



Q3 2023 MARKET TRENDS

Aviation

At the beginning of 2023, the aviation insurance market improved across all segments, resulting in a more favorable aviation underwriting environment. Despite this positive start, an anticipated hardening of the market has begun as we enter the second half of the year.

The market is proposing double-digit rate increases in aviation general liability placements and other loss-leading areas. The immediate focus of domestic aviation insurers is capturing single-digit rate increases at renewal for desirable businesses (professional flown industrial aid risks, small airports and aerospace product manufacturers).

One soft sector of the aviation market is workers' compensation, despite two markets continuing their run-off: QBE and AIG Aerospace. Sufficient capacity remains to drive competition on aviation workers' compensation placements.



The aviation reinsurance marketplace continues to present double-digit premium rate increases to aviation insurers. Two of the world's largest markets are set to renew their reinsurance placements during July 2023. The ongoing Russia/Ukraine conflict is contributing to the profitability challenge. Over 400 leased aircraft, valued at \$10 billion, cannot depart from Russia after European Union sanctions forced the termination of leases. The reported hull war claims total \$6.5 billion as a result.

Another major factor impacting reinsurance rates is the Boeing 737 Max grounding loss. The claim has increased from \$1.3 billion to \$3 billion. This increase makes it the largest claim in the history of the aviation market, having exceeded the \$2.5 billion claim following 9/11.

To add another factor, Tokio Marine has told cedants that it will discontinue its aviation retroactive book as the impacts of the Boeing loss continue to ripple through the market. Retroactive insurance provides coverage for losses that have already occurred but have not been reported. Losses may go unreported because they were forgotten or not recognized, or the paperwork was not filed within the appropriate timeframe.

The 2023 Sudan Crisis has also contributed to significant losses. A new, privately-owned Airbus A330 and several Boeing airline aircraft were declared a total loss, resulting in over \$300 million to the Global Aviation market. This will continue to affect aviation carriers in the domestic United States and globally throughout the rest of 2023.



Preparing for Renewals

With recent promotions and changes, aviation underwriting carriers continue to see changes in their underwriting ranks. For a successful renewal outcome, insureds are encouraged to work through any anticipated challenges and, if possible, consider renewing proactively up to thirty days in advance. Those who outline clear underwriting information and consistent safety management protocols receive the most competitive balance of rate and coverage.



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving property & casualty program.

[Read the Full Q3 2023 Market Trends Now](#)



Any solicitation or invitation to discuss insurance sales or servicing is being provided at the request of

an owned subsidiary of Brown & Brown, Inc.

only provides insurance related solicitations or services to insureds or insured risks in jurisdictions where it and its individual insurance professionals are properly licensed.