

News & Markets

P/C Direct Premium Written Up 4.1 Percent

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



By Douglas A. Powell

At year-end 2012, more than \$523 billion of DPW was reported, which was an all-time high for the industry. For 2013, total DPW for all P/C insurers aggregately increased 4.1 percent over 2012, an increase of more than \$21.5 billion. Nearly 58 percent of this premium growth is attributed to the Top 25 P/C insurers in terms of growth.

Overall, P/C insurance companies have continued to serve their clients by responding to catastrophic events, difficult econom-

ic conditions and regulatory uncertainty. For the 12 months ending Dec. 31, 2013, P/C companies comprising the Top 25 leveraged their experience and increased their DPW nearly 12.6 percent over 2012. This continues the Top 25 insurers' impressive display of premium growth and financial stability. In contrast, the remainder of the industry reported an increase in DPW of only 2.2 percent, or \$9.1 billion, year over year.

Moreover, while increasing DPW, P/C companies have aggregately maintained a sufficient level of policyholders' surplus (PHS). One measure that determines if P/C companies are conservatively leveraged is the DPW to PHS ratio. An insurer's DPW to PHS ratio is indicative of its leverage on a direct basis, without consideration for the

effect of reinsurance. Since 2010, this ratio for P/C companies has remained conservative and stable at approximately 70 percent.

As stated in previous articles, 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 those varying results, it is more realistic that expectations should relate to gradual, stable growth. If the industry continues to hold to its 10-year historical pattern, growth in 2014 would again lead to the highest level of year-end DPW ever reported by the P/C industry. ■

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Top 25 Property/Casualty Companies

Based Upon Dollar Amount of Direct Premium Written (DPW) Growth Year-End Results as of Dec. 31, 2013 Versus Dec. 31, 2012

Company Name	DPW 12/31/2013	DPW 12/31/2012	\$ Growth	% Growth
State Farm Mutual Automobile Insurance Co.	32,236,152,562	30,935,399,277	1,300,753,285	4.20%
State Farm Fire and Casualty Co.	17,971,068,027	17,021,682,666	949,385,361	5.58%
Rural Community Insurance Co.	2,530,898,816	1,740,138,904	790,759,912	45.44%
GEICO Casualty Co.	2,150,763,913	1,363,632,265	787,131,648	57.72%
Allstate Fire and Casualty Insurance Co.	5,264,962,684	4,605,761,469	659,201,215	14.31%
LM General Insurance Co.	1,399,800,010	760,283,461	639,516,549	84.12%
Liberty Insurance Underwriters Inc.	1,025,509,870	435,126,112	590,383,758	135.68%
Zurich American Insurance Co.	5,351,181,841	4,801,761,856	549,419,985	11.44%
USAA General Indemnity Co.	1,818,233,213	1,352,089,544	466,143,669	34.48%
Continental Casualty Co.	5,413,154,389	4,970,066,475	443,087,914	8.92%
Standard Guaranty Insurance Co.	596,785,539	170,691,928	426,093,611	249.63%
Allstate Vehicle and Property Insurance Co.	477,635,319	84,065,064	393,570,255	468.17%
GEICO General Insurance Co.	6,994,505,522	6,602,148,803	392,356,719	5.94%
Tokio Marine America Insurance Co.	386,036,085	43,752	385,992,333	--
GuideOne Mutual Insurance Co.	698,937,422	320,788,541	378,148,881	117.88%
Wesco Insurance Co.	965,218,360	609,392,169	355,826,191	58.39%
United Services Automobile Association	6,712,310,392	6,371,408,435	340,901,957	5.35%
Starr Indemnity & Liability Co.	1,372,452,343	1,032,595,665	339,856,678	32.91%
State Insurance Fund Workers' Compensation Fund	2,283,286,622	1,943,837,922	339,448,700	17.46%
Ohio Security Insurance Co.	537,882,843	200,213,737	337,669,106	168.65%
Atlantic Specialty Insurance Co.	868,350,353	537,006,205	331,344,148	61.70%
USAA Casualty Insurance Co.	4,610,619,666	4,290,784,176	319,835,490	7.45%
Safeco Insurance Co. of Illinois	1,743,174,908	1,425,588,362	317,586,546	22.28%
Cincinnati Insurance Co.	3,297,205,566	2,993,431,243	303,774,323	10.15%
Travelers Property Casualty Co. of America	4,561,624,379	4,258,249,635	303,374,744	7.12%
Top 25 P/C Companies by DPW Growth	111,267,750,644	98,826,187,666	12,441,562,978	12.59%
All Other P/C Companies	433,307,922,863	424,195,781,227	9,112,141,636	2.15%
Total	544,575,673,507	523,021,968,893	21,553,704,614	4.12%

Data Source: The National Association of Insurance Commissioners, Kansas City, Mo., 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.