Current Global Insurance Market Conditions

Design and Construction Professional Liability

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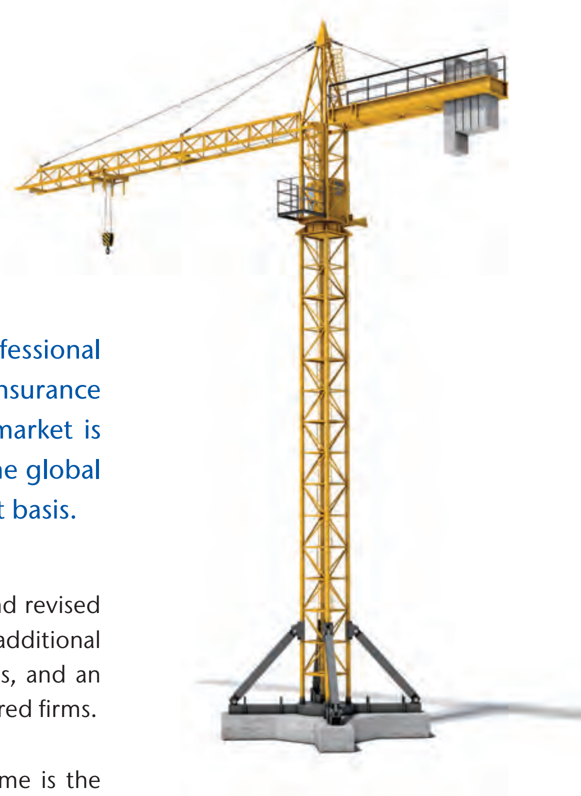
Introduction



Since the publication of our last global Design and Construction Professional Liability outlook, a few short months ago, the professional liability insurance market in most territories has continued to harden. A firming insurance market is challenging during the best of times but, with the recessionary effects of the global pandemic, insurers are refining their risk appetites on a much more frequent basis.

The market changes we are observing are driven by new underwriting guidelines and revised rating models. These include: increasing premiums, higher self-insured retentions, additional coverage exclusions, greater scrutiny of what underwriters consider acceptable risks, and an overall reduction in capacity regardless of the type of projects or the work of the insured firms.

Commentary will be provided by different territories; however, the overriding theme is the availability (or more correctly non-availability) of single project policies, and the restrictions that insurers are now seeking to impose on these policies.

Some insurers have shifted underwriting authority offshore, thereby reducing the in-country underwriters' authority to bind certain risks (most notably in Canada) leading to appetite/capacity decisions being tied to the insurers' global experience rather than their territorial experience.

Also, when a single project policy is required for a territory outside the client's domicile, any quotation is coordinated by the insurers office in that particular territory, rather than the office of where the client is domiciled and well known to the underwriting team. This comes at a time when Design-Build delivery is increasingly favored by owners/employers/principals, and contractors are now assuming risks which have historically fallen directly to designers.

Finally, insurers are now providing differential terms and conditions for single project policies depending on the proponent team and their claims experience, not just the methodology used on the project.

Many jurisdictions have seen construction projects stalled due to the uncertainty presented by the pandemic. Progression of infrastructure projects have fared better than others, albeit at a slower pace than normal. Where projects have been delayed, there have been a significant number of extensions requested on single project policies. In some instances, insurers have refused to grant the extension for any additional premium or even an increased self-insured retention.

Because of contractual requirements to maintain insurance coverage for a specified amount of time post completion of a project, Aon suggests that clients insert clauses in their future contracts that allow deviations if insurers will not agree to an extension of a single project policy.

Insurers have cited several concerns on single project policies, which include:

- Rectification/Mitigation claims and the ability of contractors to claim under the policy for schedule and cost changes particularly on complex mega projects.
- The number of claims coming from light rail transit projects, some of which are high profile and well publicized highlighting project delays and disputes.
- Insured vs. Insured coverage is becoming significantly more difficult as insurers perceive Insureds utilizing single project policy as an available "cash call" during difficult projects. Insurers who previously provided Insured vs. Insured coverage are being much more selective or not providing the cover at all.

