

1 COMBINED RATIO

A key performance indicator that is used to measure the performance & profitability of an insurance company's underwriting activities.

$$\frac{\text{Insurance Company Expenses} + \text{Claims}}{\text{Total Premium}} = \text{Combined Ratio}$$

AM Best is projecting that the US Property & Casualty market combined ratio will improve from an estimated 103.7 percent in 2023 to 100.7 percent by the end of 2024.

2

UNDERWRITING RESULTS

The US Property & Casualty market recorded a underwriting loss of **(\$21.2 billion)** in 2023 according to AM Best.

This is a slight improvement from the **(\$24.9 billion)** loss recorded in the prior year.



3 CATASTROPHIC LOSSES

The United States has sustained 373 weather & climate disasters since 1980 where overall damages exceeded \$1 billion or more (per incident) for an average of 8.5 events per year (CPI adjusted).





The U.S. experienced 28 separate weather and climate disasters in 2023 costing at least \$1 billion+ per event. That number puts 2023 into first place for the highest number of billion dollar disasters in a calendar year.

There have been 60 CAT incidents over \$1 billion from 2019-2022 for an average of 20 per year (National Centers for Environmental Info).



INFLATION

Refers to the sustained increase in the price of goods and services over time and is measured by the percentage change in goods and services typically by the consumer price index (CPI). The federal reserve uses monetary policy to achieve a target rate of inflation of 2%.

-  Since Covid (2020), consumer prices have grown by over 19%.
-  Building materials prices have risen by about 33% since 2020.
-  Average labor cost increased over 18% since the pandemic.
-  Vehicle repairs have increased roughly 20% in the past year alone.





5 REINSURANCE

Reinsurance continues to put pressure on the primary insurance companies by delivering significant increases and higher attachment points.

Example: A partner insurance carrier took over 40% increase on their 1-1 reinsurance renewal and were required to increase their CAT loss attachment point exposure from \$8 million to \$15 million

6 RATES | PREMIUM

Premiums and rates vary by state and industry but there are some notable trends in 2024

-  Commercial Property remains the hardest line of coverage seeing double digit increases in most regions and industries. Underwriting appetite & capacity has decreased over the last 24 months.
-  Commercial Auto & Umbrella are experiencing mid to high single digit increases across the US
-  Workers compensation base rates have gone down in most states. The WCRB announced an average rate decrease of 8.39% effective 10-1-2023
-  Most other lines of coverage are "soft" and experiencing flat to moderate premium increases.