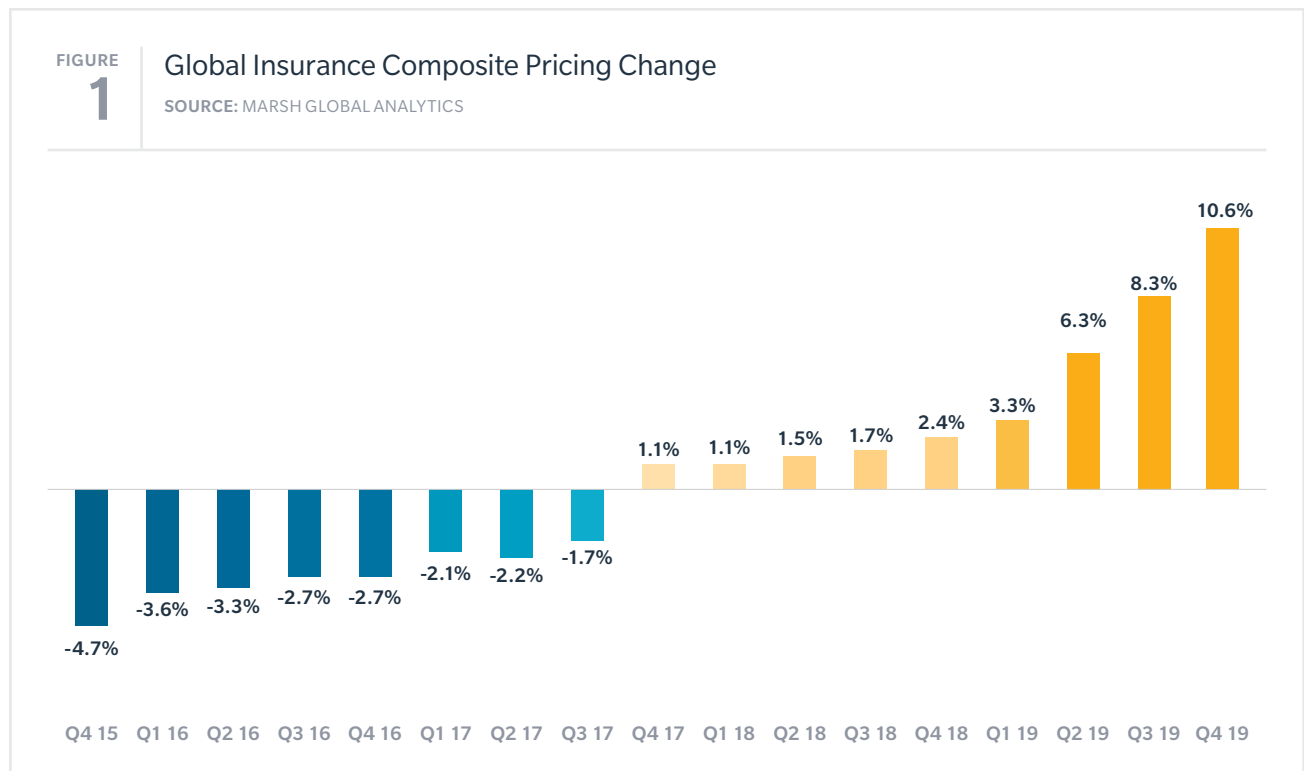


Global Insurance Prices Continue to Rise

Global commercial insurance prices rose nearly 11% in the fourth quarter of 2019, the ninth consecutive quarter of price increases (see Figure 1). The fourth quarter rise in pricing was the largest year-over-year increase in the *Marsh Global Insurance Market Index* since its inception in 2012.*

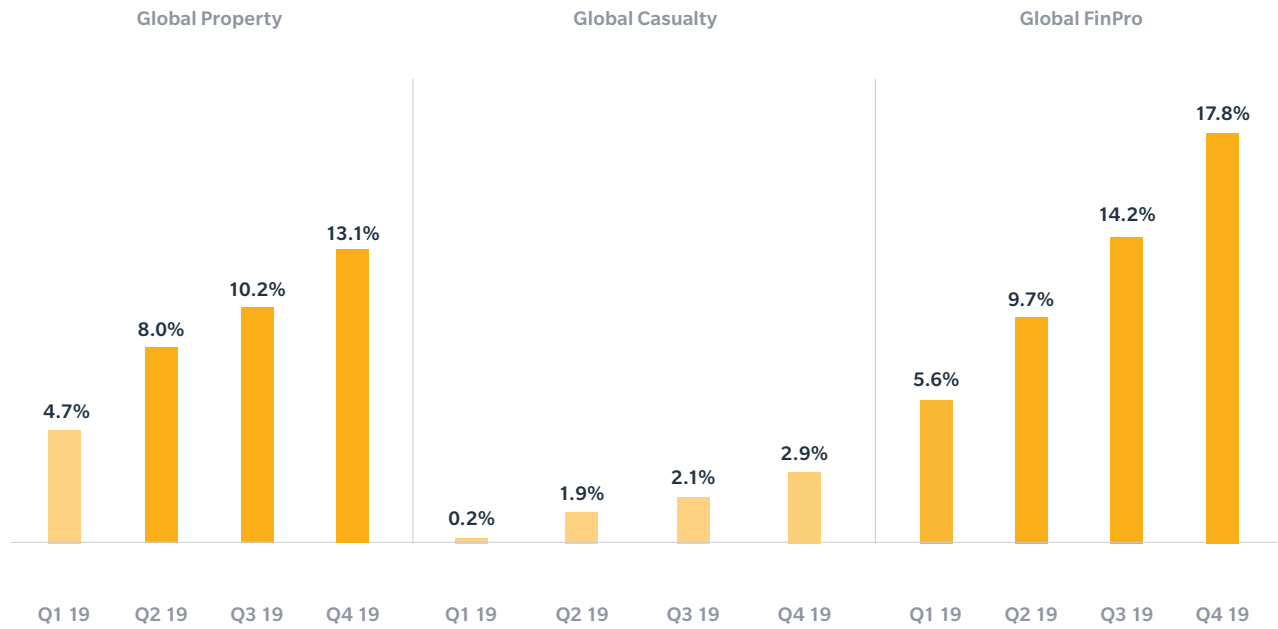


*Note: All references to pricing and pricing movements in this report should be considered averages, unless otherwise noted. Also, as data is refined over time, it is possible that adjustments will be made to figures from prior quarters.

FIGURE
2

Global Composite Insurance Pricing Change — By Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



