



 THE COUNCIL

COMMERCIAL PROPERTY/ CASUALTY MARKET INDEX

Q2/2020



Commercial Property/Casualty Market Index

Q2/2020

EXECUTIVE SUMMARY

The following are key takeaways from The Council of Insurance Agents & Brokers' *Commercial Property/Casualty Market Report Q2 2020 (April 1 – June 30)*:

- The market continued to harden in Q2 2020, with premiums increasing by an average of **10.8%** across all-sized accounts, marking the **11th consecutive quarter** of increased premium pricing across all-sized accounts. As with the previous quarter, **large and medium-sized accounts** were hardest hit, recording average increases of **14.2%** and **11%**, respectively, while small accounts experienced an average increase of **7.3%**.
- All lines of business, including Workers Compensation, experienced slight-to-significant premium increases in Q2 2020. **Umbrella** and **D&O** premiums increased by far the most in Q1 2020, at **20.0%** and **16.8%**, respectively. Notably, this marked the end of **21 quarters of decreasing prices** for Workers Compensation.
- While premium pricing for Commercial Auto continued to increase in Q2 2020, at 9.6%, the same as last quarter, the number of claims for that line continued to fall. Only 14% of respondents said they saw an increase in Commercial Auto claims, while vastly more (**55%**) said that they saw a decrease in claims.
- The impact of COVID-19 was even more apparent in Q2 2020 than in Q1. **Ninety-four (94%) percent** of respondents said they saw an increase in **Business Interruption** claims, and the line saw an average premium increase of **9.7%**.
- [CLICK HERE](#) for the Q2 2020 COVID-19 Supplement

PREMIUM PRICING

The market continued to harden into Q2 2020, with an average premium increase of 10.8 % across **all-sized** accounts, the **11th consecutive quarter** of premium increases. Rates for **large accounts** continued their climb, with respondents reporting an average increase of **14.6%**, the highest increase out of all three account sizes. Rates for **medium accounts** broke double-digits for the first time since 2002, at **11.0%**. **Small accounts** were less impacted—they experienced just a moderate, 7.3% increase in premiums compared to 5.5% in Q1 2020.

AVERAGE COMMERCIAL PRICING INCREASES

	By Account Size			
	SMALL	MEDIUM	LARGE	AVERAGE
Second Quarter 2020	7.3%	11.0%	14.2%	10.8%
First Quarter 2020	5.5%	9.8%	12.6%	9.3%
Fourth Quarter 2019	5.2%	8.0%	9.4%	7.5%
Third Quarter 2019	4.4%	6.8%	7.6%	6.2%
Second Quarter 2019	3.9%	6.2%	5.6%	5.2%
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.

PREMIUM PRICING BY LINE OF BUSINESS

Prices rose across all lines of business in Q2 2020—including, for the first time since Q1 2015, Workers Compensation. Across all lines of business, the average increase of premiums was **10.1%**, compared to 8.7% in Q1 2020 and 7.6% in Q4 2019.

BY-LINE SECOND QUARTER 2020 RATE CHANGES RANGED FROM 0.7% TO 20.0%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Second Quarter 2020	9.6%	0.7%	13.3%	6.8%	20.0%	10.1%
First Quarter 2020	9.6%	-1.2%	12.0%	5.7%	17.3%	8.7%
Fourth Quarter 2019	10.5%	-1.9%	9.7%	5.8%	13.6%	7.6%
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%
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.

The most significant increases in premiums were observed in **Umbrella** and **D&O**, which recorded premium increases of **20.0%** and **16.8%**, respectively, followed by **Commercial Property** (**13.3%**) and **Business Interruption** (**9.7%**). **Commercial Auto** also continued to struggle in Q2 2020, with a premium increase of **9.6%**, though other lines, such as Umbrella, seem poised to take its long-held crown as “most troubled line.”

“While workers’ compensation decreases have often offset increases in other lines, this line of business may have reached an inflection point in Q2 2020,” said Ken A. Crerar, president/CEO of The Council. “And though increased pricing was evident in previous quarters, it is also clear COVID-19 has had an impact, ushering in new pandemic exclusions, more scrutiny for new business, and significantly decreased capacity for related lines.”

With more lines of business approaching or breaking double-digit increases, as well as the first recorded increase (of 0.7%) in Workers Compensation premiums in 21 quarters, we have yet more evidence that the market continued to harden in the first half of 2020. “The pandemic and related economic fallout has a sense of incremental uncertainty, making this feel like one of those times, not unlike in the wake of 9/11 and Hurricane Katrina, when the market recalibrates risk,” said Alan Schnitzer, CEO of Travelers, in the company’s Q2 2020 earnings call.

RATE CHANGES IN OTHER LINES

	2020	High	Low
Broker E&O	3.5%	15.4%	-4.5%
Business Interruption	9.7%	28.8%	-10.2%
Construction	6.8%	38.7%	-10.7%
Cyber	6.5%	6.5%	-1.5%
D&O Liability	16.8%	32.4%	-8.7%
Employment Practices	9.4%	21.9%	-8.1%
Flood	3.1%	8.6%	-2.7%
Marine	3.4%	3.4%	-10.6%
Medical Malpractice	5.7%	32.5%	-4.1%
Surety Bonds	1.6%	11.2%	-2.3%
Terrorism	1.4%	10.4%	-3.6%

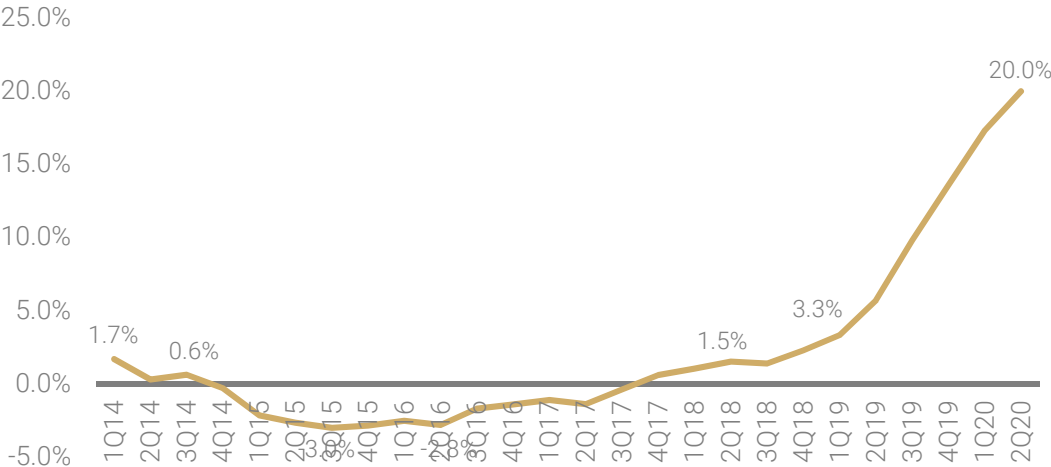
Source:
The Council of Insurance Agents & Brokers.

NOTABLE LINES OF BUSINESS

UMBRELLA

In terms of premium pricing, Umbrella was the most troubled line of business in Q2 2020, with an average premium increase of 20.0%, the first time an increase of 20% or higher has been recorded for any of the commercial lines since 9/11.

Premium Change for Umbrella, 2014 - Q2 2020



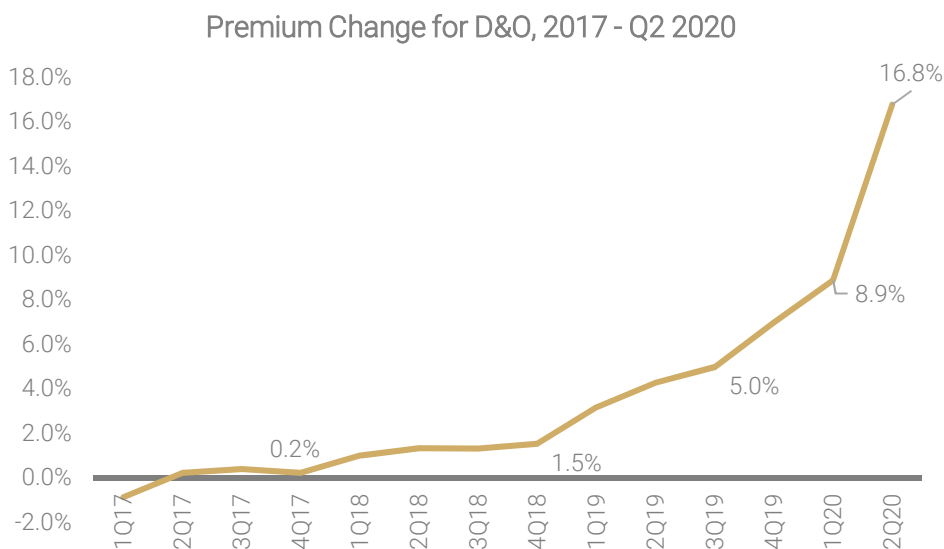
As with last quarter, we asked brokers for their view on what contributed to the rise in premiums. The majority of respondents attributed the price increases specifically to the underlying **Commercial Auto policies**, with several describing a rise in “nuclear verdicts” in an “increasingly litigious society.”

Underlying General Liability policies were also cited by respondents as a driving factor. As a respondent from a midsized Southeastern firm put it, “General Liability (especially in the Construction space or related to Sexual Abuse and Molestation risks - has caused price lifts as well.” For the most part, respondents agreed that litigation and the corresponding nuclear verdicts stemming from Commercial Auto and General Liability claims have been one of the most influential factors in Umbrella price increases.

