









THE COUNCIL

COMMERCIAL PROPERTY/ CASUALTY MARKET INDEX

Q3/2018





EXECUTIVE SUMMARY

The following are key takeaways from The Council of Insurance Agents & Brokers' *Commercial Property/Casualty Market Report Q3 2018 (July 1 — September 30):*

- The average increase for premium pricing across all sized accounts was **1.6 percent**, compared to a 1.5 percent change in Q2 2018.
- With the exception of Workers' Compensation, all other lines of business experienced increases in premium pricing. The average increase across all lines was **1.9 percent**, similar to the average increases reported in Q2 (2.0 percent) and Q1 (2.2 percent).
- Demand for cyber coverage remained high in Q3: **76 percent** of broker respondents reported an increase in demand for cyber insurance, consistent with number reported in the first half of 2018.
- Q2 2018 was the 29th consecutive quarter of increased Commercial Auto rates: premium pricing for Commercial Auto increased **7.0 percent**, compared to 8.2 percent in Q2 2018.
- As with Q2 2018, **"driving organic growth"** and **"recruiting and developing talent"** remained the top two organizational priorities for respondents' firms, with **77 percent** of respondents listing the former and **73 percent** the latter.

Click here to download the full Commercial Property/Casualty Market Report Q3 2018.

The Council relies on data from broker members to create this report. To participate in future surveys or for questions/comments, please contact The Council's Rob Boyce at Robert.Boyce@ciab.com.

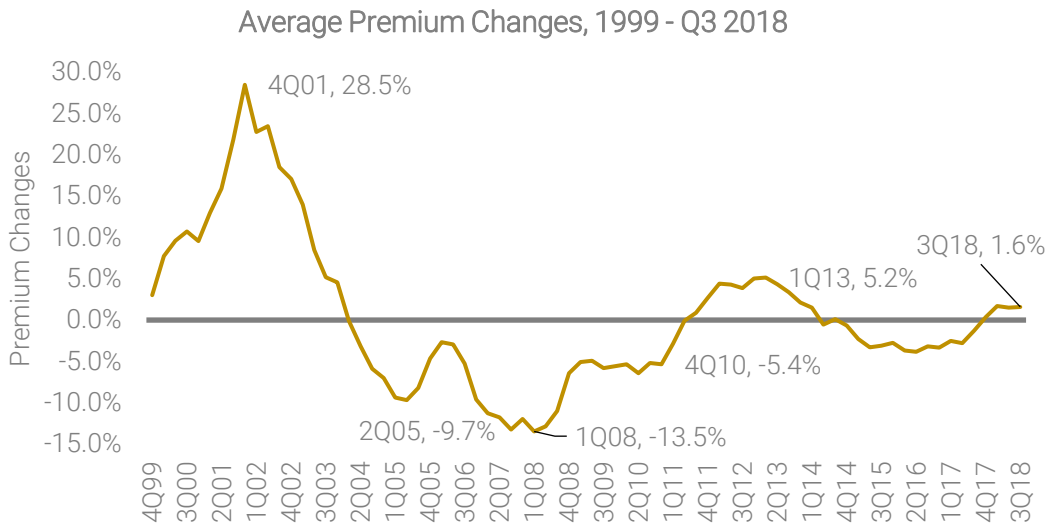
PREMIUM PRICING

In Q3 2018, survey results showed that premium prices for all-sized accounts increased for the fourth consecutive quarter, with an average increase of 1.6 percent. Many lines of business also saw premium increases, continuing a trend that began more than a year ago.

	SMALL	MEDIUM	LARGE	AVERAGE
Third Quarter 2018	1.4%	1.7%	1.6%	1.6%
Second Quarter 2018	1.8%	1.8%	0.9%	1.5%
First Quarter 2018	1.8%	2.1%	1.2%	1.7%
Fourth Quarter 2017	0.7%	0.8%	-0.5%	0.3%
Third Quarter 2017	-0.5%	-1.2%	-2.1%	-1.3%
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.

"Following 12 quarters of soft market conditions, our industry has experienced moderate tightening across the majority of property/casualty lines, with the exception of Commercial Auto," explained The Council's President/CEO, Ken Crerar. "Due to distracted driving and more people on the roads, Commercial Auto claims have increased in both frequency and severity and it remains an industry-wide concern that The Council will continue to monitor in 2019."



PREMIUM PRICING BY LINE OF BUSINESS

RATE CHANGE FOR FIVE MAJOR LINES RANGED FROM -2.6% TO 7.0% IN Q3 2018

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Third Quarter 2018	7.0%	-2.6%	2.9%	0.8%	1.4%	1.9%
Second Quarter 2018	8.2%	-2.9%	2.2%	0.8%	1.5%	2.0%
First Quarter 2018	7.7%	-2.0%	3.4%	0.6%	1.0%	2.2%
Fourth Quarter 2017	7.3%	-2.0%	2.4%	0.1%	0.6%	1.7%
Third Quarter 2017	7.3%	-2.3%	0.9%	-0.8%	-0.4%	1.0%
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.

Across five major lines of business tracked by The Council (Commercial Auto, Workers' Compensation, Commercial Property, General Liability and Umbrella), the average premium rate increase was 1.9 percent, compared to 2 percent in Q2 2018. The persistent increase in Commercial Auto continued to impact slight rate increases across other lines of business, which was also observed in previous quarters in 2018.

RATE CHANGE BY OTHER LINES

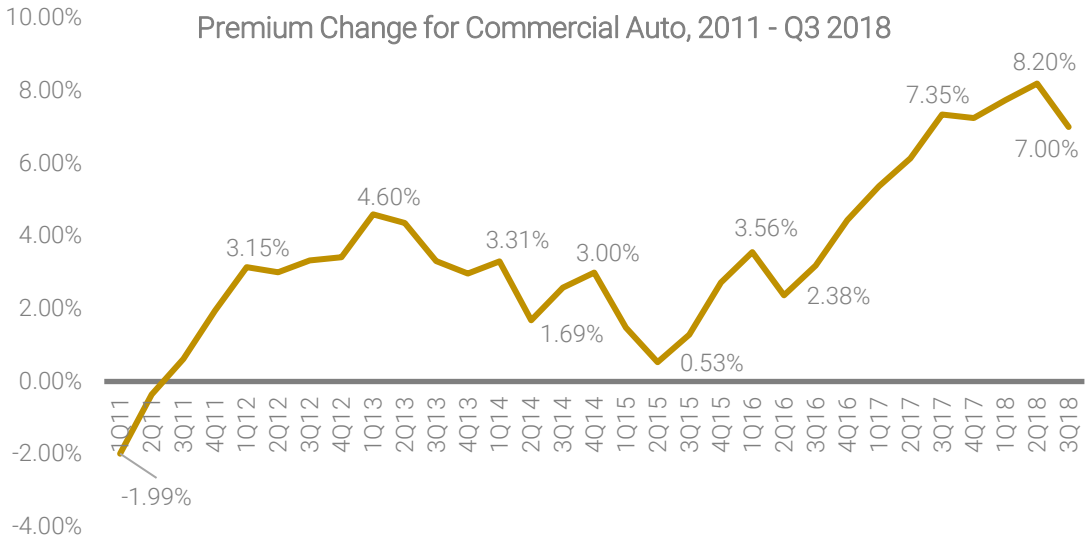
	2Q18	HIGH	LOW
Broker E&O	0.8%	15.4%	-4.5%
Business Interruption	1.0%	28.8%	-10.2%
Construction	2.2%	38.7%	-10.7%
Cyber	0.0%	0.4%	-1.5%
D&O Liability	1.3%	32.4%	-8.7%
Employment Practices	1.4%	21.9%	-8.1%
Flood	1.9%	8.6%	-2.7%
Marine	0.4%	3.0%	-10.6%
Medical Malpractice	0.4%	32.5%	-4.1%
Surety Bonds	0.2%	11.2%	-2.3%
Terrorism	0.3%	10.4%	-3.6%

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

NOTABLE LINES OF BUSINESS

COMMERCIAL AUTO

For the first time in the past four quarters, the premium rate increase seen in Q3 2018 (**7.0 percent**) was less than the increase seen in the previous quarter (8.2 percent). Whether or not this presages the eventual stabilization of the Commercial Auto market is unclear. However, this was still the **29th consecutive quarter** that Commercial Auto saw a rate increase. Moreover, the percentage increase seen in Commercial Auto has consistently been three to four times the increase seen across other lines of business.



