



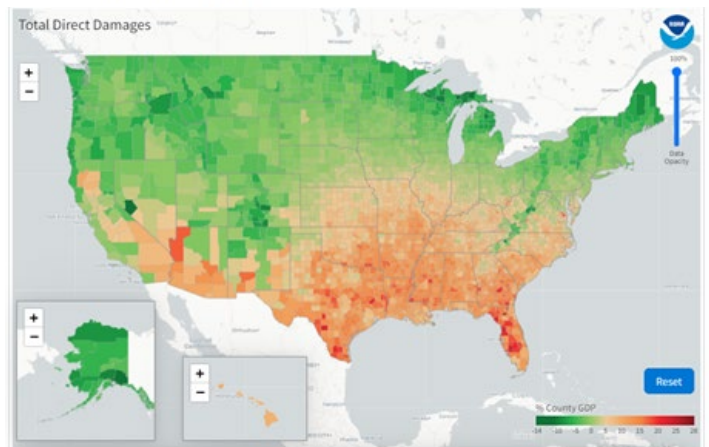
Inflation, marketplace fluctuations, weather trends, interests and other factors have impacted individuals and families this quarter. Continue reading our Q4 Personal Insurance Market Trends Report to dive deeper into these topics.

Weather

Future projected risk data shows that the southeastern portion of the United States is more susceptible to total damage losses. The data provides a mapping tool to help visualize where homeowners are more likely to be affected by weather hazards. With this information, proactive measures must be taken in the reddened areas to mitigate possible damages before weather fluctuations occur. These include coverages such as wind and flood.¹

Between 2008 and 2022, there has been an increase in billion-dollar disasters caused by severe weather. In 2008, there were six severe storms and one major flood. This contrasts significantly with the eighteen severe storms and two major floods by 2023 alone. By the end of Q3, 23 separate billion-dollar weather and climate disasters occurred. To provide a reference point, the estimated disaster cost for 2022 was \$23.9B. This year, the estimation has already reached \$50.3B, a \$26.4B increase. This 2023 estimate still does not include the damage costs for Hurricane Idalia. The estimated total cost of damages over the last seven years exceeds \$1T.²

