

Property & Casualty Insurance Industry

PROPERTY & CASUALTY OVERVIEW

Despite heavy catastrophe losses, including the costliest wildfires on record, the U.S. Property & Casualty (P&C) industry recorded its best mid-year underwriting gain in nearly 20 years. Corrective actions by personal lines insurers to combat loss cost inflation and the higher frequency and severity of natural disasters in recent years have proven successful. Also aiding the industry's bottom line was favorable prior year loss and LAE reserve development.

While the potential for major hurricane activity and other challenges in the second half of the year lie ahead, continued profits have led to record policyholders' surplus, positioning P&C insurers for continued growth.

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U.S. Property/Casualty Insurance Industry Results

(in billions, except for percent)

For the six months ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Direct Premiums Written	\$561.0	\$529.0	\$478.6	\$434.0	\$394.8	\$362.3	\$355.2	\$340.6	\$321.3	\$306.9
Net Premiums Written	\$494.3	\$468.8	\$424.3	\$388.6	\$351.2	\$327.6	\$315.3	\$316.7	\$280.4	\$268.8
Net Premiums Earned	\$473.8	\$442.7	\$397.9	\$364.1	\$333.3	\$316.6	\$308.3	\$297.4	\$270.4	\$261.6
Net Loss & LAE Incurred	\$335.9	\$320.3	\$312.6	\$267.8	\$231.9	\$217.2	\$215.8	\$204.9	\$197.5	\$186.9
Underwriting Expenses	\$124.0	\$116.6	\$107.2	\$100.2	\$93.7	\$90.2	\$85.4	\$85.3	\$75.8	\$74.5
Underwriting Gain (Loss)	\$13.7	\$5.5	(\$22.4)	(\$4.4)	\$7.3	\$8.9	\$6.5	\$7.0	(\$3.2)	(\$0.2)
Net Loss Ratio	70.9%	72.4%	78.6%	73.5%	69.6%	68.6%	70.0%	68.9%	73.0%	71.4%
Expense Ratio	25.2%	24.9%	25.2%	25.8%	26.7%	27.5%	27.1%	26.9%	27.0%	27.7%
Dividend Ratio	0.29%	0.35%	0.38%	0.47%	0.71%	1.55%	0.55%	0.53%	0.54%	0.55%
Combined Ratio	96.4%	97.6%	104.2%	99.8%	96.9%	97.7%	97.6%	96.3%	100.6%	99.7%
Investment Inc. Earned	\$45.3	\$43.9	\$34.7	\$39.3	\$28.9	\$28.3	\$29.3	\$28.9	\$25.6	\$24.2
Realized Gains (Losses)	\$6.8	\$58.4	\$2.3	\$3.6	\$9.7	(\$0.9)	\$4.6	\$5.5	\$3.9	\$4.8
Investment Gain (Loss)	\$52.1	\$102.4	\$37.1	\$42.9	\$38.6	\$27.4	\$33.9	\$34.4	\$29.5	\$29.0
Investment Yield (a)	3.72%	3.82%	3.20%	3.75%	2.90%	3.15%	3.47%	3.50%	3.28%	3.24%
Net Income (b)	\$54.9	\$99.1	\$10.4	\$33.8	\$39.8	\$26.8	\$34.8	\$35.8	\$17.7	\$22.2
Return on Revenue	10.4%	18.2%	2.4%	8.3%	10.7%	7.8%	10.2%	10.8%	5.9%	7.6%
	June 30,	December 31, 2016-2024								
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Capital & Surplus (b)	\$1,201.4	\$1,131.6	\$1,063.0	\$1,000.9	\$1,077.6	\$955.1	\$891.2	\$780.0	\$786.0	\$734.0

(a) annualized, (b) adjusted to removed stacked entities

MARKET CONDITIONS

Premium Pricing

Hard market conditions in the U.S. P&C industry appear to be waning, as the pace of price increases has slowed in both personal and commercial sectors. In the personal sector, competition and consumer shopping for auto insurance has put pressure on pricing, compounded by recent years of improved underwriting profitability is driving carriers to focus on market share expansion and growth. The three month change in the Consumer Price Index (CPI) for motor vehicle insurance was 0.6% in June 2025 versus 2.5% in March 2025. Conversely, the three month change in the CPI for homeowners insurance was 2.2% in June 2025 versus 1.6% in March 2025 as insurers are still struggling to recover from more frequent and severe catastrophe losses and inflationary challenges. In the commercial sector, premium rates increased an average of 3.7% across all lines according to the Council of Insurance Agents & Brokers (CIAB) *Commercial Property/Casualty Market Report Q2 2025 (April 1 – June 30)*, down from 4.2% in Q1. Despite this slowdown, Q2 2025 was the 31st consecutive quarter of increased commercial rates.

