



2023–2024 Commercial Insurance
**Hard Market
Pulse Report**

This 2023/2024 Hard Commercial Insurance Market Pulse Survey Report is from the 2023/2024 Hard Commercial Insurance Market Pulse Survey conducted by Zywave for informational purposes.

© 2023 Zywave, Inc. All rights reserved.

Contents

Overview	3
Demographics	4
State of the Commercial Insurance Market	5
Most Challenging Lines	5
Stable Lines	5
Improving Lines	6
How Brokers Are Responding to the Hard Market	8
Key Takeaways	9

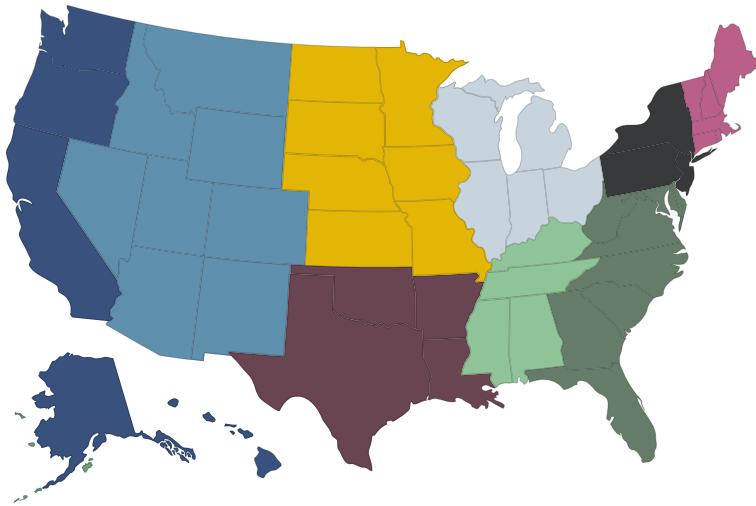
Overview

In late 2023, Zywave conducted the 2023-2024 Hard Commercial Insurance Market Pulse Survey to gather information on the current state of the commercial insurance market. Brokers across the United States were polled regarding the pricing environment, their response to challenging market conditions and their outlook for the 2024 insurance market. Over 150 brokers responded to the survey. This 2023/2024 Hard Commercial Insurance Market Pulse Survey Report compiles broker responses to the survey questions and provides general insights and takeaways for the commercial insurance market.

Demographics

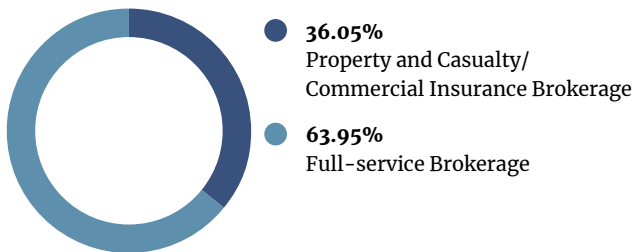
The 2023-2024 Hard Commercial Insurance Market Pulse Survey was completed by over 150 insurance professionals. These professionals represent a wide range of insurance brokerages across the country, with the majority working for large and midsize full-service brokerages.

In which state/region do you operate?

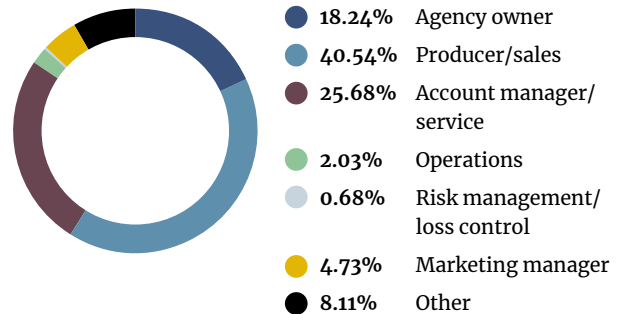


- New England: 8%**
(Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont)
- Mid-Atlantic: 14.5%**
(New Jersey, New York and Pennsylvania)
- East North Central: 12.5%**
(Illinois, Indiana, Michigan, Ohio and Wisconsin)
- West North Central: 5%**
(Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota)
- Mountain: 7.25%**
(Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming)
- Pacific: 25.75%**
(Alaska, California, Hawaii, Oregon and Washington)
- West South Central: 11.5%**
(Arkansas, Louisiana, Oklahoma and Texas)
- East South Central: 5.5%**
(Alabama, Kentucky, Mississippi and Tennessee)
- South Atlantic: 10%**
(Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia and West Virginia)

What best describes your organization?



What is your role within your organization?

