

- Senior Executive Vice President & Managing Director for Public Entity Group of Alliant Insurance Services
  - The Public Entity Group ranks among the nation's leaders in providing insured and self-insured products to public entities
- Daniel has worked primarily with public entities for over 20 years; and has worked and administered service risk pooling groups
- He is an active State Bar of California and holds the CPCU and ARM-P designations



# Airport Roundtable/Hot Topics Property & Casualty Insurance Market Update

ACI Risk Management Conference  
January 11, 2013

Alliant: The specialty insurance leader.



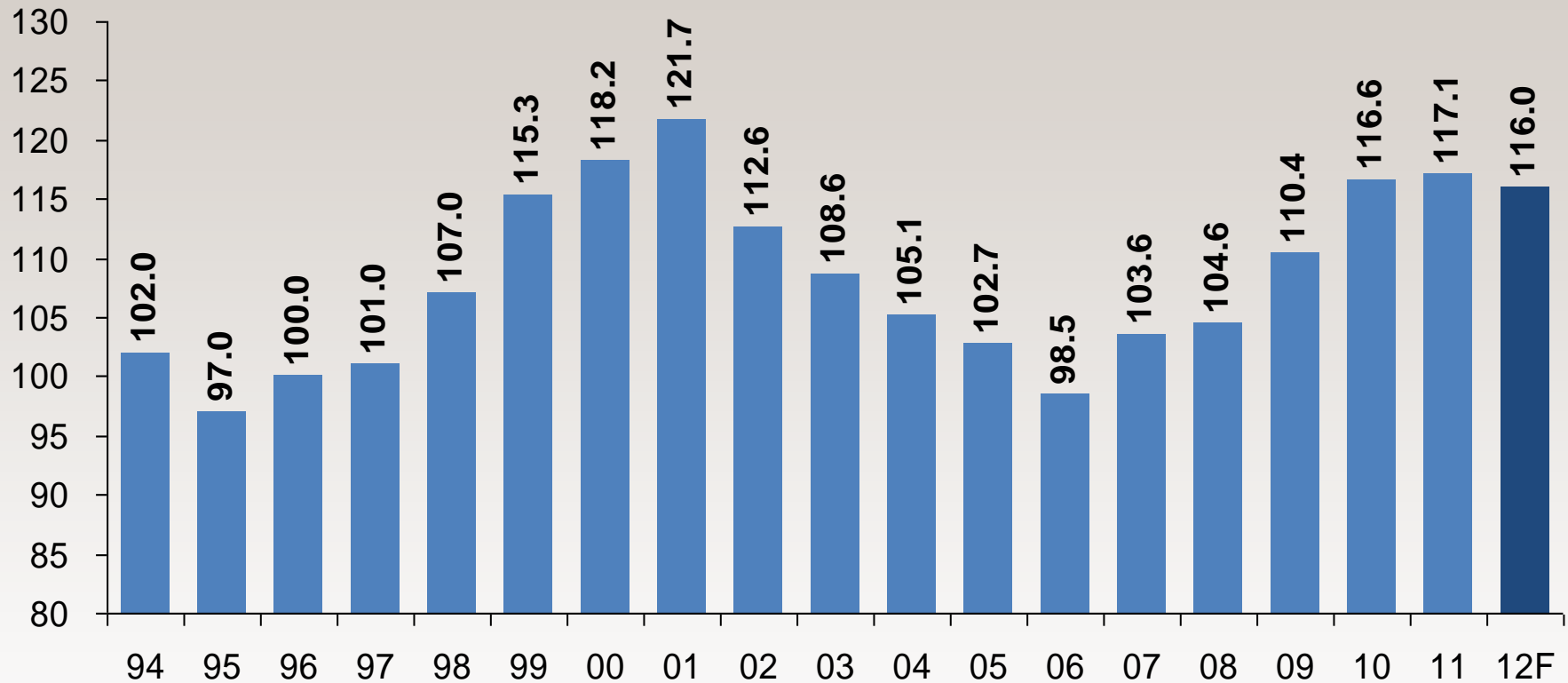
# Presentation Outline

- I. State of the Insurance Market
- II. Renewal Outlook

# I. State of the Market

- 2011 and 2012 were profitable years for commercial property & casualty underwriters
- The market is not soft, but stable for high quality risks with low loss experience
- Most risks that have been well marketed have been taking premium increases on renewal and risks with losses are seeing large premium or attachment increases

