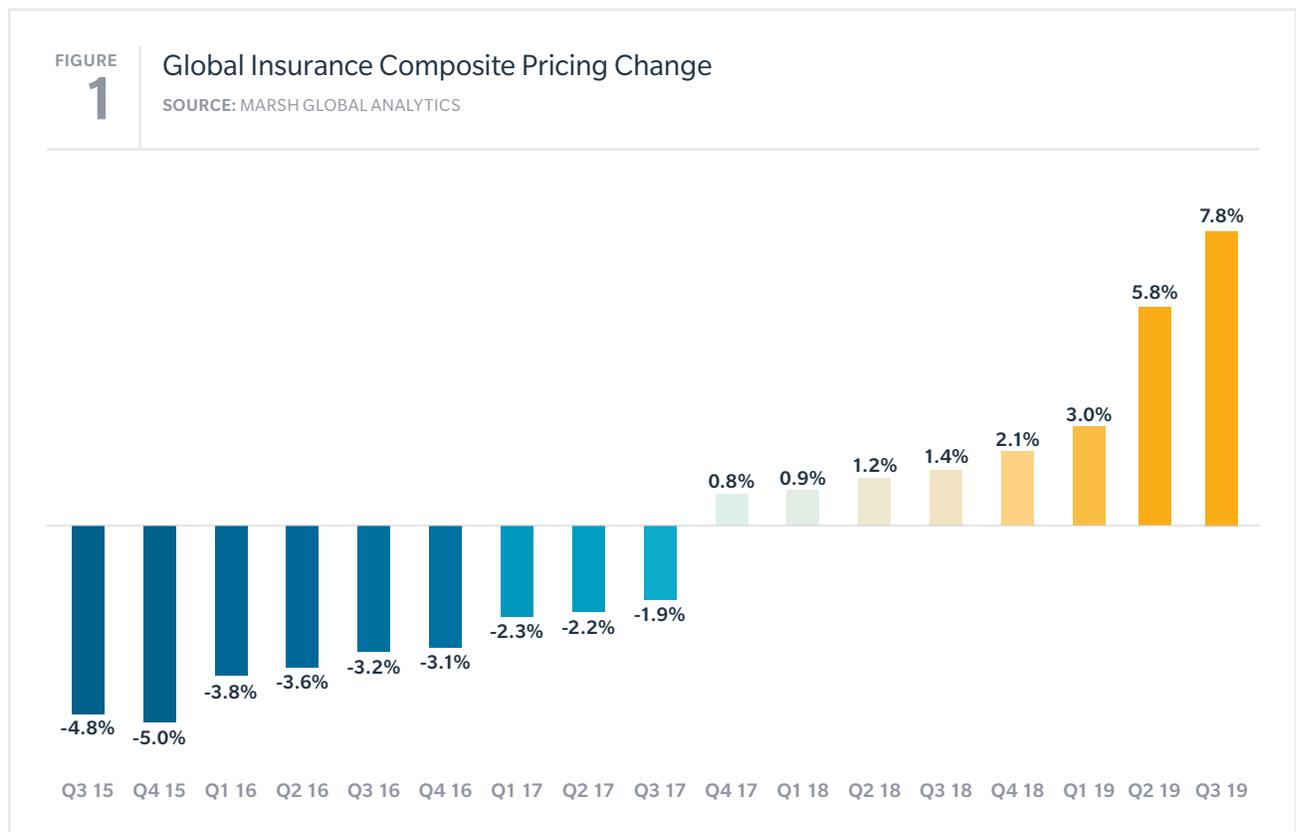


Global Insurance Prices Continue to Rise

Global commercial insurance prices rose by 8% in the third quarter of 2019 (see Figure 1), the eighth consecutive quarter of price increases. The third quarter rise in pricing was the largest year-over-year increase in the *Marsh Global Insurance Market Index* since its inception in 2012.*

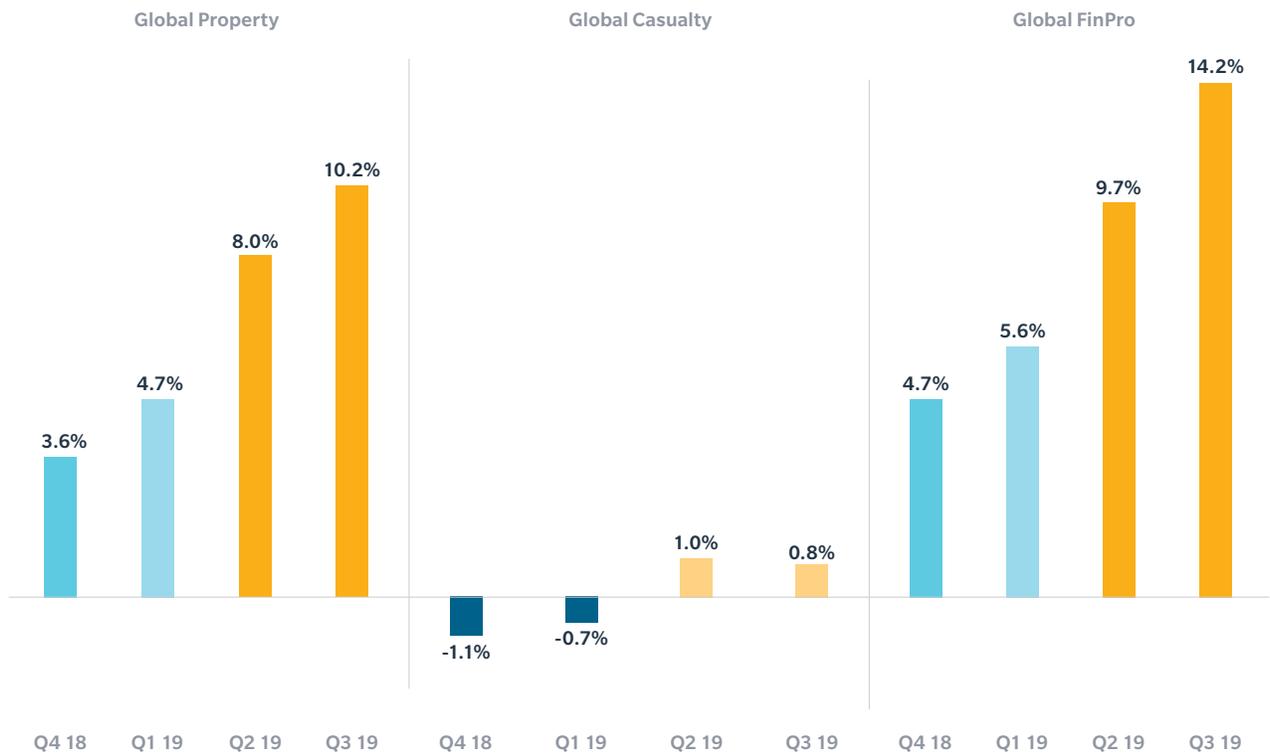


*Note: All references to pricing and pricing movements in this report should be considered averages, unless otherwise noted.

