Q1 2023 Update

EPICBROKERS.COM

EPIC®
Insurance Brokers & Consultants

Today’s Market:
Q1 2023 Update

Executive Summary

For the past four years, commercial insurance policyholders have experienced challenging market conditions in the context of uncertain economic conditions. Following the soft market of 2013-2018, commercial insurance premiums have grown globally by a compounded annual rate exceeding 8%, while the uncertainty of macro-economic and political trends exacerbate concerns, notably:

- Inflation and rising interest rates lead to challenging investment environments
- The war in Ukraine destabilizes the European economic order and supply chains
- Increasing competition between the US and China creates economic disruption and investment uncertainty
- Climate change causes strains on business resiliency and the outlook for future investments
- Continuing tight labor markets adds inflationary pressure on businesses

With that as a backdrop, the insurance industry is at an inflection point as it faces more its own challenges in 2023, specifically:

- Underlying risks are changing quickly – from Artificial Intelligence to Cyber risk and from changing International Alliances to Global Disease:
    - Weather and climate risks are accelerating
    - Inflation/interest rate risk is increasing, notably driving claims costs, value reporting and wage inflation
    - Ransom / cyber attacks continue to grow and metastasize
- Supporting capital flows – such as reinsurance and insurance linked securities – have dried up considerably
- Rates are starting to soften as capacity re-enters the P&C Market and investment yields improve

In this report, you will find observations about the markets we serve, and forecasts and recommendations of what to expect in the near term. You will find also find essential information on renewals and snapshots of markets, including Casualty, Cyber, Employee Benefits, Environmental, Professional Liability, and Property. Insurance buyers face greater volatility overall, although the insurance markets have largely stabilized in 2023 (with the significant exception of the Property / Natural Catastrophe market)

Please read through the full report for specific details.

Accountants Professional Liability

Observations

Similar to last year, insurance rates for major firms in the Accountants Professional Liability market continued to increase across the board, ranging from 3-10% for firms with good claims experience. In many cases, greater rate increases apply to the excess layers. Firms with significant growth and/or claims activity were able to mitigate rate increases by retaining more risk through a higher self-insured retention or alternative structures. Although coverage remained broad, we noted some insurers reducing and/or ventilating their overall capacity on programs. New entrants to the space have expanded the capacity available for large firms. Additionally, London and Bermuda based markets have become more competitive for large firms. On the flip side, a few insurers have left the space due to changes in management and loss experience.

Claims activity continued to challenge profitability for several insurers. The overall accountants' marketplace is considerably smaller in terms of premium volume than its related peer industries, such as law firms and consulting firms. Therefore, individual losses can have a more dramatic impact on appetite, particularly when there are multiple large losses in a 12-18 month period.

As with other industries, most accounting firms continued to see challenges retaining talent, particularly among professionals with 3-5 years of experience. The reduced numbers of accounting graduates are also impacting the industry. Most firms are focused on managing a hybrid workforce, with a strong focus on enhanced benefits, communications, training and development.

M&A transaction flow continued to increase via traditional deals as well as private equity transactions. Historically, underwriters have been concerned that pressure to achieve return on investment, as well as potential culture erosion, will impact risk management decisions including client acceptance and retention practices and/or lead to partner departures. This could influence pricing, terms and even market appetite.

Forecast

Rate increases will likely continue through 2023, albeit at lower levels than we saw in 2022. The much discussed economic uncertainty may also lead to a significant impact on pricing trends for 2023 and beyond.

Aviation

Reinsurance costs to the retail aviation underwriters have increased tremendously for 2023 and the trickle-down effect will have underwriters continuing to look for increases in all segments of the aviation market. The general aviation market and aircraft operators will see 15-25% increases for accounts with no losses and limited exposure changes and, in some cases, seeking even higher increases.

This reaction by aviation reinsurers comes on the heels of an increased loss reserve for the Boeing Max claims and the uncertainty related to the Russia/Ukraine war that continues to heavily impact the aviation insurance market. The potential scope and size of the claims for the Russia/Ukraine war is unprecedented in the history of the aviation insurance industry. This has been a constantly evolving situation and will continue to be so, with no one knowing what the ultimate outcome will be for several years. There is the potential of a **$10-$15 Billion** loss to the industry, so underwriters are currently on edge and holding firm on rate increases.

With respect to aviation hull and liability policies, inflation, runaway jury verdicts, the cost to handle/fix aircraft, along with supply chain and parts availability issues, continues to drive up the cost of claims.

We don’t expect that consistent renewal market rate trends will stabilize until well into the first quarter of 2023; therefore, we recommend that clients start the renewal process earlier than usual (90-120 days before) to allow sufficient time for a full marketing effort and to potentially lock in better rates before the market hardens further.

In addition, many carriers are reducing their capacity so accounts that used to be written 100% by one carrier are now having to be placed on a quota share basis. It takes significantly more time to put together a quota share placement and also manage it during the policy period.

Casualty

Observations

General

In Q4 2022, most major lines, other than Workers' Compensation, saw rate increases, albeit at a moderate pace. Markets continue to seek additional rates to keep pace with increasing loss costs, and terms and conditions continue to tighten. Rate increases for more challenging classes haven't bottomed out yet.

Primary casualty rate increases moderated, with a trend of insurers identifying accounts they want to retain and offering early terms to avoid being marketed. General Liability rates stabilized, while Auto Liability rate increases continued as the combined ratio for commercial auto averaged 107.4% over the last three years. Workers' Compensation remained the best-performing coverage line, with an average combined ratio of 87.4% in the previous three years.

While the Workers' Compensation market remains competitive, severity trends are facing inflationary headwinds due to the rising costs of medical care. Advances in science and medical technology result in more expensive treatment.

Umbrella /Excess capacity is stable; however, restrictions continue due to the volatility of social inflation and nuclear verdicts. Capacity remains limited in the "working" layers.

Requirements for supported umbrella placements have limited competition in the umbrella space. However, we saw more competition in excess layers, with markets generally following the pricing set by the lead umbrella layer due to increased capacity from new and existing markets.

New excess casualty entrants and increased capacity benefit insureds with comprehensive safety programs and favorable historical loss experience. In some cases, markets will seek opportunities to increase the capacity for renewal business with sufficient ventilation between limits. We have also experienced oversubscribed excess layers for the first time in several years.

January 1 reinsurance renewals resulted in plentiful capacity with reinsurers looking to diversify their portfolios away from property catastrophe lines. However, increased loss costs and moderated rate increases impacted casualty reinsurance.

Underwriting Concerns

- Quantifying Hired and Non-Owned Auto, Contingent Liability, and PFAS exposures remain a focus for underwriters.
- Sexual Misconduct Liability, PFAS, and Pandemic/Epidemic exclusions are becoming mandatory for some markets, despite a lack of exposure.
- Russia/Belarus/Ukraine exclusions are increasingly prevalent to avoid violating U.S. trade sanctions.
- Markets are more conservative on collateral requirements due to the unstable economy.

Trends

- The rate environment has become more competitive, but the marketplace is maintaining underwriting discipline, with an increased focus on building greater stability for the long term.
- Workers' Compensation markets are scrutinizing class codes more frequently.
- There is greater leveraging of data analytics to evaluate risk finance alternatives, such as captives and alternative program structures to mitigate premium increases.
- Active Assailant coverage is becoming more popular, along with identifying how to manage exposure to loss and respond to an event.

Forecast for 2023

- Firming market conditions are expected to continue into 2023 due to social inflation/nuclear verdicts, litigation funding, increasing loss costs, and economic inflation.
- Rising interest rates will help investment returns for insurance carriers; however, this gain may be offset by inflation, resulting in increasing claims costs for all casualty lines.
- As the court systems reopen after COVID, we anticipate that large settlements and judgments will continue and adversely impact loss ratios.
- Auto liability will remain challenging due to the increased cost of claims associated with inflation and supply chain issues (including the chip shortage).
- The primary admitted market will become more competitive and proactive in protecting favorable accounts. There could be a resurgence/revival of multi-year agreements.
- We anticipate further tightening of terms and conditions – PFAS, Russia, Assault & Battery, Sexual Misconduct Liability, Pandemic & Epidemic, Wildfire – expanding beyond common risks.
- Auto rates will continue to increase due to the increased cost of repairs, shortage of parts, driver shortages, and nuclear verdicts.
- Incumbent markets that have remediated their books are focused on retaining business.
- Despite Workers' Compensation performing well over the last few years, there are ongoing concerns about its future performance due to labor shortages (resulting in overworked or inexperienced workers), rising medical costs, social inflation, aging workforce, remote work, mental health, and occupational disease exposures.
- We expect continued underwriting scrutiny on individual risks, including questions about loss prevention measures, safety practices, ESG initiatives, and emerging operational risks.
- Clients should still anticipate some financial impact on their renewals. However, easing of rate increases is expected.
- Creative solutions can still be used to mitigate and reduce the financial burden by leveraging data analytics to evaluate risk finance alternatives. Options include increased retentions, deductible step-downs, corridor options, quota-share layers, multi-year agreements, increased use of captives, and reductions in limits purchased (considering the purchase of inexpensive capacity during the soft market).

Recommendations

- Beginning the renewal process early and maintaining constant communication with underwriters is imperative.
- Approach incumbents well before the renewal to set expectations and determine what additional underwriting information will be required.

