79%** of respondents reporting an increase in demand for cyber insurance. According to a respondent from a midsized Southeastern firm, "Clients are more aware of the need for the product now."
- **Seventy-three (73) percent** of respondents named "**future premium increase(s)**" as a **top-three client concern**, which seems prescient considering the continued market firming in the past few quarters. "Cyber risk" and "limitations on coverage" tied for second place with 55% of respondents identifying them both as top-three concerns.

PREMIUM PRICING

The market continued to harden in Q3 2019, as many respondents agreed the market was transitioning from firm to hard. The average premium pricing increases recorded in this survey confirmed brokers' sentiments around this transitioning market: in just a year, the average premium change across accounts of all sizes increased from 1.6% in Q3 2018 to **6.2%** in **Q3 2019**. By individual account size, **large accounts** experienced the most firming in Q3 2019, with a **7.6% average increase in premiums** reported by respondents. **Medium** and **small accounts** also saw average premium pricing increases, though slighter than large accounts. We can see that over the past year, premium pricing has increased at a noticeably larger rate compared to the previous quarters for all-sized accounts.

AVERAGE COMMERCIAL PRICING INCREASES

	By Account Size			AVERAGE
	SMALL	MEDIUM	LARGE	
Third Quarter 2019	4.4%	6.8%	7.6%	6.2%
Second Quarter 2019	3.9%	6.2%	5.6%	5.2%
First Quarter 2019	3.0%	3.5%	4.0%	3.5%
Fourth Quarter 2018	2.3%	2.7%	2.2%	2.4%
Third Quarter 2018	1.4%	1.7%	1.6%	1.6%
High	20.8%	31.7%	33.0%	28.5%
High Date	4Q01	4Q01	4Q01	
Low	-10.0%	-15.0%	-15.9%	-13.6%
Low Date	1Q08	3Q07	3Q07	

Source:

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

"After several quarters of market firming, we were in a truly unconventional hard market in Q3," said Ken A. Crerar, President/CEO of The Council. "Commercial Auto's outsized impact on premium prices and other lines such as Umbrella and D&O continued to push prices up. Social inflation and sustained natural catastrophe losses, including floods and wildfires, also added to the strain on the markets. The question now is how long will it last?"

PREMIUM PRICING BY LINE OF BUSINESS

The average increase in premium pricing across all major lines of business tracked by The Council was **5.9%** in Q3 2019, compared to 4.6% in Q2, continuing the trend of increasing premiums begun in Q3 2017.

BY-LINE THIRD QUARTER 2019 RATE CHANGES RANGED FROM -2.7% TO +9.8%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Third Quarter 2019	9.1%	-2.7%	8.8%	4.6%	9.8%	5.9%
Second Quarter 2019	8.4%	-2.5%	8.5%	3.2%	5.7%	4.6%
First Quarter 2019	8.8%	-3.3%	5.9%	2.0%	3.3%	3.4%
Fourth Quarter 2018	7.0%	-3.3%	2.9%	1.4%	2.3%	2.1%
Third Quarter 2018	7.0%	-2.6%	2.9%	0.8%	1.4%	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.

While Commercial Auto was by far the most problematic line in previous quarters, both Commercial Property and Umbrella showed signs of being similarly troubled. The average premium increase for Umbrella was **9.8%** in Q3 2019 (compared to 4.6% in Q2 2019) and **8.8%** for Commercial Property. This is only the second time since 2014 that we have seen a line with a higher premium increase than Commercial Auto.

The other lines of business, which usually experience less change compared to the five major lines The Council tracks, experienced increases as well. D&O Liability, Construction, and Business Interruption were the standouts, with average premium increases of **5.0%**, **4.4%** and **3.7%**, respectively.

RATE CHANGES IN OTHER LINES

	3Q19	HIGH	LOW
Broker E&O	1.7%	15.4%	-4.5%
Business Interruption	3.7%	28.8%	-10.2%
Construction	4.4%	38.7%	-10.7%
Cyber	1.4%	1.4%	-1.5%
D&O Liability	5.0%	32.4%	-8.7%
Employment Practices	3.2%	21.9%	-8.1%
Flood	3.3%	8.6%	-2.7%
Marine	2.3%	3.0%	-10.6%
Medical Malpractice	2.6%	32.5%	-4.1%
Surety Bonds	0.6%	11.2%	-2.3%
Terrorism	0.8%	10.4%	-3.6%

Source:

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

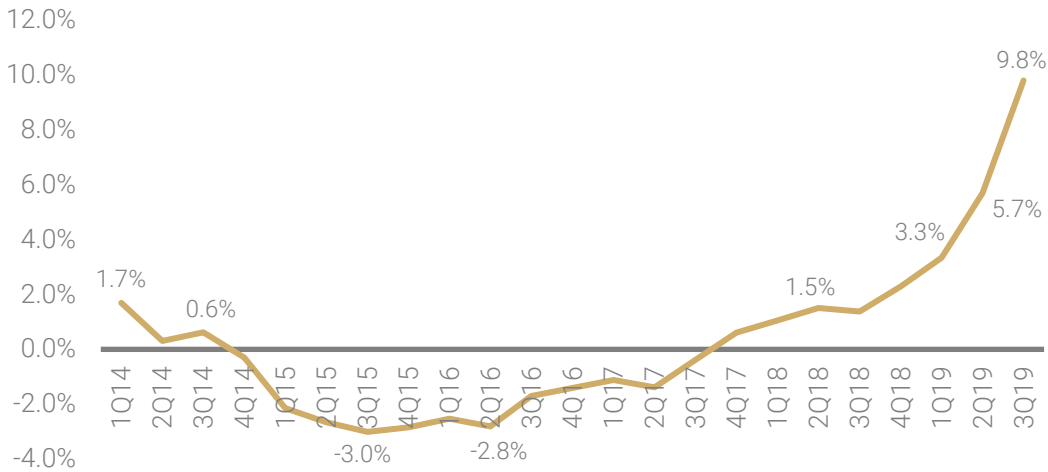
NOTABLE LINES OF BUSINESS

UMBRELLA

As mentioned previously, Umbrella was the hardest-hit line of business in Q3 2019, with an average premium increase of **9.8%**, the first time the average rate increase for any line of business has come close to breaking double-digits since late 2001. "Umbrella [limits] are being pierced more frequently," said one respondent from a large Southeastern firm. **"First time we have seen this in many years."**

It's hard to attribute what could be behind Umbrella's recent troubles. One respondent from a midsized Northeastern firm mentioned that **"Umbrella coverage for companies with large fleets of vehicles is increasing significantly**, and higher attachment points are required," linking Umbrella's increased average premiums and decreased limits in recent quarters to Commercial Auto and its problems. Another respondent from a midsized Midwestern firm offered a similar assessment, explaining "Umbrella and Excess were the biggest shift toward large rate increases... We saw averages of 10-25% increased rates on intermediate classes of business. Reinsurance costs were also a driving factor."

Premium Change for Umbrella, 2014-Q3 2019



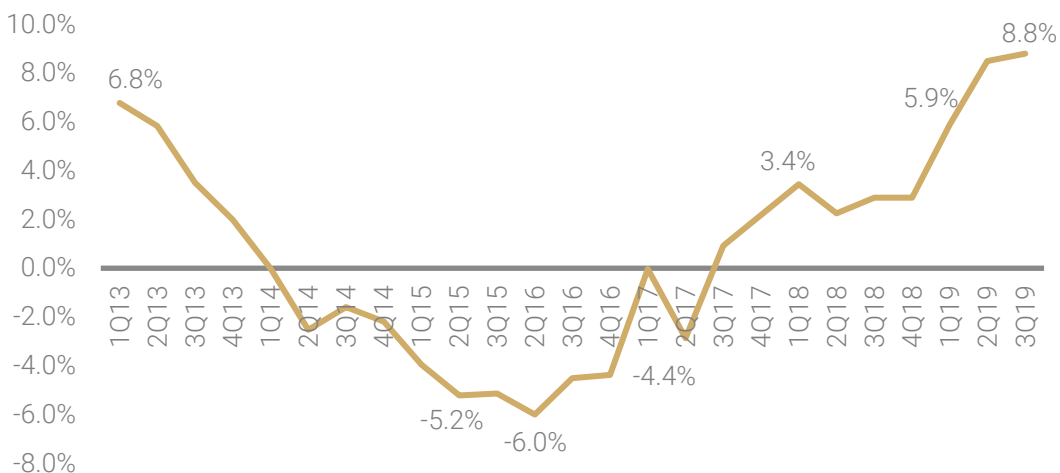
A respondent from a large Southeastern firm proposed another possible cause for increasing Umbrella premiums. “The Umbrella and excess casualty market is getting firm with the market pushing for increased premium... The increased frequency of **nuclear verdicts**, a.k.a. verdicts over \$10 million, are on the increase, and the market is taking note of it.” Another respondent from the Southeast also remarked, “Florida’s climate is very litigious and more lines of liability coverage are being brought into lawsuits.”

On the other hand, it is also possible that the increased premiums in Umbrella were due to a simple market correction, as they follow nearly three years of decreasing premiums. As the trend of significantly increasing premiums has not continued for any great length of time (unlike Commercial Auto’s 33 quarters of increasing premiums), what is driving this trend is not yet clear.

COMMERCIAL PROPERTY

Respondents’ assessments of Commercial Property’s condition in Q3 2019 remained as bleak as they were in Q2 2019—which makes sense considering the average premium increase for Commercial Property was **8.8%** in Q3 2019, compared to 8.5% in Q2 2019. “Property rates increasing even if not warranted by losses,” said one respondent from a midsized Midwestern firm, recalling our discussion in Q2 of major [flooding](#) in many Midwestern and Southern states. This ongoing natural catastrophe, a possible cause for runaway Commercial Property rates and which has gone on for more than seven months in places.

Premium Change for Commercial Property, Q1 2013 - Q3 2019

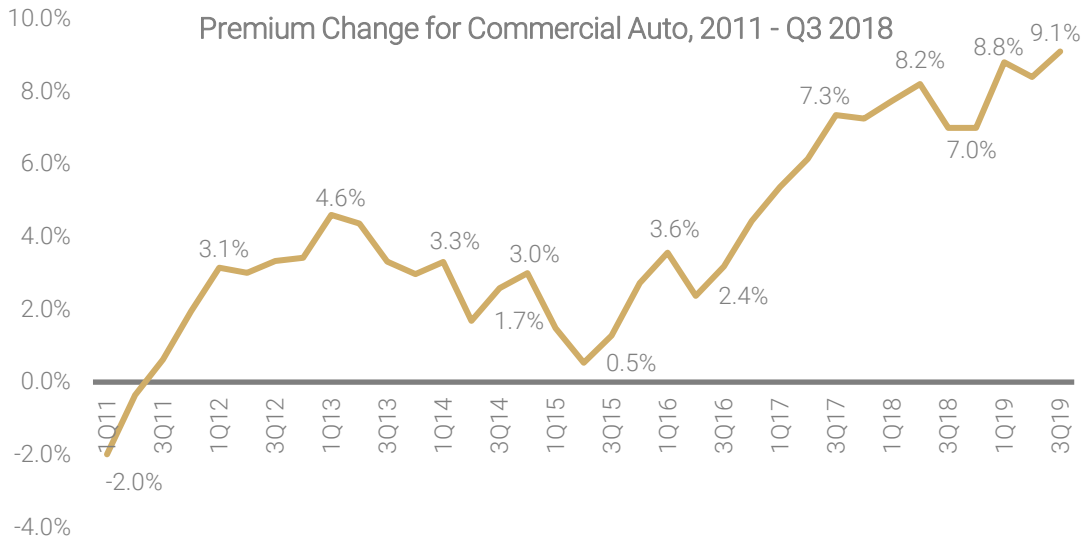


Natural catastrophe was blamed for increased Commercial Property premiums in other regions, too. A respondent in the Southeast mentioned that much of their difficulty with property risks had to do with their “coastal exposures and significant losses last year [2018] during Hurricane Florence,” while respondents from the Northwest named wildfires, the usual culprit in that region, as one of the reasons for the hardening across Commercial Property rates. Many of those respondents who did not explicitly name natural catastrophes in their discussion of rising premiums mentioned instead that carriers all but demanded increases for policies covering property in high-risk or high-hazard areas.