Average Commercial Premium Pricing by Quarter (All Lines)

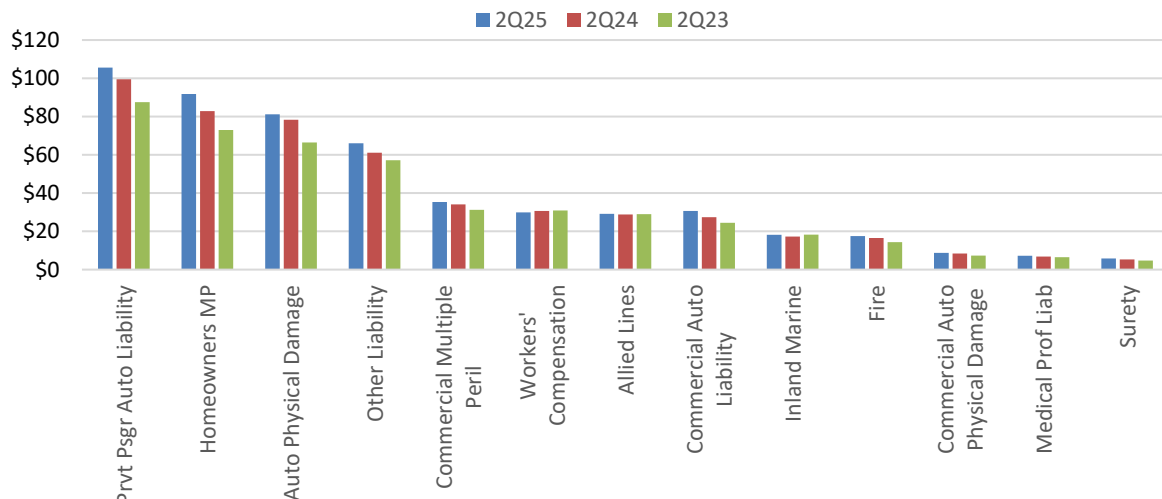
Source: The Council of Insurance Agents & Brokers



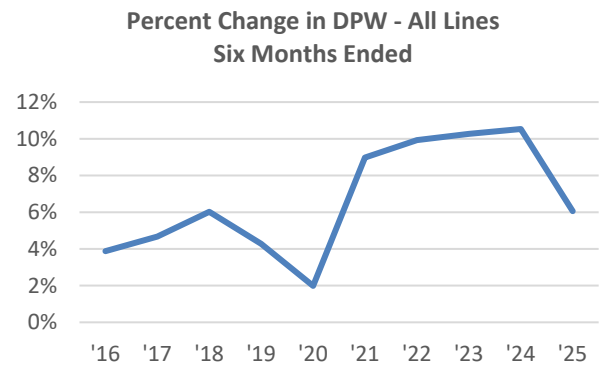
The CIAB report noted that commercial auto average premium rates increased an average of 8.8%, down from 10.4% in Q1, marking 56 consecutive quarters of premium increases. Commercial property rate increases have seen a steady decline, increasing 1.9% in Q2, compared to the 8.9% increase in Q2 2024.

WRITINGS

DPW by LOB - CYTD (\$B)



Direct premiums written (DPW) increased 6.1% to \$561.0 billion in the first half of 2025, a slower growth rate compared to 10.5% for the same period last year. Improved underwriting results and higher policyholders' surplus lead to increased capacity and competition that likely drove insurers to draw back the large rate increases taken in recent periods. Personal lines DPW increased 6.9% year-over-year (YoY), significantly less than the 14.9% increase in the same period last year. Private passenger auto liability DPW increased 6.1% while auto physical damage increased 3.6% and homeowners DPW was 10.9% higher. Commercial lines DPW was up 5.7% YoY as all primary lines experienced increases with the exception of workers' compensation which has experienced a trend of premium moderation. The chart on the previous page shows the DPW for the primary lines of business for the last three mid-year periods. As seen in the chart to the right, the rate of increase in DPW was lower for the first mid-year period since 2021.



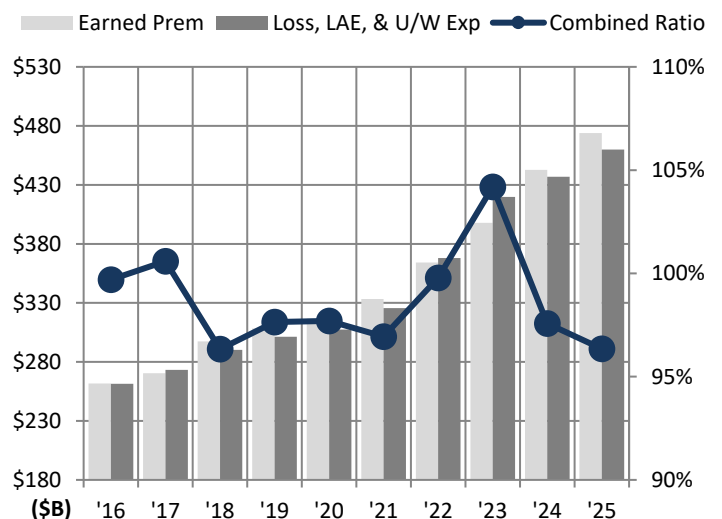
UNDERWRITING OPERATIONS

The P&C industry posted a \$13.7 billion underwriting gain, it's best mid-year gain since 2007, driven by continued growth in earned premiums and corrective actions taken by insurers to combat increased loss costs in previous years.