- Engage London, Bermuda, and wholesale markets early for challenging risks.
- Providing thorough, accurate, and detailed submissions increase the chances of getting your submission to the top of the stack.
- Supplement loss and exposure data with health and safety materials. Include a description of safety practices and philosophy.
- Engage all organizational stakeholders throughout the renewal process to manage expectations appropriately, communicate difficult market conditions, allow for necessary adjustments to insurance budgets, and avoid the backlash of last-minute surprises.
- Underwriter meetings/presentations are increasingly crucial in differentiating insureds from one another. Including the carriers' senior leadership in these discussions will help solidify relationships and expedite decision-making.
- Identify the most significant concerns about your risk and tailor the presentation to address those concerns head-on. Get in front of explaining any prior poor loss experience and demonstrate the loss prevention/mitigation efforts implemented as a result.
- Leverage other lines of business with your markets to help mitigate rate increases.
- Proactively cultivate relationships with alternative markets; don't wait until a problem arises. Holding midterm meetings with new markets may improve engagement and renewal results.
- Carriers have emphasized re-engaging in in-person health, and safety risk control visits as COVID restrictions relaxed nationwide. Take advantage of loss control services provided by your carriers and implement safety recommendations.

Cyber & Technology

State of the Market

The commercial cyber insurance market began to stabilize in late 2022, after a hard market cycle spanning from 2020-2022, and has maintained that level of stabilization throughout the first quarter of 2023. Although some accounts are seeing premium increases, flat renewals are appearing as well. In the first quarter of 2023 rate increases on domestic primary layers have been in the range of 0-10%; depending on company size, risk profile, the strength of security controls, loss history, and industry vertical.

Capacity and competition in the commercial cyber insurance market are strong. Carriers are offering $10 million limits on primary layers again and competition on excess layers is keeping pricing on large towers reasonable. Enhanced, highly technical underwriting persists. In fact, underwriting questions are growing even more comprehensive and technical in nature than we have seen in recent years. We do not anticipate this will change any time soon. In addition to strong network security controls, underwriters are focused on overall incident response preparedness and resiliency. Underwriters want to know how prepared the organization is for the inevitable cyber incident and how quickly and efficiently they can recover.

Legal & Regulatory Developments

The domestic privacy regulatory environment continues to accelerate and intensify. Five broad-based U.S. State privacy laws have become or will be ready for enforcement in 2023: California (CPRA), Virginia, Connecticut, Utah, and Colorado. And, eight U.S. States have introduced comprehensive privacy bills: Indiana, Kentucky, Mississippi, New York, Oklahoma, Oregon, and Tennessee.

Regulators appear to be focusing on three general areas: (1) privacy rights in connection with reproductive health rights, (2) regulating privacy of children's data, and (3) biometric privacy.

In response to the U.S. Supreme Court decision in June 2022, in Dobbs v. Jackson Women's Health, which overturned Roe v. Wade, several State and Federal bills have been introduced or enacted providing specific statutory protections related to reproductive health rights, including privacy protections.

In September 2022, California passed the California Age-Appropriate Design Code (CAADC), a landmark piece of legislation designed to improve online privacy protections for children under the age of 18. The CAADC will take effect in July 2024.

The growing collection and use of biometric information has led several U.S. States to introduce or re-introduce biometric-specific privacy regulation, patterned after the well-known Illinois Biometric Information Privacy Act (BIPA). In early 2023, legislators in California, Kentucky, Maine, Maryland, Massachusetts, Missouri, and New York have pushed biometric-specific privacy legislation. It is expected more states will follow.

To further complicate things on the biometric privacy front, on February 2, 2023, the Illinois Supreme Court held that all BIPA claims are subject to a five-year statute of limitations (Tims v. Black Horse Motor Carriers, Inc.). This decision significantly expands potential legal liability for businesses collecting biometric information that are subject to the law. Shortly thereafter, about two weeks later, on February 17, 2023, the Illinois Supreme Court held that a separate claim accrues under BIPA each time an entity scans or transmits an individual's biometric information (Cothron v. White Castle System, Inc.). These two cases will likely lead to even more BIPA-related claims in the next 12-24 months.

Emerging Risks & Trouble Spots

The decrease in frequency and severity of ransomware attacks in recent months is due, in part, to conflict in Ukraine coupled with significant instability in cryptocurrency markets which has impacted the profitability of such attacks. Conversely, Social Engineering Fraud (SEF) and Invoice Manipulation Fraud have become more frequent.

There has been a rise in Meta Pixel litigation, particularly against healthcare organizations. At least 47 proposed class actions were filed since February 2022 claiming Meta's tracking tool sent the plaintiff's personal data to Facebook without their consent. Underwriters are taking notice and coverage restrictions are beginning to appear.

Cybersecurity experts warn that ChatGPT and similar AI models could lead to increasingly sophisticated online influence operations and lower the bar for hackers to write malicious code to target existing or newly discovered vulnerabilities.

Another emerging issue involves the popular social media platform TikTok. Currently, many U.S. State and Federal agencies as well as universities and private businesses have imposed or are considering imposing complete or partial bans on TikTok. There is a concern that, TikTok, owned by Chinese company ByteDance, could share the data it collects on its one hundred million U.S. users with the Chinese Government. The U.S. is not alone in its concerns. The European Union's executive branch recently ordered its staff to delete TikTok from official mobile phones and work devices and Canadian privacy authorities have launched an investigation into TikTok's collection of user data.

In addition, Third-Party/Supply Chain Risk continues to present challenges and substantial disruption in multiple industry verticals. This has led to an increase in regulatory actions and third-party litigation connected to breach events and other violation of broad privacy regulations.

Employee Benefits

Observations

The market for Healthcare is settling into pre-pandemic patterns. General inflation spiked in mid-2022 and is now decreasing. Healthcare costs are still tracking in the 5% to 7% range, consistent with pre-pandemic levels. The entities which bear risk, including self-insured employers and insurance carriers, are watching emerging large claim activity closely as variability of costs are dependent upon large ticket expenditures for treatment of cancer, kidney-related and musculoskeletal conditions. The emerging pipeline for cell and gene drugs with seven figure price tags is robust and strategies for managing these costs are emerging. Although lessening as a concern, pandemic resurgence is potentially worrisome.

There is a great deal of disruption in the marketplace as non-traditional players are beginning to impact major insurers. The BUCAs (Blue Cross, United, Cigna and Aetna) have all entered the pharmacy marketplace and revenue from pharmacy has provided revenue growth in a tightening marketplace for pure insurance profits. This has led to diversifying into other revenue categories including direct ownership of providers. UnitedHealthcare led the pack with a focus on alternative revenue sources with its Optum subsidiary. Now Cigna is becoming reliant upon Evernorth Health Services to augment profit from traditional health insurance. Anthem, in its most recent quarterly report has joined this trend discussing revenue flows from its affiliate, Carelon Health Services. Aetna has taken this even further, becoming a subsidiary of CVS which owns the Caremark PBM, CVS Health Hubs and Minute Clinics, and other health services.

Governments are stepping in with their own initiatives to address affordability by mandating transparency in hospital and PBM price disclosures. Increasingly more effective tools to put this transparency to work for consumers will surely exert pressure on profitability margins. Condition-specific point solutions are also being introduced to find more effective ways to tame costs. And employers, seeking to reduce costs, are opting for alternative programs including self-insurance, captive programs and PEOs (Professional Employer Organizations).

Surveys indicate long term healthcare cost trends at 7%; however, we expect this to moderate to around 5%. Stop loss premiums, affected by mega-claim incidence is expected to increase at 20%. Dental costs remain steady at a 5% trend rate.

Another area of concern to employers is the cost of absence management, as states introduce new programs mandating paid family leave and other sick-leave regulations and as workplaces continue to address new work-life balance issues with post-pandemic work condition sensitivity evolving in favor of more leniency.

Environmental

Observations

The Environmental/Pollution market began experiencing a hardening trend in early to mid-2019 that peaked in 2022 and continues in 2023. Beginning in 2022, there were signs of possible market stabilization (and decelerating increases), but market trends are mixed in early 2023. Rate increases and underwriting adjustments that have been experienced generally did not reach the severity experienced in the traditional Property & Casualty/Excess markets, and some insureds with multi-year policies benefited by not having a renewal during the peak of the rate increases.

Insurers continued to struggle with risk selection and overall profitability specific to their site-pollution books of business, and this has had a persistent effect on insurers' risk appetites.

Contributing factors to the original market hardening and ongoing market impacts include too many prior years of soft-market pricing (inadequate premiums); dilution of underwriting talent; several years of heightened claims activity; and adverse selection. The overall market struggled to attract and retain talent, which has profoundly impacted underwriting consistency.

Rate increases of 5-10% or more for site-pollution renewals have become more regular since the second quarter of 2020, particularly for large and complex risks. Risks with adverse loss experience or less-popular classes of business were increasingly subject to substantial re-underwriting (up to and including non-renewal) at policy renewal/expiration dates. Most recently in 2023, flat rate renewals have become achievable for some insureds once again.

Along with rate increases, several carriers continued to avoid certain risks or classes of risks, which contrasts with the early years of the market where underwriters were encouraged to explore creative ways to underwrite around a difficult risk. Mold/habitational, heavy industrial/chemical, and redevelopment risks were avoided by many insurers in the current market.

Another trend from the market hardening that has persisted is capacity reduction/limitation of exposure to less than maximum available limits. While most insurers have up to $25M capacity, there was a preference from the insurers to limit exposure to $10M or $15M on primary coverage. This behavior has impacted a minority of insureds with larger portfolios or complex risks, with $10M limits remaining adequate capacity for most placements. In addition, unlike the casualty market, there has not been a trend of insurers forcing insureds to take increased retentions.

