



# State of the P&C Insurance Market: What's Working, What's Not, and What's Next

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# Industry Headlines

2024

'Hurricane Season From Hell' Could Make Parts of Texas Uninsurable

Newsweek

**U.S. Property/Casualty Industry Records \$21.2B Underwriting Loss in 2023**

Risk & Insurance

Social inflation to drive higher losses for US P&C re/insurers – Moody's

Insurance Business News

**Consumer checkup: Rising US auto insurance costs creating a 'toxic problem'**

S&P Global

Favorable reserve developments not enough to counterbalance good results

US Nuclear Verdicts Break Records and Drive Social Inflation to 7% in 2023: Report

Insurance Journal

**1 in 5 in study admit to considering insurance fraud**

InsuranceNewsNet Magazine

**Driver and vehicle risk continue to contribute to higher auto claim frequency**

InsuranceNewsNet Magazine

Market Segment Report: Workers' Compensation Winning Streak Continues - Profits continue in 2023 and conditions are right for another strong year in 2024.

AM Best

# Agenda

## 1 P&C Industry Comparisons

### Fast Track™ Trends

2 Private Passenger Auto – Bodily Injury

3 Private Passenger Auto – Collision

4 Homeowners

5 Workers' Compensation

6 Current Year Considerations

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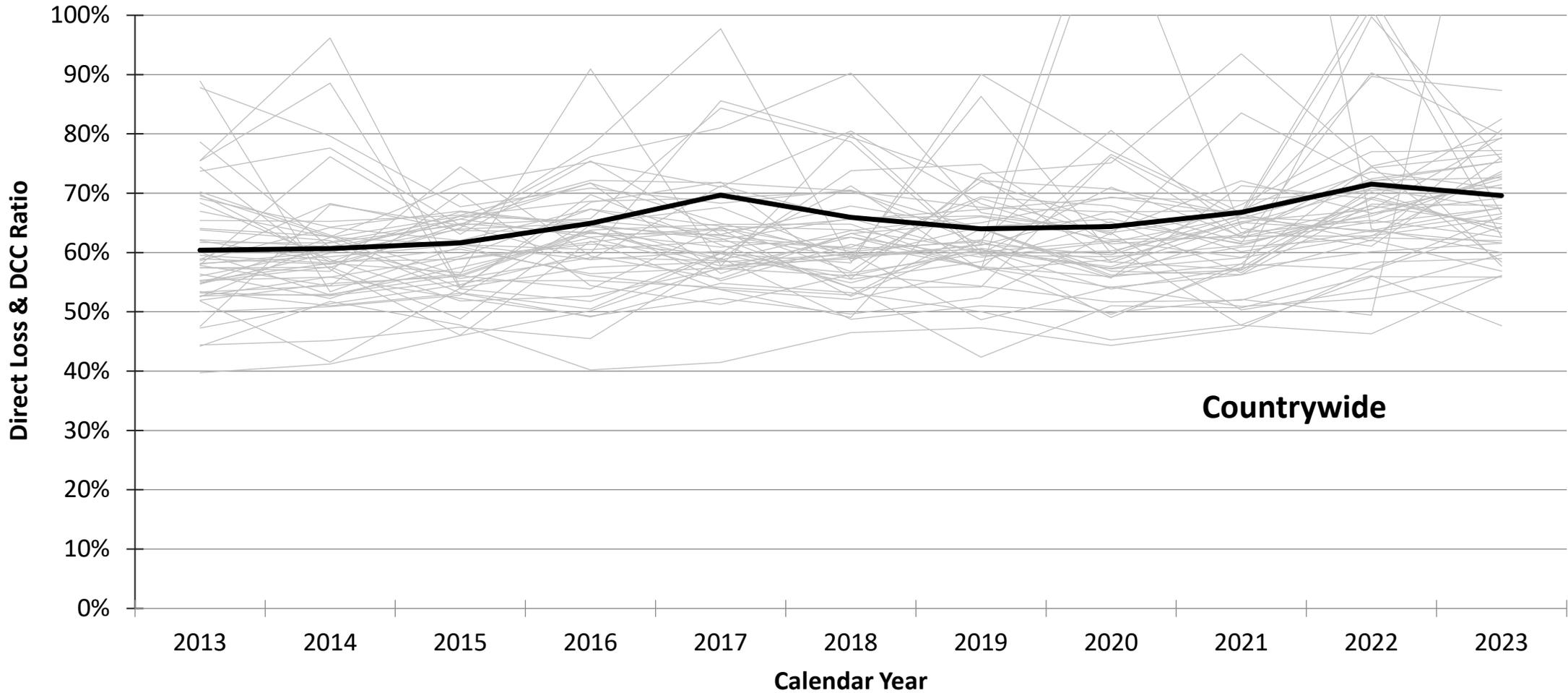
# P&C INDUSTRY COMPARISONS



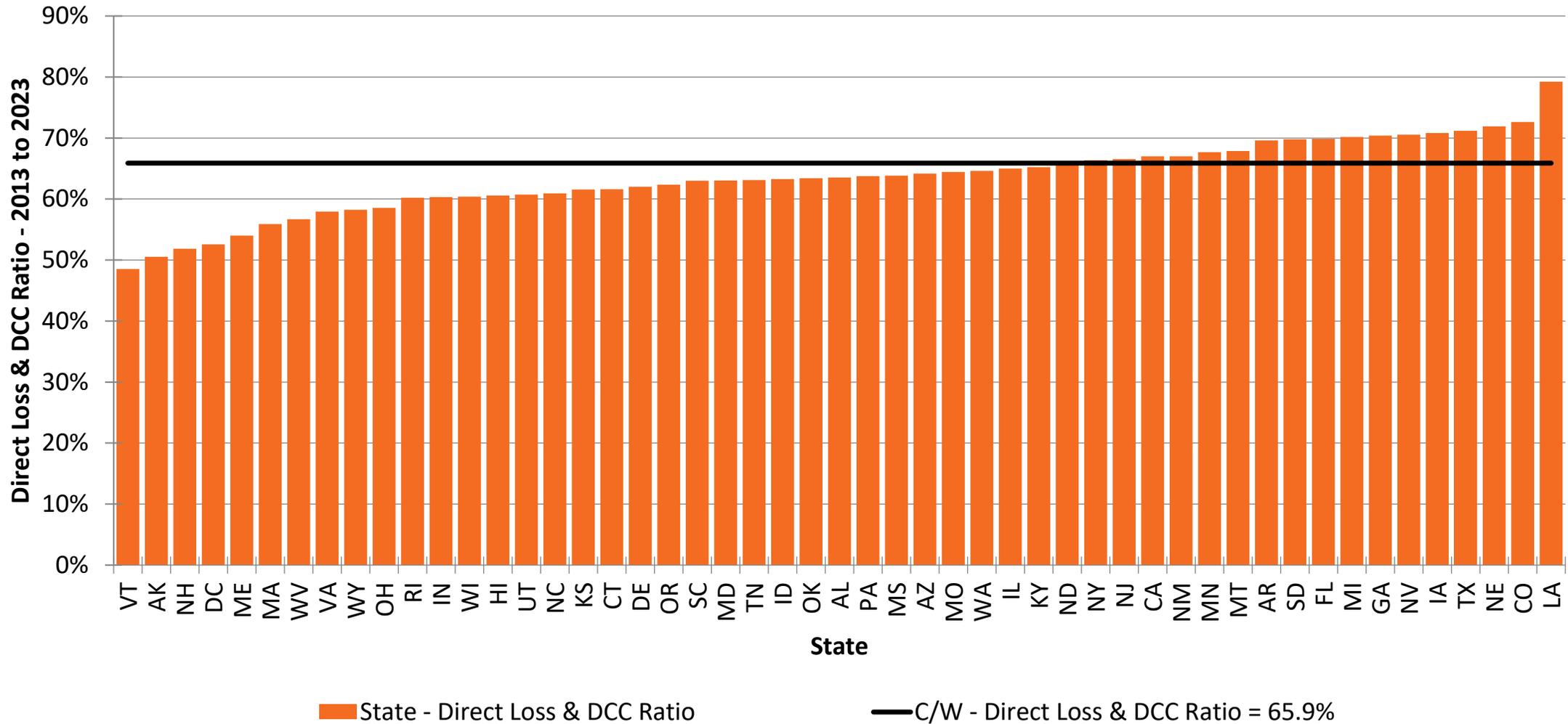
# P&C Industry Comparisons: Data Set

- Direct business
  - Gross = net + ceded
  - Gross = direct + assumed
- Calendar year loss & DCC experience
- Impacted by reserve redundancies and deficiencies for prior coverage years
- Calendar years 2013 through 2023
- Contains experience for all US P&C insurance companies and for all states

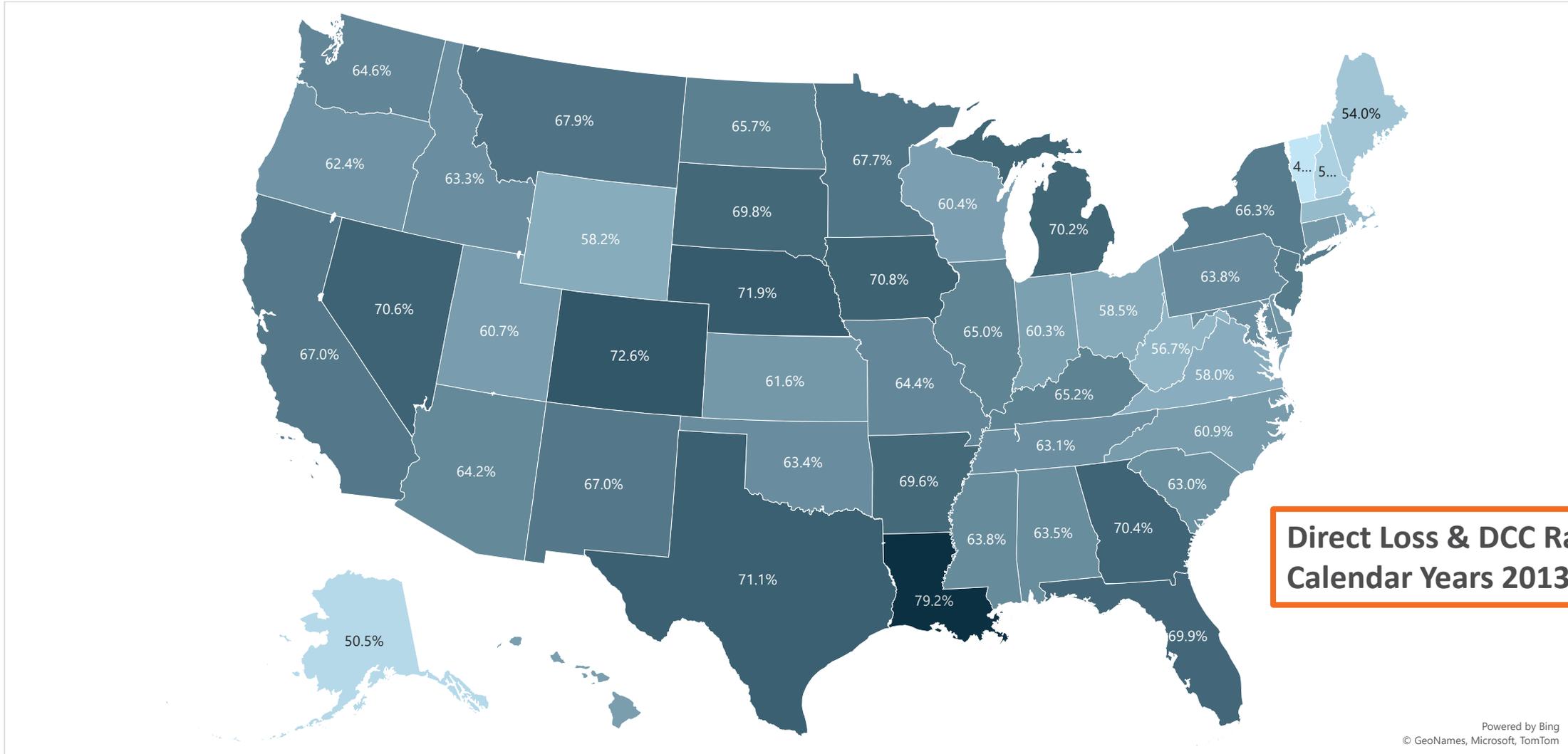
# Direct Underwriting Performance: All Lines of Business



# Direct Underwriting Performance: All Lines of Business



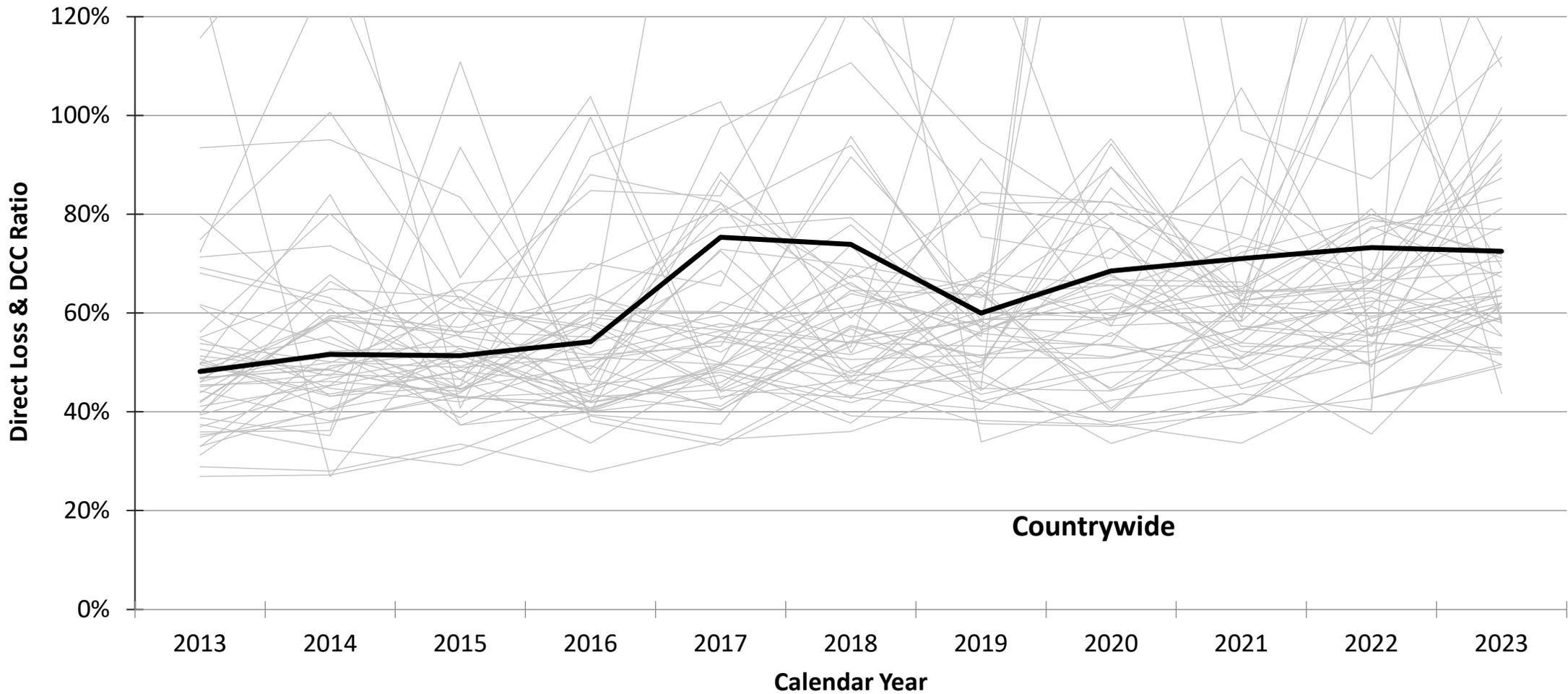
# Direct Underwriting Performance: All Lines of Business



**Direct Loss & DCC Ratios:  
Calendar Years 2013 to 2023**

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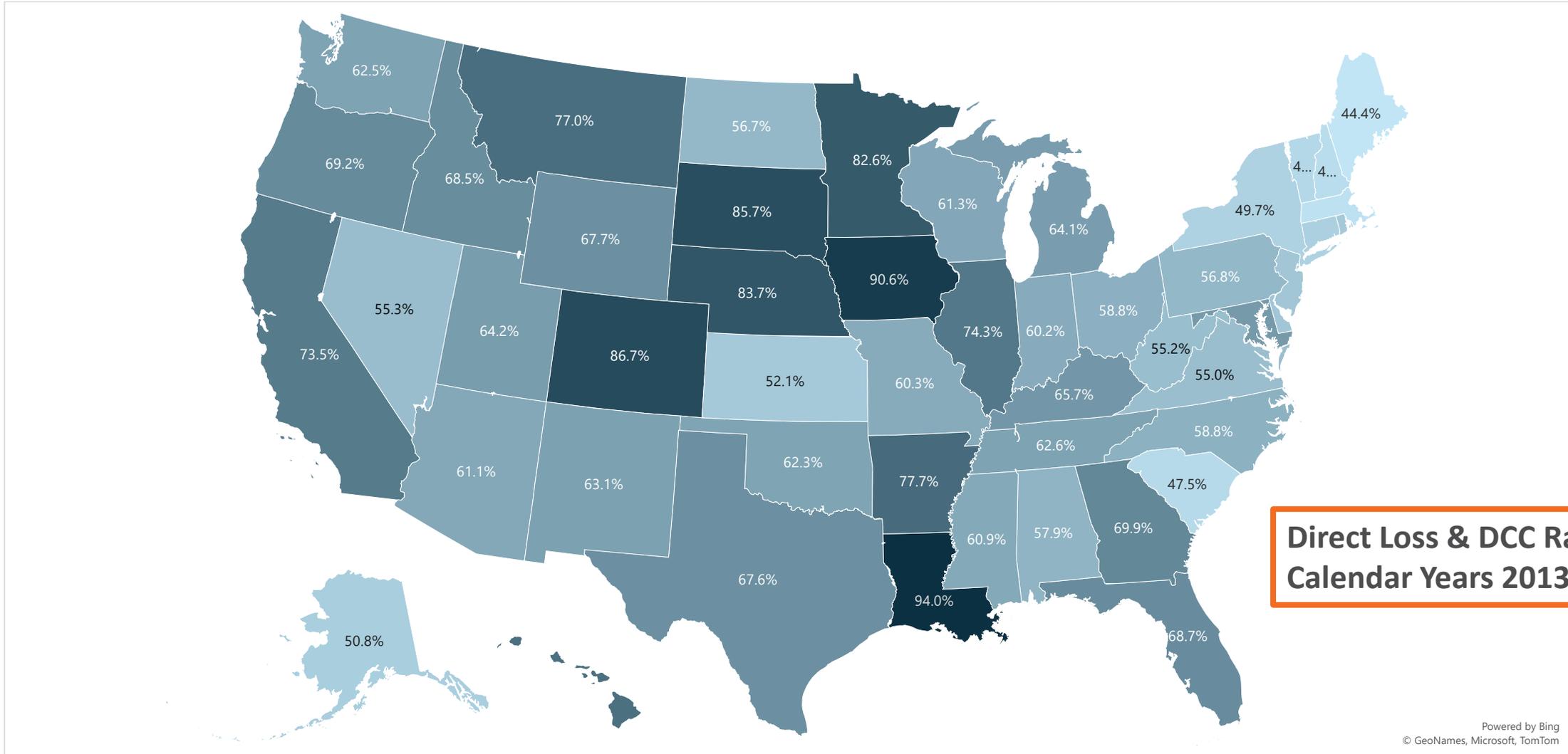
# Direct Underwriting Performance: Homeowners



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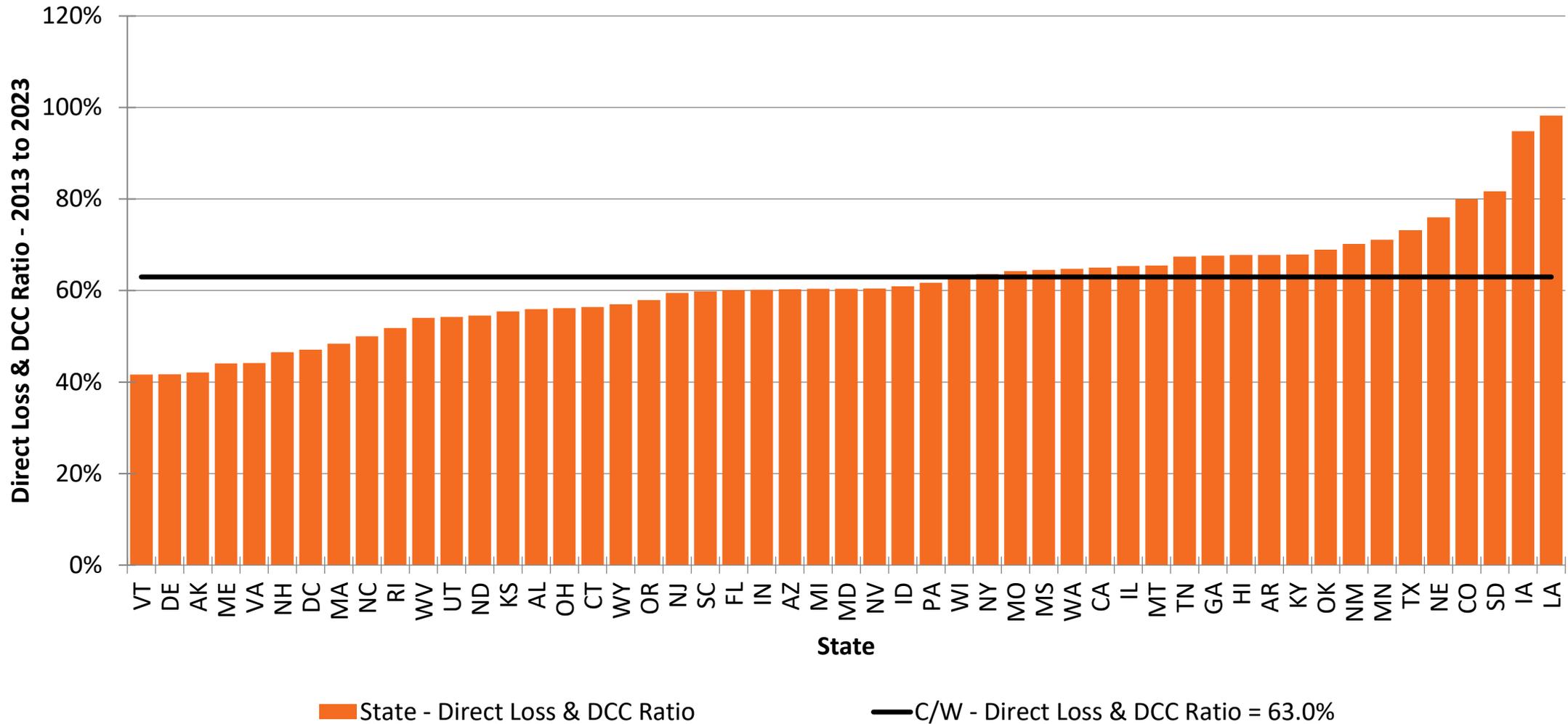


