

Umbrella Liability Marketplace

The best of times, the worst of times

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Agenda



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Background



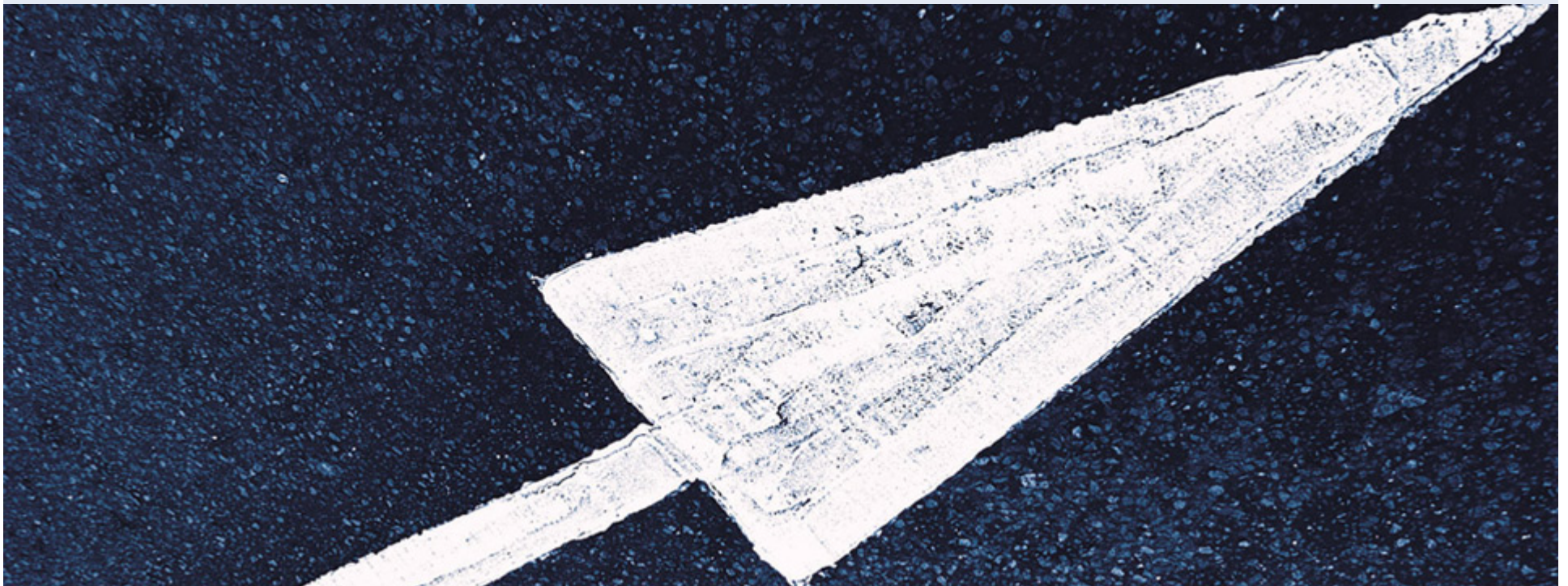
Today's Umbrella Marketplace

- Single or multiple markets?
- Target markets vary by insurance company
- How to track the results of these markets, in general or in further detail

