

## June renewal season at a glance



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As we emerge from one of the busiest insurance renewal periods of the year, Roger McCallum, Insurance Placement Manager at Marsh, answers some questions about the outcomes for insurance buyers and confirms that softer conditions are taking hold.

**In light of recent commentary about the softening conditions in the first half of the year, how did rates move across the various classes of insurance? Let's start with property.**

We saw rate reductions in the property class, particularly in the larger corporate segment, ranging from 5% up to 15% in some cases, for accounts in low-to-medium hazard industry segments and with clean loss records. There was strong competition for accounts with this type of risk profile as underwriters with significant appetite for new business put pressure on incumbent markets.

Our June Insurance Market Review indicated that some competitive tension was likely to return to the mid-market and SME space. We did see signs of renewed competition in this segment, with property rates decreasing by 7% on average for mid tier accounts and up to 5% for SMEs.

**What about public liability renewals?**

For larger accounts, rate movements and the competitive drivers for public liability insurance were similar to those that we saw for property programs. Conditions were flatter though in the middle and SME markets – only small reductions were registered there.

**Motor insurance was one area that saw some reasonable increases last year. How did insurers treat this line of business?**

Conditions are now largely flat and we actually started to see some reductions coming through.

Last year was marked by a notable decrease in insurable values, driven largely by macro-economic forces. Did we see much change?

Rateable values did generally drop last year as companies were reporting depressed profits and revenues. There was no remarkable shift this year – insurable values remained largely unchanged, with some small increases here and there.



## What was the appetite like for long term agreements?

In general terms, more long term agreements were sought by clients and insurers responded positively, with more agreements on offer. In a highly competitive market, this sort of arrangement can be a differentiator between insurers offering similar rates and it certainly is a good time for some buyers to consider locking in a two year deal.

## Was there much movement of business between insurers in June?

Despite the competition for business, most primary or lead insurers were able to maintain their positions but there were changes to co-insurance and excess layer panels as competing markets were able to leverage a level of involvement in the placements.

There was little movement in the middle-market space. Overall, you would have to say that the great majority of underwriters were focussed on retaining their portfolios and were prepared to fight to protect attractive accounts.

## Were there any noticeable trends in buyer behaviour when it came to their treatment of deductibles and limits?

There was very little change in these values across the board, although in some cases Liability and Professional lines buyers utilised premium savings to increase the limit of their program. This was the case, for example, with Directors' and Officers' liability coverage. Some clients chose to expand their coverage with Excess Side A umbrella policies..

## What did we see happen across the professional lines of insurance?

Conditions have been softening this year across these classes and our Financial and Professional Products area has reported rate reductions for both Directors' and Officers' liability insurance and Professional Indemnity Insurance (up to 10% reduction on average) for larger accounts with good risk management practices, although there are obviously some notable exceptions – for individual clients and certain industries, such as financial services. Rates for SMEs have remained largely flat, whilst many middle market accounts saw some rate reductions between 5% and 15%.

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