

MARSH | Global Insurance Market Quarterly Briefing

Q2 - 2016

The Marsh Global Insurance Market Index is a proprietary benchmark of global commercial insurance renewal rates representing the world's major insurance markets and comprising 90% of Marsh premium. The index captures a rolling four-quarter view of rate movement, providing a quarter-to-quarter look at changes in the marketplace.

Index	Global, by Business	Global, by Geography	United States
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Rate Decreases Moderate for Second Quarter in a Row

This is the thirteenth consecutive quarter that global insurance rates have declined; however, the second quarter of 2016 also marks the second quarter in a row that the rate of decline has moderated on average. With continued uncertainty in the global economy, increased insurance capacity and limited catastrophe losses, rates continue to remain competitive in most lines and geographies...

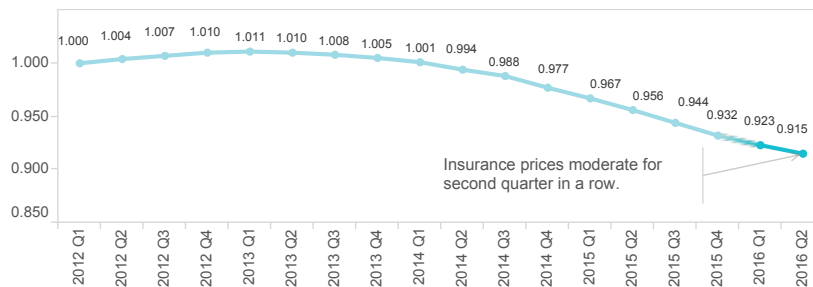
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For an interactive analysis that further unpacks the current market dynamic, click on the blue slider above -- digging deeper into the data is as easy as pointing and clicking.

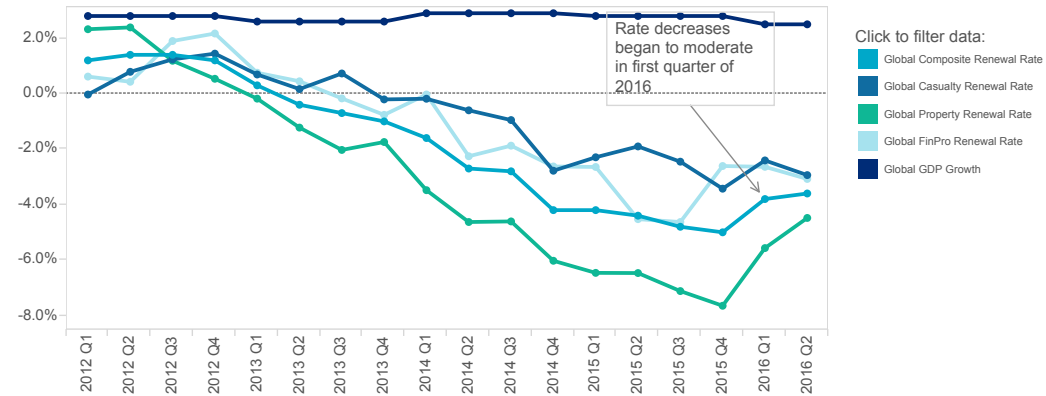
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Global Insurance Market Index



