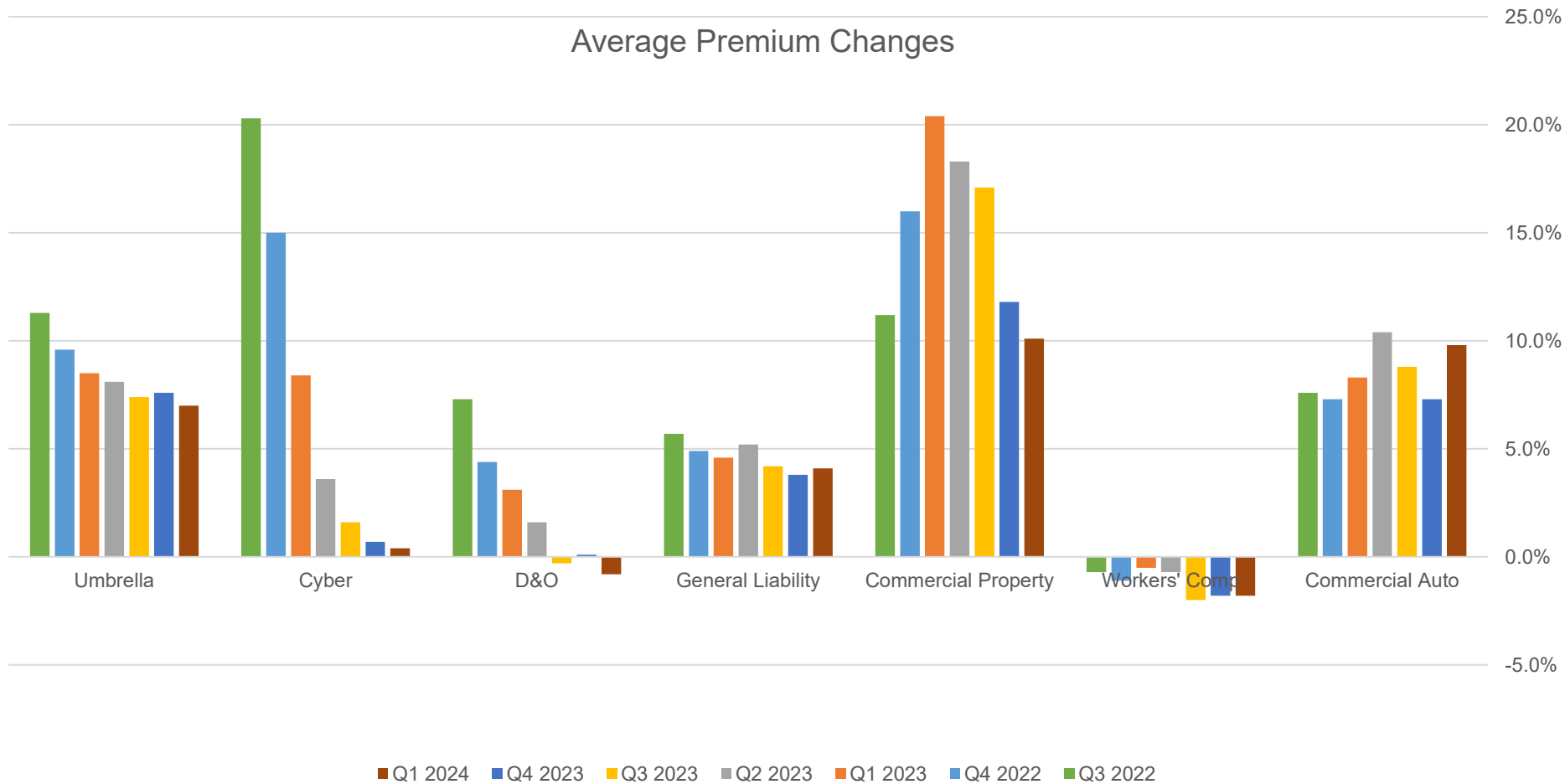

Q2 2024 Marketplace Overview



Market Overview

Average Premium Changes



Source: CIAB Commercial Property/Casualty Market Index Q1/2024

Q1 2024 Market Update

CIAB Commercial Property/Casualty Market Index (All Regions)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No Change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not Sure
Broker E&O	0.00%	0.00%	0.00%	2.38%	47.62%	33.33%	4.76%	0.00%	0.00%	0.00%	11.90%
Business interruption	0.00%	0.00%	0.00%	2.27%	25.00%	52.27%	9.09%	4.55%	0.00%	0.00%	6.82%
Commercial auto	0.00%	0.00%	0.00%	0.00%	2.22%	51.11%	42.22%	4.44%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	6.67%	2.22%	42.22%	40.00%	6.67%	2.22%	0.00%	0.00%
Construction risks	0.00%	0.00%	2.33%	0.00%	23.26%	55.81%	16.28%	0.00%	0.00%	0.00%	2.33%
Cyber	0.00%	0.00%	0.00%	27.27%	38.64%	29.55%	2.27%	0.00%	0.00%	0.00%	2.27%
D&O	0.00%	0.00%	2.27%	34.09%	40.91%	18.18%	2.27%	0.00%	0.00%	0.00%	2.27%
Employment practices	0.00%	0.00%	0.00%	18.18%	50.00%	27.27%	2.27%	0.00%	0.00%	0.00%	2.27%
Flood	0.00%	0.00%	0.00%	0.00%	55.81%	32.56%	4.65%	0.00%	0.00%	0.00%	6.98%
General liability	0.00%	0.00%	2.27%	2.27%	31.82%	47.73%	15.91%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	58.14%	30.23%	4.65%	0.00%	0.00%	0.00%	6.98%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	52.38%	30.95%	0.00%	0.00%	0.00%	0.00%	16.67%
Surety bonds	0.00%	0.00%	0.00%	2.38%	73.81%	9.52%	2.38%	0.00%	0.00%	0.00%	11.90%
Terrorism	0.00%	0.00%	0.00%	0.00%	79.07%	11.63%	2.33%	0.00%	0.00%	0.00%	6.98%
Umbrella	0.00%	0.00%	0.00%	4.44%	15.56%	51.11%	24.44%	4.44%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	4.65%	37.21%	46.51%	11.63%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: CIAB Commercial Property/Casualty Market Index Q1/2024

Q1 2024 Market Update

CIAB Commercial Property/Casualty Market Index (Northeast)