Some respondents also said that price increases were coming from changes in how carriers were underwriting Umbrella—namely through capacity reduction, “reducing participating limits and non-renewing”, and significant pricing increases even for accounts with “no change in exposure and minimal losses on primary lines.” According to a respondent from a large Midwestern firm, the reduction in limits and non-renewals has led to “complete restructuring of Umbrella and multiples of increase.” Respondents reported that carriers explained these changes not only by referring to the nuclear verdicts (“frequency of severity”), but also to increasing rates and reduced capacity for reinsurance.

DIRECTORS & OFFICERS

Apart from Umbrella, Directors & Officers (D&O) was the only other line where premiums increased by an excess of 15%, with an average premium increase of **16.8%**. This continued a trend of marked increases in D&O pricing that began at the beginning of 2019, where the average increase was only 1.5%.



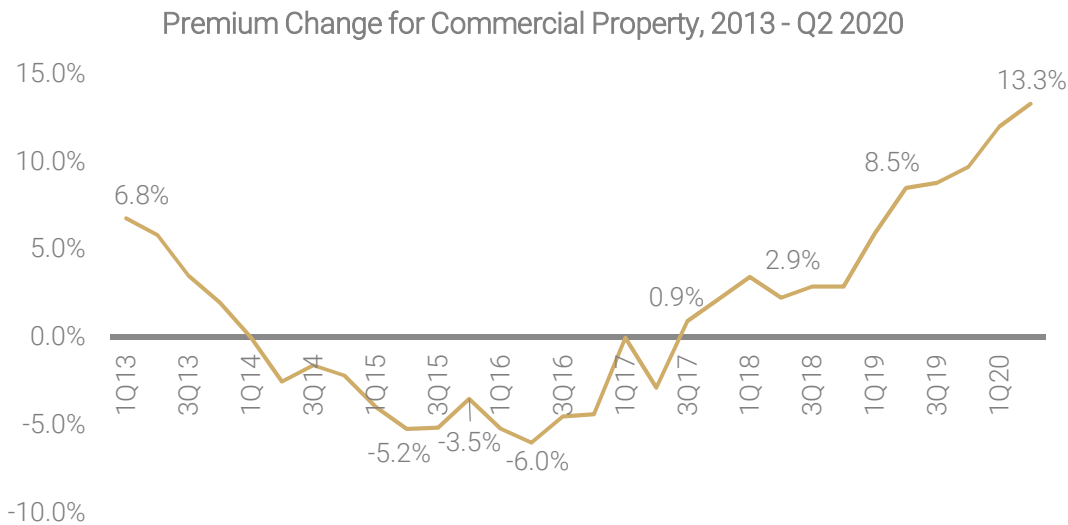
Securities claims and other lawsuit-related claims were identified as a factor for D&O increases by respondents in previous quarters and in Q2 2020. While the pandemic has likely impacted D&O, the severity of the impact that COVID-19 is having on this line of business is still unclear. Ratings agency A.M. Best [predicted](#) that the pandemic would bring additional claims, as well as litigation over how a company responded to COVID-19 and over any failures to mitigate financial loss—on top of existing issues with securities lawsuits and class actions. “Standard D&O wording may not apply to specific risks associated with COVID-19, but will apply to traditional D&O perils, including those triggered by COVID-19 events,” Sridhar Manyem, director of industry research and analytics for A.M. Best, said. “Such ‘silent COVID-19’ coverage may not expressly address pandemic perils but may still respond to them.”

It is not yet clear whether A.M. Best’s prediction will hold, but respondents did mention “carriers were asking a lot of questions around COVID” on D&O renewals. More than half (52%) of respondents also reported that they saw an

increase in D&O claims in Q2—though less than a quarter (22%) believed COVID-19 had led to increased claims for D&O. The true impact of COVID-19 on D&O is still hard to gauge.

COMMERCIAL PROPERTY

Another line where relatively significant hardening has been seen is Commercial Property. Premiums increased by an average of **13.3%**, compared to 12.0% in Q1 2020 and 9.7% in Q4 2019, marking the 12th consecutive quarter of increased Commercial Property premiums.



One of the driving factors for these continuing increases was likely natural disasters in the U.S. A [report](#) on natural catastrophe losses from Munich Re details higher-than-normal losses in North America in the first half of 2020 from severe thunderstorms (with accompanying tornadoes), flash floods, and hail storms. In April, for example, there was an extreme thunderstorm outbreak in the southern U.S., spawning more than 140 tornadoes in 10 states, including the strongest tornado in Mississippi history. The outbreak led to insured losses of \$2.6 billion, compared to overall insured losses in North America of \$20 billion. Two damaging tropical storms—Arthur and Bertha—also battered the East Coast in May, leading to [hundreds of millions of dollars in losses](#).

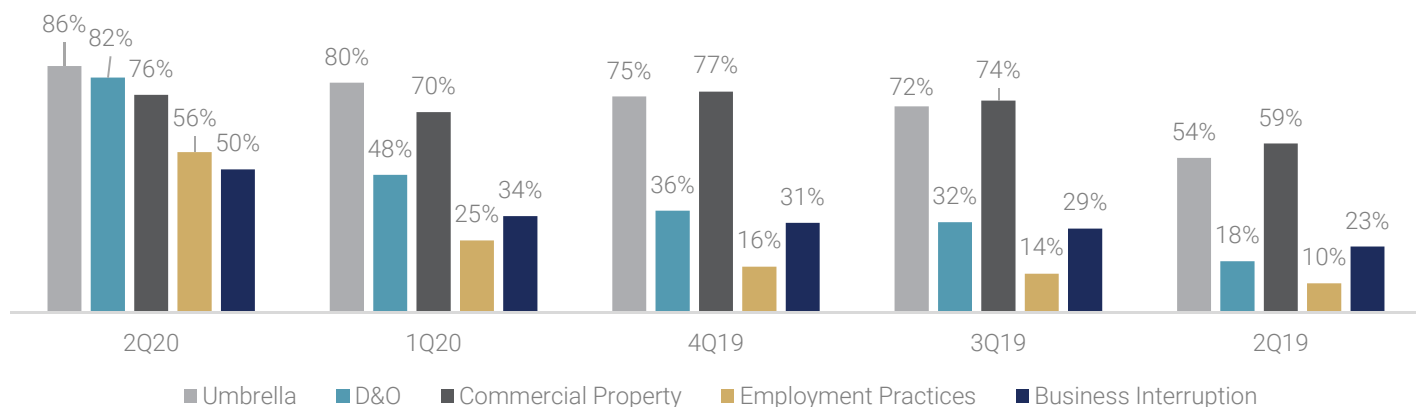
In line with that, several respondents noted “firming trends with wind/hail and convective storm,” which usually translated to increases or added deductibles in those areas as well as higher pricing. Carriers were also adding “additional exclusions for wildfires,” or increasing deductibles on “wildfire-prone property risks.”

UNDERWRITING

UNDERWRITING BY LINE OF BUSINESS

Price increases for Umbrella, D&O, and Commercial Property were accompanied by significant decreases in capacity, as shown in the graph above. Additionally, **Employment Practices** and **Business Interruption** also saw a noticeable increase in the number of respondents reporting a decrease in capacity, this is likely due to claims stemming from the pandemic—though it should be noted that many respondents reported that all or the vast majority of Business Interruption claims were flatly denied by carriers in Q2 2020, and filed Employment Practices claims were primarily in the investigatory stage.

Respondents Reporting a **Decrease** in Underwriting Capacity



Carriers underwrote Umbrella, D&O, and Commercial Property more strictly in Q2 2020 than in previous quarters, according to respondents. Regarding Umbrella, there were “Lower umbrella limits; much higher premiums,” said one respondent from a large Midwestern firm. Respondents also described carriers pushing for higher underlying Commercial Auto, General Liability, and Commercial Property limits. “Most insurers felt Umbrella limits should attach in excess of \$2M or more versus the \$1M currently,” said a respondent from a mid-sized Southeastern firm. There was a “lack of desire for a carrier to assume more than a \$5M-\$10M layer on particular risks,” said a third respondent from a mid-sized Southwestern firm. “And very few carriers want the lead position.”

Survey respondents also agreed that many carriers were justifying stricter Umbrella underwriting by citing social inflation, litigation financing leading to nuclear verdicts, and claims that pierce Umbrella limits, as well as the long soft market. “It is the period of underpricing where the umbrella was used to subsidize auto and GL increases that has led to a complete retrenching in pricing and limits,” said one respondent from a large Southeastern firm. And according to another respondent from a large Midwestern firm, “Soft market pricing contributed to underfunding of lead and excess umbrella pricing over many years. Pricing increases long overdue.”

As for D&O, respondents noted increased deductibles combined with lower limits and higher premium pricing, as well as an increased demand for information from carriers—in particular, information about COVID-19. Other lines impacted by COVID-19, namely Employment Practices and Business Interruption, saw similar trends, according to respondents.

UNDERWRITING BY ACCOUNT SIZE

The pandemic also impacted underwriting in general for account sizes, primarily **medium** and **large** accounts. Many respondents reported the addition of COVID-19 related questions as well as the addition of exclusions for losses from COVID-19 and other infectious diseases. The majority of respondents also said that carriers were reducing capacity and pushing for significant price increases on accounts of this size, especially when an account suffered significant losses. “Much more aggressive premium increases,” said a respondent from a large Northwestern firm. “Some clients are being cancelled for transportation or property exposures.”

