

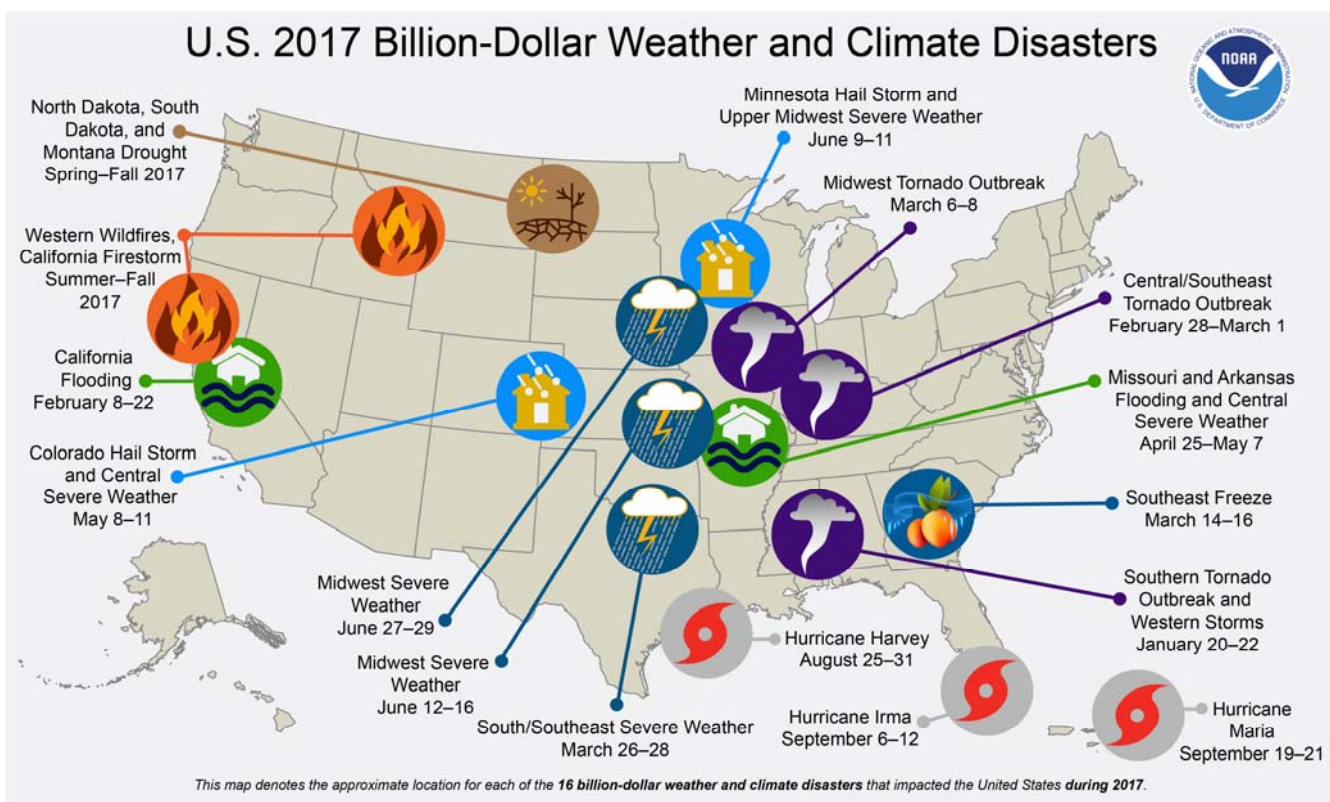
STATE OF THE MARKET 2018



2018 PROPERTY MARKET UPDATE

How big was the loss in 2017?

