

Property & Casualty Insurance Industry

OVERVIEW

Strong premium growth, driven largely by rate increases, coupled with abating economic inflation, resulted in the first underwriting profit in four years and the highest in the last ten years for the property and casualty (P&C) insurance industry. A sharp turnaround in the personal lines segment was the key factor in the overall positive underwriting results.

Net income nearly doubled compared to last year, attributed to the underwriting profit and healthy investment returns.

The industry's capital position improved substantially as policyholders' surplus increased 6.5% to over \$1.1 trillion primarily due to the net income. While P&C insurers are well positioned for future growth, 2025 will bring challenges from tariffs, natural disasters, and social inflation which has impacted reserve adequacy in commercial liability lines.

Inside the Report

	Page No.
Market Conditions.....	2
Premium.....	2-4
Underwriting Operations	5-7
Investment Operations	7
Net Income.....	8
Cash Flow & Liquidity	8
Capital & Surplus	9
Reserves	9
Professional Reinsurance	10-12
Title Industry	13-16

U.S. Property and Casualty Insurance Industry Results

(in millions, except for percent)

For the year ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net Premiums Written	934,823	863,425	781,750	719,927	658,910	642,980	621,786	561,952	537,926	524,006
Net Premiums Earned	905,121	826,695	752,690	693,776	646,010	630,772	603,188	549,958	533,236	515,835
Net Losses Incurred	558,845	548,873	499,631	432,600	383,306	378,581	366,258	353,954	323,195	296,749
Loss Expenses Incurred	85,435	81,886	75,464	70,653	69,885	69,242	64,658	65,218	61,829	60,932
Underwriting Expenses	235,898	215,002	200,676	189,527	179,963	173,054	168,228	151,672	148,692	145,753
Underwriting Gain (Loss)	25,360	(19,676)	(24,744)	(112)	12,103	8,374	2,907	(22,459)	(1,700)	11,453
Net Loss Ratio	71.2%	76.3%	76.4%	72.5%	70.2%	71.0%	71.4%	76.2%	72.2%	69.3%
Expense Ratio	25.2%	24.9%	25.7%	26.3%	27.3%	26.9%	27.1%	27.0%	27.6%	27.8%
Combined Ratio	96.9%	101.7%	102.5%	99.6%	98.7%	98.7%	99.1%	103.9%	100.5%	97.8%
1yr Rsrv Devlp/PY PHS	(0.3%)	(0.2%)	(0.5%)	(0.7%)	(0.8%)	(0.8%)	(1.6%)	(1.4%)	(0.7%)	(1.2%)
Net Invmnt. Inc. Earned	84,882	70,312	69,467	52,935	51,595	55,132	53,287	48,978	45,539	47,228
Net Realized Gains (Loss)	79,450	50,505	1,598	18,204	11,064	11,259	10,885	19,833	8,747	10,285
Net Invmnt. Gain (Loss)	164,332	120,818	71,065	71,139	62,659	66,391	64,172	68,812	54,286	57,513
Investment Yield	3.66%	3.21%	3.23%	2.58%	2.75%	3.02%	3.06%	3.08%	3.01%	3.18%
Total Other Income	1,284	5	1,979	3,514	1,034	1,284	1,530	(4,687)	950	1,475
Net Income ¹	166,795	87,297	38,746	60,452	59,198	62,233	57,565	38,717	42,860	56,884
Return on Revenue	15.6%	9.2%	4.7%	7.9%	8.4%	8.9%	8.6%	6.3%	7.3%	9.9%
December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Policyholders' Surplus ²	1,131,618	1,062,988	1,000,893	1,077,866	955,136	891,214	779,921	786,016	734,026	705,948
Return on Surplus	15.2%	8.5%	3.7%	5.9%	6.4%	7.4%	7.4%	5.1%	6.0%	8.1%

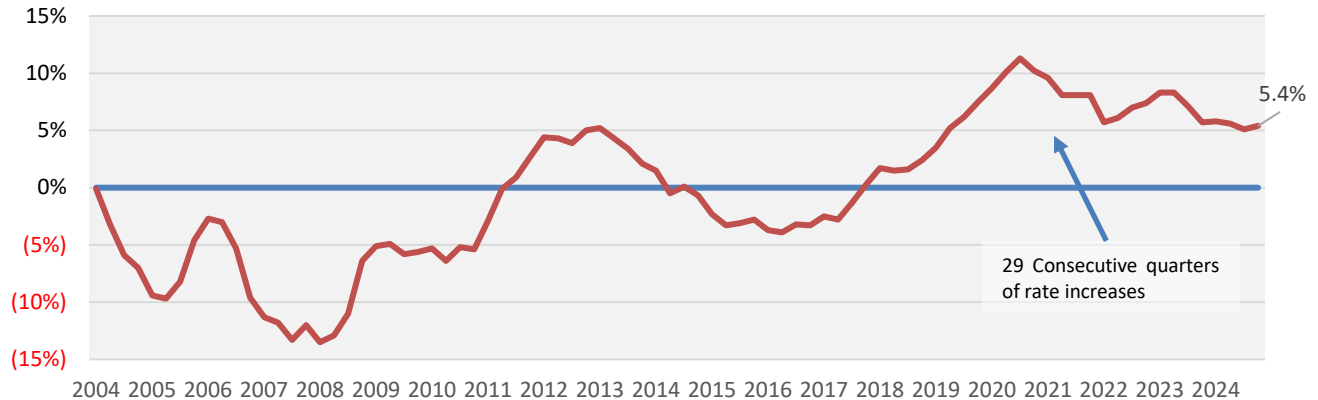
1. Excludes investment income from affiliates. 2. Adjusted to eliminate stacking

MARKET CONDITIONS

The U.S. P&C hard market conditions persisted into 2024 for both commercial and personal lines. Price increases are stabilizing in the commercial lines sector as shown in the chart below as commercial insurers have been taking steady rate increases for 29 consecutive quarters to offset pressures from catastrophes and economic and social inflation. According to The Council of Insurance Agents and Brokers (CIAB) Q4 Market Survey, commercial premiums increased by an average of 5.4% across all lines in the fourth quarter of 2024, up slightly from 5.1% in the third quarter.

Average Commercial Premium Pricing by Quarter (All Lines)

Source: The Council of Insurance Agents and Brokers



The CIAB survey stated that while commercial property remained challenging, premium increases moderated in the fourth quarter with a 6.0% increase compared to a 7.9% increase last quarter and an 11.8% increase in Q4 2023. The survey also showed that commercial auto rates increased 8.9% in the fourth quarter, marking 54 consecutive quarters of rate increases within this line as respondents reported rising claims costs and reduced underwriting capacity.

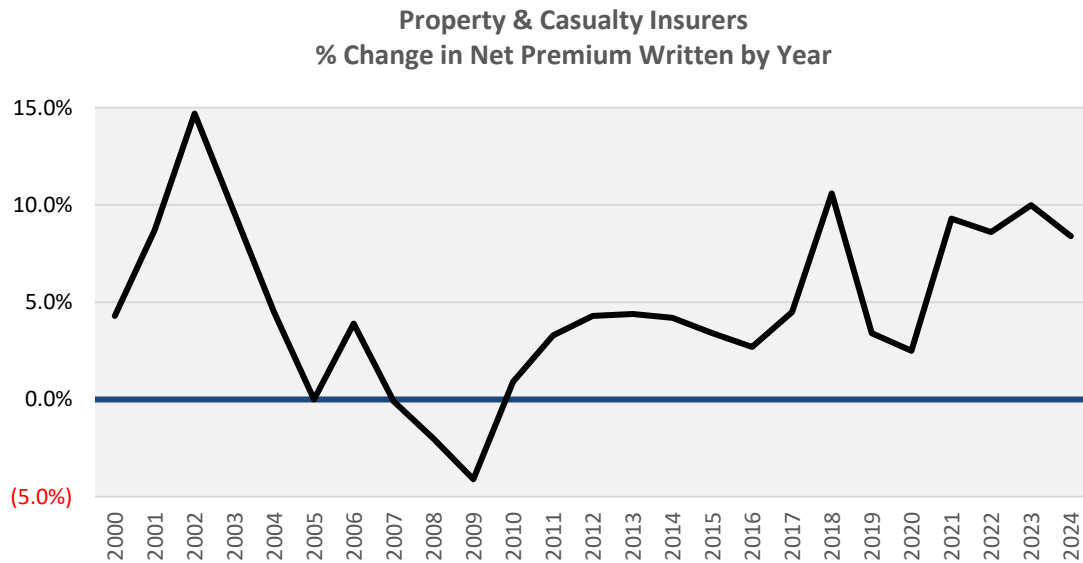
Double-digit rate increases in the personal lines market led to a material improvement in underwriting results as increases in claims costs were moderate. This could lead to a stabilization in the personal lines market in 2025.

