



Construction, Manufacturing and Oil & Gas Industries and the P/C Insurance Industry: *Trends, Challenges & Opportunities*

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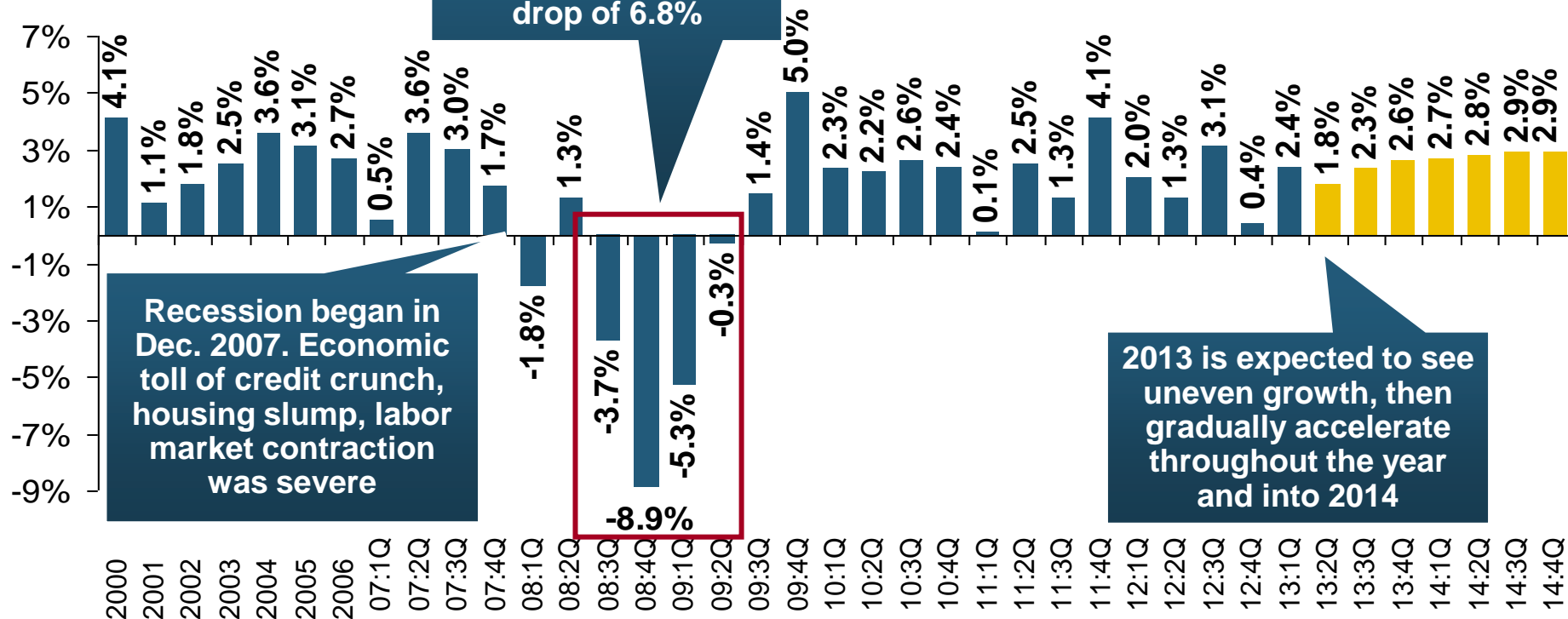


The Strength of the U.S. Economy Will Influence P/C Insurer Growth Opportunities

**U.S. Growth Will Expand Insurer
Exposure Base Across Most Lines**

US Real GDP Growth*

Real GDP Growth (%)

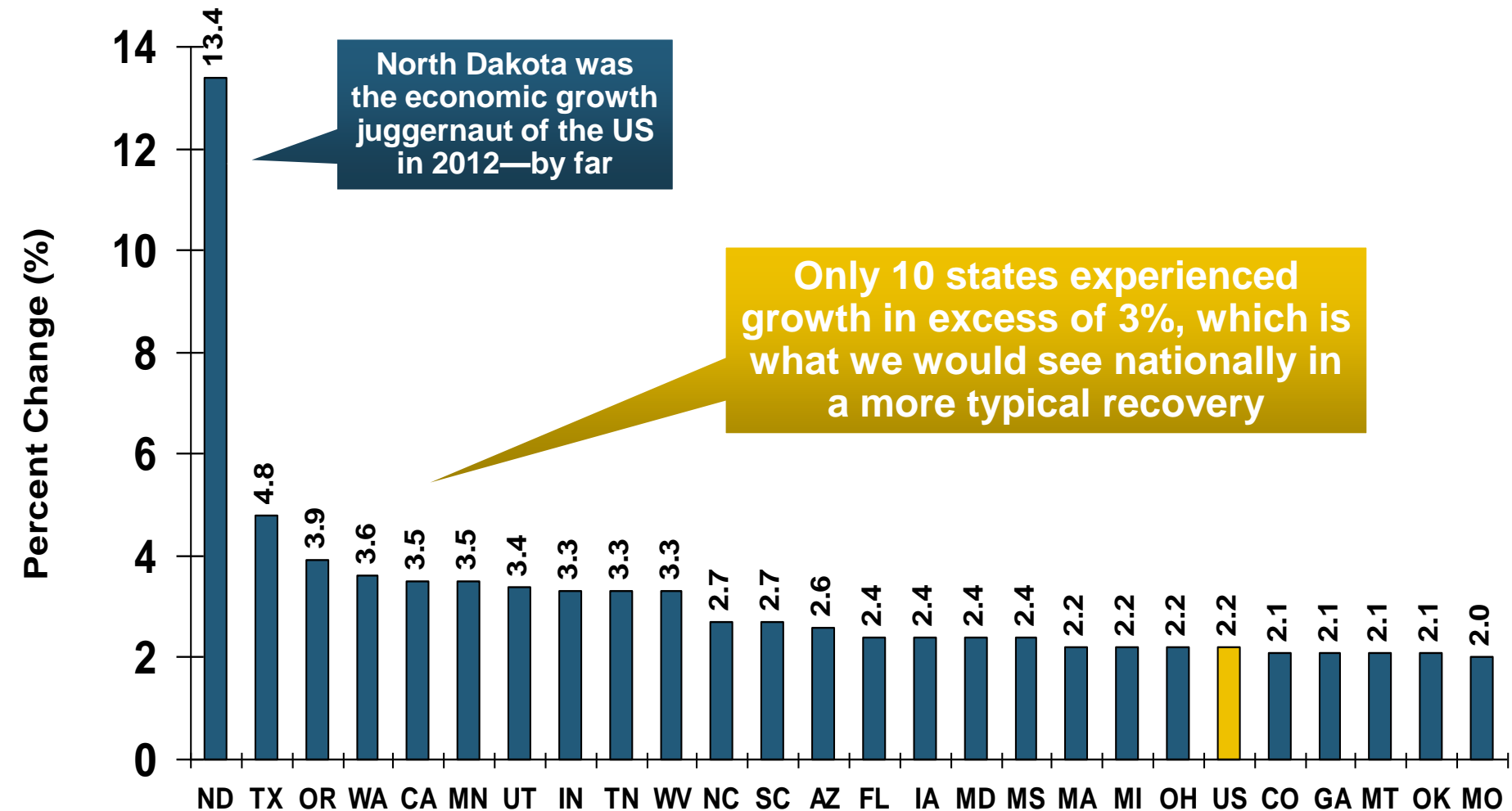


Demand for Insurance Continues To Be Impacted by Sluggish Economic Conditions, but the Benefits of Even Slow Growth Will Compound and Gradually Benefit the Economy Broadly

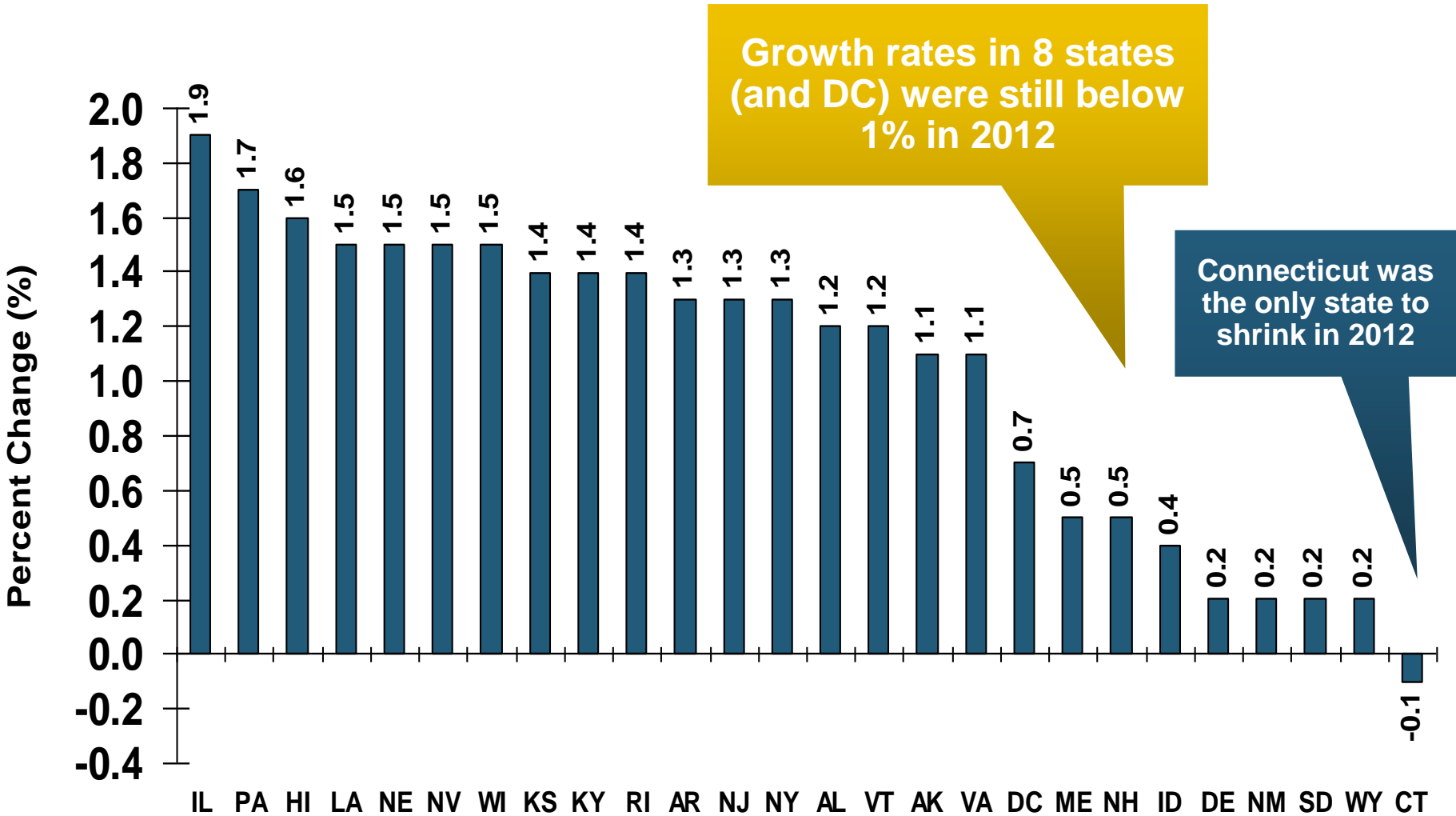
* Estimates/Forecasts from Blue Chip Economic Indicators.

Source: US Department of Commerce, Blue Economic Indicators 6/13; Insurance Information Institute.

