

# Recession, Pandemic to Affect P/C Underwriting Results, New Triple-I / Milliman Report Shows

August 13, 2020

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**NEW YORK – August 13, 2020** – The COVID-19 pandemic and the recession it started will result in no premium growth for 2020 and a deteriorated combined ratio for the property/casualty industry, according to the new report, Insurance Information Institute (Triple-I)/Milliman P/C Underwriting Projections: 2020-2022.

Direct and net premium written will be virtually unchanged from 2019, while the industry combined ratio, a measure of underwriting profitability, is projected to rise to 102 at year-end, up from 99 last year, according to the report, a joint venture of the Insurance Information Institute and Milliman, a provider of actuarial and related products and services. The report, to be published quarterly, was unveiled today at an exclusive **members only** virtual webinar.

“The pandemic and the recession it induced drove down exposures in personal auto and

several commercial lines,” said James Lynch, FCAS, senior vice president and chief actuary with the [Insurance Information Institute](#) (Triple-I). “Overall premiums are projected to be flat,” said Lynch, adding, “a hard commercial lines market is driving rates higher, which offsets some of the deterioration in exposure.”

“Though there is tremendous uncertainty as to size, the pandemic creates insurance losses that were not contemplated in either catastrophe or attritional pricing,” said Jason Kurtz, FCAS, a principal and consulting actuary at [Milliman](#). “Not surprisingly, pandemic losses can cause underwriting results to deteriorate.”

The report noted that a number of legislative and regulatory proposals have the potential to affect pandemic exposures and losses.

A major hurricane or cumulatively severe wildfire season could also impact the combined ratio, the report noted. Right now, the report projects a typical year for catastrophe losses, though most [hurricane prognosticators](#) predict more storms than average.

### **Other Areas to Watch**

Other areas to consider include the impact of the pandemic on workers compensation, particularly the shift in the burden of proof onto the employer for certain types of claimants (i.e. presumption) and the changing exposure from people working from home. Workers compensation saw five consecutive years through 2019 where that line of business posted an underwriting gain; that could change with COVID-19.

Economic trends also play a role. The report assumes that exposures roughly grow and shrink with the economy. If the recovery is slower or faster than projected, premium growth will be affected.

The report is an analysis by Triple-I and Milliman based on an actuarial model that relies on information from a number of publicly available sources as well as input from thought leaders and experts at both organizations. It predicts that premiums will grow 7 percent in 2021 and 6 percent in 2022 as the economy recovers, and the combined ratio will fall to 99 for both years as the industry prices for the effects of the pandemic and the higher rates charged this year earn out.

The complete webinar, available exclusively to Triple-I members, projected underwriting results for several lines of business: personal auto, homeowners, commercial auto, general liability, property, commercial multiperil and workers compensation.

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### **About Milliman**

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an

independent firm with offices in major cities around the globe. For further information visit [Milliman](#).

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### **About Insurance Information Institute (Triple-I)**

Founded in 1960, the Triple-I provides objective, fact-based information about insurance while also being a trusted source of unique, data-driven insights which inform and empower consumers. We want people to have the information they need to make educated decisions, manage risk, and appreciate the essential value of insurance. We have more than 60 insurance company members, including nine of the 10 largest writers of property/casualty insurance in the United States. Our focus is to create and to disseminate information; we neither lobby on behalf of the insurance industry nor do we sell insurance.

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