Summer 2024 Real Estate and Hospitality Market Update

Gallagher

Insurance | Risk Management | Consulting

Introduction

As the world just celebrated the Olympics, the commercial insurance market is also trying to find its footing on the proverbial balance beam of finance. According to recent reports by both Gallagher Re and Swiss Re, in the commercial property and casualty market, there has been an active first half of 2024 when it comes to global natural catastrophes. Severe convective storms account for much of the USD61 billion suffered in the US. In fact, per Gallagher Re, losses between 2023 and 2024 exceeded USD100 billion, which wins the gold medal for the costliest consecutive years in US history. As this report is being written, hurricanes are forming in the Gulf, and the pinnacle of hurricane activity is more than 45 days away.

Not to be outdone, the commercial liability market has its own triathlon of challenges. According to SwissRe, the triple jump of a growing litigious environment (USD1.18 billion spent on legal ads alone); social and economic inflation (60% increase in awards in excess of USD5 million); and litigation funding (private equity platforms “investing” in litigation outcomes by bankrolling legal fees) have all pointed to increased costs for liability, particularly in the umbrella market.

There are some bright spots, and that’s in the professional liability arena, where capacity has increased and rates are continuing to abate. On the cyber front, it’s too soon to tell what the total economic impact will be of the global cyber malfunction loss, so stay tuned.

We hope you find the following information helpful and welcome your thoughts.

AUSTRALIA

Property and casualty

The insurance market in Australia has become more stable, with more insurers willing to compete for business. This has created more options for insureds in the first half of 2024, with premium increases ranging from flat to single digits.

Real estate firms that have faced years of premium increases have put an even greater emphasis on their total cost of risk. Broad marketing exercises are needed to showcase the long-term risk strategy improvements insureds made during the previous hard market conditions. These improvements will be positively received by insurers in a less strained marketplace.

An emerging risk that has gripped the attention of underwriters is fires related to highly combustible lithium-ion batteries used in electric vehicles, scooters, and other devices. These fires burn hotter, release extremely toxic fumes, and retain heat longer, which makes re-ignition a concern. All of these factors make fighting the fires more dangerous for fire brigades. Hotter, longer-lasting fires can cause more damage to surrounding buildings and property.

Australia has dealt with its fair share of floods. On December 27, 2023, the Insurance Council of Australia (ICA) declared storms impacting Queensland, New South Wales, and Victoria a "significant event." The storms continued through January 3, 2024, and the ICA upped the designation to an "insurance catastrophe." Loss tallies as of June were as high as USD2 billion from roughly 97,000 claims.[1] As a result, insurers are leaning heavily into modeled outcomes and may apply coverage limitations for assets located in the 1 in 50-year or 1 in 100-year return periods.

Insureds are seeking to bolster their traditional coverages for major perils like floods, droughts, bushfires, and windstorms with parametric trigger products.

Lastly, the disruption to global supply chains has not fully recovered in Australia. Insureds must review their period of indemnity to ensure that it accurately encompasses the timeline needed for property reinstatement claims.

Financial and executive lines

Management liability coverage premiums have stabilized and are even starting to trend downward. Firms focused on environmental, social, and governance goals are particularly exposed to claims if they fail to meet their publicly stated goals. Lawsuits can arise from internal and external stakeholders, including regulatory entities.

In the increasingly dangerous geopolitical climate, directors and officers must carefully curate supply chains and international partnerships. The added stress of cyber attacks in an unstable geopolitical environment adds to the potential for loss.

[1] "ICA ups loss bill for Christmas and New Year storms to A$1.2bn." *The Insurer*, 12 Jun. 2024.

CANADA

Property

The Canadian real estate insureds will be pleased that property hard market conditions from 2023 have eased as global reinsurance pricing pressures have lifted. Non-cat-exposed insureds with clean loss histories are generally receiving rate reductions. Considering moderate economic inflation, renewal results for real estate insureds are expected to be nearly flat on a risk-adjusted basis.

Insureds exposed to catastrophic perils still face slight increases due to the limited appetite for these risks. However, the pricing environment is not as elevated as it was over the past 3 years, and there is ample capacity for non-cat exposed risks in Canada.

Canadian underwriters have been particularly focused on flood losses. They are applying restrictive coverage terms and conditions based on flood modeling results. Real estate firms utilizing water leak mitigation and detection technology will have better-modeled outcomes and renewal pricing.