# Workers Compensation Combined Ratio: 1994–2012F

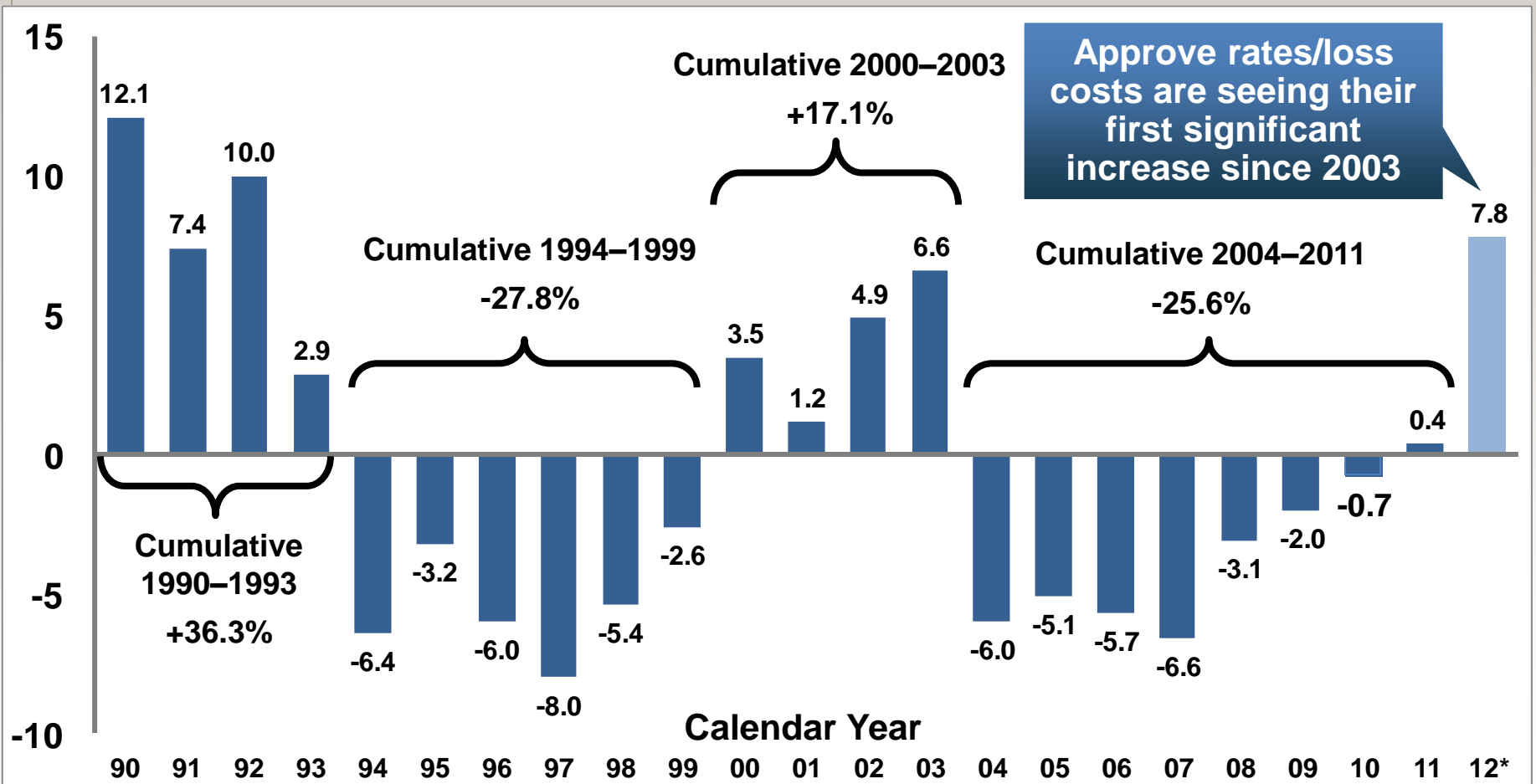


**Workers Comp Underwriting Results Are Deteriorating Markedly and the Worst They Have Been in a Decade**

# Average Approved Bureau WC Rates

## History of Average WC Bureau Rate/Loss Cost Level Changes

Percent



\*States approved through 7/31/12.

Note: Countrywide approved changes in advisory rates, loss costs and assigned risk rates as filed by applicable rating organization.

