

CHUBB®

Insuring successful families
and individuals

2024 Market Trends



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Inflation impacts

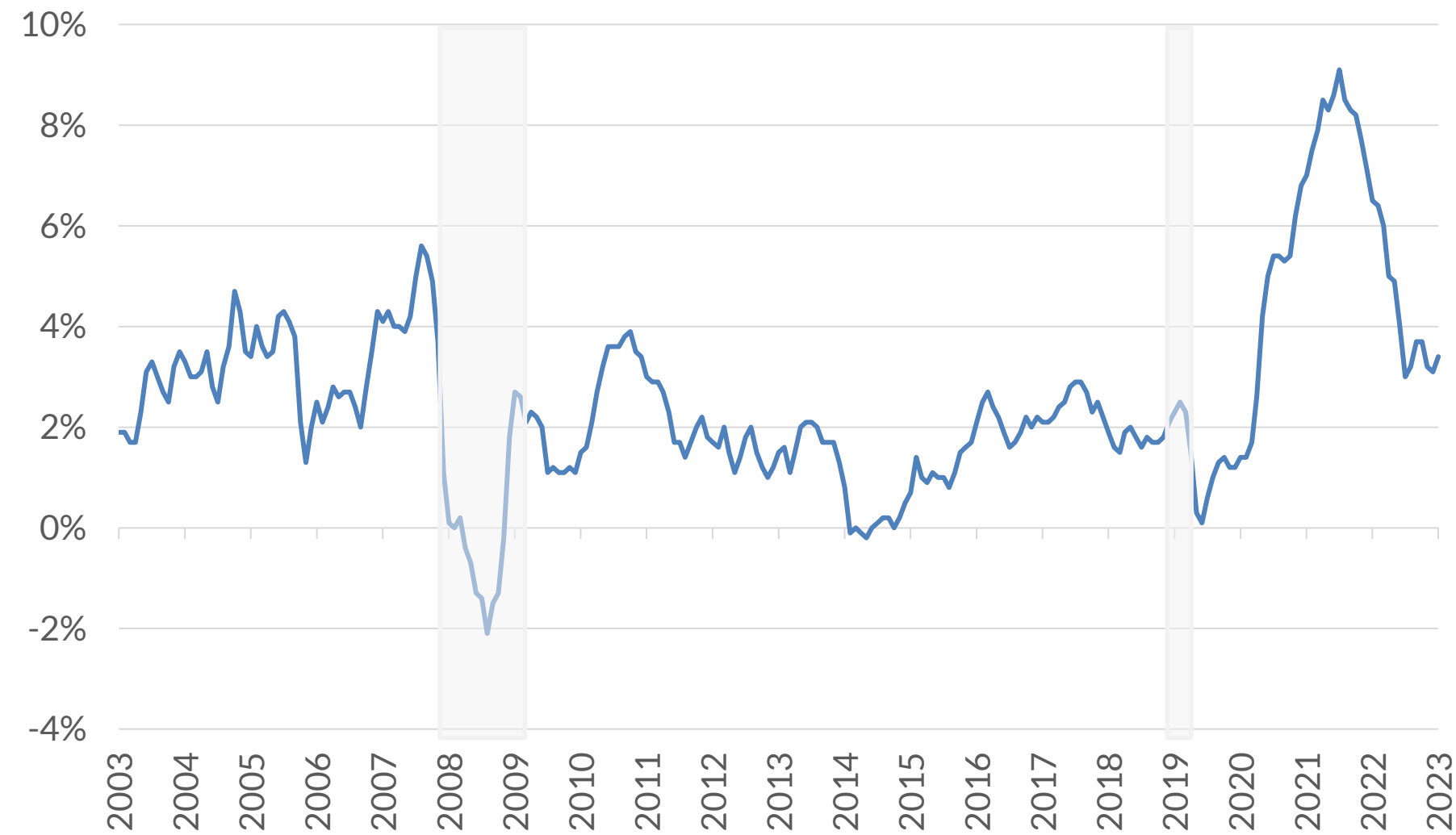
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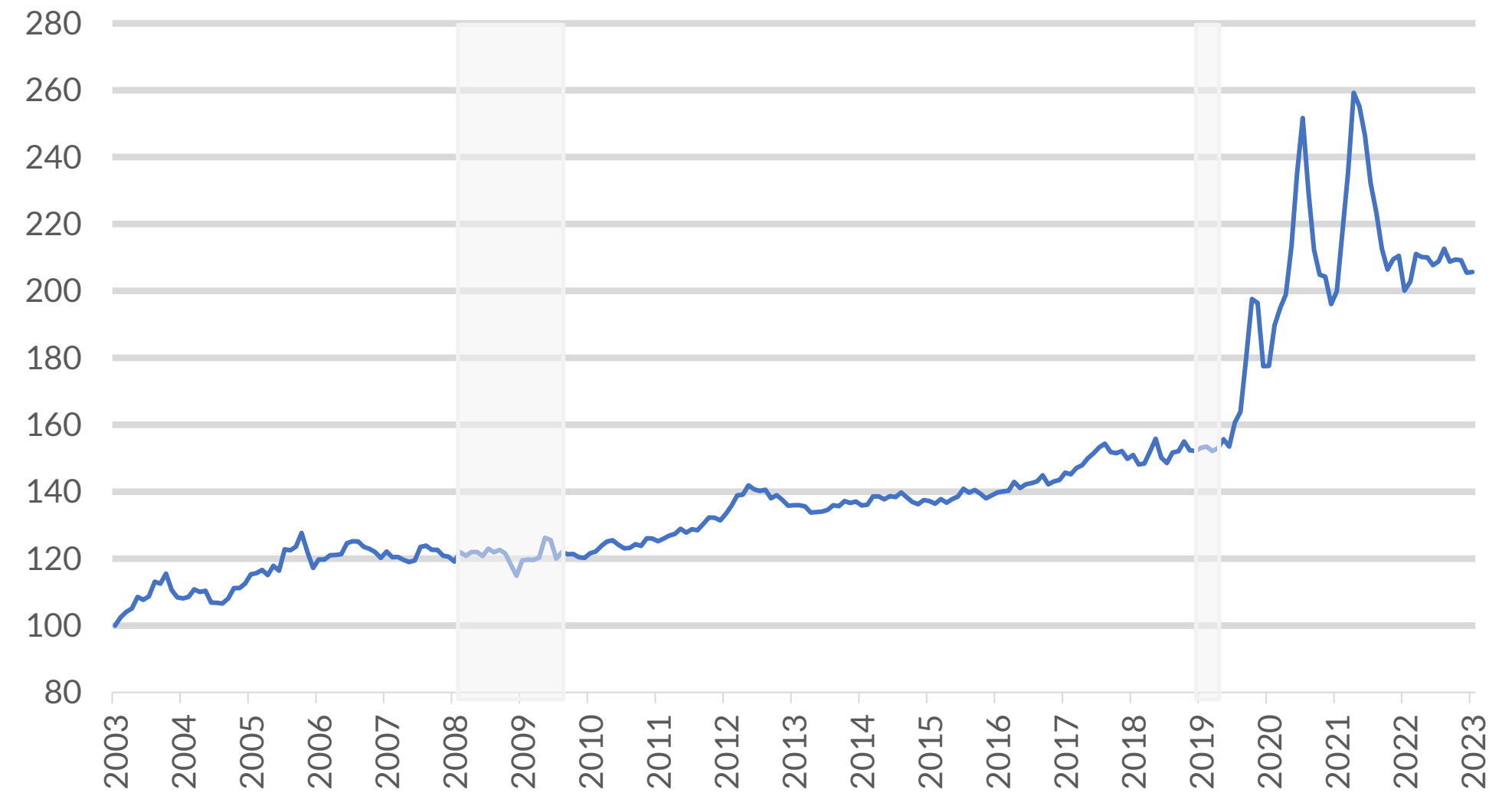