Real GDP by State Percent Change, 2012: Highest 25 States

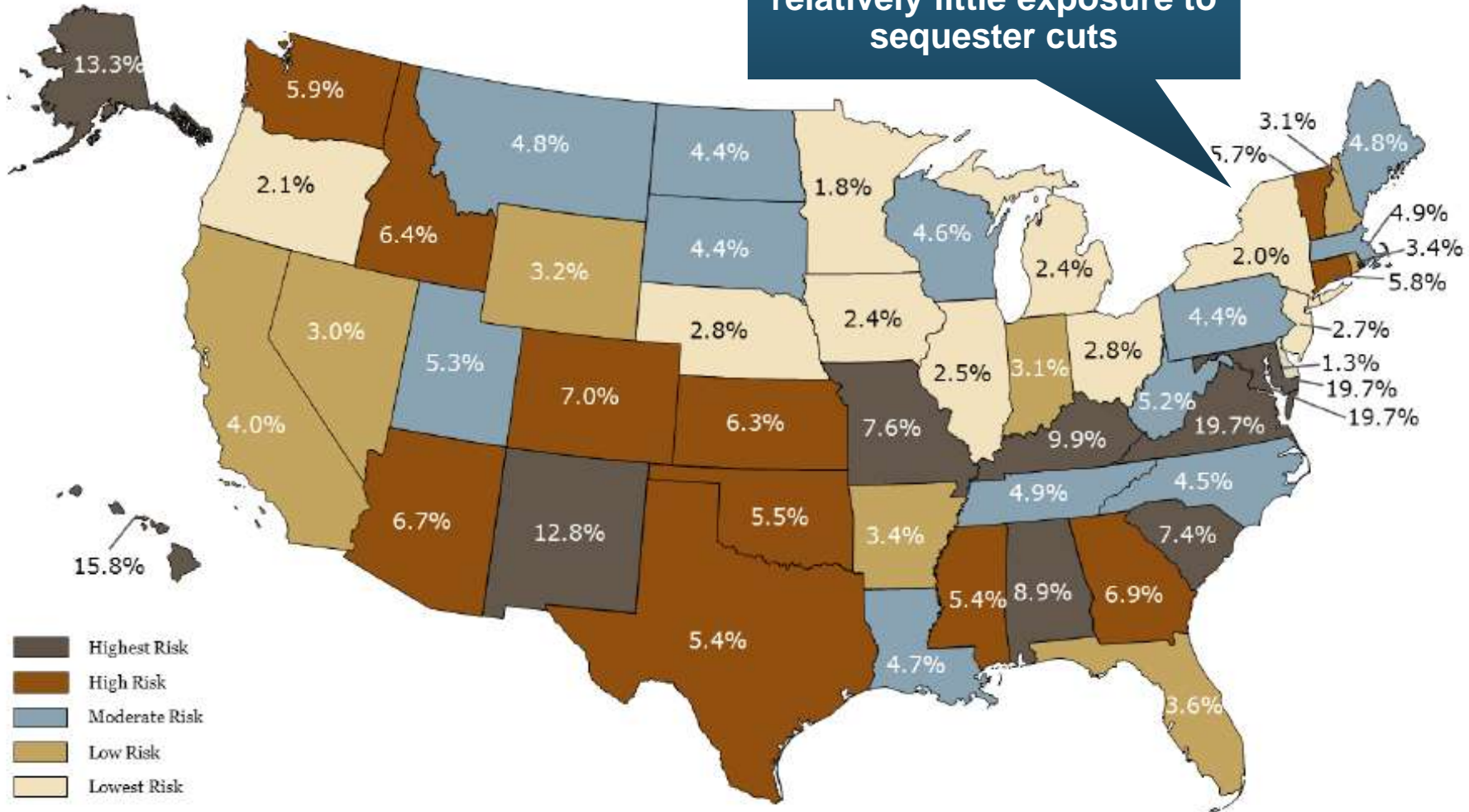


Real GDP by State Percent Change, 2012: Lowest 25 States

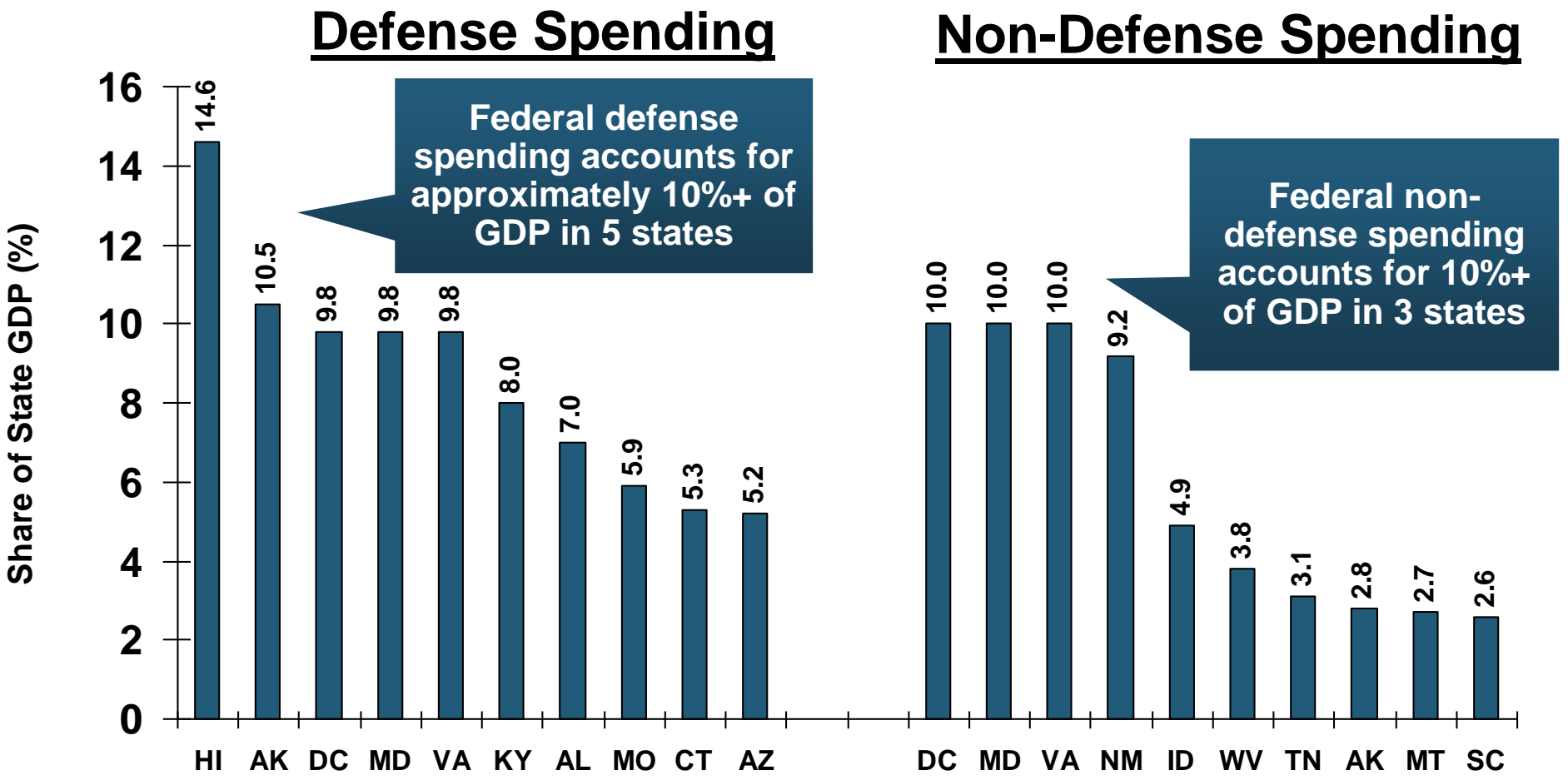


Federal Spending as a Share of State GDP: Vulnerability to Sequestration Varies

Many northern states have relatively little exposure to sequester cuts



Defense and Non-Defense Federal Spending as a Share of State GDP: Top 10 States*

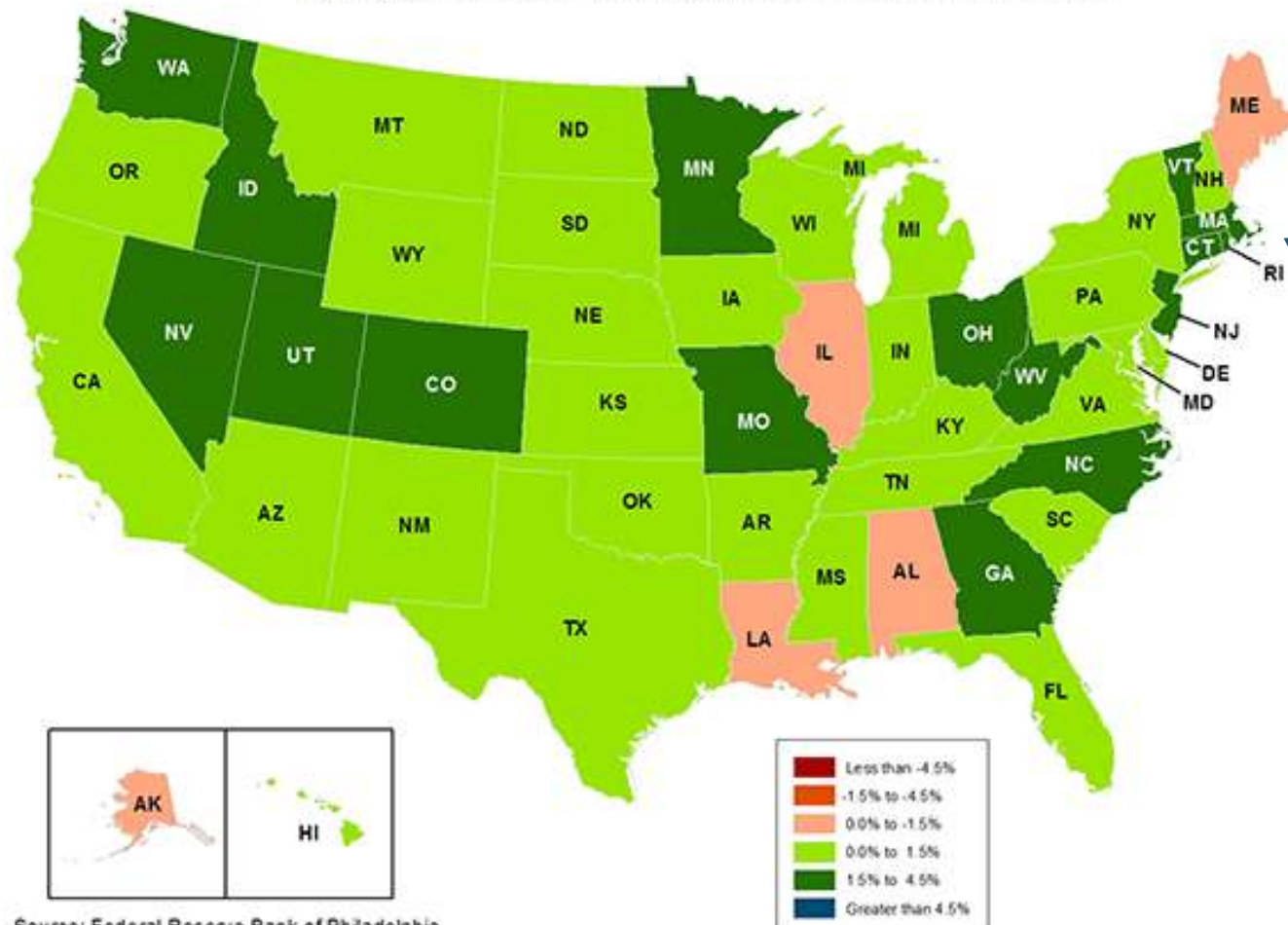


Sequestration Could Adversely Impact Commercial Insurance Exposures Directly at Defense Contractors and Indirectly in Impacted Communities

*As of 2010.
Sources: Pew Center on the States (2012) *Impact of the Fiscal Cliff on the States*; Wells Fargo Securities; Insurance Information Institute.

State-by-State Leading Indicators through 2013:Q2

January 2013 State Leading Indexes: 6-Month Forecast

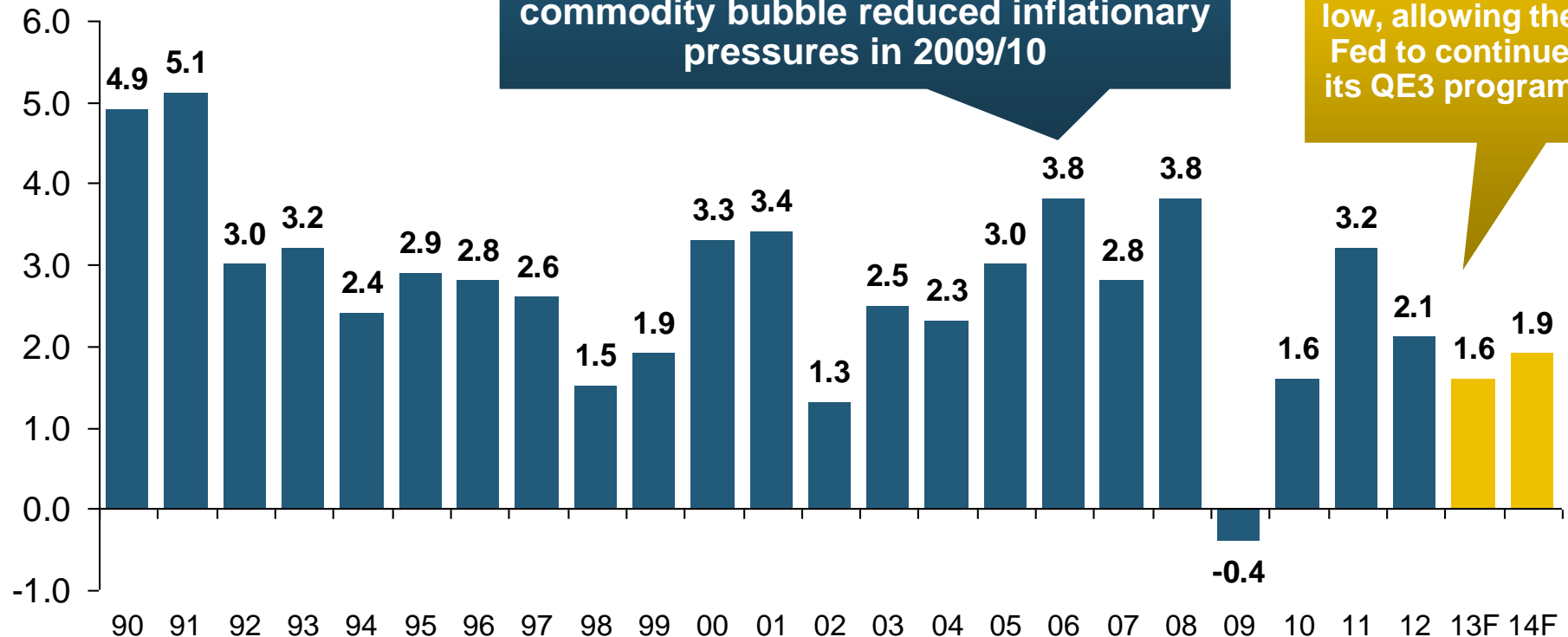


The economic outlook for most of New England is relatively strong, suggesting future strength in the creation of insurable exposures

Source: Federal Reserve Bank of Philadelphia

Annual Inflation Rates, (CPI-U, %), 1990–2014F

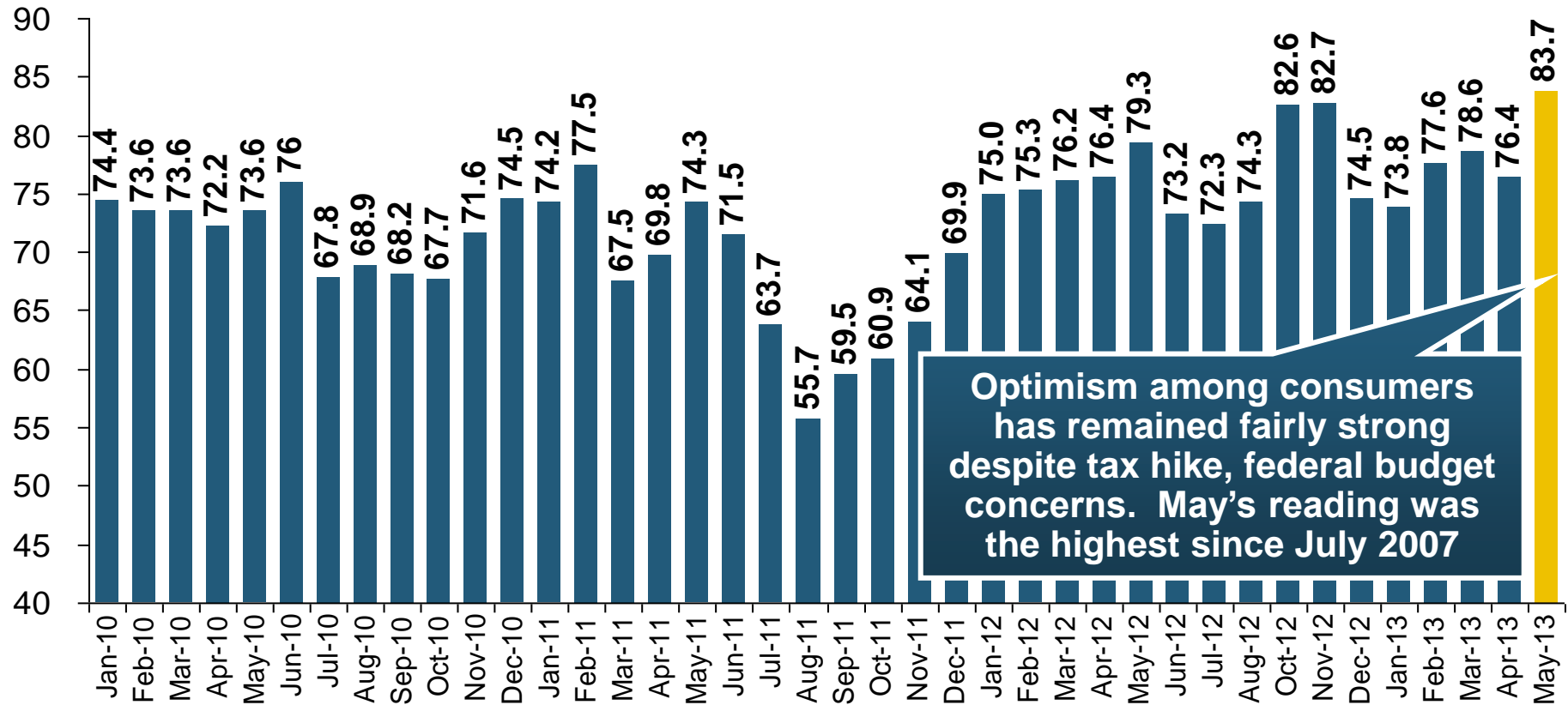
Annual Inflation Rates (%)



The slack in the U.S. economy suggests that inflationary pressures should remain subdued for an extended period of times. Energy, health care and commodity prices, plus U.S. debt burden, remain longer-run concerns

Consumer Sentiment Survey (1966 = 100)

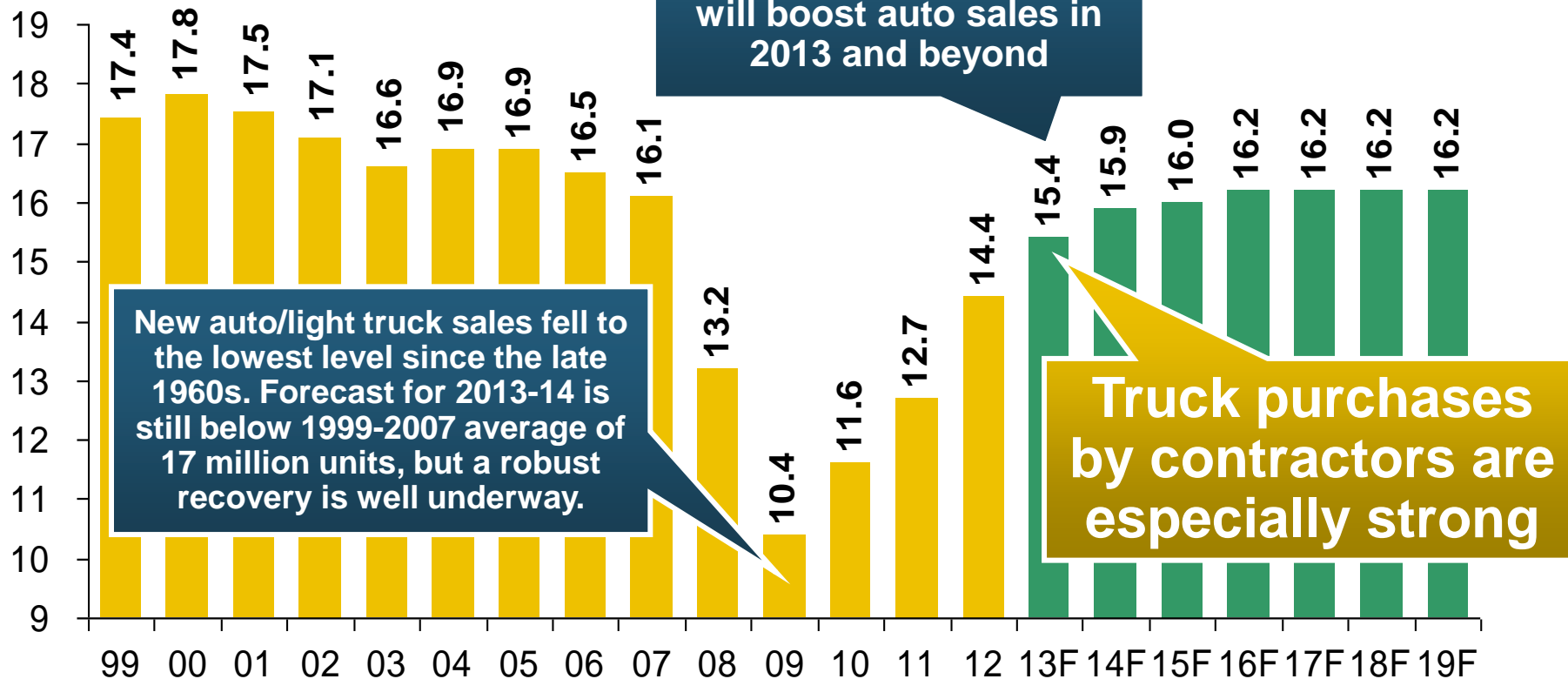
January 2010 through May 2013



Consumer confidence has been low for years amid high unemployment, falling home prices and other factors adversely impact consumers, but improved substantially in late 2011 and in 2012

