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Caught in the Vortex: Today's Perfect Market Storm



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Risk & Insurance | Employee Benefits | Retirement & Private Wealth

Caught in the Vortex

Today's Perfect Market Storm

World Vision International 2022 Insurance Roundtable

June 29, 2022

HUB Fast Facts



550+

locations in
North America



Top 5

global broker
based on revenue



15,000

employees



1M+

Clients
incl >22,000
nonprofits



95%

client retention



\$20B+

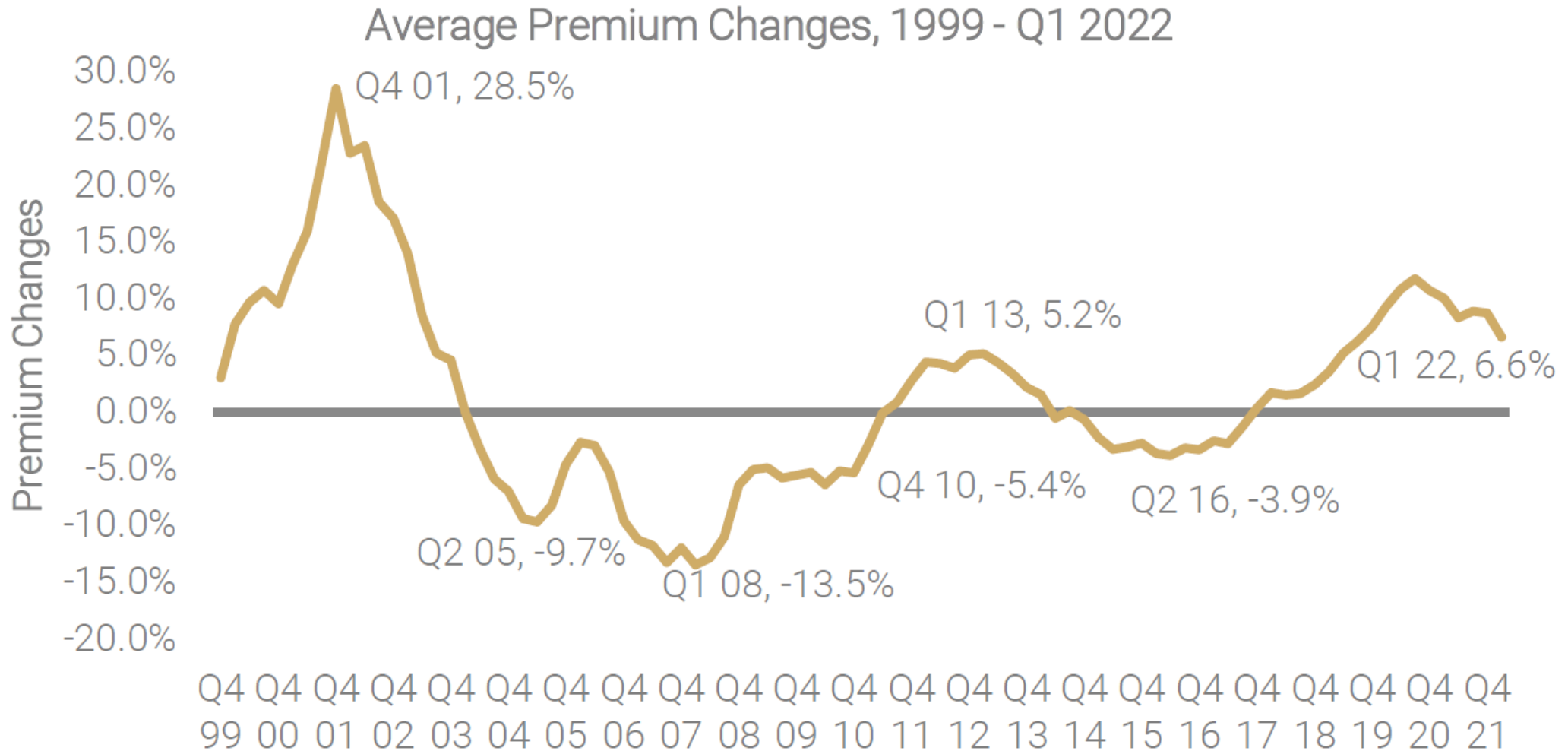
in premiums
incl \$3.2B from
nonprofits



Agenda

- 1** | A look at global insurance market dynamics
- 2** | A current snapshot and look forward
- 3** | What you can do here and now
- 4** | Q&A | Open discussion

