



Quarterly D&O Pricing Index

Second Quarter 2019

Table of Contents

Aon Reports Second Quarter 2019 Public D&O Pricing	4
Second Quarter Key Metrics and Highlights	4
Quarterly Index of D&O Pricing	5
Q1-2002 through Q2-2019 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 Q2-2019	6
Primary Price Changes	7
Q1-2012 through Q2-2019	7
The Quarter Deconstructed	7
April 2019	7
May 2019	7
June 2019	7
Monthly Primary Price Change	8
January 2017 – June 2019	8
Limit, Deductible, and Carrier Changes	8
Second Quarter	8
Securities Class Action Litigation	10
Second Quarter	10
Half Year	10
Full Year	10

Federal Securities Class Actions	10
Q1-2012 through Q2-2019	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 2019 PUBLIC D&O PRICING

AVERAGE CHANGE FOR PRIMARY POLICIES WITH SAME LIMIT AND SAME DEDUCTIBLE INCREASED 6.8 PERCENT IN THE SECOND QUARTER.

Second Quarter Key Metrics and Highlights

- D&O price per million was up 17.1 percent compared to the prior year quarter
- Price per million for clients that renewed in both Q2 2019 and Q2 2018 increased 9.1 percent
- 3 percent of primary policies renewing with the same limit and deductible experienced a price decrease – 80 percent had a price increase
- Overall price change for primary policies renewing with same limit and deductible was up 6.8 percent
- 93.5 percent of primary policies renewed with the same limit
- 70.6 percent of primary policies renewed with the same deductible
- 66.0 percent of primary policies renewed with the same limit and deductible
- 92.2 percent of primary policies renewed with the same carrier

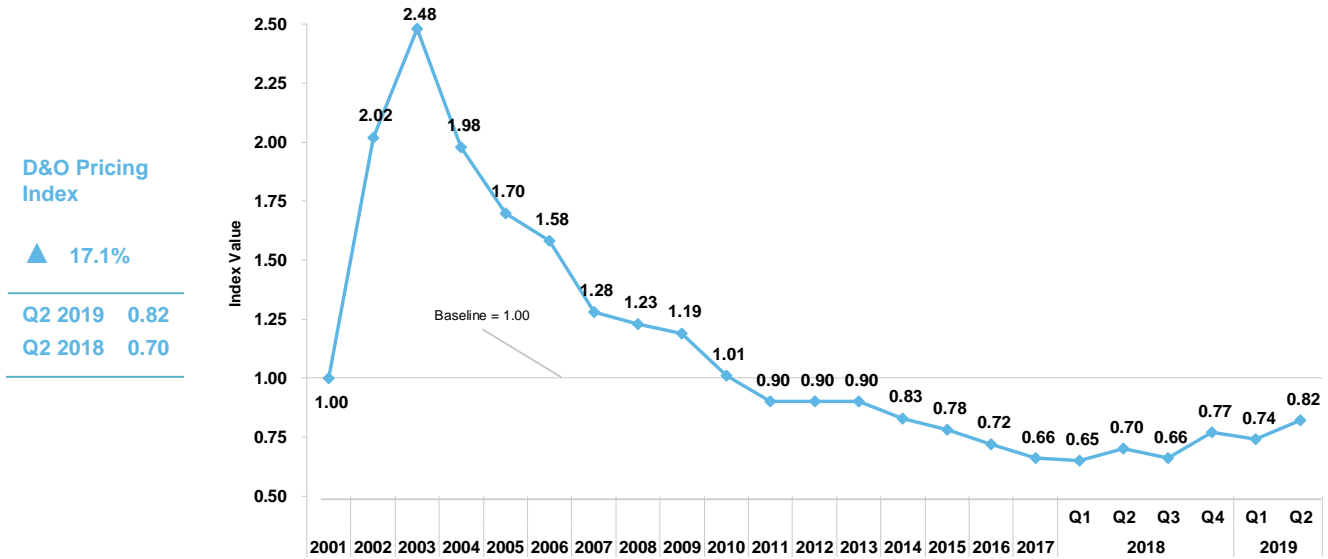
New York – September 9, 2019 – Aon Commercial Risk Solutions (U.S.) today reported public Directors' & Officers' ("D&O") liability pricing for the three months ended June 30, 2019.