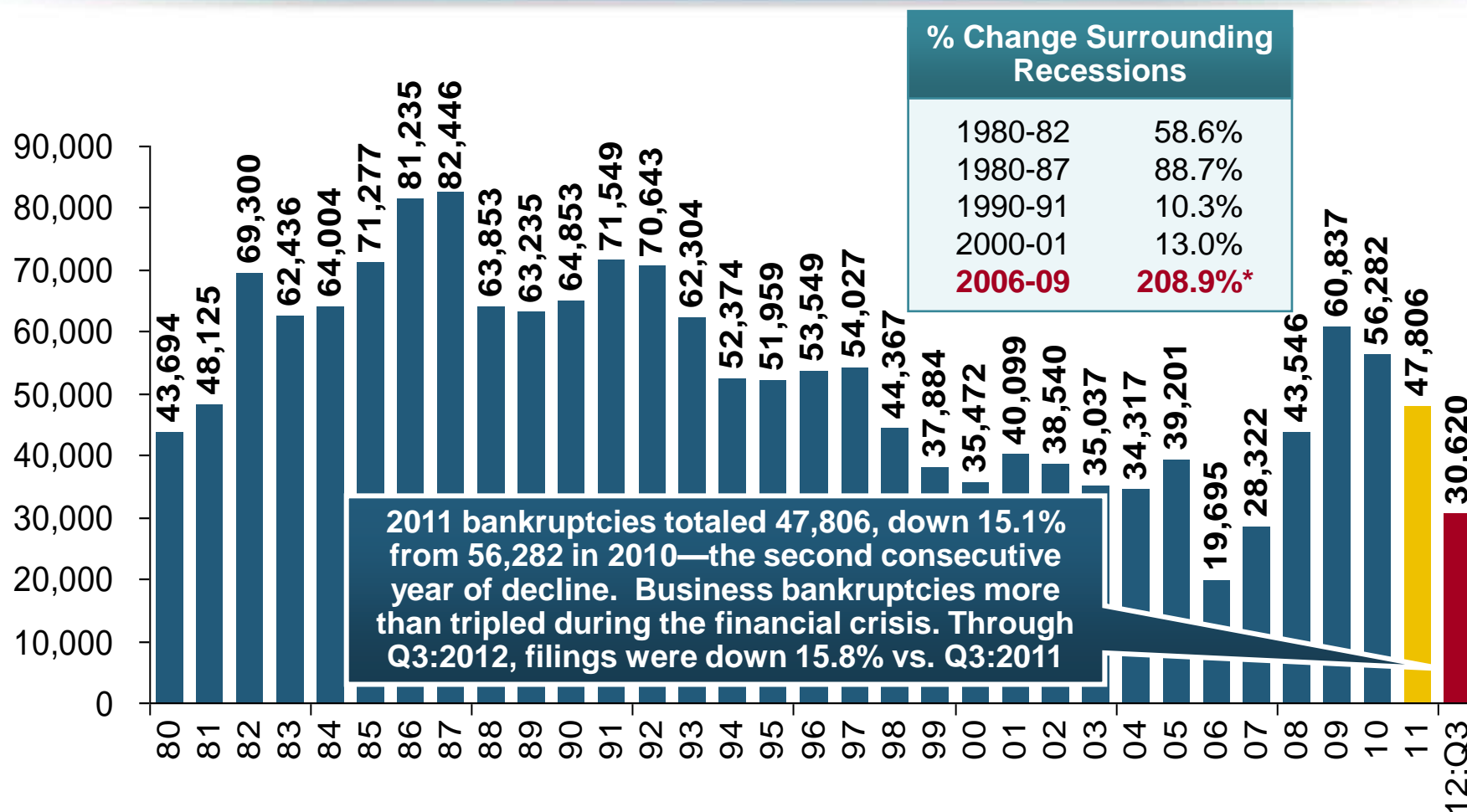
Auto/Light Truck Sales, 1999-2019F

(Millions of Units)



Car/Light Truck Sales Will Continue to Recover from the 2009 Low Point, Bolstering the Auto Insurer Growth and the Manufacturing Sector Along With Workers Comp Exposures

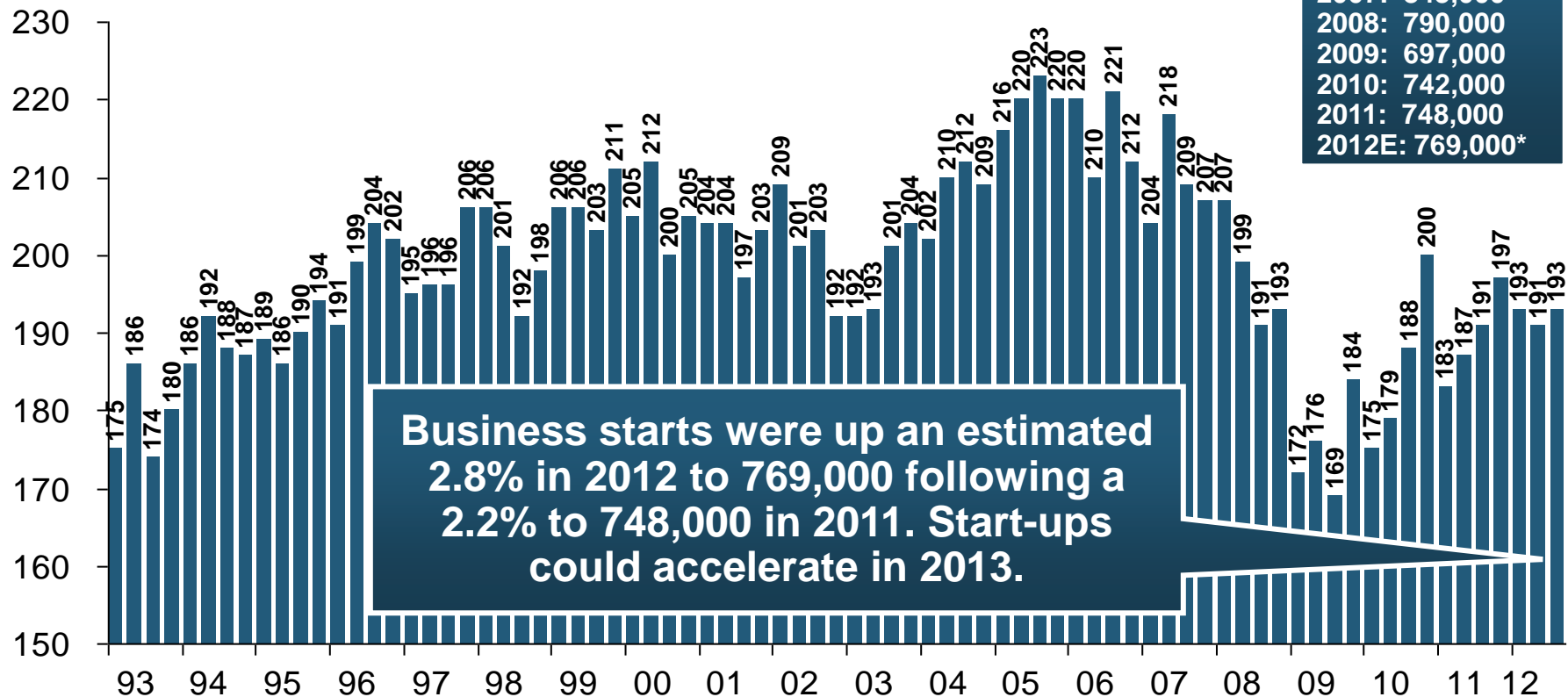
Business Bankruptcy Filings, 1980-2012:Q3



Significant Exposure Implications for All Commercial Lines as Business Bankruptcies Begin to Decline

Private Sector Business Starts, 1993:Q2 – 2012:Q3*

(Thousands)



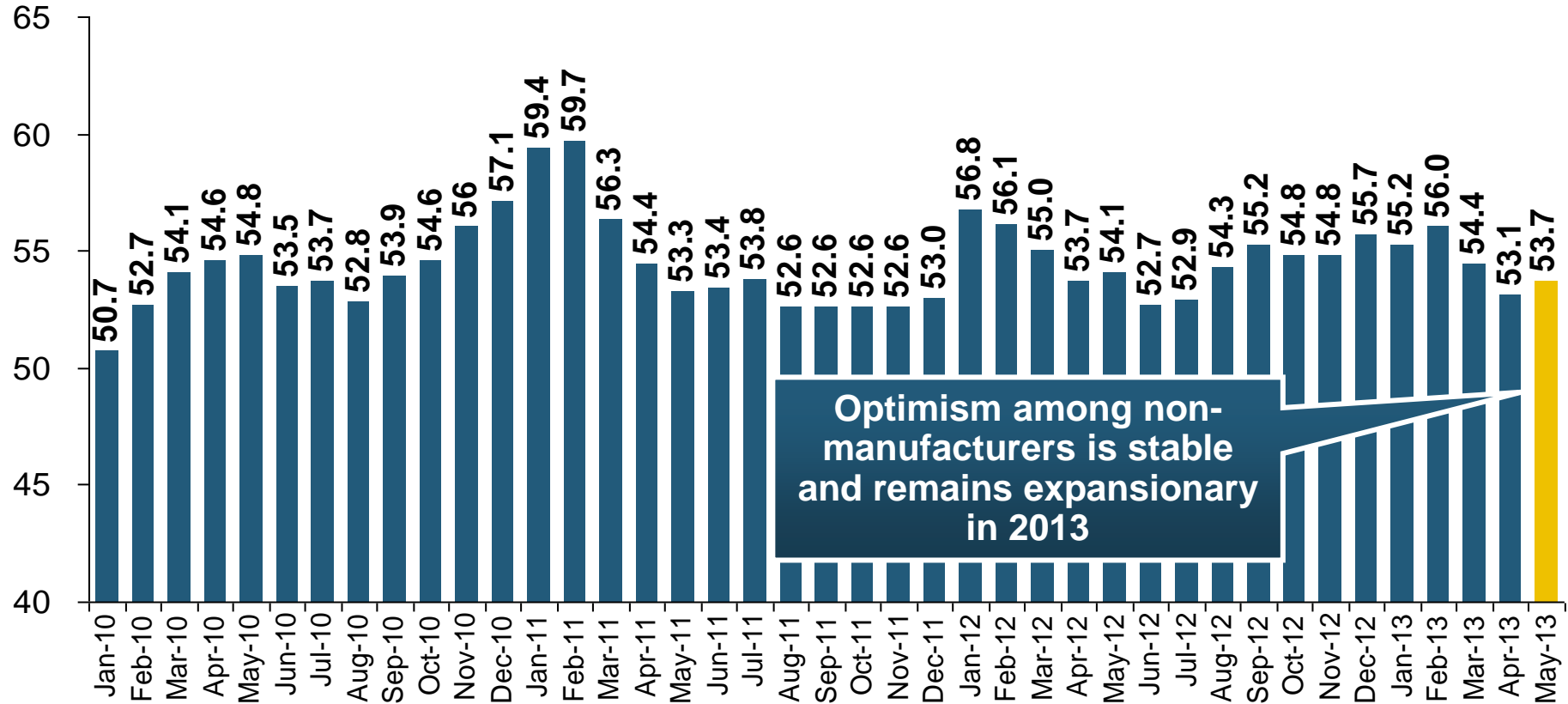
**Business Starts Were Down Nearly 20% in the Recession,
Holding Back Most Types of Commercial Insurance Exposure, But
Are Recovering Slowly**

* Data through Sep. 30, 2012 are the latest available as of May 13, 2013; Seasonally adjusted.

Source: Bureau of Labor Statistics, <http://www.bls.gov/news.release/cewbd.t08.htm>.

ISM Non-Manufacturing Index (Values > 50 Indicate Expansion)

January 2010 through May 2013



Non-manufacturing industries have been expanding and adding jobs. The question is whether this will continue.

NFIB Small Business Optimism Index

January 1985 through April 2013

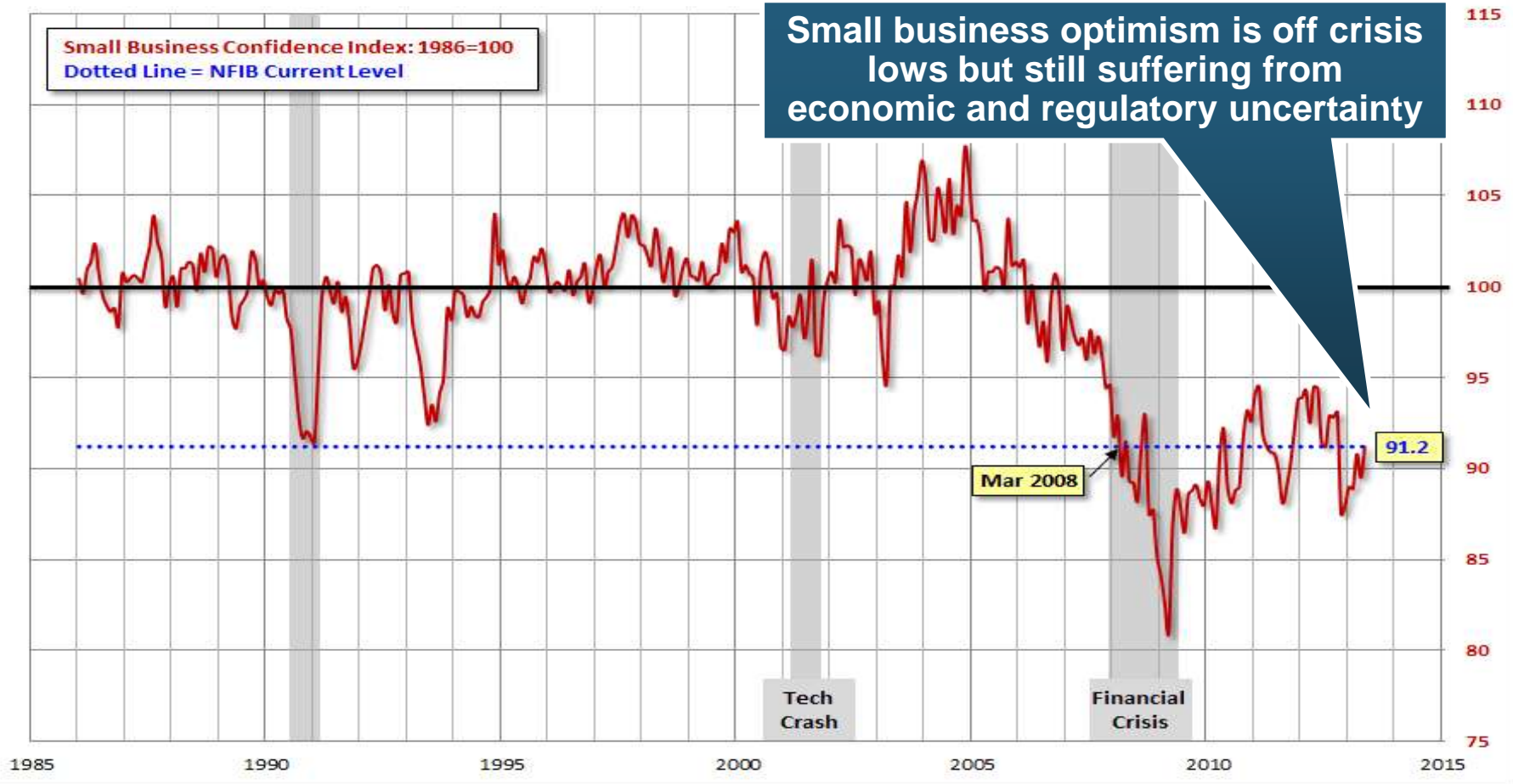
Data through
April 2013

NFIB Small Business Optimism Index with Recessions Highlighted

dshort.com
May 2013

Small Business Confidence Index: 1986=100
Dotted Line = NFIB Current Level

Small business optimism is off crisis
lows but still suffering from
economic and regulatory uncertainty



Source: National Federation of Independent Business at <http://www.advisorperspectives.com/dshort/charts/indicators/Sentiment.html?NFIB-optimism-index.gif> ; Insurance Information Institute.