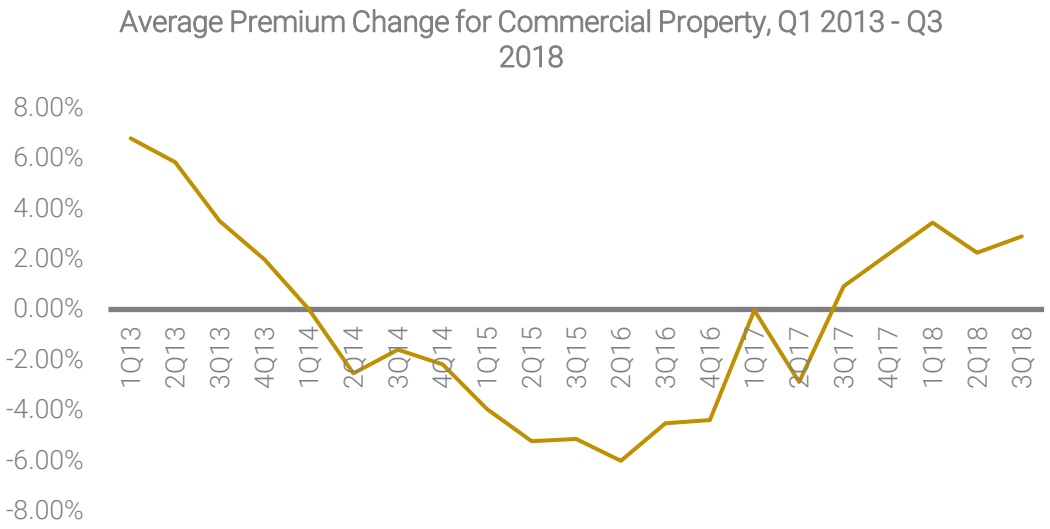
Notably, the consistent price increases in Commercial Auto may be impacting other lines as well. One respondent from a large Southwestern firm specified that **Auto had begun to affect Umbrella pricing**, and another from a Northwestern firm mentioned that excess liability "with heavy underlying auto exposure" saw **larger than normal increases.**

Overall, several respondents concurred that, "Commercial Auto continues to be a difficult line of coverage," noting Commercial Auto as the main driver for rate increases. "Some carriers," said a respondent from the Northwest, even "prefer not to quote Commercial Auto due to distracted driver accidents." Responses showed a similar situation on the other side of the country: a third respondent from a mid-sized Southeastern firm in Louisiana said, "Auto is nearly non-existent…if you have any type of risk with losses on it."

Though Commercial Auto was still an ongoing issue for carriers, it "more than offset" the raised Auto rates with reductions in Workers' Compensation, according to one respondent from a large Midwestern firm. This continues a trend observed in previous surveys.

COMMERCIAL PROPERTY

Aside from Commercial Auto, Commercial Property saw the largest premium rate increase this quarter at **2.9 percent**, 0.7 percent higher than Q2 2018. This was the fourth consecutive quarter where commercial property experienced premium rate increases above 2 percent, a trend that began in 2017 after the particularly intense natural catastrophe season—and with another relatively eventful season behind us, these results are not surprising.



Several respondents cited carriers' increased focus on property in CAT-prone areas, such as flood or brush fire zones, as one of the primary drivers for the premium rate increase seen in Commercial Property this quarter. In line with that, a respondent from a midsized Northeastern firm reported that premium rates for accounts tied to property in coastal areas as well as to frame property (i.e., property especially vulnerable to natural disasters) experienced some upward pressure in the third quarter of 2018.

Lastly, respondents noted that in some areas they saw higher deductibles for CAT perils like wind and hail.

WORKERS' COMPENSATION

Q3 2018 marked the 15th consecutive quarter where Workers' Compensation saw a decrease (2.6 percent) in premium pricing. This 2.6 percent decrease in Q3 was the only decrease in premium pricing observed across all lines that this survey monitors.

As in recent surveys and as mentioned above, responses suggested this drop was a result of carriers using decreases in Workers' Compensation to offset increasing Commercial Auto rates. In general, respondents said that they viewed the Workers' Compensation market as still very soft and that carriers were pricing it competitively in comparison to other lines.

UNDERWRITING

UNDERWRITING BY LINE OF BUSINESS

Approximately 43 percent of respondents reported a decrease in underwriting capacity for Commercial Auto this quarter, consistent with recent surveys. Several responses noted that underwriting for Commercial Auto was "noticeably tightening up," and underwriters were generally more critical of Commercial Auto accounts after losses. The only line of business where a remotely similar number of respondents saw a decrease in underwriting capacity was Commercial Property: Approximately 18 percent of respondents noted a decrease in underwriting capacity.

On the other hand, more than a third (38 percent) of respondents noted an increase in underwriting capacity for Cyber, and 27 percent saw an increase in capacity in Workers' Compensation. All other lines of business experienced no notable changes in underwriting capacity in Q3 2018.

UNDERWRITING BY ACCOUNT SIZE

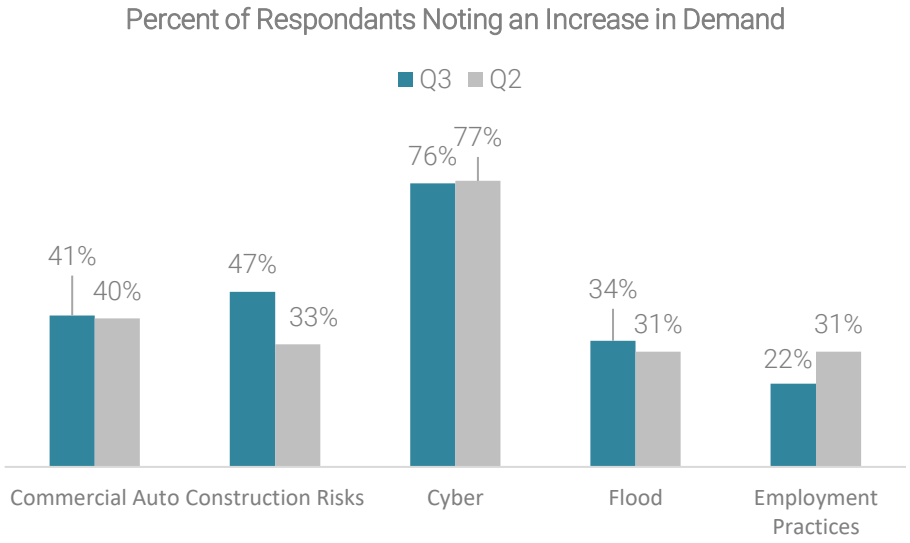
According to most respondents, there were **no major changes in underwriting in terms of account size**. Some noted that carriers were underwriting more aggressively, but overall, most respondents agreed that there had been few to no changes in general underwriting practices. Respondents agreed that perhaps some carriers looked with a more critical eye at accounts that had previously seen losses, but that was not particularly unusual.

Of those who had seen changes in underwriting or premium pricing, most reported that those changes were, for **small** and **midsized accounts**, due to the aforementioned upward pressure on Commercial Auto/Property pricing. **Large accounts** were less likely to see changes, as they "mostly stand on their own," according to one respondent from a large Northwestern firm.

DEMAND

Demand for **cyber insurance** remained high, with **76 percent** of respondents noting that they had seen an increase in demand. This was in line with previous surveys, with 77 percent of respondents reporting the same in Q2 2018 and 79 percent in Q1.

Other lines of business where respondents noted an increase in demand include **Commercial Auto** (**41 percent**) and **Construction Risks** (**47 percent**). Construction Risks in particular saw a significant increase in demand compared to Q2, where 33 percent of respondents noted an increase in demand. However, across all other lines of business, **80 percent** or more of respondents saw no significant change in demand.



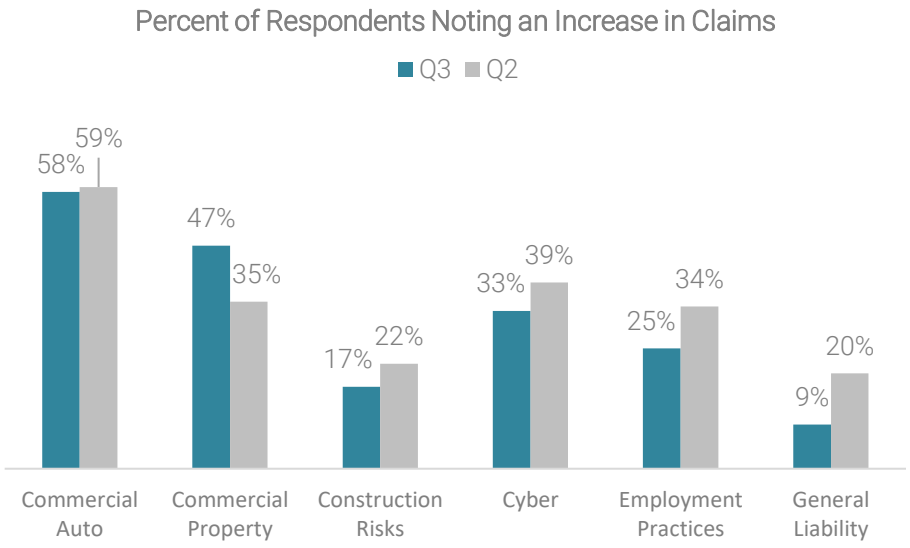
Interestingly, despite many respondents noting that carriers priced Workers' Compensation more competitively, **82 percent** of respondents reported no change in demand for that particular line.

