



Q4 2023 MARKET TRENDS

Property

The market currently faces rate increases and capacity restrictions. These changes have more of an impact on risks in areas prone to catastrophic events (hurricanes, wildfires) engaged in high-risk operations and risks with inadequate risk control programs. [Capacity continues to decrease for excess layers while costs keep rising](#). The capacity changes highlight the ongoing risk aversion within the reinsurance space.

Natural Disaster Impacts

Many large carriers have posted substantial underwriting losses year-over-year. The marketplace hoped for a break in the final quarter of 2022 when Hurricane Ian hit with massive losses. Hurricane Idalia added [\\$3-5 billion of insured losses](#), further deteriorating underwriting losses.

The growing frequency and intensity of natural disasters remain a significant concern across the commercial property insurance industry. These catastrophes often result in severe property damage and significant financial losses for policyholders. In the first half of 2023, natural disasters cost the global economy an [estimated \\$194 billion](#). In the U.S. alone, insurers footed the bill for eight multi-billion dollar events.

These costs are expected to persist and potentially worsen during the remainder of the year as hurricane season continues and wildfires spread across the Western U.S. The National Oceanic and Atmospheric Administration (NOAA) has predicted that 17 named storms will develop this hurricane season, which lasts

through the end of November. Among these storms, 13 are predicted to become hurricanes or reach catastrophic strength.

Recent updates from the National Interagency Fire Center (NIFC) report that 20,000 wildfires have already burned more than 621,000 acres along the West Coast. Although this figure falls below the 10-year average, it indicates another challenging wildfire season in the months ahead.



Climate experts anticipate that natural disasters will continue to impact underwriting losses for the foreseeable future.



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving property & casualty program.

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