12 Industries for the Next 10 Years: Insurance Solutions Needed

Health Care
Health Sciences
Energy (Traditional)
Alternative Energy
Petrochemical
Agriculture
Natural Resources
Technology (incl. Biotechnology)
Light Manufacturing
Insourced Manufacturing
Export-Oriented Industries
Shipping (Rail, Marine, Trucking, Pipelines)

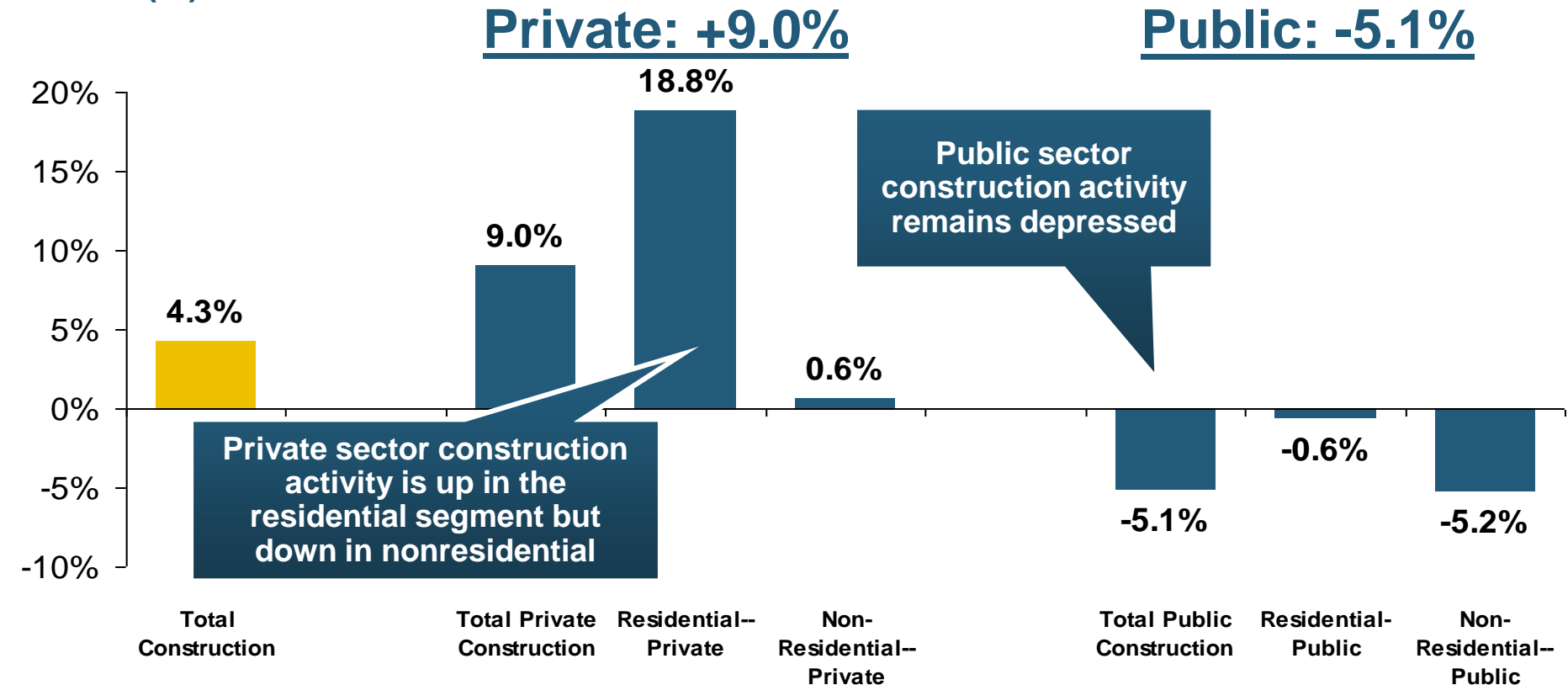
Many industries are poised for growth, though insurers' ability to capitalize on these industries varies widely

CONSTRUCTION INDUSTRY OVERVIEW & OUTLOOK

**The Construction Sector Is
Critical to the Economy and
the P/C Insurance Industry**

Value of Construction Put in Place, April 2013 vs. April 2012*

Growth (%)



Overall Construction Activity is Up, But Growth Is Entirely in the Private Sector as State/Local Government Budget Woes Continue

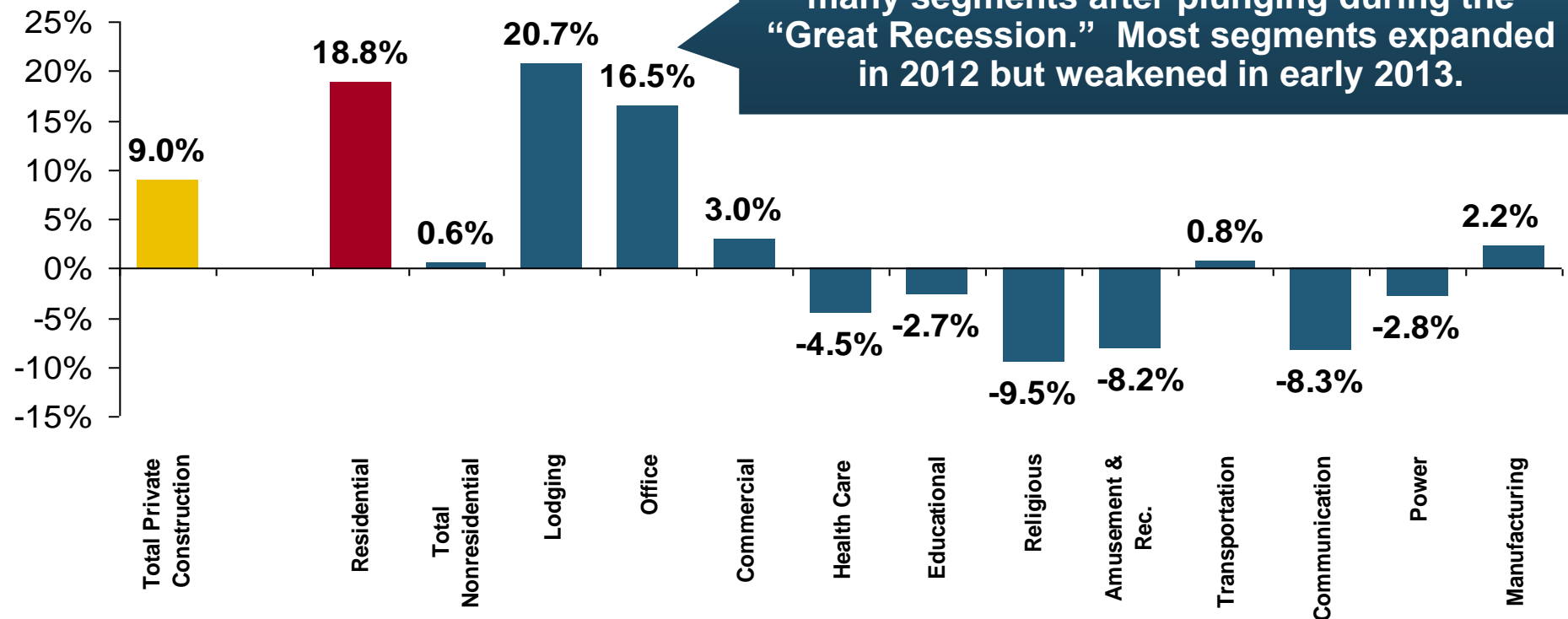
*seasonally adjusted

Source: U.S. Census Bureau, <http://www.census.gov/construction/c30/c30index.html> ; Insurance Information Institute.

Value of Private Construction Put in Place, by Segment, Apr. 2013 vs. Apr. 2012*

Growth (%)

Led by the Residential Construction, Lodging, Office, and Manufacturing industries, Private sector construction activity is mixed up across many segments after plunging during the "Great Recession." Most segments expanded in 2012 but weakened in early 2013.



Private Construction Activity is Up in Some Segments, Including the Key Residential Construction Sector, But Weakening in Early 2013

*seasonally adjusted

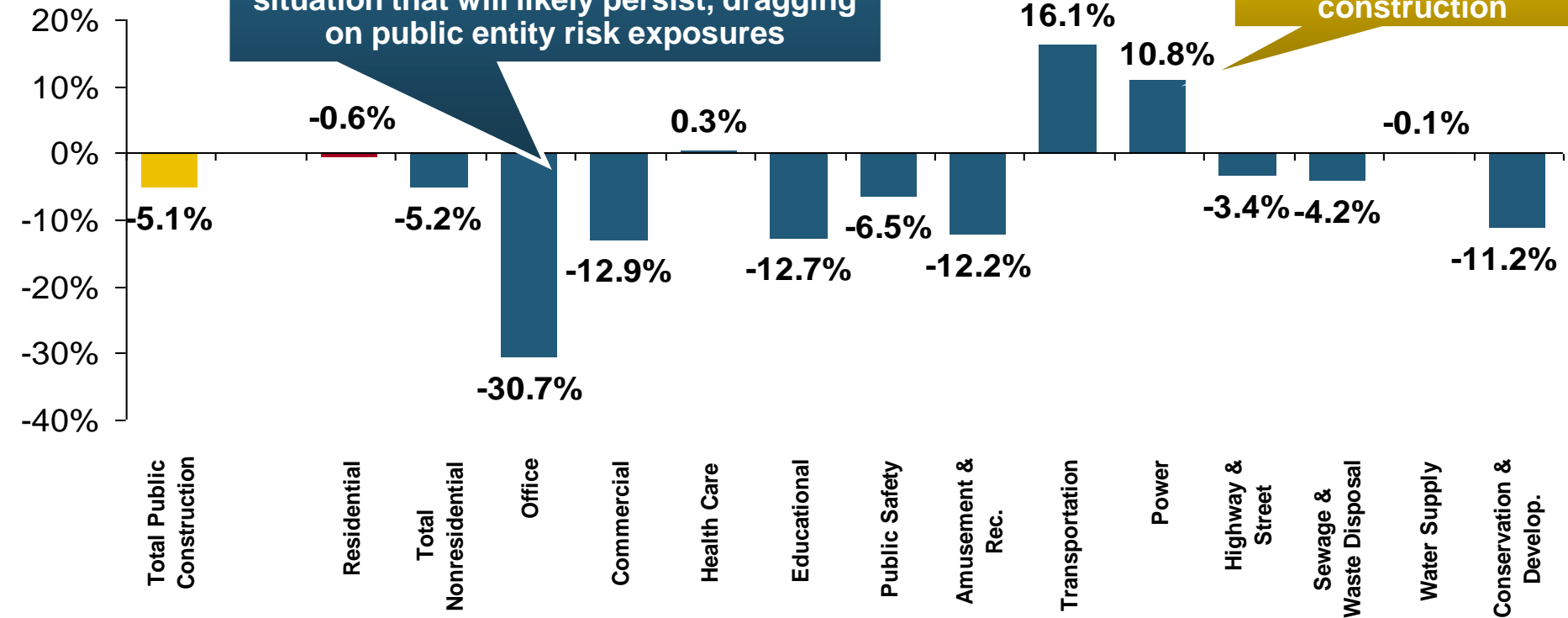
Source: U.S. Census Bureau, <http://www.census.gov/construction/c30/c30index.html> ; Insurance Information Institute.

Value of Public Construction Put in Place, by Segment, Apr. 2013 vs. Apr. 2012*

Growth (%)

Public sector construction activity is down substantially in most segments, a situation that will likely persist, dragging on public entity risk exposures

Transportation and Power projects lead public sector construction

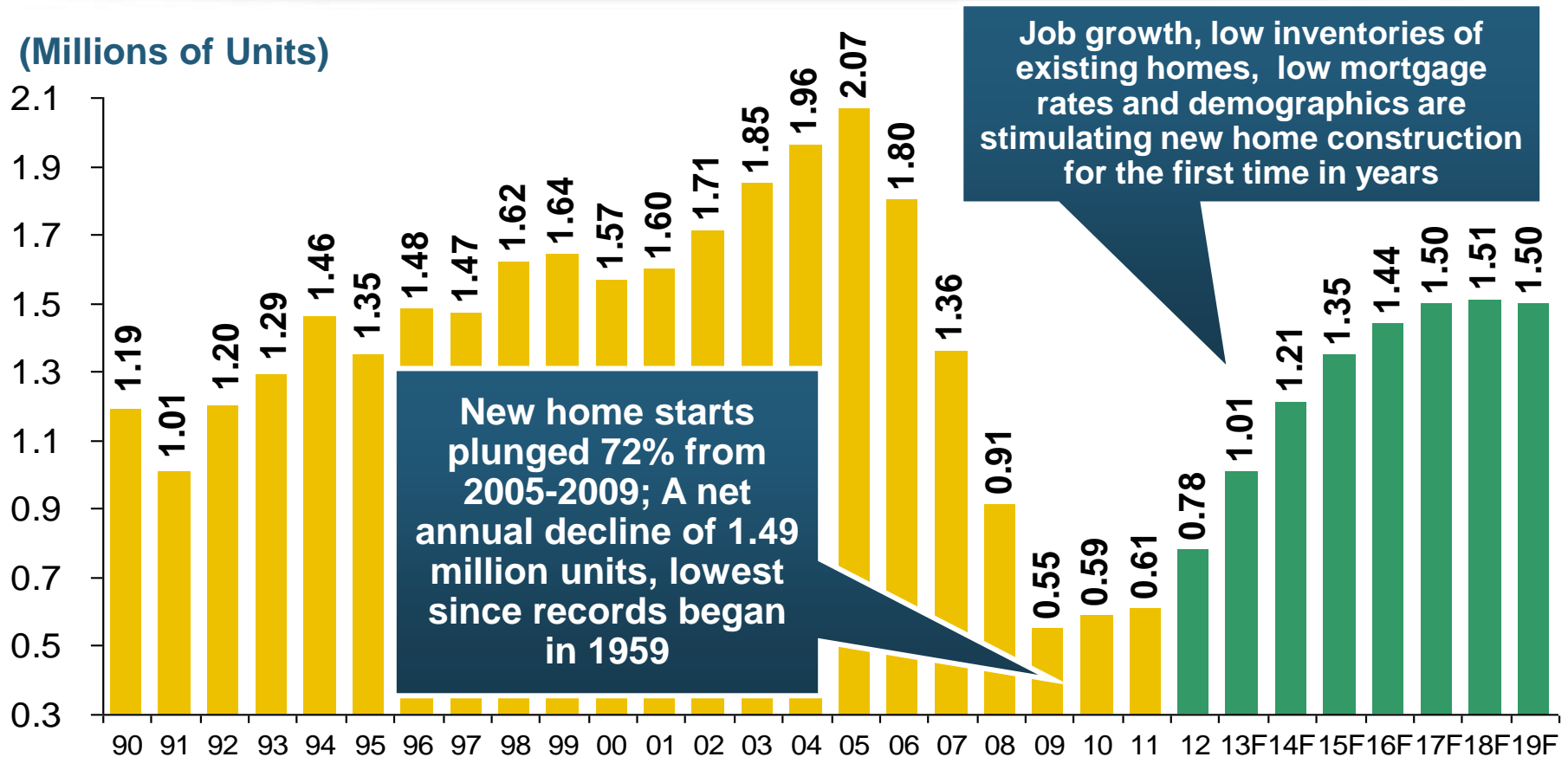


Public Construction Activity is Down in Many Segments as State and Local Budgets Remain Under Stress; Improvement Possible in 2014.

*seasonally adjusted

Source: U.S. Census Bureau, <http://www.census.gov/construction/c30/c30index.html> ; Insurance Information Institute.

New Private Housing Starts, 1990-2019F



Insurers Are Starting to See Meaningful Exposure Growth for the First Time Since 2005 Associated with Home Construction: Construction Risk Exposure, Surety, Commercial Auto; Potent Driver of Workers Comp Exposure

Construction Employment, Jan. 2010—May 2013*

(Thousands)

Construction employment growth accelerated in the second half of 2012. Continued growth in this key sector is possible through 2013. Construction is a key driver of workers comp exposure growth.



*Seasonally adjusted

Sources: US Bureau of Labor Statistics at <http://data.bls.gov>; Insurance Information Institute.

Construction Employment, Jan. 2003–May 2013

(Thousands)



The Construction Sector Could Be a Growth Leader in 2013 and 2014 as the Housing Market and Private Investment Recover. WC Insurers Will Benefit.

