



Commercial Property Casualty Insurance Pricing Survey

H1 2024

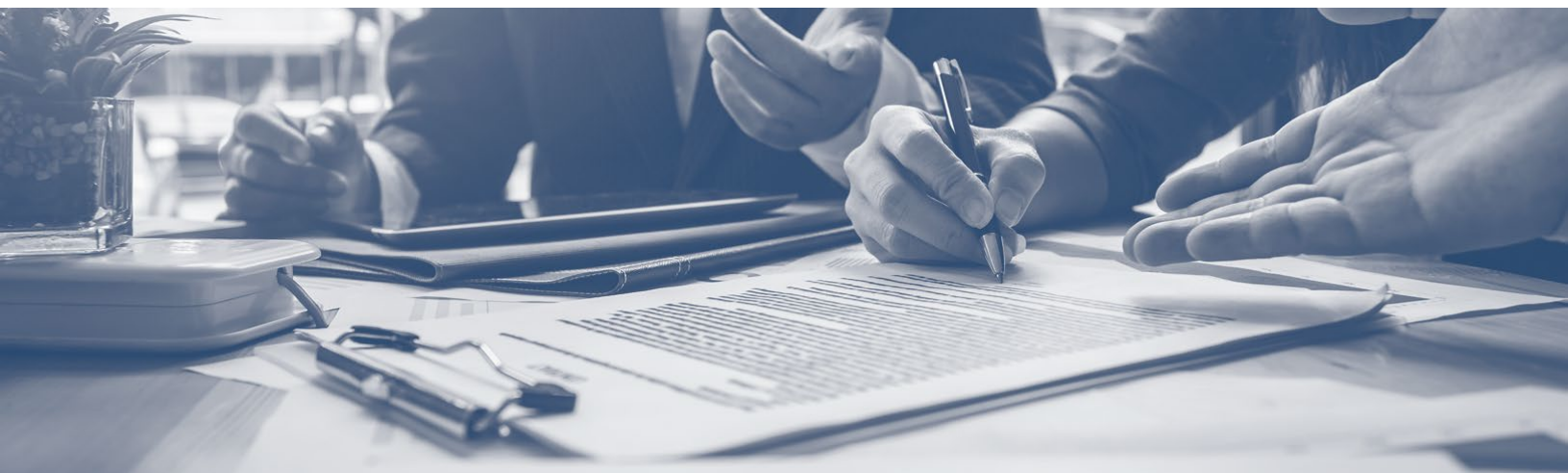
In the second quarter of 2024, Zywave conducted the first **Commercial Property and Casualty Insurance Pricing (CPCIP) Survey** to gather insights on the first quarter's pricing trends within the property and casualty insurance market. Brokers from across the United States participated in the survey, sharing their perspectives on the current pricing environment and its impact on the industry. This CPCIP Survey Report compiles their responses and provides valuable market intelligence to guide strategic decisions and inform on key market trends.

This document is intended as general information. The information contained in this document is not exhaustive nor should it be construed as legal advice. Readers should contact legal counsel or a licensed insurance professional for tailored guidance.

© 2024 Zywave, Inc. All rights reserved.

