

THE STATE OF THE INSURANCE MARKET – Q4 2021

2021 is over, but the pandemic and supply chain issues continue. Here's a look at the current state of the insurance market.

Rates Continue to Climb for the Fifth Consecutive Year

MarketScout says that the composite property and casualty rate was up 5.8% in the fourth quarter of 2021. Although this is better than the third quarter of 2021, when rates increased 6.8%, it marks the fifth year of annual composite rate hikes. Umbrella, D&O and property lines saw especially large increases.

Commercial Property	Umbrella	D&O
Up 8.3%	Up 11%	Up 10.3%

Cyber Insurance Sees Substantial Rate Hikes

The Council of Insurance Agents & Brokers says that cyber rates surged 34.3% in the fourth quarter of 2021. Respondents to the survey for the Q4 2021 P/C Market Report said that carriers refused coverage if multifactor authentication was not in place. In the fourth quarter, 81% of respondents reported an increase in cyber claims.



Natural Disasters Continue to Drive Property Rates in High-Risk Areas

The National Oceanic and Atmospheric Administration says that 20 weather and climate disasters with losses exceeding \$1 billion hit the U.S. in 2021. This is down slightly from 2020, when there were 22 billion-dollar disasters, but it is still notably higher than average.



- FEMA is rolling out its Risk Rating 2.0 to update flood rates. It's expected that 77% of policyholders will see rate hikes as a result. The new rating system has been applied to new policies since October 1, 2021 and will apply to existing policies starting on April 1, 2022.

Liability and Social Inflation

MarketScout says general liability rates are up 5.3% in the fourth quarter of 2021.

Social inflation and third-party litigation financing (TPLF) may be driving claims costs up. Swiss Re Institute argues that TPLF contributes to higher awards, longer cases and greater legal costs. In 2021, TPLF investment increased 16%.



COVID Impact Continues

According to the Fisher Phillips COVID-19 Employment Litigation Tracker, there have been 4,492 cases as of February 9, 2022. Employment discrimination is the most common case type, with 1,159 cases, following by remote work and leave conflicts, with 1,099 cases.



COVID-Related
Employment
Litigation Cases:
4,492 and Counting