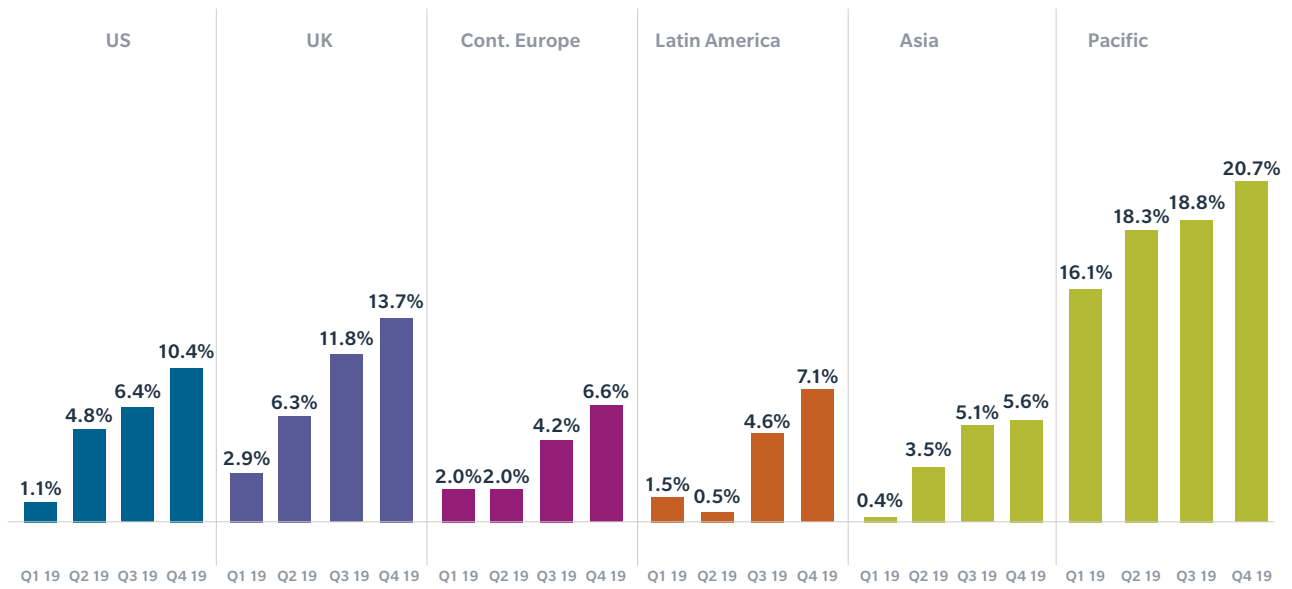
The insurance market experienced pricing increases in many geographies and across multiple products. Globally in the fourth quarter:

- Pricing increased in all three major product lines — property, casualty, and financial and professional liability (see Figure 2).
- Property insurance pricing increased 13%.
- Casualty pricing increased 3%.
- Financial and professional liability rose 18%.
- All regions demonstrated at least five consecutive quarters of composite pricing increases (see Figure 3).

FIGURE
3

Composite Insurance Pricing Change — By Region

SOURCE: MARSH GLOBAL ANALYTICS

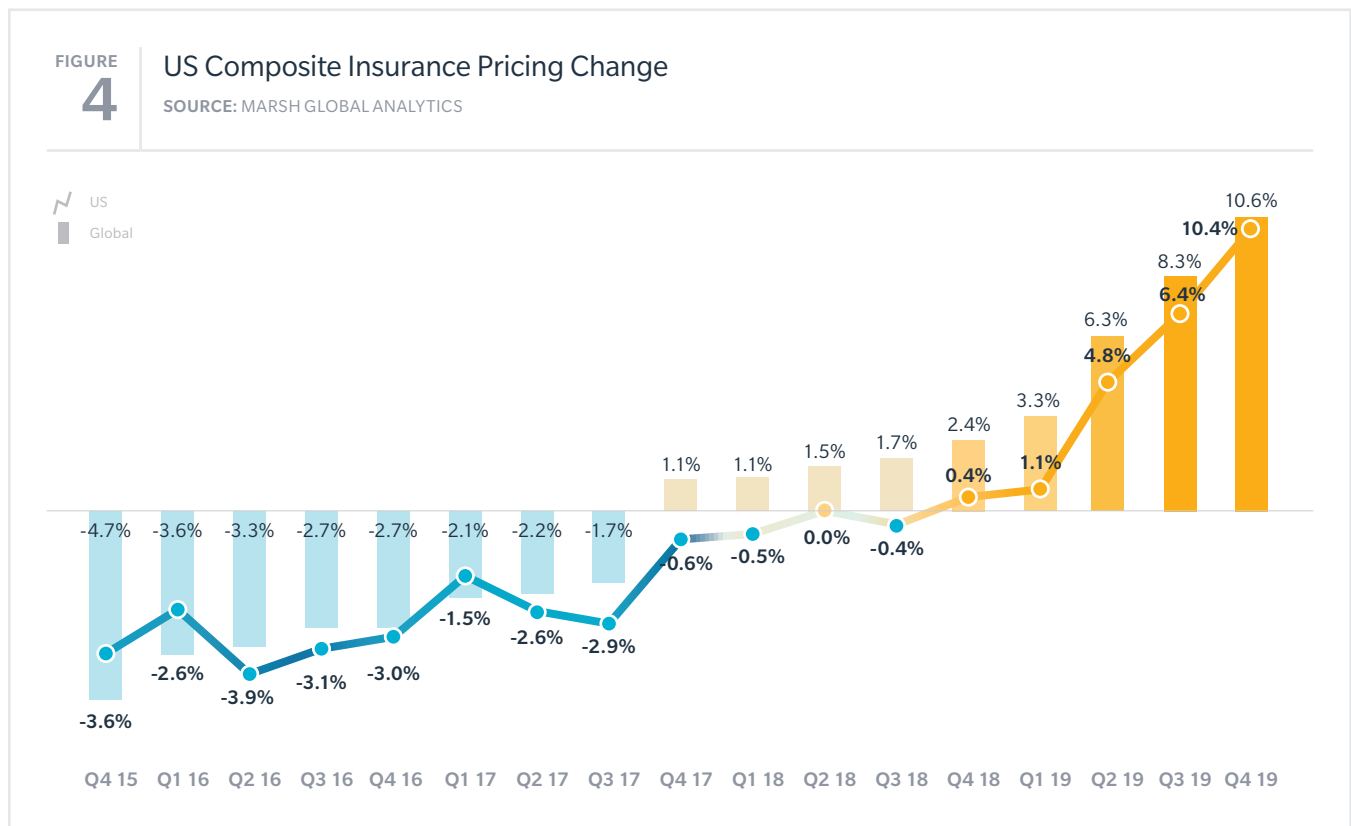


Regionally, composite pricing in the fourth quarter increased as follows:

- US 10%.
- UK 14%.
- Continental Europe 7%.
- Latin America and the Caribbean 7%.
- Asia 6%.
- Pacific 21%.

Overall US Insurance Pricing Firms Across Major Lines

Insurance pricing in the fourth quarter of 2019 in the US increased 10%, year-over-year (see Figure 4). In addition to the overall pricing changes, the general trend in the quarter was toward a firming of prices for a majority of coverage lines (see Figure 5).



Property pricing in the US has increased nine consecutive quarters.

- Property pricing in the US increased 18% in the fourth quarter, the highest level recorded since the survey began in 2012.
- Catastrophe (CAT) aggregates in the London and European markets have reduced, limiting available capacity.

Casualty pricing in the US increased 2% in the fourth quarter.

- Much of the overall casualty pricing increase was driven by the excess liability market, where prices increased nearly 10%.
- Auto pricing, up 5%, also contributed to the overall increase.
- Workers' compensation pricing decreased 4% in the fourth quarter, and was also down for the full year.