FIGURE
2

Global Composite Insurance Pricing Change — By Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



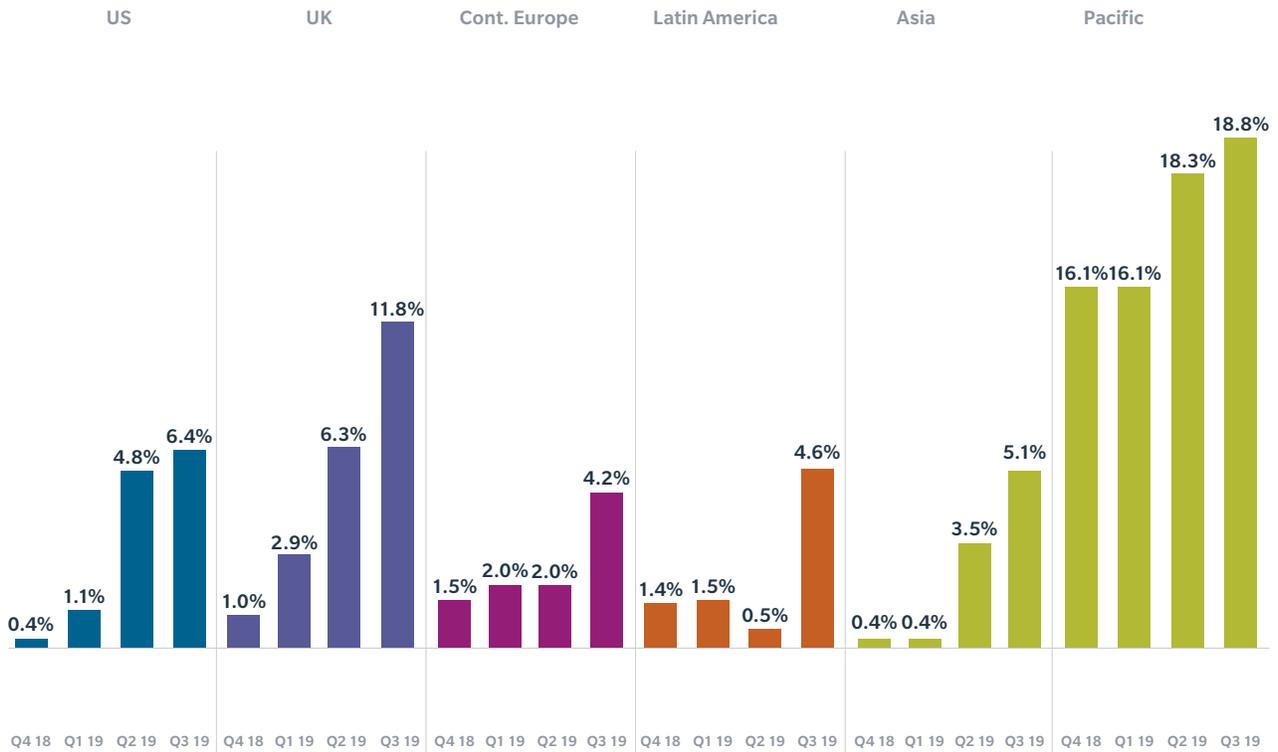
The insurance market experienced pricing increases in many geographies and across multiple products; however, some variability exists. Globally in the third quarter:

- Pricing increased in all three major product lines — property, casualty, and financial and professional liability — for the second straight quarter (see Figure 2).
- Property insurance pricing increased by 10%.
- Casualty pricing increased by 1%.
- Financial and professional liability rose by nearly 14%.
- All regions have now demonstrated four consecutive quarters of composite pricing increases (see Figure 3).

FIGURE
3

Composite Insurance Pricing Change — By Region

SOURCE: MARSH GLOBAL ANALYTICS

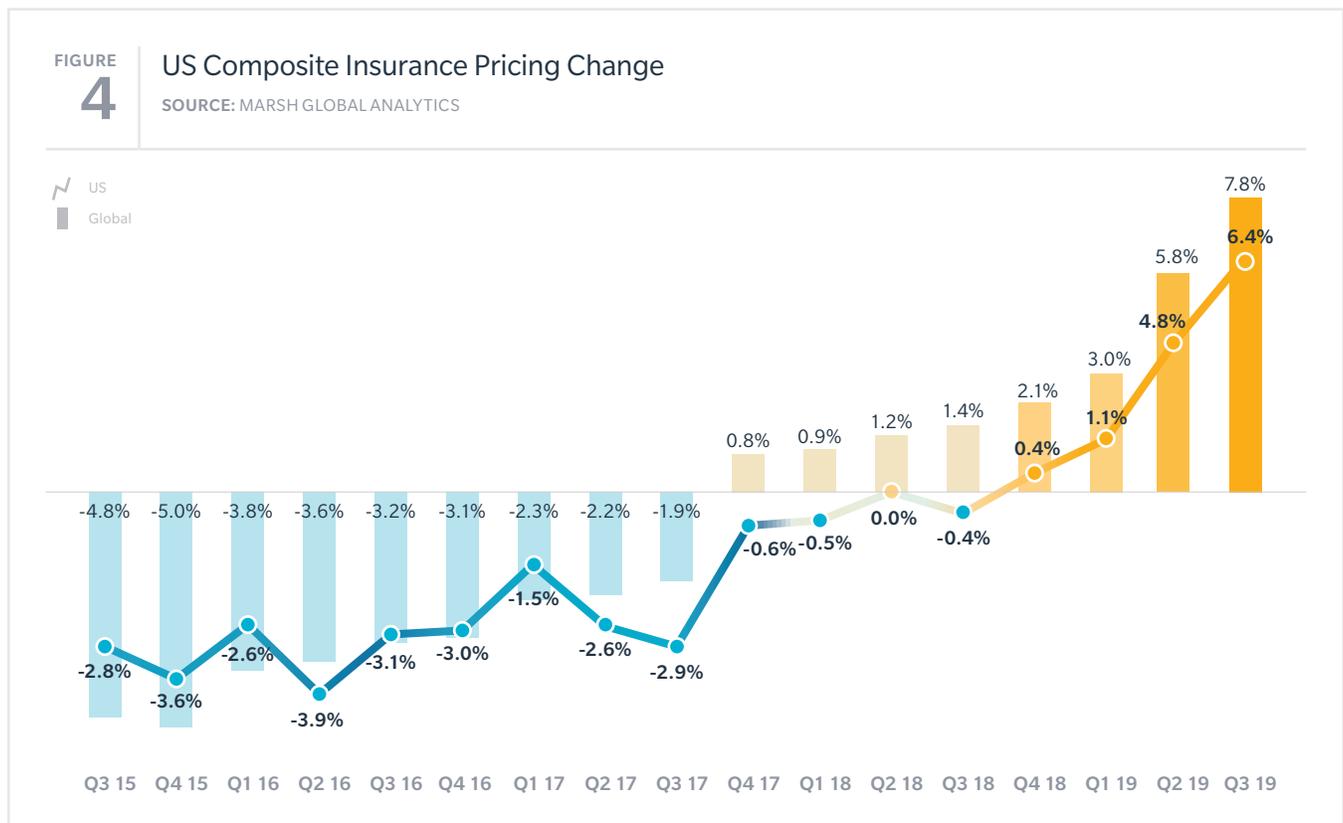


Regionally, composite pricing in the third quarter increased as follows:

- US 6%.
- UK 12%.
- Continental Europe 4%.
- Latin America and the Caribbean 5%.
- Asia 5%.
- Pacific 19%.

Overall US Insurance Pricing Continues to Firm

Insurance pricing in the third quarter of 2019 in the US increased by more than 6%, year-over-year (see Figure 4). The general trend was toward a firming of prices across the majority of coverage lines (see Figure 5). There has been a steady upward trend in pricing in the US since the third quarter of 2017.



Property pricing in the US has increased for eight consecutive quarters.

- Property rates in the US increased nearly 13% in the third quarter, the highest level recorded since the survey began in 2012.
- Both catastrophe and non-CAT exposures showed double digit price rises, with more than two-thirds of property owners experiencing an increase.

Casualty pricing in the US decreased by 1% in the third quarter after having experienced the first increase in two years in the previous quarter.

- More than two-thirds of commercial auto risks experienced an increase, compared to one-third of both general liability and workers' compensation risks.
- A large number of organizations continued to see no change in general liability and workers' compensation pricing.
- Excess lines pricing increased 6%, with nearly 60% of clients experiencing an increase. Higher pricing was observed across all market segments.

