

Commercial P&C Prices Rise 5.4% In Q4 2024

Commercial property and casualty insurance prices rose an average of 5.4% across all lines in the fourth quarter of 2024, with some premium relief in most lines other than commercial auto and umbrella, according to The Council of Insurance Agents & Brokers' (CIAB) latest survey.

The 5.4% was a slight increase from the 5.1% average recorded in Q3 2024 and 5.2% in Q2, CIAB said. Q4 marked the 29th consecutive quarter of average premium increases.

"The end of 2024 came with no real change in current market conditions from the rest of the year," observed CIAB. "Most lines of business recorded premium increases roughly equal to or lower than Q3 2024 increases, with the exception of commercial auto and umbrella."

Commercial auto insurance continues to struggle, according to the report, with Q4 becoming the 54th consecutive quarter of increases.

"Though the average increase in commercial auto premiums shrank in the first three quarters of 2024, Q4 saw it grow again, from 8.5% in Q3 to 8.9% in Q4," said CIAB. "Umbrella followed a similar trend over a longer period of time, with premium increases going from an average increase of 22.9% at their peak in Q3 2020 to 7.0% in Q1 2024, then back up to 8.7% in Q4 2024."

Half of the brokers responding to CIAB's survey also reported an uptick in commercial auto claims, and 41% said capacity fell in the quarter. Brokers also commented on tighter underwriting for auto and restricted limits.

Citing a recent report from financial services firm CBIZ, CIAB highlighted three main factors driving commercial auto's current woes: driver shortages, electrification of fleets, and rising claims costs.

"Electric vehicles come with unique risk profiles, including the increased cyber risk from dependence on public charging stations and battery fires, which can lead to increased premiums," said CIAB, quoting CBIZ.

Research also shows that the number of electric vehicles in commercial and government fleets jumped 233% between 2019 and 2021.

Driver shortages can also push trucking firms and other fleet owners with new or less trained operators – which can lead to higher accident rates, according to the report. And claims costs have not slowed down – an AM Best report from November 2024 revealed that the average loss per commercial auto liability claim has doubled since 2014.

Most other lines of business continued to ease in Q4, CIAB found. Commercial property "seemed to be stabilizing," said one broker, and premiums increased by an average of 6% in Q4 (a slowing from the 7.9% in Q3 and well below the 11.8% in Q4 2023).

However, property continues to face challenges, with brokers citing pressure from insurers for higher deductibles for properties exposed to fire, wind, and hail. Respondents also said they still need to structure layered programs to fully cover their clients' risks.

General liability pricing ticked up slightly from 4.8% in Q3 to 5.3% in Q4, while most other lines experienced low single-digit increases or decreases.

Directors and officers (D&O) liability, workers' compensation, employment practices liability (EPL), and cyber all showed average decreases, with cyber and workers' comp leading the way with 1.8% average decreases.

For cyber, Q4 was the third consecutive quarter of decreases, and 64% of brokers said they saw more capacity from underwriters. Respondents also say they still see the same requirements for cybersecurity controls that have been in place in previous quarters.

"It's notable that premiums have continued to decrease even though ransomware attacks, often considered one of the main loss drivers in cyber insurance, continue to increase," said CIAB, adding, "This may be due to the emphasis on implementing cyber risk controls after the spike in losses in 2020 and 2021."