Wildfire is another growing concern, as it has not been as well modeled compared to other cat perils. Carriers, primarily in Alberta and British Columbia, are collaborating with third parties to develop wildfire mitigation practices to reduce the severity of wildfire losses. Most insurers will not bind cover on properties within a 50-kilometer radius of active wildfires; however, we have yet to see material changes to coverage terms related to wildfire exposure. This is an exposure we are keeping watch of.

With more markets competing for business, incumbent insurers are working harder to retain clients with competitive renewals.

Casualty

In the casualty arena, liability premium spending is a smaller component of the overall cost of risk for Canadian real estate firms. Pandemic-related court closures and decreased foot traffic led to fewer opportunities for claims to occur and be litigated. We are seeing more liability claims surface compared to the pandemic lows.

For primary liability placements, insureds are broadly experiencing renewals ranging from flat to modest increases. Many insureds started receiving rate decreases last year as the market began to soften. Insureds who did not receive decreases last year will likely see them this year. In excess liability, renewals are remaining relatively flat.

Financial and executive lines

Pricing for financial and executive lines in Canada has continued to fall due to increased competition from new insurers entering the marketplace. Additionally, many D&O insurers have ambitious new business goals with an added focus on client retention. This confluence of factors has created a downward pressure on prices.

Publicly traded firms are experiencing the greatest cost reduction in somewhat of a whipsaw effect. These firms received the most aggressive price hikes when global markets began to anxiously react to potential claims from the flurry of IPOs, SPACs, and de-SPACs in recent years. When these claims did not materialize as expected, insurers were able to more aggressively price coverage. Additionally, large publicly traded risks often require large excess towers, and it is in the upper excess layers where competition develops first.

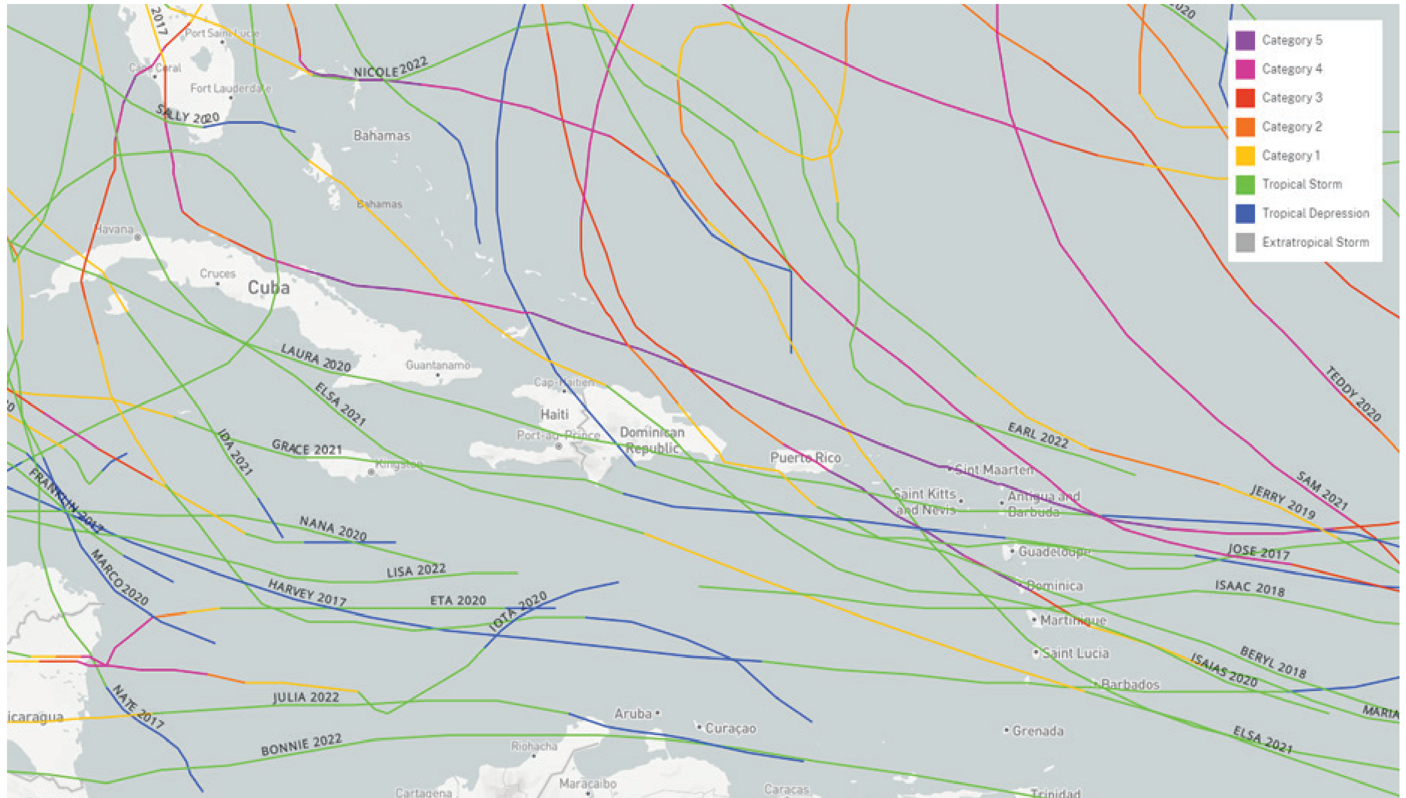
Underwriters are more cautious with smaller, privately held firms, which are susceptible to claims related to bankruptcies, mergers and acquisitions, and employment practices. When central bankers worldwide began to raise interest rates to combat rising inflation, cheap capital dried up, and Canadian firms in all industries felt the squeeze. As claims related to bankruptcies pick up, this will impact market conditions for real estate firms.

