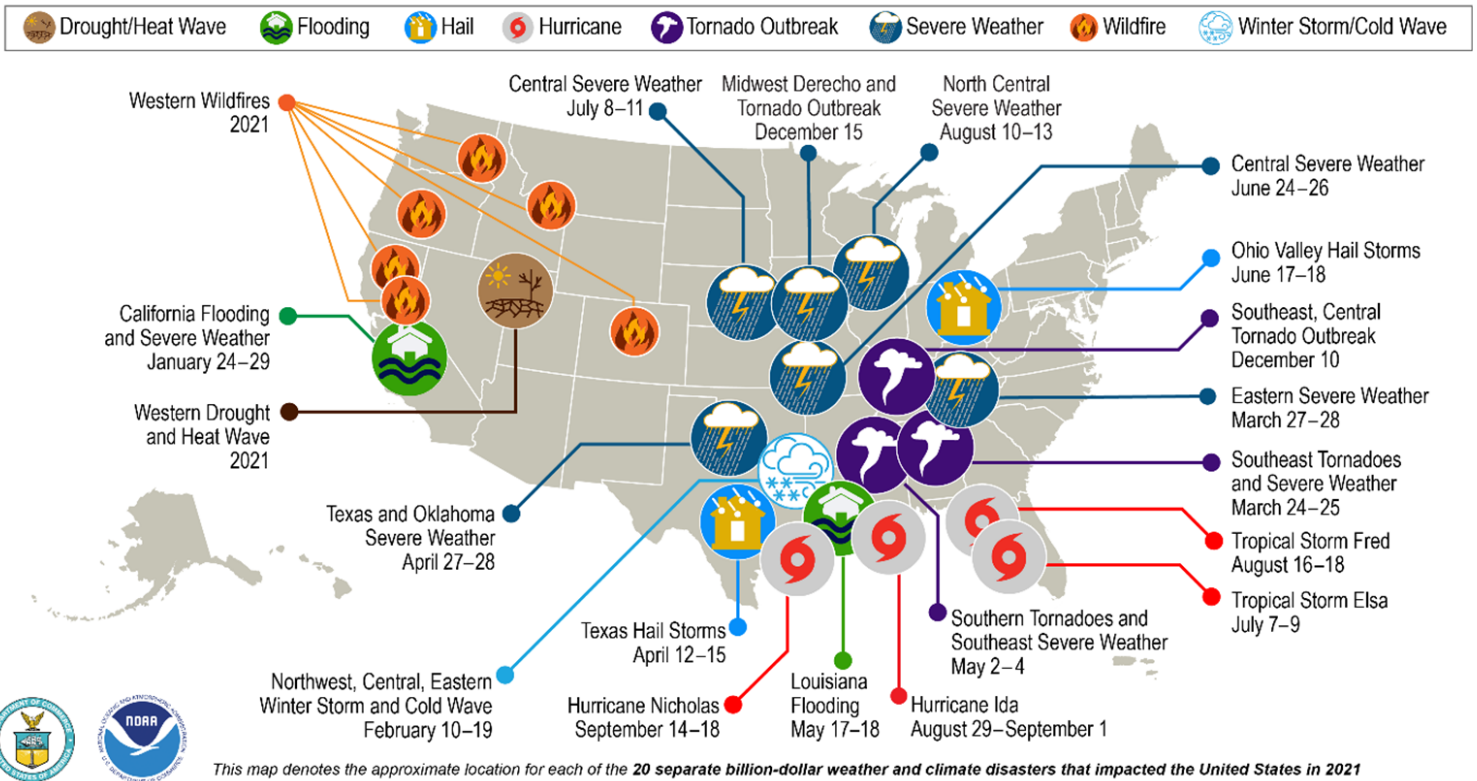




PROFESSIONAL INSURORS
AGENCY, LLC

2022 Property Rates

U.S. 2021 Billion-Dollar Weather and Climate Disasters



The Insurance marketplace continues to harden in 2022 and insurance rates for most risks are increasing again while deductibles continue to rise in the Midwest, especially in Oklahoma and Texas.

Three specific factors simultaneously in play at the present time are affecting underwriting and pricing:

- **Increase in Significant Natural Disasters** - producing severe weather related insured losses.
- **Supply Chain Crisis** - triggering higher cost in construction materials and delays in restoration.
- **Historic Inflation** - highest it's been in the past 40 years.



2022 Property Rates

LLOYDS OF LONDON

Lloyds of London who re-insures most of the property carriers has been taking underwriting losses for several years in this line of business. It is our understanding they have plenty of capacity, but do not want to keep placing coverage and taking a loss on their investment. This is not a one- or two-year situation, but one that has been a problem for nearly a decade.

VALUATION OF PROPERTY

Insureds and carriers have been lax in keeping property valuations and limits current with reconstruction costs. Many programs and carriers allowed values to be low as a function of pricing. The industry is now attempting to raise these values closer to true replacement costs.

INCREASED TIME IN RESTORATION

With supplies difficult to obtain and shortage of labor force the time it takes to restore after a loss has increased and is increasing the cost of loss of income claims.

21 NAMED STORMS

Over the last 12 months, 21 named storms occurred making it the third most active hurricane season on record. Of those, 8 became hurricanes that hit landfall with Hurricane Ida being the most devastating.

TORNADOES & SEVERE WEATHER

We reached a record high at 1,280 confirmed tornadoes hitting 8 states. Insured losses are estimated at \$85B for tornadoes and severe thunderstorms.

INSURED CATASTROPHIC LOSSES

These again exceeded the 10- year average increasing to \$82B.

FEBRUARY ICE STORM

Known as the Polar Vortex, this storm resulted in \$15B in insured losses.

WEATHER PREDICTIONS

For the 2022 storm season are once again not favorable as it's predicted to be overall warm, with the potential for more extreme heat events including above average fire and hurricane seasons.



WEATHER PREDICTIONS (CONTINUED)

Due to ocean temperatures, wind patterns and other factors experts are saying the conditions are favorable for multiple occurrences of large hail and tornadoes. We have not had an F5 tornado in 8 years and the average is approximately 5-7 years in between them.

NUMBER OF CARRIERS

In certain segments, such as multi-family, capacity is limited. Currently, there are only a couple carriers and programs that are significant players and several others that will consider property risk, especially in the multi-family risk, compared to the past when multiple options were available. One significant program for habitational risks (Strata) was unable to secure re-insurance and is non-renewing all insureds at the moment. Several other programs and carriers are offering renewals, but not entertaining new business. The programs and carriers that are still in the segment are increasing values, rates and deductibles to try and become profitable and sustainable. If the current providers were highly profitable, we would see more carriers entering the segment.

PROFESSIONAL INSURORS

We are one of the largest writers of commercial property and multifamily risk in Oklahoma and surrounding states, and are one of the first places brokers, carriers and programs call when they want to enter this segment. We also have large volumes with the existing players, so we are positioned to get the best terms and pricing for our clients. We are reviewing each renewal and all new client quotes to determine if there are better options. We understand insurance costs come out of your bottom line and work diligently to get the very best pricing and coverage in the marketplace for each of our clients.