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US rates fall 9% but soft market drawing to a close, says MarketScout

The soft US property/casualty insurance market is showing signs of ending, online insurance exchange MarketScout said today.

MarketScout data reveal property/casualty rates dropped an average of 9% in October, compared with the same month a year earlier. The decrease by line ranged between 12% for business owners package coverage and 5% for surety.

Richard Kerr, MarketScout's chief executive officer, said: "For 42 consecutive months, from July 2001 to February 2005, the composite P&C rate increased every month.

"Beginning in March 2005, rates started to drop and the current soft market began. For the last several months, rate decreases have continued; however, the decreases are moderating. The financial markets have experienced a meltdown, several major insurers are in serious trouble, underwriting results are slipping, and investment income is anemic at best. As a result, the soft market is winding down," he said.

MarketScout corroborates its data by working with The National Alliance for Insurance Education and Research to conduct in-person surveys.

The rates by coverage class in October were:

Commercial property: -11%
Business interruption: -7%
BOP: -12%
Inland marine: -7%
General liability: -11%
Umbrella/excess: -7%
Commercial auto: -9%
Workers' compensation: -6%
Professional liability: -8%
Directors' and officers' liability: -6%
Employment practices liability: -7%
Fiduciary: -6%
Crime: -6%
Surety: -5%