As in Q1 2020, **small** accounts were less affected by underwriting changes, though some respondents still said carriers were underwriting small accounts more strictly and were less inclined to take risks. For the most part, increases in premium pricing was the most significant change in underwriting for small accounts and capacity remained relatively stable, according to respondents.

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

1. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2020 (January 1 - March 31)? (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)	0.98%	0.00%	0.98%	0.00%	4.90%	63.73%	21.57%	2.94%	0.00%	0.98%	3.92%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	1.96%	0.98%	0.98%	35.29%	52.94%	3.92%	1.96%	0.00%	1.96%
Large Account (More than \$100k in commission and fees)	0.00%	0.97%	0.97%	0.97%	0.97%	26.21%	45.63%	18.45%	2.91%	0.97%	1.94%

2. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2020 (January 1 - March 31)? (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%	7.29%	46.88%	35.42%	4.17%	4.17%	0.00%	2.08%
Broker E&O	0.00%	0.00%	0.00%	0.00%	43.33%	32.22%	14.44%	1.11%	0.00%	0.00%	8.89%
Commercial auto	0.00%	0.00%	1.06%	0.00%	6.38%	39.36%	44.68%	6.38%	1.06%	0.00%	1.06%
Commercial property	0.00%	0.00%	1.05%	0.00%	1.05%	23.16%	53.68%	17.89%	2.11%	0.00%	1.05%
Construction risks	0.00%	0.00%	0.00%	0.00%	18.89%	50.00%	23.33%	5.56%	1.11%	0.00%	1.11%
Cyber	0.00%	0.00%	0.00%	1.09%	17.39%	50.00%	25.00%	4.35%	0.00%	0.00%	2.17%
D&O	0.00%	0.00%	0.00%	0.00%	5.43%	13.04%	39.13%	28.26%	13.04%	0.00%	1.09%
Flood	0.00%	0.00%	0.00%	0.00%	60.00%	25.56%	12.22%	0.00%	1.11%	0.00%	1.11%
Employment practices	0.00%	0.00%	0.00%	0.00%	15.38%	36.26%	36.26%	9.89%	2.20%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	16.13%	59.14%	19.35%	3.23%	2.15%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	42.05%	40.91%	11.36%	1.14%	0.00%	0.00%	4.55%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	40.23%	26.44%	16.09%	6.90%	1.15%	1.15%	8.05%
Surety bonds	0.00%	0.00%	0.00%	0.00%	67.05%	20.45%	5.68%	0.00%	0.00%	0.00%	6.82%
Terrorism	0.00%	0.00%	0.00%	1.15%	75.86%	14.94%	4.60%	1.15%	0.00%	0.00%	2.30%
Umbrella	0.00%	0.00%	0.00%	0.00%	5.32%	8.51%	27.66%	37.23%	15.96%	2.13%	3.19%
Workers' compensation	0.00%	0.00%	0.00%	29.35%	40.22%	25.00%	3.26%	2.17%	0.00%	0.00%	0.00%

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

1. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2020 (January 1 - March 31)? (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%	4.17%	83.33%	4.17%	4.17%	0.00%	0.00%	4.17%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	41.67%	4.17%	4.17%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	0.00%	0.00%	16.67%	66.67%	8.33%	4.17%	0.00%	4.17%

2. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2020 (January 1 – March 31)? (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%	8.70%	65.22%	21.74%	0.00%	4.35%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	42.86%	38.10%	14.29%	0.00%	0.00%	0.00%	4.76%
Commercial auto	0.00%	0.00%	0.00%	0.00%	14.29%	38.10%	38.10%	9.52%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	0.00%	0.00%	34.78%	52.17%	13.04%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	19.05%	42.86%	28.57%	9.52%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	0.00%	0.00%	57.14%	33.33%	9.52%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	0.00%	14.29%	14.29%	33.33%	28.57%	9.52%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	52.38%	38.10%	9.52%	0.00%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	0.00%	9.52%	52.38%	28.57%	4.76%	4.76%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	9.52%	61.90%	23.81%	0.00%	4.76%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	40.00%	40.00%	15.00%	5.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	25.00%	35.00%	20.00%	15.00%	0.00%	5.00%	0.00%
Surety bonds	0.00%	0.00%	0.00%	0.00%	70.00%	25.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Terrorism	0.00%	0.00%	0.00%	0.00%	76.19%	23.81%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	0.00%	4.76%	9.52%	19.05%	33.33%	23.81%	0.00%	9.52%
Workers' compensation	0.00%	0.00%	0.00%	23.81%	38.10%	23.81%	9.52%	4.76%	0.00%	0.00%	0.00%

**BELOW ARE THE SURVEY RESULTS FOR:
SOUTHEAST (AL, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV)**

1. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2020 (January 1 - March 31)? (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%	5.56%	66.67%	22.22%	0.00%	0.00%	0.00%	5.56%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	0.00%	0.00%	22.22%	72.22%	0.00%	0.00%	0.00%	5.56%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	0.00%	5.56%	16.67%	55.56%	16.67%	0.00%	0.00%	5.56%

2. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2020 (January 1 - March 31)? (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%	17.65%	47.06%	23.53%	5.88%	0.00%	0.00%	5.88%
Broker E&O	0.00%	0.00%	0.00%	0.00%	43.75%	31.25%	12.50%	0.00%	0.00%	0.00%	12.50%
Commercial auto	0.00%	0.00%	0.00%	0.00%	11.11%	27.78%	55.56%	0.00%	0.00%	0.00%	5.56%
Commercial property	0.00%	0.00%	0.00%	0.00%	5.88%	29.41%	35.29%	23.53%	0.00%	0.00%	5.88%
Construction risks	0.00%	0.00%	0.00%	0.00%	11.76%	47.06%	35.29%	0.00%	0.00%	0.00%	5.88%
Cyber	0.00%	0.00%	0.00%	0.00%	17.65%	58.82%	17.65%	0.00%	0.00%	0.00%	5.88%
D&O	0.00%	0.00%	0.00%	0.00%	5.88%	17.65%	23.53%	41.18%	5.88%	0.00%	5.88%
Flood	0.00%	0.00%	0.00%	0.00%	68.75%	18.75%	6.25%	0.00%	6.25%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	0.00%	12.50%	31.25%	43.75%	12.50%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	25.00%	56.25%	18.75%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	33.33%	60.00%	0.00%	0.00%	0.00%	0.00%	6.67%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	33.33%	20.00%	26.67%	6.67%	6.67%	0.00%	6.67%
Surety bonds	0.00%	0.00%	0.00%	0.00%	62.50%	25.00%	6.25%	0.00%	0.00%	0.00%	6.25%
Terrorism	0.00%	0.00%	0.00%	0.00%	75.00%	12.50%	6.25%	6.25%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	0.00%	6.25%	12.50%	25.00%	43.75%	6.25%	6.25%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	13.33%	60.00%	26.67%	0.00%	0.00%	0.00%	0.00%	0.00%

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

1. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2020 (January 1 - March 31)? (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%	7.14%	60.71%	25.00%	0.00%	0.00%	0.00%	7.14%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	0.00%	0.00%	3.57%	35.71%	50.00%	7.14%	0.00%	0.00%	3.57%
Large Account (More than \$100k in commission and fees)	0.00%	0.00%	0.00%	3.45%	0.00%	34.48%	31.03%	27.59%	0.00%	3.45%	0.00%

2. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2020 (January 1 – March 31)? (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%	0.00%	53.85%	34.62%	3.85%	7.69%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	42.31%	38.46%	11.54%	3.85%	0.00%	0.00%	3.85%
Commercial auto	0.00%	0.00%	0.00%	0.00%	0.00%	61.54%	30.77%	7.69%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	0.00%	0.00%	19.23%	61.54%	19.23%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	15.38%	65.38%	7.69%	7.69%	3.85%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	3.85%	15.38%	50.00%	26.92%	3.85%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	0.00%	0.00%	11.54%	53.85%	23.08%	11.54%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	53.85%	26.92%	19.23%	0.00%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	0.00%	15.38%	42.31%	34.62%	3.85%	3.85%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	11.11%	59.26%	18.52%	11.11%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	42.31%	46.15%	7.69%	0.00%	0.00%	0.00%	3.85%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	44.00%	40.00%	8.00%	0.00%	0.00%	0.00%	8.00%
Surety bonds	0.00%	0.00%	0.00%	0.00%	68.00%	24.00%	4.00%	0.00%	0.00%	0.00%	4.00%
Terrorism	0.00%	0.00%	0.00%	0.00%	82.61%	13.04%	4.35%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	0.00%	3.57%	10.71%	28.57%	35.71%	17.86%	0.00%	3.57%
Workers' compensation	0.00%	0.00%	0.00%	42.86%	28.57%	25.00%	0.00%	3.57%	0.00%	0.00%	0.00%

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

1. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2020 (January 1 - March 31)? (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%	11.11%	44.44%	44.44%	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%	33.33%	66.67%	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%	0.00%	44.44%	33.33%	22.22%	0.00%	0.00%	0.00%

2. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2020 (January 1 - March 31)? (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%	0.00%	55.56%	44.44%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	42.86%	14.29%	14.29%	0.00%	0.00%	0.00%	28.57%
Commercial auto	0.00%	0.00%	0.00%	0.00%	0.00%	12.50%	87.50%	0.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	0.00%	0.00%	12.50%	75.00%	12.50%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	28.57%	71.43%	0.00%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	0.00%	25.00%	50.00%	25.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	25.00%	25.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	57.14%	28.57%	0.00%	0.00%	0.00%	0.00%	14.29%
Employment practices	0.00%	0.00%	0.00%	0.00%	0.00%	12.50%	62.50%	25.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	12.50%	62.50%	25.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	12.50%	37.50%	37.50%	0.00%	0.00%	0.00%	12.50%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	42.86%	28.57%	0.00%	0.00%	0.00%	0.00%	28.57%
Surety bonds	0.00%	0.00%	0.00%	0.00%	57.14%	14.29%	0.00%	0.00%	0.00%	0.00%	28.57%
Terrorism	0.00%	0.00%	0.00%	0.00%	57.14%	14.29%	0.00%	0.00%	0.00%	0.00%	28.57%
Umbrella	0.00%	0.00%	0.00%	0.00%	12.50%	0.00%	37.50%	25.00%	25.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	12.50%	37.50%	50.00%	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 second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following account sizes, compared to the first quarter of 2020 (January 1 - March 31)? (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%	4.76%	0.00%	0.00%	57.14%	28.57%	9.52%	0.00%	0.00%	0.00%
Medium Account (Between \$25k to \$100k in commission and fees)	0.00%	0.00%	4.76%	0.00%	0.00%	33.33%	52.38%	4.76%	4.76%	0.00%	0.00%
Large Account (More than \$100k in commission and fees)	0.00%	4.76%	0.00%	0.00%	0.00%	23.81%	42.86%	19.05%	9.52%	0.00%	0.00%

2. During the second quarter of 2020 (April 1 - June 31), on average, did premiums go up or down for each of the following lines of business, compared to the first quarter of 2020 (January 1 – March 31)? (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%	9.52%	14.29%	57.14%	9.52%	4.76%	0.00%	4.76%
Broker E&O	0.00%	0.00%	0.00%	0.00%	45.00%	25.00%	20.00%	0.00%	0.00%	0.00%	10.00%
Commercial auto	0.00%	0.00%	4.76%	0.00%	4.76%	33.33%	42.86%	9.52%	4.76%	0.00%	0.00%
Commercial property	0.00%	0.00%	4.76%	0.00%	0.00%	14.29%	52.38%	19.05%	9.52%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	26.32%	31.58%	36.84%	5.26%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	0.00%	35.00%	35.00%	20.00%	5.00%	0.00%	0.00%	5.00%
D&O	0.00%	0.00%	0.00%	0.00%	5.00%	15.00%	35.00%	25.00%	20.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	70.00%	15.00%	15.00%	0.00%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	0.00%	30.00%	25.00%	30.00%	15.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	23.81%	57.14%	14.29%	0.00%	4.76%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	63.16%	21.05%	10.53%	0.00%	0.00%	0.00%	5.26%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	55.00%	5.00%	20.00%	10.00%	0.00%	0.00%	10.00%
Surety bonds	0.00%	0.00%	0.00%	0.00%	70.00%	10.00%	10.00%	0.00%	0.00%	0.00%	10.00%
Terrorism	0.00%	0.00%	0.00%	5.00%	75.00%	10.00%	10.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	0.00%	4.76%	4.76%	33.33%	42.86%	9.52%	4.76%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	35.00%	45.00%	15.00%	5.00%	0.00%	0.00%	0.00%	0.00%

DEMAND

There continued to be a decrease in demand for lines relatively insulated from the impact of the pandemic (such as Commercial Auto or Construction Risks), and a corresponding increase in lines most directly impacted by the pandemic (Business Interruption, D&O, and Employment Practices), as seen in the graph.

Business Interruption in particular has seen a notable increase in demand, perhaps resulting from the upheaval from the pandemic, even though so far it seems unlikely a typical Business Interruption policy would respond to COVID-related losses. Relatedly, demand for Employment Practices Liability insurance was also up, with 49% of respondents reporting an increase in demand, likely due to businesses seeking protection should an employee reportedly contract COVID-19 in the workplace.

Apart from the aforementioned lines, demand for other lines of business did not appreciably change. Demand for Cyber insurance remained high, with 68% of respondents reporting an increase in demand (compared to 60% last quarter), but it was not a significant percentage change from the last two quarters.

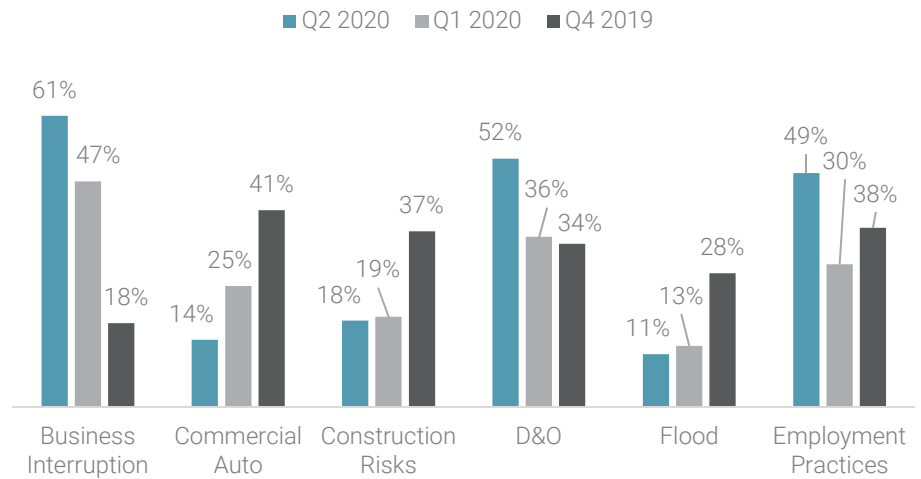
CLAIMS

Business Interruption claims increased further in Q2 2020, with fully 94% of respondents reporting an increase in claims submitted, a remarkable shift from merely 18% of respondents in Q4 2019. The increased claims activity for Business Interruption is likely due to COVID-19, as 94% of respondents also said that the pandemic had led to increased Business Interruption claims. Again, it should be noted that many respondents also said that few, if any of these claims were successful.

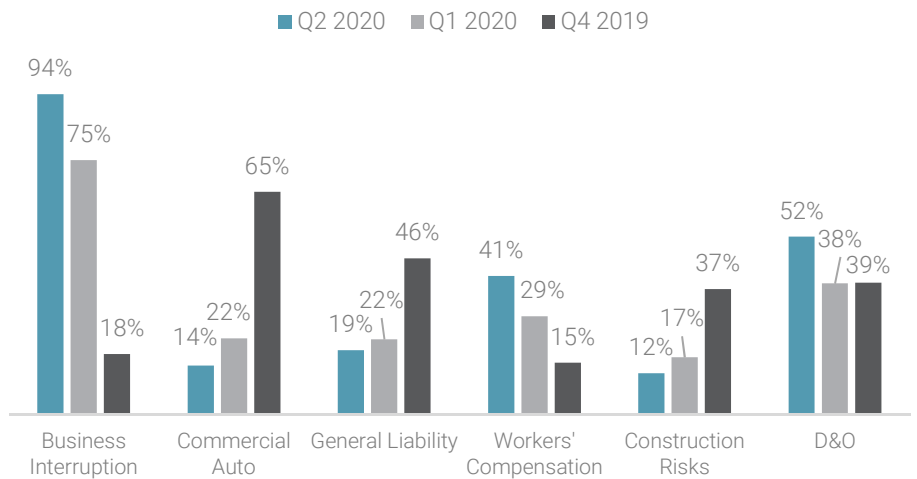
Respondents said that, for the most part, their clients were filing claims “to make sure they are on record of loss to the carrier pending a landmark/high profile decision.”

Other lines implicated by COVID-19 losses (Workers Compensation, D&O) are highlighted in the graph, which compares both “pandemic” quarters Q1 and Q2 of 2020 to “pre-pandemic” Q4 2019 in order to evaluate its impact. Those lines have also seen increases in claims (though less pronounced than in Business Interruption), while lines

Respondents Noting an Increase in Demand



Respondents Noting an Increase in Claims



not directly associated with COVID-19 losses (Commercial Auto, Construction Risks) have seen decreases in claims. Commercial Auto shows the starkest decrease in number of respondents reporting a decrease in claims since the beginning of the pandemic, and that was likely due to lockdown orders leading to fewer drivers on the road.

PRIORITIES AND CHALLENGES

Respondents agreed that though **“driving organic growth”** remained a top priority for their firms, the pandemic had introduced new obstacles to their growth efforts with which they needed to contend. “Not sure how to accomplish [driving organic growth] in a pandemic. Trying to do lots of webinars and informational seminars to connect with clients and drive new business relationships,” said one respondent from a mid-sized Southwestern firm. “Need to cross sell and deep sell. New relationships are down because of COVID-19, so how can we maximize revenue with the relationships that we already have?” said another respondent from a large Midwestern firm.

