INSIGHTS | NOVEMBER 2020

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Global commercial insurance prices rose 20% in the third quarter of 2020, the twelfth consecutive quarter of price increases (see Figure 1). 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.*

Average composite pricing increased in all regions for the eighth consecutive quarter. In addition, for the seventh consecutive quarter, pricing increases were observed across each of the major product categories. The ongoing pricing challenges in the marketplace led many clients to adjust programs by increasing retentions, reducing limits, and/or modifying policy terms.

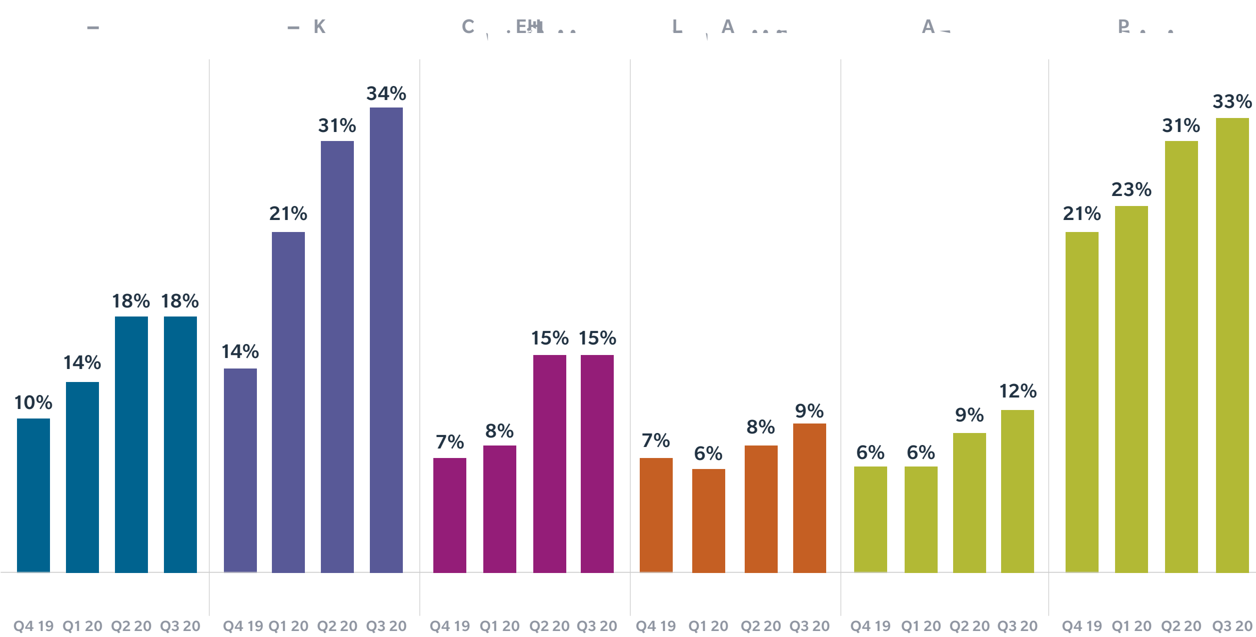
FIG RE

**Note: All references to pricing and pricing movements in this report should be considered averages, unless otherwise noted. For ease of reporting, we have rounded all percentages regarding pricing movements to the nearest whole number.*

FIG RE 2

Composite Insurance Pricing Change — By Region

RCE: MARSH



Regionally, composite pricing increases for the third quarter were as follows (see Figure 2):

