



Hard Market Update 2024

Presenters

Kevin Bibler, ARM (Alliant) Senior Vice President

Hard Market Update

What are we talking about today?

- The state of the general liability market
- The state of the property market

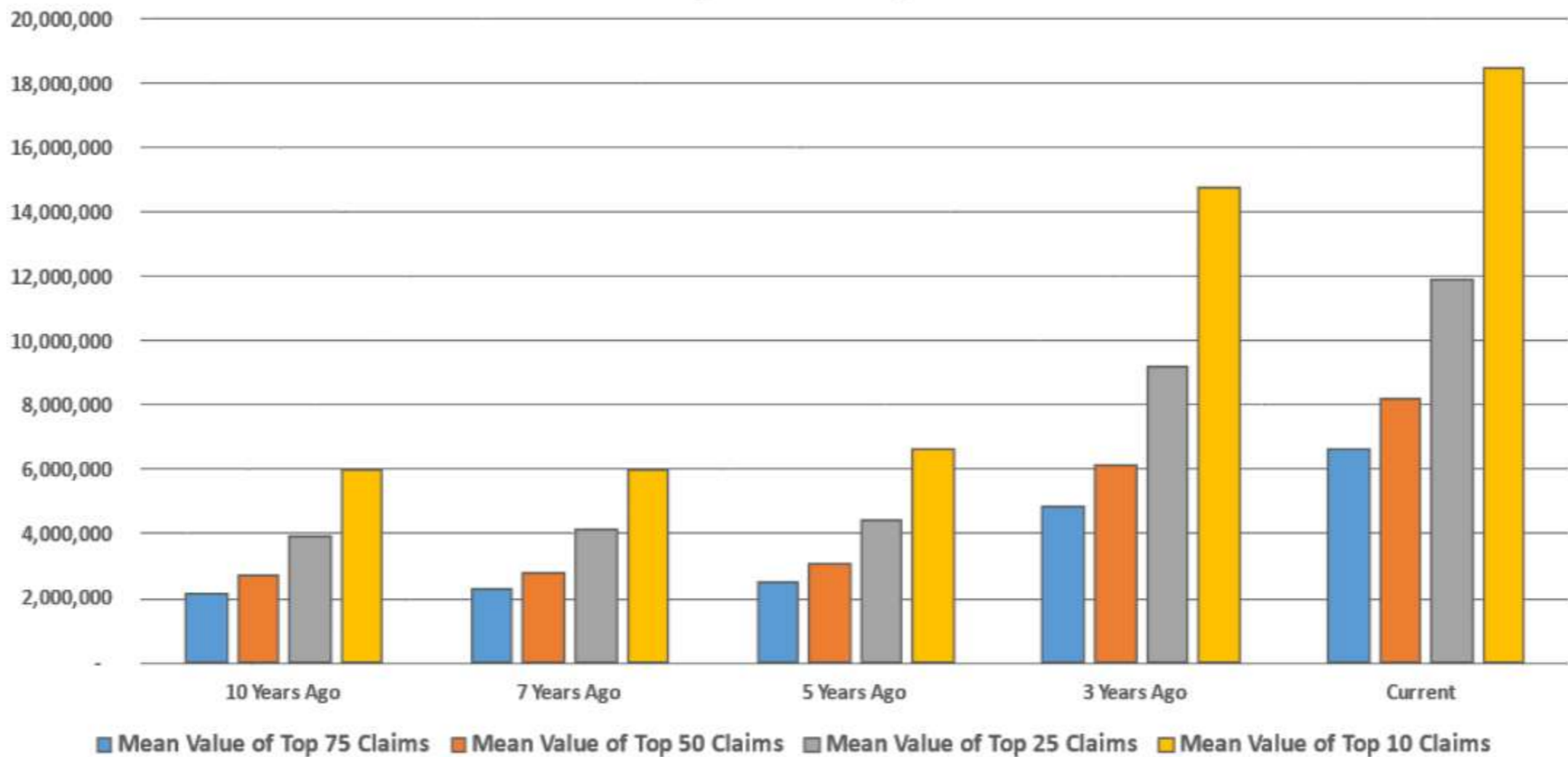


Hard Market Update - GL

A picture tells a thousand words...