Insurers of privately held firms have responded with tighter terms and conditions. Cost inflation remains a significant concern for insurers paying to defend clients, even though a trial may result in a successful dismissal.

CARIBBEAN

Property

The global property insurance marketplace began hardening as early as 2017. A review of the NOAA's hurricane data since 2017 provides greater insight into today's property insurance marketplace in the Caribbean.



Source: "NOAA Historical Hurricane Tracks." National Ocean Service.

The hurricane path map above illustrates that the Northern Caribbean territories experience more frequent and intense hurricanes compared to the Southern Caribbean, which faces fewer and less intense land-falling hurricanes.

This has resulted in split market conditions for real estate insureds in the Caribbean. While capacity is a challenge for the entire region, it is more difficult to secure in the northern territories. Insurers have relied heavily on facultative reinsurance to round out capacity, much of which is reserved for existing client renewals. This leaves domestic insurers without room for new business growth, and thus puts Gallagher in the frequent position to arrange the reinsurance in partnership with local fronting carriers to obtain the much-needed capacity. This capacity constraint will continue to present significant challenges for the surging Caribbean construction industry throughout 2024.

Scott Wallace, Caribbean Real Estate Leader for Gallagher, noted that property rate increases in 2024 for the Northern Caribbean (the Cayman Islands, Turks and Caicos, Jamaica, and the Bahamas) range from +10% to +20% year-over-year. Despite these double-digit increases, this is a noticeable improvement on the rate environments observed from 2022 to 2023, when rates were skyrocketing from +25% to +75%. In the Southern Caribbean, however (Barbados, Eastern Caribbean, Trinidad and Tobago), fierce competition remains, which has helped moderate pricing.

While losses from Hurricane Beryl appear to manageable for the industry, we are keeping a close eye on the remainder of hurricane season and the implications for reinsurance agreements that renew on January, 1 2025

Casualty

The Caribbean does not face the same litigious pressure as other developed insurance markets. As such, casualty is not a loss leader for Caribbean insurers. Many insureds are experiencing flat renewals, and some are receiving decreases.

Financial and executive lines

Like casualty, financial and executive lines of coverage are not major ticket items for Caribbean insurers, and pricing remains stable with softening conditions expected throughout the remainder of 2024.

COLOMBIA

Property

The shift from El Niño to La Niña weather patterns can profoundly impact the weather in Colombia. During El Niño conditions, Colombia experiences decreased rainfall, leading to drier vegetation and increased forest fires. In January of this year alone, Colombia doused 204 fires, leading Colombian President Gustavo Petro to release public funds aimed at combating fires.[2] As weather patterns shift back towards La Niña conditions, the country braces for flooding and mudslides.

Real estate insureds in Colombia with a strong track record of successful development, operation, and management of their assets are viewed favorably by insurers. Clients with mature operations should focus their renewal efforts on detailing their robust risk management and loss control practices.