A Cyclical Insurance Market: The Long View

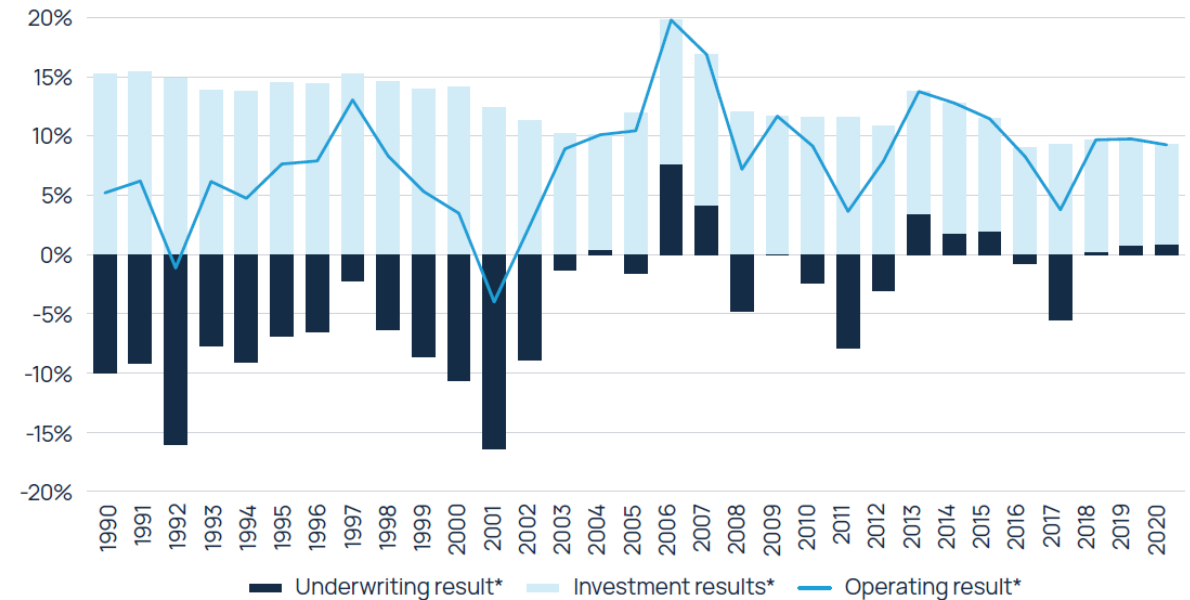


Source: Council of Insurance Agents & Brokers, May 2022

What Drives the Market?



- Underwriting results
- Investment results
- Macroeconomic conditions
- Legacy of prolonged 'soft' market
- COVID-19 anxieties
- Climate change → more frequent, severe natural catastrophes
- Social inflation
- Reserve inadequacy
- Global sociopolitical instability



* All results are a percentage of net earned premium

Source: Howden, A. M. Best

What Does It Mean for Buyers?



- Higher rates – varying by product line
- More stringent underwriting
- New coverage restrictions
- Reduced capacity
- Higher self-insured retentions
- Cyber line recalibrating to New Normal



Going By the Numbers



Rate Variances 2021-22: Core Property & Casualty

	Commercial Auto	Workers' Comp	Commercial Property	General Liability	Umbrella/ Excess	Average
Q1 2022	5.9%	-0.5%	8.6%	3.9%	10.5%	5.7%
Q4 2021	8.0%	0.3%	10.5%	6.4%	15.0%	8.1%
Q3 2021	7.4%	-0.3%	10.3%	6.3%	16.9%	8.1%
Q2 2021	6.8%	0.3%	9.9%	6.0%	17.4%	8.1%
Q1 2021	9.0%	1.0%	12.0%	6.2%	19.7%	9.6%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