PREMIUM

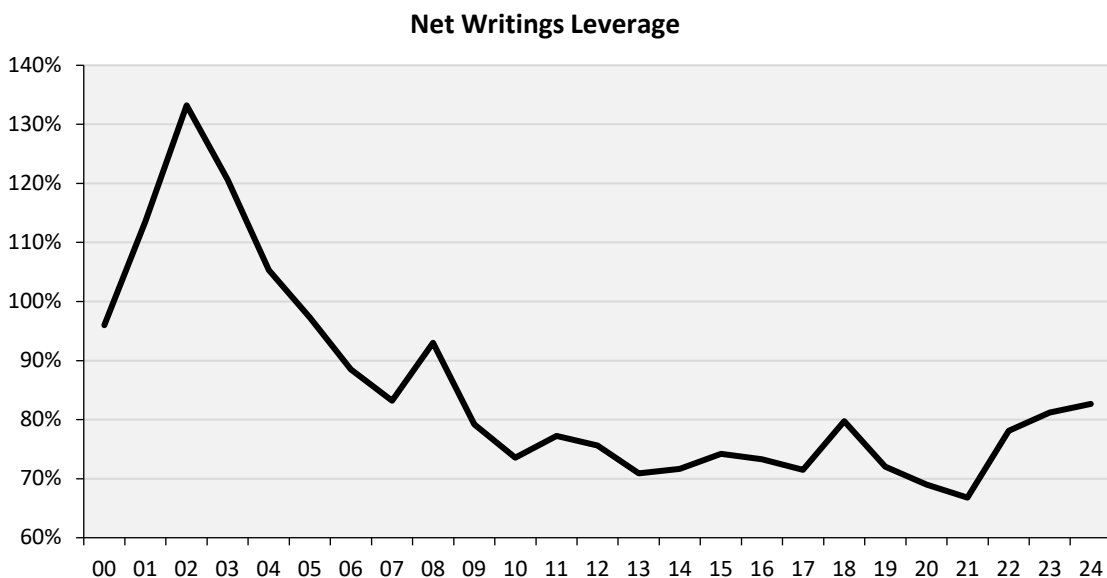
Strong premium growth in the P&C industry continued, evidenced by a 9.7% increase in direct premiums written (DPW) to \$1.1 trillion, driven by rate increases primarily in the personal lines market which comprised roughly half of total DPW. Homeowners DPW increased 13.4% year-on-year (YoY), while auto physical damage, and liability increased 14.4% and 12.7%, respectively. Insurers have raised premium rates to levels needed to offset challenges from economic inflation and natural catastrophes over the past few years. In the commercial lines market, property lines continued to experience growth at a slightly lesser pace than the overall average, while most commercial liability lines continued to experience double-digit increases primarily due to pressures from social inflation. Workers' compensation rates continued to decline due to strong performance driven by favorable prior year reserve development.

Line of Business	DPW (\$B)	% Change
Personal auto liability	\$182.4	12.7%
Personal auto phys. dmg.	\$158.5	14.4%
Homeowners	\$173.2	13.4%
Commercial MP-non-liab.	\$45.5	8.9%
Commercial auto phys. dmg.	\$16.4	9.9%
Fire	\$31.8	12.4%
Allied lines	\$31.2	11.1%
Other liab. Occ.	\$83.6	10.3%
Commercial auto liab.	\$54.6	12.8%
Commercial MP-liab.	\$21.6	5.0%
Workers' comp	\$57.5	(1.6%)
Other liab. CM	\$40.4	(0.1%)

Assumed premiums written increased 1.8% YoY to \$852.3 billion, of which 88.8% consisted of affiliated assumptions. U.S. intercompany pooling agreements comprised 58.9% of reinsured business, followed by 28.4% affiliated non-pooled business. Ceded premiums written amounted to \$973.2 billion, a 3.5% increase compared to last year. Overall, net premiums written (NPW) increased 8.4% to \$935.7 billion.



The above-average growth in net premiums outpaced the growth in surplus over the past three years resulting in slightly higher net writings leverage ratio that increased from 66.8% in 2021 to 82.7%. However, net income over the last two decades has aided the growth in surplus, resulting in a positive trend in writings leverage, leaving P&C insurers well positioned to grow and withstand large scale losses.



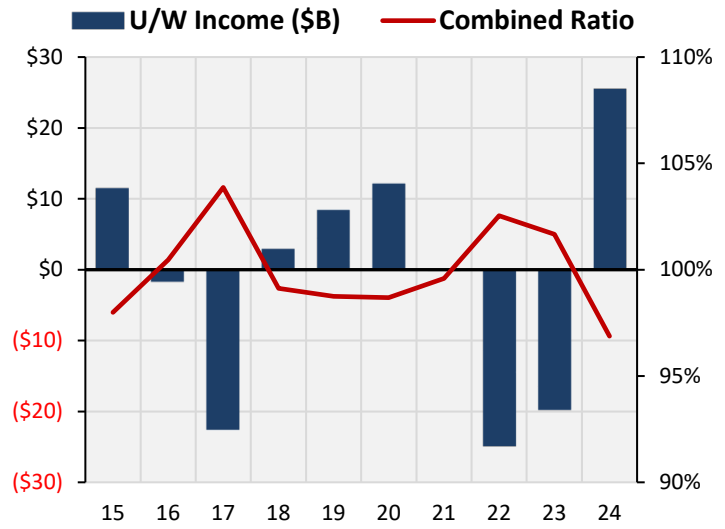
The table on the following page shows DPW by state and territory along with the pure direct loss ratio (PDLR). DPW increased in every continental U.S. state, with double digit increases in 19 states. All but 14 states and territories saw improved PDLR's compared to last year.

Direct Writings & Profitability by State and Territory (in Thousands except for percent)

State	Direct Premiums Written			Pure Direct Loss Ratio			Losses Incurred		Premiums Earned	
	Change	2024	2023	Change	2024	2023	2024	2023	2024	2023
AL	8.4%	14,252,695	13,146,853	(8.0) pts	55.2%	63.2%	7,646,732	7,932,869	13,843,781	12,554,458
AK	8.0%	2,153,409	1,994,750	(6.2) pts	46.8%	53.1%	982,679	1,025,399	2,098,853	1,932,800
AR	11.1%	19,956,913	17,959,863	(6.5) pts	57.8%	64.3%	11,103,705	10,981,267	19,226,081	17,078,620
AR	12.4%	8,916,623	7,931,849	(15.0) pts	70.3%	85.3%	5,995,163	6,423,348	8,522,956	7,528,994
CA	11.7%	124,284,187	111,241,865	(5.2) pts	61.5%	66.7%	73,243,953	72,022,587	119,138,638	107,987,170
CO	10.2%	22,687,265	20,582,327	(16.2) pts	61.3%	77.6%	13,437,306	15,238,969	21,903,025	19,639,675
CT	10.7%	12,745,353	11,508,463	(1.4) pts	61.7%	63.0%	7,557,512	7,005,192	12,253,512	11,111,243
DE	9.3%	4,200,283	3,842,583	(9.1) pts	55.8%	64.9%	2,266,837	2,381,057	4,059,896	3,668,330
DC	4.6%	2,824,398	2,699,081	6.5 pts	49.8%	43.3%	1,378,417	1,116,105	2,765,584	2,577,683
FL	8.6%	95,622,144	88,063,580	5.0 pts	62.4%	57.4%	58,176,043	47,128,396	93,187,513	82,069,166
GA	11.3%	35,648,342	32,039,933	3.7 pts	77.4%	73.7%	26,627,828	22,801,322	34,418,923	30,946,883
HI	13.9%	3,974,466	3,490,752	(91.5) pts	48.1%	139.6%	1,790,660	4,669,909	3,725,069	3,345,197
ID	11.0%	5,282,288	4,757,044	(8.1) pts	56.6%	64.7%	2,852,211	2,948,163	5,040,832	4,556,864
IL	9.3%	39,265,181	35,938,936	(6.1) pts	62.8%	68.8%	23,746,096	23,963,158	37,825,664	34,809,995
IN	8.7%	17,741,403	16,323,699	(1.2) pts	61.7%	62.9%	10,549,685	9,853,435	17,100,118	15,668,704
IA	7.8%	10,614,474	9,843,752	(17.6) pts	56.2%	73.8%	5,755,463	6,968,028	10,246,392	9,442,780
KS	6.9%	10,228,125	9,565,831	(12.2) pts	65.1%	77.3%	6,442,395	7,183,002	9,899,681	9,296,135
KY	9.7%	11,132,739	10,149,222	(21.0) pts	58.1%	79.2%	6,248,891	7,734,497	10,751,498	9,770,351
LA	10.2%	17,877,430	16,226,096	(5.9) pts	51.2%	57.1%	8,990,361	8,839,163	17,546,417	15,469,318
ME	8.7%	3,603,568	3,316,037	(8.2) pts	49.3%	57.4%	1,716,510	1,823,550	3,483,775	3,175,434
MD	9.7%	17,760,372	16,186,978	(4.1) pts	57.1%	61.1%	9,810,268	9,560,307	17,193,119	15,639,935
MA	7.6%	23,086,817	21,453,245	(6.8) pts	48.8%	55.6%	10,959,561	11,385,058	22,438,979	20,472,824
MI	10.0%	26,899,581	24,453,319	(3.0) pts	62.8%	65.8%	16,364,375	15,515,758	26,051,869	23,581,073
MN	10.7%	18,906,625	17,081,121	(18.3) pts	59.0%	77.3%	10,688,720	12,537,510	18,102,857	16,219,677
MS	8.8%	8,166,161	7,505,441	(18.4) pts	52.9%	71.3%	4,196,408	5,153,294	7,934,541	7,226,622
MO	8.3%	18,703,069	17,261,874	(0.1) pts	69.3%	69.4%	12,548,078	11,481,010	18,107,793	16,539,205
MT	8.7%	4,140,881	3,807,820	1.3 pts	56.5%	55.2%	2,251,015	2,025,856	3,985,583	3,668,299
NE	8.6%	8,224,894	7,573,101	7.3 pts	81.5%	74.1%	6,470,255	5,372,466	7,942,753	7,246,185
NV	12.1%	9,600,843	8,561,822	0.4 pts	73.1%	72.7%	6,761,378	5,924,381	9,248,862	8,152,993
NH	9.9%	3,673,409	3,342,091	(1.5) pts	51.9%	53.4%	1,839,651	1,718,741	3,542,800	3,218,405
NJ	8.8%	31,664,386	29,103,188	(0.6) pts	63.4%	64.0%	19,335,683	17,963,796	30,490,942	28,057,666
NM	9.6%	5,524,157	5,038,116	1.5 pts	73.4%	71.8%	3,896,254	3,454,938	5,311,151	4,808,582
NY	8.5%	69,113,656	63,688,945	(0.4) pts	64.5%	64.9%	43,283,350	39,984,624	67,083,733	61,586,836
NC	9.9%	26,408,439	24,036,512	6.7 pts	66.3%	59.6%	16,933,976	13,744,918	25,530,417	23,047,322
ND	0.2%	3,834,856	3,826,625	(9.4) pts	48.0%	57.4%	1,784,108	2,128,868	3,718,938	3,711,916
OH	8.9%	25,494,910	23,410,699	(7.2) pts	57.9%	65.1%	14,307,862	14,603,159	24,708,562	22,443,224
OK	8.5%	12,284,211	11,325,023	(13.4) pts	63.5%	76.9%	7,595,917	8,366,866	11,966,931	10,878,952
OR	9.3%	11,489,077	10,515,829	3.4 pts	62.9%	59.4%	7,008,255	6,032,942	11,145,107	10,149,183
PA	8.6%	35,321,396	32,532,670	(2.1) pts	59.0%	61.1%	20,196,218	19,226,125	34,246,480	31,479,217
RI	9.6%	3,702,515	3,378,527	(9.6) pts	53.2%	62.8%	1,906,242	2,047,057	3,582,054	3,258,354
SC	12.1%	16,908,051	15,078,257	10.4 pts	71.5%	61.1%	11,627,177	8,824,621	16,258,774	14,437,098
SD	2.7%	4,075,664	3,970,217	(13.9) pts	51.2%	65.1%	2,018,979	2,492,708	3,946,883	3,831,887
TN	10.9%	19,338,788	17,442,243	(12.0) pts	58.0%	70.1%	10,812,404	11,615,139	18,633,604	16,581,048
TX	10.6%	102,821,621	92,970,325	(4.0) pts	64.9%	68.9%	64,463,245	60,576,487	99,309,152	87,932,082
UT	10.9%	8,983,136	8,100,467	(1.1) pts	57.4%	58.5%	4,949,464	4,488,497	8,624,932	7,673,221
VT	10.2%	1,807,874	1,640,326	(10.5) pts	51.4%	61.9%	894,167	969,148	1,739,882	1,565,907
VA	9.7%	22,281,338	20,316,519	0.8 pts	55.3%	54.5%	11,924,180	10,576,704	21,565,273	19,392,595
WA	15.4%	20,896,191	18,109,893	(2.7) pts	69.2%	71.9%	13,761,822	12,441,549	19,889,376	17,309,206
WV	7.6%	3,919,990	3,643,445	(4.3) pts	55.0%	59.3%	2,091,380	2,082,174	3,805,317	3,512,258
WI	8.9%	15,927,074	14,623,479	(2.6) pts	57.8%	60.4%	8,904,031	8,513,219	15,410,993	14,101,509
WY	10.4%	2,010,445	1,820,520	(5.8) pts	48.0%	53.8%	924,508	932,659	1,924,759	1,733,939
AS	63.4%	57	35	514.4 pts	592.1%	77.7%	444	26	75	33
GU	(4.6%)	362,872	380,523	(112.2) pts	37.1%	149.2%	125,223	533,399	337,687	357,427
PR	7.9%	3,486,832	3,231,485	(8.5) pts	30.4%	39.0%	1,021,619	1,174,792	3,356,824	3,014,986
VI	(23.0%)	127,028	165,028	6.6 pts	34.1%	27.5%	44,330	45,338	129,877	164,709
MP	(4.6%)	20,019	20,988	3.6 pts	41.7%	38.1%	7,493	7,179	17,971	18,848
Totals	9.7%	1,060,526,706	966,742,205	(3.7) pts	61.8%	65.5%	633,209,876	606,500,154	1,024,892,689	925,921,815

