



# 2024 IAC P&C Market Update

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*Presented by*  
**Tim Osborne, Executive Director**

# Insurance Market Forces

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## SUPPLY

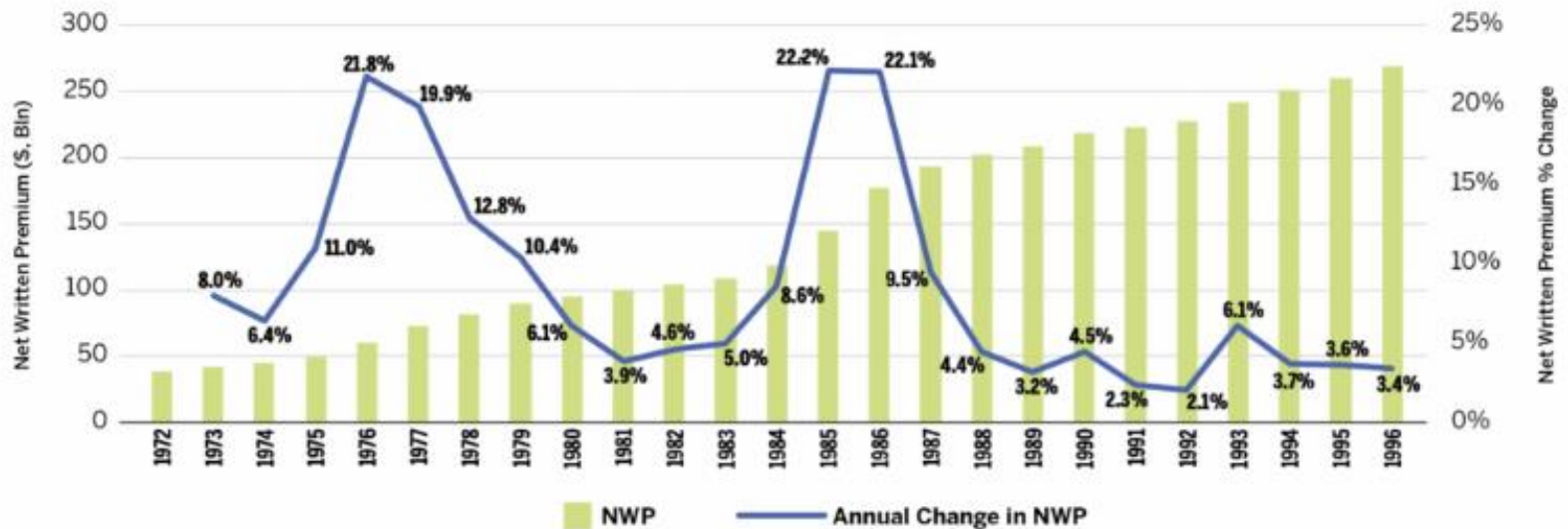
**Investable Funds**

## DEMAND

**Transfer Risk  
Vs  
Retain Risk**



**FIGURE 1: U.S. P&C Industry—Annual % Change in Net Written Premium 1972-1996**



Source: A.M. Best Aggregates & Averages



# 1985 Idaho Counties Created ICRMP

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Stable Pricing

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Solid Coverages

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Specialized Training