Source: Council of Agents & Brokers, May 2022

Going By the Numbers



Rate Variances 2021-22: Other Lines

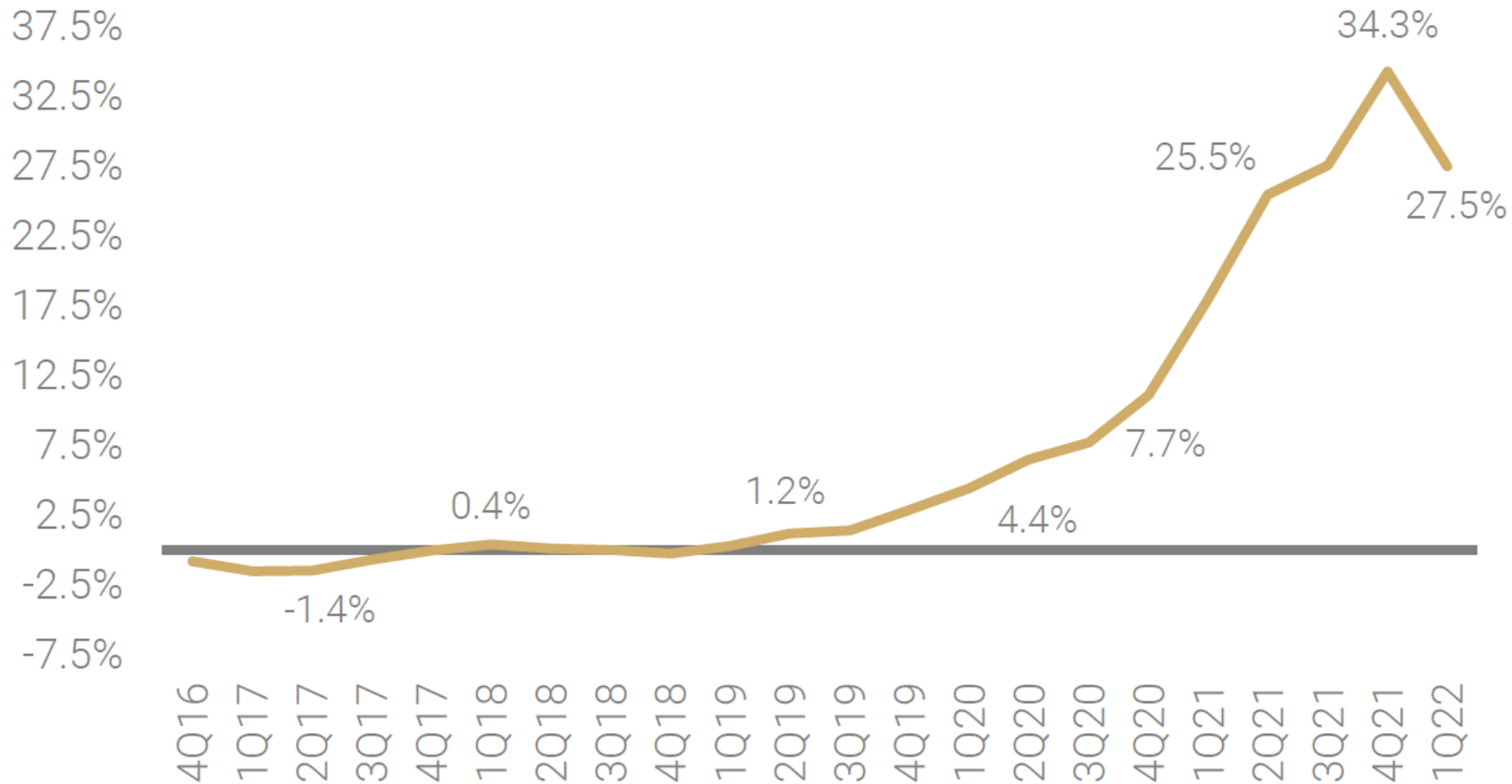
	Q1 2022	High	Low
Business Interruption	3.8%	28.8%	-10.2%
Construction	4.4%	38.7%	-10.7%
Cyber	27.5%	34.3%	-1.5%
Directors' & Officers' Liability	7.8%	32.4%	-8.7%
Employment Practices Liability	5.8%	21.9%	-8.1%
Flood	4.6%	8.6%	-2.7%
Marine	3.8%	4.5%	-10.6%
Medical Malpractice	5.1%	32.5%	-4.1%
Surety Bonds	1.0%	11.2%	-2.3%
Terrorism	0.7%	10.4%	-3.6%

Source: Council of Agents & Brokers, May 2022

Cyber: In Flux and Correction



Premium Change for Cyber, Q4 2016 - Q1 2022



Source: Council of Insurance Agents & Brokers, May 2022

Where Are We Headed?