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 0.82 from 0.70 in the prior year quarter. The average price for \$1 million in limits increased 17.1 percent compared to the prior year quarter.

QUARTERLY INDEX OF D&O PRICING

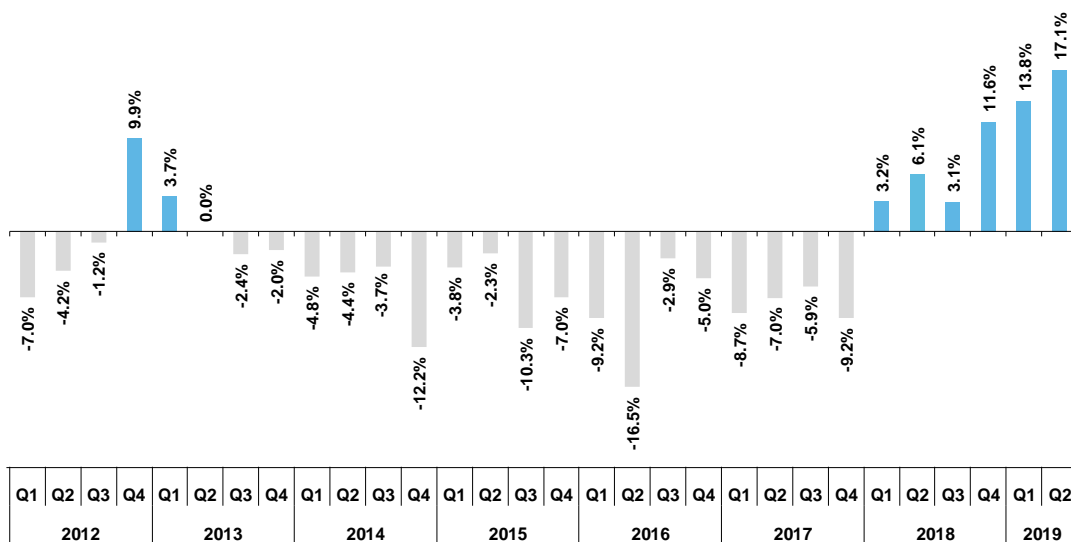
Q1-2002 through Q2-2019 | Base Year: 2001 = 1.00



The increase in Q2 2019 represents the sixth consecutive quarter of year-over-year price increases, following a period of eighteen quarterly pricing decreases within the past six years.

QUARTERLY “YEAR-OVER-YEAR” PRICE CHANGES

Q1-2012 through Q2-2019



A better comparison, however, is to look at only those programs that renewed in both Q2 2019 and Q2 2018. On that basis, pricing increased 9.1 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.