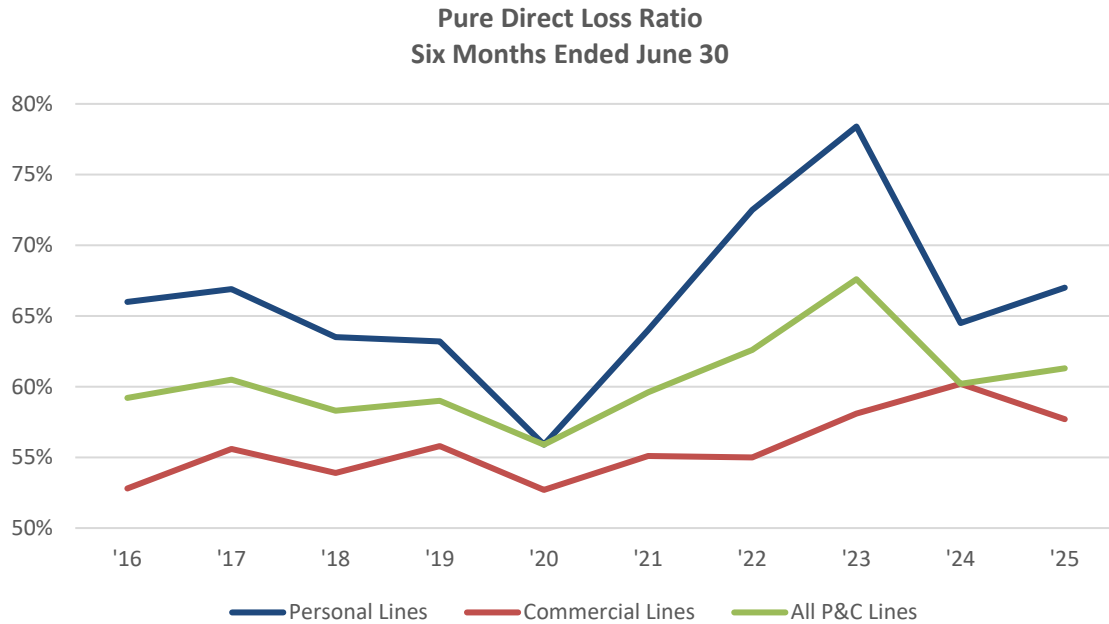
As of mid-year, net premiums earned increased 7.0% to \$473.8 billion, while net losses and LAE incurred increased only 4.9% to \$335.9 billion, resulting in a 1.5-point improvement in the net loss ratio to 70.9%. The expense ratio was nearly flat at 25.2% as net premium growth of 5.1% was outpaced by the increase in underwriting expenses. Overall, the combined ratio improved 1.2-points to 96.4%.

Sharp improvement in underwriting results in 2024 were led by personal lines. That strong performance continued into the first half of this year despite a moderate deterioration in the homeowners loss ratio driven by catastrophe losses. In addition, commercial lines saw a YoY improvement in the first half of 2025. The continuation of strong underwriting performance in personal lines and the improvement in commercial lines, drove the underwriting profit 150.4% higher compared to the same period in 2024. The chart on the following page shows the PDLR by sector for the last ten mid-year periods.

Underwriting Income (Six months ended June 30)

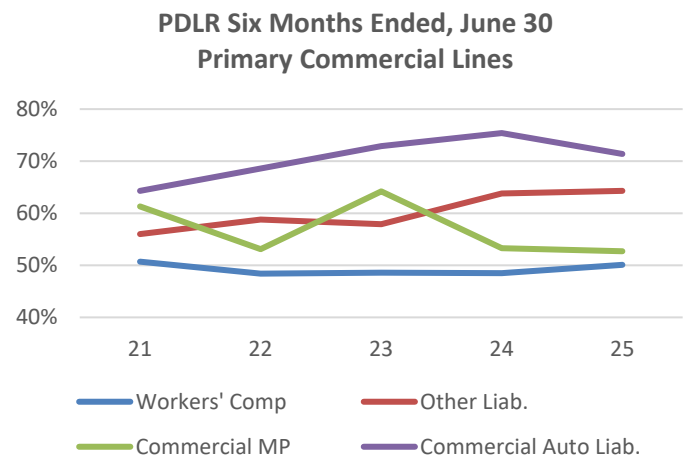
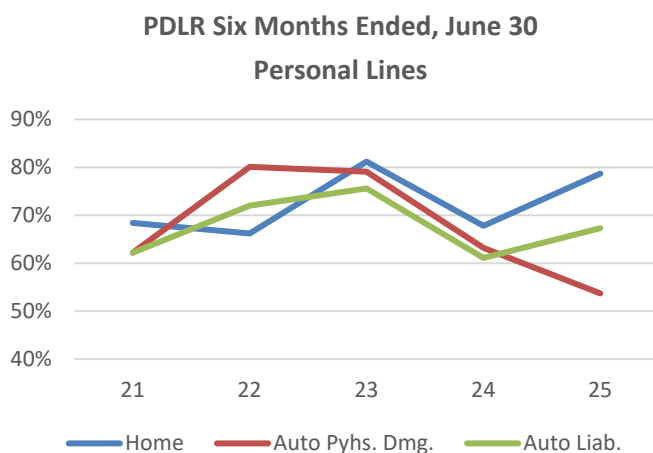


