

**FINEX GB - DIRECTORS' AND OFFICERS' INSURANCE**

# State of the GB Market for Commercial Crime

January 2023

This update analyses our observations of the current crime insurance market conditions and is based on our observations of the market with our WTW clients and not a whole of market review. For ease of understanding, the percentages have been presented as rounded figures.

# GB Crime Insurance Market Overview 2022

- This update provides an analysis of the current conditions in the GB market for Crime insurance and the impact this has on companies and insurance buyers.
- While the GB market for Crime insurance is not seeing the resurgence that is being seen in Commercial D&O, there is increased interest from a number of insurers looking to expand their relationships with valued clients.
- The number of clients renewing with decreased or flat primary ROLs (rate on line) has continued to improve across 2022, with 60% of clients renewing as such in the past quarter ([see page 6](#)).
- Following the decreases in claims notifications from our clients in 2021, this trend appears to be continuing in 2022 and remains down on the previous highs of 2017-2019



# Current FINEX GB Crime Market Conditions 2022



## Capacity

## Coverage

## Claims and Losses

## Premiums and Retentions

### Stabilising

### More Restrictive Conditions

### Lower

### More decreases

- After reductions in capacity in 2020, we have seen insurers generally maintaining their line sizes
- There continues to be restrictions on primary capacity although increased interest from some insurers is easing this.
- Previous tendency for primary insurers to require co-insurance has waned.
- Insurers are beginning to ease their position with respect to writing the Crime cover only alongside D&O - standalone Crime policies are achievable for some.

- Broad coverage still available from some insurers
- We are seeing increasing willingness from insurers to write on CRIMEstar
- Exclusions for ransomware and cryptocurrency remain common

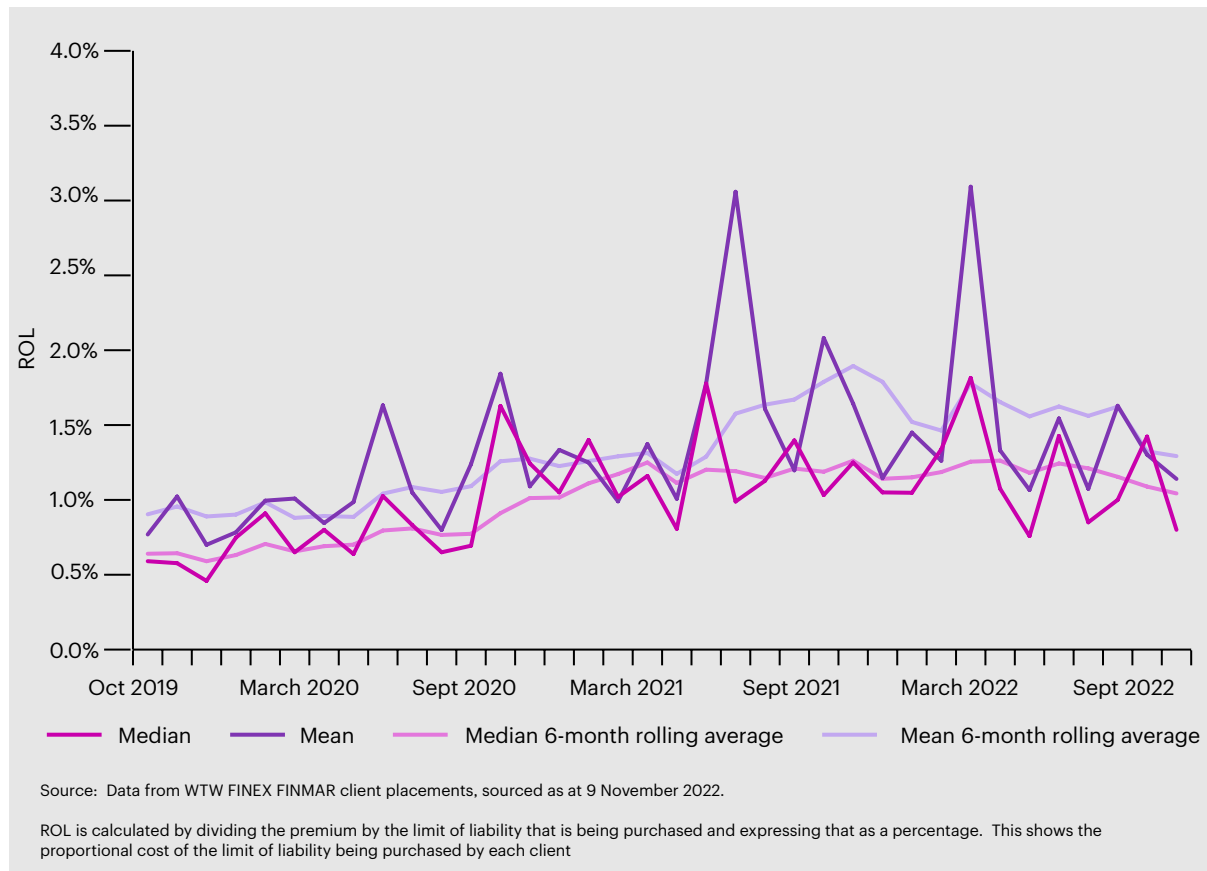
- Crime losses reported for insurance policies placed in the UK for clients of WTW:
  - Compared to the highs of 2017-2019, 2022 saw a lower volume of notifications
  - Social engineering notifications remain high but were slightly down in 2022 compared with 2018 and 2019

