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The Insurance Cycle, Financial Crisis & Catastrophes: Impacts and Implications for the Texas P/C Insurance Markets

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This PowerPoint report, presented by Dr. Robert Hartwig, CPCU, president of the Insurance Information institute, at the Insurance Council of Texas?s Annual Symposium, analyzes what the financial crisis and recession mean for the P/C insurance industry?s exposure base and growth both nationwide and in Texas. The presentation explains that the condition of the P/C insurance industry in Texas and in the U.S. in general is in better shape than that of the overall economy but that weakness is spreading. Slides illustrate that industry profits in Texas have sometimes lagged behind the national average and Hurricane Ike has set the state even further behind. A separate section provides a detailed overview of catastrophe risk in Texas. The report discusses six key threats and challenges facing insurers amid the financial crisis over the next five to eight years. They are described as erosion of capital, reloading capital after a ?capital event,? the long-term reduction in investment earnings, regulatory overreach, increasing restrictions on underwriting and emerging tort threats. The presentation also includes sections on the P/C insurance industry?s financial strength and ratings, profitability, premium growth, underwriting performance, financial market impacts, merger and acquisition activity, capital and capacity, catastrophe loss trends and advertising trends.

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