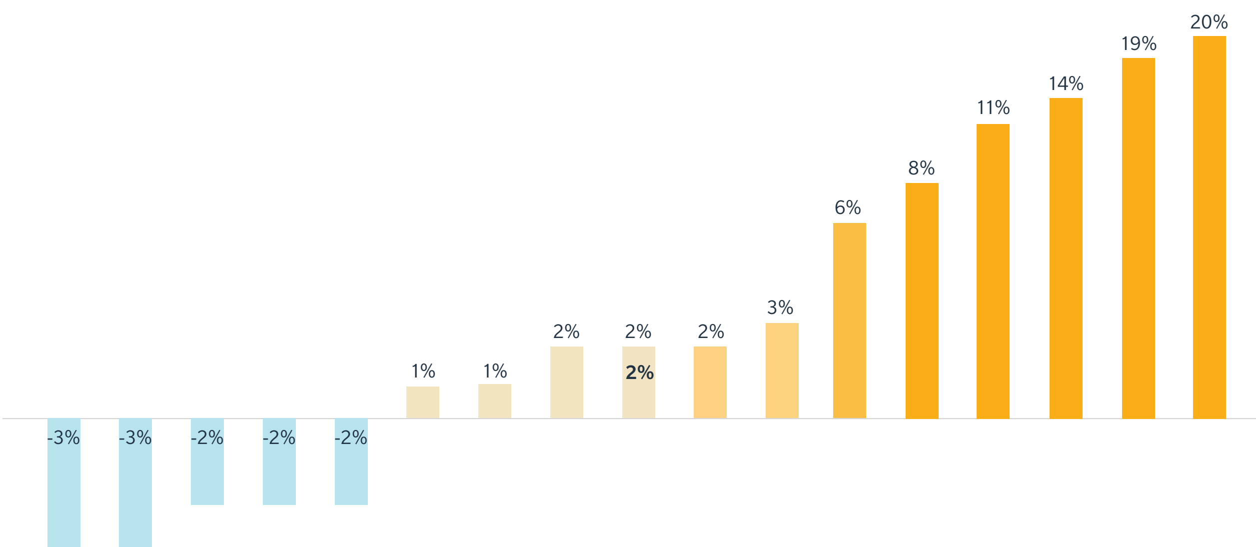
- US: 18%.
- UK: 34%.
- Continental Europe: 15%.
- Latin America and the Caribbean: 9%.

20%

FIG RE 6

UK Composite Insurance Pricing Change

RCE: MARSH



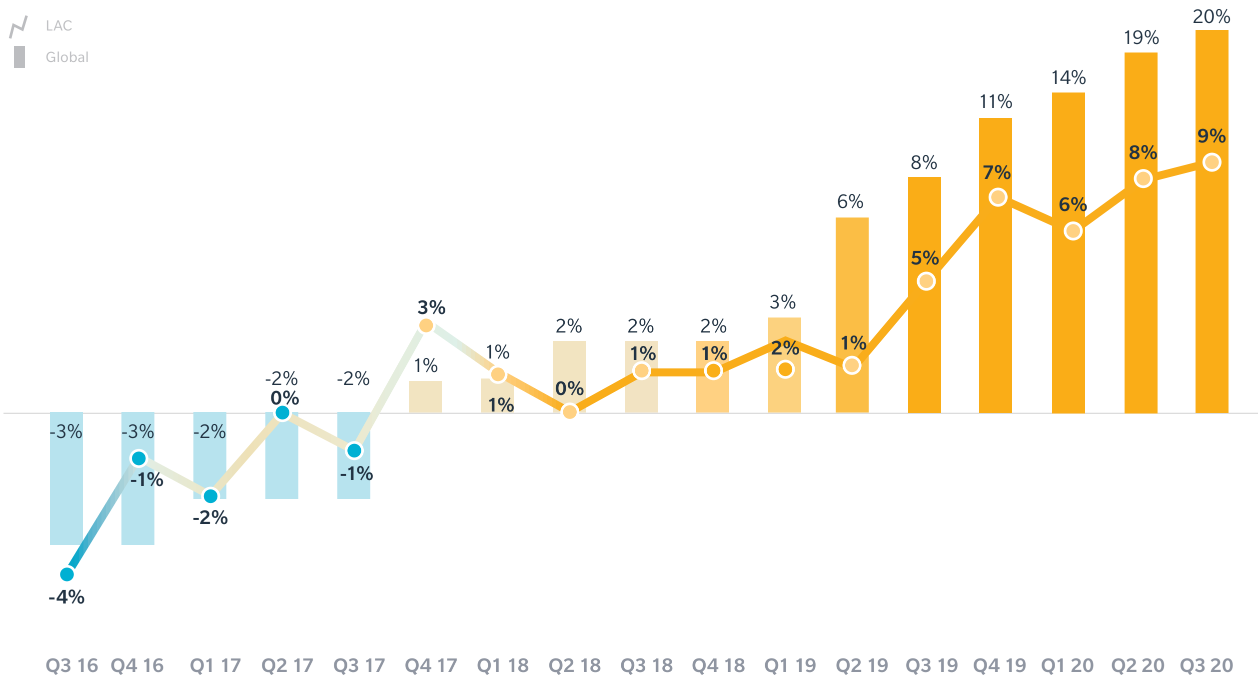
L[illegible] A[illegible] C[illegible] P[illegible] R[illegible] D[illegible] P[illegible], D&O

Insurance pricing in the third quarter in the Latin America and Caribbean (LAC) region increased 9% (see Figures 8 and 9). The overall average composite pricing in LAC has now increased for 12 consecutive quarters.