UNDERWRITING OPERATIONS

The U.S. P&C industry posted its first underwriting profit in four years. The \$25.4 billion underwriting gain in 2024 marked the best year since 2006, driven primarily by premium growth in personal lines, which offset higher losses from natural disasters. Four consecutive years of roughly 10% premium growth, combined with lower economic inflation in the current year, helped insurers reverse underwriting losses from the previous two years, which were driven by high claims severity. Overall, net premiums earned increased 9.5% while net losses and LAE incurred increased only 2.1%, leading to a 5.1-point improvement in the net loss ratio to 71.2%. The expense ratio worsened 0.3-points to 25.2% as the 8.3% increase in net premiums written was outpaced by a 9.7% increase in other underwriting expenses incurred. Overall, the combined ratio improved 4.8-points to 96.9%.



Natural Catastrophes

In 2024, insured losses from natural catastrophes in the U.S. amounted to roughly \$110 billion, the highest since 2017. Severe convective storms accounted for a significant portion of insured losses for the second consecutive year, with most estimates around \$50 billion for the year. There were also three major hurricanes that impacted the U.S., Hurricanes Helene, Milton, and Beryl, costing insurers over \$40 billion. In total, there were 27 catastrophic events in the U.S. that generated at least \$1 billion in insured losses in 2024 according to the NOAA. This is considerably higher than the historical annual average of 9 such events from 1980-2024 and an average of 23 events over the most recent five years.

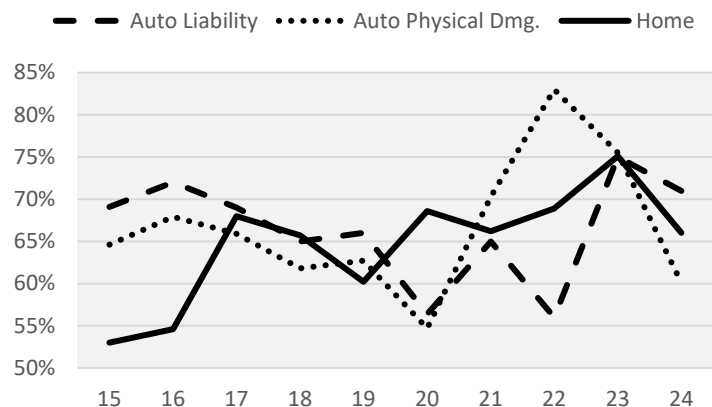
Source: NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2025). <https://www.ncei.noaa.gov/access/billions/>, DOI: [10.25921/stkw-7w73](https://doi.org/10.25921/stkw-7w73)

Personal Lines

Significant premium growth driven by higher rates, combined with easing inflation, led to a turnaround in personal lines underwriting performance. The combined ratio for the personal lines market improved 8.7-points to 96.0%.

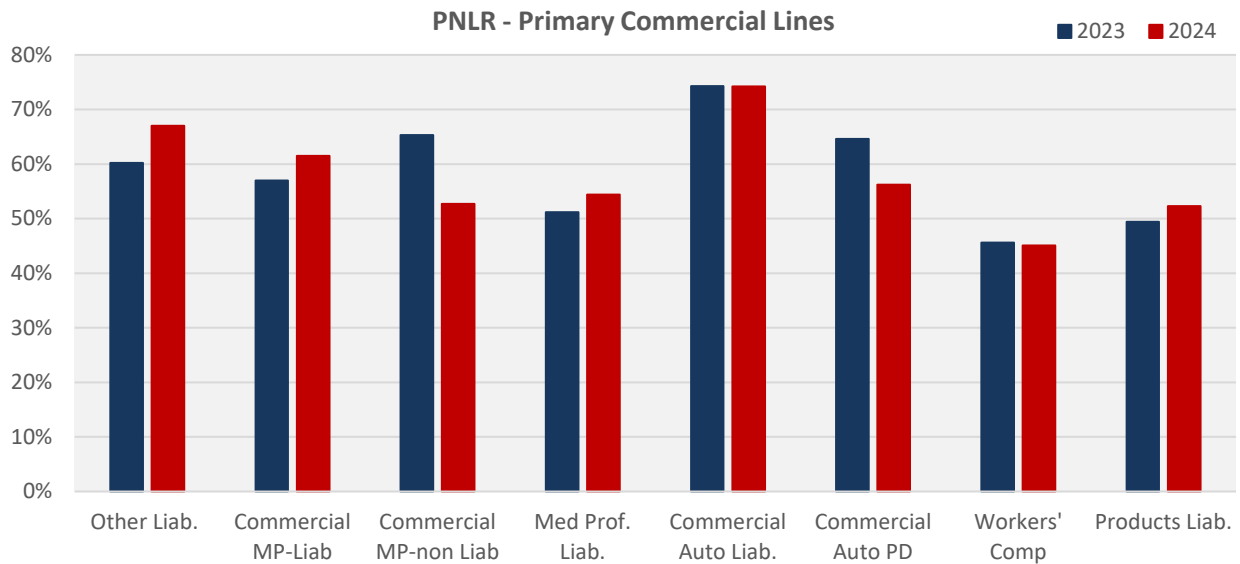
Improvements primarily occurred within property lines. Net premiums earned in the homeowners line increased 10.3% while net losses incurred decreased 1.0%, resulting in a 9.1-point improvement in the pure net loss ratio (PNLR) to 66.0%. The personal auto physical damage line saw a 16.8% increase in net premiums earned and a 6.4% decrease in net losses incurred, leading to a 15.1-point improvement in the PNLR to 60.4%. In the personal auto liability line, net premiums earned increased 12.6%, while net losses incurred increased at a significantly lesser rate of 4.3%, leading to a more modest improvement of 4.3-points in the PNLR to 70.8%.

