

Why Insurance Premiums are on the Rise

Inflation Rates



The increased cost to replace and repair damaged properties due to inflation has driven up the price of claims and, in turn, insurance. If insurers don't charge enough in premiums, they run the risk of being unable to pay out claims in full.

In addition, social inflation is a huge contributor to higher rates. Unlike general economic inflation, which can be mitigated using pricing models and loss reserves, social inflation can arise from factors that are difficult to foresee, such as rising costs from long and drawn-out legal proceedings, more significant jury rewards to claimants, and more.

Natural Disasters



The increase in costly disasters has made catastrophe insurance a much riskier investment. Carriers are now tightening their appetite for writing catastrophe risks to protect their investments. A tighter appetite means less capacity, which equates to a 'Hard Market.' As a result, premiums are increased to offset coverage being less available and more valuable.

The Hard Market



A 'Hard Market' is when there's high demand for insurance coverage and a low appetite to insure. During a hard market, rates are high and coverage is difficult to find.

Market Conditions

Past Markets

- Coming from decades of soft markets to hard market due to down turn in loss payouts
- Materials and labor costs for rebuilding was more stable
- Plenty of capacity available from Excess or Reinsurance Markets for large policy exposures
- Larger carrier retention maintained in house which reduce layer coverages

Present Market

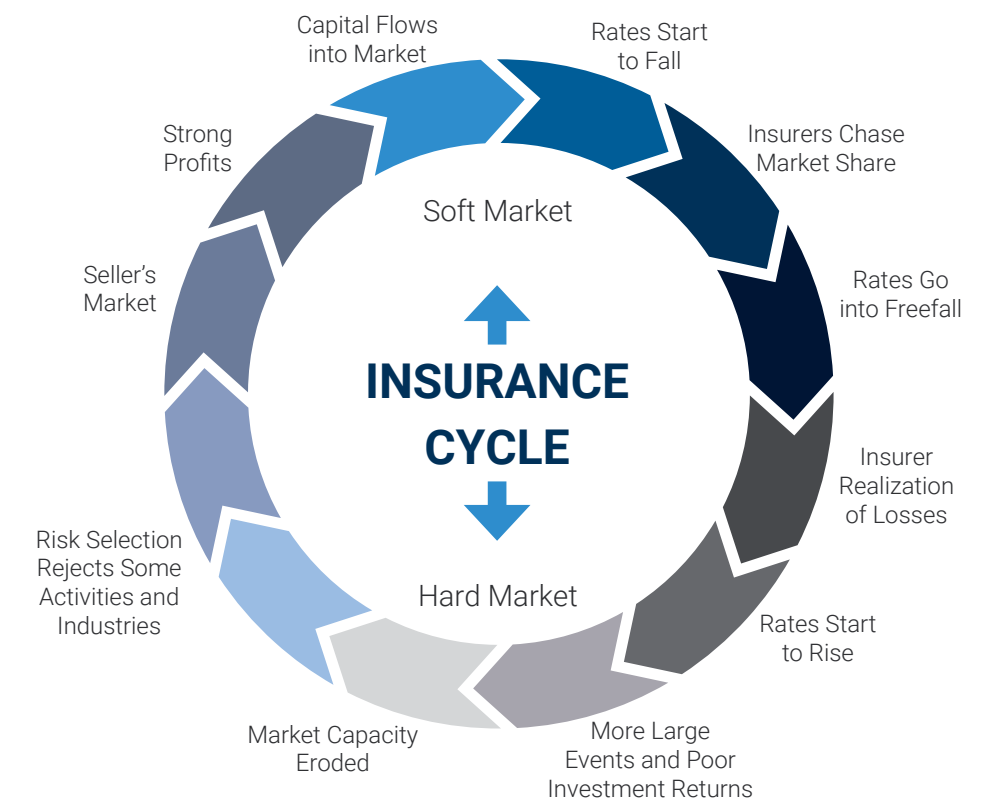
- Year over year CAT losses have not abated
- Lower in-house retention resulting in higher layered coverage and increased rates
- Valuations have increased dramatically year over year due to tight work force and limited materials
- Carriers charge less for higher layer of coverage resulting in less capacity available for higher layers of coverage if available
- Carriers being more selective in what they choose to insure based on construction and exposures

Future Markets

- No sign of markets softening
- Less markets available to choose from due to consolidation/pulling out of certain markets
- Requirements for coverage will continue to tighten which will drive costs for recommendation compliance (aka sprinkler upgrades and various controls over exposures)

The Insurance Cycle

Cycles typically span over a number of years. We are currently in a 'Hard Market'.