Highlights

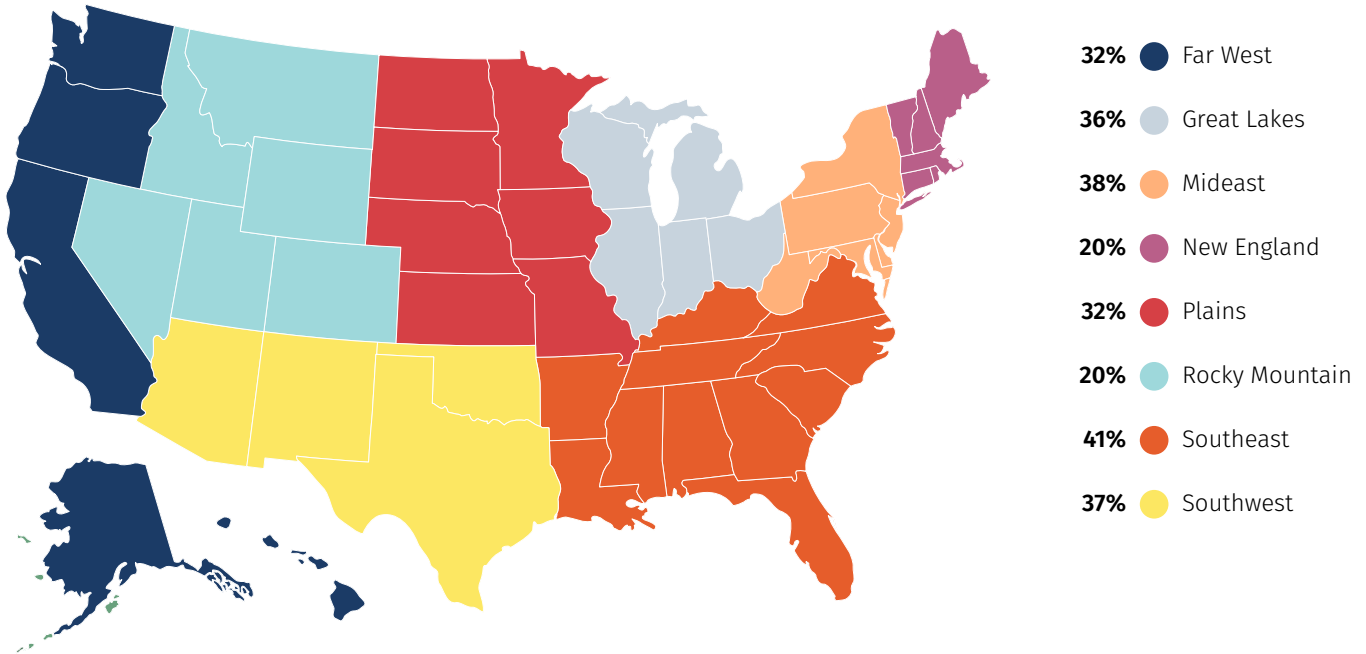
- Survey respondents identified **commercial property, auto, umbrella/excess** and **business owners policies (BOP)** as the most challenging.
- Commercial property saw the steepest price increases, exceeding **11%** for nearly **80%** of insureds.
- Survey respondents identified **directors and officers (D&O), standalone cyber insurance, fidelity and crime insurance** and **workers' compensation** as having the most stable pricing environment.
- Rates for workers' compensation were either flat or decreased by **1%-5%** for most insureds.
- Medium and large accounts faced the most substantial rate increases, with over **30%** of these groups experiencing hikes exceeding **11%**.
- There was significant variability in rate changes across industries, with the **transportation, real estate** and **hospitality** sectors facing the most considerable increases.
- Expectations for the rest of the year indicated further significant increases.
- Insureds are adjusting by reducing coverage limits, exploring alternative options, adjusting policy terms and opting for higher deductibles.



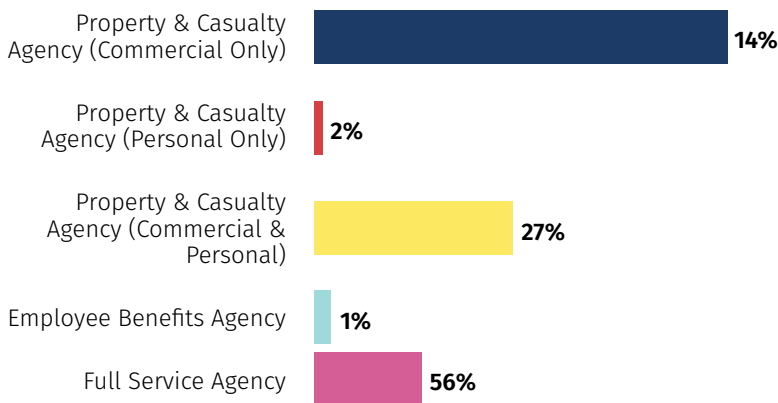
Demographics

The CPCIP survey was completed by professionals from various insurance brokerages nationwide.

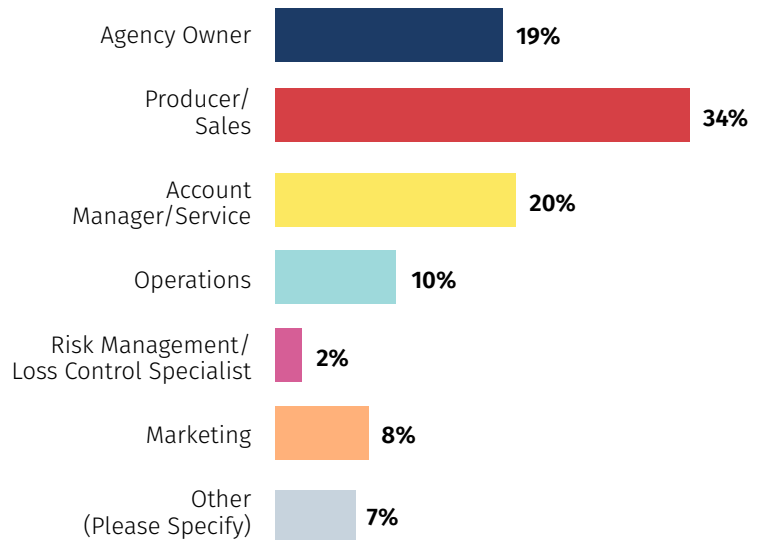
In what region(s) do you write business?