Zurich's exit from the site-pollution (and secured creditor) in January 2021 was the second major environmental insurer in a five-year period to exit site-pollution business, following AIG in February 2016. With 3-year policy terms being common for environmental policies, most Zurich renewals have now been moved to other insurers.

The fact that two of the more tenured environmental insurers could not sustain their site-pollution business models is noteworthy. The exit of these two insurers also greatly reduced market options for global placements, as newer market entrants thus far have much more limited global placement and claims handling capabilities. As a result, options for a one-insurer global coverage solution remain very limited.

In addition to observing major competitors exit site-pollution business, large losses from per- and polyfluoroalkyl substances (PFAS) and frequent mold claims continue to be cited by the site-pollution market at large, adding some credibility to the reduced underwriting appetites and reduced aggressiveness. PFAS exclusions as a default underwriting position are now common on risks having any exposure whatsoever.

Blended General Liability-Pollution products, including companion Excess/Umbrella, have been experiencing rate increases and underwriting scrutiny similar to the standard General Liability and Excess/Umbrella marketplace. These products continued to focus on providing blended policy solutions primarily focused on select middle-market industries with low to moderate site-pollution exposures with small to medium-sized deductibles (e.g., manufacturing, distribution, and environmental consulting to name a few). The maximum available excess capacity for many of these insurers is $25M.

Finally, Contractor's Pollution Liability (CPL) remained competitive and has continued to be profitable for insurers that have shared results, with renewals showing only minor rate increases, if any. The number of insurers and overall capacity for CPL, whether written on a project-specific or all-services basis, remained robust; however, there can be meaningful differences amongst the insurers' coverage language, especially when blended with professional liability coverage.

Impact of the Pandemic

The marketplace now excludes infectious/communicable disease risks and/or only offer small supplemental sub-limits for disinfection costs as a default position, with little opportunity for negotiation.

Forecast & Recommendations

Since the market began to harden, underwriting discipline has been and continues to be more important to most insurers than expanding their market share, though a new Lloyd's market entering the US market in late-2022 could begin to increase competition.

It is critical for insureds to help their broker engage the renewal process early, allowing additional time to negotiate, or revise the marketing strategy where incumbent renewal terms received are deemed unworkable.

While there have not been substantial changes in environmental coverage products that are available in the marketplace, underwriters may request more information than in prior renewals, and underwriting authority referrals should be expected to be more difficult and time-consuming for field underwriters. Insureds that are unwilling to respond to information requests and/or underwriting questions in a timely manner are seeing coverage declinations, or proposals with relatively more limitations in coverage offered.

Specific to PFAS, those insureds that can document their avoidance and management of PFAS exposure (ahead of their peers) have a much better chance of obtaining or maintaining this coverage in the current marketplace, though this is becoming increasingly non-negotiable. Insureds should anticipate possible PFAS exclusions on their upcoming renewal quotes and prepare accordingly.

Line of Business	Rate Change
Environmental	
No Losses and Low or Medium Risk Industry (e.g., class-A Office; warehouse risks); most comprehensive personal liability (CPL) business	+0% to +8%
Moderate Risk Class or Complex Risk (e.g., mold/habitational; large portfolios; tougher CPL risks, combined GL-pollution forms)	+3% to +20%
Any risk with adverse loss experience (frequency or severity) and/or High-Risk Classes (e.g., heavy industrial; chemicals/fuels; rail exposures; per- and polyfluoroalkyl substances (PFAS) or other emerging risk exposure)	+15% to +40%

Executive Risk

Public and Private Company Directors & Officers Liability (D&O)

State of the Market

Most D&O programs are now renewing with decreases after the hard market cycle of 2018 – 2021. Capital markets activity slowed significantly in 2022 due to macroeconomic and geopolitical conditions, reducing new business opportunities for D&O insurers (i.e., IPOs and deSPACs). New capacity has entered the marketplace with aggressive growth targets and is driving premium decreases, while legacy carriers remain more conservative given the maturity of their books. In the first quarter of 2023, we have seen rate decreases on public company D&O in the range of 5-15% and rate decreases on private company D&O in the range of 0-10% on most accounts, depending on current pricing, year-over-year pricing levels, and various other risk characteristics. Companies with a strong balance sheet and those within certain industry classes are experiencing greater premium savings. In addition to rate decreases, there is downward pressure on retentions. As competition for primary layers is increasing, programs that had sizable 2022 corrections will likely see savings and greater stability throughout 2023.

Legal & Regulatory Developments

Securities class actions (SCAs) have trended back to historical levels after the high-water mark of 2017-2019. The decline is partly driven by reduced merger objection litigation activity in federal court. The October 2022 criminal conviction of ex-Uber CISO for a data breach cover-up continues to boost focus on D&O coverage for CISOs and other Information Security personnel.

In January 2023, in a first-of-its-kind decision, a Delaware Court held in the *In re McDonald's Corporation Stockholder Derivative Litigation*, that corporate *officers* owe a fiduciary duty of oversight to their company, in the same way that corporate board members do, as was articulated in the 1996 decision *In re Caremark International Inc.* The *In re McDonald*s decision, is a case to watch closely as it appears to be signaling an expansion in the corporate duty of oversight. Antitrust enforcement and litigation continue to be a high-exposure area that drives concern for carriers in the private company D&O marketplace. Insurers are increasingly seeking to reduce or eliminate the exposure posed by antitrust claims with high retentions, co-insurance, or specific exclusions. For example, insurers in the space are increasingly adding majority shareholder exclusions. Insurers are responding similarly to an increase in class action claims involving allegations of unfair trade practices as well as employment-related class actions.

Emerging Risks & Trouble Spots

D&O insurers are concerned about economic and geopolitical instability, supply chain risk, cybercrime, and environmental concerns. Corporate governance is changing significantly, and the risk environment is unpredictable.

Some specific areas of concern for D&O underwriters include:

- Russia/Ukraine exposure and mitigation efforts;
- Diversity, equity and inclusion programs at both board and employee level;

- Board oversight of cyber-security and privacy;
- Evolution and escalation of cybercrime and the privacy regulatory landscape;
- ESG (Environmental, Social and Governance); more specifically, there are concerns about "greenwashing" combined with uncertainty around the SEC's proposed enhanced disclosure requirements, resulting in an increasing trend of "greenhushing";
- Life Sciences, fintech/cryptocurrency, cannabis and SPAC/deSPACs; and,
- Fallout associated with the FTX collapse, is generating additional underwriting scrutiny around cryptocurrency.

Crime

State of the Market

The commercial crime market is stabilizing after the firmer market last year which was due largely to the pandemic, the remote work environment, and a related increase in cybercrime. Premium increases in the first quarter of 2023 have been in the range of 3-5% depending on the risk profile of the company. Organizations that have experienced significant or frequent losses should expect a more significant premium increase. Generally speaking, the market is stable for organizations with traditional, non-complex risk profiles. Market conditions and capacity for complex risks and risks with exposure to cryptocurrency and Non-Fungible Tokens (NFT's) is more challenging.

Legal & Regulatory Developments

One of the most challenging developments in the commercial crime market is the increase in claims of Social Engineering Fraud and Invoice Manipulation Fraud/Vendor-Client Fraud. The exposure has been growing in the last 9-12 months. Courts continue to grapple with the interplay between computer fraud coverage, sitting within a commercial crime policy, and computer hacking-related coverage that exists in a commercial cyber policy. In addition, courts have differing views on what constitutes a direct loss in terms of social engineering fraud schemes. Exclusionary language for social engineering fraud has been added by the fidelity and crime market in response. In late 2022, the FTC proposed a rule to fight government and business impersonation scams. Under the proposed rule, impersonation scams would violate the FTC Act, as do those who provide impersonators with the means to harm consumers. The proposed rule would allow the FTC to recover money from, or seek civil penalties against, scammers who harm consumers in violation of the rule.

Emerging Risks & Trouble Spots

Fraud has been on the rise, in part, due to remote/hybrid working continuing for many organizations as we emerge out of the pandemic. Given that employee theft schemes often take between two to three years to be discovered, schemes that began during the pandemic could start to be uncovered in 2023 and 2024. Economic uncertainty and instability could have an impact on the frequency and severity of claims against commercial crime policies. High inflation and the threat of recession means the market is likely to see an increase in various types of Occupational Fraud, specifically Employee Theft. Another area of concern is the evolving risks associated with digital assets (specifically, cryptocurrency and NFTs) and the impact of FTX collapse. In addition, underwriters are generally concerned about the impact of cybercrime and potential for overlapping coverage between commercial crime and cyber policies. Finally, Artificial Intelligence and Machine Learning (specifically deepfake audio/video) is an emerging exposure that could enhance the risk associated with social engineering/invoice manipulation fraud, and wire transfer fraud, all of which could have a substantial impact on the commercial crime insurance market.

Fiduciary

State of the Market

In 2021, after 15 years+ of soft market conditions, the fiduciary market plunged into a hard market, due to a significant increase in excessive fee litigation and other claim activity. Insurers continue to demand higher premiums given negative claim development and anticipated future losses. Premium increases for the first quarter of 2023 have been in the range of 15% to 40% for small and mid-size risks and 50%+ for larger organizations. In addition to increasing rates, underwriters are reevaluating:

- Capacity: Most carriers are only offering between $2.5-$5M in primary limits. There is very little competition for primary layers;
- Retentions: Underwriters are seeking higher retentions and, in many cases, higher retentions specific to excessive fee claims and/or class actions; and,
- Coverage and Appetite: Carriers are looking closely at industry vertical and plan size. Underwriters are trying to contain exposure by adding excessive fee exclusions and/or eroding co-insurance on excessive fee claims.