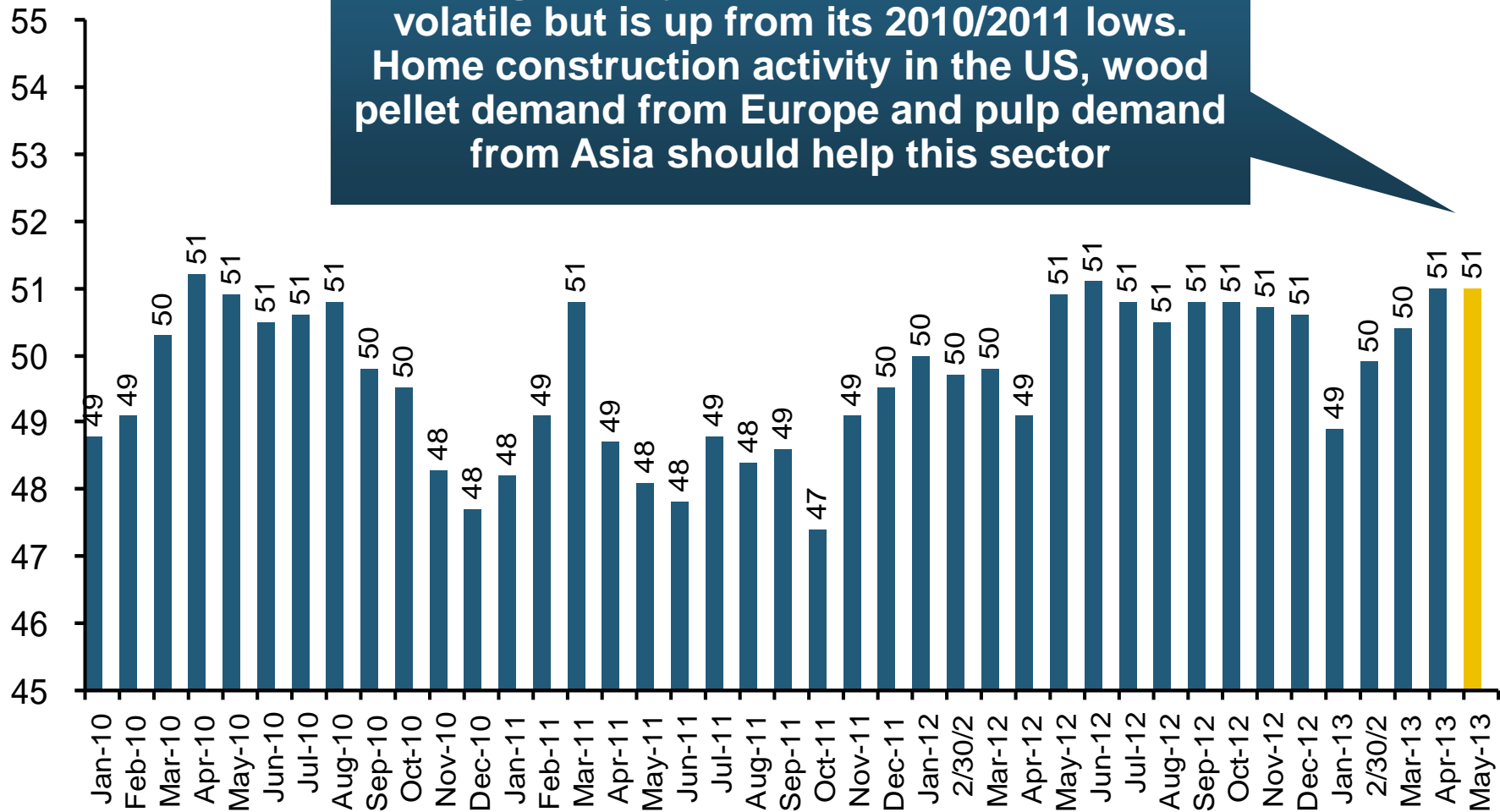
Note: Recession indicated by gray shaded column.

Sources: U.S. Bureau of Labor Statistics; Insurance Information Institute.

Logging Employment, Jan. 2010—May 2013*

(Thousands)

Mining employment has been somewhat volatile but is up from its 2010/2011 lows. Home construction activity in the US, wood pellet demand from Europe and pulp demand from Asia should help this sector

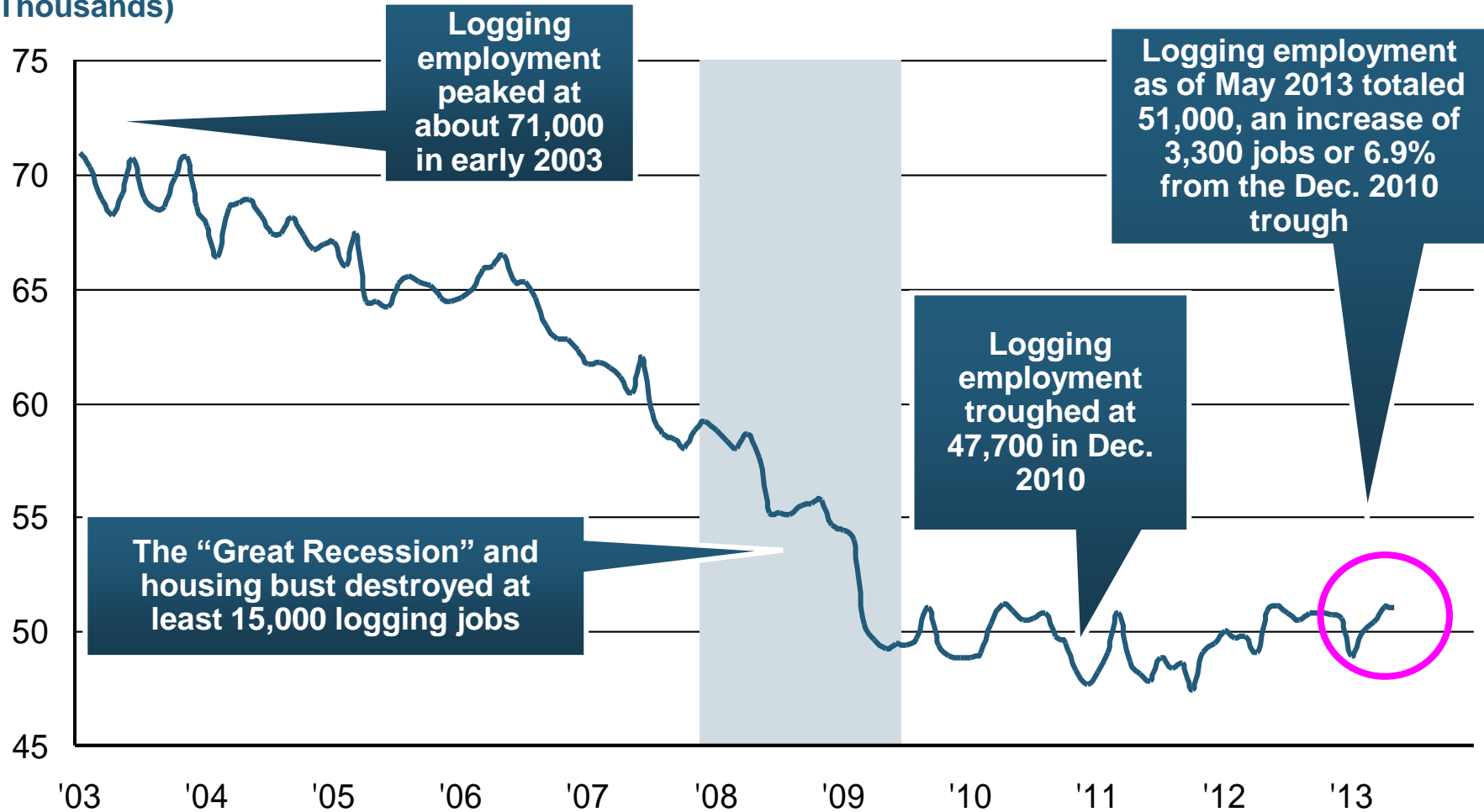


*Seasonally adjusted

Sources: US Bureau of Labor Statistics at <http://data.bls.gov>; Insurance Information Institute.

Logging Employment, Jan. 2003–May 2013

(Thousands)

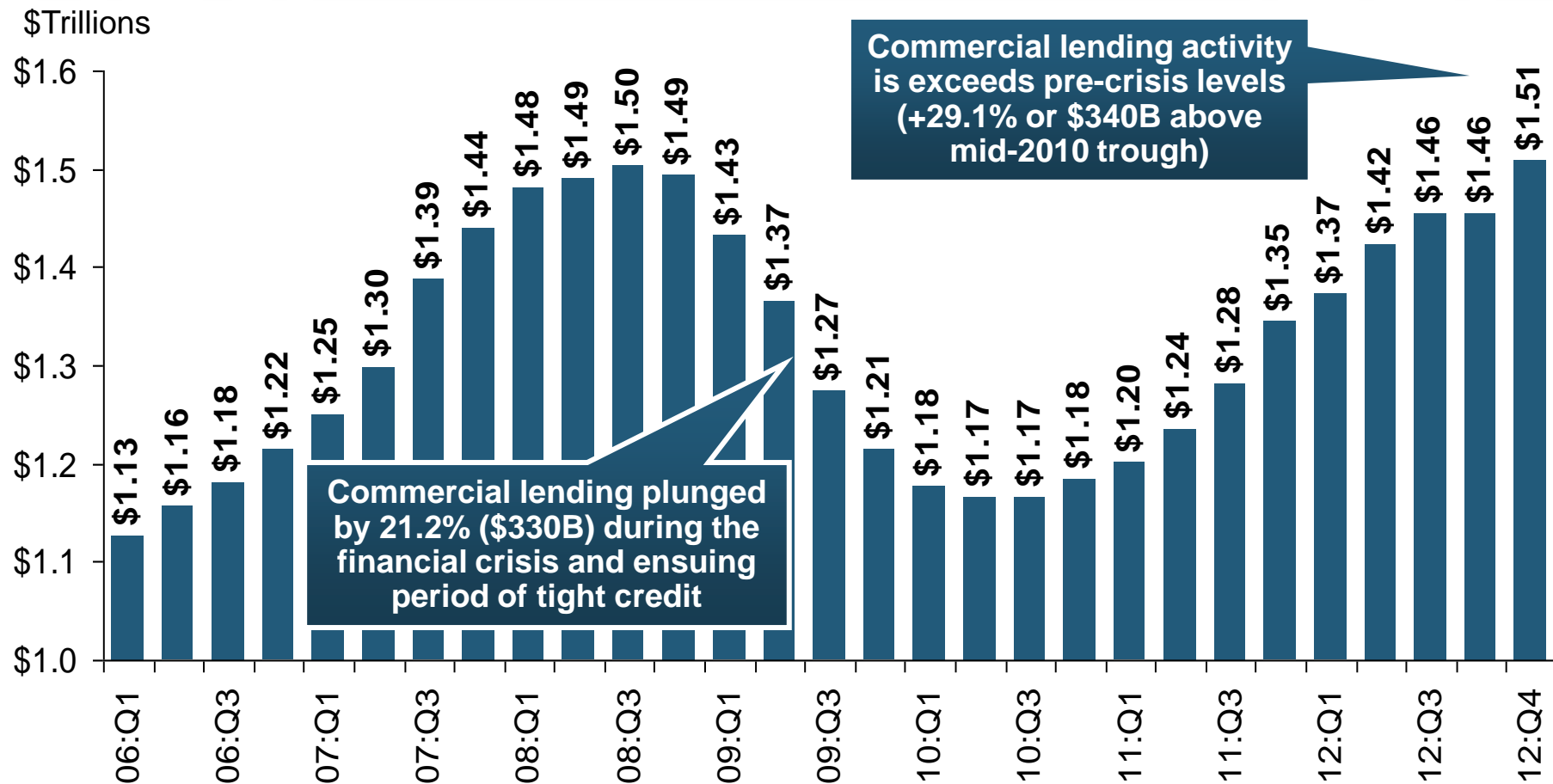


The Logging Sector Is Benefitting from Residential Home Construction, Renewable Energy Regulations in Europe (encourage wood burning) and some Asian pulp demand

Note: Recession indicated by gray shaded column.

Sources: U.S. Bureau of Labor Statistics; Insurance Information Institute.

Commercial & Industrial Loans Outstanding at FDIC-Insured Banks, Quarterly, 2006-2012:Q4*

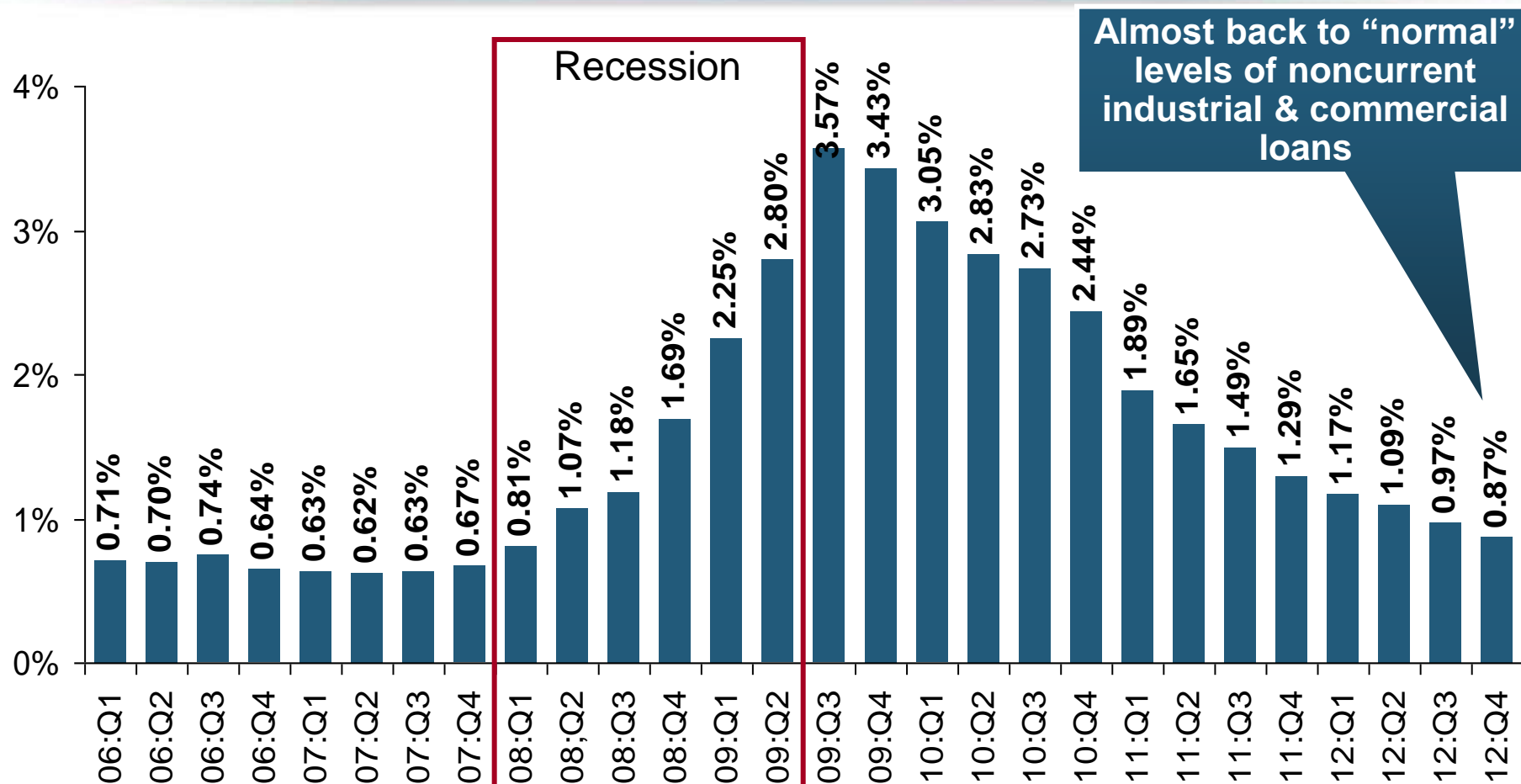


Outstanding Commercial Loan Volume Has Been Growing for Over Two Years and Is Now Nearly Back to Early Recession Levels. Bodes Very Well for the Creation of Current and Future Commercial Insurance Exposures

*Latest data as of 5/13/2013.

Source: FDIC at <http://www2.fdic.gov/qbp/> (Balance Sheet spreadsheet); Insurance Information Institute.

