Property and Casualty Market Overview

Changes in the property market began in the first quarter of 2019 and will continue through the 2020 renewals. During the last 10 years, abundant capacity, acceptable loss ratios, and flat to slightly declining claim frequency have contributed to the competitive rates property carriers have provided. Year over year rates continued to remain flat or experience light increases. We are now seeing loss ratios creep up as severity rises year over year. 2017 and 2018 continue to include higher than expected loss development. Carriers continue to retrench because losses are significantly eroding their profits.

According to MarketScout, average property rate increases for Q3 2019 were 4.5%. Automobile liability continues to be the hardest hit line of coverage with average increases of 6.5%. Workers compensation rates continue to move favorably downward.

What can you expect this year?

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*Actual rate increases are predicated on specific loss experience per college*
COVERAGE HIGHLIGHTS & MARKET DYNAMICS

Property
Carrier Loss Ratios Exceeding 100%
- 2017 and 2018 CAT losses pushed carrier loss ratios over 100%. Market correction with increased premiums as insurers’ push to return to profitability

Reduction in Property Capacity Deployment
- Carriers showing a steady willingness to withhold capacity in their disciplined approach to underwriting
- Reduced capacity on CAT-exposed/loss-impacted renewals

Reinsurance rates increasing
- Reinsurance costs have increased. Carriers are not willing to deploy their own capital where they once used inexpensive reinsurance

Increased Deductibles & Coverage Restrictions
- Underwriters continue to take a more critical look at exposures, restricting many coverage terms previously offered in the soft market
- Carriers are imposing higher property deductibles on wind and hail – up to 5% of the location values

Casualty
Casualty claims have also been increasing over the years. There are concerns regarding traumatic brain injury, sexual abuse/molestation, and other emerging risks that may not have even matriculated into claims. Some of the casualty lines driving for increases include the following:

- Educators Legal Liability – increase in discrimination and wrongful termination claims
- General Liability – some carriers reducing or eliminating sexual abuse and molestation coverage
- Auto – rates continue to increase based on increase cost of claims. 2018 was the 8th year in a row with a combined ratio in excess of 100% for auto lines
- Excess Limits - Increase in premium and limited capacity. Several carriers leaving market.

Workers’ Compensation
- Rates continue to move favorably downward for insureds with a good loss ratio
- Frequency of claims have reduced and loss rates improved

Active Shooter / Workplace Violence
- Active Shooter insurance is relatively new as most general liability policies only apply if sued because of an event
- Competitive programs available

Cyber Coverage
- Claim activity for Ransomware, Malware and Phishing attacks has DOUBLED in last year
- Higher Education vulnerable target for cyber attacks because of limited resources
- Some carriers increasing deductibles and reducing limits

2020 Renewal Strategy
- Proactive communication with your broker-partner - understand renewal projections and options
- Communicate to internal stakeholders early and often
- “Control the Controllables” – strengthen your risk management plan including: Roof Routine Maintenance, Concussion Protocol, Safety Implementations, Updated Policies, Driver Fleet Usage, Illustrate Your Successes

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