COMMERCIAL AUTO

Commercial Auto, which has been notorious for increased premiums and claims volume, saw another challenging quarter in Q3 2019, with an average premium increase of **9.1%**, a slight increase relative to the 8.5% increase in Q2 2019. “Commercial auto and trucking pricing were up significantly,” “auto fleets with losses getting lots of rate,” and “auto demanded double-digit rate increase” were all descriptions from respondents of the state of the Commercial Auto market in Q3 2019, vividly highlighting the continued strain on carriers and brokers alike when it comes to that particular line.

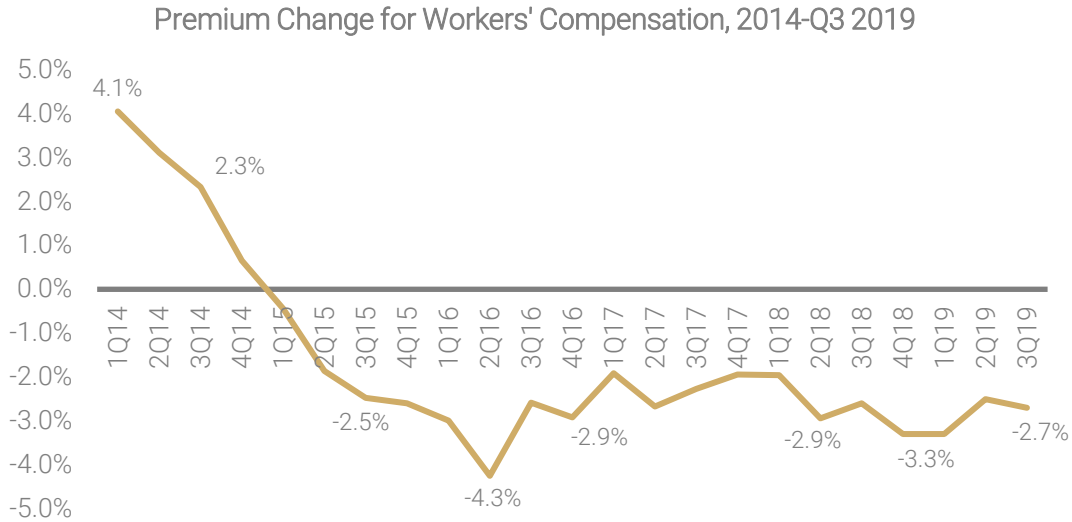
Nuclear verdicts, as mentioned before, were likely a driver for this increase; the fact that “automobile claims have increased dramatically,” according to one respondent from a large Southeastern firm, also probably had an impact on pricing in Q3 2019. The possible causes for Auto’s increased claims—distracted driving and more people on the road—have been discussed before, but they remain important as ever. For example, [just last year](#) an estimated **60%** of all drivers in the United States used their phone while driving, going hand in hand with [the second time U.S. motor-vehicle deaths surpassed the 40,000 mark](#).



WORKERS' COMPENSATION

Workers' Compensation, in contrast to the lines discussed previously, again saw a decrease in average premiums in Q3 2019, at **-2.7%**, continuing the consistent decrease in prices begun at the beginning of 2015. It is interesting that Workers' Compensation so far seems insulated from the hardening that has occurred in the other sectors of the property/casualty market, and worth a moment to explore.

From respondents' answers, it seems the main reason Workers' Compensation escaped premium increases was that carriers continued to use it to offset other problematic lines. Carriers are "aggressively pricing WC to offset other increases," and "pushing for double-digit rate on auto and umbrella while absorbing with decreasing rate in workers' compensation," according to respondents. "Carriers are evaluating possibility of providing relief on some lines (WC) to balance increases on others (Auto and Umbrella)," said a respondent from a mid-sized firm in the Southeast.



Another reason may be because of lowering Workers' Compensation rates in states. For example, one respondent from North Carolina noted a 9% reduction in rates in the state, resulting in "more favorable underwriting and rating." A similar situation was also reported by a respondent from Wisconsin. The National Council on Compensation Insurance (NCCI) has [recommended](#) decreasing Workers' Compensation rates in all or the vast majority of NCCI states for the past five years. Thus, it is possible this downward trend in NCCI recommended rates may have also influenced to some degree the similar downward trend in Workers' Compensation premium prices since Q1 2015.

UNDERWRITING

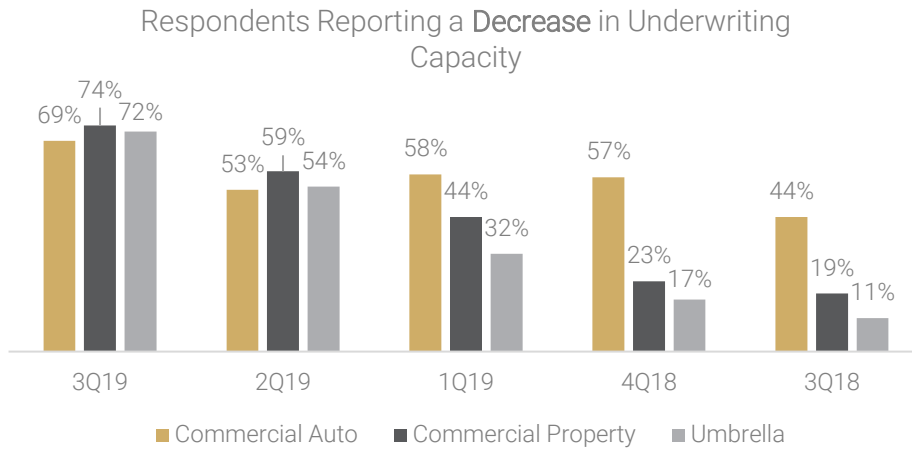
UNDERWRITING BY LINE OF BUSINESS

The increased premium pricing for Commercial Auto, Commercial Property, and Umbrella went hand-in-hand with decreased capacity for those particular lines. **Sixty-nine (69) percent of respondents reported a decrease in capacity for Commercial Auto**, and even more reported the same for Commercial Property and Umbrella: **74%** and **72%** of respondents, respectively. This was another **relatively significant contraction** in capacity for these lines compared to previous quarters, as seen in the graph below. Note in particular the trend for Commercial Property and Umbrella.

Across the board, respondents reported tighter underwriting, higher deductibles and reduced limits for all three lines. Umbrella cropped up the most in responses about significant changes in underwriting capacity, with one respondent even saying "on average, half the [previous] limit is being offered for **double the expiring premium**, if not more."

For Commercial Auto and Commercial Property, respondents said carriers were much more cautious and subjected these lines to much more scrutiny than before and "**likely to forego a profitable line of business (WC)**"

because they don't want one of the complementary lines (ex. Auto)." Another respondent noted carriers "being more conservative based on property and auto exposure, choosing to quote specific lines rather than the entire account."



Some of the increased scrutiny in Commercial Auto came in the form of requiring "dash cams and telematics in heavy/extra heavy fleets as a condition for renewal" or "analysis of driver's MVR and garaging territory." For Commercial Property, a respondent noted that carriers would require "mandatory loss control (depending on the risk) and revised SOVs."

UNDERWRITING BY ACCOUNT SIZE

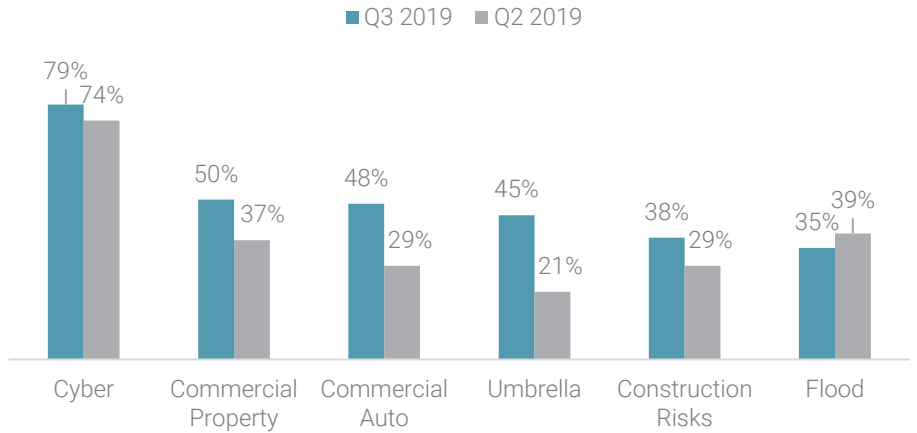
Underwriting for all account sizes seemed to come with more scrutiny in Q3 2019, particularly if the account involved Commercial Property, Commercial Auto, or Umbrella. Respondents also said they had increased difficulty placing high excess limits, and the problems with Commercial Property, Commercial Auto, and Umbrella were also reflected here across accounts of all sizes. "Carriers are limiting their exposure to Umbrella limits by cutting back on capacity they are making available," said one respondent. "Transportation accounts are increasing more than anticipated, and clients with good history are becoming concerned," said another.

For small accounts, a few respondents noted the application process was now almost entirely automated, "with no underwriter communication. The smaller the account, the less underwriter communication." They also drew attention to the fact that "far more applications are being required. Very time consuming for brokers. Questions are generic in nature and cannot shape a risk as well as direct communication [can]. Companies are less inclined to communicate directly with brokers." It will be interesting to see how increasing automation in commercial lines positively or negatively impacts underwriting going forward from the perspective of the broker.

DEMAND

The demand for lines such as Cyber, Commercial Auto, Commercial Property, and Umbrella all experienced slight to significant increases in Q3 2019. Umbrella saw the largest change in number of respondents reporting an increase in demand in comparison to other lines, going from 21% of respondents in Q2 to 45% in Q3.

Respondents Noting an Increase in Demand

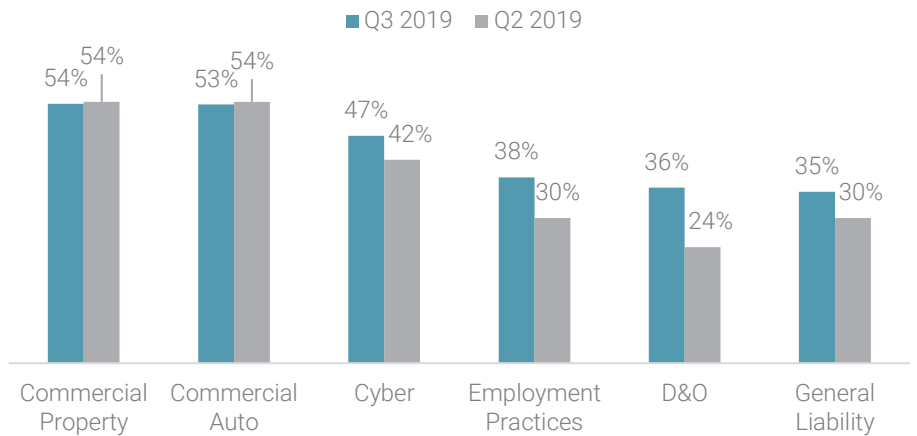


But Cyber remained the line most in demand in Q3 2019, with **nearly 80%** of respondents reporting an increase in demand. “Our agency has sold a lot of cyber liability in the 3rd quarter 2019. Clients are more aware of the need for the product now,” said one respondent from a mid-sized Southeastern firm.