Personal Lines Pure Net Loss Ratios

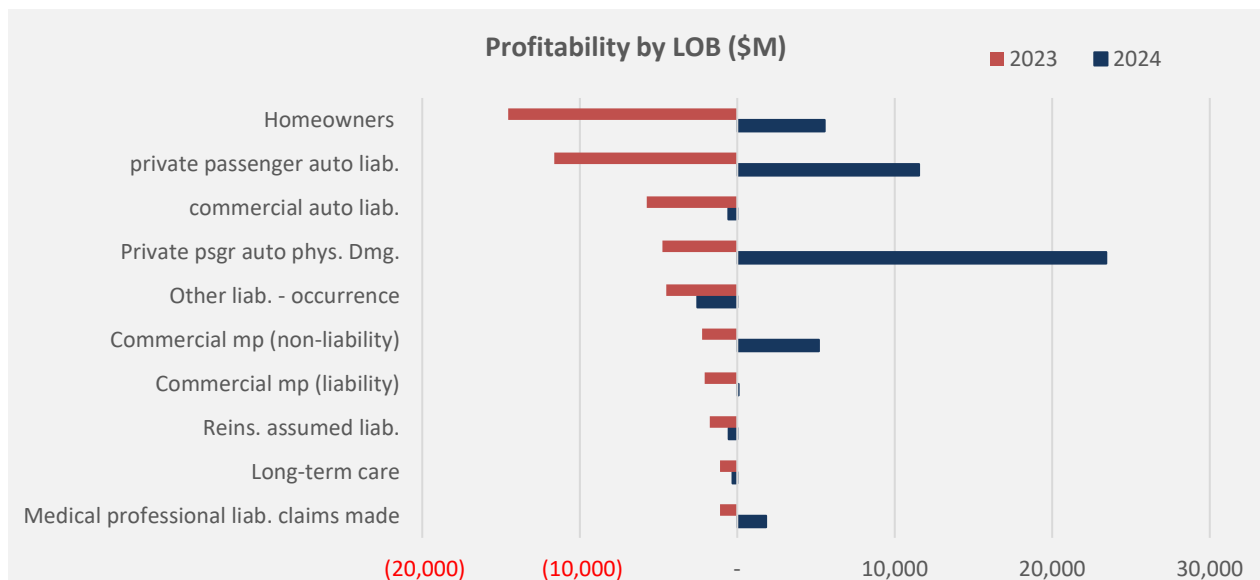


Commercial Lines

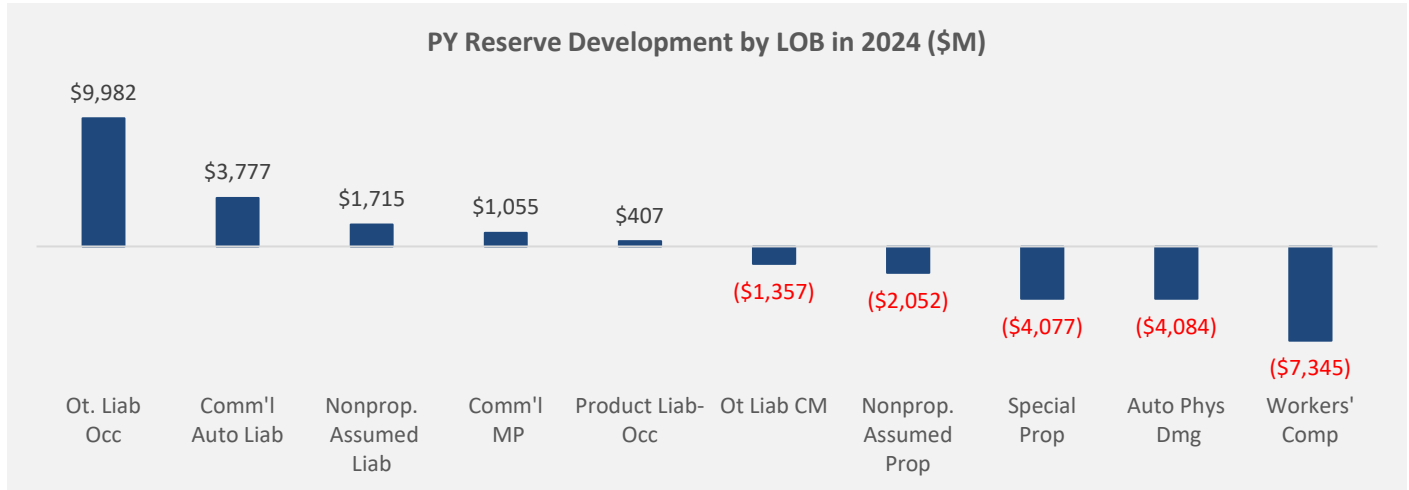
Underwriting results in commercial property lines of business improved due to favorable trends in net losses incurred and substantial increases in premiums. The most significant improvement was the commercial multiple peril non-liability portion in which net premiums earned increased over 10.0% to \$36.6 billion while net losses incurred decreased 11.0% to \$19.3 billion resulting in a 12.6-point improvement in the PNLR to 52.7%. The PNLR for commercial auto physical damage improved 8.4-pts to 56.2% despite the ongoing trend of higher repair costs largely tied to increased amount of safety technology in vehicles.



The PNLR for most commercial liability lines were either flat or worsened YoY, due, in part, to ongoing issues with social inflation driving up loss costs. The PNLR for the other liability line worsened nearly 6.8-points to 67.0% primarily due to continued adverse prior year reserve development which totaled \$4.7 billion in 2024, contributing to a 13.8% increase in losses and LAE incurred. The PNLR for the liability portion of commercial multiple peril worsened 4.5-points to 61.5% largely due to an 11.0% increase in losses and LAE incurred. The commercial auto liability PNLR was roughly the same as last year.



The chart on the previous page shows the most unprofitable lines in 2023 compared to a profit in most lines in 2024. The homeowners line was the most unprofitable last year with a \$14.5 billion loss which turned around to a \$5.6 billion profit this year. The personal auto physical damage line generated a \$23.4 billion gain versus a \$4.8 billion loss last year.

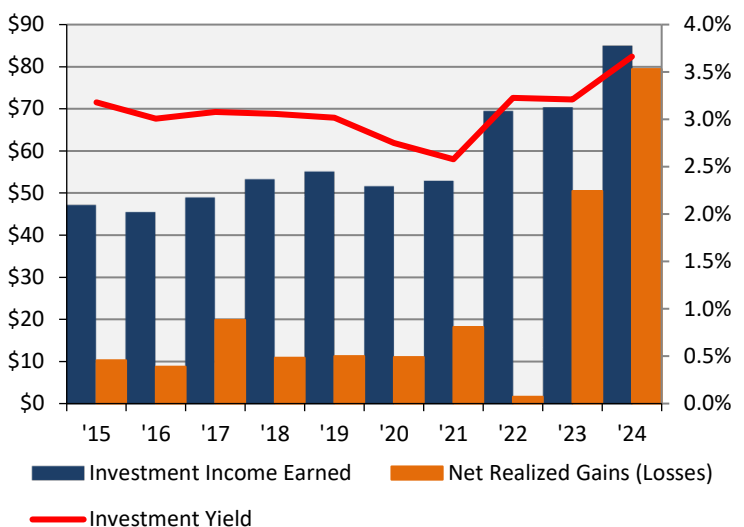


Many commercial liability lines of business have been unprofitable in recent years primarily due to adverse prior year reserve development. Prior year reserves were deficient by \$10.0 billion in the other liability-occurrence line of business, a significant deterioration compared to a \$4.7 billion deficiency last year. The commercial auto liability line has experienced difficulties for several years that can be largely attributed to adverse reserve development. The struggle in most commercial liability lines has been due in large part to social inflation, which is characterized by large verdicts or settlements with inflated non-economic damages which lead plaintiffs in other open claims to seek similar awards, making existing reserves inadequate. Conversely, the workers' compensation line has been the most profitable major line of business for several years fueled by a stable job market and wage growth and a decline in claim frequency which has resulted in prior year reserve releases.

INVESTMENT OPERATIONS

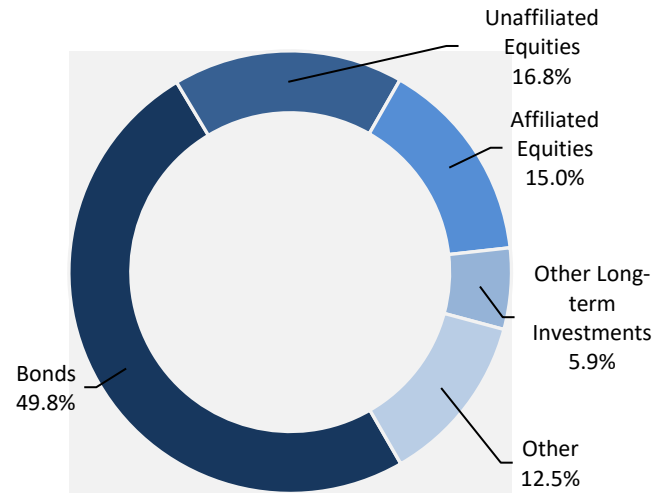
Net investment income increased 36.0% compared to last year to \$164.3 billion. Net investment income earned was 20.7% higher than last year at \$84.9 billion. Investment income earned was primarily derived from bonds at 54.5% of the total, or \$55.6 billion, while stocks comprised 18.1%, and other invested assets 8.6%. Realized capital gains increased 57.3% to \$79.5 billion, driven by a single insurer selling common stock, which accounted for nearly all of the industry realized capital gains. The higher interest rate environment negatively impacted bond prices, resulting in a \$4.7 billion realized loss on total bonds, driven primarily by losses on unaffiliated bonds of \$3.8 billion. The investment yield was 0.5-points higher at 3.2% due to the higher overall returns.