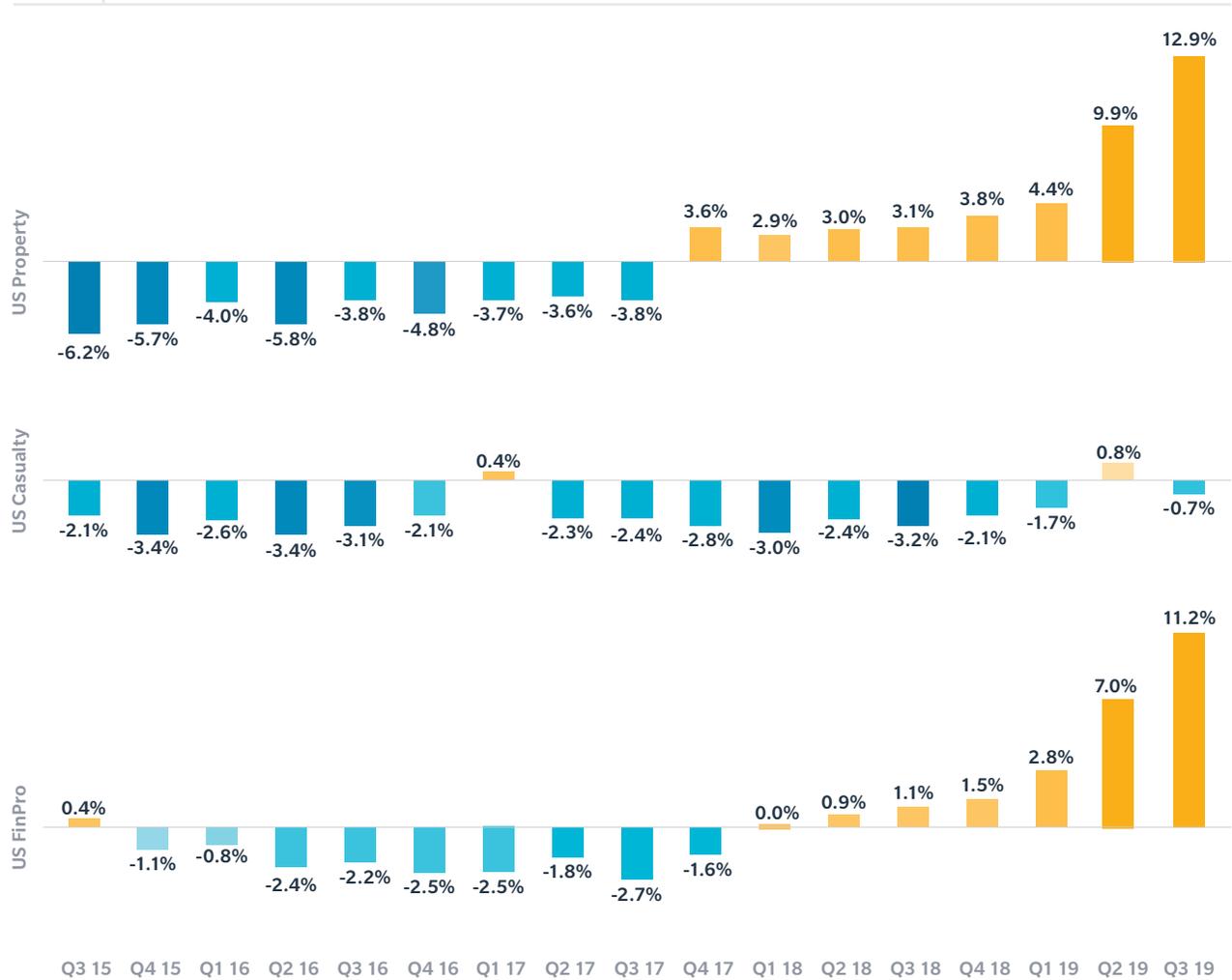
Financial and professional liability insurance rates in the US increased by 11%, driven by directors and officers (D&O) pricing.

- Insurers are moving toward higher retention levels, and reduced limits.
- Cyber insurance pricing increased by nearly 3%.
- Financial and professional liability pricing has increased for seven consecutive quarters.
- Factors contributing to the market firming included increased litigation with event-driven lawsuits expanding to areas such as #MeToo, cyber breaches, social media, and safety.

FIGURE
5

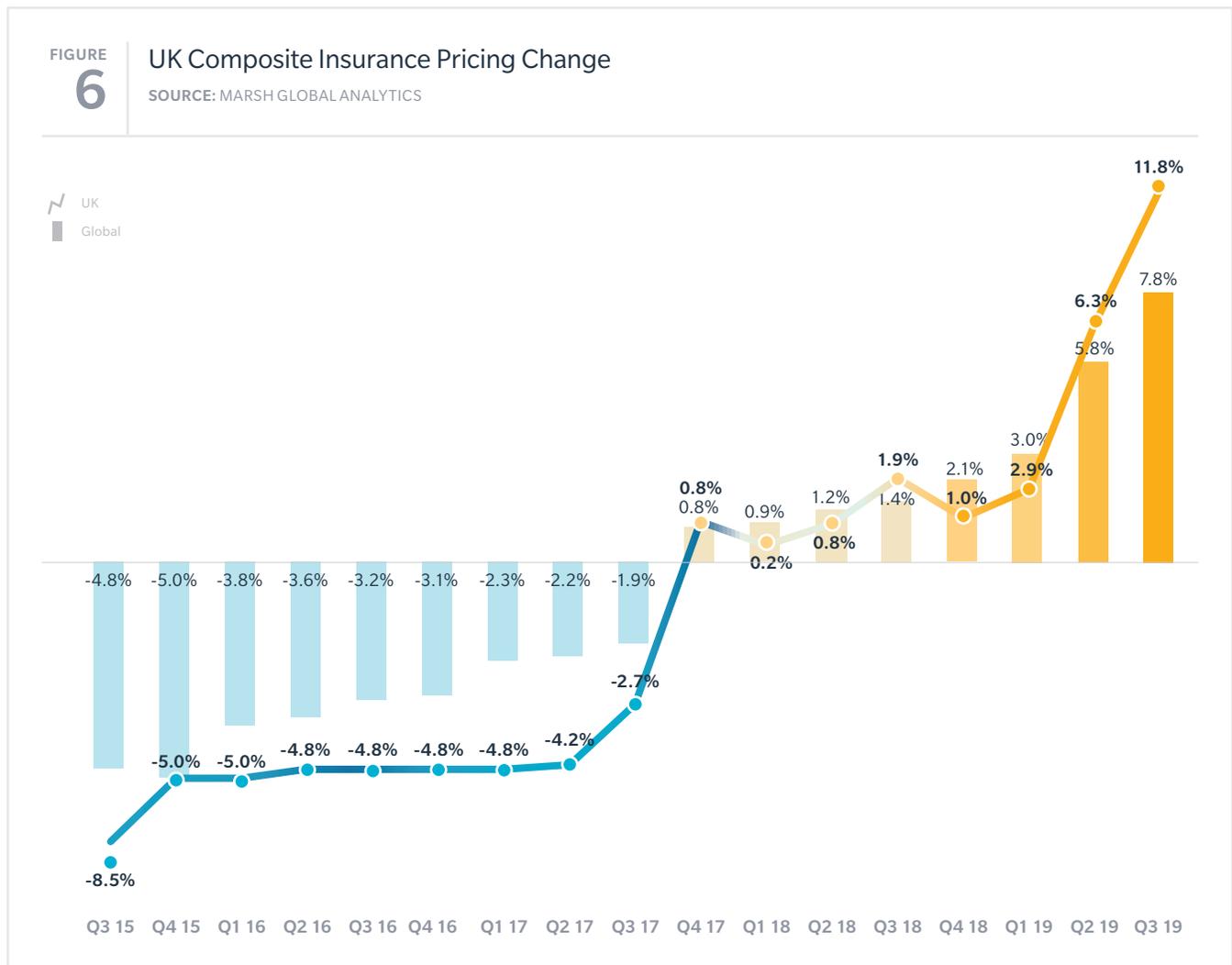
US Composite Insurance Pricing Change - By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



UK Composite Pricing Rises for Eighth Consecutive Quarter

Overall insurance pricing in the third quarter of 2019 in the UK increased by nearly 12%, year-over-year, driven by increases in property and financial and professional liability (see Figures 6 and 7).



Property pricing increased 6% in the third quarter.