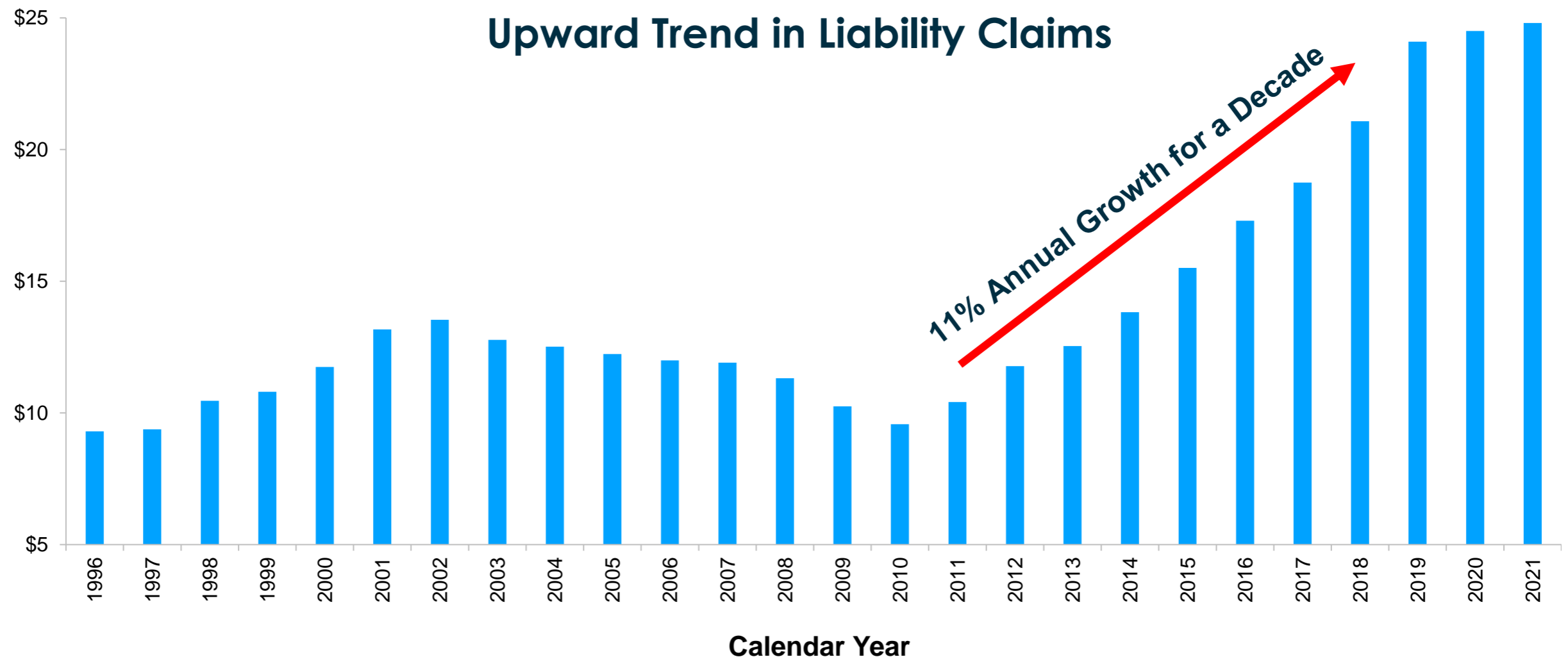
Mean Value Large Liability Losses

Average Values- GL1 Program



General Liability Hard Market

- Hard Market conditions remain in full force for the 24/25 renewal
- The number of large liability claims continues to increase
- The cost of those claims also continue to increase
- A result of numerous, complex and interrelated factors



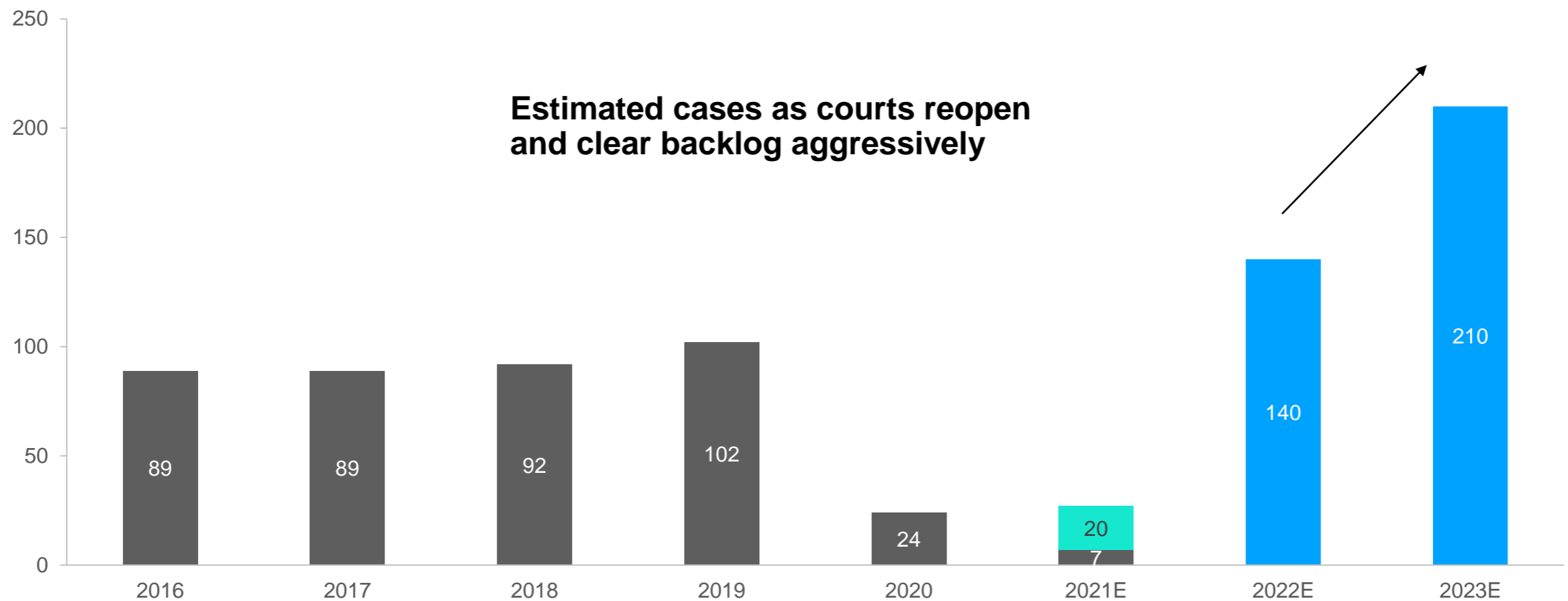
Why Are Costs Continuing to Increase?

Nuclear Verdicts



The Court Backlog

Court cases with verdicts above \$20mn



Why Are Costs Continuing to Increase?

Social Inflation

Social Inflation's Interrelated Factors



Increasing Propensity to Sue



Size of Jury Awards



Courts/Juries Favoring Plaintiffs



Growing Distrust of Large Corps.



