

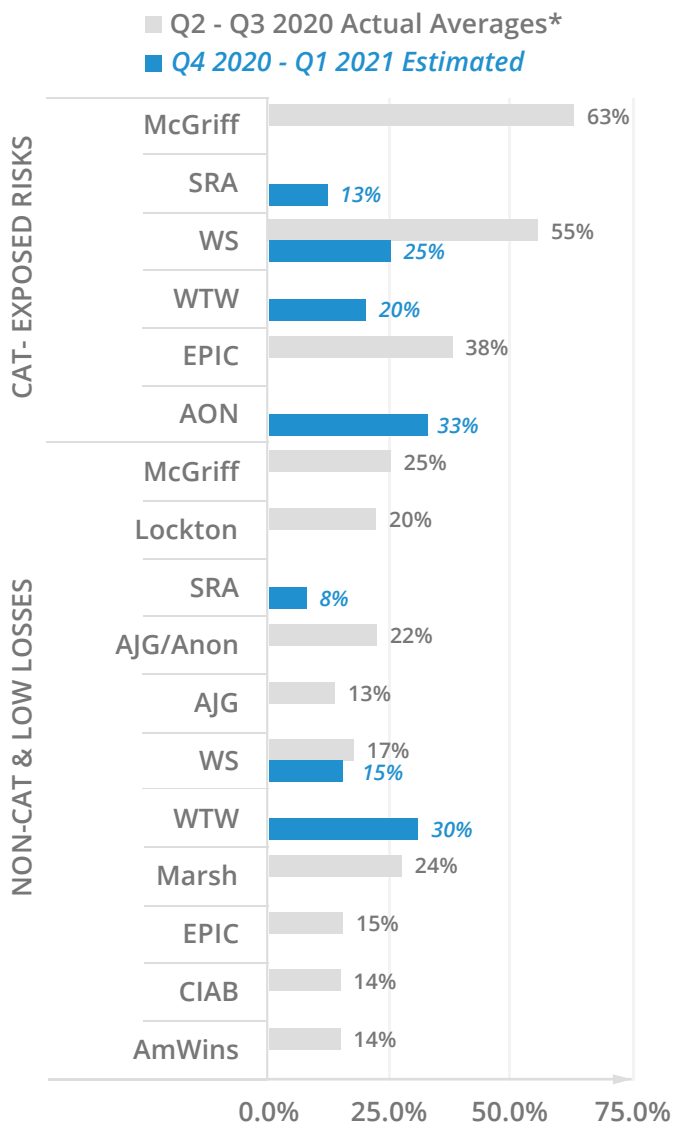
MARKET INTEL

Property Insurance
Q4 2020 - Q1 2021 Update



MARKET OBSERVATIONS

As the year 2020 comes to a close, there is much uncertainty in the hard insurance market. The US property market in the third quarter of 2020 faced catastrophic losses not seen since Q3 2017, according to Fitch Ratings. Civil unrest, natural disasters, and the ongoing economic recession induced by the COVID-19 pandemic contribute to the significant rate increases we are seeing. Here are some of our aggregated data source results and projections heading into 2021:



*Actual results above are preliminary and, in some cases, are estimates based on incomplete data.

MARKET COMMENTARY

Most insurers are expecting a combined ratio above 100% for 2020, indicating an operating loss. We expect to see insurers continuing to reduce their capacity, increasing deductibles, and applying more restrictive exclusions.

We predict that property renewal rates will continue to rise, with increases between **+13%** to **+100%** for CAT-exposed risks, and averaging **+18%** for Non-CAT & Low Loss risks.

RENEWAL STRATEGY

We advise reaching out to insurers early to set expectations. Emphasize improvements to your risk profile, such as building and safety upgrades.

Focus on providing the most clear and complete submission possible (e.g. full SOV, claims data, business continuity plans, loss control procedures, etc). Consider various program structures, in terms of retentions, limits, and even captives.

Finally, be prepared to navigate changing rates and guidelines from insurers and senior management approval on your renewal.



MARKET INTEL

Casualty Insurance
Q4 2020 - Q1 2021 Update

THE WHITLOCK GROUP

2020 CASUALTY LOOK-BACK

The majority of renewals this year faced either increased premium rates or decreased capacity. Additionally, poor underwriting results in the first half of 2020, as well as under-reserving of long tail claims from prior years continue to drive up rates.