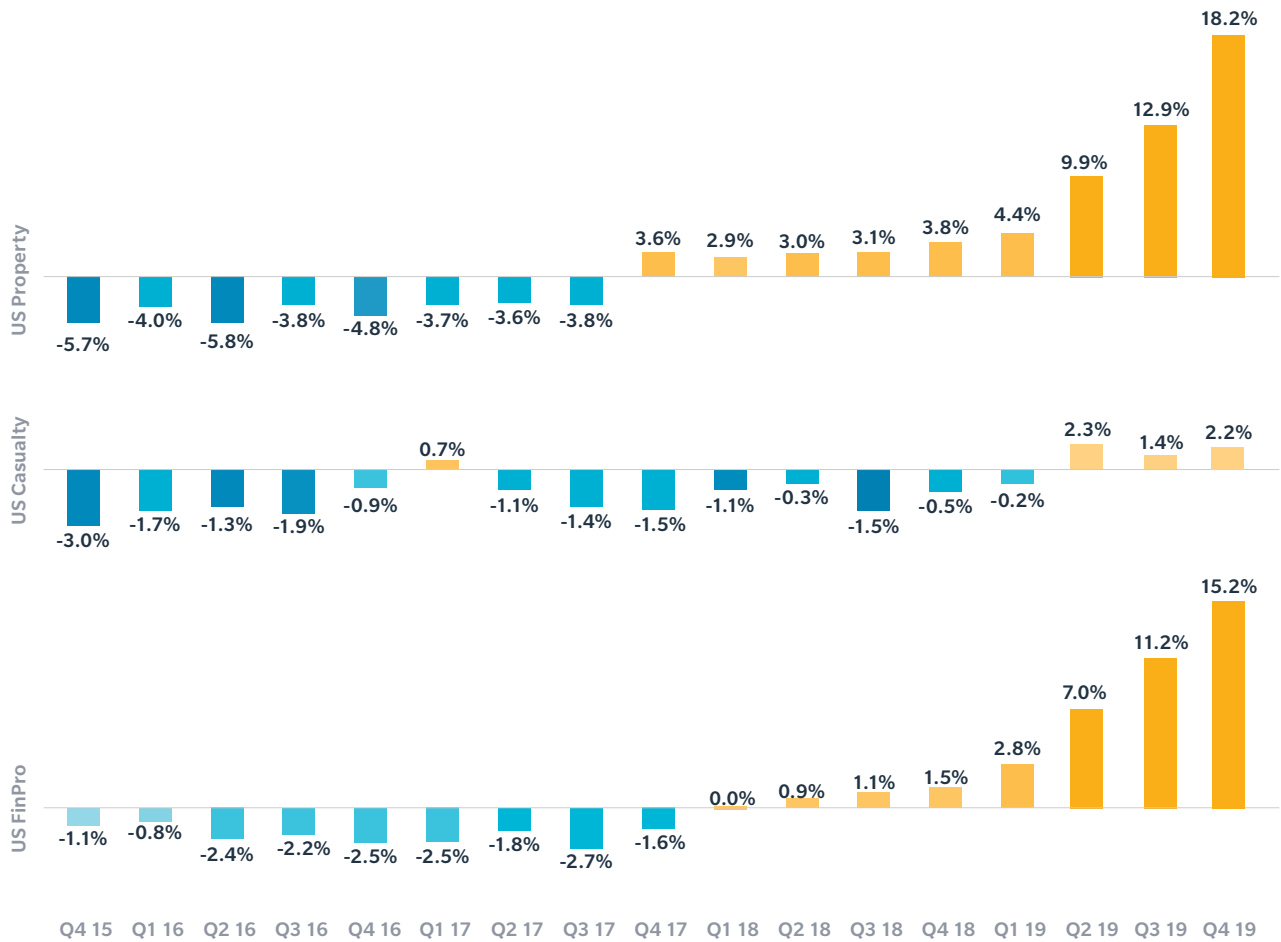
Financial and professional liability insurance pricing in the US increased 15%, driven by directors and officers (D&O) pricing.

- Pricing in the D&O market was up more than 20%, with a majority of clients seeing an increase.
- Pricing continues to be impacted by increased litigation, with event-driven lawsuits in areas such as #MeToo, cyber breaches, social media, and safety.
- Insurers continued to tighten terms and reduce capacity.
- More clients are increasing retention levels.
- Cyber insurance pricing increased 3%.

FIGURE
5

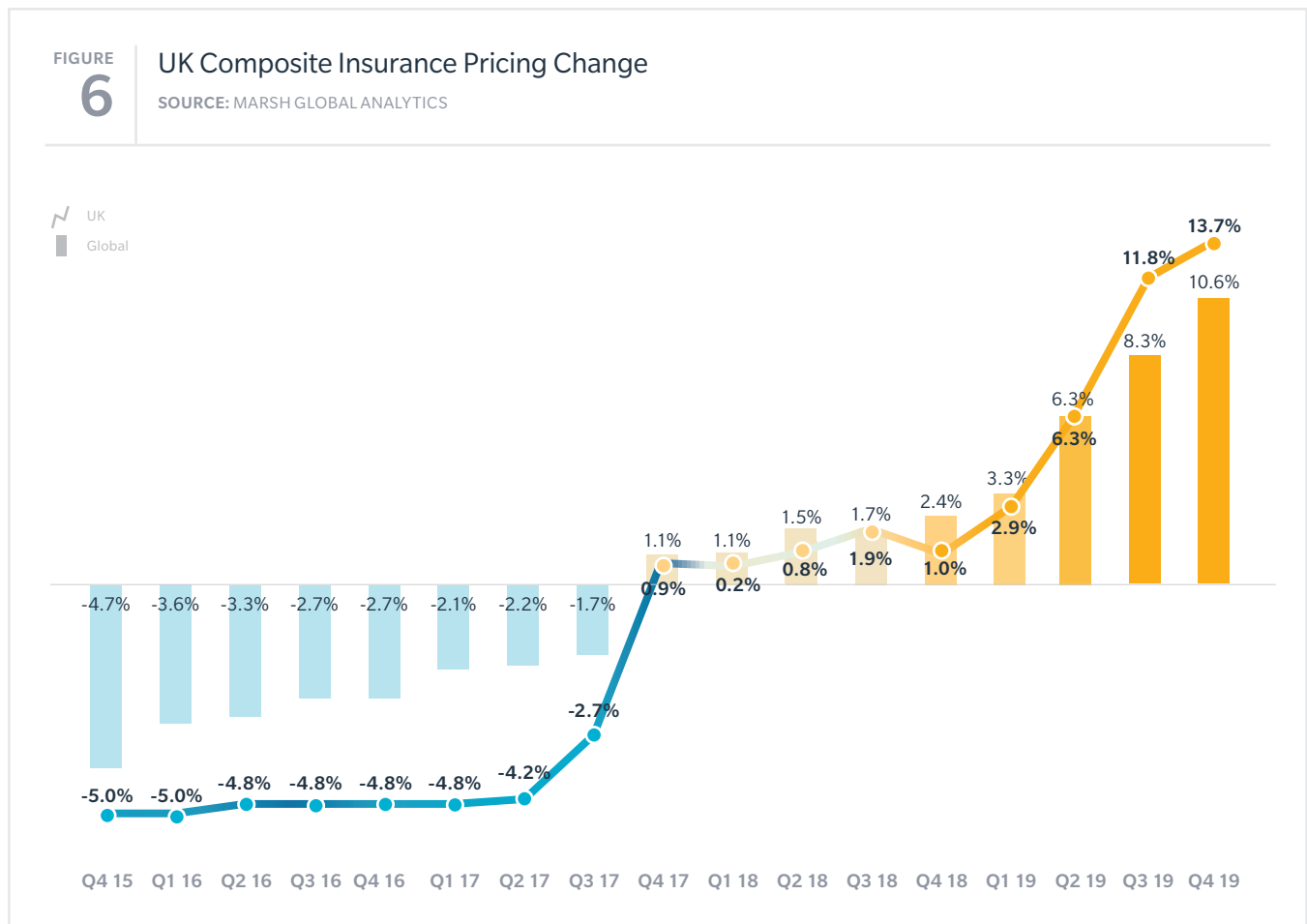
US Composite Insurance Pricing Change — By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



UK Composite Pricing Rises for Ninth Consecutive Quarter

Overall insurance pricing in the fourth quarter of 2019 in the UK increased nearly 14% (see Figures 6 and 7).



Property pricing increased 8% in the fourth quarter.

- Restriction in capacity continued in the property market, which influenced both the UK domestic-only segment and UK multinationals.
- Both lead and follow markets controlled capacity deployment, with further examples of portfolio closure.
- Smaller and less complex renewals generally received better results, though with few seeing price reductions.

Casualty pricing overall increased 3%.

- Motor liability continued to firm.
- Fewer price reductions were available compared to 2018.
- Insurers firmed on terms and conditions.

Financial and professional liability pricing increased more than 20%, albeit with large variability across products, segments, and industries.