Market Definitions

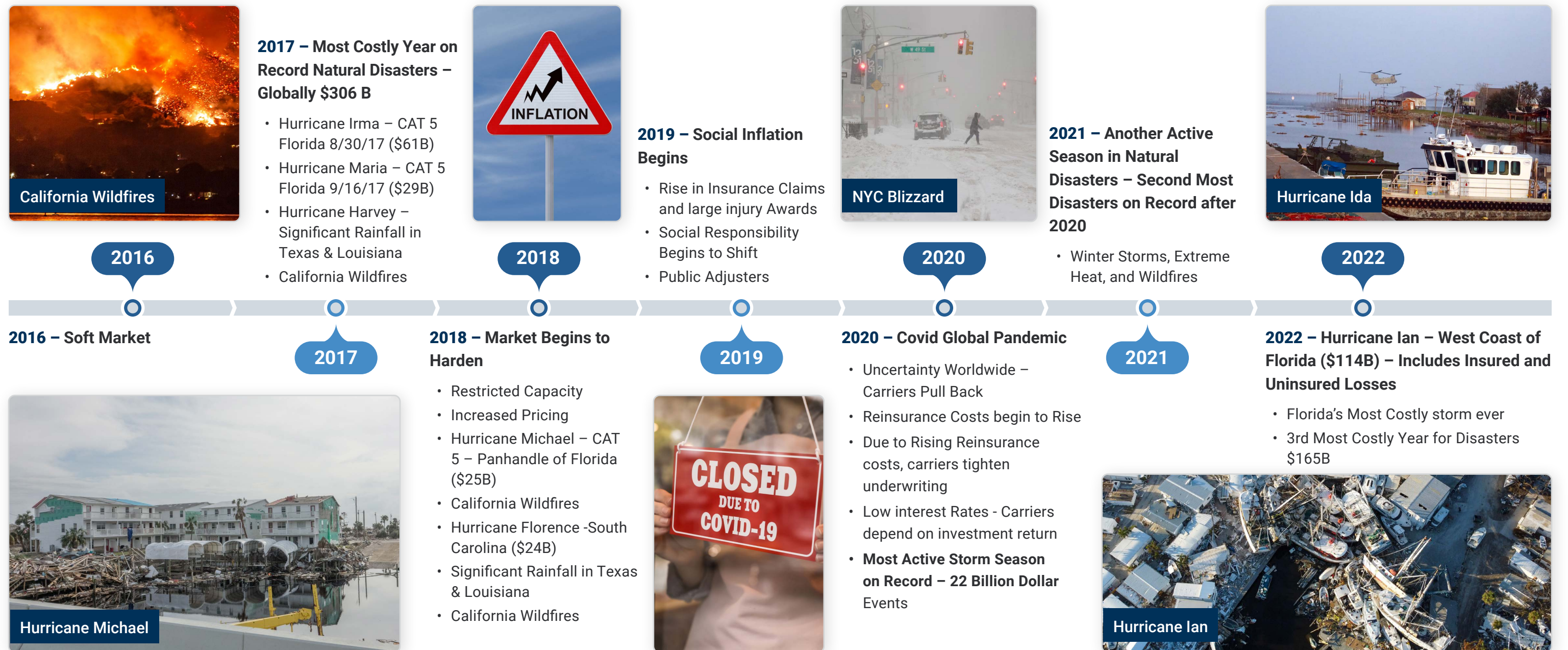
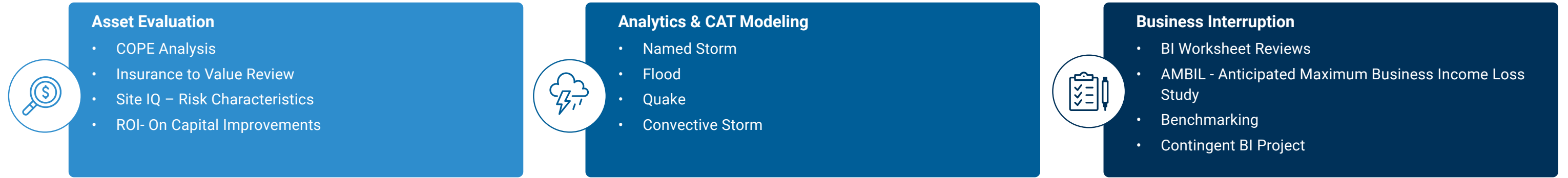
Hard Market