Investment Income (\$B)



As shown in the chart on the right, P&C insurers' investment portfolios consisted primarily of bonds, comprising half of cash and invested assets at December 31, 2024. Insurers have shifted their investment strategy over the years. Starting in 2008 after the financial crisis, the Fed lowered interest rates to stimulate the economy and insurers began to seek higher returns through riskier investments such as unaffiliated common stock and Schedule BA assets. At that time, bonds comprised 63.0% of cash and invested assets. The Fed increased the federal funds rate eight times in 2022 and four times in 2023 to bring inflation under control which proved effective as inflation has eased and interest rates have dropped slightly, reaching 4.5% at December, 2024. It remains to be seen whether insurers will shift back to a more conservative investment strategy.

Cash & Investd Assets at Dec. 31, 2024

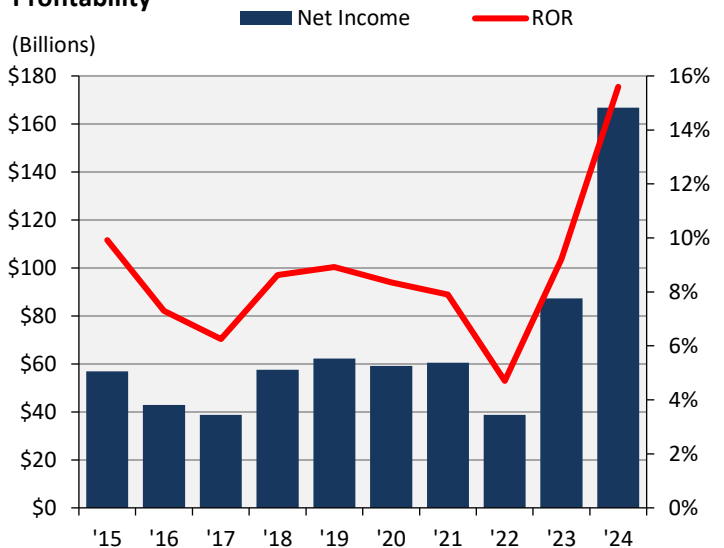


NET INCOME

Net income increased 91.1% to \$166.8 billion on the substantial turnaround in underwriting results and continued strong investment performance. Overall, the P&C industry recorded a profit for the 23rd consecutive year.

Return on revenue—a measure of net income to net premiums earned, net investment income earned, and realized capital gains (losses)—jumped 6.4-points to 15.4%.

Profitability

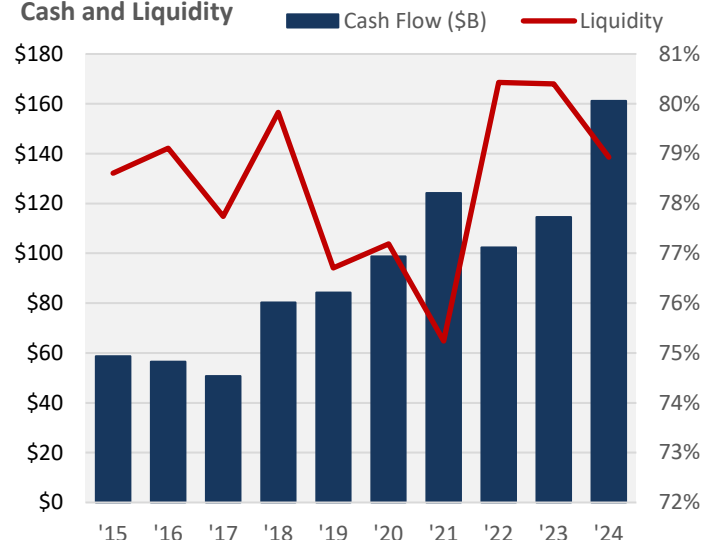


CASH & LIQUIDITY

Net cash provided by operating activities increased 40.7% to \$161.2 billion. Operating cash inflows increased 10.7% due to a 9.7% increase in Premiums collected net of reinsurance to \$928.3 billion, and a 19.4% increase in net investment income (adjusted for affiliates) to \$83.9 billion. Partially offsetting the increase in cash inflows was a 6.4% increase in cash outflows driven by a 7.4% increase in commissions and expenses paid, and a 0.5% increase in benefit and loss payments.

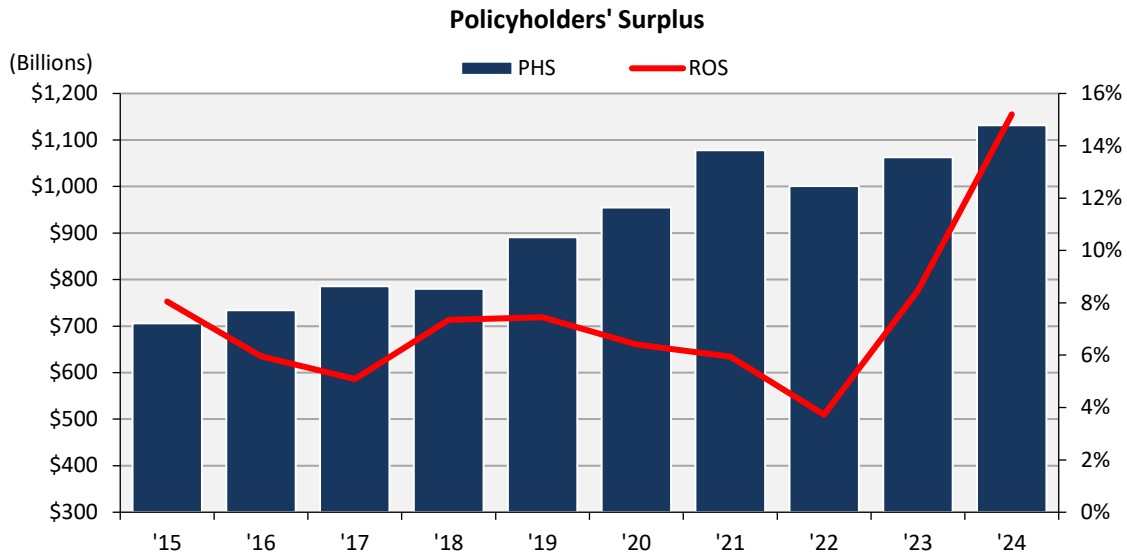
The industry liquidity ratio improved 1.5-points to 78.9%. Liquid assets increased 7.0% due to growth in cash and invested assets while adjusted liabilities grew at a lesser pace of 5.1%.

Cash and Liquidity



CAPITAL & SURPLUS

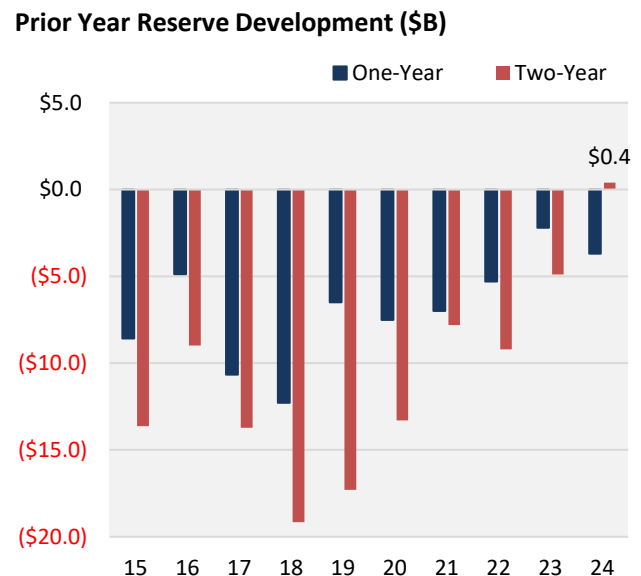
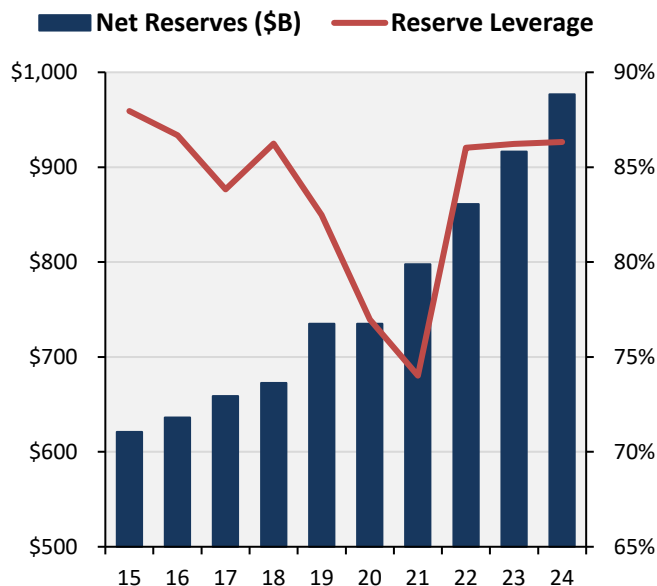
Industry aggregated policyholders' surplus (adjusted for affiliated investments) increased 6.5% compared to the prior year-end to a new all-time high of \$1.13 trillion at December 31, 2024. The \$166.8 billion net profit was partially offset by \$93.1 billion in stockholder dividends and unrealized investment losses of \$14.7 billion. Return on surplus—a measure of net income to average policyholders' surplus—increased 6.7-points to 15.2%.



LOSS & LAE RESERVES

Total Loss and LAE reserves increased 6.6% to \$976.9 billion and was comprised of \$821.6 billion unpaid losses and \$155.2 billion unpaid LAE. Reserve leverage was unchanged at 86.3% due to the increase in policyholders' surplus.

The industry benefited from prior-year reserve releases, however, the trend is decelerating as seen on the chart on the right. There was a one-year redundancy of \$3.7 billion, however, second prior-year reserves developed adversely by \$400 thousand. Economic and social inflation have placed added pressure on actuaries in estimating future liabilities.



