



Quarterly D&O Pricing Index

Third Quarter 2022





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Aon Reports Third Quarter 2022 Public D&O Pricing

Average Price Per Million, Adjusted for Certain Items, decreased 14.7 Percent in the Third Quarter

Average Change for Primary Policies with Same Limit and Same Deductible decreased 4.0 Percent

Third Quarter Key Metrics and Highlights

- Average price per million decreased 19.9 percent compared to the prior-year quarter: price per million, adjusted for certain items, decreased 14.7 percent.
- Price per million for clients that renewed in both Q3 2022 and Q3 2021 decreased 15.3 percent.
- 46 percent of primary policies renewing with the same limit and deductible experienced a price decrease; 16 percent had a price increase.
- Overall price change for primary policies renewing with same limit and deductible was down 4.0 percent.
- 98.4 percent of primary policies renewed with the same limit.
- 89.8 percent of primary policies renewed with the same deductible.
- 89.8 percent of primary policies renewed with the same limit and deductible.
- 98.4 percent of primary policies renewed with the same carrier.

New York — October 31, 2022: Aon Commercial Risk Solutions (U.S.) today reported public Directors' & Officers' ("D&O") liability pricing for the three months ended September 30, 2022.

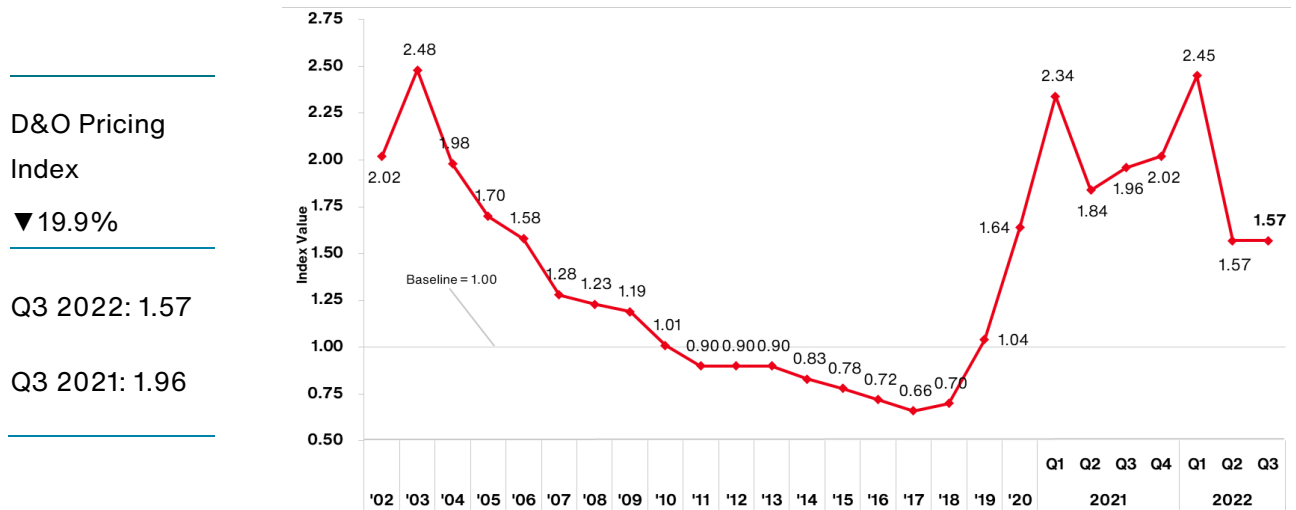
Each quarter, Aon's Financial Services Group ("FSG") publishes a pricing index of D&O insurance that tracks premium changes relative to the base year of 2001.^{1,2}

The Pricing Index decreased to 1.57 from 1.96 in the prior-year quarter, the second quarterly decrease since Q4 2017. The average cost of \$1 million in limits decreased 19.9 percent compared to the prior-year quarter.

However, the Q3 2022 results were significantly impacted by a very large IPO client that purchased a multi-year program in Q3 2021, and as such, was not in the current quarter. Excluding this client, the Pricing Index decreased 14.7 percent in Q3 2022.