	1 Down more than 30%	2 Down 20% - 30%	3 Down 10% - 19%	4 Down 1% - 9%	5 No Change	6 Up 1% - 9%	7 Up 10% - 19%	8 Up 20% - 29%	9 Up 30% - 50%	10 Up more than 50%	N/A Not Sure
Broker E&O	0.00%	0.00%	0.00%	11.11%	55.56%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
Business interruption	0.00%	0.00%	0.00%	0.00%	33.33%	66.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial auto	0.00%	0.00%	0.00%	0.00%	11.11%	44.44%	44.44%	0.00%	0.00%	0.00%	0.00%
Commercial property	0.00%	0.00%	0.00%	0.00%	11.11%	66.67%	22.22%	0.00%	0.00%	0.00%	0.00%
Construction risks	0.00%	0.00%	0.00%	0.00%	44.44%	44.44%	11.11%	0.00%	0.00%	0.00%	0.00%
Cyber	0.00%	0.00%	0.00%	22.22%	44.44%	33.33%	0.00%	0.00%	0.00%	0.00%	0.00%
D&O	0.00%	0.00%	0.00%	33.33%	66.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employment practices	0.00%	0.00%	0.00%	22.22%	66.67%	11.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Flood	0.00%	0.00%	0.00%	0.00%	55.56%	44.44%	0.00%	0.00%	0.00%	0.00%	0.00%
General liability	0.00%	0.00%	0.00%	0.00%	66.67%	22.22%	11.11%	0.00%	0.00%	0.00%	0.00%
Marine	0.00%	0.00%	0.00%	0.00%	77.78%	11.11%	11.11%	0.00%	0.00%	0.00%	0.00%
Medical malpractice	0.00%	0.00%	0.00%	0.00%	77.78%	22.22%	0.00%	0.00%	0.00%	0.00%	0.00%
Surety bonds	0.00%	0.00%	0.00%	0.00%	88.89%	11.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Terrorism	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Umbrella	0.00%	0.00%	0.00%	0.00%	44.44%	33.33%	22.22%	0.00%	0.00%	0.00%	0.00%
Workers' compensation	0.00%	0.00%	0.00%	42.86%	57.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: CIAB Commercial Property/Casualty Market Index Q1/2024

Management Liability

Market overview, Q2 2024

Capacity

Capacity remains available, with restrictions on limits greater than \$5M. We are starting to see select markets express interest in up to \$10M in capacity, though. Carriers are showing more flexibility on terms and conditions and want to retain business. Seeing increased auto/streamlined renewals. Berkley has put pressure on pricing. Excess market remains strong. Most major carriers maintain A.M. Best Ratings of A or better.

Coverage

Potential limitations/clarification endorsements with respect to Biometric Claims, Cyber, Abuse, Government Funding, and Wage & Hour. Retirement plans (>\$500M assets) are still receiving questions and restrictions on excessive fees.

Pricing

Pricing flexibility remains as carriers want to retain business. Premiums generally flat or near flat with potential for slight decreases on larger accounts. Dramatic D&O decreases are being driven by the public company marketplace. Factors driving terms include claims history, exposure changes and other factors.

Outlook

Continue to watch economic factors and inflation as well as ongoing emerging trends (ESG matters, Biometric Regulations).

Fiduciary Liability

Market overview, 2024

Capacity

Capacity remains available, with potential restrictions on limits greater than \$5M. Coverage for ESOPs, especially new and/or leveraged plans is challenging. Plans >\$500M in assets are being underwritten carefully. Most major carriers maintain A.M. Best Ratings of A or better.

Coverage

Remains robust, with limitations on larger plans/ESOPs. Any prior litigation will cause friction on renewal. Most, if not all, markets have updated language to address Settlor Claims and Healthcare Exchange wrongful acts.

Pricing

For small plans, pricing remains soft (flat to minor increase depending on growth). Larger plans are still seeing potential rate/retention changes including the addition of class action retentions. As the stock market appreciates, expect pricing to increase with the exposure base accordingly.

Outlook

Historically, Fiduciary Liability has been a profitable line of business for insurance companies. This has changed with the rise in excessive fee litigation. In addition, ERISA related litigation has increased over 50%. Expect continued analysis on industry litigation which may lead to sweeping rate changes.

Cyber Liability Insurance

Market overview, Q2 2024

Capacity

Competition continues to pick up in the space. Be wary of newer entrants/InsureTechs, though. Their pricing and performance has not been consistent. Some carriers are beginning to offer higher limits and more flexibility. Still need to have proper controls in place and exhibit constant improvement. MFAA and EDR is a minimum requirement, especially for accounts over \$10M in revenue.

Coverage

Negative scan results, class of business, prior claims are resulting in restricted coverage (limit, coinsurance, retention etc.). Increased business interruption waiting periods, restrictions on outdated/end of life software are common. Ransomware limit reductions and co-insurance depending on class/controls. Major event restrictions remain carrier specific and not industrywide. Some loosening their underwriting restrictions depending on class/size/controls.

Pricing

Market has stabilized with rate increases in the single digits. Some larger accounts seeing flat premium or potential decreases, especially larger towers of coverage. Accounts with poor loss history, controls or tougher industries (i.e., Manufacturing, Public Entities, Healthcare) face significant scrutiny, but terms can be procured. Some carriers have pulled back their minimum premiums slightly.

Outlook

Ransomware remains a nuisance for the industry. Continue to monitor claims trends/payments. Market has taken claims, but we are not seeing the same dramatic shift in terms/market conditions as we did in 2021.

E&O Liability Insurance

Market overview, Q2 2024

Capacity

Similar to other lines, most capacity reductions previously occurred (i.e., greater than \$5M in capacity with one carrier). Carriers continue to monitor limits offered in comparison to insured's total firm revenue (i.e., \$2M revenue organization with \$5M primary limit). For Tech related industries, MFA is a minimum requirement.

Coverage

Ransomware and cyber exclusions on non-tech E&O risks. Potential COVID/Communicable disease exclusions. Carriers looking closely at professional services offered to ensure they are not running afoul of underwriting guidelines/restrictions. May result in potential changes to the definition or addition of exclusions.

Pricing

Market stabilizing and carriers are looking to write more misc. E&O. Expect typical step rating increases and exposure related changes. Tougher industries (i.e., MSPs) continue to face more significant increases. Other industries are seeing single digit rate increases.

