



The Insurance Market in 2011
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Market Insights

<http://corner.advisen.com>

Insurance Marketplace in 2011 paper

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Recording of today's webinar

<http://www.zurichna.com/>



Today's Panelists



Mike Foley, Chief Executive Officer of Zurich North America Commercial



Claudia Temple, Assistant Treasurer of Kraft Food Inc.



Robert Howe, Managing Director of Marsh Inc.

Presenter and Report Author



Dave Bradford, Executive Vice President of Advisen

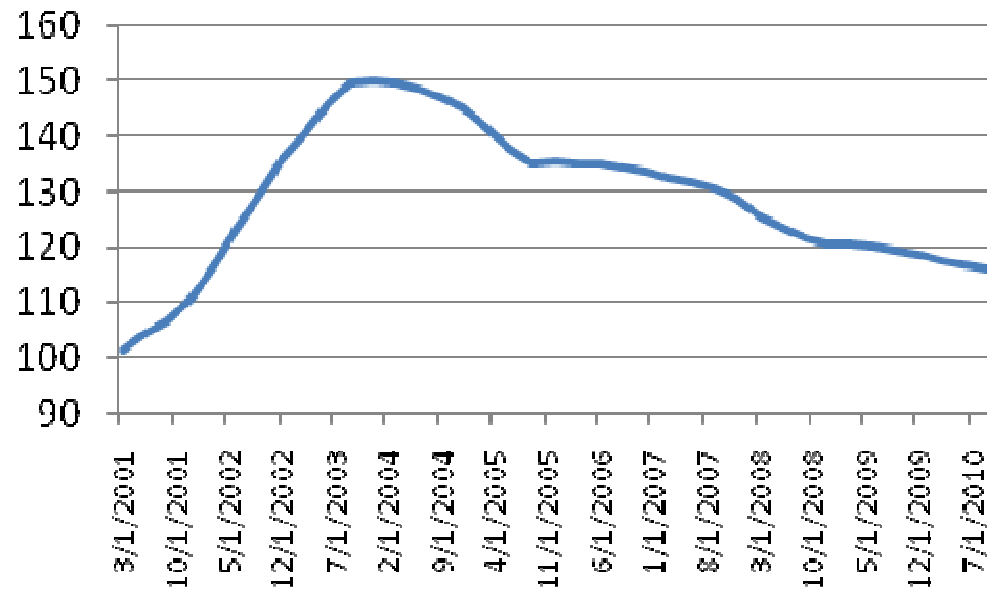


Advisen forecast

- More of the same
 - Buyers to benefit from competitive market
 - Anemic recovery keeps pressure on rates
- Brokers will struggle for organic growth
 - M&A
- Non-admitted market continues to lose business
- Reinsurance market will remain overcapitalized

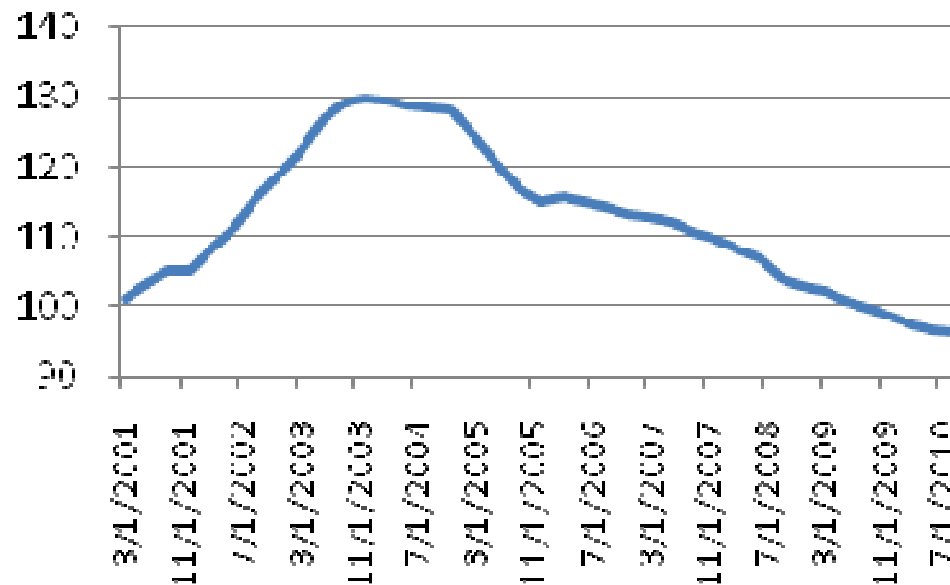
The pricing cycle

ADVx™ Composite Pricing Index



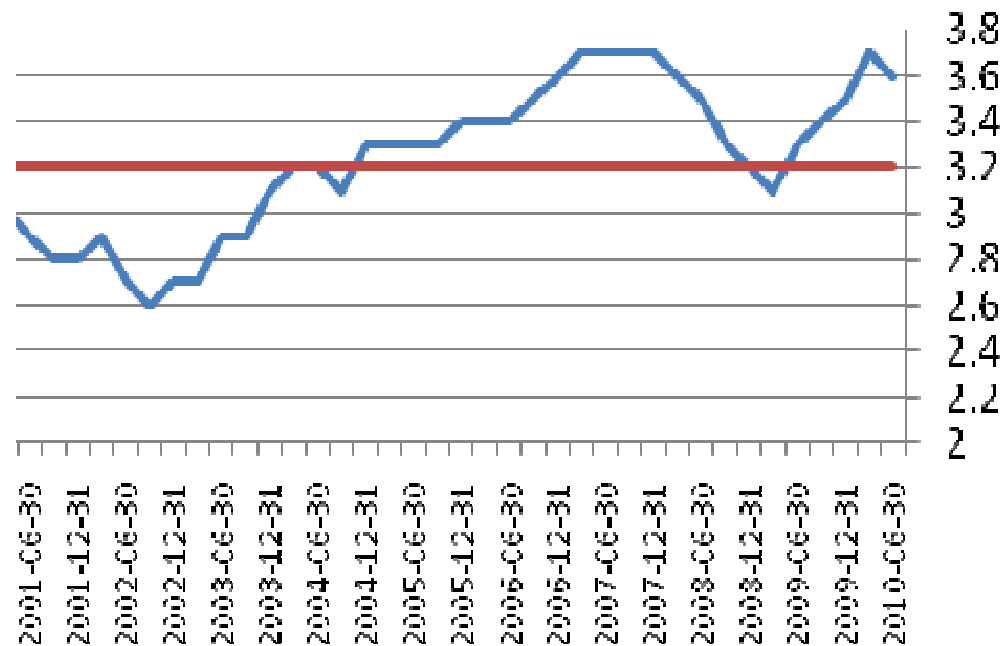
The pricing cycle

ADV_xTM General Liability



The pricing cycle

Surplus as % GDP





Legacy of the Great Recession

- Fewer exposure units
 - Companies downsized & went out of business
 - Unemployment near 10%
- Written premium down
 - Workers compensation
 - General liability
- Insurers competing for piece of a shrinking pie
- Anemic recovery not fueling new demand



Reinsurance & Surplus Lines

- Reinsurance
 - US insurers cede about 14% of written premium
 - Reinsurance market overcapitalized, competitive
- Surplus lines
 - Lost about 11% of WP in 2010
 - Business flowing from non-admitted market to admitted market
 - Will be big beneficiary of hard market



Other factors

- Catastrophe losses
 - US dodged a bullet in 2010
- Loss reserve “harvesting”
- Interest rates
- Emerging markets
- Regulation
 - Dodd-Frank Act



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