



Quarterly D&O Pricing Index

Third Quarter 2018

Table of Contents

Aon Reports Third Quarter 2018 Public D&O Pricing	4
Third Quarter Key Metrics and Highlights	4
Quarterly Index of D&O Pricing	5
Q1-2002 through Q3-2018 Base Year: 2001 = 1.00	5
Quarterly “Year-over-Year” Price Changes	5
Q1-2012 through Q3-2018	5
Third Quarter Primary Policies	6
Primary Price Change Distribution	6
Q1-2012 through Q3-2018	6
Primary Price Changes	7
Q1-2012 through Q3-2018	7
The Quarter Deconstructed	7
July 2018	7
August 2018	7
September 2018	7
Monthly Primary Price Change	8
January 2016 – September 2018	8
Limit, Deductible, and Carrier Changes	8
Third Quarter	8

Securities Class Action Litigation	9
Third Quarter	9
Full Year	9
Federal Securities Class Actions	9
Q1-2012 through Q3-2018	9
Endnotes	10
Contact Information	10
About Aon	11
About Global Risk Insight Platform (“GRIP”)	11
About Financial Services Group (“FSG”)	11

AON REPORTS THIRD QUARTER 2018 PUBLIC D&O PRICING

AVERAGE CHANGE FOR PRIMARY POLICIES WITH SAME LIMIT AND SAME DEDUCTIBLE INCREASED 3.2 PERCENT IN THE THIRD QUARTER.

Third Quarter Key Metrics and Highlights

- D&O price per million was up 3.1 percent compared to the prior year quarter
- Price per million for clients that renewed in both Q3 2018 and Q3 2017 increased 3.1 percent
- 8 percent of primary policies renewing with the same limit and deductible experienced a price decrease – 53 percent had a price increase
- Overall price change for primary policies renewing with same limit and deductible was up 3.2 percent
- 90.6 percent of primary policies renewed with the same limit
- 88.3 percent of primary policies renewed with the same deductible
- 95.3 percent of primary policies renewed with the same carrier.

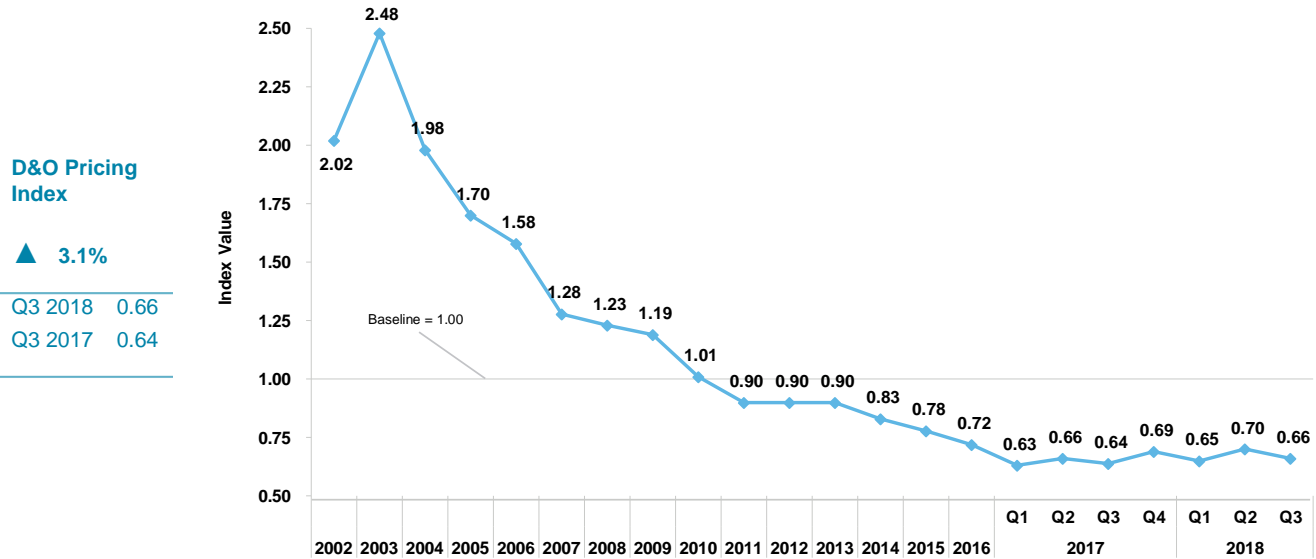
New York – December 13, 2018 – Aon Risk Solutions (U.S.) today reported public D&O pricing for the three months and nine months ended September 30, 2018.

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

The Pricing Index increased to 0.66 from 0.64 in the prior year quarter. The average price for \$1 million in limits increased 3.1 percent compared to the prior year quarter.

