

# MARSH | Global Insurance Market Index

## Fourth Quarter 2018

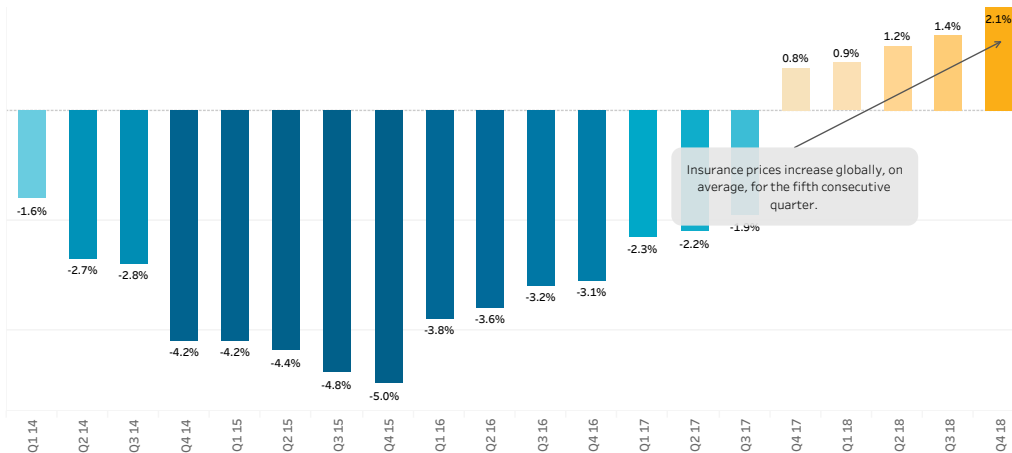
The Marsh Global Insurance Market Index is a proprietary measure of commercial insurance premium pricing change at renewal, representing the world's major insurance markets and comprising nearly 90% of Marsh's premium. The pricing change captures year-over-year pricing movement, measured quarterly. The pricing change metrics are based on a combination of statistical data and surveyed opinions from Marsh placement leaders worldwide. All references to pricing and pricing movements in this report should be considered averages, unless otherwise noted.

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| Commercial Insurance Index | Composite Insurance Rates - By Region & Coverage Line | US Commercial Insurance Market | UK Commercial Insurance Market | Continental Europe Commercial Insurance Market | Latin America Commercial Insurance Market | Asia Commercial Insurance Ma.. |
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## Commercial Insurance Pricing Increased in Fourth Quarter 2018

Global commercial insurance prices increased, on average, by 2% in the fourth quarter of 2018, marking the fifth consecutive quarter of increases. The increase was largely driven by property and financial and professional lines of coverage. Overall, the market remained stable, with prices fluctuating within a relatively narrow range across most products and geographies.

### Global Insurance Composite Pricing Change



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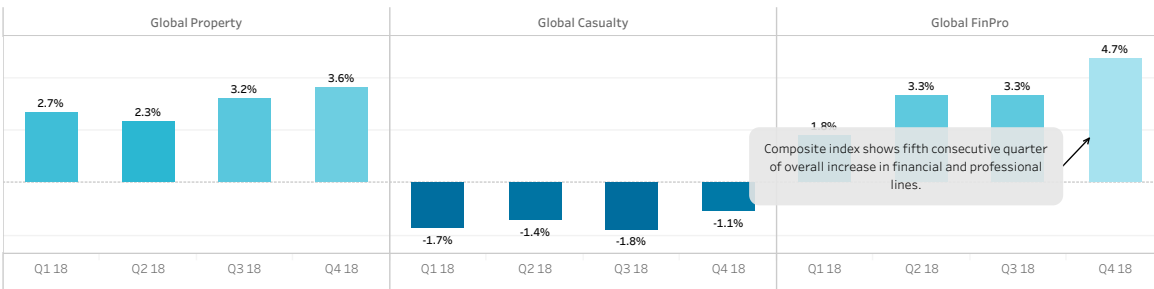
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### Pricing for Global Property and Financial and Professional Lines Increases

- Composite pricing increased in all regions for the first time since the survey started in 2012.
- Pricing for property risks increased more than 3.5%, generally in line with the prior four quarters.
- Financial and professional liability pricing continued to accelerate, increasing 4.7%, on average.
- Average casualty prices declined 1.1%, continuing a trend of year-over-year declines stretching back to 2013.
- Pacific had the largest pricing increases in the index.