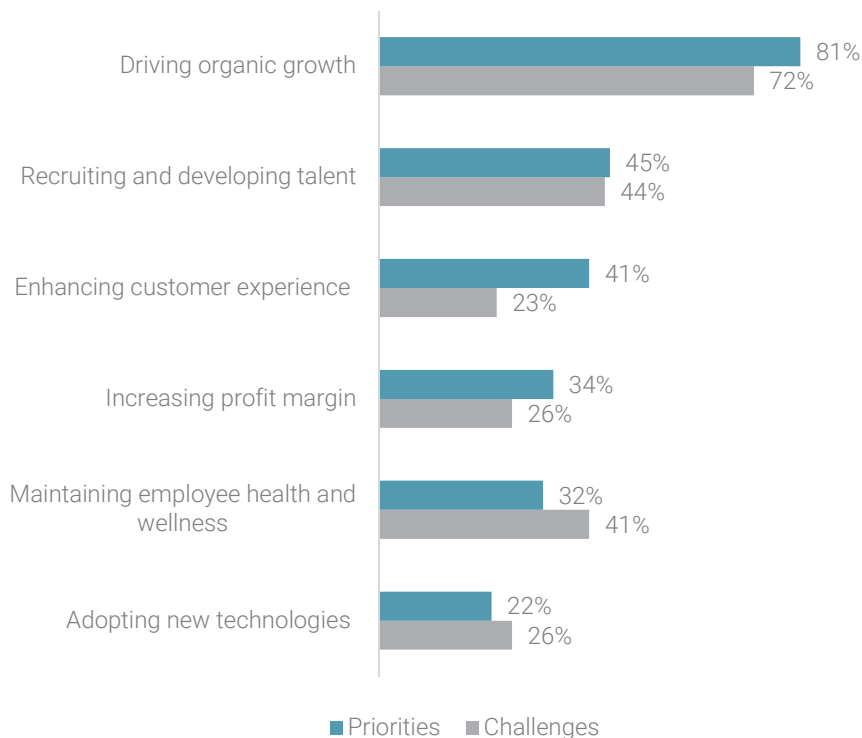
Solutions proposed by some respondents to the challenge of driving organic growth during a pandemic were **client education** and **specialization**. There is a need to “maximize current client relationships by providing them with more access to our expertise,” explained one respondent from a mid-sized Midwestern firm. “We focus our production and marketing associates on a highly consultative model. Our goal is not to sell them insurance, but to help them make informed buying decisions.” Respondents highlighted that it was necessary to “develop value beyond brokerage for a niche of clients and prospects,” especially when “clients are remote and insurance is not their top priority.”

While “recruiting and developing talent” remained a top priority, it was clear that respondents were less focused on it in Q2 2020. Respondents mentioned that it was difficult to find new people, and on top of that “the challenge during COVID-19 is that I do not want to bring in inexperienced producers that need to face-to-face interaction.”

Relatedly, given the ongoing pandemic, in Q2 2020 the survey introduced a new option for priorities/challenges: **maintaining employee health and wellness**. In Q2, **32%** of respondents listed “maintaining employee health and wellness” as a top-three priority, while **41%** of them listed it as a top-three challenge. “During COVID-19 our top priority is to ensure our staff are thriving,” said one respondent from a large Southwestern firm. “We have set up an employee COVID-19 fund which can provide dollars to our staff in need during this time. Currently we are all working from home. Our goal is to make a return to the office available for our staff in a safe way.” Most, if not all of the respondents that listed “maintaining employee health and wellness” as a top priority expressed similar sentiments: “Our employee’s health and welfare are key. Our team is our success and our success is our team!”

Of course, the new demand to work from home brought its own challenges. Respondents said that the lack of face-

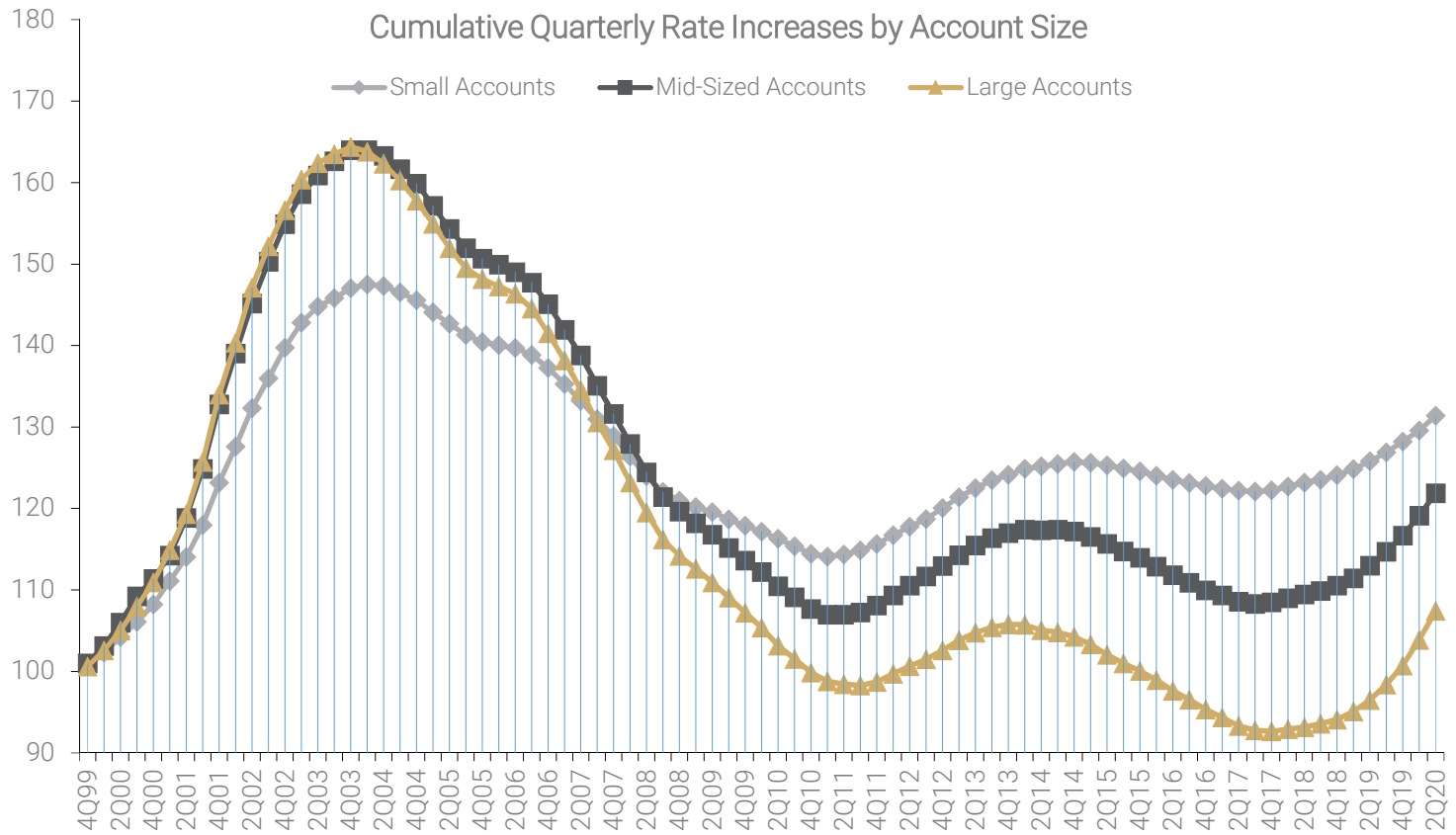
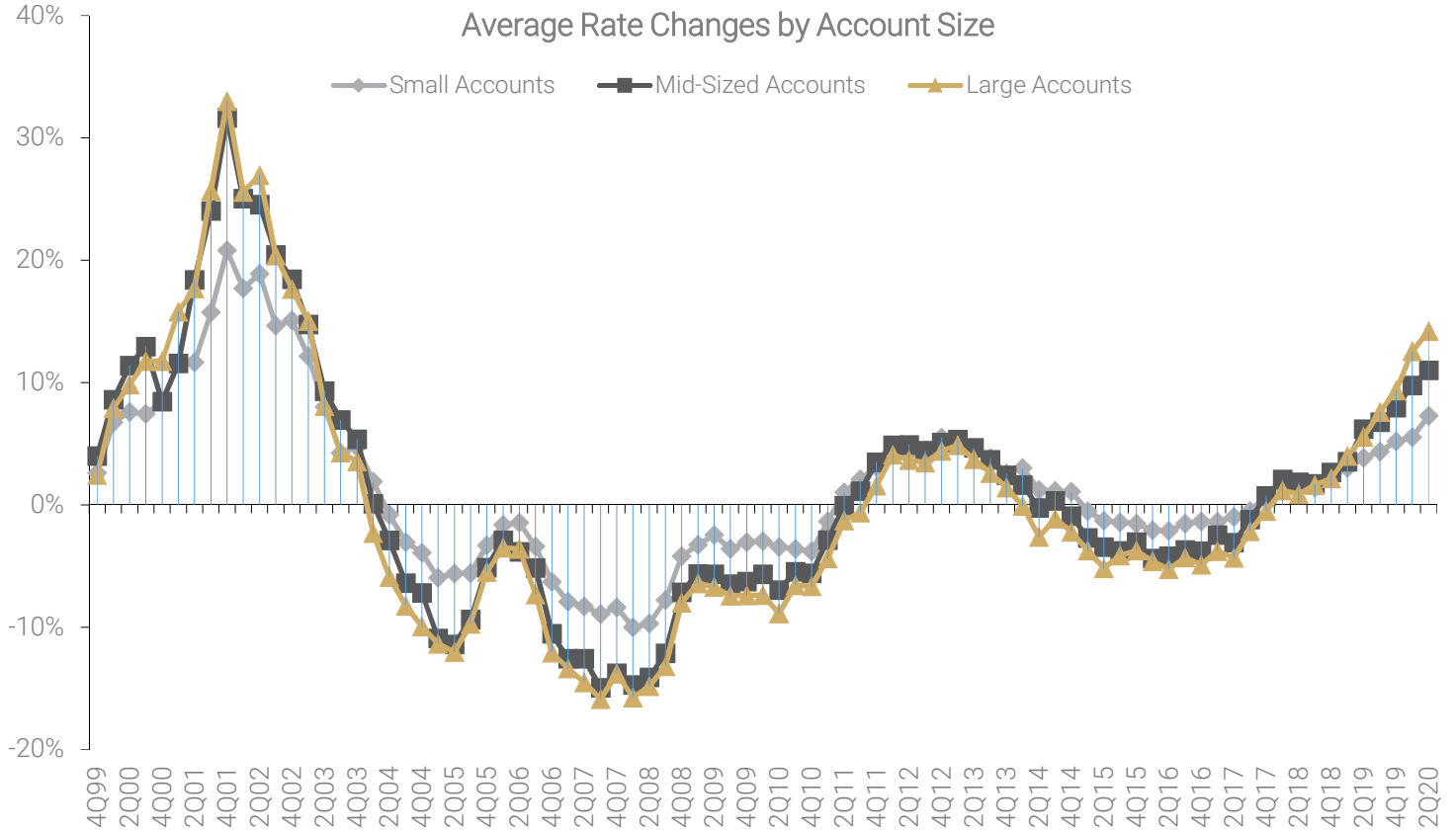
Top 3 Broker Priorities and Challenges for 2020



to-face interaction impacted not only employee mental health (feelings of isolation) but also required the agency to adapt different selling methods outside of the traditional ones. "Employees are not comfortable in this new setting of working from home. They adapt but the personal interaction is missed," said one respondent from a large Northwestern firm.