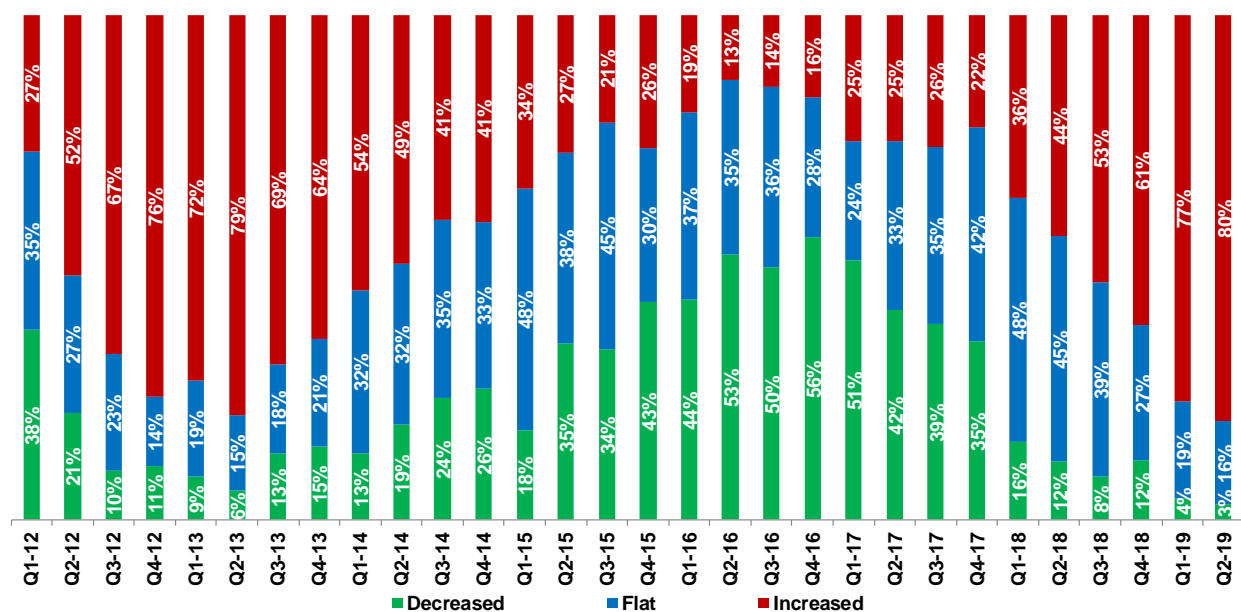
SECOND QUARTER PRIMARY POLICIES

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, 3 percent of primary policies received a price decrease, 16 percent renewed “flat”, while 80 percent of companies received a price increase.

PRIMARY PRICE CHANGE DISTRIBUTION

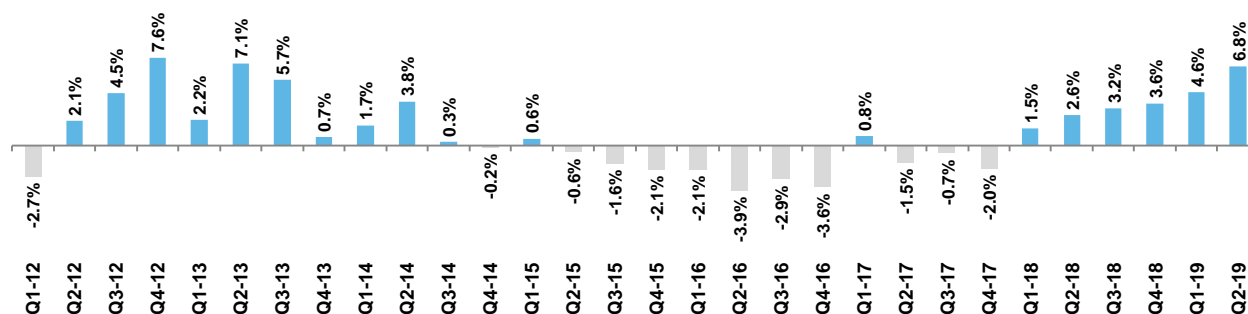
Q1-2012 through Q2-2019



The average primary price decrease was 5.4 percent, while the average price increase was 9.3 percent. The overall price change for primary policies in the second quarter was up 6.8 percent.

PRIMARY PRICE CHANGES

Q1-2012 through Q2-2019



THE QUARTER DECONSTRUCTED

April 2019

In April, 4 percent of primary policies received a price decrease, 23 percent renewed “flat”, while 73 percent of companies received a price increase.

The average primary price decrease in April was 14.3 percent, while the average price increase was 9.3 percent. The overall price change for primary policies in April was up 4.9 percent.

May 2019

In May, 3 percent of primary policies received a price decrease, 20 percent renewed “flat”, while 77 percent of companies received a price increase.

The average primary price decrease in May was 0.7 percent, while the average price increase was 8.0 percent. The overall price change for primary policies in May was up 6.1 percent.

