

2020 Q1

Commercial Insurance Pricing Trends



Source: Council of Insurance Agents & Brokers (CIAB)

Market Observations

- » The market continued to harden in Q1 with an average premium increase of 9.3% across all-sized accounts. This increase is compared to a 7.5% increase in Q4 of 2019 and 6.2% in Q3 of 2019.
- » This marks the 10th consecutive quarter of premium increases across all accounts.
- » While COVID-19 certainly affected claims activity beginning in mid-March, it did not affect the market for the majority of Q1 2020. A more complete picture of how the pandemic will affect the market will be something to monitor in Q2 2020.
- » Commercial Large and Mid-Market accounts experienced increases averaging 12.6% and 9.8% respectively.
- » Commercial Property rates continued to rise and experienced a 12% increase, marking its 11th consecutive quarter of increases.
- » Umbrella & Excess Casualty saw rates increase on average by 17.3% increase, marking its 10th consecutive quarter of increases.
- » The increases for Commercial Property & Umbrella are the highest since the 9/11 terrorist attacks.
- » Management Liability lines increased with Director's & Officers rates increasing by 8.9%.
- » Cyber rates rose 4.4%, the highest increase since the CIAB started monitoring this line in 2016. The previous record was 2.9%, set in Q4 2019.
- » Construction Risks increased by 6.4%.
- » For the 35th consecutive quarter, Commercial Auto premiums increased with a 9.6% jump. While premiums continued to jump, only 22% of respondents to the CIAB survey reported an increase in claims activity. This can be attributed to COVID-19 lockdowns beginning in mid-march leaving fewer drivers on the roads.
- » COVID-19's effect on Business Interruption was felt in March as state-wide lockdowns began to take shape, with 75% of CIAB survey respondents reporting increased claims activity and 47% of respondents reporting an increased need for coverage.

Source: CIAB 2020 Q1 Commercial Property/Casualty Market Report

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