

News & Markets

Q1 P/C Direct Premium Written Up 3.5 Percent

By Douglas A. Powell

Direct premium written (DPW) for property/casualty insurance companies continues to increase, albeit gradually. At year-end 2013, nearly \$545 billion of DPW was reported, a record high for the industry. For 2013, total DPW for all P/C insurers aggregately increased 4.1 percent over 2012, an increase of nearly \$22 billion. Through the first quarter of 2014, the insurance industry's growth trend has continued, as DPW for all P/C insurers aggregately increased 3.5 percent over first quarter of 2013.

For the three months ending March 31, 2014, P/C companies comprising the Top 25 insurers in terms of DPW increased their DPW nearly 14 percent over the first three months of 2013. The Top 25 accounted for over 67 percent of the growth in the P/C industry's DPW. In contrast, the rest of the industry reported an increase in DPW of 1.4 percent, or \$1.5 billion, year-over-year.

It is important to note that while increasing DPW, P/C companies have maintained a sufficient level of policyholders' surplus (PHS). One measure that indicates P/C companies 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 of the effect of reinsurance. Since 2010, this ratio has remained stable at 114 percent.

There is always uncertainty in making projections based on first quarter data, however if the industry holds to its 10-year historical pattern, growth in 2014 would produce the highest level of year-end DPW ever reported by the P/C industry. **■**

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Top 25 P/C Companies

Based Upon Dollar Amount of Direct Premium Written (DPW) Growth Year-to-Date Results March 31, 2014 Versus March 31, 2013

Company Name	DPW 3/31/2014	DPW 3/31/2013	\$ Growth	% Growth
State Farm Mutual Automobile Insurance Co.	8,439,283,783	8,051,907,645	387,376,138	4.81%
American Bankers Insurance Co. of Florida	562,378,060	363,025,121	199,352,939	54.91%
State Farm Fire and Casualty Co.	4,117,098,066	3,928,914,263	188,183,803	4.79%
Allstate Fire and Casualty Insurance Co.	1,436,826,763	1,252,146,432	184,680,331	14.75%
GEICO Casualty Co.	699,437,911	518,987,709	180,450,202	34.77%
ACE American Insurance Co.	1,014,873,160	862,427,902	152,445,258	17.68%
Continental Casualty Co.	1,457,238,962	1,313,639,316	143,599,646	10.93%
LM General Insurance Co.	437,129,219	294,441,063	142,688,156	48.46%
State Compensation Insurance Fund	351,160,347	221,433,949	129,726,398	58.58%
USAA General Indemnity Co.	535,202,567	410,927,850	124,274,717	30.24%
Liberty Insurance Underwriters Inc.	237,862,725	125,489,428	112,373,297	89.55%
Wesco Insurance Co.	348,054,629	241,610,034	106,444,595	44.06%
Ohio Security Insurance Co.	193,333,502	89,060,758	104,272,744	117.08%
Arch Insurance Co.	425,287,338	324,703,024	100,584,314	30.98%
Technology Insurance Co. Inc.	291,210,872	193,602,768	97,608,104	50.42%
Allstate Vehicle and Property Insurance Co.	154,155,819	57,059,675	97,096,144	170.17%
GEICO General Insurance Co.	1,878,585,205	1,781,716,524	96,868,681	5.44%
New Jersey Manufacturers Insurance Co.	463,716,509	370,177,391	93,539,118	25.27%
Standard Guaranty Insurance Co.	169,647,783	77,773,091	91,874,692	118.13%
Liberty Insurance Corporation	561,391,233	487,743,271	73,647,962	15.10%
Granite State Insurance Co.	184,647,905	111,860,947	72,786,958	65.07%
Safeco Insurance Co. of Indiana	171,375,599	103,034,408	68,341,191	66.33%
Tokio Marine America Insurance Co.	67,899,026	0	67,899,026	-
USAA Casualty Insurance Co.	1,167,311,424	1,100,472,211	66,839,213	6.07%
Foremost Insurance Co.	476,088,585	411,079,714	65,008,871	15.81%
Top 25 P/C Companies by DPW Growth	25,841,196,992	22,693,234,494	3,147,962,498	13.87%
All Other P/C Companies	110,635,193,467	109,128,490,324	1,506,703,143	1.38%
Total	136,476,390,459	131,821,724,818	4,654,665,641	3.53%

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.