Potential Segments

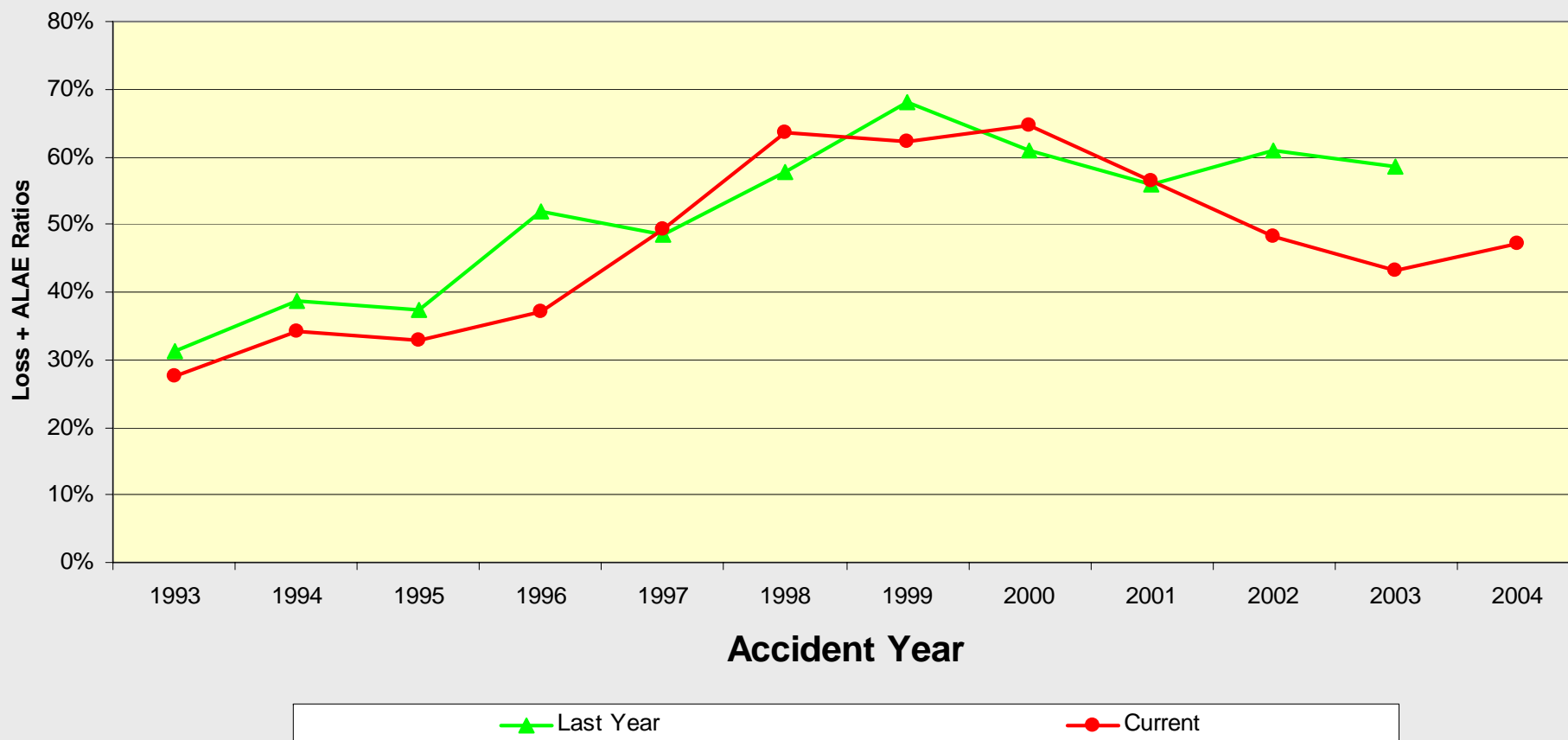
- Admitted vs. non-admitted (E&S) carriers
- Size of average risk – small vs. large
- National companies vs. regional companies
- **Supported vs. unsupported policies**