Inflation falls, material costs plateau

Consumer price index
(not seasonally adjusted)¹



Construction goods – producer price index²
Net inputs to single family residential construction



Source:
1. U.S. Bureau of Labor Statistics
2. U.S. Bureau of Labor Statistics – Fred Economic Data

Material costs are leveling off

+4% Asphalt Roofing

-11% Rough Framing / Lumber

+5% Windows & Doors

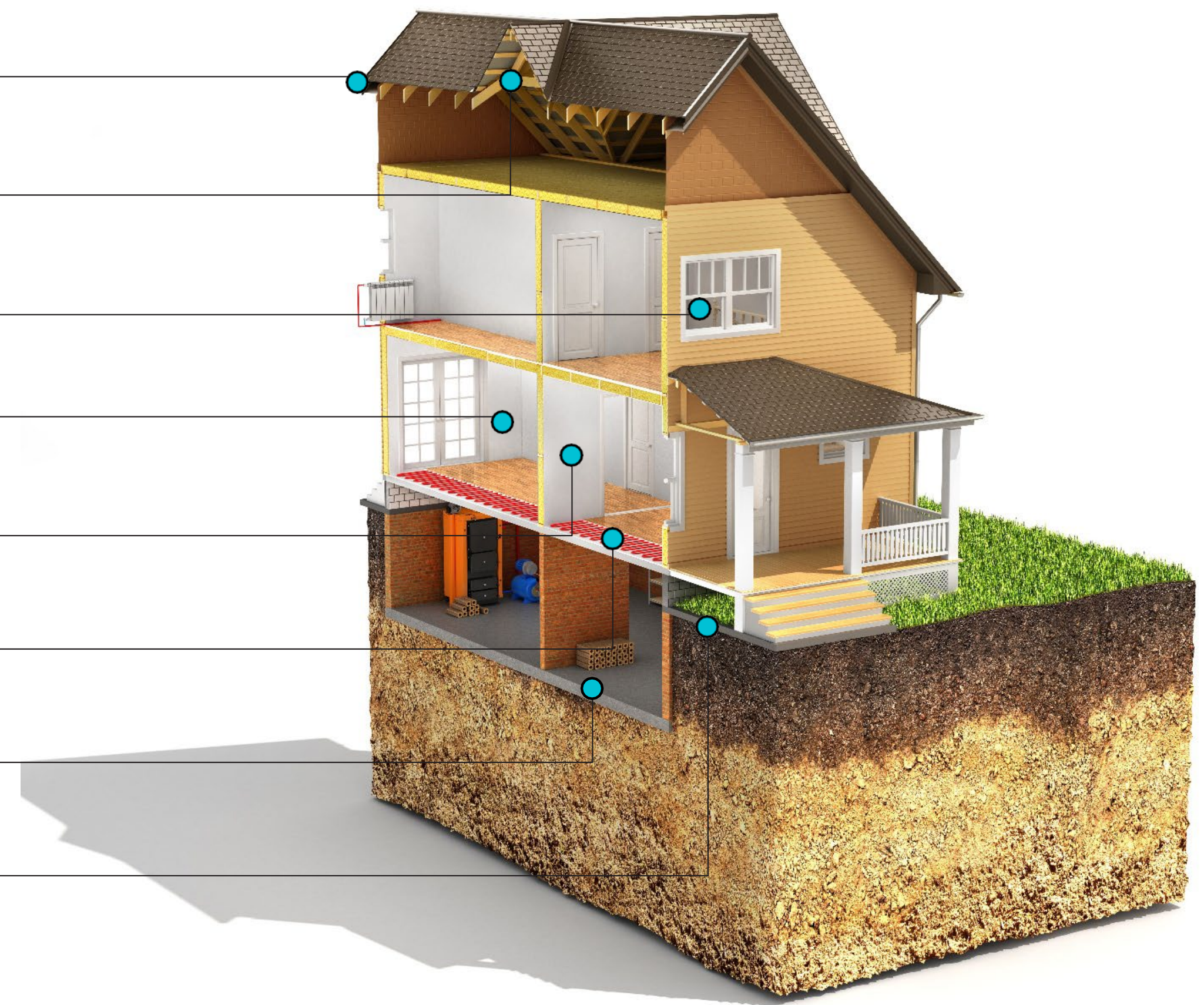
+7% Paint

+5% Drywall

+4% Copper Electrical

+12% Concrete Products

-2% Plastic & Copper Plumbing

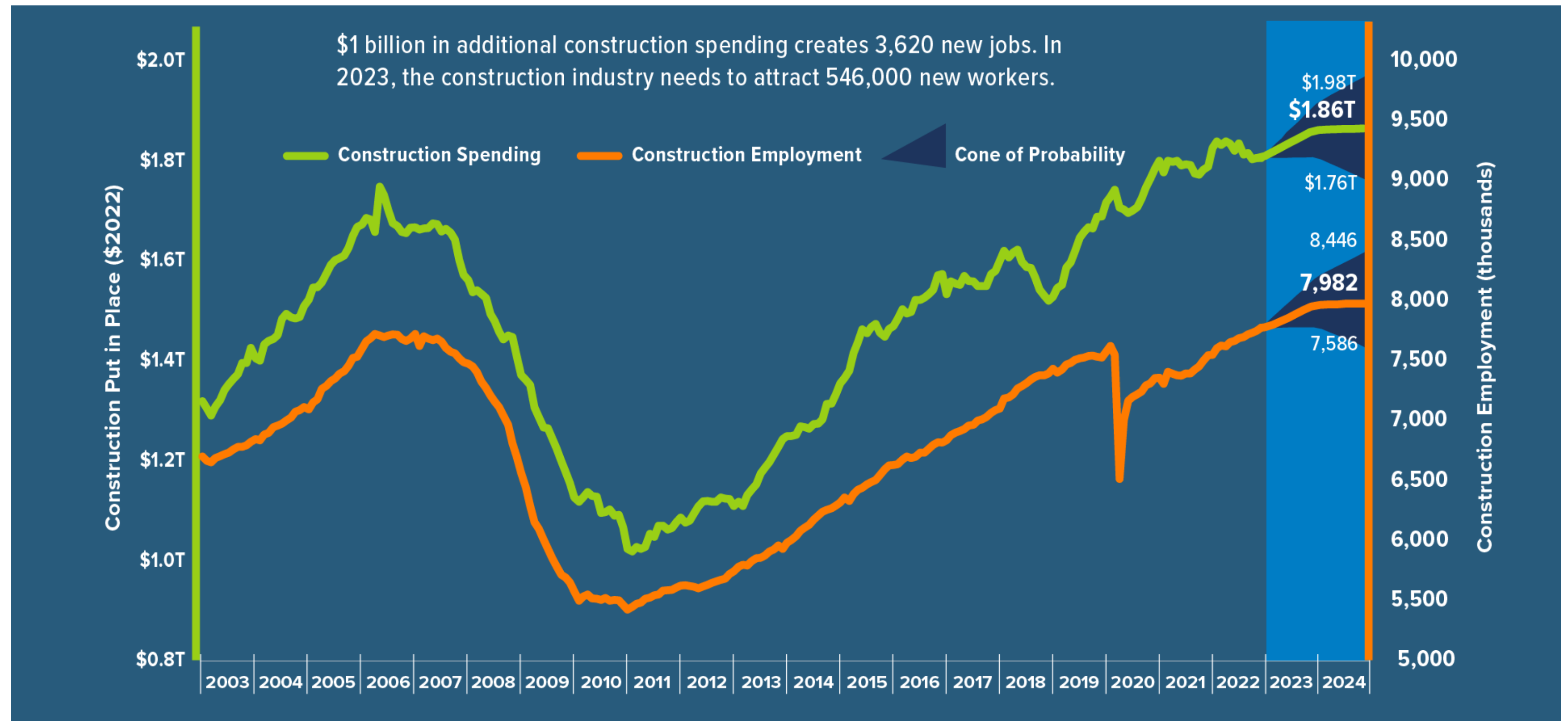


Labor shortages mean higher wages, costs

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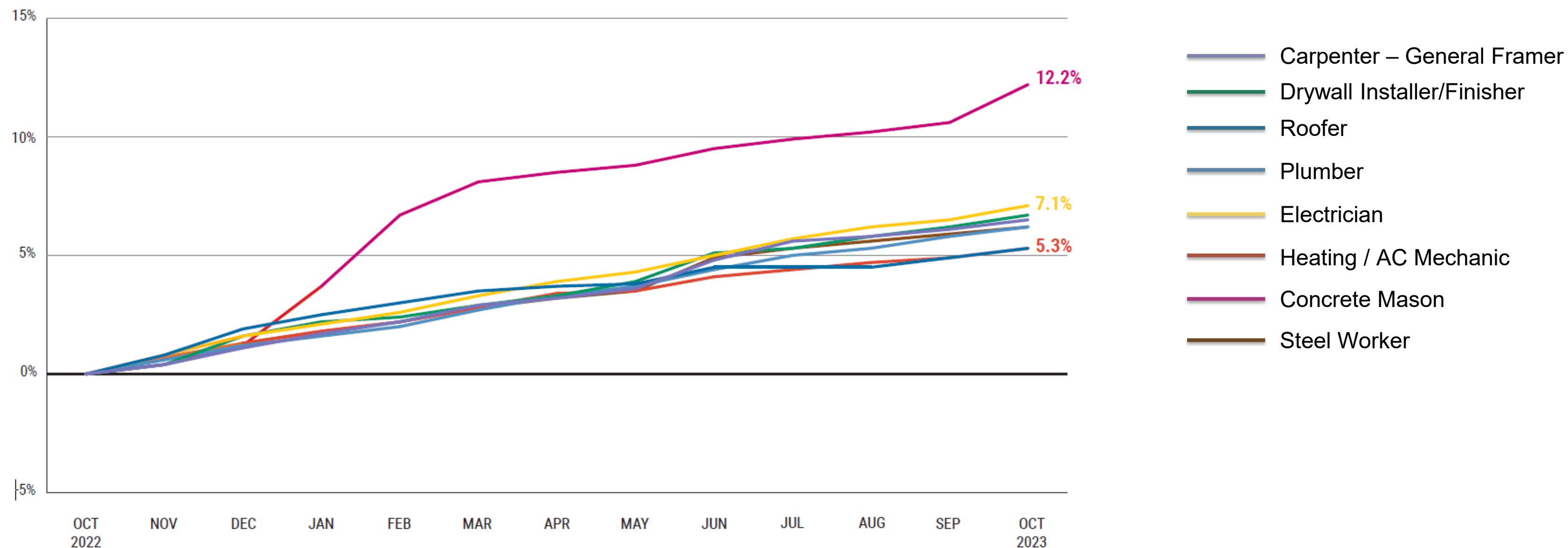