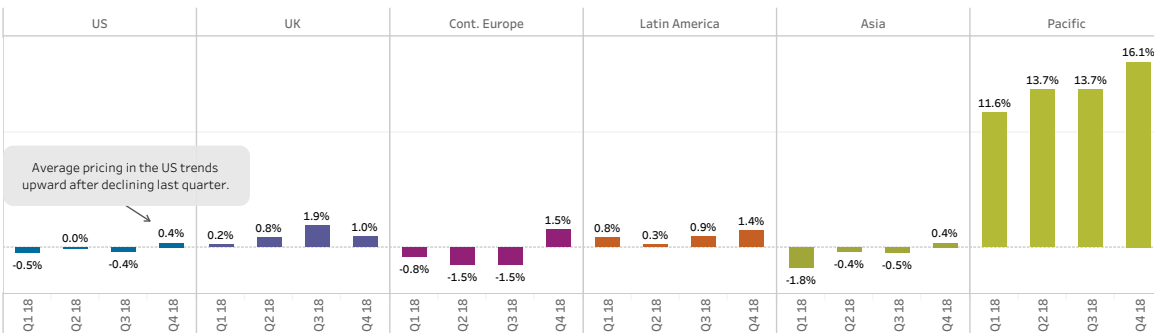
### Global Composite Insurance Pricing Change - By Coverage Line

Q1 2018 - Q4 2018



### Composite Insurance Pricing Change - By Region

Q1 2018 - Q4 2018



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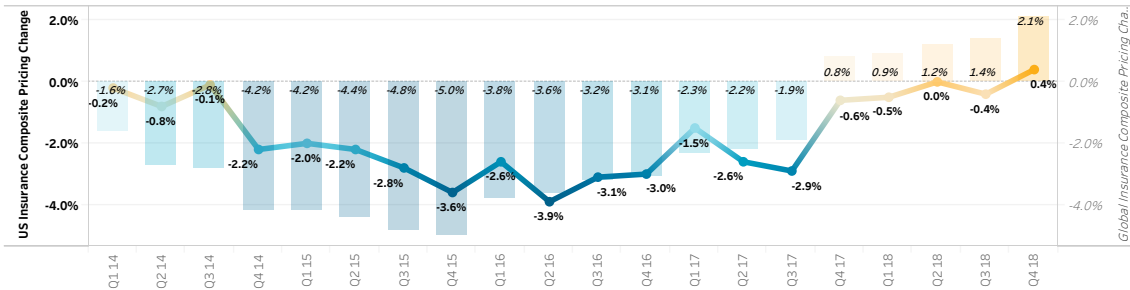
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### US Composite Pricing Increases

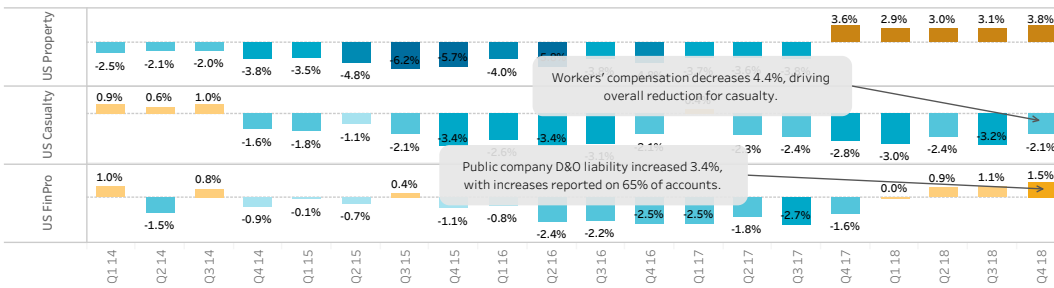
- Insurance pricing in the fourth quarter 2018 in the US increased by 0.4%.
- Property pricing (up almost 4%) has increased each month since October 2017. Large layered programs (gross written premium greater than \$1 million) led the pricing increases, up nearly 7%.
- Casualty pricing declined 2%, and has now decreased in all but one quarter since 2014.
- Financial and professional liability insurance rates in the US increased by 1.5%, the fourth consecutive quarterly increase.
- Public company D&O pricing increased 3.4%, with increases observed on 65% of accounts.
- Cyber pricing declined 0.6%. Cyber pricing in the US has fluctuated within a narrow band of down 2% to up 2% since 2016.