CLAIMS

The amount of respondents reporting an increase in claims for Commercial Auto did not change at all between Q2 and Q3 2019, remaining at **54%**. Similarly, the amount of respondents reporting an increase in claims for all other lines did not significantly change in Q3 2019, with perhaps the exception of D&O, as seen in the graph to the right. Respondents did not offer an explanation why D&O claims increased as of late, but the impact of social inflation, which has been pushing US liability loss costs, is definitely a driver and warrants a watchful eye.

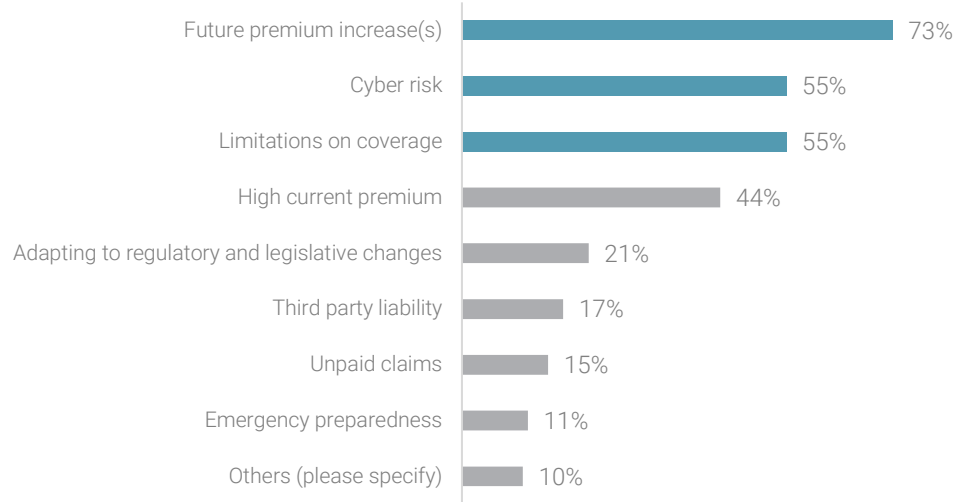
Respondents Noting an Increase in Claims



CLIENT CONCERNS

Seventy-three (73) percent of respondents reported their clients were concerned with “future premium increase(s)”—and for good reason, considering the fact that all lines of business saw increases in premiums in Q3 2019 (with the exception of Workers’ Compensation). Forty-four (44) percent of respondents also noted that their clients had “high current premium” as one of their top three concerns, perhaps a result of the continued hardening of the market in Q3 2019.

Top 3 concerns you heard from your clients in Q3 2019



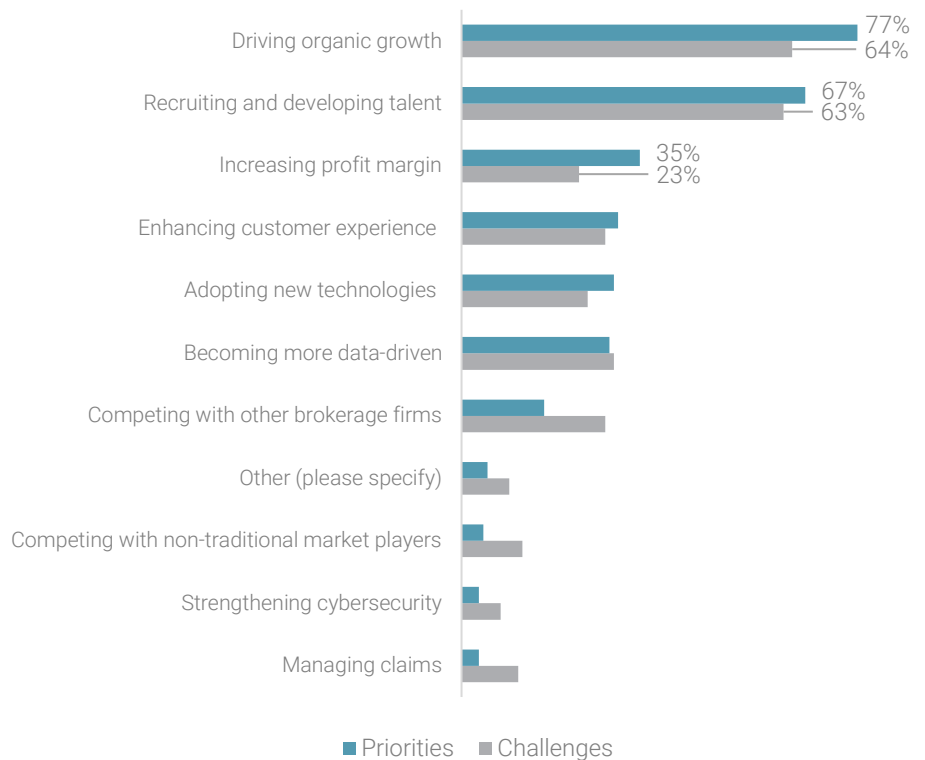
Additionally, 55% of respondents reported both “cyber risk” and “limitations on coverage” as top-three client concerns, continuing the trend from previous surveys

PRIORITIES AND CHALLENGES

When it came to addressing the top priority and challenge, “driving organic growth,” common themes were cross-selling, hiring new producers and finding a niche to specialize in. “The shotgun approach or one size fits all is much less effective than in the past,” said one respondent from a midsized Midwestern firm. “If we can be more industry/client specific, even on the smaller accounts, our bind rates go up dramatically.” Another respondent described “trying to utilize individual producers in their areas of expertise to niche market and solicit business opportunities specific to those areas. ...We’re trying to set ourselves apart from the other agents/brokers in the area.”

Brokers also explained their efforts to recruit and develop talent. There was again a focus on recruiting college students and recent graduates through internships or entry-level positions, with the rationale that mentoring and guiding new employees along a career

Top 3 Priorities and Challenges for Brokers in Q3 2019



■ Priorities ■ Challenges

path will not only result in better-trained employees but also increase the likelihood that the new employees stay with the firm. A respondent from a mid-sized Northwestern firm mentioned that trainees recruited in this way had an “adhesion rate” of “about 80% to date.” In line with the philosophy that mentorship helps promote loyalty to a firm, another respondent from a large Northeastern firm said that “hiring and training inexperienced staff who have a willingness to learn takes priority over overpaying for senior and skilled staff from other agencies.” Focusing on recruiting younger prospects new to the industry could also help in confronting the issue of the skilled, but aging workforce in the insurance industry.

As one respondent from a large Midwestern firm summed it up, it’s “important [in this critical moment in the] market to have adequate staff and growth to handle volume, effectively use relationships, understand carrier appetites, etc., in order to be efficient and effective brokers.”

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. With expansive international reach, The Council fosters industry wide relationships around the globe by engaging lawmakers, regulators and stakeholders to promote the interests of its members and the valuable role they play in the mitigation of risk for their clients. Founded in 1913, The Council is based in Washington, D.C.

**BELOW ARE THE SURVEY RESULTS FOR:
ALL REGIONS**

1. During the third quarter of 2019 (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes, compared to the second quarter of 2019 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.00%	4.20%	14.29%	71.43%	10.08%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.84%	1.68%	5.88%	65.55%	22.69%	1.68%	1.68%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	1.68%	2.52%	5.88%	56.30%	26.05%	5.88%	1.68%	0.00%	0.00%

2. During the third quarter of 2019 (July 1 – September 30), on average, did premiums go up or down for each of the following lines of business, compared to the second quarter of 2019 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No Change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not Sure
Business interruption	0.00%	0.00%	0.00%	0.00%	28.83%	60.36%	8.11%	0.90%	0.00%	0.00%	1.80%
Broker E&O	0.00%	0.00%	0.00%	0.00%	56.60%	25.47%	3.77%	0.94%	0.00%	0.00%	13.21%
Commercial auto	0.00%	0.00%	0.00%	0.00%	4.42%	43.36%	46.02%	5.31%	0.88%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	0.88%	3.54%	52.21%	32.74%	8.85%	1.77%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	26.85%	52.78%	12.04%	3.70%	0.00%	0.00%	4.63%
Cyber	0.00%	0.00%	0.00%	10.53%	56.14%	25.44%	1.75%	2.63%	0.00%	0.00%	3.51%
D&O	0.00%	0.00%	0.00%	0.88%	37.17%	35.40%	19.47%	3.54%	0.88%	0.00%	2.65%
Flood	0.00%	0.00%	0.00%	0.93%	52.78%	25.00%	9.26%	4.63%	0.93%	0.00%	6.48%
Employment practices	0.00%	0.00%	0.00%	0.89%	40.18%	47.32%	5.36%	2.68%	0.00%	0.00%	3.57%
General liability	0.00%	0.00%	0.00%	0.88%	25.66%	59.29%	11.50%	1.77%	0.88%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.92%	53.21%	26.61%	8.26%	0.92%	0.00%	0.00%	10.09%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	59.62%	11.54%	11.54%	3.85%	0.00%	0.00%	13.46%
Surety bonds	0.00%	0.00%	0.00%	1.90%	75.24%	10.48%	0.95%	0.95%	0.00%	0.00%	10.48%
Terrorism	0.00%	0.00%	0.00%	0.93%	78.70%	10.19%	0.00%	1.85%	0.00%	0.00%	8.33%
Umbrella	0.00%	0.00%	0.00%	1.82%	12.73%	40.00%	26.36%	10.91%	8.18%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	9.17%	53.21%	26.61%	6.42%	2.75%	0.00%	0.00%	0.00%	1.83%

**BELOW ARE THE SURVEY RESULTS FOR:
NORTHEAST (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI)**

1. During the third quarter of 2019 (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

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Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.00%	6.45%	9.68%	77.42%	6.45%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	3.33%	10.00%	66.67%	16.67%	3.33%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	6.67%	6.67%	60.00%	20.00%	6.67%	0.00%	0.00%	0.00%