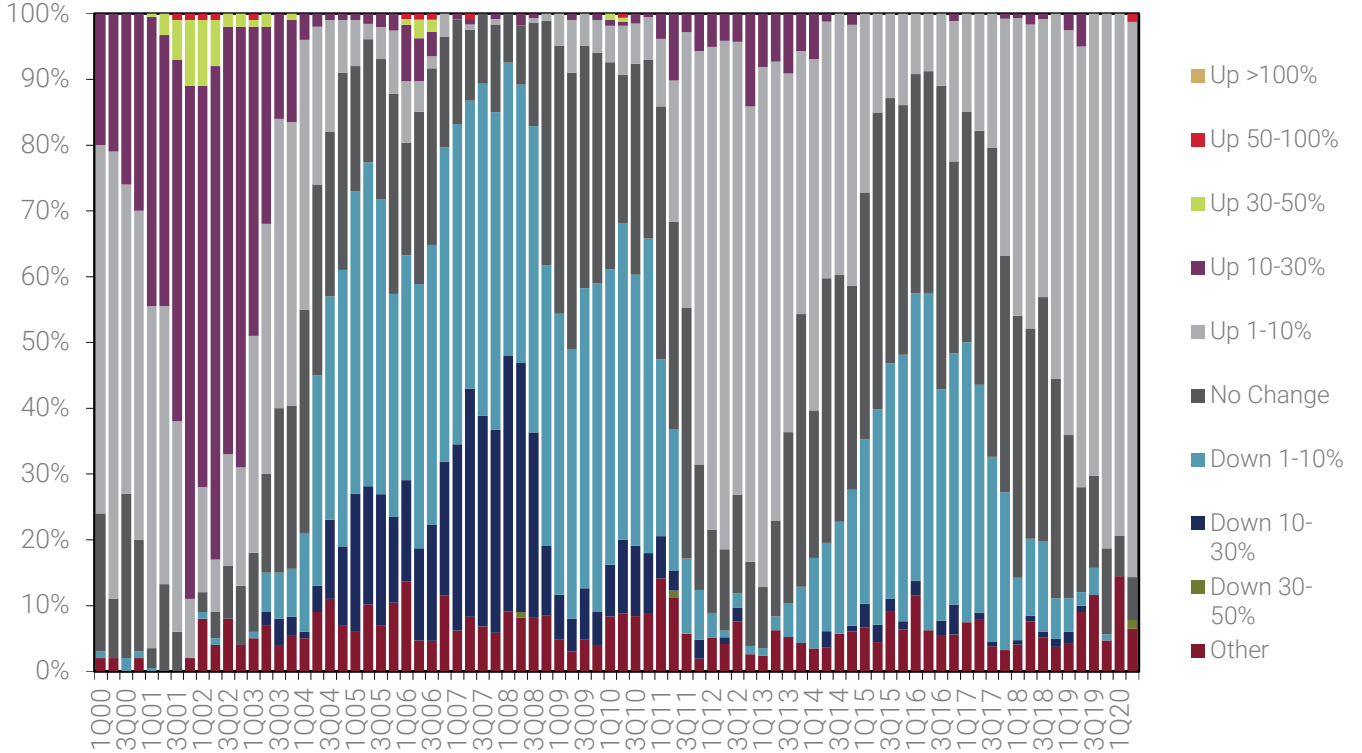
In the end, though the pandemic has disrupted many facets of the industry, respondents agreed that it nevertheless presented a good opportunity for brokers. "Those that have been able to adapt presentation and service style to a virtual world will come out winners. Showcasing the resources developed to help clients through this new environment will produce dividends in new business going forward," said one respondent from a midsized Midwestern firm. Another respondent agreed, declaring "We need to educate our customers and prepare them to come out stronger once we get control of the virus, social unrest, etc. Our goal is not to sell insurance but to provide security and professional advice to help them weather the storm. If we succeed, we'll have long-term, loyal customers." The time is now to "strengthen the trusted advisor role by helping clients manage the challenges created by the pandemic."

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.



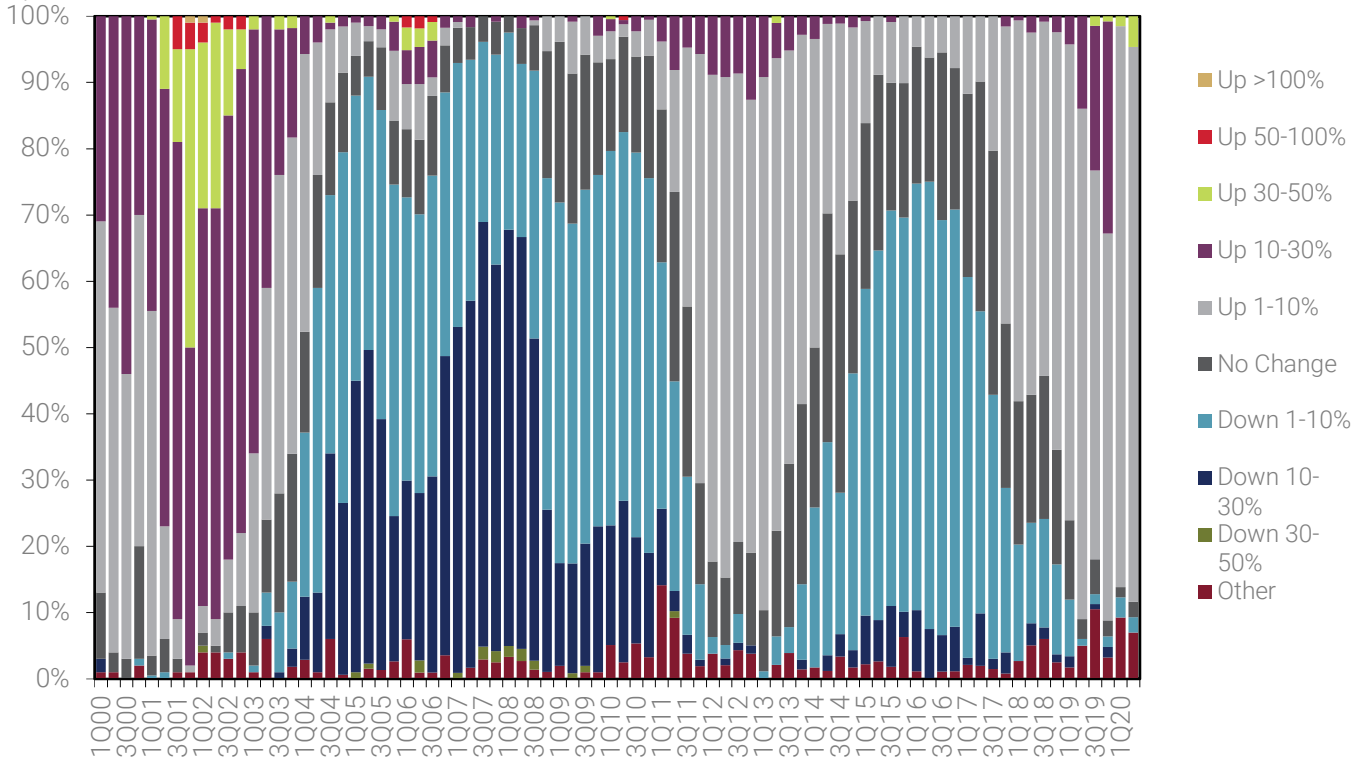
Insurance Rate Changes, Small Commercial Accounts (Accounts generating <\$25,000 in annual commissions & fees)