Percent of Non-current Commercial & Industrial Loans Outstanding at FDIC-Insured Banks, Quarterly, 2006:Q1, 2012:Q4*

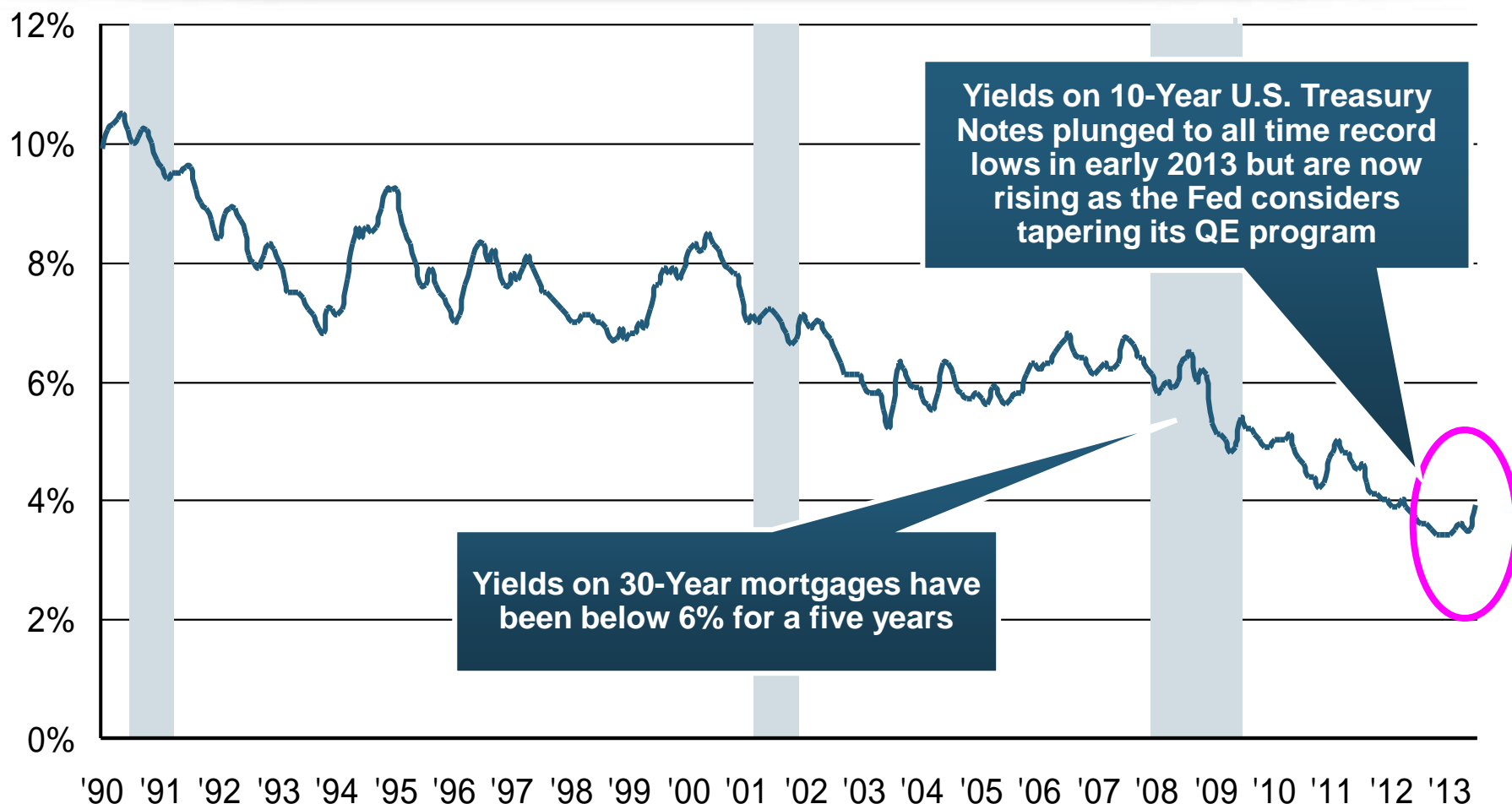


Non-current loans (those past due 90 days or more or in nonaccrual status) are back to early-recession levels, fueling bank willingness to lend.

*Latest data as of 3/18/2013.

Source: FDIC at <http://www2.fdic.gov/qbp/> (Loan Performance spreadsheet); Insurance Information Institute.

Interest Rate on Convention 30-Year Mortgages: Headed Back Up, 1990–2013*



Since roughly 80% of P/C bond/cash investments are in 10-year or shorter durations, most P/C insurer portfolios will have low-yielding bonds for years to come.

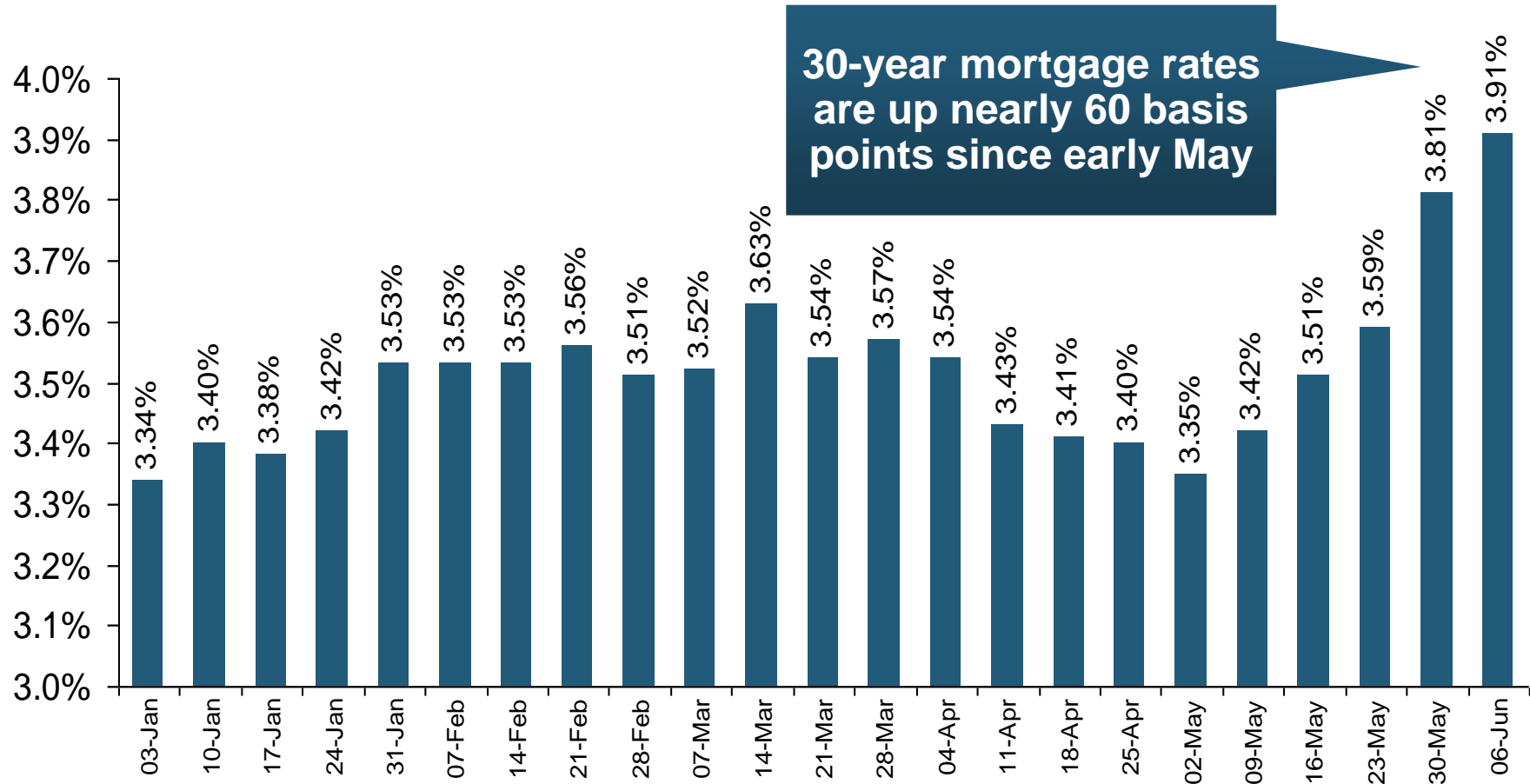
*Monthly, through June 2013 (as of June 6).

Note: Recessions indicated by gray shaded columns.

Sources: Federal Reserve Bank at <http://www.federalreserve.gov/releases/h15/data.htm>.

National Bureau of Economic Research (recession dates); Insurance Information Institutes.

30-Year Mortgages in 2013 Are Rising: What Will Be the Impact on Construction?



Mortgage Interest Rates Will Rise as Expectations Over the Fed's Tapering of QE3 Persist; Still Low by Historical Standards

*Weekly through June 6, 2013.

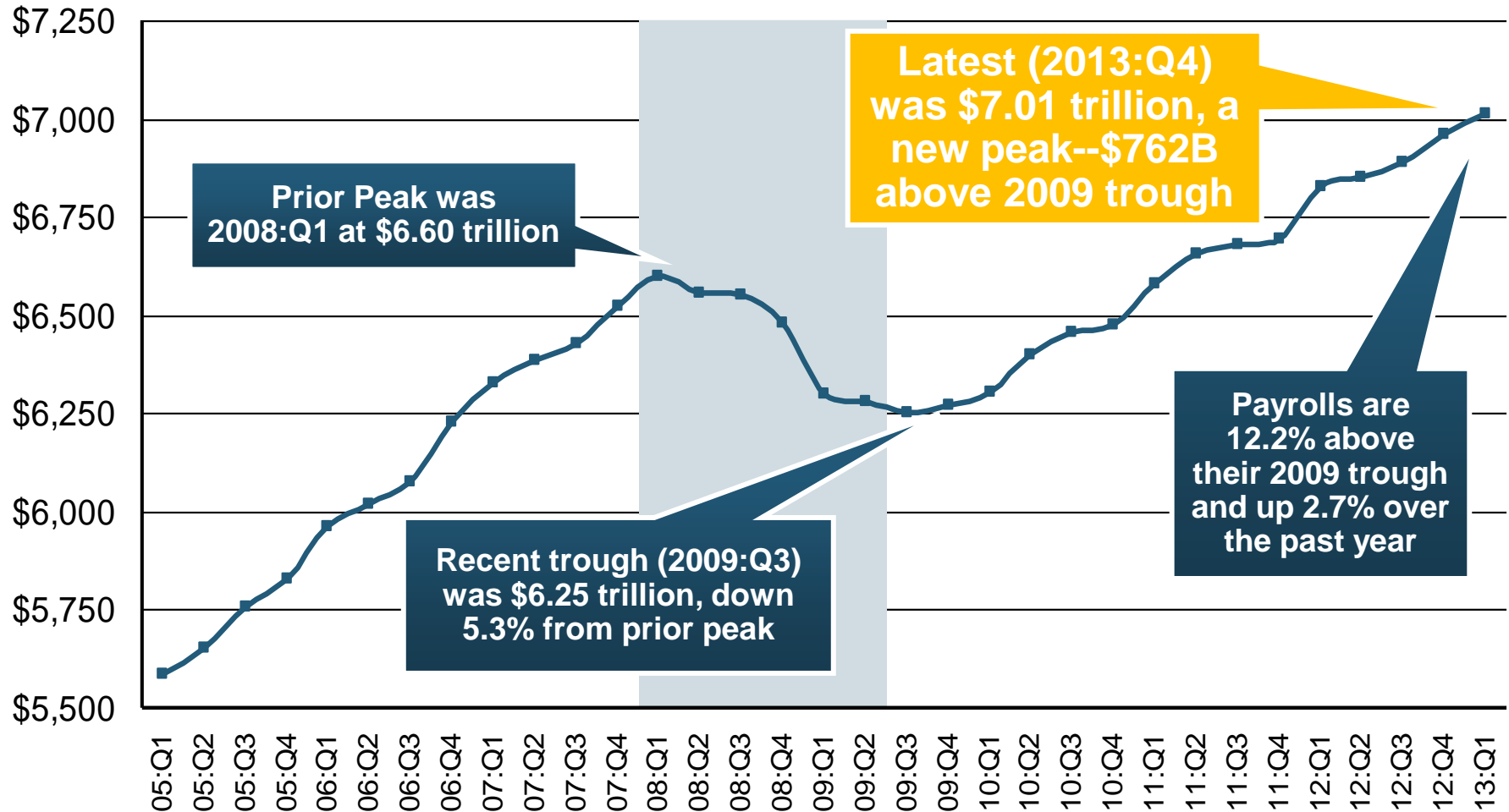
Sources: Federal Reserve Bank at <http://www.federalreserve.gov/releases/h15/data.htm>; Insurance Information Institutes.

MANUFACTURING SECTOR OVERVIEW & OUTLOOK

**The Manufacturing Sector Could
See a Resurgence Benefitting
the US Economy and the P/C
Insurance Industry**

Nonfarm Payroll (Wages and Salaries): Quarterly, 2005–2013:Q1

Billions

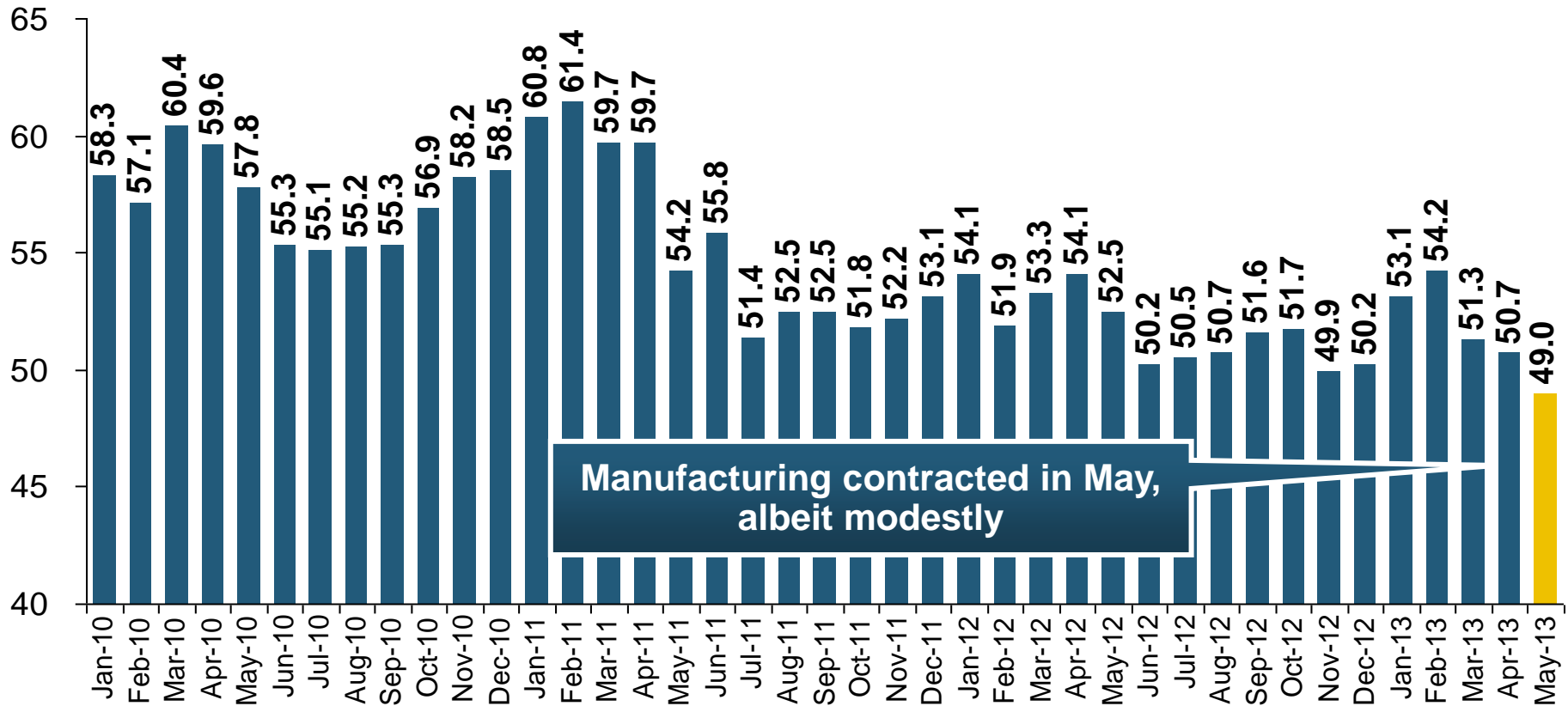


Note: Recession indicated by gray shaded column. Data are seasonally adjusted annual rates.

Sources: <http://research.stlouisfed.org/fred2/series/WASCUR>; National Bureau of Economic Research (recession dates); Insurance Information Institute.

ISM Manufacturing Index (Values > 50 Indicate Expansion)

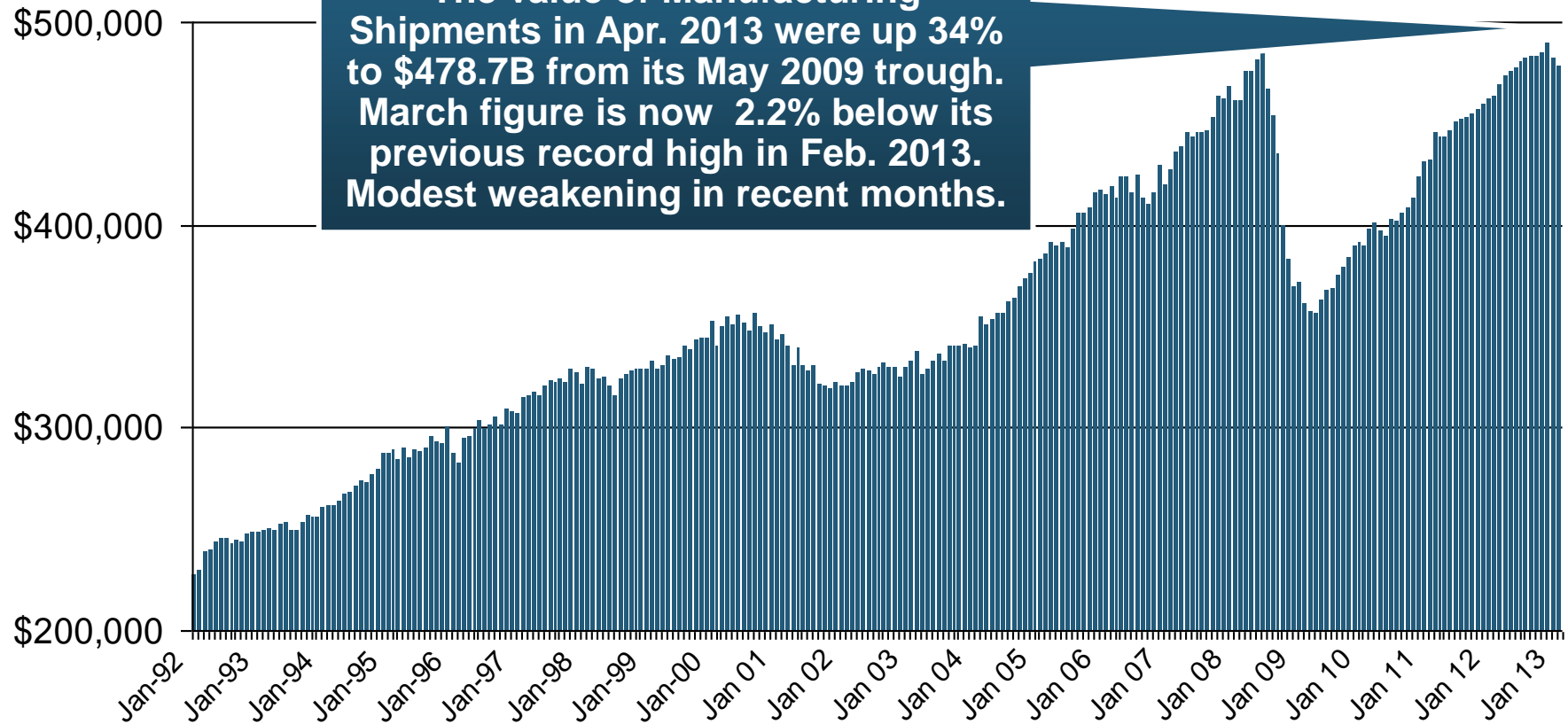
January 2010 through May 2013



The manufacturing sector expanded for 39 of the 41 months from Jan. 2010 through May 2013. Recent weakness stems largely from woes in Europe and a Slowdown in China.

