



Quarterly D&O Pricing Index

Second Quarter 2020

Table of Contents

Aon Reports Second Quarter 2020 Public D&O Pricing	4
Second Quarter Key Metrics and Highlights	4
Quarterly Index of D&O Pricing	5
Q1-2002 through Q2-2020 Base Year: 2001 = 1.00	5
Quarterly “Year-over-Year” Price Changes	5
Second Quarter Primary Policies	6
Primary Price Change Distribution	6
Q1-2012 through Q2-2020	6
Primary Price Changes	7
Q1-2012 through Q2-2020	7
The Quarter Deconstructed	7
April 2020	7
May 2020	7
June 2020	7
Monthly Primary Price Change	8
January 2017 – June 2020	8
Limit, Deductible, and Carrier Changes	8
Second Quarter	8
Securities Class Action Litigation	10
Second Quarter	10
Full Year	10
Federal Securities Class Actions	10

Q1-2012 through Q2-2020	10
Endnotes	11
Contact Information	11
About Aon	12
About Global Risk Insight Platform (“GRIP”)	12
About Financial Services Group (“FSG”)	12

AON REPORTS SECOND QUARTER 2020 PUBLIC D&O PRICING

AVERAGE PRICE PER MILLION INCREASED 74.4 PERCENT IN THE SECOND QUARTER

**AVERAGE CHANGE FOR PRIMARY POLICIES WITH SAME LIMIT AND SAME DEDUCTIBLE
INCREASED 23.4 PERCENT**

Second Quarter Key Metrics and Highlights

- Average price per million increased 74.4 percent compared to the prior year quarter
- Price per million for clients that renewed in both Q2 2020 and Q2 2019 increased 61.2 percent
- No primary policies renewing with the same limit and deductible experienced a price decrease – 96 percent had a price increase
- Overall price change for primary policies renewing with same limit and deductible was up 23.4 percent
- 87.4 percent of primary policies renewed with the same limit
- 54.5 percent of primary policies renewed with the same deductible
- 48.3 percent of primary policies renewed with the same limit and deductible
- 93.7 percent of primary policies renewed with the same carrier

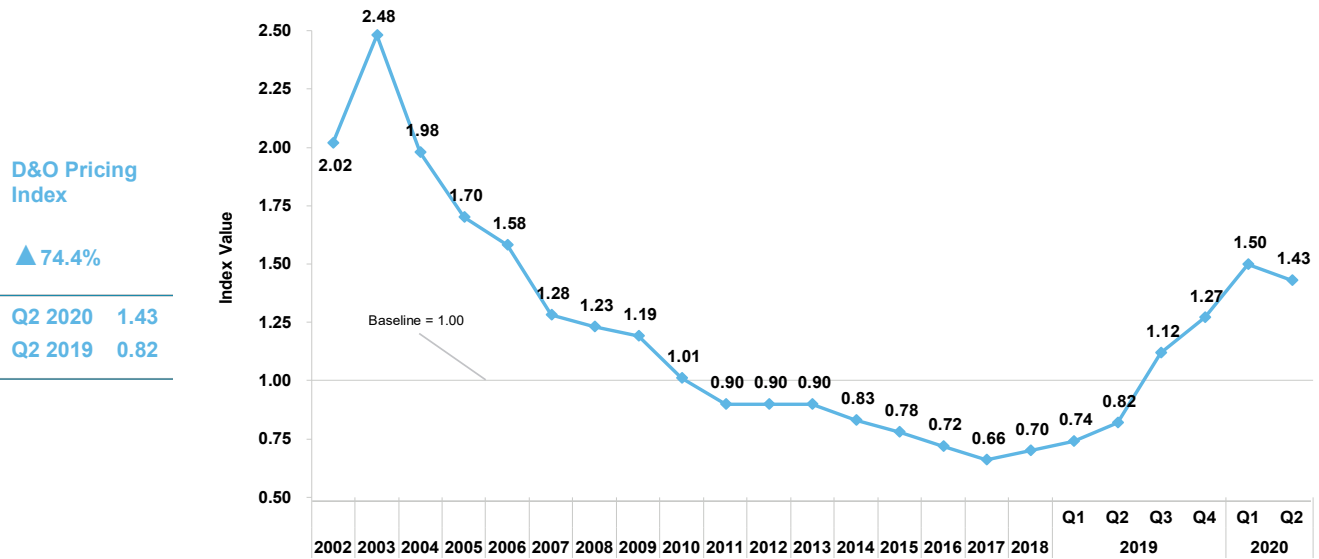
New York – August 10, 2020 – Aon Commercial Risk Solutions (U.S.) today reported public Directors' & Officers' ("D&O") liability pricing for the three months ended June 30, 2020.