Outlook

Continue to watch Technology E&O market and cyber claims. Will need to keep an eye on the impact inflation and supply chain have on clients and their ability to perform professional services. Market has taken claims, but we are not seeing the same dramatic shift in terms/market conditions as we did in 2021.

Property

Market overview, Q2 2024

Capacity

Significant changes to the reinsurance market and increased claims activity has reduced carrier capacity. “Coastal” property definitions continue to change, with less admitted markets available to offer coverage. Carriers are focused on construction type and building updates- both directly impact capacity. Watching capacity restraints from surplus carriers- ebbs and flows.

Coverage

Shift from Named Storm to Wind/Hail deductible for coastal properties. For non-coastal clients, higher deductibles may become mandatory. Added protective safeguard exclusions or requirement for building upgrades.

Pricing

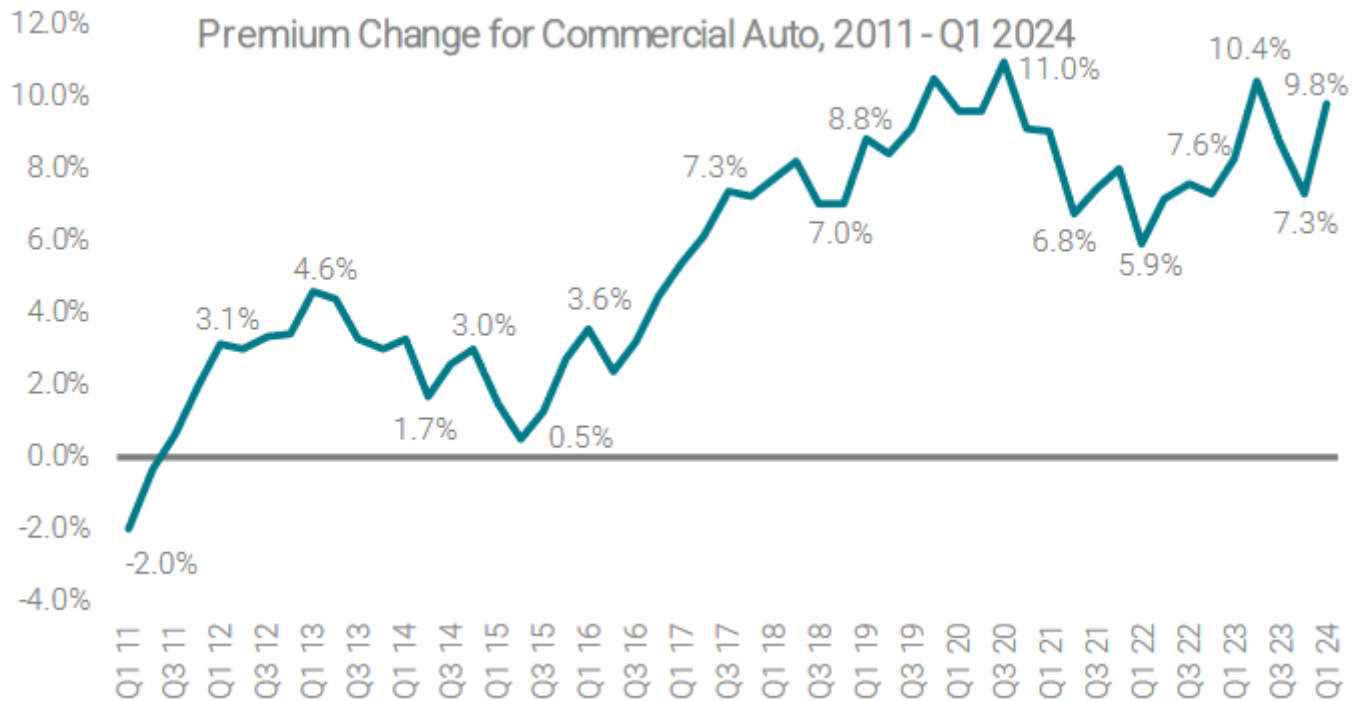
Limited to no pricing flexibility. Expect rate increases of at least 10%. Additional focus on TIV and inflation. Expect pressure on building value, which will impact total pricing.

Outlook

Signs of stabilization potentially returning to the market. Reinsurance renewals have gone smoother than 2023. Still early stages and do not see a hard market end in 2024, though.