Dollar Value* of Manufacturers' Shipments Monthly, Jan. 1992—Apr. 2013

\$ Millions



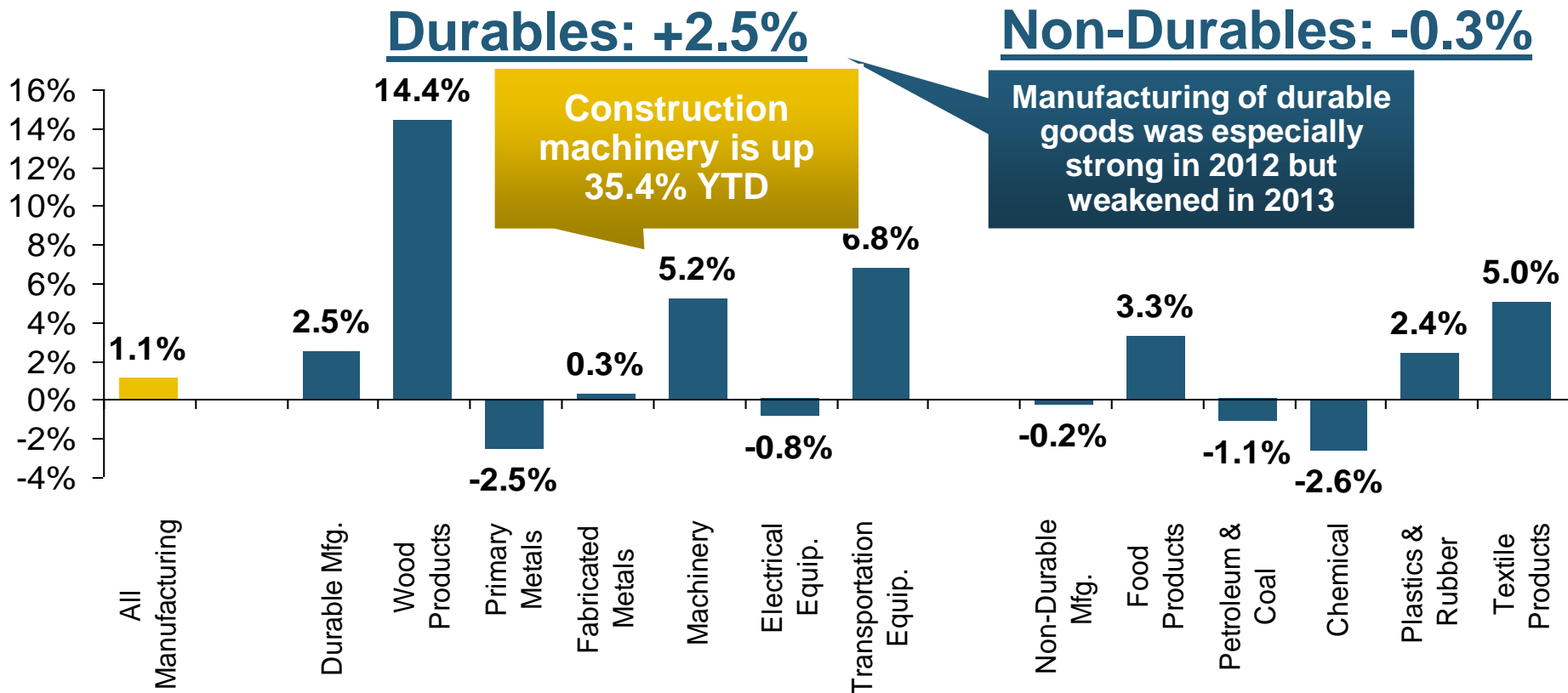
Monthly shipments in Feb. 2013 exceeded their pre-crisis (July 2008) peak. Trough in May 2009. Growth from trough to Apr. 2013 was 34%. Manufacturing is an energy intensive activity and growth leads to gains in many commercial exposures: WC, Commercial Auto, Marine, Property and Various Liability Coverages

*seasonally adjusted

Source: U.S. Census Bureau, *Full Report on Manufacturers' Shipments, Inventories, and Orders*, <http://www.census.gov/manufacturing/m3/>

Manufacturing Growth for Selected Sectors, 2013 vs. 2013*

Growth (%)



Manufacturing Is Expanding—Albeit More Slowly—Across a Number of Sectors that Will Contribute to Growth in Insurable Exposures Including: WC, Commercial Property, Commercial Auto and Many Liability Coverages

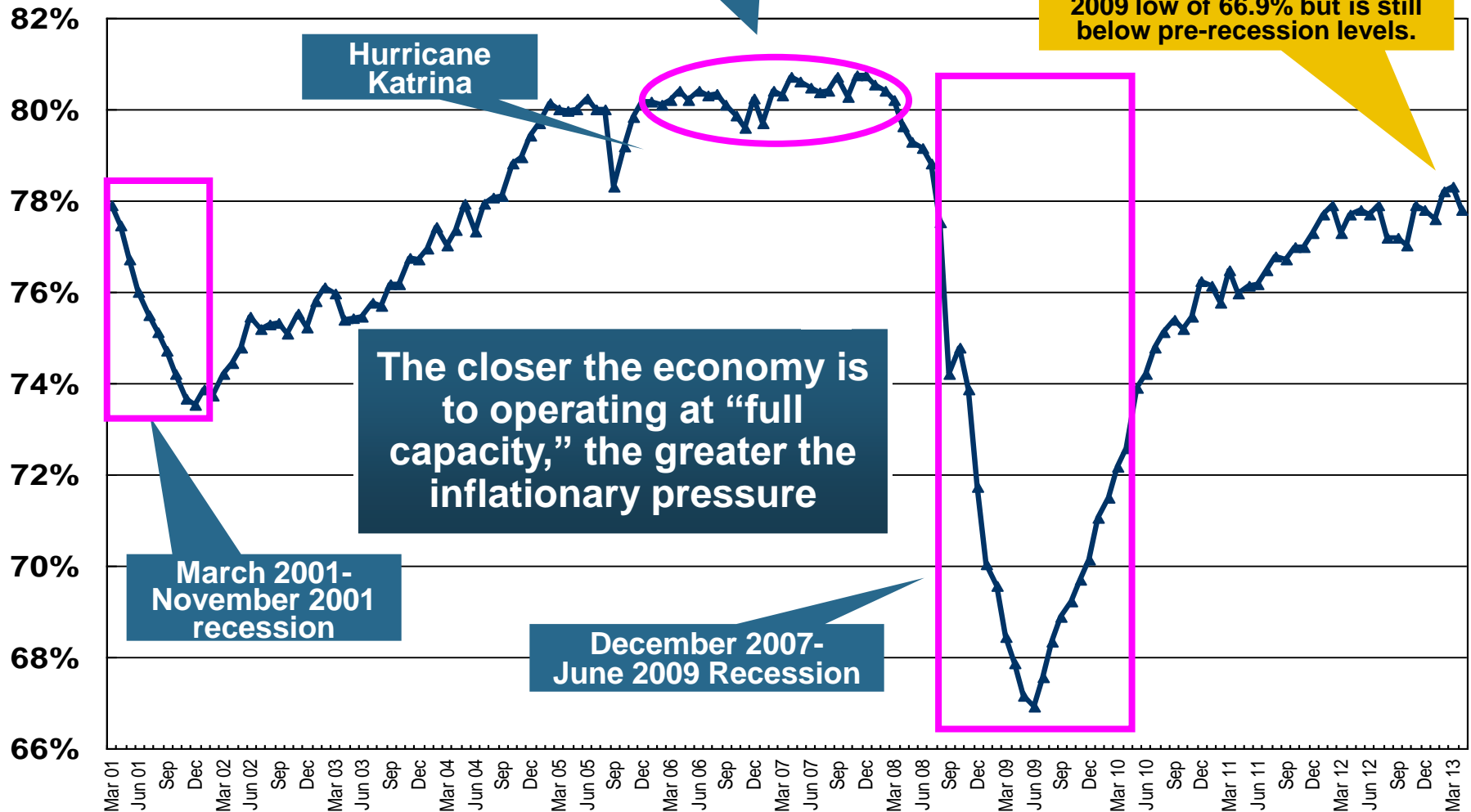
*Seasonally adjusted; Date are YTD comparing data through April 2013 to the same period in 2012.

Source: U.S. Census Bureau, *Full Report on Manufacturers' Shipments, Inventories, and Orders*, <http://www.census.gov/manufacturing/m3/>

Recovery in Capacity Utilization is a Positive Sign for Commercial Exposures

March 2001 through April 2013

Percent of Industrial Capacity

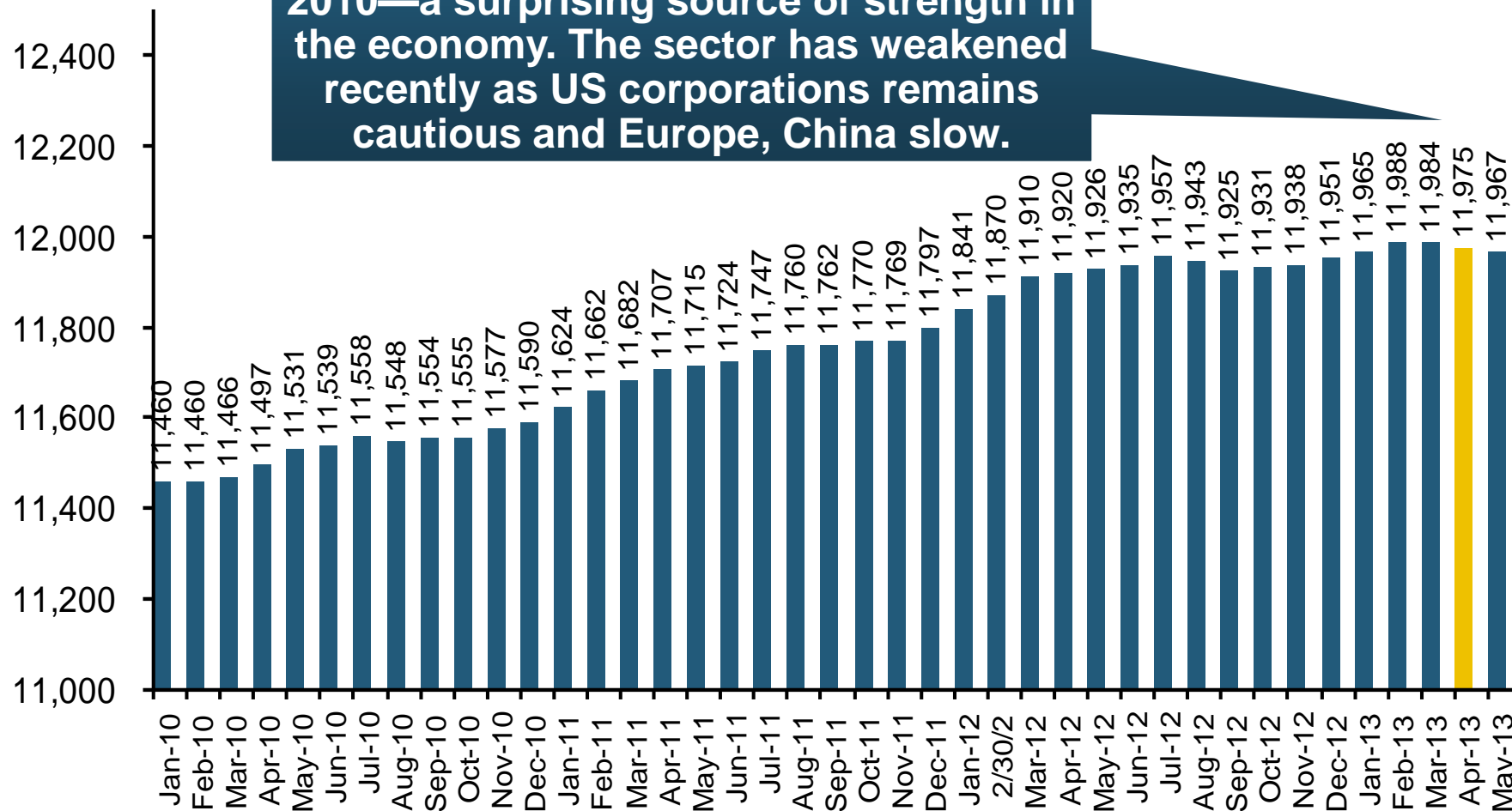


Source: Federal Reserve Board statistical releases at <http://www.federalreserve.gov/releases/q17/Current/default.htm>.

Manufacturing Employment, Jan. 2010—May 2013*

(Thousands)

Manufacturing employment is up by more than 500,000 or 4.4% since Jan. 2010—a surprising source of strength in the economy. The sector has weakened recently as US corporations remains cautious and Europe, China slow.



*Seasonally adjusted

Sources: US Bureau of Labor Statistics at <http://data.bls.gov>; Insurance Information Institute.