CLAIMS

Claims for **Commercial Auto** increased around the same level seen in Q2 2018, with **58 percent** of respondents stating that they had seen an **increase in claims** in Q3, in comparison to 59 percent in Q2. However, both are significantly lower than in Q1, where 73 percent of respondents said they'd seen an increase in Commercial Auto claims.

Commercial Property, on the other hand, saw an increase in the number of claims: **47 percent** of respondents noted an increase in claims in Q3, compared to 35 percent in Q2. This could be attributed to recent natural catastrophe

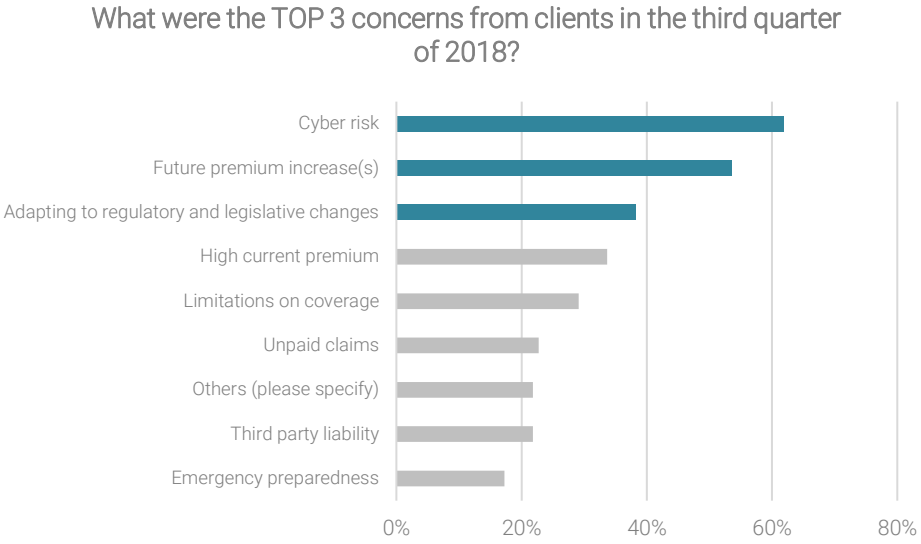
events such as Hurricane Florence, which caused major damage to the Carolinas. One respondent from a large Southeastern firm explicitly blamed the "spike" in commercial property claims on "hurricane CAT events Florence and Michael."



The other lines where the most significant increases in claims are normally identified, such as Cyber and Employment Practices, instead experienced quarter-over-quarter decreases. Thirty-three (33) percent of respondents noted an increase in claims for Cyber, compared to 39 percent in Q2, and only a quarter of respondents noted an increase in claims for Employment Practices, compared to 34 percent in the last quarter.

CLIENT CONCERNS

Similarly to Q1 and Q2, respondents identified "cyber risk" as the top client concern for Q3 2018: approximately 62 percent of respondents named it as one of their top-three client concerns. The other two top-three client concerns were "future premium increases," chosen by 54 percent of respondents, and "adapting to regulatory and legislative changes," chosen by 38 percent—all similar numbers to the previous quarter. It is clear that many still see cybercrime as a clear and present danger, especially now that its potential to have wide-reaching effects is better understood.



Regarding premium increases, one respondent from a small Northeastern firm noted that some of their clients were concerned that they would not be "rewarded with premium reductions for exceptional past experience." Not only that, another respondent, from a small Southeastern firm, specifically said that "auto premiums" were of concern to their clients, much in line with Commercial Auto's runaway premium increases for the past few years.

PRIORITIES AND CHALLENGES

Brokers named "driving organic growth," "recruiting and developing talent," and "enhancing customer experience" as their top three organizational priorities for Q3 2018. Of the three, "driving organic growth" had the most support: nearly 77 percent of respondents indicated it was a top-three priority, while 73 percent chose "recruiting and developing talent" and 36 percent chose "enhancing customer experience." These results were consistent with

almost every past survey.

The emphasis on utilizing new technology was as much a challenge for brokers as it was a priority. Many respondents said utilizing new technologies was essential to bettering their clients' experience and introducing efficiencies into the policy workflow, highlighting how important technology-fueled innovation in the insurance industry has become to "driving organic growth." One respondent also mentioned using technology—specifically social media—to assist in their firm's "multiple path approach" to recruiting and developing talent.

Other strategies for "recruiting and developing talent" centered on bringing in new hires directly out of college. One respondent from a large Northeastern firm also said that they "use as many channels as possible to find people with the right attitude and intelligence," and after that they "will train them on insurance;" another respondent from a large Southeastern firm wanted to "improve the pipeline of sales talent, create better on-



boarding and mentoring programs, and focus on specialization." Another from a large Northeastern firm said their plan was to "hire young people, provide significant industry-specific training, and then create a career path that develops necessary skills to create opportunities and make them successful in less than 5 years." With this effort to be so involved in an employee's growth, perhaps insurance firms can have better retention rates for younger talent, despite insurance's reputation, like a respondent from a midsized Northwestern firm put it, as "not a 'glamour' profession."

"Driving organic growth" and "recruiting and developing talent" were also two of the top three challenges brokers faced in Q3, along with "adopting new technologies." Some strategies brokers used to confront the challenge of "driving organic growth" were previously mentioned, such as using new technology to "eliminate or reduce friction across the entire transaction chain." But another strategy seen recently was the movement towards "expanding relationships with clients beyond the transaction of 'selling insurance'," and "building out the consultative approach from 'just insurance' to other areas of managing risk," according to a respondent from a midsized Southwestern firm. The role of brokers has evolved throughout

Broker Thoughts

From the NORTHEAST:

"Leveraging new technologies will allow brokers to interact more often with clients and carrier partners."

From the SOUTHEAST:

"More than ever, our customers expect us to be their professional consultant on all insurance and risk management matters. The days of just brokering premiums are behind us."

From the MIDWEST:

"Tech advances and current cultural climate will continue to create new niches and needs, along with economic improvements leading to additional insurance needs."

"Just selling price and policies is no longer the winner—the value-added components of risk management are critical to all."

From the SOUTHWEST:

"Customer retention is key to sustaining success so must be focus. Insurance products continue to be thought of as a commodity by customers so experience must be a differentiator."

From the NORTHWEST:

"Brokers with a clear direction, strong culture and talent base coupled with a defined and healthy carrier relationship position and ability to respond to insurance needs of new and evolving industries have excellent opportunity for growth."

history, and we are now witnessing a transition to a more consultative, educative role.

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.

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APPENDIX

Commercial Property/Casualty Market Survey

3rd Quarter 2018

Below are the survey results for: ALL REGIONS

1. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% – 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% – 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not sure
Small Account (Less than $25k in commission and fees)	0.00%	0.00%	0.88%	14.16%	38.05%	43.36%	0.88%	0.00%	0.00%	0.00%	2.65%
Medium Account (Between $25k to $100k in commission and fees)	0.00%	0.00%	1.79%	16.96%	22.32%	55.36%	0.89%	0.00%	0.00%	0.00%	2.68%
Large Account (More than $100k in commission and fees)	0.00%	0.88%	1.77%	19.47%	28.32%	44.25%	1.77%	0.00%	0.00%	0.88%	2.65%

2. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% - 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% - 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not Sure
Business interruption	0.00%	0.00%	0.00%	4.72%	66.98%	24.53%	0.94%	0.00%	0.00%	0.00%	2.83%
Broker E&O	0.00%	0.00%	0.00%	4.85%	67.96%	20.39%	0.97%	0.00%	0.00%	0.97%	4.85%
Commercial auto	0.00%	0.00%	0.00%	2.78%	10.19%	57.41%	25.00%	3.70%	0.93%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	7.34%	28.44%	60.55%	2.75%	0.00%	0.00%	0.00%	0.92%
Construction risks	0.00%	0.00%	0.00%	7.48%	43.93%	45.79%	2.80%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.93%	23.15%	50.93%	21.30%	1.85%	0.00%	0.00%	0.00%	1.85%
D&O	0.00%	0.00%	0.00%	5.56%	68.52%	22.22%	0.93%	1.85%	0.00%	0.00%	0.93%
Flood	0.00%	0.00%	0.00%	2.86%	64.76%	23.81%	5.71%	0.95%	0.00%	0.00%	1.90%
Employment practices	0.00%	0.00%	0.00%	3.74%	67.29%	26.17%	0.93%	0.93%	0.00%	0.00%	0.93%
General liability	0.00%	0.00%	0.00%	11.32%	60.38%	28.30%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	3.85%	81.73%	12.50%	0.00%	0.00%	0.00%	0.00%	1.92%
Medical malpractice	0.00%	0.00%	0.00%	5.15%	75.26%	15.46%	0.00%	0.00%	0.00%	0.00%	4.12%
Surety bonds	0.00%	0.00%	0.00%	3.96%	81.19%	8.91%	0.00%	0.00%	0.00%	0.00%	5.94%
Terrorism	0.00%	0.00%	0.00%	0.98%	93.14%	3.92%	0.98%	0.00%	0.00%	0.00%	0.98%
Umbrella	0.00%	0.00%	0.93%	6.54%	58.88%	30.84%	2.80%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	6.54%	47.66%	35.51%	10.28%	0.00%	0.00%	0.00%	0.00%	0.00%