Another issue consistent across the globe is insurers' requirement of increased retentions. But the increased deductibles/retentions fail to yield a proportionate premium savings. Insurers argue that deductibles/retentions have remained static over time, while the revenues and claims inflation have increased over the same period – thus rendering the current deductibles/retentions ineffective in their application. On quota share (multi-insurer) layers on programs where there have been struggles to obtain full capacity, occasionally the terms, conditions and pricing are driven by the last insurer to support the layer as opposed to the lead insurer who initially quoted terms.

Other developments affecting both annual practice and project policies include the addition of Cladding/Fire Safety Exclusions, as well as restrictions on contractor policies relating to the coronavirus pandemic, namely a "transit exclusion" in connection with shipping or transportation delays.

Another recent issue driven by Lloyd's insurers is how to address "silent cyber" coverage. On all policies incepting after 1 January 2021 – including renewals – Lloyd's insurers are required to expressly state in their professional liability policies whether claims or other covered losses that are related to cyber events or issues are indeed covered or excluded. This will result in one of two types of "silent cyber" clauses being added to the policy.

- The first type of clause confirms coverage irrespective of whether the claim or loss is related to a cyber event or issue (an "*Affirmative Cover Clause*").
- The second type of clause specifically excludes any claim or loss related to a cyber event or issue even if coverage would otherwise be afforded (a "*silent cyber exclusion*").

Certain insurers are using the second clause to clarify their appetite and take advantage of firming market conditions. Aon will be reviewing these silent cyber exclusion clauses and will be issuing guidance notes after the clauses have been published.

> As highlighted above, and as represented in the territory reports included herein, the professional liability market continues to deteriorate. A thoughtful and strategic approach to the procurement of both annual corporate programs and single project policies, will be necessary for firms to maintain the long-term viability of their professional liability coverage.

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Asia

Market Trends

Category	2020 Q3/4	2020 Q3/4 trend	2021 Q1/2 trend	2021 Q1/2
Pricing/ Rates	More insurers have continued to look for rate uplift in the latter have of 2020 and will not participate on programs without achieving their technical pricing.	↑	↑	Rates are expected to be up for both for annual and project specific programs.
Limits	Limits required by Asia Clients still achievable, although the options on primary are now limited.	↔	↓	It is expected that there will be a continuation of the trend that saw Insurers that were once eager to offer $25M per project are now only putting up $10M.
Deductibles/ Retentions	Increase in retentions overall, also Clients are increasing retentions to try and manage the rate increases.	↑	↑	Expect this to continue in 2021.
Coverage	Insurers are conducting underwriting reviews before they will consider providing more enhancements to the policy coverage.	↓	↓	Detailed underwriting submission will continue to be requested with engineering review by the insurers before indications are provided, with a more stringent review on the activities of the insured e.g., if the insured has high USA exposure, power plants, offshore wind-farm.
Capacity/ Appetite	Very little market appetite for more complex projects (e.g., infrastructure/ offshore wind-farms) where some insurers are committing limited capacity, with most declining participation. An increasing number of policy extension requests due to COVID-19 delays. If the project exceeds 10 years, this can be difficult, but some extensions up to 2 years may be possible. Break and rewrite is sometimes requested, but insurers are not keen and apply more stringent underwriting, so this is an unattractive option for clients.	↔	↔	Expect this to continue in 2021.
Losses	Insurer feedback suggests that there has been an increase in claims notifications.	↑	↑	Expect this to continue in 2021.