Market Highlight- Auto Insurance

High Repair Costs, Nuclear Verdicts



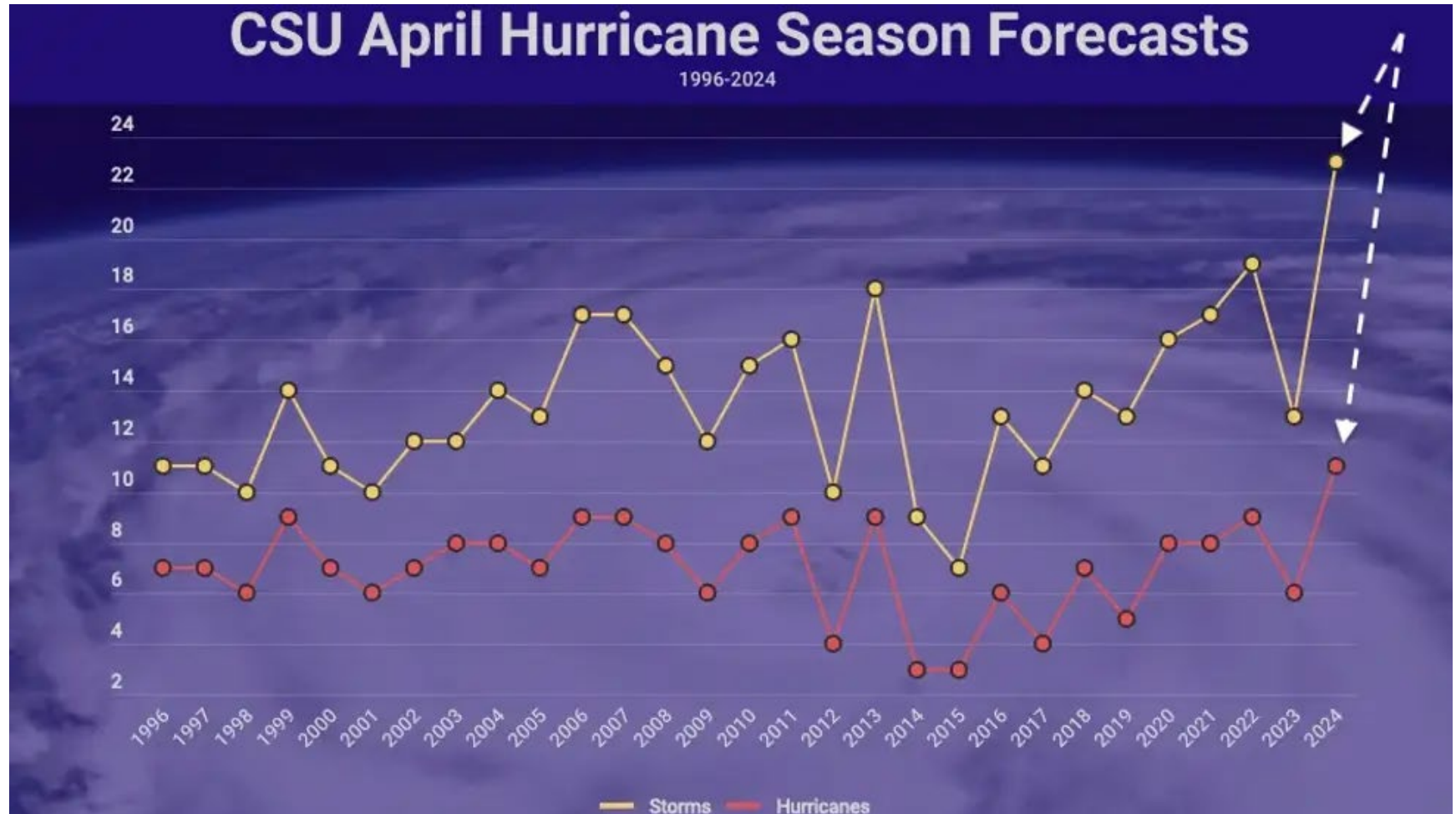
- Steady auto rate increases have continued in Q1.
- Median verdicts for auto accidents increased from \$15M to \$25M between 2010-2019.
- The average cost of auto parts has increased significantly as well- 23% since 2022. This is driven by additional technologies in new vehicles and supply chain and supply chain issues

Source: CIAB Commercial Property/Casualty Market Index Q1/2024

Colorado State University Hurricane Forecast



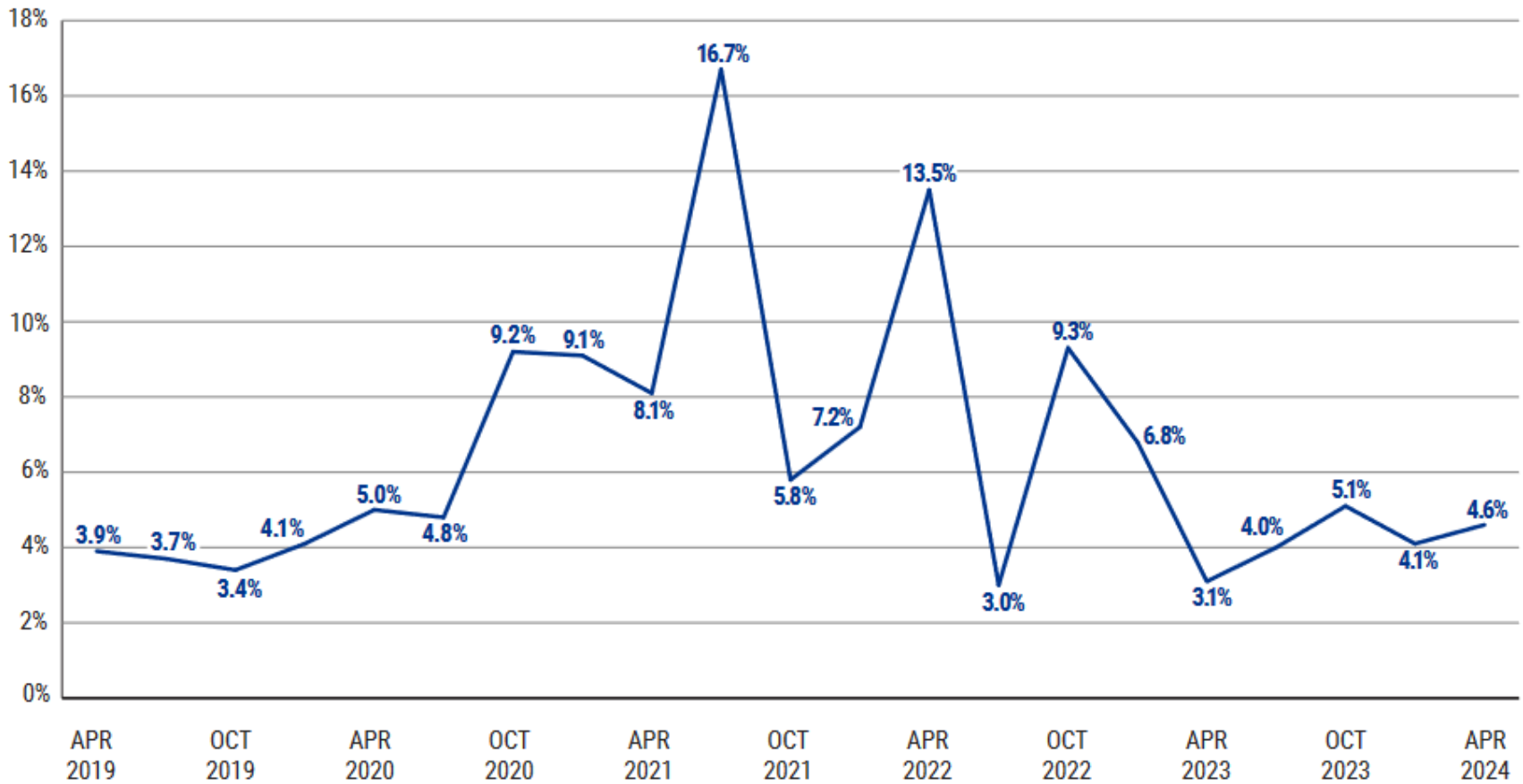
Colorado State University Hurricane Forecast



Reconstruction Costs

Normalizing?

