## THE HARD MARKET

9 trends that are driving rate increases.

## **SEVERE WEATHER •**

2020 is the sixth-consecutive year the U.S. has experienced at least 10 separate billion-dollar

disasters, according to the NOAA. Historical loss patterns do not reflect current activity, which can make predicting potential loss costs more difficult.

## HIGH IMPACT

## **ECONOMIC CLIMATE •**

The dynamic of rising medical cost inflation and prolonged low interest rates could have a major impact on workers' comp loss ratios and margin erosion and is a key driver of rate increases.



## **LITIGATION STRATEGIES •**

Tactics like physicians' letters of protection and litigation funding give third parties interest in the potential monetary outcomes of court cases.

which can lead to higher verdicts, settlements and liability costs.

## **DRIVING DANGERS • Now that** drivers are returning to the roads after COVID shutdowns. risks like distracted, impaired and aggressive driving and rising repair costs are still driving claims activity and losses. Fleet type, use and related safety practices will continue to influence

insurance costs.

## THE UMBRELLA EFFECT •

Increasing severity in general liability and commercial auto losses is contributing to umbrella and excess rates rising faster than many other lines, putting pressure on premium budgets and limits

purchased.

# LOW

## **SAVVY PLAINTIFFS' BAR •**

A well-funded and experienced plaintiffs' bar has a strong track record of appealing to jurors' emotions, which has helped drive more

verdicts — and increased losses across liability lines.

lawsuits and larger

## **RETURN TO WORK •**

As workplaces adjust to the new normal, out-of-practice returning workers and new hires may be more accident prone. This can contribute to an uptick in workers' comp claims and related costs.

HIGH FREQUENCY

## **REOPENING ECONOMIES •**

Businesses are in different states of reopening, and the liability market will likely see more pandemic-related



claims. Jurors' views on the duty of companies to protect employees and the public will play a large role in verdict amounts.

## **PRESUMPTION LAWS •**

medical treatment costs.

Several states, including California and Illinois, are enacting COVID-19 presumption laws that require employers to provide workers' comp benefits to employees who contract the virus. This will likely lead to an increase in compensable claims and higher

LOW