Australia

Market Trends

2020 Q3/4				2021 Q1/2
Insurer portfolio reviews resulted in increased rates of on average 30%. COVID-19 has seen further rate increases as supply tightens and insurers relay concerns of a property market downturn and contagion claims across their portfolio.	↑	**Pricing/ Rates**	↑	Further pricing pressures were experienced in the second half of 2020 with the average increase across the sector sitting at 74%. Ongoing economic concern and claims development are driving the premium increases and these trends are expected to continue in 2021. Reinsurance treaty renewals will have an impact on pricing movements into 2021.
Overall reduction in limit size offered by carriers. Greater utilization of reinsurance capacity is required to fill programs. A focus on excess layer rates in order to attract capacity.	↓	**Limits**	↓	It is expected that there will a material reduction in limits being deployed by direct insurers with most limiting their line size to AUD5M. Pleasingly reinsurance capacity remains steady.
The insured or the sector in which they operate dictates increased deductibles as the preferred route for insurers rather than just premium uplifts which alone are inadequate.	↑	**Deductibles/ Retentions**	↑	Expect Insurers will actively be increasing deductibles as a way for insureds to have greater skin in the game and avoid smaller loss mitigation style claims.
Greater focus from Insurers on coverage specifically in relation to loss mitigation, cost over-runs, warranties and cross liability. There has not been a broad application of COVID-19 exclusions but, where Insurers perceive a heightened risk, coverage is restricted.	↓	**Coverage**	↓	Loss mitigation, cost over-runs, performance warranties and cross liability are likely to be excluded or restricted throughout the market, as insurers try to return the professional liability coverage to its more traditional form.
COVID-19 has added to the capacity constraints seen in the second half of 2020 with insurers concerned there will be a contagion flow of claims. Rate increases mean insurers are reaching their budgets without needing to write a lot of new business further reducing capacity. With limited supply of capacity for single project policies, insurers are rejecting the consultants in favour of the contractor where the rate will be higher.	↓	**Capacity/ Appetite**	↓	As well as the reduction in limits from many insurers, there has also been the exit of a couple of insurers, putting further pressure on capacity. The market has now reached a point where certain desired program limits cannot now be achieved. This will have a direct impact on programs coming up for renewal in 2021.
There continues to be a deterioration in insurers' back years. Broad insurer wordings have resulted in the professional liability policy acting as a quasi-financial guarantee for cost over-runs and rectification where not enough attention was given at the pre-tender design phase.	↑	**Losses**	↑	The influx in claims hitting project policies first (where such exist), is expected to continue into 2021, and then spilling into annual practice policies. This has directly led to the withdrawal of capacity, increased deductibles and increased pricing.

Canada

Market Trends

2020 Q3/4				2021 Q1/2
In relation to annual practice policies, rate increases of 5-10% were felt by risks without a claims experience. For firms with a negative claims experience or firms operating primarily in a field with negative portfolio claims experience, rate increases in excess of 20% were not uncommon. In relation to project specific policies, rates increased.	↑	Pricing/ Rates	↑	It is expected that the rate pressures will continue, with insurers deciding to non-renew programs that have a negative claims experience.
While clients are focused on benchmarking their programs against their peers, they are not seeking less or more limit generally unless driven by contract due to the increased pricing on their current towers. There is less capacity available in the market for complex risks with insurers cutting their capacity. Key single project insurers are reducing their available limits on a primary basis.	↔	Limits	↔	It is expected that firms will maintain the *status quo*, unless an external event forces them to seek additional limits, or their financial outlook requires them to manage their spending.
More insurers are pushing for higher retentions on annual programs and single project policies. Increased retentions are not yielding significant savings, but rather facilitate the insurer's participation.	↑	Deductibles/ Retentions	↑	Expect pressure on retentions to continue, and clients may volunteer higher retention levels to manage costs. Currently, insurers are accepting of the choices of clients, without looking at the client's ability to carry the retention on their balance sheet. In 2021 underwriting may tighten in this regard.
Coverage broadening that was common in 2019 is no longer the norm. Generally, more detailed underwriting discussions are required to maintain current levels of coverage. Insurers continue to seek to roll back coverage directly related to specific claims on a portfolio basis. Some coverage enhancements more routinely obtained for single project policies in past years are now not available at all.	↓	Coverage	↓	The current economic and social environment, may drive additional underwriting questions surrounding work from home strategies, financial impact of physical distancing and lockdowns and changes in contracts because of the pandemic. There is likely to be clarity of coverage, as it relates to COVID-19. Further tightening of terms for single project policies is expected based on type of project, jurisdiction, and make-up of the design team.
Insurers continue to provide solutions for claims free, proven and preferred clients on annual placements; however, they are more selective in how they deploy their capital and their enhanced cover. Some insurers have limited their capacity as a result, other strategies have taken on more importance (Aon Client Treaty, excess layers or a quota share approach). Capacity for primary business in Quebec is significantly reduced. Allianz has exited the professional lines space for Canadian domiciled business, and AXAXL in London has also exited this space. In the single project space, extensions are sometimes available, but often on much more onerous terms, but some insurers are not offering extensions regardless of the project type or premium.	↔↓	Capacity/ Appetite	↓	Increases in overall rate have now made this space marginally more appealing to insurers who have felt the historic rating model was too low. Underwriting discipline and risk appetite has started to overtake rate adequacy, as the indicator of a market's participation. Because of the global pandemic, domestic insurers are increasingly more conservative when seeking to support their current clients. Some Lloyd's syndicates will have a slight increase in capacity due to improved performance in 2020, but the continued scrutiny by Lloyd's of the syndicates trading on that platform will mean that other syndicates will not be so lucky.
As the professional liability placements mature, their loss experience is increasing in severity and frequency on larger projects.	↑	Losses	↑	This trend is expected to continue.