Quarterly Index of D&O Pricing

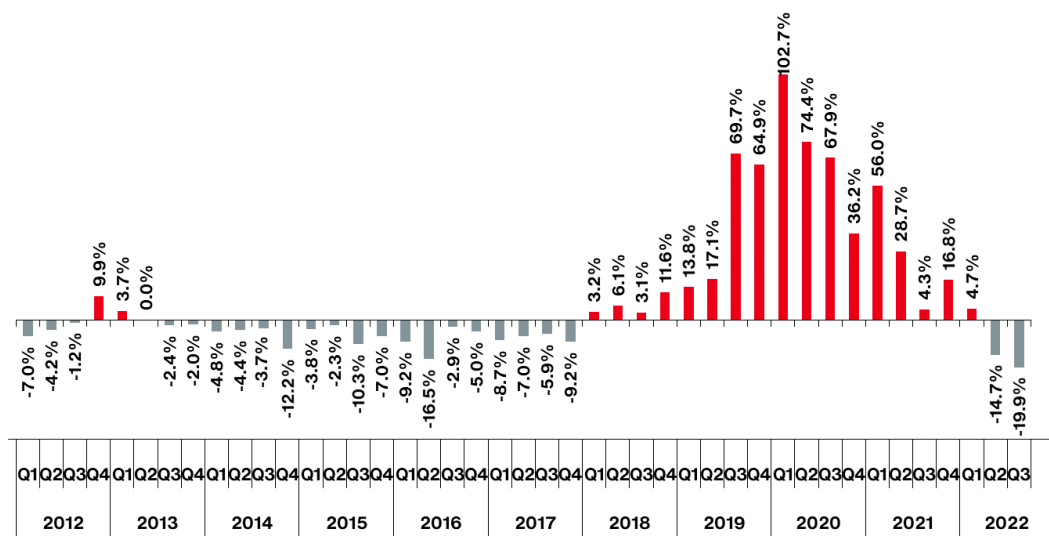
2002 Through Q3-2022 | Base Year: 2001 = 1.00



The decrease in Q3 2022 represents the second quarter of year-over-year price decreases, following a period of 17 quarterly pricing increases over the prior four years.

Quarterly Year-Over-Year Price Changes

Q1-2012 Through Q3-2022





A better comparison, however, is to look at only those programs that renewed in both third-quarter 2022 and third-quarter 2021. On that basis, pricing decreased 15.3 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

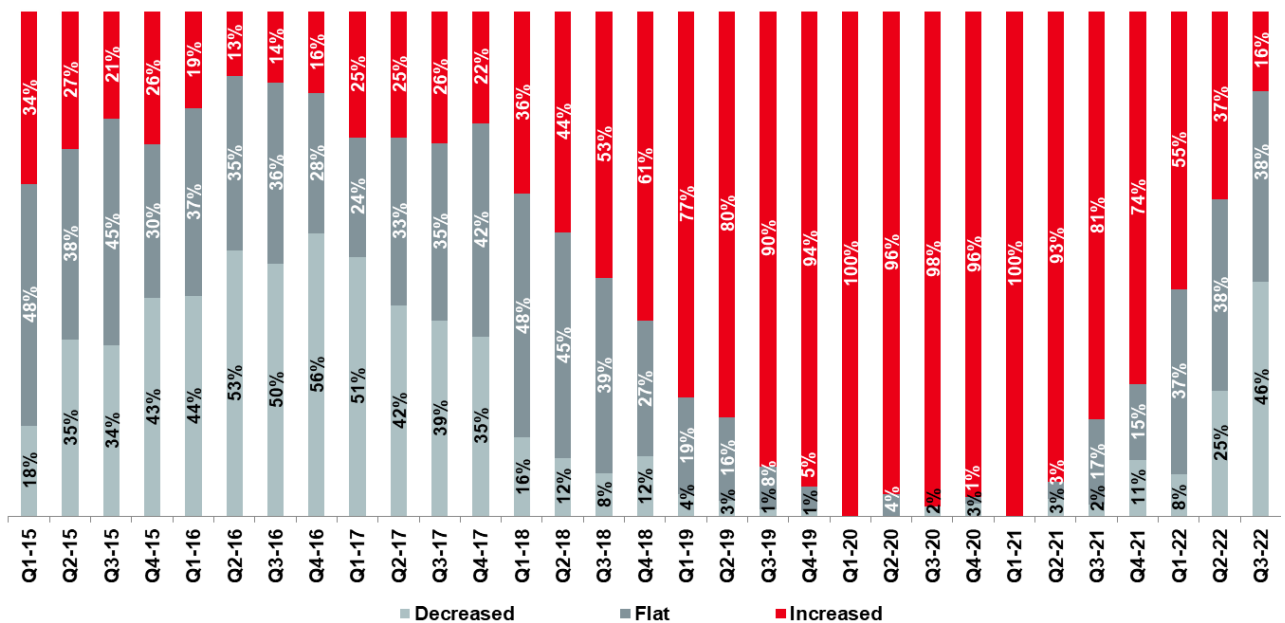
By looking at only primary policies in the quarter that renewed with the same limit and deductible as the prior year, we can eliminate some of that “noise” and focus only on those policies that renewed on a “like-for-like” basis.