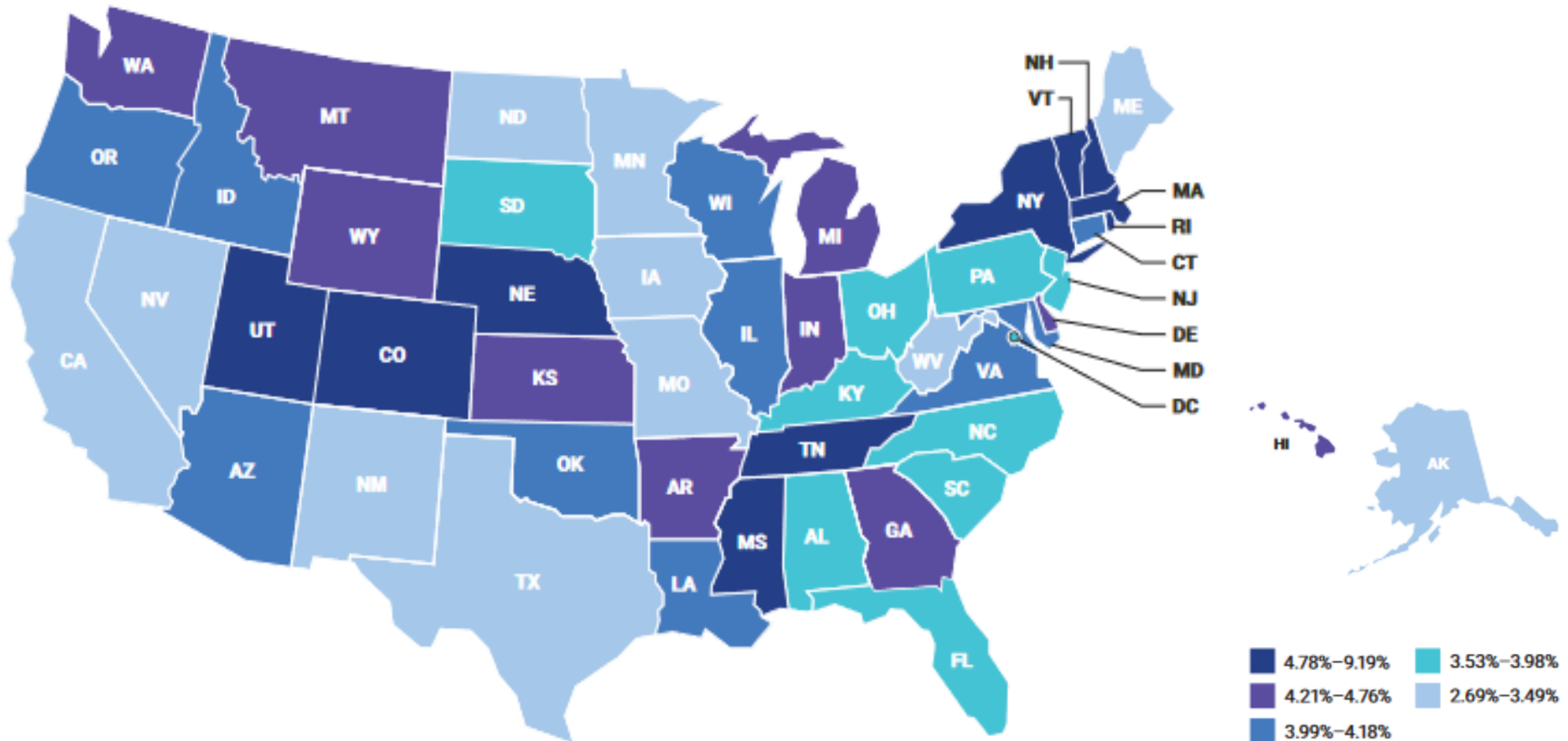
Year-over-year reconstruction cost changes, April 2019–April 2024