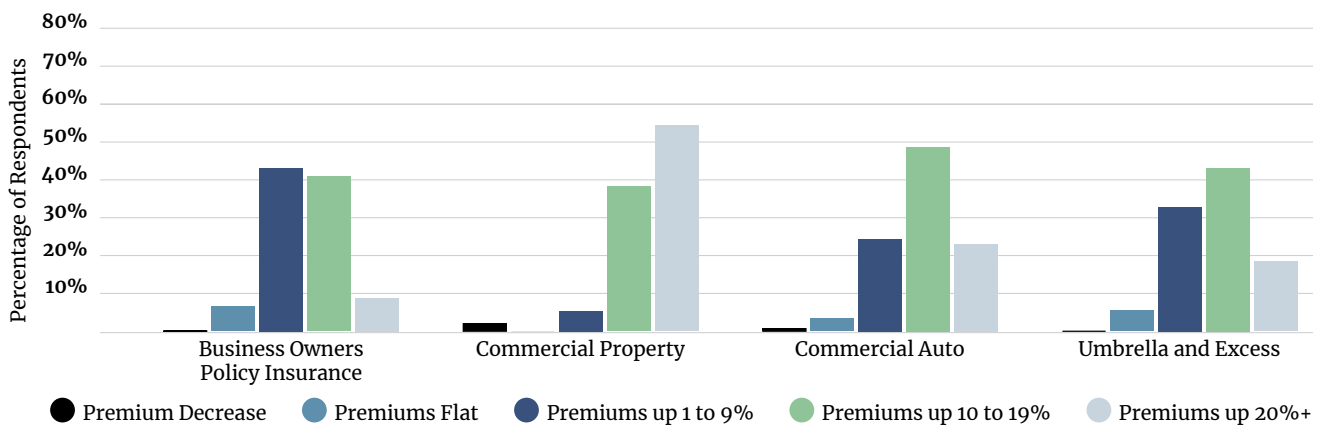


State of the Commercial Insurance Market

Over the past few years, the commercial insurance sector has been grappling with a hard marketplace—one that is particularly less friendly to insurance buyers. Such challenging conditions were brought on by a confluence of factors that led insurance companies to reevaluate their positions in the market. The increased frequency and severity of claims, general inflation, growing social inflation issues, evolving cyberthreats, worsening natural disasters and other trends have all fundamentally reshaped the insurance market. As a result, hardened conditions have pressed on for multiple years, prompting limited capacity, stricter underwriting standards and rising premiums for many lines of commercial insurance.

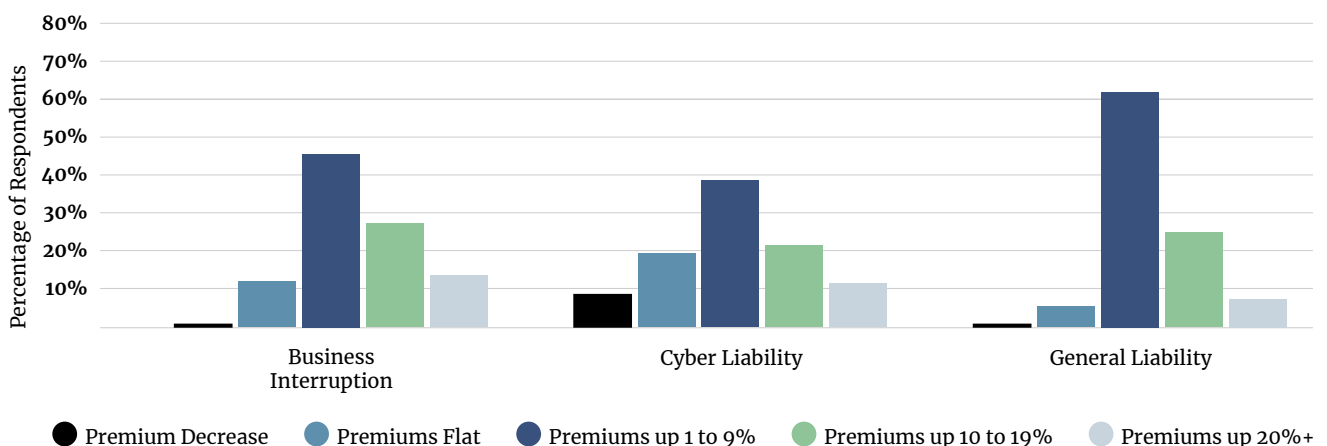
The results of the 2023–2024 Hard Commercial Insurance Market Pulse Survey confirmed that hard market conditions persist for several lines of insurance. Survey respondents indicated that for commercial insurance policies renewing in 2024, price increases were most profound for commercial property insurance, commercial auto insurance, and umbrella and excess layers. For these lines of insurance, double-digit rate increases were typical. For both commercial auto and commercial property, the majority of respondents indicated that their clients were seeing rate increases north of 20%.