FIG[illegible]RE 8

Latin America Composite Insurance Pricing Change

[illegible]RCE: MARSH



P[illegible] pricing in the region increased 15%.

- Complex property placements and CAT-exposed programs drove the overall pricing increase.
- Prices rose in all major countries, with increases above 25% common. The largest increases observed were in Brazil and Chile.
- COVID-19 continued to impact pricing.
- Strikes, riots, and civil commotion (SRCC) coverage influenced pricing in Chile.

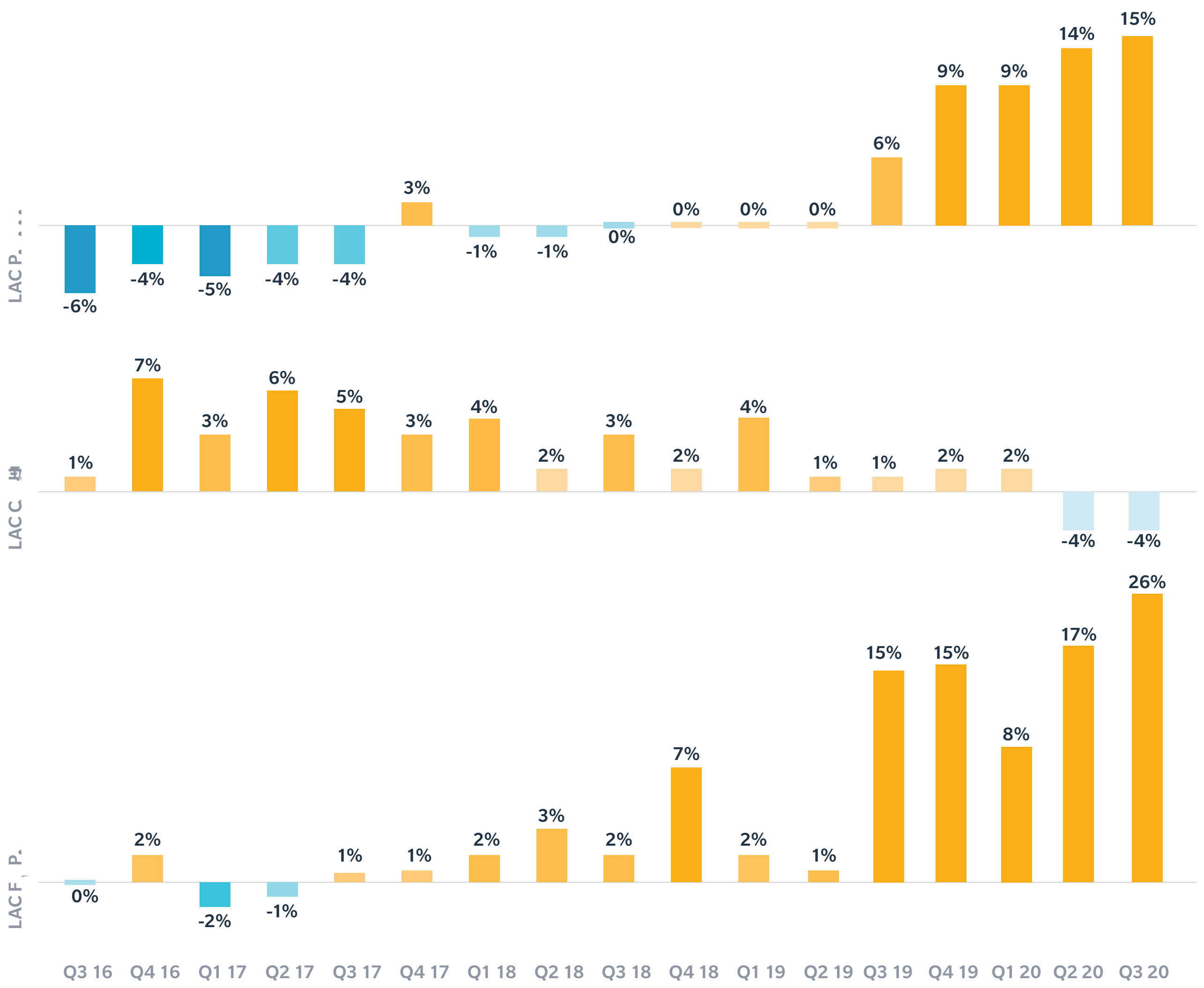
C[illegible] prices declined 4%.