# Direct Underwriting Performance: Homeowners

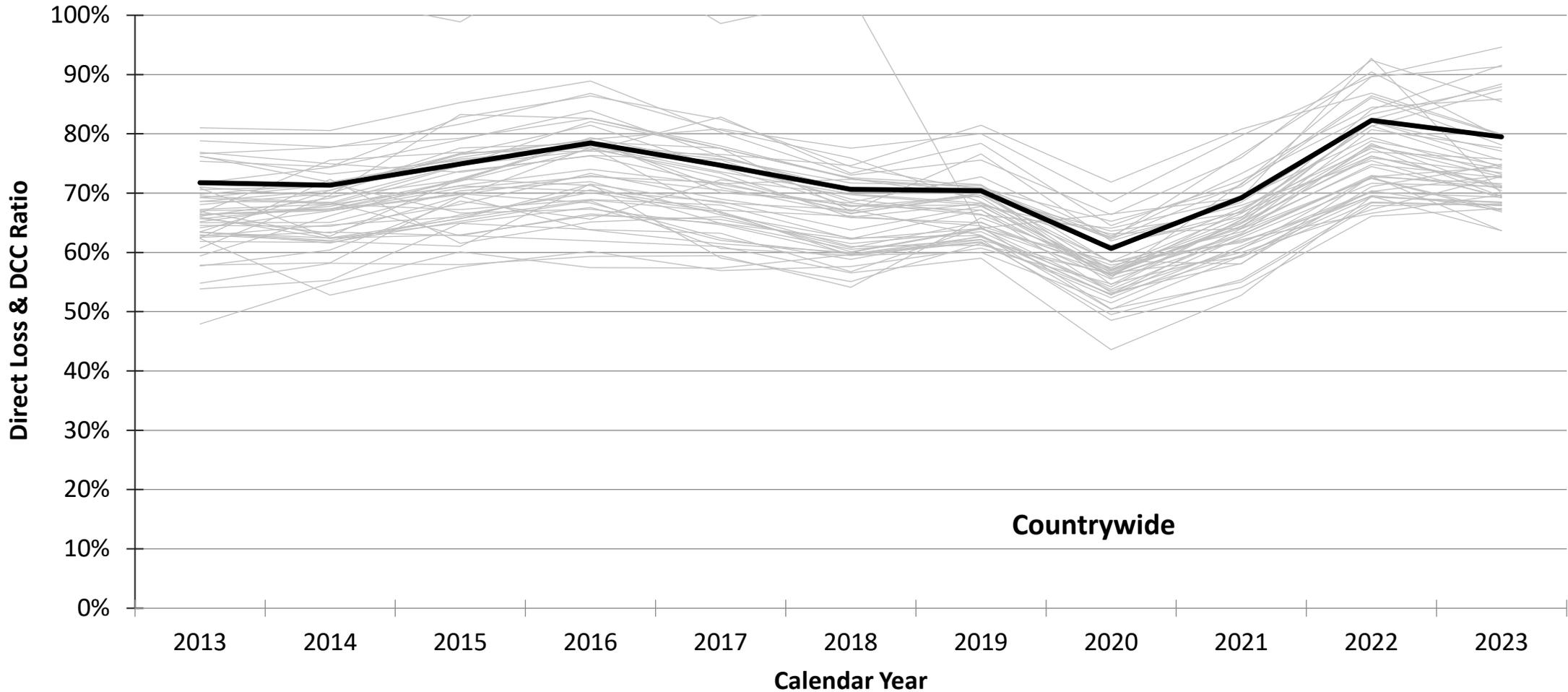


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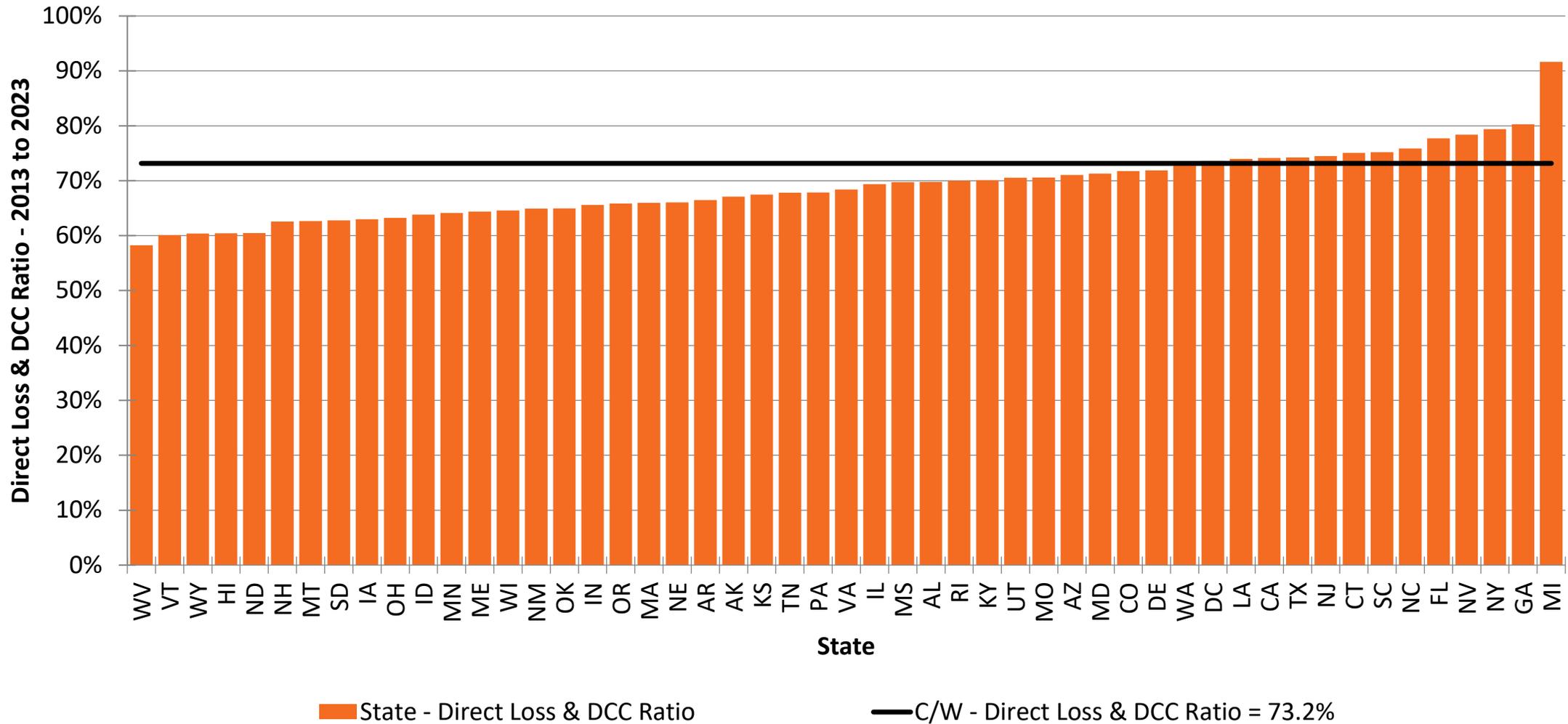
# Direct Underwriting Performance: Commercial Multiple Peril



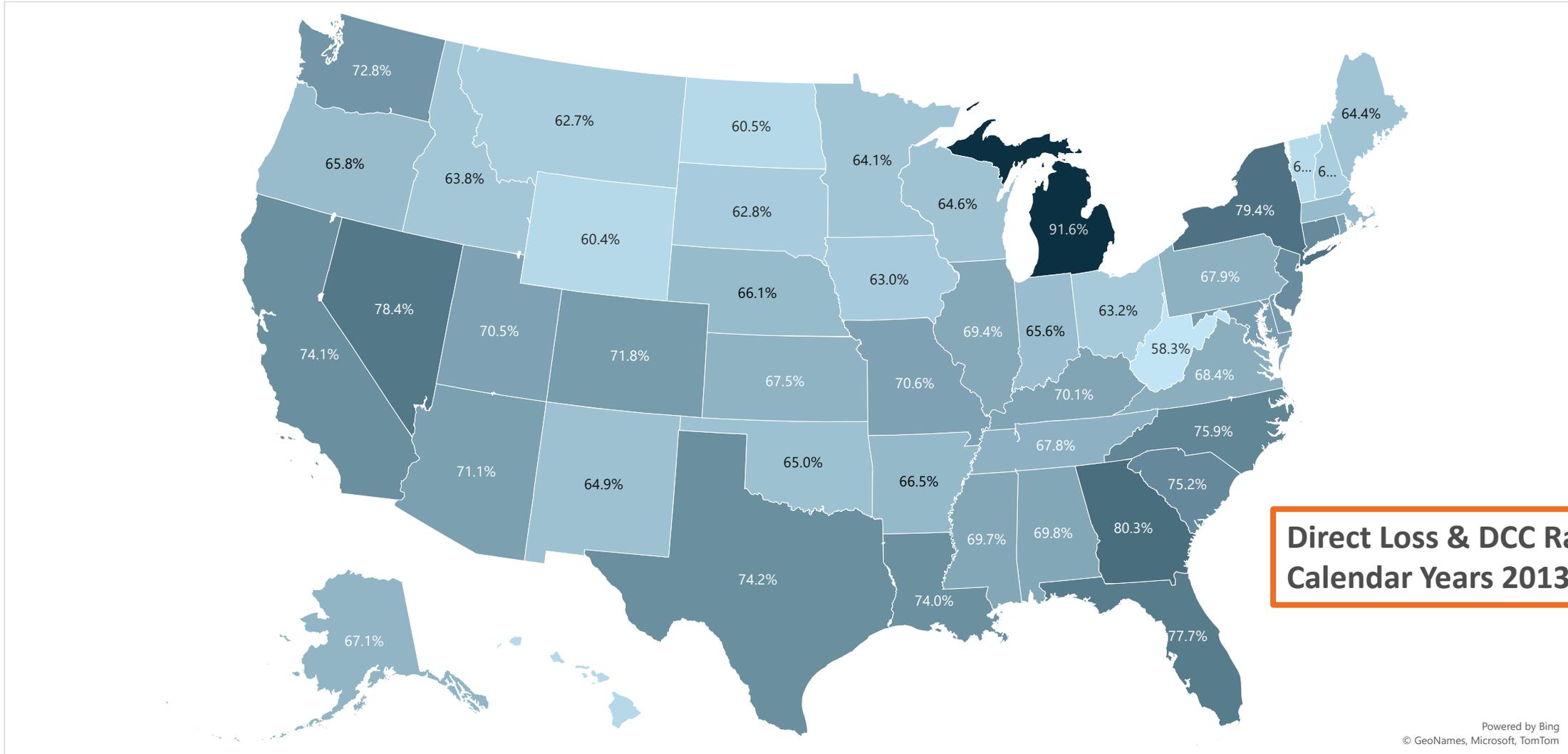
# Direct Underwriting Performance: Private Passenger Auto



# Direct Underwriting Performance: Private Passenger Auto



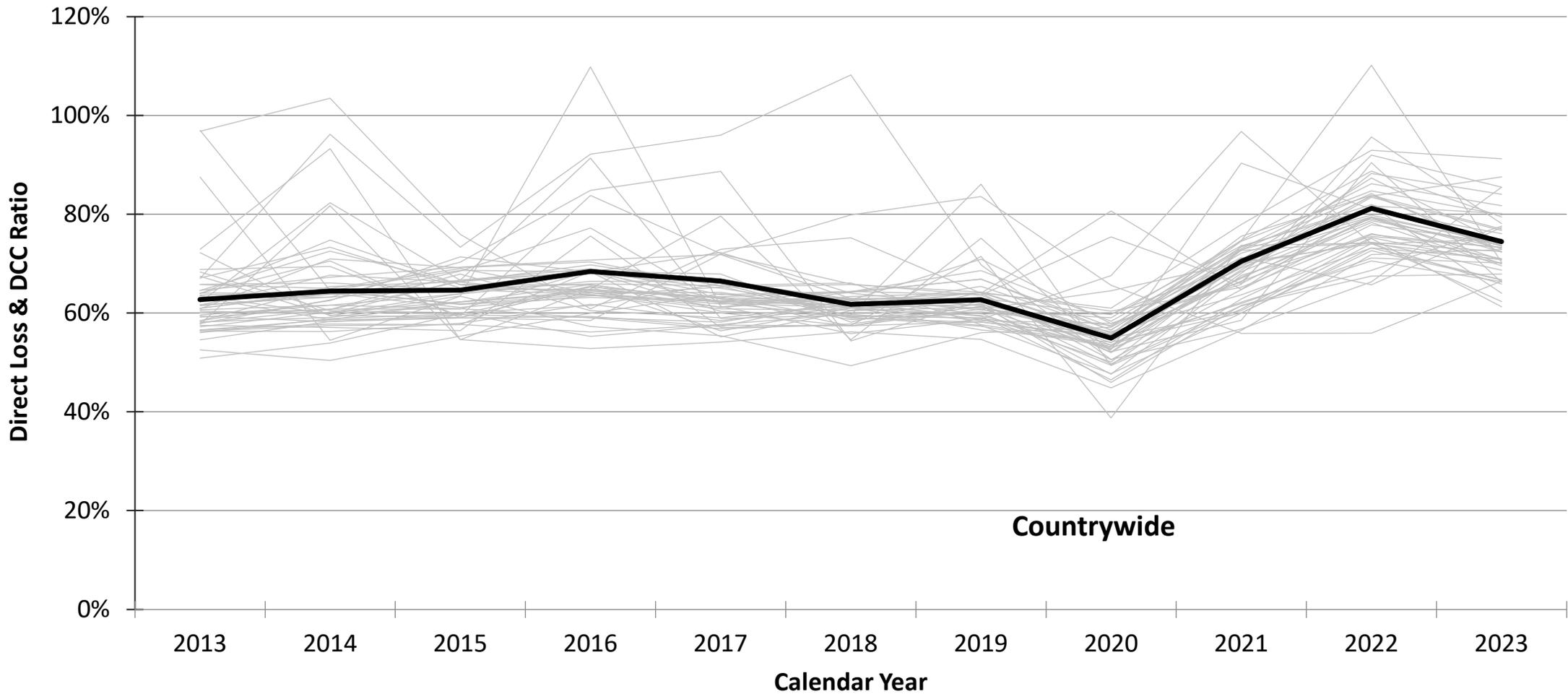
# Direct Underwriting Performance: Private Passenger Auto



**Direct Loss & DCC Ratios:  
Calendar Years 2013 to 2023**

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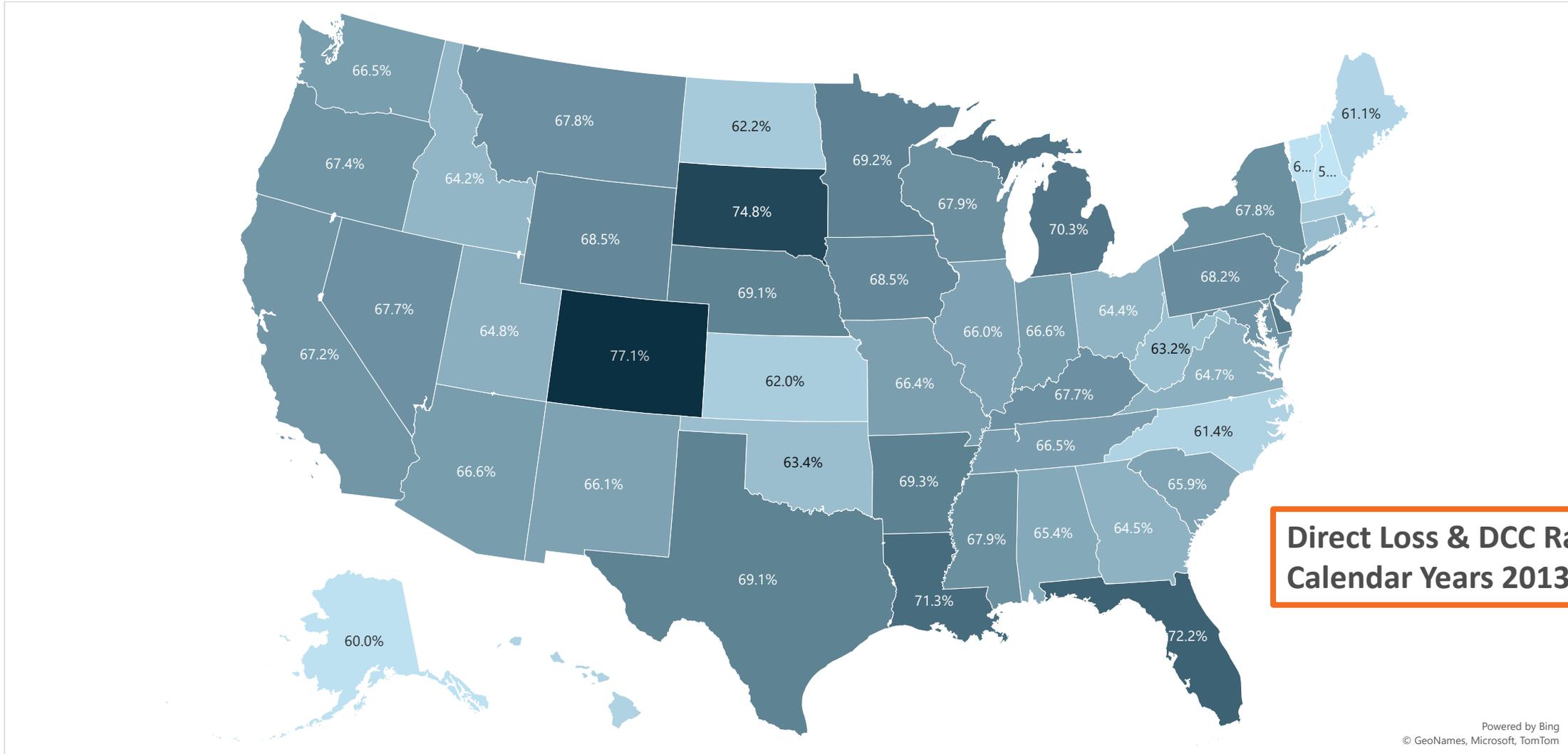
# Direct Underwriting Performance: Automobile Phys Damage



# Direct Underwriting Performance: Automobile Phys Damage



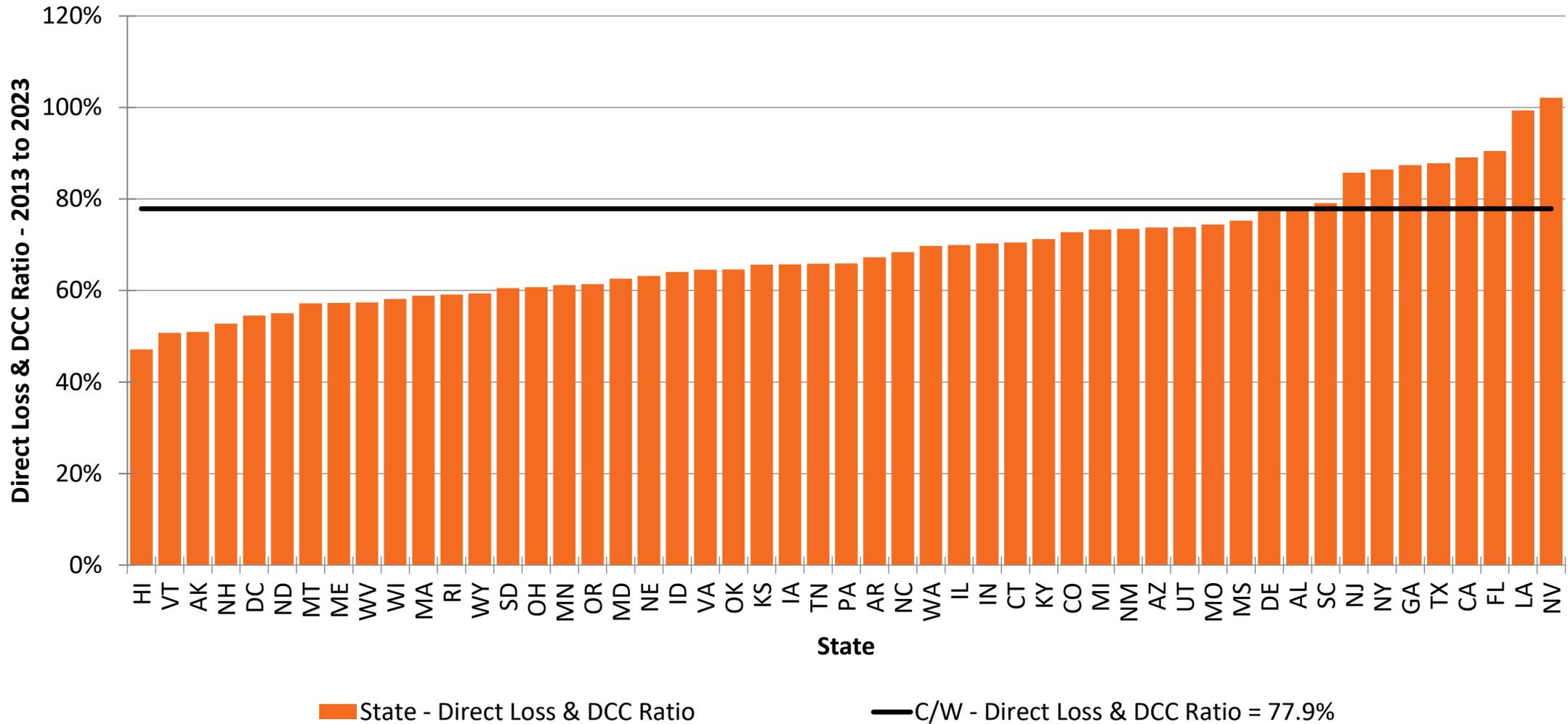
# Direct Underwriting Performance: Automobile Phys Damage