Coverage broadening that was common in 2019 is no longer the norm. Generally, more detailed underwriting discussions are required to maintain current levels of coverage.

Some coverage enhancements more routinely obtained for single project policies in past years are now not available at all.

Insurers continue to seek to roll back coverage directly related to specific claims on a portfolio basis.

Europe

Continental Europe Market Trends

2020 Q3/4				2021 Q1/2
Insurers provide quotes in accord with their new internal procedures which is resulting in increased premium/rates.	↑	**Pricing/ Rates**	↑	Insurers are more selective, and the reduction of capacity is a key issue causing the increase in premiums. And in 2021 premium increases for annual practice policies of 25-30% are expected.
Reduction in capacities and budget restrictions have made some Insureds reduce their limits.	↓	**Limits**	↓	Many insurers are likely to reduce capacity while implementing much stricter internal compliance and referral policies.
Insurers are looking generally to increase deductible levels especially where these have not kept pace with turnover/fee growth of firms at previous renewals.	↑	**Deductibles/ Retentions**	↑	Retentions have traditionally been low in Continental Europe but are now increasing to international standards. This is expected to continue through 2021.
In general, coverage has kept the same with a trend towards standard policies instead of manuscript wordings. Special requirements like cross liability are now not accepted by insurers.	↓	**Coverage**	↓	Insurers will continue to prune their policies back to standard cover, removing any additional coverages usually given in the soft market. Deviation in budget or any increase in costs will now typically be excluded. Any amendment to the Insured vs. Insured exclusion in several territories is no longer available from the majority of insurers (with only a few exceptions). The market will continue to be more restrictive for single project policies, especially when very demanding terms are required, (e.g. 12-year Extended Reporting Periods), and therefore clients will have to rely on annual practice policies. Internal consistency in companies is a reality and most multinational carriers will now handle internally any submission to give a consistent answer.
Appetite for complex risks is declining due to poor loss records. Capacities offered by insurers and their appetite has reduced significantly.	↓	**Capacity/ Appetite**	↓	This trend is expected to continue.
There is deterioration in insurers' loss record, particularly for European clients working in Australia and Canada.	↑	**Losses**	↑	This trend is expected to continue.