Historical Results



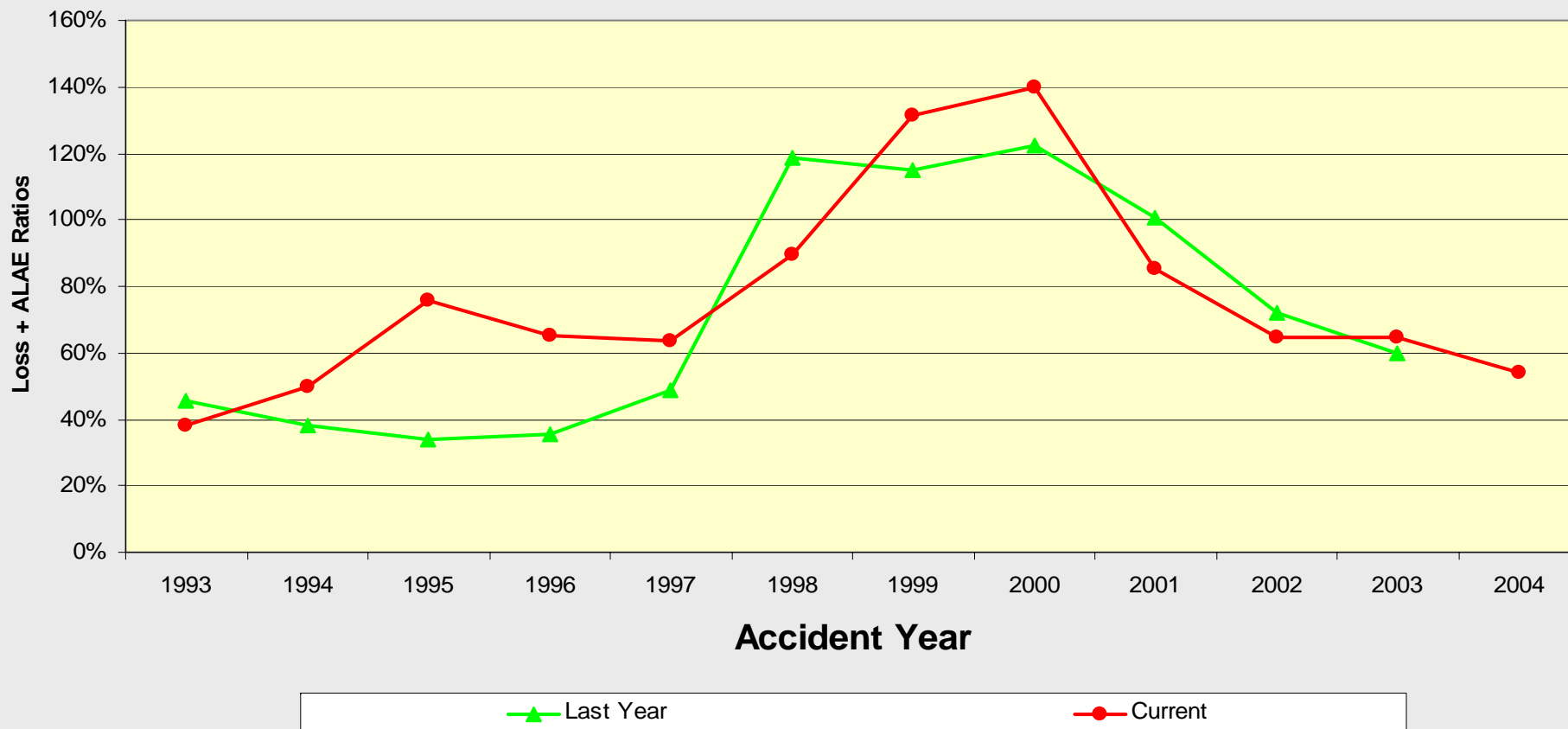
Historical Results

Low to Moderate Hazard Supported Commercial Umbrella Historical Ultimate Loss + ALAE Ratios