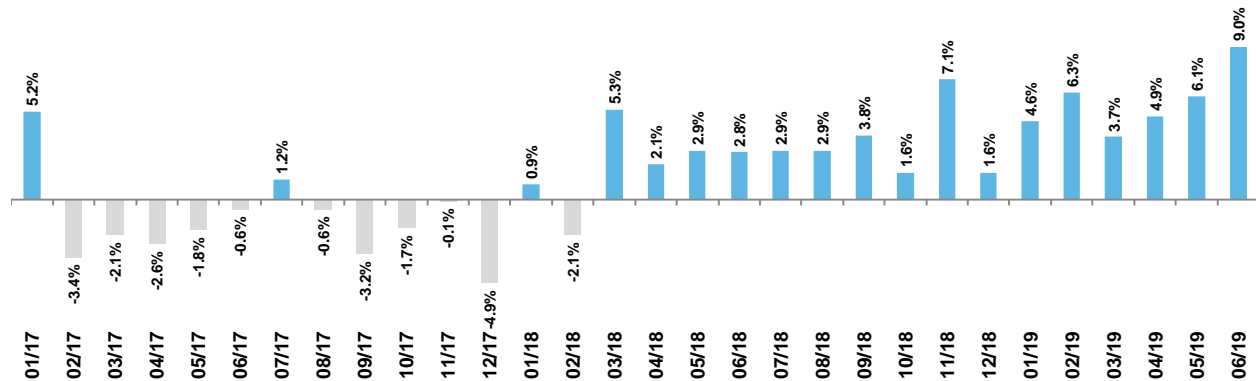
June 2019

In June, 3 percent of primary policies received a price decrease, 8 percent renewed “flat”, while 89 percent of companies received a price increase.

The average primary price decrease in June was 1.9 percent, while the average price increase was 10.4 percent. The overall price change for primary policies in June was up 9.0 percent.