- Based on WTW Data from WTW FINEX FINMAR client placements, sourced as of 9 November 2022, for renewals in Q3 2022:
  - 60% of our clients saw their primary layer renew flat or with a decrease
  - The trend for increases in retentions has come to an end and reductions in retentions are possible for some clients – see [\[page 9\]](#) for more detail.

# Rate on Line (“ROL”) Analysis

## Primary layers only

Median primary ROL rates remained relatively steady over the past twelve months, with a 17% decrease on the previous year (1.00% v 1.20%). The mean ROL paid in the past year was 9% lower than seen in the previous year (1.36% v 1.50%). The rolling 6-month ROL average for more extreme placements now stands at 3.87%.







# Primary ROL change

## Changes seen at renewal

Over the past six months  
(H1 2022)

	Median Change	Mean Change
All companies	1%	2%
US exposed companies	0%	-10%

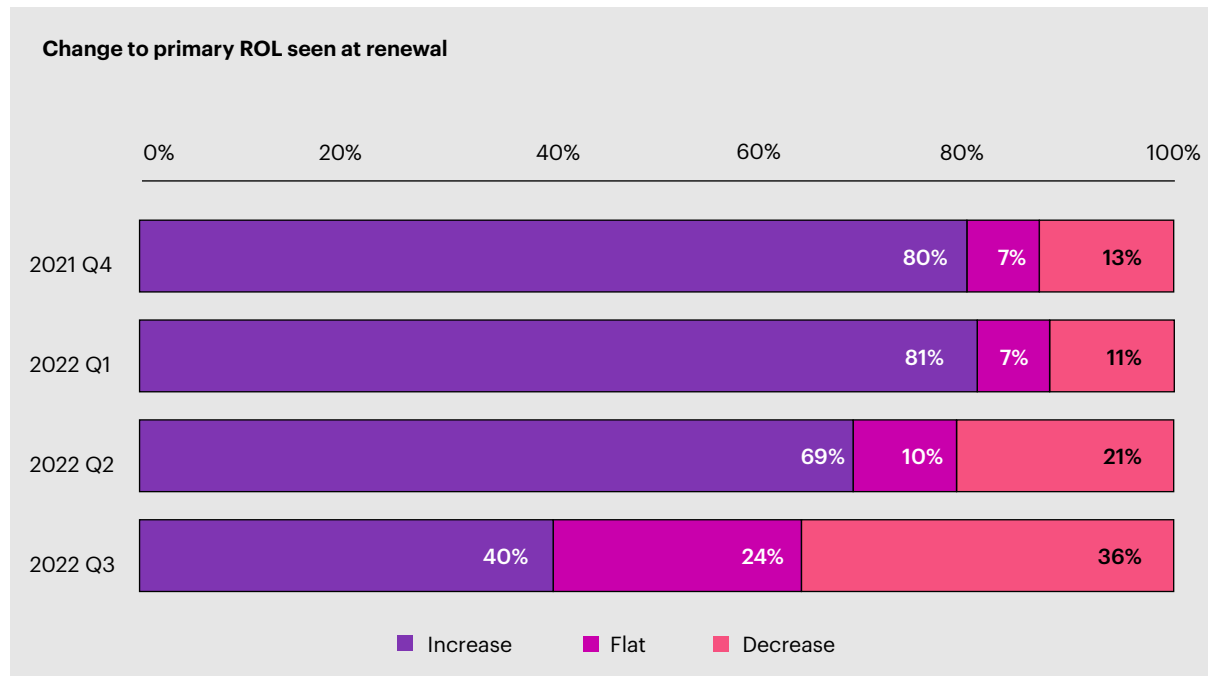
Over the past three months  
(Q3 2022)