- The UK multinational market remained in a period of transition.
- Pricing for midsize companies generally more competitive than larger risks as insurers look to expand in this segment.

Casualty pricing overall increased more than 4%.

- Motor liability continued to firm, with pricing increases generally in the double digits.
- Insurers firmed on terms and conditions, particularly for data/cyber coverage.
- Fewer rate reductions were available for large casualty risks compared to early 2018.

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

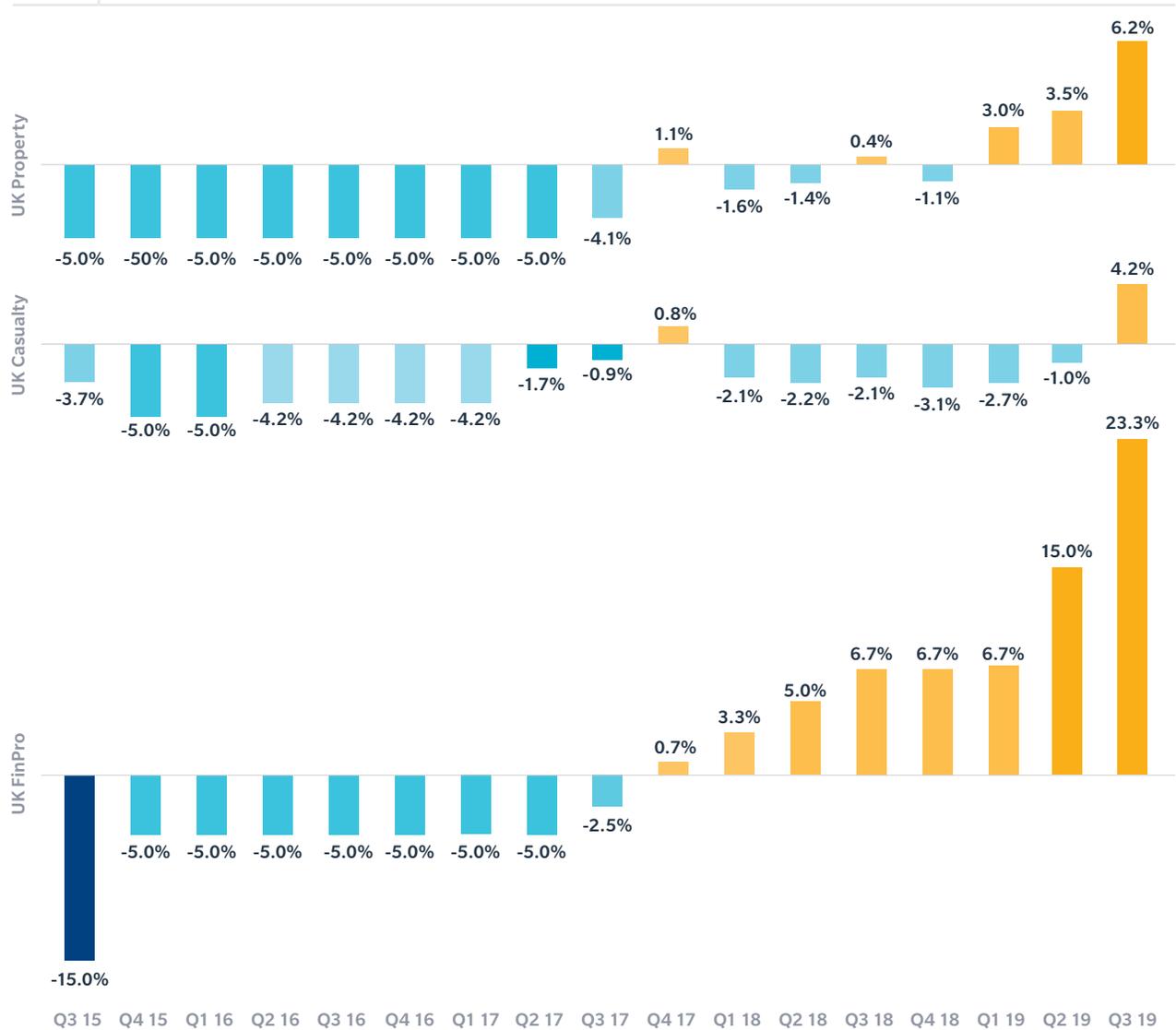
- Commercial D&O and financial institutions with a US or Australian listing saw the largest pricing increases. Tier one banks, insurance companies, pharmaceuticals, mining, and life sciences also experienced notable increases.

- Many clients experienced rate increases at or above 100%.
- D&O pricing for midsize firms experienced less of an increase than for larger firms.

FIGURE
7

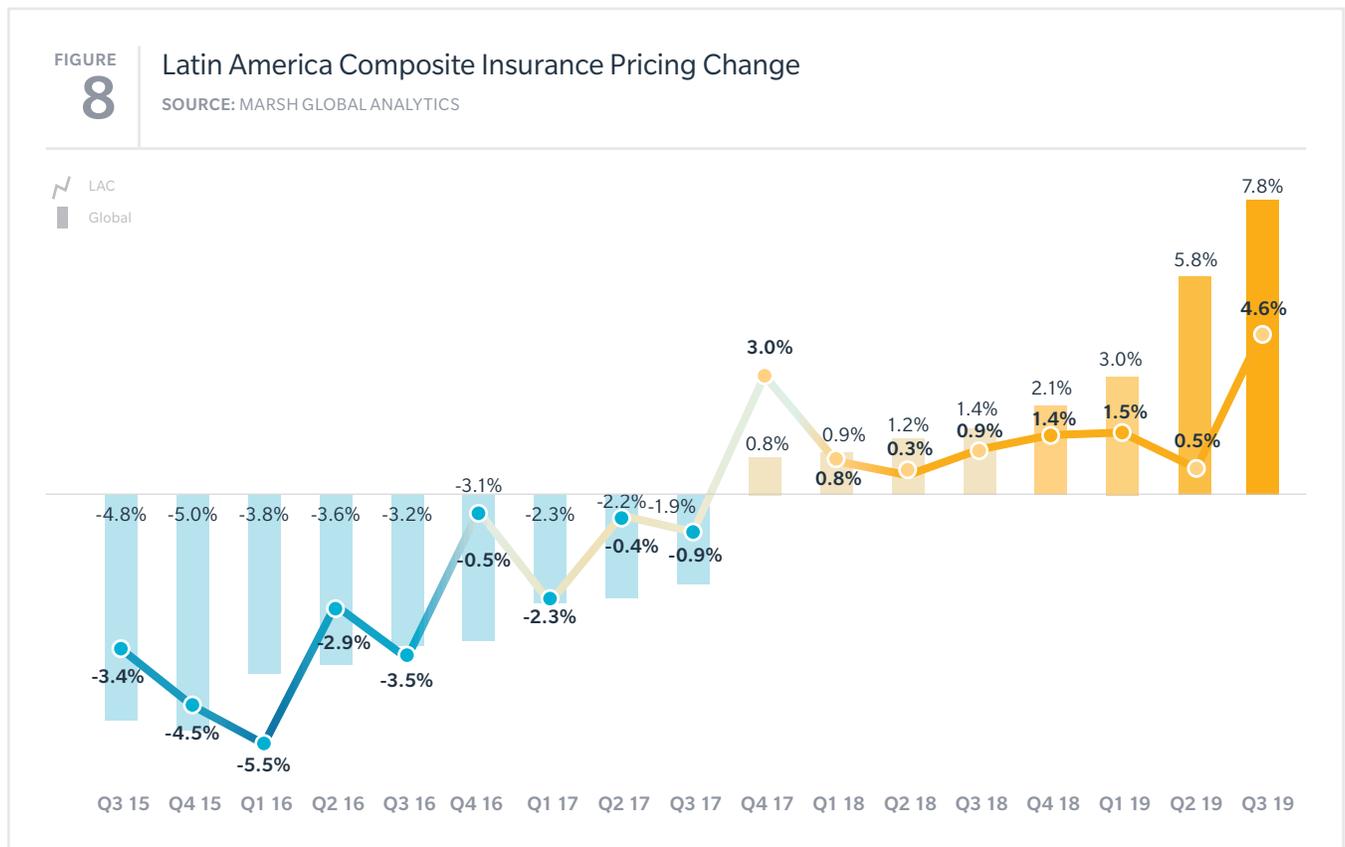
UK Composite Insurance Pricing Change - By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



Latin America Pricing Firms, Aligns with Global Trends

Insurance pricing in the third quarter of 2019 in the Latin America and Caribbean (LAC) region increased by more than 4% year-over-year (see Figures 8 and 9). Overall average composite pricing in LAC has now increased for eight consecutive quarters.