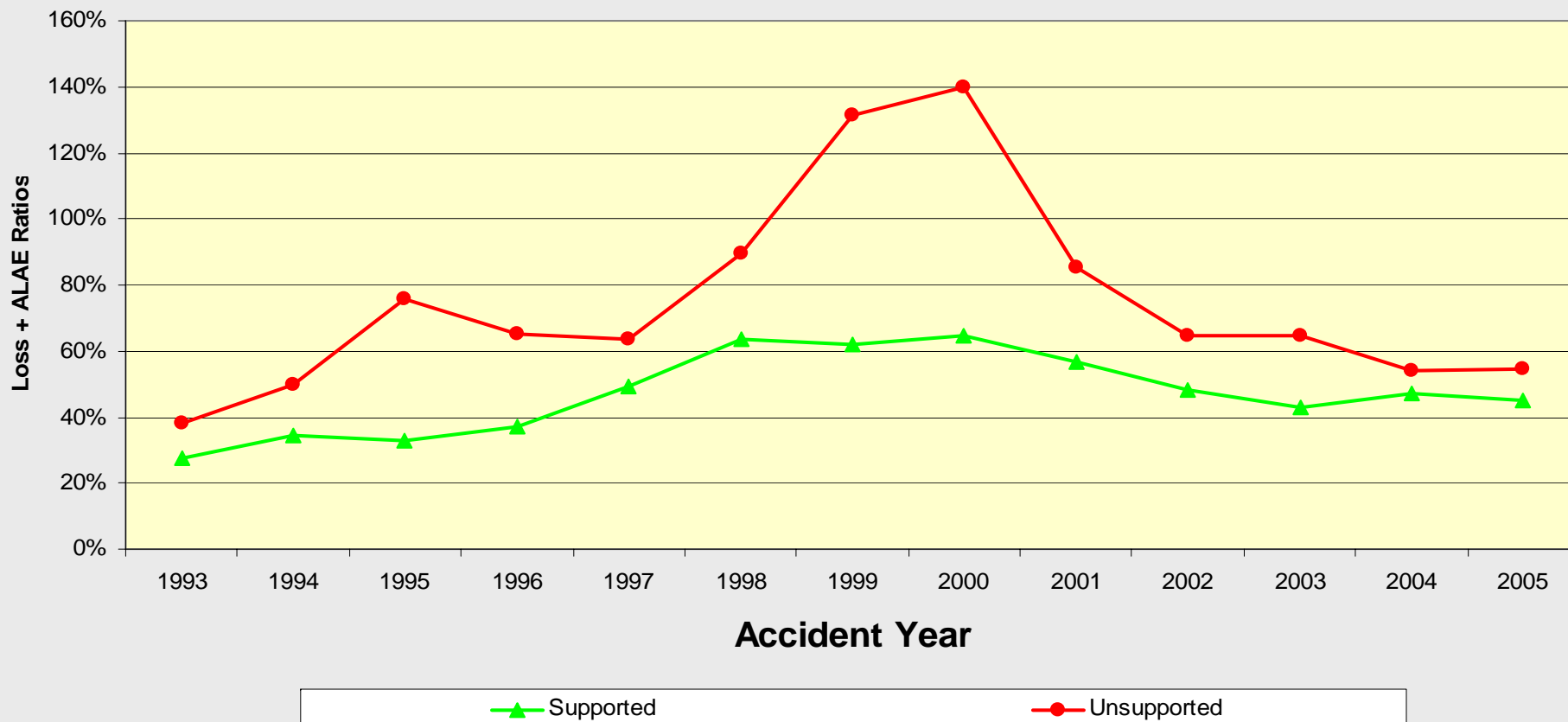
Note: data for illustration purposes only

Moderate to High Hazard Unsupported Commercial Umbrella Historical Ultimate Loss + ALAE Ratios



Note: data for illustration purposes only

Comparison of Current Results Commercial Umbrella Historical Ultimate Loss + ALAE Ratios



Note: data for illustration purposes only

Today's Marketplace



The Family Feud of Market Rate Surveys:

