

Soft market persists in third quarter

by *BusinessInsurance.com*

Property/casualty renewal rates in the third quarter were either flat or lower in all the major market sectors, according to a survey of insurance buyers.

The RIMS Benchmark Survey, which is administered by Advisen Ltd. and released by the New York-based Risk & Insurance Management Society Inc., tracks and analyzes changes in insurance policy renewal prices reported by North American risk managers.

According to the survey, property coverage saw almost no change in average premiums during the third quarter. General liability premiums fell 3.7% and workers compensation premiums fell 4.5% on average, in part because of depressed sales and payrolls, which are used to calculate premiums, the survey found.

Renewals of directors and officers liability policies essentially remained unchanged, although that result is based on two D&O liability sectors working in opposite directions. For financial institutions, which have been hit with waves of lawsuits and regulatory actions in the wake of the credit crisis and subprime meltdown, D&O liability cover is increasing in price; for other accounts, the price of the average D&O liability policy is decreasing, the survey found.

Despite lower profits and poor investment returns for insurers, the price of coverage remains low in part because economic pressures have prompted many companies to buy less insurance, which forces underwriters to compete for fewer premium dollars, the statement said.

“Under normal circumstances, premiums should be rising by now,” said Daniel H. Kugler, a member of the RIMS board of directors, in the statement. “But many companies are buying less insurance, and underwriters feel pressured to keep prices low to hold on to the remaining premium dollars.”

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