Property pricing in the region increased almost 6% in the third quarter.

- The increase was significantly higher than in the second quarter, and was the largest since the survey started in 2012.
- The increase in the third quarter followed six consecutive quarters of flat pricing.

Casualty prices rose by about 1% and have increased every quarter for almost three years, typically in the low to mid-single digits.

- Auto liability pricing continued to increase, however the rate of increase was lower than in prior quarters, and the geographic spread across LAC was more limited.
- Pricing for general liability varied by country, but generally fell within a range of -5% to +5%.

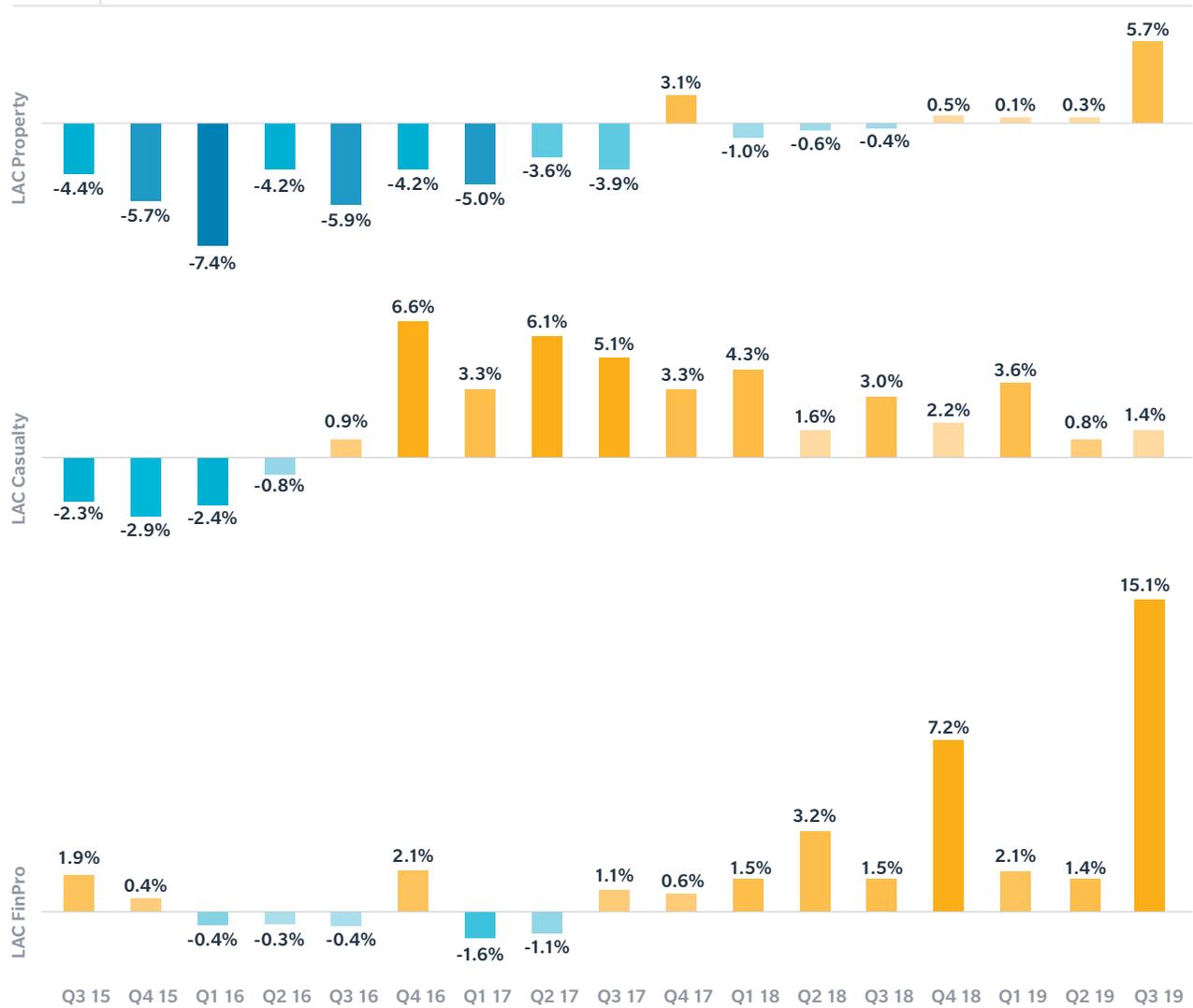
Financial and professional liability pricing rose 15% in the quarter, the region's seventh consecutive quarterly increase.

- The pricing change in the third quarter was a significant increase over prior quarters, but was consistent with the broader global trend.
- The overall average for the region was heavily affected by financial institution coverage in Brazil, which was up 10%, and D&O in Colombia, which increased more than 10%.
- Increases in financial and professional lines were driven in part by capacity reductions, major losses, and litigation trends in some countries.

FIGURE
9

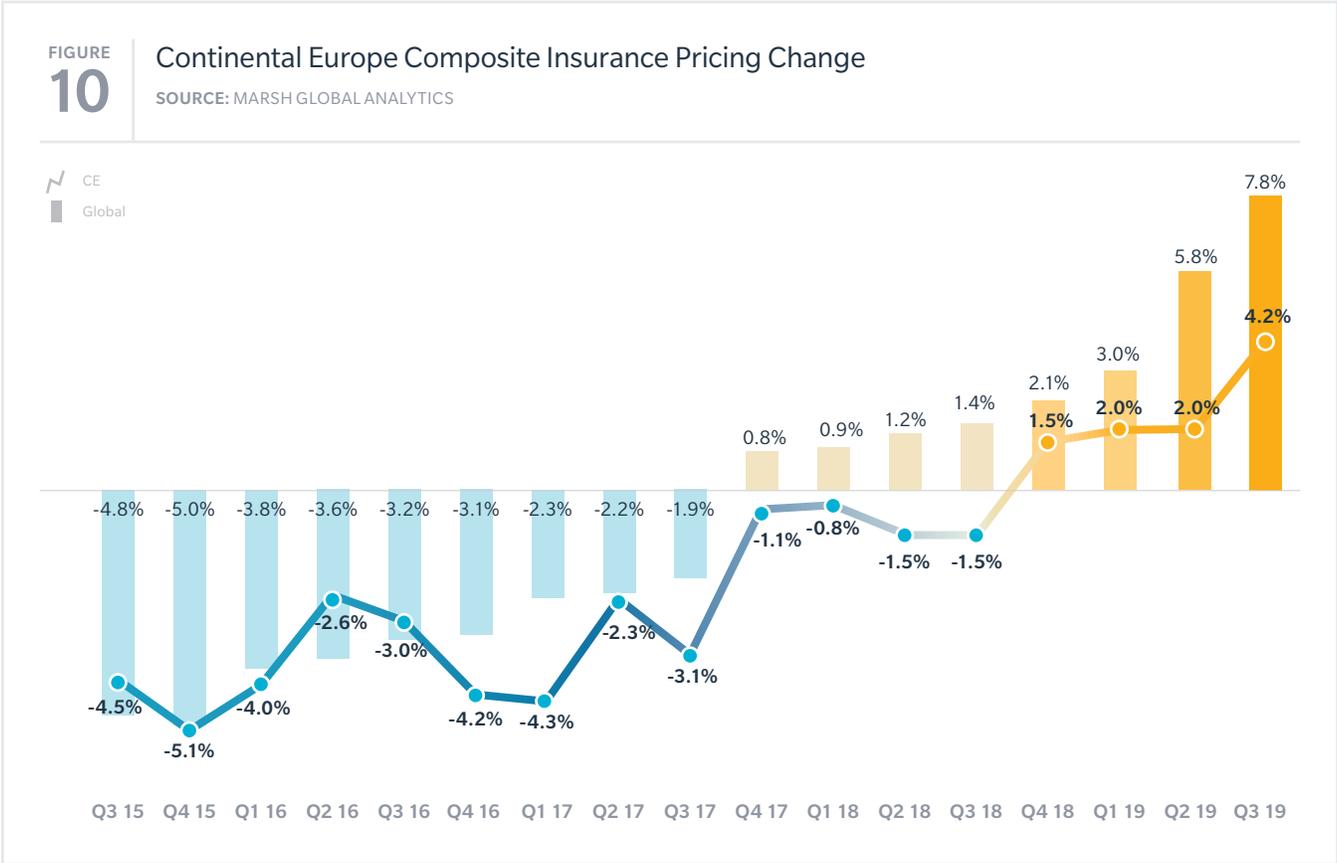
Latin America Composite Insurance Pricing Change - By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