For the third quarter, 46 percent of primary policies received a price decrease, 38 percent of policies renewed “flat,” and 16 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

Q1-2015 Through Q3-2022



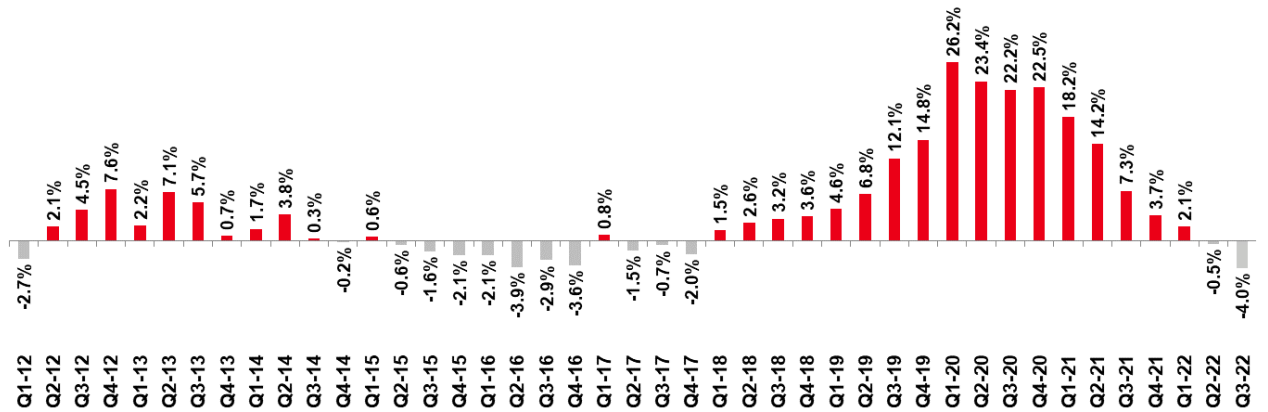


For primary policies renewing with the same limit and deductible, the average price decrease was 9.4 percent, while the average price increase was 5.5 percent. The overall price change for these primary policies in the third quarter was down 4.0 percent.