LOOKING AHEAD

While 2024 was a successful year, it was made possible largely due to sizeable rate increases in the personal lines segment and it is unclear if the increases will be necessary or sustainable in 2025. Other headwinds that could impact profitability of the P&C industry are:

- Potential tariffs that could impact loss costs in several lines of business.
- Continued large catastrophic losses. The first quarter California wildfires were the costliest wildfires on record globally, costing insurers roughly \$40.0 billion. Further, an increase in the frequency and severity of weather-related losses is likely to continue. Several severe convective storms have occurred in the first quarter of 2025.
- Social inflation will likely continue, pushing commercial liability claims costs higher and weakening prior-year reserve adequacy.

Professional Reinsurance Market

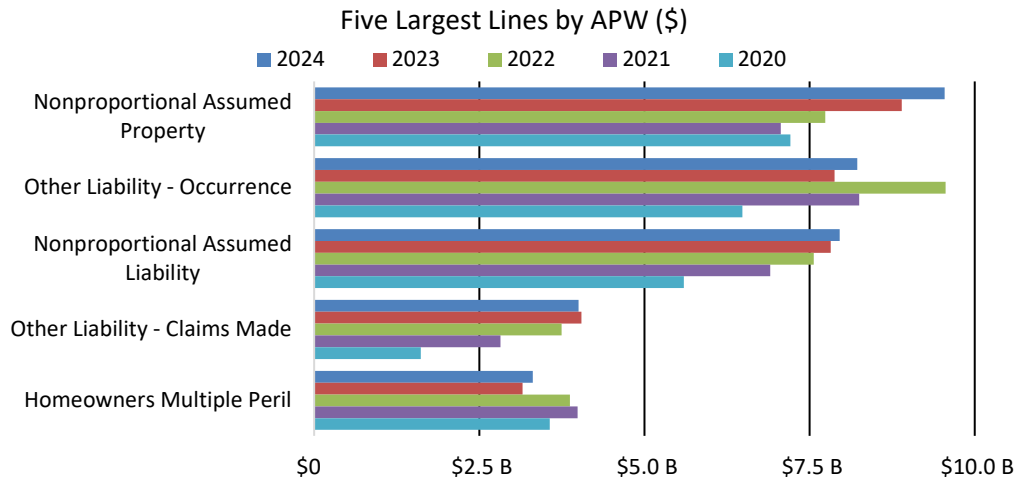
The following section captures the industry’s professional reinsurers - insurers in which reinsurance is their primary business, particularly through unaffiliated assumptions. This section represents the aggregated results of 22 reinsurers that are considered professional reinsurers. The same group of reinsurers is used for all five years of data.

Financial Snapshot *(in millions, except for percent)*

<i>For the Year Ended December 31,</i>	YoY Chg	2024	2023	2022	2021	2020
Unaffiliated Assumed Premiums Written	8.6%	52,132	47,998	48,883	46,306	39,053
Net Premiums Written	21.1%	46,020	38,015	45,039	47,110	35,561
Net Premiums Earned	17.5%	44,655	38,007	44,007	44,135	34,106
Net Losses Incurred	34.4%	28,175	20,961	27,951	29,371	22,831
Loss Expenses Incurred	21.4%	2,836	2,336	2,324	2,710	2,326
Underwriting Expenses	11.2%	14,362	12,910	13,818	13,351	11,448
Underwriting Gain (Loss)	(143.5%)	(748)	1,722	(128)	(1,324)	(2,511)
Net Loss Ratio	8.1-pts	69.4%	61.3%	68.8%	72.7%	73.8%
Expense Ratio	(2.8)-pts	31.2%	34.0%	30.7%	28.3%	32.2%
Combined Ratio	5.4-pts	100.7%	95.3%	99.5%	101.0%	106.0%
Net Investment Income Earned	20.0%	5,295	4,412	3,242	2,487	2,648
Net Realized Gains (Loss)	(113.5%)	38	(281)	(934)	679	906
Net Investment Gain (Loss)	29.1%	5,333	4,131	2,308	3,166	3,555
Investment Profit Ratio	1.1-pts	11.9%	10.9%	5.2%	7.2%	10.4%
Net Income	(20.8%)	3,586	4,525	2,160	1,116	1,327
Return on Revenue	(3.6)-pts	7.2%	10.7%	4.7%	2.4%	3.5%

PREMIUM ANALYSIS

After a slight contraction in 2023, unaffiliated assumed premiums written (APW) increased 8.6% compared to 2023 to \$52.1 billion. This was a 33.5% increase compared to five years ago. Insurers classified as professional reinsurers accounted for approximately 55% of total unaffiliated APW in the U.S. property and casualty industry.

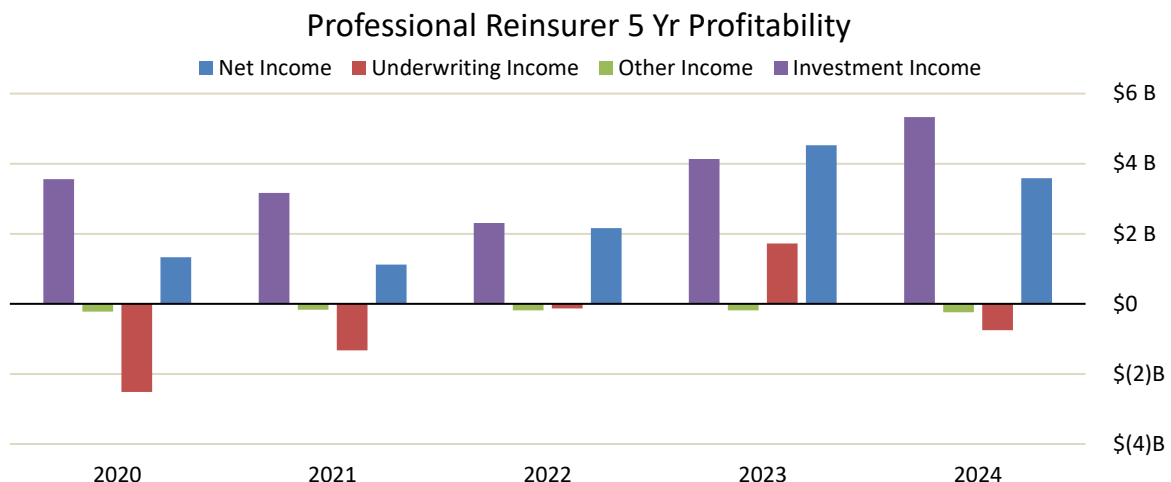


In 2024, the top five largest lines by unaffiliated APW were as follows: nonproportional assumed property (18.3%), other liability – occurrence (15.8%), nonproportional assumed liability (15.3%), other liability – claims made (7.7%), and homeowners multiple peril (6.4%). These have been the top five lines for the last four years, though not always in the same order. This year, unaffiliated APW increased for four out of the top five lines.

Total assumptions (affiliated and unaffiliated) increased 10.2% compared to 2023 to \$67.7 billion, of which unaffiliated assumptions accounted for 77.0%. Gross premiums written totaled \$69.9 billion. APW to GPW has consistently been in the upper 90% range and was 96.8% for the current year. Net premiums written (NPW) increased 21.1% compared to 2023 to \$46.0 million (29.4% more than five years ago). The increase was largely related to a single reinsurer. NPW to GPW increased 6.2 points to 65.8% largely due to the jump in NPW.

PROFITABILITY

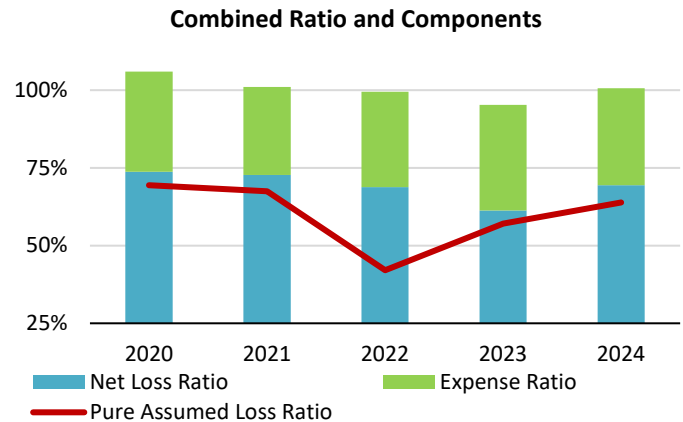
Net income totaled \$3.6 billion; a 20.8% decrease compared to 2023 due to increased losses and LAE incurred, as well as underwriting expenses incurred, which outpaced the increase in net premiums earned. This was the sixth consecutive year that the professional reinsurance market reported positive net income despite recent challenges, including above-average insured loss events from natural catastrophes and the effects of economic and social inflation. The professional reinsurance market recorded a \$748.4 million underwriting loss compared to a \$1.7 billion underwriting gain in 2023. Other income remained fairly consistent over the years, totaling \$(238.0) million in 2024. Investment income increased 29.1% year-over-year (YoY) to \$5.3 billion.



The professional reinsurance market had a pure assumed loss ratio (PALR) of 63.9% in 2024, which worsened 6.9 points compared to 2023. Assumed losses incurred increased 21.3% to \$41.8 billion while assumed premiums earned increased 8.3% to \$65.4 billion.

The combined ratio worsened 5.4 points to 100.7% in 2024 and was comprised of a net loss ratio of 69.4% (worsened 8.1 points YoY) and an expense ratio of 31.2% (improved 2.8 points YoY). This is the first time the combined ratio was over 100% since 2021.