What best describes your organization?



What is your role within your organization?



State of the Insurance Market

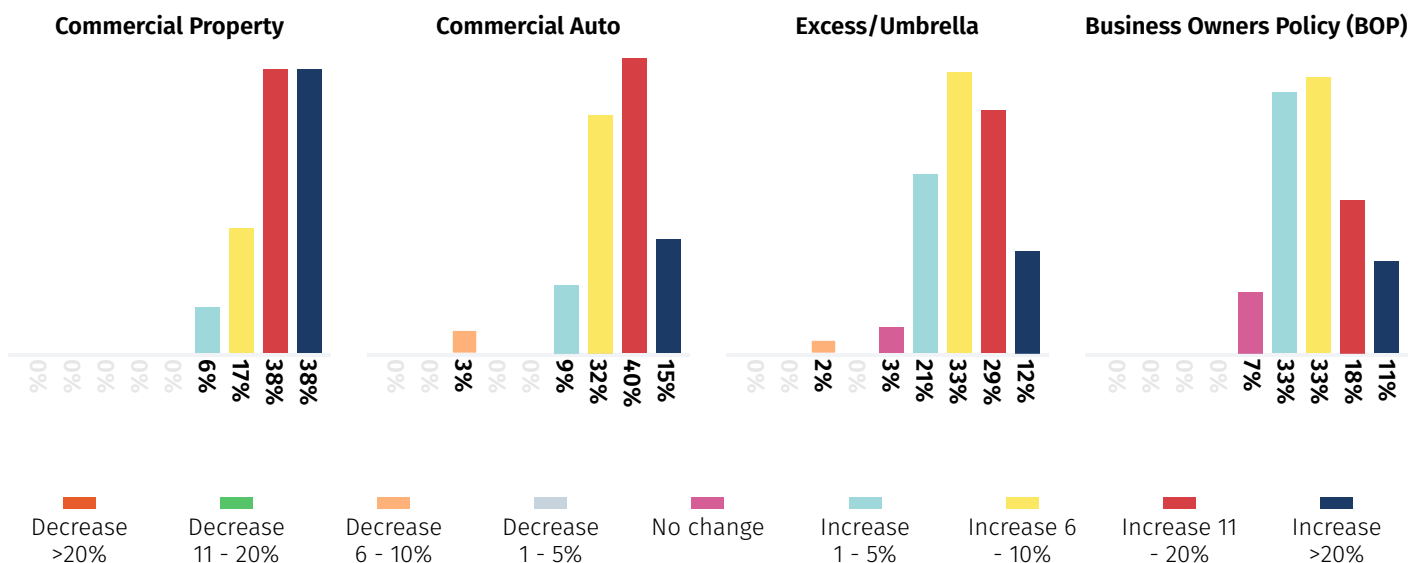
In the past five years, the commercial insurance sector has encountered a challenging market driven by social inflation, an increased frequency and severity of claims, and worsening natural disasters. These factors have led to reduced capacity, stricter underwriting standards and rising premiums across many coverage lines. In 2023, the market remained volatile; there were improvements in certain lines, such as D&O, employment practices liability (EPL) and workers' compensation, while commercial property and auto faced significant rate increases due to reduced profitability.

In the first quarter of 2024, businesses continued to face many of the same challenges, contributing to a persistently difficult environment, especially for commercial property and auto insurance. Conversely, other types of insurance—including workers' compensation, D&O, fidelity and crime, and standalone cyber—experienced more favorable pricing. Despite these positive trends in certain areas, the overall market remains complex, requiring businesses to be proactive in their risk management and coverage strategies to navigate the evolving landscape effectively.

Most Challenging Lines

Survey respondents indicated that commercial property, auto, umbrella/excess and BOPs were the most challenging coverage lines. Respondents saw the steepest price increases for commercial property and auto; the former exceeded 11% for nearly 80% of insureds. These significant rate hikes were mainly due to ongoing issues such as natural disasters and increased claim severity for commercial property, as well as high loss ratios and repair costs for auto insurance. Additionally, umbrella/excess coverage and BOPs faced increased pricing pressures due to broader market volatility and escalating risk exposures. As a whole, these trends emphasize the significant challenges businesses encounter in obtaining affordable coverage across critical insurance lines.

