

STATE OF THE INSURANCE MARKET

Presented by Joey Rice, Senior Account Manager at AIM (Associated Insurance Management)







- Hard vs. Soft Markets
- What drives these markets?
 - Re-insurance Costs
 - Market Capacity
 - Inflation
 - - Collapse

GENERAL OVERVIEW

 Social Inflation, Legal Costs & Increased Average Summary Judgements, Surfside

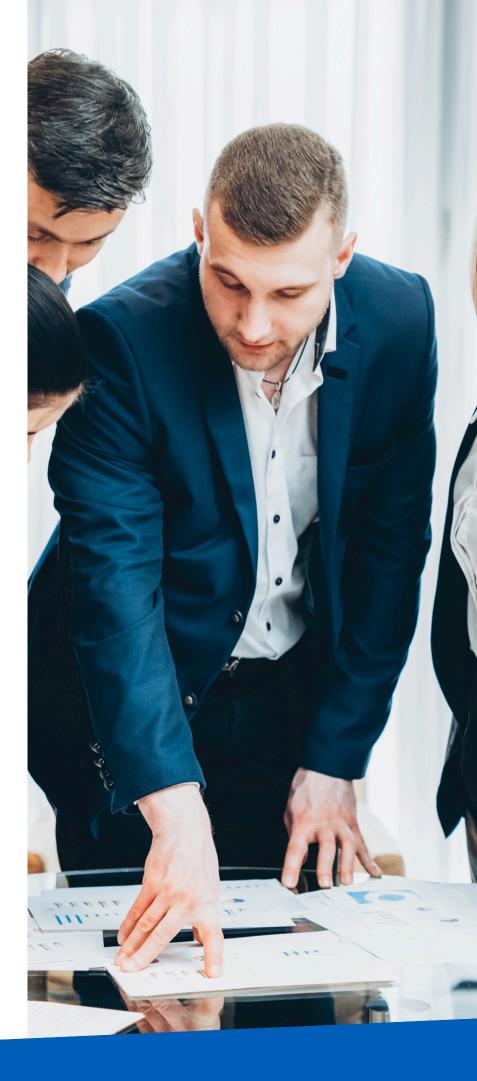
RE-INSURANCE COSTS

- What is re-insurance?
- Why do re-insurance costs effect properties in Washington, DC.
 - Natural Disaster (Cost of the Damage

MARKET CAPACITY

- Significant reduction in available markets
 - AGE Older (Lack of Updates)
 - Non-sprinklered
 - Less Favorable Construction
 - Cannot afford Re-insurance
 - Regulations prevent ability to obtain enough rate
 - Crime Scores





INFLATION

- A \$10,000 claim five years prior is now a \$25,000 claim
 - Fluctuating material costs, supply chain disruptions, and labor shortages have led to significant variations in construction expenses
- Companies pricing models lagged relative to the spike in construction costs
- Undervalued Building Replacement Cost Values





LEGAL COSTS & **INCREASED AVERAGE** SUMMARY JUDGEMENTS, **SURFSIDE COLLAPSE**

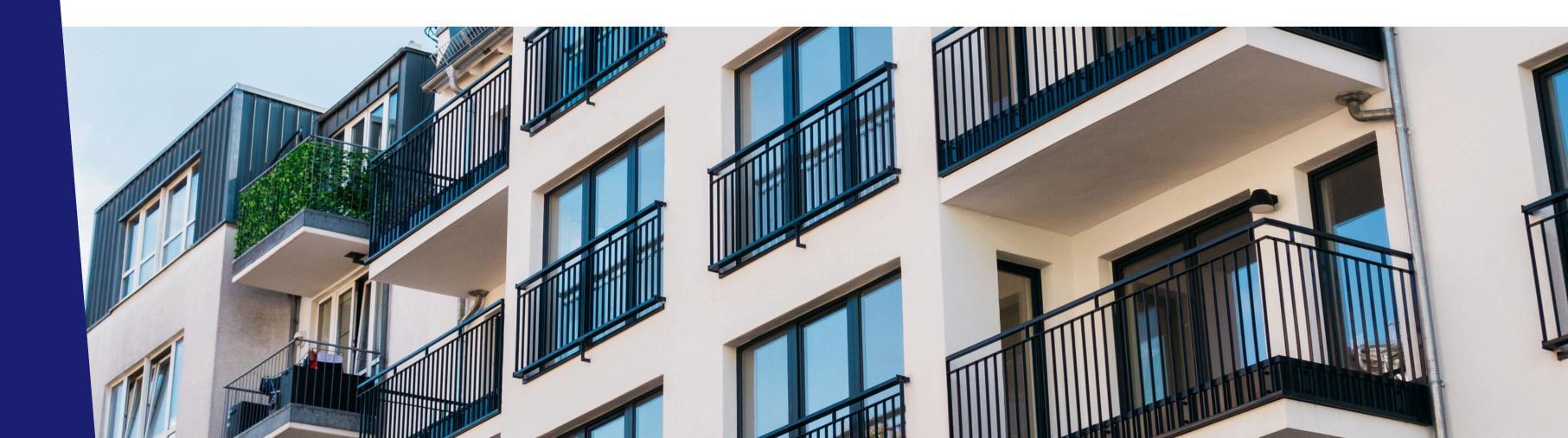
- Desensitization to Large Verdicts and Media Impact
- Negative Public Sentiment and Corporate Accountability
- Erosion of Tort Reform
- Attorney Tactics and Litigation Funding



UMBRELLA MARKETS

- Risk Purchasing Groups
- Significate change in underwriting guidelines • Non-renewal & Non-compliance
 - - 1. Non-sprinkler (> 6 Stories)
 - 2. No Central Fire Alarm
 - 3. No 24 Hour Front Desk Personal with
 - Annunciator
- Price differential (\$10,000,000 Umbrella)
 - Risk Purchasing Group +/- \$2,500
 - Standard Carrier (or Non-admitted) Umbrella +/-\$15,000-\$20,000

PROPERTY DEDUCTIBLES • \$25,000 Deductible (The New Norm) • Understanding the Bylaws and State Specific Condo Act



AVERAGE PREMIUM INCREASE

- Prior two years the average premium increase range 10-30%
- 1st Quarter of 2025 (Projection are 10-15%)



WHAT CAN BE DONE TO MITIGATE **CLAIMS AND INCREASE THE MARKET AVAILABILITY?**

- UPDATES, UPDATES, & UPDATES
 - Roof, Electric, Plumbing, & HVACs/Heating/Cooling
 - 1. Electric Aluminum Wiring, Fuses & Federal Pacific Stab-lok Breakers
 - 2. Wood buring Fire Places
 - Reserve Studies
- Prevent Claims
 - Water Sensors
 - Water Damage Maintenance Programs
- Amending Your Bylaws
 - Deductible Language & Limitations
- Central Fire Alarm, Sprinkler Systems, 24 Hour Front Desk with Annunciator Panels



NON-ADMITTED VS. ADMITTED

- Admitted
 - Filed Rates
 - State Guaranty Fund
- Non-Admitted
 - Wild, Wild, West
 - Premiums 100%, 200, 500% + Higher



QUESTIONS?

