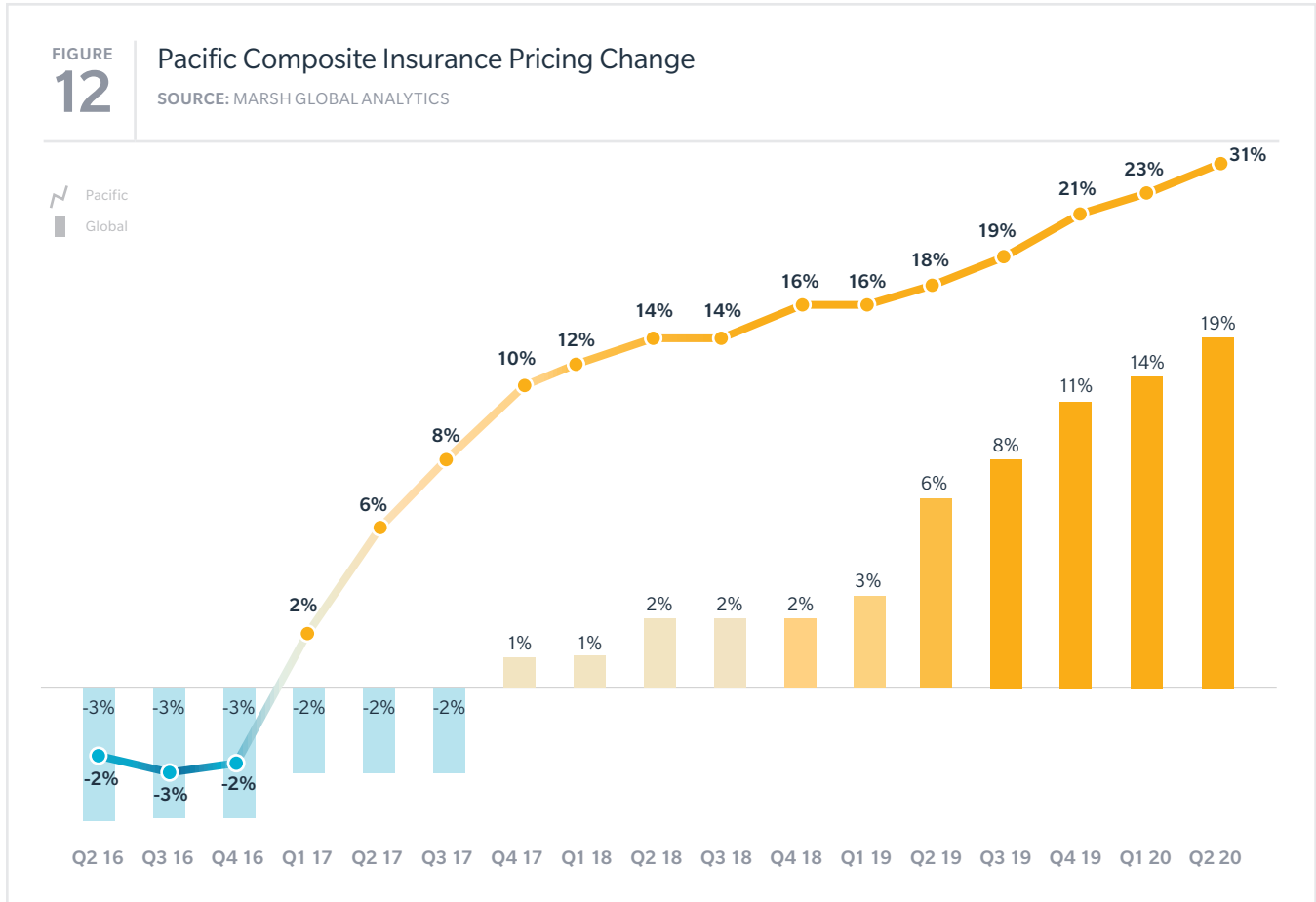


Pacific Pricing Continues Upward Trend

Overall insurance pricing in the second quarter of 2020 in the Pacific region increased 31%, continuing an upward trend that began in 2015 (see Figures 12 and 13).



Property insurance pricing increased 28% in the quarter, the eleventh consecutive quarter of year-over-year double-digit increases.

- Wildfires and other CAT events drove the pricing increase, with concerns surrounding COVID-19 also having an impact.
- Policy wordings and coverage edits occurred frequently as a means to offset or mitigate pricing increases, adjustments to deductibles, and/or SIR increases.
- There was little competition among insurers, and a general move toward reducing line sizes (deployed capacity) on major placements, in particular those with CAT exposure.

