



PLUG Market Sentiments Questionnaire

International
Underwriting
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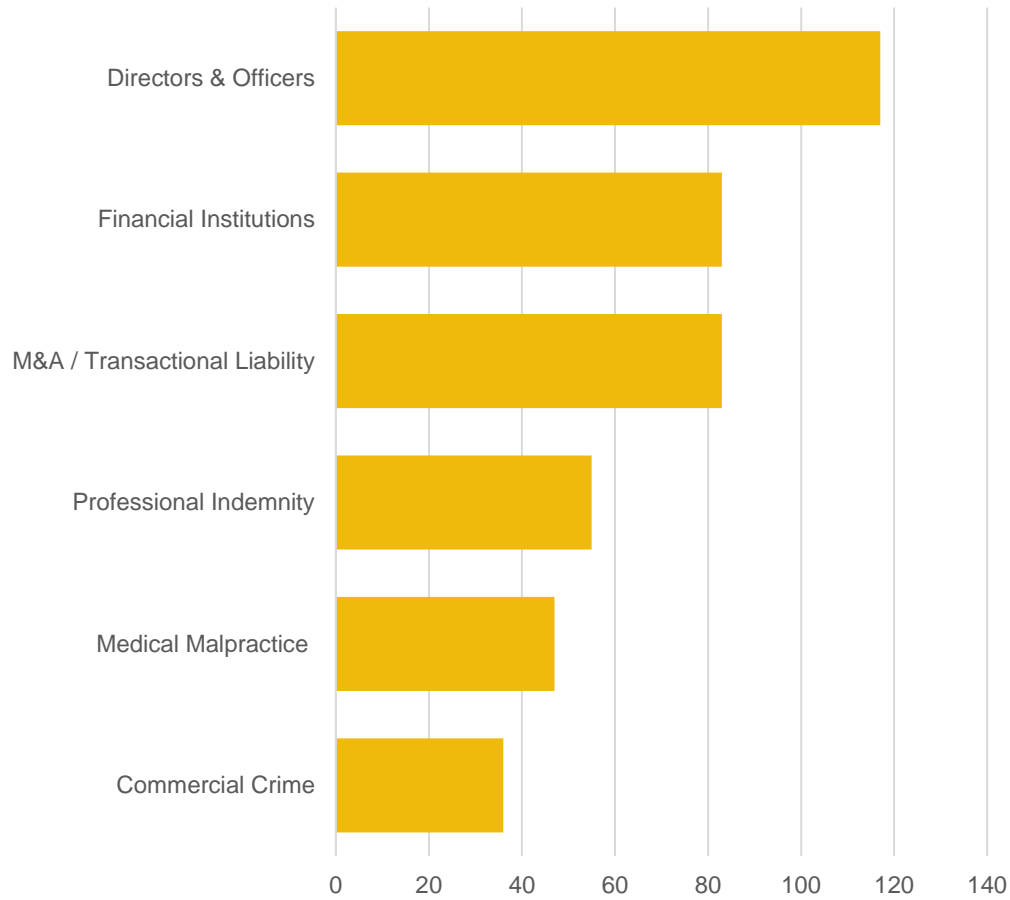
Background

- We asked Casualty Reinsurers from our Professional Liability Underwriters Group for their views on the state of the market.
- For this year's questionnaire, we had 18 respondents providing their views.
- This is an anonymised survey, where members were asked for their own personal views and not those of their companies.