Risk and Vulnerability

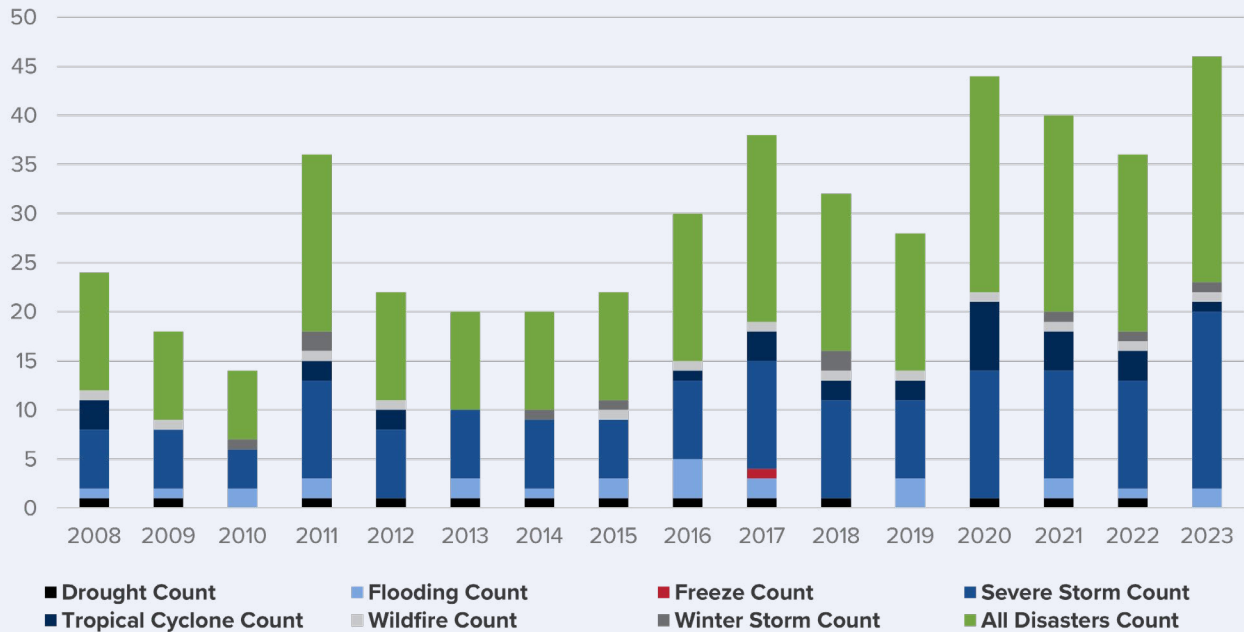


Source: NOAA

Roughly 75% of federal disasters are flood-related.³ Based on this data, homeowners should prepare as much as they can to help prevent possible losses. Personal Insurance reviews are beneficial and you should work with your broker to help protect what is most important and valuable to you.

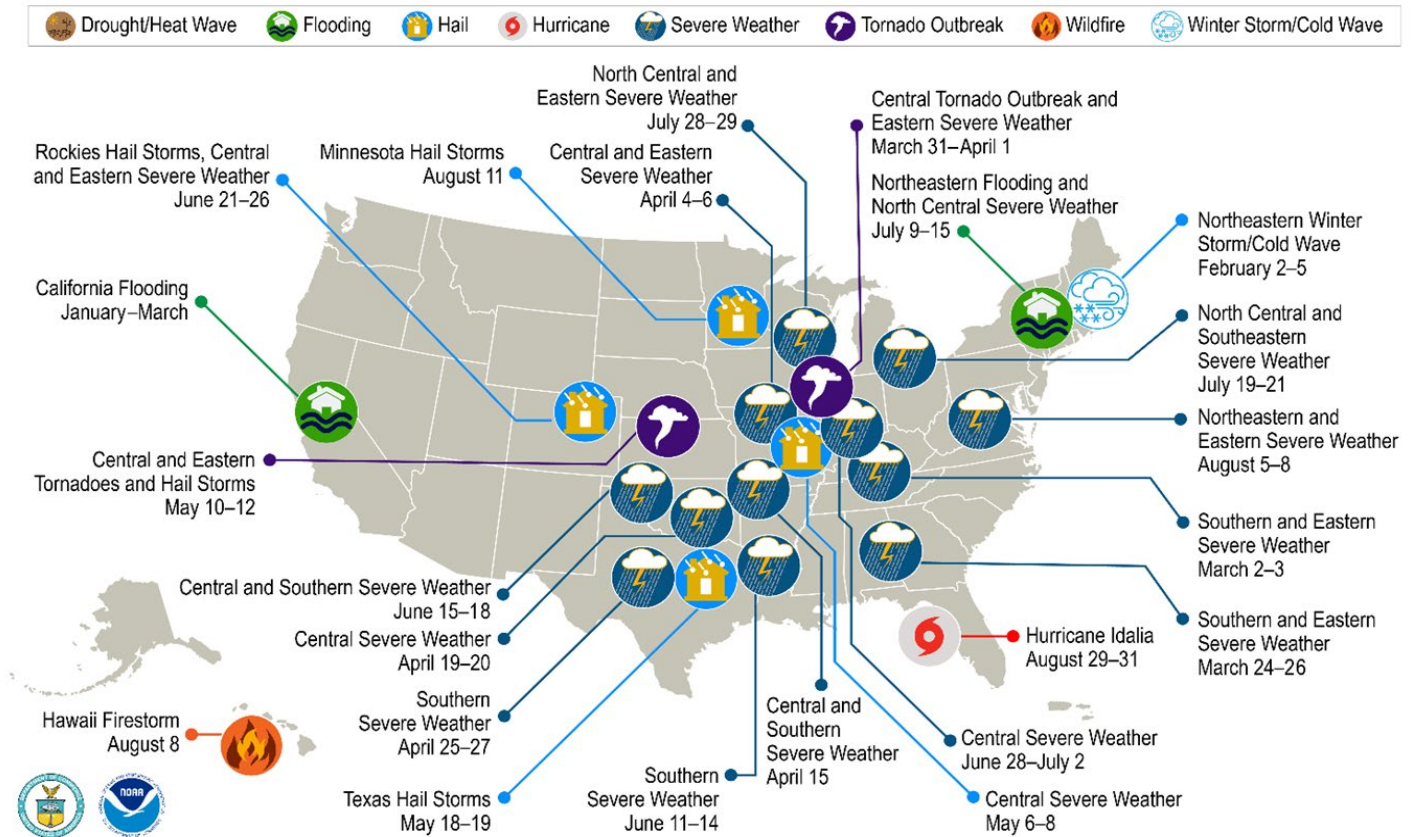
1. <https://www.ncei.noaa.gov/access/billions/risk>
2. <https://www.ncei.noaa.gov/access/billions/time-series>
3. Chubb Market Trends 2023