Europe

Ireland Market Trends

	2020 Q3/4	Trend 2020 Q3/4	Trend 2021 Q1/2	2021 Q1/2
Pricing/ Rates	Insurers are continuing to look for rate uplift. The insurers who were slower to push for rate in 2019 now approach each renewal with sometimes what seems like arbitrary uplifts regardless of the exposure or loss experience of the insured.	↑	↑	The Irish market is witnessing major rate increases across the board, and there is extremely negative interest especially for Design-Build risks. It is expected that this will continue through 2021.
Limits	Primary limits in Ireland continue to be strained with most insurers now capping limits at €2.5M over which excess layer policies are now required. Premiums for such layers are expensive when procured locally.	↔	↓	We expect the ability to purchase large limits to still be possible, but new excess layers could be relatively expensive given the current market conditions.
Deductibles/ Retentions	The insured, or the sector in which they operate, dictates increased deductibles as the preferred route for insurers rather than just premium uplifts which alone are inadequate.	↑	↑	Like the position in Q3/4 2020, and it has become evident that legal costs in highly litigated sectors are now regularly north of US$30M requiring amendments to already significant Self-Insured Retentions. It is expected that insurers to will push higher retentions as a means of controlling these losses.
Coverage	The silent cyber cover has still not been addressed by many insurers. At the start of the COVID-19 pandemic there were a minor number of insurers that chose to put in standard market exclusionary language that excluded both indirect and direct losses and which was unsuitable for professional liability policies. Following lobbying, revised market wordings were published which, although not ideal, were more appropriate for professional liability. Some insurers have chosen to focus on specific points of coverage and exclude the risk of increased costs of a claim due to short supply of resources as a result of COVID-19.	↓	↓	There is a continued movement by insurers to restrict cover under annual policies to losses in the aggregate as distinct from the "any one claim" basis. This is creating major issues for both contractors and developers alike as many of the present contracts in force specify the "any one claim" basis, with little ground for re-negotiation mid-term.
Capacity/ Appetite	Insurers continue to review aggregation and reduce their exposure to a single insured by cutting line sizes. Insurers only have modest growth targets, so the renewal book is the focus for most. There has been a further reduction in appetite for single project policies.	↓	↓	The impact of Brexit on local placements has yet to be experienced and this may have a further restricted effect on placements.
Losses	There is still deterioration in insurers' back years particularly in territories outside the USA.	↑	↑	This trend is expected to continue.

Europe

United Kingdom Market Trends

2020 Q3/4				2021 Q1/2
Insurers are continuing to look for rate. The insurers who were slower to push for rate in 2019 now approach each renewal with sometimes what seems like arbitrary uplifts regardless of the exposure or loss experience of the insured.	↑	Pricing/ Rates	↑	Insurers are continuing to look for rate uplift into 2021 where they can. Those insurers that have poor performing portfolios are still looking for what seems like arbitrary uplifts regardless of exposure of the insured. There is an acceptance that the optimum pricing may have been reached on some of the primary layers meaning insurers are refocusing on structural changes. Insurers are unable to agree any rate reduction without sign off, and any revenue results in increased premium. Insurers reaction to any drop off in 2020 clients' revenue is unknown. It remains to be seen what impact the treaty reinsurance renewals on 1st January will have on pricing going into 2021, but it is felt that any increases will be passed down onto the direct insurance rates.
The ability to purchase large limits is still possible, but new excess layers could be relatively expensive to the underlying given the current market conditions. Towers for practice policies above US$250M have become more challenging from a capacity perspective.	↔	Limits	↔	This trend is expected to continue.
The insured, or the sector in which they operate, dictates increased deductibles as the preferred route for insurers rather than just premium uplifts which alone are inadequate.	↑	Deductibles/ Retentions	↑	As Q3/4 of 2020 and it has become evident that legal costs in highly litigated sectors are now regularly north of US$30M, requiring amendments to already significant Self-Insured Retentions. It is expected that insurers will push higher retentions as a means of controlling these losses.
The silent cyber cover has still not been addressed by many insurers. At the start of the COVID-19 pandemic there were a minor number of insurers that chose to put in standard market exclusionary language that excluded both indirect and direct losses and which was unsuitable for professional liability policies. Following lobbying revised market wordings were published which although not ideal were more appropriate for professional liability. Some insurers have chosen to focus on specific points of coverage and exclude the risk of increased costs of a claim due to short supply of resources as a result of COVID-19.	↓	Coverage	↓	In our Introduction we have explained the "silent cyber" changes. Some insurers have chosen to focus on specific points of coverage and exclude the risk of increased costs of a claim due to short supply of resources as a result of COVID-19, commonly known as "Transit Exclusions" and these have become more widespread. The use of these exclusions has become more widespread either as part of the renewal process or on extensions to single projects as the pandemic continues.
Insurers continue to review aggregation and reduce their exposure to a single insured by cutting line sizes. Insurers only have modest growth targets, so the renewal book is the focus for most. There has been a further reduction in appetite for single project policies.	↓	Capacity/ Appetite	↓	US$2.5M-5M is now typically the largest line size below US$50M and little movement is expected toward offering more capacity on a single risk. Insurers only have modest growth targets, so the renewal book will continue to be the focus. It is expected that there will be further reduction in appetite for single project policies.
There is still deterioration in insurers' back years particularly in territories outside the USA.	↑	Losses	↑	This trend is expected to continue. And claims are coming in during the design phase before the construction phase of the project has commenced.