Risk Rating Across Original Line of Business

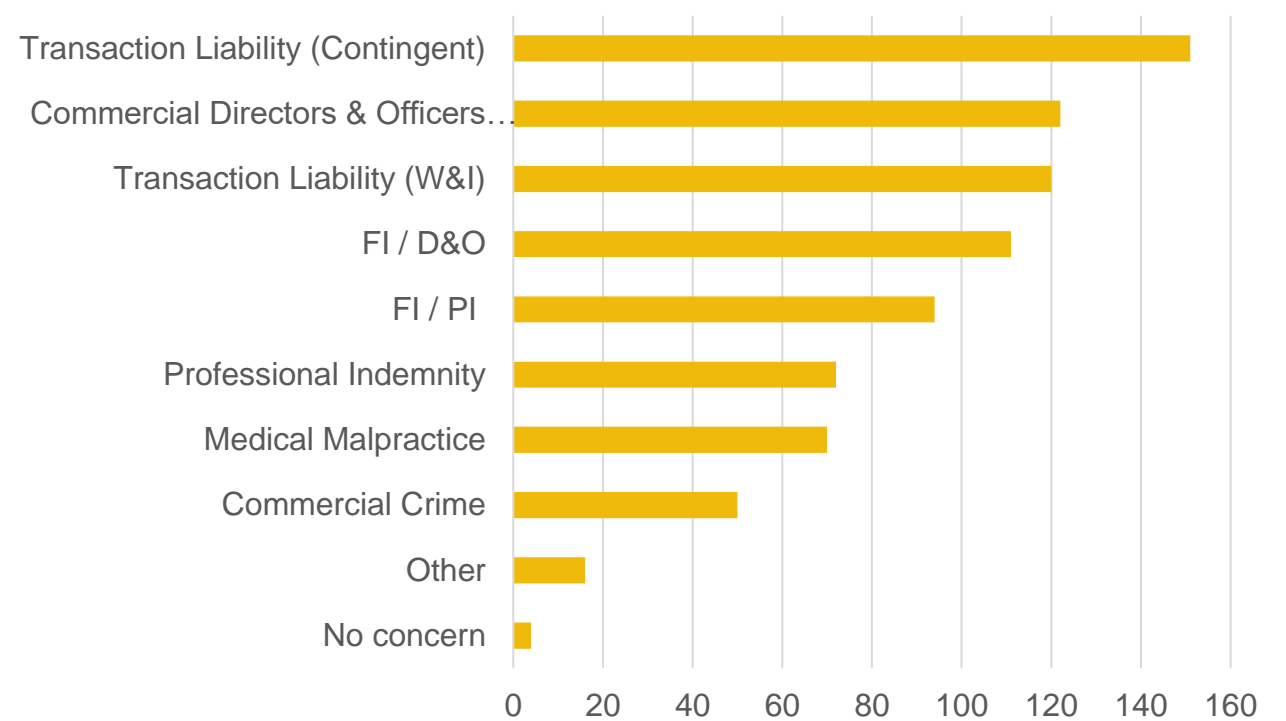


2024



	Commercial Crime	Medical Malpractice	Professional Indemnity	M&A / Transactional Liability	Financial Institutions	Directors & Officers
Risk	36	47	55	83	83	117