Commercial Property/Casualty Market Survey

3rd Quarter 2018

Below are the survey results for: NORTHEAST (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI)

1. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% – 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% – 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not sure
Small Account (Less than $25k in commission and fees)	0.00%	0.00%	0.00%	23.81%	33.33%	38.10%	0.00%	0.00%	0.00%	0.00%	4.76%
Medium Account (Between $25k to $100k in commission and fees)	0.00%	0.00%	5.00%	10.00%	25.00%	55.00%	0.00%	0.00%	0.00%	0.00%	5.00%
Large Account (More than $100k in commission and fees)	0.00%	0.00%	4.76%	14.29%	19.05%	47.62%	0.00%	0.00%	0.00%	4.76%	9.52%

2. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% - 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% - 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not Sure
Business interruption	0.00%	0.00%	0.00%	0.00%	61.90%	33.33%	4.76%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	10.00%	75.00%	15.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial auto	0.00%	0.00%	0.00%	5.00%	10.00%	75.00%	10.00%	0.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	4.76%	9.52%	85.71%	0.00%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	14.29%	23.81%	57.14%	4.76%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	30.00%	45.00%	20.00%	5.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	5.00%	60.00%	30.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	5.00%	55.00%	35.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	0.00%	65.00%	35.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	15.00%	50.00%	35.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	80.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	65.00%	35.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Surety bonds	0.00%	0.00%	0.00%	10.00%	75.00%	15.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Terrorism	0.00%	0.00%	0.00%	0.00%	95.24%	4.76%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	15.00%	55.00%	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	15.00%	40.00%	15.00%	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Commercial Property/Casualty Market Survey

3rd Quarter 2018

Below are the survey results for: SOUTHEAST (AL, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV)

1. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% – 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% – 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not sure
Small Account (Less than $25k in commission and fees)	0.00%	0.00%	0.00%	3.45%	41.38%	51.72%	0.00%	0.00%	0.00%	0.00%	3.45%
Medium Account (Between $25k to $100k in commission and fees)	0.00%	0.00%	0.00%	6.90%	34.48%	55.17%	3.45%	0.00%	0.00%	0.00%	0.00%
Large Account (More than $100k in commission and fees)	0.00%	0.00%	0.00%	17.24%	41.38%	41.38%	0.00%	0.00%	0.00%	0.00%	0.00%

2. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% - 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% - 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not Sure
Business interruption	0.00%	0.00%	0.00%	3.85%	73.08%	23.08%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	3.85%	69.23%	26.92%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial auto	0.00%	0.00%	0.00%	0.00%	7.14%	67.86%	17.86%	7.14%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	3.70%	51.85%	44.44%	0.00%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	3.70%	55.56%	37.04%	3.70%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	3.85%	23.08%	42.31%	30.77%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	3.70%	81.48%	14.81%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	7.41%	62.96%	29.63%	0.00%	0.00%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	7.41%	74.07%	18.52%	0.00%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	11.11%	66.67%	22.22%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	3.70%	81.48%	14.81%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	83.33%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Surety bonds	0.00%	0.00%	0.00%	0.00%	92.31%	7.69%	0.00%	0.00%	0.00%	0.00%	0.00%
Terrorism	0.00%	0.00%	0.00%	3.85%	92.31%	3.85%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	3.70%	62.96%	29.63%	3.70%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	3.70%	40.74%	48.15%	7.41%	0.00%	0.00%	0.00%	0.00%	0.00%

Commercial Property/Casualty Market Survey

3rd Quarter 2018

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 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% – 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% – 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not sure
Small Account (Less than $25k in commission and fees)	0.00%	0.00%	3.03%	9.09%	39.39%	45.45%	0.00%	0.00%	0.00%	0.00%	3.03%
Medium Account (Between $25k to $100k in commission and fees)	0.00%	0.00%	3.03%	15.15%	24.24%	51.52%	0.00%	0.00%	0.00%	0.00%	6.06%
Large Account (More than $100k in commission and fees)	0.00%	3.03%	3.03%	9.09%	36.36%	42.42%	3.03%	0.00%	0.00%	0.00%	3.03%

2. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% - 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% - 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not Sure
Business interruption	0.00%	0.00%	0.00%	3.23%	70.97%	19.35%	0.00%	0.00%	0.00%	0.00%	6.45%
Broker E&O	0.00%	0.00%	0.00%	0.00%	74.19%	16.13%	3.23%	0.00%	0.00%	0.00%	6.45%
Commercial auto	0.00%	0.00%	0.00%	3.33%	13.33%	56.67%	23.33%	3.33%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	9.68%	22.58%	64.52%	0.00%	0.00%	0.00%	0.00%	3.23%
Construction risks	0.00%	0.00%	0.00%	6.45%	41.94%	51.61%	0.00%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	15.63%	53.13%	25.00%	3.13%	0.00%	0.00%	0.00%	3.13%
D&O	0.00%	0.00%	0.00%	6.45%	70.97%	19.35%	0.00%	0.00%	0.00%	0.00%	3.23%
Flood	0.00%	0.00%	0.00%	0.00%	74.19%	16.13%	6.45%	0.00%	0.00%	0.00%	3.23%
Employment practices	0.00%	0.00%	0.00%	0.00%	70.97%	22.58%	3.23%	0.00%	0.00%	0.00%	3.23%
General liability	0.00%	0.00%	0.00%	9.68%	61.29%	29.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	3.33%	86.67%	6.67%	0.00%	0.00%	0.00%	0.00%	3.33%
Medical malpractice	0.00%	0.00%	0.00%	3.33%	83.33%	10.00%	0.00%	0.00%	0.00%	0.00%	3.33%
Surety bonds	0.00%	0.00%	0.00%	6.67%	80.00%	6.67%	0.00%	0.00%	0.00%	0.00%	6.67%
Terrorism	0.00%	0.00%	0.00%	0.00%	90.00%	3.33%	3.33%	0.00%	0.00%	0.00%	3.33%
Umbrella	0.00%	0.00%	0.00%	6.45%	61.29%	32.26%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	3.23%	54.84%	38.71%	3.23%	0.00%	0.00%	0.00%	0.00%	0.00%

Commercial Property/Casualty Market Survey

3rd Quarter 2018

Below are the survey results for: SOUTHWEST (So. CA, AZ, NM, OK, TX)

1. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% – 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% – 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not sure
Small Account (Less than $25k in commission and fees)	0.00%	0.00%	0.00%	9.09%	54.55%	27.27%	9.09%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between $25k to $100k in commission and fees)	0.00%	0.00%	0.00%	10.00%	0.00%	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Account (More than $100k in commission and fees)	0.00%	0.00%	0.00%	30.00%	10.00%	50.00%	10.00%	0.00%	0.00%	0.00%	0.00%

2. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% - 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% - 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not Sure
Business interruption	0.00%	0.00%	0.00%	0.00%	77.78%	22.22%	0.00%	0.00%	0.00%	0.00%	0.00%
Broker E&O	0.00%	0.00%	0.00%	0.00%	55.56%	22.22%	0.00%	0.00%	0.00%	0.00%	22.22%
Commercial auto	0.00%	0.00%	0.00%	10.00%	10.00%	30.00%	40.00%	0.00%	10.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	0.00%	30.00%	50.00%	20.00%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	40.00%	60.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	20.00%	60.00%	10.00%	0.00%	0.00%	0.00%	0.00%	10.00%
D&O	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	66.67%	11.11%	11.11%	0.00%	0.00%	0.00%	11.11%
Employment practices	0.00%	0.00%	0.00%	0.00%	66.67%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	55.56%	44.44%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	77.78%	11.11%	0.00%	0.00%	0.00%	0.00%	11.11%
Medical malpractice	0.00%	0.00%	0.00%	12.50%	62.50%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%
Surety bonds	0.00%	0.00%	0.00%	0.00%	77.78%	0.00%	0.00%	0.00%	0.00%	0.00%	22.22%
Terrorism	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	0.00%	50.00%	40.00%	10.00%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	40.00%	50.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Commercial Property/Casualty Market Survey

2nd Quarter 2018

Below are the survey results for: PACIFIC NORTHWEST (No. CA, AK, CO, HI, ID, MT, NV, OR, UT, WA, WY)