Within the personal lines sector, the auto liability PDLR worsened 6.2-points to 67.3% due to an 18.8% increase in direct losses incurred as insurers continue to face challenges with increased claims severity. A 12.8% increase in direct premiums earned in the homeowners line was far exceeded by a 30.9% increase in direct losses incurred due in large part to severe convective storms throughout the U.S. and historic wildfires in California, resulting in a 10.8-point deterioration in the PDLR to 78.7%. The auto physical damage line saw a 9.6-point improvement in the PDLR to 53.7% due to an 8.4% decline in direct losses incurred and a trend of favorable prior year reserve development.



Global insured losses from natural catastrophes totaled roughly \$100 billion in the first half of 2025 with the majority occurring in the U.S. The Palisades and Eaton Wildfires in California were by far the costliest events worldwide, accounting for nearly \$40 billion in insured losses. Severe convective storms were also a significant factor as well, with insured losses surpassing \$20 billion in the first half of the year.

Earned premium in the commercial sector increased 12.3% YoY while direct losses incurred increased only 7.7%, leading to a 2.5-point improvement in the PDLR to 57.7%. Although there was a slight improvement in the commercial auto liability line, there are ongoing challenges with increased claim costs, which is shown in the elevated PDLR of 71.4%. Overall, the commercial auto line has generated over \$10.0 billion in underwriting losses over the past two years due to struggles in the liability line, largely due to social inflation. The other liability line has also been challenged by social inflation and adverse prior year reserve development, generating a PDLR of 64.3%. Conversely, commercial auto physical damage continued to be profitable with a PDLR of 53.3% for the first half of the year and workers' compensation continued to perform well largely due to favorable prior year reserve development. Overall, commercial property lines have shown a small improvement due to decreasing loss severity.



INVESTMENT OPERATIONS

Investment gains were 49.1% lower than the first half of last year, totaling \$52.1 billion for the six months ended June 30, 2025. Realized gains were \$6.8 billion versus \$58.4 billion for the same period last year, which was driven by a one-off transaction, netting a \$50.0 billion gain for one insurer. Net investment income earned was up 3.1% to \$45.3 billion. The investment yield (annualized) is roughly 3.7%, down from 3.8% for the same period last year.

Bonds comprise roughly half of insurer's invested assets, creating significant exposure to interest rate risk. The U.S. Federal Reserve (Fed) cut the federal funds rate by 50 basis points in September 2024, bringing the benchmark rate down to a target range of 4.75-5.0% as inflation began to subside. The Fed cut the rate 25 basis points in January 2025 where they remained due to uncertainty over tariff induced inflation. To stimulate the economy and job growth, the Fed cut the rate another 25 basis points in September 2025.

NET INCOME

Net income was 44.6% lower compared to the same period last year at \$54.9 billion. While underwriting and investment gains were solid, the primary reason for the decline was lower realized gains as discussed above.

Return on revenue of 10.4% was 7.7-points lower compared to last year's 18.2%.

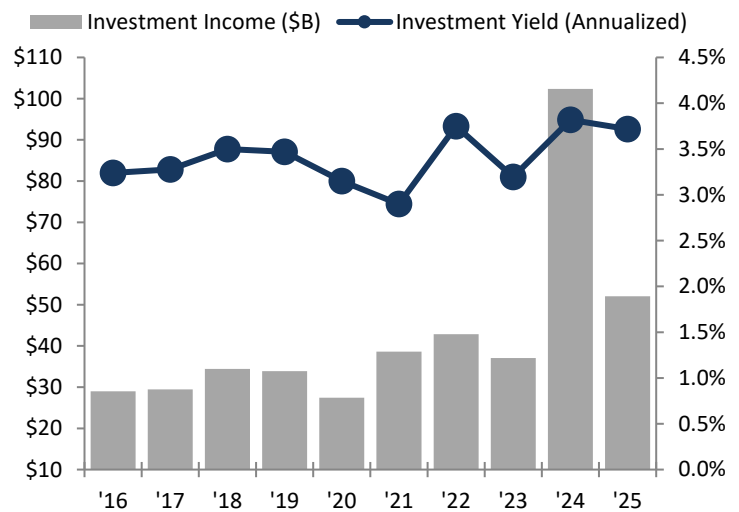
CASH FLOW & LIQUIDITY

Net cash provided by operating activities totaled \$80.5 billion, a minor decrease compared to \$81.4 billion for the same period last year. Cash inflows were 5.9% higher due to a 6.4% increase in premiums collected net of reinsurance. Cash outflows were 7.3% higher primarily due to a 6.7% increase in benefit and loss related payments.