As global reinsurance pricing eases, we expect domestic primary insurers to follow suit. Insureds with a good loss history should expect rate increases in the low single digits, and those with more developed claims can expect rate increases in the upper the low double-digit range.

Financial and executive lines

Cyber

Colombian insureds face the same global risks of ransomware attacks, phishing scams, and data breaches from malicious software or unauthorized access to computer systems. However, there is the added challenge of the physical theft of computers and other data processing equipment. While external hacking can be addressed through internal cyber controls, this introduces additional costs to insurers to replace property rather than just restoring data and unlocking systems.

Crime

As the complexity of financial crimes in Colombia evolves, insurers are adapting. In the past, internal theft was the leading cause of loss for Colombian crime insurers. Today, social engineering claims have taken the top spot in terms of frequency, but not severity. As a result, many insurers now sublimit coverage for social engineering claims to either USD250,000, USD500,000, or USD1 million rather than including coverage up to the policy limit.

Directors & Officers liability and ESG

Colombian insureds should be mindful of the added legal responsibility that ESG initiatives can carry for corporate real estate executives and, therefore, the impacts they can have on D&O pricing and coverage.

From an environmental standpoint, insureds should take extra care to showcase risk management procedures related to emissions and waste to mitigate the chances of lawsuits from affected communities or government entities.

Socially, executives can be held liable for failure to maintain fair and equitable labor practices, as underwriters are wary of lawsuits regarding discrimination, unsafe working conditions, or a lack of transparency in compensation.

Lastly, in terms of governance, transparency and public disclosure are key. Inadequate or misleading disclosures can result in legal actions from investors who feel deceived or have suffered financial losses due to a lack of transparency.

[2] Bocanegra, Nelson, and Oliver Griffin. "Colombia to declare a natural disaster over wildfires." *Reuters*, 25 Jan. 2024.

NEW ZEALAND

Property

Insurers in New Zealand can finally take a breath after paying NZD4.1 billion worth of claims in 2023, according to the Insurance Council of New Zealand (ICNZ). It has been over a year with no catastrophic losses since the Auckland Anniversary Day flooding and Cyclone Gabrielle wreaked havoc and racked up claims.

Reinsurers also benefited from a slowdown in major losses, with no single occurrence in 2023 totaling more than NZD10 billion. This contributed to more orderly renewals with abundant capacity for primary insurers. The easing of reinsurance rates positively impacted the renewals for primary insurers in New Zealand. Initially, insurers informed Gallagher brokers that clients should expect low double-digit rate increases. However, we have seen mid to low single-digit renewal rates halfway through the year. Domestic insurers are facing pricing pressure from overseas markets, especially London, to keep a lid on rates. This increased competition has refocused insurers on both the retention of current clients and new business growth. Our expectation is that any further rate increases will be minimal, with the potential for decreases.

Given that recent catastrophic losses in New Zealand have primarily been flood-driven, nearly all insureds should expect to have their flood risk profile reviewed at renewal. While insurers rely heavily on ICNZ flood mapping to effectively evaluate risk, it is important to note that the data does not contemplate flood mitigation efforts made by clients since their last renewal. This means that communicating all efforts to fortify an asset against flood losses will be critical to a successful renewal.

Casualty

New Zealand's casualty market is uniquely insulated from the perils that plague international casualty markets, including costly bodily injury claims and ensuing lawsuits, thanks to the Accident Compensation Corporation's legislation. This means the burden for claims activity falls on liability related to incidents of property damage.

As it relates to real estate clients, the bulk of claims activity has resulted from the construction sector. Claims and pricing have remained stable over the last 12 months; however, we believe that increasing competition may put downward pressure on future rates.

Financial and executive lines

The bulk of financial and executive lines of coverage are underwritten via package policies in New Zealand, which has allowed prices to remain stable. Larger D&O placements, especially those that require excess layers, are receiving significant decreases, similar to other parts of the world.

We have observed an uptick in claims related to employment practices liability, statutory liability, and crime over the last 24 months. However, the presence of Third-Party Litigation Funding (TPLF) is less pervasive in New Zealand and has allowed claims costs to remain subdued. We are cautiously monitoring the potential for claims related to insolvencies, as poor economic performance has led to a significant slowdown in the construction sector.