Construction spending and employment forecast
(High Base and Low scenarios)



Labor shortages mean higher wages, costs

Labor cost percentage change in costs by month

7.6% growth since Oct 2022



Steady shift from moving to renovating

Homeowner move or remodel rate



Source: Zonda tabulation of Census ACS and AHS data

Homeowners typically remodel or move every 11 years on average.

The mix has shifted more towards remodels as resale housing as supply declined.

Liability & Auto

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Liability: In the news and on the rise

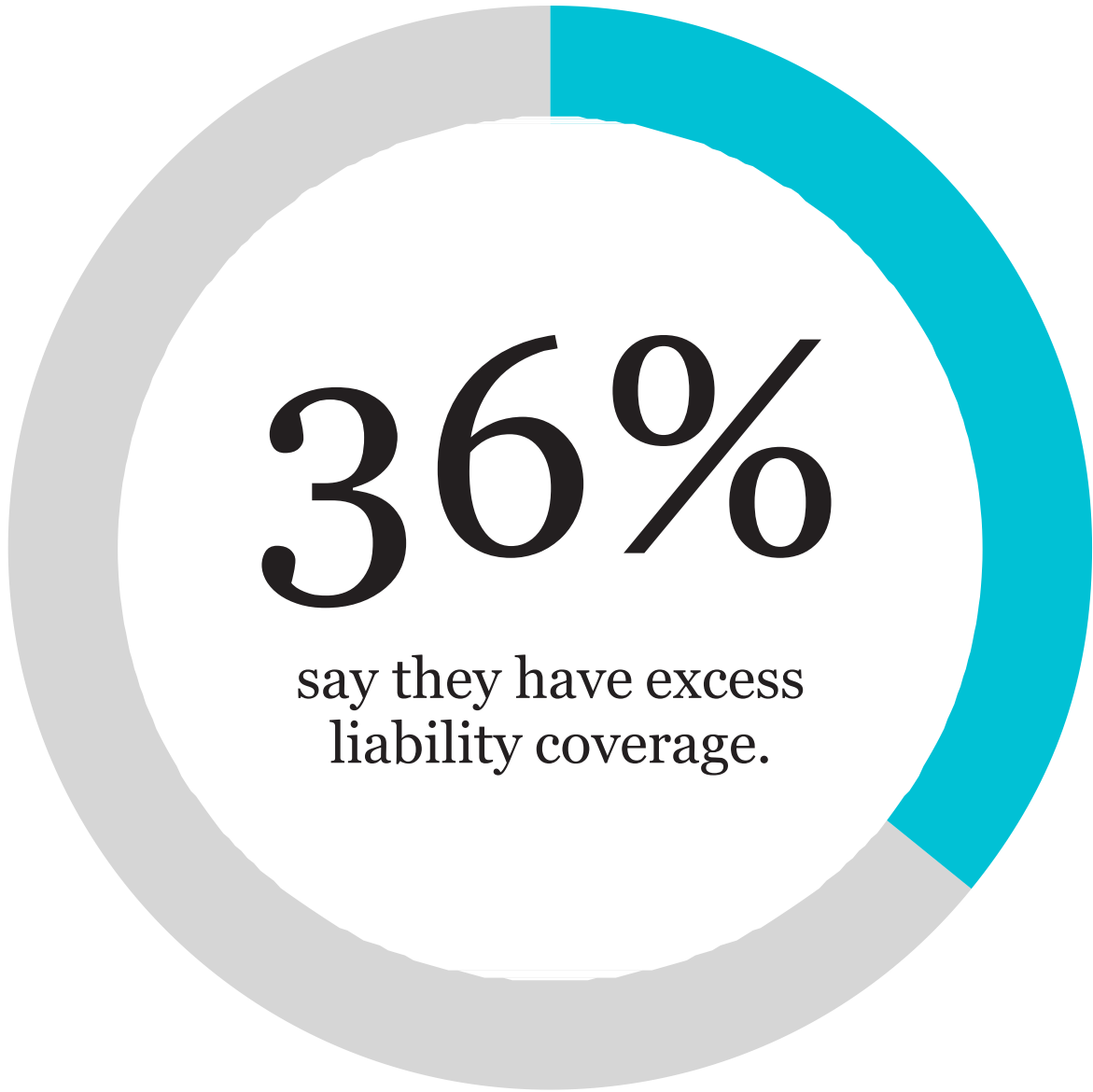
9/10

HNW individuals are concerned about the size of a verdict against them if they were to be a defendant in a liability case.