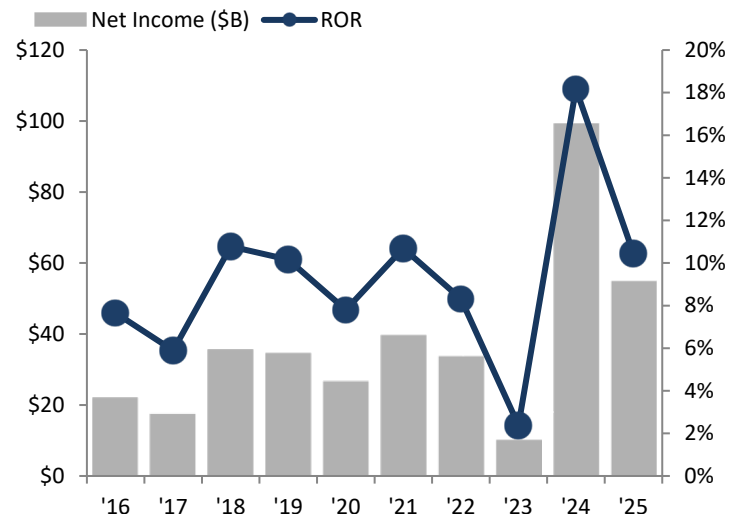
Cash used in investment activities totaled \$(53.6) billion as proceeds from stocks were 65.4% lower than last year.

The liquidity ratio improved 0.4-points to 78.6%. Liquid assets increased 5.3% while adjusted liabilities increased at a slightly lesser pace of 4.8%.

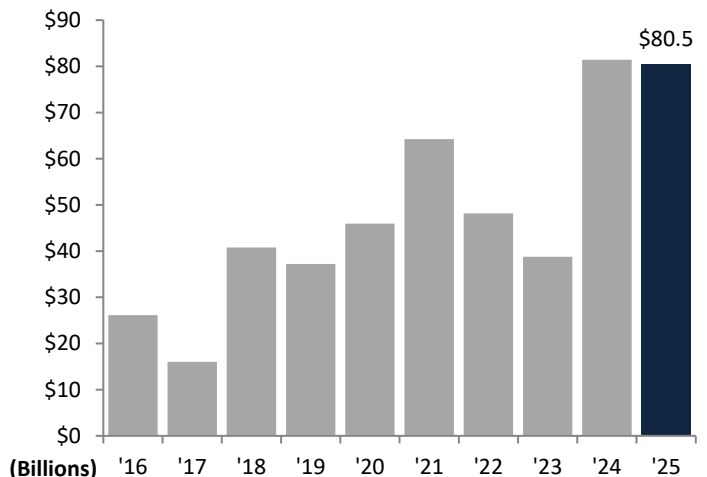
Investment Income (Six months ended June 30)



Net Income (Six months ended June 30)



Cash from Operations (Six months ended June 30)



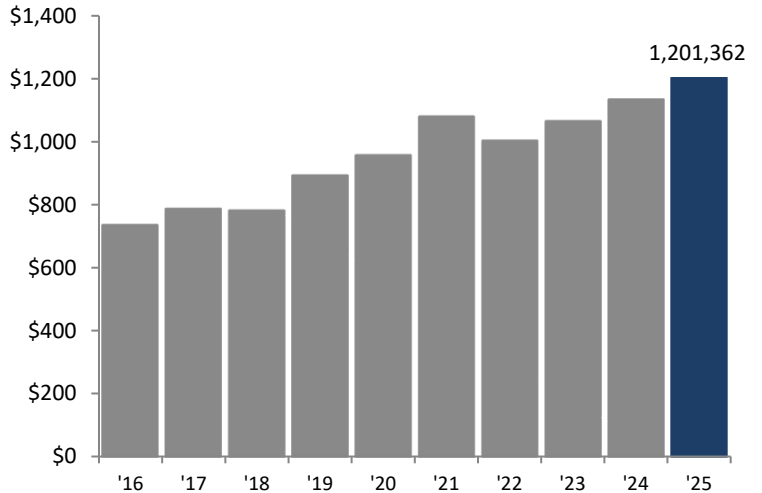
POLICYHOLDERS' SURPLUS

Industry aggregated policyholders' surplus (adjusted to eliminate stacking) reached an all-time high of \$1.2 trillion at June 30, 2025, a 6.2% increase compared to \$1.13 trillion at December 31, 2024. The \$54.5 billion net gain in the current period and the unrealized gains of \$15.2 billion were primary factors.

RESERVES

Loss and LAE reserves increased 3.9% since the prior year-end to \$1.02 trillion at June 30, 2025, and was comprised of \$856.3 billion in unpaid losses and \$159.0 billion of unpaid LAE. Reserve leverage improved 1.8-points to 84.5% compared to 86.3% at the prior year-end attributable to the increase in surplus.

