



## STATE OF THE PROPERTY MARKET

### CONTACT

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*Courtesy of AmWINS Group, Inc.*



### PROPERTY UPDATE - Q3 2018

The 2018 hurricane season may be enough to sustain the current property market -- and single digit rate increases -- for another six to nine months.

For retail agents and brokers who value stability and consistency, the property marketplace offers plenty to be appreciative of through the third quarter of 2018.

“The state of the property market is much the same as we reported three months ago,” says Harry Tucker, National Property Practice Leader for AmWINS.

“Capacity is stable and abundant, and likely to remain so in the near term,” Tucker says. Thus far this year, brokers are experiencing a competitive marketplace and flat to modest decreases for highly desirable, clean, non-CAT exposed accounts. Tougher classes, with losses and/or CAT-driven business rates, are up -- in some instances, significantly.

With Hurricane Florence peaking as a Category 4 headed for the Carolinas several weeks ago, the industry was preparing for the worst, but ultimately, dodged a bullet. Hitting the southeastern coast as a Category 1 and primarily a rain event, Florence left a trail of flooding and disrupted lives, many of which were uninsured.

While 2018 began with a modest boost in rate resulting from unknowns surrounding HIM, and several “micro hard markets” (such as frame habitational, dealer open lot, wood working, scrap dealers, and classes with ongoing attritional losses) experienced rate increases due to limited capacity, these examples are limited. In general, rates remain stable and capacity plentiful.

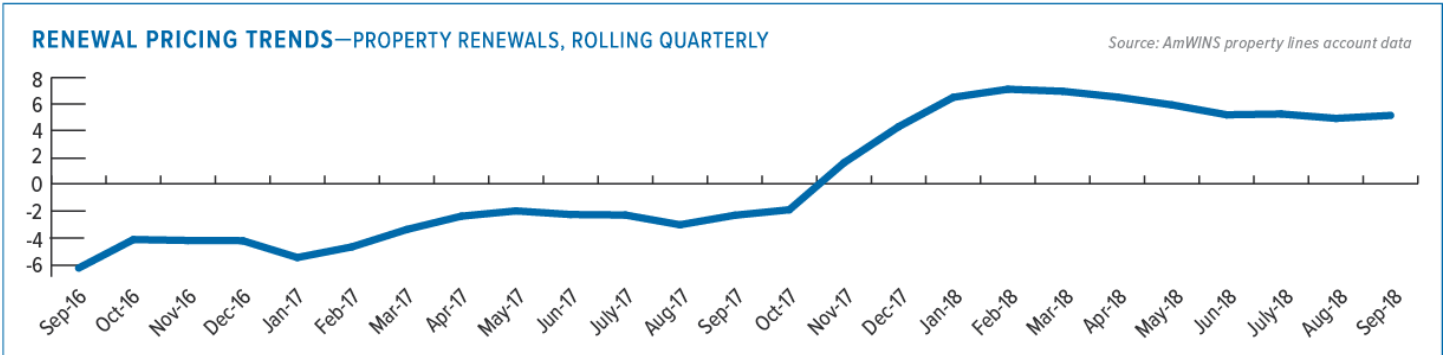
“Overall, averaged out across our book, rates are up mid to high single digits, as we predicted,” says Tucker. “Absent any significant events between now and the end of the year, we expect this may even come down slightly.”

In builder’s risk, rates in desirable, non-frame classes remain low, driven both by strong overall capacity and standard-market pressure. Frame builder’s risk rates are still up from the previous year and have not yet begun to significantly decline. Critical CAT pricing remains stable, and earthquake capacity remains at an all-time high, serving to keep pricing low by historical standards.

Through Q3, we expected property conditions to remain relatively unchanged for the remainder of 2018; however, as a result of losses from Hurricane Michael, we now expect the declining trend in average rate increases to slow or stop altogether.

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*Hurricane Michael was making landfall as we were completing the Q3 State of the Market. We will publish another property update in Q4 as the impact of Hurricane Michael become more clear.*



ON YOUR TEAM.