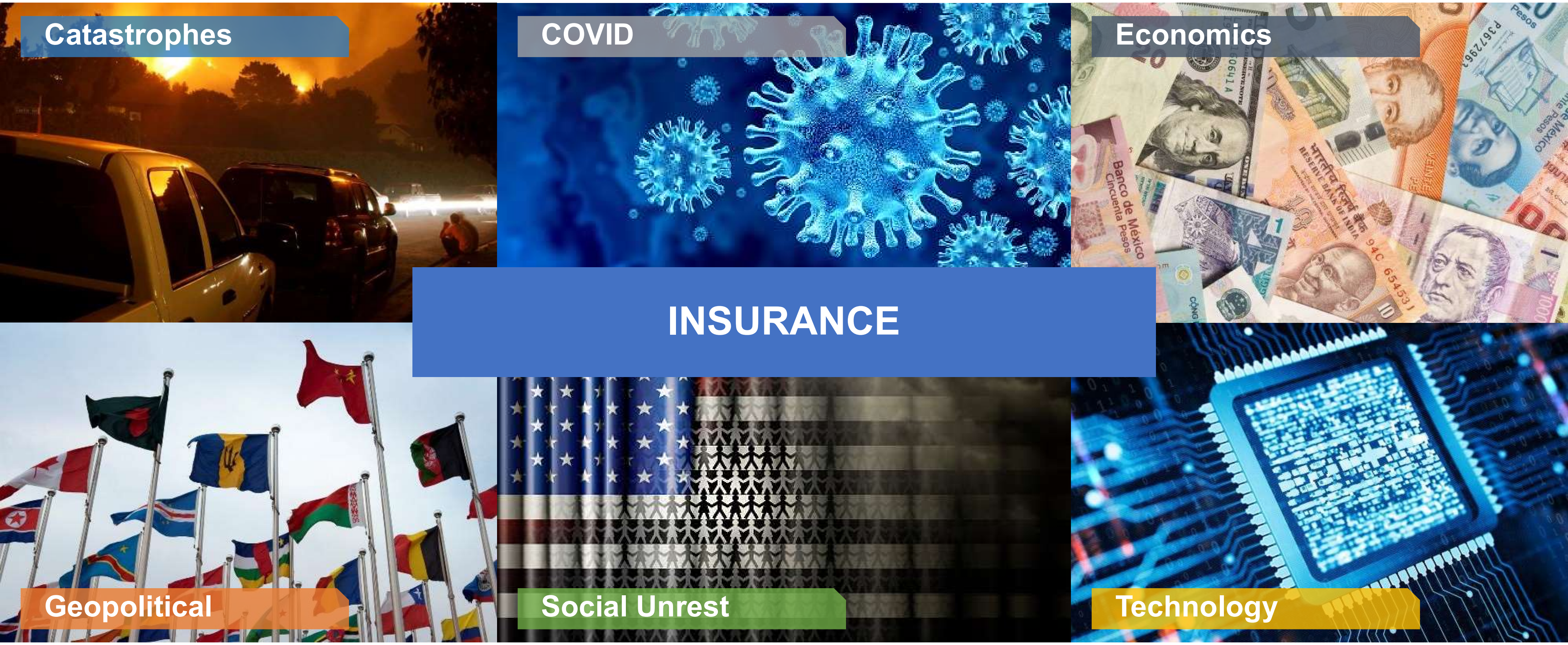
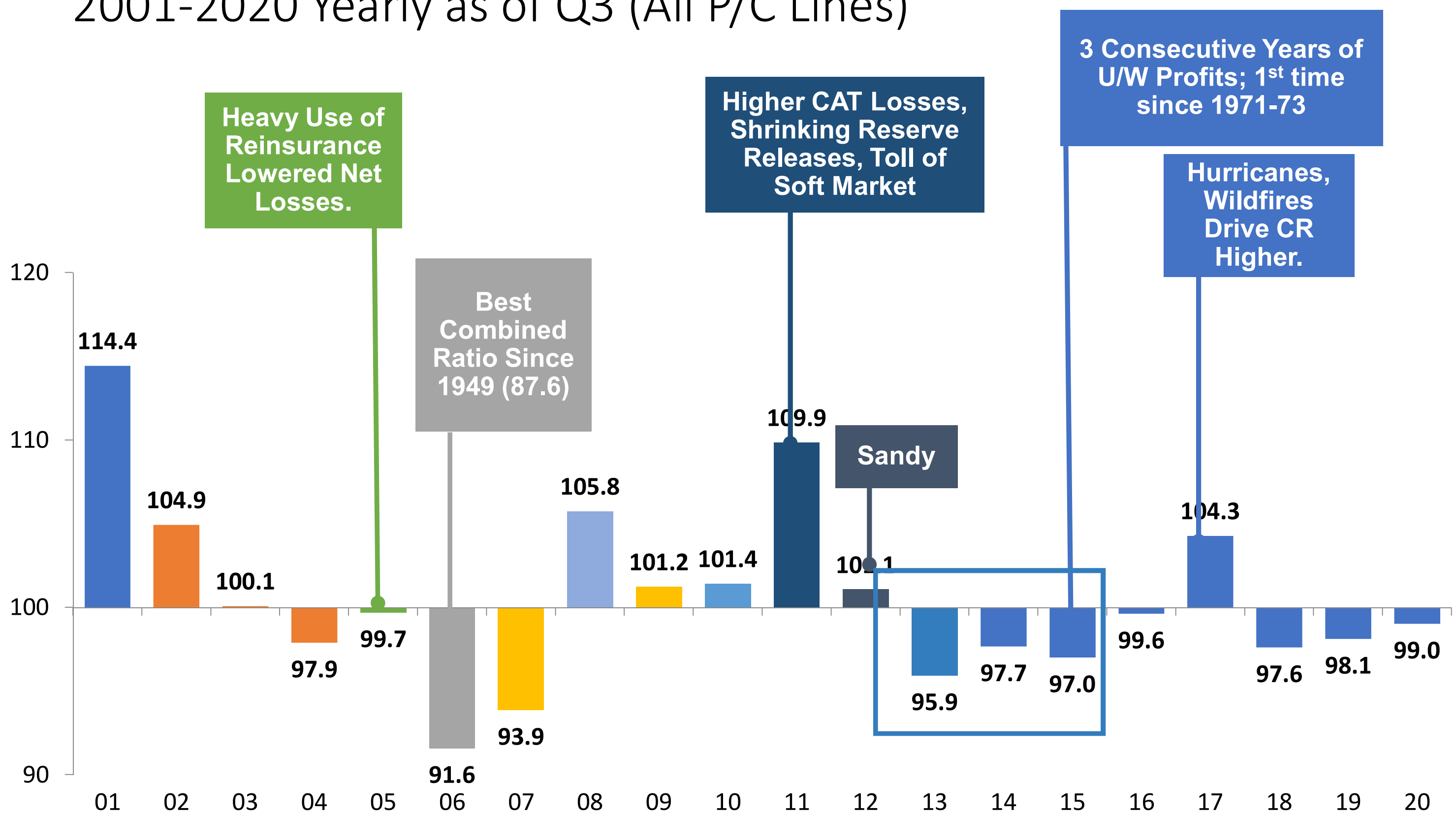
The Disruption Continuum