US Billion-Dollar Events (Count)



Source: NOAA

U.S. 2023 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 23 separate billion-dollar weather and climate disasters that impacted the United States through August 2023.

Source: NOAA



Replacement Costs

Throughout the past few years, building costs have significantly increased. In 2022, we saw the following increases in materials:

- 16% Rough Framing/Lumber
- 4% Copper Electrical
- 19% Drywall
- 35% Plastic & Copper Plumbing
- 19% Asphalt Roofing
- 27% Paint
- 17% Windows & Doors
- 13% Concrete⁴

By the end of August 2023, slab doors, insulation, copper pipe, carpet, concrete, clay and bricks have increased by over 5%. Conversely, PVC pipes and copper wire have decreased by about 5%, while plywood and lumber have decreased by more than 20%.⁵

There have been supply chain challenges and a shortage of skilled laborers in recent years. Due to the skilled labor shortage in the construction industry, skilled workers are receiving higher rates. In 2020, the cost throughout each occupation increased and has gradually decreased over time.⁶

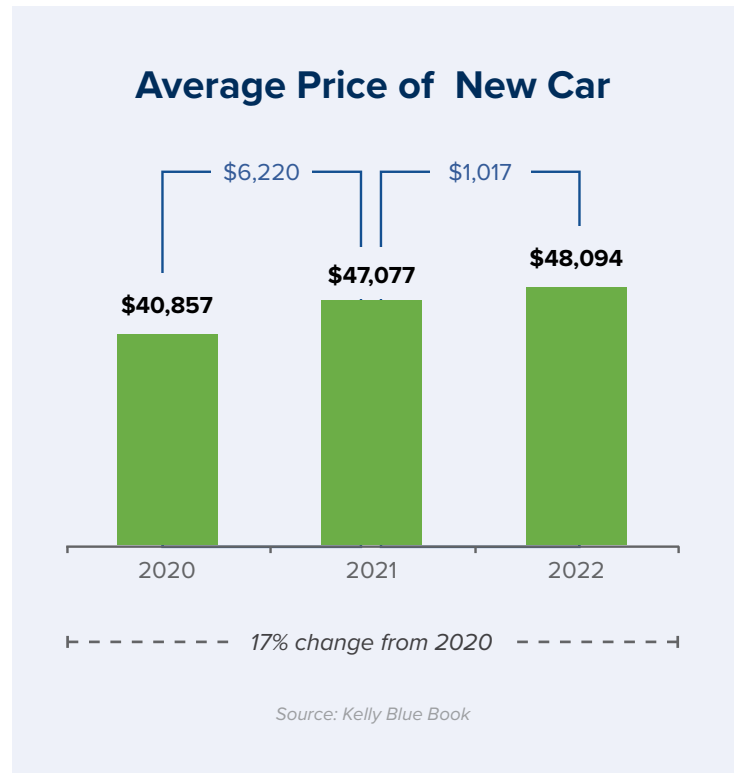
Between January and August 2023, there was a 1-1.8% increase in labor costs.⁷