Capital & Surplus (\$M) Dec. 31, 2016-2024, 6/30/25



The trend in net favorable loss reserve development continued with an overall redundancy of \$13.1 billion in the first half of 2025. This consisted of a \$76.3 billion redundancy in prior year IBNR loss and LAE reserves, partially offset by a \$63.2 billion deficiency in prior year known case loss and LAE reserves.

MUTUAL INSURERS FINANCIAL SNAPSHOT

U.S. Property/Casualty Results - Mutuals (\$in billions)

For the six months ended June 30,	Chg.	2025	2024	2023	2022	2021
Net Written Premium	4.6%	\$83.6	\$80.0	\$69.6	\$61.2	\$57.3
Net Earned Premium	7.4%	\$81.8	\$76.2	\$64.9	\$58.8	\$55.0
Net Losses Incurred	3.3%	\$54.4	\$52.7	\$49.6	\$41.8	\$33.6
Loss Expenses Incurred	3.1%	\$7.3	\$7.1	\$6.5	\$6.0	\$5.8
Other Underwriting Expenses	3.5%	\$20.8	\$20.1	\$18.4	\$16.4	\$16.0
Net Underwriting Gain	78.6%	(\$0.8)	(\$3.8)	(\$9.8)	(\$5.4)	(\$0.3)
Net Inv Income Earned	9.4%	\$5.6	\$5.2	\$4.3	\$4.1	\$3.7
Realized Gains (Losses)	(12.5%)	\$2.4	\$2.8	\$0.5	\$0.7	\$1.6
Policyholder Dividends	(3.0%)	\$0.5	\$0.5	\$0.5	\$0.5	\$0.9
Net Income	59.5%	\$6.6	\$4.1	(\$4.6)	(\$0.5)	\$4.0
Unrealized Gains (Losses)	(41.5%)	\$5.7	\$9.7	\$7.0	(\$17.3)	\$14.2
Policyholder Surplus*	7.5%	\$308.6	\$287.0	\$268.6	\$263.0	\$268.8
Cash & S-T Inv	6.5%	\$491.4	\$461.3	\$427.7	\$408.7	\$415.9
Net Admitted Assets	6.2%	\$558.5	\$525.9	\$487.0	\$462.8	\$464.6
Loss Reserves	4.6%	\$105.3	\$100.6	\$90.1	\$78.3	\$72.8
LAE Reserves	5.0%	\$24.3	\$23.2	\$21.8	\$20.6	\$20.0
Operating Cash Flow	(20.6%)	\$5.7	\$7.2	\$1.5	\$0.4	\$4.3

*Adjusted to Eliminate Stacking

Financial stability and capital preservation are the primary goals of mutual insurers rather than growth as they prioritize policyholder interest and do not face significant pressure from investors. Mutual insurers have faced challenges with increased frequency and severity of weather-related activity, inflation, reinsurance market hardening, and equity

market fluctuations, much like all P&C insurers. While mutuals have not recorded an underwriting profit in aggregate over the past five mid-year periods, investment income has led to net gains in 3 of the last 5 mid-year periods with steady growth in policyholders' surplus.

STOCK INSURERS FINANCIAL SNAPSHOT

U.S. Property/Casualty Results - Stock Insurers (\$in billions)

For the six months ended June 30,	Chg.	2025	2024	2023	2022	2021
Net Written Premium	5.4%	\$374.4	\$355.4	\$326.6	\$302.4	\$270.1
Net Earned Premium	7.0%	\$358.8	\$335.4	\$306.3	\$281.3	\$255.7
Net Losses Incurred	5.4%	\$215.6	\$204.6	\$202.1	\$173.9	\$150.8
Loss Expenses Incurred	3.2%	\$32.5	\$31.5	\$30.6	\$27.0	\$25.3
Other Underwriting Expenses	7.1%	\$94.9	\$88.6	\$81.4	\$77.2	\$71.6
Net Underwriting Gain	49.8%	\$15.6	\$10.4	(\$8.2)	\$2.6	\$7.4
Net Inv Income Earned	1.8%	\$37.6	\$37.0	\$29.0	\$34.2	\$24.1
Realized Gains (Losses)	(93.0%)	\$3.8	\$54.7	\$1.9	\$2.8	\$6.9
Policyholder Dividends	(9.0%)	\$0.4	\$0.5	\$0.4	\$0.5	\$0.5
Net Income	(49.6%)	\$47.3	\$93.8	\$18.1	\$35.4	\$33.2
Unrealized Gains (Losses)	NM	\$6.1	(\$18.3)	\$63.7	(\$95.5)	\$43.0
Policyholder Surplus*	5.1%	\$1,087.9	\$1,035.1	\$967.6	\$884.0	\$898.4
Cash & S-T Inv	4.9%	\$2,266.6	\$2,160.8	\$2,021.3	\$1,873.1	\$1,840.6
Net Admitted Assets	4.7%	\$2,715.8	\$2,592.7	\$2,441.1	\$2,242.6	\$2,153.8
Loss Reserves	7.0%	\$708.1	\$662.0	\$619.6	\$576.5	\$530.6
LAE Reserves	6.2%	\$126.7	\$119.3	\$112.6	\$106.6	\$101.6
Operating Cash Flow	0.8%	\$71.1	\$70.5	\$37.0	\$48.1	\$56.8

*Adjusted to Eliminate Stacking

U.S. P&C stock companies comprise the majority of P&C insurers. Strong premium growth has led to underwriting gains and net income. Policyholders' surplus reached \$1.09 trillion at June 30, 2025. Unlike mutual insurers, stock insurers are focused primarily on growth and investor profits.