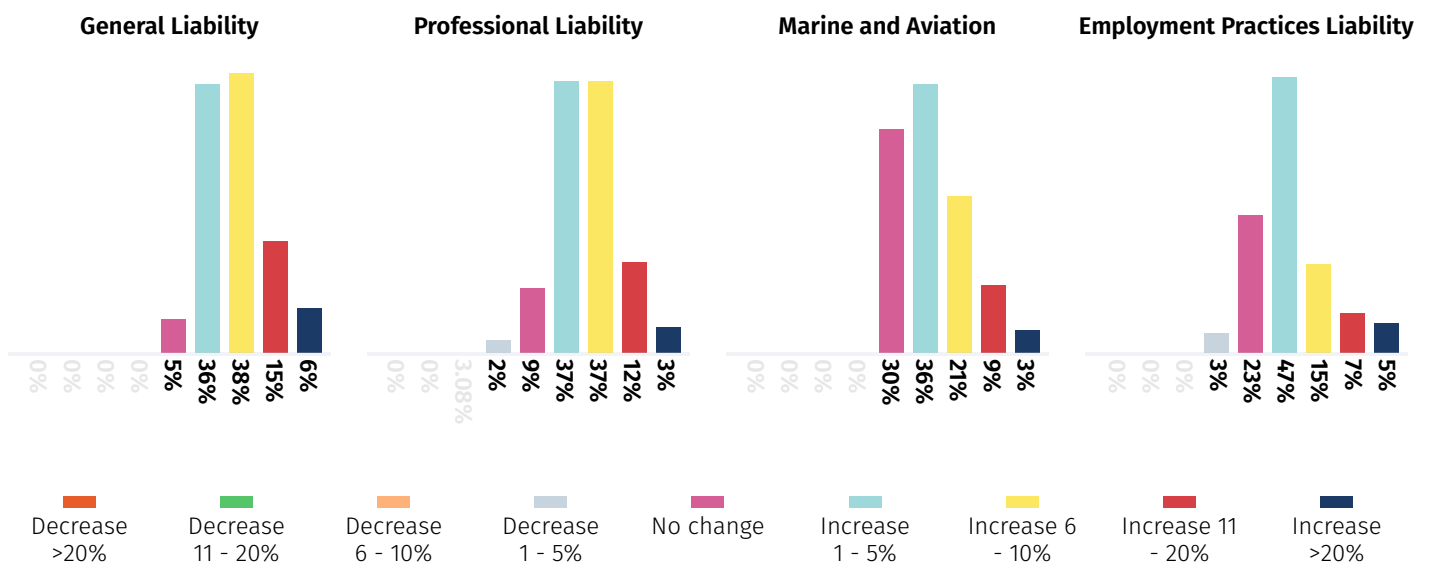
What has been the average rate increase/decrease for the following lines of insurance during the last quarter?



Less Challenging Lines

Survey respondents indicated that general liability, professional liability, marine and aviation, and EPL experienced a less challenging pricing environment. The majority reported that price increases for these lines were under 10%, with EPL showing particularly favorable trends. Most respondents noted that EPL pricing increases were 5% or less. This more stable pricing environment for EPL can be attributed to improved underwriting results and new capacity in the market. The relatively modest rate hikes in these insurance lines reflect a more favorable outlook when compared to other segments, offering businesses some relief in managing their insurance costs.