Source: Verisk 360Value Quarterly Reconstruction Cost Analysis Q2 2024

Reconstruction Cost Increases Heat Map

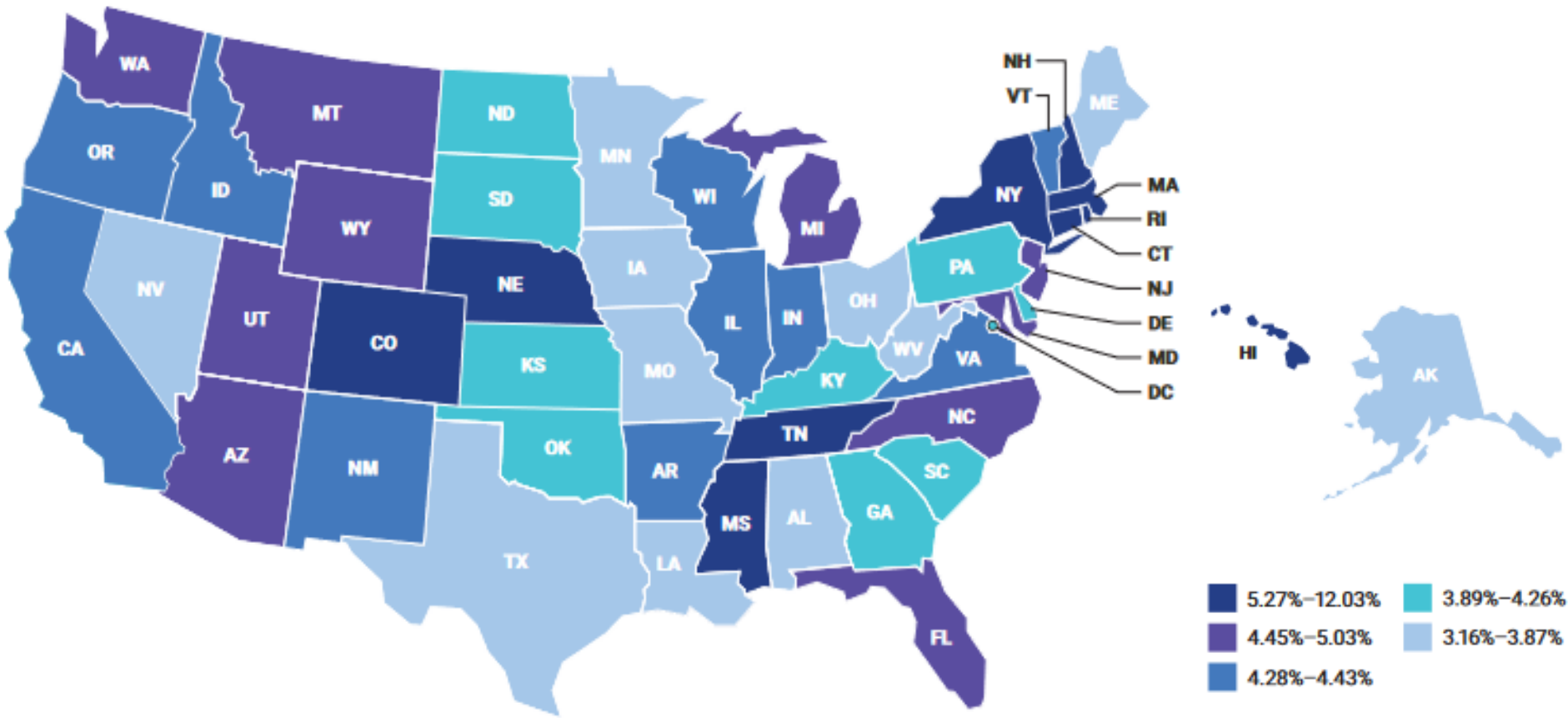
Residential



Source: Verisk 360Value Quarterly Reconstruction Cost Analysis Q2 2024

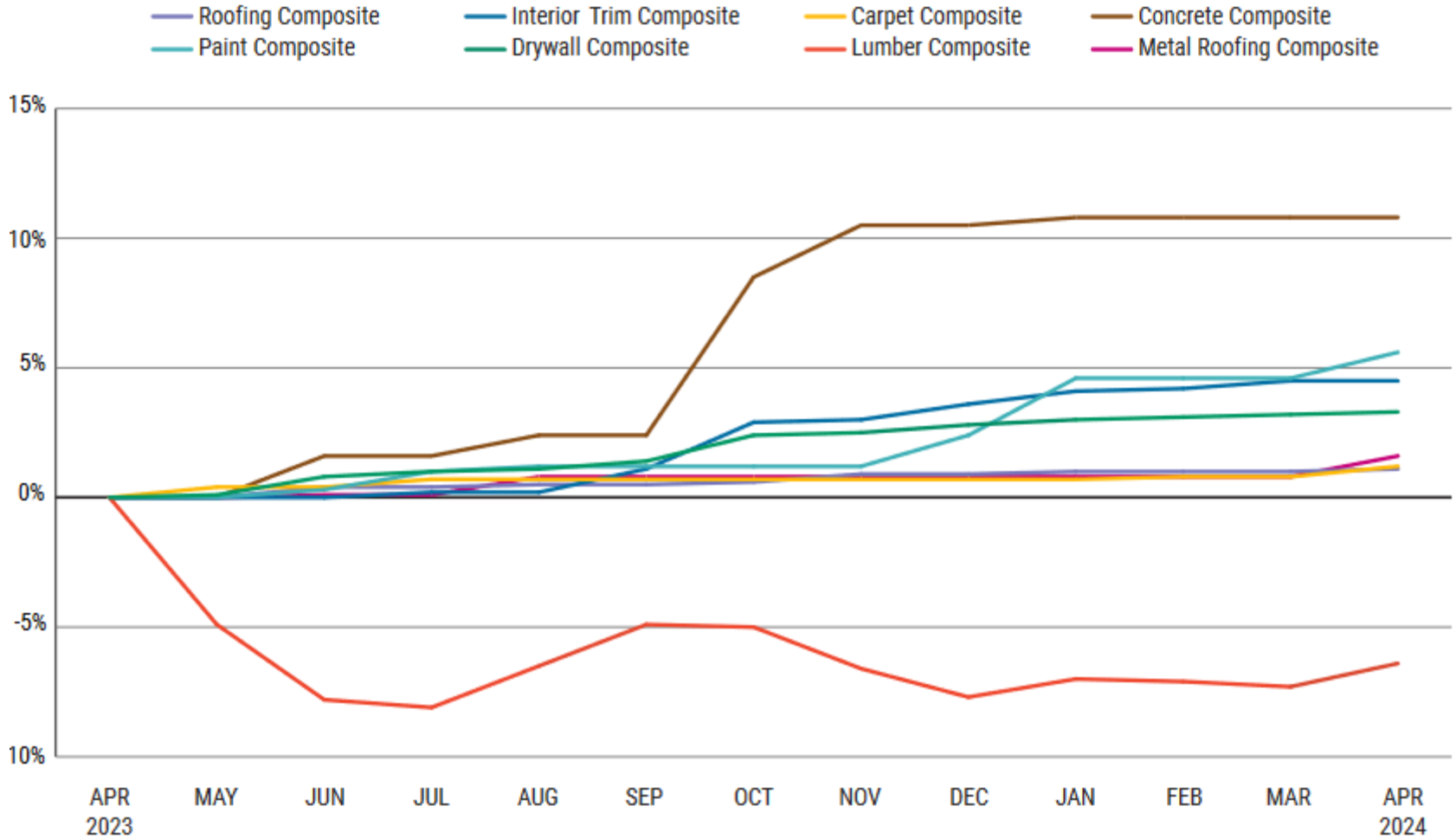
Reconstruction Cost Increases Heat Map