- Headwinds are tapering
- Rates are flattening
- Some coverage restrictions are relaxing
– *e.g.*, Communicable Disease
- Capacity still limited
- Industry results much improved overall
- Cyber will reach a sustainable threshold soon
- Market softening likely in 2023 and beyond



Making the Best of Today's Market



- Avoid 'bidding' insurance
- Empower a single intermediary
- Start early
- Remarket purposefully
- Engage with your underwriters
- Showcase your strengths
- Know the 'deal'



Q&A

Open

Discussion

Additional Resources



- “5 Tips to Nail Your Next Business Insurance Renewal”
<https://www.linkedin.com/pulse/5-tips-nail-your-next-business-insurance-renewal-scott-konrad/>
- “Myths of Insurance Bidding”
<https://www.linkedin.com/pulse/myths-insurance-bidding-scott-konrad/>
- “Making the Most of Your RFP”
<https://www.linkedin.com/pulse/making-most-your-rfp-scott-konrad/>
- “Is Your Corporate Insurance Advisor Earning Its Keep?”
<https://www.linkedin.com/pulse/your-insurance-advisor-earning-its-keep-scott-konrad/>
- Council of Insurance Agents & Brokers Q1 2022 *P&C Market Index*
<https://www.ciab.com/resources/q1-p-c-market-survey-2022/>
- “Ukraine Crisis: A Macro View”
https://www.howdengroup.com/sites/g/files/mwfley566/files/2022-03/Howden%20Ukraine%20Report_0.pdf

For More Information



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Scott Konrad is a senior vice president with HUB International and leads an enterprise-wide specialty practice that helps tax-exempt organizations to surmount their most pressing corporate risk management, insurance and human capital challenges. He was selected by *Insurance Business America* as one of the “Hot 100” insurance executives to watch in 2018 and 2019.

Based in Manhattan, Scott is an industry veteran with over 40 years of experience. He began his insurance career with Liberty Mutual Insurance Company, transitioning to the brokerage sector several years later. Scott has served in a variety of claim management, sales leadership, and relationship management roles with global brokers Johnson & Higgins, Marsh & McLennan, and Willis, for most of his career. From 1996 to 2003, Scott was an officer of the Church Insurance Companies, the denominational insurance arm of the Episcopal Church, for which he established a regional service center and managed deployment of the companies' products and services to over 2,000 institutional clients in 20 Episcopal dioceses throughout 11 Northeastern states. Scott joined HUB in 2013 from Crystal & Company, an independent, privately-owned insurance broker.

A graduate of Colgate University, Scott has been honored seven times by *Risk & Insurance* magazine as a Power Broker® to the Nonprofit sector, and has been featured in *Risk & Insurance*, *Best's Review*, *The Nonprofit Times*, and *The Hartford Business Journal* as a commentator on nonprofit risk management themes. He launched HUB International's corporate partnerships with Humentum (formerly InsideNGO) and the Nonprofit Risk Management Center and has presented at their annual conferences, as well as for the American Institute of Certified Public Accountants (AICPA), New York State Society of CPAs (NYSSCPA), Philanthropy New York, Lawyers Alliance for New York, World Vision International's Insurance Roundtable, the Nonprofit Coordinating Committee of New York, NeighborWorks® America, and Local Initiatives Support Corporation (LISC). Scott has also developed professional development content for HUB associates and served as a corporate trainer for the Nonprofit Risk Management Center's consultants.

Scott is accredited in Risk Management for Churches and Schools by the University of Cambridge (UK) and brings an 'insider' perspective to his work through servant leadership of civic, religious, and professional nonprofit organizations including the Insurance Board for the Episcopal Church in Connecticut and the Nonprofit Risk Management Center's Corporate Advisory Council.