	Median Change	Mean Change
All companies	0%	0%
US exposed companies	-1%	-14%

# Primary ROL Analysis

## Changes seen at renewal

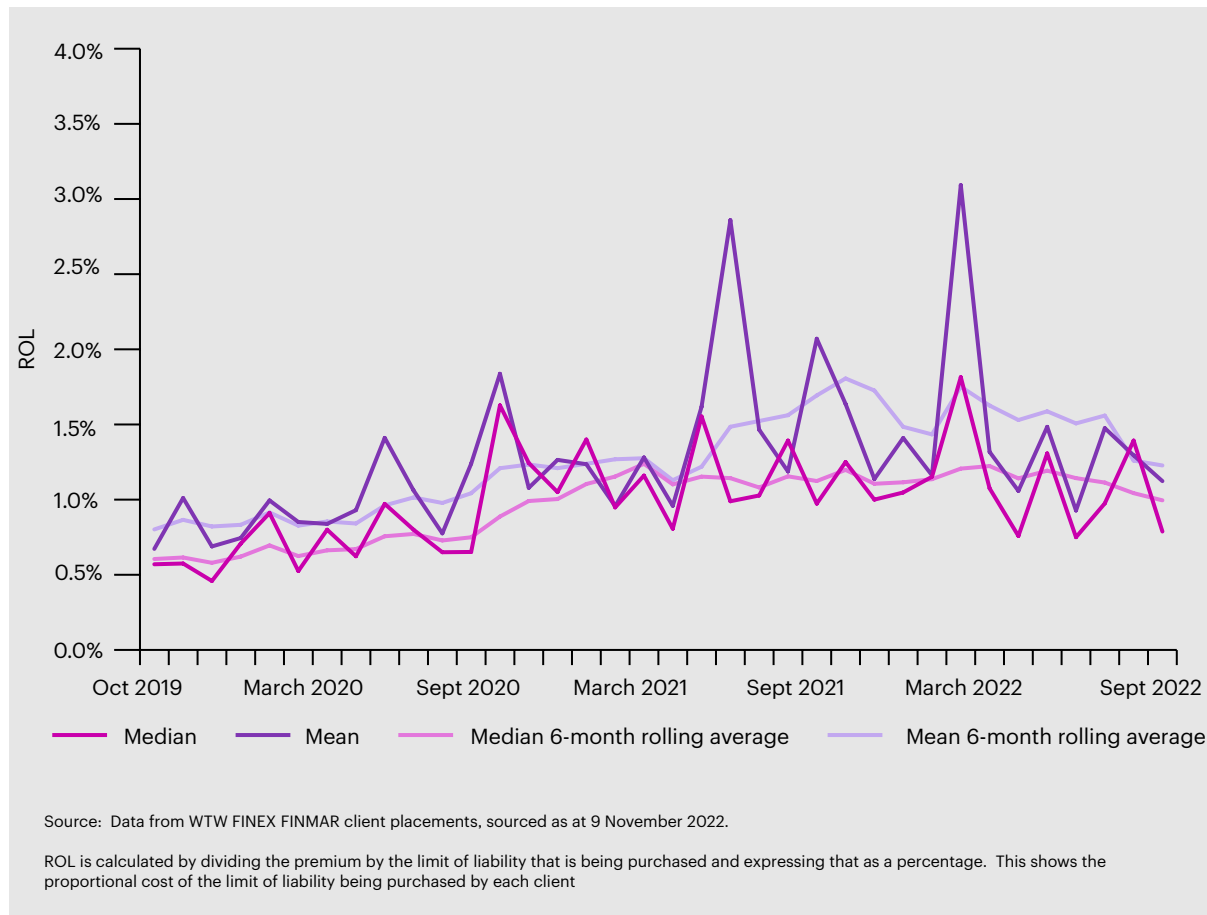
The number of companies renewing with decreased or flat primary ROLs has continued to improve across 2022, with 60% of companies renewing as such in the past quarter.