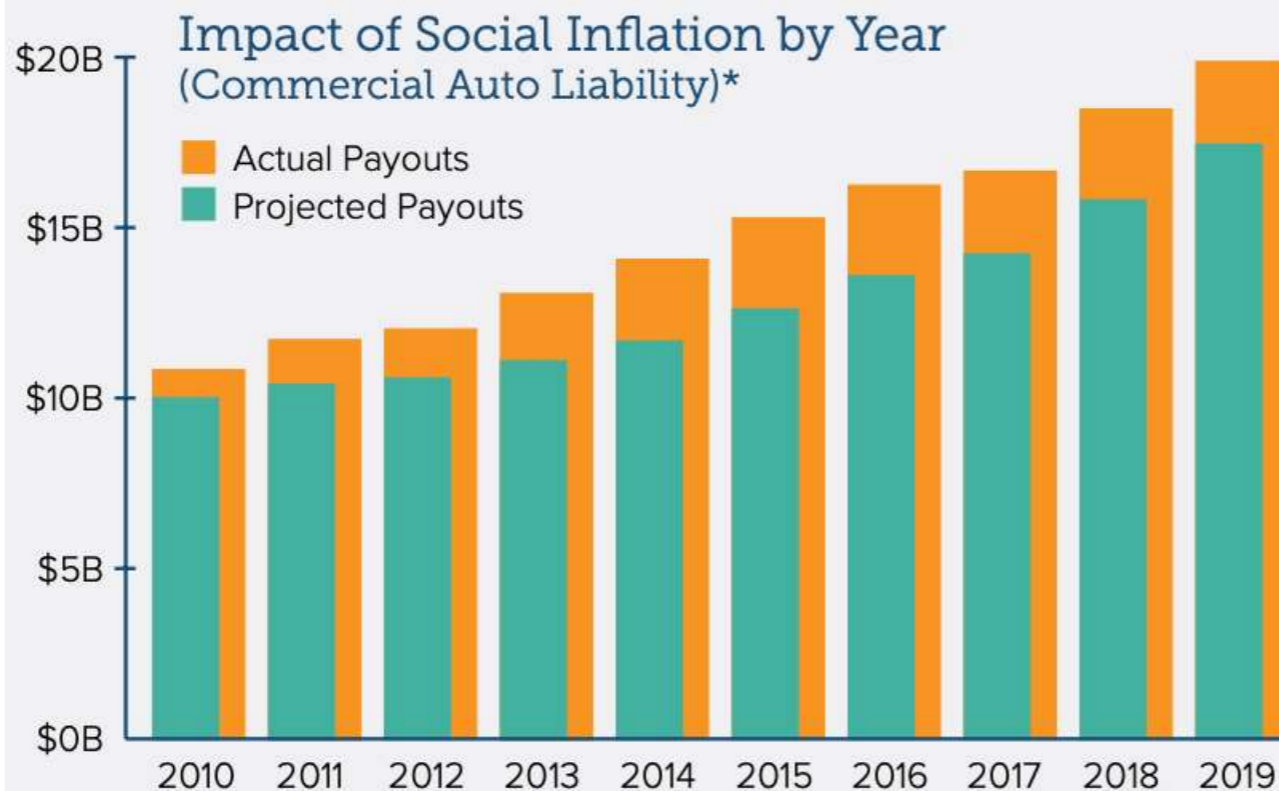
Litigation Financing



Aggressive Plaintiff Bar Ads



Changes in Regulatory and Legal Environment



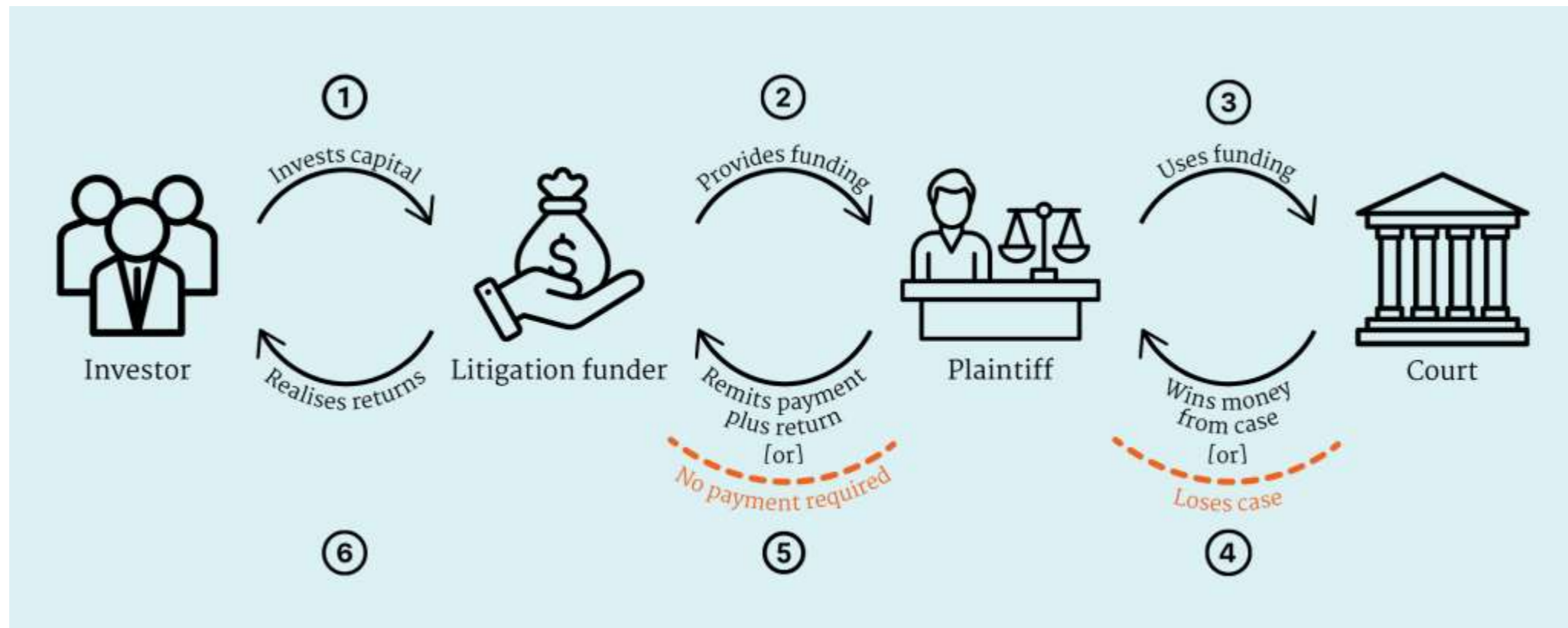
\$20 billion / 14% increase

Difference between actual and projected losses from 2010 to 2019.

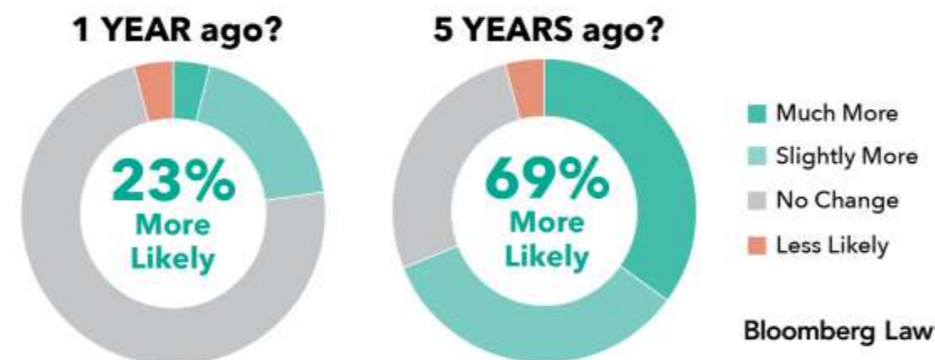
*Triple-I and Casualty Actuarial Society analysis of National Association of Insurance Commissioner (NAIC) data. Social Inflation and Loss Development, Lynch, J. and Moore, D., February 2022

Why Are Costs Continuing to Increase?

Litigation Funding



How likely is your firm to seek litigation funding compared to...



Source: Bloomberg Law Litigation Finance Survey 2021

