



## Q2 2023 MARKET TRENDS

# Aviation

Through the end of 2022 and the beginning of 2023, the conditions of the aviation insurance market showed improvement across all segments. This development resulted in a more favorable aviation underwriting environment than previous years.

Despite these positive signs, the aviation marketplace is anticipated to harden again in the second quarter of this year, possibly flattening into the third quarter of 2023. The immediate focus of domestic aviation insurers is capturing single-digit rate increases upon renewal, although some are now actively competing on renewals and insureds considering changing markets.

Workers' compensation, one soft sector in the Aviation market, has seen QBE and AIG Aerospace exit the sector in 2023, reducing capacity. Sufficient capacity remains to spark competition to be for aviation workers' compensation placements.

The ongoing Russia/Ukraine conflict and the aviation reinsurance marketplace continue to present double-digit premium rate increases to aviation insurers. More than 400 leased aircraft, valued at \$10 billion, cannot depart from Russia after European Union sanctions forced the termination of leases. The reported hull war claims total \$6.5 billion result from aircraft remaining in Russia.

Another major factor impacting reinsurance rates is the Boeing 737 Max grounding loss. The claim has increased from \$1.3 billion to \$3 billion. This increase makes it nominally the most significant claim in the history of the aviation market, having exceeded the \$2.5 billion paid out after 9/11. The immediate impact is on contingent liability, war risk and terrorism premiums. This factor will continue to affect aviation carriers' reinsurance renewals through July 2023.



Aviation carriers continue to see a change in their underwriting ranks with recent promotions and changes. Those who outline clear underwriting information and consistent safety management protocols can receive the most competitive balance of rate and coverage. For a successful renewal outcome, we encourage insureds to work through any anticipated challenges and consider renewing proactively, up to thirty days in advance where possible.



## How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving property & casualty program.

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