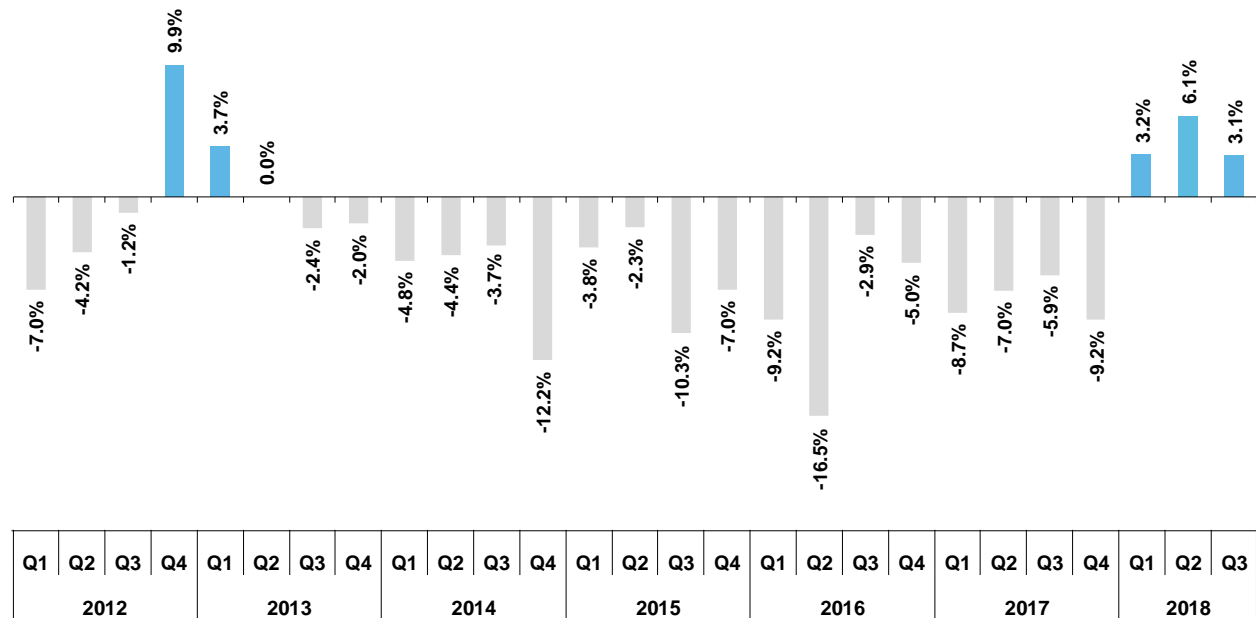
QUARTERLY INDEX OF D&O PRICING

Q1-2002 through Q3-2018 | Base Year: 2001 = 1.00



QUARTERLY “YEAR-OVER-YEAR” PRICE CHANGES

Q1-2012 through Q3-2018



A better comparison, however, is to look at only those programs that renewed in both Q3 2018 and Q3 2017. On that basis, pricing increased 3.1 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.