Middle East

Market Trends

2020 Q3/4				2021 Q1/2
International and domestic (re) insurers push for increased rates to a greater degree than previously.	↑	Pricing/ Rates	↑	Both local and international (re) insurers have continued their push for increased rates with underwriters being prepared to walk away if their premiums are not accepted. This trend shows no signs of easing over the next twelve months.
Generally, there is a lack of understanding of the prudent limits to purchase. Limits purchased are typically driven by contractual conditions.	↔	Limits	↔	Limits purchased remain dictated by contractual requirements. It is expected that some government-owned employers are pushing for an increased number of reinstatements.
(Re) Insurers are seeking increased deductibles, especially in respect of the larger and more complex single project placements. This equally applies for annual programs.	↔	Deductibles/ Retentions	↑	Expect this to continue in 2021.
Whilst some principals are becoming more educated, the general understanding still allows for ‘basic’ cover to be the norm. Buyers’ sophistication centers around price more than coverage. We have seen principals push cover in respect of some of the larger prospective single project policies.	↔	Coverage	↔	Insureds continue to be price focused especially considering the economic uncertainty caused by the pandemic. Multinational clients continue to give due regard to coverage as well as premium level. In terms of pandemic exclusions, most insurers are now pushing for communicable diseases exclusions on a broad-brush basis.
We have not seen any new entrants to the market, and a contraction in line sizes offered by established (re) insurers in respect of SPPI policies. The accessibility of capacity for annual policies has been relatively stable, despite there having been notable withdrawals from the market, and other (re) insurers continue to narrow appetites and deploy less capacity per risk. Because of the slow-down associated with the pandemic, the knock-on effect in terms of demand has been constant for annual practice policies but, unsurprisingly, much less for single project policies. Of those insurers offering single project capacity, whilst none have withdrawn altogether, all are to varying degrees being much more selective about what they underwrite, with a greater appetite for simpler projects, all insurers are also being much more cautious about the amount of capacity deployment per project policy.	↓	Capacity/ Appetite	↓	Expect this to continue in 2021.
Whilst this region has not seen the anticipated uptick in COVID-19 related losses, there could well be a delayed fuse on these.	↔↑	Losses	↔	This region remains relatively non-litigious, but they may still see allegations made as a result of COVID-19 related delays masked in other guises.

To a large extent rating is highly dependent upon client specific factors, most notably claims history.

There however seems to be more underwriting focus on specific project delivery types being undertaken by the insured and the sectors in which they operate.