### US Composite Insurance Pricing Change

Composite Insurance Pricing



By Major Coverage Line



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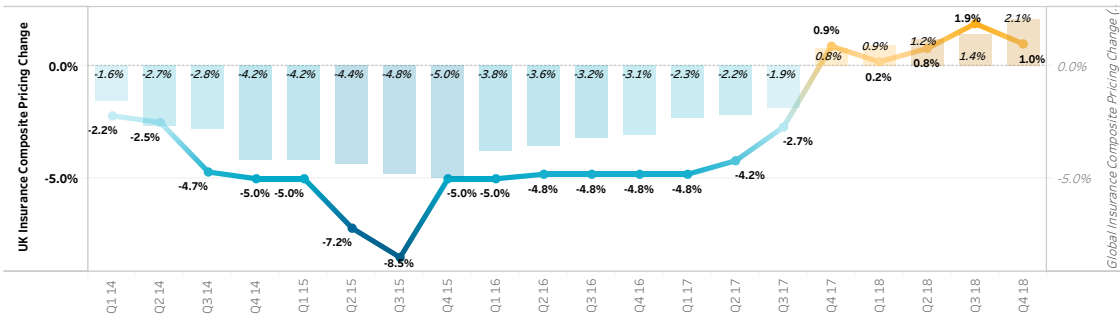
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### UK Composite Index Rises for Fifth Straight Quarter

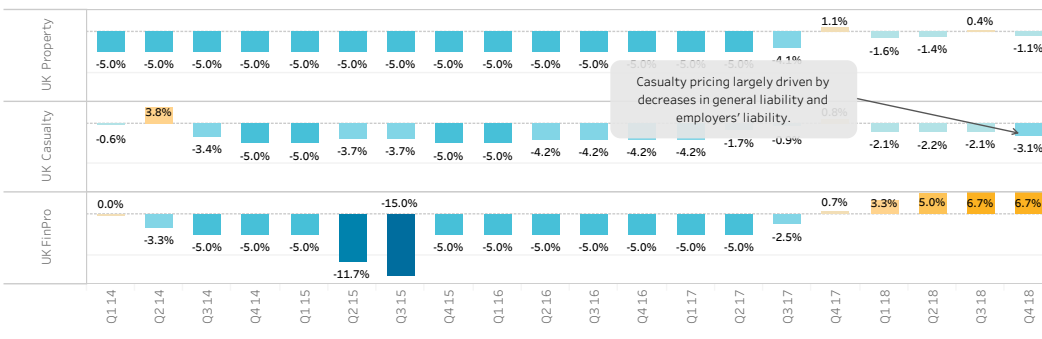
- Overall insurance pricing in the fourth quarter 2018 in the UK increased by 1.0%, the fifth straight quarterly increase.
- Property pricing in the UK declined 1.1%, generally consistent with what was observed throughout most of 2018.
- Casualty pricing in the UK declined 3.1% overall, the fourth consecutive quarter of declines.
- Financial and professional liability pricing in the UK increased by 6.7%, primarily driven by D&O pricing on US and Australian listed risks.
- Professional indemnity and cyber coverage pricing generally ranged from flat to increases of 10%.