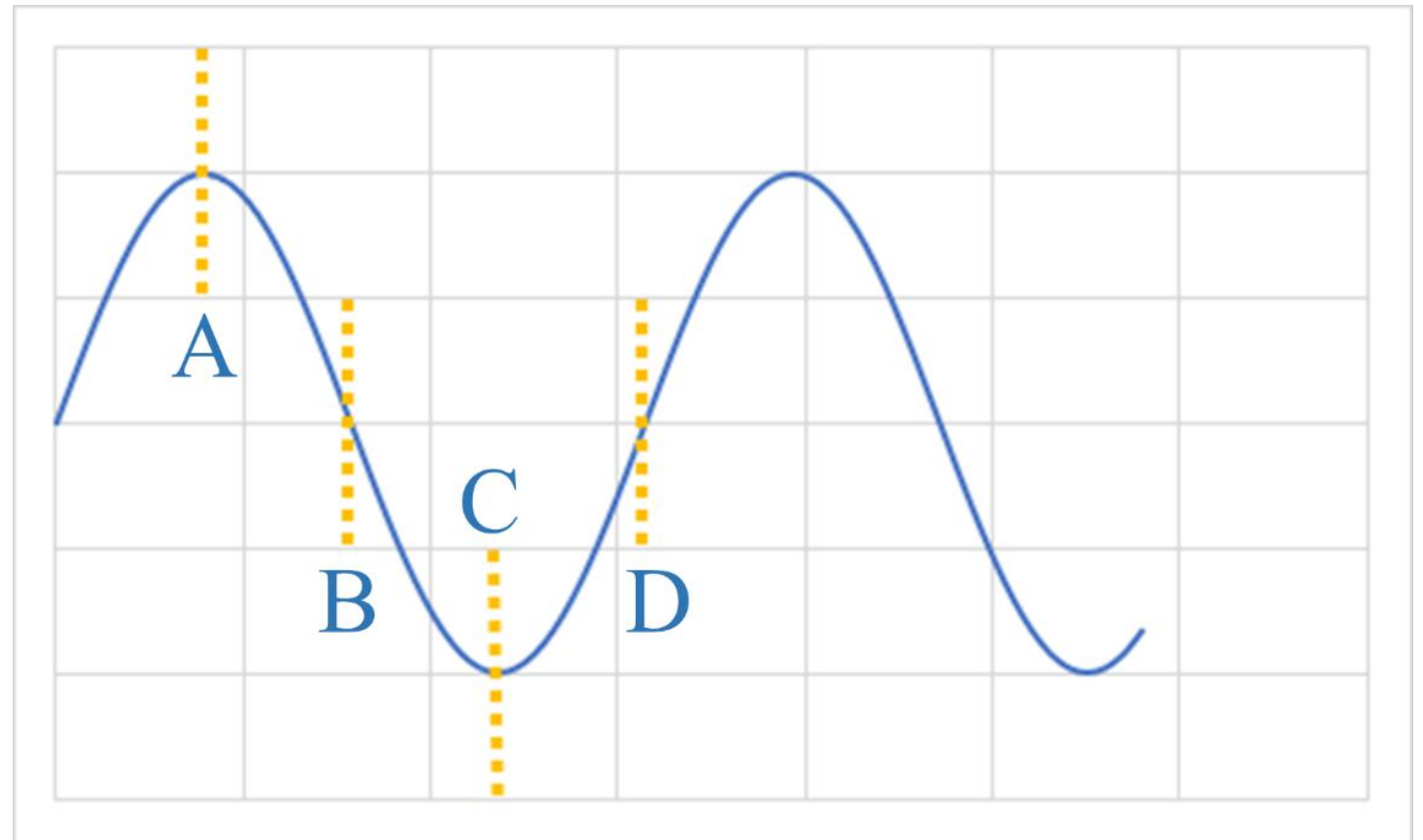
2025



	No concern	Other	Commercial Crime	Medical Malpractice	Professional Indemnity	FI / PI	FI / D&O	Transaction Liability (W&I)	Commercial Directors & Officers (D&O)	Transaction Liability (Contingent)
Risk Value	4	16	50	70	72	94	111	120	122	151

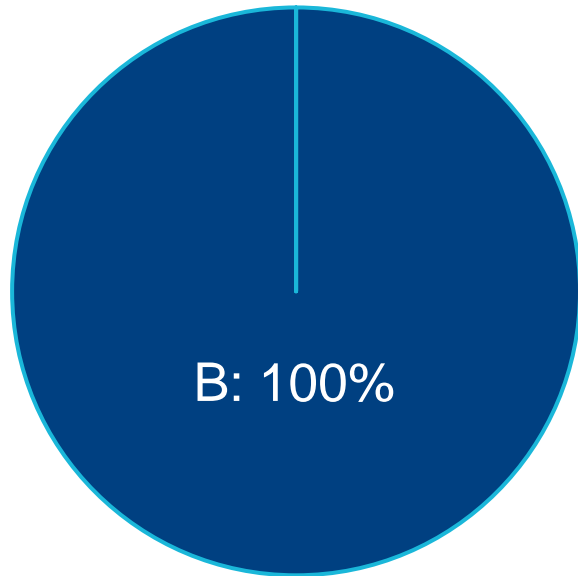
Market Cycle

We asked underwriters what stage of the market cycle they think we are in based on the graph