2. During the third quarter of 2019 (July 1 - September 30), on average, did premiums go up or down for each of the following lines of business, compared to the second quarter of 2019 (April 1 - June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No Change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not Sure
Business interruption	0.00%	0.00%	0.00%	0.00%	21.43%	71.43%	3.57%	0.00%	0.00%	0.00%	3.57%
Broker E&O	0.00%	0.00%	0.00%	0.00%	53.85%	19.23%	3.85%	0.00%	0.00%	0.00%	23.08%
Commercial auto	0.00%	0.00%	0.00%	0.00%	3.70%	59.26%	37.04%	0.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	0.00%	7.14%	60.71%	28.57%	3.57%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	23.08%	57.69%	15.38%	3.85%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	11.11%	51.85%	29.63%	0.00%	3.70%	0.00%	0.00%	3.70%
D&O	0.00%	0.00%	0.00%	0.00%	29.63%	48.15%	18.52%	0.00%	0.00%	0.00%	3.70%
Flood	0.00%	0.00%	0.00%	0.00%	46.43%	32.14%	7.14%	3.57%	0.00%	0.00%	10.71%
Employment practices	0.00%	0.00%	0.00%	0.00%	29.63%	66.67%	0.00%	0.00%	0.00%	0.00%	3.70%
General liability	0.00%	0.00%	0.00%	3.70%	14.81%	70.37%	11.11%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	3.57%	39.29%	39.29%	14.29%	0.00%	0.00%	0.00%	3.57%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	50.00%	11.54%	19.23%	7.69%	0.00%	0.00%	11.54%
Surety bonds	0.00%	0.00%	0.00%	4.00%	76.00%	12.00%	0.00%	0.00%	0.00%	0.00%	8.00%
Terrorism	0.00%	0.00%	0.00%	0.00%	74.07%	14.81%	0.00%	0.00%	0.00%	0.00%	11.11%
Umbrella	0.00%	0.00%	0.00%	3.85%	7.69%	42.31%	23.08%	15.38%	7.69%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	16.00%	48.00%	20.00%	12.00%	0.00%	0.00%	0.00%	0.00%	4.00%

**BELOW ARE THE SURVEY RESULTS FOR:
MIDWEST (AR, IL, IN, IA, KS, MI, MO, MN, NE, ND, SD, OH, WI)**

1. During the third quarter of 2019 (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.00%	3.03%	6.06%	84.85%	6.06%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	2.94%	0.00%	5.88%	67.65%	20.59%	0.00%	2.94%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	2.94%	0.00%	8.82%	55.88%	29.41%	2.94%	0.00%	0.00%	0.00%

2. During the third quarter of 2019 (July 1 - September 30), on average, did premiums go up or down for each of the following lines of business, compared to the second quarter of 2019 (April 1 - June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No Change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not Sure
Business interruption	0.00%	0.00%	0.00%	0.00%	33.33%	56.67%	10.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	68.97%	27.59%	0.00%	0.00%	0.00%	0.00%	3.45%
Commercial auto	0.00%	0.00%	0.00%	0.00%	3.13%	43.75%	43.75%	6.25%	3.13%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	0.00%	0.00%	51.61%	38.71%	6.45%	3.23%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	31.03%	55.17%	10.34%	0.00%	0.00%	0.00%	3.45%
Cyber	0.00%	0.00%	0.00%	15.63%	50.00%	25.00%	3.13%	6.25%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	0.00%	48.39%	25.81%	16.13%	9.68%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	3.45%	41.38%	31.03%	10.34%	10.34%	3.45%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	0.00%	48.39%	41.94%	6.45%	3.23%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	28.13%	56.25%	12.50%	0.00%	3.13%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	62.07%	17.24%	10.34%	3.45%	0.00%	0.00%	6.90%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	67.86%	7.14%	10.71%	3.57%	0.00%	0.00%	10.71%
Surety bonds	0.00%	0.00%	0.00%	0.00%	75.86%	17.24%	0.00%	3.45%	0.00%	0.00%	3.45%
Terrorism	0.00%	0.00%	0.00%	3.33%	76.67%	10.00%	0.00%	6.67%	0.00%	0.00%	3.33%
Umbrella	0.00%	0.00%	0.00%	0.00%	16.13%	32.26%	32.26%	6.45%	12.90%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	3.23%	51.61%	32.26%	6.45%	6.45%	0.00%	0.00%	0.00%	0.00%

**BELOW ARE THE SURVEY RESULTS FOR:
SOUTHWEST (SO. CA, AZ, NM, OK, TX)**

1. During the third quarter of 2019 (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.00%	0.00%	44.44%	44.44%	11.11%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	0.00%	0.00%	75.00%	12.50%	0.00%	12.50%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	12.50%	0.00%	50.00%	25.00%	12.50%	0.00%	0.00%	0.00%

2. During the third quarter of 2019 (July 1 - September 30), on average, did premiums go up or down for each of the following lines of business, compared to the second quarter of 2019 (April 1 - June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No Change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not Sure
Business interruption	0.00%	0.00%	0.00%	0.00%	50.00%	37.50%	12.50%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	62.50%	12.50%	25.00%	0.00%	0.00%	0.00%	0.00%
Commercial auto	0.00%	0.00%	0.00%	0.00%	12.50%	37.50%	50.00%	0.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	0.00%	0.00%	62.50%	25.00%	12.50%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	25.00%	37.50%	12.50%	12.50%	0.00%	0.00%	12.50%
Cyber	0.00%	0.00%	0.00%	0.00%	88.89%	0.00%	11.11%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	0.00%	55.56%	22.22%	11.11%	0.00%	11.11%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	62.50%	12.50%	12.50%	0.00%	0.00%	0.00%	12.50%
Employment practices	0.00%	0.00%	0.00%	0.00%	50.00%	37.50%	0.00%	12.50%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	25.00%	62.50%	12.50%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	75.00%	12.50%	0.00%	0.00%	0.00%	0.00%	12.50%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	50.00%	12.50%	12.50%	0.00%	0.00%	0.00%	25.00%
Surety bonds	0.00%	0.00%	0.00%	0.00%	62.50%	12.50%	12.50%	0.00%	0.00%	0.00%	12.50%
Terrorism	0.00%	0.00%	0.00%	0.00%	87.50%	0.00%	0.00%	0.00%	0.00%	0.00%	12.50%
Umbrella	0.00%	0.00%	0.00%	11.11%	22.22%	55.56%	0.00%	11.11%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	12.50%	75.00%	0.00%	12.50%	0.00%	0.00%	0.00%	0.00%	0.00%

**BELOW ARE THE SURVEY RESULTS FOR:
PACIFIC NORTHWEST (NO. CA, AK, CO, HI, ID, MT, NV, OR, UT, WA, WY)**

1. During the third quarter of 2019 (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not sure
Small Account (Less than \$25k in commission and fees)	0.00%	0.00%	0.00%	0.00%	15.00%	70.00%	15.00%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	0.00%	4.76%	57.14%	38.10%	0.00%	0.00%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	0.00%	4.76%	42.86%	38.10%	9.52%	4.76%	0.00%	0.00%

2. During the third quarter of 2019 (July 1 - September 30), on average, did premiums go up or down for each of the following lines of business, compared to the second quarter of 2019 (April 1 - June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No Change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not Sure
Business interruption	0.00%	0.00%	0.00%	0.00%	23.81%	52.38%	14.29%	4.76%	0.00%	0.00%	4.76%
Broker E&O	0.00%	0.00%	0.00%	0.00%	26.32%	42.11%	0.00%	5.26%	0.00%	0.00%	26.32%
Commercial auto	0.00%	0.00%	0.00%	0.00%	9.52%	28.57%	57.14%	4.76%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	4.76%	9.52%	23.81%	28.57%	28.57%	4.76%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	25.00%	50.00%	10.00%	5.00%	0.00%	0.00%	10.00%
Cyber	0.00%	0.00%	0.00%	14.29%	52.38%	23.81%	0.00%	0.00%	0.00%	0.00%	9.52%
D&O	0.00%	0.00%	0.00%	0.00%	14.29%	57.14%	19.05%	4.76%	0.00%	0.00%	4.76%
Flood	0.00%	0.00%	0.00%	0.00%	57.89%	15.79%	10.53%	5.26%	0.00%	0.00%	10.53%
Employment practices	0.00%	0.00%	0.00%	0.00%	23.81%	52.38%	9.52%	4.76%	0.00%	0.00%	9.52%
General liability	0.00%	0.00%	0.00%	0.00%	28.57%	52.38%	14.29%	4.76%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	35.00%	40.00%	5.00%	0.00%	0.00%	0.00%	20.00%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	66.67%	5.56%	0.00%	0.00%	0.00%	0.00%	27.78%
Surety bonds	0.00%	0.00%	0.00%	5.26%	63.16%	5.26%	0.00%	0.00%	0.00%	0.00%	26.32%
Terrorism	0.00%	0.00%	0.00%	0.00%	73.68%	10.53%	0.00%	0.00%	0.00%	0.00%	15.79%
Umbrella	0.00%	0.00%	0.00%	0.00%	10.00%	35.00%	35.00%	15.00%	5.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	9.52%	42.86%	38.10%	4.76%	4.76%	0.00%	0.00%	0.00%	0.00%

AVERAGE COMMERCIAL PRICING INCREASES

	By Account Size			
	SMALL	MEDIUM	LARGE	AVERAGE
Third Quarter 2019	4.4%	6.8%	7.6%	6.2%
Second Quarter 2019	3.9%	6.2%	5.6%	5.2%
First Quarter 2019	3.0%	3.5%	4.0%	3.5%
Fourth Quarter 2018	2.3%	2.7%	2.2%	2.4%
Third Quarter 2018	1.4%	1.7%	1.6%	1.6%
High	20.8%	31.7%	33.0%	28.5%
High Date	4Q01	4Q01	4Q01	
Low	-10.0%	-15.0%	-15.9%	-13.6%
Low Date	1Q08	3Q07	3Q07	

Source:

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

BY-LINE THIRD QUARTER 2019 RATE CHANGES RANGED FROM -2.7% TO +9.8%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Third Quarter 2019	9.1%	-2.7%	8.8%	4.6%	9.8%	5.9%
Second Quarter 2019	8.4%	-2.5%	8.5%	3.2%	5.7%	4.6%
First Quarter 2019	8.8%	-3.3%	5.9%	2.0%	3.3%	3.4%
Fourth Quarter 2018	7.0%	-3.3%	2.9%	1.4%	2.3%	2.1%
Third Quarter 2018	7.0%	-2.6%	2.9%	0.8%	1.4%	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.