36%

say they have excess liability coverage.



Higher liability verdicts & settlements – key drivers



Social inflation

Insurers' claims costs are rising above general economic inflation.

Driven by a trend in increased litigation, broader definitions of liability, more plaintiff-friendly legal decisions and larger compensatory awards by juries.

Current social-economic divide: “us vs. them theory”

Third-party litigation funding

Large increases in advertising by plaintiffs' firms

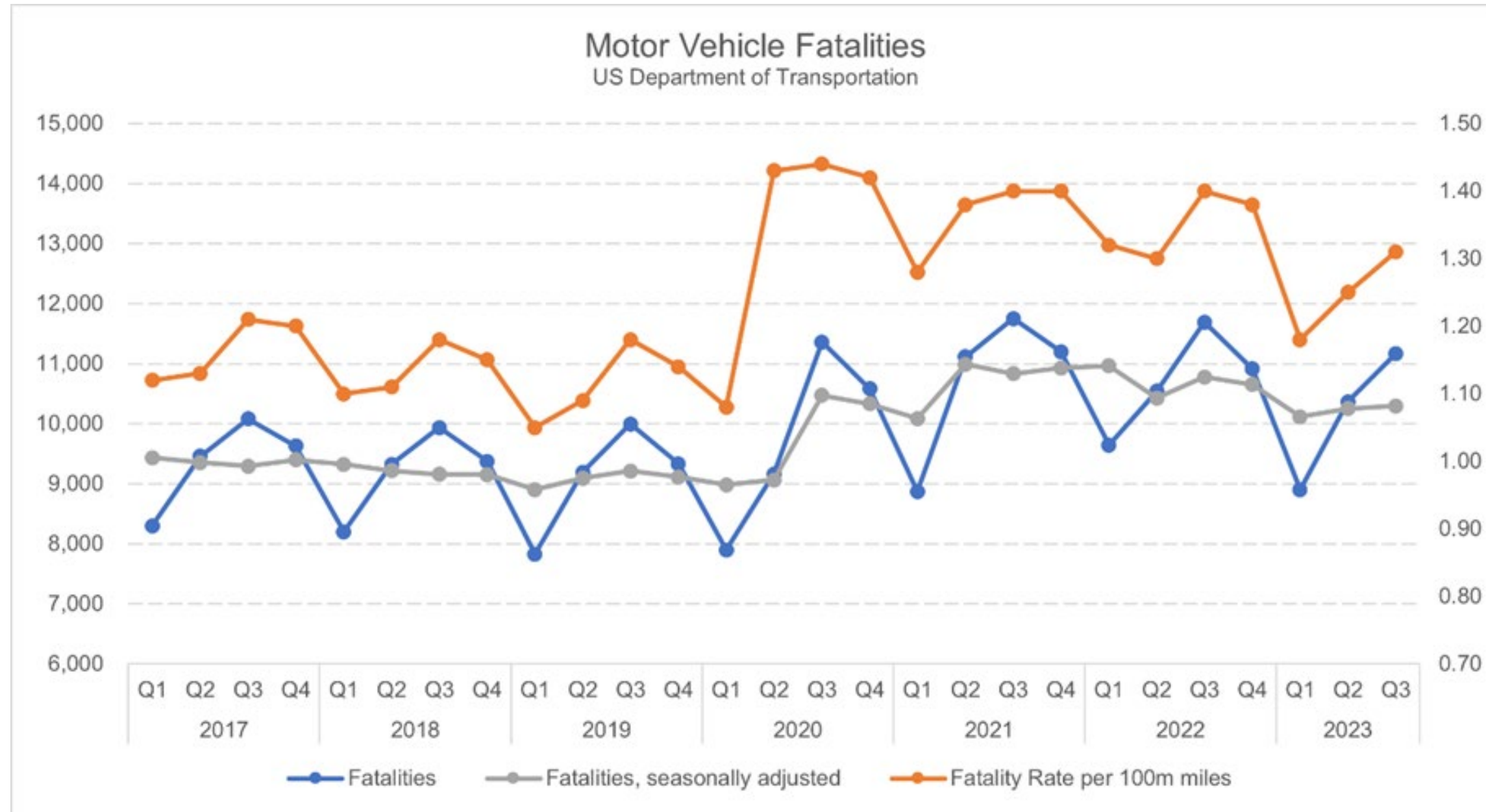
Faster driving patterns

Large awards for non-economic to address broader social concerns

- Post-traumatic stress disorder (PTSD)
- Conscious pain and suffering
- Chronic regional pain syndrome (CRPS)

Driving fatalities remain high

Traffic fatalities in the U.S., 2017-2023

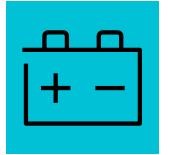


An increase in poor driving behaviors during the pandemic saw a spike in fatalities.

What's behind the increase in severity?