Why Are Costs Continuing to Increase?

Plaintiffs Bar

Over \$3.4 billion is spent annually in the United States on legal advertising



Why Are Costs Continuing to Increase?

Jurisdiction



the ECONOMIC IMPACTS of excessive tort costs

California #3 TORT TAX

\$2,120 Per Person, Per Year

Excessive tort costs result in an annual "tort tax" paid by each Californian. **3rd Highest in the Nation**

787,490 JOBS LOST when dynamic effects are considered

\$52.6 BILLION LOST IN PERSONAL INCOME

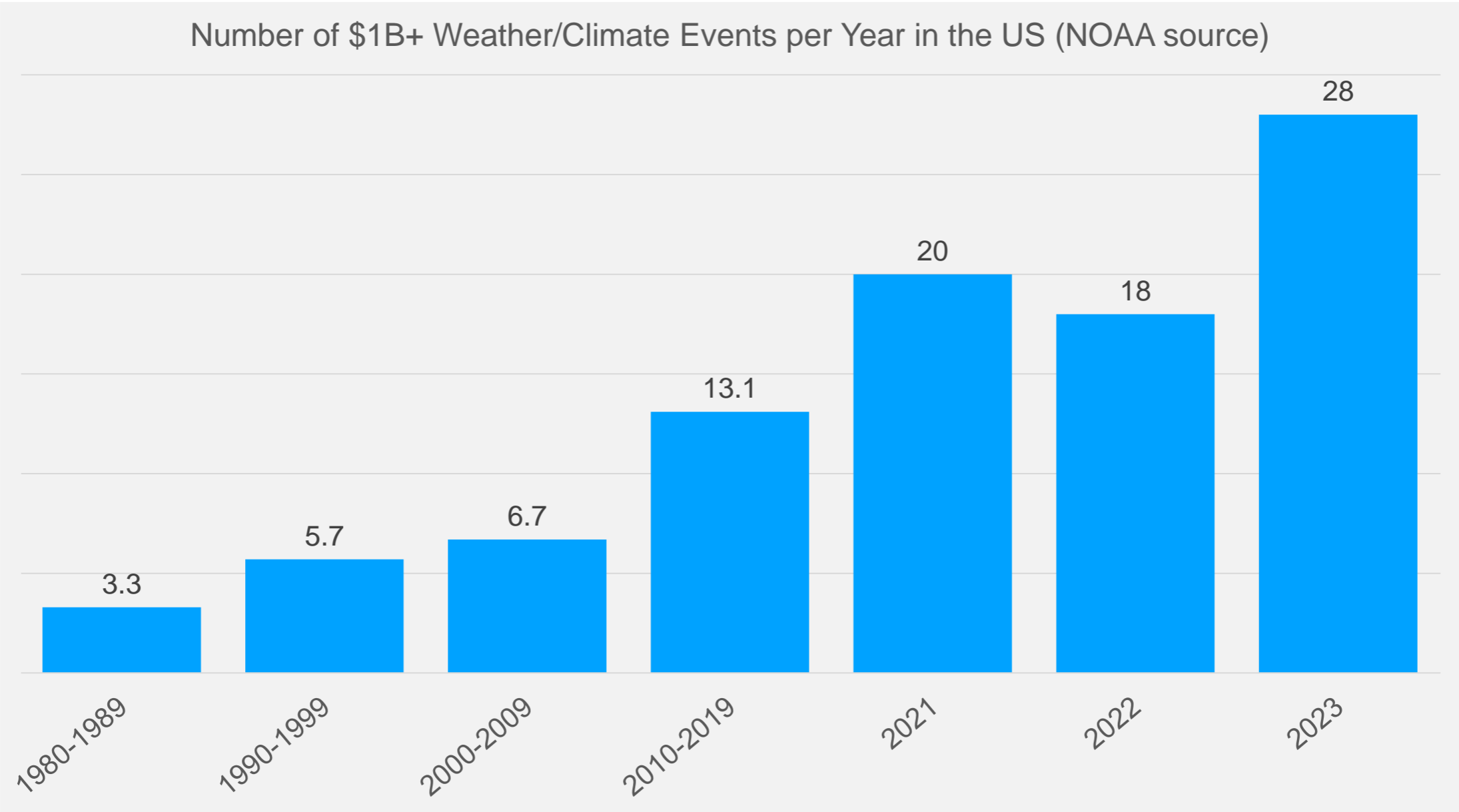
Excessive litigation costs don't just affect perceived deep-pocketed defendants. **Lawsuit abuse affects all of us.**