MONTHLY PRIMARY PRICE CHANGE

January 2017 – June 2019

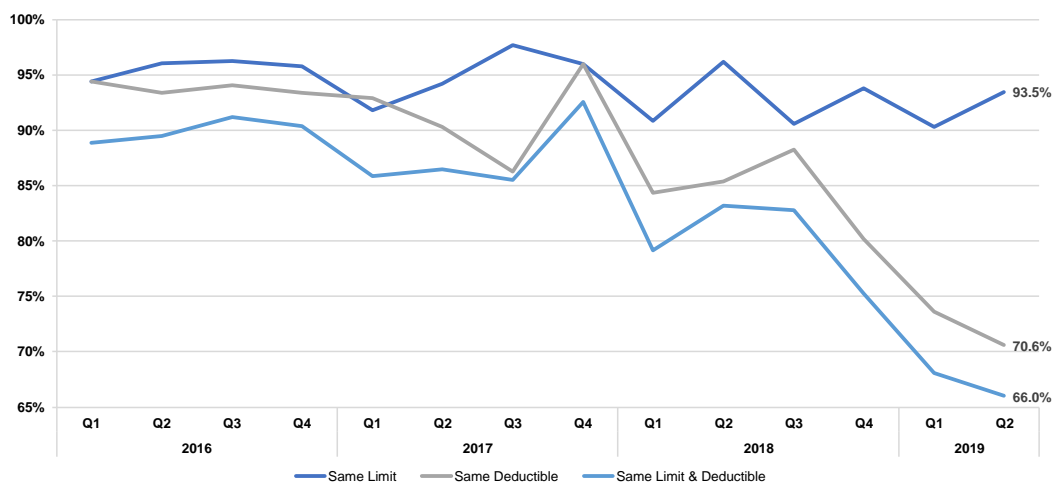


LIMIT, DEDUCTIBLE, AND CARRIER CHANGES

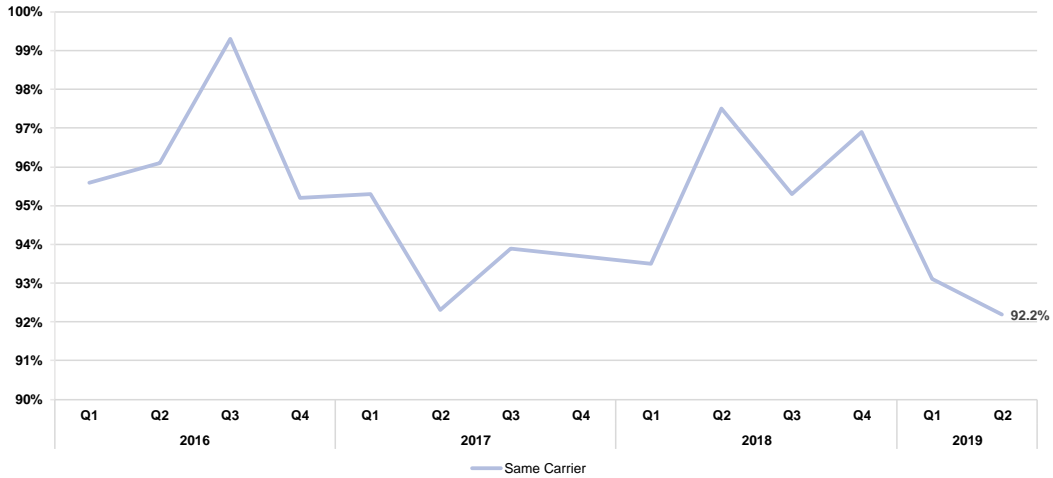
Second Quarter – In Q2 2019, 93.5 percent of primary policies renewed with the same limit, 70.6 percent of policies renewed with the same deductible, and 66.0 percent of policies renewed with the same limit AND deductible.

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 in Q4 2018 and Q1 2019. For the second quarter, only 66.0 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, 92.2 percent of primary policies renewed with the same carrier. Only 7.8 percent of policies renewed with a different carrier.



On average, policies that renewed with the same limit, deductible, and carrier experienced a 6.8 percent premium increase.

SECURITIES CLASS ACTION LITIGATION

Second Quarter – According to Stanford Law School’s Securities Class Action Clearinghouse, in Q2 2019, plaintiffs filed 102 new federal securities class action cases (filings) – 11 more than in the second quarter of 2018 (91), an increase of 12 percent.

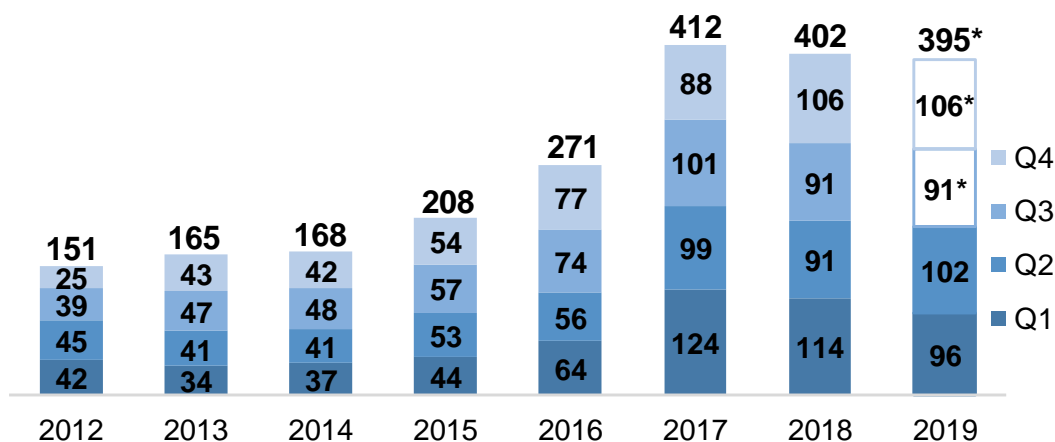
Federal filings of class actions involving merger and acquisition (M&A) transactions in Q2 2019 increased to 41, 5 percent greater than in Q2 2018 (39). M&A litigation represented 40 percent of filings in Q2 2019, compared to 43 percent of filings in Q2 2018.

Half Year – According to a recent report by Cornerstone Research, “Led by a spike in core filings, federal class action securities fraud lawsuits continued at near-record levels in the first half of 2019. Plaintiffs filed more than 1,000 federal securities class actions in the last five semiannual periods – over 20 percent of all filings since 1997.”³

Full Year – Using a trailing twelve-month basis, the projected number of filings for the full year (395) would be a 2 percent decrease compared to 2018.

FEDERAL SECURITIES CLASS ACTIONS

Q1-2012 through Q2-2019



*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 12,400 D&O programs for publicly traded companies between January 1, 2001 and June 30, 2019. 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 – 2019 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 \$2.4 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 2019. 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.