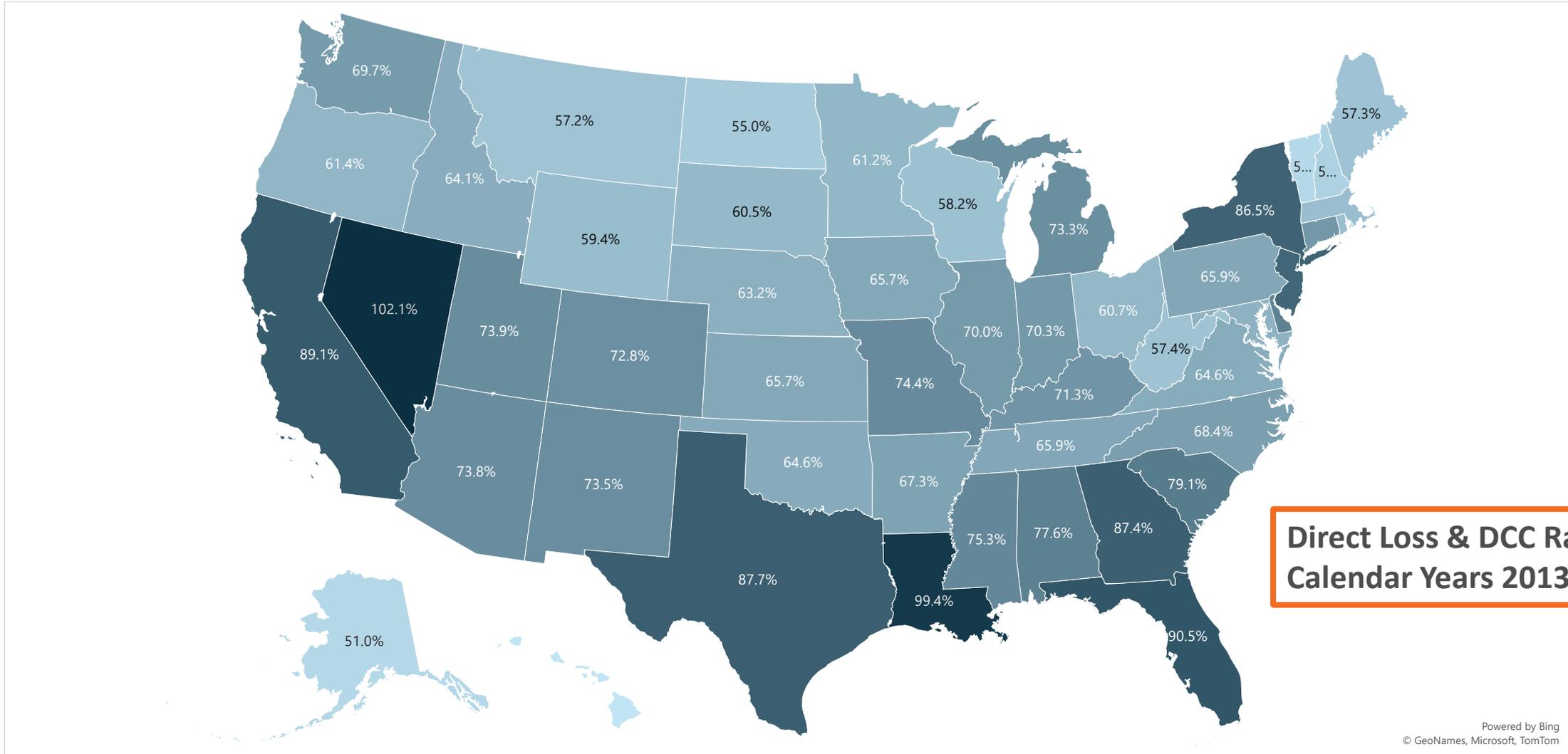
**Direct Loss & DCC Ratios:  
Calendar Years 2013 to 2023**

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# Direct Underwriting Performance: Comm Auto Liability

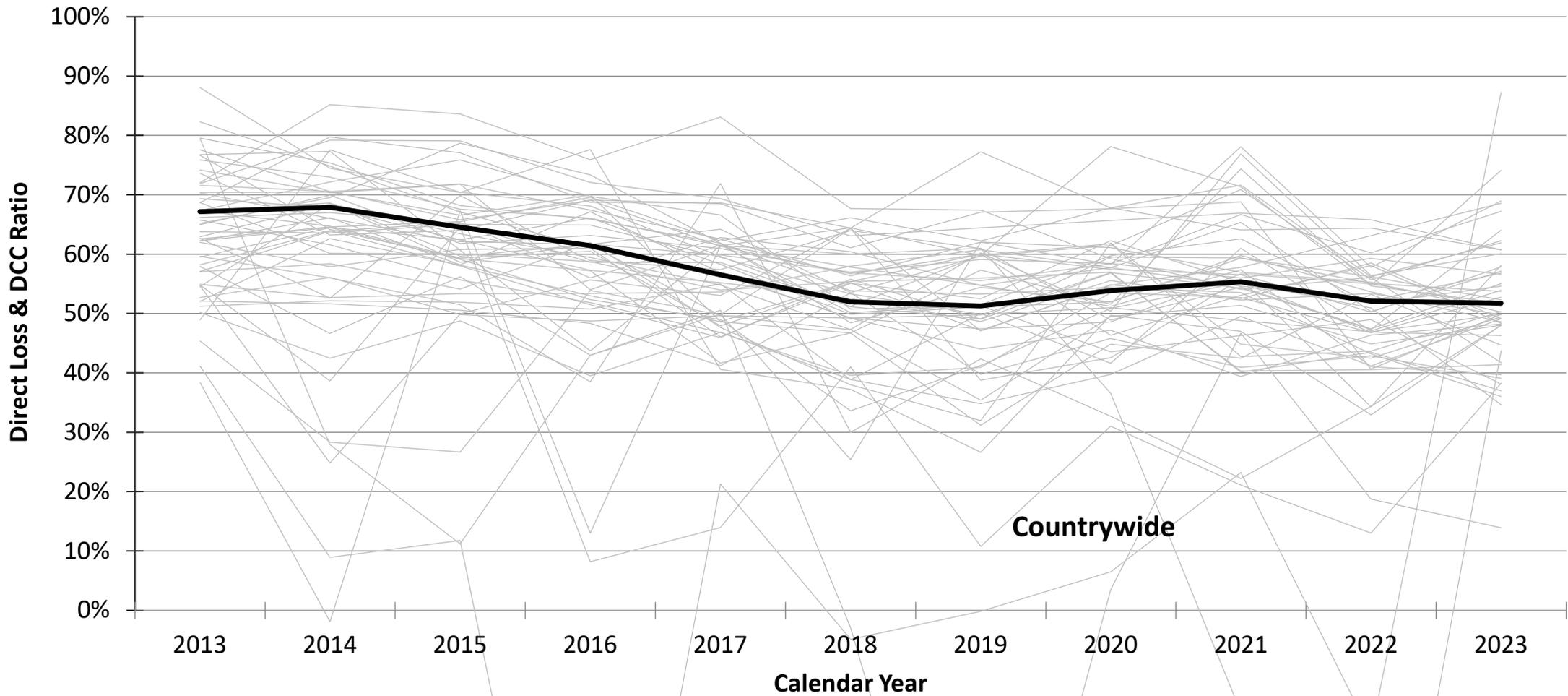


# Direct Underwriting Performance: Comm Auto Liability



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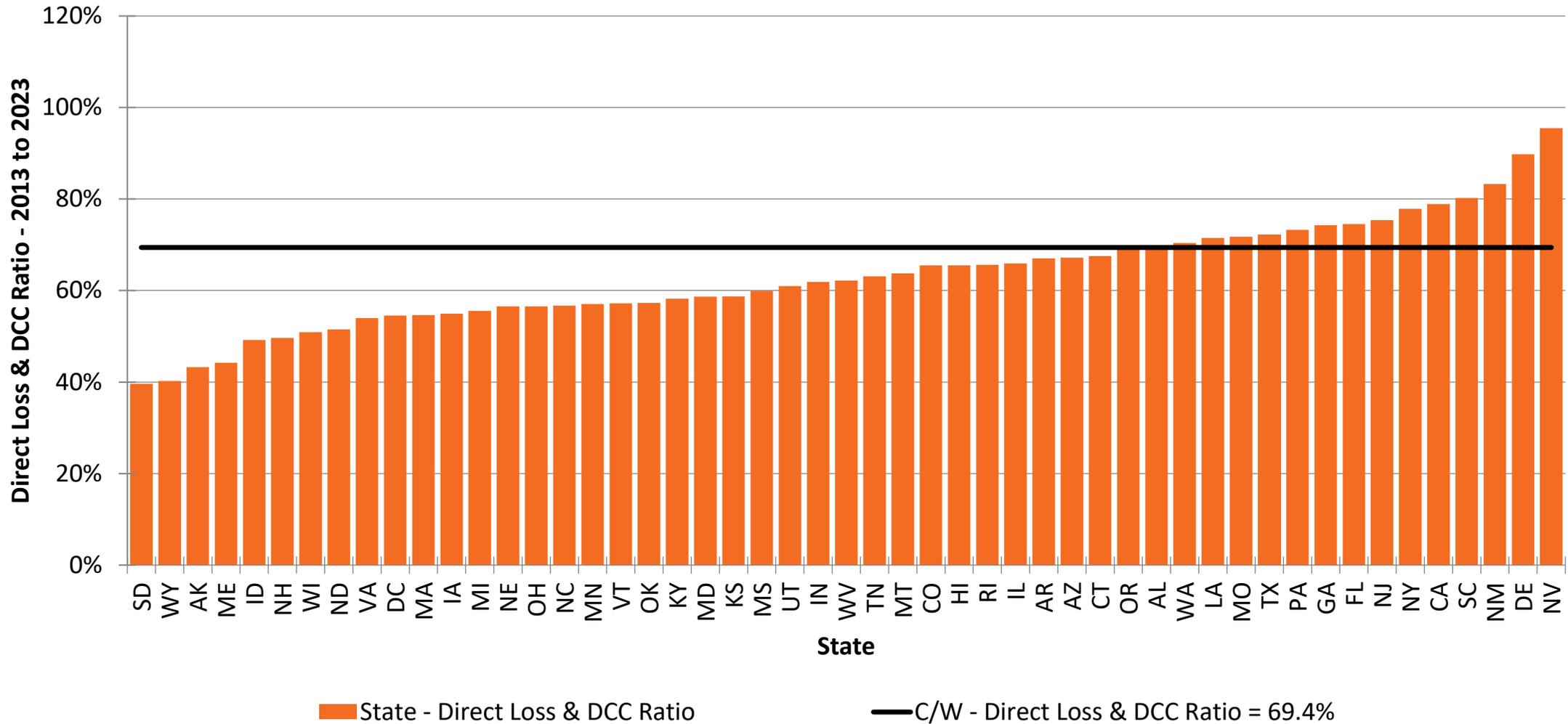
# Direct Underwriting Performance: Workers' Compensation



# Direct Underwriting Performance: Workers' Compensation



# Direct Underwriting Performance: Other Liability



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**FAST TRACK™**

**TRENDS:**

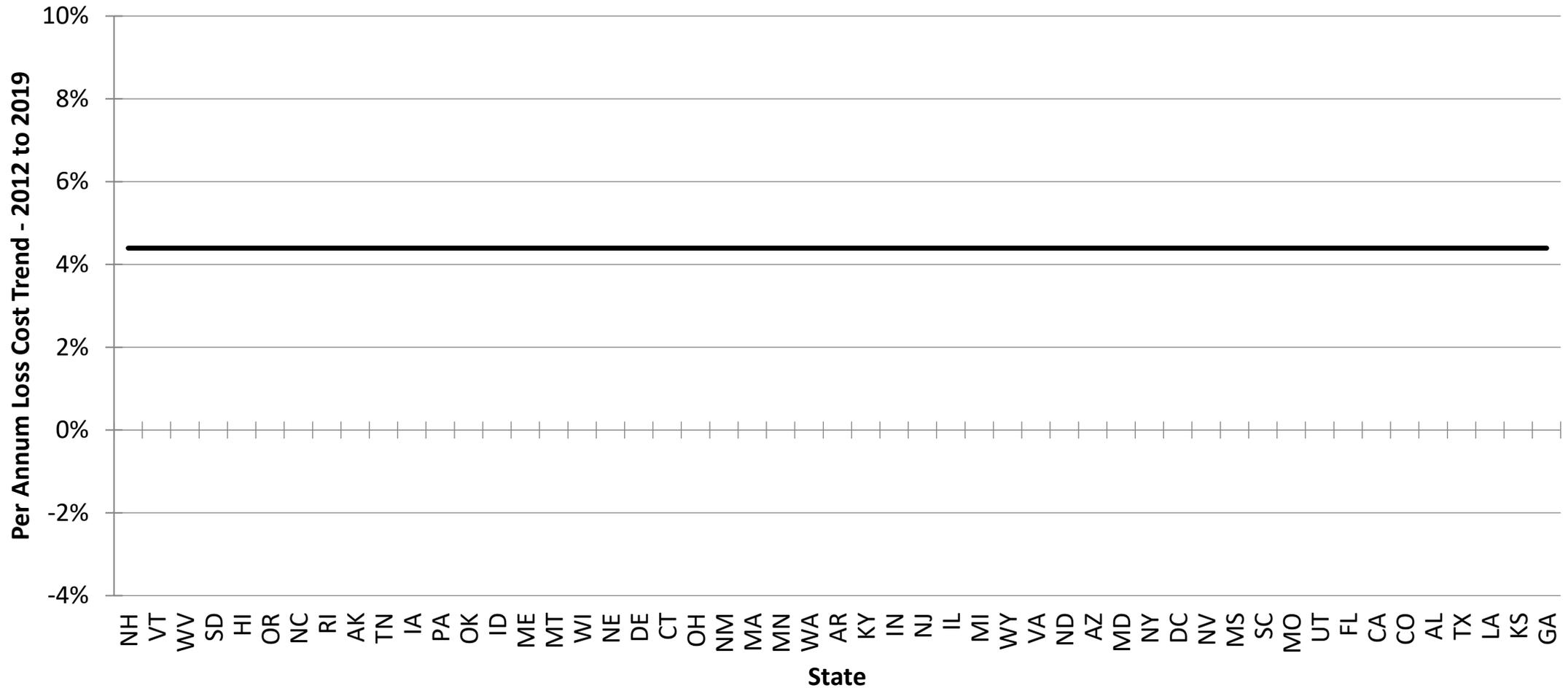
**PPA – BODILY INJURY**



## Fast Track™ Trends: Data Set

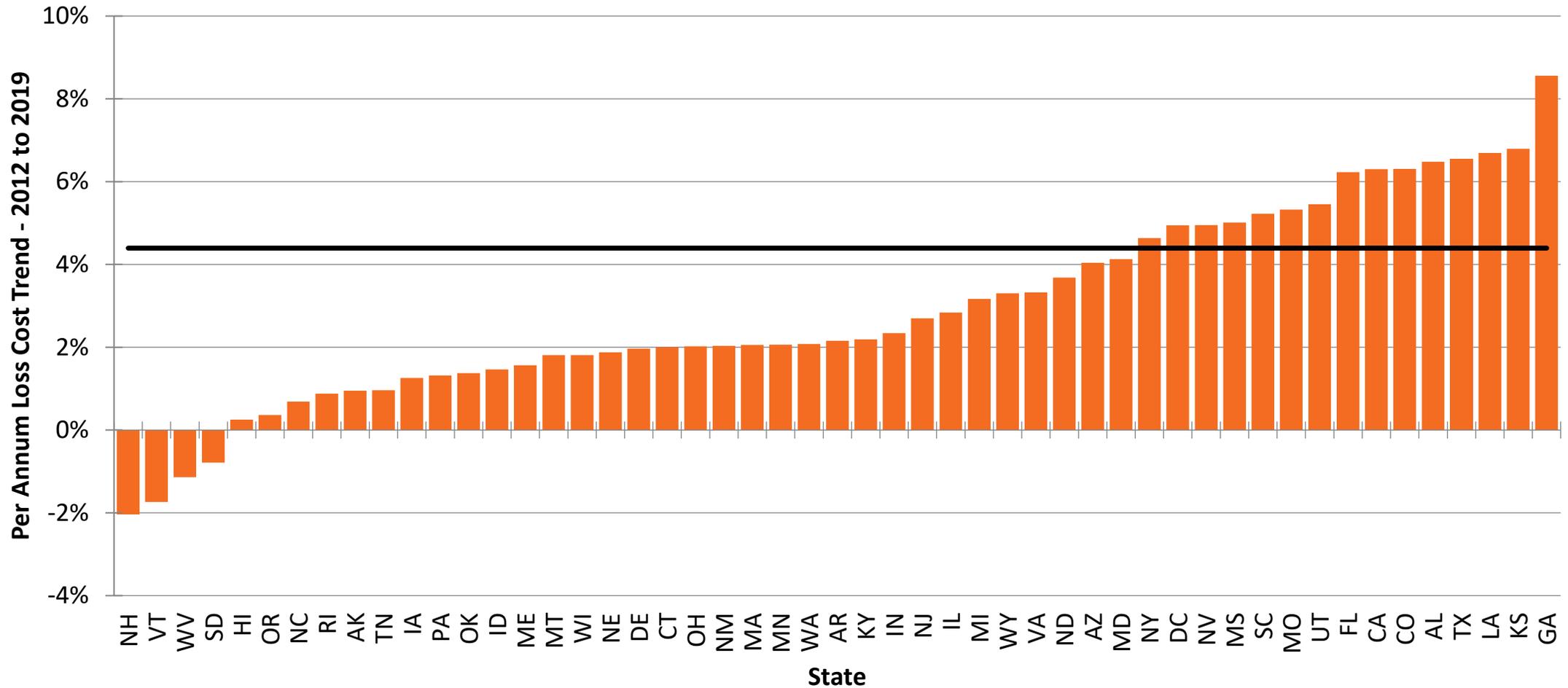
- Direct business
- Closed claim database
- Closure year loss experience
- DCC experience not included – indemnity only
- Potentially impacted by changes in reporting entities
  
- Frequency = claim counts / exposures
- Severity = losses / claim counts
- Loss cost = losses / exposures = frequency x severity
  - Significantly impactful to rate changes

# BI Paid Loss Cost Trend Comparison: 2012 to 2019



— C/W - Per Annum Paid LC Trend = 4.4%

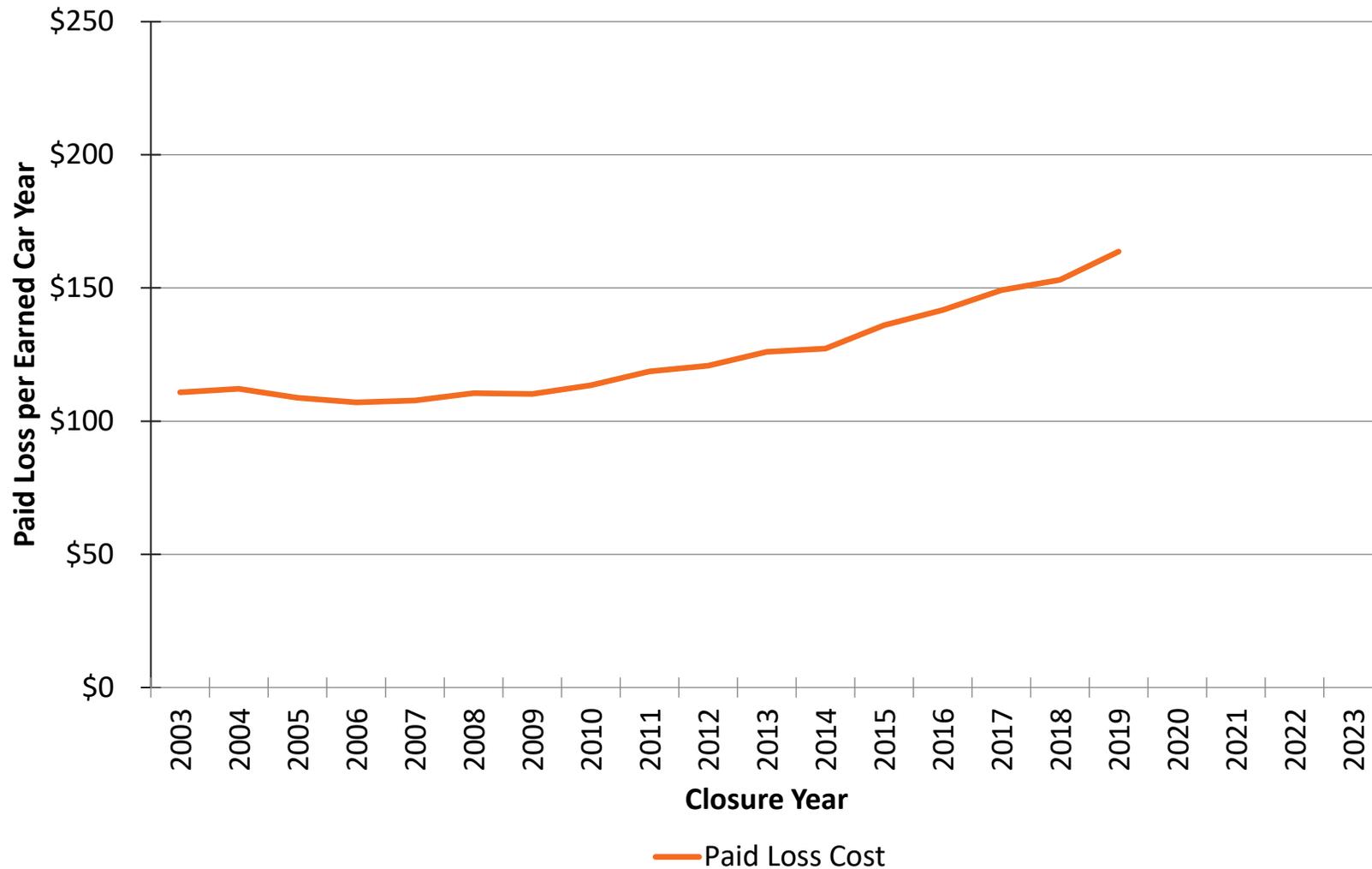
# BI Paid Loss Cost Trend Comparison: 2012 to 2019