Source: NCCI, iii.org

# Why haven't recent Catastrophes caused more hardening of market?

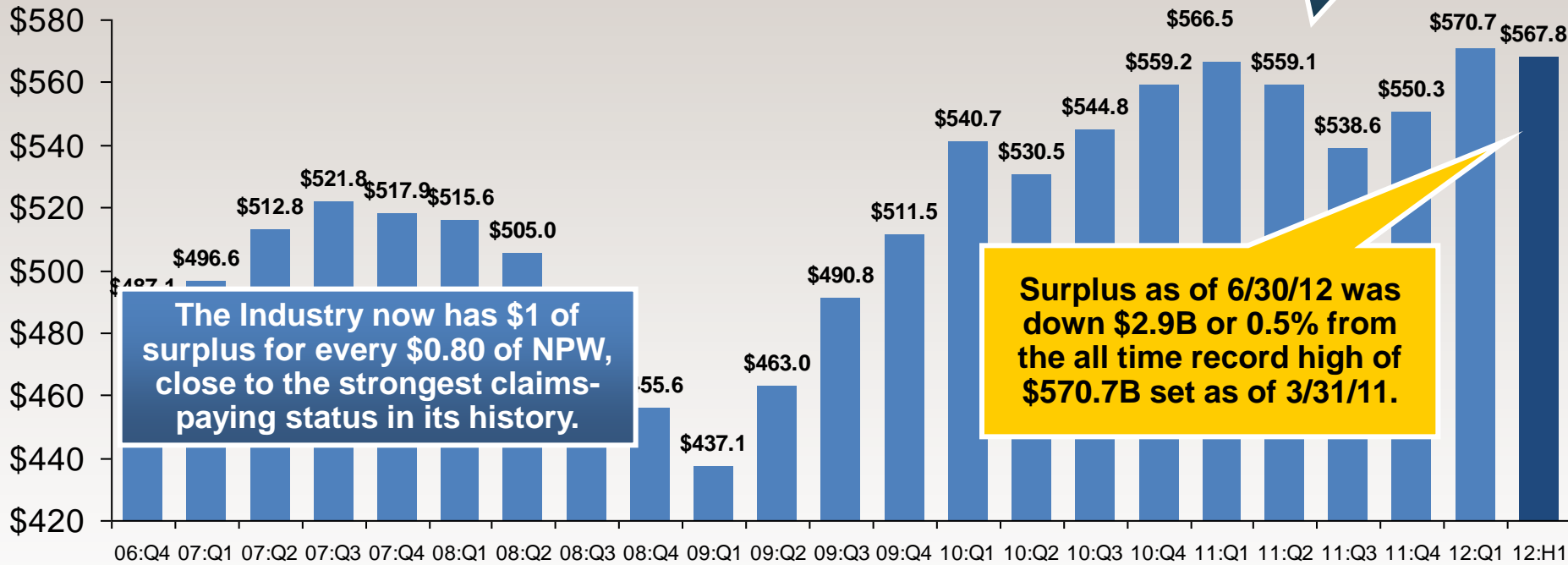
Sendai Airport is surrounded by waters in Miyagi prefecture, Japan, after a ferocious tsunami spawned by one of the largest earthquakes ever recorded slammed Japan's eastern coast Friday, March 11, 2011.



# Policyholder Surplus, 2006:Q4–2012:H1



(\$ Billions)



The Industry now has \$1 of surplus for every \$0.80 of NPW, close to the strongest claims-paying status in its history.

Surplus as of 6/30/12 was down \$2.9B or 0.5% from the all time record high of \$570.7B set as of 3/31/11.

\*Includes \$22.5B of paid-in capital from a holding company parent for one insurer's investment in a non-insurance business in early 2010.



## II. Renewal Outlook for 2013

- Airports (and seaports) represent risks that do not fit in some insurer's portfolios due to risk appetite or treaty exclusions. And, your organization's losses matter – Below projections are for stable risks with good experience
  - **General & Auto Liability:** There is capacity and competition. Overall market stable. *Flat to +5% renewals.*
  - **Airport Liability:** Consistently low losses have kept rate pressure down. Leading markets remain competitive and excess limits available at reasonable cost. *Flat to +5% renewals*
  - **Public Officials and Police Professional Liability:** Continued arrival of new capacity has kept pricing competitive. Limits offered have been curtailed. Jurisdictions with high Employment Liability claims costs seeing rate pressure. Renewals: *+5% to 10%*
    - *Expect inquiries on detention facilities and protest response planning/policies*
  - **Workers' Comp:** Cost is driven by jurisdiction. As a general rule rates are rising and the excess market is less competitive than in recent years. Airports can be challenging due to concentration of personnel and perceived catastrophe loss risk. Renewals: *+5% to 15%, increased attachment pressure*
  - **Property:** Market hardening for cat exposed locations. Flood offerings curtailed . Renewals : *Flat to +10% for non cat, + 15 to 30+ for cat exposed*