For everyday home appliances, replacement costs have been on the rise. For instance, a new Viking wall oven increased by 16%. In 2021, the oven was valued at \$9,800; in 2022, it went up to \$11,399. Similarly, a new, sub-zero refrigerator was valued at \$19,400 in 2021 and increased to \$20,391 in 2022. That is a 5% increase within a single year.⁸

Auto

The automotive industry has seen its own challenges since 2019, including impacts on sales. Three major factors have contributed:

- 1 Lack of computer chips
- 2 Plant shutdowns
- 3 Shortage of ships and containers



4. Materials Costs Per BLS (Bureau of Labor Statistics), YOY Averages from Jan 2022- November 2022
2023 Chubb Market Trends Report

5. CoreLogic Quarterly Construction Insights 2023

6. CoreLogic Quarterly Construction Insights
2023 Chubb Market Trends

7. CoreLogic Quarterly Construction Insights 2023

8. Data obtained from individual manufacturer websites
2023 Chubb Market Trends Report

Marine

The yacht insurance marketplace continues to harden as carriers are narrowing their appetites, most notably on vessels valued at \$5M and below, in cat-exposed areas. Customers with prior losses and unfavorable mooring locations or hurricane plans are finding that coverage may not be available. Additionally, older vessels and unfavorable manufacturers are also difficult to place. The marketplace for vessels \$5M and above has been encouraging this year, with robust options being provided by domestic carriers and several carriers out of London. As in years past, a large emphasis is put on professionally crewed and maintained vessels, and those vessels that have a professional yacht management team are most attractive to carriers. Below are rate fluctuations that we are seeing with our customers based on the current marketplace:

Rate Increases

Rates are continuing to see annual increases of around 10-15%.

Standard Rates

1% of hull value is no longer the standard, and we are seeing rates on vessels \$5M and below closer to 2% of hull value.

Rates on superyachts (\$10M in value and above) are sub-1% currently.

Coverages

Many carriers are adding separate deductibles for specific perils. These deductibles can range anywhere between 2% to 15% of the hull value. They are as follows:

- Lightning
- Theft
- Windstorm
- Vessels under tow

With boat show season well underway, we are expecting an uptick in the volume of new purchases. Given the current insurance climate, it is imperative that the customers work with a specialized yacht insurance broker.

Aviation

Additional Resources

We have other market information available. To find out more click below.



Brown & Brown

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 firms, industrial and some small airports and aerospace product manufacturers).

One soft sector of the aviation market is workers' compensation. OBE and AIG Aerospace. Sufficient capacity for workers' compensation placements.

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Cyber

Additional Resources

We have other market information available. To find out more click below.



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Q3 2023 MARKET TRENDS

Cyber Risk

Rate Trends

Rates in the cyber insurance market are decreasing, currently averaging 5% - 10% on primary policies. Carriers are facing considerable pressure to grow their books of business, creating competition for customers with strong controls. To compete, carriers are more willing to offer broader coverage, lower retention and, in some cases, higher limits. With increased competition, the market is stabilizing and more predictable than in previous years.

Layered programs are also gaining competition, with resulting reductions in excess pricing, particularly for larger towers. The increase in competition is driven by additional capacity from new entrants and markets re-entering the market after exiting due to poor underwriting results. Much of this new capacity is focused on excess layers, contributing to the softening of the excess cyber market. However, price decreases will tail out for large towers as premiums reach a minimum price for capacity in the high layers. Retentions are trending down, particularly for large risks, who faced the most significant increases in prior years.

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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 program.



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