IN CONCLUSION

At the halfway point of 2025, the P&C insurance industry continues to demonstrate adaptability and strength despite pressures and market trends. The primary concerns are social inflation, causing more frequent and costly litigation of claims, driving higher loss costs in liability lines, and an increased frequency of catastrophic weather-related events, which have caused financial losses in nearly all regions of the U.S., resulting in elevated rates in property lines. Despite these headwinds, P&C insurers continue to evolve, finding new growth opportunities, and the market remains stable.

Title Industry

Title Industry Results		(in millions, except for percent)				
For the six months ended June 30,	YoY Chg.	2025	2024	2023	2022	2021
Direct Premiums Written	13.1%	\$8,483	\$7,504	\$7,356	\$12,234	\$12,315
Direct Ops.	24.5%	\$993	\$797	\$751	\$1,292	\$1,226
Non-Aff. Agency Ops.	12.5%	\$5,370	\$4,772	\$4,715	\$8,022	\$7,997
Aff. Agency Ops.	9.6%	\$2,120	\$1,934	\$1,890	\$2,919	\$3,092
Premiums Earned	13.0%	\$8,533	\$7,553	\$7,438	\$11,988	\$11,969
Loss & LAE Incurred	(5.9)%	\$352	\$374	\$363	\$313	\$285
Operating Exp Incurred	13.5%	\$8,496	\$7,486	\$7,324	\$11,461	\$11,454
Net Operating Gain/(Loss)	39.1%	\$382	\$275	\$317	\$1,085	\$1,190
Loss Ratio	(0.8)-pts	4.1%	5.0%	4.9%	2.6%	2.4%
Expense Ratio	0.5-pts	99.6%	99.1%	98.5%	95.6%	95.7%
Combined Ratio	(0.4)-pts	103.7%	104.1%	103.4%	98.2%	98.1%
Net Inv. Income Earned	7.1%	\$276	\$258	\$274	\$177	\$168
Net Realized Gain/(Loss)	(78.0)%	\$19	\$89	\$(21)	\$77	\$25
Net Inv. Gain (Loss)	(14.7)%	\$296	\$346	\$254	\$254	\$193
Net Income	8.8%	\$570	\$524	\$473	\$1,093	\$1,108
Net Unrealized Gain/(Loss)	(241.4)%	\$(57)	\$(17)	\$14	\$(667)	\$270
Net Cash from Operations	19.9%	\$346	\$288	\$138	\$879	\$1,286

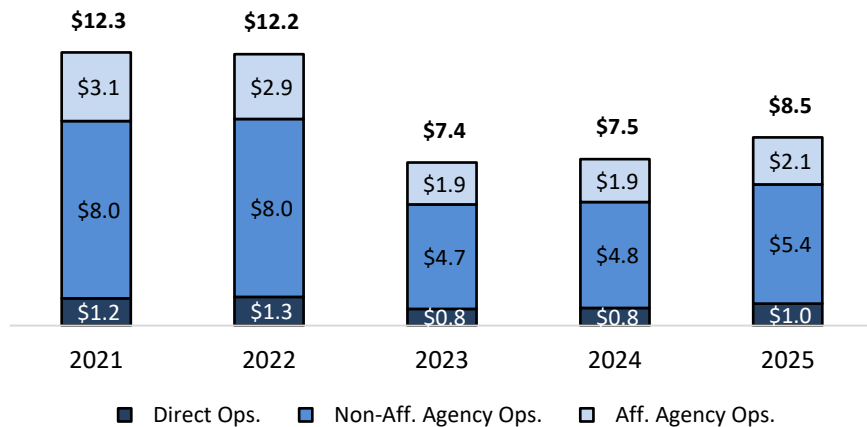
Premium

According to Fannie Mae, year-to-date single-family mortgage originations through August 2025 increased about 14% compared to the same time last year to \$865 billion, of which 25% accounted for refinances (compared to 18% last year).

In line with this trend, U.S. title insurance direct premiums written (DPW) increased 13.1%, or \$1.0 billion, to \$8.5 billion for the first half of 2025. Following previous years, the majority (approximately 63%) of DPW continued to be produced through non-affiliated agency operations, which totaled \$5.4 billion (12.5% increase compared to the prior year period). This was followed by affiliated agency operations of \$2.1 billion and direct operations of \$1.0 billion, which increased 9.6% and 24.5%, respectively.

Looking forward, Fannie Mae forecasts mortgage originations for 2025 will increase nearly 10% compared to 2024 to \$1.9 trillion and grow further to \$2.3 trillion in 2026. This anticipated growth is largely due to an outlook of lower mortgage rates. Fannie Mae estimates mortgage rates to decrease to below 6% by the end of 2026 and the share of refinancing mortgage originations to increase.