Legal & Regulatory Developments

On January 24, 2022, the U.S. Supreme Court ruled in *Hughes v. Northwestern University* that an ERISA fiduciary that offers some prudent investment options in a retirement plan is not thereby categorically protected against a claim that other options are imprudent. Since then, plaintiffs have continued to bring lawsuits regarding ERISA-governed retirement plans, which will likely continue to be a hot area for litigation in 2023 and beyond. Settlement values continue to be high. In 2022, there were 24 settlements totaling more than $160 million. In addition, lawsuits continue to be brought against sponsors and fiduciaries of smaller plans. Twenty-eight suits (approximately one-third of the total suits in 2022) were filed against plans with under $1B in assets.

In February 2022, Fidelity, the largest retirement plan provider in the U.S., announced that it would give participants in employer-sponsored 401(k) plans options to invest in Bitcoin. Shortly thereafter, in March 2022, the U.S. Department of Labor (DOL) issued a warning to 401(k) plan fiduciaries to “exercise extreme care” before considering adding cryptocurrencies to a retirement plan’s investment options. The subsequent collapse of FTX could lead to increase regulatory and underwriting attention.

Emerging Risks & Trouble Spots

The reach of excessive fee litigation continues to expand with organizations and plans of all sizes at risk. Approximately one-third of new cases are directed at plans with assets of less than $1B.

Excessive fee cases are very expensive to defend and settle. Defense costs are much higher due to the need for special ERISA counsel. Average cost to defend through motion to dismiss alone is often in excess of $1M, and defense cost through settlement or trial could be as much as $10M, or more.

Cyber theft of plan data or assets is a growing area of concern and presents an area of potential overlapping insurance coverage between a fiduciary liability policy and a commercial cyber insurance policy.

As noted previously, the addition of Bitcoin as a 401(k)-plan investment option in February 2022 is causing more underwriting scrutiny. This decision adds to an already long list of concerns for benefit plans and their fiduciary/administrators and raises a variety of questions regarding suitability of cryptocurrency. Further, the FTX Collapse in November 2022, caused various U.S. Senators to send a letter to Fidelity Investments, warning against offering Bitcoin to its customers.

Employment Practice Liability (EPL)

State of the Market

In the first quarter of 2023, employment practice liability rate increases have been in the range of 10-15% due to existing and expected litigation in a variety of areas such as pay equity, discrimination, and sexual harassment.

Companies in California and New York will likely see higher increases, as will companies that are experiencing or expect significant growth. Insurers continue to reduce limits and increase retentions depending on company size, locations, and industry vertical.

The markets have not significantly changed coverage in the past 12 months; however, the following coverage limitations continue to be added on a routine basis: Privacy and Biometric Exclusions (BIPA); Mass Class Action retentions; and separate retentions for high-wage earners.

Legal & Regulatory Developments

In March 2022, President Biden signed into law the “Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act.” The Act provides that no pre-dispute arbitration agreement is valid or enforceable with respect to a case that is filed under Federal, Tribal, or State law if it relates to a sexual assault or harassment dispute. This could have a significant impact on the frequency and severity of employment claims in the next 12-24 months.

Pay transparency and equity might be the hottest topics in employment law right now. New York State’s pay transparency bill was signed into law with an effective date of September 17, 2023, and other similar state laws coming to effect in 2023 include: California, Washington, and Rhode Island. Numerous other states have similar pending legislation.

Finally, in January 2023, the Federal Trade Commission (FTC) proposed a rule to ban non-compete agreements in employment contracts which has led to some insurers adding related exclusionary endorsements.

Emerging Risks & Trouble Spots

Most challenged sectors continue to include those directly impacted by the pandemic: healthcare, hospitality, retail, staffing firms, etc. The trend toward State legalization of marijuana, in direct conflict with Federal law, continues to be an area of concern for EPL underwriters.

Diversity, Inclusion and Equity is an area of potential risk for employers and, accordingly, an area of focus for EPL underwriters. Additionally, ESG (Environmental, Social and Governance) discussions continue to increase and present potential risk.

The full impact of the June 2022 U.S. Supreme Court decision in Dobbs v. Jackson is uncertain but should not be underestimated. The related legal landscape is rapidly evolving. EPL underwriters are still evaluating how to best evaluate and address this risk.

A few of the EEOC’s expected subject matter priorities for 2023-2027 include:

- **Protecting Vulnerable Workers from Discrimination:** The Commission will focus on harassment, retaliation, job segregation, labor trafficking, discriminatory pay, disparate working conditions, and other policies and practices that impact vulnerable workers from underserved communities. For example: immigrant and migrant workers, people with developmental or intellectual disabilities, individuals with arrest or conviction records, LGBTQI+ individuals, temporary workers, and older workers.

- **Emerging and Developing Issues:** The Commission will prioritize issues that may be emerging or developing, including issues that involve new or developing legal concepts or topics that are difficult or complex. For example, protecting individuals affected by pregnancy, childbirth, and related medical conditions under the Pregnancy Discrimination Act (PDA) as well as pregnancy-related disabilities under the Americans with Disabilities Act (ADA) and enforcing the provisions of the newly enacted Pregnant Workers Fairness Act. The Agency will also be looking to address discrimination influenced by or arising in response to local, national, or global events.

- **Technology-Related Employment Discrimination:** Employment decisions, practices, or policies in which organizations use of technology contributes to discrimination based on a protected characteristic. For example, the use of software that incorporates algorithmic decision-making or machine learning, including artificial intelligence, use of automated recruitment, selection, or production and performance management tools.

- **Advancing Equal Pay for All Workers:** The Commission will focus on combating pay discrimination on the basis of sex under the Equal Pay Act and Title VII, and on other protected bases covered by federal anti-discrimination laws, including race, national origin, disability, and age. The Commission will also focus on employer practices that may impede equal pay or contribute to pay disparities.

- **Preventing Systemic Harassment:** The Commission will focus on combating systemic harassment in all forms and on all bases—including sexual harassment and harassment based on race, disability, age, national origin, religion, color, sex (including pregnancy, gender identity, and sexual orientation).
- **Preserving Access to the Legal System:** The Commission will focus on policies and practices that limit substantive rights, discourage or prohibit individuals from exercising their rights under employment discrimination statutes. For example: overly broad waivers, releases, non-disclosure agreements, or non-disparagement agreements, as well as unlawful, unenforceable, or otherwise improper mandatory arbitration provisions.

Financial Institutions Professional Liability

Observations

The almost immediate collapse of Silicon Valley Bank and Signature Bank in mid-March has caused jitters in the banking and investment community to levels not seen since the 2008 credit crisis. Prior to these events unfolding, we saw a continued softening of the Financial Institution Professional Liability market with primary rates holding relatively flat to moderate increases while excess rates continued to drop to levels not seen since pre-Covid. The result is that clients that purchased multi-layered programs saw overall decreases in the 7% to 15% range Q1 of 2023. Although insurers seem aligned with client's taking higher retentions, there were no material changes to coverage.

Forecast & Recommendations

Although the long-term effects of the current banking crisis is yet to be seen from an insurance standpoint, the short term affects seem to be isolated to those institutions that are directly affected. Regional banks are seeing greater scrutiny to the number of deposits in excess of $250,000, the valuation of their securities portfolio held to maturity and any lending to the private equity portfolio companies. Where there is a perceived risk, directors' & officers' liability renewals for regional banks can expect to see significant premium increases, potential non-renewals, reduction in coverage and capacity with some tag along effects on the related lines.

That said, it is well known that the abundance of excess capacity is what has been driving rates downward. The new trend in Q1 of 2023 is that there are more insurers willing to quote "primary" on deals that struggled to see primary competition the past four years. We expect this trend to continue, which will lead to more primary reductions with excess rates following suit.

As such, consideration should be given to selectively marketing primary placements especially if such an exercise has not been done in the past 24 to 36 months. However, continuity and long-term relationships with carriers are always prudent and primary consideration should be given only to insurers whose management and claims departments have proven track records.

Lawyers Professional Liability (LPL)

Observations

In 2022, the Lawyers Professional Liability (LPL) market showed signs of stabilization and improvement, a trend which has continued for renewals in early 2023. New entrants to the LPL marketplace have provided the additional capacity needed to create competition and temper the rate ambitions of incumbent insurers.

Looking back over 2022, rate mandates continued to lessen. In the large law firm segment (200 lawyers or more), rate increases shifted from double-digit increases to more moderate positions and single digits requirements in the 2.5% to 7.5% range. In the excess market, there continued to be a conservative deployment of capital and incumbent excess insurers continued to push for rate increases matching the primary layer.

In the mid-size law firm segment (50 to 199 lawyers), more insurers were willing to compete for business, which led to a significant improvement in the rate requirement, with flat to 5% increases being the norm. In the excess market, incumbent insurers were more willing to accept lower rate increases than the primary in recognition of the abundant capacity in this space. Newer entrants into the LPL marketplace continued to offer competitive alternative primary and excess options for the mid-size law firm segment at rates below expiring.

There has been an increased focus from the underwriting community on deductible and self-insured retention adequacy, particularly with defense costs for malpractice claims increasing exponentially over the past 10 years. Firms with adverse claims experience, or those which have grown substantially, will continue to see pressure to increase deductibles and self-insured retentions in 2023.