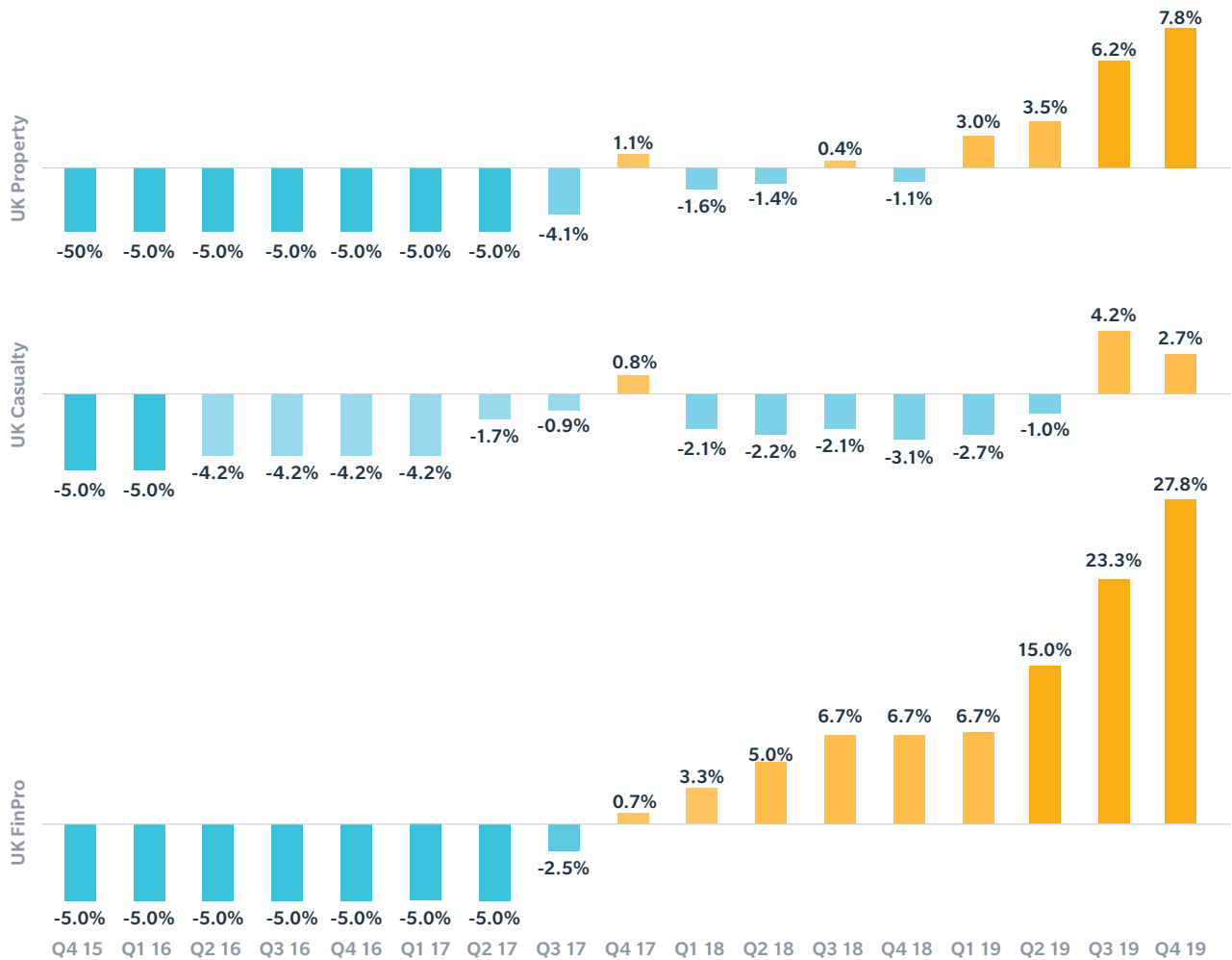
- Commercial D&O and financial institutions with a US or Australian listing saw the largest pricing increases. Tier one banks, insurance companies, pharmaceuticals, mining, and life sciences also experienced notable increases.

- Many clients experienced pricing increases at or above 100%.
- D&O pricing for midsize firms experienced less of an increase than larger firms.
- Some D&O insurers were contemplating an exit from the market.

FIGURE 7

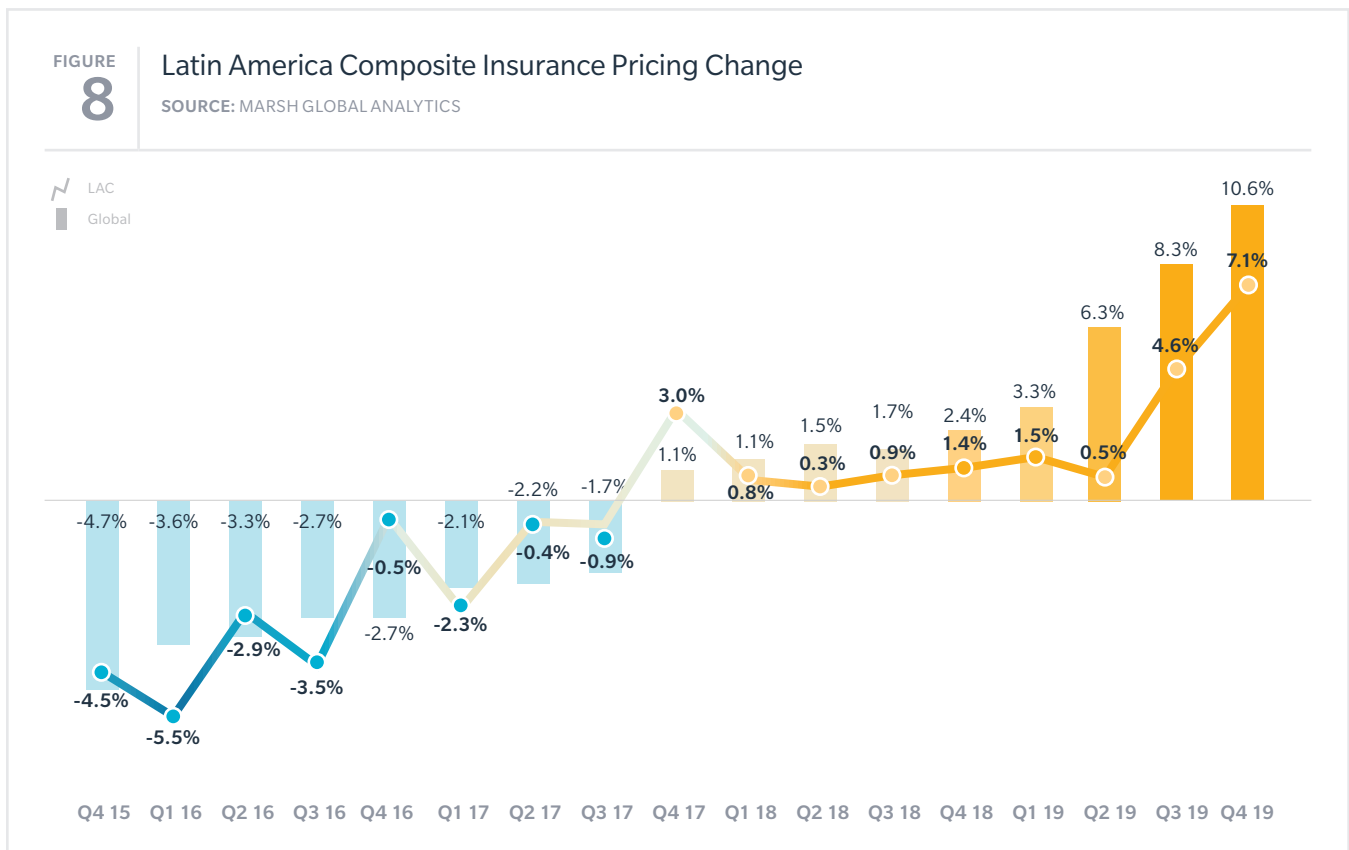
UK Composite Insurance Pricing Change — By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



Latin America Pricing Firms, Aligns with Global Trends

Insurance pricing in the fourth quarter of 2019 in the Latin America and Caribbean (LAC) region increased more than 7% as local and regional markets align to global trends (see Figures 8 and 9). The overall average composite pricing in LAC has now increased nine consecutive quarters.