Primary Price Changes

Same Limit and Deductible

Q1-2012 Through Q3-2022



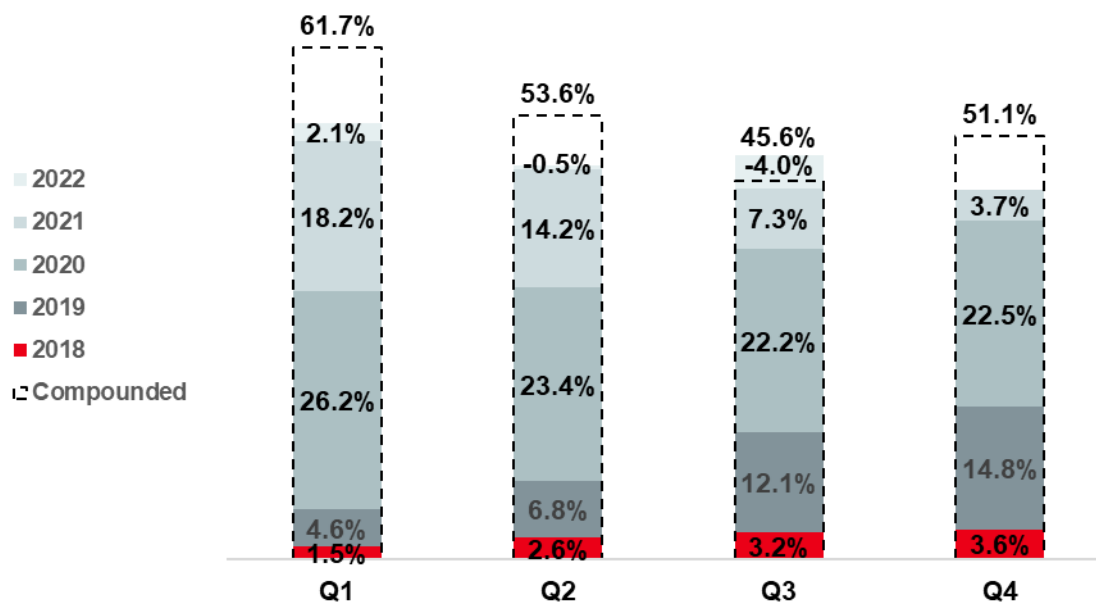


The third quarter was the second quarter of year-over-year decreases, after four consecutive years of year-over-year increases, for primary policies that renewed with the same limit and deductible.

Primary Rate-on-Rate Change

Same Limit and Deductible

Q1-2018 Through Q3-2022



The Quarter Deconstructed

Same Limit and Deductible

July 2022

In July, 33 percent of primary policies received a price decrease, 43 percent renewed “flat,” and 24 percent of companies received a price increase.

The average primary price decrease in July was 12.7 percent, while the average price increase was 5.7 percent. The overall price change for primary policies in July was a decrease of 3.9 percent.

August 2022

In August, 50 percent of primary policies received a price decrease, 39 percent renewed “flat,” and 11 percent of companies received a price increase.

The average primary price decrease in August was 6.5 percent, while the average price increase was 6.1 percent. The overall price change for primary policies in August was a decrease of 3.2 percent.

September 2022

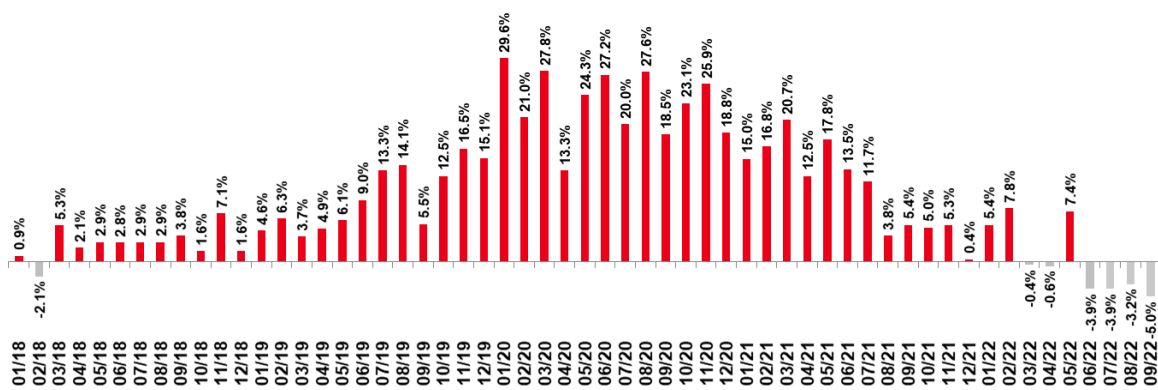
In September, 66 percent of primary policies received a price decrease, 28 percent renewed “flat,” while 7 percent of companies received a price increase.

The average primary price decrease in September was 8.3 percent, while the average price increase was 2.8 percent. The overall price change for primary policies in September was a decrease of 5.0 percent.