### UK Composite Insurance Pricing Change

Composite Insurance Pricing



### By Major Coverage Line



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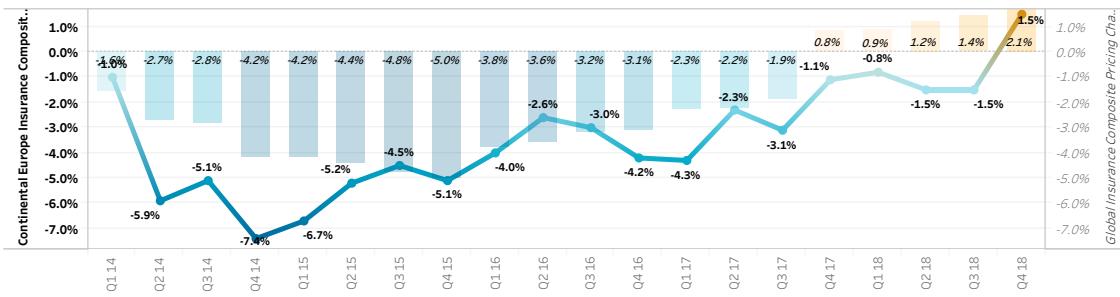
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### Average Pricing Increases in Continental Europe

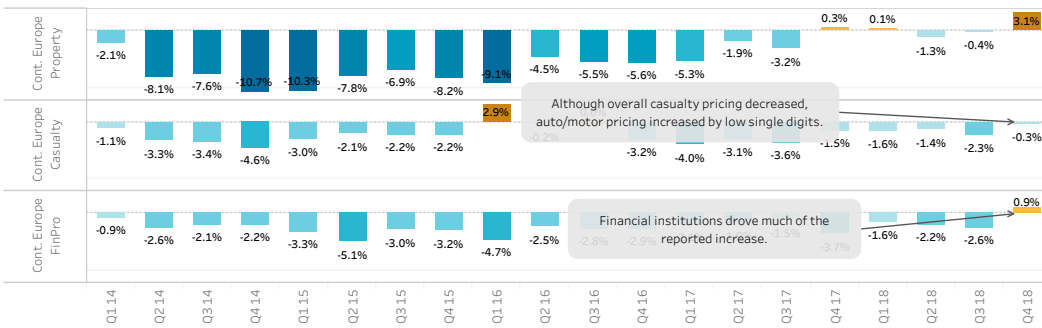
- Insurance pricing in the fourth quarter 2018 in CE increased by 1.5% year-over-year, the region's first quarterly composite price increase since 2013.
- Property insurance pricing in CE increased by 3.1%, as rates firmed noticeably across both CAT and non-CAT risks.
- Casualty pricing declined 0.3% overall, but some lines reported (auto / motor) reporting minor increases.
- Financial and professional coverage pricing increased 0.9%, the first quarterly increase reported in several years.

### Continental Europe Composite Insurance Pricing Change

Composite Insurance Pricing



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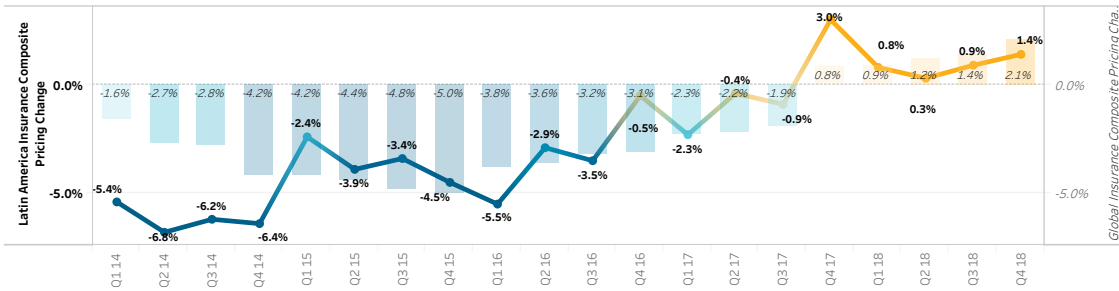
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### Latin America Pricing Increases in All Major Lines