Continental Europe Pricing Increases for Fourth Consecutive Quarter

Insurance pricing in the third quarter of 2019 in Continental Europe (CE) increased by more than 4%, driven primarily by property insurance (see Figures 10 and 11).



Property insurance pricing in CE rose 7%, the fourth consecutive quarterly increase and the longest trend of pricing increases in five years.

- Pricing for CAT risks increased in most major countries, generally in the low to mid single digits.

- Non-CAT property pricing showed some variability across the region. Most major markets showed slight increases; smaller countries typically reported stable pricing.

- Property pricing increases were largely the result of a slight reduction in overall capacity and carriers tightening conditions.

Casualty insurance pricing increased 1% in the third quarter, which was only the third increase observed in the last six years.

- The auto/motor line was the only casualty product to show consistent increases across the region, generally in the low single-digits.
- General liability insurance showed variability across the region, but was generally stable.

Workers' compensation/employer's liability pricing varied within a narrow band, from stable to down low single digits.

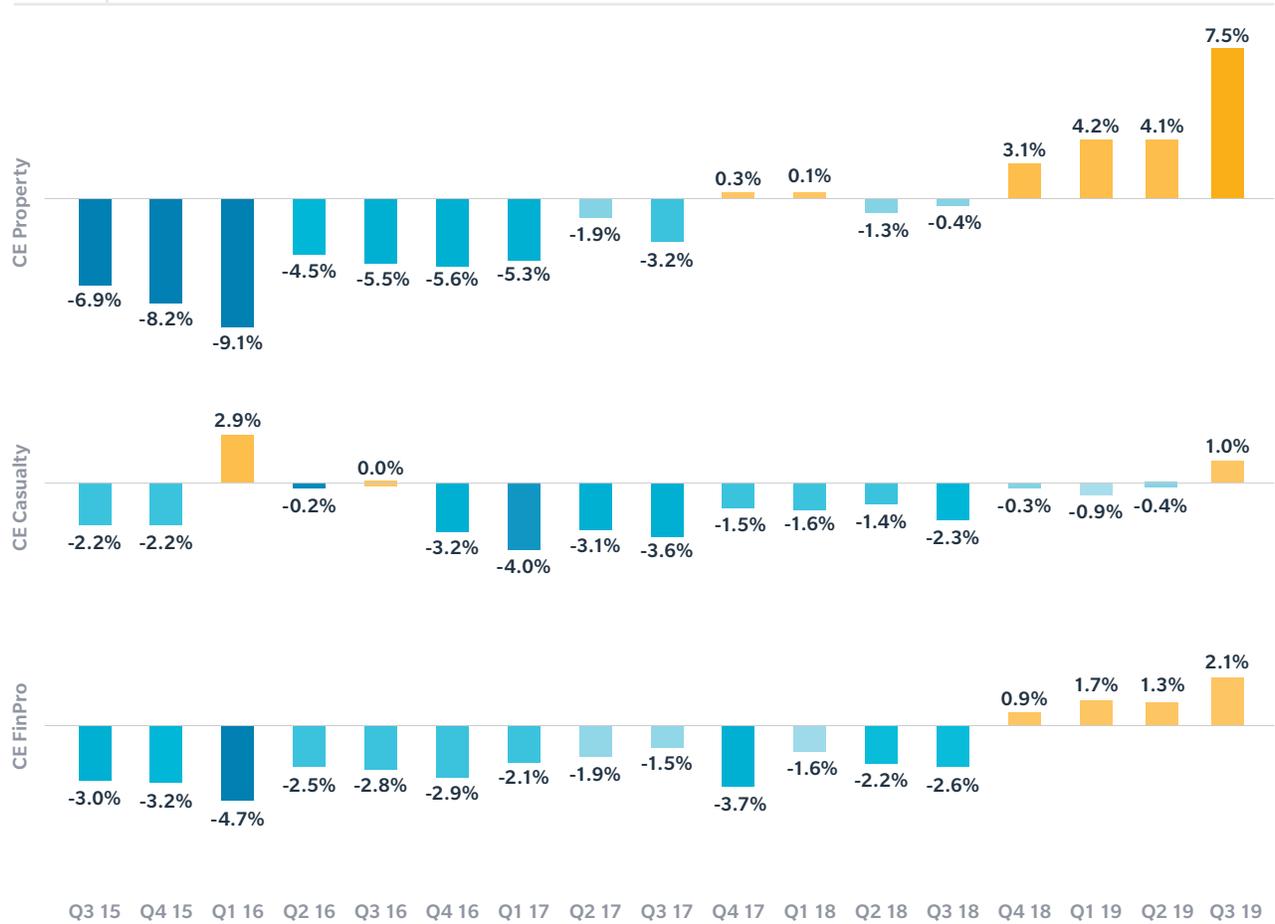
Financial and professional liability insurance pricing increased 2%, the fourth consecutive quarter of increases.

- Increases were driven largely by D&O pricing and financial institution accounts.