Most Challenging Lines



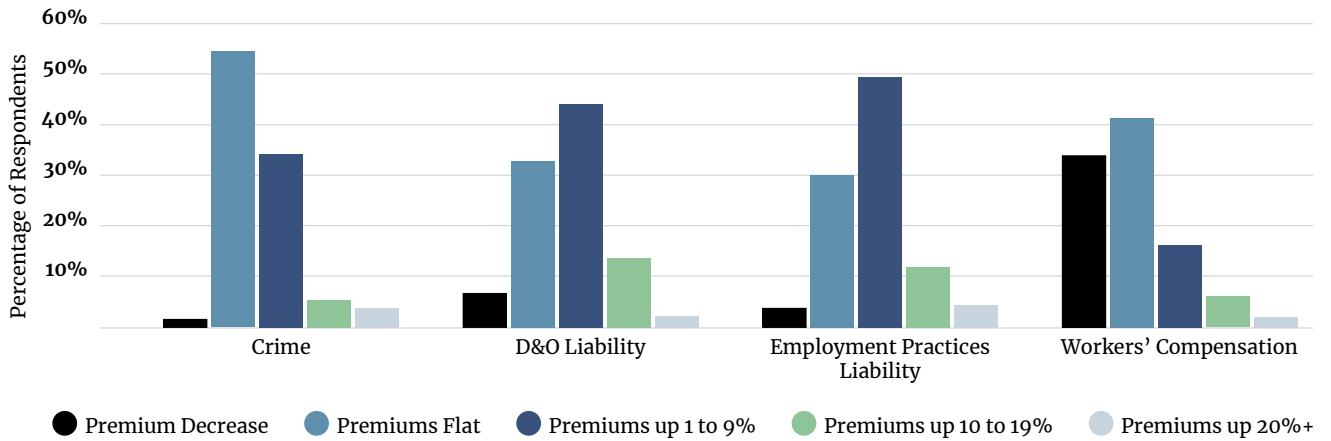
Several lines of insurance fall into the moderately challenged category. These lines of insurance include directors and officers (D&O) liability insurance, employment practices liability insurance, general liability coverage and business owners policies. While these lines of insurance are not challenged as much as those outlined above, they still face hard markets in which price increases are the norm.

Stable Lines



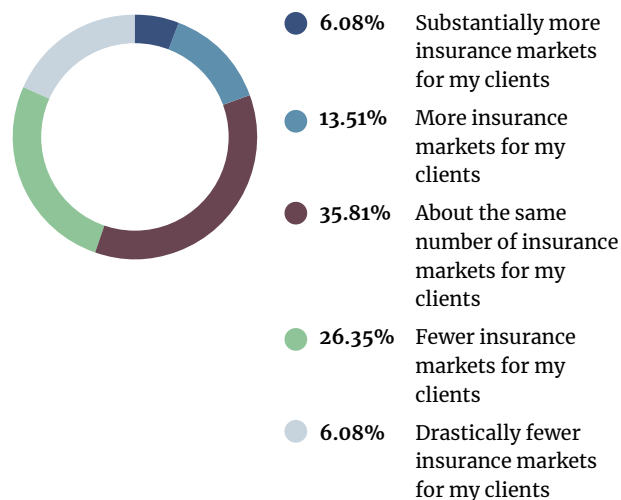
For certain lines of insurance, market conditions improved. Workers' compensation, D&O liability, employment practices liability and crime insurance are all in a better position than they were at this time last year. For workers' compensation, most insureds are seeing decreasing or flat premiums. Where rate increases do occur, they are typically only single-digit increases. After a number of difficult years, both employment practices liability insurance and D&O liability insurance have seen some pricing moderation over the past year. These improving conditions are likely the result of new market entrants, bolstered underwriting appetites and growing capacity for higher excess layers of coverage, which have fostered increasingly competitive market dynamics.