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Control & Ownership

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Birth of Pooling

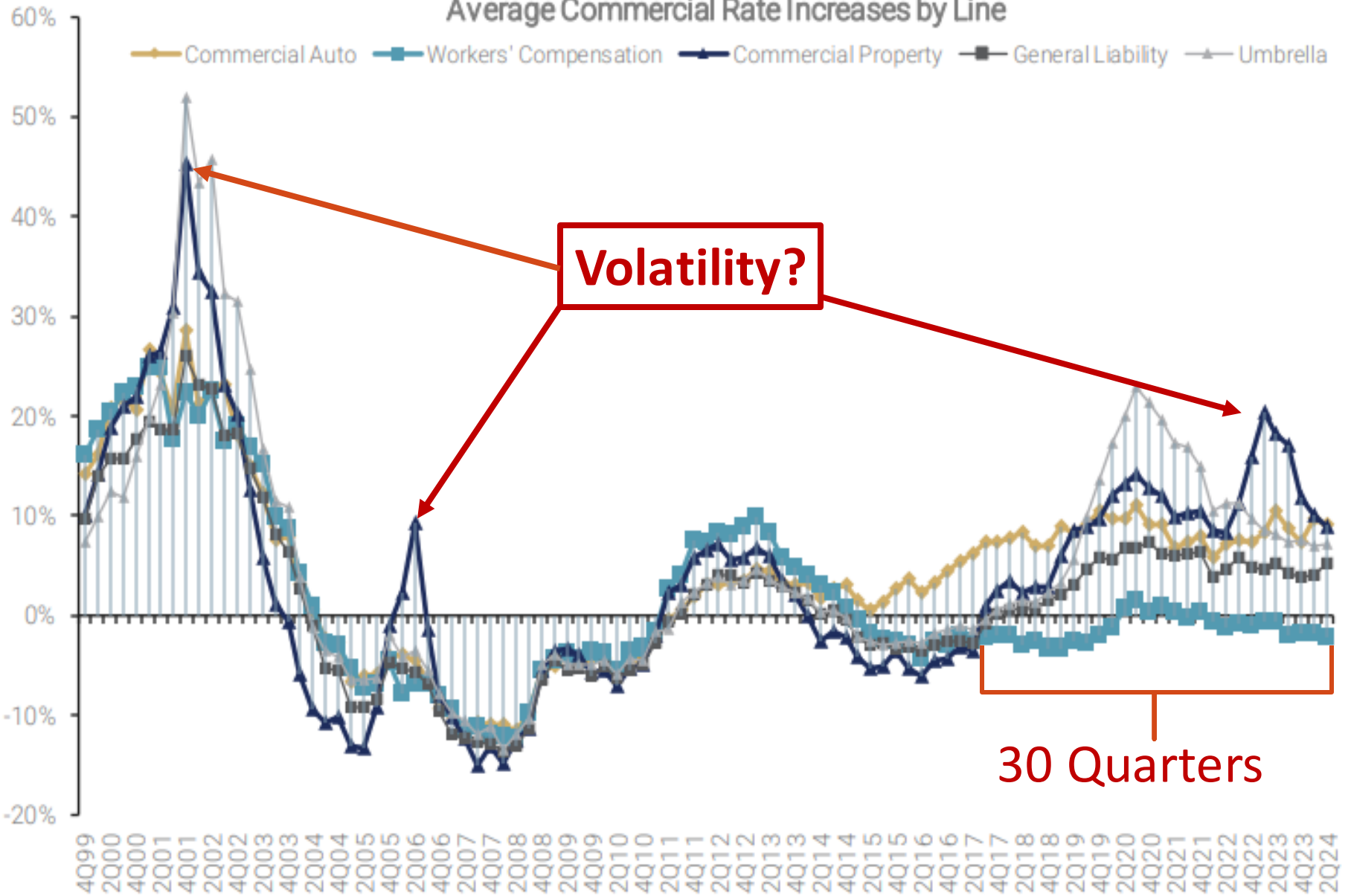
# P&C Hard Market Turns 6

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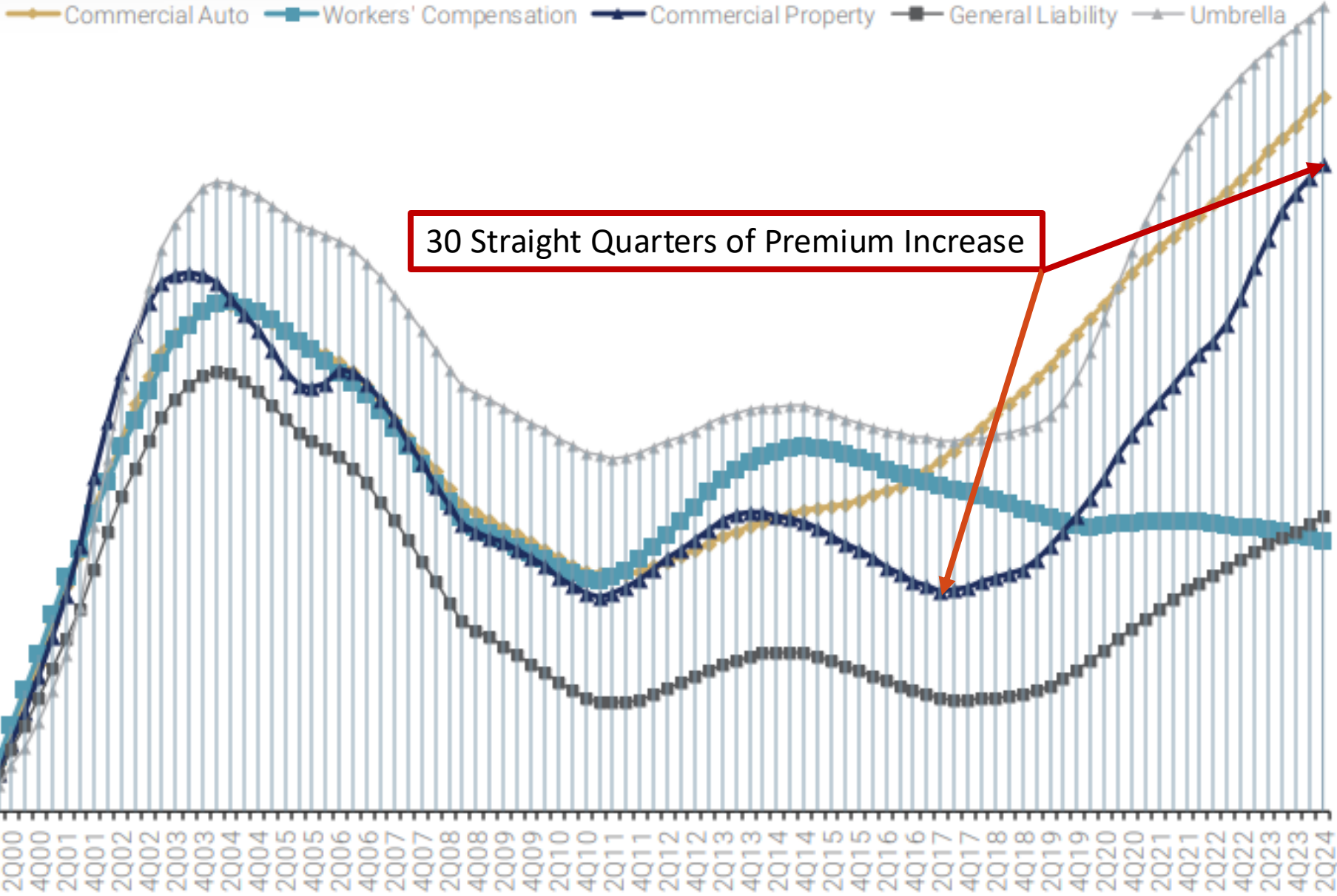
*April 2024: “ALIRT Insurance Research has been studying the U.S. property and casualty insurance market for more than 30 years, and we have never seen a hard market quite like this.”*

- Approaching 30 consecutive quarters
- Cumulative year-over-year rate increases
- Changes to policy terms and conditions

# Average Commercial Rate Increases by Line



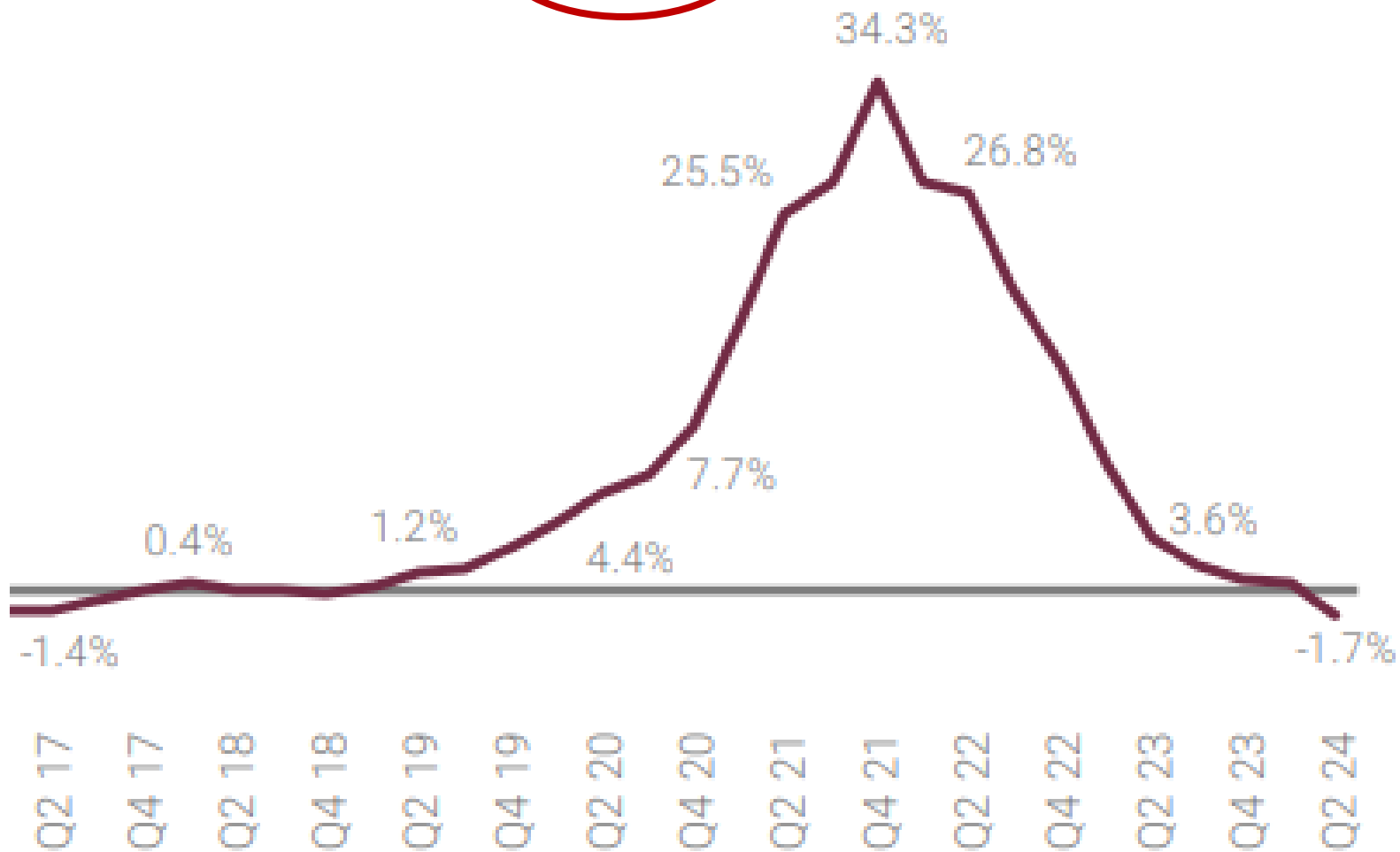
# Cumulative Quarterly Rate Increases by Line of Business



