

MARKETPLACE REALITIES & RISK MANAGEMENT SOLUTIONS

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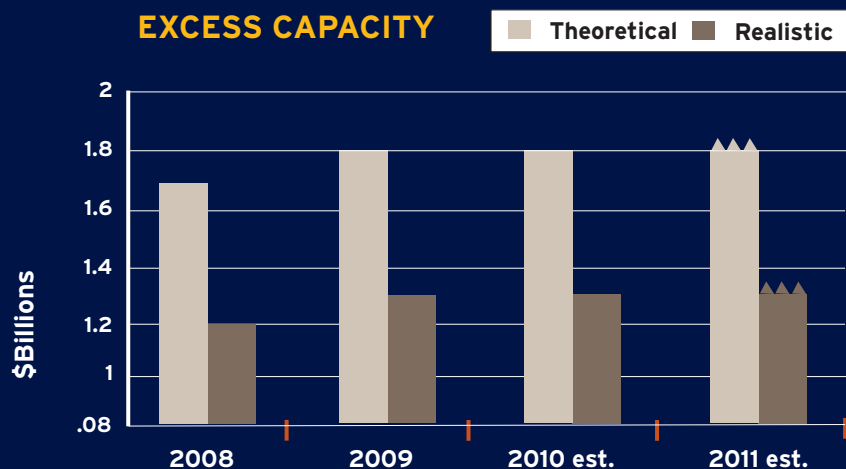
- The **Umbrella/Excess Liability market is expected to remain very competitive.**
- **Rates will vary by class of business;** less desirable industries (chemical, pharmaceutical, critical automotive products, etc.) can expect less competition.
- Flat rates for most, **coupled with exposure decreases, mean falling premiums.**
- **Coverage for Punitive Damages can be obtained** in offshore wraps, most-favored venue language and coverage within base policy forms when secured outside the U.S. Pros and cons should be reviewed carefully.
- Simple fixes to jurisdictional requirements for locally admitted coverage remain a challenge, but carriers are finally paying attention.
- **Capacity is arguably at an all-time high,** given variables of industry, reinsurance and other internal restrictions.
- One major market has recently retracted capacity for accounts with “tough products,” likely in reaction to Gulf Coast oil platform losses.
- **Multiyear deals are alive and well** for accounts that are willing to aggressively leverage their position.
- Competition notwithstanding, **underwriters are standing firm on terms and conditions,** and even walking away if buyers make unreasonable demands.

PRICE PREDICTIONS

NON HIGH HAZARD PRODUCTS:
-5%

HIGH HAZARD/
CAT PRODUCT LIABILITY:
Flat

EXCESS CAPACITY



INDUSTRY HIGHLIGHTS

- **Health Care** — Very competitive for layers above \$10 million.
- **Life Sciences/Pharma** — Carrier appetite is limited but growing.
- **Manufacturing** — Be prepared to demonstrate product use and potential exposures.
- **Real Estate/Hospitality** — Residential will be more limited; mold/fungus sublimits should be expected; terrorism concerns remain in hospitality depending on location/occupancy.
- **Technology/Media/Telecommunications** — Expect some electronic data coverage limitations. Rates are flat.
- **Transportation** — Appropriate underlying attachment point required, some limitations on long haul.
- **Utilities** — Rate increases sought by AEGIS, the industry mutual, are easing. AEGIS is now issuing an annual aggregate of two times limit; other carriers are competitive with relatively flat rates.

CONTACT

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