Direct Premiums Written - Title (\$B)



Top 5 States By DPW		
Locale	% Total DPW	% Chg
TX	15.6%	14.0%
FL	11.9%	3.2%
CA	8.8%	8.1%
NY	6.3%	28.5%
PA	3.6%	8.8%

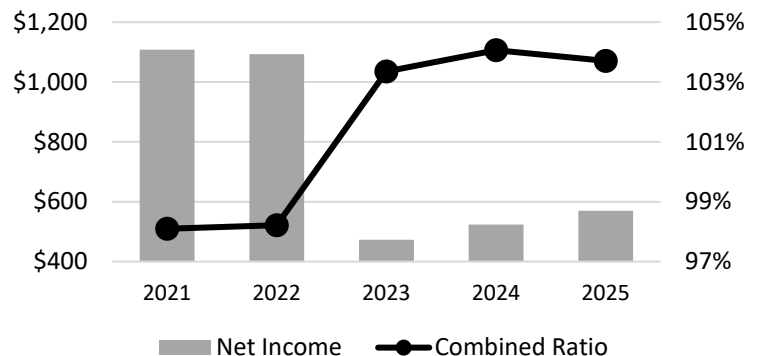
The five largest states by DPW (TX, FL, CA, NY, and PA) remained the same as mid-year 2024. Together, these five states represented 46.3% of the market during the first half of 2025, down 0.8 points compared to the prior year. The vast majority of the 58 U.S. states and territories experienced premium growth compared to mid-year 2024.

The title market continues to concentrate business into four main groups, which account for approximately 80% of total DPW. Fidelity National, the largest insurance group, owns two of the top five companies and wrote \$2.7 billion (31.5% of the market) in DPW. First American wrote \$2.1 billion (24.6%) in DPW, Old Republic wrote \$1.2 billion (13.9%), and Stewart wrote \$0.9 billion (10.6%). The remaining groups accounted for less than 5% of the market each, and insurers without a group affiliation accounted for 9.3% (\$0.8 billion) of the market.

Profitability

The title industry recorded a net operating gain of \$382.5 million for the first half of the year, a 39.1% improvement compared to the prior year period. Total operating income increased 13.5% to \$9.2 billion, which primarily consisted of title insurance premiums earned of \$8.5 billion (increased 13.0%). Total operating expenses increased 12.6% to \$8.8 billion and primarily consisted of operating expenses incurred of \$8.5 billion, which increased 13.5% compared to the prior year period. Losses and loss adjustment expenses incurred decreased 5.9% to \$352.0 million.

Five Years of Net Income (\$M) and the Combined Ratio

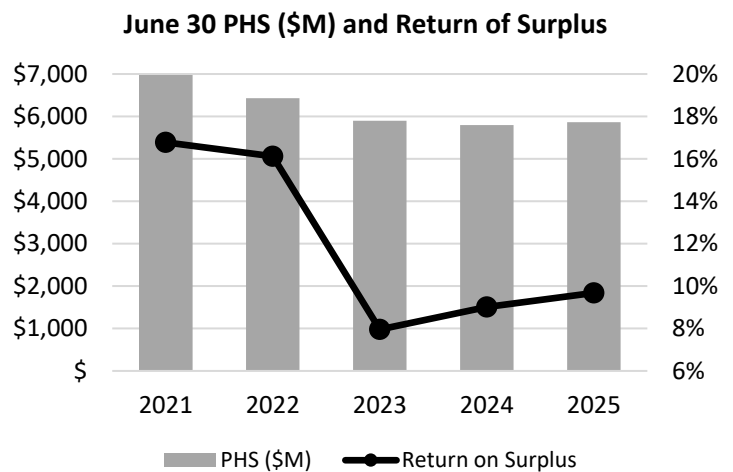


The mid-year combined ratio improved 0.4 points to 103.7%. The net loss ratio improved 0.9 points to 4.1% and the expense ratio worsened 0.5 points to 99.6%. This improvement followed four year-over-year periods of the industry combined ratio worsening.

A net investment gain of \$295.6 million was 14.7% lower than the prior year period. Net investment income earned increased 7.1% to \$276.1 million while net realized capital gains dropped 78.0% to \$19.5 million. The operating gain increase offset the lower investment gain, resulting in an 8.8% increase in net income to \$569.8 million. This was the third consecutive increase in mid-year net income.

Policyholders' Surplus

Policyholders' surplus (PHS) decreased 0.8% from the prior year end to \$5.9 billion. In addition to net income and \$567.2 million dividends to stockholders, which nearly offset each other, net unrealized capital losses increased to \$56.7 million, change in surplus notes totaled \$(21.5) million, net unrealized foreign exchange capital losses worsened to \$15.1 million (compared to gains the last five periods), change in net deferred income tax totaled \$18.4 million, and nonadmitted assets decreased \$12.5 million, among lessor changes to surplus. The return on surplus ratio increased 0.7 points to 9.7%.



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