Sources: The Perryman Group, "Economic Benefits of Tort Reform: An assessment of excessive US tort costs and potential economic benefits of reform" (October 2022)

Property Market Update

CAT Events Over the Years

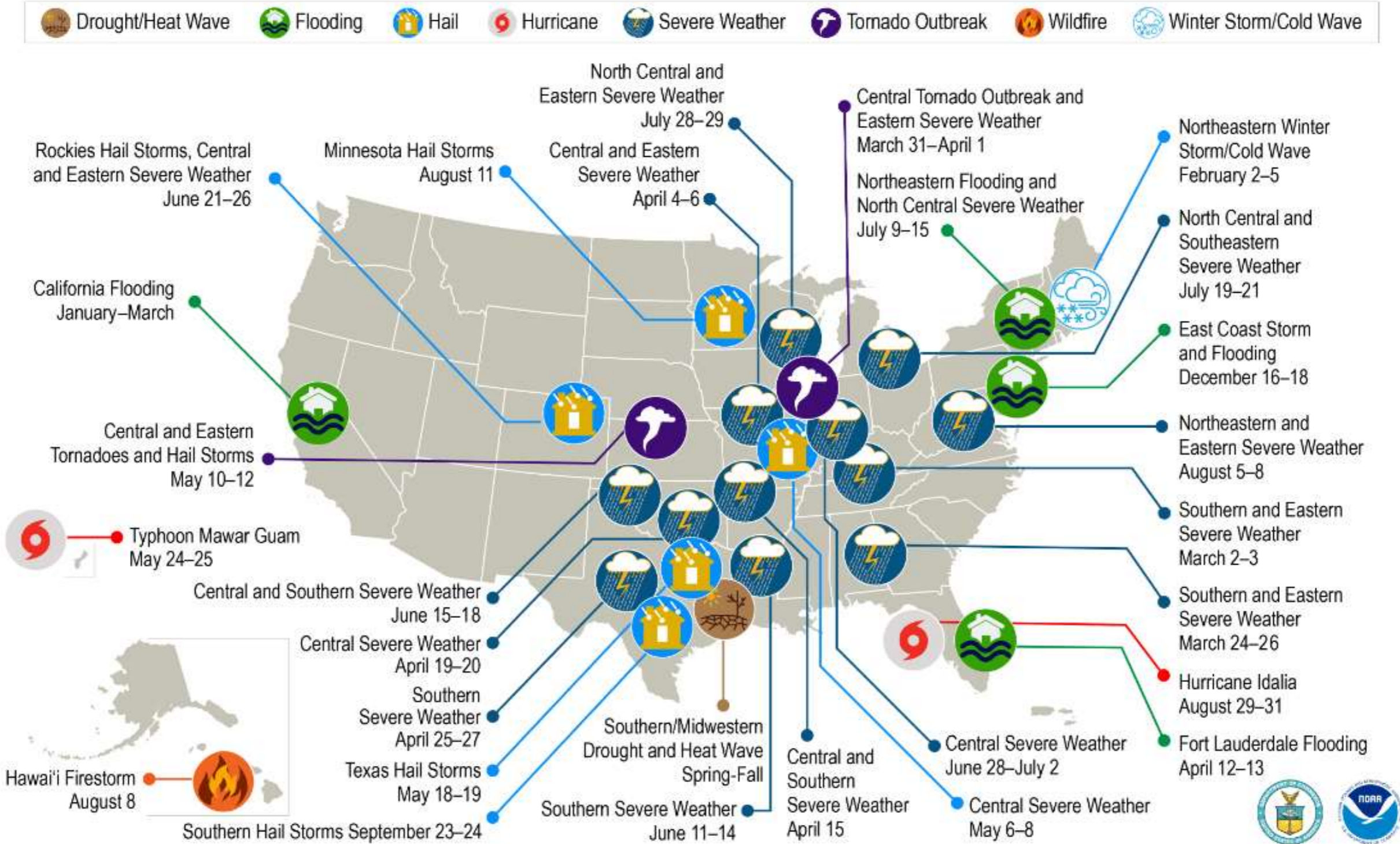
- Property rate increases are stabilizing
- The number of large Natural Catastrophes continue to increase
- PRISM has experienced losses in the self funded primary