Improving Lines

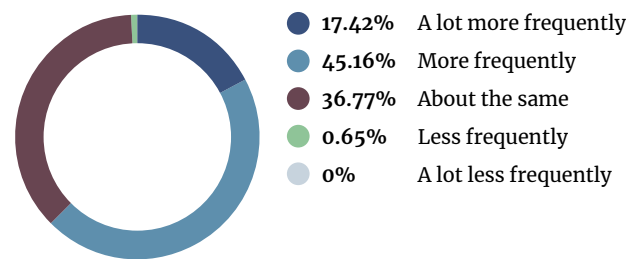


In the current environment, many insurance brokers have access to fewer insurance markets relative to past years. In fact, of the survey respondents, over 44% indicated to Zywave that they have access to fewer or drastically fewer insurance markets. In response, more insurance brokers are working through wholesale brokers to place coverage for their clients. In fact, a majority of survey respondents (62.58%) said they are using wholesale brokers more frequently this year than in past years. Less than 1% of respondents said they rely on wholesale brokers less frequently in the current market.

Relative to past years, I have access to:



In 2023, relative to past years, you rely on wholesaler brokers to place risks:



The excess and surplus (E&S) insurance segment provides coverage to policyholders seeking protection that's unavailable to them from the standard insurance market, often catering to nontraditional, unique or large-scale exposures. As a growing number of carriers operating in the standard insurance market reduce their risk appetites and either exit the sector or no longer provide coverage to policyholders in certain industries or locations, the E&S environment has flourished. That is, insureds have sought to remedy coverage gaps brought on by traditional insurance market limitations by taking some of their business to the E&S space.

According to a recent report from financial services company S&P Global, premiums written in the E&S market reached \$75.5 billion in 2022, up from \$62.9 billion in 2021 and more than doubling 2018's results (\$34.7 billion). In 2023, the Wholesale and Specialty Insurance Association estimated that the segment grew by at least 15.9%. The results of the 2023/2024 Hard Commercial Insurance Market Pulse Survey confirm this shift toward the E&S market. More than 6 out of every 10 survey respondents (61.04%) indicated that they are placing more risks in the E&S market than in past years.

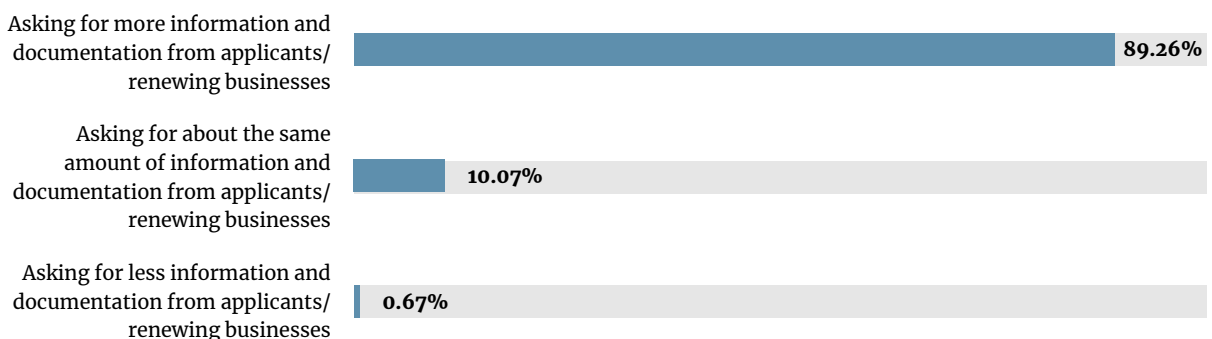
In 2023, are you likely to place risks in the E&S market:



In response to the challenging insurance market, insurance carriers have been tightening their underwriting standards. Many of these changes are taking place to regain an underwriting profit. In many instances, insurance carriers are asking for more information about a business during the underwriting process. Many insurance carriers are interested in the risk management procedures that businesses have in place to prevent losses. Underwriters are often requiring more documentation from applicants and renewing businesses than in previous years. Gathering and presenting this additional documentation can be time-consuming for both insurance brokers and insureds alike.

The results of the 2023/2024 Hard Commercial Insurance Market Pulse Survey confirm this heightened underwriting scrutiny. In fact, 89.26% of respondents indicated that underwriters are asking for more information about applicants and renewing business.