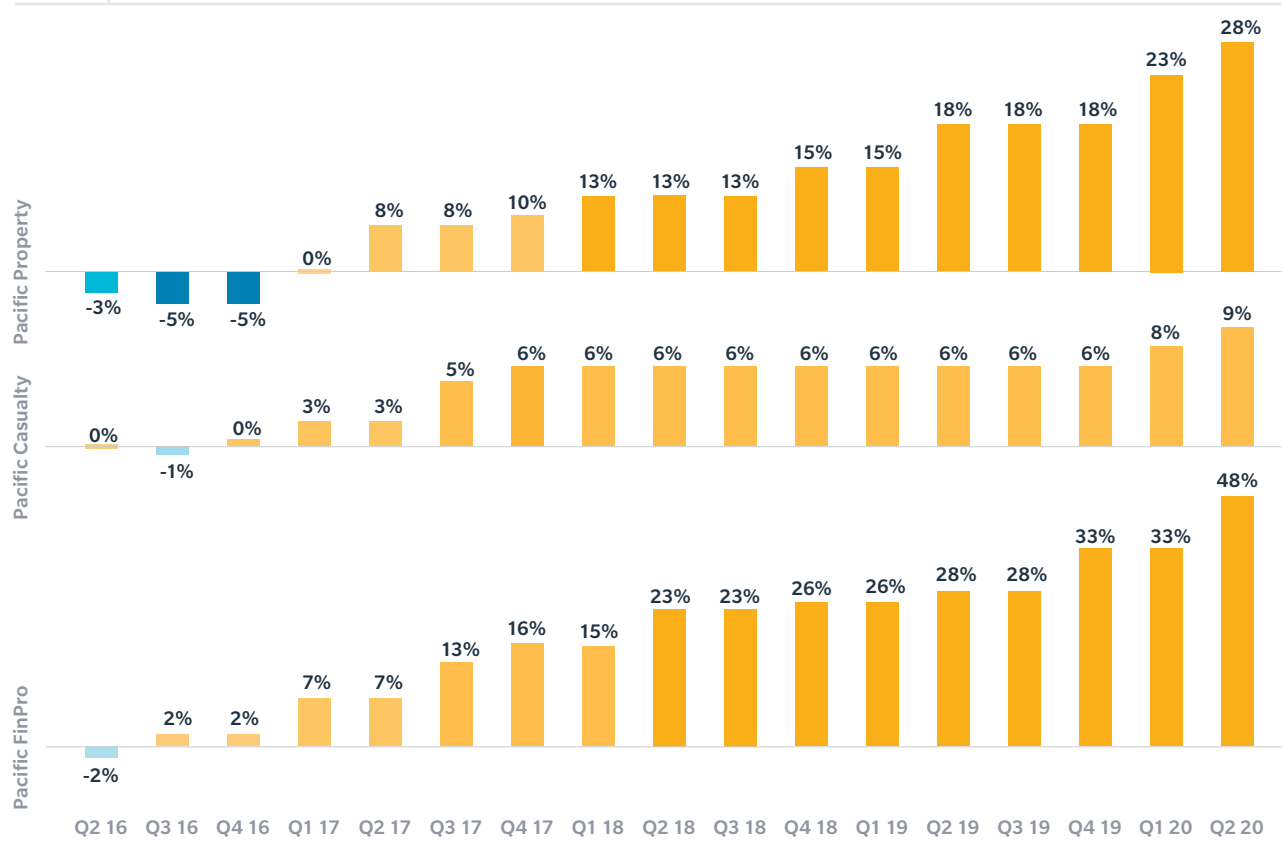
Casualty pricing rose 9%.

- Casualty pricing continued to increase in the mid-single digits as it has for three years.
- Wildfire, construction risks, and clients with US exposures faced significant increases, ranging from 30% to 50% and above, as well as reduced capacity.
- Competition and capacity in the casualty market began to increase.

FIGURE
13

Pacific Composite Insurance Pricing Change — By Major Coverage Line

SOURCE: MARSH GLOBAL ANALYTICS



Financial and professional liability pricing rose 48% in the quarter, marking 12 consecutive quarters of double-digit increases.

- Many listed companies' D&O programs experienced increases above 100%.

- There were numerous edits to policy wordings to mitigate pricing impacts, with material changes to deal structure.
- It was difficult to fill the capacity desired on select programs.
- Commercial professional indemnity increases ranged from 20% to 25%.