

News & Markets

P/C Direct Premium Written Up 4.1% Through 3Q 2013

Direct premium written (DPW) for property/casualty insurance companies continues to increase.

At year-end 2012, more than \$523 billion of DPW was reported, an all time high for the industry. For 2012, total DPW for all P/C insurers aggregately increased 4.4 percent over 2011, an increase of nearly \$22.3 billion. Through the third quarter of 2013, this growth trend has continued, as DPW for all P/C insurers aggregately increased 4.1 percent over third quarter 2012.

For the nine months ending Sept. 30, 2013, P/C companies comprising the Top 25 insurers in terms of DPW growth leveraged

their experience and increased DPW nearly 14 percent over 2012. This continues the Top 25 insurers' impressive display of premium growth and financial stability. The Top 25 accounted for nearly 61 percent of the growth in the P/C insurance industry's DPW. In contrast, the remainder of the industry reported an increase in DPW of only 2 percent year-over-year.

In examining DPW further, P/C companies reported an aggregate increase in DPW through third quarter 2013 of 12.5 percent over third quarter 2010. Moreover, while increasing DPW, P/C companies have aggregately maintained a sufficient level of policyholders' surplus (PHS). This is demonstrated by the \$45 billion P/C insurers added to PHS since third quarter 2012.

One measure that indicates P/C compa-

nies are conservatively leveraged is the DPW to PHS ratio. An insurer's DPW to PHS ratio is indicative of its premium leverage on a direct basis, without consideration for the effect of reinsurance. Through third quarter 2013, this ratio (estimated for a full year) is 69.7 percent for P/C companies as a whole. Since 2010, this ratio for P/C companies has remained stable at around 70 percent.

Although the market continues to exhibit signs of firming and DPW continues to increase, P/C insurers should not expect a traditional hard market in the near future. After reviewing current results, it is more realistic to expect gradual, stable growth. **■**

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By Douglas A. Powell

Top 25 Property/Casualty Companies

Based Upon Dollar Amount of Direct Premium Written (DPW) Growth Year-to-Date Results Sept. 30, 2013, Versus Sept. 30 2012

Company Name	DPW 9/30/2013	DPW 9/30/2012	\$ Growth	% Growth
State Farm Mutual Automobile Insurance Co.	24,320,959,255	23,378,777,099	942,182,156	4.03%
Rural Community Insurance Co.	2,141,741,936	1,252,184,055	889,557,881	71.04%
State Farm Fire and Casualty Co.	13,744,641,281	12,990,452,724	754,188,557	5.81%
GEICO Casualty Co.	1,589,710,197	979,869,936	609,840,261	62.24%
Zurich American Insurance Co.	34,161,400,341	3,665,678,368	495,721,973	13.52%
LM General Insurance Co.	1,022,952,028	531,938,735	491,013,293	92.31%
Allstate Fire and Casualty Insurance Co.	3,907,355,857	3,434,012,183	473,343,674	13.78%
Liberty Insurance Underwriters Inc.	759,844,923	322,184,833	437,660,090	135.84%
GuideOne Mutual Insurance Co.	600,736,370	224,870,601	375,865,769	167.15%
USAA General Mutual Insurance Co.	1,344,458,646	996,507,179	347,951,467	34.92%
Atlantic Specialty Insurance Co.	652,393,121	338,736,203	313,656,918	92.60%
Continental Casualty Co.	4,039,279,767	3,741,796,882	297,482,885	7.95%
GEICO General Insurance Co.	5,284,126,220	4,991,468,588	292,657,632	5.86%
Allstate Vehicle and Property Insurance Co.	320,546,538	37,759,884	282,786,654	748.91%
Wesco Insurance Co.	724,201,075	443,926,619	280,274,456	63.14%
Safeco Insurance Co. of Illinois	1,275,976,260	1,007,209,371	268,766,889	26.68%
United Service Automobile Association	5,139,999,277	4,871,862,826	268,136,451	5.50%
United Financial Casualty Co.	624,665,648	365,752,337	258,913,311	70.79%
USAA Casualty Insurance Co.	3,522,223,618	3,270,269,233	251,954,385	7.70%
Cincinnati Insurance Co.	2,539,527,011	2,288,205,981	251,321,030	10.98%
Standard Guaranty Insurance Co.	361,604,329	112,248,869	249,355,460	222.15%
COUNTRY Mutual Insurance Co.	1,172,795,022	925,013,328	247,781,694	26.79%
Ohio Security Insurance Co.	365,081,768	132,574,927	232,506,841	175.38%
Esurance Property and Casualty Insurance Co.	613,166,686	385,457,620	227,709,066	59.07%
GuideOne Specialty Mutual Insurance Co.	271,633,296	63,238,741	208,394,555	329.54%
Top 25 by DPW Growth	80,501,020,470	70,751,997,122	9,749,023,348	13.78%
All Other P/C Companies	327,819,851,331	321,485,849,929	6,334,001,402	1.97%
Total	408,320,871,801	392,237,847,051	16,083,024,750	4.10%

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.