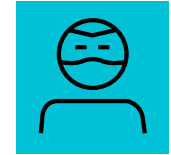
High-speed crashes & distracted driving



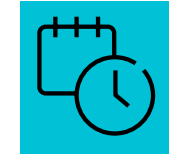
Inflation for both parts and labor



Supply chain issues

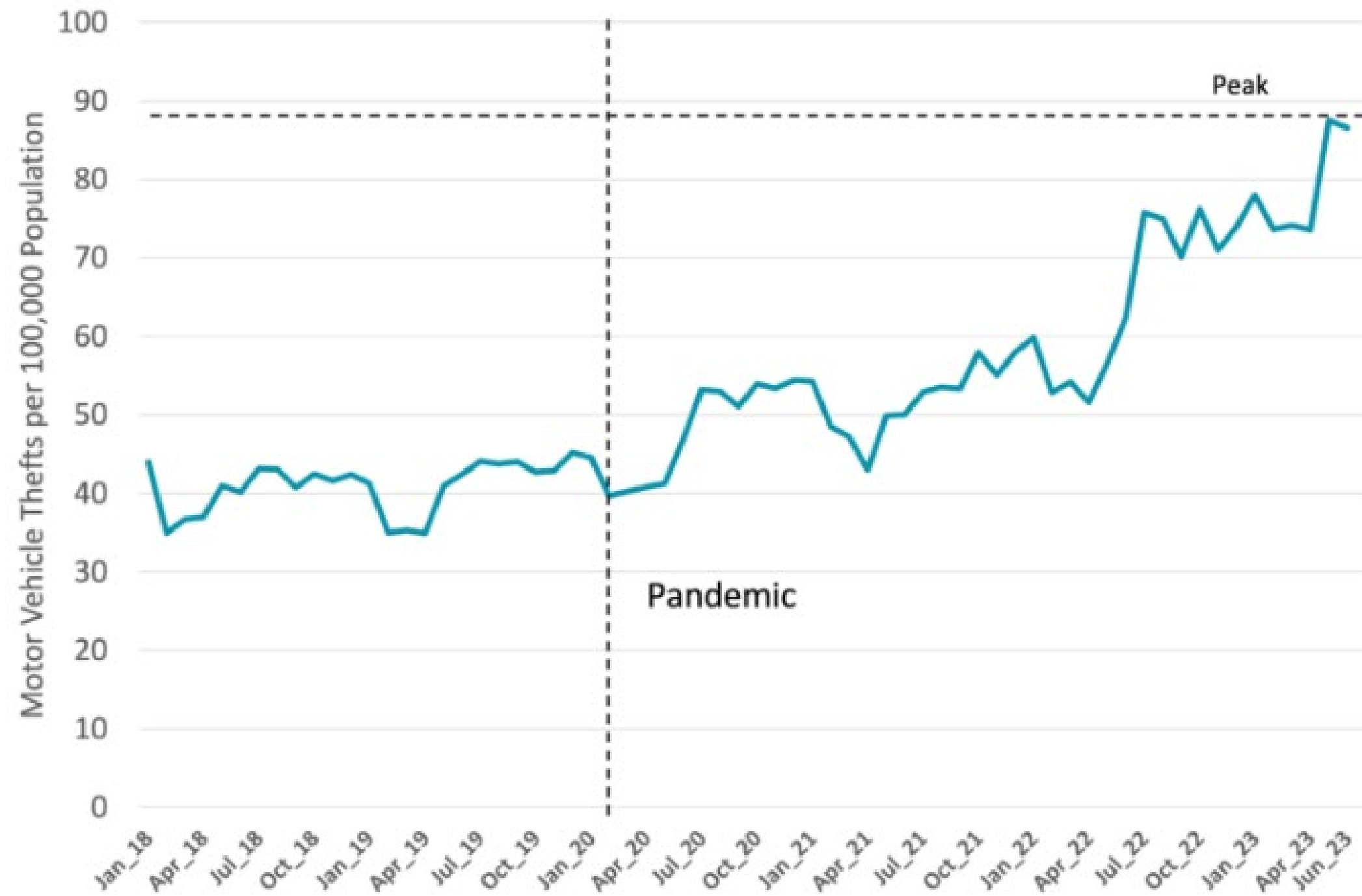


Theft



Higher rental days

Vehicle theft on the rise



104%

Average rate of motor vehicle theft was 104% higher in 2023 than 2019

Top luxury vehicles stolen

- Land Rover Range Rover
- Land Rover Range Rover Sport
- BMW X6
- BMW X7
- Infiniti Q50

Source:
 1. [Council on Criminal Justice](#)
 2. [Newsweek](#)
 3. [IIHS](#)

Weather

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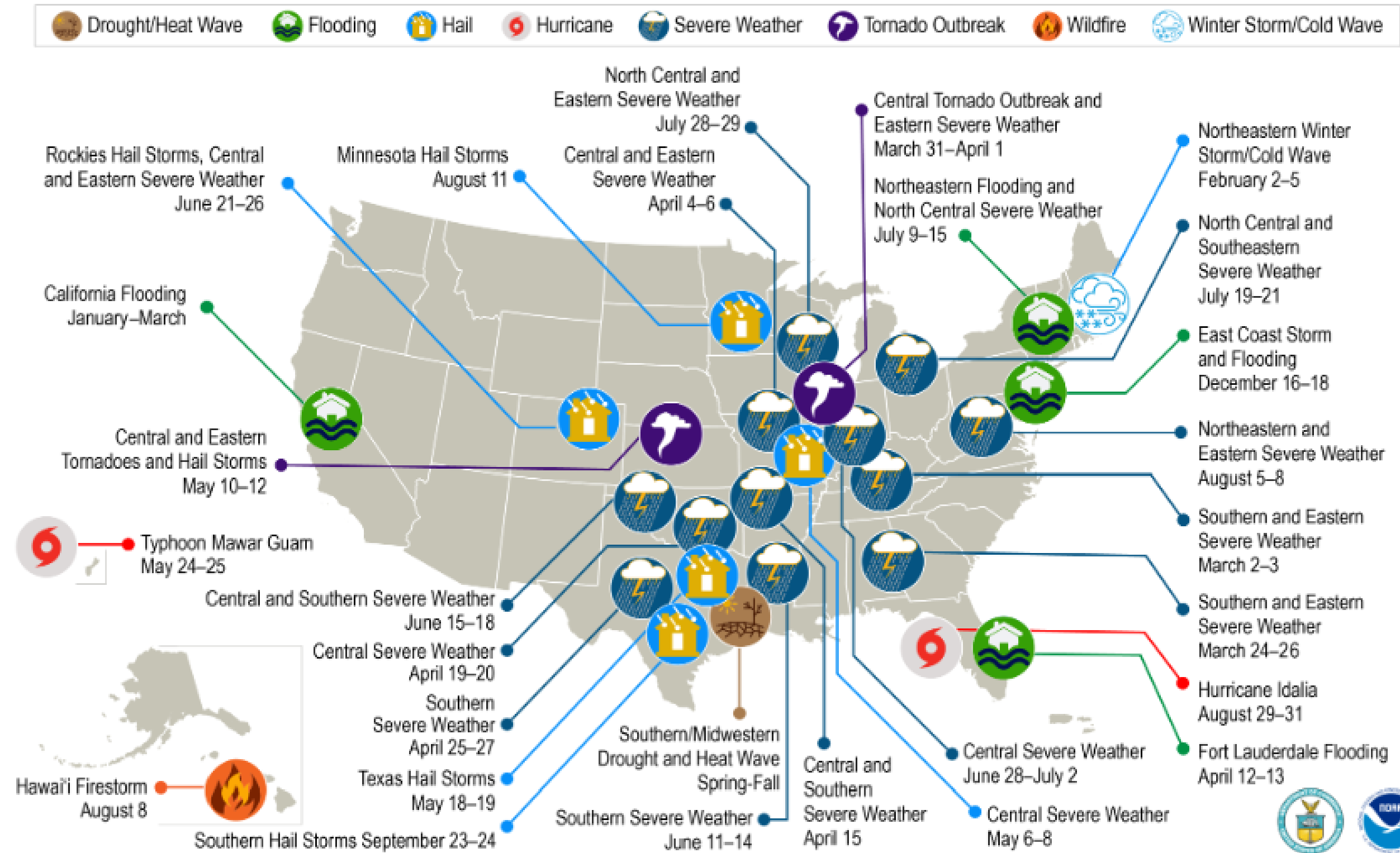


Rise in billion-dollar disasters

U.S. 2023 billion-dollar weather and climate disasters

This map shows the approximate location of the 28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.

