General Insurance *Landscape*

General Insurance Premium Pricing
March 2025 - Outlook for 2025

As your dedicated insurance adviser, we constantly monitor the insurance market to better understand insurance trends and how they may affect your business.

The General Insurance Landscape is moderating in price, and we have seen it shift from a hard market cycle, which has prevailed over numerous years, to a hybrid state with some segments softening while others remain challenging.

Pricing Outlook:

The following are some of the key positives and negatives that will impact insurance premiums over the next 12 to 18 months:

Positives:

- Continued improved profitability of insurers, mainly due to higher investment returns, more stable reinsurance pricing, and a relatively benign period of large insurable events over the last 12 months.
- We are seeing renewed interest from new insurance capacity entering the Australian market and improved risk appetites from local insurance companies. This is providing renewed confidence for buyers of insurance in terms of both pricing and coverage.
- Clients with well-risk-managed businesses and not exposed to natural catastrophes should see some relief in pricing over the next 12-18 months.
- The trend continues towards lower single-digit rate increases for Business Package Policies and Property Insurance clients.
- In Financial Lines, the market is competitive where more "roll over" renewal rates are being achieved or discounts on accounts with good claims history.
- The market is moderating, and the trend in pricing has shown consecutive falls in commercial rates over the last two quarters.
- Insurers appear to be focused on premium growth.

Negatives:

- Extreme weather events are still likely. Recent Cyclone Alfred is a prime example, with significant losses expected to emanate from the cyclone event.
- Natural catastrophe-exposed risks or risks with claims history or high-risk occupation categories will see continued rate increases
- The inflationary environment is still prevailing and not going away easily, so expect to see that impact insurer claim settlements, also impacting building sums insured and rebuilding costs.
- The weak Australian Dollar ($0.63 USD as of March 2025) can have several negative impacts, such as:
  - Increased claims costs due to parts and services imported from overseas.
  - Impact on insurers' reinsurance costs. If insurers purchase this offshore, the weaker AUD means increased reinsurance premiums.

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MAKSURE

Given the above, we believe rates will continue to moderate for clients over the next 12 months. For many clients, rates will be at the lower end of increases across most lines of their programs. There will be some potential for further easing of premiums in liability/professional line classes due to the longer-term improved outlook for investment returns. If inflation continues to moderate, this will lower the impact of claims inflation on claims reserves held by insurers.

Commercial Lines Rates Outlook Forecast:

Business Packages
+3% to 7%

Corporate Property
0% to -10%

Financial Lines
-5% to -10%

General Liability
0% to -5%

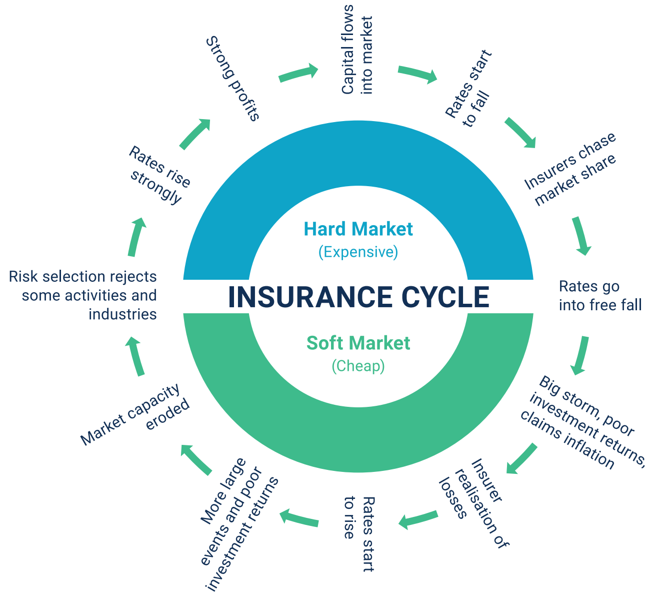
Cyber Liability
0% to -10%

With a transitioning or hybrid market, we anticipate:

- A period of moderating premium increases
- Insurers focused on premium growth
- The opportunity is there to obtain premium relief on the “right style of account”.

We also predict that average premium increases will remain between 0% and 7.5%. The exact figures will be influenced by:

- Industry Sector
- Geographic Location
- Prior Claims Experience
- Approach to Risk Management



Looking to the future

We believe the insurance industry is now at 12 o’clock on the Insurance Clock. How long it stays there largely depends on the frequency and severity of future catastrophic weather events and the continued lowering of inflation, impacting claims repair costs.

It’s important to note that structural change and cost cycles are part of every industry. The Insurance Clock is a useful tool to represent where insurance rates are now and where they will likely be heading in the future.

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If you have any questions, would like to arrange a property and asset valuation, or wish to discuss your general insurance needs, please don’t hesitate to get in touch. We’ll be more than happy to help.