

PROPERTY/CASUALTY MARKET REPORT

Q4/2022

PROPERTY OVERTAKES CYBER AS MOST TROUBLED LINE IN Q4 2022, ACCORDING TO THE COUNCIL'S QUARTERLY MARKET SURVEY

Premiums increased for the 21st consecutive quarter in Q4 2022, with respondents reporting an average premium increase across all account sizes of 8.0%, down slightly from 8.1% in Q3 2022.

Premium increases continued to stabilize across most lines. Most recorded a lower average premium increase in Q4 than in Q3 2022. Workers compensation premiums once again decreased in Q4, at an average of -1.1%.

Umbrella premiums increased an average of 9.6% in Q4 2022, ending a 12-consecutive-quarter streak of double-digit increases. The rate at which cyber premiums increased continued to moderate this quarter, with an average premium increase of 15.0%, down from 20.0% in Q3, 26.8% in Q2, and 27.5% in Q1 2022.

Despite these signs of relief, 85% of respondents reported that the top client concern in Q4 2022 was "future premium increase"; 67% of them said "high current premium" was top of mind for their clients.

One line that did not experience pricing increase moderation was commercial property. Premiums in this line increased sharply in Q4 2022 at an average of 16.0%, compared to 11.2% in Q3 and 8.3% in Q2. This was the first time in 7 quarters that a line of business other than cyber experienced the highest average increase.

Inflation's effects on property valuations and building replacement costs, as well as increased claims due to natural catastrophes were the primary drivers for commercial property's difficulties, according to respondents. These factors in turn led to further difficulties with underwriting, including significant restrictions on capacity—89% of respondents reported a reduction of commercial property capacity.

Brokers were focused on enhancing the customer experience this quarter, with 45% of respondents identifying it as a top priority. Typical responses included bringing in technology to help clients easily access the information they need, simplifying the insurance process as much as possible, and implementing additional services to add value, such as assistance with loss control or compliance.

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