UNITED KINGDOM

Property

With the stabilization of the property reinsurance market, primary insurers in the UK are delivering improved results to real estate insureds. A handful of insurers are offering Long-Term Agreements (LTAs) once more, with modest reductions built in for the best-performing risks with minimal claims experience. While insurers are keen on growth, there is less interest in residential and industrial/warehouse risks.

Reduced appetite

Property insurers have shied away from large industrial/warehousing risks due to a lack of proper fire protection. The large steel-framed buildings that house these operations are particularly difficult to insure because fire brigades will not enter burning buildings for fear of collapse. This means a total loss is more likely than a building fire they could adequately combat.

Water damage and flooding

UK underwriters are particularly concerned with water losses. They are most concerned with escaped water in multi-occupancy structures and surface water flooding because it can easily infiltrate underground car parks. These losses are especially costly due to costs beyond property damage, like loss of rents. Water can damage multiple units, rendering them uninhabitable, and in underground car parks, central building facilities like electric infrastructure can be damaged. Some insurers have responded with loss limits to reduce their exposure. Newer assets or those that have been retrofitted with automatic shut-off valves and/or leak detection systems will encounter more favorable renewals.

EV charging and solar panels

The UK Building Safety Act has introduced a newly formed Building Safety Regulator with a particular focus on residential assets taller than 18 meters. Fires from EV charging of highly combustible lithium batteries beneath buildings in car parks can compromise a building's structural integrity, leading to a total loss despite a lack of visible above-ground damage. At the top end of a structure, solar panels create a source of ignition on a building's roof. Underwriters will require details related to standards set in the pre-installation and design phase, as well as an understanding of commissioning, operations, and maintenance regimes.

Fire risk: Combustible cladding

Replacing combustible exterior building cladding is costly for landlords, developers, and contractors. As such, the pace of remediation is slow. In an effort to speed things up, the Association of British Insurers (ABI) has supported a fire safety reinsurance facility to increase the availability of insurance for certain buildings with combustible cladding. The primary intention is to loosen the financial burden on leaseholders, who tend to bear increased insurance costs. Take-up has been slow due to quite stringent acceptance criteria and rating parameters.

The Financial Conduct Authority (FCA) and leasehold disclosure

As of January 1, 2024, the FCA has made changes to their rules for leaseholder disclosure requirements for multi-occupancy buildings insurance. Leaseholders are now designated as policy stakeholders entitled to policy information such as pricing, remuneration, placement, and conflicts of interest.

Casualty

We are seeing modest increases in rating across the liability space, which is principally being driven by claims inflation. Rating still remains an extremely small part of the overall cost of risk, but otherwise, there is little change in this market.

Financial and executive lines

The professional indemnity marketplace is experiencing rate reductions, especially for Directors & Officers liability. The expectation of claims volume post-Grenfell Tower and post-COVID-19 simply did not materialize to the extent that they predicted, resulting in fierce competition across the sectors in 2024.

UNITED STATES

Property – Where details make all the difference

The US property insurance marketplace for real estate clients is evolving, with a shift towards softer conditions. Renewal performance will hinge on factors like asset class, construction type, occupancy, protections, risk exposure, and claims history. Multifamily and industrial asset classes continue to face the greatest challenges.

Challenged occupancies

Think like an underwriter, framing the conversation with facts and figures:

- Roughly 440,000 apartment units were completed in 2023, a 36-year high.[3]
- 81% of all multifamily residential buildings built in 2023 were of wood frame construction.[4]
- The US Fire Administration recently estimated USD10.8 billion in losses from 374,000 residential fires, of which nearly half originated from cooking.[5]
- The post-pandemic rise of e-commerce resulted in 4 consecutive years of record industrial construction deliveries. 1.8 billion square feet of industrial real estate have been built since 2020. This is more than the entire previous decade.[6]

During the pandemic, historically low interest rates fueled rapid development, particularly for multifamily units and industrial spaces, to meet new consumer demands and work-from-home needs through the rise of e-commerce. Insurers have had to adjust their stance towards these asset classes.

Frame construction is already viewed as a higher-risk construction type. Compounded by the increased exposure to fires resulting from home cooking in the work-from-home era, insurers are increasingly hesitant to cover frame multifamily properties. This has led to reduced appetite in the marketplace.

For industrial properties, underwriters prioritize tenant diversity and adherence to NFPA 13 sprinkler standards. Newer industrial assets with superior fire protections are preferred, while older properties lacking adequate suppression systems face heightened scrutiny based on occupancy risks.

