# PI Hard Market
# BIBA Webinar

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# Learning Summary

1. The causes of a hard market
2. The impact of a hard market
3. Underwriting in a hard market
4. Broking in a hard market
5. The effect on customers

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# Agenda

1. What creates a hard market?
2. Why has placing PI become difficult?
3. What are the effects of the hard market?
4. Broking in a hard market
5. What do you tell the customer?

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# What creates a hard market?

1. Expanding & contracting
2. Capacity
3. Supply & Demand
4. Cause – losing money
5. Insurers withdraw from loss making classes
6. How long will it last?

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# Why has placing PI become so difficult?

1. Lloyd's of London
   - 2017 – Lost £2 Billion
   - Non – US PI = £435M
2. Under priced
   - Competition
   - Lack of experience
   - Customers have been in soft market since last hard market ended

- Capacity
  - – Markets who have gone
- Appetite
- Experience

# What are the effects of the hard market?

1. Capacity – spreading risk/exposure
   - Limits of indemnity
   - Excess layers
   - Co-insurance
2. Premiums increasing
   - Premium must reflect exposure
3. Cover restricted
   - AOC –v- Agg – is it really that bad?
   - Inner limits reduced
4. Claims
5. Unhappy clients, who moan at brokers

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# Broking in a hard market

1. Access to markets
   - Direct –v- Wholesale broker
2. Identifying problem risks / professions
3. Which insurers follow others. Do you know?
4. Capacity drying up?
5. Relationships

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# What do you tell the client?

1. Managing clients expectations
   - Used to premiums going down
   - Budgeting
   - Why are they being penalised for others

2. Rates
   - What makes up £100 of premium?

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# MUM

1. We can write up to £10,000,000 LOI
2. BIBA Brokers Own E&O
3. PI products that offer broad cover
4. Strong capacity
5. Experienced underwriters & claims adjusters

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