Each quarter, Aon's Financial Services Group ("FSG") publishes a pricing index of D&O insurance that tracks premium changes relative to the base year of 2001.^{1,2}

The Pricing Index increased to 1.43 from 0.82 in the prior year quarter. The average cost of \$1 million in limits increased 74.4 percent compared to the prior year quarter.

QUARTERLY INDEX OF D&O PRICING

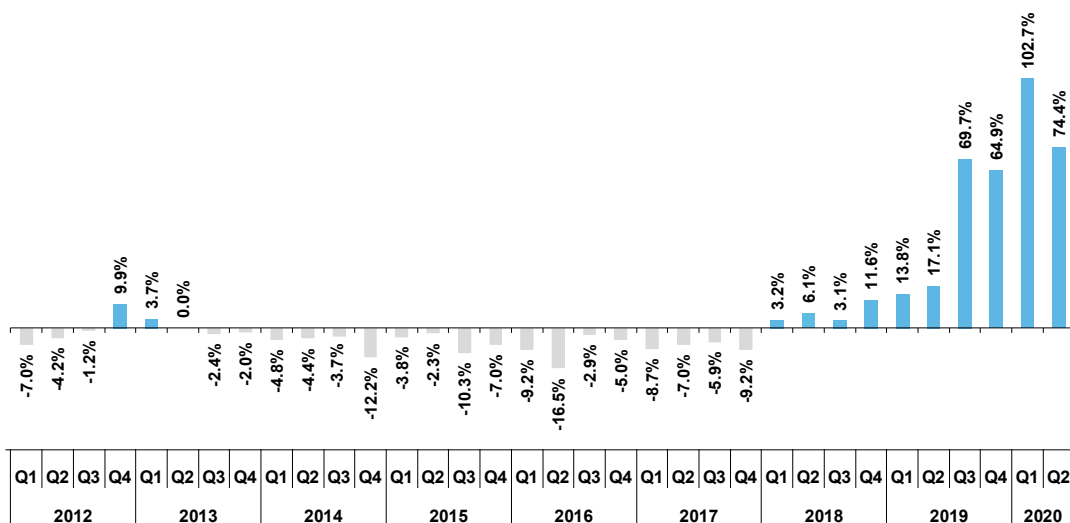
Q1-2002 through Q2-2020 | Base Year: 2001 = 1.00



The increase in Q2 2020 represents the tenth consecutive quarter of year-over-year price increases, following a period of eighteen quarterly pricing decreases over the prior four years.

QUARTERLY “YEAR-OVER-YEAR” PRICE CHANGES

Q1-2012 through Q2-2020



A better comparison, however, is to look at only those programs that renewed in both Q2 2020 and Q2 2019. On that basis, pricing increased 61.2 percent.

It is instructive to note that the Pricing Index includes all limits purchased by publicly traded companies during the quarter. Changes in clients renewing during the quarter, changes in limits purchased, or a shift in the mix of limits between ABC limits and Side-A only limits can affect the overall performance of the Index.

