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## **Property/Casualty Insurance Industry's Net Income More Than Doubles to \$34 Billion in First-Half 2018**

JERSEY CITY, N.J., October 15, 2018 — Private U.S. property/casualty insurers saw their net income after taxes more than double to \$34 billion in first-half 2018 from \$15.5 billion in first-half 2017, with the help of lower catastrophe losses, growing premiums, and an increase in investment income, according to ISO, a Verisk (Nasdaq:VRSK) business, and the Property Casualty Insurers Association of America (PCI).

Losses and loss adjustment expenses from catastrophes declined to \$14.6 billion for first-half 2018 from \$18 billion a year earlier. Net written premiums grew 13.3 percent in first-half 2018 from 4.1 percent a year earlier, affected in part by the growth in the economy, rising auto premiums, and changes that multiple insurers made to their reinsurance arrangements. Overall, insurers enjoyed a \$6 billion net underwriting gain, rebounding from a \$4.6 billion net underwriting loss for first-half 2017.

Net investment income jumped 14.6 percent to \$26.8 billion from \$23.4 billion, with the increase mostly due to large dividends from insurers' subsidiaries that don't operate in property/casualty insurance.

*"The strong results that insurers saw in the first quarter of 2018 continued in the second quarter, with net income more than doubling in the first half from a year earlier. The increase in net income was the result of several factors, including lower catastrophe losses, the continued strengthening of the economy, and changes made by multiple insurers to their reinsurance arrangements. But the industry results were also helped by an unusual increase in investment income. Excluding some large insurers with significantly variable income from alternative investments, investment income would have grown only 2.1 percent. That's because yields on the core investment portfolio remain at historically low levels. The claims from Hurricane Michael are yet to come, but the industry is well capitalized to respond to such catastrophes and has access to an array of analytical and technological tools, such as aerial imaging, to help facilitate claims administration and payments to their insureds."*

**Neil Spector, President, ISO**

*"The property/casualty insurance industry got off to a solid start in 2018. There were fewer catastrophic events in the first half of the year, which helped improve the combined ratio to 96.2 percent, the strongest result in the last decade. Net income after taxes more than doubled, as did the annualized rate of return on surplus. While there were realized capital gains in the first half of 2018, they were overshadowed by larger unrealized capital losses. Net yield on invested assets continues to be below average, although slightly better than the last two years. For the second half of 2018, the industry still faces the tail end of the wildfire and hurricane seasons, including losses from Hurricanes Florence and Michael; but the industry is in good health with a strong balance sheet to serve consumer needs and is enjoying record-high J.D. Power customer service ratings."*

**Robert Gordon, PCI's Senior Vice President for Policy, Research and International**

## Second-Quarter Results

Insurers' net income after taxes rose to \$16.9 billion in second-quarter 2018 from \$7.5 billion in second-quarter 2017, and their combined ratio improved to 97.7 percent in second-quarter 2018 from 101.9 percent a year earlier.

Their annualized rate of return on average surplus more than doubled to 9 percent in second-quarter 2018 from 4.2 percent a year earlier.

Net written premiums rose 10.9 percent in second-quarter 2018, compared with 4.2 percent in second-quarter 2017.

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## About ISO

ISO, a Verisk (Nasdaq:VRSK) business, is a leading provider of advanced tools and analytics for the property/casualty insurance industry. Drawing on unique data assets and deep domain expertise, ISO products and services help insurers underwrite and price risks with greater precision and efficiency and manage claims more effectively across the spectrum of commercial and personal lines of insurance. For nearly 50 years, ISO has been a leader in developing innovative solutions and working with multiple stakeholders in the property/casualty insurance marketplace, including insurers, reinsurers, third-party administrators, agents and brokers, insurance regulators, and risk managers. For more information, please visit [www.verisk.com/iso](http://www.verisk.com/iso).

## About PCI

PCI promotes and protects the viability of a competitive private insurance market for the benefit of consumers and insurers. PCI is composed of nearly 1,000 member companies, representing the broadest cross section of insurers of any national trade association. PCI members write \$220 billion in annual premium, 37 percent of the nation's property casualty insurance. Member companies write 44 percent of the U.S. automobile insurance market, 30 percent of the homeowners market, 35 percent of the commercial property and liability market and 37 percent of the private workers compensation market.

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