Commercial



Source: Verisk 360Value Quarterly Reconstruction Cost Analysis Q2 2024

Year Over Year Material Cost Changes



Source: Verisk 360Value Quarterly Reconstruction Cost Analysis Q2 2024

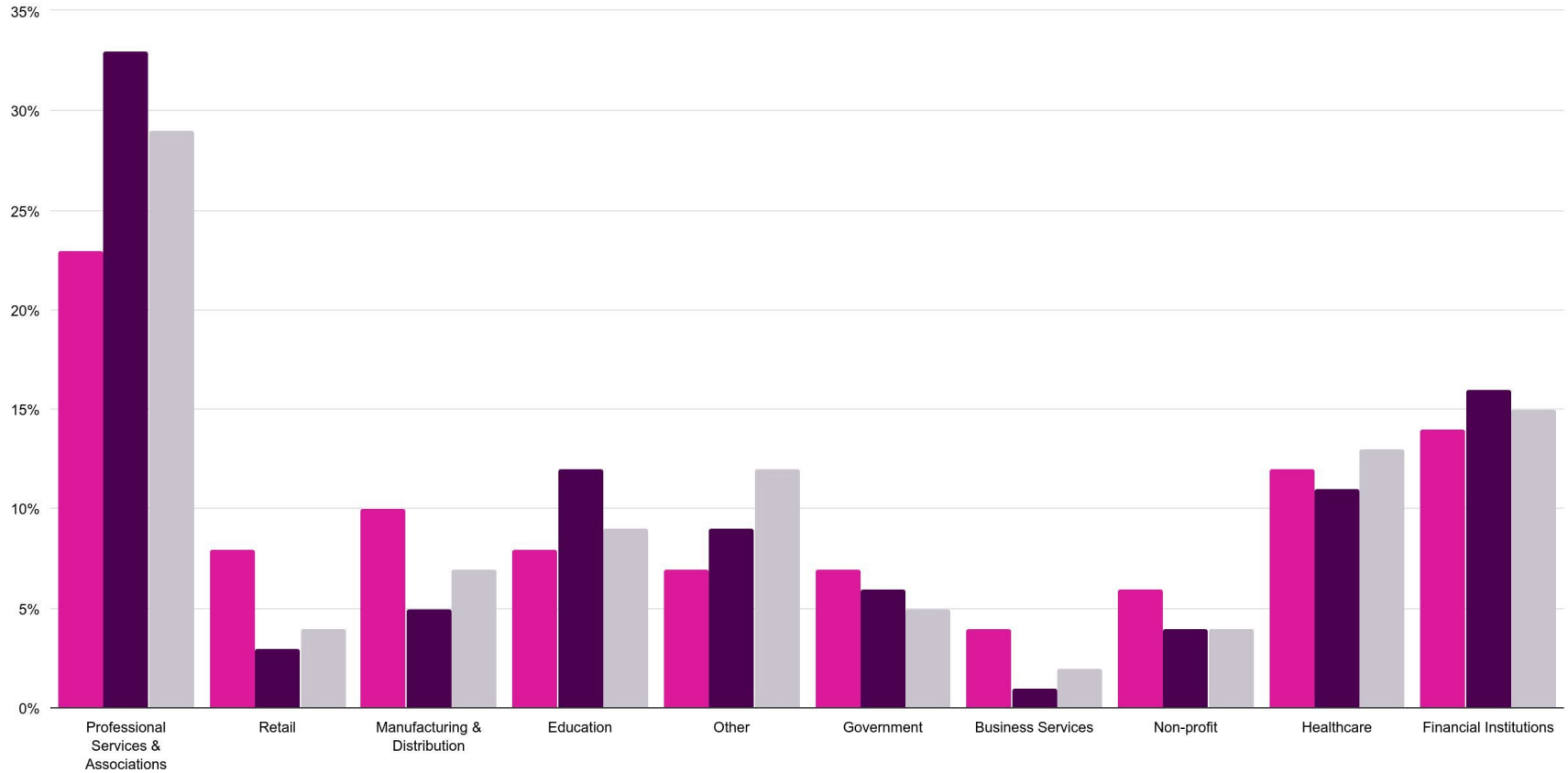
Business Email Compromise Activity by Industry

