



Preparing for a Hard Insurance Market

The insurance marketplace is recurrent in nature. When the market is soft, insurance carriers are competing for business; therefore, rates are lower, underwriting criteria may be more flexible, and coverages are broadened. When the market is hard, there's a reduced supply of insurance causing coverages to be narrowed and rates to be generally increased.

Since the beginning of 2019, we've experienced a rapidly hardening insurance market. Auto liability has been increasing for some time, as evidenced by Q1 2019 being the 31st quarter of consecutive rate increases for that line of coverage. In Q2 2019, accounts of all sizes experienced moderate rate increases, with an average increase of 5.2% across all lines. Clients with poor loss experience have seen significantly steeper increases or non-renewals from their carrier.

What Contributes to a Hard Market

- Adverse loss trends/catastrophic losses
- Decreased carrier capacity
- Decrease in carrier investment returns
- Lack of Reinsurance

What to Expect in a Hard Market

- Premium increases/lack of affordable coverage
- Increased scrutiny on submissions – requests for additional applications, historical data, detail on losses, controls, and exposures
- Restrictions in coverage – via policy forms or requirements for increased retentions
- Unavailability of higher limits or coverage enhancements
- Conditional or non-renewal notices
- The need to change carriers, work with a greater number of carriers, or obtain coverage through the excess/surplus lines marketplace

How to Survive a Hard Market

- Stay ahead of the renewal process and communicate early with your broker to identify how you will be impacted.
- Be prepared to provide much more detail at the time of renewal.
- With shrinking capacity, carriers will be decreasing the number of brokers and wholesalers they work with. Be sure to partner with a broker with strong carrier relationships and knowledge of your industry.
- Work with your broker to review your policies and procedures to understand where improvements can be made to secure more favorable quotes or reduce your liability to uninsured losses where coverage restrictions are imposed.

For additional information on liability insurance, be sure to check out this [e-book](#).



WRITTEN BY: RACHAEL RODAKOWSKI

Rachael Rodakowski is an Account Executive at Assurance who focuses on the staffing industry. Her main responsibility is to be a client's resource and trusted partner. She accomplishes this by staying up-to-date on industry trends and providing cost-effective coverage recommendations. With over 10 years of experience, Rachael educates clients on everything from workers' compensation class codes to loss trends. Rachael graduated with a Bachelor of Interdisciplinary Studies degree from Arizona State University. She currently holds her Chartered Property Casualty Underwriter (CPCU), Associate in Claims (AIC), Associate in Commercial Underwriting (AU) and Associate in General Insurance (AINS) designations.