FIGURE
11

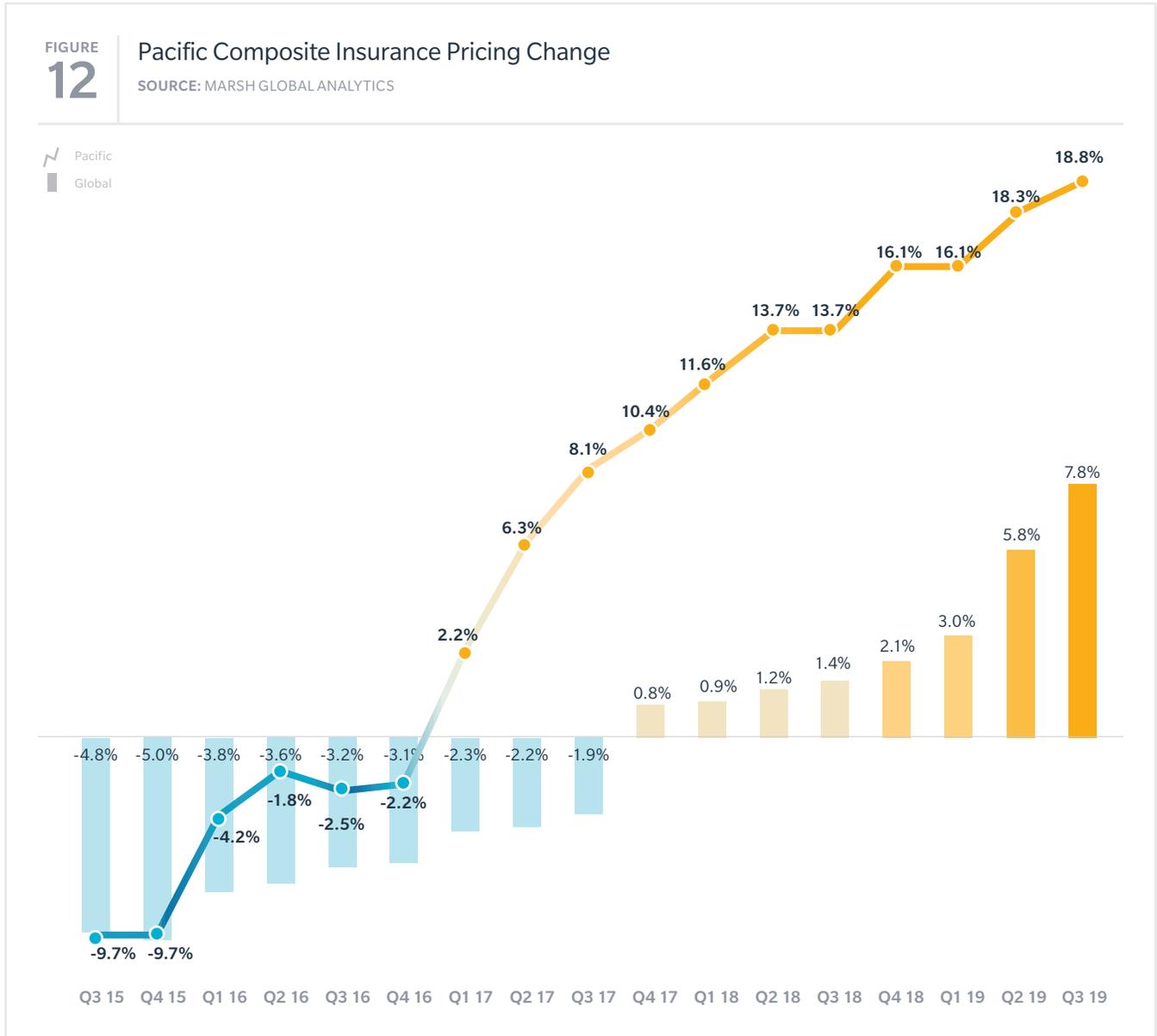
Continental Europe Composite Insurance Pricing Change - By Major Coverage Line

SOURCE: Q1 2019 GLOBAL INSURANCE MARKET INDEX



Pacific Upward Pricing Trend Continues

Overall insurance pricing in the third quarter of 2019 in the Pacific region increased nearly 19%, continuing a trend that began in 2015 (see Figures 12 and 13).



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

- Many risks in Australia and New Zealand (CAT or non-CAT), experienced increased pricing in the 10% to 20% range.
- Increases were observed across many industries (real estate, mining, and downstream energy) as a result of reduced capacity and appetite from major insurers.

Casualty pricing increased 6%, a trend that has continued for the last three years.

- Competition continued in the casualty market, although pricing increased at a fairly consistent rate compared to prior quarters.

Financial and professional liability pricing rose 25% in the third quarter, marking nine straight quarters of double-digit increases.

- The largest increases were experienced on side C exposed listed company D&O; it was not uncommon to see increases of 100%.

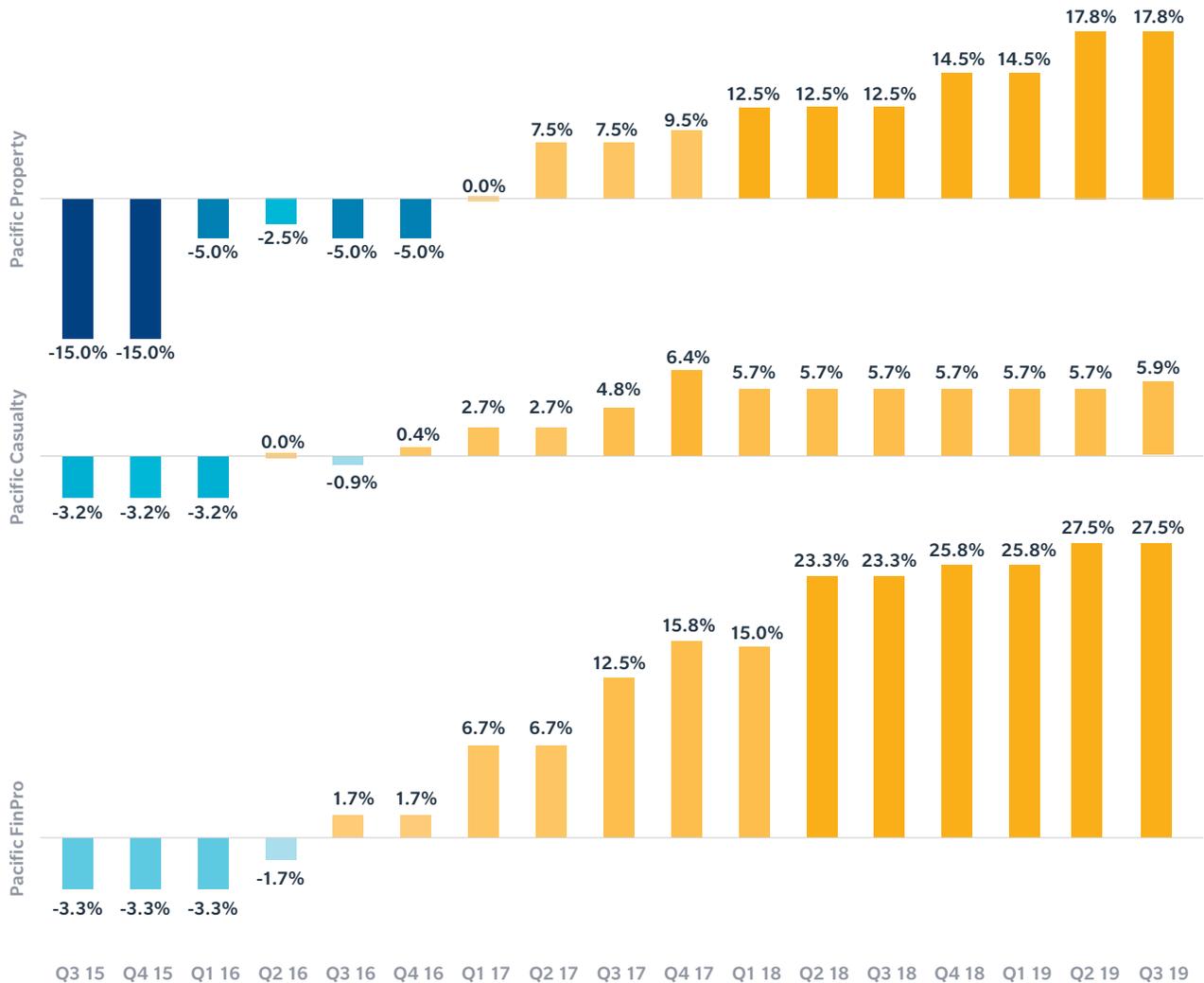
Financial services professional indemnity (PI) experienced increases of a similar magnitude.

- D&O market prices continued to be driven by securities claims.
- The claims environment has led to a number of insurers exiting the marketplace, with others taking firmer positions on price, capacity, and retentions.
- A large volume of Australian business is being placed into the London market, where similar firming is evident.