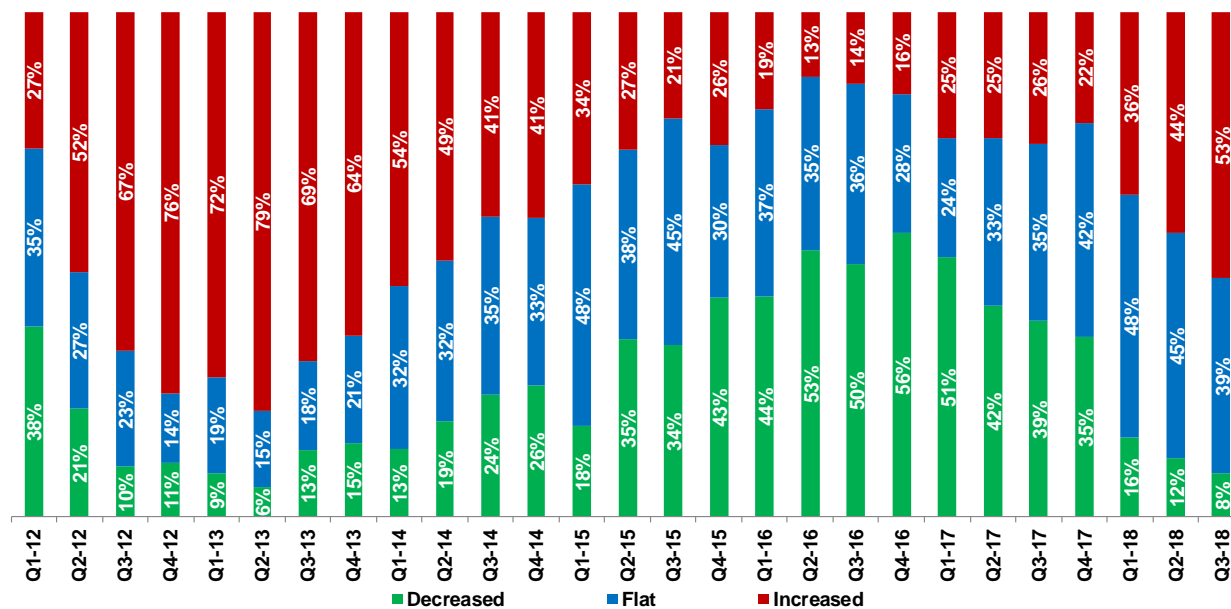
THIRD QUARTER PRIMARY POLICIES

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 third quarter, 8 percent of primary policies received a price decrease, 39 percent renewed “flat”, while 53 percent of companies received a price increase.

PRIMARY PRICE CHANGE DISTRIBUTION

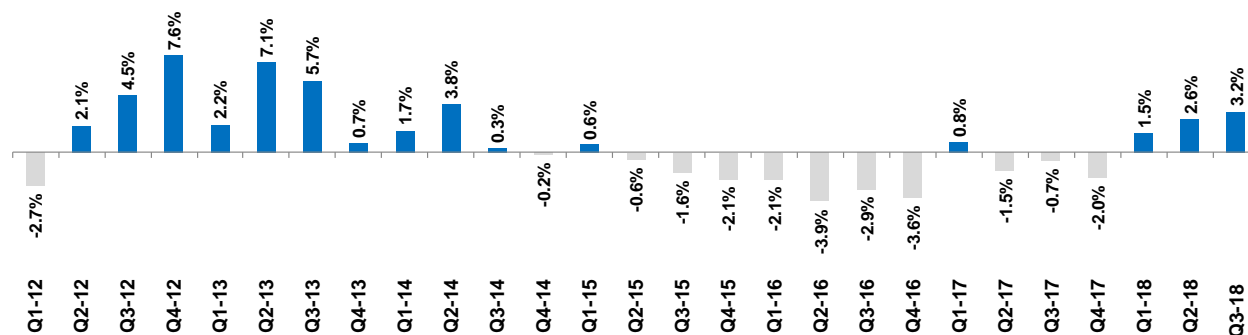
Q1-2012 through Q3-2018



The average primary price decrease was 7.1 percent, while the average price increase was 9.3 percent. The overall price change for primary policies in the third quarter was up 3.2 percent.

PRIMARY PRICE CHANGES

Q1-2012 through Q3-2018



THE QUARTER DECONSTRUCTED

July 2018

For July, 5 percent of primary policies received a price decrease, 46 percent renewed “flat”, while 49 percent of companies received a price increase.

The average primary price decrease in July was 1.6 percent, while the average price increase was 6.7 percent. The overall price change for primary policies in July was up 2.9 percent.

August 2018

In August, 15 percent of primary policies received a price decrease, 35 percent renewed “flat”, while 50 percent of companies received a price increase.

The average primary price decrease in August was 7.7 percent, while the average price increase was 9.8 percent. The overall price change for primary policies in August was up 2.9 percent.

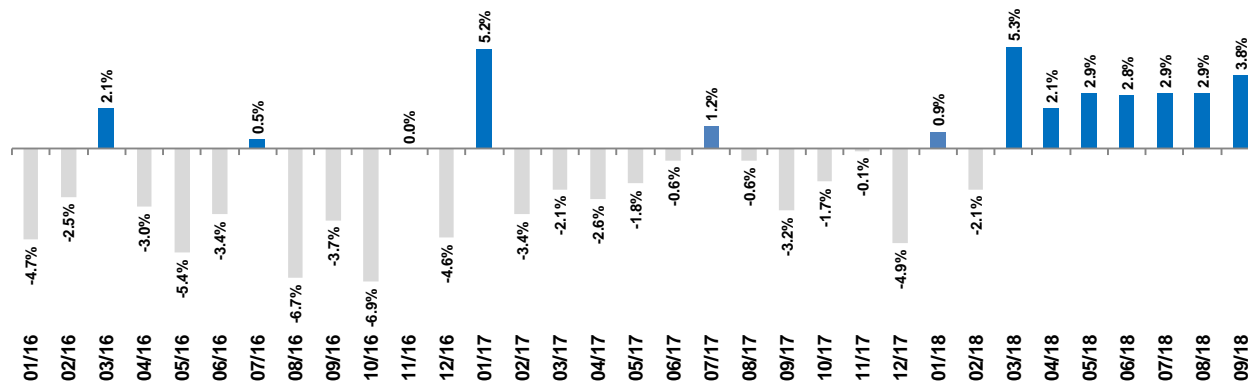
September 2018

In September, 6 percent of primary policies received a price decrease, 32 percent renewed “flat”, while 61 percent of companies received a price increase.