# Rate on Line (“ROL”) Analysis

## Whole Tower

Tower ROL follows the same trends as primary layers. Median primary ROL rates saw a 5% decrease on the previous year (1.00% v 1.05%). The mean ROL paid in the past year was 9% lower than seen in the previous year (1.31% v 1.44%). The rolling 6-month ROL average for more extreme placements now stands at 3.31%.

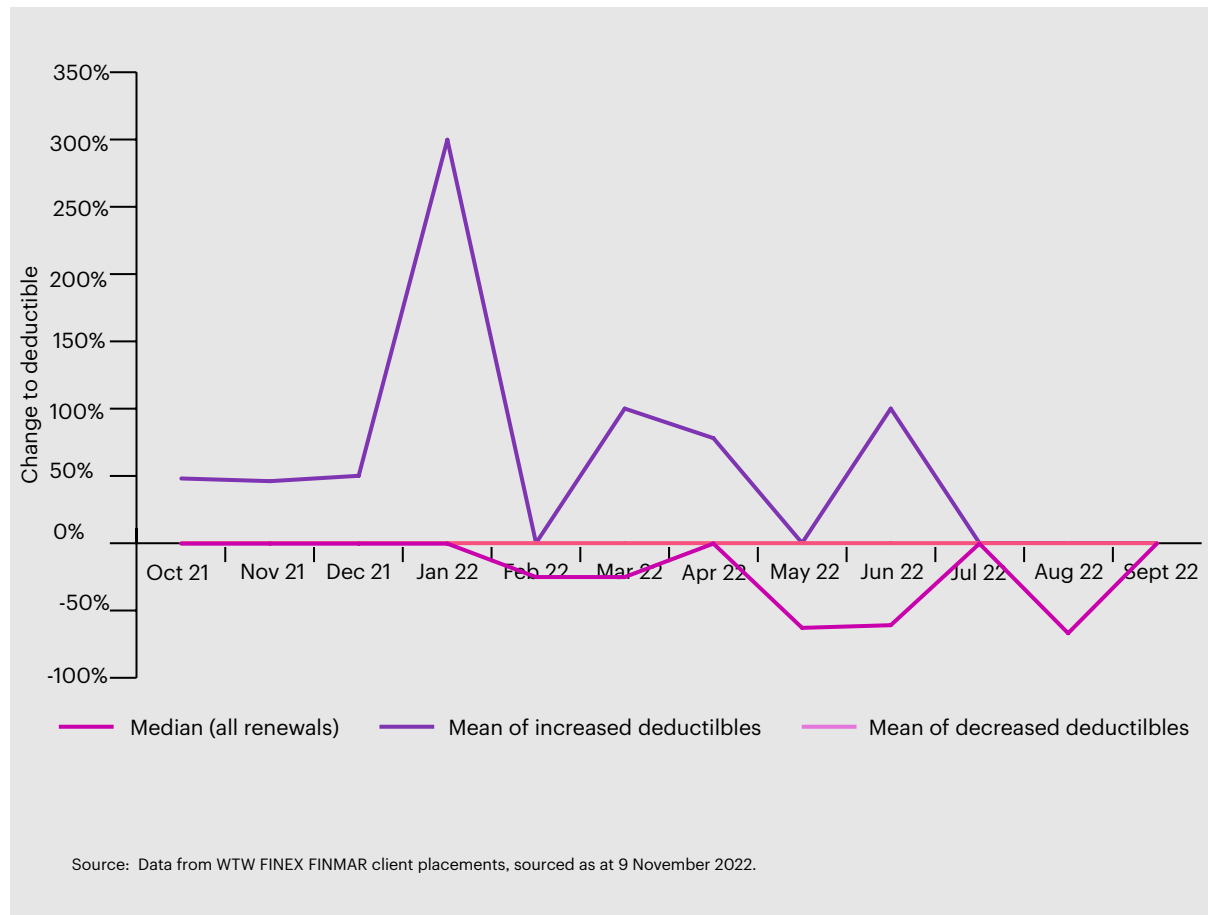




# Deductible Analysis

## Changes seen at renewal

Mean of increased deductibles dropped from 200% in Q1 2022 to seeing no increases in Q3 2022. The second half of 2022 saw more companies decrease their deductibles, with the median staying consistently at 0%.