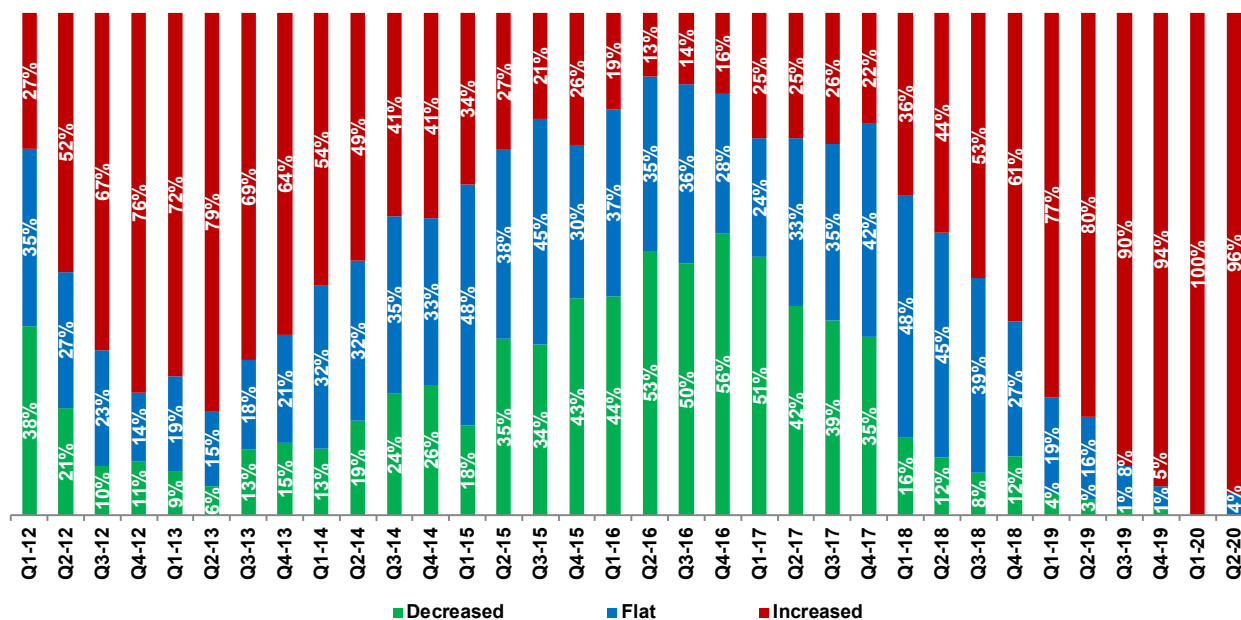
SECOND QUARTER PRIMARY POLICIES

By looking at only primary policies in the quarter that renewed with the same limit and deductible as the prior year, we can eliminate some of that “noise” and focus only on those policies that renewed on a “like-for-like” basis.

For the second quarter, no primary policies received a price decrease, 4 percent renewed “flat”, while 96 percent of companies received a price increase. (Note: percentages may not sum to 100 percent due to rounding.)

PRIMARY PRICE CHANGE DISTRIBUTION (SAME LIMIT AND DEDUCTIBLE)

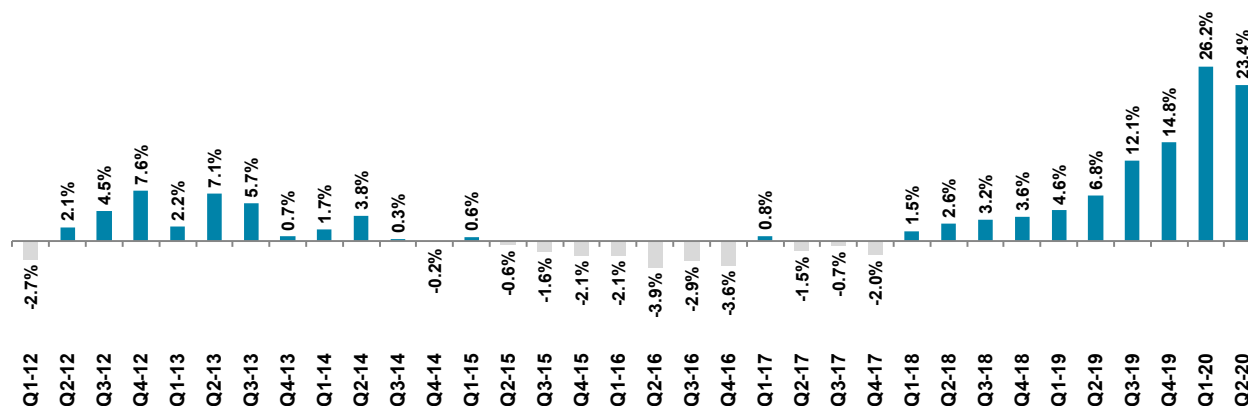
Q1-2012 through Q2-2020



For primary policies renewing with the same limit and deductible, there were no primary price decreases in Q2 2020. The average price increase was 25.2 percent. The overall price change for primary policies in the second quarter was up 23.4 percent.