- Casualty pricing was influenced by rates in auto liability, with pricing down 5% to 15% in Argentina, Colombia, and Mexico.
- A high level of large local capacity drove competition in many countries.
- General liability pricing varied across the region, with Brazil and Mexico stable, and Chile and Colombia reporting increases up to 15%.

FIGURE 9

Latin America Composite Insurance Pricing Change — By Major Coverage Line

SOURCE: MARSH



F … pricing rose 26%, driven by D&O.

- D&O prices sh 1 T7 k465.327 33.9 (y)J3 237 k-0.061 Tc 00.011 00.011 00.011 0 rs EFF2022BDC 9 0 0 9 59.1209 162.0279 Tm( )TjEMC ETEMC /S3S4 (02

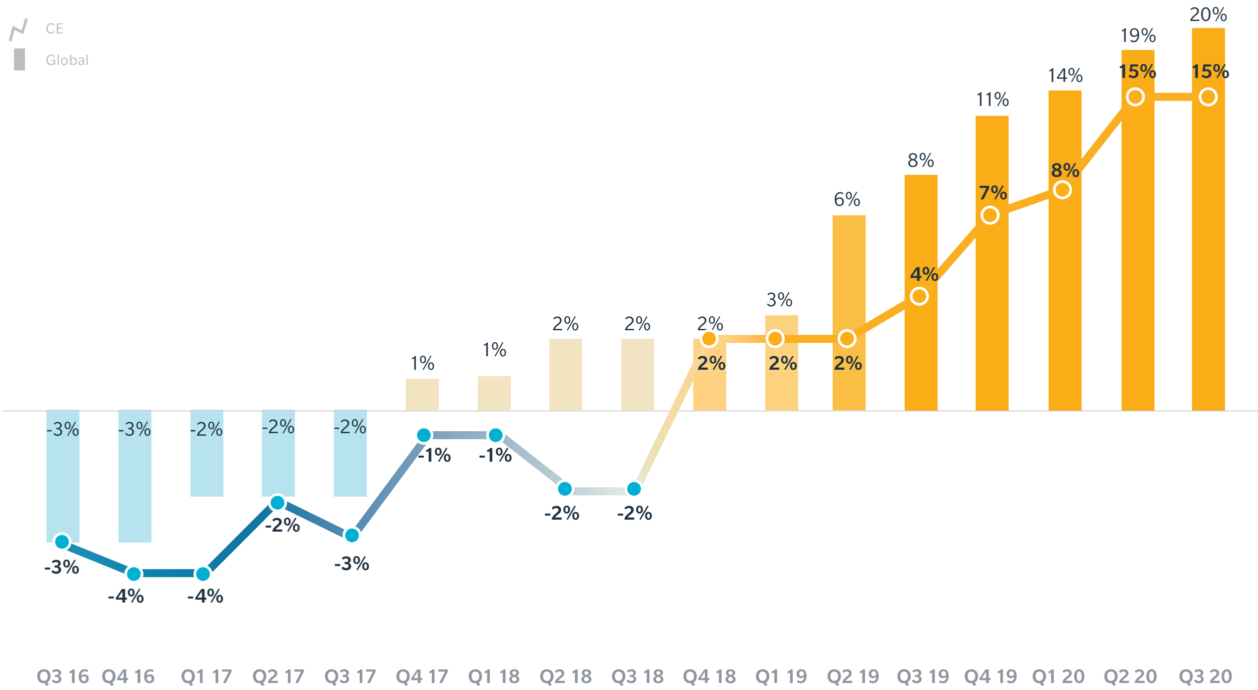
C[illegible] E[illegible] P[illegible] I[illegible] L[illegible] G[illegible] A[illegible]

Insurance pricing in the third quarter of 2020 in Continental Europe (CE) increased 15% (see Figures 10 and 11).