A Hard Market is when there's a high demand for insurance coverage and a low appetite to insure, causing rates to soar and coverage difficult to find.

Soft Market

A Soft Market is when insurance is readily available. Rates are stable or falling because of healthy competition in the market.

Guiding You Through a Hard Market



Timeline statistics sourced from: <https://www.ncei.noaa.gov/access/billions/>

About McGriff

For more than a century, McGriff has provided highly customized risk management, insurance and employee benefit solutions for organizations of all sizes. We're a subsidiary of Truist Insurance Holdings, LLC, the sixth largest insurance broker in the U.S. and seventh largest in the world.*

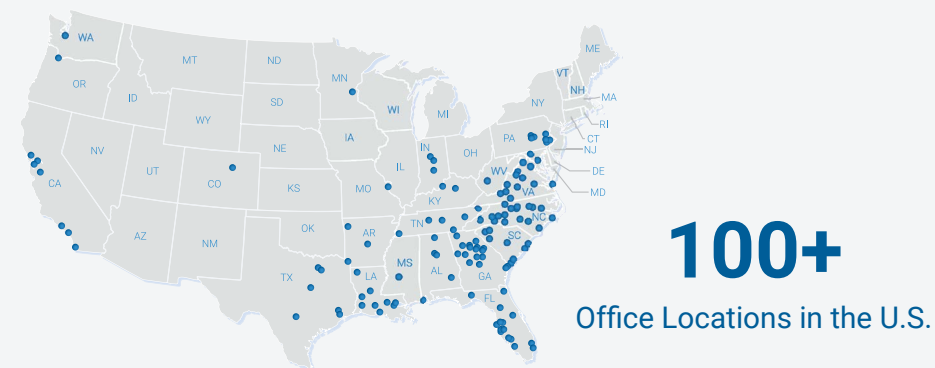
We combine a consultative approach combined with a clear understanding of how and when to deploy our vast resources:

- We listen, understand and execute with precision
- We do what we say
- We are passionate and relentless about making our clients successful

When you choose McGriff, you'll be joining thousands of other businesses and organizations who made the decision to partner with a firm that focuses on you.

\$1.1 Billion
2022 Revenue

\$11.6 Billion
2022 Volume



3,500+
Teammates

160
Countries represented
through global partnerships

Capabilities Overview

What We Offer

Insurance

- Property & Casualty
- Bonding & Surety
- Cyber
- Executive Risk
- Professional Liability

- Transactional Liability
- Workers' Compensation
- Personal Lines

Risk Services

- Analytics
- Risk Control Consulting
- Claims Advocacy
- Contract Review & Support
- Captive Solutions

Employee Benefits

- Medical, Dental, Vision
- Prescription Drug
- Life & Disability
- FSA, HSA, HRA, COBRA
- Worksite/Voluntary
- Retirement

Industry Practices and Specialties

- Aviation & Aerospace
- Construction
- Energy & Marine
- Financial Institutions

- Forest Products
- Government Contractors
- Healthcare & Sr. Living
- Higher Education

- Manufacturing
- Private Equity
- Public Entity
- Personnel Services

- Real Estate & Hospitality
- Technology
- Transportation & Logistics

Employee Benefits Specialty Practices

- Benefits Technology
- Clinical Wellness
- Communications

- Compliance
- Flexible Benefit Administration
- HR Advisory

- Pharmacy Benefit Consulting
- Retirement Plan Consulting
- Underwriting & Actuarial

- Voluntary Benefits Center of Excellence

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