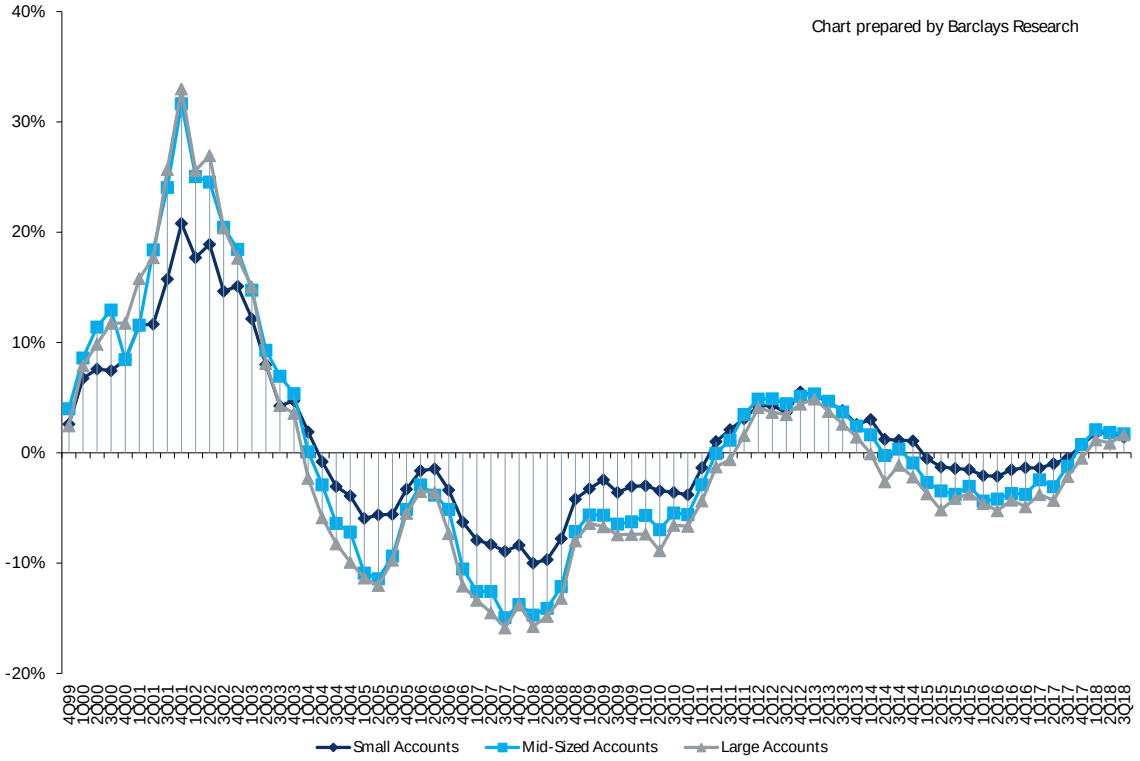
1. During the third quarter of 2018 (July 1 – September 30), on average, did premiums go up or down for each of the following account sizes, compared to the second quarter of 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

	Down more than 30%	Down 20% - 30%	Down 10% – 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% – 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not sure
Small Account (Less than $25k in commission and fees)	0.00%	0.00%	0.00%	31.58%	26.32%	42.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Medium Account (Between $25k to $100k in commission and fees)	0.00%	0.00%	0.00%	45.00%	10.00%	45.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Large Account (More than $100k in commission and fees)	0.00%	0.00%	0.00%	40.00%	15.00%	45.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2. During the third quarter of 2018 (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 2018 (April 1 – June 30)? (If your company has more than one branch, refer to the premium change(s) at your individual branch.)

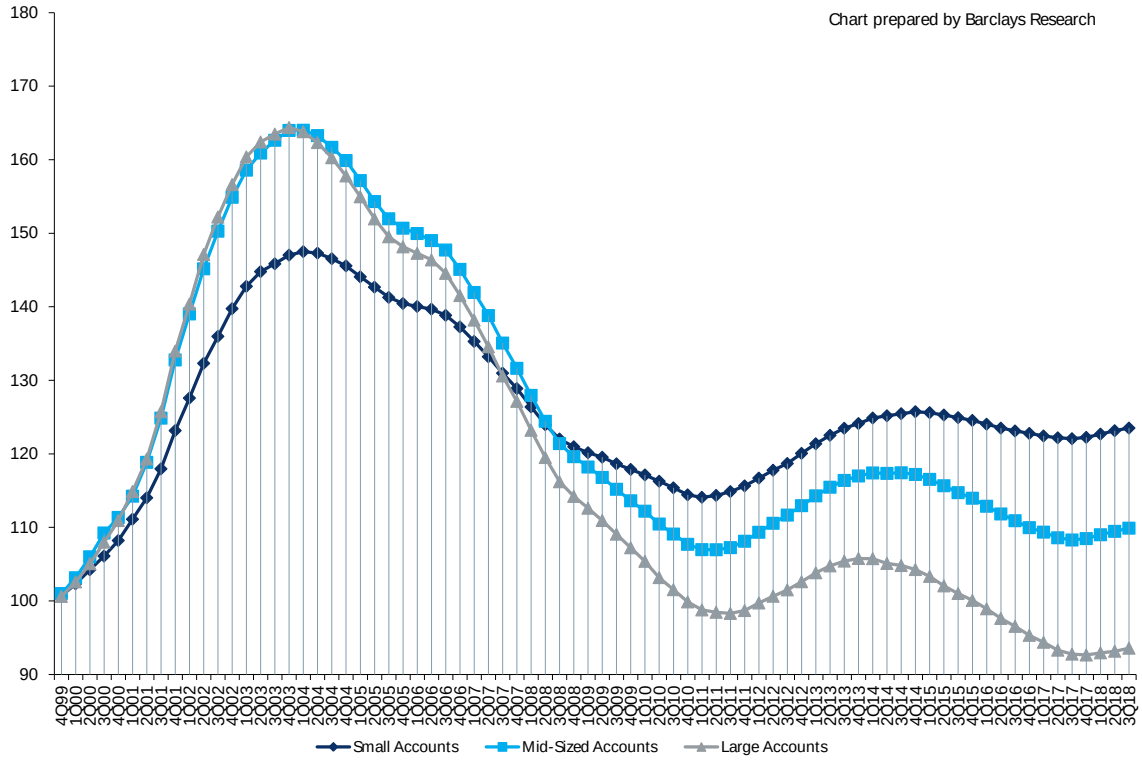
	Down more than 30%	Down 20% - 30%	Down 10% - 19%	Down 1% - 9%	No Change	Up 1% - 9%	Up 10% - 19%	Up 20% - 29%	Up 30% - 50%	Up more than 50%	Not Sure
Business interruption	0.00%	0.00%	0.00%	15.79%	52.63%	26.32%	0.00%	0.00%	0.00%	0.00%	5.26%
Broker E&O	0.00%	0.00%	0.00%	11.76%	52.94%	23.53%	0.00%	0.00%	0.00%	5.88%	5.88%
Commercial auto	0.00%	0.00%	0.00%	0.00%	10.00%	40.00%	45.00%	5.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	15.00%	25.00%	55.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	11.11%	55.56%	27.78%	5.56%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	30.00%	60.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	10.00%	65.00%	15.00%	0.00%	10.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	61.11%	22.22%	11.11%	5.56%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	10.00%	55.00%	30.00%	0.00%	5.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	15.79%	63.16%	21.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	11.11%	77.78%	11.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	0.00%	0.00%	20.00%	66.67%	6.67%	0.00%	0.00%	0.00%	0.00%	6.67%
Surety bonds	0.00%	0.00%	0.00%	0.00%	75.00%	12.50%	0.00%	0.00%	0.00%	0.00%	12.50%
Terrorism	0.00%	0.00%	0.00%	0.00%	93.75%	6.25%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	5.26%	5.26%	57.89%	26.32%	5.26%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	10.53%	57.89%	26.32%	5.26%	0.00%	0.00%	0.00%	0.00%	0.00%

Average Commercial Premium Rate Changes by Account Size



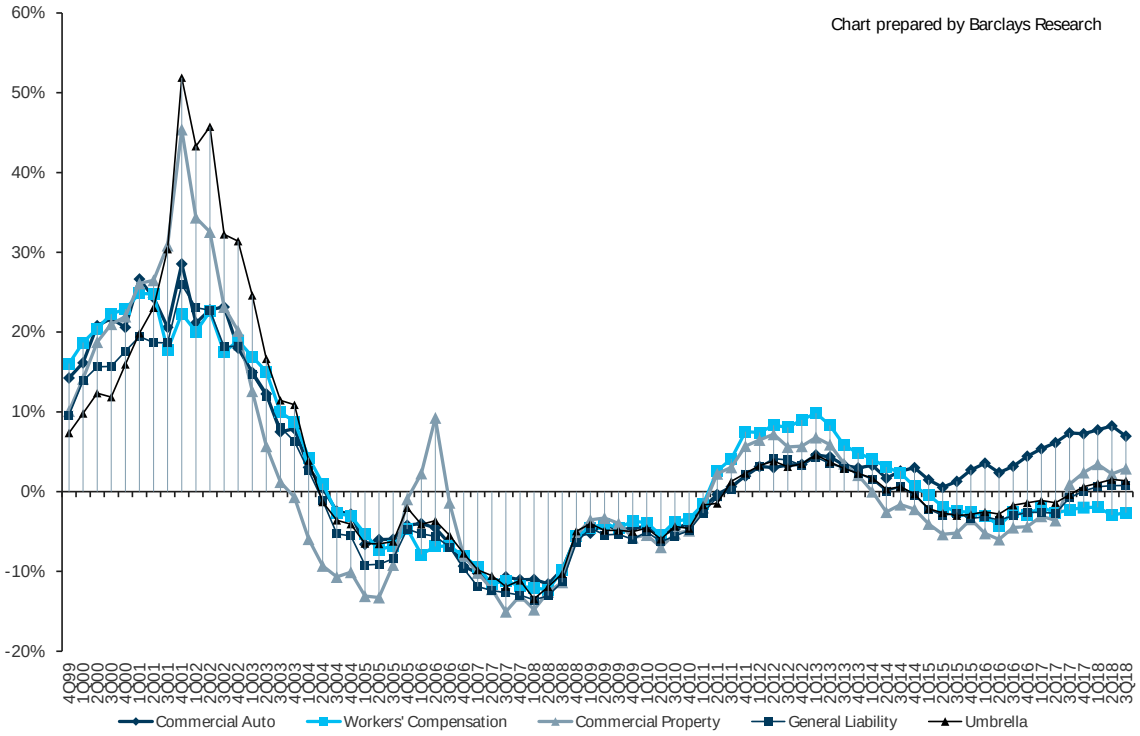
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Cumulative Quarterly Rate Increases by Account Size