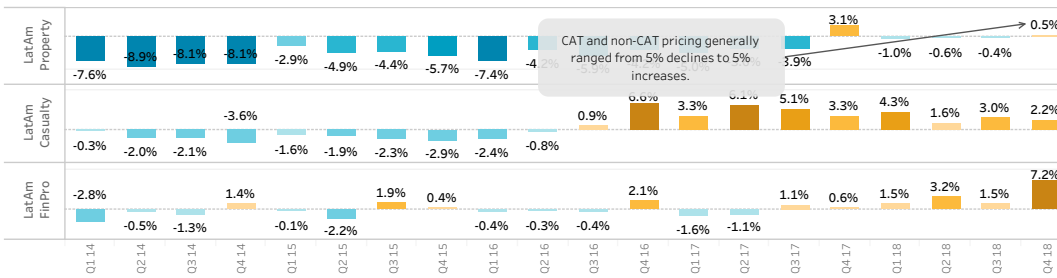
- Overall insurance pricing in the fourth quarter in the LAC region increased by 1.4%.
- Property pricing in LAC increased by 0.5%, only the second quarterly increase in the last six years.
- Casualty prices in LAC increased by 2.2%, due primarily to motor lines which has seen increases as a result of greater claims frequency/severity and currency devaluations.
- Financial and professional liability pricing increased 7.2%, the region's sixth consecutive quarterly increase. D&O liability and medical liability drove the increase.

### Latin America Commercial Insurance Pricing Change

Composite Insurance Pricing



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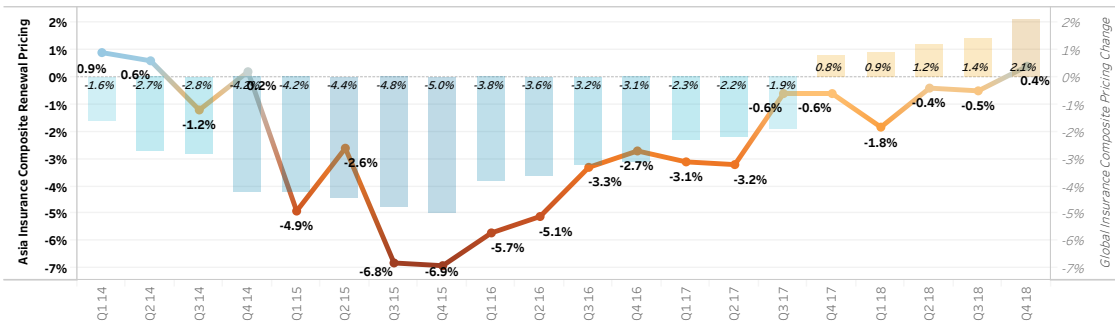
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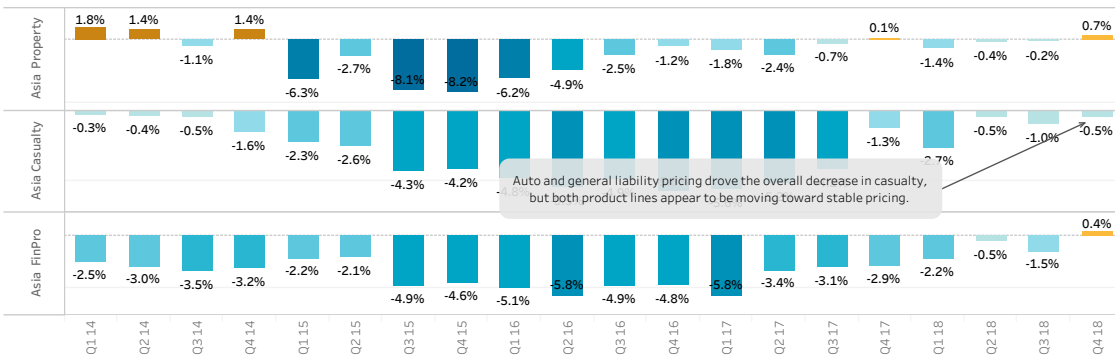
### Asia Casualty Renewal Pricing Continues Overall Decline