Monthly Primary Price Change

Same Limit and Deductible

January 2018 – September 2022





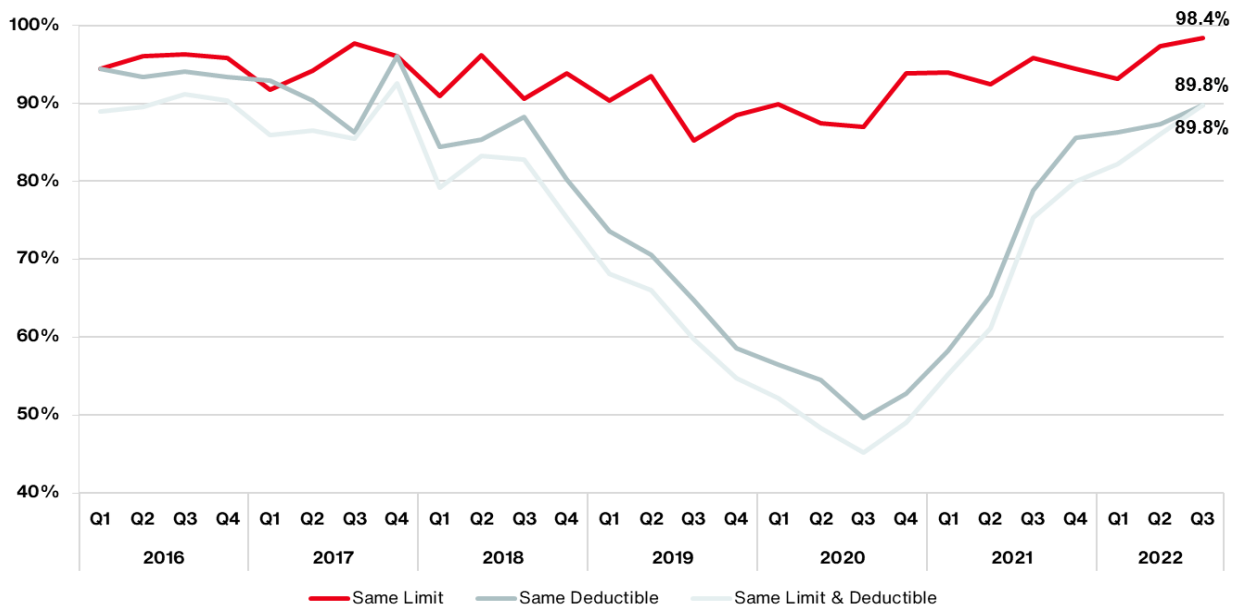
Limit, Deductible and Carrier Changes

Third Quarter

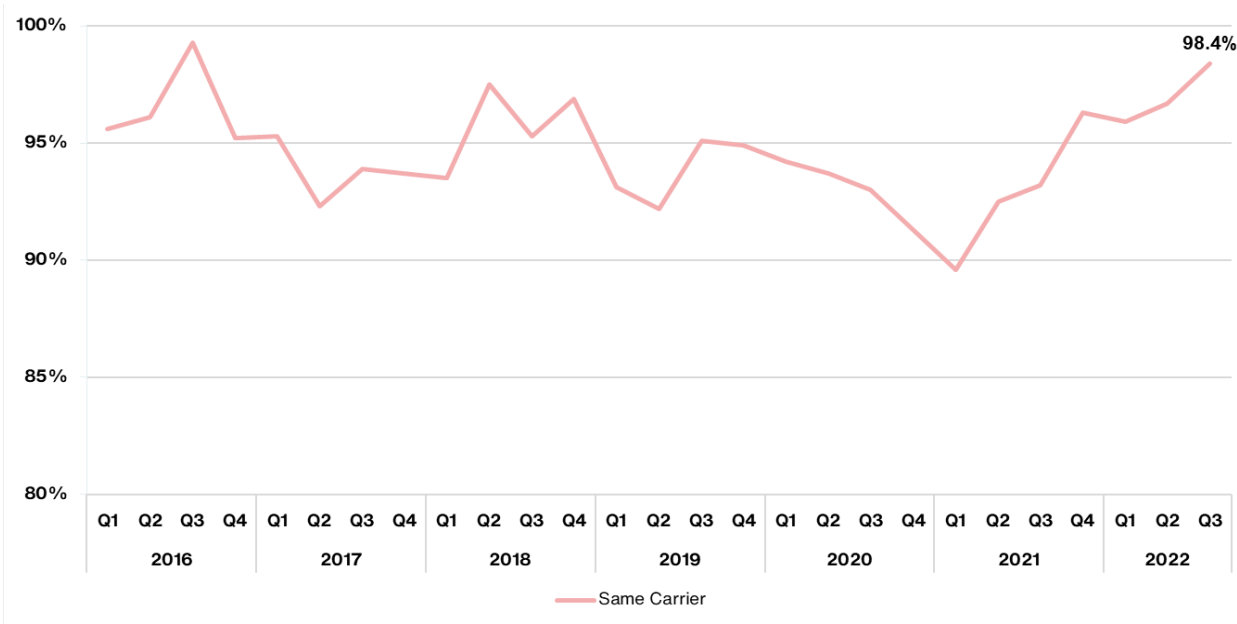
In third-quarter 2022, 98.4 percent of primary policies renewed with the same limit, and 89.8 percent of policies renewed with the same deductible.