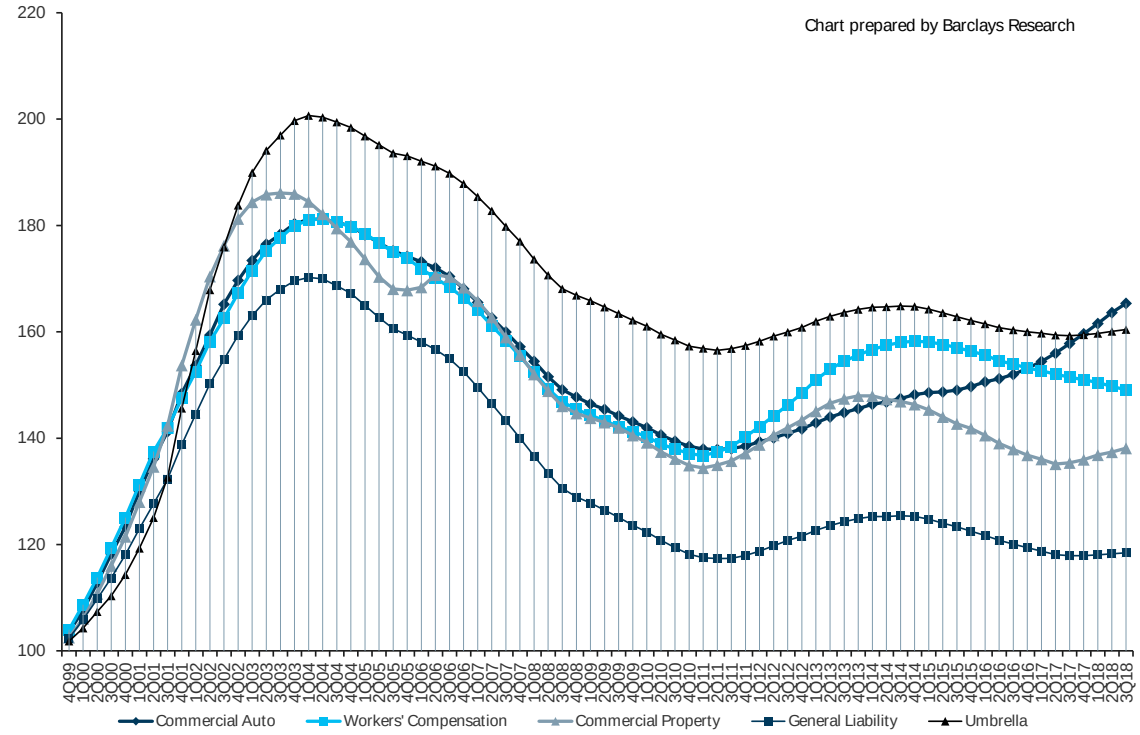
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Average Commercial Rate Increases by Line

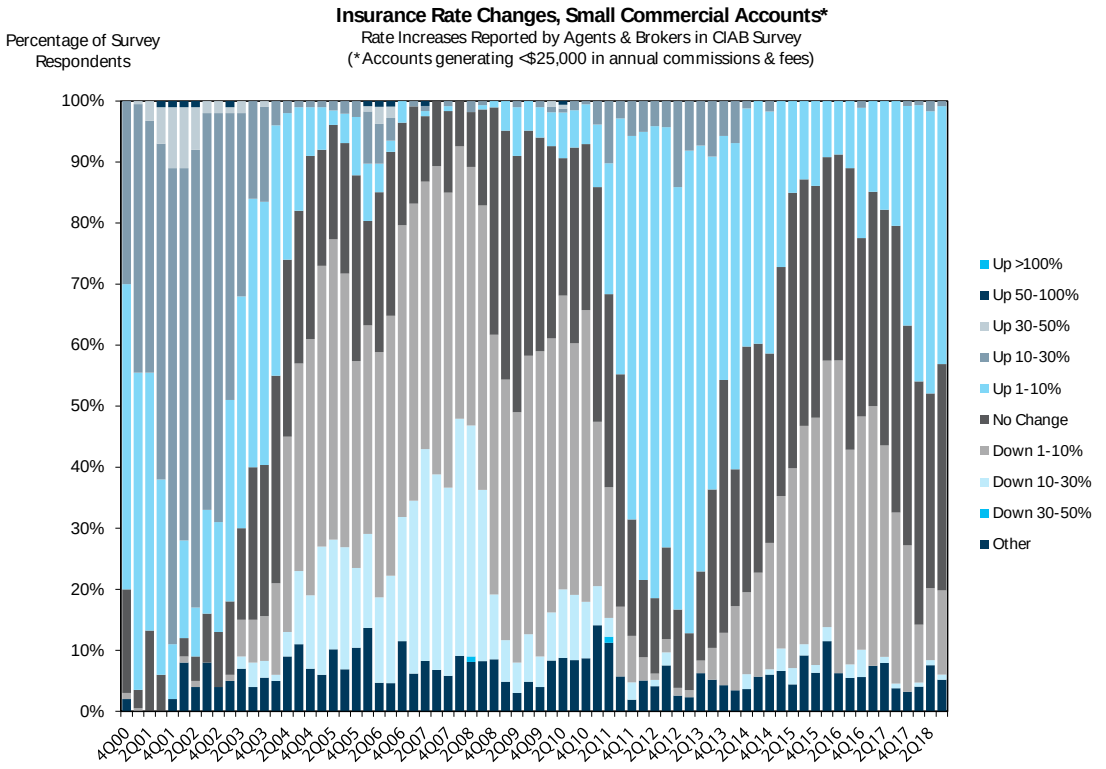


Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

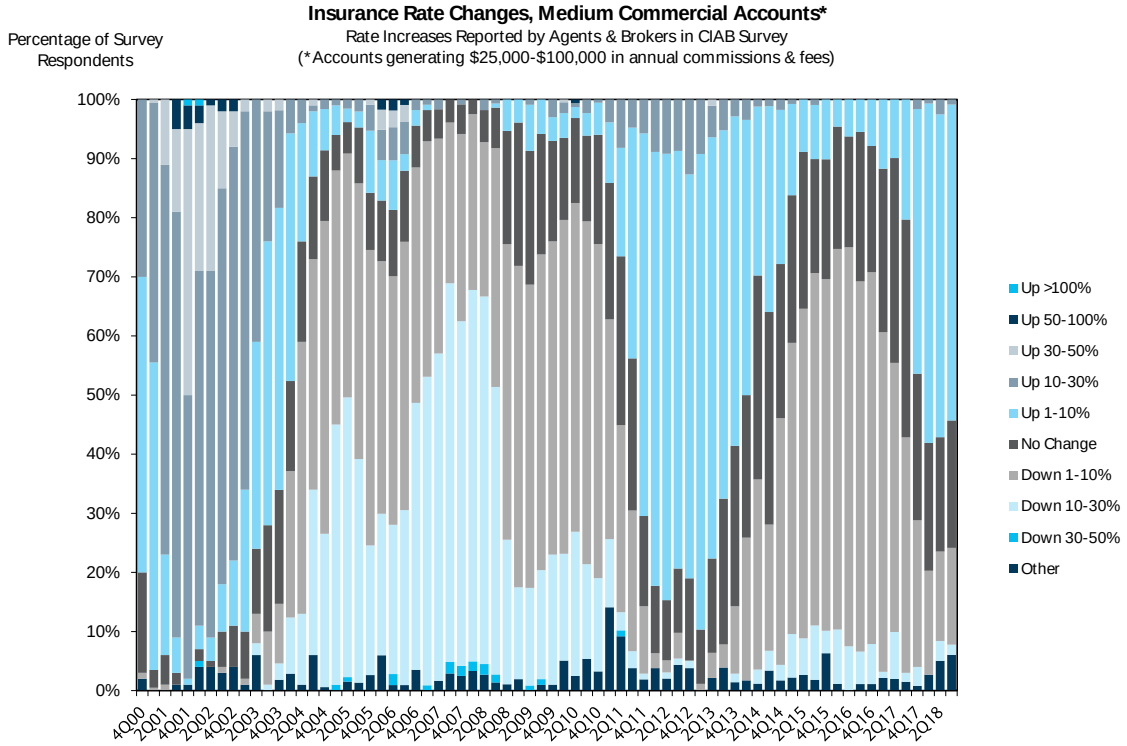
Cumulative Quarterly Rate Increases by Line