Property Market Update

Major U.S Losses in 2023

U.S. 2023 Billion-Dollar Weather and Climate Disasters

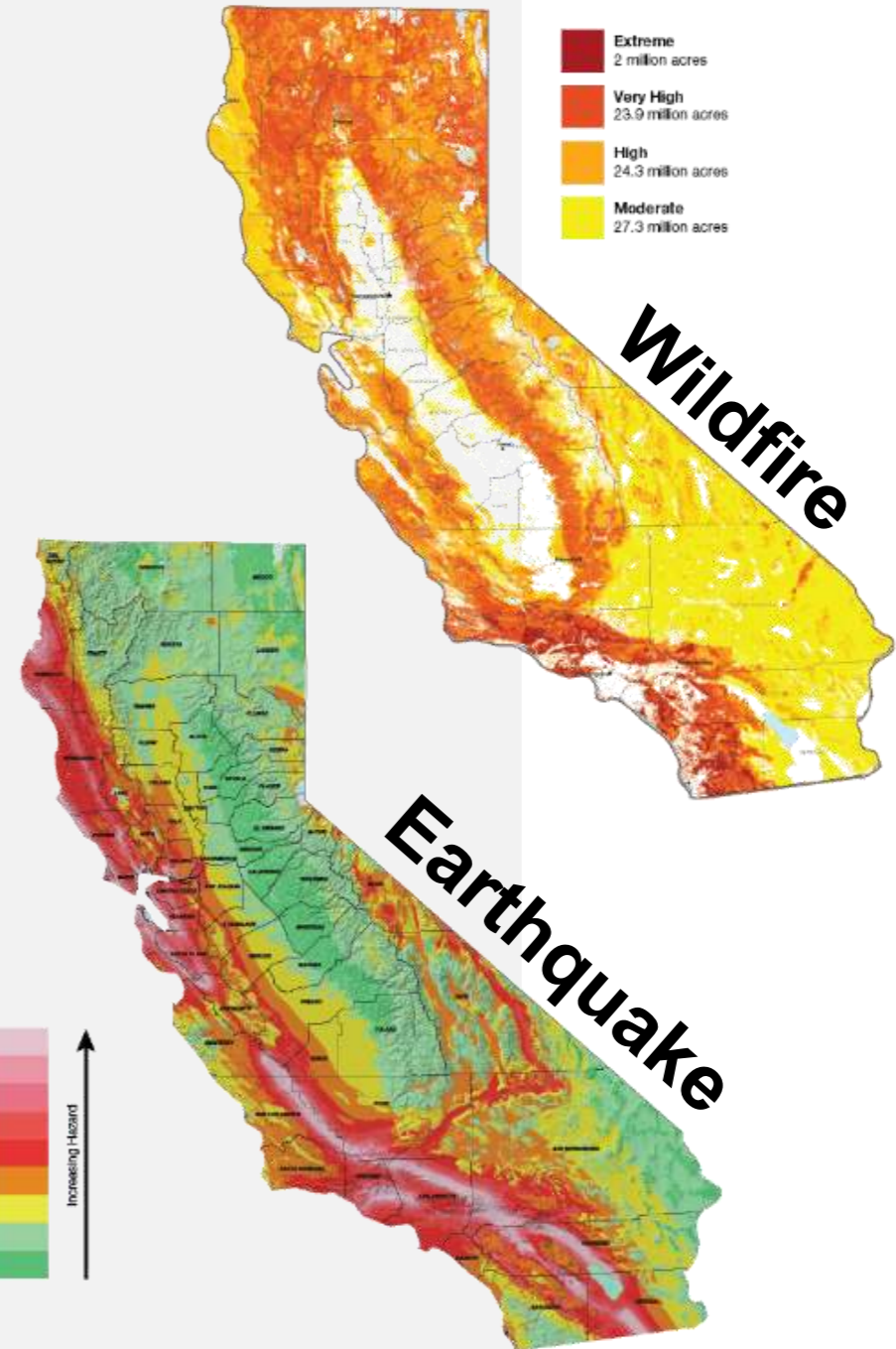
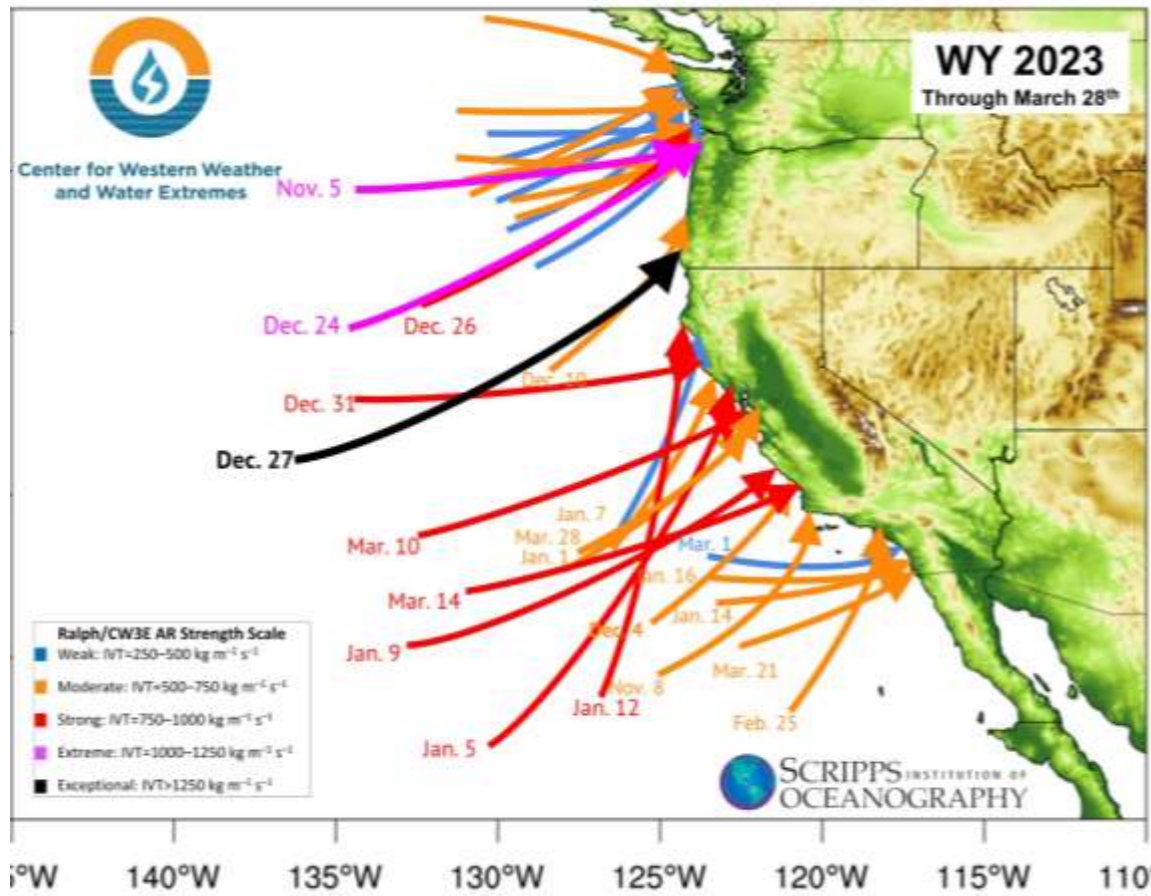