Underwriting Concerns

- Certain areas of practice remain ‘high risk’ with above average claim frequency and/or severity, including Trusts & Estates, Entertainment, Commercial Real Estate, Plaintiff Law, Family Law, Patent Prosecution and high value Transactional Work.
- While Underwriters admit that they have not seen many claims directly attributable to the COVID pandemic, there is a growing concern about the lack of supervision, poor mentorship and less rigorous training of associates that could lead to claims down the road.
- The increase of severe claims is a concern. According to various insurers, in 2022, there were at least seven claims of over $50,000,000 that were paid by the marketplace. The rising cost of malpractice claims is a concern for the overall LPL marketplace.
- What possible impact a recession may have on claim frequency against law firms. According to one lead LPL Underwriter, historically, they have seen a 20%+ increase in claim frequency during recessions.
- Common mistakes have caused severe claims. Bad advice, errors in preparation, drafting errors, failure to adequately communicate, missed deadlines and issues with law firm’s ‘dabbling’ in areas where they lack sufficient knowledge of the law have been drivers of claims in recent years.
- The increased risk from bringing on lateral hires, as many insurers have advised they have seen an uptick in claim frequency from lateral hires at law firms.

Forecast & Recommendations

While the overall LPL marketplace has become more consistent in 2023 and rate increases have lessened, firms still need to appropriately focus on their renewals by starting the process early and providing a detailed submission to the marketplace. As part of the presentation to Underwriters, we encourage firms to address the various underwriting concerns noted above directly in the submission to the marketplace.

Marine Cargo Market

Facilities and Cover-holders have decreased dramatically in the last few years as the market has had a sustained hardening. Capacity has withdrawn in both North America and in London. In London Numerous Syndicates have withdrawn from writing cargo and throughput business going forward. The American market performed better but there was a pull-back in capacity in both markets. Over the last 24 months, there has been a hardening in the cargo insurance market. Rates were consistently increasing, in many cases, by over 20% and carriers pushing for more restrictive terms and conditions. In the US, various markets ceased writing cargo and acquisitions resulted in diminished capacity available.

There have been various losses affecting the cargo market. Some of these were windstorm losses, misappropriation losses, fire, wildfires in California and containers lost overboard. After striking Cuba as a Cat 3, Hurricane Ian strengthened and made US landfall near Fort Myers, southwestern Florida as a Cat 4 with maximum sustained winds of 155mph. In addition to wind damage, storm surge and freshwater flooding was substantial. Additionally, numerous vessels have lost substantial amounts of containers overboard in rough weather some of these have been The MV One Apus, The MV Maersk Essen, and The MV Maersk Eindhoven. It is estimate that almost 1,400 containers are lost at sea on an annual basis. As the size of container ships continue to increase, the aggregation of values at any one place does as well. Markets are beginning to look at attempting to manage their aggregations not only in static (Warehouse) locations, but while in transit as well.

Following the windstorm losses, underwriters have tried to limit the aggregate that a policy can pay out for a single tornado strike, either by imposing limits on how many locations they will pay out for after a single weather event or by reducing overall limits. This is leading to more quota share policies, as well as potential increases in Catastrophic retentions. The reduced capacity pushed premiums up. It has become challenging to complete some placements, as underwriters cut back on line sizes and in some cases, policyholders are being forced to take on higher retentions and co-insurances, or are opting to purchase lower limits.

What to expect in 2023

- Markets will continue to look to exclude shipments to/from or within Russia, Ukraine and the Baltic Sea
- Markets will continue to look to exclude Cyber Coverage and Communicable Disease
- Some Markets are looking to justify inflation premium increases
- We anticipate CAT exposed throughput risks to see significant rate increases and higher retentions and/or reductions in limits
- Cargo Markets will be seeking to include "The Five Powers Clause"
- "This Contract excludes loss damage liability or expense arising from the outbreak of war (whether there be a declaration of war or not) between any of the following: United Kingdom, United States of America, France, the Russian Federation, the People's Republic of China."

Marine Liability Market

- **Most insurers are in a stronger position this year having taken the rate corrections these few past years. However...**
    - Fire, collision and sinking, and damaged cargo are the top causes of marine insurance losses by value, according to Allianz Global Corporate & Specialty's analysis of more than 240,000 claims worth $9.8bn in value
    - Significant increase in inflation, interest rates and other cost factors hitting unprecedented amounts -- e.g. soaring cost of steel, other parts & materials, and rising labor costs are impacting hull repair and machinery breakdown claims.
    - Other increased cost factors include fuel, shipping, medical costs, construction costs, etc., as well as rising nuclear verdicts amounts.
    - Supply chain issues continue to impact claims, as does climate change through extreme weather events and new exposures linked to the net-zero transition.
- **These factors have placed most insurers in a position to require rate increases as the norm – albeit rate increases are more moderate than years past, as illustrated below.**
- **Recent Reinsurance Renewals have also taken a toll on Marine Property and Liability rates.** Accumulation of increased cost of claims, along with frequency & severity of recent natural disasters and historical claims have continued to affect both commercial insurers and P&I Clubs (P&I Club 7-year market average was 135% going into Jan 2023 reinsurance renewal).
- **Resultant Reinsurance Renewals have impacted commercial carriers and clubs.** Marine insurance carriers are now being charged higher reinsurance rates, which in turn are passed on, in part at least, to insureds.
- **Anticipated increases marine carriers had been imposing on the marine market:**
    - P&I Clubs – we are experiencing on average 10% increases for the 2023 renewal on clean accounts.
    - Primary Marine Markets anticipated to impose 5-15% premium increases on both Marine Property and Liability.
    - Excess Marine Markets anticipated to impose 10%-15% premium increases on excess limits between $1M and $4M and 5%-10% premium increases on limits excess of $5M.

Medical Professional Liability (MPL)

Observations

On the heels of continued double-digit premium increases, and the better part of decade long combined ratios exceeding 100%, we are starting to see the medical professional liability (MPL) insurance marketplace beginning to stabilize. However, even with a leveling of rate increases, the MPL market has continued to lag behind the Property and Casualty (P&C) industry.

A helpful way to describe our opinion of these slowing rate increases would be "cautiously optimistic." This caution exists because we are still experiencing increases between 5% and 15% in 2022 and early 2023 and they are a result of a few factors, including, but not limited to the following:

- **Increasing frequency and severity:** Medical malpractice claims trends that have concerned underwriters are increasing claims frequency and severity, as well as an uncertain future from aggressive litigation trends and the reopening of court cases following a two-year absence. Some venues are also seeing an increase in third party litigation funding, which also worries underwriters.

  In addition, frequency and severity of large verdicts (excess of $25M) continue to grow. Data from the MPL Association Data Sharing Project shows that the 50 largest verdicts between 2001 and 2015 ranged from $15M to $20M. However, beginning in 2016, the average verdict severity rose to $23M and more recent settlements continue to drive the average upward. There is a severity issue as the frequency of these large verdicts and settlements continues to climb. These settlements and jury verdicts (e.g., sexual abuse batch claims) have had a significant impact on carriers' excess layers that trickle down to the insured in the form of higher premiums. Also, as result of these events, minimum premiums per million continued to increase at a much higher rate than lower 'working' layers. Although the "why" can be debated, almost all believe it is attributable to social inflation and juries' perception of the value of money.

- **Unstable investment income:** While strong investment returns helped to offset the downturn of underwriting results through mid-2022, the NAIC noted that stressed equity markets resulted in significant unrealized capital losses, which more than offset net income. As a result, for the Property and Casualty (P&C) industry, policyholder's surplus fee fell 8.1% since 2021. With rising interest rates and an unstable investment market, there will most likely be an impact on investment income for the short-term future.

- **Existing and emerging risk issues:** The following risk issues, which in most cases, carry over from the last 12 to 18 months, contribute to underwriting concerns and have also led to creative solutions:

    - **Active assailant exposure:** The continued unprecedented increase in deadly shooting incidents with multiple fatalities have made underwriters cautious regarding coverage afforded for these events. Separate coverage is increasingly being offered to respond to this exposure. These policies are typically more robust. In addition to third party liability protection, coverage can include offering additional expense (e.g., counseling, on-site crisis management, funeral expenses, etc.). Obtaining standalone coverage would also allow for lower deductibles to apply.

    - **Telemedicine:** Although we are not seeing restrictive language due to this increase during the pandemic, underwriters continue to carefully assess this exposure. Areas of focus include volume by geography, safeguards in place, and licensing and compliance issues. In addition, new creative virtual care products have emerged and have provided much needed solutions to a growing need.

- **Abortion rights issues:** Performing abortions in some states will pose a significant challenge to both insurers and medical professionals as most policies include a criminal and intentional acts exclusion. The difference in legal status by state has also created a coverage uncertainty for insurers who have not historically had to deal with this issue. A medical provider could provide an abortion in a state where it is legal, but be sued in a state where it is illegal. This presents a conflict in the policy language that could create a significant gap in coverage or claim issue.

As a result of a continued hard market and rising premiums, we are seeing the following industry response:

- **Higher deductibles and self-insured retentions:** To help maintain budget stability and to offset double digit premium increases, insureds will often assume more risk in the forms of higher deductibles and retentions. In addition, a continued hard market drives insureds to consider alternative risk financing options such as captives, trusts or risk purchasing groups.

- **Reduced Capacity:** Many carriers reduced capacity on programs due to exposure in certain high-risk areas. Previous layers of $20M are being replaced with $10M or even $5M blocks of capacity. Thankfully, capacity remained abundant through 2022 with new markets helping to fill the gaps of reduced capacity on programs (e.g., Cap Specialty, Admiral, Vantage and Bowhead). The introduction of new capacity will continue to create competitive pressure on the market and hopefully help accelerate the correction that is needed.