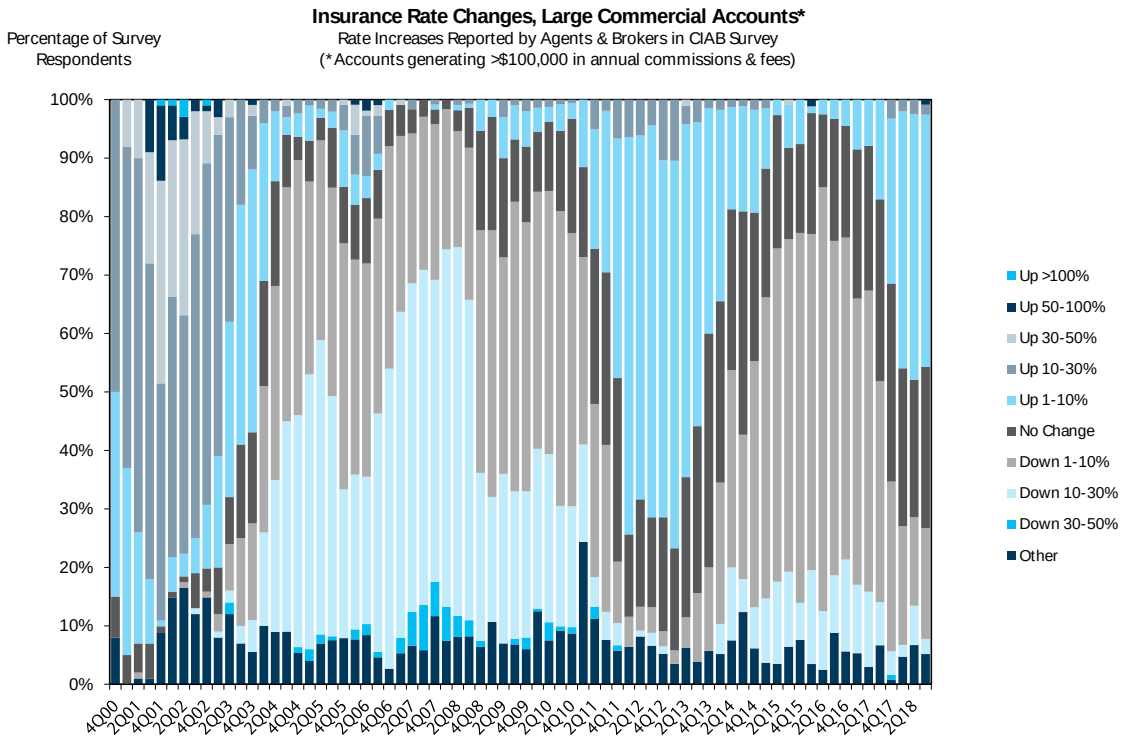
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



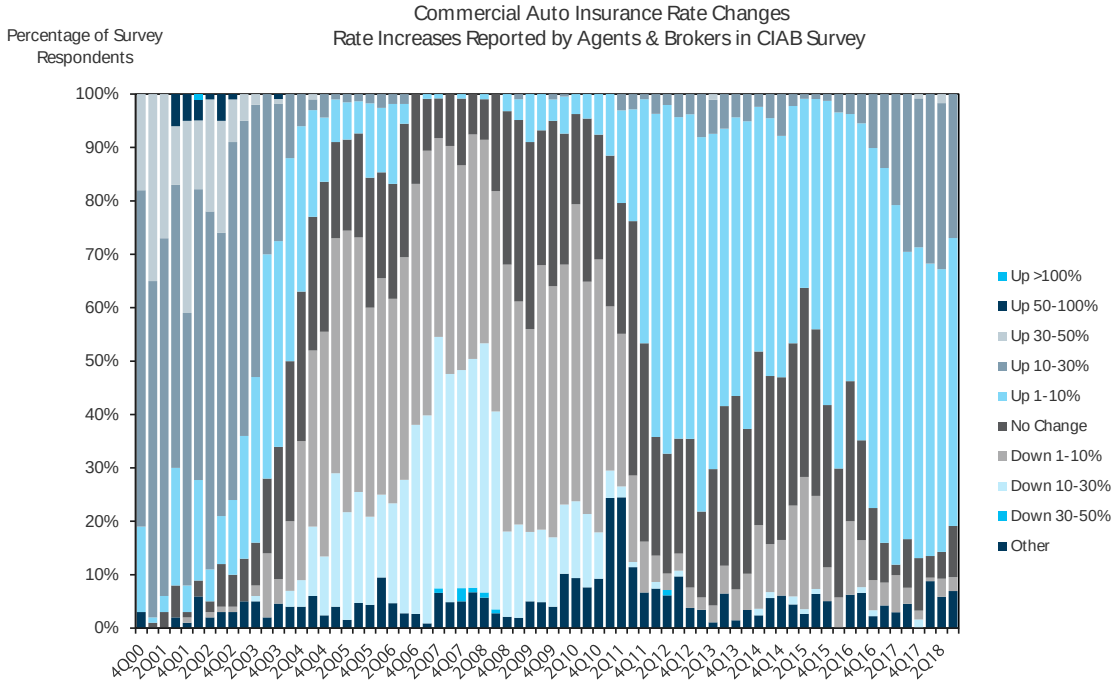
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



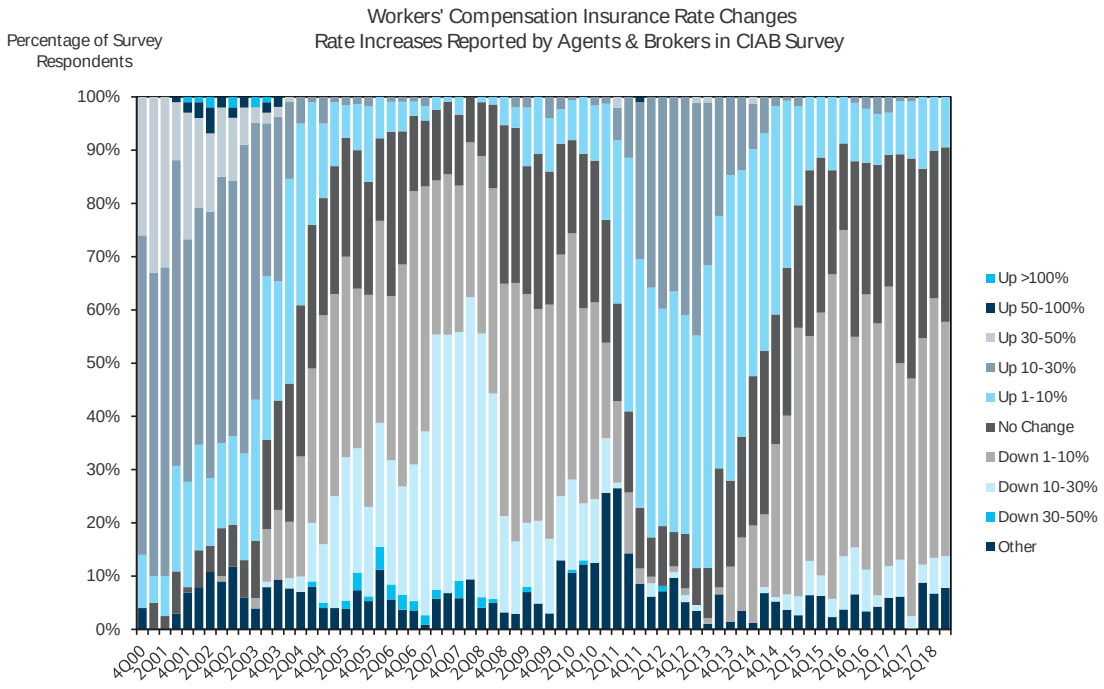
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



