

NEWS BRIEF

Provided by: Wheeler & Taylor Insurance

Commercial Insurance Prices Rise 6.1% in Q2

The second quarter of 2022 marked the 19th consecutive quarter of commercial price increases, with brokers reporting continued easing in the market and average price increases of 6.1% across all lines of business, according to The Council of Insurance Agents & Brokers' (CIAB) latest quarterly survey.

"Signs of pricing moderation emerged for some lines of business, like flood, medical malpractice and surety bonds. Others—like cyber and umbrella—continued to experience upward pressure on premiums, though not as pronounced as in past quarters," the CIAB stated in its report. Brokers reported little change from the first quarter when prices rose an average of 5.7%.

Cyber pricing continued to lead all lines, with an increase of 26.8% in the second quarter of 2022 compared to 27.5% in the year's first quarter and 34.3% in the fourth quarter of 2021. According to the survey, pricing conditions for the line continued to pose problems for brokers and was deemed "a full-fledged hard market."

"The theme of 'not much change from Q1 2022' came up again here, but ironically, all that meant was a continued rise in prices, stricter underwriting and more trouble with ransomware claims," the CIAB observed.

Umbrella liability price increases averaged 11.3%, followed by property at 8.3%, directors and officers liability at 7.9% and commercial auto at 7.2%, the CIAB found.

Respondents reported that inflationary pressures took their toll on the market, particularly in commercial property and commercial auto. Property values and higher prices for building material costs and auto parts pushed premiums up as insurers adjusted for those

expenses. Administrative costs for claims filing also rose, the report noted.

Capacity restrictions around natural catastrophes proved difficult for the property market. Brokers struggled to place business in catastrophe-prone regions, especially wildfire territories. They also saw higher deductibles for coastal risks,

"Most carriers bumped up named storm deductibles, with no rate relief given," one broker said. Another commented that "hurricane season had a far greater impact [than inflation]."

For commercial auto, the staggering 44 consecutive quarters of premium increases marched on, with brokers worried by inflation's effect on coverage.

"Availability of auto parts, new and used cars, and limited rental coverage made insureds concerned about the availability of coverage to make them whole after a loss," one Northeast broker said.

For brokers, the challenging economy and market deepened their role as trusted advisors to clients.

A broker from a firm in the Northeast said, "This market has caused many policies to have several limitations and exclusions that allow the commercial broker to prove their value [through] detailed analysis of all insurance options."