- Insurance pricing in the fourth quarter increased by 0.4%, year-over-year, the first increase in composite prices since late 2014.
- Property pricing in Asia increased by 0.7%, only the second quarterly increase in four years. Much of the increase was observed on CAT exposed risks.
- Casualty pricing declined 0.5% in Asia, continuing to moderate towards a flat or stable price change, a trend that started in late 2017.
- Financial and professional liability pricing increased in Asia, with the composite up 0.4%, the first increase since 2012.

### Asia Composite Insurance Pricing Change



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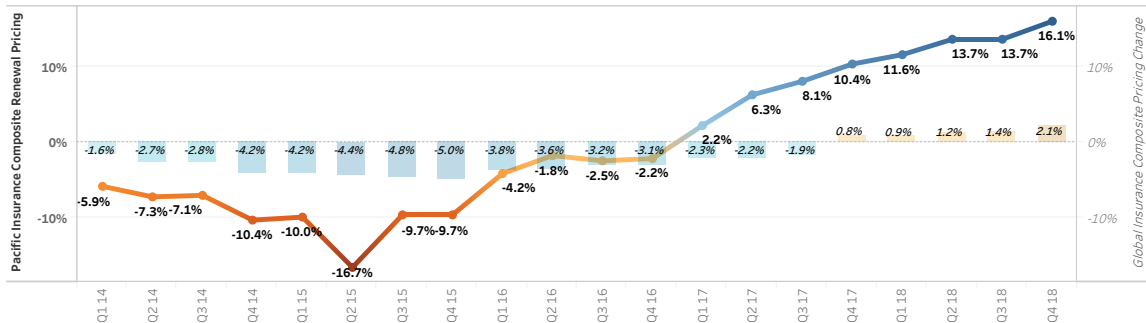
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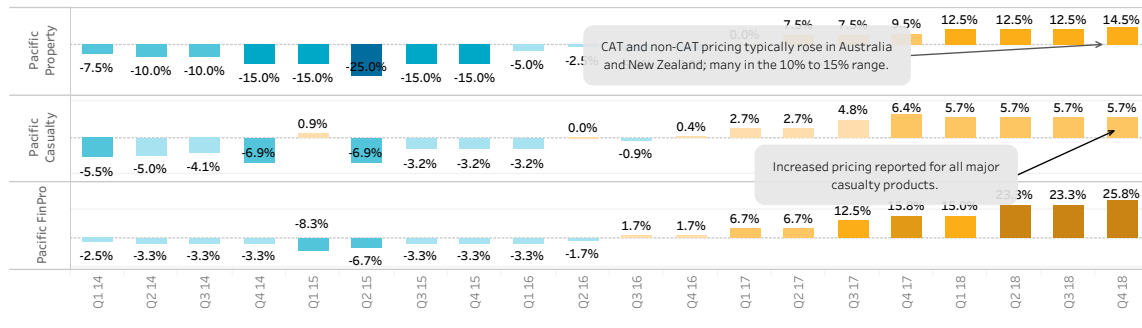
### Pacific Pricing Increases Driven by Australian Markets

- Overall insurance pricing in the fourth quarter 2018 in the Pacific region increased by 16%, continuing a trend dating back to 2016.
- Property insurance pricing in the region increased by 14.5%, the fourth consecutive quarter of year-over-year double-digit increases.
- Pricing for both CAT and non-CAT risks rose in Australia and New Zealand, with many increases greater than 10%.
- Casualty lines composite pricing in the Pacific region increased by 5.7%.
- Financial and professional liability pricing increased more than 20%, continuing a string of double-digit increases observed over the last six quarters. Pricing (and deductibles) increased substantially, with D&O and financial institution pricing increasing by as much as 30% on some risks in both Australia and New Zealand.

### Pacific Composite Insurance Pricing Change



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