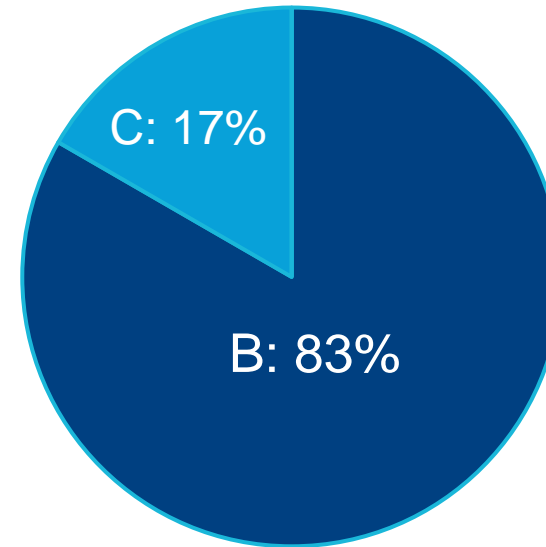
Market Cycle

Professional Lines XoL Reinsurance



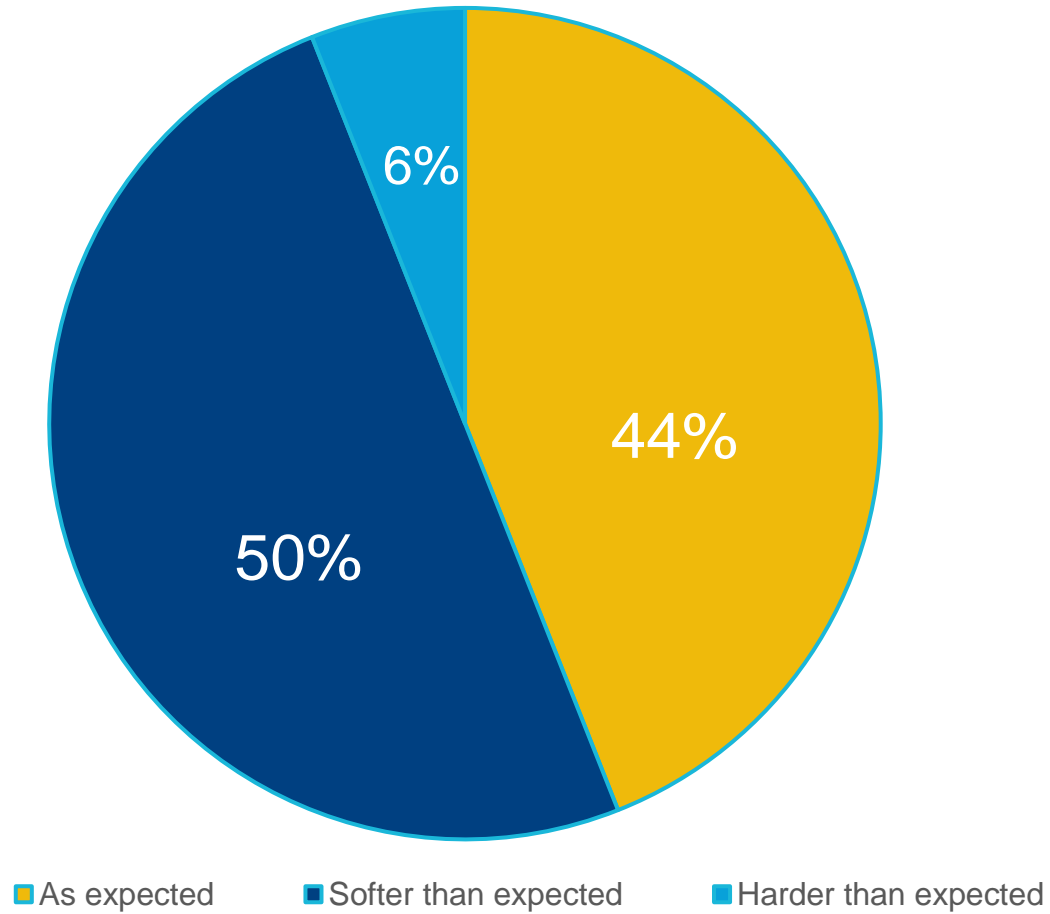
- A: Top of Market
- B: Softening Market
- C: Bottom of Market
- D: Hardening Market