Percentage of Survey Respondents



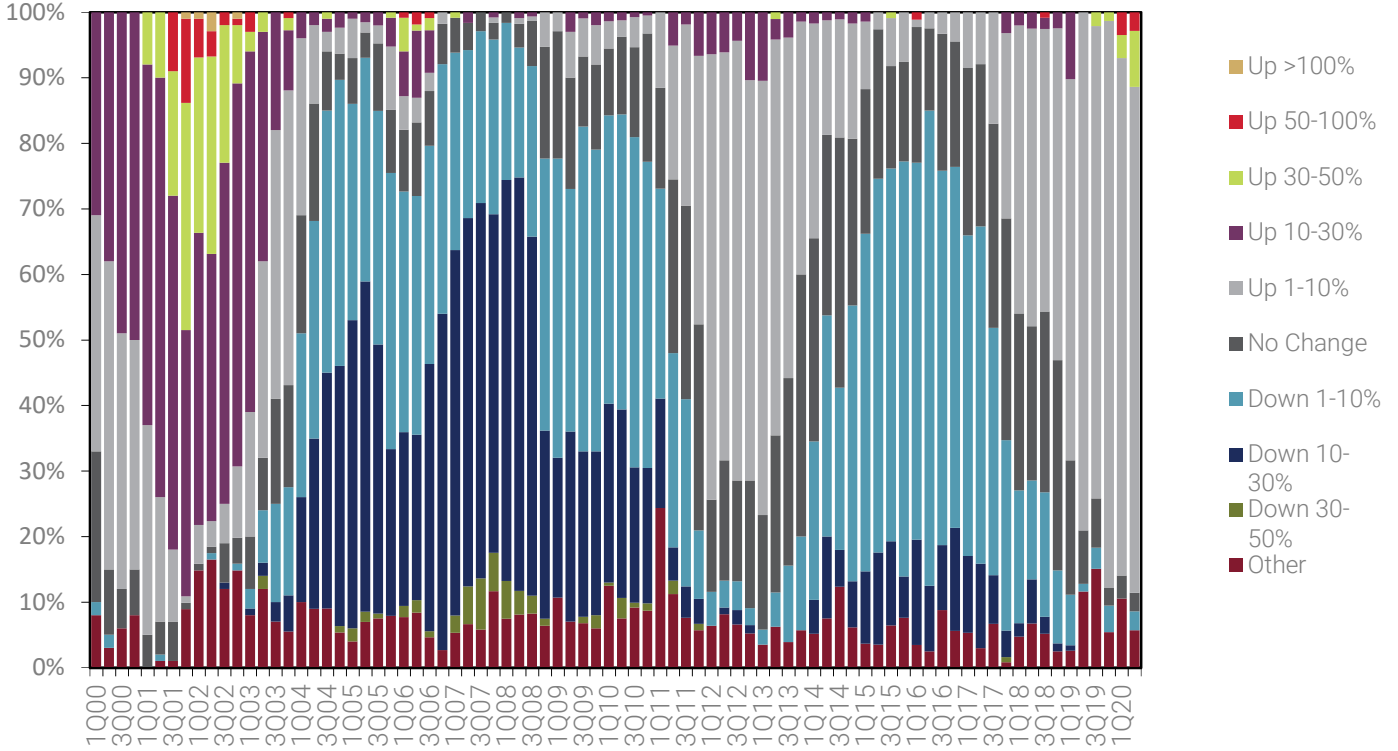
Insurance Rate Changes, Medium Commercial Accounts (Accounts generating \$25,000-\$100,000 in annual commissions & fees)

Percentage of Survey Respondents



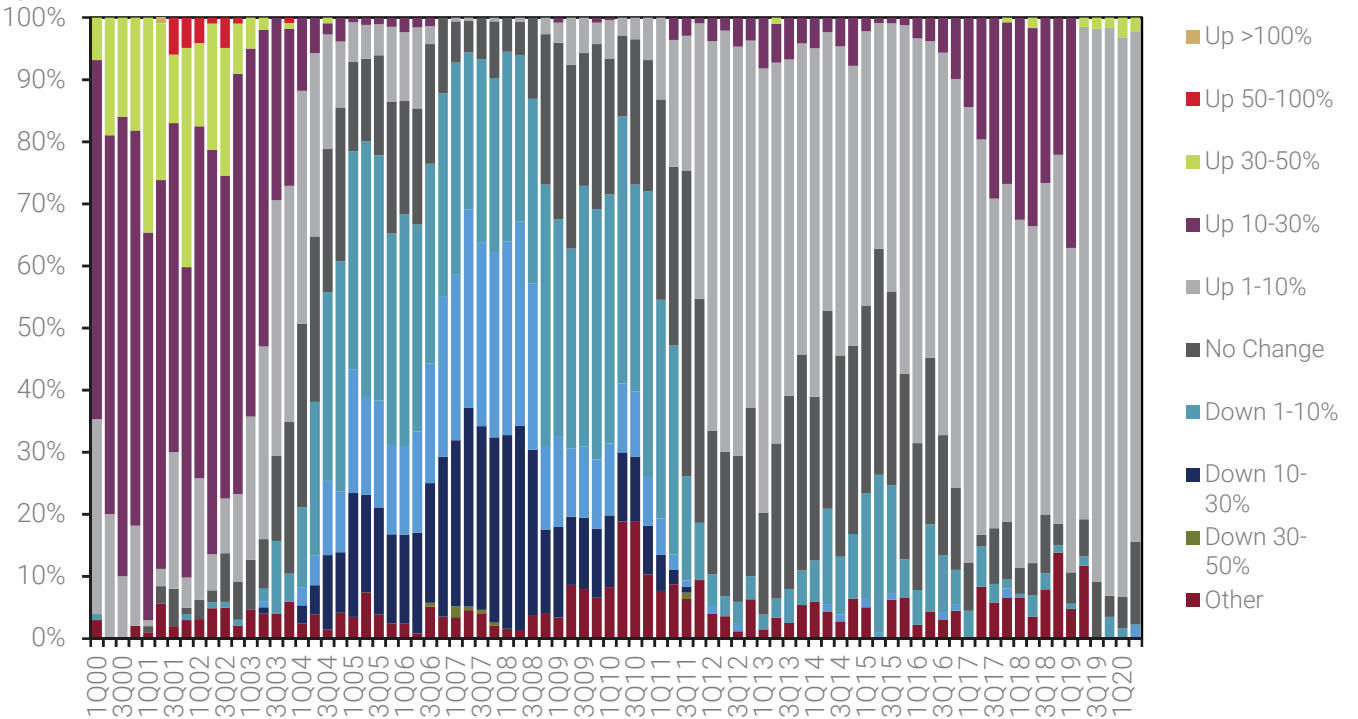
Insurance Rate Changes, Large Commercial Accounts (Accounts generating >\$100,000 in annual commissions & fees)

