



ABAG PLAN Actuary Committee Meeting April 20, 2016

▶▶ Alliant, the specialty insurance leader.

 **Alliant**

Presentation Outline

- State of the Market
- Property Renewal
- Excess Liability Renewal
- Crime Renewal

State of the Market Highlights

- Global natural disaster losses continue to be well below the average for the past ten years. Natural disasters caused insured losses of \$35 billion in 2015 compared with \$40 billion in 2014. The \$35 billion loss figure is 31% below the 15-year average of \$51 billion.
 - P&C combined ratio forecast for 2015 is 98.0%.
 - Policyholder surplus stood at a near record high \$670B as of 12/31/15.
 - The WC combined ratio for 2015 is projected at 98.5%. WC results have improved markedly since 2011.
 - Due to persistently low interest rates, investment earnings are still below their 2007 pre-crisis peak, which could be cause for concern if the industry were to begin experiencing more losses.
- Weather extremes (El Nino, Hurricane Patricia, Tropical Storm Bill), catastrophic loss and investment earnings are areas of concern for commercial insurance carriers.

Commercial Insurance Prices were nearly flat during the fourth quarter



- The survey compared prices charged on policies underwritten during the fourth quarter of 2015 to those charged for the same coverage during the same quarter in 2014. Price changes reported by carriers continue a moderation of price increases that began in the first quarter of 2013.
- Commercial insurance prices were nearly flat during the fourth quarter of 2015, according to Towers Watson's most recent Commercial Lines Insurance Pricing Survey (CLIPS).
- Consistent with the third quarter, three lines (workers compensation, commercial property, and directors and officers) reported modest price decreases.
- The outlier in the results continues to be commercial auto, where meaningful price increases continue to be reported.

Property

- Alliant Property Insurance Program
 - 2015-16 Total Insured Value: \$2,282,946,240
 - 2015-16 Premium: \$986,151.12
 - 2015-16 Rate: .0431964
- Coverage Highlights
 - \$1 Billion Per Occurrence Limit
 - \$25 Million Flood / \$25 Million Flood Zone A/V
 - Boiler & Machinery, Terrorism, Cyber (CEO Option), Pollution
- 2016-17 Renewal Thoughts

Excess Liability

Expiring 2015-16

- Evanston Insurance Company (Markel)
Reinsurance of Memorandum of Coverage
\$2.5MM excess of \$2.5MM Retention
- Insurance Company of the State of Penn. (AIG)
\$10MM excess of \$5MM (Memorandum of Coverage)
- National Casualty Company (Civic Risk)
\$15MM xs \$10MM xs \$5MM (Memorandum of Coverage)
- Total Limits: \$27.5MM excess of \$2.5MM
- Premium: \$1,255,395
- Optional Excess Liability \$20MM xs \$30MM

2016-17 Renewal Thoughts

Crime

- Current Carrier: Fidelity & Deposit
- Limit: \$2MM
- 15/16 Premium: \$26,561
 - 1st Year of 3 Year Policy



QUESTIONS?

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