



MEMORANDUM

DATE: February 2, 2023

TO: AMLJIA Members

FROM: Brennan Hickok, Deputy Director

RE: Preliminary Market Report

As we approach another renewal season, the AMLJIA would like to provide an update on market trends in order to convey pricing expectations for the upcoming fiscal year.

You'll recall last May, our Board distributed a letter to the membership regarding the hardening market and the significant increases in coverage costs we were receiving from our reinsurance partners. That, coupled with inflation, the rise in construction costs, and on-going deterioration of the excess property and liability markets have again created a perfect storm this renewal.

Historically, the AMLJIA has done what we can to help soften the blow of a hard market, and we continue to do so to the best of our ability. For those of you that are in three-year agreements, we will do our best to honor that commitment to renew below a 10% rate increase year-over-year. For those of you not in a three-year agreement, we are dedicated to keeping your business and pricing what is necessary.

We expect the costs for reinsurance to increase anywhere between 15 and 20 percent this renewal, you should expect the same for your program.

We recognize that your coverage costs make up a large portion of your budgets each year and we are committed to partnering with you in maintaining or reducing costs. While we are subject to the ebbs and flows of the global market, you can help insulate your entity by being vigilant in your loss reduction efforts. Helping the AMLJIA maintain a healthy net position provides the leverage necessary to counter global market pressures or take on more risk in order to save on reinsurance costs. The AMLJIA has eroded our net position substantially over the past several years in an effort to stabilize rates.

Expect further and more precise updates as we get closer to binding our reinsurance programs.