Professional Lines Primary Market

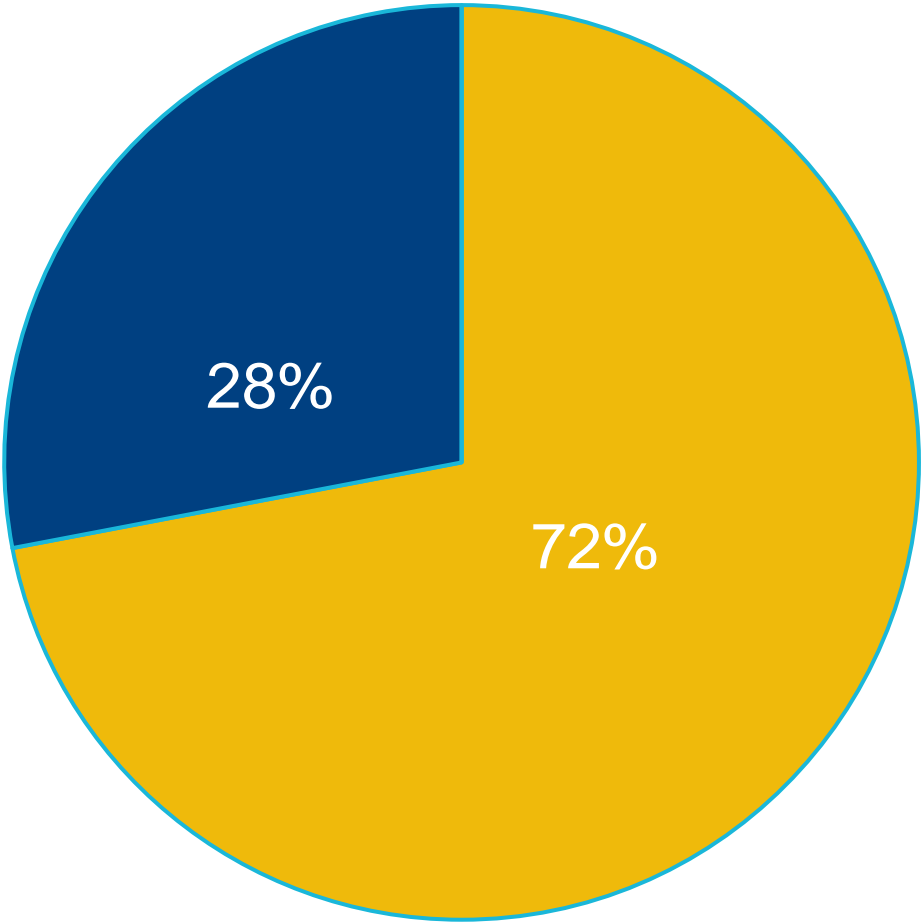


- A: Top of Market
- B: Softening Market
- C: Bottom of Market
- D: Hardening Market

Was the reinsurance renewal reflective of your pre-renewal season expectations?



Were primary market conditions the same as your pre-renewal cycle expectations?



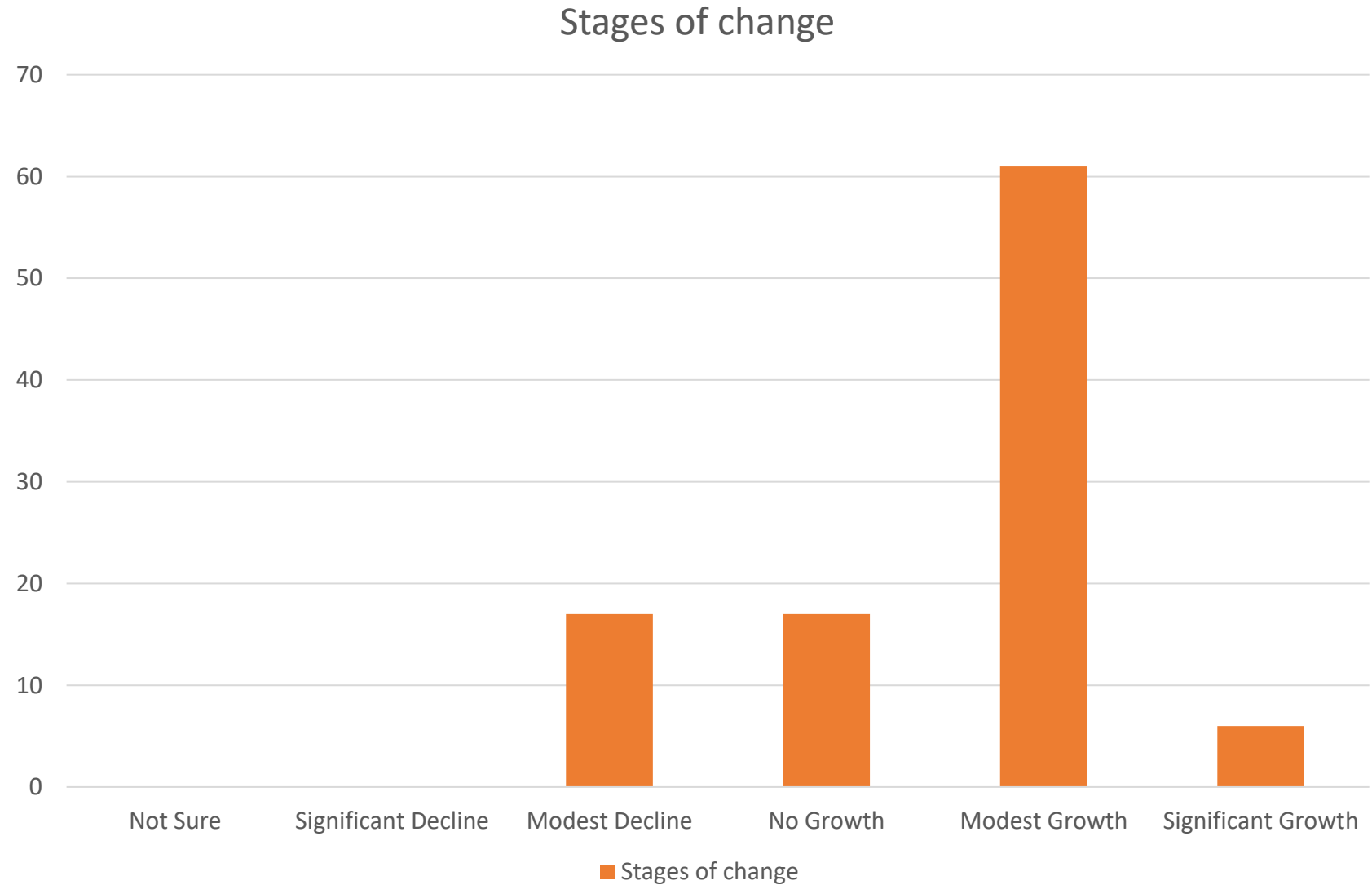
■ As expected ■ Softer than expected ■ Harder than expected