Pesky perils

Hail-producing severe convective storms are a top concern for underwriters nationwide, driving higher deductibles. In regions prone to hail losses, we see stricter terms and conditions like cosmetic damage exclusions that limit coverage only to damage that impacts exterior building performance. Underwriters favor resilient roofing construction and protective measures for HVAC equipment on roofs. Roof-installed solar panels can cause underwriters to decline a risk altogether.

[3]O'Brien, Kim. "2024 Apartment Supply Scheduled to Outweigh 2023," *RealPage*, 15 Jan. 2024.
[4]"Highlights of 2023 Characteristics of New Housing," *United States Census Bureau.*
[5]"Residential Fire Estimate Summaries (2013-2022)," *US Fire Administration, 15 May 2024.*
[4]https://www.cushmanwakefield.com/en/united-states/insights/industrial-construction-update

Not all bad news

As the hard property market eases, most asset classes are receiving risk-adjusted property rate increases ranging from flat to +10%, with some receiving rate decreases. We have observed underwriters rewarding office assets with strong rent rolls and low crime scores, with rates ranging from flat to -5%.

Insureds who experienced the hardest renewals in 2023, like Tier 1 Wind exposed assets in coastal Florida, are generally experiencing year-over-year decreases. Direct engagement with London markets pressures North American insurers to offer more competitive renewals if they hope to retain clients on shared and layered structures.

In the non-catastrophe exposed regions like the Midwest and Great Lakes, property rates remain slightly elevated, as they were shielded from the worst of the 2023 rate increases seen in catastrophe-prone areas. Rates in these regions are still catching up to current loss costs, but insureds in these geographies still enjoy some of the most competitive rates nationwide despite these increases.

Casualty: The other side of the teeter-totter

As conditions in the property market continue to soften, the temperature in the casualty market is heating up. Real estate insureds in the United States can expect an elevated rate environment, tightening terms and conditions, and reduced capacity.

Rate ramp up

While property underwriters were caught off guard by pandemic-fueled inflation, rapid interest rate hiking, supply chain shocks, and pervasive undervaluation of property, casualty underwriters have been preaching about the dangers of legal system abuse, social inflation, and claims costs accelerating faster than inflation for years. In an effort to avoid a generational hard market, as we saw in property, they are tightening the belt, especially for multifamily assets.

Gallagher Drive® rate data shows that operators of multifamily portfolios can expect rate increases on primary liability placements ranging from +10% to as high as +20%. The data also shows that umbrella rates are also elevated, trending in the range of +10% to +15%.

Capacity conundrum

Insurers have been burned by losses that continue to pierce the primary liability layers with greater frequency. They are responding by offering smaller line sizes and demanding higher attachment points. Larger programs are increasingly moving towards a USD2 million-dollar occurrence/USD4 million-dollar aggregate structure as a result. More insurers are required to fill out large umbrella towers, and the increased participation is adding to frictional costs in the form of minimum premiums. We observe fewer umbrella market programs for habitational businesses each renewal cycle.

Terms and conditions

Among the leading causes of loss that underwriters are most fearful of are acts of violence, sexual abuse, and dog bites. As such, underwriters are attempting to implement exclusions for canine-related injuries, assault and battery, abuse and molestation, habitability, and firearms. Crime scores are critical to casualty underwriting for all asset classes, but especially for multifamily. Additionally, the days of supplying underwriters with 3–5 years of loss history are long gone. Underwriters are seeking loss data for 7–10 years when evaluating risks.

Marketing casualty placements

Insureds should be prepared to discuss their 10-year loss history in depth. They should be prepared to offer additional detail surrounding larger losses, the specifics of the occurrence, and what controls have been put in place to mitigate future losses. Underwriters are seeking clear and effective contractual risk transfer between insureds and third parties. Especially for regions that experience snow, effective third party risk transfer for snow and ice removal is critical to mitigate expensive slip, trip, and fall losses during the winter months.

Management liability: Continued relief

Renewals for US-based real estate insureds have been a bright spot among the cloudy market conditions of the past few years.

Overall, most insureds are experiencing premiums at renewal that are either flat or result in reductions by as much as -10% for all management liability lines of coverage including Directors & Officers liability, Errors & Omissions, Employment Practices Liability, Crime, Cyber, and Fiduciary coverages.