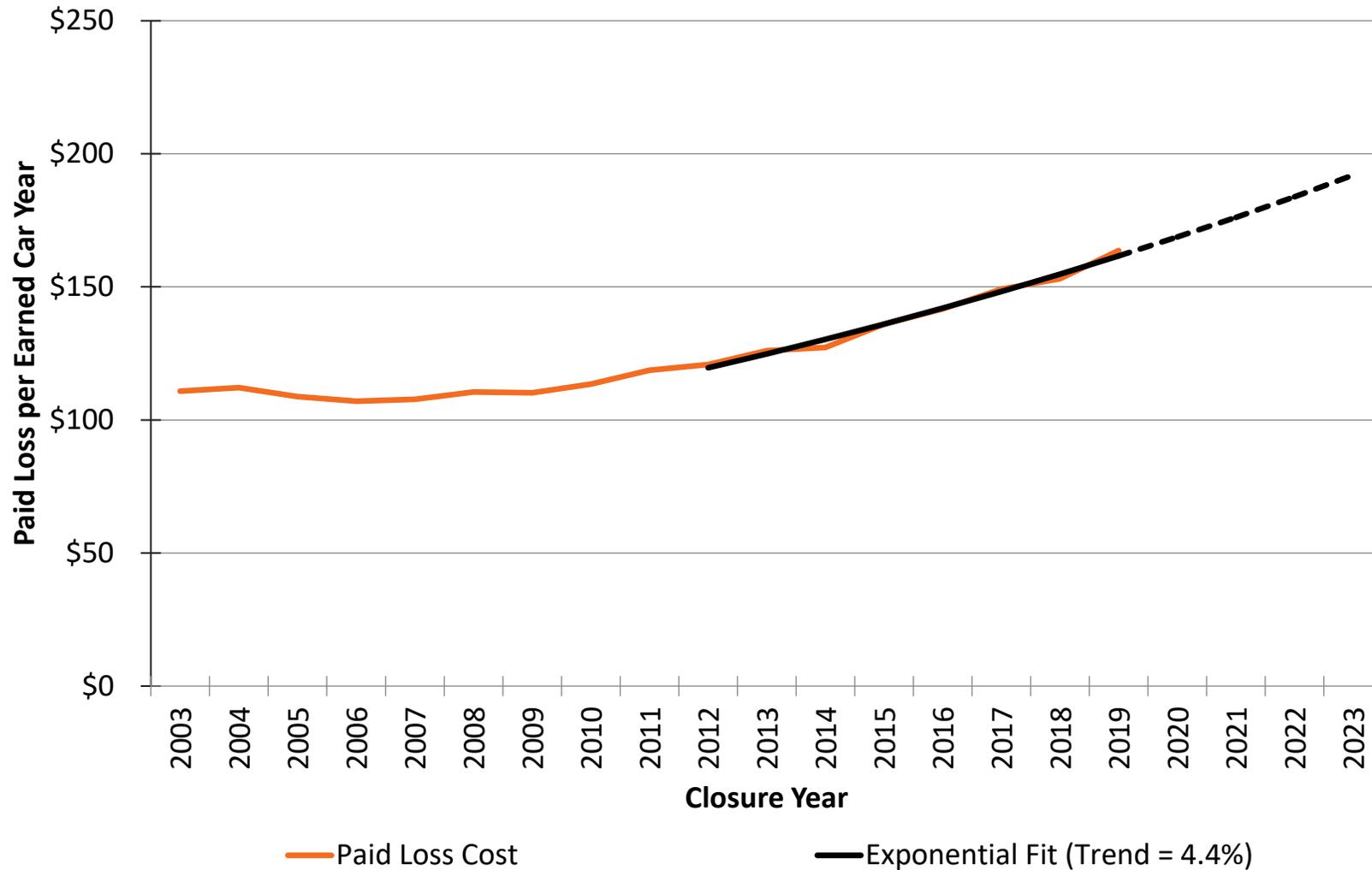
State - Per Annum Paid LC Trend

C/W - Per Annum Paid LC Trend = 4.4%

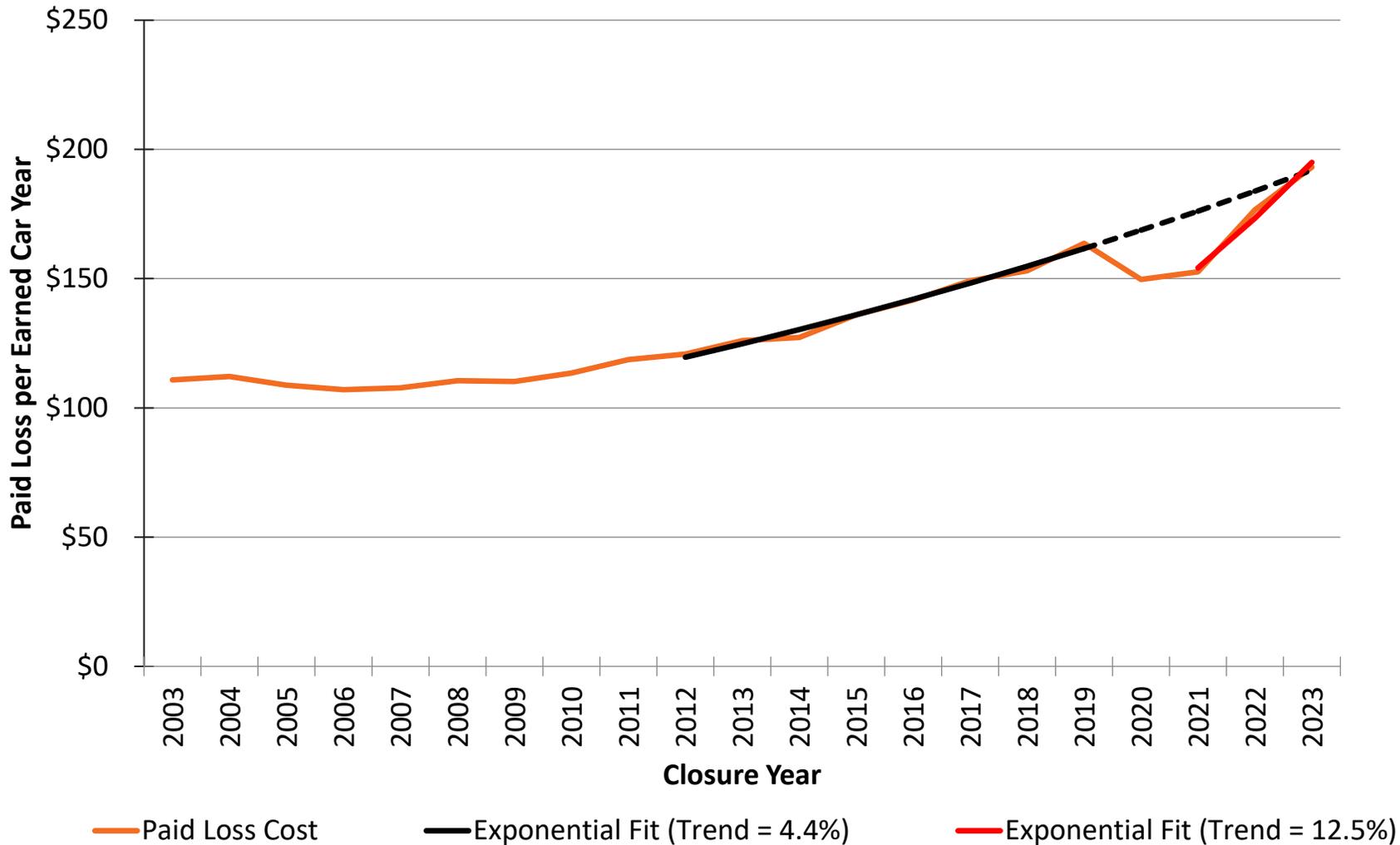
# Countrywide BI Paid Loss Cost Trend: 2012 to 2019



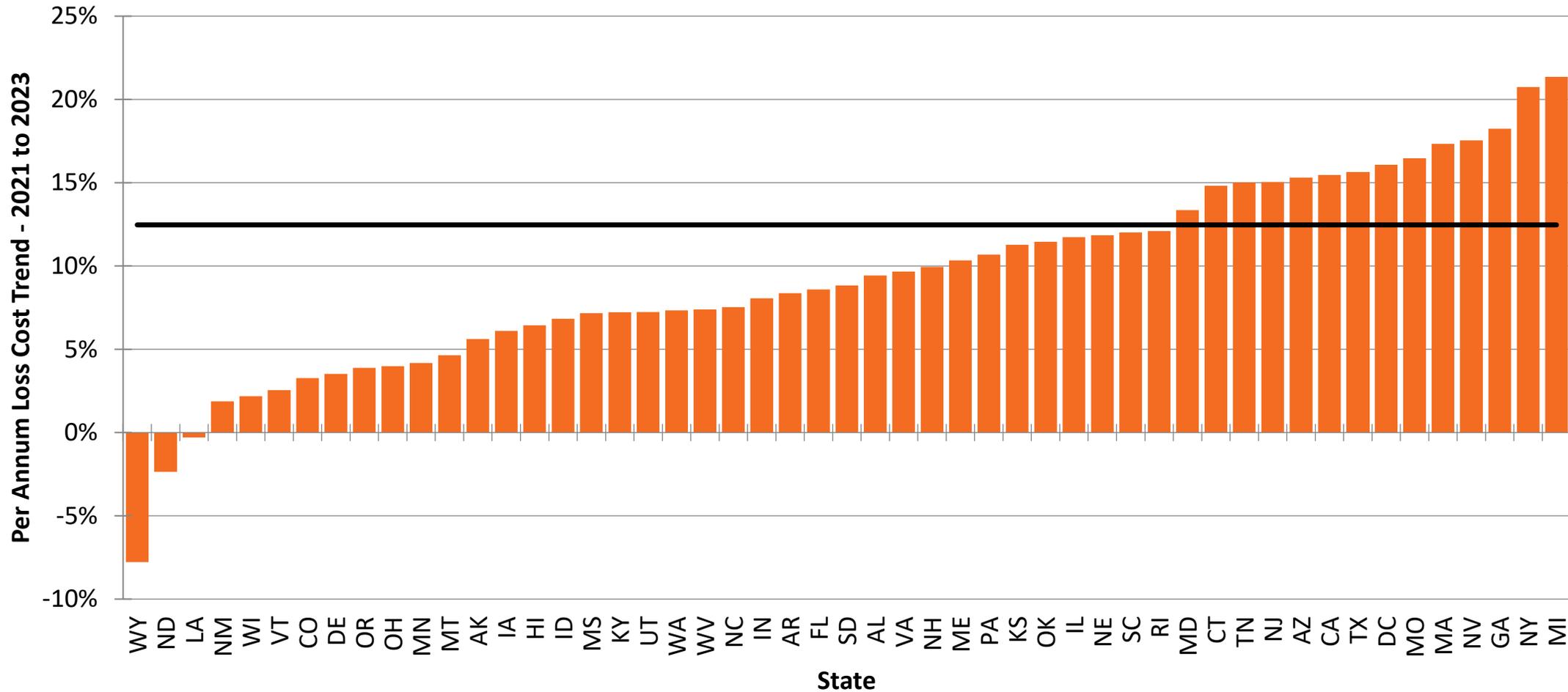
# Countrywide BI Paid Loss Cost Trend: 2012 to 2019



# Countrywide BI Paid Loss Cost Trend: 2021 to 2023



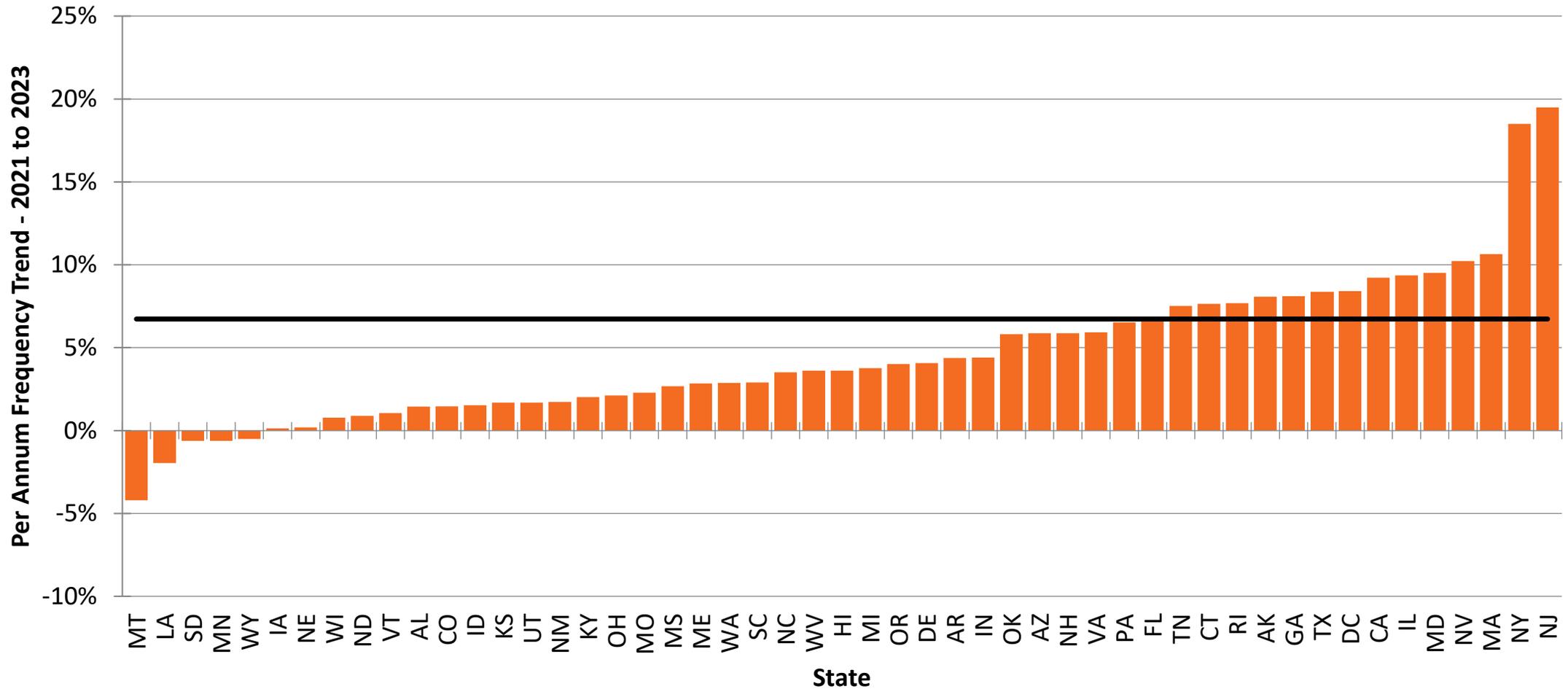
# BI Paid Loss Cost Trend Comparison: 2021 to 2023



State - Per Annum Paid LC Trend

C/W - Per Annum Paid LC Trend = 12.5%

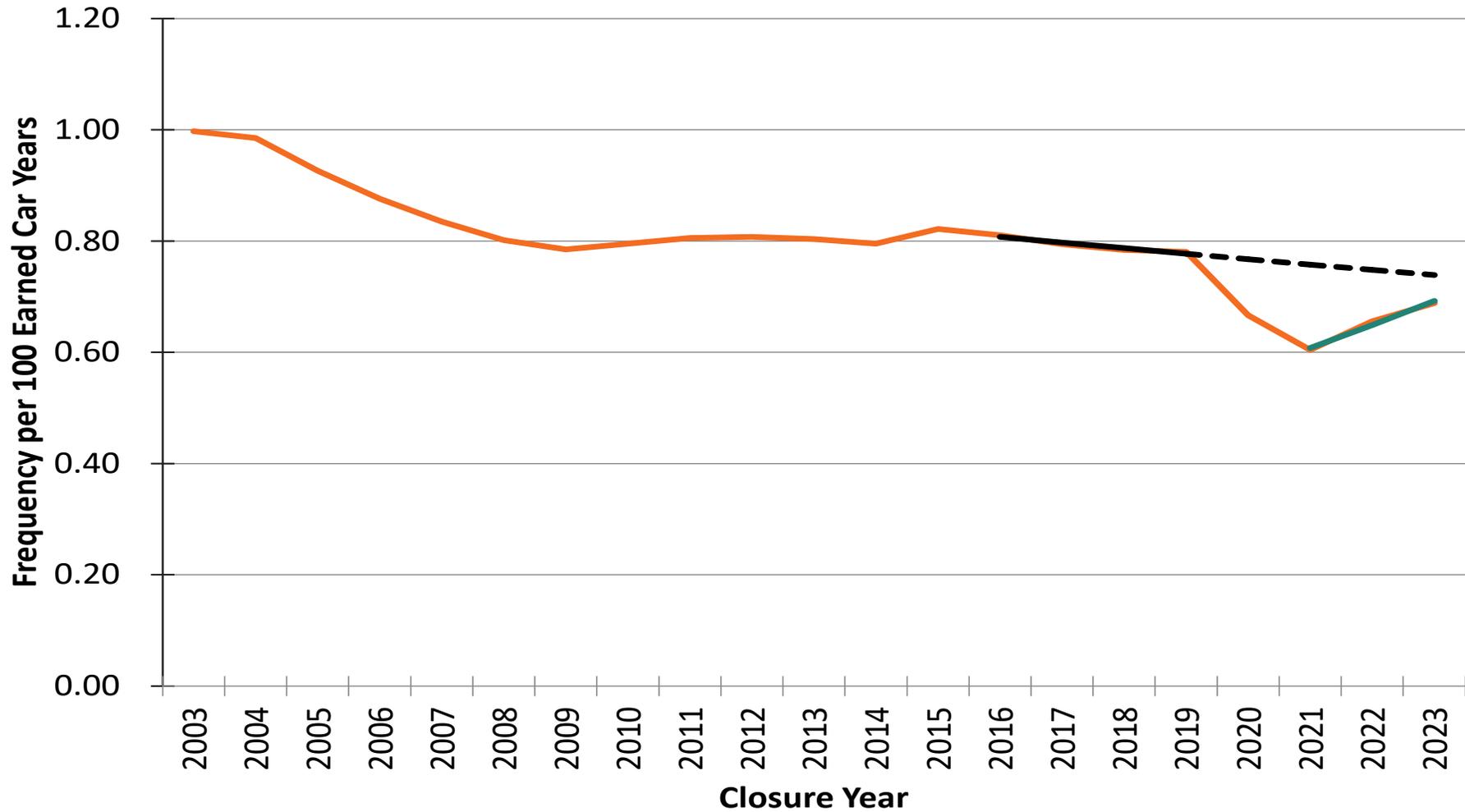
# BI Closed Frequency Trend Comparison: 2021 to 2023



State - Per Annum Frequency Trend

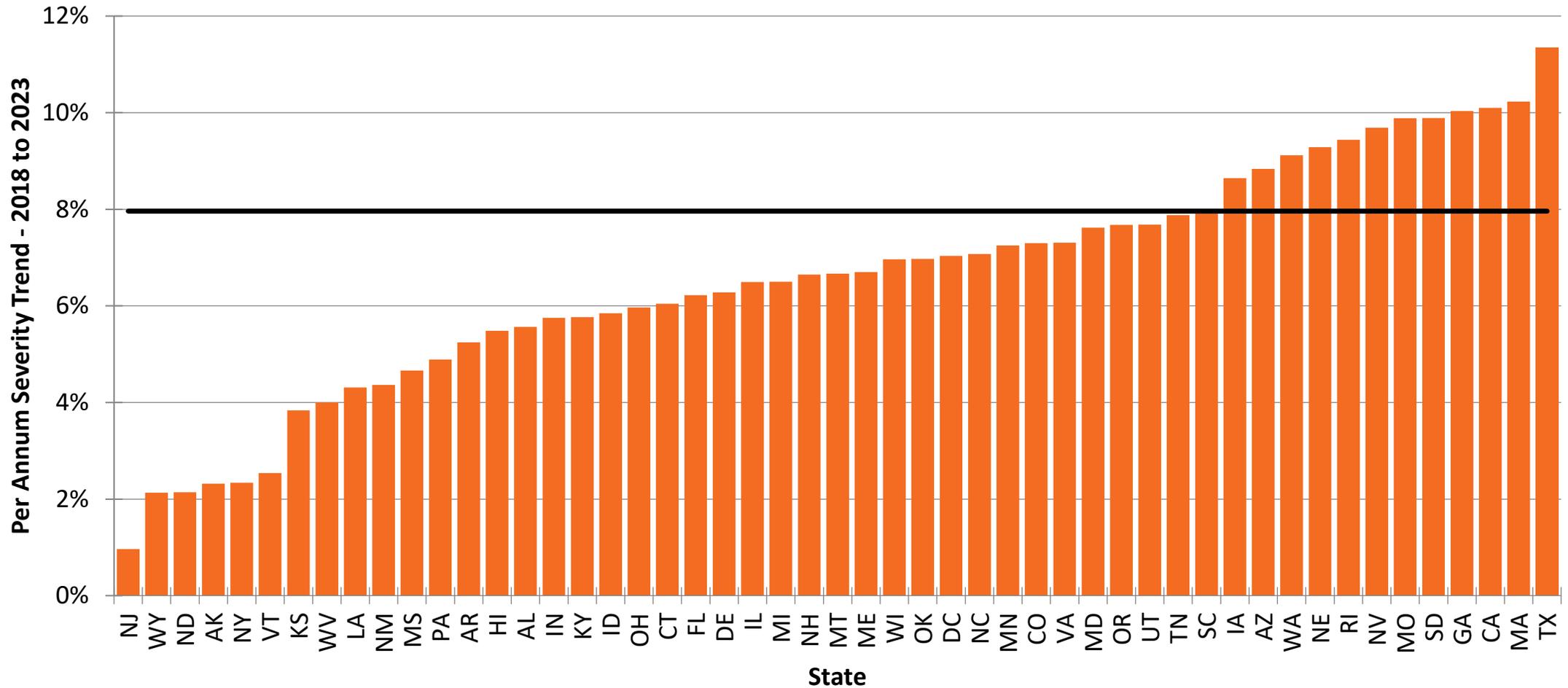
C/W - Per Annum Frequency Trend = 6.7%

# Countrywide BI Closed Frequency Trend: 2021 to 2023



— Frequency      — Exponential Fit (Trend = -1.3%)      — Exponential Fit (Trend = 6.7%)

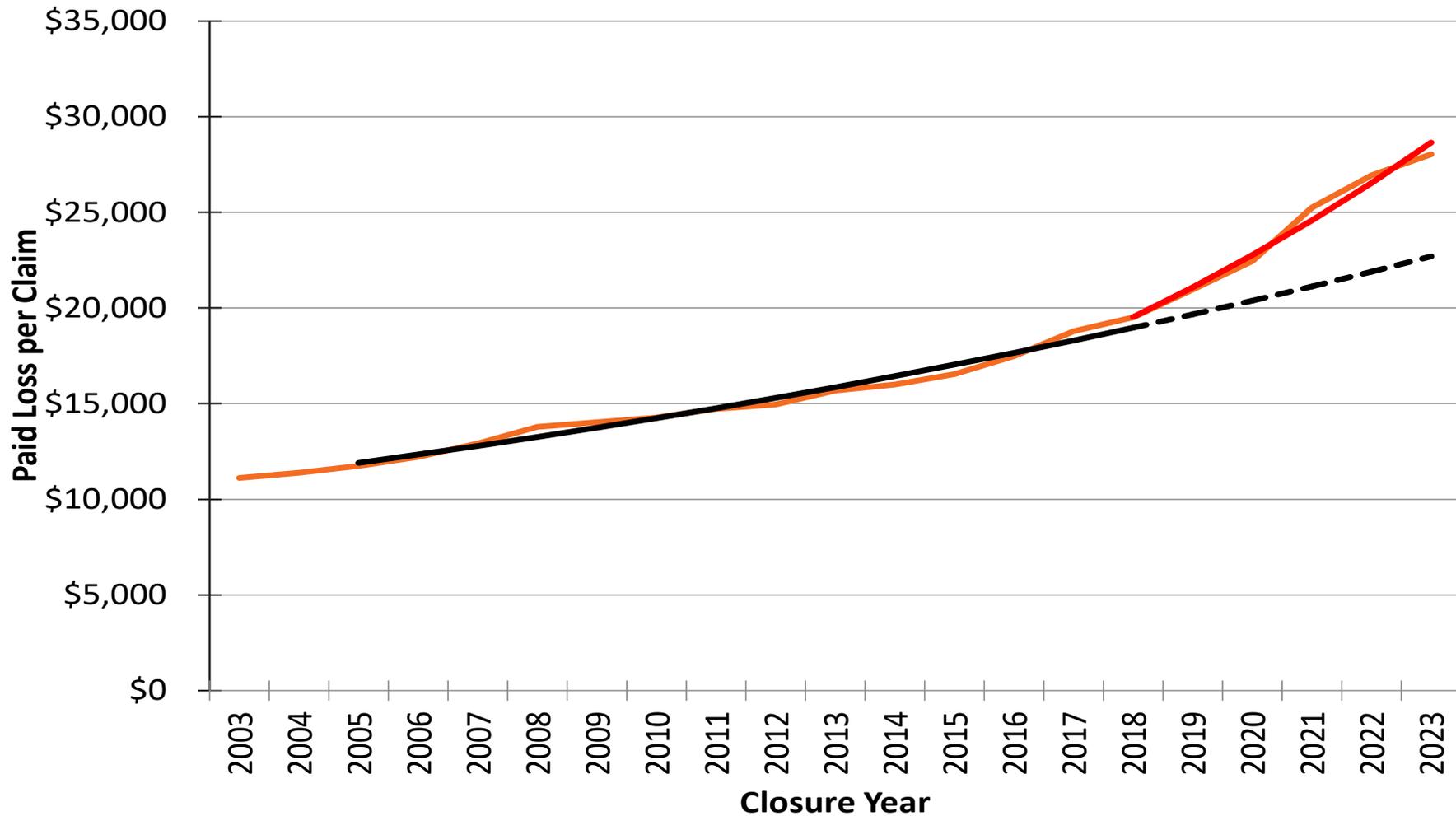
# BI Paid Severity Trend Comparison: 2018 to 2023