- **Modification to Coverage Terms and Language:** A method to reduce exposure is to identify and address significant risks through policy language modification. Some of the more common areas of focus include:

    - ***Sexual Abuse and Molestation (SAM)*** - SAM batch claims continue to be one of the most critical underwriting concerns, with some carriers excluding batch coverage for SAM altogether.

    - ***Cyber*** **-** To assure Cyber claims do not cross over to Professional Liability programs, some carriers (specifically London) continue to add Cyber exclusions on medical malpractice programs.

    - ***Opioids*** **-** Most MPL carriers continue carefully underwrite opioid exposure and will often add exclusionary or restrictive language if concerned with insureds' risk mitigation efforts.

Given these challenges, the MPA Association still described 2021 as a "A Very Good Year." They note that in the first half of 2021, direct premiums written for the MPL industry increased more than 15%. They note that growth was strong in the segments of other facilities (up 31.8%) and other professionals (up 31%), while premiums for physicians and hospitals increased by 13.8% and 4.2%, respectively. They note that this growth was a "harbinger of good news for the rest of the year."

They further note that the MPL industry finished "strong" in 2021 with premium growth of almost 11%, "marking the first time since 2003 the industry recorded double-digit growth (and only the second time since 2006 that growth in the MPL market exceeded that of the total P/C industry)."

However, despite this good news, the MPL association warns us that we are not out of the woods yet. In fact, they noted that through midyear 2022, premium growth appears to have stalled and they provided carrier data to support this finding. Direct written premium for the MPL industry increased 15.7% in the first six months of 2021. However, in the same six-month period in 2022, premium growth for the industry slowed to 6.5%, and the premium growth for the top 10 MPL companies fell to 5.1%. Again, this further supports our cautious but optimistic stance.

Specific Healthcare Market Updates:

Long-Term Care: The long-term care professional liability market is in a transitional phase where terms can vary widely depending on the venue, size, claim history, expiring program, and broker's marketing efforts. Rates and terms have generally trended downwards as surplus capacity and new entrants have entered the space. First dollar programs, occurrence coverage, and multi-year deals have made reappearances as tools to retain or win new business.

The industry is faced with nursing staff shortages and occupancy levels that are struggling to recover to pre-pandemic levels. From a claims perspective, litigation funding and social inflation continue to heighten loss severity. All the disruption over the past 24 months has only sped up transaction activity. Large Real Estate Investment Trusts (REITs) are buying up smaller operators that may be struggling to stay afloat. A liquid market for facility sales, in combination with full marketing efforts year-over-year and increased competition, has put strain on long-term care underwriters who must take a closer look at CMS surveys, staffing ratios, and financial position. Overall, choosing the right carrier partner who can offer cash flow solutions, loss control resources, and multiple risk transfer options is an important strategic decision that insureds can leverage to navigate these challenges.

Hospitals: The hospital segment continues to record among the highest loss ratios in the industry. The MPL Association notes, that for accident years 2017 to 2021, a representative sample of physician insurers reported an average loss and allocated loss adjustment expense (ALAE) ratio of 78%; whereas over the same period, a representative group of hospital insurers recorded an average loss and ALAE ratio of almost 98%!

Physicians: According the MPL Association, the first half of 2021 saw industry written premiums for physicians increase almost 14% while in the same period in 2022, premiums for physicians were up only 2.5%. The also noted, among the top 10 physician insurers, there was no key pattern in the premium growth rates in 2021 and 2022. Most companies show varying degrees of growth in both years; however, several companies showed large growth in 2021 but decreases in 2022. The Edgewood Healthcare Advisors Team has found that premium increases have been nominal and have ranged from 3% to 7% on average. The MPL Association's report also supports our experience that physician-focused risk retention groups (RRGs) showed a premium growth of 31% from mid-2021 to mid-2022.

2023 and Beyond:

The MPL industry has not generated an underwriting profit since 2013 and this trend is expected to continue in 2022 and 2023. Assuming loss reserve redundancies have largely dissipated, the industry will need to continue to raise premiums to improve underwriting results. However, we believe the increases will be the same and perhaps less significant in 2023. Thankfully the industry is well-capitalized, and competition remains strong both in the traditional and alternative markets. Raising prices too much will force insureds to consider coverage elsewhere and we believe that new capacity will help stabilize the market.

Product Recall

2022 was a record-setting year for the number of units recalled, reaching nearly 1.5 billion, according to Sedgwick's 2023 State of the Nation Product Safety and Recall report. Despite this increase, the product recall market has remained stable due to the abundance of capacity (approximately $1 billion global premium pool). The market is still competitive, especially for small and medium businesses, and rates have remained steady.

There has been movement in the product recall market. In mid-March 2023, Ark Syndicate 4020 announced it had exited the product recall market because it didn't have a critical mass of accounts to sustain the book of business. This was the same team that left Allianz when it discontinued writing product recall business in 2021 after only five years in this market.

Newer market entrants include London MGA BluNiche, founded by industry veteran Neil Evans, IQUW Syndicate 1856, led by Jon Atkinson, formerly with Talbot, and Dual, led by Mark LeBlanc, formerly with Swiss Re.

Underwriting Concerns

- After the quality of the risk, the key underwriting driver is the appropriate retention level. Underwriters feel that price inflation is eroding the value of self-insured retentions, so clients can expect to see requests for higher retention levels.
- Economic pressure is increasing the risk of human error. COVID camouflaged the lack of maintenance, training, and inspections. Markets are looking to see that quality standards are being upheld.
- Food traceability capabilities are critical.
- Loss-impacted clients must demonstrate how they responded to events and the measures taken to prevent future losses.

Trends

- Product manufacturers are under extreme pressure due to lingering supply chain issues, extreme weather conditions, inflation, rising transportation and raw materials costs, labor shortages/unskilled labor, equipment breakdowns, changing consumer preferences, cyber risks, and budget constraints.
- Geopolitical conflicts, such as the ongoing war in Ukraine, are exacerbating supply chain issues.
- These factors cause manufacturing stress, resulting in mistakes that become losses. As a result, there has never been a more critical time to purchase product recall coverage.

Forecast for 2023

Line of Business	Rate Change
Product Recall	-3% to Flat (higher for loss-impacted business)

Loss-impacted insureds can expect to see higher rate increases. The impact of these increases can be mitigated by taking on higher retentions.

Emerging Risks

- Increasing regulatory requirements, monitoring, and enforcement stemming from incidents in 2022, including findings of heavy metals in baby food, infant formula adulteration and shortages, FDA findings of detectable levels of PFAS in consumer, commercial, and industrial products/packaging, and lack of decline in the U.S. rate of foodborne illnesses.
- Rising concerns about privacy and cybersecurity threats from advancements in automotive technology
- Mislabeling issues – avoidable recalls due to the wrong label attached to the wrong product (known as “never events” or undeclared allergens).
- Plant-based proteins – potential allergen issues, pesticide residues, additives, shelf-life challenges, biological hazards
- Increase in class action litigation around claims of products being natural, environmentally friendly, or healthy but containing dangerous chemicals
- Risk of fire, electric shock, and explosions from lithium batteries/lithium battery-operated products (caused by thermal runaway events)

Private Client

The personal insurance marketplace is facing a hard market across several lines of business with expectations of year-over-year increases of 10%-20% depending on geography and lines of business.

A combination of weather-related catastrophic losses, inflation, supply chain shortages, new and used car prices, skilled labor shortages, and reinsurance pricing and availability are driving the dramatic increases.

Auto

Auto insurers are reporting higher than expected losses and filing double digit rate increases in many areas. Both frequency and severity of accidents are on the rise as we trend back to normal driving. Distracted driving continues to be a major factor in car accidents. Skilled labor shortages and higher new and used car prices have increased the cost of repair and replacement. Another troubling trend is climate is also playing havoc in auto physical damage losses. Many insurers reported September's Hurricane Ian resulted in more auto losses than property. In the case of some insurers this has resulted in a drive to introduce measures to cut back on their exposure in the highest risk flood areas. One of our premium carriers is looking for positive flood elevation, hurricane plans, etc. with high value vehicles in high-risk flood zones in Florida.

The auto line of business has been consistently profitable over the past 10+ years and is viewed as more stable than property so we imagine the hard market to be temporary and expect pricing to stabilize again in the future.

Property

The trend lines in property insurance continue to worsen. Many companies are re-engineering their homeowner books of business with a mix of cancellations, price increases, and an emerging trend of converting property from admitted to the Excess and Surplus Lines market (E&S). Underwriting and pricing flexibility are key drivers in the move from admitted to E&S, and this is especially prevalent in CAT exposed areas. Many carriers have also placed a hold on new business in certain states/territories, some temporary and some that we anticipate will be more lasting, while they consider next steps.

The market has reached crisis level in California where climate-related wildfires have eroded availability in high brush areas. Wildfire related availability issues have also spread to the western part of the US.

The marketplace is also challenged in the southeast, and notably, Florida where six property insurers were declared insolvent in 2022. With private insurers dropping customers and raising rates, the state-backed Citizens Property Insurance Corp., the market of last resort, saw its number of policies increase about 50 percent in 2022. This was before Ian became the third costliest hurricane in history after slamming into Florida in September 2022 with sustained winds of 150 mph.

Florida enacted several legislative changes in 2022 designed to correct some of the issues specific to the state. It is too soon to tell if they will have the desired effect, but clearly a step in the right direction.