Global Insurance Market, by Line of Business



Source: GDP, BMI Fitch Research

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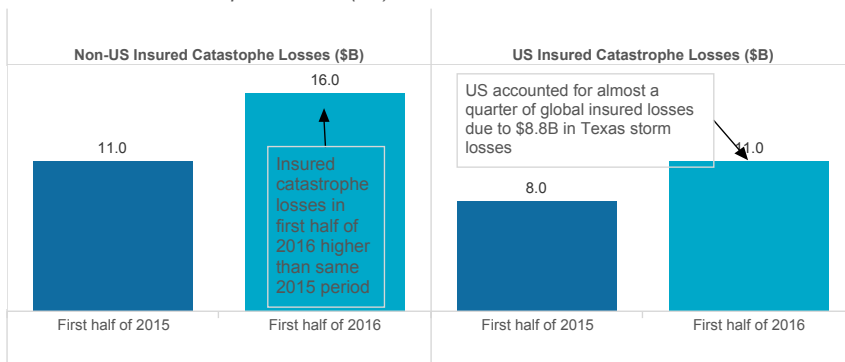
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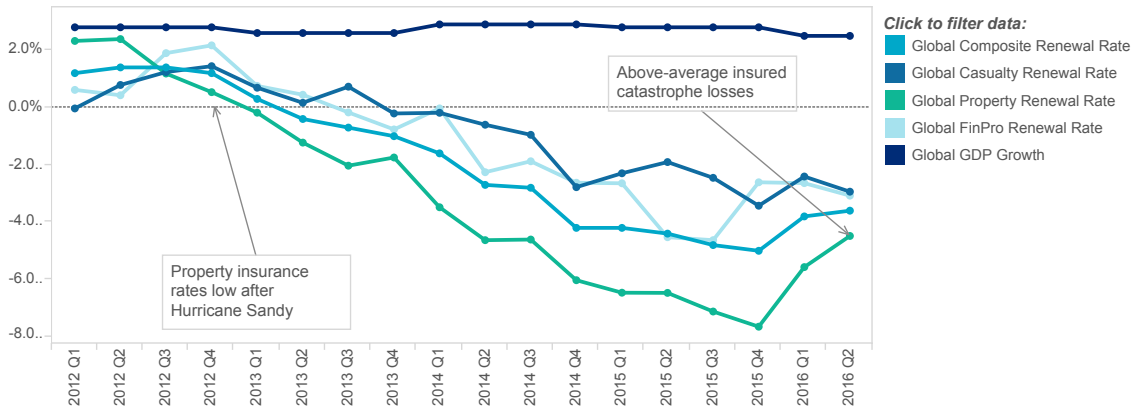
Global Insured Catastrophe Losses Increased in the First Half of 2016

Natural catastrophe losses have been relatively low for the past four years, contributing to current competitive market conditions and helping to keep property insurance rate decreases larger than for other major lines globally. However, a number of significant events occurring in the first quarter of 2016 — including the Fort McMurray wildfires in Canada, earthquakes in both Ecuador and Japan, and flooding in both the United States and continental Europe — drove the amount of insured catastrophe losses to above average, which could cause some insurers to begin reconsidering rates. The first two quarters of a year are not typically high natural catastrophe months; the North Atlantic hurricane season will be carefully watched for potential impact.

Global Insured Catastrophe Losses (\$B)



Global Insurance Market, by Line of Business



Source: GDP, BMI Fitch Research, Global Insured Catastrophe Losses, Munich Re

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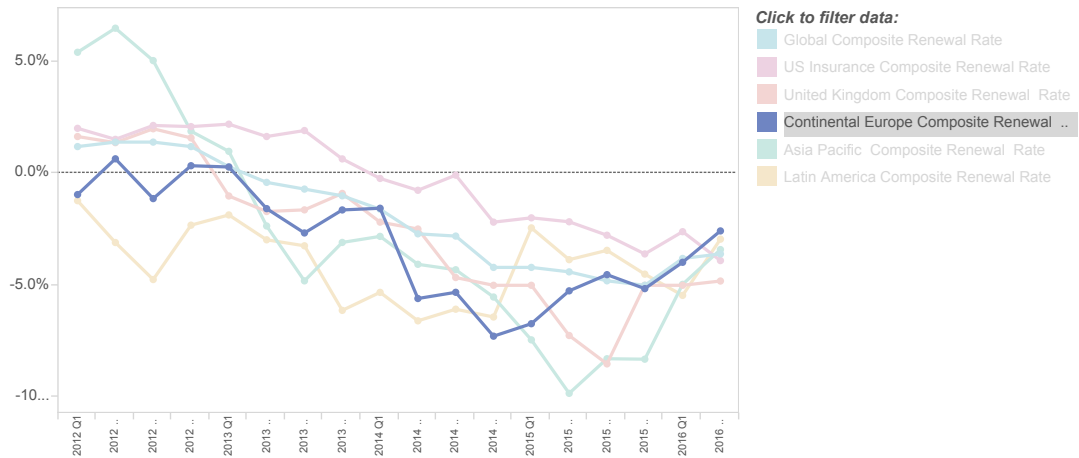
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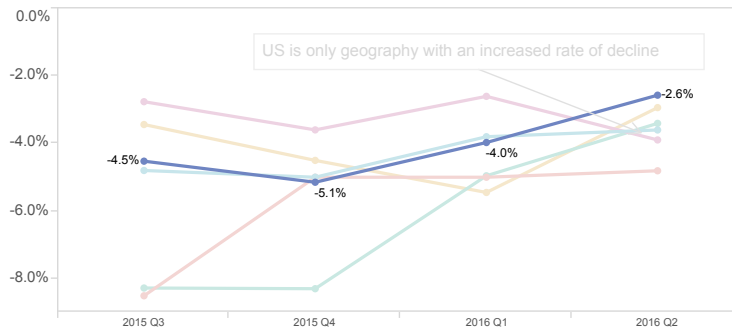
Composite Insurance Renewal Rates Continue to be Soft Globally