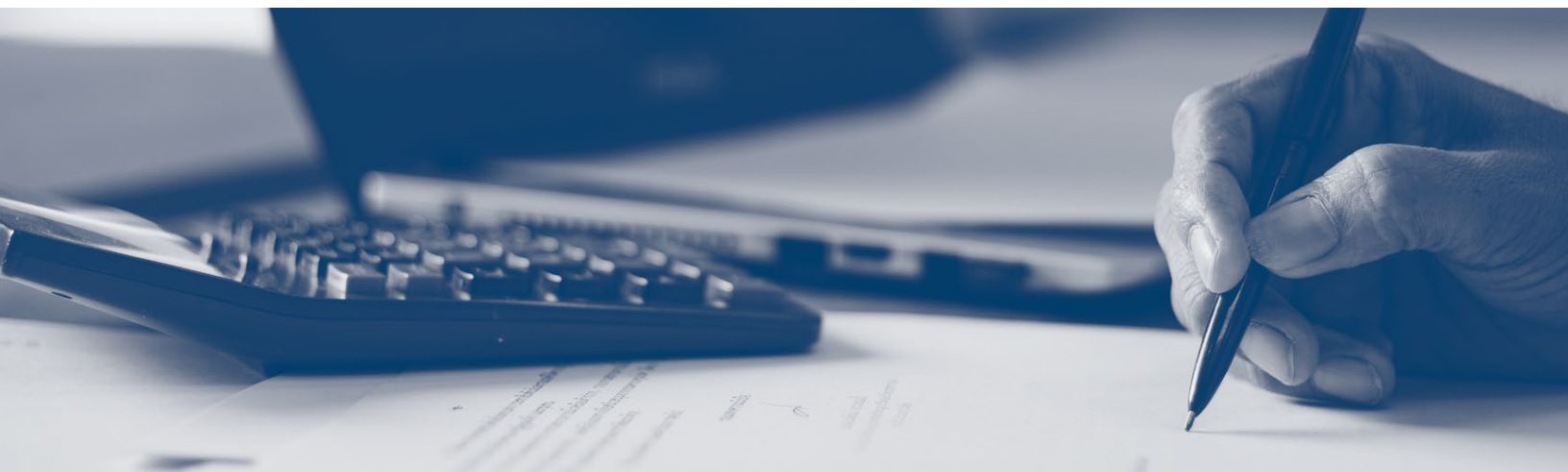
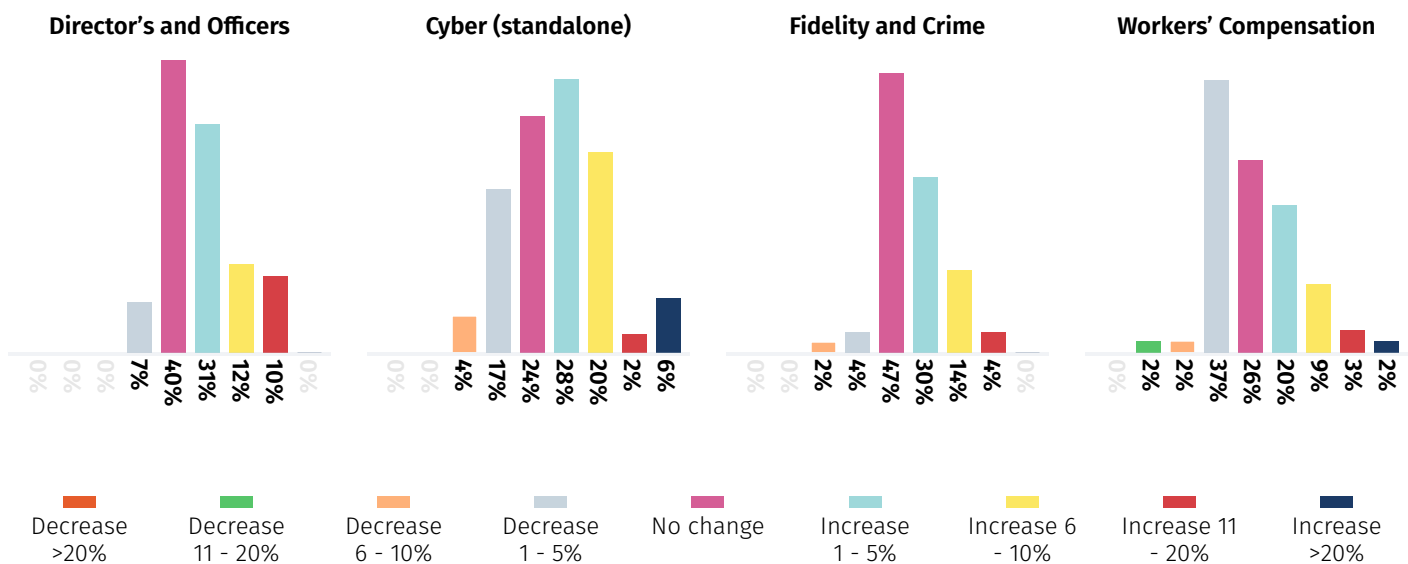
What has been the average rate increase/decrease for the following lines of insurance during the last quarter?