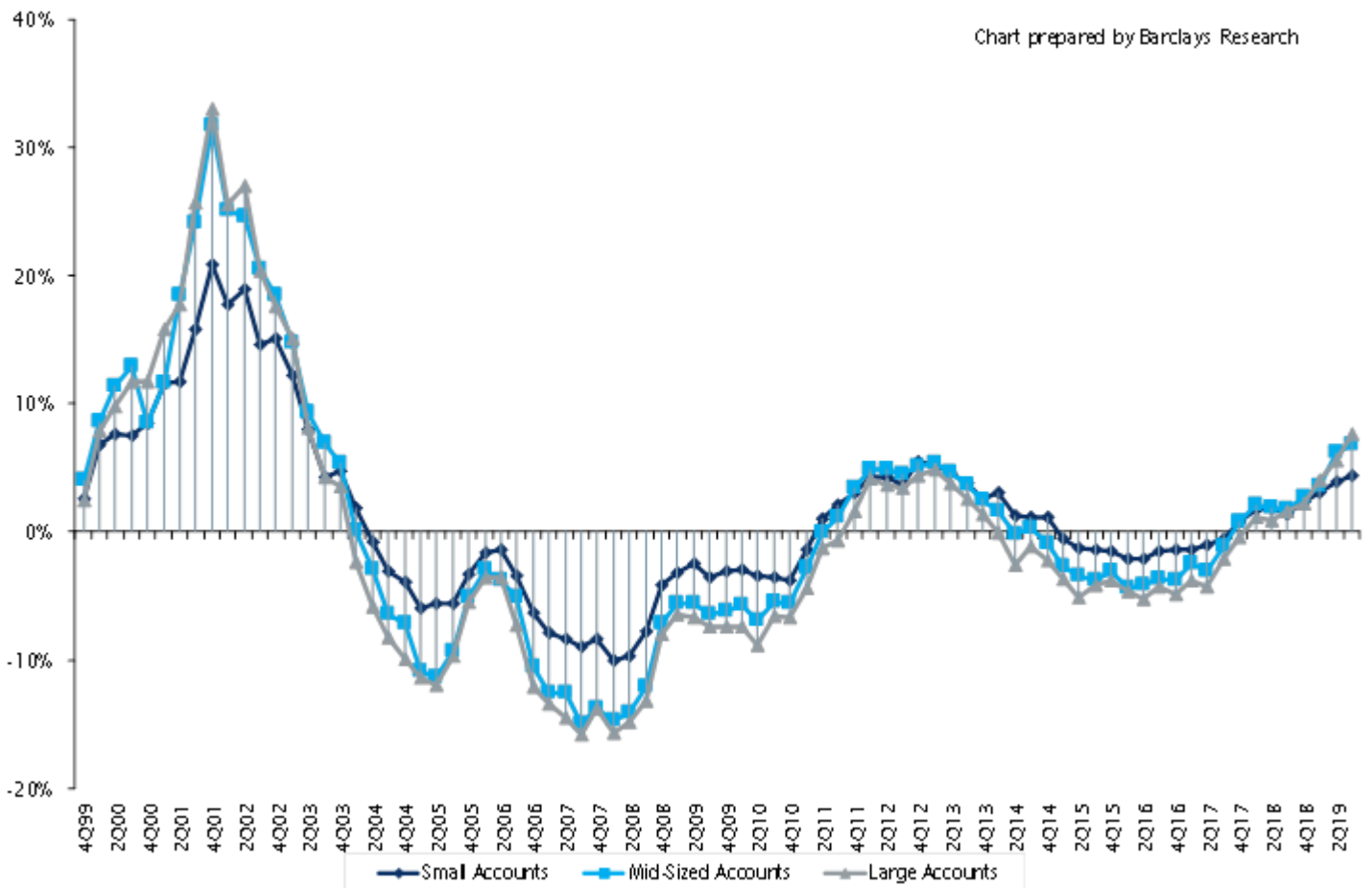
RATE CHANGES IN OTHER LINES

	3Q19	HIGH	LOW
Broker E&O	1.7%	15.4%	-4.5%
Business Interruption	3.7%	28.8%	-10.2%
Construction	4.4%	38.7%	-10.7%
Cyber	1.4%	1.4%	-1.5%
D&O Liability	5.0%	32.4%	-8.7%
Employment Practices	3.2%	21.9%	-8.1%
Flood	3.3%	8.6%	-2.7%
Marine	2.3%	3.0%	-10.6%
Medical Malpractice	2.6%	32.5%	-4.1%
Surety Bonds	0.6%	11.2%	-2.3%
Terrorism	0.8%	10.4%	-3.6%

Source:

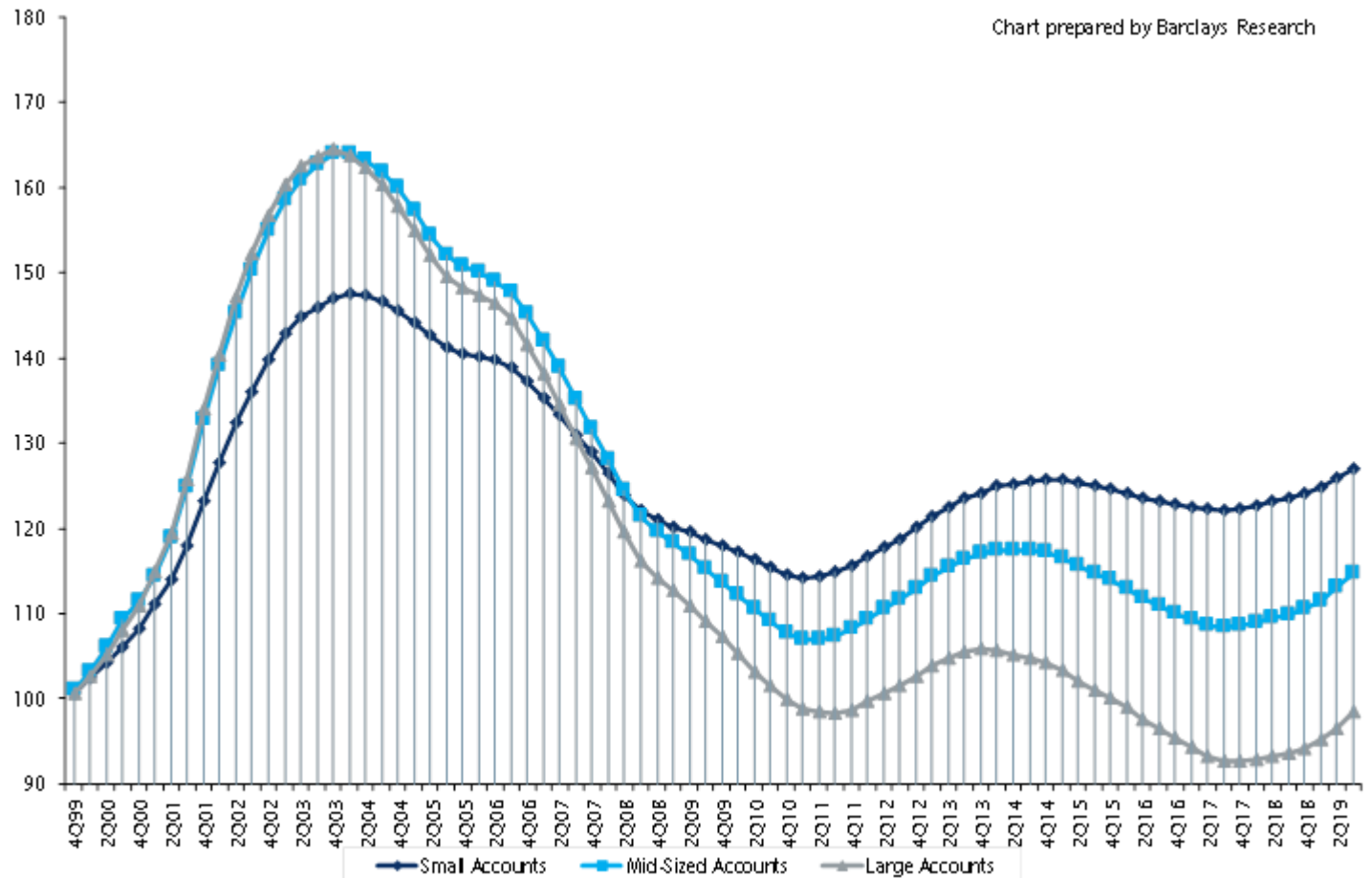
The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Average Commercial Premium Rate Changes by Account Size



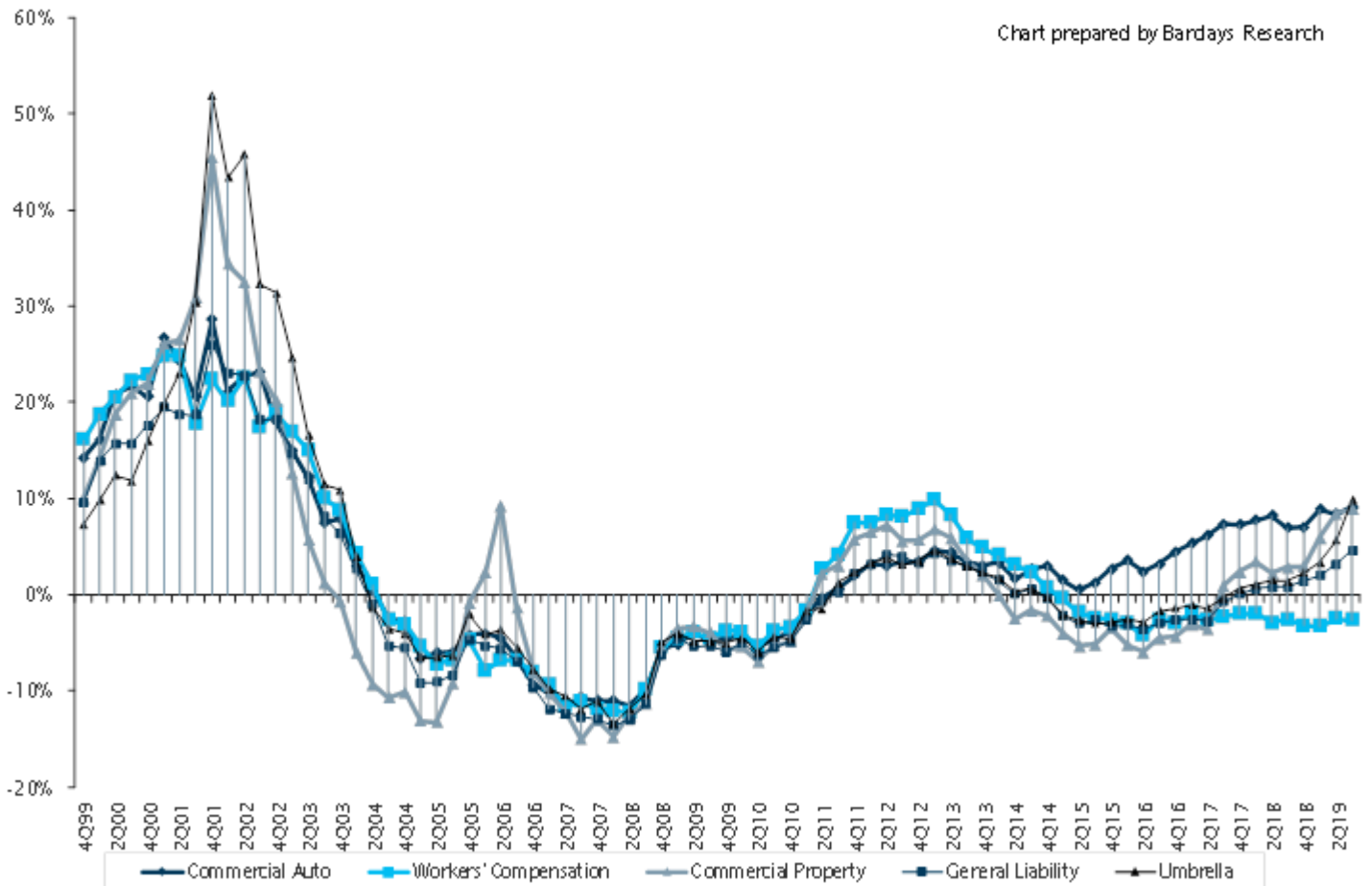
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Cumulative Quarterly Rate Increases by Account Size



