

# Commercial Property Insurance in Peril

Commercial property insurance was already struggling before COVID-19 hit the scene. Double-digit rate increases were bad enough but hit the highest in 35 years.



As I cover in Actuarial Review's article, Perilous Times: COVID 19 & Vexing Variables, there were several things going on. Consider:

- Catastrophic weather-related losses have been exceptionally high – at least for the years 2017 and 2018.
- Thanks to the response to the COVID-19 pandemic, commercial space has been at low capacity for seven months.
- Declining investment income due to lower returns on mortgage-backed securities.
- Riots similar to the late 1960s have made a comeback – big time.

I wrote the commercial property insurance article before a multitude of hurricanes hit the United States, especially in the Gulf states. While the article focuses on commercial property insurance, it should also interest homeowners' insurance policyholders as well.

## My thoughts on "Civil Unrest"

As an aside, I found it distressing that last summer, some people said it was OK to destroy buildings because that is not harming people. It depends on how someone perceives harm. Small business people who lose their companies and their employees who lose jobs feel harm. So do the neighbors. People have been physically harmed or even killed. Businesses that hang on despite the damage still have to pay deductibles for their commercial property insurance. Their premium can also go up.

By the way, if civil unrest sounds like rioting, then you need to get current. The Associated Press Style manual recently instructed journalists to avoid using "riot" as a term. "[A riot is a wild or violent disturbance of the peace involving a group of people. The term riot suggests uncontrolled chaos and pandemonium,](#)" according to the AP Stylebook's twitter feed. Apparently, the act of going into someone else's neighborhood, stealing property and destroying buildings could be stigmatized like the protests of the 1960s. "Unrest is a vaguer, milder and less emotional term for a condition of angry discontent and protest verging on revolt," [tweets the AP Stylebook](#).

Whatever it is called, I wish the Golden Rule would make a comeback. Treating people the way we want to be treated with kindness, dignity and respect would go a long way. Sounds like Martin Luther King doesn't?