What's Driving Market

- Concern over Covid-19 Continues (Variants?)
- Social Unrest
- Natural Catastrophes (Hurricanes, Flood, Hail, Wildfire)
- Jury Verdicts, Large Losses and Historical Development
- Economic & Political Disparity
- Sectors Seeing Greatest Impact and Lasting Changes
  - Retail
  - Education
  - Healthcare
  - Hospitality
  - Entertainment
  - Commercial Real Estate

Combined Ratio
2001-2020 Yearly as of Q3 (All P/C Lines)



Combined Ratio: Neutral

Data through Q3

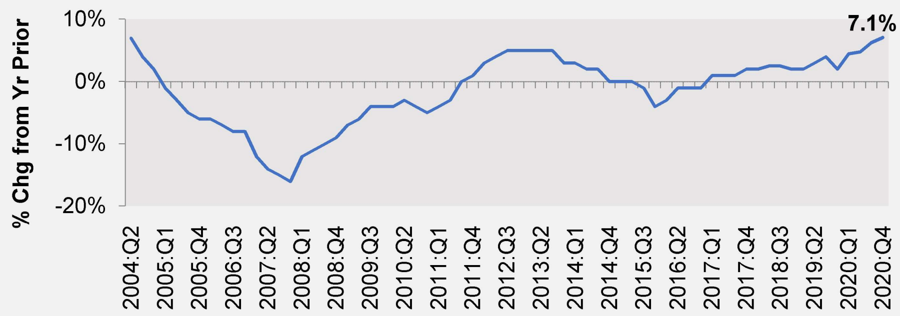
Sources: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.

