

# News Brief



## Commercial P&C Prices Up 5.1% in Q3, Umbrella Leading the Pack

Commercial property and casualty insurance premiums rose by an average of 5.1% in Q3 2024, with umbrella pricing showing an uptick amid rate moderation in most other lines, according to the Council of Insurance Agents & Brokers (CIAB).

Market conditions for Q3 held steady from the previous quarter, CIAB noted in its latest report, with signs of moderation “even clearer” in the market, apart from umbrella liability’s quarter-leading average increase of 8.6%.

Commercial auto had the second-highest average increase at 8.5%, but this marked a moderation from 9.0% in Q2 and 9.8% in Q1. Commercial property pricing fell further to an average increase of 7.9%, down from 8.9% in Q2 and 10.1% in Q1.

Workers’ compensation, directors and officers (D&O) liability and cyber insurance pricing continued to fall, with respective decreases of 1.4%, 1.9% and 1.7%.

Cyber pricing remained static from Q2, while D&O price decreases picked up a marginal pace. CIAB attributed this to carrier competition in the line, noting, “The line was described as ‘extremely competitive,’ and some respondents noted a sense in the general market that carriers were more aggressive for new business in any line and for accounts with clean loss histories, which may have contributed to increased competition for D&O.”

### Umbrella Experience

The umbrella line saw the largest average increase at 8.6%, rising from Q2’s 7.2%. CIAB cited social inflation in the form of protracted litigation and high verdicts

as the key driver of this trend, citing research from Gen Re and broker Risk Placement Services (RPS).

“Umbrella was never intended to be a product that regularly experiences losses,” Gen Re said in a report from earlier this year. However, umbrella liability claims experience has worsened significantly since 2020, according to the research. While severity for the line rose at an annual average of 3.4% between 2009 and 2019, it increased 9.3% between 2020 and 2022. Claim frequency trended up by 5.3% between 2009 and 2019. For 2020-2022, the trend shifted to 7.3%.

RPS highlighted the heightened presence of attorney involvement and focus on boosting settlement values and demands as exacerbating the problem, CIAB said.

In response, underwriters are paying closer attention to umbrella liability, with more scrutiny, reduced limits, and reduced capacity. About 70% of CIAB respondents said they saw capacity for umbrella coverage decline in Q3.