State - Per Annum Paid Severity Trend

C/W - Per Annum Paid Severity Trend = 8.0%

# Countrywide BI Paid Severity Trend: 2018 to 2023



— Paid Severity

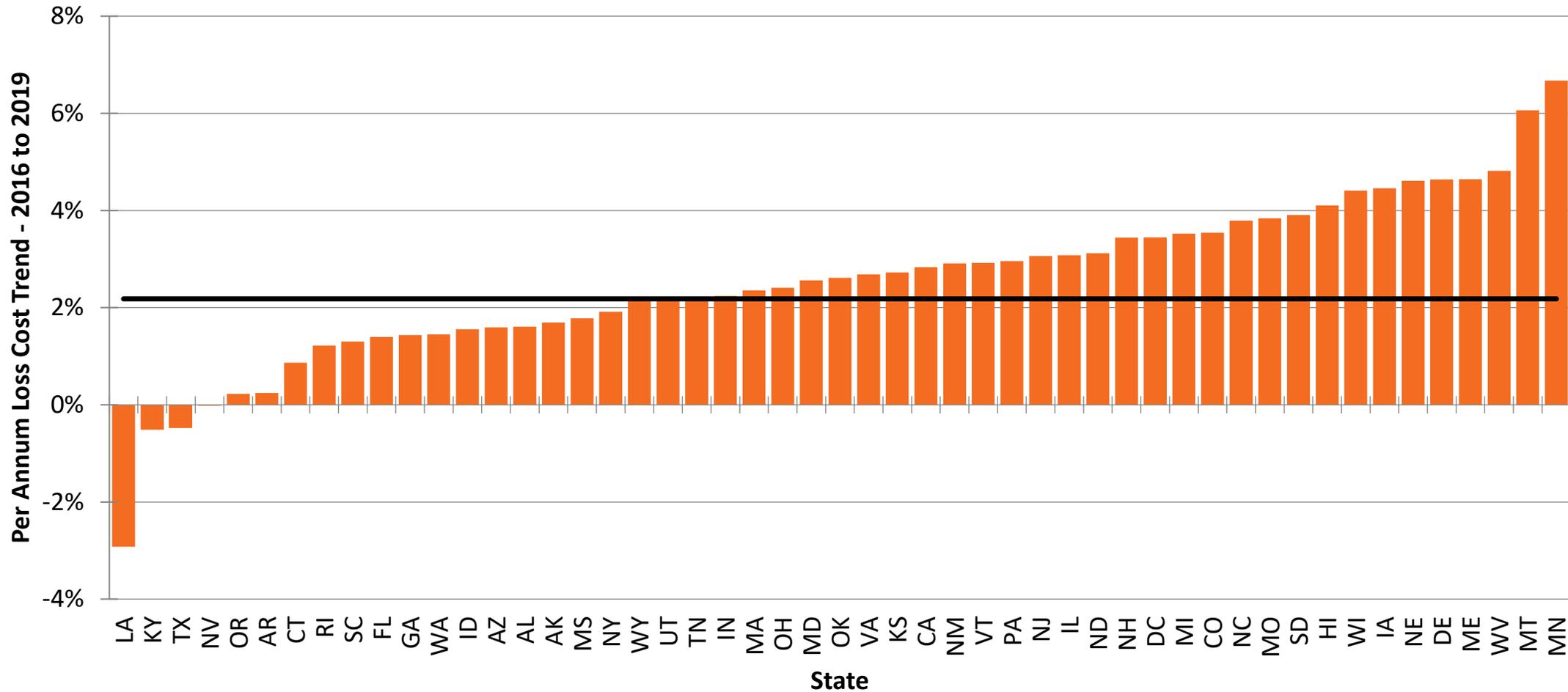
— Exponential Fit (Trend = 3.6%)

— Exponential Fit (Trend = 8.0%)

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**FAST TRACK™  
TRENDS:  
PPA – COLLISION**

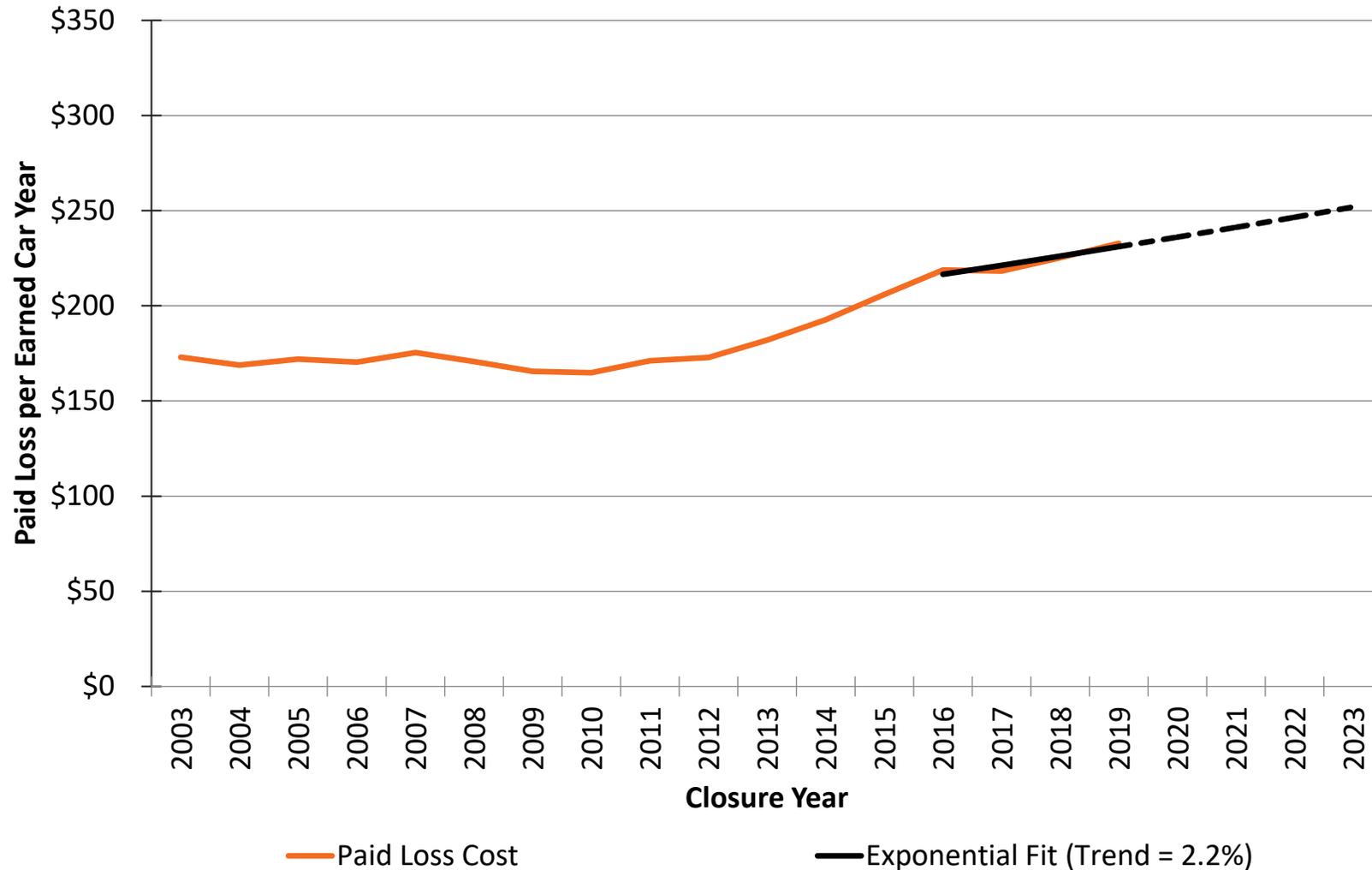
# COLL Paid Loss Cost Trend Comparison: 2016 to 2019



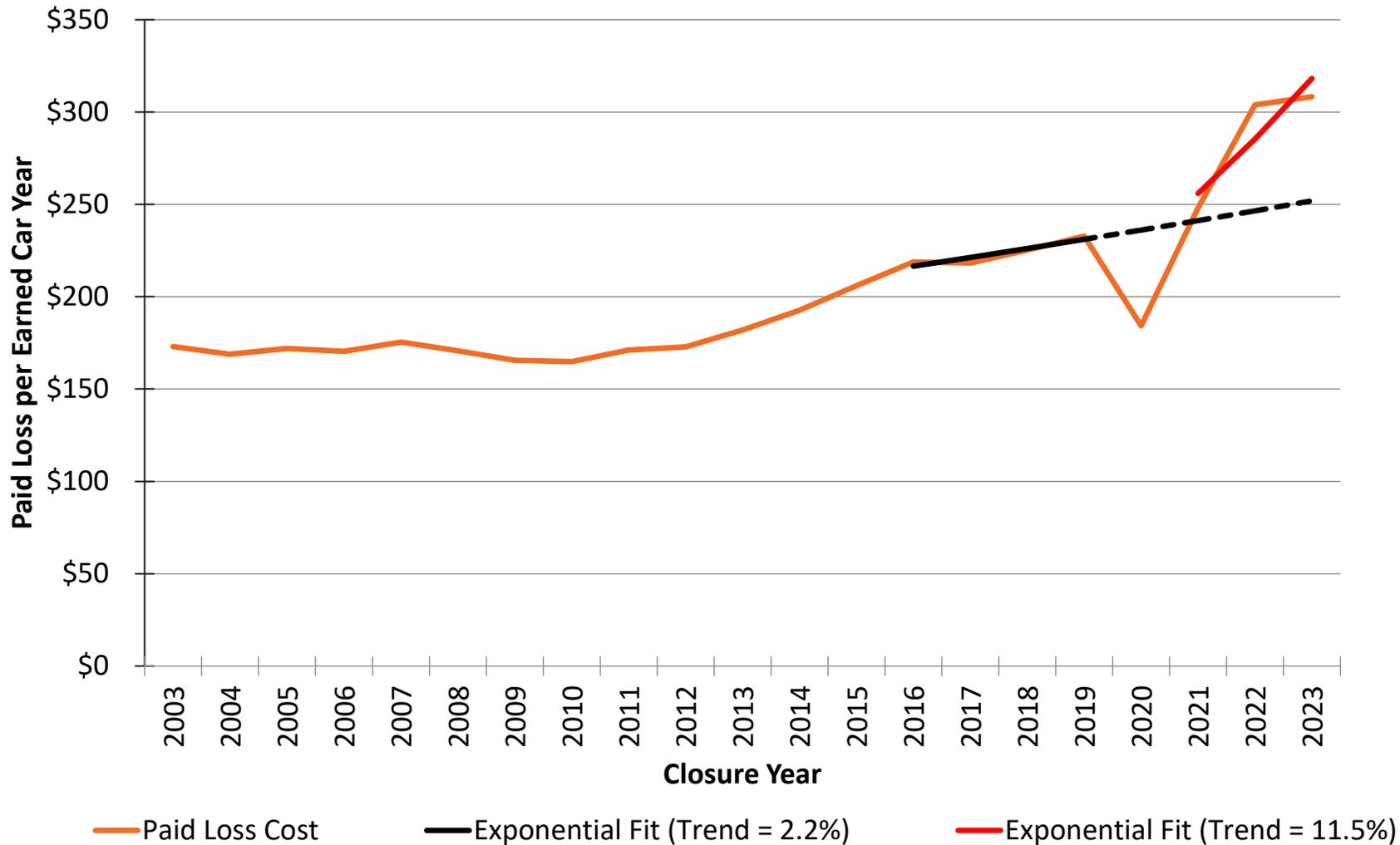
State - Per Annum Paid LC Trend

C/W - Per Annum Paid LC Trend = 2.2%

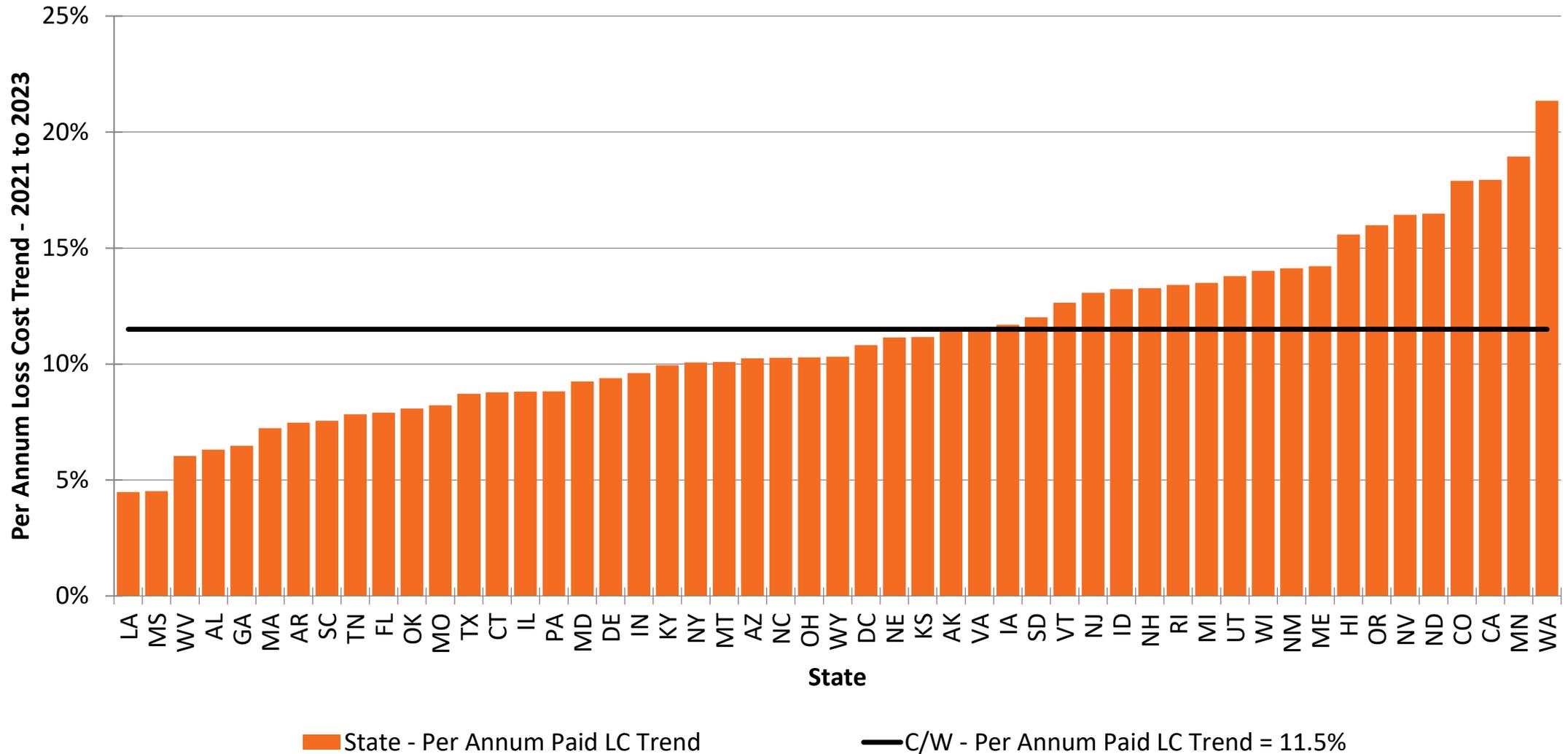
# Countrywide COLL Paid Loss Cost Trend: 2016 to 2019



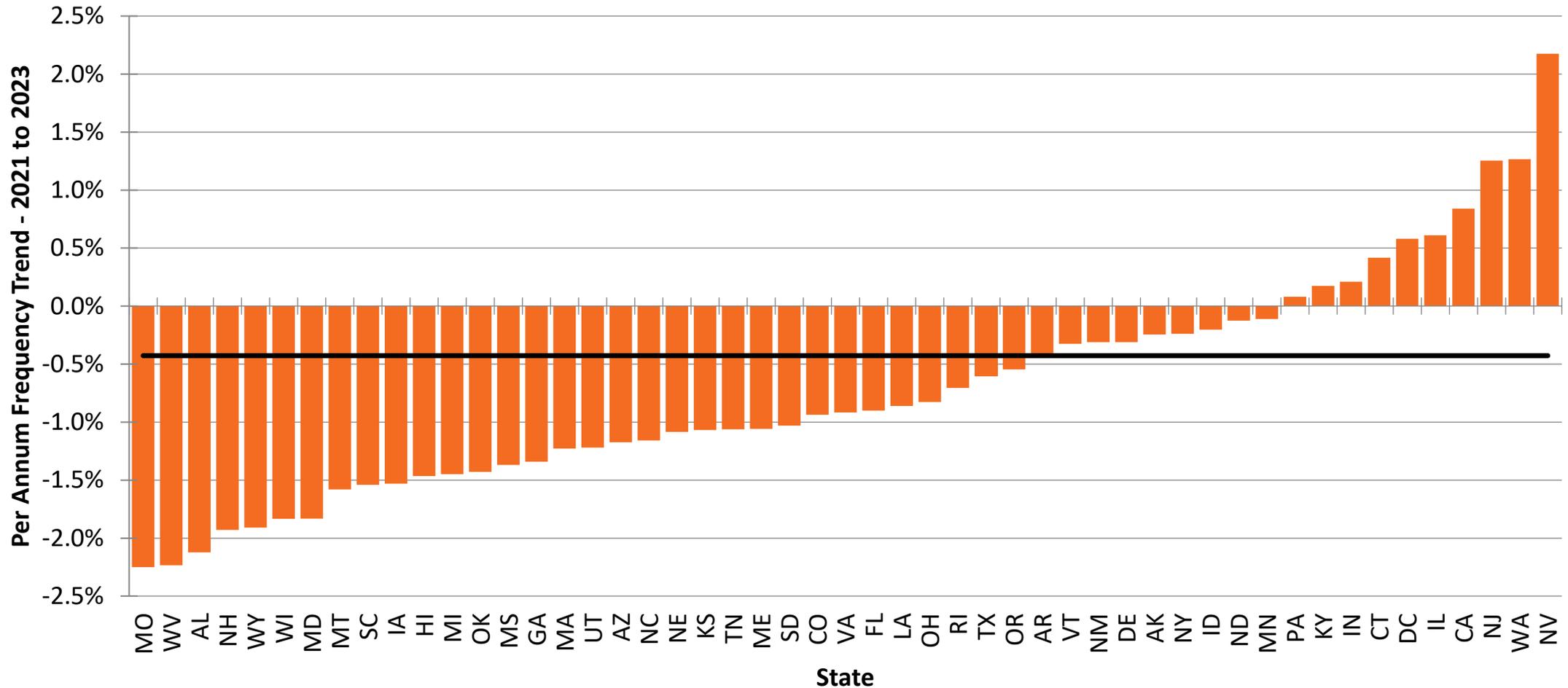
# Countrywide COLL Paid Loss Cost Trend: 2021 to 2023



# COLL Paid Loss Cost Trend Comparison: 2021 to 2023



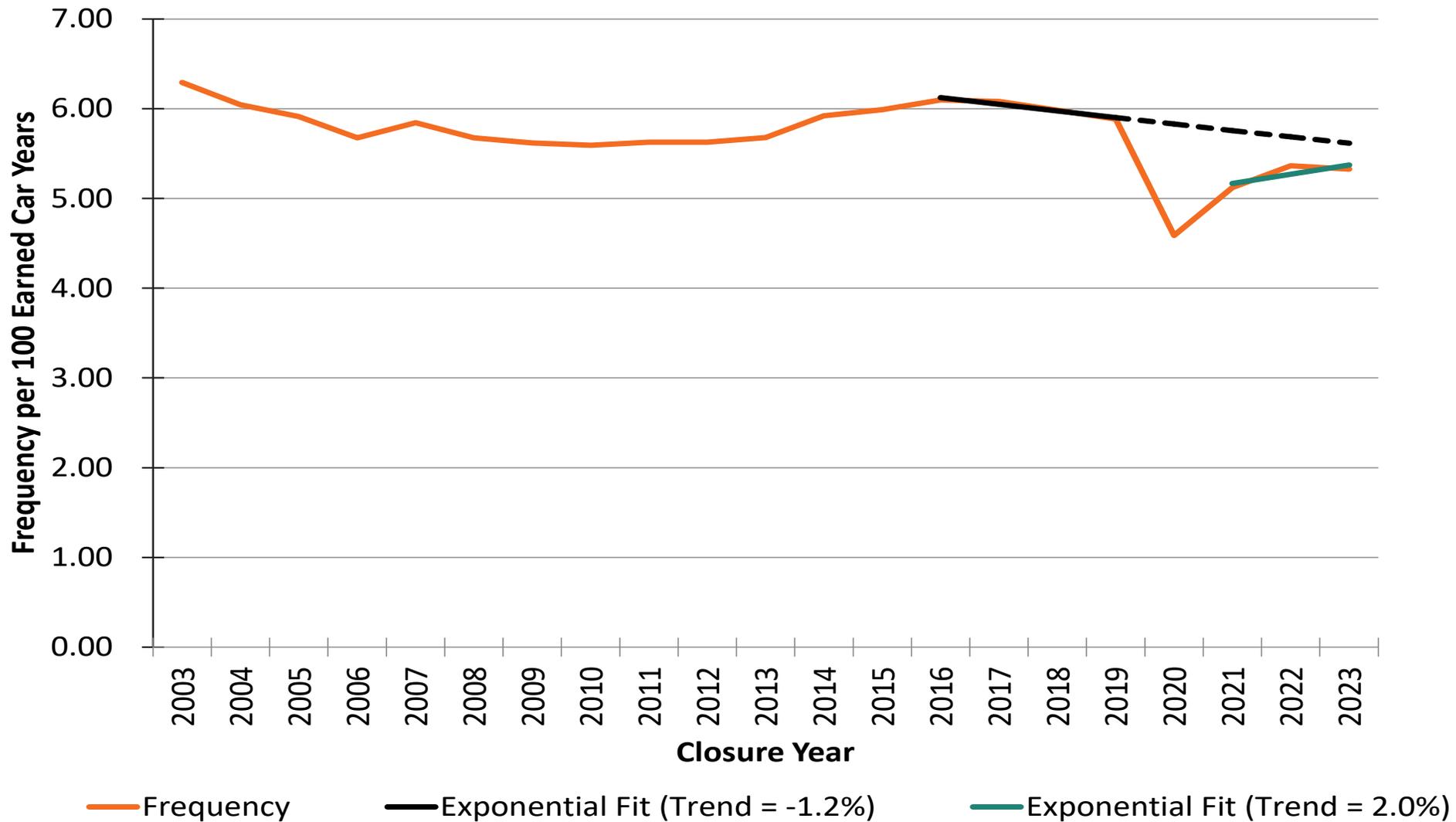
# COLL Closed Frequency Trend Comparison: 2021 to 2023