FIGURE
13

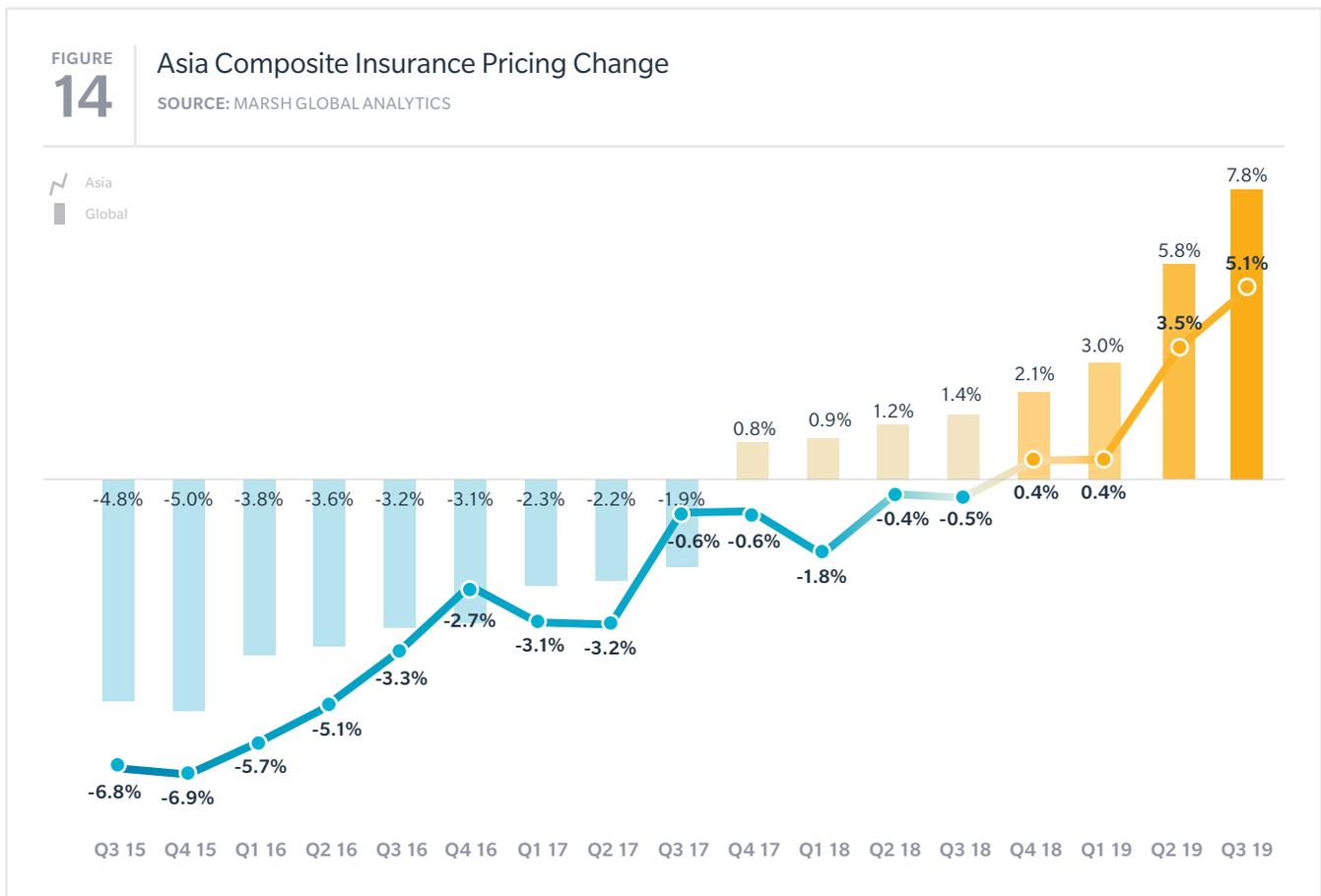
Pacific Composite Insurance Pricing Change - By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



Asia Composite Pricing Shows Highest Increase in Five Years

Driven by global trends, insurance pricing in the third quarter of 2019 in Asia increased by 5% year-over-year, the largest composite increase in the region in five years (see Figures 14 and 15).



Property insurance pricing rose 6%, with international carriers seeking increases across the region.

- CAT pricing in several Asian markets — including Singapore, Hong Kong, and India — increased by double digits.
- CAT losses from the fourth quarter of 2018 in the region impacted insurer's profitability, with price corrections occurring at an accelerated pace.
- Non-CAT pricing showed variability, from single-digit decreases to single-digit increases.

Casualty pricing increased by 1%, and continued to trend toward stable after several years of moderate decreases.

- The moderation of casualty pricing was largely due to increases in auto/motor liability reported in most Asian countries. These increases were consistently in the low to mid-single digit range.
- Decreases in general liability were observed across the region, with pricing down as much as 10% in some countries.

Financial and professional liability pricing increased 5%, the largest increase observed in several years.

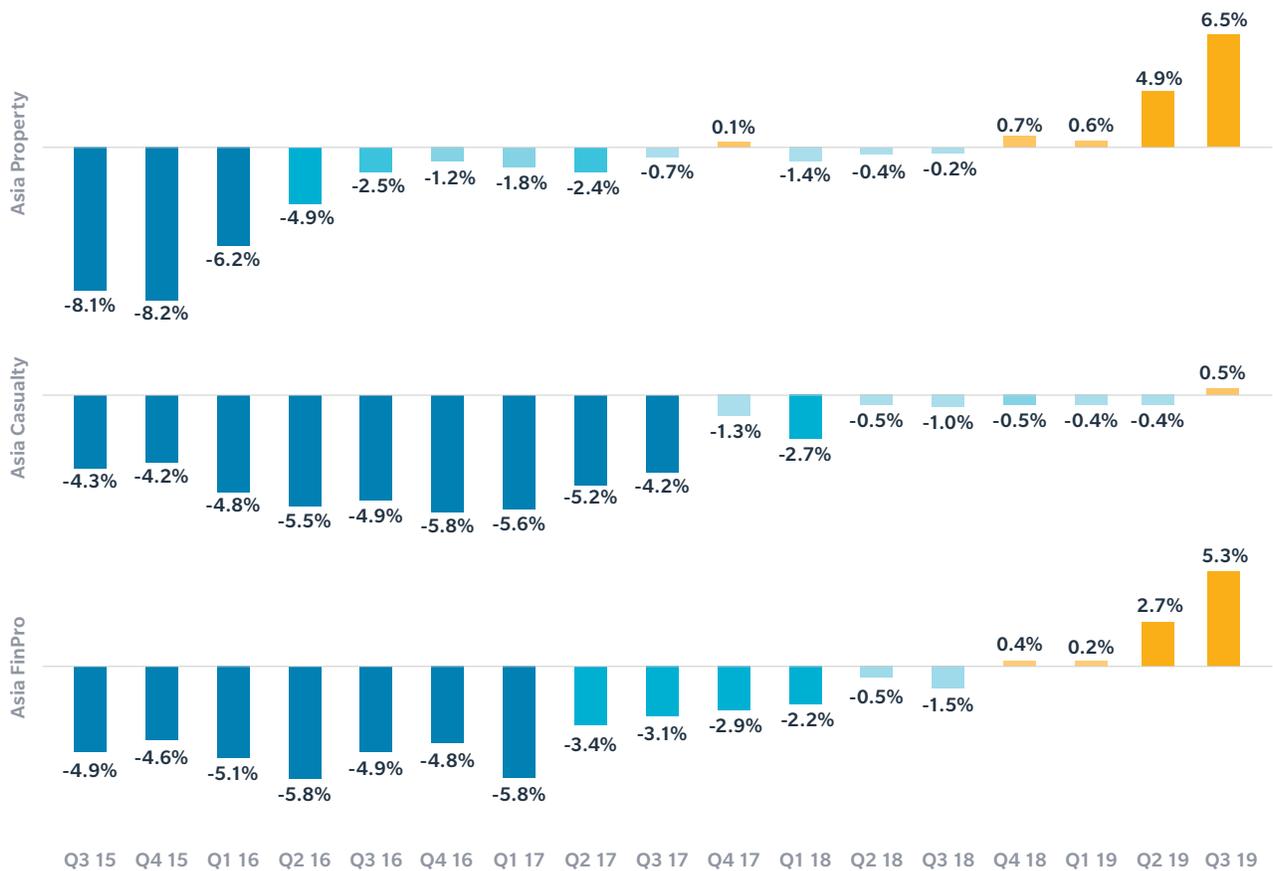
- Overall capacity remains adequate for the majority of Asian risks.
- The financial and professional line is starting to experience firming in some limited segments, primarily Asia D&O risks with US listings.

- Insurer appetites to compete on financial institution business generally declined, especially for risks with claims or notification activity where pricing is firming.

FIGURE
15

Asia Composite Insurance Pricing Change - By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



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