Market Reaction

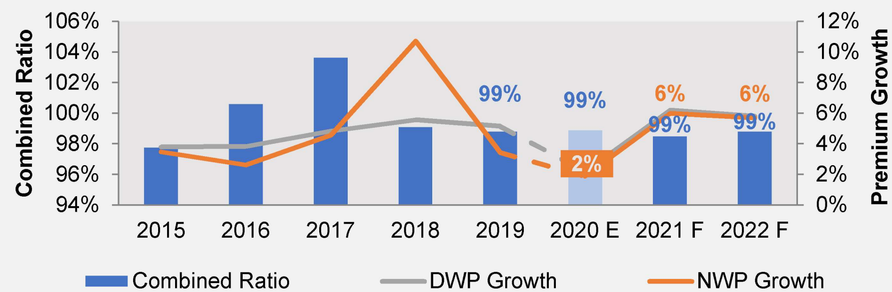
- Markets hardened due to significant capital destruction, capacity withdrawals and "fear".
  - Property, Umbrella, Auto: Most Volatile and Highest Average Rate Increase
  - General Liability: Moderate Volatility, Industry and Loss Dependent
  - Workers Compensation: Least Volatile and Stable, Industry and Loss Dependent
- Conundrum: Plenty of surplus in the market – insurers are simply not deploying it unless there are adequate returns.
  - Policy Holder Surplus at All Time High of $875.6B
  - Interest Rate Environment could Change Market Direction
- There are early indications of a bifurcated market. Clients with favorable occupancies, adequately priced modeled CAT risk and positive loss ratios will likely see a diminishing rate of increases. In contrast, unfavorable occupancies, clients with poor loss records or those coming off multiyear deals will continue to see more dramatic rate increases.

Industry Outlook

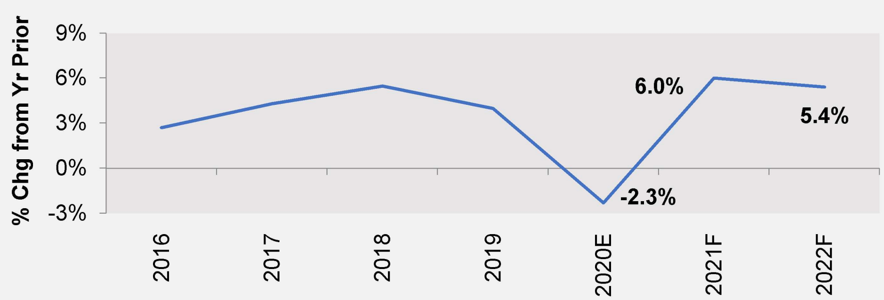
Commercial Lines Rate Change



Calendar Year Written Premium and Net Combined Ratio Projections



Growth in Nominal GDP (Real GDP + Inflation)



2021 Commentary

Healthy premium growth this year thanks to recovery and hard market

- Interest rates will stay low, pressuring rates and the need for underwriting profits.
- Uncertainty from COVID will continue to put pressure on rates.
- We assume an average year for cats.