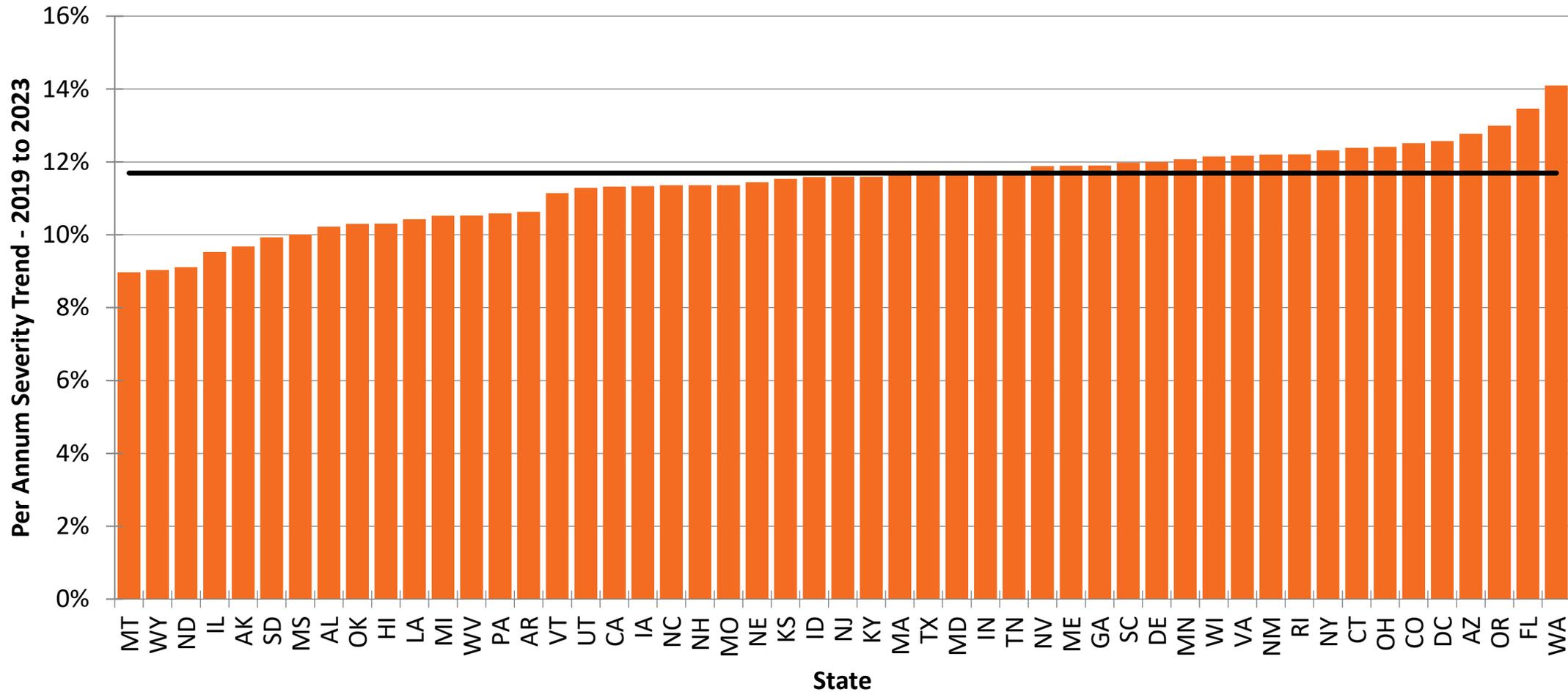
State - Per Annum Frequency Trend

C/W - Per Annum Frequency Trend = -0.4%

# Countrywide COLL Closed Frequency Trend: 2021 to 2023



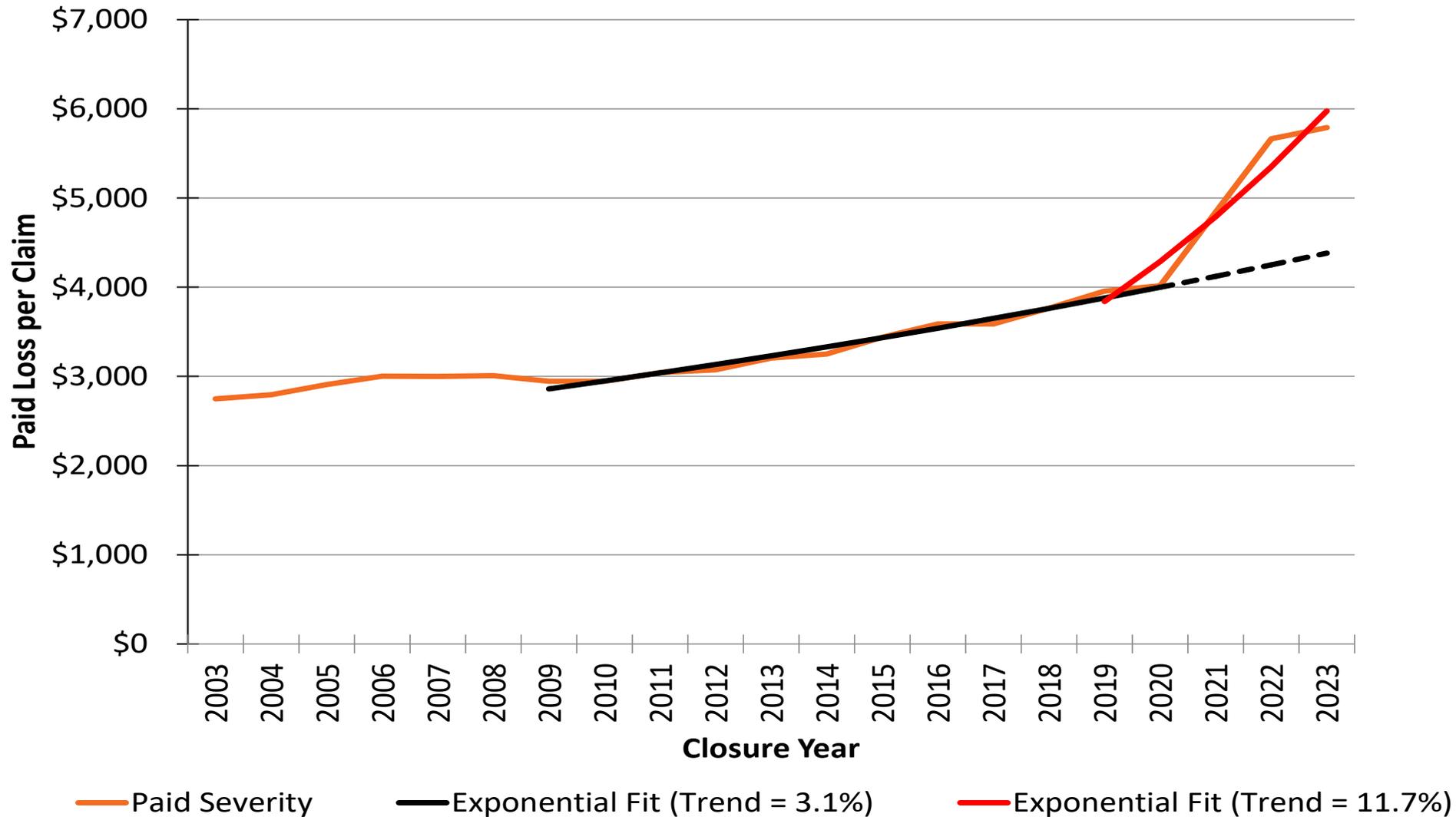
# COLL Paid Severity Trend Comparison: 2019 to 2023



State - Per Annum Paid Severity Trend

C/W - Per Annum Paid Severity Trend = 11.7%

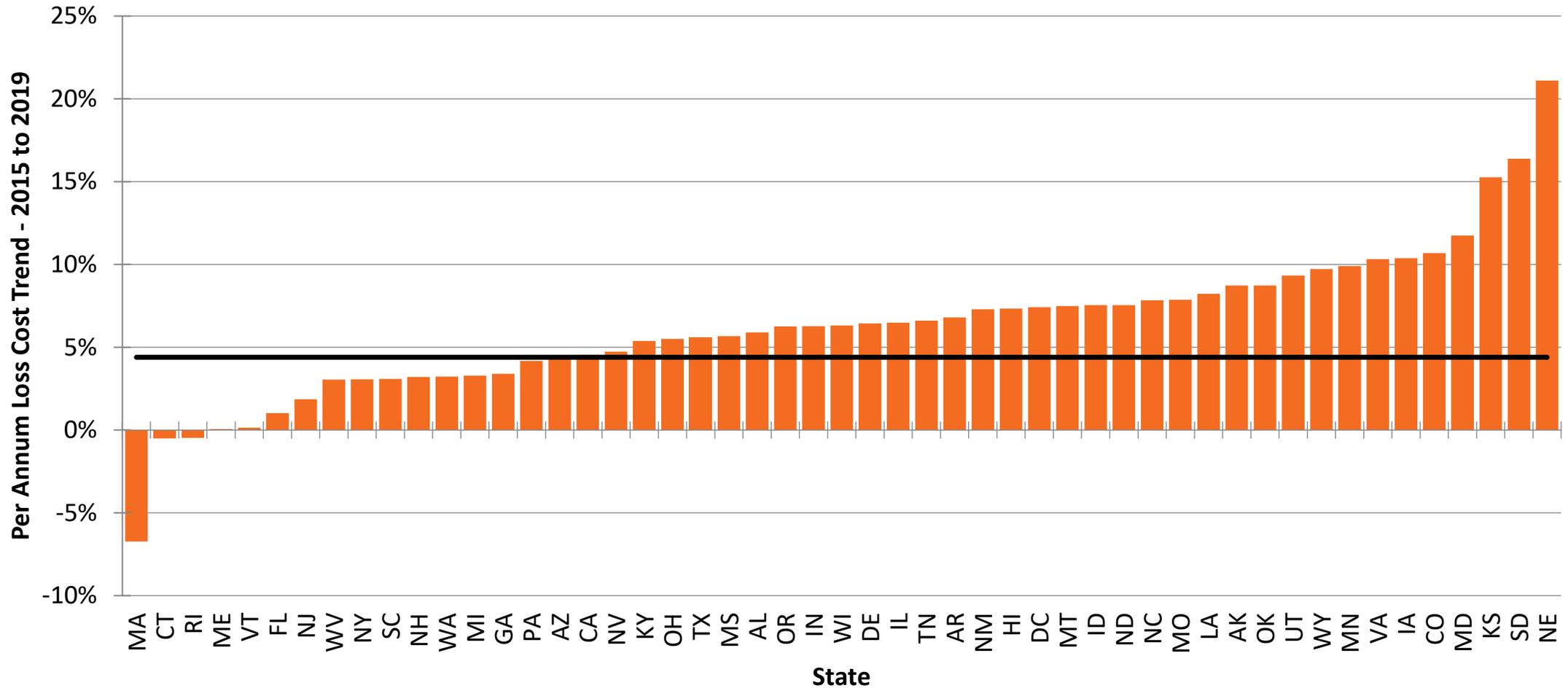
# Countrywide COLL Paid Severity Trend: 2019 to 2023



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**FAST TRACK™  
TRENDS:  
HOMEOWNERS**

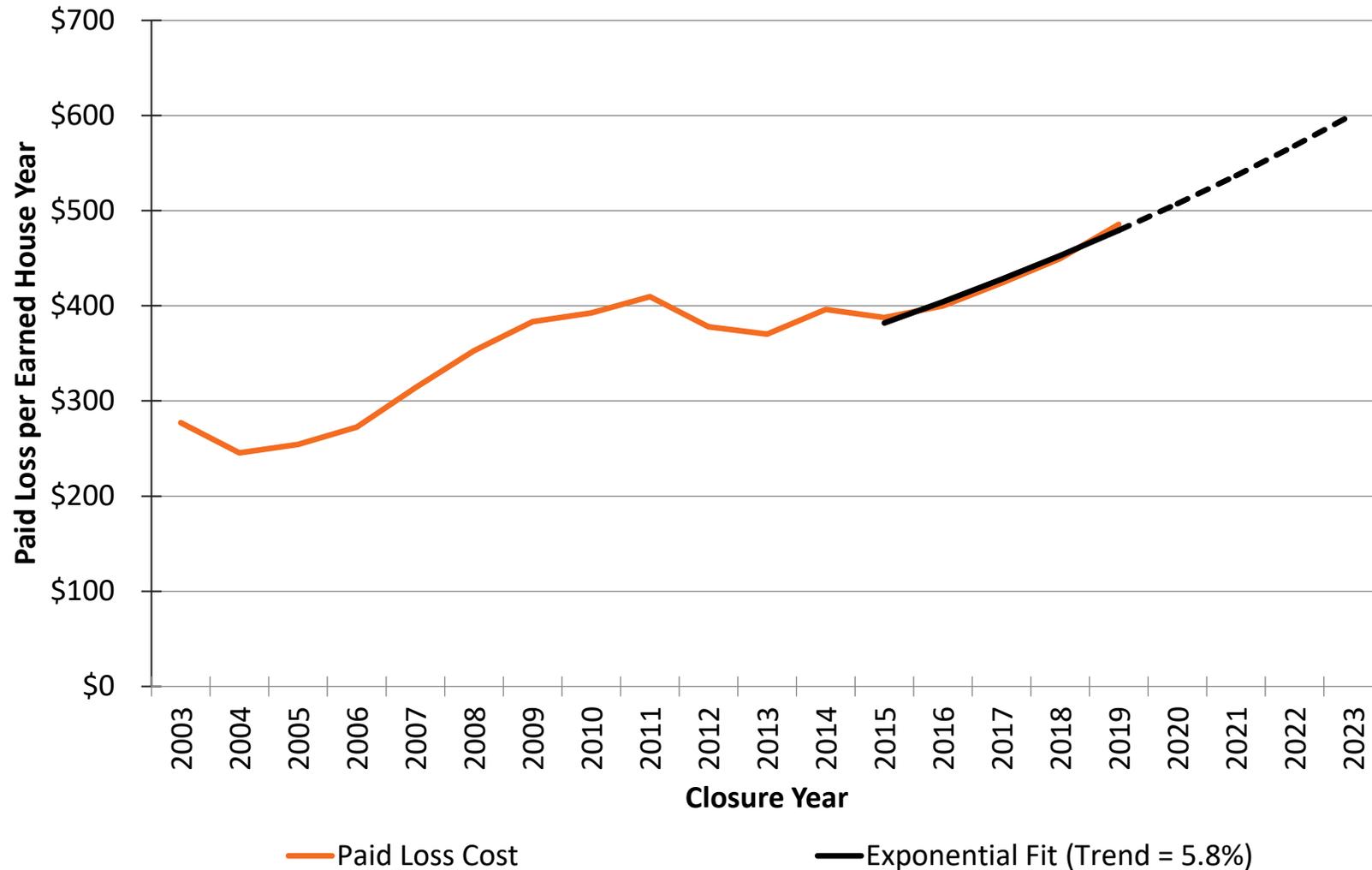
# HO Ex-CAT Paid Loss Cost Trend Comparison: 2015 to 2019



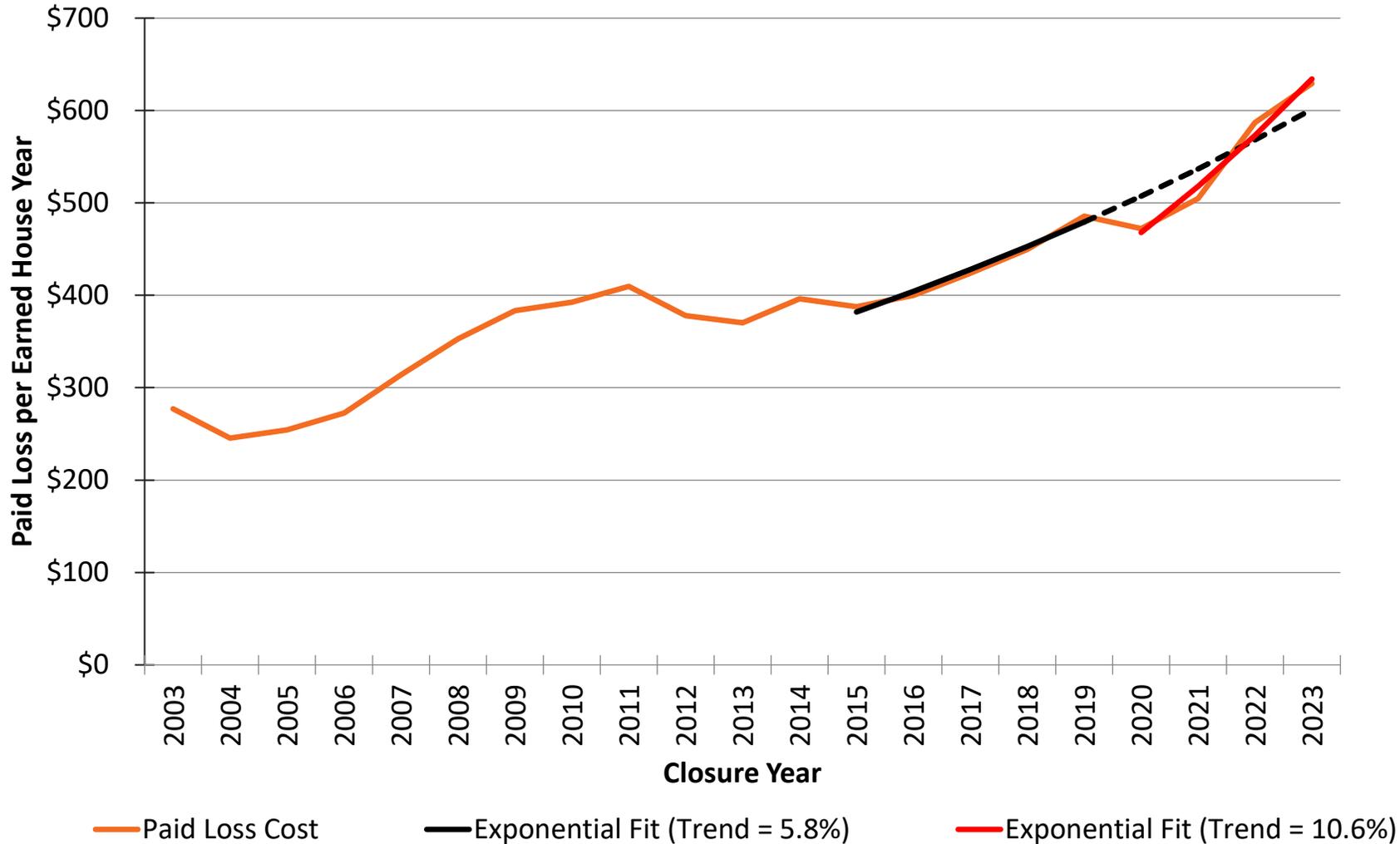
State - Per Annum Paid LC Trend

C/W - Per Annum Paid LC Trend = 4.4%

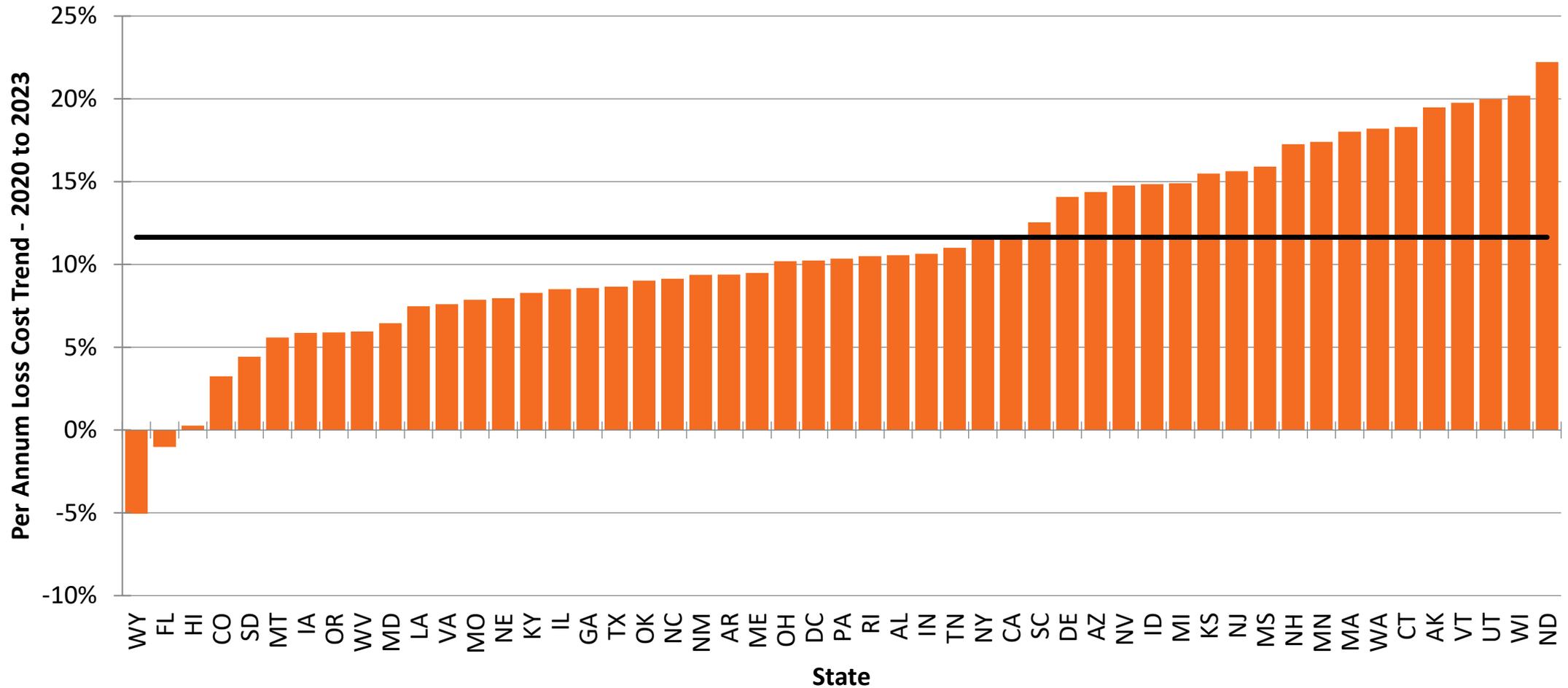
# Countrywide HO Ex-CAT Paid Loss Cost Trend: 2015 to 2019



