



## Rate Cuts Ease, Market Barometer Reports

*Average commercial premium reduction moderates for the first time since fall*

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Premium cuts moderated for the first time since October, with the average decline for commercial insurance rates coming in at 8 percent for February—one point less than in each of the past four months, according to MarketScout's "Market Barometer" survey.

The price on average for commercial lines policies had been down 9 percent for the last quarter of 2008 as well as in January 2009, the Dallas-based online insurance exchange reported.

Last month was the first change in the barometer since October 2008, when price decreases moderated from September's 10 percent to 9 percent, according to data gathered from MarketScout's exchange, which includes over 50 "A"-rated carriers.

MarketScout noted that the rate of decrease is down significantly from the same time last year, when the average commercial premium was falling by 14 percent.

"A slow moderation in rate decreases continues as insurers evaluate their 2008 results and the impact of a slowing economy in 2009," said Richard Kerr, founder and chief executive officer of MarketScout.

However, he noted that a few insurers are beginning to take a harder line on pricing.

"Rate increases are merited based upon 2008 underwriting results and the reduction in premium income due to lower exposures such as payrolls and gross receipts," he said.

"Four large insurance companies are drawing a line in the sand and demanding rate stabilization," according to Mr. Kerr, who did not identify the quartet of carriers. "If it sticks, we will see a further flattening of reductions very soon."

On individual lines of business, general liability and businessowners policy rates continue to fall the most at 9 percent. Lines down 7 percent include commercial property, commercial auto and workers' compensation.

By account size, rate cuts were fairly consistent, with small and medium-size accounts down 8 percent on average, while large and jumbo accounts saw premiums fall by 9 percent.

MarketScout said it corroborates its data by working with The National Alliance for Insurance Education and Research to conduct in-person surveys during learning sessions for Certified Insurance Counselors and Certified Risk Managers International.