We are seeing some improvement for D&O and E&O retentions, especially for registered investment advisors and asset managers. Those who have experienced increases in retentions for EPL may be able to find relief during their next renewal with easing retentions.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Climate-related reporting requirements vary across international borders, but one common theme remains, a push for a greener real estate industry. The major trends we have observed include:

- In the European Union, under the Corporate Sustainability Reporting Directive (CSRD), larger property owners are legally obligated to report on carbon, pollution, water, waste, and biodiversity related to their operations. This type of reporting remains voluntary in the United Kingdom.
- In some cases, asset owners have reported what is being called a "brown discount" applied to assets perceived to have poor "environmental performance." This is partly due to the cost they will incur to retrofit and bring them up to modern standards. Conversely, assets that have already achieved better energy efficiency and cleaner operations often sell at a premium.
- Mass timber construction is becoming more common as an alternative to structural steel and concrete. In the UK, buildings seek to attain best-in-class NABERS/WELL/BREEAM certification — meaning they have used either timber, reclaimed steel, low-carbon concrete, or a combination of the three.
- In December 2023, the UK Government rolled out its first cross-party Timber in Construction Roadmap that Gallagher assisted in writing to encourage more timber in construction as part of the UK's overall roadmap to net zero by 2050.

From a purely environmental standpoint, it is important to recognize the global weather activity that contributes to insured losses worldwide.

- USA: Insured losses from elevated thunderstorm activity have already exceeded USD30 billion. A notable derecho left widespread damage in Houston, TX, in early May.
- USA/Caribbean: The start of the Atlantic hurricane season on June 1 has prompted heightened awareness of seasonal forecasts. Most major prognosticators, including NOAA and Colorado State University, suggest "hyperactive" activity in the basin. At the time of writing, Hurricane Beryl has just made landfall, and industry loss costs are being evaluated.
- USA: Heavy rainfall in June prompted significant flooding in parts of the Upper Midwest. Iowa, South Dakota, Nebraska, Minnesota, and Wisconsin were hit the worst.
- Canada: Extreme heat and dry conditions have led to further wildfire activity across parts of Canada. The fires, some of which originally ignited in 2023 and smoldered through the winter of 2023/24, led to the evacuation of several communities.
- UK/Europe: An active late spring and early summer weather pattern brought catastrophic flooding to southern Germany and other parts of Central Europe. The insured cost in Germany alone was estimated to exceed USD2 billion. Further thunderstorm activity throughout Europe, fueled by record heat, led to heavy hail damage in Austria, Romania, Germany, France, the Czech Republic, and elsewhere.

REINSURANCE

Property

An improved pricing environment with risk-adjusted catastrophe placements remained flat to -10%, and demand for additional capacity was met. This includes an extra USD3 billion to USD5 billion for Florida risks. Predictions of an active 2024 North Atlantic hurricane season have not significantly affected the pricing and capacity of traditional reinsurers, but some alternative capital providers and retrocession capacity providers have moderated their appetite for US and Caribbean catastrophe exposures. Estimated economic losses of USD43 billion and insured losses of USD20 billion in Q1 2024, driven by severe convective storms (SCS) and secondary perils, together with the unexpected flood losses in the UAE, Southern Germany, and Brazil in Q2 2024, reinforced reinsurers ongoing discipline on retention levels.

Casualty

Underwriters in the casualty insurance sector are less confident than those in the property insurance sector, with increased concerns over rate adequacy in the US, driven by adverse developments reported by liability insurers in Q4 2023. Successful placements were achieved by cedants who effectively communicated their underwriting and pricing strategies, supported by strong analysis.

While supply and demand dynamics remain stable with adequate capacity, there have been some minor changes in reinsurer panels, indicating a lack of consensus on underlying issues.

AJG.com **The Gallagher Way.** Since 1927.

The information contained herein is intended for discussion purposes only. This publication is not intended to offer legal or governance advice, or client-specific risk management advice. Any description of insurance coverages is not meant to interpret specific coverages that your company may already have in place or that may be generally available. General insurance descriptions contained herein do not include complete Insurance policy definitions, terms, and/or conditions, and should not be relied on for coverage interpretation. Actual insurance policies must always be consulted for full coverage details and analysis.

Insurance brokerage and related services to be provided by Arthur J. Gallagher Risk Management Services, LLC. (License Nos. 100292093 and/or 0D69293).

© 2024 Arthur J. Gallagher & Co. | GPUS101693