How do you view rate adequacy in the reinsurance market for 2025 following renewals? (Please provide a reference point or year that you think it is equivalent to)



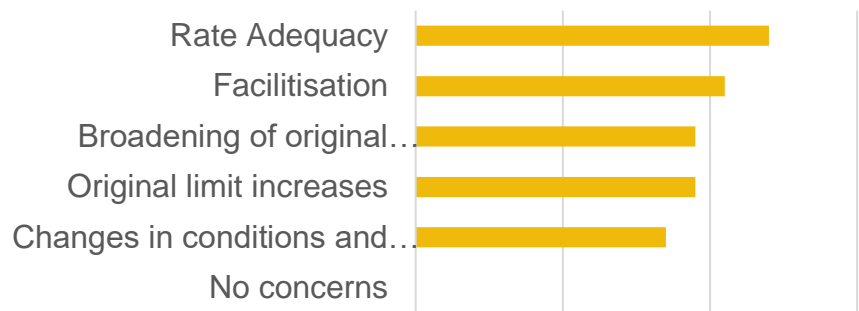
- Rate adequacy at 0-5%.
- Adequacy is borderline 100% – further reductions across classes will push below 100%.
- 2025 Adequacy at 96%.
- Rate adequacy at 110/115%.
- Adequacy is believed to still be within adequate territory.
- 2022
- Above adequate but deteriorating from 2024 levels.
- Tightening observed – still adequate for now, but inflationary uncertainty makes future predictions uncertain.
- 2017 viewed as the bottom of the market and not rate adequate. Adequacy estimates from this period are used to assess reliability.
- 2020 seen as a return to adequacy for professional lines.
- 2014 rates are still adequate, but original rates are sliding. Likely to face similar challenges as in 2014 in the next 24 months. The concern is that there may be as much or more capacity in the reinsurance market as in 2014.
- 2015
- 100% = 100%
- UK motor market is holding more than UK/International liability.
- Rate adequacy in the reinsurance market for 2025 is expected to be mixed – some segments may see rate increases, while others may soften due to abundant capital and strong profitability. 2015 is a comparable reference year due to similar dynamics.
- Soft underlying market means rate adequacy has decreased significantly, potentially returning to levels similar to 2019.
- US market is below rate adequacy; international markets at break-even.
- Rate adequacy between 110% to 120%, described as the hardest market worked in, referencing the period they started in 2015/16.

How much do you expect your book is likely to change in 2025 in terms of policy count / exposure?

