

THE STATE OF THE INSURANCE MARKET – Q2 2021

We're more than halfway through 2021 and about a year and a half into the pandemic. Here's a look at the current state of the insurance market.

It's a Hard Market – But Most Lines Show Signs of Improvement

After double-digit rate hikes and stricter underwriting rules, many lines are showing signs of easing up. According to MarketScout's Market Barometer, personal lines saw rate increases of 4.75% in the second quarter of 2021. This is lower than the rate increase of 5.6% seen in first quarter. Professional lines also saw rate hikes ease, with rate increases of 5.9% in the second quarter, compared to 7% in the first quarter.

Despite the moderation, some lines are still seeing significant rates increases.

Commercial Property	Umbrella and Excess Coverage	D&O Liability
Up 9.6%	Up 11.6%	Up 11%

Cyber Insurance Is the Exception

The Council of Insurance Agents and Brokers (CIAB) also found that rate hikes moderated in the second quarter. However, the [Commercial Property/Casualty Market Report Q2 2021](#) included one notable exception: cyber.

In the second quarter of 2021, cyber premiums saw rate increases of 25.5%. The CIAB report also found that 80% of respondents report reduced capacity for cyber. The rise in ransomware, along with inadequate employee training and risk management protocols, may be to blame. Cyber insurance is increasingly difficult to find and many carriers now require multi-factor authentication before underwriting.



Property Owners in CAT-Prone Areas Are Struggling to Find Coverage

Although property insurance rates moderated in the second quarter, the market is still struggling with a rise in extreme weather, especially in CAT-prone areas.

FL


- [Insurance Journal](#) states that more Florida homeowners are turning to Citizens Property Insurance Corp., the state's insurer of last resort, as other insurers close to new business or impose strict underwriting requirements.

CA

- California has prohibited insurers from canceling policies in wildfire-prone areas. According to The [Sacramento Bee](#), regulators just imposed one-year moratorium on non-renewals in areas impacted by the Lava and Beckwourth Complex fires.



- MarketScout noted that an increasing number of homeowners are turning to non-admitted insurers for their coverage needs.

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Our Complete Q2
State of the Market
Report and Our
Cyber Renewal
Guide 

COVID Uncertainty Continues

As schools and business reopen, the Delta variant spreads, and debates over vaccine policies rage, more COVID litigation is possible. The [COVID Coverage Litigation Tracker](#) from Penn Law shows that there have been 1,982 cases as of July 26, 2021.