Most Stable Lines

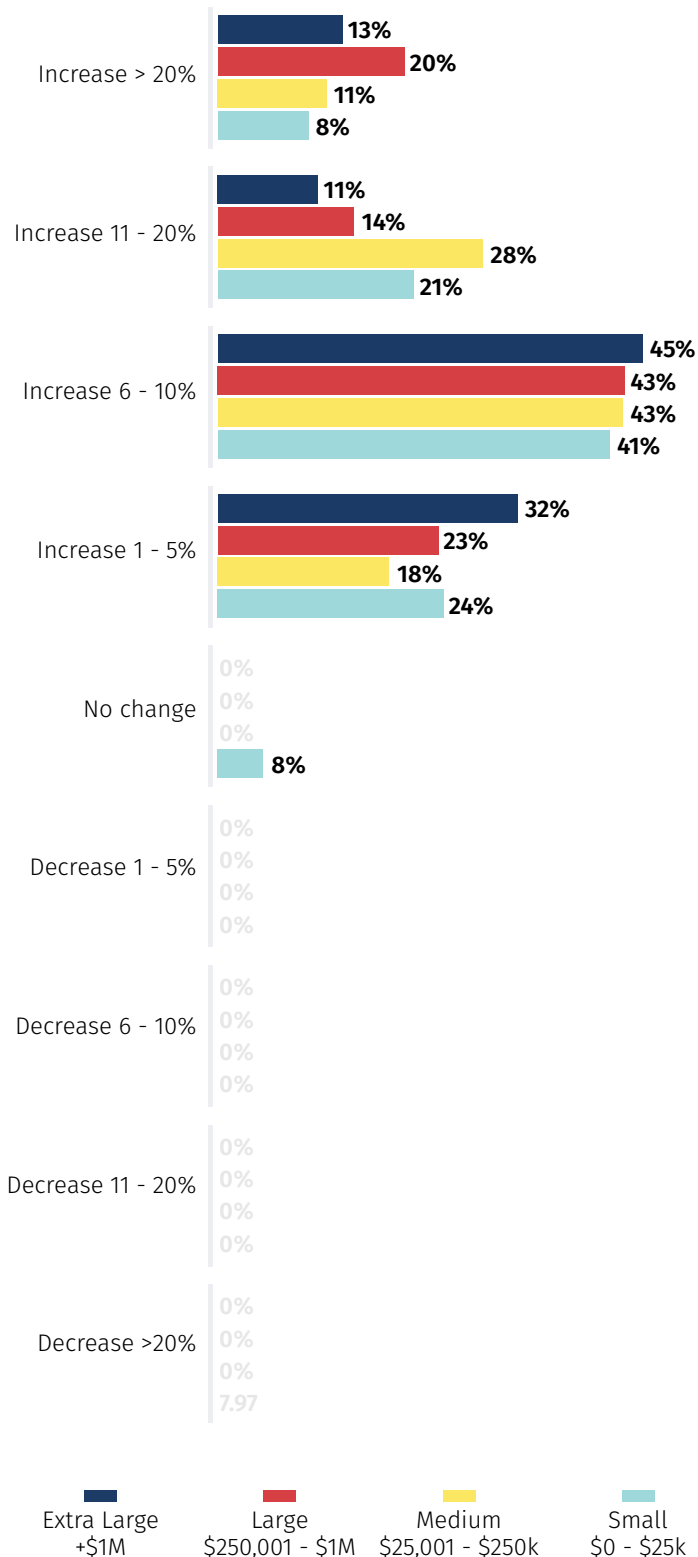
Survey respondents identified D&O, standalone cyber insurance, fidelity and crime insurance, and workers' compensation as having the most stable pricing environment among commercial insurance lines. Most notably, respondents indicated that workers' compensation rates were either flat or decreasing by 1%-5% for most insureds, which can be attributed to favorable loss experience and competitive market conditions. The modest rate hikes and even decreases in these insurance lines provide a more favorable outlook for businesses, easing some of the financial pressures associated with their insurance costs.

What has been the average rate increase/decrease for the following lines of insurance during the last quarter?



Pricing Trends by Size of Account

What has been the average rate increase/decrease for the following sizes of accounts (total premiums) during the last quarter?