The average primary price decrease in September was 8.5 percent, while the average price increase was 12.3 percent. The overall price change for primary policies in September was up 3.8 percent.

MONTHLY PRIMARY PRICE CHANGE

January 2016 – September 2018



LIMIT, DEDUCTIBLE, AND CARRIER CHANGES

Third Quarter – In Q3 2018, 90.6 percent of primary policies renewed with the same limit, 88.3 percent of policies renewed with the same deductible, and 82.8 percent of policies renewed with the same limit AND deductible.

In the third quarter, 95.3 percent of primary policies renewed with the same carrier. Only 4.7 percent of policies renewed with a different carrier.

On average, policies that renewed with the same limit, deductible, and carrier experienced a 3.1 percent premium increase.

Policies that renewed with the same limit and deductible, but a different carrier, experienced a 9.7 percent increase.

SECURITIES CLASS ACTION LITIGATION

Third Quarter – According to Stanford Law School’s Securities Class Action Clearinghouse, in Q3 2018, plaintiffs filed 89 new federal securities class action cases (filings) – 12 fewer than in the third quarter of 2017, a decrease of 12 percent.

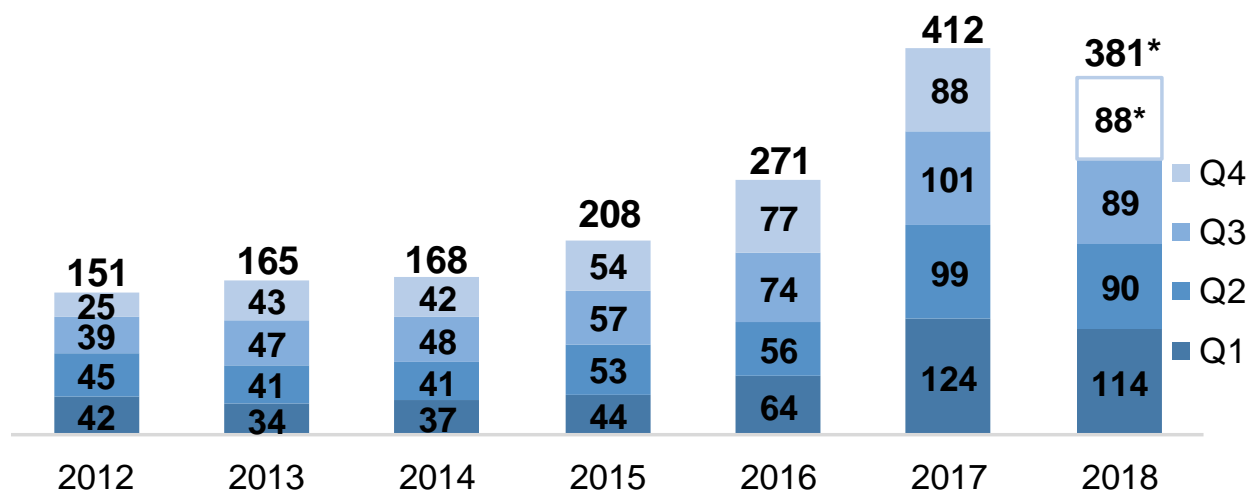
Federal filings of class actions involving merger and acquisition (M&A) transactions in Q3 2018 decreased to 44, 23 percent less than in Q3 2017 (57). M&A litigation represented 49 percent of filings in Q3 2018, compared to 56 percent of filings in Q3 2017.

Full Year – Using a trailing twelve-month basis, the projected number of filings for the full year (381) would be a 7.5 percent decrease compared to 2017.

According to a recent report by Cornerstone Research, federal class action securities fraud filings continued at near record levels in the first half of 2018. Plaintiffs have filed more than 750 federal securities class actions since midyear 2016 – the most prolific 24-month period since enactment of the Private Securities Litigation Reform Act of 1995 (PSLRA).³

FEDERAL SECURITIES CLASS ACTIONS

Q1-2012 through Q3-2018



*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 12,100 D&O programs for publicly traded companies between January 1, 2001 and September 30, 2018. 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, the majority 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 – 2018 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 Information 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.

To learn more about the sale, please visit:

www.aon.com/acceleratinginnovation

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 \$36.2B in annual premium flow
- 149,531 distinct opportunities to quote annually
- 159 client countries
- 1,931 global carriers
- 77,409 distinct global clients
- 92 lines of coverage

*as of December 31, 2017

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 Financial Services Group manages more than \$2.2 billion in annual premium, assists with claim settlements in excess of \$3.5 billion, and uses its unmatched data to support the diverse business goals of its clients.



Aon Global Risk Insight Platform

© Aon plc 2018. 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.