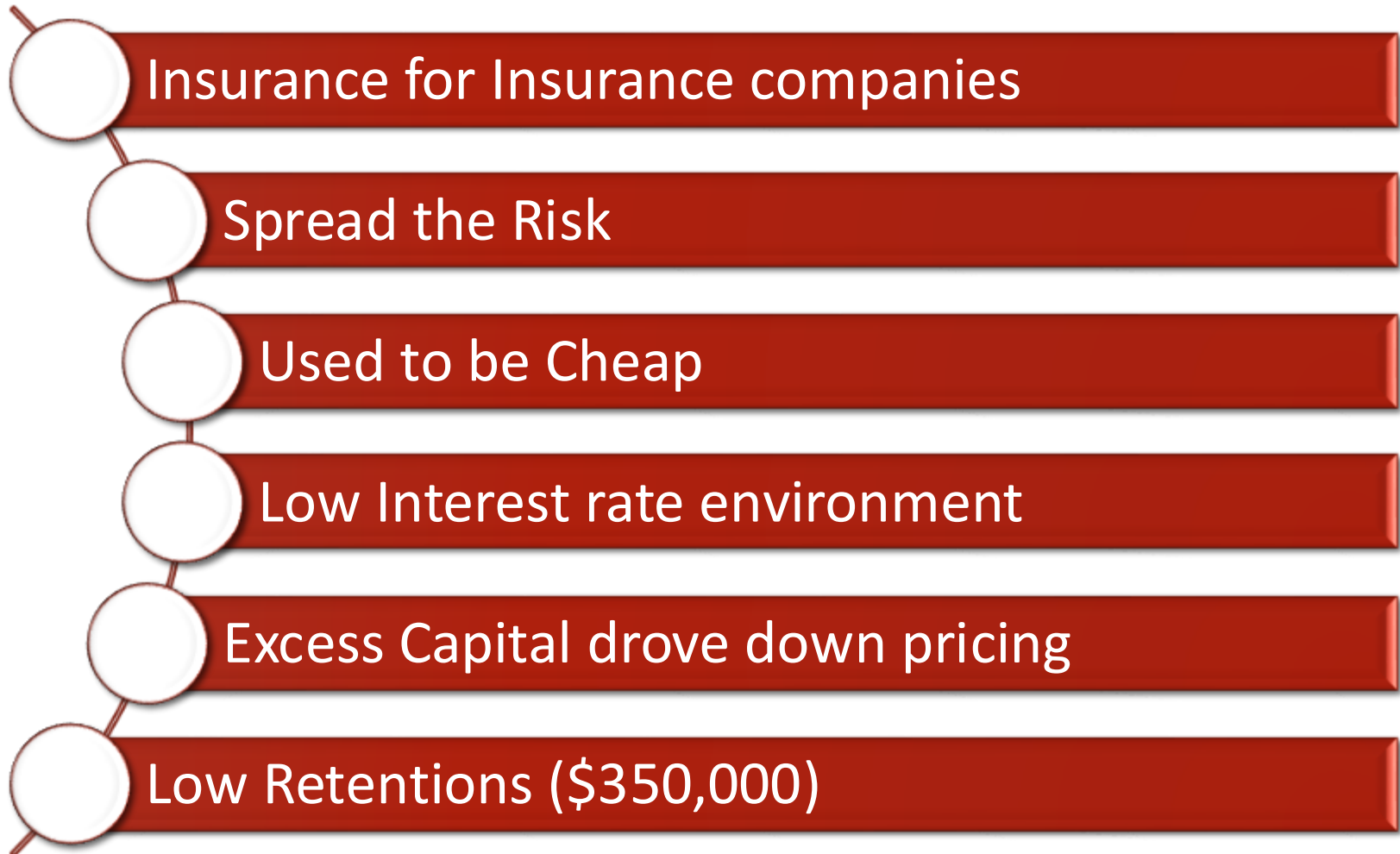
30 Straight Quarters of Premium Increase



# Premium Change for Cyber, Q4 2016 - Q2 2024



# Property Reinsurance



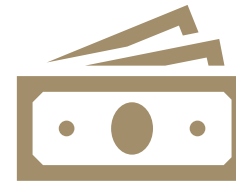
# Market Change Amplifiers

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## 2020 COVID

Lockdowns & Shutdowns



## 2021 Federal Stimulus

\$5 Trillion

Have money / Will Spend

# 2022

- Mounting property losses
  - Catastrophes increasing frequency & severity
    - Tornadoes
    - Straight line winds
    - Hail
    - Polar Vortex (Texas & Oklahoma)
    - Wildfires
- Inflation peaks at 9.1% in June
- Hurricane Ian strikes Florida – late Sept
  - \$112 billion in damage
  - Costliest hurricane in Florida's history
  - 3<sup>rd</sup> costliest in US history



# 12-month percentage change, Consumer Price Index, selected categories, not seasonally adjusted

- All items
- Food at home
- Energy
- Electricity
- All items less food and energy
- Apparel
- Medical care commodities
- Shelter
- Education and communication
- Food
- Food away from home
- Gasoline (all types)
- Natural gas (piped)
- Commodities less food and energy com...
- New vehicles
- Services less energy services
- Medical care services



Hover over chart to view data.

Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.

**BILLION-DOLLAR DISASTERS HURRICANES**

**EXCLUSIVE ACCUWEATHER ESTIMATE OF  
TOTAL DAMAGE & ECONOMIC LOSSES IN BILLIONS**



All Dollar Values Adjusted to 2024 Dollars



**January  
2023**

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**Underpriced reinsurance rates**

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**Low retention levels**

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**Increasing loss frequency & severity**

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**Changing weather exposures**

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**Property values underinsured**

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**Reinsurance capital locked**

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**Reinsurers exit market**

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**No new capital – better returns elsewhere**