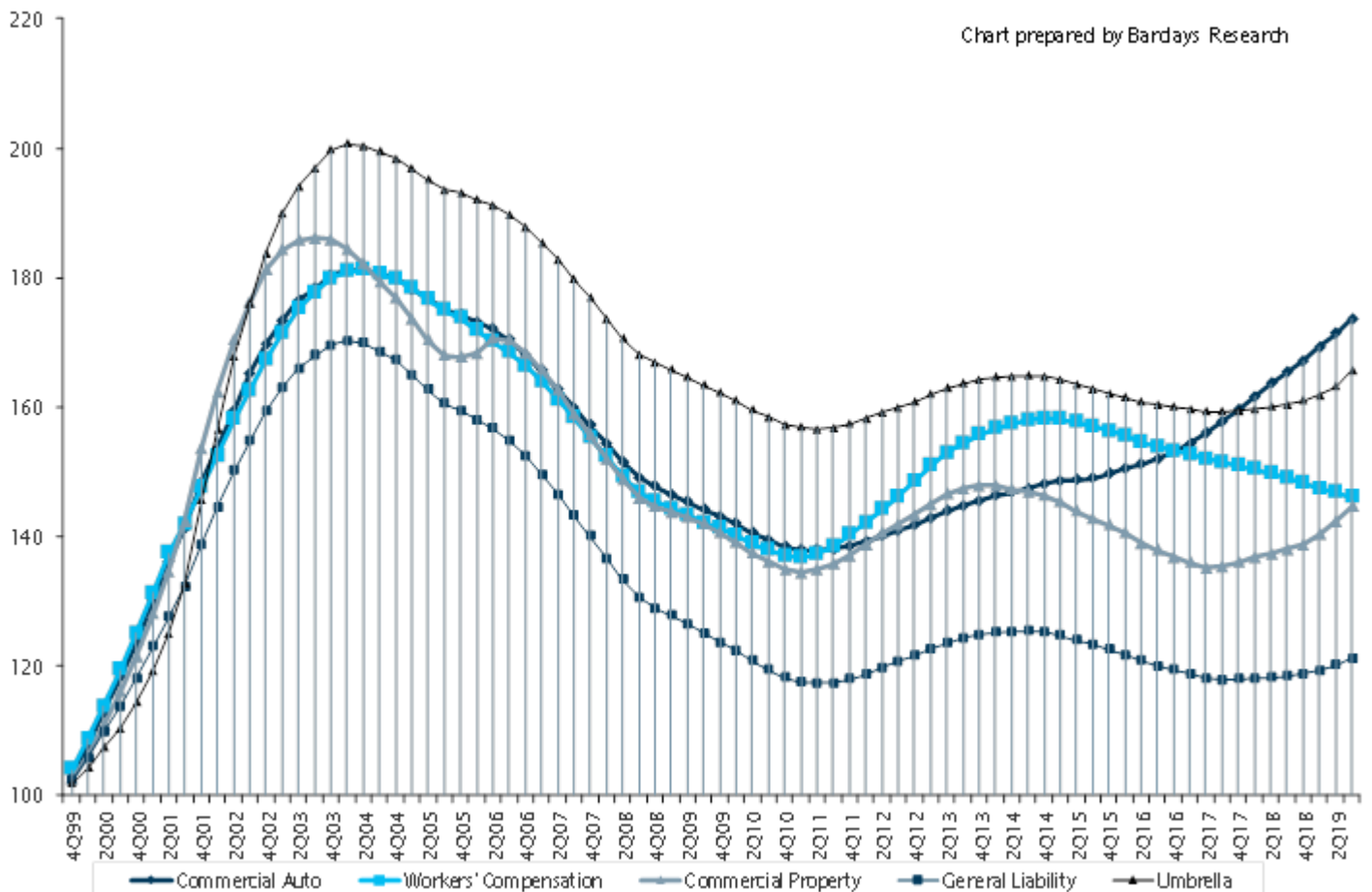
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Average Commercial Rate Increases by Line



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

Cumulative Quarterly Rate Increases by Line

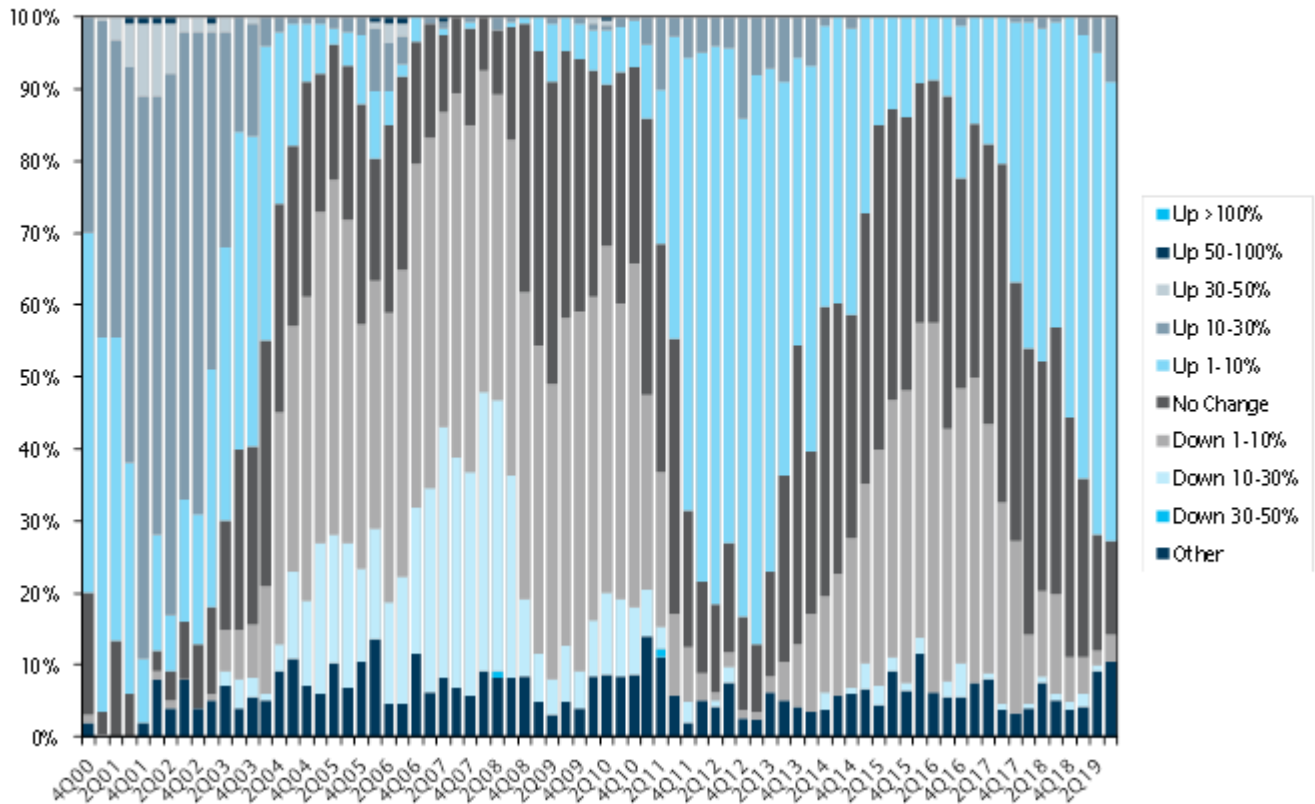


Source: The Council of Insurance Agents & Brokers. Chart prepared by Bardays Research.

Insurance Rate Changes, Small Commercial Accounts*

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

Percentage of Survey Respondents

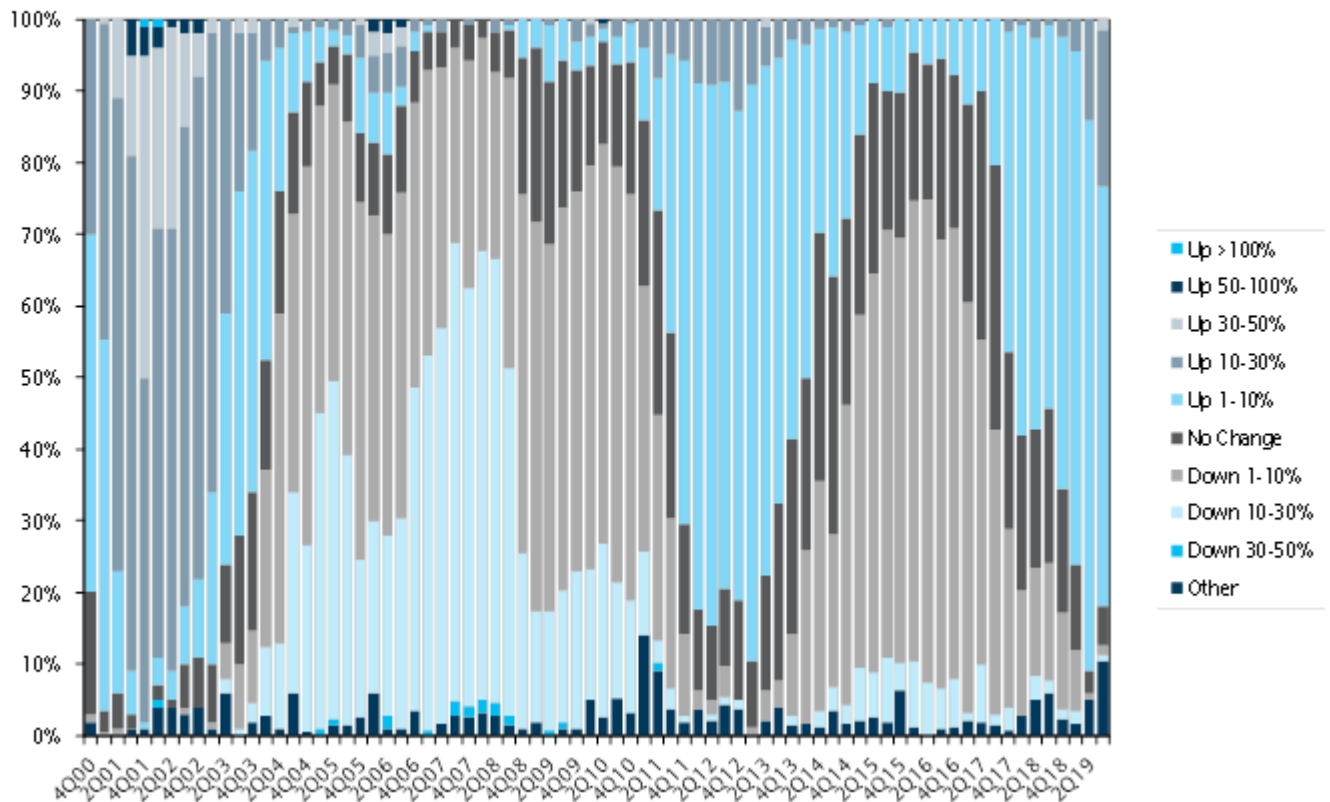


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Insurance Rate Changes, Medium Commercial Accounts*