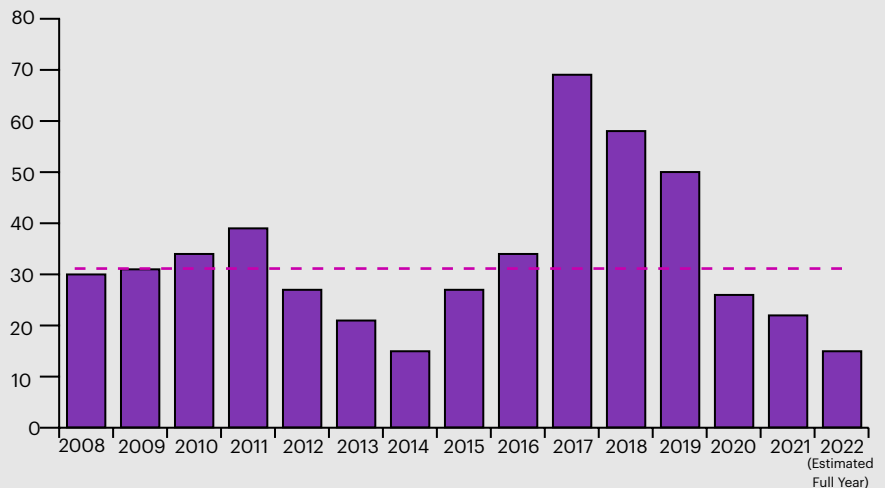


# Commercial Crime

## Loss trends

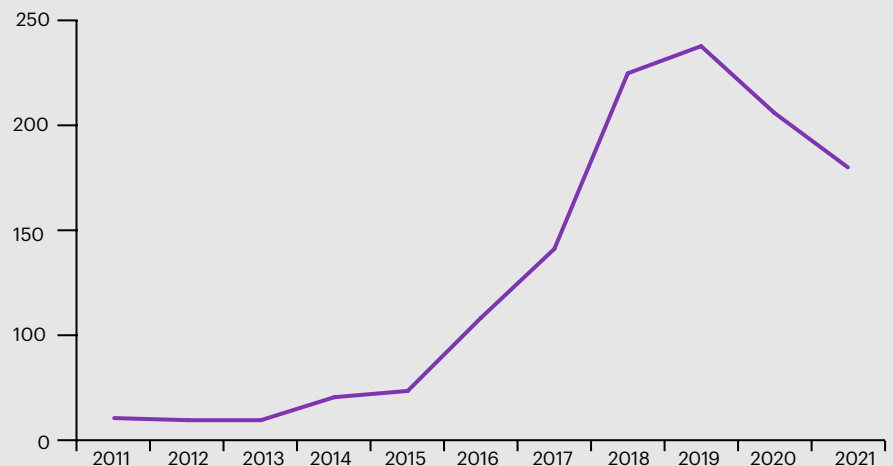
- During recessionary periods, there is historically an uptick in the level of fraud. It remains unclear as to whether a reduction in liquidity reveals pre-existing frauds or whether the increased financial pressure on individuals and companies increases their propensity to commit fraud.
- WTW's internal data indicates that notifications to Crime policies by our clients continue to be significantly down in 2022 compared to the highs of 2017-2019.
- After several years of growth, Social Engineering notifications are starting to level off, although it is possible that some of this levelling off may be attributable to fewer Crime policies being placed.

Commercial crime - number of notifications



Source: Data based on Crime losses reported for insurance policies placed in the UK for clients of WTW between 1 January 2008 and 30 September 2022

