

## **State of the Insurance Industry**

- As of Q3 09/30/21, the insurance industry continues to be in a “hardening” market with increased rates and decreased capacity
- The U.S. rates have had a 14% increase year-over-year and hit a peak with a 22% increase in 4<sup>th</sup> quarter of 2020
- It is anticipated that rate increases will continue through 2022
- Main Drivers of the Rate Increases
  - ✓ Auto/Umbrella Claims – The auto insurance marketplace has had significant amount of claims and judgments on lawsuits that have exceeded the limits
  - ✓ Cyber Claims – The cyber insurance marketplace has had rapid deterioration due to high frequency and severity of claims
  - ✓ Reinsurance – Due to the increased loss activity reinsurance markets are raising rates
- Current Insurance Underwriting
  - High Volume of Submissions
  - Carriers are being more selective on risks
  - Higher Rates
  - Offering Less Capacity
- Strategy to Approach “Hard” Insurance Market
  - ✓ Start renewal process 3 to 4 months in advance
  - ✓ Proactive marketing of numerous insurance carriers
  - ✓ Utilize capacity from numerous insurance carriers
  - ✓ Alternative Solutions i.e. Captive Insurance and Self Insured Retentions

## **State of the Surety Industry**

- Surety industry continues to have adequate capacity and competitive terms
- Surety market slightly tightened due to COVID-19 especially in Private Equity and Reclamation
- Current Surety Underwriting Concerns
  - ✓ COVID-19 Protocols & Future Potential Impact
  - ✓ Inflation/Material Price Escalation
  - ✓ Supply Chain
  - ✓ Labor Force
- Federal Infrastructure Bill
  - ✓ Investment in infrastructure will help support the construction economy for the long-term
  - ✓ Potential to put additional pressure on material price escalation, supply chain, and labor force
- Surety Program Strategy
  - ✓ Build proactive bonding program plan with surety to navigate challenges with COVID-19, inflation, material price escalation, supply chain, and labor force underwriting concerns
  - ✓ Re-evaluate the plan every 3 to 6 months or with significant changes in the marketplace
- Overall the surety marketplace continues to report positive results with competitive terms & conditions available