Property pricing in the region increased 9% in the fourth quarter.

- Property pricing increased the last two quarters after being flat, or declining, for the previous six years.
- The largest increases were observed in Chile; increases were also reported in Brazil, Colombia, and Mexico.

Casualty prices rose 2% and increased every quarter for three years.

- Auto liability pricing increases slowed from prior quarters and was generally flat in most countries.
- Pricing for general liability varied by country, but generally fell within a range of -5% to +5%.

Financial and professional liability pricing rose 15% in the quarter, the second consecutive quarter of double-digit increases.

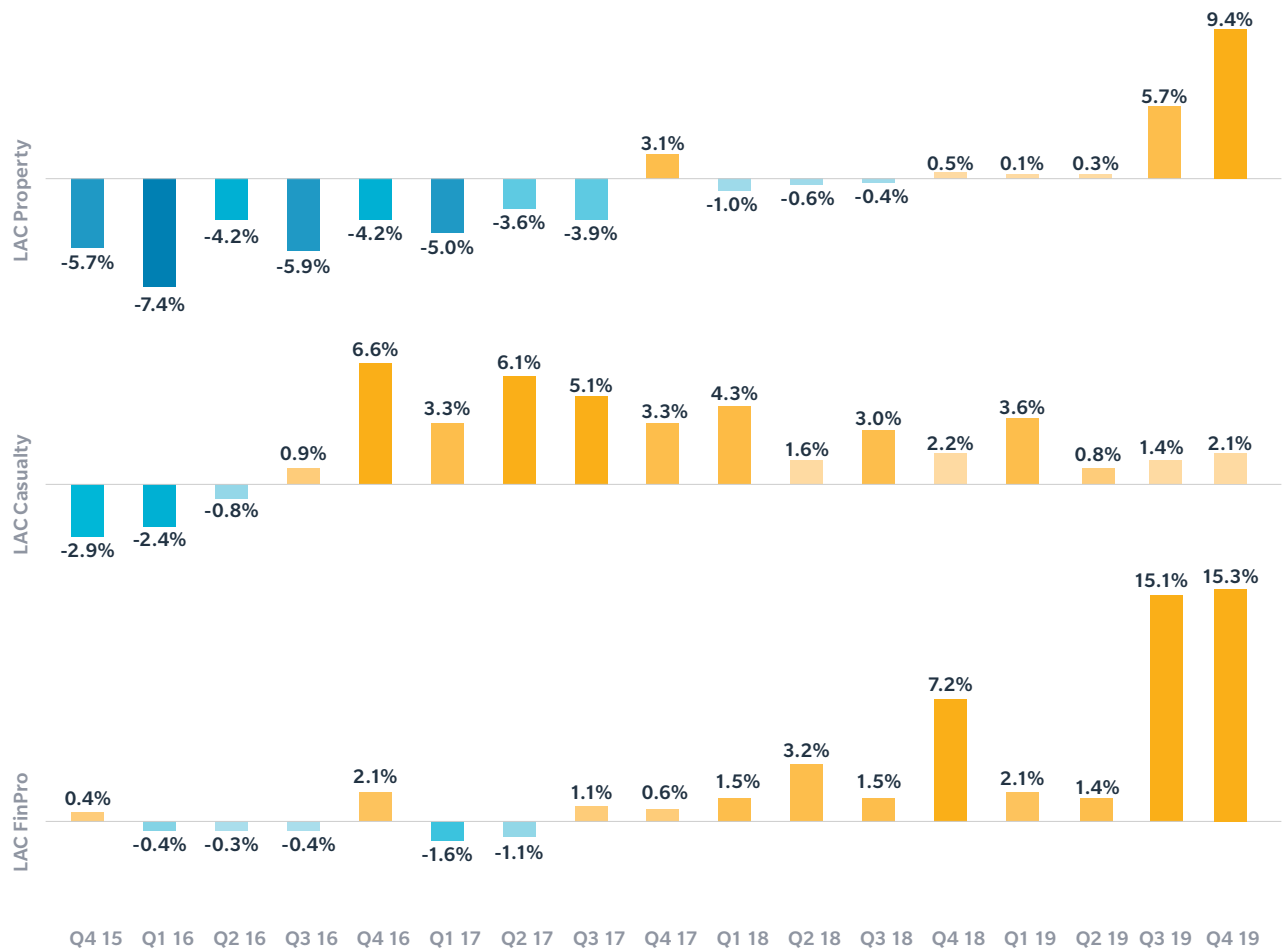
- The increases were due largely to capacity reduction, major losses, and litigation trends.

- The pricing increase was consistent with broader global trends.

FIGURE
9

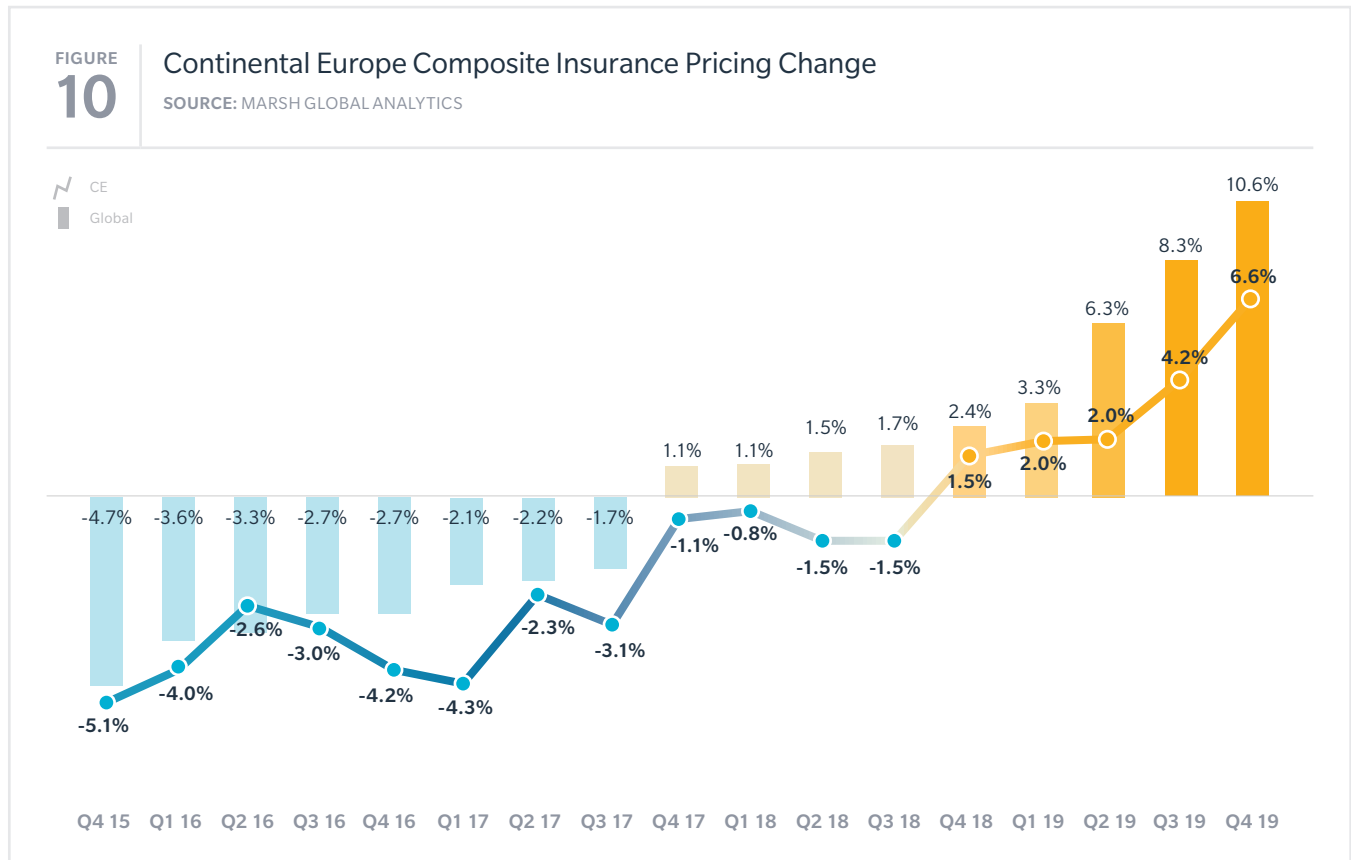
Latin America Composite Insurance Pricing Change — By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