## Biggest reinsurance capital squeeze since 2008

**\$66bn** of capital erosion  
at YE22 vs YE21





# 2023 Reinsurance Renewal

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**Capacity Crunch**

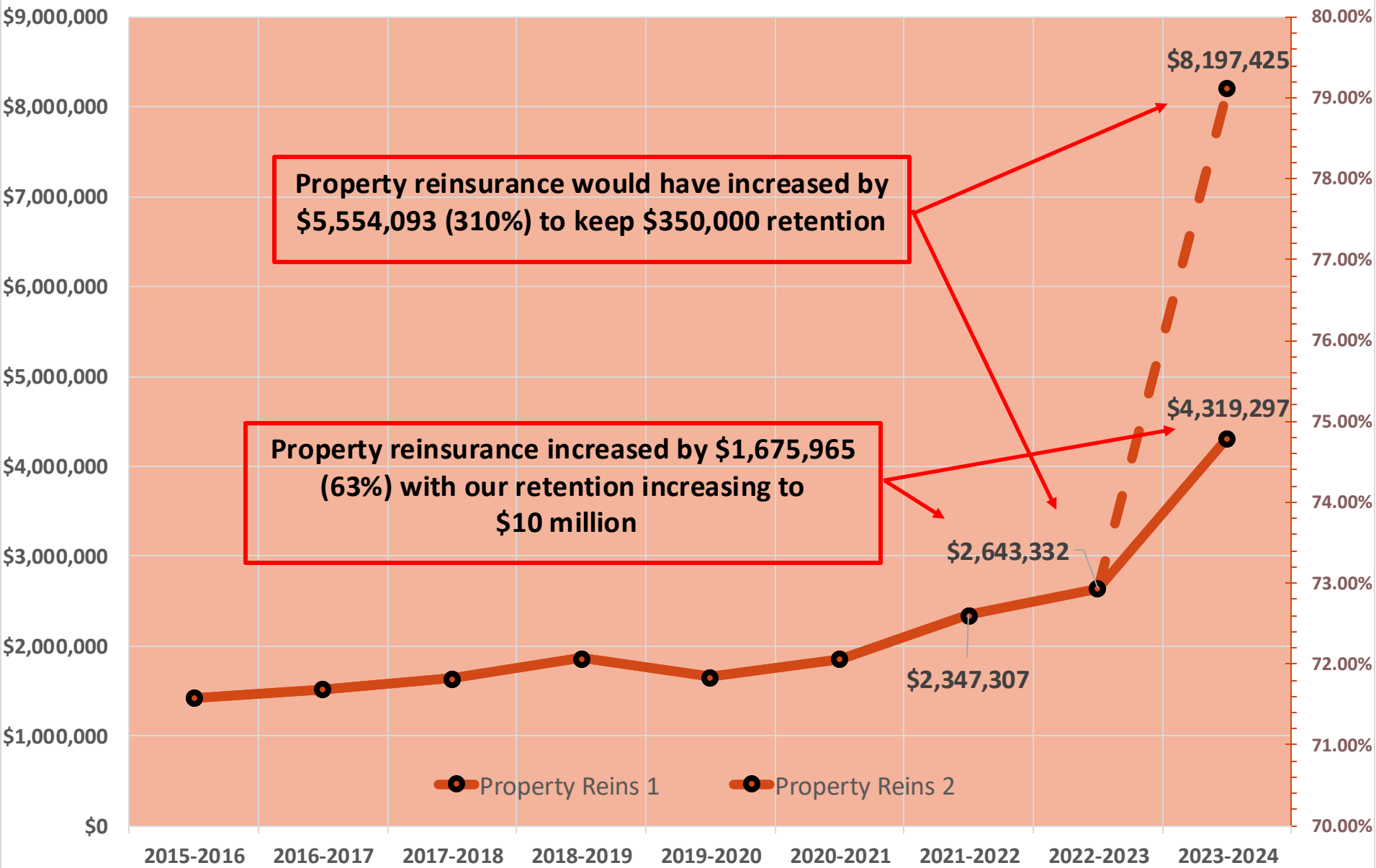
**Predatory pricing**

**Insurers forced to retain more risk**

**Premium increases 25% to 150%**

**Reduction in coverages & limits**

# Public Entities



# 2024 Reinsurance Renewal

Liability reinsurance increased  
\$500k, retention now \$1 mm

Property reinsurance increased by  
\$100k

Property retention \$1mm per  
occurrence with \$2.5mm corridor

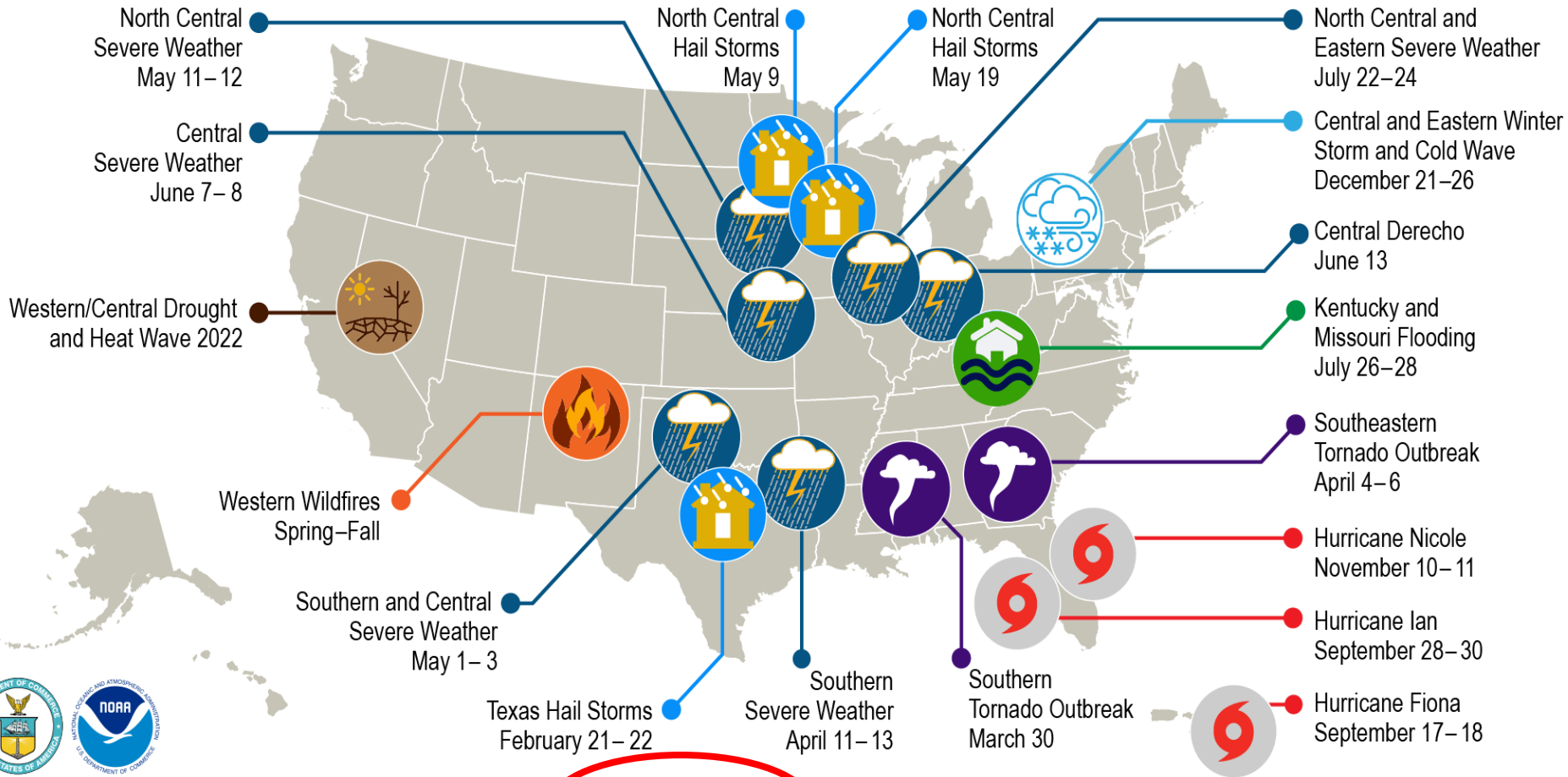
Increased school premiums  
up to 70%

Increasing public entity premiums  
20% to 30%

ICRMP										
Proposed Property Program : 7/1/24 to 7/1/25										
		TIV		\$21,751,135,143						Layer Premium
Limits										
\$300.00 100.00%	\$500M Line \$ Line % GLP GPP GPM Rate	Chubb BMA 300.00 100.0% \$514,595 \$514,595 \$1,715 0.0024								\$514,595
\$87.50 100.00%	\$200M Line \$ Line % GLP GPP GPM Rate	RSUI 20.00 20.00%	Ironshore 25.00 25.00%	ARK 12.50 25.00%		Munich Re 30.00 30.00%			\$716,250	
\$12.50 100.00%	\$150M Line \$ Line % GLP GPP GPM Rate			Axis 12.50 25.00%		Munich Re 30.00%			\$125,000	
\$55.00 100.00%	\$100M Line \$ Line % GLP GPP GPM Rate	GA PE 15.00 30.00%	Market 5.00 10.00%	Arch 5.00 10.00%	Core 5.00 10.00%	Ark 24.125 5.00 10.00%	HCC 2.50 5.00%	Fidellis 7.50 15.00%	Fidellis 10.00 10.00%	\$1,988,916