Percentage of Survey Respondents



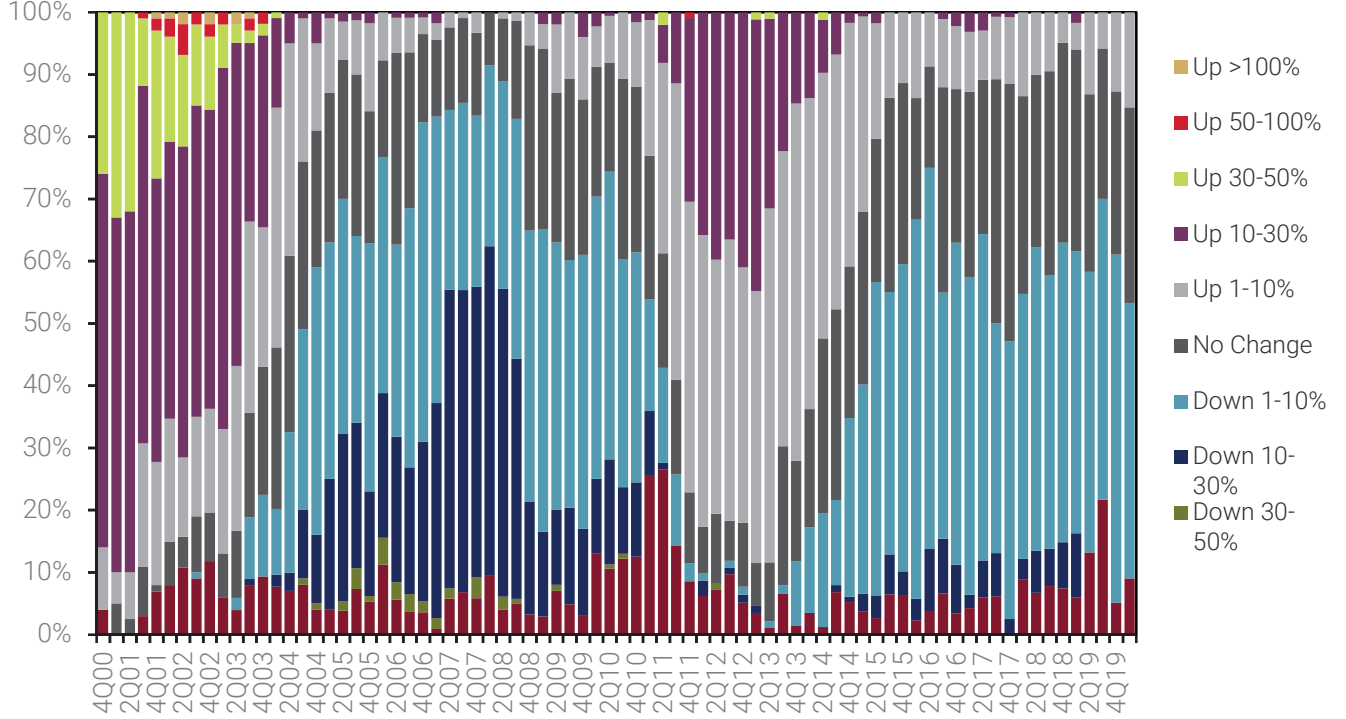
Commercial Auto Insurance Rate Changes

Percentage of Survey Respondents



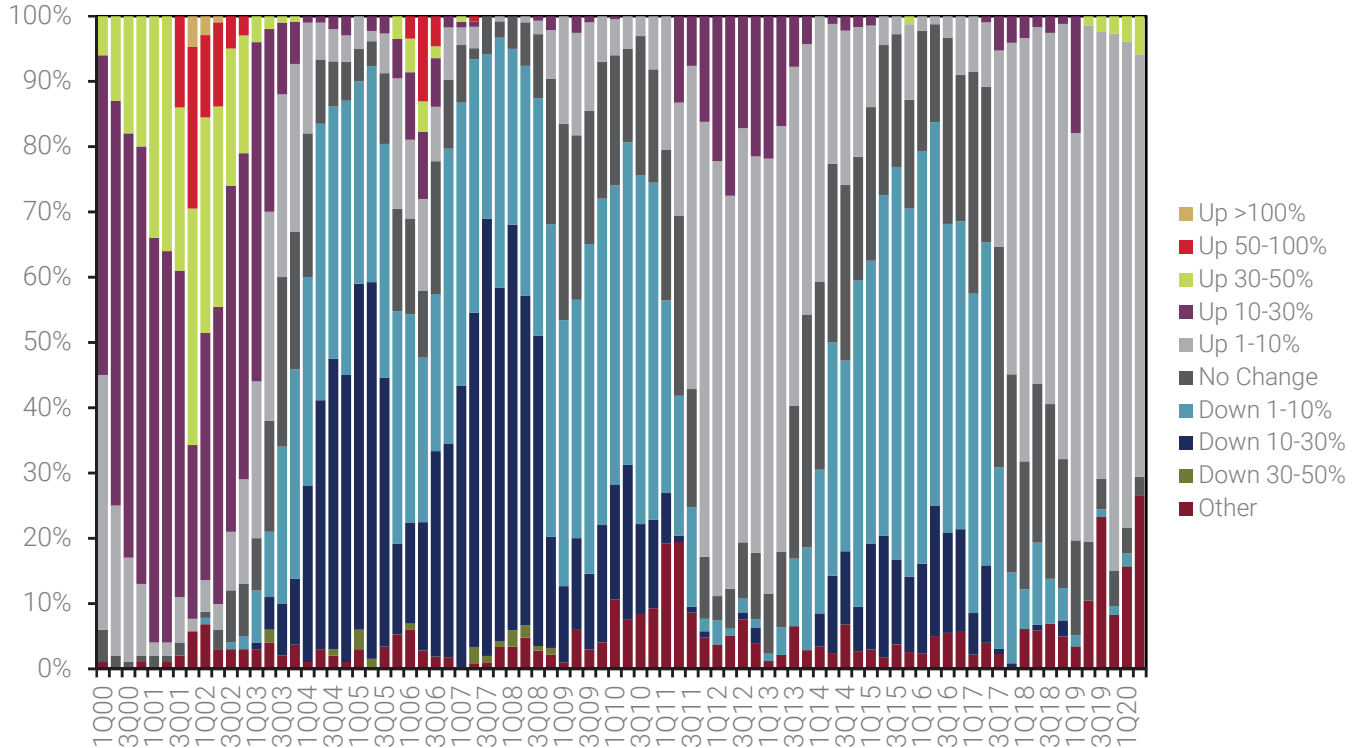
Workers' Compensation Insurance Rate Changes

Percentage of Survey Respondents



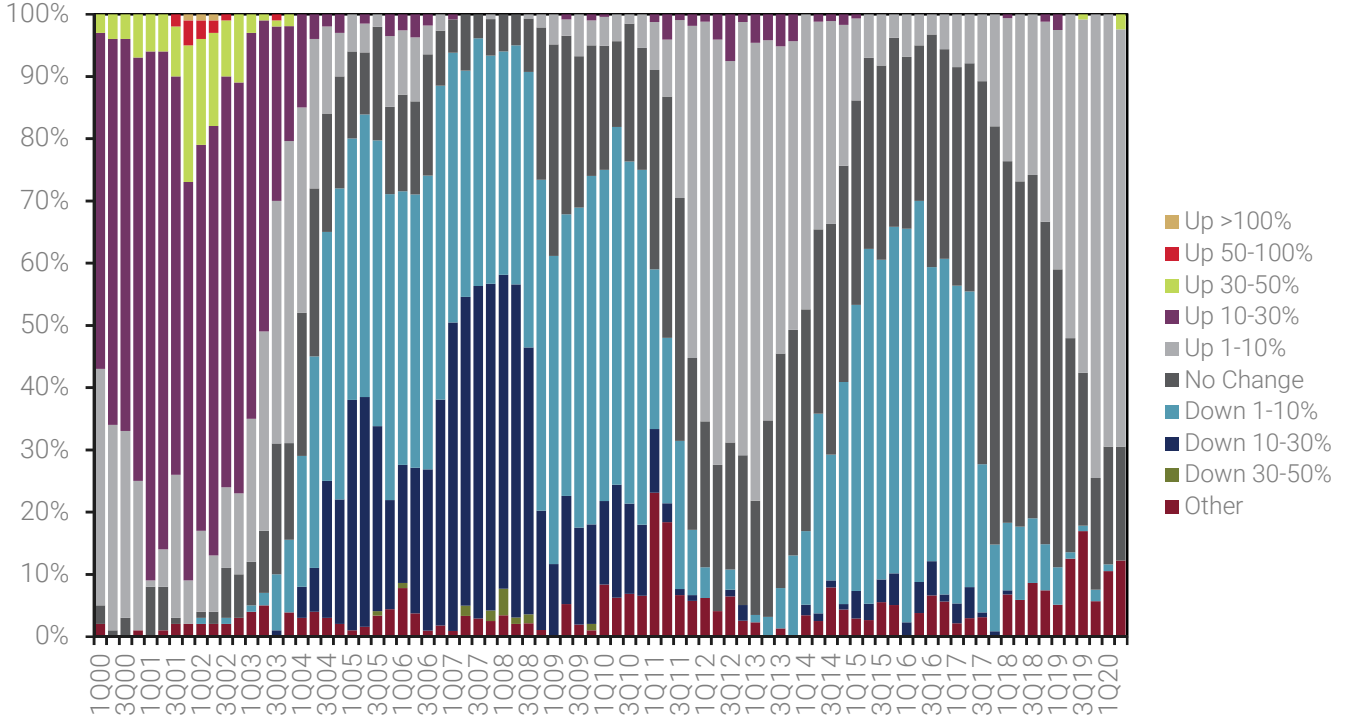
Commercial Property Insurance Rate Changes

Percentage of Survey Respondents



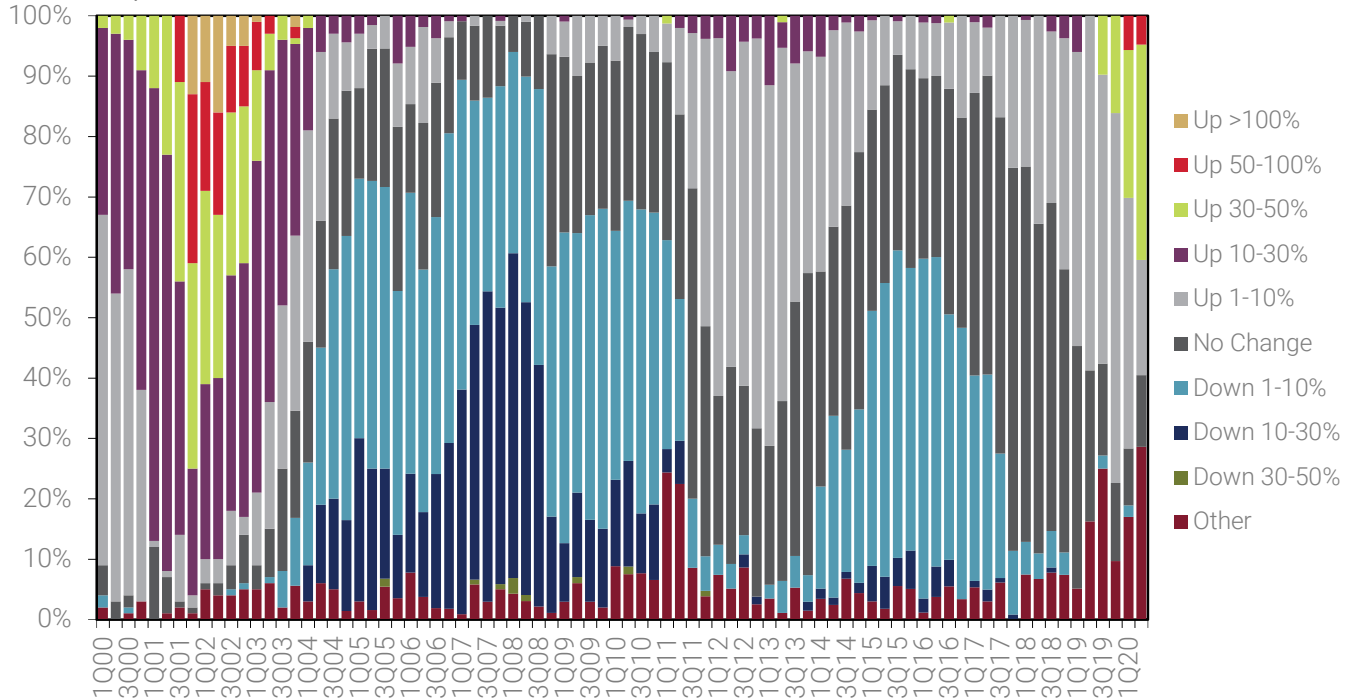
Commercial General Liability Insurance Rate Changes

Percentage of Survey Respondents



Umbrella Insurance Rate Changes

Percentage of Survey Respondents



Business Interruption Insurance Rate Changes

Percentage of Survey Respondents