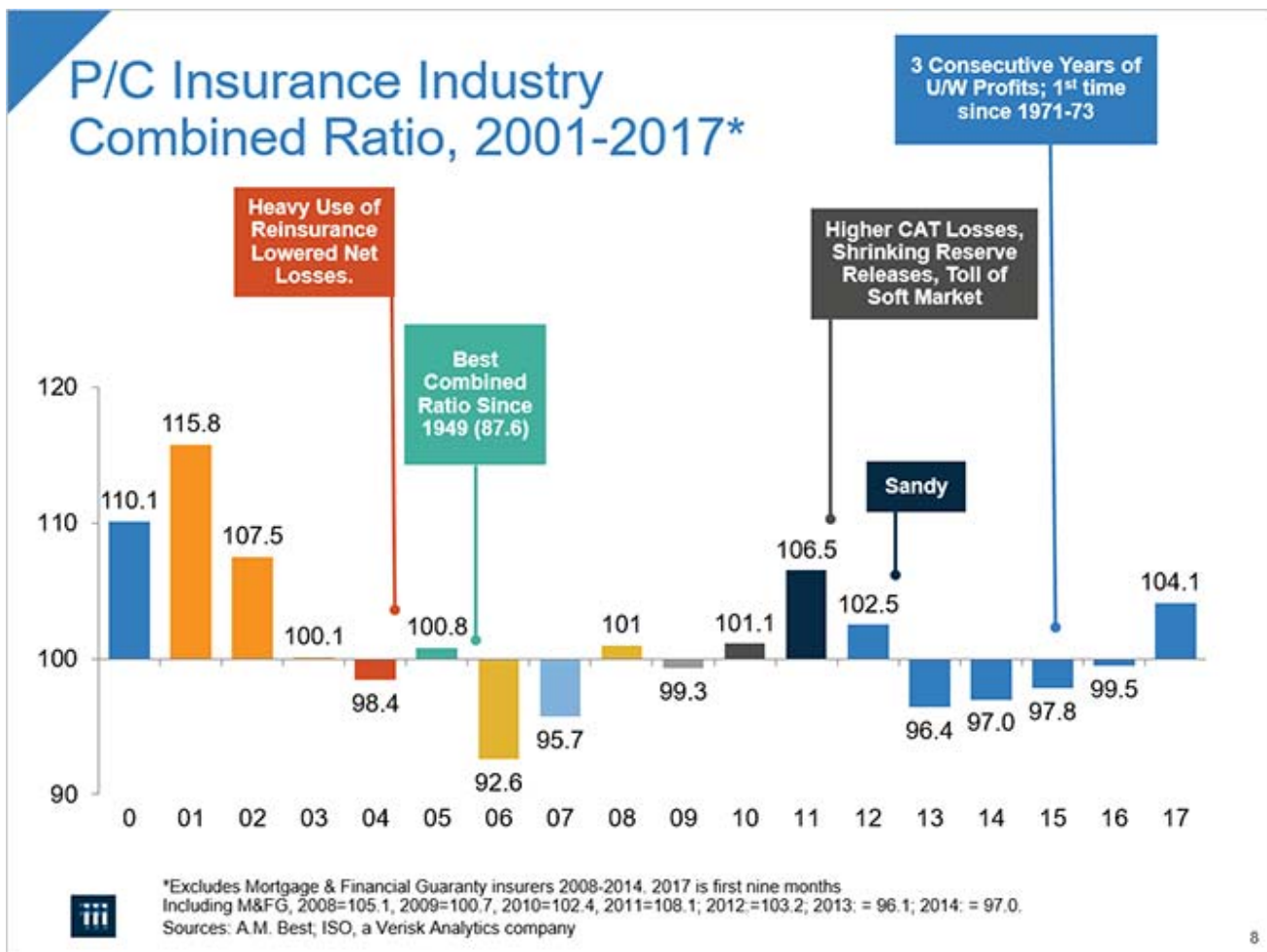
- To date, the losses stemming from weather-related disasters in 2017 have surpassed \$125 billion. 60 percent of global insurance payouts in the year were driven by just three catastrophic (CAT) storms –Hurricanes Harvey, Irma & Maria.
- 710 recorded events - comprised of 50 earthquakes, 250 windstorms, 335 floods and 75 climatological events, such as wildfires, droughts and winter damage.
- Almost two thirds of all the natural disasters registered occurred in North America, the Caribbean, Central America or Asia. This surpassed the annual average of 59 percent.



2018 PROPERTY MARKET UPDATE

Will property insurance rates increase?

- We do expect property insurance rates to rise, however, a clear picture on the extent of the rate increases may not emerge until the second half of 2018.
- Rate increases could be particularly steep for insureds who have experienced CAT losses in 2017.
- The soft property insurance market of the last decade is over, at least for the next 18 months.



Combined Ratio—measure of an insurance company’s profitability.

Ratio below 100% is indicative of an underwriting profit.

2018 PROPERTY MARKET UPDATE

What to anticipate for 2018.

- Buyers with 2017 CAT losses should anticipate 5-20% rate increases.
- Increased communication from your insurance brokers. Navigating a changing market, especially a hardening market, requires a great deal of coordination and communication. Renewal processes may also begin earlier to accommodate the enhanced efforts.
- As the market continues to harden, expect stricter adherence to technical pricing, stringent underwriting criteria, and carriers gravitating towards more information and more questions about your operations.
- To counterbalance rate increases, many insureds will seek reductions in coverage and/or limits and may consider increasing risk retention levels.
- PRIA's ongoing efforts to minimize the impact of the hardening market will include advising our clients of these developments in real-time as well as further strengthening our communication with carrier-partners and key market contacts.



Please do not hesitate to contact our team should you have any questions or concerns.



REFERENCES

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