

The Makings of a Hard Market: A Timeline

As the insurance industry helps the world recover from disasters, the cost of insurance has changed.



2016 is the height of a soft market.

Buyers and producers are happy, prices are low and companies compete to pay producers commission.



2022 we are in a hard market.

There is high demand for insurance coverage and low appetite to insure. Rates are high and coverage is difficult to find.

2017 Costliest Year on Record for Natural Disasters

16 separate events, each causing damages in excess of \$1B¹

2017 Hurricane Season Ranks as Costliest Ever for U.S.



2017 California Wildfires

2018 Market Starts to Harden Due to Catastrophes

The market begins to harden and capacity constricts causing supply and demand issues for insurers

10/17/2018 Hurricane Michael

> Category 5
> 9th most costly storm on record (\$25B)³

Hurricane Michael is the Most Powerful Storm to Hit the Florida Panhandle on Record



2019 The Rise of Social Inflation

The rising cost of insurance claims due to the impact of societal factors such as:

- > An increase in litigated claims and larger jury awards
 - > Broader definitions of coverage by the legal system, such as pandemic insurance
 - > Use of Public Adjustors in the claims process
 - > Changing views of social responsibility
- This all caused the losses from the 2017 and 2018 seasons to be much bigger than anticipated.

2020 Rising Reinsurance Costs

Florida insurers seeing rate increases of at least 20% and as high as 60%

2020 Very Low Interest Rates

Very difficult to earn the investment return many carriers are dependent on, causing reduced risk appetite

2020 California Wildfires

2020 Colorado Wildfires

2022 Rising Costs

Due to inflation, social inflation, undervaluation, and a lack of insurance capacity, creating a hard market.

2021 Another Active Catastrophe Season

- with the second most disasters in a calendar year, behind 2020⁵
- > Winter storm event in the deep south
 - > Extreme heat, drought and wildfires across western U.S.
 - > Hurricane Ida

2017

2018

2019

2020

2021

2022

8/17/2017 Hurricane Harvey²
> 2nd costliest storm on record (\$125B)
> Dumped approximately 29 trillion gallons of water on Texas and Louisiana

Harvey The 'Most Significant Tropical Cyclone Rainfall Event' in U.S. History



8/30/2017 Hurricane Irma
> Category 5
> 5th costliest storm on record (\$50B)

9/16/2017 Hurricane Maria
> Category 5
> 3rd costliest storm on record (\$90B)

2018 California Wildfires

8/31/2018 Hurricane Florence

COVID-19 Global Pandemic
> Bigger losses than 9/11
> Uncertainty around full impact to the industry and the world

2020 Active Catastrophe Season
> Most active storm season on record
> Cost estimated to be over \$30B for Hurricanes Isaias, Laura and Sally alone⁴

2020 Atlantic Hurricane Season Breaks All-time Record while Leaving the Gulf Coast Battered



8/10/2020 Midwest Derecho
Caused \$7.5B in damage in just 14 hours and generated winds up to 140 MPH

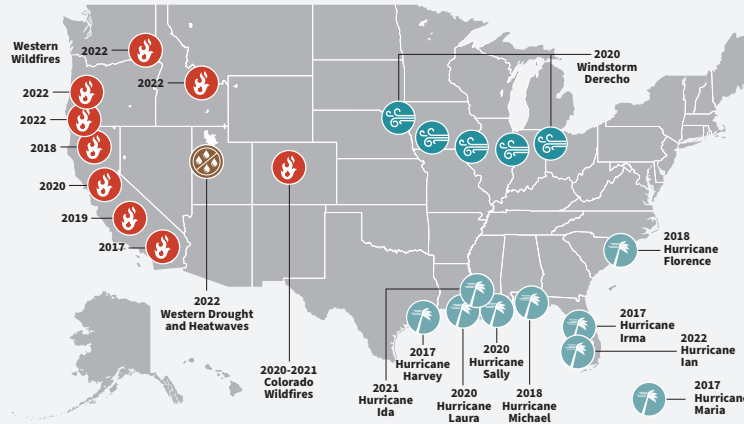
2020 Global Insurance Market Starts to Harden

9/2022 Hurricane Ian
> Category 4
> Estimated to exceed \$50B in insured and uninsured losses⁶

Aftermath of Hurricane Ian, Fort Myers, FL



2017-2022 Natural Disaster Locations



TIMELINE KEY

Nationwide (and worldwide)



icat
a VICTOR company