\$27.50 100.00%	\$50M Line \$ Line % GLP GPP GPM Rate	Munich Re 2.50 10.00%	Brit 15,000,000 60.00%				Lexington 5.00 10.00%	Old Republic 5.00 10.00%		\$2,840,500
\$17.50 100.00%	\$25M Line \$ Line % GLP GPP GPM Rate	Beazley 2.5000 10.00%	Ironshore 2.9000 10.00%	Beazley 8.2500 33.00%	Faraday 3.0000 12.00%	WRB 1.2500 5.00%	Lexington 10.00%	Old Republic 10.00%		\$4,459,047
\$0.00 100.00%	\$10M Line \$ Line % GLP GPP GPM Rate									\$0
\$500.00	\$0M	Ded (Applies to all perils): 1m SIR with 2.5m per occurrence and in the annual aggregate								\$10,644,307
		NOTES: Premium before taxes & fees <span style="color:blue">Amwins Approved</span> <span style="color:orange">Retail Approved</span> <span style="color:green">London Approved</span> <span style="color:red">OPEN</span> <span style="color:blue">Amwins Indication</span> <span style="color:orange">Retail Indication</span> <span style="color:green">London Indication</span>								0.0489









# U.S. 2022 Billion-Dollar Weather and Climate Disasters

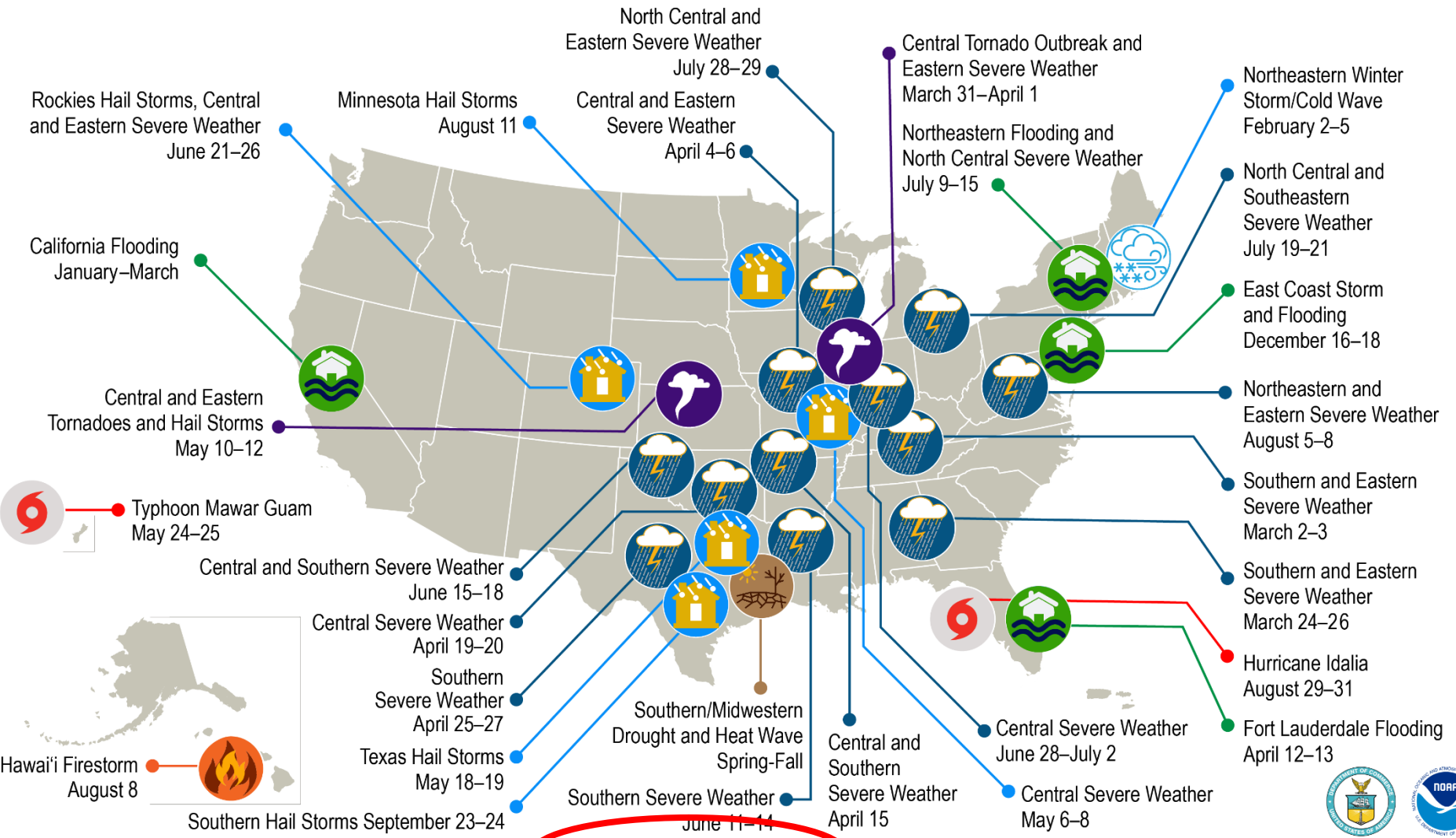
-  Drought/Heat Wave
-  Flooding
-  Hail
-  Hurricane
-  Severe Weather
-  Tornado Outbreak
-  Wildfire
-  Winter Storm/Cold Wave



This map denotes the approximate location for each of the **18 separate billion-dollar** weather and climate disasters that impacted the United States in 2022.



# U.S. 2023 Billion-Dollar Weather and Climate Disasters

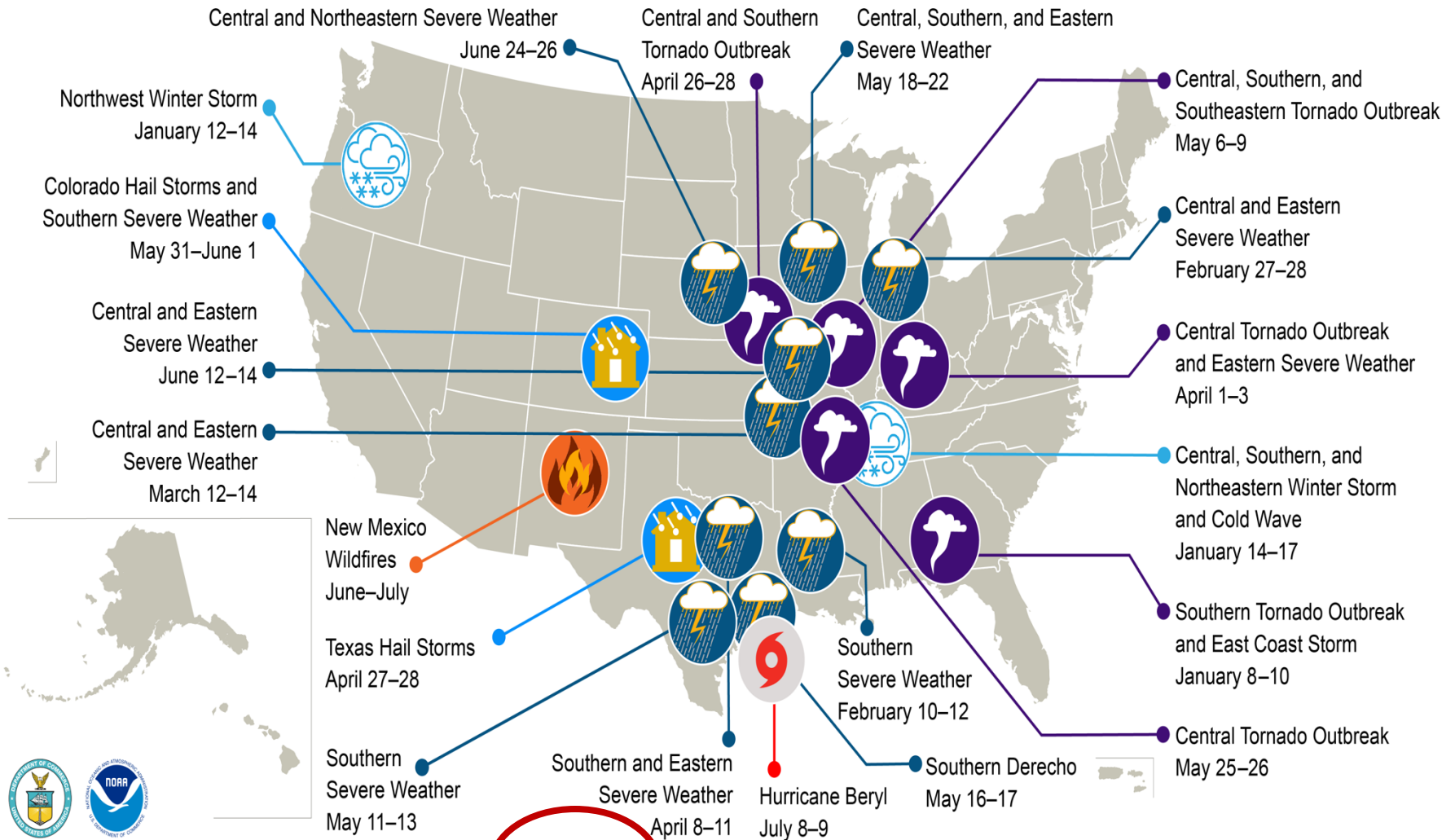
-  Drought/Heat Wave
-  Flooding
-  Hail
-  Hurricane
-  Severe Weather
-  Tornado Outbreak
-  Wildfire
-  Winter Storm/Cold Wave