Source:
NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2023).
<https://www.ncei.noaa.gov/access/billions/>
DOI: 10.25921/stkw-7w73

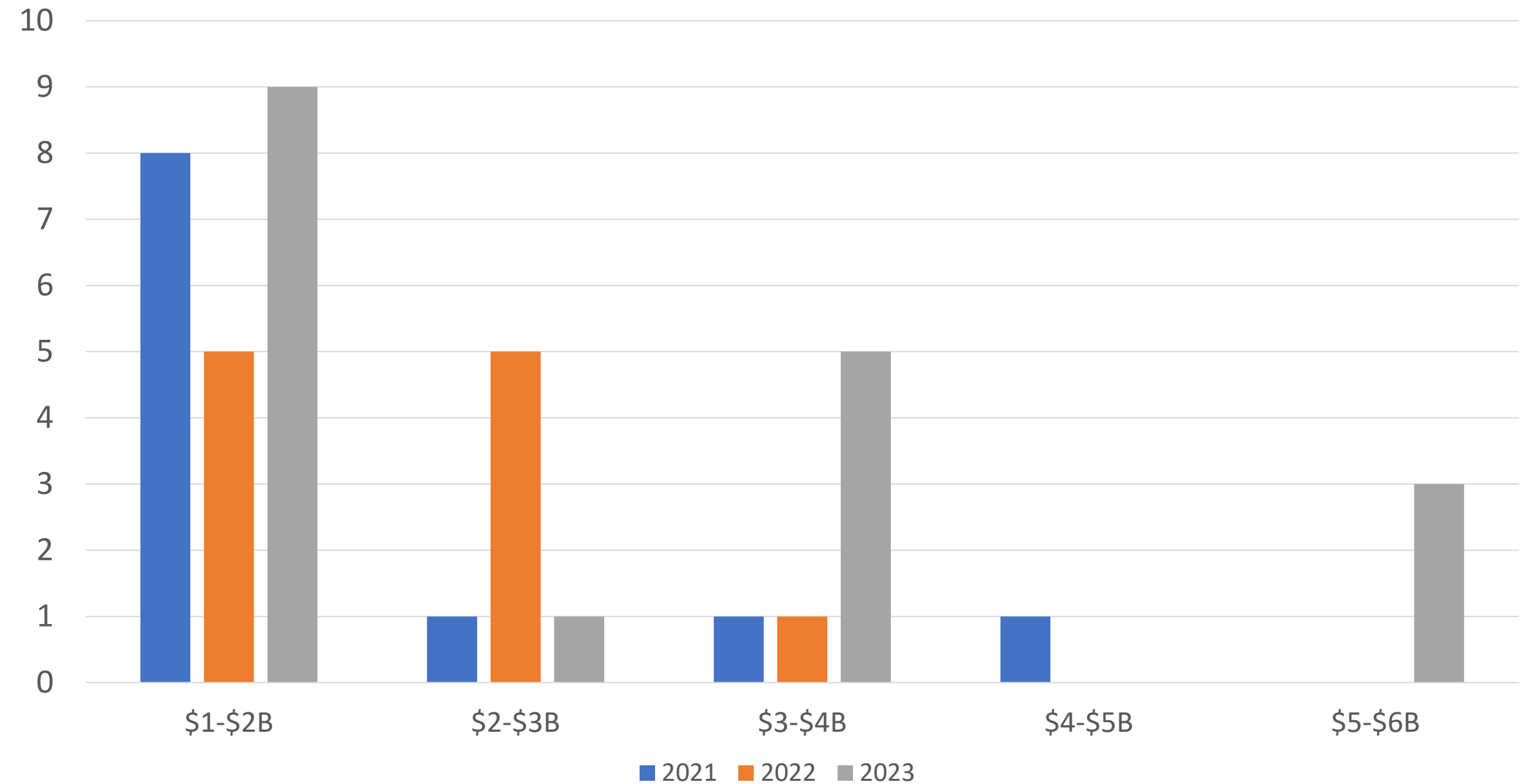


This map denotes the approximate location for each of the 28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.

Convective storms

Storms on the rise

2023 was an active convective storm season. While there was not a single, major event (\$10B+) there was a high frequency of moderate events in the \$3B - \$6B range: 9 in 2023 compared to 1 in 2022 and 2 in 2021.



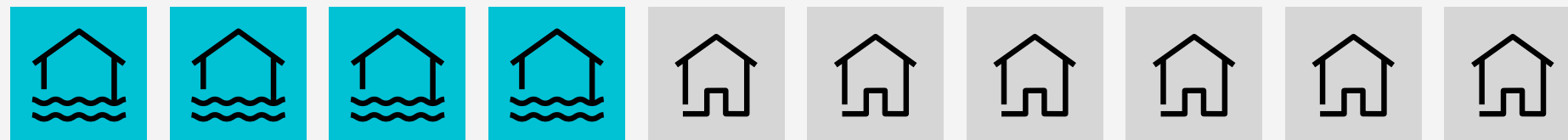
Flooding remains the greatest risk

Flooding is the most common type of natural disaster worldwide

75%

of all Presidential disaster declarations are associated with flooding.¹

40% is the approximate percentage of all natural disasters that involve flooding.



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63%

of HNW consumers say weather-related water damage is the top risk to their home.²

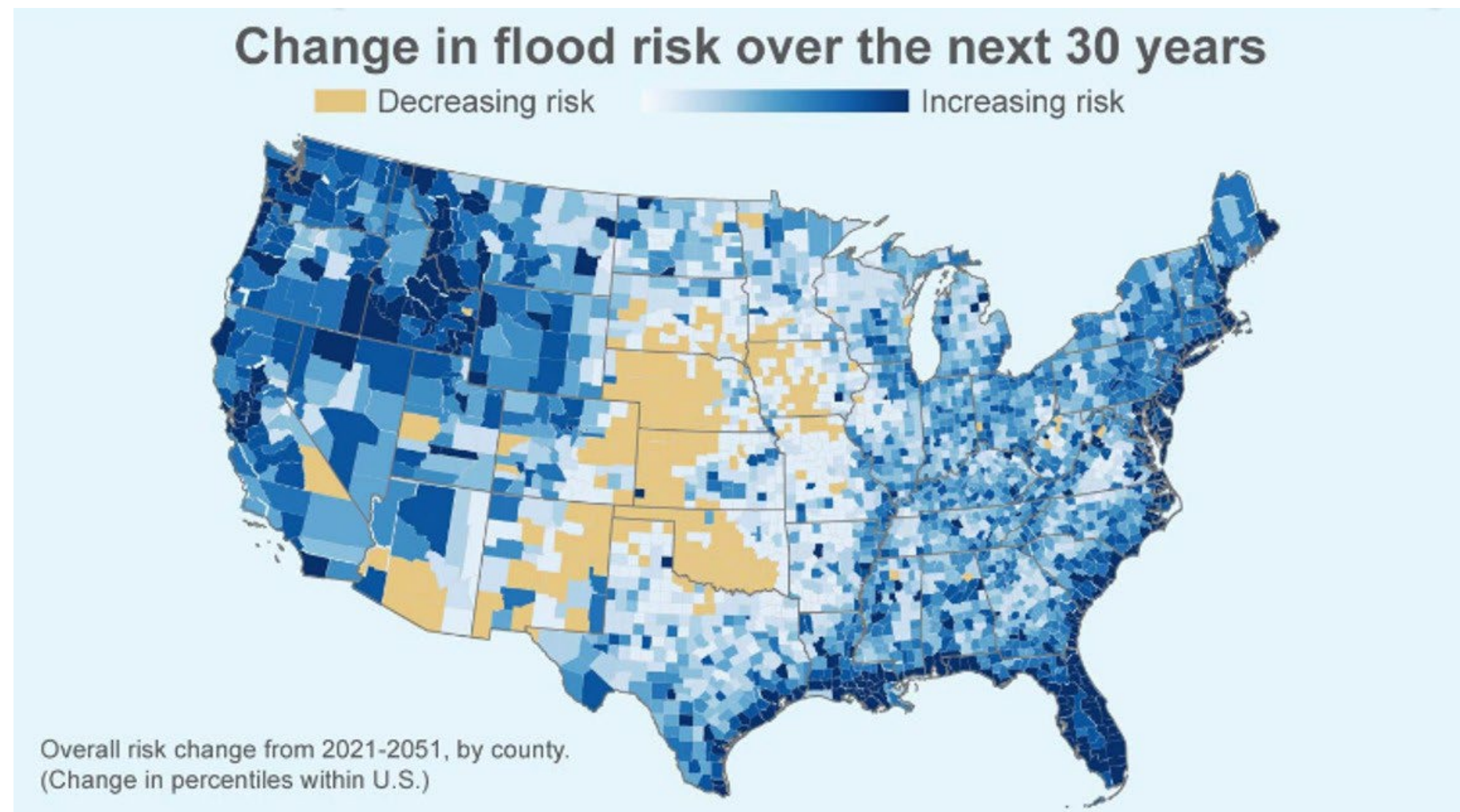
In a 30-year mortgage, a home has a 26% chance of being damaged by a flood compared to a 9% chance of fire.²