Compared to the overall property and casualty industry, the 2024 professional reinsurance market combined ratio and expense ratio were 3.8 points and 6.0 points worse, respectively, while the net loss ratio was 1.8 points better.



Two of the top five lines had combined ratios worse than the overall ratio and over 100%: other liability – occurrence (134.9%) and nonproportional assumed liability (111.9%). Additionally, nonproportional assumed property, other liability – claims made, and homeowners multiple peril had combined ratios better than the overall industry average at 64.3%, 94.9%, and 97.9%, respectively.

Of the 45 lines of business with net premiums written in 2024, 18 had combined ratios above the industry average, and 20 exceeded 100%.

CAPITAL AND SURPLUS

Consolidated policyholders' surplus increased 8.6%, or \$4.9 billion, from the prior year-end to \$61.8 billion. This followed a 13.2% increase in 2023. Additionally, return on surplus decreased 2.4 points YoY to 6.0%.

Profitable operations, net unrealized gains of \$1.6 billion, and capital contributions totaling \$2.1 billion were the primary factors that drove the surplus growth in 2024, among other lesser factors, which collectively outweighed \$2.9 billion in dividends to stockholders, among other lesser losses to surplus.

CASH AND LIQUIDITY

Net cash from operations totaled \$11.6 billion, a 111.0% increase compared to 2023. Cash inflows increased 13.3% to \$51.1 billion and primarily consisted of premiums collected net of reinsurance, which increased 12.0% to \$45.9 billion. Additionally, net investment income and miscellaneous income increased 20.3% to \$5.1 billion and 204.4% to \$122.8 million, respectively. Cash outflows decreased 0.3% to \$39.5 billion. Cash outflows were mostly due to benefit and loss related payments, which decreased 10.3% to \$21.7 billion and commissions, expenses paid and aggregate write-ins for deductions, which increased 14.3% to \$16.6 billion.

Net cash from investments was \$(6.0) billion as total investments acquired of \$50.7 billion (up 18.2% compared to 2023) outpaced total investment proceeds of \$44.7 billion (up 10.7% compared to 2023). Net cash from financing was negative again at \$(2.3) billion, a little over double compared to 2023.

Net cash from operations offset net cash from investments and net cash from financing and miscellaneous sources, resulting in a \$3.4 billion increase in cash, cash equivalents, and short-term investments to \$24.0 billion.

Liquid assets increased 7.9% to \$122.2 billion while adjusted liabilities increased 8.1% to \$113.2 billion, leading to a 0.1-point increase of the liquidity ratio to 92.6%.

Title Insurance Industry

U.S. Title Insurance Industry Results

(in millions, except for percent)

For the year ended December 31,	YoY Chg	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Direct Premiums Written	7.5%	\$16,366	\$15,227	\$22,109	\$26,364	\$19,399	\$15,787	\$14,766	\$14,632	\$14,133	\$13,003
Direct Ops.	16.1%	\$1,836	\$1,581	\$2,379	\$2,806	\$2,047	\$1,962	\$1,865	\$1,735	\$1,517	\$1,503
Non-Aff. Agency Ops.	6.1%	\$10,372	\$9,779	\$14,563	\$16,977	\$12,223	\$9,752	\$9,178	\$9,187	\$8,808	\$7,919
Aff. Agency Ops.	7.5%	\$4,159	\$3,867	\$5,167	\$6,581	\$5,129	\$4,073	\$3,722	\$3,711	\$3,838	\$3,581
Net Premiums Written	7.5%	\$16,322	\$15,183	\$22,064	\$26,311	\$19,353	\$15,752	\$14,731	\$14,617	\$14,133	\$12,964
Title Premiums Earned	6.6%	\$16,408	\$15,388	\$21,815	\$25,602	\$19,054	\$15,599	\$14,678	\$14,461	\$13,976	\$12,787
Loss & LAE Incurred	17.4%	\$850	\$724	\$687	\$578	\$562	\$605	\$644	\$629	\$687	\$672
Operating Exp. Incurred	7.1%	\$16,156	\$15,090	\$20,879	\$24,366	\$18,310	\$15,090	\$14,137	\$14,089	\$13,357	\$12,163
Net Operating Gain/(Loss)	(8.3%)	\$657	\$716	\$1,798	\$2,677	\$1,804	\$1,224	\$1,103	\$885	\$871	\$831
Net Loss Ratio	0.5 pts	5.2%	4.7%	3.1%	2.3%	2.9%	3.9%	4.4%	4.3%	4.9%	5.3%
Expense Ratio	(0.4) pts	99.0%	99.4%	94.6%	92.6%	94.6%	95.6%	96.0%	96.4%	94.6%	93.9%
Combined Ratio	0.1 pts	104.2%	104.1%	97.8%	94.9%	97.6%	99.5%	100.4%	100.8%	99.5%	99.1%
Net Invmt. Inc. Earned	(7.8%)	\$530	\$575	\$527	\$330	\$385	\$435	\$360	\$348	\$276	\$326
Net Realized Gains (Loss)	1,231.9%	\$144	\$11	(\$58)	\$91	(\$40)	\$75	(\$75)	\$142	\$162	\$9
Net Invmt. Gain (Loss)	15.0%	\$674	\$586	\$469	\$422	\$345	\$510	\$285	\$489	\$437	\$336
Net Income	4.0%	\$1,097	\$1,054	\$1,805	\$2,474	\$1,713	\$1,391	\$1,230	\$1,016	\$961	\$871
Net Cash From Ops	33.1%	\$1,174	\$882	\$2,024	\$3,285	\$2,145	\$1,560	\$1,441	\$1,193	\$1,081	\$1,039
Liquidity Ratio	(0.9) pts	69.5%	70.4%	70.6%	65.0%	67.1%	68.9%	66.9%	67.9%	70.6%	70.4%
December 31,	YoY Chg	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Policyholders' Surplus	2.6%	\$5,978	\$5,824	\$6,001	\$7,134	\$6,229	\$5,664	\$4,818	\$4,800	\$4,357	\$4,121

NM = Not Meaningful

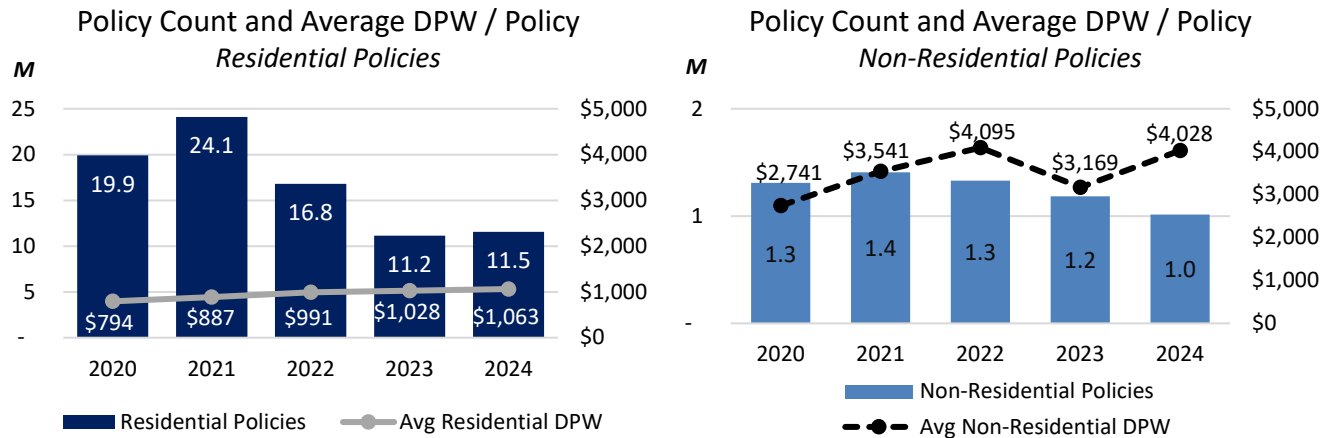
PREMIUM

Title industry direct premiums written (DPW) accounted for over 99% of gross premiums and increased 7.5% compared to 2023 to \$16.4 billion. DPW are comprised of direct and agency operations. Non-affiliated agency operations continued to account for the majority of direct writings with 63.4% of the total. Fitch Ratings attributed the increase in premium volume to rising mortgage originations, despite a weaker purchase market, with refinance transactions contributing significantly.

The small amount of cessions in the industry increased 9.0% compared to the prior year to just \$81.6 thousand. Net premiums written totaled \$16.3 billion and net retention was unchanged at 99.5%.

The U.S. Census Bureau and the U.S. Department of Housing and Urban Development March 2025 report indicated that there were 1.4 million new housing starts (not seasonally adjusted) during 2024, which was a 3.7% decrease compared to 2023. The South and West regions recorded decreases in new housing starts compared to 2023, the Northwest recorded a slight increase, and the Midwest was unchanged. Additionally, new housing permits decreased 2.6% in 2024 while completions increased 12.3% (both not seasonally adjusted). Looking ahead, seasonally adjusted new housing starts were up 1.9% in March 2025 from March 2024, which indicates the premium growth in the title industry could continue for 2025.

The top five largest states by DPW have remained unchanged for at least the last ten years, although not always in the same order: TX (15.3% of DPW), FL (12.4%), CA (9.0%), NY (5.7%), and PA (4.0%). The top five states accounted for 46.4% of total DPW in 2024, which was consistent with the prior year (0.9 point increase). The average year-over-year (YoY) change in DPW by state was 6.7% compared to (26.4%) last year. A majority of states saw YoY growth, including each of the top five, while only nine states saw decreases in DPW.