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.

Concurrently with the primary layer rate increases that started in first-quarter 2018, the percentage of clients renewing with both the same limit and deductible had been dropping steadily. After bottoming out in third-quarter 2020, that percentage has returned to more historical levels. For the third quarter of 2022, 89.8 percent of clients renewed with the same limit and deductible as the prior-year quarter.



Despite movements in limit and deductible levels, in the third quarter, 98.4 percent of primary policies renewed with the same carrier. Just 1.6 percent of policies renewed with a different primary carrier.



On average, primary policies that renewed with the same limit, deductible and carrier experienced a 4.0 percent premium decrease in the third quarter.

Securities Class Action Litigation

Third Quarter

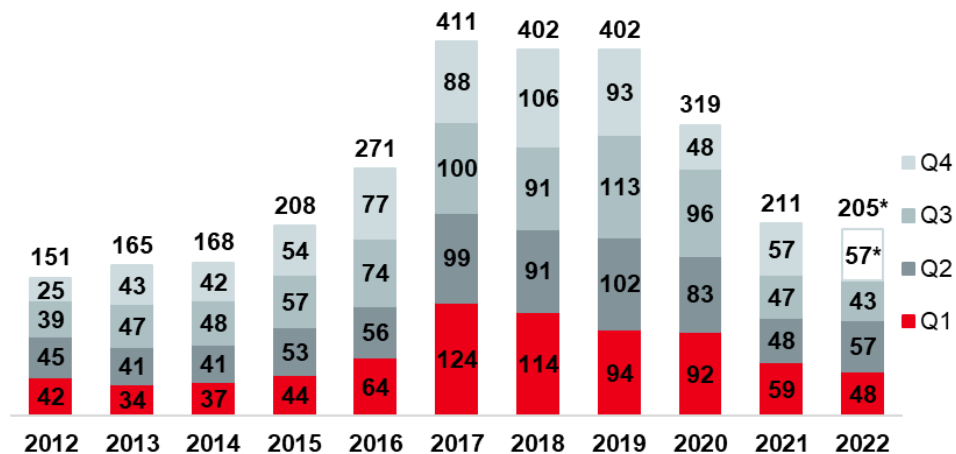
According to Stanford Law School's Securities Class Action Clearinghouse, in Q3 2022, plaintiffs filed 43 new federal securities class action cases (filings) — four fewer than in the third quarter of 2021 (47), or a decrease of 8.5 percent.

Full Year

On a trailing twelve-month basis, the projected number of filings for the full year (205) would be a 3 percent decrease compared to 2021 (211).

Federal Securities Class Actions

Q1-2012 Through Q3-2022



*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 over 14,800 D&O programs for publicly traded companies between January 1, 2001, and September 30, 2022. 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 – 2022 Midyear Assessment

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About Aon

[Aon plc](#) (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

About Financial Services Group (“FSG”)

Aon's Financial Services Group is the premier team of executive liability brokerage professionals, with extensive experience in t 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 worldwide operations. Aon's U.S. Financial Services Group manages more than \$4.9 billion in annual premium, assists with approximately \$1 billion in claim recoveries annually and uses its unmatched data to support the diverse business goals of its clients.

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