This map denotes the approximate location for each of the 28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.

# U.S. 2024 Billion-Dollar Weather and Climate Disasters

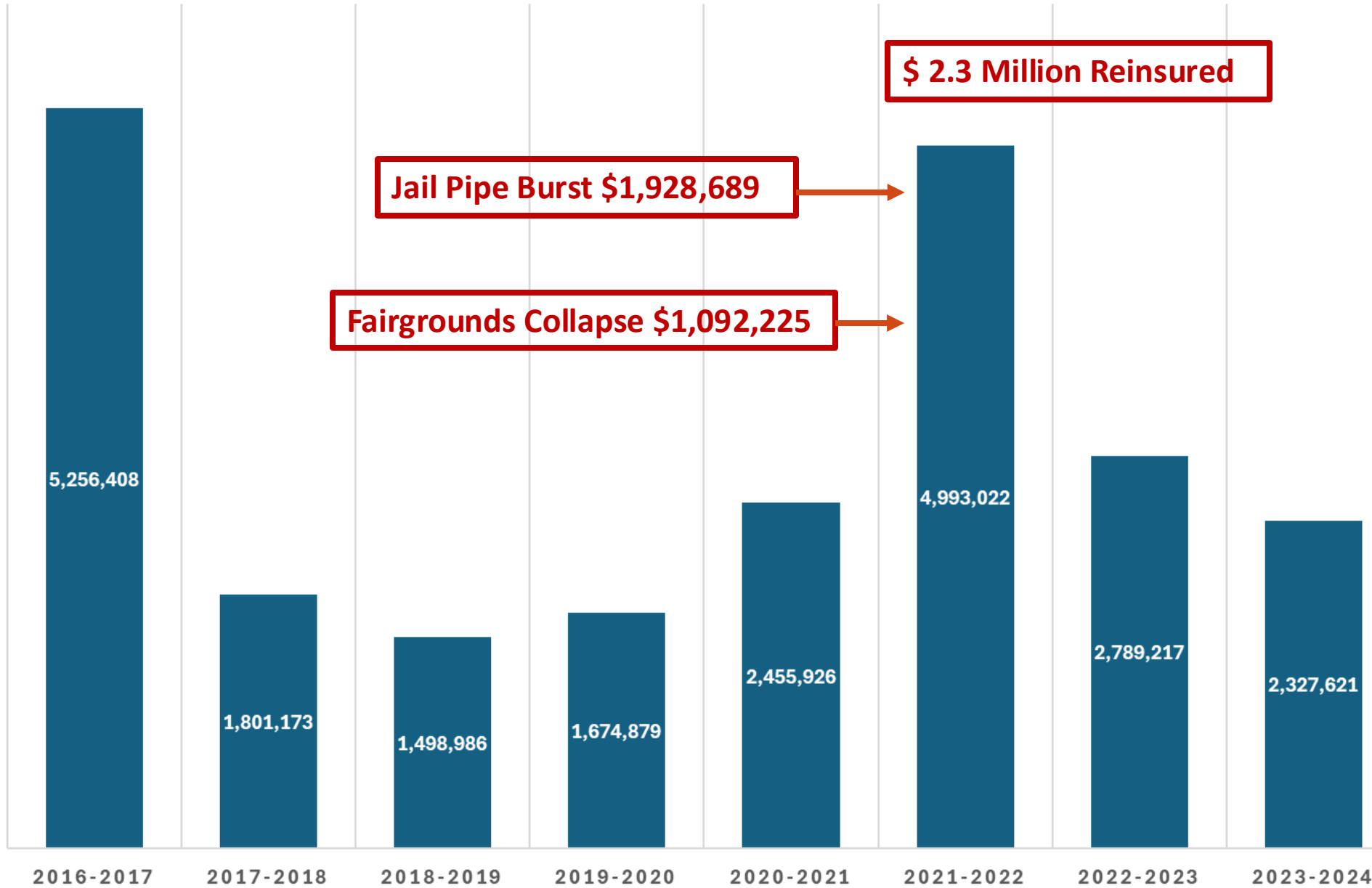
-  Drought/Heat Wave
-  Flooding
-  Hail
-  Severe Weather
-  Tornado Outbreak
-  Tropical Cyclone
-  Wildfire
-  Winter Storm/Cold Wave



This map denotes the approximate location for each of the 20 separate billion-dollar weather and climate disasters that impacted the United States through August 2024.