Continental Europe Pricing Increases for Fifth Consecutive Quarter

Insurance pricing in the fourth quarter of 2019 in Continental Europe (CE) increased 7%, driven primarily by property insurance (see Figures 10 and 11).



Property insurance pricing in CE rose 10%, the fifth consecutive quarterly increase.

- Property pricing showed a steady rate of increase throughout 2019, after a multi-year period of flat or declining pricing movement.
- Pricing for CAT and non-CAT risks increased in most countries, generally in the range of 5% to 10%.

Casualty insurance pricing increased 3% in the fourth quarter, just the fourth quarterly increase observed in the last six years.

- Overall casualty pricing has increased for two consecutive quarters, after several years of continuous, but minor, decreases.
- Both general liability and workers' compensation were either stable or exhibited low-single digit increases in nearly every country.

Financial and professional liability insurance pricing increased 5%, the fifth consecutive quarter of increases.

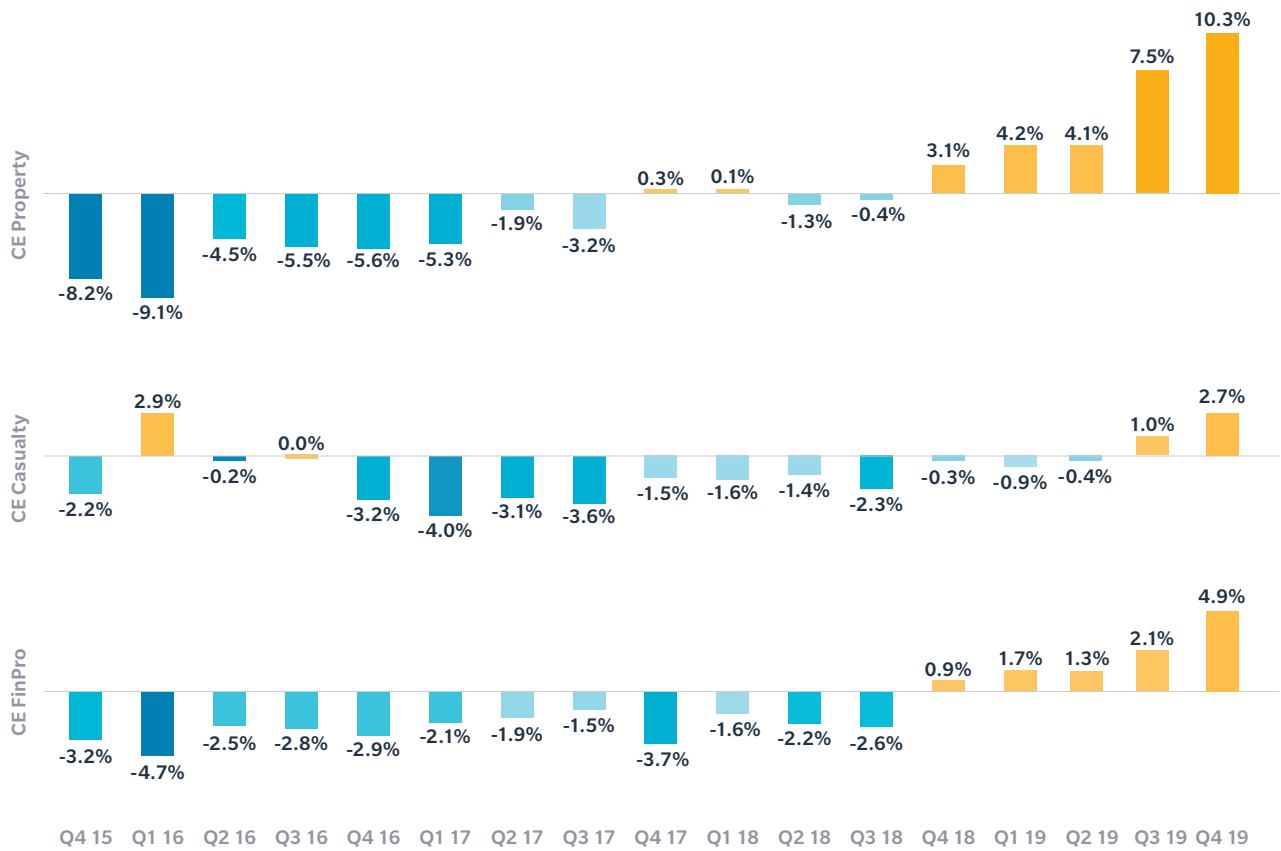
• Consistent increases were observed on financial institution accounts, sometimes at 10% or higher.

• Increases were driven by D&O — with pricing in most large countries up 5% to 10%.

FIGURE
11

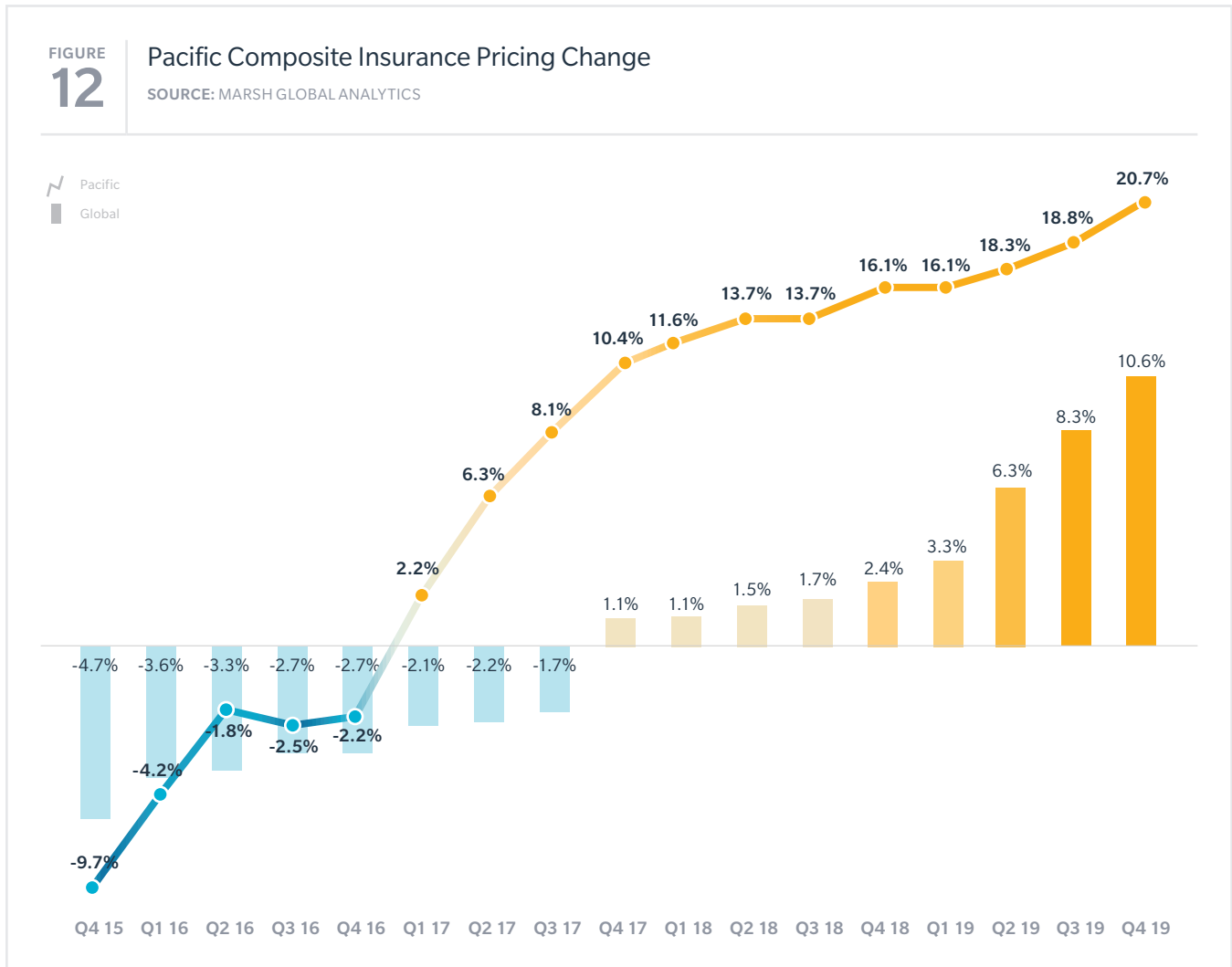
Continental Europe Composite Insurance Pricing Change — By Major Coverage Line