This map denotes the approximate location for each of the 28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.

Property Market Update

California CATs are Challenging for Carriers

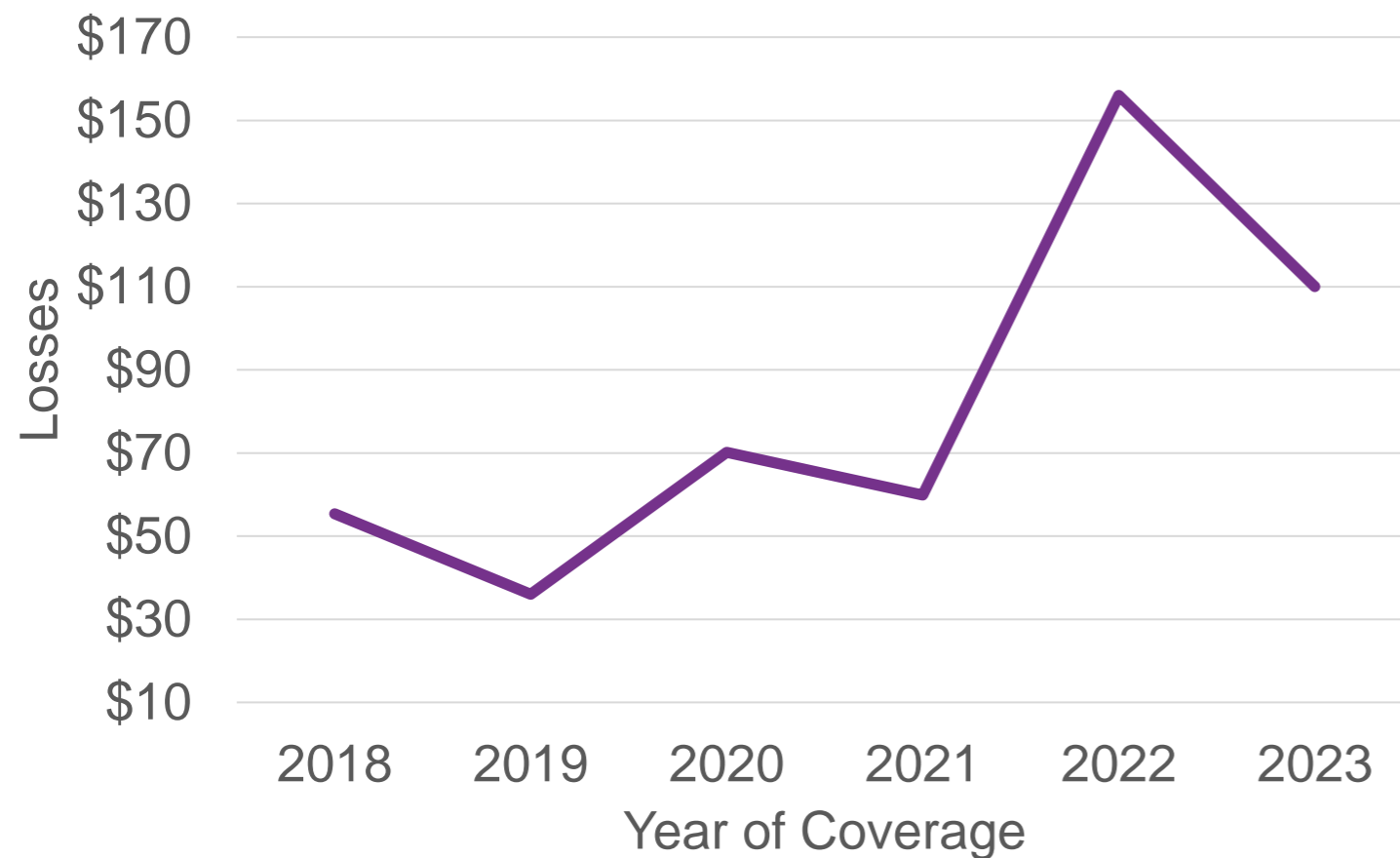
Atmospheric River



Property Market Update

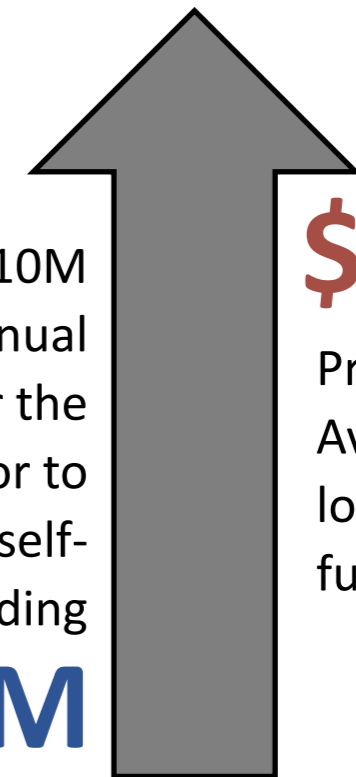
PRISM Primary Layer Losses

PRISM Primary \$10M Losses (in millions)



Primary \$10M
Average Annual
loss for the
5 years prior to
PRISM self-
funding

\$60M



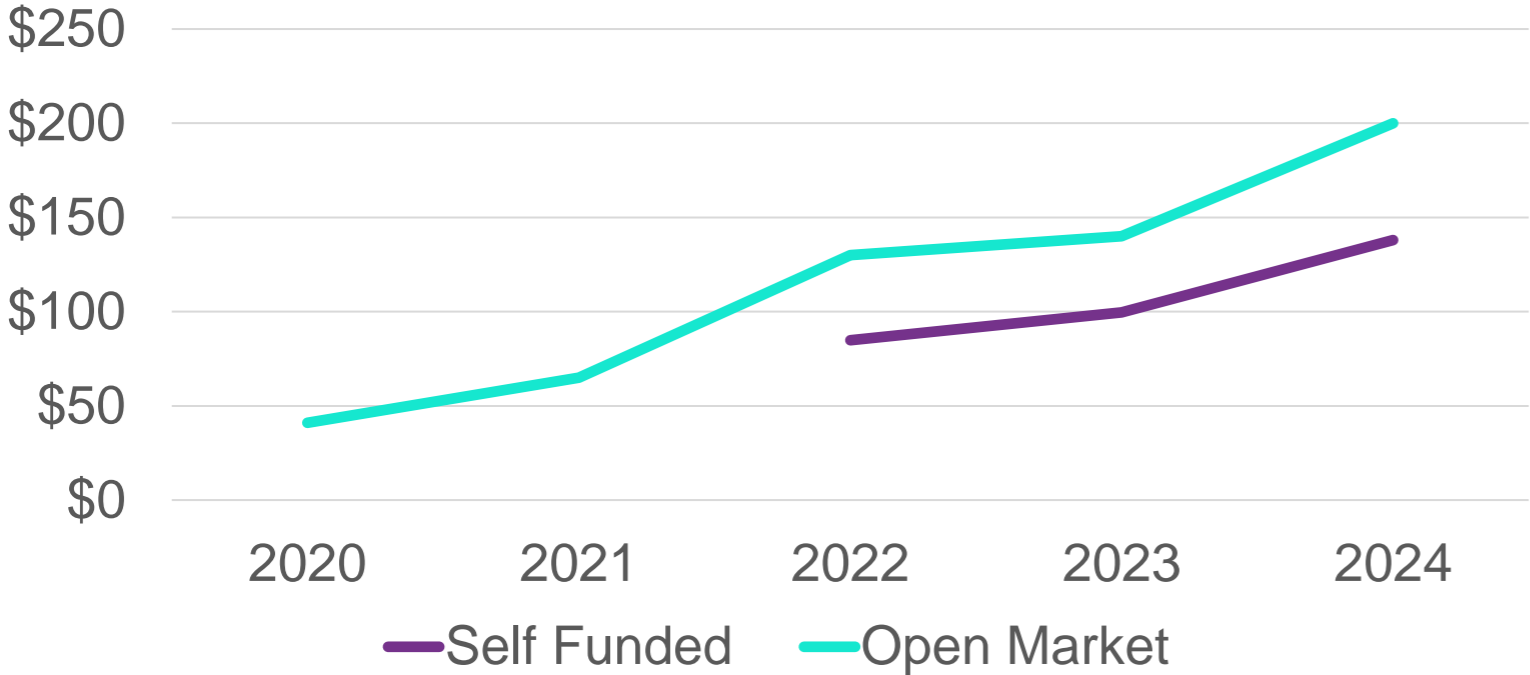
\$133M

Primary \$10M
Average Annual
loss after self-
funding

Property Market Update

PRISM Self Funding Benefits

PRISM Primary \$10M Layer
Premium (in millions)



PRISM's Self Funded Primary has saved members about \$150M to date.

Property Market Update

Key Takeaways



Natural Catastrophe – California is a challenging state



Improved property market & Increased Losses to PRISM



Valuation



PRISM Advantages

- Size creates stability
- Long standing carrier relationships
- Sophisticated funding solutions

What should you be doing?

1. Communicate to your stakeholders
2. Take advantage of risk prevention and cost control programs offered through PRISM
3. Stay current on maintenance, inspections and training
4. Consider assuming more risk (higher SIR, IMCD)
5. Vigorously defend claims that are defensible
6. Ensure you can provide high-quality data
7. Support legislative change that is beneficial to defendants
8. If in GL, consider the Optional Excess Liability (OEL) Program
9. Help educate the public that the costs of nuclear verdicts are not borne by the insurance industry, but rather by public entities and ultimately the taxpayers