FIG[illegible]RE
10

Continental Europe Composite Insurance Pricing Change

[illegible]RCE: MARSH



P[illegible] insurance pricing in CE rose 21%, the eighth consecutive quarterly increase.

- Pricing continued to accelerate, driven by complex placements and CAT-exposed programs.
- Clients in major countries — including France, Germany, Italy, and Spain — experienced double-digit increases.
- All client sizes experienced increases.
- Pressure on rate and limits on capacity drove increased use of traditional wholesale markets in London and Zurich, as well as demand for alternative structures.
- Insurers worked to apply communicable disease and cyber-related exclusions.

C[illegible] insurance pricing increased 5%, the fifth consecutive quarterly increase.

- General liability and excess lines led the increases, particularly for companies with North American exposures.
- Pricing increases were prevalent across most casualty products, and in most countries. Increases typically ranged from mid- to high-single digits.
- Auto liability was generally stable.
- Workers' compensation, where available, increased in the low-single digits.

FIG RE 11

Continental Europe Composite Insurance Pricing Change — By Major Coverage Line

RCE: MARSH

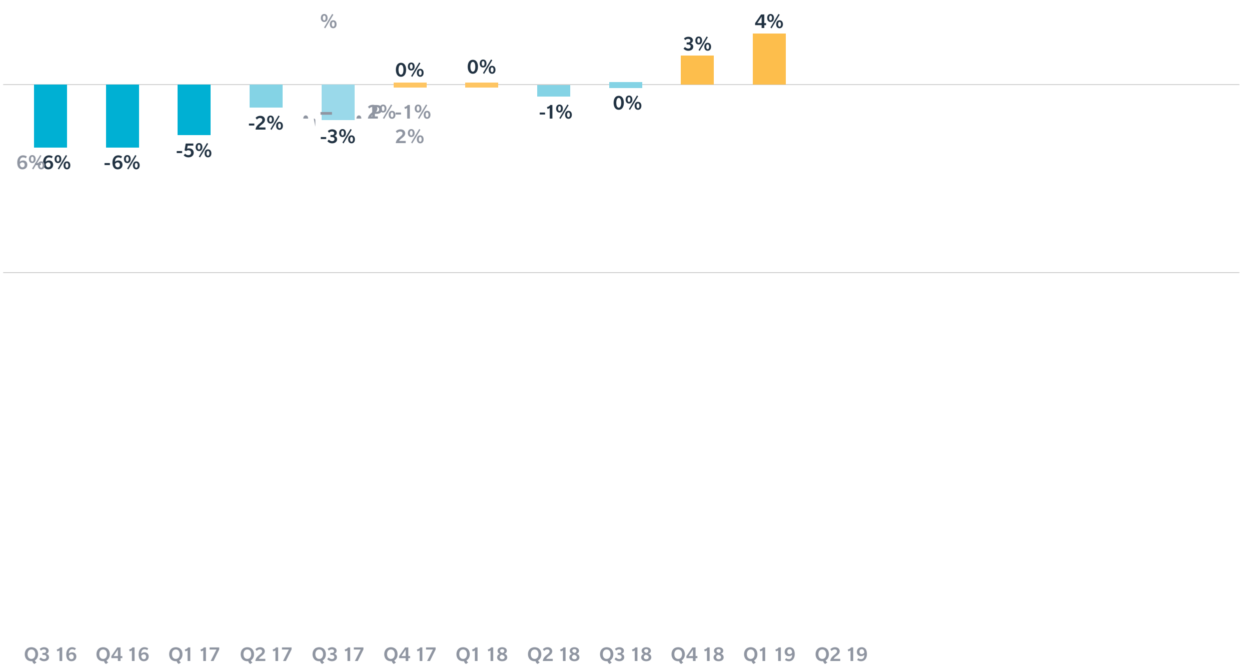


FIG RE 13

Pacific Composite Insurance Pricing Change — By Major Coverage Line

RCE: MARSH