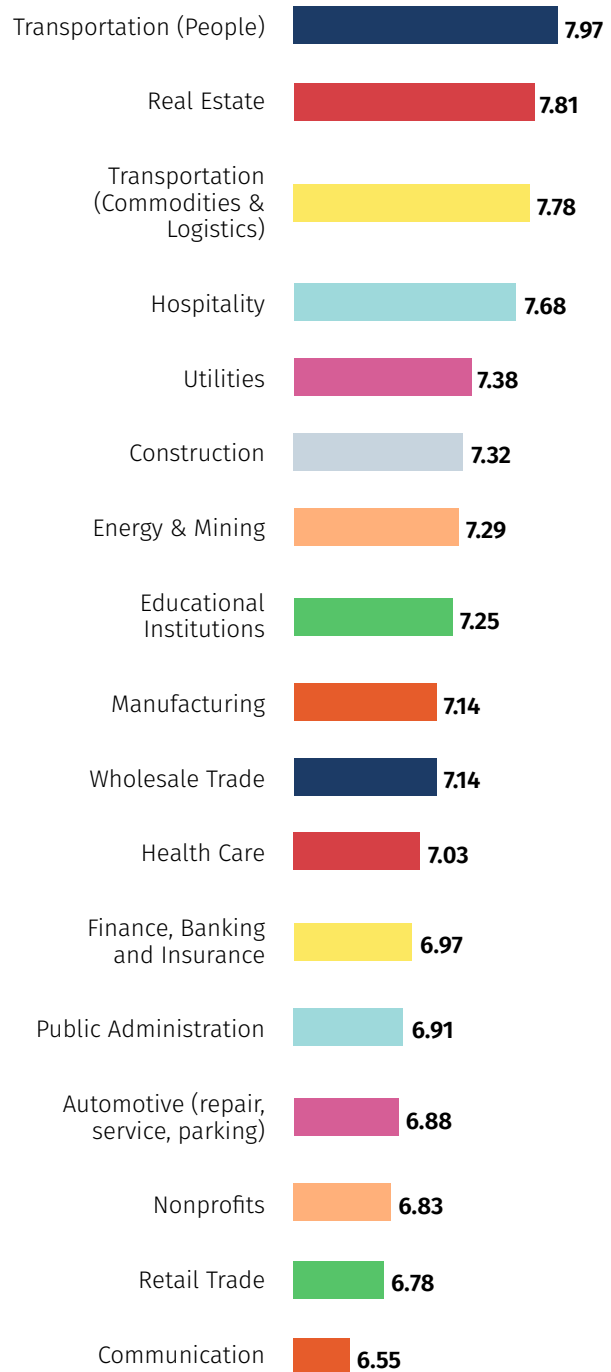


Insurance rate changes varied significantly depending on the account size, and medium (\$25,001 to \$250,000 total premium) and large accounts (\$250,001 to \$1 million total premium) experienced the most substantial increases. Over 30% of these businesses faced rate hikes exceeding 11%, reflecting heightened risk exposures and market pressures. In contrast, extra-large accounts (+\$1 million total premium) saw more moderate rate changes, as 75% reported rate increases of 10% or less. Similarly, 70% of small businesses (\$25,000 or less total premium) experienced rate increases of 10% or less, with 29% of this group seeing no change or increases of up to 5%. This relative stability for extra large and small businesses can be attributed to their respective greater risk management resources and negotiating power for the former and smaller risk profiles for the latter, which helped mitigate the impact of rising insurance costs. These trends highlight the various challenges businesses of different sizes face in the current insurance market.

Pricing Trends by Industry

The survey respondents shared information about the average rate changes in various industry groups during the first quarter. The most significant rate increases were observed in the transportation of people sector, with over 30% of respondents reporting increases of over 20%. Similarly, the real estate and transportation (commodities and logistics) sectors also experienced large rate increases. The hospitality, utilities and construction sectors also faced substantial rate hikes; many respondents noted increases greater than 11%. On the other hand, sectors like communication and retail trade reported more moderate increases. The data emphasizes significant variability in rate changes across industries, but the transportation, real estate and hospitality sectors faced the most considerable increases.

What has been the average rate increase/ decrease for the following industry groups during the last quarter?



By Weighted Average

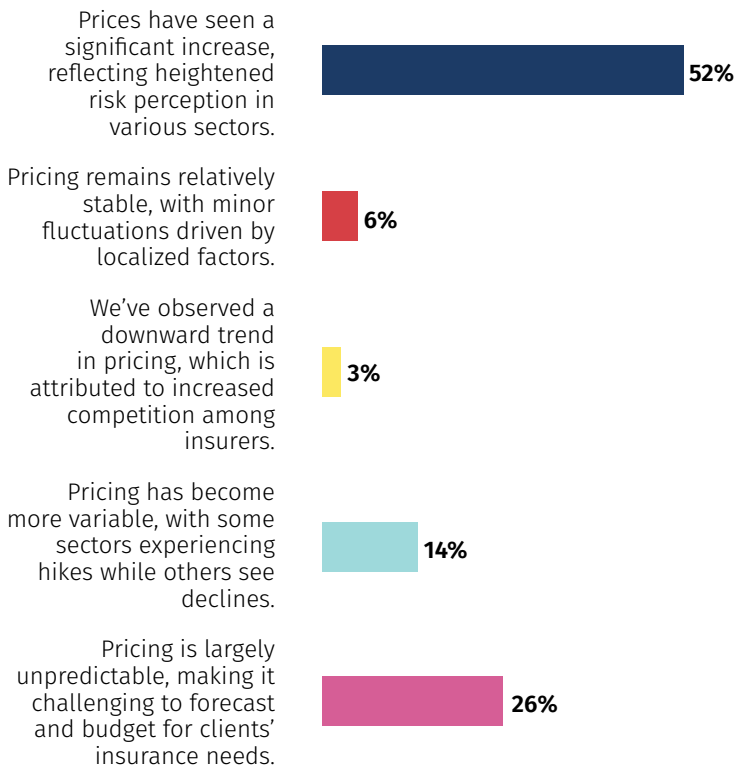
Conclusion

The commercial insurance market has seen significant shifts in pricing trends, influenced by various risk factors and market conditions. More than half (52%) of the survey respondents believe prices have increased significantly due to heightened risk perceptions across multiple sectors. This sentiment is supported by expectations for the rest of the year, with 39% anticipating further significant increases due to emerging risks and evolving market conditions.