PRIMARY PRICE CHANGES (SAME LIMIT AND DEDUCTIBLE)

Q1-2012 through Q2-2020



THE QUARTER DECONSTRUCTED (SAME LIMIT AND DEDUCTIBLE)

April 2020

In April, no primary policies received a price decrease, 15 percent renewed “flat”, while 85 percent of companies received a price increase.

The average primary price increase in April was 19.3 percent. The overall price change for primary policies in April was up 13.3 percent.

May 2020

In May, no primary policies received a price decrease, 4 percent renewed “flat”, while 96 percent of companies received a price increase.

The average primary price increase in May was 25.0 percent. The overall price change for primary policies in May was up 24.3 percent.

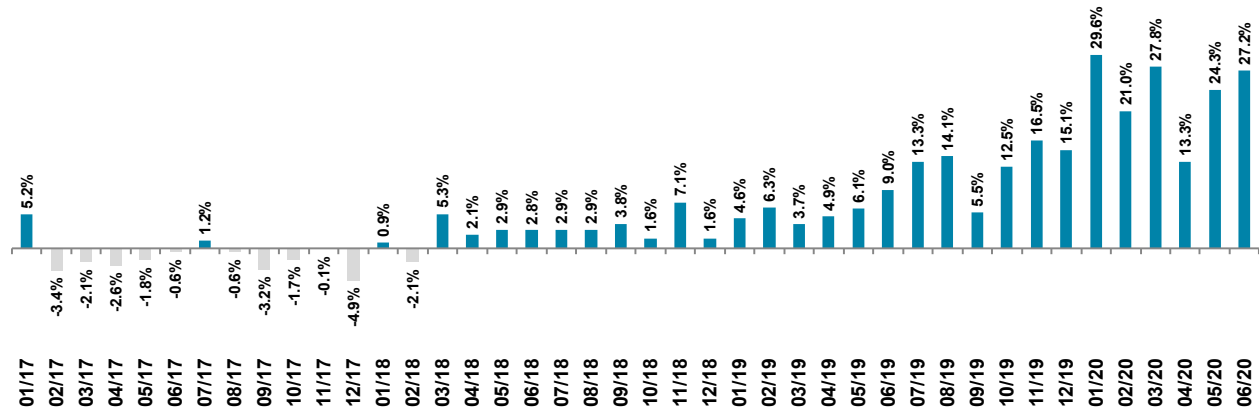
June 2020

In June, no primary policies received a price decrease or renewed “flat”, while 100 percent of companies received a price increase.

The average primary price increase in June was 27.2 percent. The overall price change for primary policies in June was up 27.2 percent.

MONTHLY PRIMARY PRICE CHANGE (SAME LIMIT AND DEDUCTIBLE)

