## Market Trends and 2019 Opportunities

**Evolving Risks & Higher Expectations of the Most Successful**

<table>
<thead>
<tr>
<th>Category</th>
<th>Trend</th>
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| CAT Events & Major Storms¹        | In the last 17 years, the frequency of U.S. Weather Events has **doubled**  
Significant increases in all categories including winter storms, hail, flooding, CAT, and wildfires |
| Water & Fire²                     | Water losses paid from 2015-2017 almost **doubled** from 2012-2015  
Frequency of water losses +8% in 12 months. #1 problem = plumbing failures  
Severity (cost) per claim for water and fire losses are +9% in 12 months |
| Repairs & Labor³                  | In 12 months, costs are up as much as 7%; demand outpacing supply of skilled labor  
Replacement values of high-end technology have increased >100% in several cases  
New client expectations for accommodations and additional remediation increasing lengths of stay, driving up temporary living costs  
Employment liability, social movements, cyber criminals expose new risks that many clients don’t have top of mind |

1. MunichRe NatCatSERVICE, April 2018; 2. ISO Fast track YE June 2017 Results; 3. US Bureau of Labor & Statistics, manufacturer websites and Verisk, 2Q18

### Number of Storm, Fire, Flood, and Other Events Reaching New Highs

**Event Occurrence Frequency by Year Count of Major Events - United States**

![Graph showing event occurrence frequency by year count of major events in the United States.](image)

In the last 17 years, the total number of natural events has **doubled**  
Trends suggest **continued growth** should be expected

### Reconstruction Costs up Sharply in Most States

**12-Month Trend: Reconstruction Cost Increases by State**

![Map showing reconstruction cost increases by state.](image)

Changes in reconstruction costs by state  
States are grouped in quintiles; each range/color in the legend includes 20 percent of the total number of states  
*All rates, percentages, increases, decreases, etc., are calculated as percentage change from beginning of April 2017 to April 2018, unless otherwise noted*  
Verisk, 2Q18
Evolving Risks & Higher Expectations of the Most Successful

New Technologies have Increased Replacement Costs

Costs have Increased Across a Broad Spectrum of Categories, Across Home & Auto


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