The availability crunch is heading to the north from Florida and the concentration of values in areas like Long Island in New York are in the crosshairs. We believe admitted market property will continue to erode in other areas deemed as being vulnerable to catastrophic loss. Insurance availability and rising prices will be especially challenged in these areas.

Flood

Uninsured flood loss continues to be a major problem. Too many households throughout the US, in both what are considered low and high risk areas, are without this critically important protection. The National Flood Insurance Program (NFIP) estimates 1/3 of all losses each year come from what are previously viewed as low-risk flood areas. The damage done by September's Hurricane Ian was largely due to flood damage and not covered under a standard homeowner policy. EPIC strongly recommends flood insurance coverage for all homes.

Resiliency

The market's conditions create even more alignment between insurance carriers and policyholders around the idea of preventing losses from happening in the first place. Insurance carriers are providing discounts for a host of devices designed to mitigate property damage and we advise our clients to strongly consider the investment in making their homes more resilient. Turning in small property claims is not a sustainable strategy, so we encourage our clients to take advantage of higher deductibles and the discounts that go along with them. Central station burglar and fire alarms have become common requirements from the insurance carriers and are a way to show carriers that clients are invested in protecting their property. Additional protections such as low temperature alarms and water shut-off devices can also prevent or minimize damage from water-related claims which are still a particular concern with carriers and so many offer aggressive discounts for these.

Property

The Market Turn and Re-Turn

As we moved through the second half of 2022, we saw a continuation of rate moderation and stabilization of capacity being offered by carriers. Though increases were still at hand, there was softening in what underwriters sought for additional rate.

The negotiations for Catastrophe Reinsurance Treaty renewals, most of which fall on January 1, began in August and September. Treaty reinsurers stated that they would be seeking rate increases of 20%-30% and increased attachment points, due to poor loss ratios over the prior years. Hurricane Ian made landfall in Florida on September 28th and will go down as a historically significant storm causing approximately $60B in insured damage, changed everything.

Following Ian, the Property insurance market turned quickly, and the moderation in rate we were seeing evaporated quickly. Reinsurance Treaty renewals went to the very last minute in one of the most challenging renewal environments in history. Many insurers saw their Cat Treaty costs double. Most also saw dramatic increases in their reinsurance attachment points.

Early 2023

What this has meant for the Property market in the first quarter of 2023 is a return to double digit rate increases and a drought of Named Windstorm capacity. Some insurers are cutting back line sizes due to a lack of reinsurance support. There is little to no new capacity entering the market; the concern about ongoing poor catastrophe loss experience is overshadowing the attraction of higher pricing.

Facing especially difficult times are wind exposed portfolios, particularly those with Florida and greater Gulf Coast properties. Hundreds of millions of dollars in wind capacity have exited the market; in some cases, forcing insured to self-insure portions of their programs.

Underwriters are taking a very disciplined approach relative to terms and conditions and held, or looked to increase, deductibles. There is continued scrutiny and trimming of some coverages – notably Contingent Time Element, Non-Physical Damage BI cover, Service Interruption and Cyber related coverages.

The major issue with every renewal is valuations. A historic area of concern for insurers, reported values draw extra scrutiny as macro inflation, supply chain challenges and labor shortages have all come together as the perfect storm for values. The various trend factors published by varying valuation sources are up four to five times over historical averages. In some cases, underwriters added endorsements to policies that limit recovery to the location specific value reported.

Impact of the Russia/Ukraine War

Besides the expected coverage restrictions one would expect in the Marine, Aviation, Credit and Terrorism markets, we have seen the Property market also react to the conflict in Ukraine and surrounding geography. Most global carriers have excluded coverage for any locations in Russia, Belarus, and Ukraine. Some continue to offer very low limits, but most have absolute exclusions. This is relative to coverage for not only Contingent Time Element coverage, but for owned/operated property as well.

Forecast & Recommendations

As inflation is hitting a multi-decade high, we anticipate insurers will continue to put heavy emphasis on the accuracy of reported values and may push for appraisals at key locations.

The January Treaty Reinsurance renewals will continue to play out throughout the year and give an indication of what we can expect to see for the April and July Treaties, the next big grouping of reinsurance renewals. How each insurer manages capacity and pricing will be, in large part, dependent on their treaty renewals, and how they pass those costs on to insureds.

Convective windstorm, including tornadoes and hail losses, will continue to be underwritten closely and will see pressure for increases in applicable deductibles.

It is imperative to present thorough, quality underwriting information. In addition:

- Be early in the process, as underwriters are buried with new business opportunities as everyone goes to market looking for a better deal.
- Differentiate your risk from the others so that yours goes to the top of the pile.
- Be model-friendly so underwriters can upload data into the models quickly.
- Be able to back-up the validity of your reported property and business interruption values, with appraisals where possible.
- Consider alternative retentions and limits.
- Challenge existing program structures.

***Important disclaimer: the ranges above are macro observations only. Every risk is comprised of its own characteristics (such as industry, loss history, geography, etc.) that may impact renewal pricing. a 18.4% increase since January 2021. The Composite index for prices of industrial equipment indicates a 6.7%. For Special Engineered equipment, the composite increase is 40.6%.**

Surety

Observations

Overall state of the market:

Low loss ratios and new market entrants have contributed to the continuance of a soft marketplace.

Issues impacting the commercial surety market:

- Increased infrastructure spending will require additional capacity for performance bonds from commercial contract accounts such as supply-only and supply-and-install contractors.
- Expected growth in bond needs for alternative energy and communications.
- Increased unionization will require more wage & welfare bonds and the emphasis on workers' rights could lead to more states requiring paid family & medical leave with an option to self-insure with a bond.
- Rising interest rates that increase the cost of collateral create demand for alternative instruments such as surety bonds.
- Surety-backed, or bank-fronted, letters of credit allow organizations to replace collateral even when obligees will not accept a straight surety arrangement.
- We are seeing an increased use/acceptance of surety bonds in the international marketplace, including new laws passed allowing for the use of surety bonds in India, which could potentially be a large market for future growth once indemnity arrangements are solidified.
- New market entrants have diluted the workforce, with many sureties looking to focus on hiring and training in 2023.
- Early numbers indicate that bankruptcies are rising in 2023 after a historically low 2022. Contributing factors include depleted skilled workforce, higher interest rates, and supply chain issues.

Issues Impacting the Contract Surety Market

- Inflation will continue to stress the estimating process and require very careful attention to the contractual arrangements to deliver a project on time and on budget.
- Supply chain constraints will require careful analysis before going to contract on large projects.
- Skilled labor shortages in many trades will continue to present cost and delivery challenges.

Well run contractors with sufficient capital will operate in a surety market eager to write their bonds. The contract surety market has been very profitable for many years attracting new entrants in the reinsurance and retail sectors.

Technology & Life Science - Middle Market

Observations

The start of 2023 for the Middle Market Technology and Life Science Property & Casualty insurance market continued the trends seen in 2022. Workers' Compensation, Property, Product Liability, General Liability, Auto, and Umbrella saw flat to slight increases, and in many cases, slight decreases in rate. Cyber and Tech E&O (with an emphasis on the former) continued to be challenging, but rates and retentions appear to be flattening a bit in the sector for those insureds that can show strong controls in place. For those with weak controls, the market continues to be tight. For those companies that could not show Multi-factor Authentication (MFA), many insurers may simply decline to offer terms. Renewals continue to be marketed due to the changing insurer appetites, challenging underwriters to sort through submissions and choosing to spend time on the cleanest, most promising risks. Insurers require thorough, complete submissions, including detailed ransomware supplements, before even beginning the underwriting process.

Management Liability lines continued to see slight decreases to moderate increases with the exception of Public company D&O Lines. After three years of a hard Public D&O market, Public Company D&O insurers are back in the game, creating significant opportunities for Tech & Life Science insureds to reduce D&O premiums or retentions, and in some cases, both.

Forecast & Recommendations

For 2023, we anticipate traditional Property & Casualty renewals to be relatively flat. However, insurers have a strong appetite for new business, which may result in lower rates for many Tech & Life Science insureds in the traditional P&C lines. Management Liability lines, especially Public company, should see decreases in premiums due to increased capacity and broader appetites. We anticipate continued challenges in the Cyber/Tech E&O market; however, insureds are generally better prepared given the very challenging renewal cycles over the past 2 to 3 years. It is critical that Tech and Life Science insureds and brokers allow plenty of time to negotiate coverage offerings with underwriters. Clean, detailed insurance applications and submissions are critical to maximize underwriter interest and achieve a favorable renewal. It is advised to start a minimum of 75 days in advance of the renewal, and insureds must be prepared to spend time responding to underwriting follow-up questions regarding cyber security and claim prevention techniques.

Global Super Yachts

Market Capacity

Over past five years, significant capacity was lost as markets pulled out for various reasons and while the global market is stable, experts do not anticipate new markets. The markets that remain are in for the long haul and price the risk appropriately to withstand losses.

Premium Rating

- **Hull and Machinery** - Overall we can say rating is" stable "with increases to follow.

We have seen renewals with rates on an "as expiring basis" to minimal 5% increases; however, in the US, some domestic underwriters are offering renewals with increases of up to 20% on 'clean' business.

Market rationale for current rating models include:

- **Inflation** – largely due to cost of repairs increasing and ongoing supply chain delays.
- **Reduced appetite and increased cost of capacity for CAT**-exposed property, particularly in named windstorm areas. Reinsurance rates and retention requirements have increased, and carriers are pushing significant premium increases in Florida, the Gulf and Caribbean to adjust to current market restrictions and costs being driven by reinsurers.
- **Russian Sanctions** – Since Q1 2022, many markets lost a significant amount of premium dollars and as a result, the markets are trying to reduce lost premium/market share with rating increases to help subsidize this gap.