January 2017 – June 2020

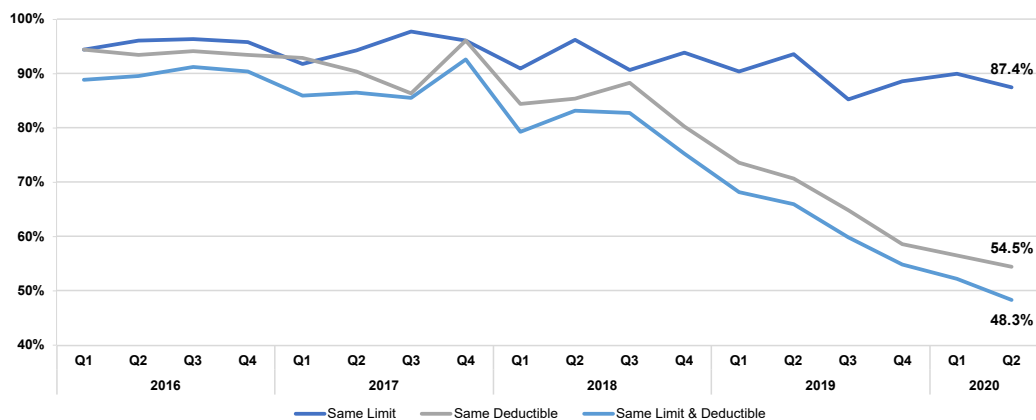


LIMIT, DEDUCTIBLE, AND CARRIER CHANGES

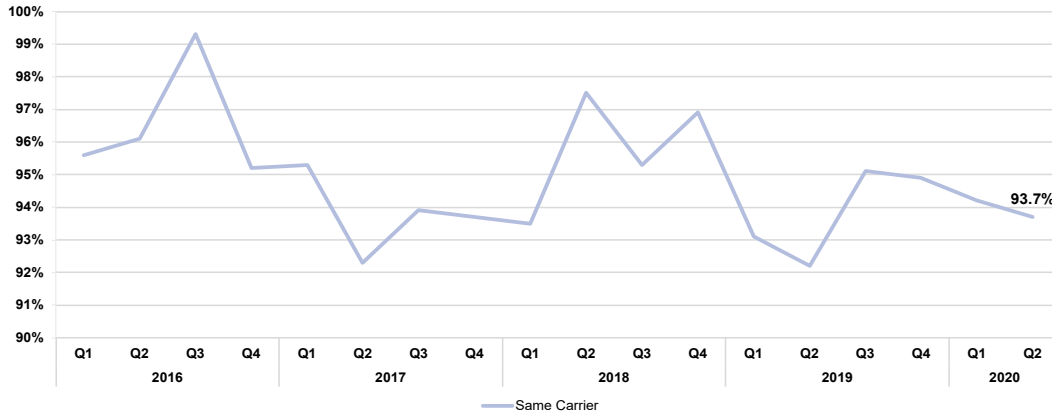
Second Quarter – In Q2 2020, 87.4 percent of primary policies renewed with the same limit, 54.5 percent of policies renewed with the same deductible.

When we first started reporting on changes at the primary layer in January 2012, we focused on the clients that renewed with the same limit and same deductible as the prior year, to eliminate any rate variability due to changing limits and/or deductibles. Historically the percentage of clients renewing with the same limit was in the mid- to high-90s, and the percentage of clients renewing with the same deductible was in the mid- to low-90s.

Concurrent with the primary layer rate increases that started in Q1 2018, the percentage of clients renewing with the same limit and/or deductible had been dropping steadily, before dropping precipitously since Q3 2018. For the second quarter, only 48.3 percent of clients renewed with the same limit AND deductible as the prior-year quarter.



Despite the recent movement in limit and deductible levels, in the second quarter, 93.7 percent of primary policies renewed with the same carrier. Just 6.3 percent of policies renewed with a different primary carrier.



On average, policies that renewed with the same limit, deductible, and carrier experienced a 23.3 percent premium increase in the second quarter.

SECURITIES CLASS ACTION LITIGATION

Second Quarter – According to Stanford Law School’s Securities Class Action Clearinghouse, in Q2 2020, plaintiffs filed 84 new federal securities class action cases (filings) – eighteen fewer than in the second quarter of 2019 (102), a decrease of 18 percent.

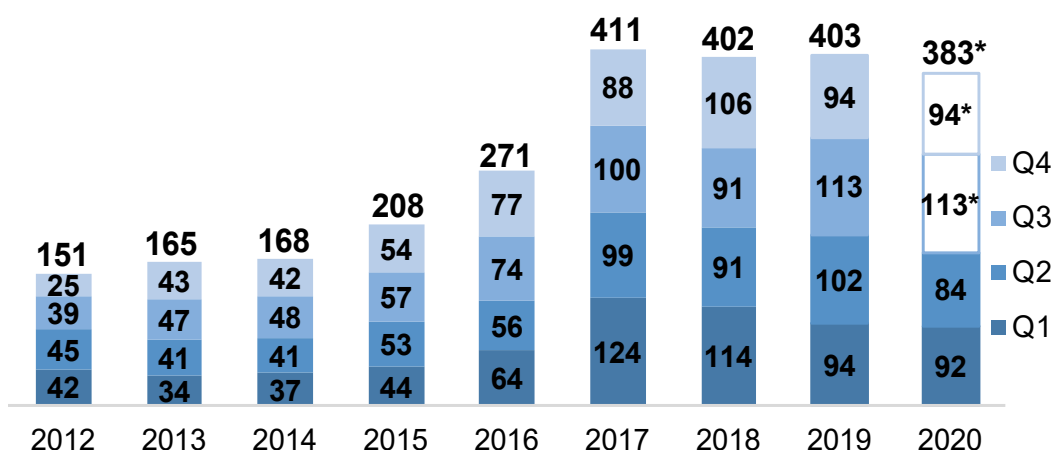
Full Year – Using a trailing twelve-month basis, the projected number of filings for the full year (383) would be a 5 percent decrease compared to 2019 (403) and 2018 (402).