Source:
1. National Flood Insurance
2. 2023 Chubb Wealth Report

Flood risk is only set to grow

Why?

- Climate change: every 1-degree rise in temperature can mean 4% more water vapor in the air.
- Development: buildings, pavement and roads prevent the slow absorption of the water.



Changes in the marketplace

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Factors impacting reinsurance

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Interest rates



- Alternative capital
- Collateral
- Accounting impact

Catastrophes



- Frequency and severity of events
- Type of events

Inflation



- Materials
- Skilled labor
- Supply chain

Record year for natural catastrophe losses

\$357 bn

Global economic cost of natural catastrophe events reached estimated \$357 billion in 2023.

\$100 bn

4th consecutive year in which global insured losses from natural catastrophe events exceeded \$100 billion mark

58%

Dominant driver was severe convective storms – 58% of the global insured loss.

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Hard market impact

Capacity changes



Reinsurance availability
Risk Tolerance and Capacity

Stabilizing prices



Higher Reinsurance Pricing
Terms and Conditions

Decision time



Reinsurance Price & Limits
Balance Sheet Risk

Excess and surplus lines continues to grow

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Excess and surplus lines (E&S) insurance provides coverage for hard-to-place risks that the admitted market typically won't insure.

States with high growth:

California

Mississippi

Alabama

Florida

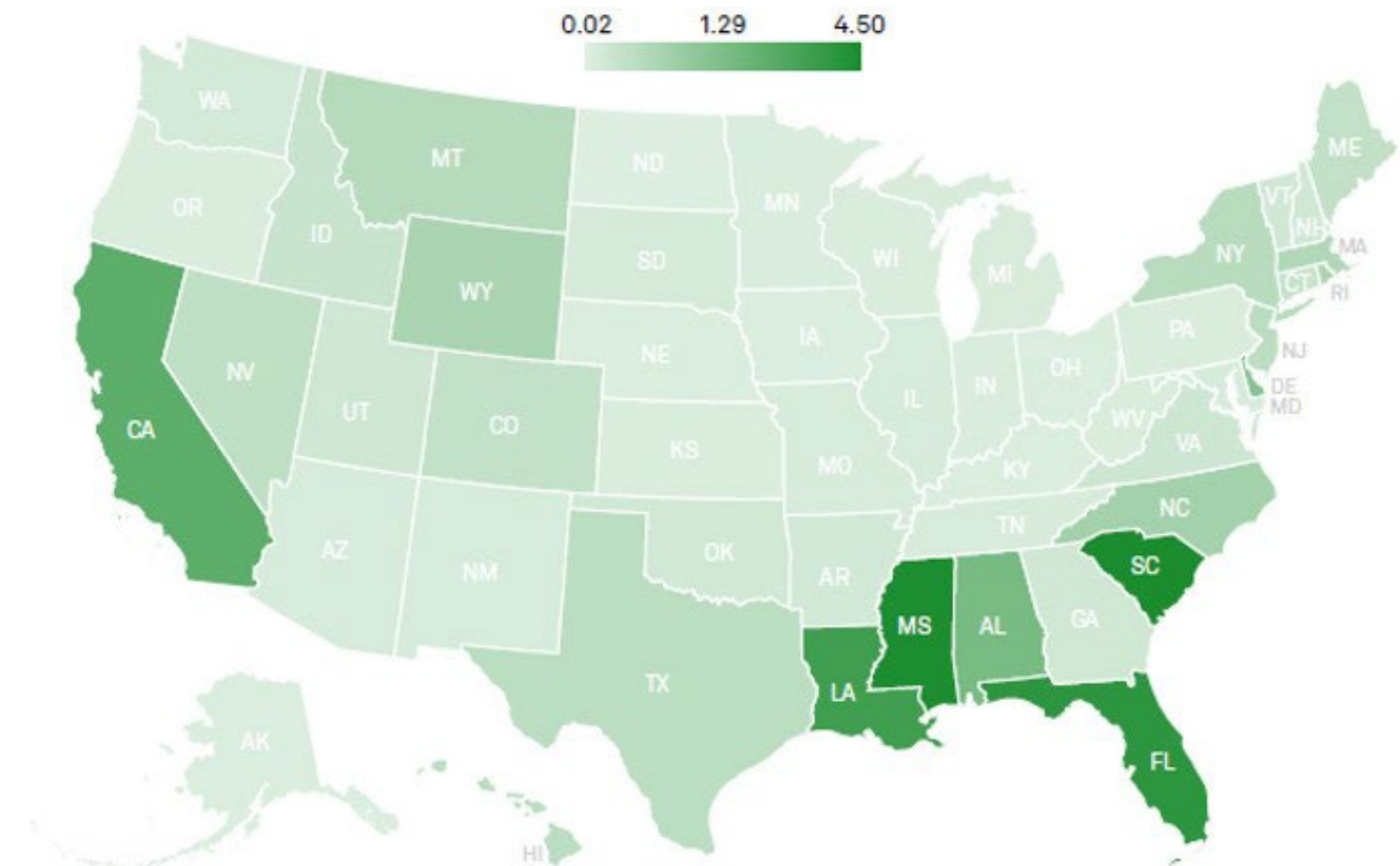
South Carolina

Louisiana

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Homeowners E&S market share by state