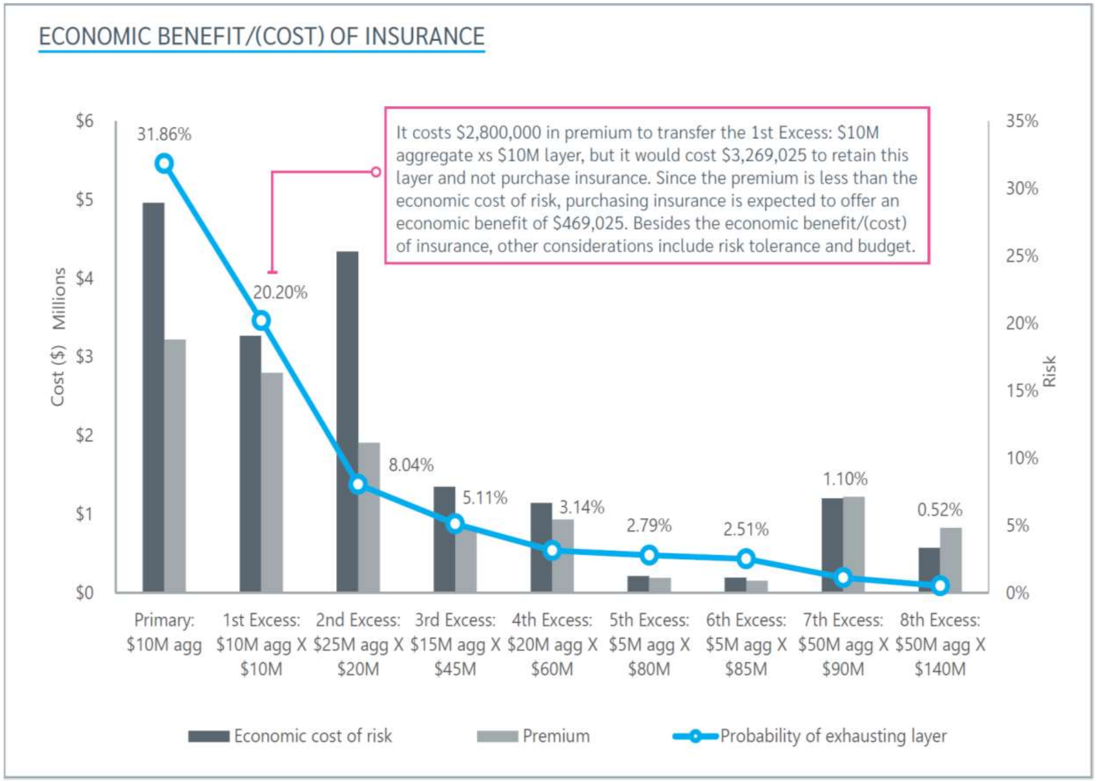
Milliman

Data sources: NAIC data sourced through S&P Global Market Intelligence, MarketScout, Blue Chip Economic Indicators, Congressional Budget Office, PCS, Aon, Munich Re, Energy Information Agency, FRED (Federal Reserve Bank of St. Louis).
Analysis: Insurance Information Institute, Milliman.

Umbrella Limit Modeling

"Cost of Capital" mindset elevating the need to use sophisticated tools to analyze risk tolerance, identify loss drivers and evaluate alternative program structures

- Dynamic Capital Model (example)



Best Practices

START EARLY, WITH A CLEAN SLATE

- Refresh understanding of organizational priorities and risk tolerance.
- Evaluate current program and carrier relationships carefully — identify potential gaps, weaknesses or challenges.
- Identify the critical objectives and develop a plan to accomplish.
- Develop a realistic budget, using market intelligence to guide pricing targets.
  - **UPDATE THIS FREQUENTLY DURING THE PROCESS.**
- Have a Plan B and C.
- Involve the C-suite in the discussions and planning.

DEVELOP A BEST-IN-CLASS MARKET SUBMISSION

- Know how your risk is being presented and differentiated from the industry.
- Use analytics to:
  - Identify and highlight positive trends and be ready to address those that are not.
  - Validate program structure including retentions and limits.
  - Model alternative program structures and evaluate potential outcomes based on alignment with risk tolerance thresholds.
  - Evaluate between alternative options.

MEET (VIRTUALLY) WITH KEY MARKETS EARLY IN THE PROCESS

- Understand their concerns and which risk factors are driving pricing.
- Strengthen the relationship and be flexible with regard to other coverages.
- Be certain they understand changes in your business and/or risk profile; highlight key risk management strategies.

REMAIN FLEXIBLE

- Evaluate alternative risk structures.
- Model the impact of higher attachments.
- Consider self-insuring all or part of a layer.