



Commercial Insurance Prices Rise 1% as Increases Continue to Moderate

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Three lines see prices fall in second quarter

ARLINGTON, Va.--(BUSINESS WIRE)--Sep. 14, 2015-- Commercial insurance prices increased in aggregate at a modest pace (1%) during the second quarter of 2015, continuing a trend of ever smaller increases, according to the latest Commercial Lines Insurance Pricing Survey (CLIPS) conducted by global professional services company Towers Watson (NASDAQ: TW). This survey compared prices charged on policies underwritten during the second quarter of 2015 to those charged for the same coverage during the same quarter of 2014.

Price increases for most lines surveyed were in the low single digits, having moderated further during the second quarter. Directors and officers, and commercial property reported small price decreases, while workers compensation pricing was nearly flat; in fact, results show a very slight decrease. Commercial auto showed the largest increases, followed by employment practice liability. Price increases for small and mid-market accounts continued, also following a moderating trend, and prices for large accounts declined slightly.

Carriers reported an improvement of 1% in loss ratios in accident-year-to-date 2015 relative to the same period in 2014, as earned price increases offset low claim cost inflation reported for many lines. This compares to flat loss ratio movement indicated between 2013 and 2014, though loss ratios for 2015 are still developing.

"Price increases continue their downward trend, as strong underwriting results allow for some room in pricing," said Alejandra Nolibos, a director with Towers Watson's Property & Casualty Insurance practice. "However, there are indications that workers compensation pricing may have moved into negative territory for the first time since 2010 and that pricing is also down for large accounts — a segment that is typically quick to be affected by competition. Should the benign loss trends that have marked the last several years return to longer-term levels, some of the recent underwriting success in long-tailed lines may be eliminated."

About CLIPS

CLIPS data are based on both new and renewal business figures obtained directly from carriers underwriting the business. CLIPS participants represent a cross section of U.S. property & casualty insurers that includes many of the top 10 commercial lines companies and the top 25 insurance groups in the U.S. This particular survey compared prices charged on policies underwritten during the second quarter of 2015 to the prices charged for the same coverage during the same quarter of 2014. For the most recent survey, data were contributed by 43 participating insurers representing approximately 20% of the U.S. commercial insurance market (excluding state workers compensation funds).

About Towers Watson

Towers Watson (NASDAQ: TW) is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With 16,000 associates around the world, the company offers consulting, technology and solutions in the areas of benefits, talent management, rewards, and risk and capital management. Learn more at towerswatson.com.



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