

Property Insurance Rates to Rise in 2018

North American commercial property insurance rates could see a spike in 2018 for properties that suffered catastrophe property losses in 2017; this according to a report by Willis Towers Watson [WTS], a leading global insurance advisor, broker and solutions company.

The commercial property insurance market has been soft for the last several years - due largely to the back-to-back catastrophes of hurricanes Harvey, Irma and Maria - but which is now headed for a correction.

WTS estimates that rates for commercial properties that are located in catastrophe-prone areas, but not damaged by the storms, could see an increase between 10% and 20%. Coverage costs for properties in other locations could see rates rise by 5%.

Insurers worldwide are considering rate hikes after weathering what could turn out to be their most costly quarter on record, Reuters reported. American International Group (AIG) said Friday that it would pursue double-digit rate increases. The company saw \$3 billion in catastrophe losses in the third quarter, according to Reuters.

“The marketplace is going to react, and buyers need to be ready,” WTS said in a cause and effect report of insurance market conditions.