# COUNTY LOSSES

■ Property

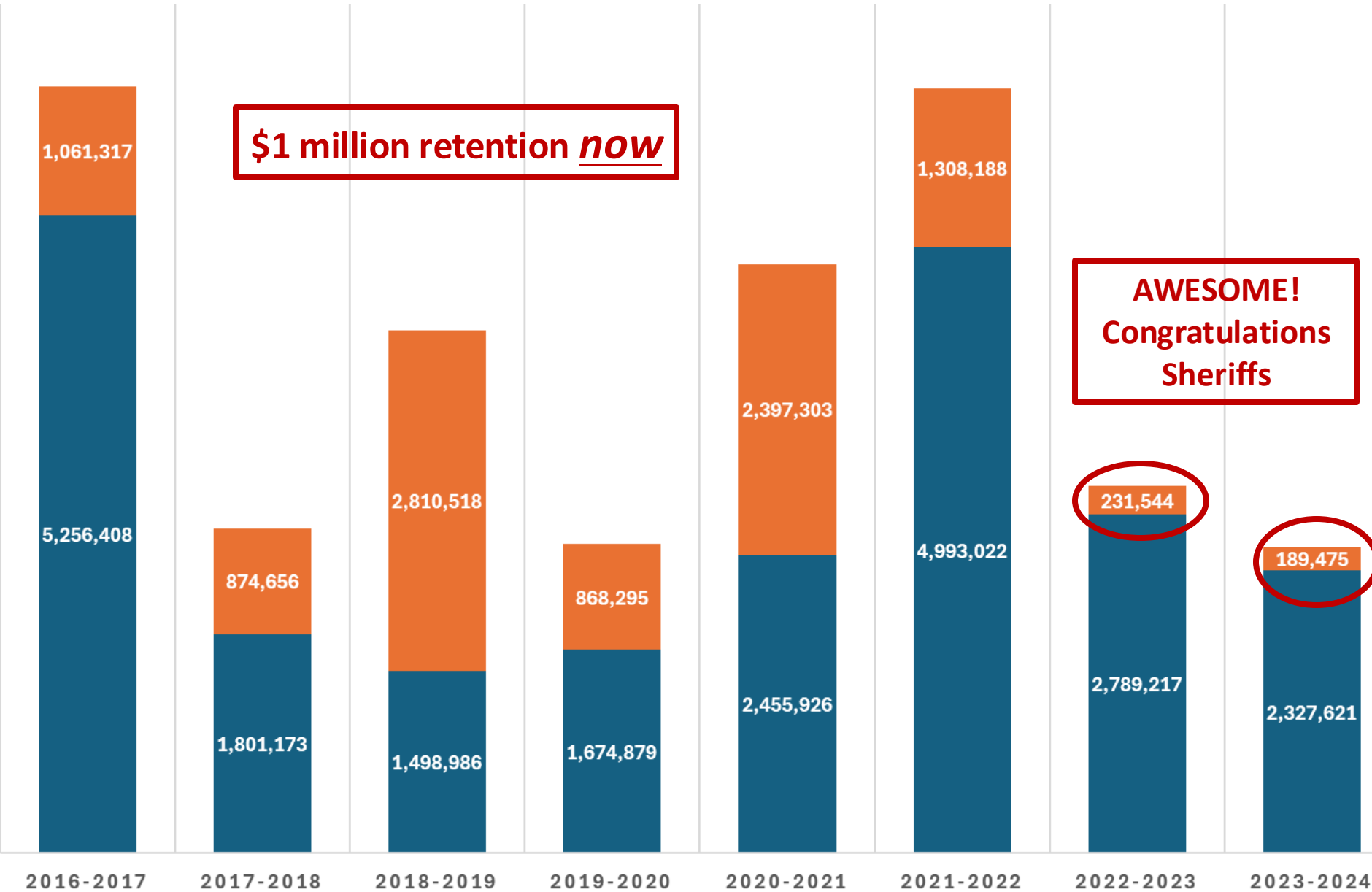




# COUNTY LOSSES

■ Property

■ Police Liability



**\$1 million retention *now***

**AWESOME!  
Congratulations  
Sheriffs**

231,544

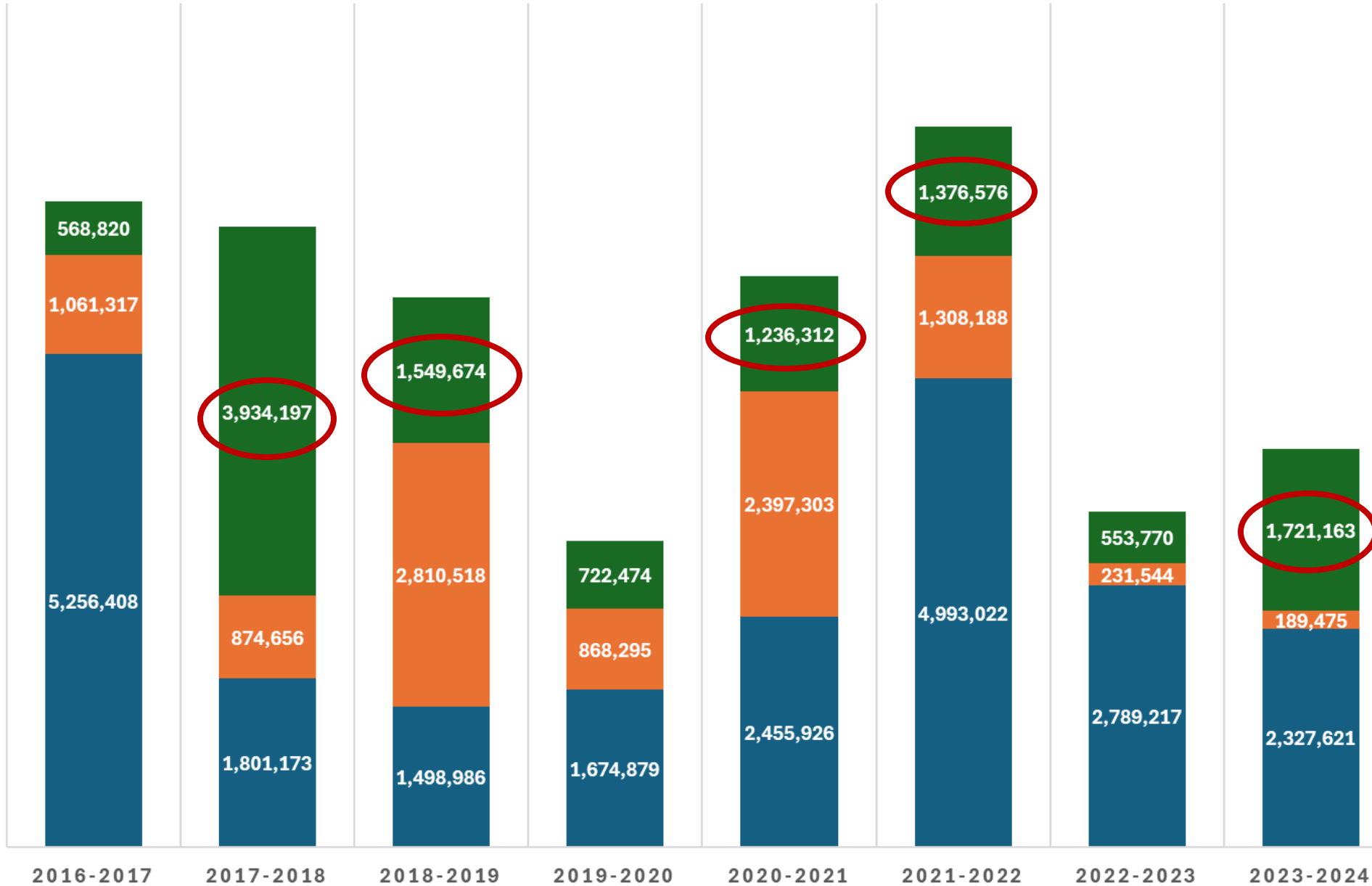
189,475

# COUNTY LOSSES

■ Property

■ Police Liability

■ Employment Practices Liability



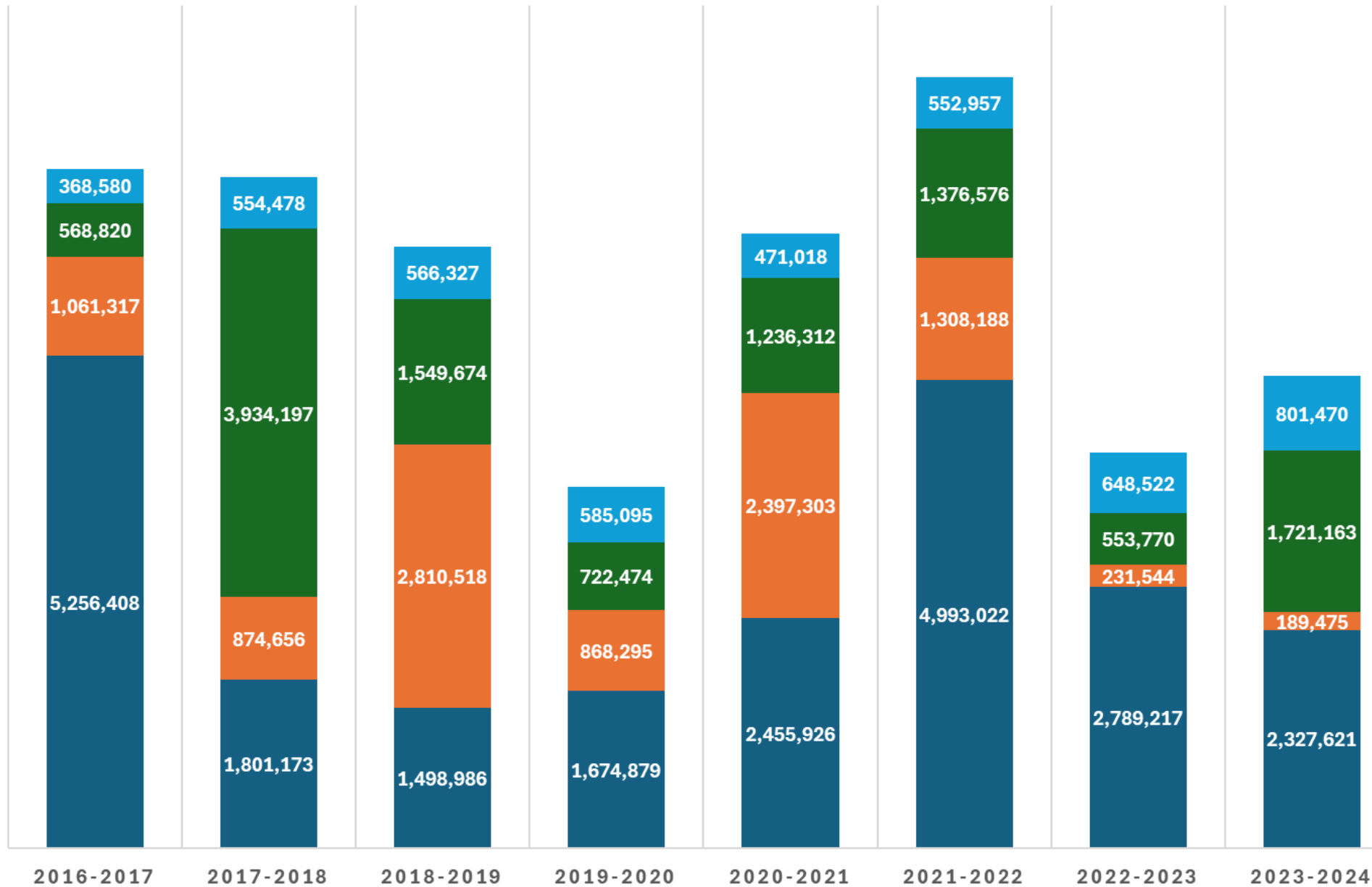
# COUNTY LOSSES

■ Property

■ Police Liability

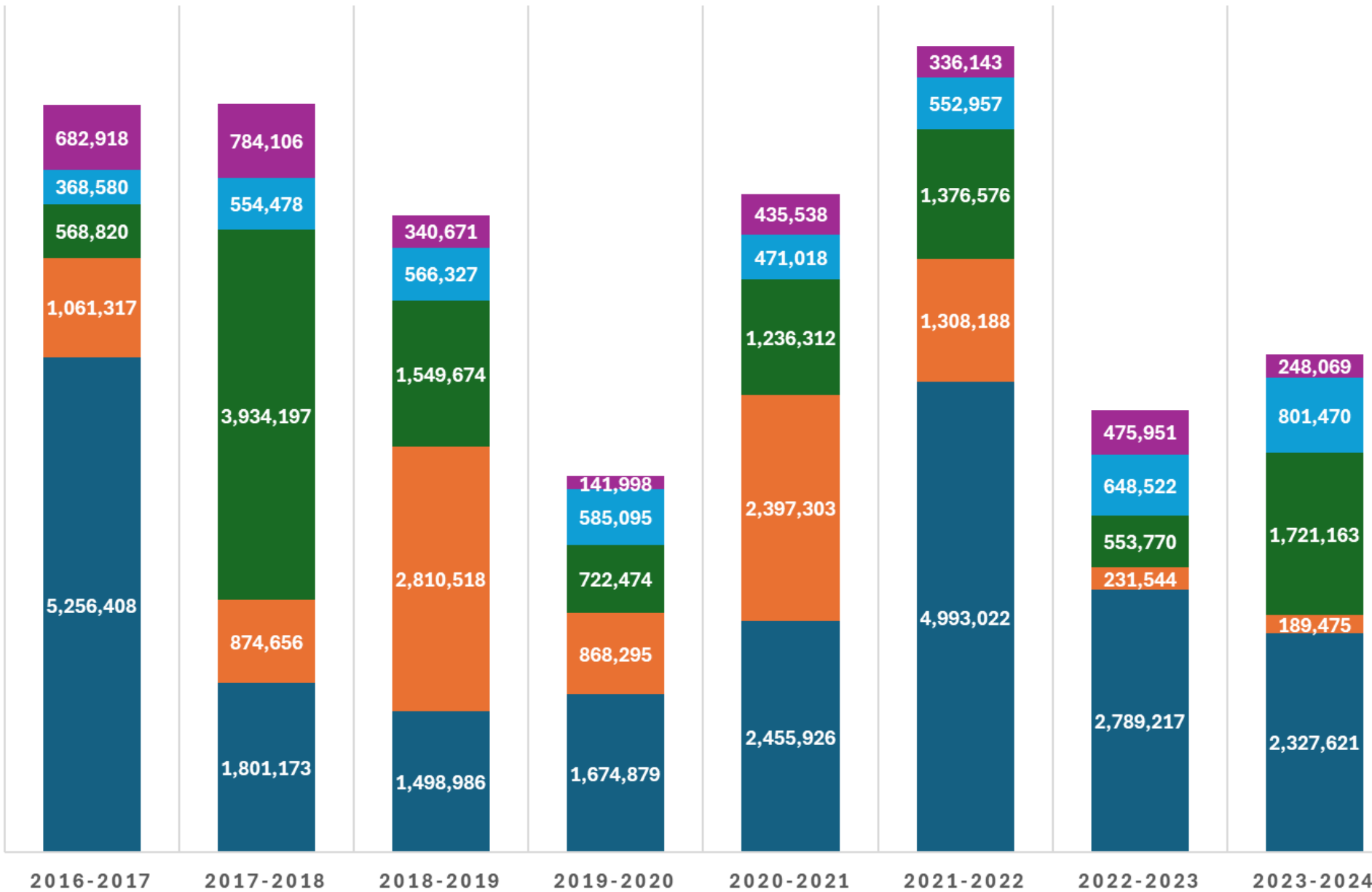
■ Employment Practices Liability

■ Auto Liability



# COUNTY LOSSES

■ Property   ■ Police Liability   ■ Employment Practices Liability   ■ Auto Liability   ■ General Liability



# SUMMARY

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- **Insurance marketplace is challenging**
- **Property reinsurance**
  - Significant hardening for both premium and retention
- **Liability reinsurance**
  - Fewer law enforcement liability reinsurers (30 to 10)
  - Social justice driving higher claim costs
- **Insurers bearing more costs**
  - Reinsurance premium
  - Loss retention

Thank  
You