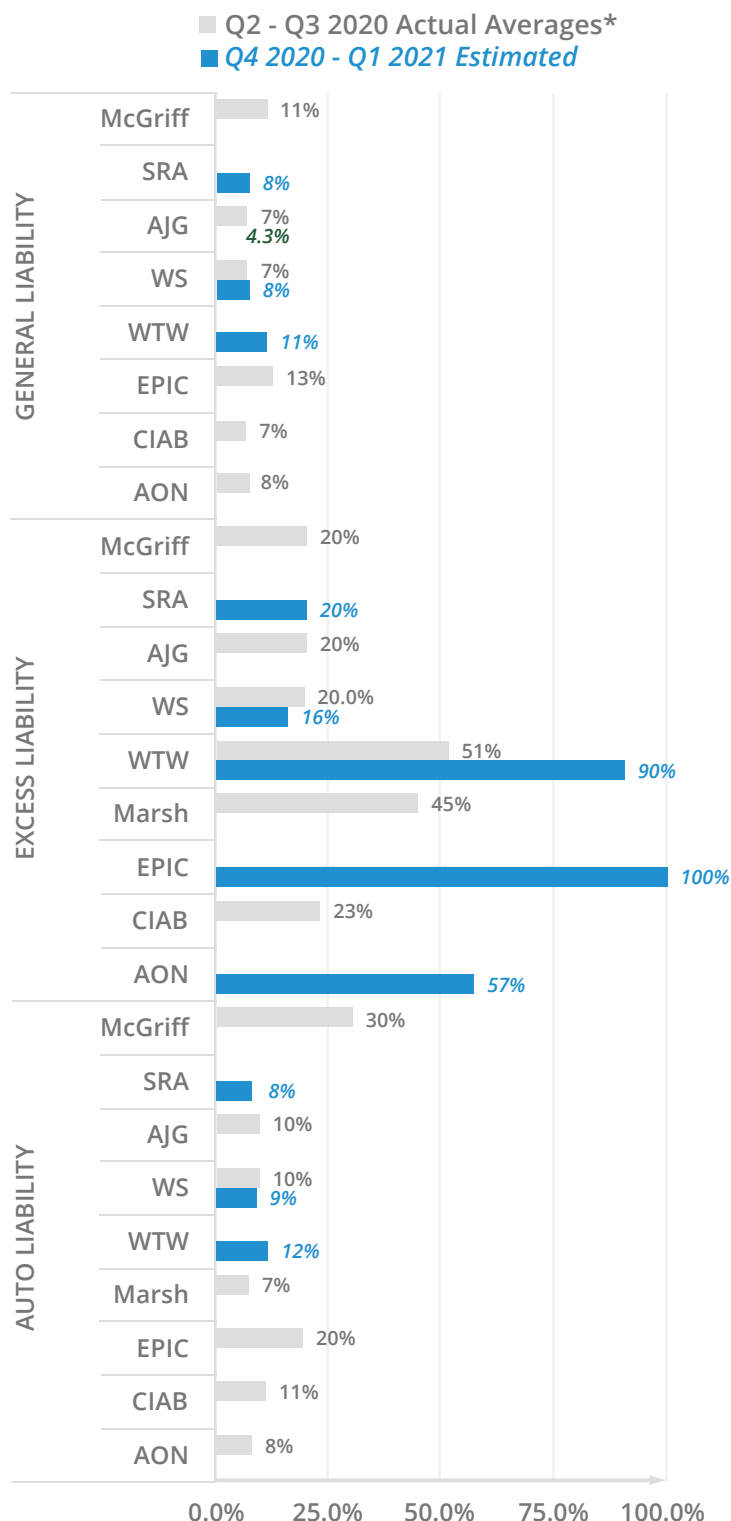
We are also seeing decreased paid loss credits (for Large Deductible accounts), increasing deductibles, higher umbrella attachment points, and paring back of coverages as insurers proceed cautiously into 2021.

THE CASUALTY MARKET AHEAD

Our aggregated data source results and projections confirm a hard market, albeit with some variance for insureds' size and industry.

We predict that casualty renewal rates will continue to rise in these ranges:

- General Liability **+7%** to **+12.5%**
- Excess Liability **+16%** to **+100%**
- Auto Liability **+7%** to **+30%**
- Workers' Compensation **+0%** to **+5%**



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