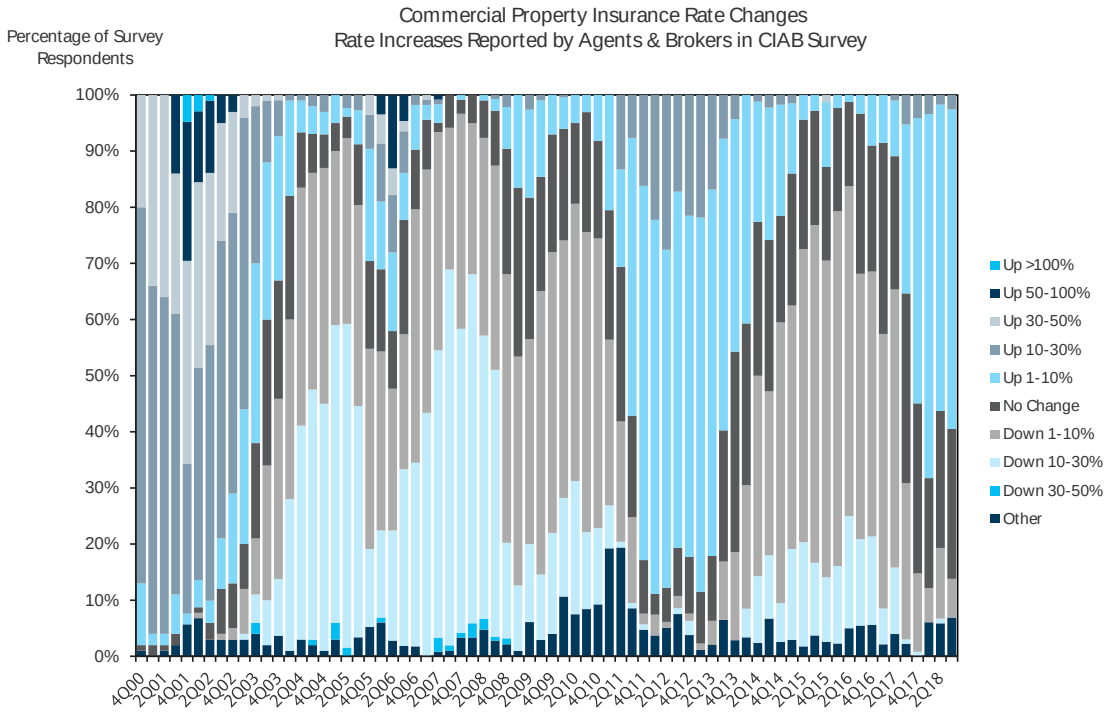
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



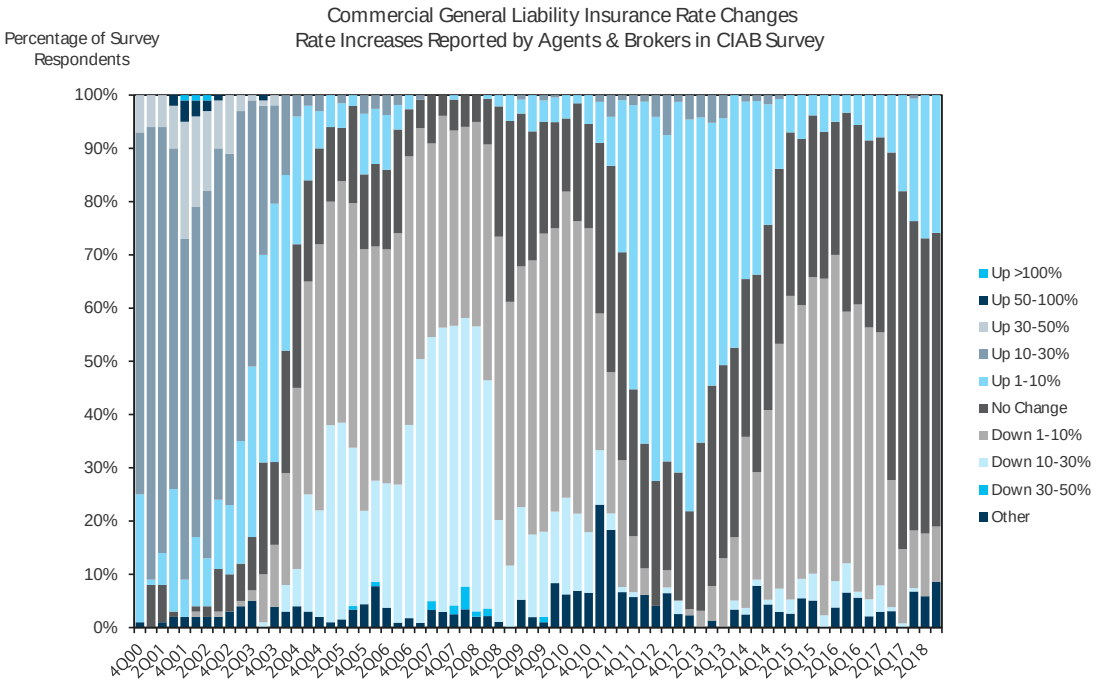
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



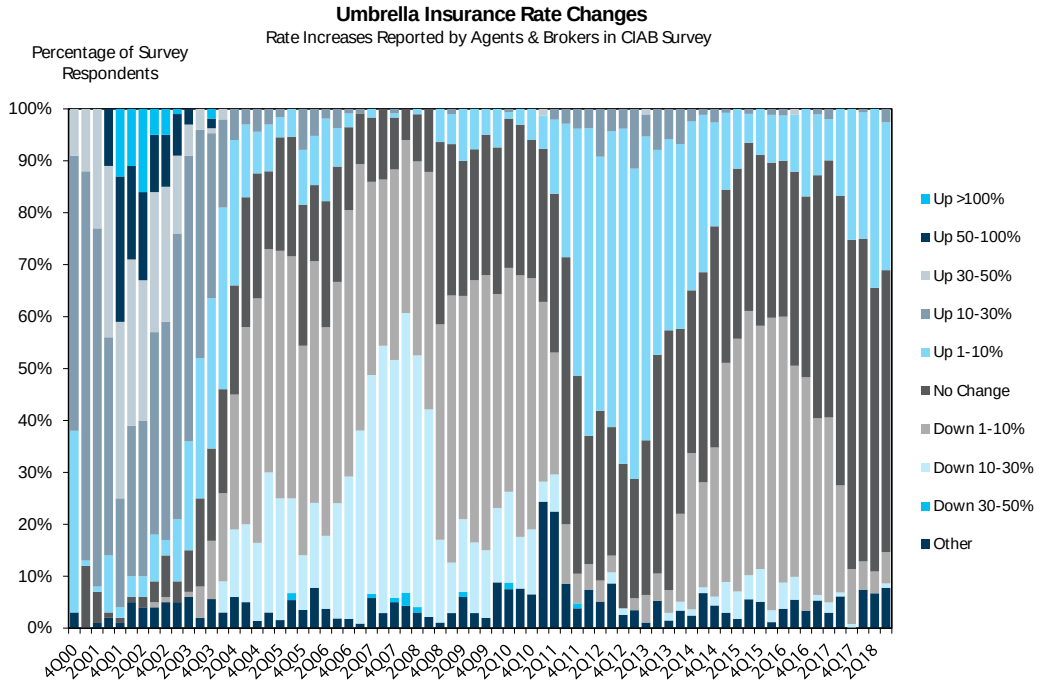
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



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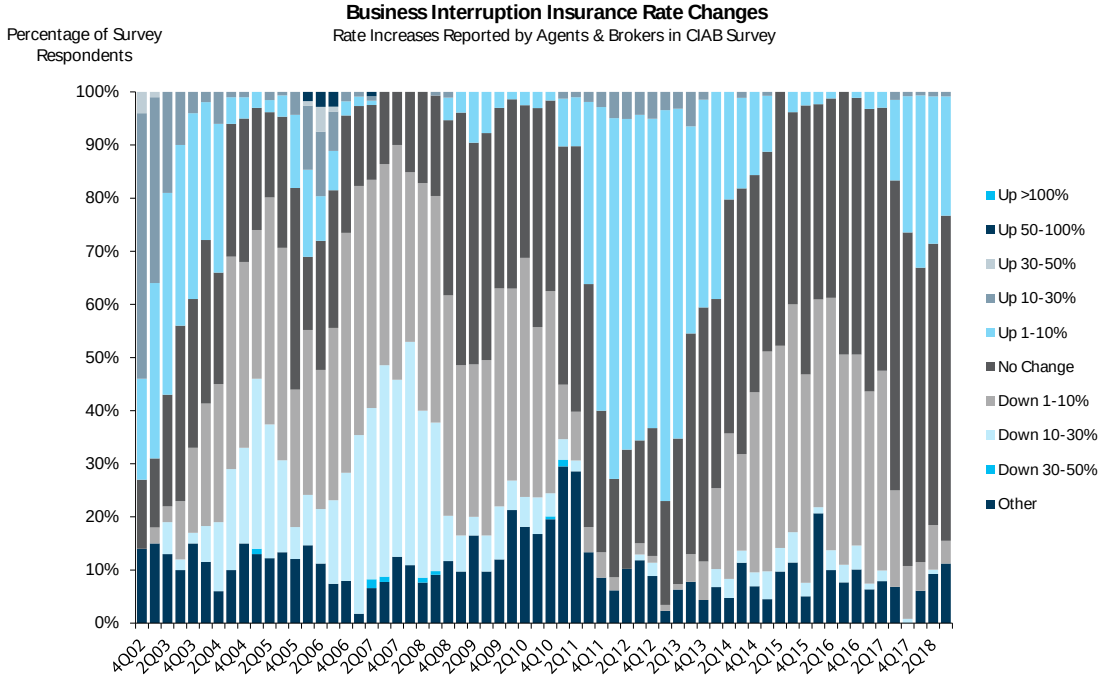
Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.



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



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

THE COUNCIL