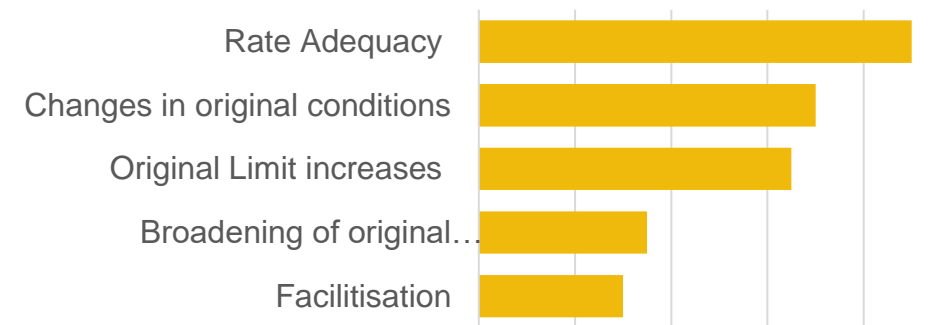


From the following, which of these are a concern in terms of original market developments?

2024



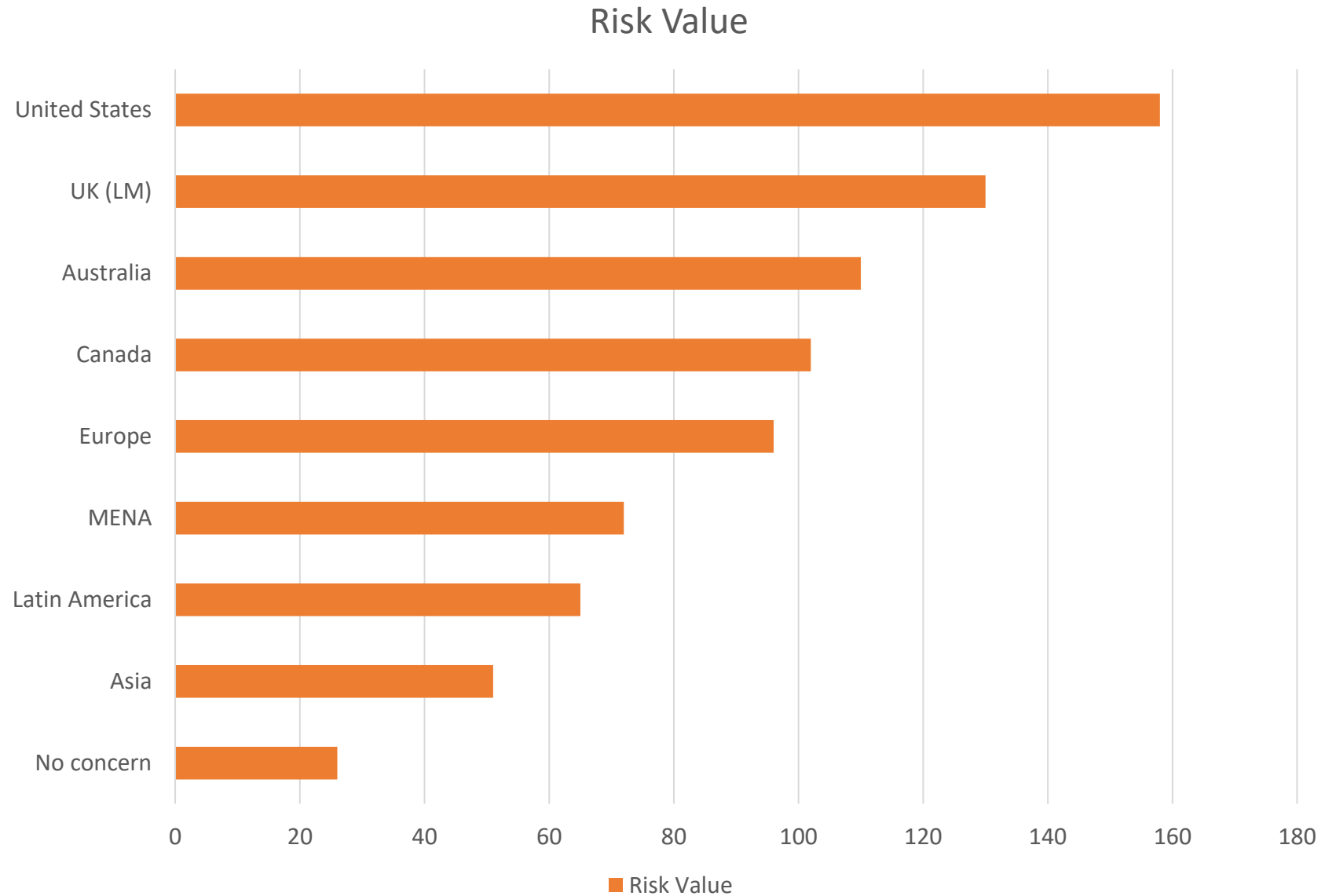
2025



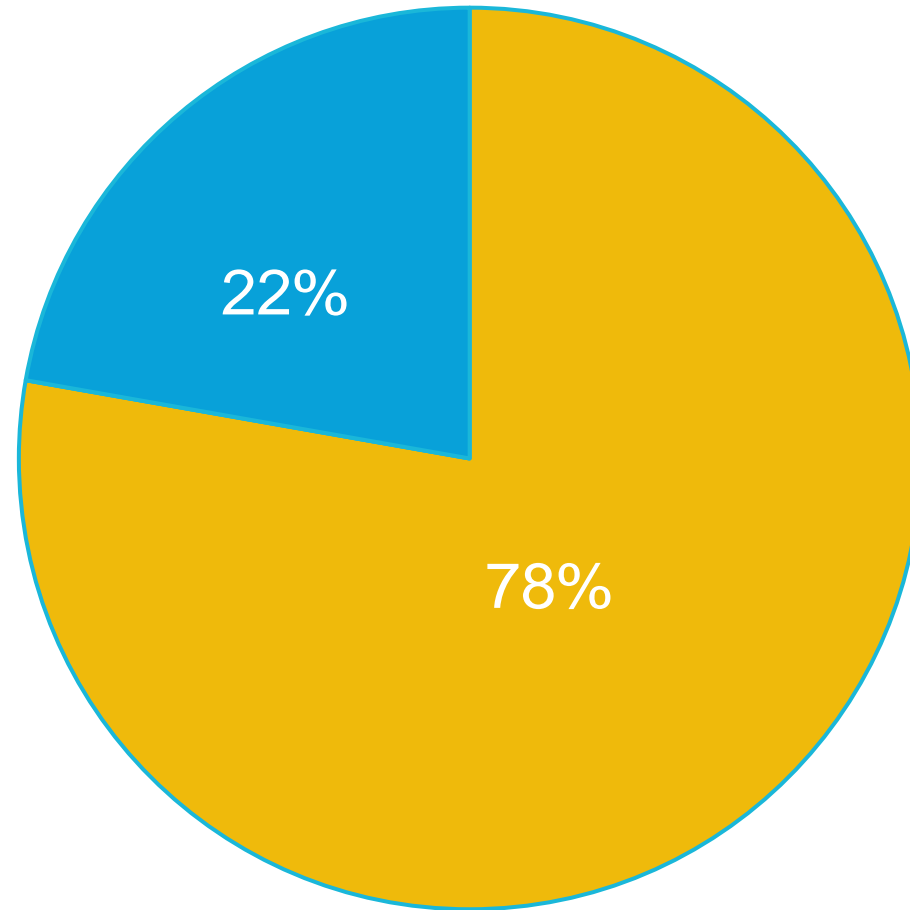
Concern	Percentage
Rate Adequacy	24%
Facilitisation	21%
Broadening of original underwriter risk appetite	19%
Original limit increases	19%
Changes in conditions and policy terms	17%
No concerns	0%

Concern	Percentage
Rate Adequacy	26%
Changes in original conditions	22%
Original Limit increases	19%
Broadening of original underwriter risk appetite	13%
Facilitisation	14%

Members
views on the
regions in
order of
concern for
2025 ...



How has the reinsurance market capacity changed at 2025 renewals?



■ Increased ■ Decreased ■ Stayed the same

Additional observations on the market...

- **Ample capacity** – Most placements are still oversubscribed, creating a challenging environment for underwriters.
- **Casualty growth in softer markets** – Many markets are looking to grow casualty lines to offset the impact of catastrophic losses.
- **Reinsurance market** – The reinsurance market did not adjust rates sufficiently over the past 5 years despite poor soft market loss records.
 - Original rates were maintained, and there was no correction for rate softening during the soft market. This could result in a worse position when original rate softening pressures reinsurance rates.
 - Higher interest rates may act as a brake, as capital is less likely to stay in the market during another downturn.
 - Concerns about the loss of underwriting experience, with fewer underwriters who have fully experienced a soft market.
- **Total capacity** – Broadly unchanged, but reinsurers are willing to accept lower margins..