According to a recent report by Cornerstone Research, “In the first half of 2020, U.S. financial markets experienced extreme uncertainty and volatility as the economic consequences of the COVID-19 pandemic became apparent. Government stimulus efforts to assist companies negatively affected by shelter-in-place requirements and individuals furloughed from their jobs calmed financial markets to a degree.

Stock valuations rebounded from lows in late March and early April, but many industries still experienced meaningful declines in market capitalization from the beginning of the year through the end of June. Against this backdrop, filing activity increased in March and April, declined in May, but then rebounded in June.”³

FEDERAL SECURITIES CLASS ACTIONS

Q1-2012 through Q2-2020



*Projected filings based on trailing twelve months actual filings
 Source: Stanford Law School's Securities Class Action Clearinghouse

ENDNOTES

¹ The Quarterly D&O Pricing Index is compiled using the proprietary policy data of the Aon Global Risk Insight Platform ("Aon GRIP"). The D&O Pricing Index is currently comprised of policy information on over 13,200 D&O programs for publicly traded companies between January 1, 2001 and June 30, 2020. The Index represents the weighted average cost of \$1,000,000 of D&O insurance (Total Premium / Total Limits). The average "rate per million" of limit includes D&O placements (A/B/C Coverage), Side-A only (non-indemnifiable loss) placements, and Side-A DIC (difference-in-conditions) placements. Programs with blended coverage (e.g., a shared limit for D&O and Fiduciary Liability combined) are excluded from the Index.

While the Index data includes a small number of foreign companies that trade on a U.S. exchange, most of the companies are U.S. issuers traded on U.S. exchanges. As such, the data is representative of the U.S. D&O market and not the global D&O market.

Aon first produced the Quarterly D&O Pricing Index in Q2 2006. The base year (2001) is the average price per million for \$1,000,000 of D&O coverage for the 2001 calendar year.

² In the first quarter of 2008, FSG began adding S&P's Compustat company data to our proprietary policy data. Some companies previously included in our pricing index are not included in this S&P data, primarily foreign issuers not traded on U.S. exchanges and some smaller U.S. companies (e.g., OTC:BB). These companies have been removed from the D&O Pricing Index which resulted in some minor changes to prior results. We do not view these changes as material to the overall results of the Index.

³ Cornerstone Research: Securities Class Action Filings – 2020 Midyear Assessment

CONTACT INFORMATION

Christine A. Williams

Chief Executive Officer

Financial Services Group

+1.212.441.2322

christine.williams@aon.com

Peter M. Trunfio

Chief Data & Analytics Officer

Financial Services Group

+1.212.441.1647

peter.trunfio@aon.com

ABOUT AON

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

ABOUT GLOBAL RISK INSIGHT PLATFORM (“GRIP”)

The Global Risk Insight Platform is the world's leading repository of insurance placement activities. By capturing information about key broking activities, GRIP provides timely insight into market trends and client buying behaviours. As a result of the contributions of 6,300 Aon GRIP users spanning 20 countries in North and South America, Europe, Asia and the Pacific, Aon GRIP* provides insights into:

- US \$30.6B in annual premium flow
- 142,875 distinct opportunities to quote annually
- 164 client countries
- 1,655 global carriers
- 71,884 distinct global clients
- 92 lines of coverage

*as of September 30, 2018

ABOUT FINANCIAL SERVICES GROUP (“FSG”)

Aon's Financial Services Group is the premier team of executive liability brokerage professionals, with extensive experience in representing buyers of complex insurance products including directors' and officers' liability, employment practices liability, fiduciary liability, fidelity, and professional liability insurance. FSG's global platform assists clients in addressing their executive liability exposures across their world-wide operations. Aon's U.S. Financial Services Group manages more than \$2.9 billion in annual premium, assists with approximately \$1.0 billion in claim recoveries annually, and uses its unmatched data to support the diverse business goals of its clients.



Aon Global Risk Insight Platform

© Aon plc 2020. All rights reserved.

The information contained herein, and the statements expressed, are of a general nature and are not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information and use sources we consider reliable, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.