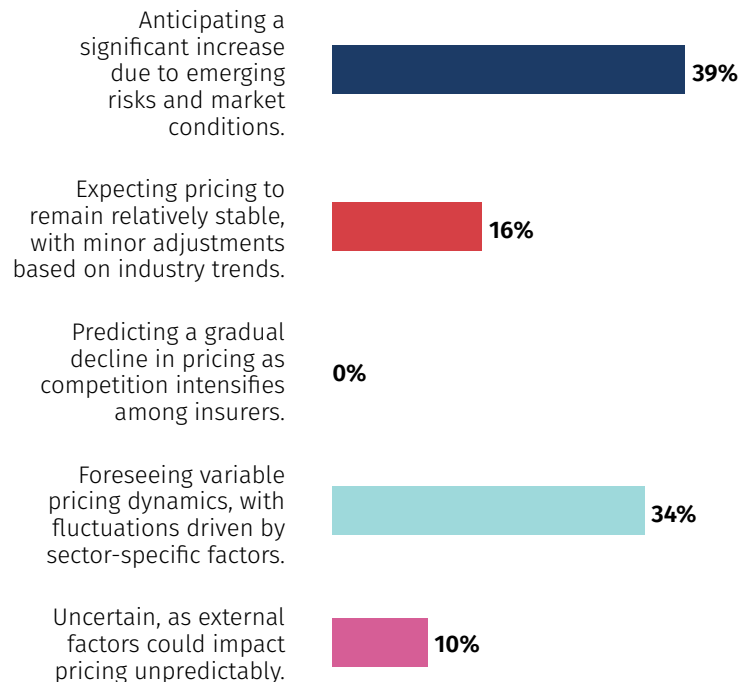
Insureds are adjusting to the rising premiums in various ways. About 22% of respondents indicated that insureds are reducing their coverage limits to manage costs, while 31% are exploring alternative coverage options or adjusting policy terms. Additionally, 46% of respondents noted that insureds are opting for higher deductibles to offset premium increases; another 32% are seeking guidance on adjusting deductibles to align with their risk tolerance and financial objectives.

Overall, the survey results highlight a complex market characterized by significant price increases in certain lines of business and sectors, a trend towards higher deductibles, and strategic adjustments in coverage limits and policy terms. Businesses must work closely with their insurance professionals to optimize their risk management strategies and ensure adequate coverage in the face of ongoing market volatility. •

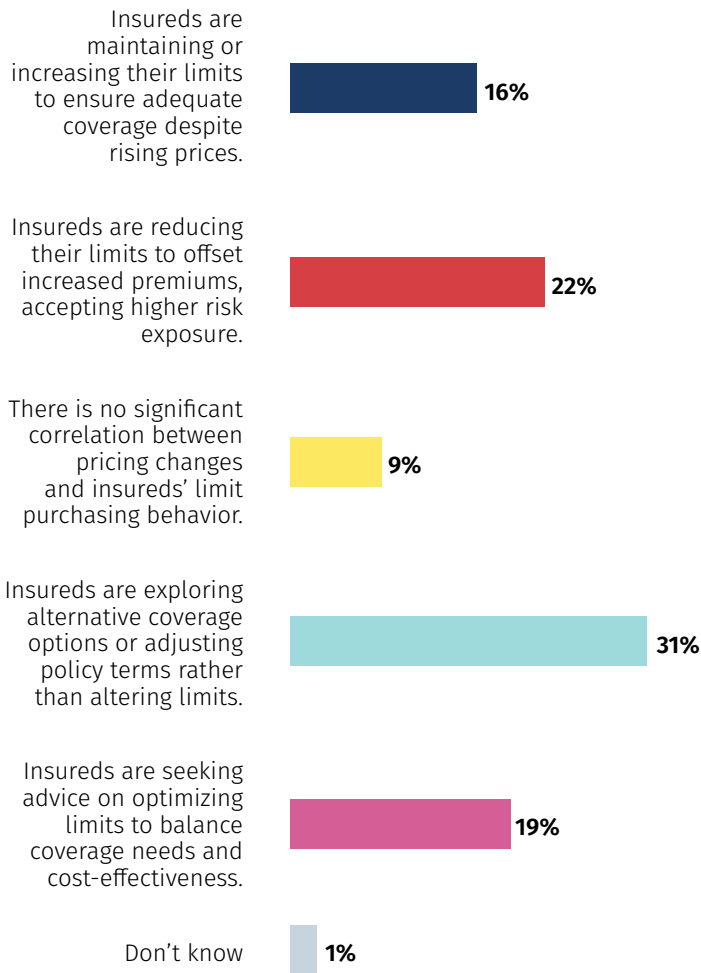
Which statement best describes your perception of the current state of commercial insurance pricing?



What are your expectations for commercial insurance pricing for the remainder of the year?



Which of the following best describes how changes in the commercial property & casualty insurance market have impacted the limits your insureds are purchasing?



Which of the following best describes how changes in the commercial property & casualty insurance market have impacted the deductibles your insureds are choosing?