SOURCE: Q1 2019 GLOBAL INSURANCE MARKET INDEX



Pacific Upward Pricing Trend Continues

Overall insurance pricing in the fourth quarter of 2019 in the Pacific region increased 20%, continuing an upward trend that began in 2015 (see Figures 12 and 13).



Property insurance pricing increased 18% in the fourth quarter, the eighth consecutive quarter of year-over-year double-digit increases.

- Double-digit increases were reported for CAT and non-CAT risks, in both Australia and New Zealand. Pricing was up 10% to 20% for many clients; in some cases even higher.

- Similar to prior quarters, increases were observed across many industries, (including real estate, mining, and downstream energy), as a result of reduced capacity and appetite from major insurers.

Casualty pricing rose 6%, a trend of mid-single digit increases that has continued for three years.

- Competition in the casualty market increased, but pricing continued to rise at a fairly consistent rate.
- Pricing for all sub-products for both Australia and New Zealand was either stable or increased in the low-to-high single digits.

Financial and professional liability pricing again rose more than 25% in the quarter, marking 10 straight quarters of double-digit increases.

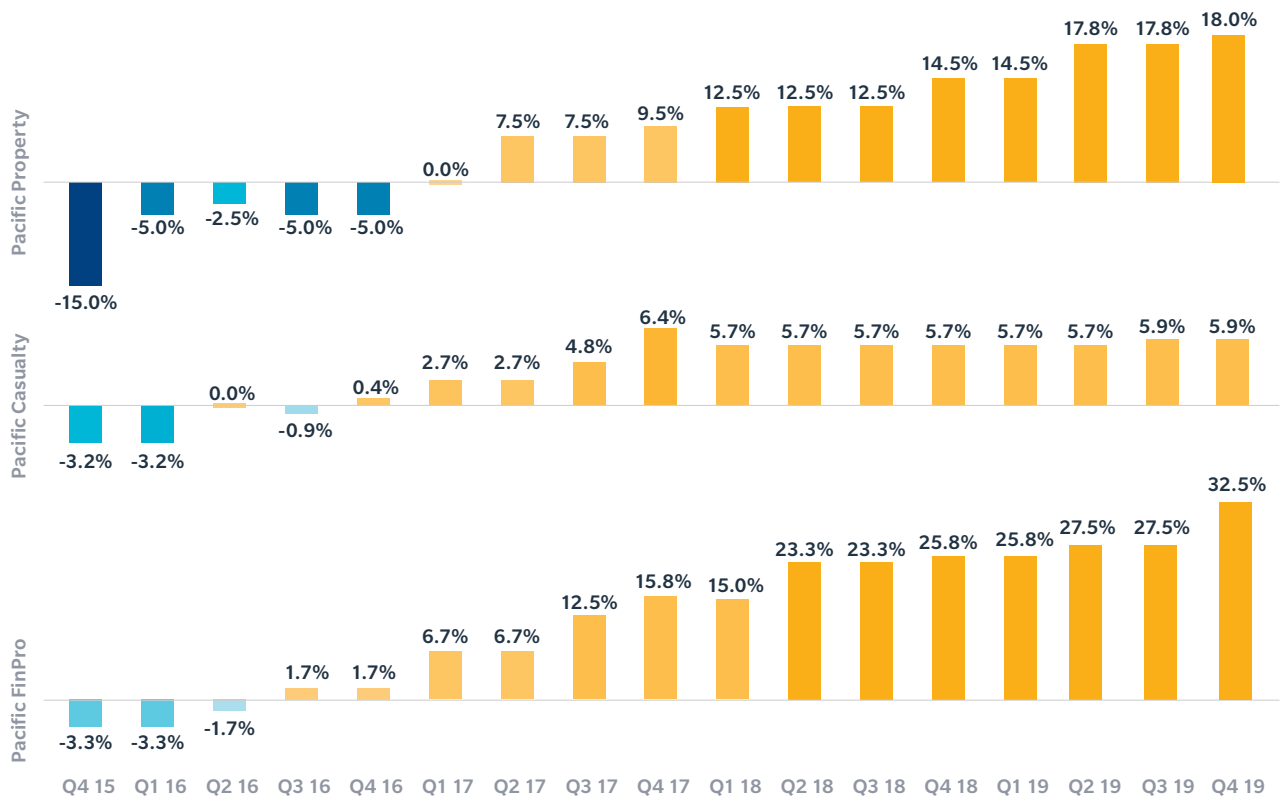
- The largest increases are being experienced on side C exposed listed company D&O, where increases of 100% or more have become common. Financial services professional indemnity (PI) has experienced increases of a similar magnitude.

- In the D&O market, the driver for price change continues to be securities class action claims.
- Financial services PI pricing continues to be impacted by claims arising from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.
- The claims environment has led to a number of major insurers in the local market retreating, with others taking firmer positions on price, capacity, and retentions.
- A large volume of Australian business continues to be placed into the London market.