Social engineering notifications

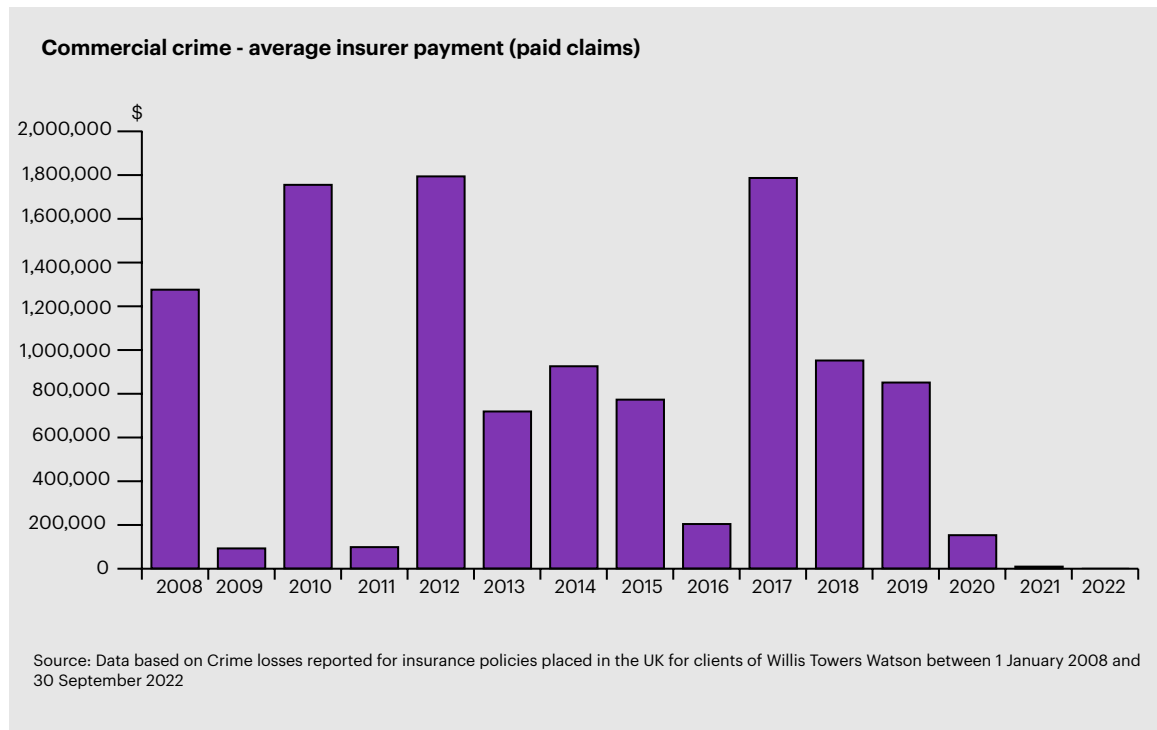


Source: Data based on Crime losses reported for insurance policies placed in the UK for clients of WTW between 1 January 2008 and 30 September 2022

# Commerical Crime

## Loss trends

- During recessionary periods, there is historically an uptick in the level of fraud. It remains unclear as to whether a reduction in liquidity reveals pre-existing frauds or whether the increased financial pressure on individuals and companies increases their propensity to commit fraud.
- WTW's internal data indicates that notifications to Crime policies by our clients continue to be significantly down in 2022 compared to the highs of 2017-2019.
- After several years of growth, Social Engineering notifications are starting to level off, although it is possible that some of this levelling off may be attributable to fewer Crime policies being placed.



# Contacts

For further information please contact:

## **Angus Duncan**

Executive Director – Coverage Specialist, FINEX

Direct: +44 20 3124 8386

Mobile: +44 7920 298 714

[angus.duncan@wtwco.com](mailto:angus.duncan@wtwco.com)

## **Eve Richards**

GB Head of FINEX D&O

Direct: +44 20 3124 8122

Mobile: +44 7880 142 610

[eve.richards@wtwco.com](mailto:eve.richards@wtwco.com)

## **Duncan Wash**

Executive Director, FINEX D&O

Direct: +44 1473 223 867

Mobile: +44 7941 399 223

[duncan.wash@wtwco.com](mailto:duncan.wash@wtwco.com)

## **Andrew Minns**

Executive Director, FINEX D&O

Direct: +44 1473 223 770

Mobile: +44 7508 556 618

[andrew.minns@wtwco.com](mailto:andrew.minns@wtwco.com)

## **For US enquiries:**

### **John M. Orr**

D&O Liability Product Leader, FINEX NA

Direct: +1 415 745 2681

[john.orr@wtwco.com](mailto:john.orr@wtwco.com)

## **For enquiries within Europe:**

### **Louise Dennerståhl**

Head of FINEX Europe (excluding GB)

Mobile: +46 73 250 59 64