Beazley Quarterly Report

Business email compromise

Percentages by industry

■ 2021 ■ 2022 ■ 2023

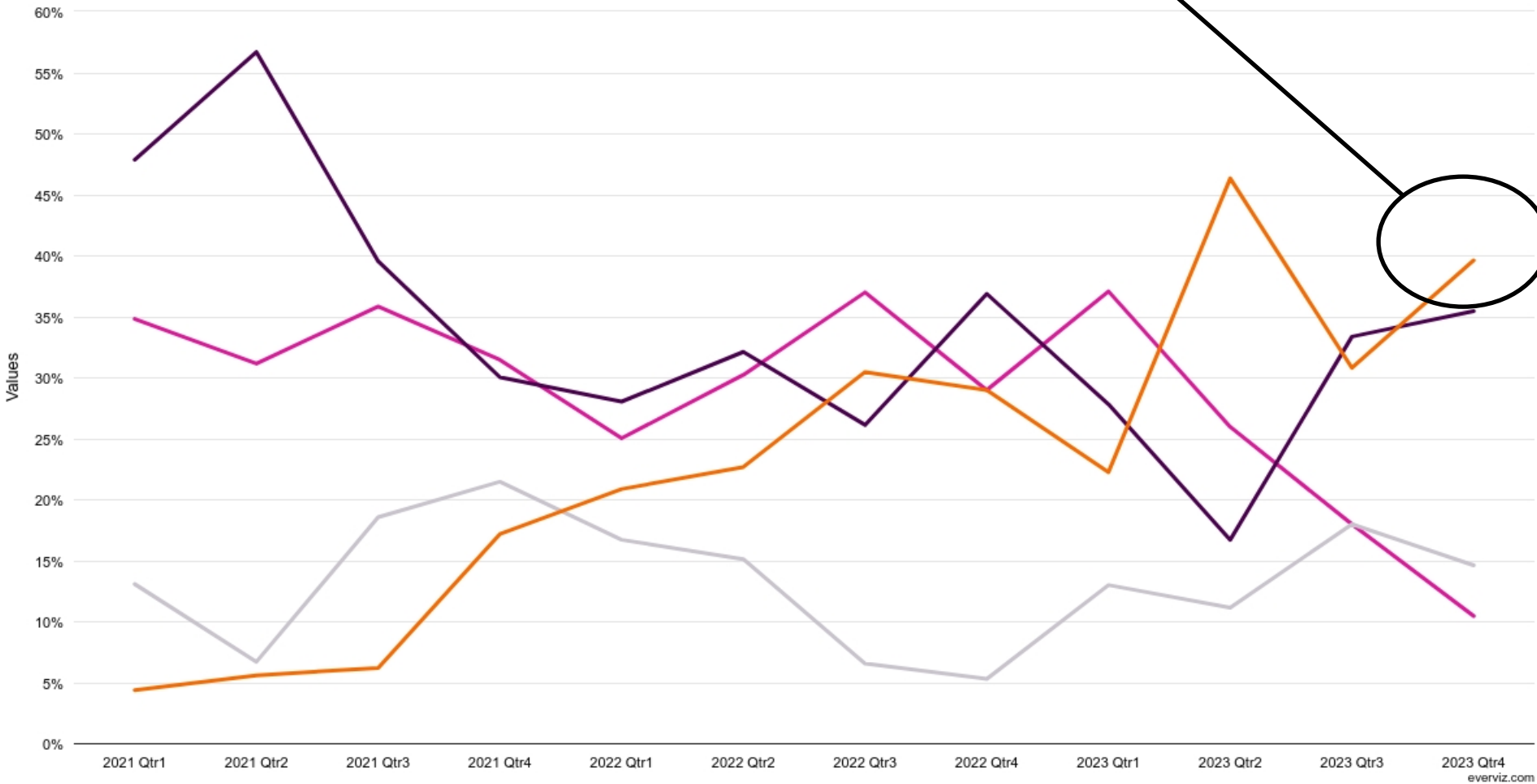


Ransomware Causes

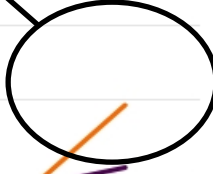
Beazley Quarterly Report

Ransomware Vectors

Phish RDP Software Vulnerability Unknown



“Unknown” entry is now the top cause of ransomware.

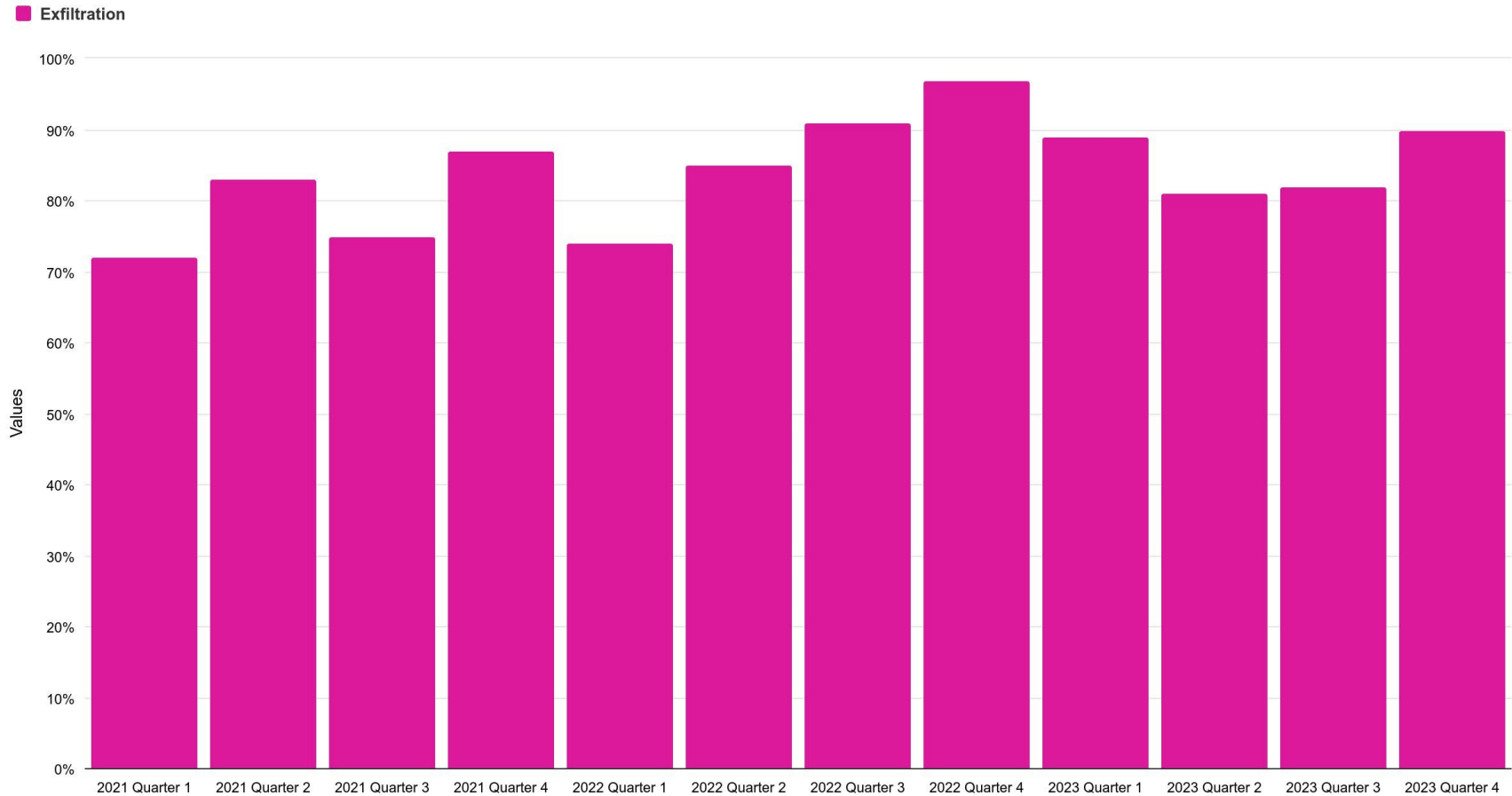


Cyber Extortion Incidents with Data Exfiltration

Beazley Quarterly Report

Cyber Extortion Incidents with Data Exfiltration

Percentages by quarter.



Key Underwriting Requirements

Cyber

Written plans

- Business Continuity and Disaster Recovery Plans should be documented and in place. These plans should be regularly tested.
- “We have Cyber Insurance” is not an acceptable disaster recovery plan.

Formal training and procedures

- Regular and mandatory employee security awareness trainings and phishing simulators.
- Procedures for handling sensitive information, wire transfers, password management, personal/corporate devices, installing critical and high severity patches, and accessing the network outside of the office.

Multi-factor authentication

- Activated on all remote access to your network including any remote desktop protocol connections, email server, cloud services and data backup solution.
- Activated on all network administrator accounts and employee accounts.

Backups

- The backup should be off network (i.e., “air-gapped”) or segregated with multi-factor authentication.
- Information should be backed up regularly, ideally daily, and tested regularly.
- Some carriers are requiring backups to be capable of restoring essential functions within 24 hours.

Email filtering

- Tool that filters malicious links and attachments. For Office 365 users, the Microsoft Advanced Threat Protection add-on should be turned on.

Next-Generation Anti-virus

- This should include Endpoint Detection & Response (EDR) functionality on all endpoints. EDR should have 24/7/365 monitoring.

Loss of technical support

- If you have any end of life or end of support software, is it segregated from the rest of the network? Do you have plans to phase it out?