United States of America

Contractors Market Trends

2020 Q3/4				2021 Q1/2
To a large extent rating is highly dependent upon client specific factors, most notably claims history. There however seems to be more underwriting focus on specific project delivery types being undertaken by the insured and the sectors in which they operate. On “clean” risks, expected rate change is 0% to -5%.	⇔↑	Pricing/ Rates	⇔↑	Through the course of 2020, the Contractor’s Professional market continued to tighten and for the foreseeable future insurers will continue to examine risks very carefully, with some insurers declining risks with multiple claims and those with high “design” risk content, particularly in the oil & gas sector. On single project policies, it is expected that there will continue to be a more conservative rating approach, with limits on the maximum policy terms and capacity.
Clients continue to evaluate limits due to the perceived severity of professional liability losses, however, for the most part, insureds maintained current levels due to financial constraints during the pandemic.	⇔	Limits	⇔	This position is unlikely to change.
While insurers continue to try and push higher retentions, the premiums credits being offered often do not warrant the higher retained exposure. Consequently, most clients have maintained their retention levels.	⇔	Deductibles/ Retentions	⇔	No material change is expected; however, insurers continue to push higher retentions on larger clients in an effort to offset the risk of claims deterioration. There is currently no expectation that the premium credits being offered for these higher retentions will increase.
The market is starting to evaluate coverage terms, and in one instance, one of the leading insurers is evaluating the deployment of rectification coverage on large Design-Build infrastructure projects (either not offering, sub-limiting, or making coverage predicated on first pursuing a ‘protective’ claim).	⇔↓	Coverage	⇔↓	There is currently no expectation the market will significantly alter coverage terms and, apart from one market partner, no other insurer is forecasting any changes to coverage terms.
While capacity continues to be generally available, the pricing on the excess limits is becoming increasingly scrutinized by insurers as claims values escalate. Lower excess layers are being priced more akin to primary coverage as insurers are viewing these excess limits as still being in the “burn” layer (i.e., within the first US$15M to US$25M).	⇔	Capacity/ Appetite	⇔	Capacity is expected to remain available for most insureds, but pricing will escalate. The availability of single project polices for contractors remains generally stable; however, the ability to procure higher limit options (excess of US$15M to US$25M) is expected to be hampered when such policies are enrolling the design team as insureds.
Claims activity in the construction sector was relatively constant, but we continue to see an escalation in the severity of these claims.	↑	Losses	↑	We expect this trend to continue, with year-over-year escalation in claim values and defense costs. The continued uptick of claims activity related to design means these issues are now hitting contractors’ policies, primarily in the form of rectification claims.

United States of America

Architects & Engineers Market Trends

2020 Q3/4				2021 Q1/2
On larger risks domestic insurers are generally looking for rate increases of 5%-10%. For those larger US risks placed in the London market, the rate increases can range between 10%-25%, particularly on excess layers that are under greater scrutiny as insurers evaluate their capital deployment.	↑	**Pricing/ Rates**	↑	Over the last two-years the domestic rate increases have been between 15%-30%, and even higher rates for those programs based in London, particularly excess layers. In 2021 a major US insurer indicated they would not be hiking rates across the board but will take a lasered approach as follows: *Design Development and Design Assist*: rate increasing by 10%; Full Design: rate increasing by 25%; Subcontracted Design: rate increasing by 15%.
There have been reductions in total limits being purchased due to reduced available capacity, or premium savings.	↓	**Limits**	↓	Certain insurers are seeking to reduce their capacity to no more than US$5m per risk.
With the advent of larger claims, insurers are looking for increased retentions, especially with claims inflation running at 3% per year, and firms are considering higher retentions to offset premium increases. Unfortunately, the premiums credits being offered often do not warrant the higher retained exposure.	↑	**Deductibles/ Retentions**	↑	This trend will continue, and a number of clients are considering captives to underwrite these larger deductibles/retentions.
Presently neutral, but COVID-19 restrictions are being considered by London insurers.	↔↓	**Coverage**	↔↓	In 2021 "Silent Cyber" clauses will be required for policies placed in London. Annual practice policies will need to be adapted to take account of single project policies with large Self-Insured Retentions, because of potential conflicting "Other Insurance" clauses.
Overall market capacity has dropped for annual practice and single project policies.	↓	**Capacity/ Appetite**	↔↓	A major US insurer has decided to 'pause and review' before offering future single project policies. There is still a divergence between small medium risks and large risks with two new insurers entering the small/ medium professional liability arena. There are also two new Lloyd's syndicates entering the market, but not until Q2 of 2021.
Losses are increasing, with more claims coming from design-build contractors where there has been under-design at the bid stage and insufficient contingencies built in by contractors.	↑	**Losses**	↔↑	While the number of claims coming from contractors is increasing, limitations of liability are proving to be effective in limiting the severity of claims.

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