Along with the growth in premium volume, total policies issued increased 1.8% compared to the prior year to 12.6 million. Residential policies increased 3.5% to 11.5 million and non-residential decreased 14.3% to 1.0 million. Residential policies continued to account for the vast majority of policies in 2024 with 91.9% of total policies and \$12.3 billion, or 75.0% of total DPW. This was an average of \$1,063 per residential policy (up 3.4% compared to 2023). Non-residential policies averaged \$4,028 per policy, up 27.1% compared to 2023.

\$ amounts
per policy

	# Policies	Net Premiums Earned	Direct Losses Paid	Direct Allocated LAE Paid	Direct Losses and LAE Incurred	Direct Known Claim Reserves
Direct						
2024	944,341	\$1,990	\$90	\$53	\$161	\$153
2023	1,006,386	\$1,627	\$55	\$49	\$100	\$125
Non-affiliated Agents						
2024	7,407,353	\$1,401	\$35	\$19	\$60	\$58
2023	7,196,283	\$1,370	\$33	\$20	\$53	\$53
Affiliated Agents						
2024	4,213,428	\$983	\$24	\$16	\$41	\$33
2023	4,136,701	\$940	\$25	\$15	\$39	\$32
Overall						
2024	12,565,122	\$1,306	\$35	\$20	\$61	\$57
2023	12,339,370	\$1,247	\$32	\$21	\$52	\$52

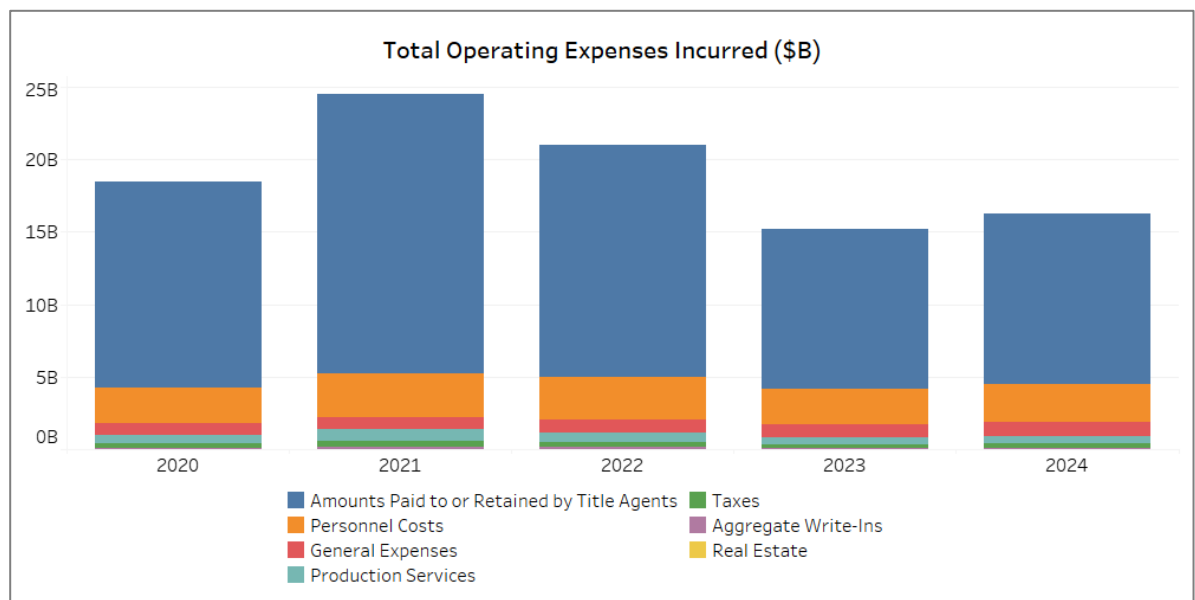
As seen in the table above, non-affiliated agents and affiliated agents policies issued increased 2.9% and 1.9%, respectively, while direct policies decreased 6.2%. Average net premiums earned per policy increased across each

policy type and 4.7% overall. However, direct losses and LAE incurred increased 17.3% to \$61 per policy while direct losses and LAE paid increased to a collective \$55 per policy.

PROFITABILITY

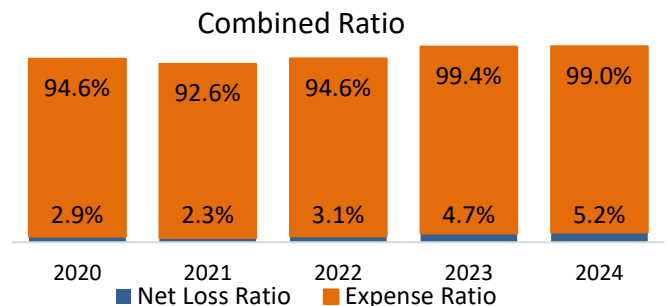
Operating income improved 6.9% compared to last year to \$17.7 billion, primarily due to increased premiums earned. Net premiums earned increased 6.6% to \$16.4 billion and accounted for the majority of total operating income.

Total operating expenses increased 7.5% to \$17.0 billion, primarily driven by operating expenses incurred which increased 7.1% to \$16.2 billion. As seen below, amounts paid to or retained by title agents accounted for the majority of total operating expenses incurred in the current year with 73%, followed by personnel costs with 15.9% (primarily related to salaries). Of total operating expenses incurred, 15.6% was due to direct operations, 61.4% due to non-affiliated agency operations, and 23.0% due to affiliated agency operations.



In addition, losses and LAE incurred increased 17.4% and totaled \$849.6 million. The increase in operating expenses slightly outweighed the increase in operating income, resulting in an 8.4% decrease in net operating gains compared to 2023 to \$656.7 million.

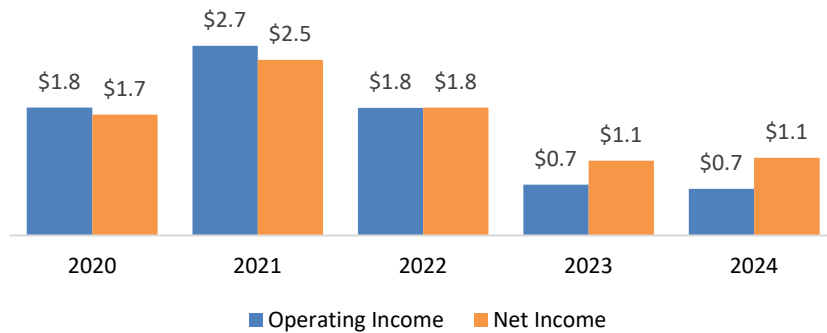
The combined ratio remained flat and worsened only by 0.1 points to 104.2%. This marginal increase was the result of a 0.5 point increase in the net loss ratio to 5.2%, partially offset by a 0.4 point improvement in the expense ratio to 99.0%. Notably, this was the second consecutive year the industry combined ratio exceeded 100%.



Net investment gains increased nearly 15% to \$673.6 million as net realized capital gains spiked to \$143.9 million (compared to \$11.5 million in 2023) and offset a 7.8% decrease in net investment income earned to \$529.8 million.

The increase in net investment gains outpaced the decrease in net operating gains and resulted in a 3.9% increase in net profits to \$1.1 billion. This was an improvement compared to YoY declines in net income in the previous two years.

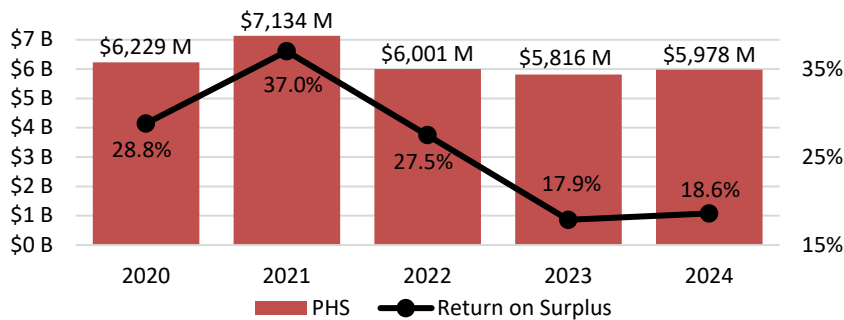
Operating and Net Income (\$B)



CAPITAL AND SURPLUS

Policyholders' surplus (PHS) increased 2.8% to \$6.0 billion. The largest factors were net income and dividends paid to stockholders, which decreased about 27% compared to last year to \$889.9 million. Return on surplus improved 0.7 points to 18.6%.

PHS and Return on Surplus



CASH AND LIQUIDITY

Net cash from operations increased 33.0% to \$1.2 billion. Cash inflows totaling \$18.1 billion (up 7.3%) outpaced cash outflows of \$16.9 billion (up 5.9%), leading to a 33.0% increase in net cash from operations compared to 2023 to \$1.2 billion. Net cash from investments improved to \$87.8 million compared to \$(111.0) million last year. Net cash from financing and miscellaneous sources increased 30.5% to \$(902.1) million. Overall, the net change in cash, cash equivalents, and short-term investments was \$359.7 million to \$2.0 billion as of December 31, 2024. This followed YoY decreases the last two years.

The industry's liquidity ratio improved 0.9 points to 69.5%. Liquid assets increased 4.0% to \$9.6 billion while adjusted liabilities increased 2.7% to \$6.7 billion.

NAIC Financial Regulatory Services Financial Analysis and Examination Department

Contacts:

Brian Briggs, Senior Financial Analyst

BBriggs@naic.org

816-783-8925

Shelby Milligan, Financial Analyst II

SMilligan@naic.org

816-783-8437

Bruce Jensen, Assistant Director - Solvency Monitoring

BJensen@naic.org

816-783-8348

Andy Daleo, Senior Manager – P/C Domestic and International Analysis

ADaleo@naic.org

816-783-8141

Rodney Good, Property/Casualty & Title Financial Analysis Manager

RGood@naic.org

816-783-8430

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