

# News & Markets

## P/C Direct Premium Written Up 4% Through Third Quarter 2012

The direct premium growth for property/casualty insurance companies continues to be encouraging. Overall, P/C insurance companies continued to serve their clients during catastrophic events, difficult economic conditions and even political uncertainty. Despite these challenges,



By Douglas A. Powell

through the third quarter of 2012, P/C insurance companies as a whole have increased direct premium written (DPW) growth to a level not seen since 2006.

Through the third quarter of 2012, total DPW for all P/C insurers is up more than 4 percent compared to DPW through third quarter 2011. This increase in DPW represents nearly \$15.3 billion in premium growth, of which approxi-

mately half is attributed to the Top 25 P/C insurers in terms of growth.

For the nine months ending Sept. 30, 2012, P/C companies comprising the Top 25 insurers in terms of direct premium growth leveraged their experience and increased their DPW nearly 9.6 percent over the nine months ending Sept. 30, 2011. The Top 25 accounted for 48.3 percent of the total DPW growth for the P/C insurance industry.

The remainder of insurers reported an increase in DPW of only 2.6 percent, or \$7.9 billion, period-over-period. In total, DPW for the P/C industry grew more than 4 percent, nearly \$15.3 billion.

Although the market continues to exhibit signs that indicate a firmer market and DPW continues to increase, P/C insurers should not expect a traditional hard market any time soon.

P/C insurers have reported average annual premium growth of 2.2 percent since 2002. In five of those years, DPW growth exceeded reported annual inflation rates and there was not a wide variance between DPW growth and inflation during the other five years in this period. Also, only twice during the past 10 years did total DPW decrease year-over-year.

It is more realistic that expectations should relate to gradual, stable growth. If P/C insurers hold to 10-year historical patterns, gradual, stable growth would lead to the highest level of year-end DPW ever reported by the P/C industry, estimated at \$525 billion for 2012. **■**

Powell is a senior financial analyst with Demotech Inc. Email questions and comments to [dpowell@demotech.com](mailto:dpowell@demotech.com) or follow him on Twitter, @powdoug.

### Top 25 Property/Casualty Companies

Based Upon Dollar Amount of Direct Premium Written (DPW) Growth Year-to-Date Results September 30, 2012 Versus September 30, 2011

Company Name	DPW 9/30/2012	DPW 9/30/2011	\$ Growth	% Growth
Continental Casualty Co.	3,741,796,882	3,179,142,292	562,654,590	17.70%
GEICO Casualty Co.	979,869,936	472,154,540	507,715,396	107.53%
Allstate Fire and Casualty Insurance Co.	3,434,012,183	3,012,904,317	421,107,866	13.98%
State Farm Fire and Casualty Co.	12,990,452,724	12,594,798,824	395,653,900	3.14%
LM General Insurance Co.	531,938,735	149,126,163	382,812,572	256.70%
ADM Insurance Co.	380,870,183	-	380,870,183	NA
State Farm Mutual Automobile Insurance Co.	23,378,777,099	23,036,281,196	342,495,903	1.49%
Atlantic Specialty Insurance Co.	338,736,203	978,317	337,757,886	34524.38%
QBE Specialty Insurance Co.	778,826,986	466,492,627	312,334,359	66.95%
Travelers Property Casualty Co. of America	3,257,762,645	2,961,376,643	296,386,002	10.01%
ACE American Insurance Co.	2,723,401,295	2,432,667,002	290,734,293	11.95%
Factory Mutual Insurance Co.	2,085,331,553	1,797,595,165	287,736,388	16.01%
GEICO General Insurance Co.	4,991,468,588	4,708,583,100	282,885,488	6.01%
Liberty Mutual Insurance Co.	3,765,243,444	3,498,751,680	266,491,764	7.62%
QBE Insurance Corp.	947,817,326	692,171,478	255,645,848	36.93%
United Services Automobile Association	4,871,862,826	4,630,289,563	241,573,263	5.22%
Zurich American Insurance Co.	3,665,678,368	3,427,742,669	237,935,699	6.94%
USAA Casualty Insurance Co.	3,270,269,233	3,054,706,473	215,562,760	7.06%
LM Insurance Corp.	566,234,398	355,450,210	210,784,188	59.30%
USAA General Indemnity Co.	996,507,179	787,724,687	208,782,492	26.50%
Liberty Insurance Corp.	1,473,674,744	1,267,829,481	205,845,263	16.24%
Foremost Insurance Co. Grand Rapids, Michigan	1,197,506,438	1,006,309,946	191,196,492	19.00%
Texas Farmers Insurance Co.	481,538,545	295,260,557	186,277,988	63.09%
Erie Insurance Exchange	2,859,851,955	2,680,643,077	179,208,878	6.69%
Nationwide Affinity Insurance Co. of America	632,189,041	460,945,367	171,243,674	37.15%
<b>Top 25 by DPW Growth</b>	<b>84,341,618,509</b>	<b>76,969,925,374</b>	<b>7,371,693,135</b>	<b>9.58%</b>
<b>All Other P/C Companies</b>	<b>306,758,915,890</b>	<b>298,860,685,309</b>	<b>7,898,230,581</b>	<b>2.64%</b>
<b>Total</b>	<b>391,100,534,399</b>	<b>375,830,610,683</b>	<b>15,269,923,716</b>	<b>4.06%</b>

Data Source: The National Association of Insurance Commissioners, Kansas City, Missouri, by permission. Information derived from an SNL product. The NAIC and SNL do not endorse any analysis or conclusion based upon the use of its data.