

# Commercial hard market softening, RIMS survey finds

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NEW YORK — Commercial insurance buyers say the skyrocketing increases in costs of many insurance policies showed signs of stabilizing in the third quarter, according to the RIMS Benchmark Survey.

Property insurance, fiduciary liability coverage and even directors and officers liability, which had been experiencing astronomic increases, faced only comparatively moderate rate hikes over the summer, according to third quarter renewal information summarized by Advisen Ltd. for the RIMS Benchmark Survey. Excess liability and workers compensation continue to experience comparatively strong increases to historical changes.

Premiums for most of these insurance lines increased by between three and 32 percent last quarter over last year's rates, compared to the rate increases last spring, which were as much as 250 percent over the prior year.

Retention level increases ranged from eight to 25 percent except in fiduciary liability coverage, where increases averaged 250 percent. This suggests insurers are pushing retentions higher to reduce loss ratios even as they maintain hard market levels of premium rates. In fiduciary liability insurance, underwriters are clearly signaling a growing unwillingness to participate in risk sharing at previous levels of risk transfer.

"After the staggering increases we have seen in recent quarters, especially from professional liability lines, the market for many lines appears to be moderating," said Christopher Mandel, RIMS vice president. "The drop in policy counts we reported last summer was an early indicator of a broadening of capacity, and we believe the retention levels in some lines may begin to drop, but in some cases like professional lines, will remain high compared to historical levels. It's too early to say it definitively, but the hard market appears to be ebbing." □