[louise.dennerstahl@wtwco.com](mailto:louise.dennerstahl@wtwco.com)

**Disclaimer**

WTW offers insurance-related services through its appropriately licensed and authorised companies in each country in which WTW operates. For further authorisation and regulatory details about our WTW legal entities, operating in your country, please refer to our WTW. It is a regulatory requirement for us to consider our local licensing requirements. The information given in this publication is believed to be accurate at the date of publication shown at the top of this document. This information may have subsequently changed or have been superseded and should not be relied upon to be accurate or suitable after this date.

This publication offers a general overview of its subject matter. It does not necessarily address every aspect of its subject or every product available in the market and we disclaimer all liability to the fullest extent permitted by law. It is not intended to be, and should not be, used to replace specific advice relating to individual situations and we do not offer, and this should not be seen as, legal, accounting or tax advice. If you intend to take any action or make any decision on the basis of the content of this publication you should first seek specific advice from an appropriate professional. Some of the information in this publication may be compiled from third party sources we consider to be reliable, however we do not guarantee and are not responsible for the accuracy of such. The views expressed are not necessarily those of WTW. Copyright WTW 2023. All rights reserved





### About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at [wtwco.com](https://www.wtwco.com).



[wtwco.com/social-media](https://www.wtwco.com/social-media)

Copyright © 2023 WTW. All rights reserved.  
FPS4129169 WTW-FINEX 538603/01/23

[wtwco.com](https://www.wtwco.com)

