

MARKETPLACE REALITIES & RISK MANAGEMENT SOLUTIONS

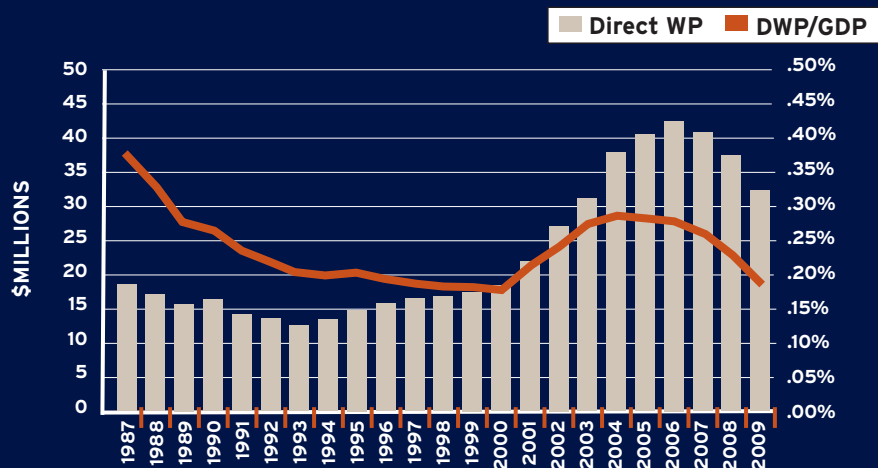
- As we head into the ninth year of a soft Casualty market, reductions ahead will depend on exposure and industry type, but **we expect most rates will fall by up to 5%**, as there is abundant capacity and appetite for most risks.
- Flat to minimal growth is anticipated in most sectors for the rating bases and insured exposures (i.e., revenues, vehicles, units sold, etc.). **To maintain premium levels, some carriers are pushing for rate increases on their renewal book.** This strategy, in a market rich with aggressive competition, has resulted in the movement of accounts.
- **Larger auto fleets should continue to see favorable Auto Liability rates and attachment points** as well as continued expansion of the Auto Buffer market.
- **Carriers continue to broaden coverages in their primary, umbrella and excess forms.** It is not uncommon to see Professional Liability returning to a carrier's base form.
- **The more loss-prone risks that tend to be marketed in London and Bermuda are seeing flat to slightly increasing rates.**
- London and Bermuda lead the marketplace in Stand-Alone Product Recall and Reputational Risk covers.
- As carriers struggle for profitable premium growth and, in the low interest environment, to generate the return on surplus required to write long-tail Casualty coverage, several are trying to drive growth through industry specialization.

CASUALTY

PRICE PREDICTIONS

Type of Account	Q1
Minimal Products Exposure	Flat to -5%
Tougher Products	Flat to +5%

OCCUPATIONAL LIABILITY PREMIUM AND PRICE



Source: U.S. Bureau of Labor Statistics and Willis Re

INDUSTRY HIGHLIGHTS

- **Financial Services** - Based on their lending practices, FI's may be assuming more exposure to construction projects.
- **Health Care** - Carriers are expanding their appetite for non-Professional Health Care exposures but this may not result in markedly softer pricing. Overall, 5-10% reductions in Primary are still achievable.
- **Life Sciences** - Products liability and nanotechnology concerns remain a challenge.
- **Real Estate** - Commercial Real Estate remains competitive while the Residential Real Estate market is tightening.
- **Technology/Media/Telecommunications** - Primary rates are decreasing 8-12%.
- **Utilities** - Growth through "GREEN": carriers are targeting alternative energy sectors.

CONTACT

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