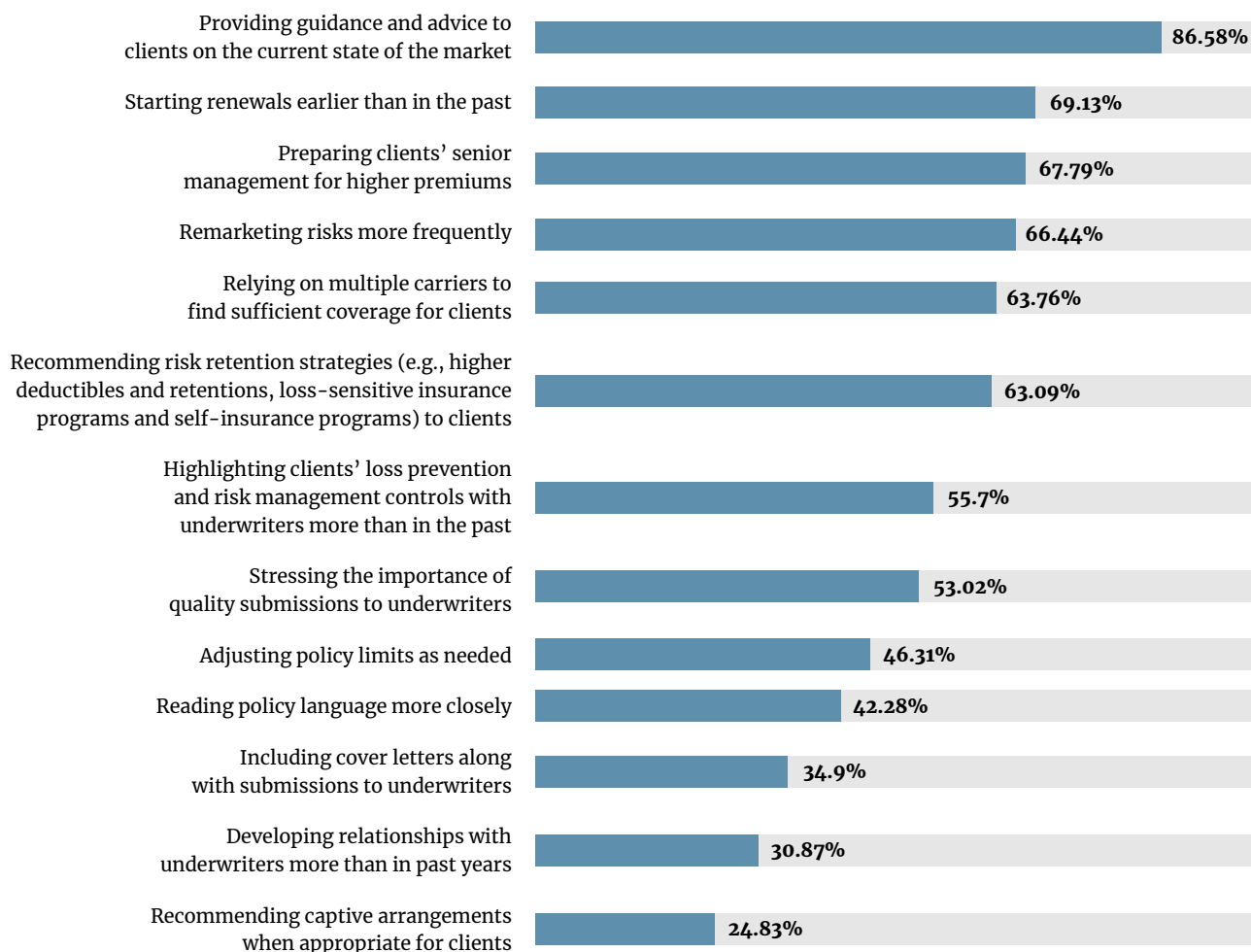
Relative to past years, underwriters are:



How Brokers Are Responding to the Hard Market

The 2023-2024 Hard Commercial Insurance Market Pulse Survey asked brokers about their approach to the current insurance market. In particular, the survey asked brokers about the strategies they are utilizing with their clients and insurance companies.

In response to current market conditions, which of the following strategies are you using with your clients?



Insurance brokers are responding to the challenging market by deploying a wide range of tactics and strategies. The top five strategies used by the survey respondents are providing guidance and advice to clients on the current state of the market, starting renewals earlier than in the past, preparing clients' senior management for higher premiums, remarketing risks more frequently and relying on multiple carriers to find sufficient coverage for clients.

Key Takeaways

These survey results suggest that brokers and their clients continue to face hard market conditions and rising premiums for certain lines of coverage—most profoundly in the commercial property, commercial auto and excess/umbrella lines of coverage. In other areas of the market, insureds are starting to see rate improvement. However, there are still a number of headwinds facing the insurance industry, and the market remains challenging.

Therefore, it's essential that brokers find ways to help insureds become more efficient and implement impactful strategies to control losses and position themselves as a risk that underwriters should want to write. Being aware of these survey results and their effects can empower savvy brokers to differentiate themselves from their competition. While the most successful strategies to address the hard insurance market will vary by organization, brokers who proactively advise their clients on effective risk management and insurance strategies will be better positioned to meet their clients' needs and help them find longer-term solutions for addressing the hard market.

Contact us for more commercial insurance and risk management resources.