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

Percentage of Survey Respondents

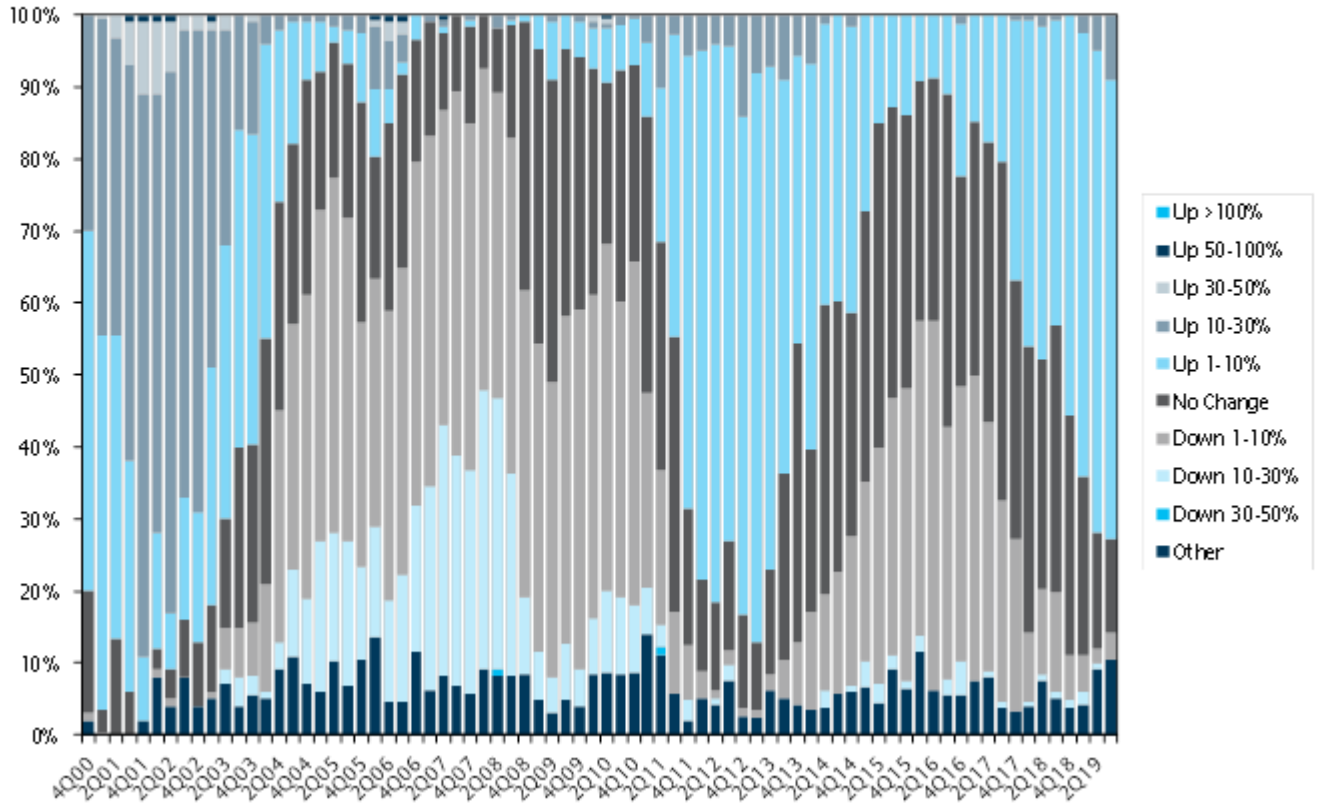


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Insurance Rate Changes, Small Commercial Accounts*

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

Percentage of Survey Respondents

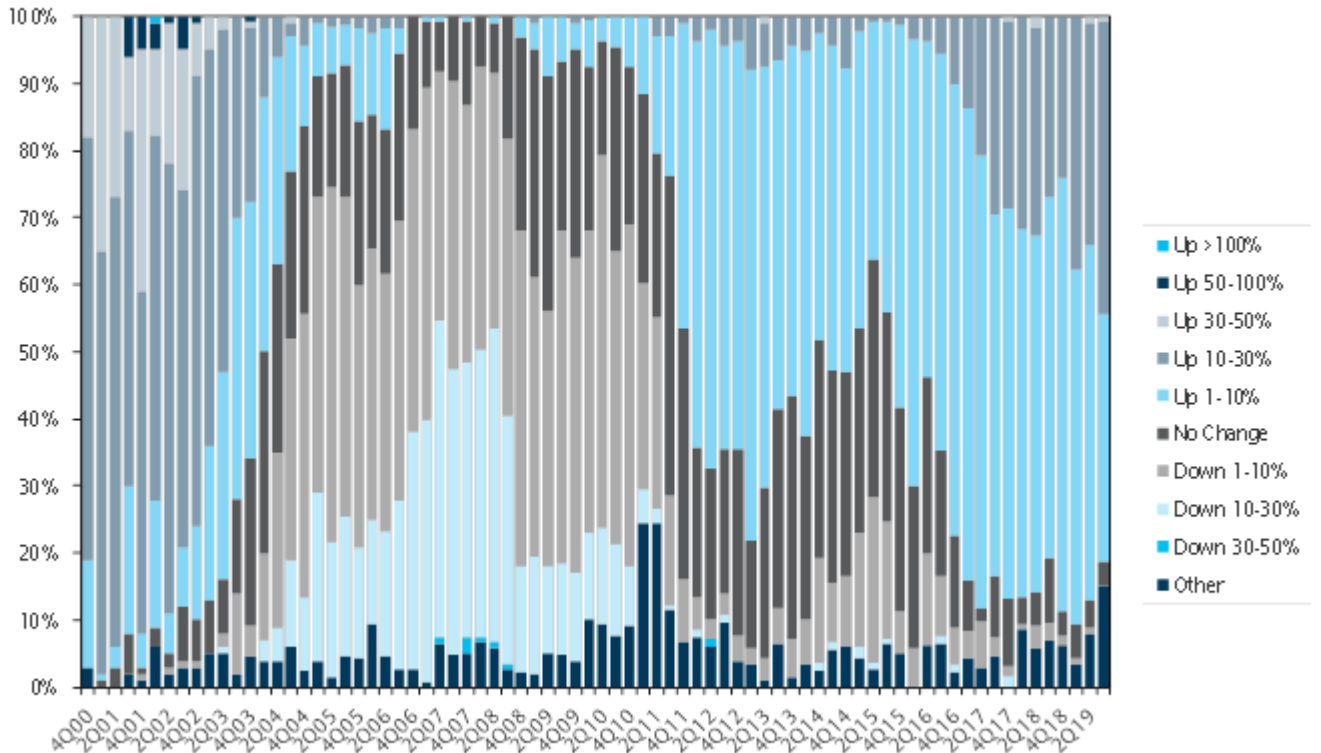


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Commercial Auto Insurance Rate Changes

Rate Increases Reported by Agents & Brokers in CIAB Survey

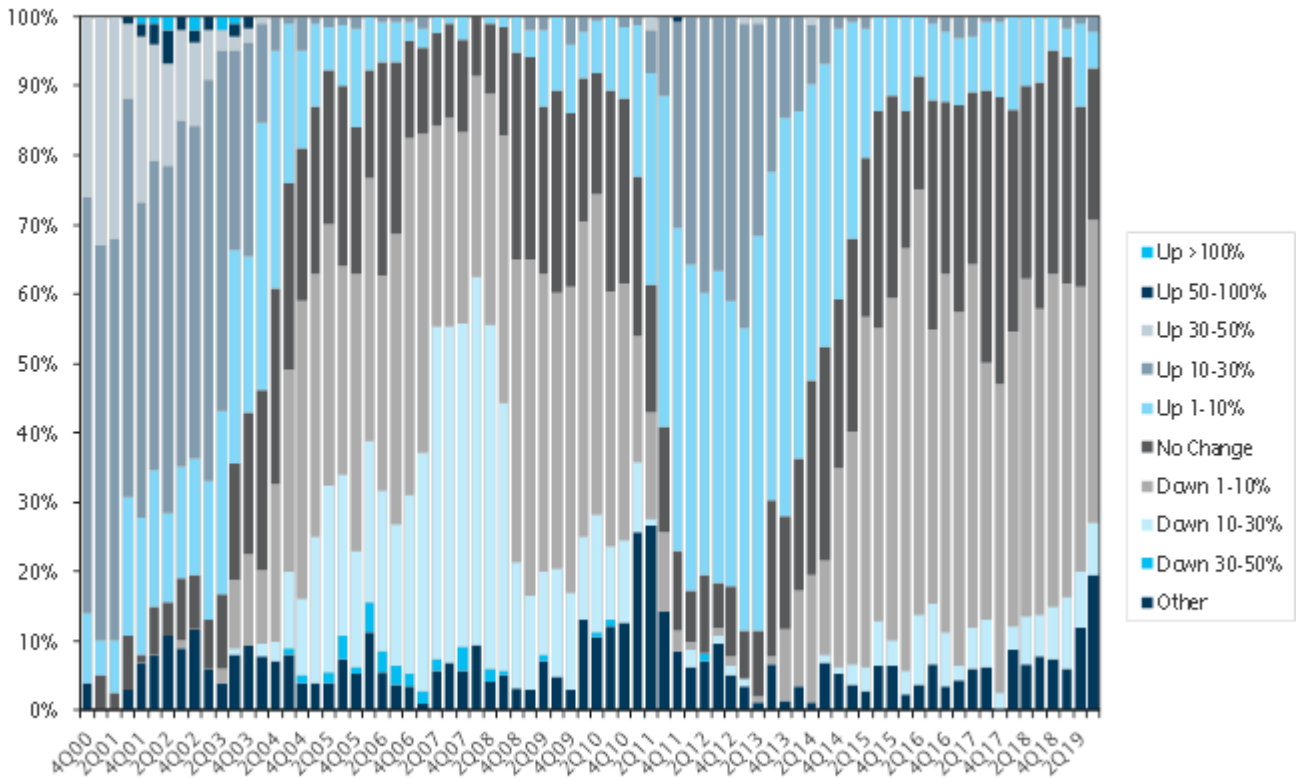
Percentage of Survey Respondents



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

Workers' Compensation Insurance Rate Changes
Rate Increases Reported by Agents & Brokers in CIAB Survey

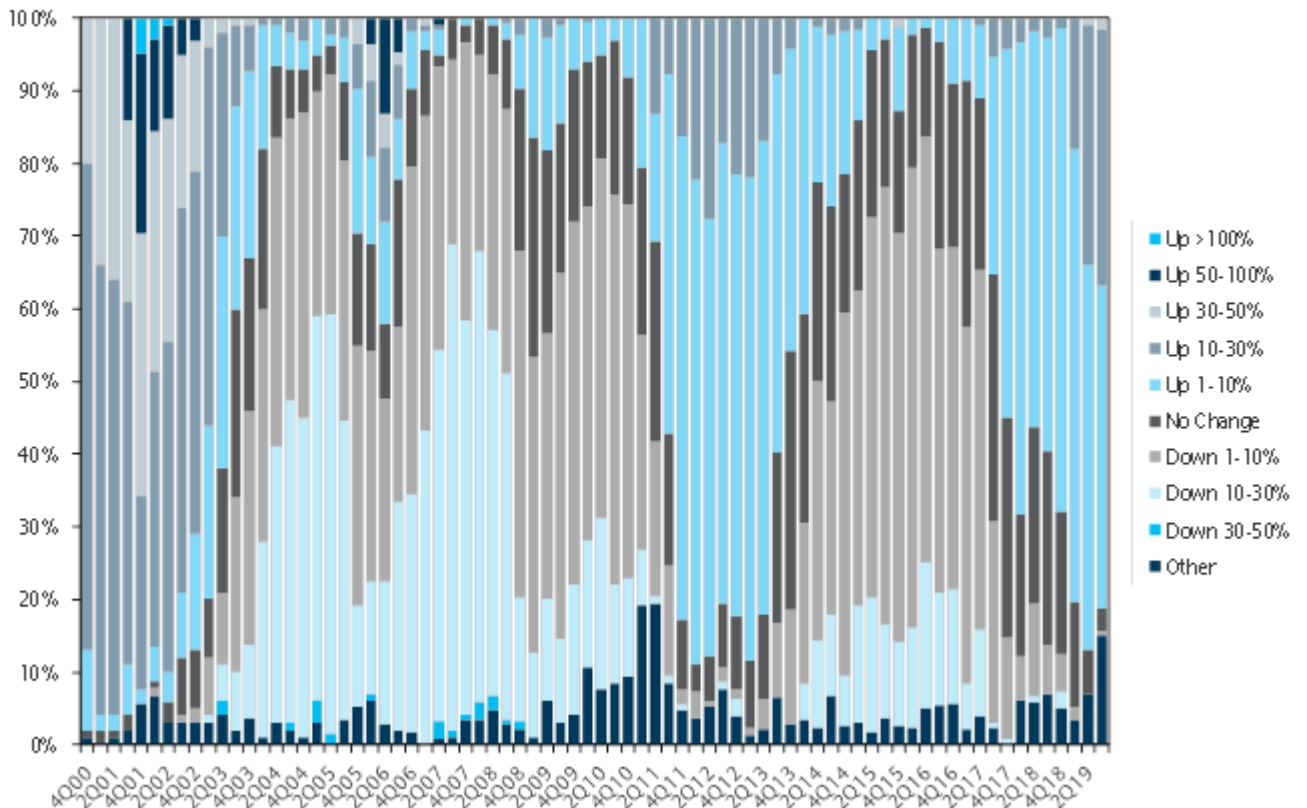
Percentage of Survey Respondents



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

Commercial Property Insurance Rate Changes
Rate Increases Reported by Agents & Brokers in CIAB Survey