Based on 2022 direct premiums written



Data compiled June 16, 2023.
E&S = excess and surplus lines.
Reflects direct premiums written by carriers not licensed or chartered in a given state relative to total filed homeowners direct premiums written in that state. Includes renters, condominium-owners and mobile homeowners coverages.
Darker shading reflects higher levels of E&S concentration.
Map credit: Cat VanVliet.
Source: S&P Global Market Intelligence.
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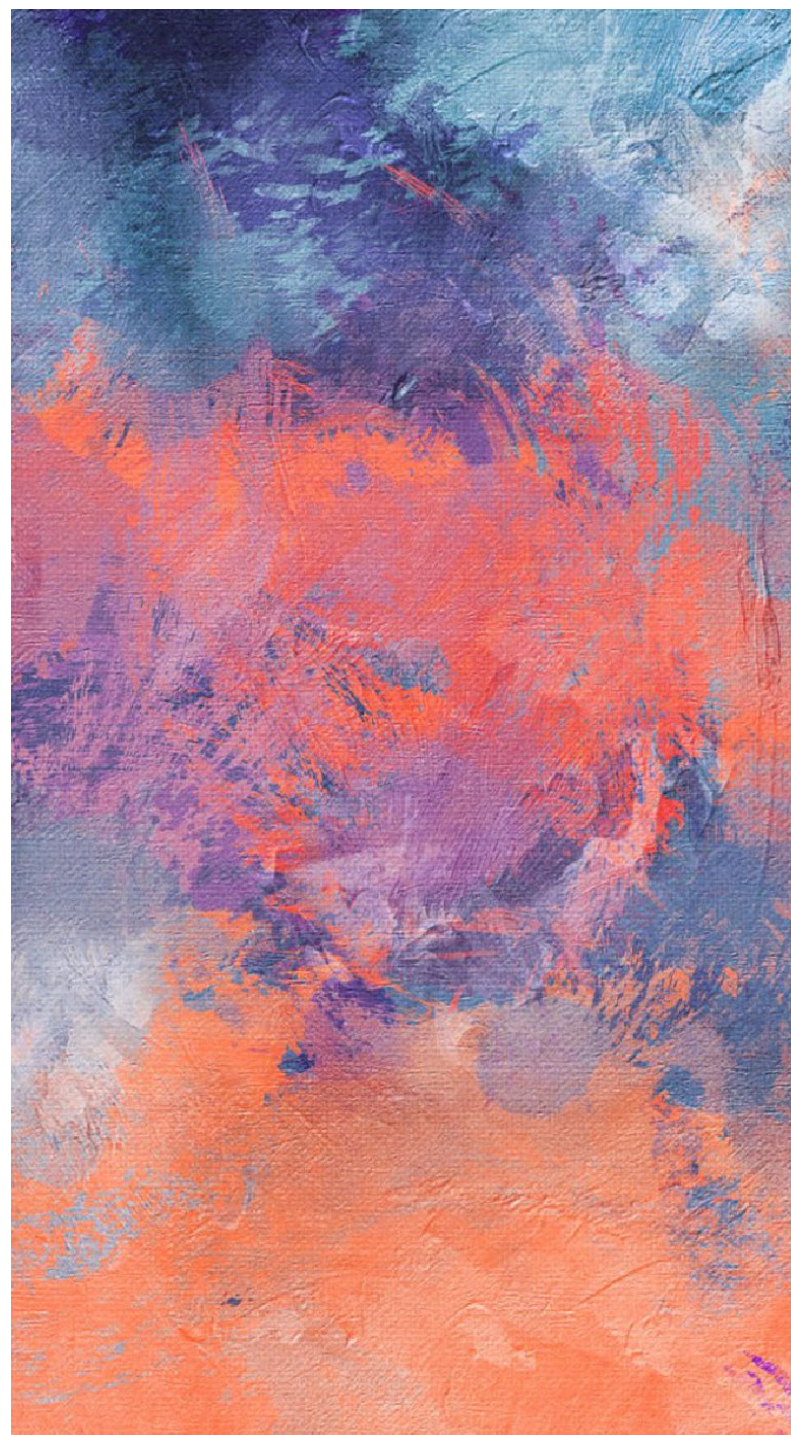
Shifts in passions

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Shift in the marketplace for art



Art & the flight to quality

Post-War and Contemporary art was the largest sector of the fine art market in 2022, accounting for 54% of the value of global fine art sales.¹

In **2023**, a full-on flight to quality has taken hold—collectors are pursuing works by established artists with more mature markets or a museum presence, vs. the speculative buying of young artists that we saw in 2022.²



Whiskey category expansion

Whiskey investment is set to reach \$127 billion by 2028.³

Wine collections are mostly investments, with the average collector owning 2,631 bottles worth around \$389,000.

Sources:

1. [The Art Market](#)
2. New Glo <https://artelligence.substack.com/p/what-happened-in-new-york/>
3. [bal Whisky Market Overview, 2023-28 report by Bonafide Research](#)

Fashion and accessories are growing



Sneakers

- At its current rate of growth, the sneaker market is expected to be worth \$95 billion by 2025.



Watches

- The secondhand market is still well above price levels three years ago. Overall price is about 20% higher since August 2020, with average Rolex prices up 26%, average Patek Philippe prices up 94% and Audemars Piguet up 100%.
- Pre-owned luxury watches now account for over 30% of the high-end timepiece market.



Luxury handbags

- Valued at USD 22.8 billion in 2022.
 - Expected CAGR of over 6% between 2023 and 2032.
- Growth Drivers:**
- Emerging social media trends towards premium accessories.
 - Rising disposable incomes
 - Growing brand recognition & loyalty
- Pitfalls & Challenges:**
- Counterfeiting & imitation
 - Shifting consumer preferences (fast trend cycles)

The great wealth transfer

It's anticipated **\$84.4 trillion** will be transferred through 2045, with **\$72.6 trillion** going to heirs and **\$11.9 trillion** donated to charities.

Art collections may be part of those legacies.

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Opportunity to advise clients

- Are heirs prepared to receive valuable artwork?
 - Do they have alarms, proper climate controls and display conditions at their home?
 - Do they know what art handlers to use for shipping and installation?
 - Is there a conservator who does regular maintenance on the items?
- Is provenance documentation in order and ready to transfer? Important for future valuations, salability and insurance.
- Are valuations up to date?

Source: Cerulli

Loss trends

Rise in jewelry & watch crime

31% Jewelry crimes in the US rose 31%—
to their highest level on record.



50% of robberies in 4 states: California,
New York, Florida and Texas.

\$1.3bn

The collective value of stolen
luxury timepieces worldwide
reached

44%

Of all registered thefts in 2022 were Rolex

Recreational marine



Demand is still strong for boating

- Boating interest continues to grow nationally
- Boat dealers are seeing fewer first-time boaters, but more repeat customers or veteran boaters in the market



Buyers are now shopping in season since inventory is available

- Market is in transition from sellers' market to a buyer's market with inventory available.



New boat prices are expected to continue to increase in 2024

- New technologies come along every year to make boats easier to use, fun and trouble-free than ever before.
- These enhancements are always added to the boats' cost.



Cost of repairing boats continues to increase

- Increased costs are driven by technology changes and unavailability of specialized labor

Bringing it all to together

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Key insights from Chubb's HNW survey

62%

see their home as an investment first and foremost; 56% say home signifies comfort and security.

76%

of respondents perceive exposure to extreme weather due to climate change as the top risk to their home.

66%

say that building wealth is more challenging than ever before.

81%

of respondents are collectors of fine art, jewelry, cars, wine and other valuables. 62% say they have a passion for what they collect; 38% see it primarily as an investment.

68%

of respondents do not consider themselves wealthy, including many with investable assets of more than \$10 million.

86%

of collectors believe that damage to their collections during travel is their biggest risk, and 77% are worried about theft.

73%

plan to increase discretionary spending on real estate in the next 12 months.

92%

are concerned about the size of a verdict against them if they were a defendant in a liability case, yet only 36% have excess liability insurance.

Key Takeaways

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Life is complex. Sometimes the unexpected happens.



Our clients are facing increased risks and new threats.



Our clients need and value expert advisors to ensure they're protected.



Together, we can use this information to better educate our clients.



Let's work together to protect their present and secure their future

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Thank you.

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