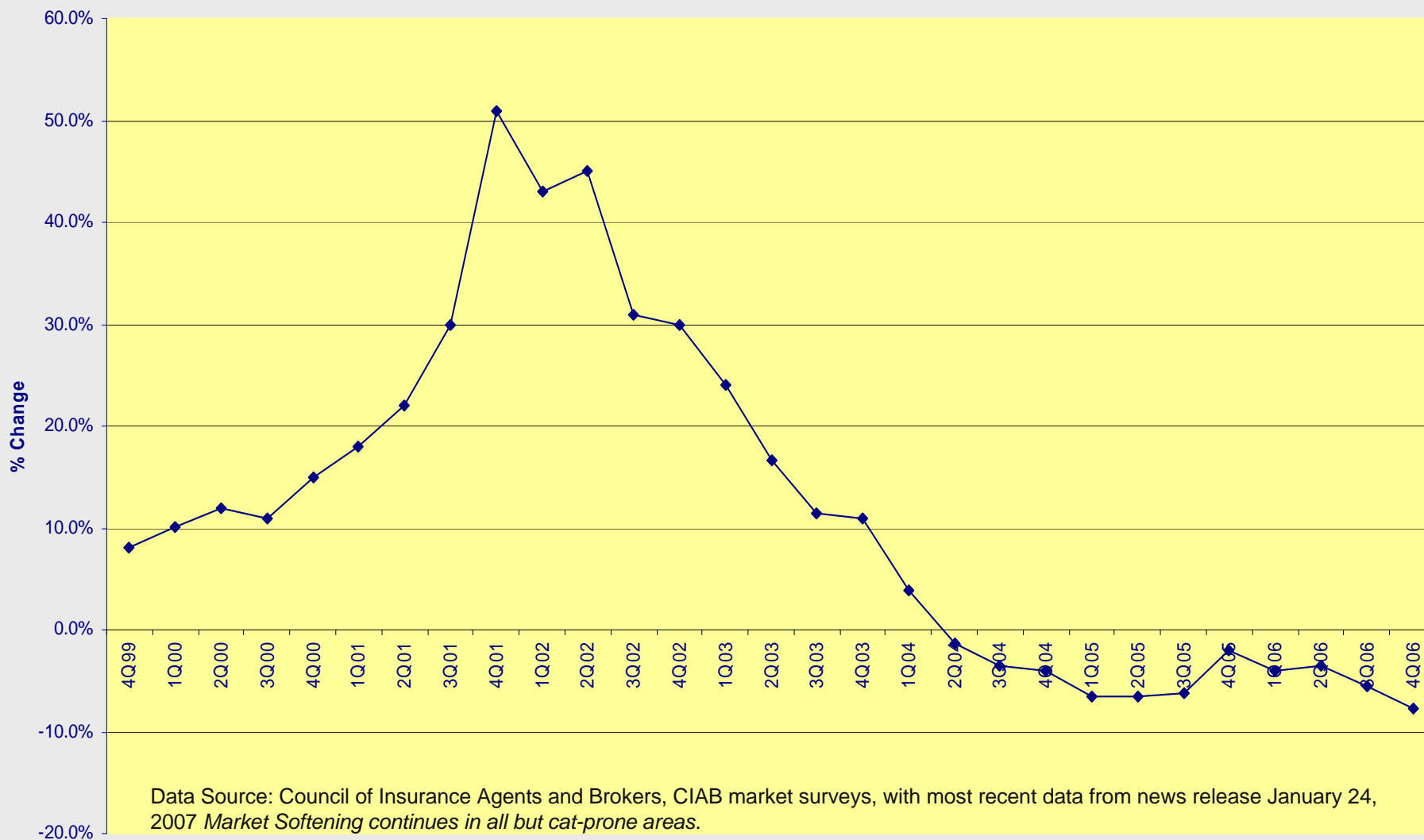
- CIAB
- Market Scout
- Goldman Sachs
- Tillinghast

Are they helpful and useful? Yes

Are they perfect for every portfolio? No

Today's Marketplace

Council of Insurance Agents and Brokers – Historical Umbrella Rate Changes



Company Specific Umbrella Rate Monitoring

- How does it work ?
- What does it include?
- How does the company use the information?

Primary Rate Monitoring

Company Retention Ratios

Tomorrow's Marketplace



Umbrella Underwriting and Pricing audits

- Umbrella pricing is often based on the premium from the underlying policies
 - Is it manual or final premium ?
 - Does this change depending on market conditions ?
- Unsupported umbrella pricing can be rated using
 - a manual re-rating of the primary
 - the final primary premium (after adjustment for deductibles/SIRs ?)

Umbrella Underwriting Guidelines

- Umbrella guidelines change over time
 - o Allowable classes
 - o Hazard grade of classes
 - o Maximum limits by class

Other Issues

- Commission levels
- Changes in limits and attachment points
- “New” Business

Thank you very much for your attention.

Russ Buckley, Direct Facultative Chief Actuarial Officer

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