Protection and Indemnity

P&I Clubs – With the P&I market hardening and reinsurance costs going up we are seeing on average 10% increases on clean accounts. Also seeing higher deductibles due to claims and inflationary costs. On privately owned yachts, some clubs are including a condition in relation to the Master/Captain of the yacht having a navigational qualification. This is a result of the rise in claims on private use yachts, where the cause of the claim may be attributable to the lack of training/qualifications of the Captain/Master of the yacht. This qualification process will only gain wider acceptance within the global yacht markets in 2023 and beyond.

Market Concerns - Here are five (5) major concerns at present:

- Inflation cost factors
- Lithium batteries
- Fires
- Yards offering insufficient Liability Limit
- Natural Catastrophes

Inflation Cost Increases

Underwriters are seeing considerable increases in repair costs on yachts from prior years. Repairs that could have cost $100,000 in previous years are now coming in ranging 15%-20% higher. This is a direct result of several items:

- Supply chain concerns
- Cost of materials
- Cost of utilities

Supply chain issues are a huge problem across the board on all lines of insurance, but with yachts it adds to shrinkage of available space in the yards, longer stays in the yards and could potentially cost owners loss of revenue due to lost charters. Additionally:

- Cost of materials have skyrocketed over the past 2 years, adversely affecting the cost of the overall claim amount.
- Cost of utilities – while the yacht is docked alongside at the yard, she is constantly ‘plugged in’ and running up the utility charges.

All these factors are being taken into consideration in the underwriting process This will drive increases in rating process and higher deductibles levels to counter the increased claims cost.

Lithium-Ion Batteries

Underwriters continue to be anxious with ”loose” batteries being carried aboard the yacht. These batteries can be found in jet skis, tenders, scooters. The problem is that the batteries are not regulated and fire safety is a massive concern.

Recently there has been an increasing number of fires on yachts with industry groups estimating 16 total losses due to fire between August 2021 and August 2022. One potential explanation for such losses could be Lithium-Ion batteries. While not all of these fires are a result ofLithium-Ion batteries, the cause of many fires has not yet been determined.

The original construction design of many yachts did not take this potential issue into account. There has not been thorough consideration as to whether the fire prevention, detection, and suppression measures previously in place on large yachts for the previous generation diesel crafts are appropriate for the newer battery-operated craft.

Going forward on new builds, the risk associated with charging and storage of electric personal watercraft and tenders on large yachts should be considered at an early stage of design and construction.

Most markets have voiced their concerns on this matter and the lack of regulation on these batteries.

As a result, the Maritime & Coastguard Agency, (MCA) has now issued MGN- Marine Guidance Note MGN681(M) – Fire Safety and Storage of small Electric Powered Craft and Vehicles on yachts and its summary as follows:

Small electrically powered craft and other vehicles (such as personal watercraft- jet skis tenders) are becoming more commonly used in place of similar diesel-powered craft or vehicles stowed onboard yachts. While electric craft do not necessarily represent a greater fire risk than diesel craft there are considerable differences in how to best store these items, fire detection and fire suppression of these crafts should come in to play when they are stored aboard the yacht.

This guidance is provided for use where Lithium-Ion batteries are used as the source of electrical power and batteries with alternative chemistries may present a different risk profile during charging and stowage.

Immediately, this will impact Cayman Flagged yachts. Wider regulation is anticipated within the next 12-18 months wherein underwriter language will be added into the policies to address this matter.

In addition, Underwriters are now seeing retrofits, especially on Sailboats where owners are replacing diesel combustion propulsion- battery powered to hybrid electric propulsion to satisfy many yacht owners want of a 'green footprint.'

While some may see this as a positive, at issue is the problem Owners are encountering with these retrofits that are being undertaken without Class approval. The result is owners struggling to find insurance as they are now deemed 'Out of Class.'

Fires

Another market concern is increasing frequency of large fire losses.

Over the last 12 -24 months there have been several fires on Super Yachts. As respects the cause of the fires, there is not one common denominator:

- Some experts suggest the Lithium-Ion batteries onboard in toy propulsion systems is a leading cause.
- Human error is always suspect due to lack of adequate training, proper number of crew aboard, to name two common factors.
- Loss data suggest Privately-owned yachts under 500 GT, yachts made of fiberglass construction, ranging from 30-45 meters that are not commercially registered are a possible cause of concern. Privately registered yachts only require tonnage, MARPOL, and radio certification.

Conversely, Commercially registered yachts require full classification certificates. This includes compliance with applicable statutory regulations such as the various large-yacht codes which do cover fire and safety aspects.

- The overall lack of established regulatory guidelines with 'Build and Design' of the global yacht marketplace to include uniformity of a fire code safety regimen, firefighting systems for detection, suppression etc.
- The industry further needs to mandate 'soft furnishings' be treated with flame retardant material to reduce the peril of fire.

Insufficient Limits of Liability from Shipyards

We continue to see Shipyards offering limited amounts of Liability for Super Yachts entering the yard. Work ranges from maintenance to major refits. We also see the yards forcing owners into signing waivers that are not in owners' best interests. That is why its imperative owners share the yard contract with their insurance broker/underwriters.

While the vessel undergoes 'hot works' and endures lifting operations, the liability exposure remains high. We constantly push back on the yard to obtain higher limits of liability to protect owners while the yacht is in the yard.

Most markets require the Yard's liability for loss or damage to the Yacht a minimum limit of USD 5.000.000 and the Yard maintains must also maintain a valid Ship Repairers Liability insurance not less than USD 5.000.000.

We have also seen yards now requiring $2,000,000 in limits on P&I increased from the $1,000,000 limit.

Natural Catastrophe

Hurricanes remain a concern for all markets. Capacity for windstorm continues to shrink. Many UK/European markets will not offer terms for yachts under 500GT navigating in hurricane prone areas.

Some US domestic markets who traditionally did not have windstorm deductibles are now introducing special windstorm deductibles and/or exclusions.

Rate Changes

Line of Coverages	Rate Change
Accountants Professional Liability	3-10%
Aviation*	
Rotorcraft/helicopters	+40% to +100% (more for high-risk ops)
Light Aircraft	+15% to +30%
Corporate Aircraft	+10% to +30%
Fixed Base Operators	+10% to +30%
Component Product Manufacturers	+15% to +25%
Aircraft Manufacturers	+50% or more
**All based on no loss history past 10 years*	Changes may occur at any moment based on market losses, capacity and other factors
Casualty	
Auto Liability	+10% to +30% or more for higher hazard risks
General Liability	+5% to +10%
Workers' Compensation	Flat to +5% or more with adverse loss experience
International Casualty	+5% to +10%
Umbrella Liability	+5% to +20% or more for higher hazard risks
Excess Liability	+10% to +30% or more for higher hazard risks
Cyber	+10%+
Employee Benefits	
Insured Medical Renewals	+15% to +25%
Self-Insured Medical Renewals	+6% to +10%
Medical Stop-Loss Renewals	+20% to +30%
Dental	+2% to +6%
Environmental	
No Losses and Low or Medium Risk Industry (e.g., class-A Office; warehouse risks); most comprehensive personal liability (CPL) business	+1% to +5%

Rate Changes

Moderate Risk Class or Complex Risk (e.g., mold/habitational; large portfolios; tougher CPL risks, combined GL-pollution forms)	+5% to +15%
Any risk with adverse loss experience (frequency or severity) and/or High-Risk Classes (e.g., heavy industrial; chemicals/fuels; rail exposures; per- and polyfluoroalkyl substances (PFAS) or other emerging risk exposure)	+15% to +40%
Executive Risk	
Commercial Crime	+5% to +10% depending on loss history
Directors & Officers Liability	0% to +15% clean risks
Employment Practices Liability	+10% to 15%
Fiduciary Liability Smaller mid-size risk Larger programs	 +20% to +25% +50%++
Kidnap & Ransom	+5% to +10%
Global Super Yacht	
Medical Professional Liability	5-20% increases depending on the market segment and specifics of the risk
Professional Liability	
Accountants Professional Liability	+3% to +10% rate on primary layers for firms with unchanged risk profiles; excess rate increases often higher than primary
Large Law Firm Segment	+3.5% to +7.5%
Mid-size Law Firm Segment	Flat to +5.5%
Property	Flat to +5% no losses or CAT exposure +2.5% to +7.5% no losses with CAT exp. +15% to +40% with losses and CAT exp.
Surety (Construction and Commercial)	Flat
Technology & Life Science - Mid Market	
Tech E&O/Cyber	+Flat to +25%, insureds with no claims/losses +25% or more for insureds with losses or without proper controls in place (no multi-factor authentication (MFA) or event data recorder (EDR)). Increased retentions likely for the latter as well.

Rate Changes

Line of Coverages	Rate Change
Technology & Life Science - Mid Market (Continued)	
Life Science Product Liability	Renewal rates flat to +5%. Larger middle market clients with good claims history may see rate reduction options from new insurer entrants, greater competition for new business.
D&O and Employment Practices Liability Insurance (EPLI)	-5% to +10% (clean, good financials, private company) -5% to -20% on primary (clean, public company) -5% to -30% reduction on excess and A side layers for public companies

***Important disclaimer:** the ranges above are macro-observations only. Every risk is comprised of its own characteristics (such as industry, loss history, geography, etc.) that may impact renewal pricing.

EPIC®

Insurance Brokers & Consultants

EPICBROKERS.COM