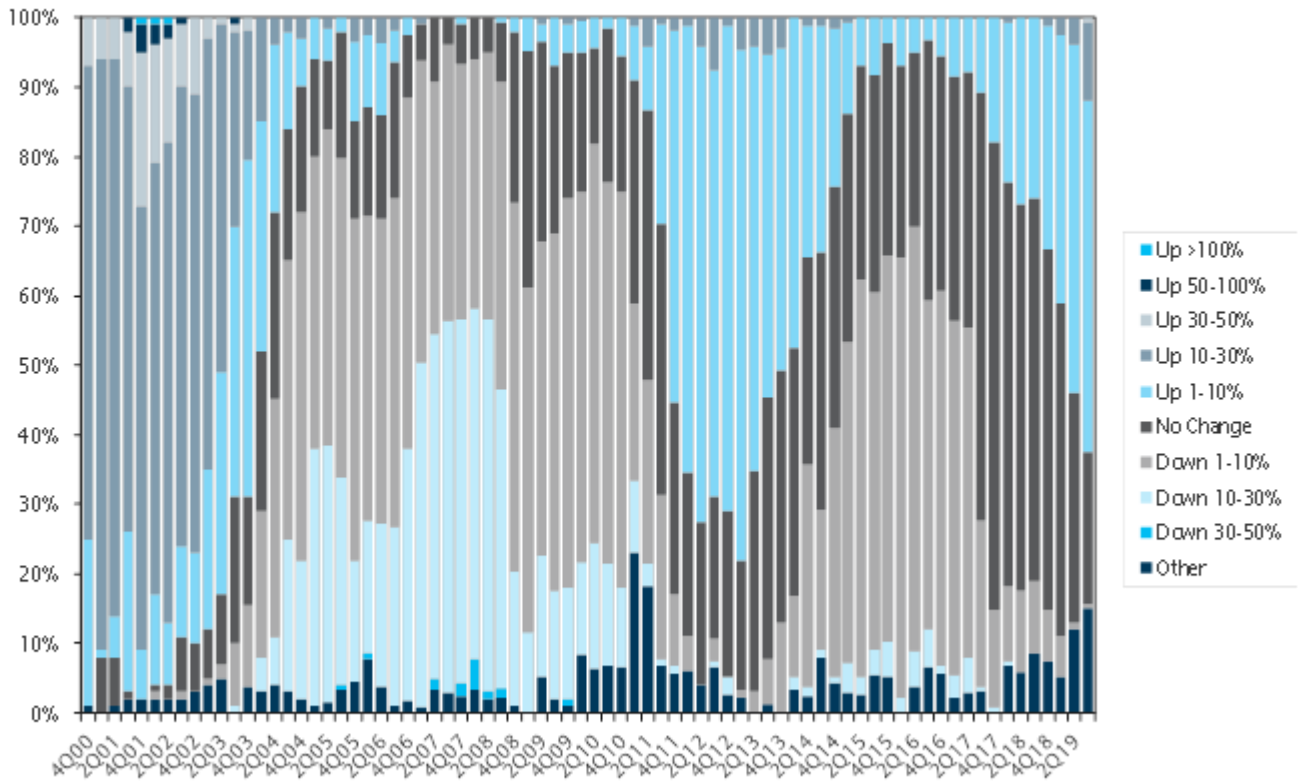
Percentage of Survey Respondents



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

Commercial General Liability Insurance Rate Changes Rate Increases Reported by Agents & Brokers in CIAB Survey

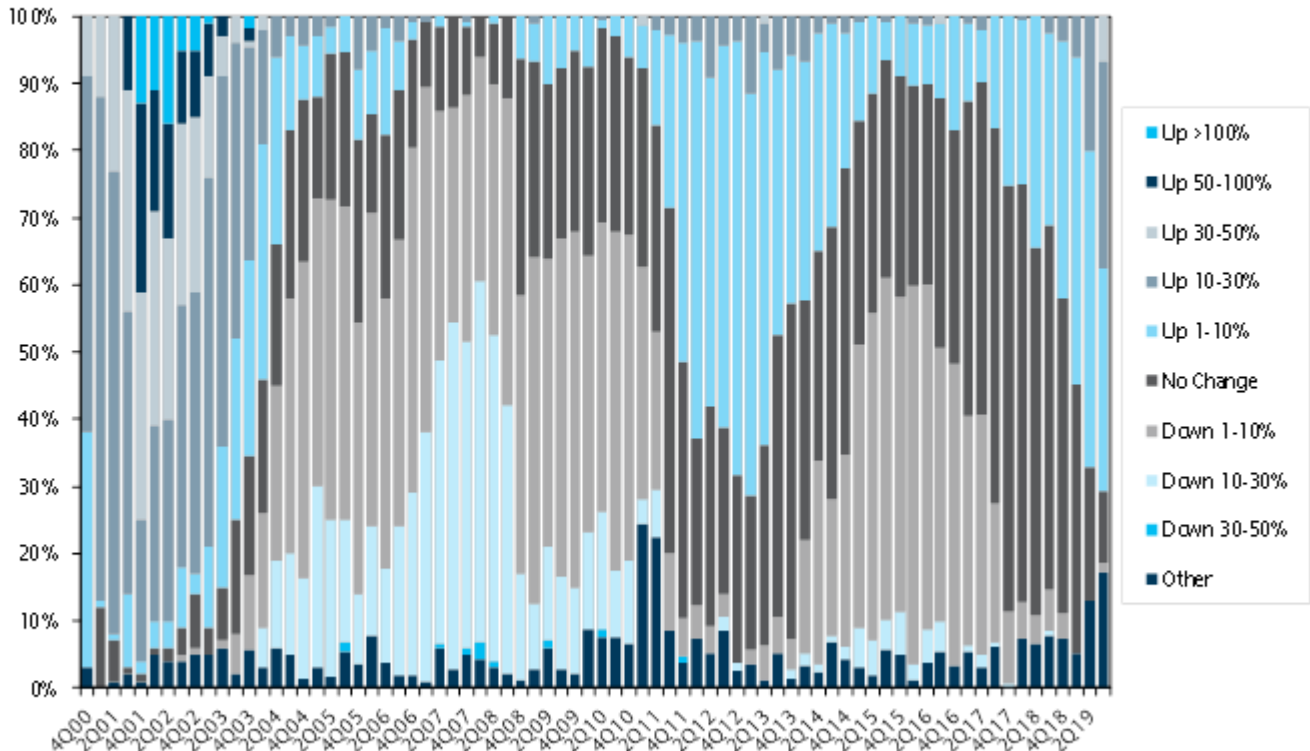
Percentage of Survey Respondents



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

Umbrella Insurance Rate Changes Rate Increases Reported by Agents & Brokers in CIAB Survey

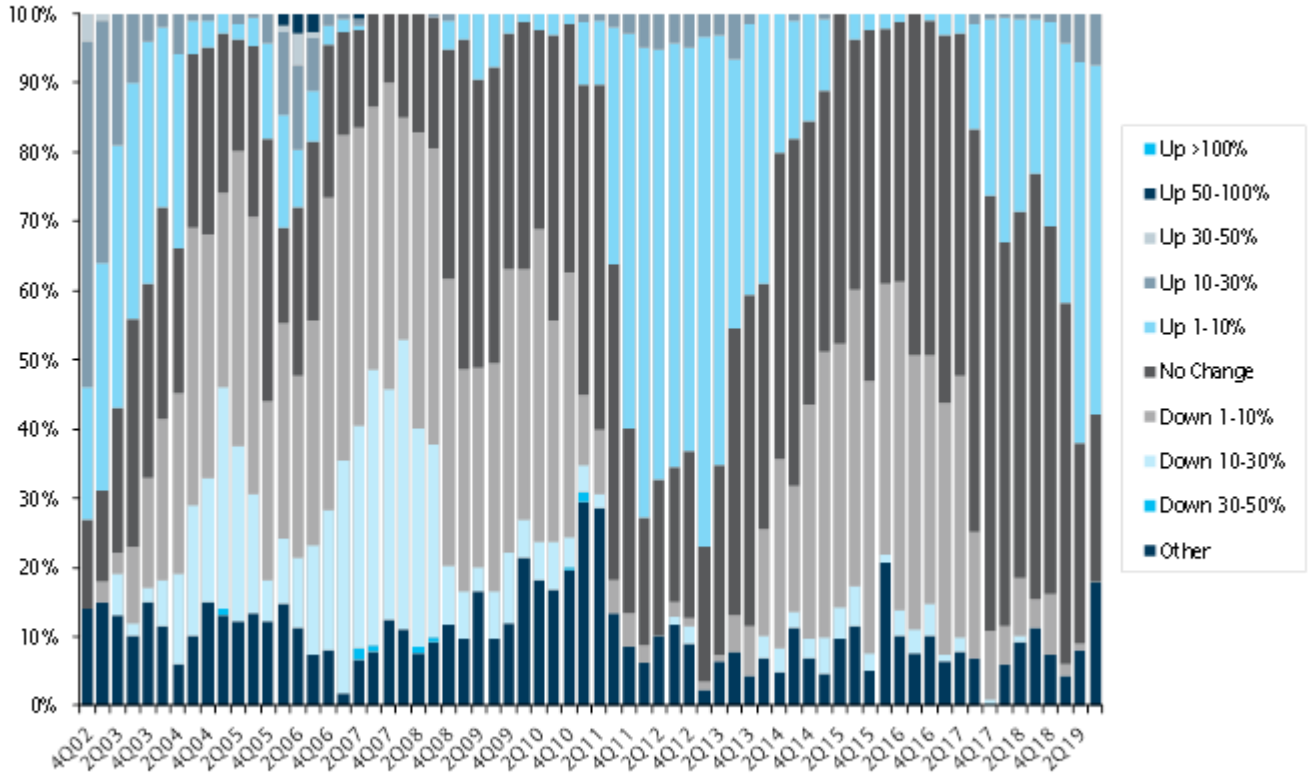
Percentage of Survey Respondents



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

Business Interruption Insurance Rate Changes Rate Increases Reported by Agents & Brokers in CIAB Survey

Percentage of Survey Respondents



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