# Countrywide HO Ex-CAT Paid Loss Cost Trend: 2020 to 2023



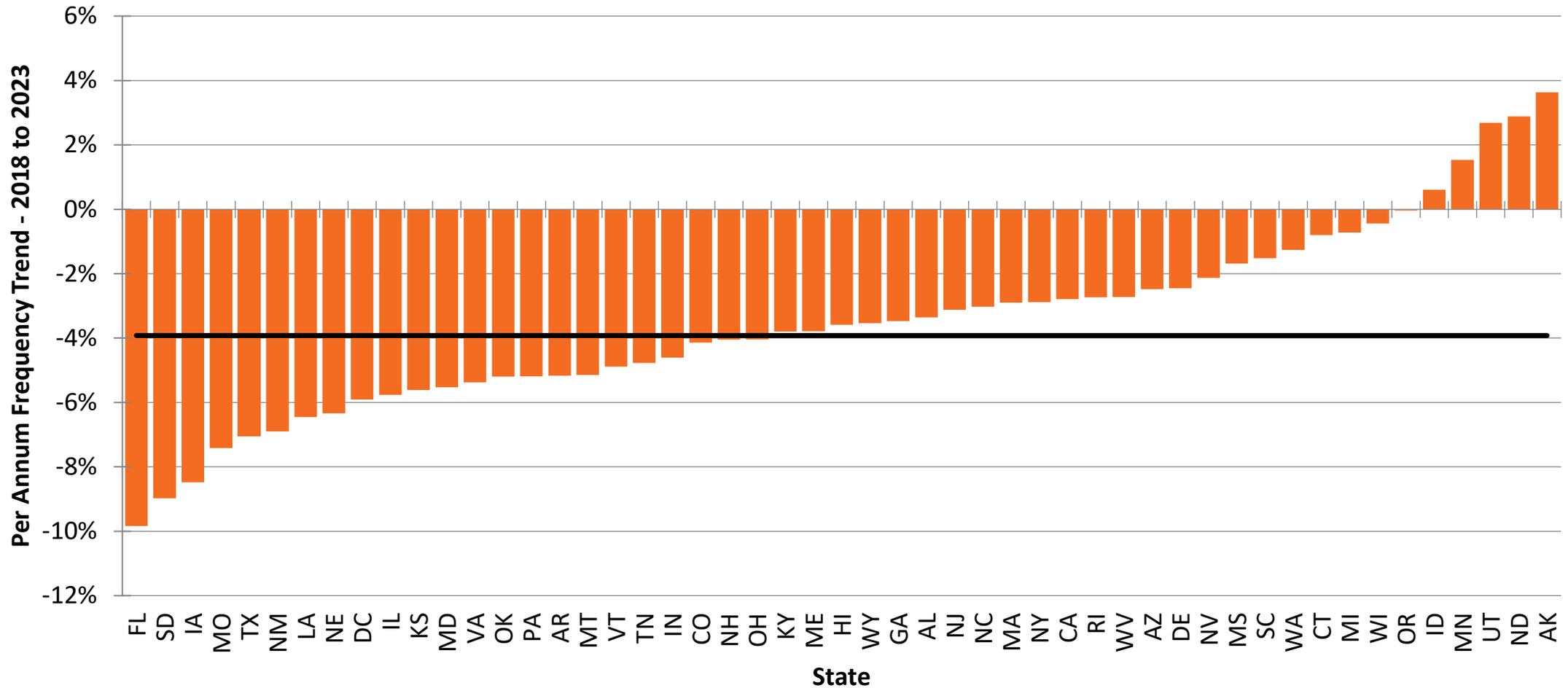
# HO Ex-CAT Paid Loss Cost Trend Comparison: 2020 to 2023



State - Per Annum Paid LC Trend

C/W - Per Annum Paid LC Trend = 11.6%

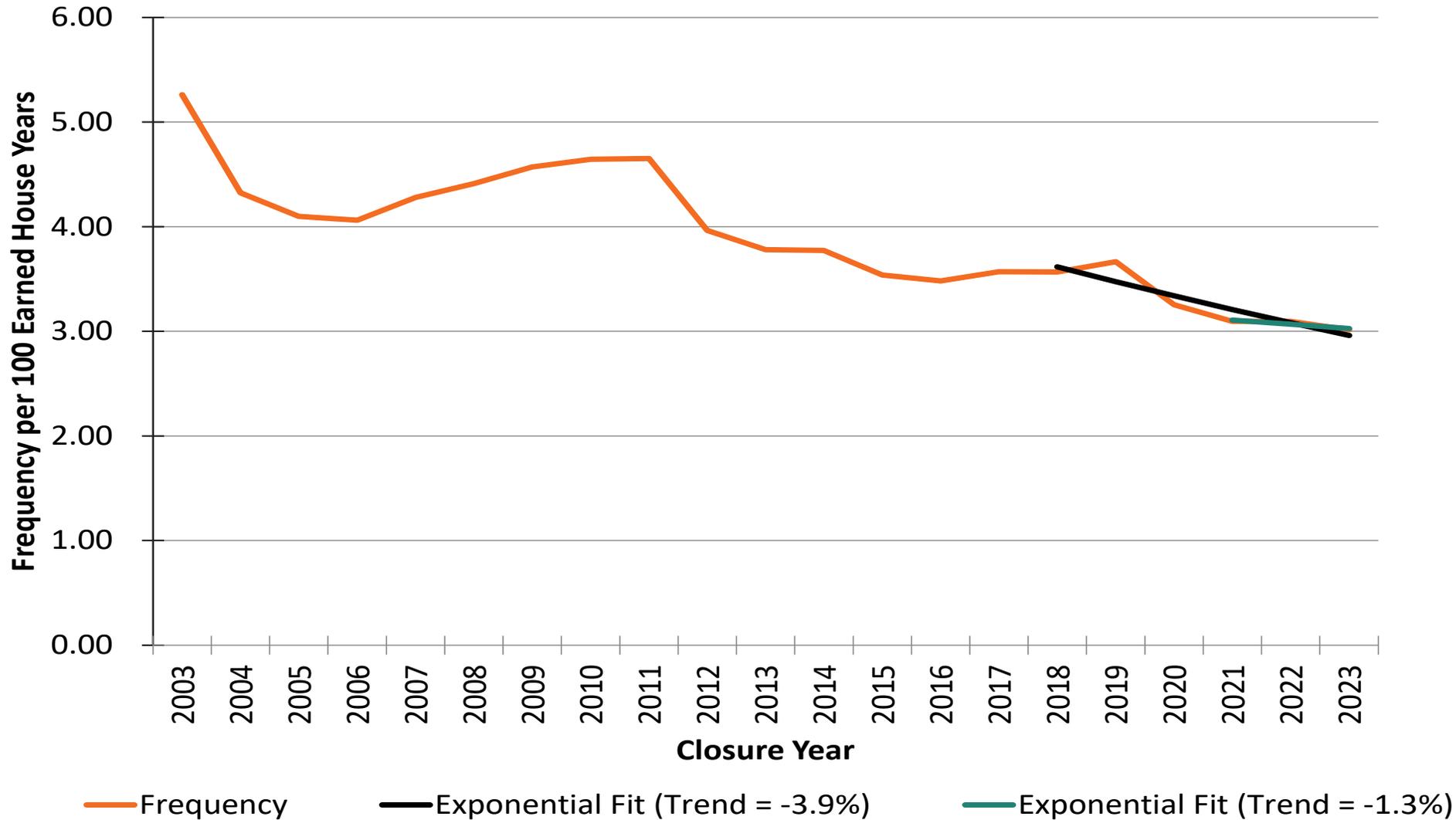
# HO Ex-CAT Clsd Frequency Trend Comparison: 2018 to 2023



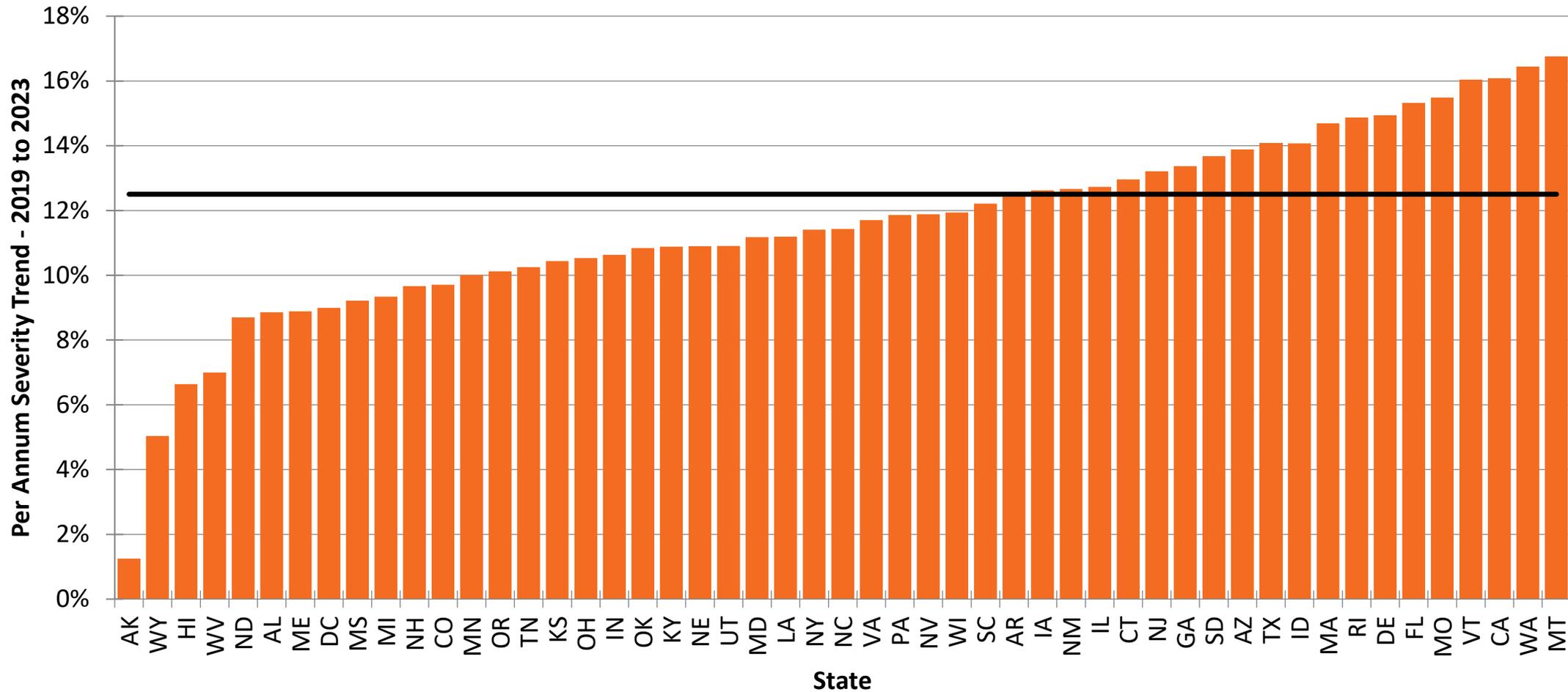
State - Per Annum Frequency Trend

C/W - Per Annum Frequency Trend = -3.9%

# Countrywide HO Ex-CAT Closed Frequency Trend: 2021 to 2023



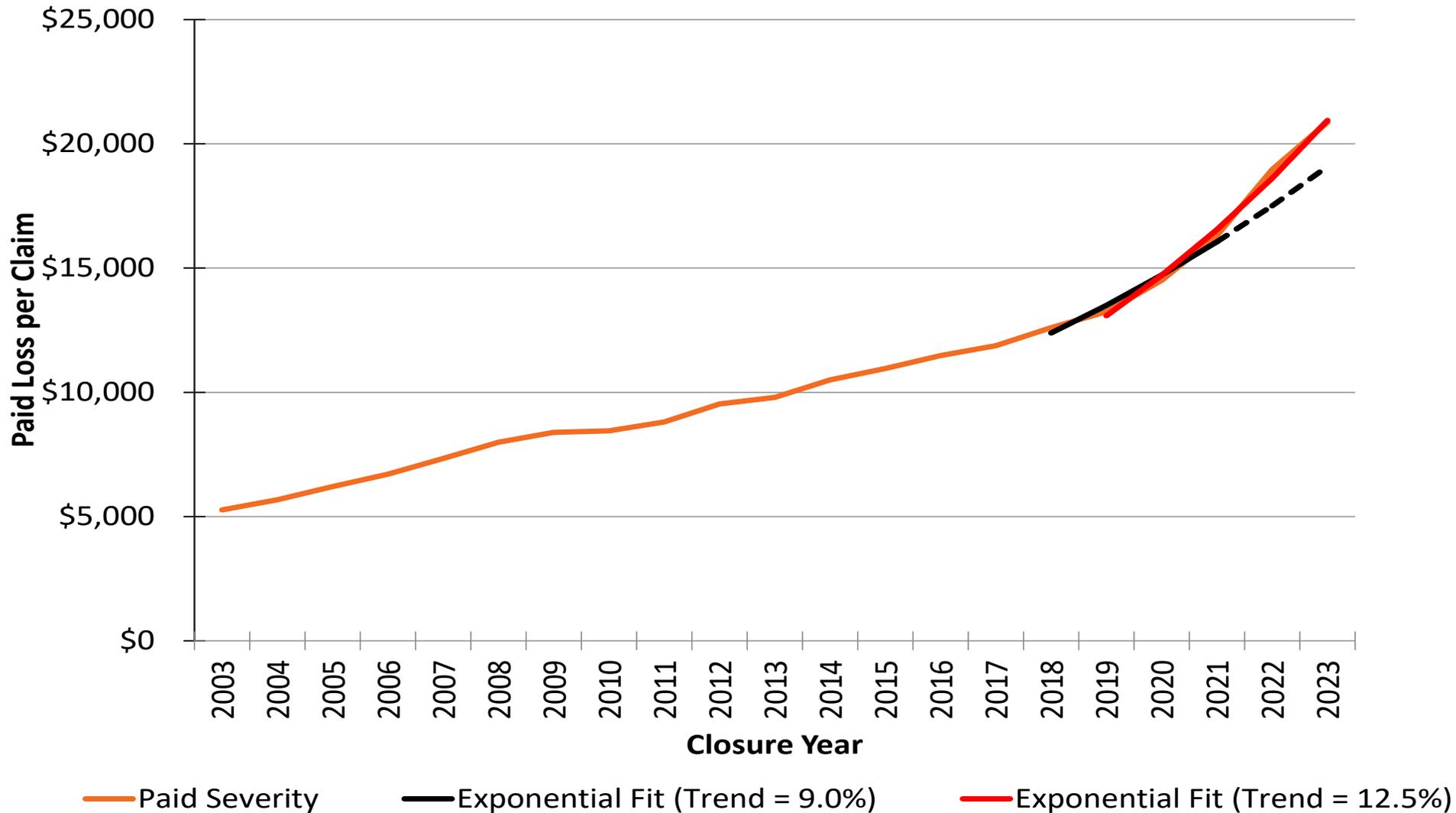
# HO Ex-CAT Paid Severity Trend Comparison: 2019 to 2023



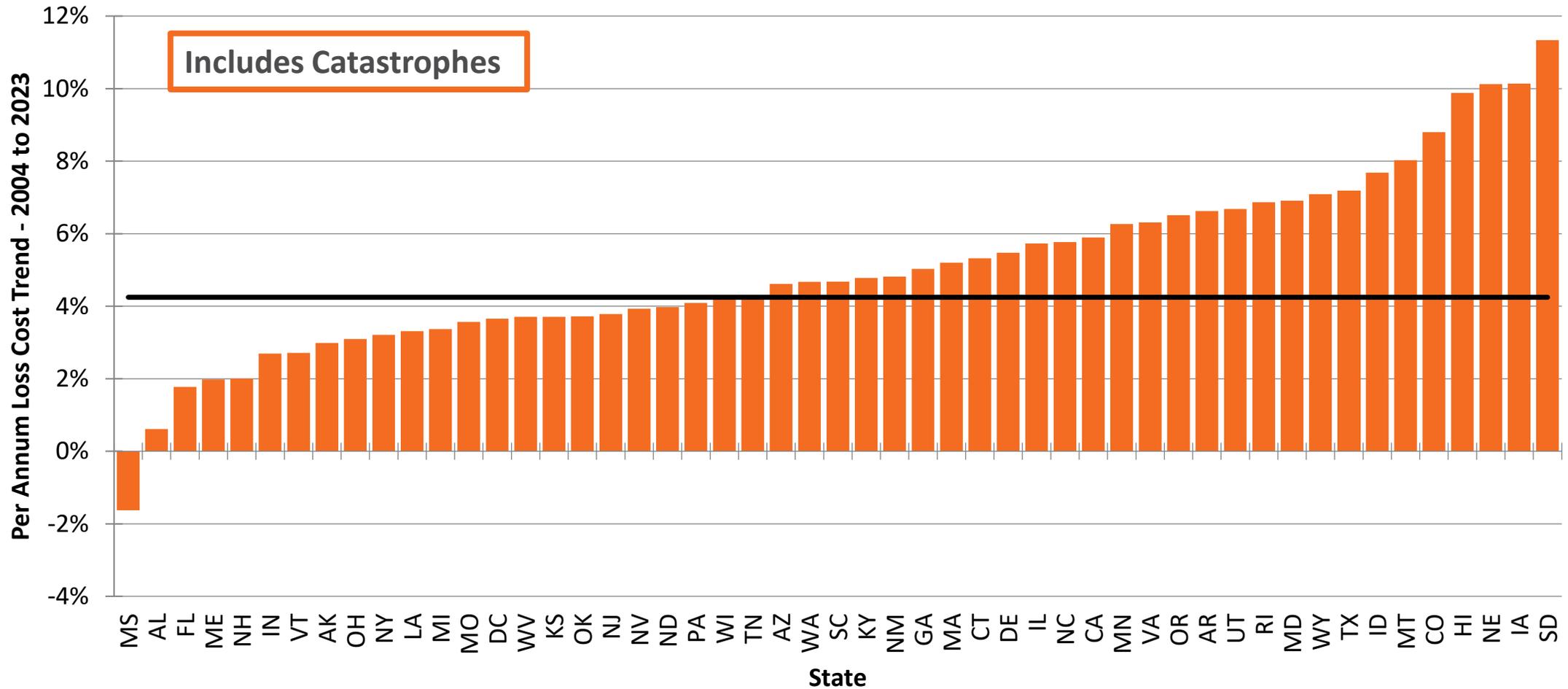
State - Per Annum Paid Severity Trend

C/W - Per Annum Paid Severity Trend = 12.5%

# Countrywide HO Ex-CAT Paid Severity Trend: 2019 to 2023



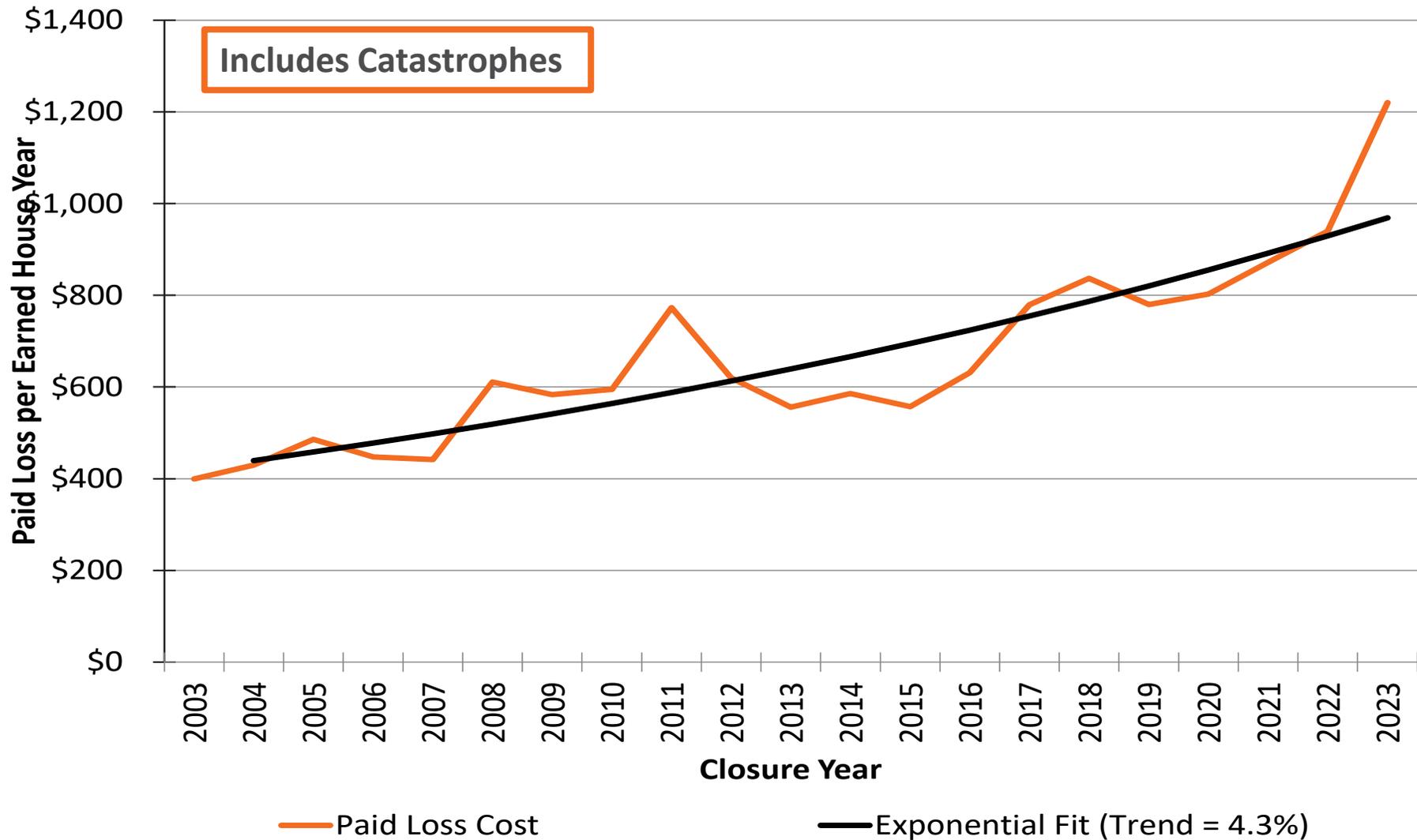
# Total HO Paid Loss Cost Trend Comparison: 2004 to 2023