Composite rate decreases slowed globally in Europe, the UK, Latin America, and Asia Pacific. In contrast, the rate of decline in the US increased due to weakening rates for property and directors and officers liability insurance for public companies. The UK's recent decision to leave the EU has yet to impact the market, but will continue to be monitored.

Global Insurance Market, by Geography



2015 Q3 - 2016 Q2



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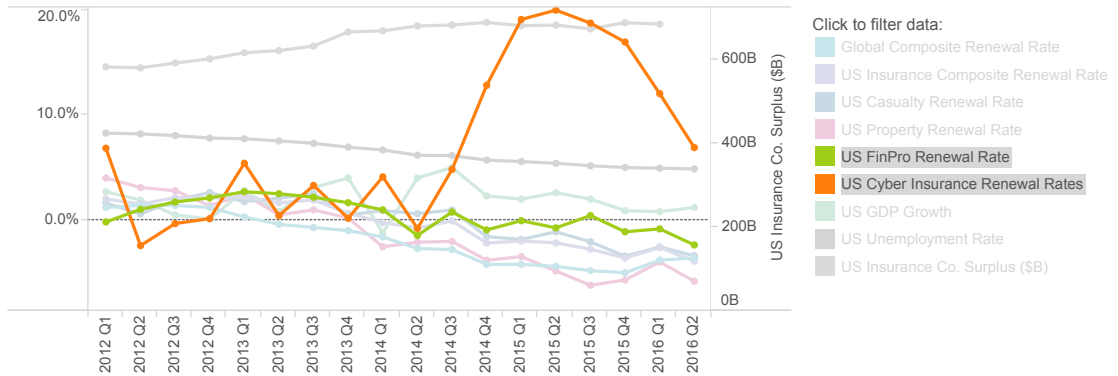
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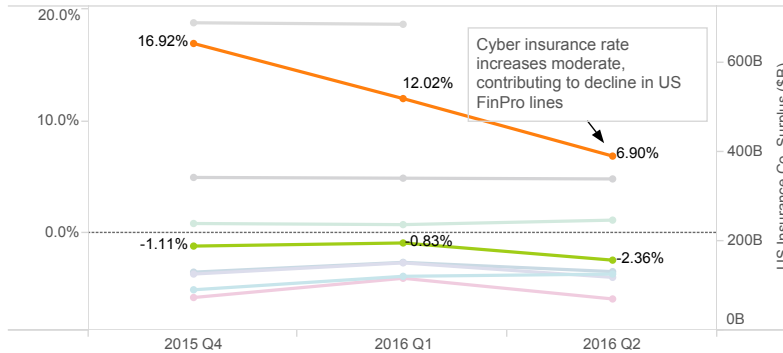
Accelerated Decline in US Financial and Professional Liability Rates

US financial and professional liability lines were particularly affected in the second quarter of 2016 by declining rates in directors and officers liability for public companies due to overcapacity. Up to the first quarter of 2016, a high demand for cyber coverage had been offsetting other decreases in US financial and professional lines. In the second quarter of 2016, however, cyber rates in the US moderated to an average renewal rate increase of 6.9% — moderate growth compared to last quarter's average increase of 12.0%. Globally, the average organizational cost per cyber breach has consistently increased, indicating con..

US Insurance Market



2015 Q4 - 2016 Q2



Source: US GDP, Bureau of Economic Analysis; US Unemployment, US Bureau of Labor Statistics; US Insurance Co. Surplus, A.M. Best

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