FIGURE
13

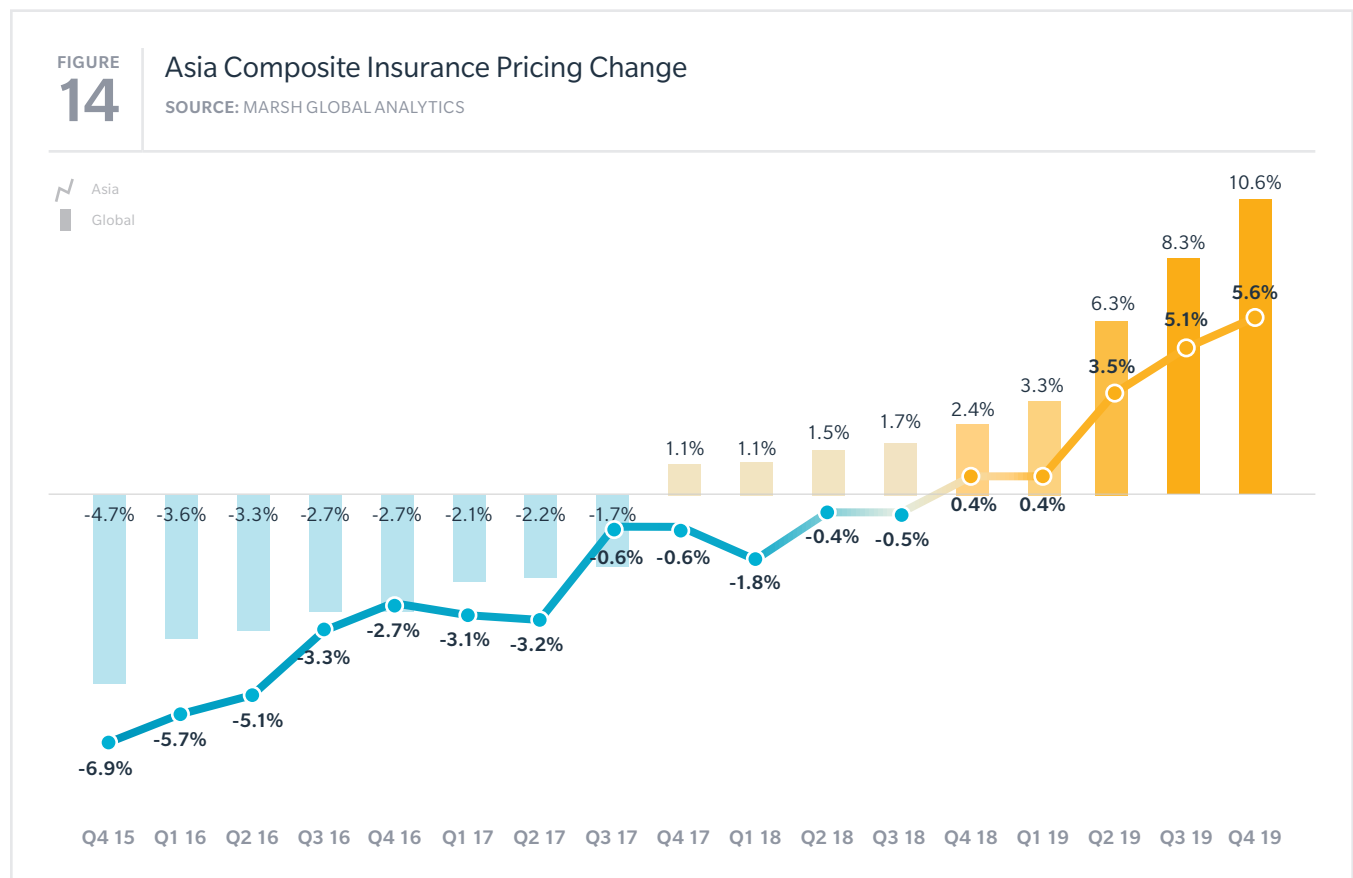
Pacific Composite Insurance Pricing Change — By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



Asia Composite Pricing Shows Highest Increase in Five Years

Insurance pricing in the fourth quarter of 2019 in Asia increased 6% year-over-year, the largest composite increase in the region in five years (see Figures 14 and 15).



Property insurance pricing rose 7%, with international carriers seeking increases across the region.

- Double-digit increases were seen in both CAT and non-CAT exposed risks in Hong Kong, Singapore, and the Philippines.
- The impact from 2018 CAT losses in the region are still being felt. Certain Lloyd’s syndicates have withdrawn from lines of business.

Casualty pricing was flat in the fourth quarter.

- For a seventh consecutive quarter, casualty pricing was generally flat, following several years of moderate decreases.
- Minor increases in auto/motor liability were reported in most Asian countries.
- Auto/motor increases were balanced by decreases in general liability, observed across the region, with pricing down as much as 10% in some countries.

Financial and professional liability pricing increased 5%.

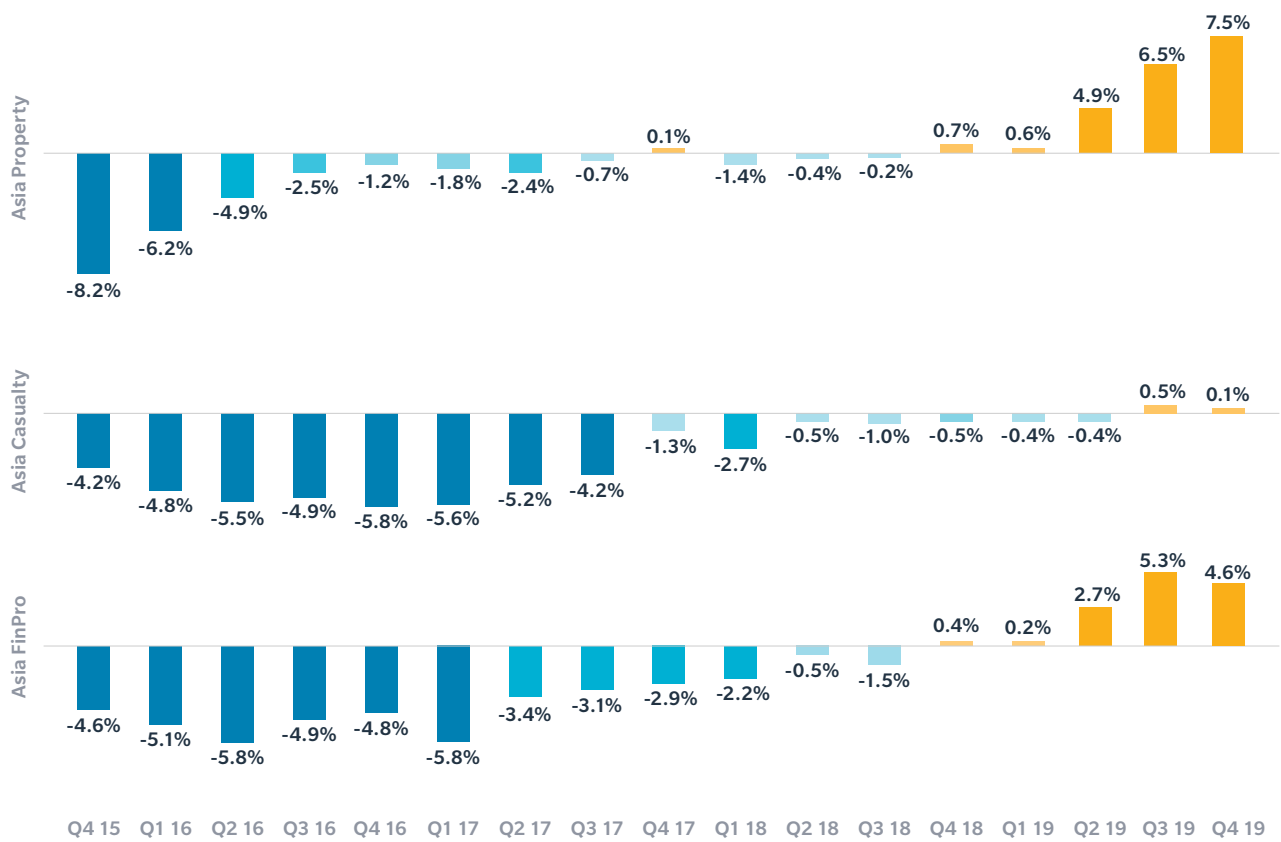
- Asia D&O risks with US listings, particularly for China-based risks, generally experienced increases.
- There was reduced appetite from insurers to compete on financial institutions, especially on risks with any claims or notification activity.

- Overall capacity in Asia remains adequate for a majority of risks.

FIGURE
15

Asia Composite Insurance Pricing Change — By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



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