State - Per Annum Paid LC Trend

C/W - Per Annum Paid LC Trend = 4.3%

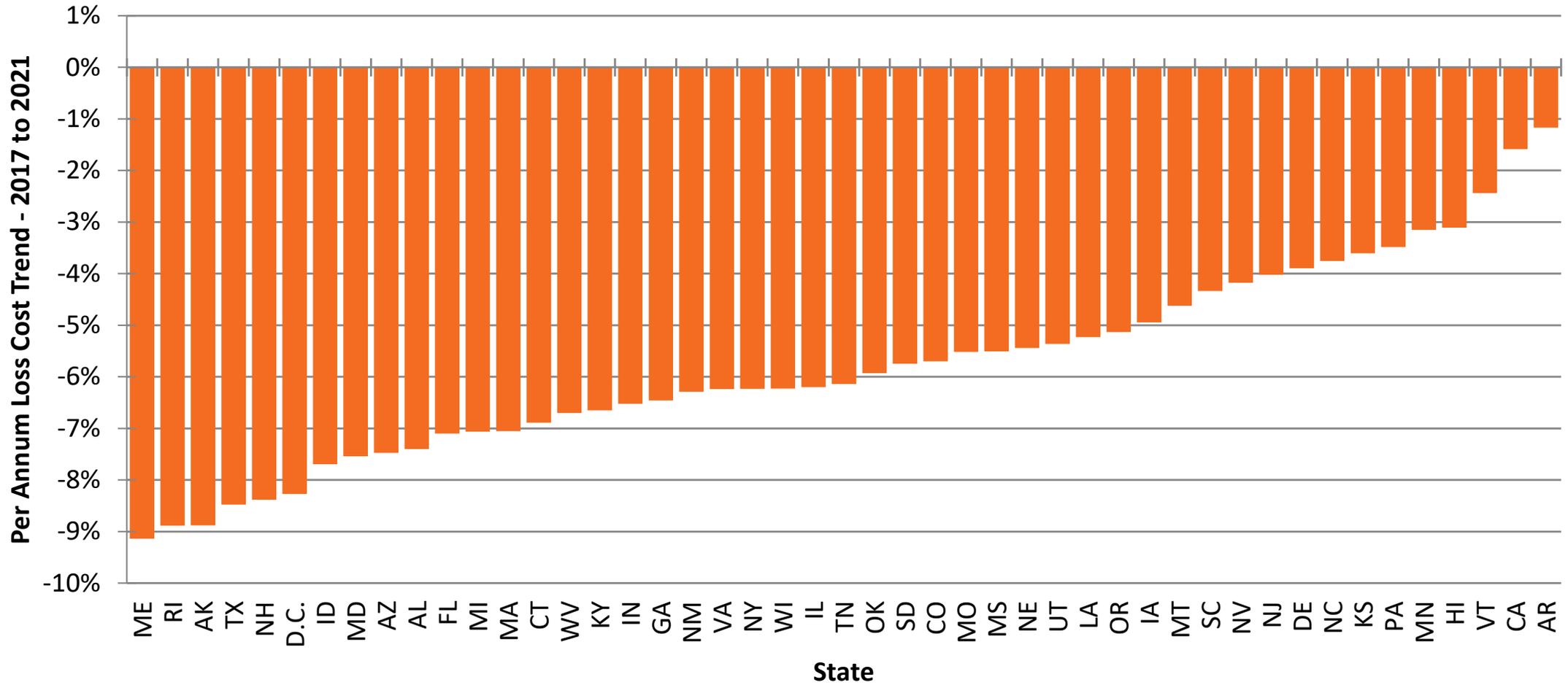
# Countrywide Total HO Paid Loss Cost Trend: 2004 to 2023



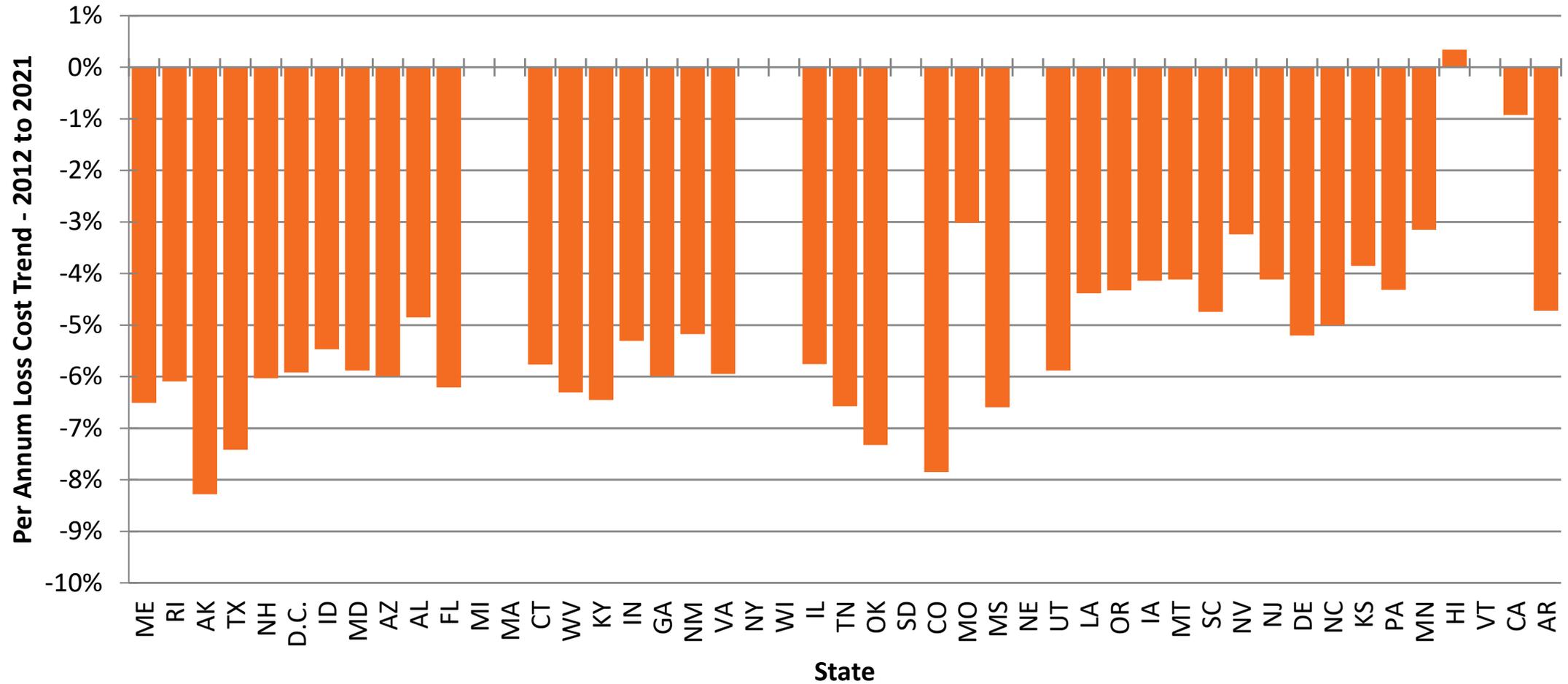
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# WORKERS' COMPENSATION

# Total WC Loss Cost Trend Comparison: Policy Year 2017 to 2021

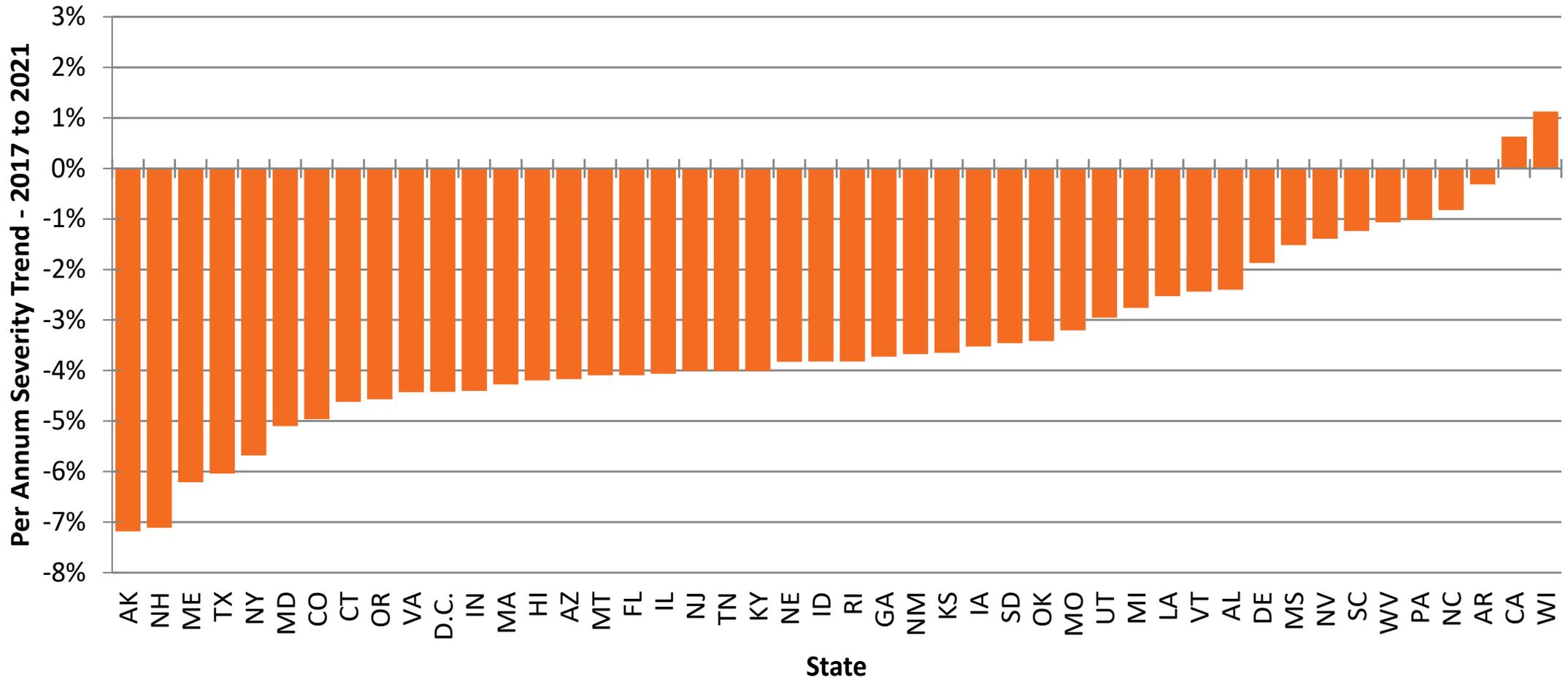


# Total WC Loss Cost Trend Comparison: Policy Year 2012 to 2021



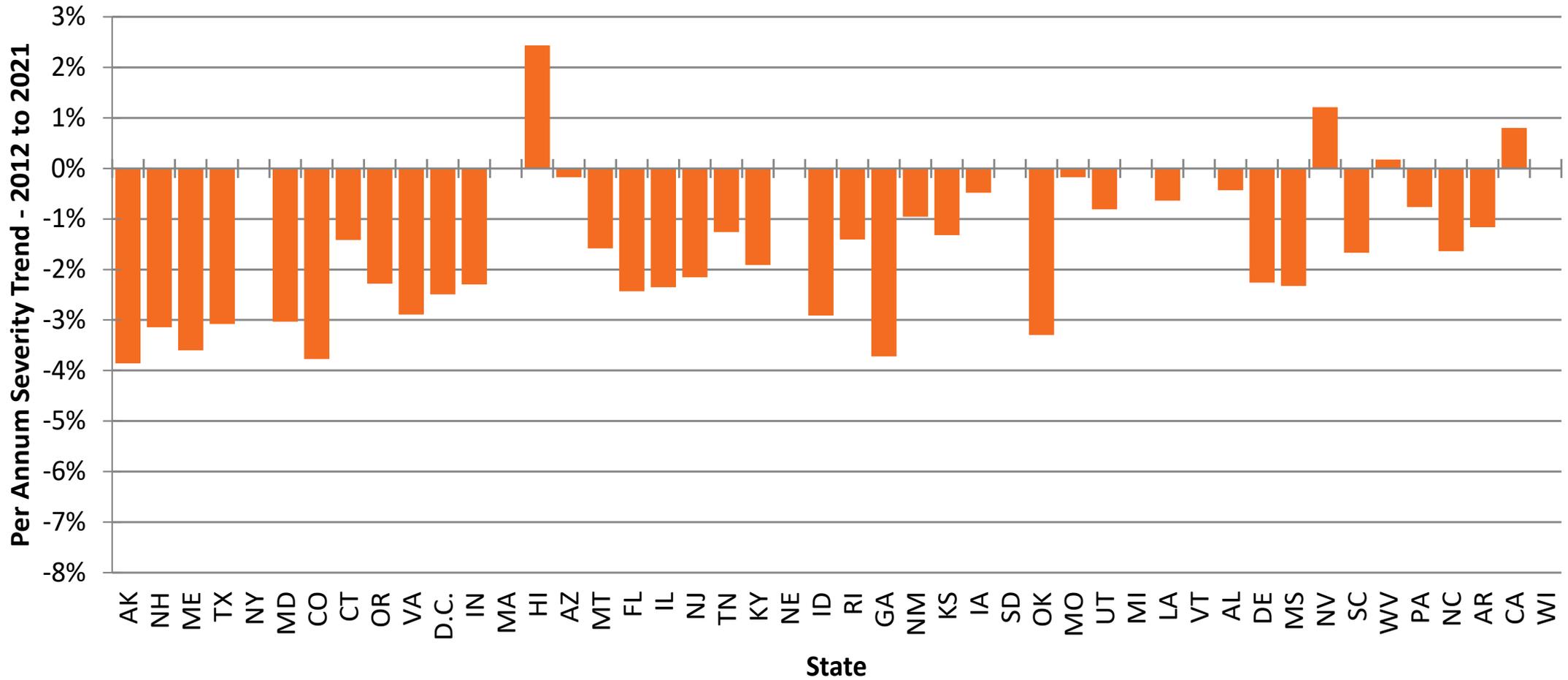
State - Per Annum Loss Cost Trend

# Total WC Severity Trend Comparison: Policy Year 2017 to 2021



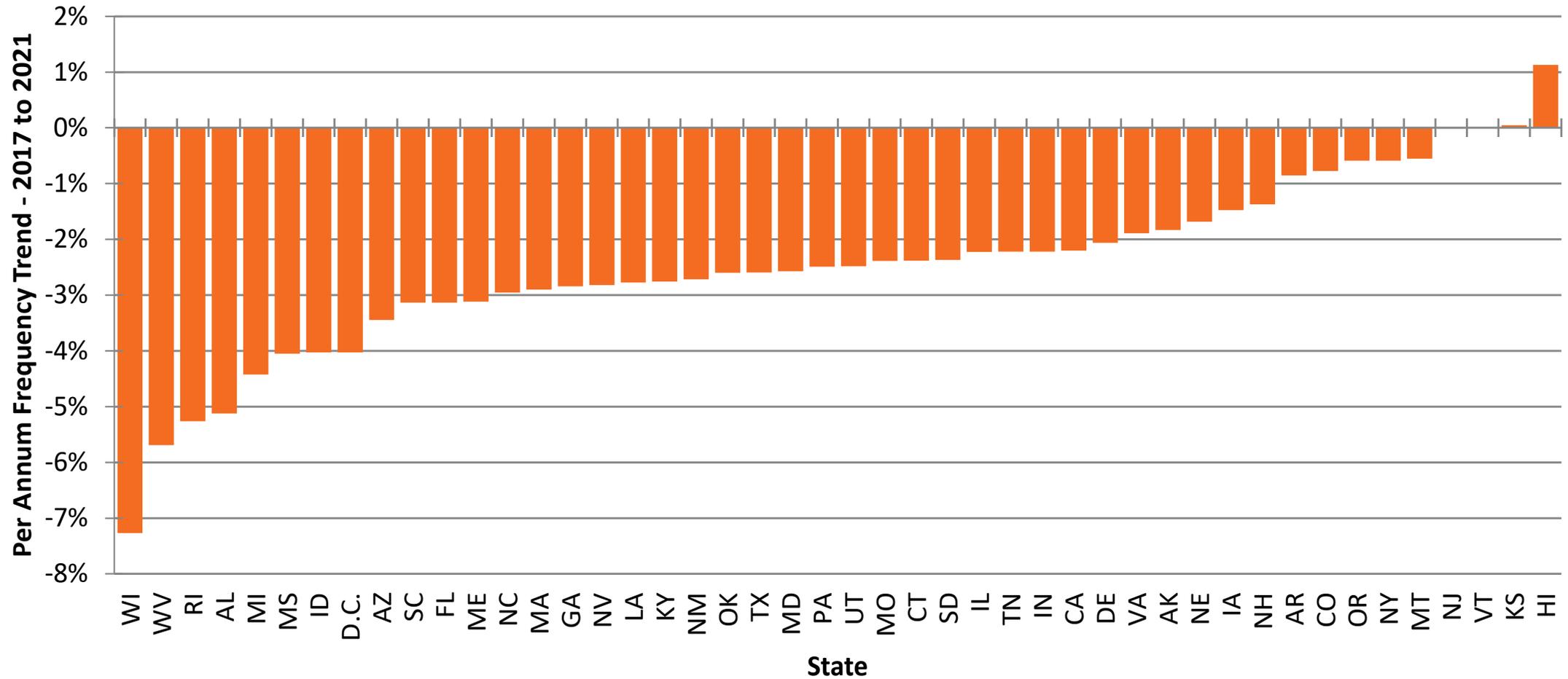
■ State - Per Annum Severity Trend

# Total WC Severity Trend Comparison: Policy Year 2012 to 2021



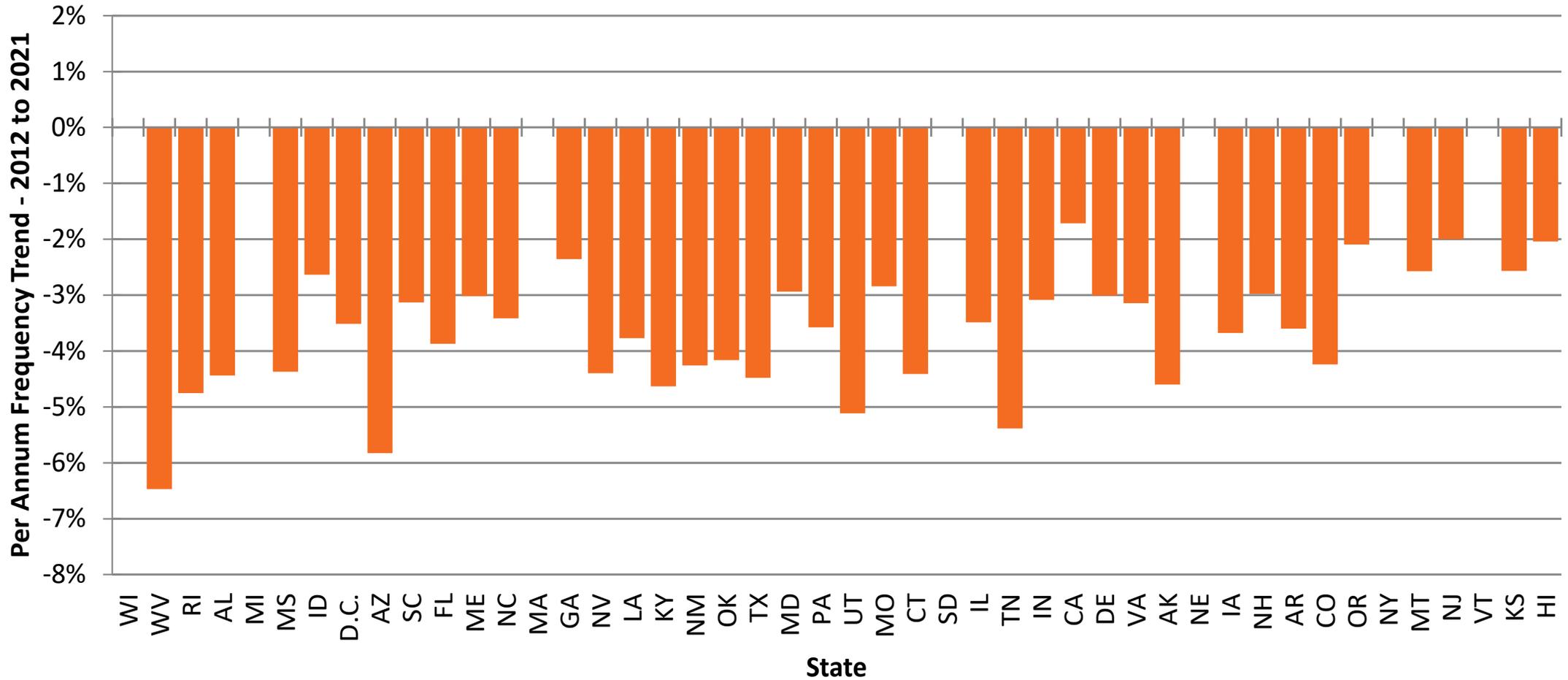
State - Per Annum Severity Trend

# Total WC Frequency Trend Comparison: Policy Year 2017 to 2021



State - Per Annum Frequency Trend

# Total WC Frequency Trend Comparison: Policy Year 2012 to 2021



■ State - Per Annum Frequency Trend

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# CURRENT YEAR CONSIDERATIONS



# Headwinds

- Severity trends / social inflation
  - Hurricane ↔ property insurance = social inflation ↔ casualty insurance
  - Litigation financing
  - Nuclear verdicts
- Driver behavior – speed
- Reinsurance rates and program structures
- Frequency and severity of weather-related events: tornados, hailstorms, winter storms
- Wildfires



## Tailwinds: Areas of Optimism

- Favorable frequency trends
- Reinsurance market capacity
- AM Best's positive outlook on reinsurance sector – 1<sup>st</sup> time EVER!!
  - Improved market conditions
  - Hard market – higher pricing and tighter terms and conditions
  - Underwriting return
- Offsetting impact of workers' compensation underwriting performance
- Improved underwriting results through 2Q24
- Property insurance rates falling for first time since 2017



**Thank You!**

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