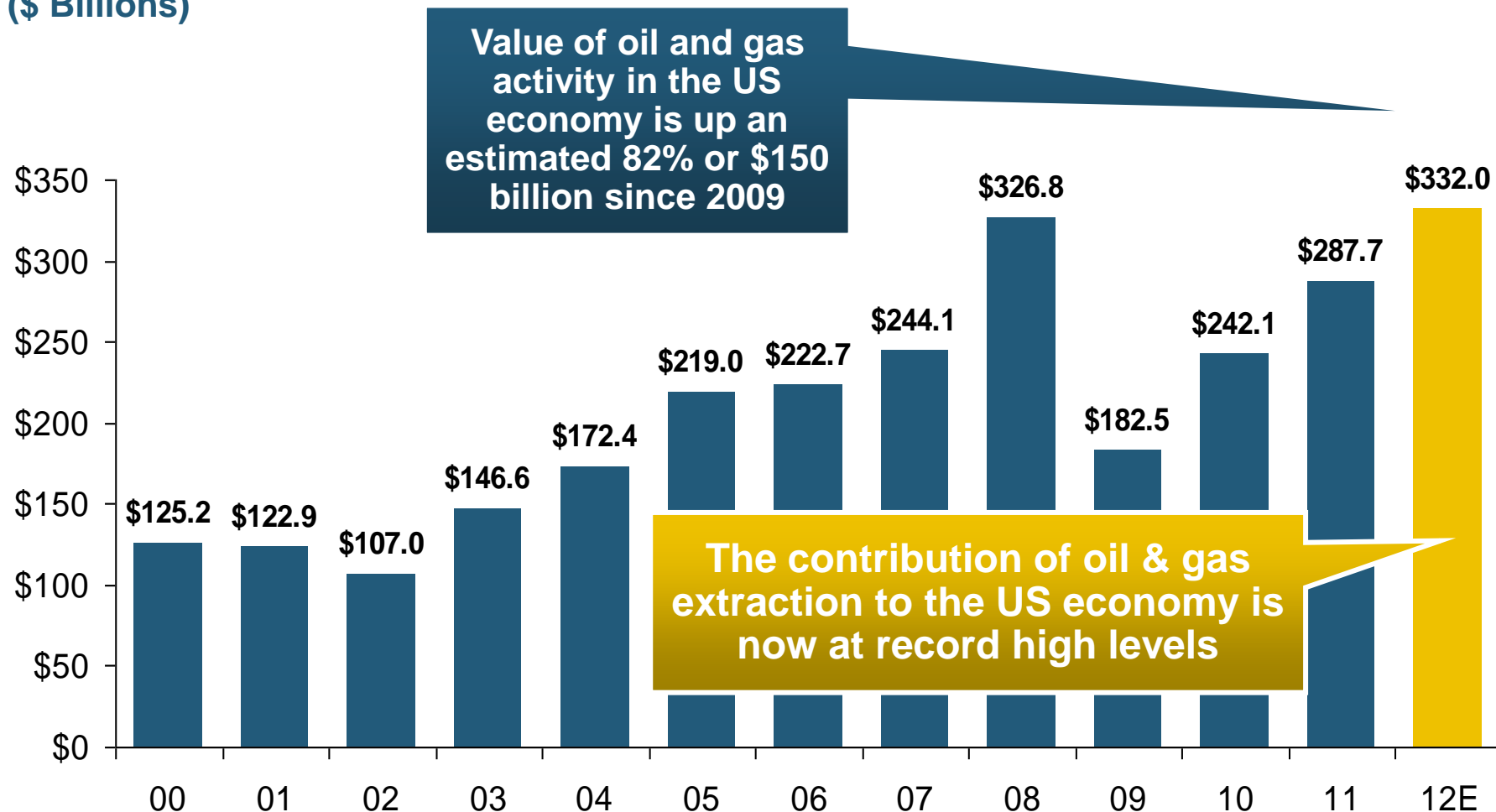
ENERGY SECTOR: OIL & GAS INDUSTRY FUTURE IS BRIGHT

**US Is Becoming an Energy
Powerhouse; Domestic Demand
and Exports Are Key**

Need Infrastructure Investment

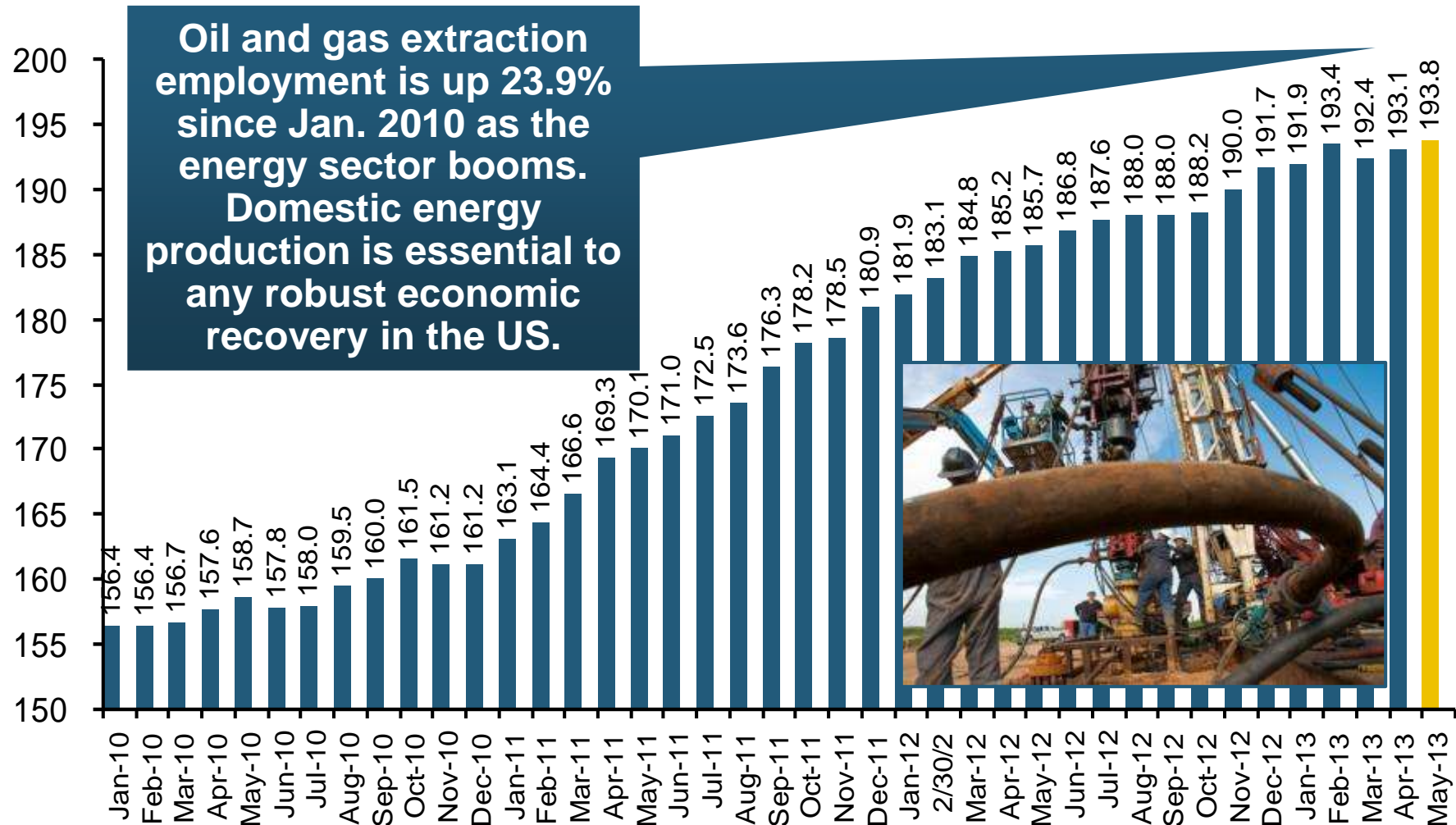
US Oil & Gas Extraction: Value of Output: 2000–2012E

(\$ Billions)



Oil & Gas Extraction Employment, Jan. 2010—May 2013*

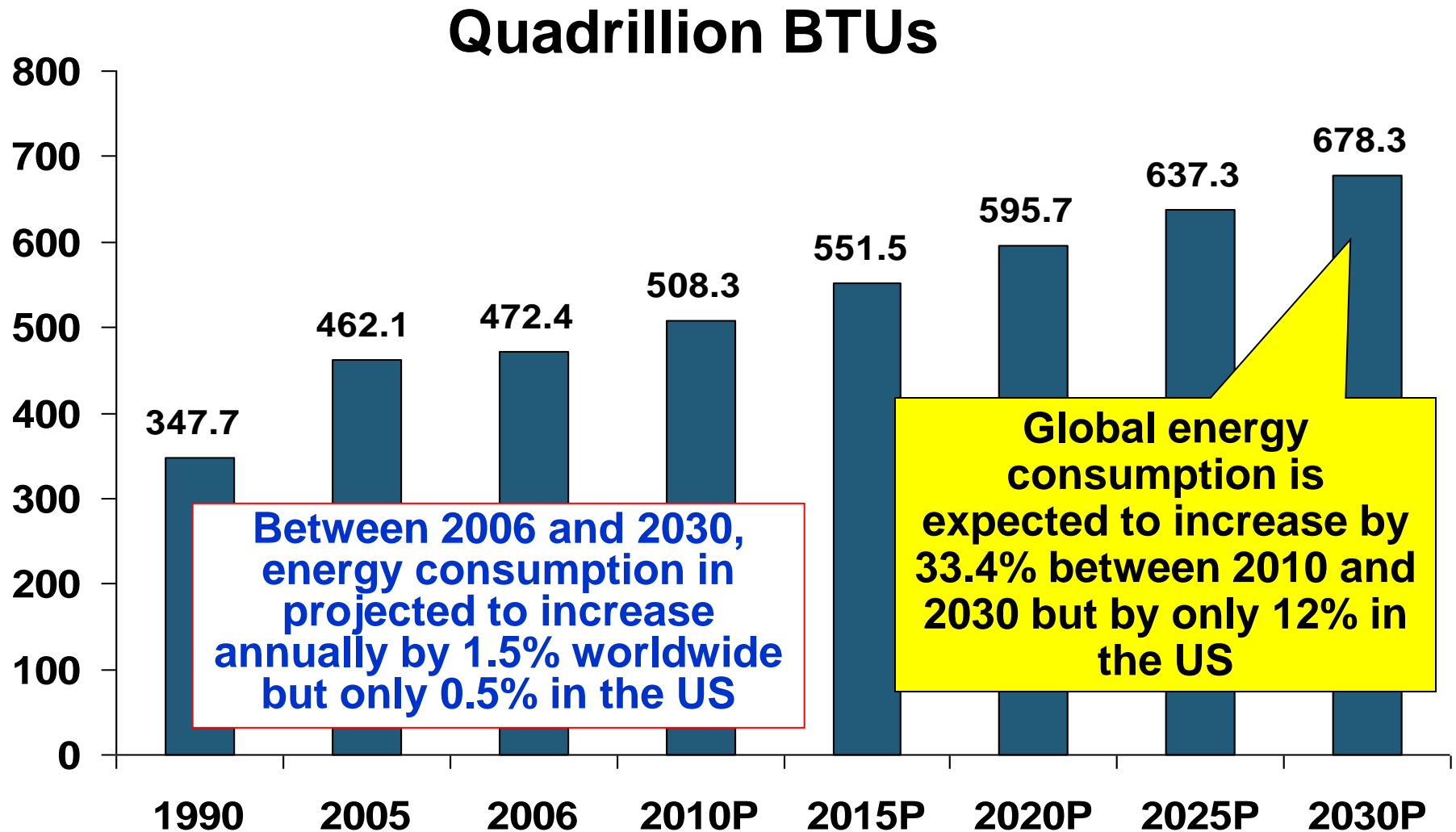
(Thousands)



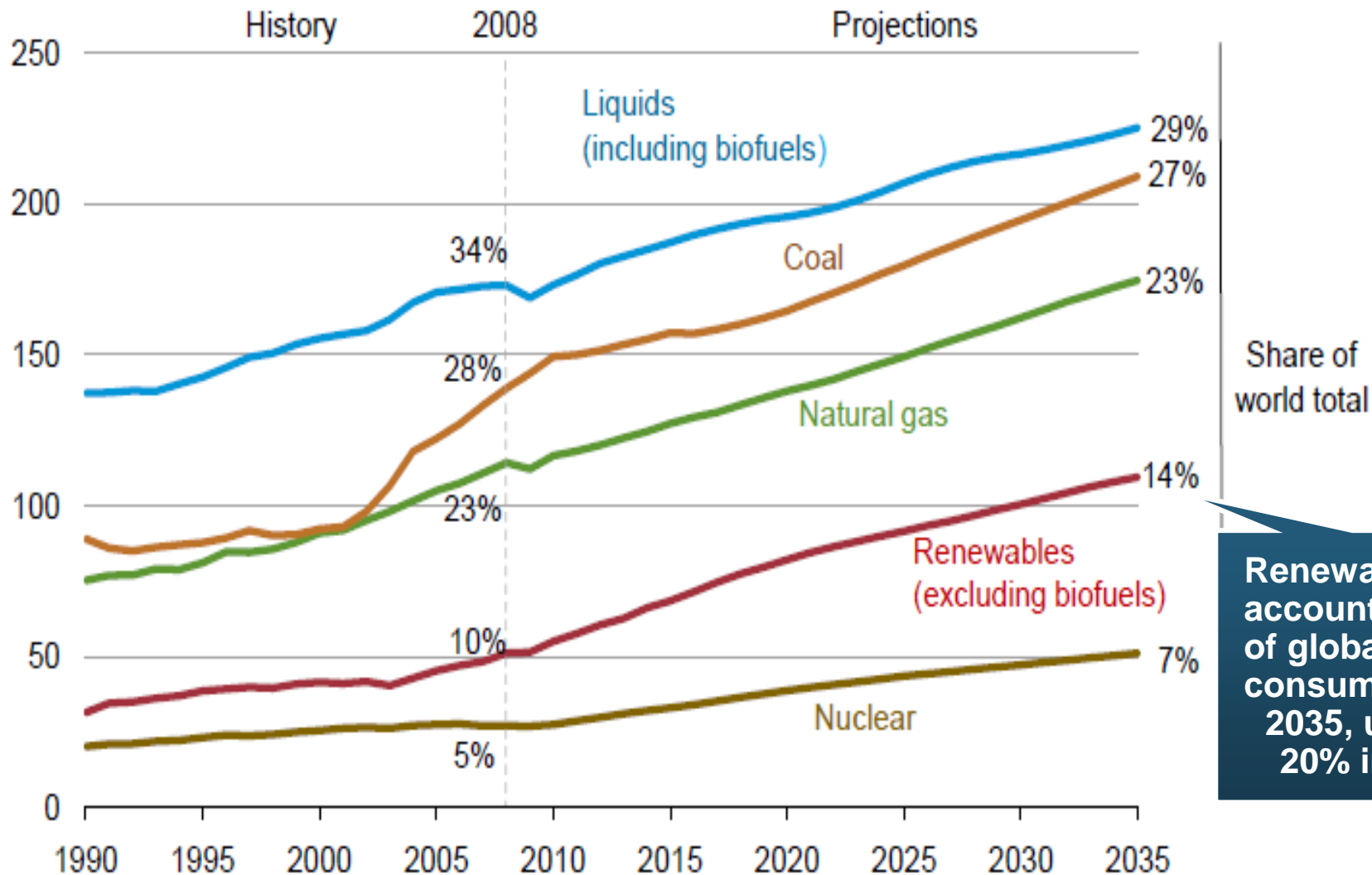
*Seasonally adjusted

Sources: US Bureau of Labor Statistics at <http://data.bls.gov>; Insurance Information Institute.

World Primary Energy Consumption, 1990-2030P

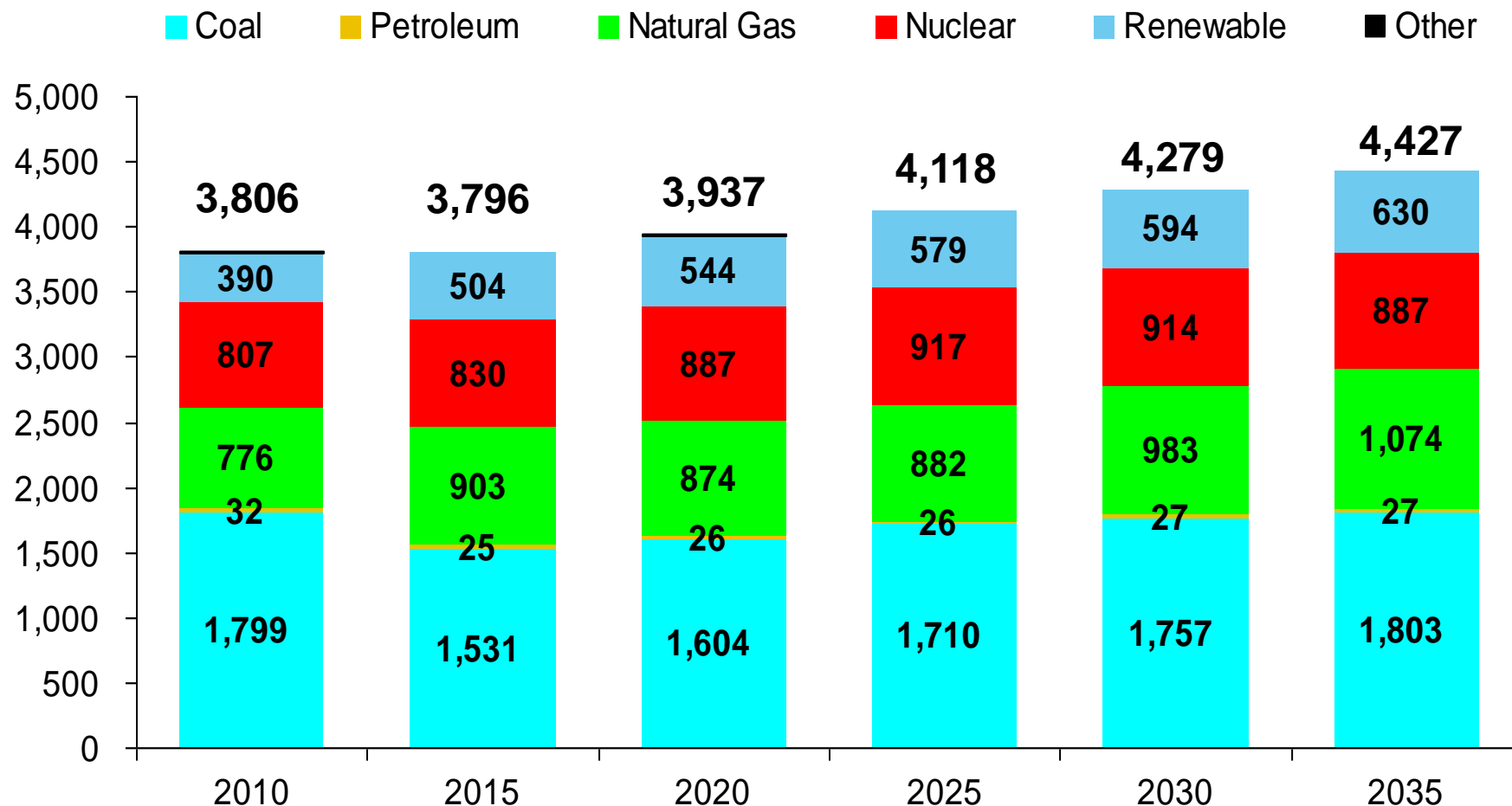


World Energy Consumption by Fuel, 1990—2035F



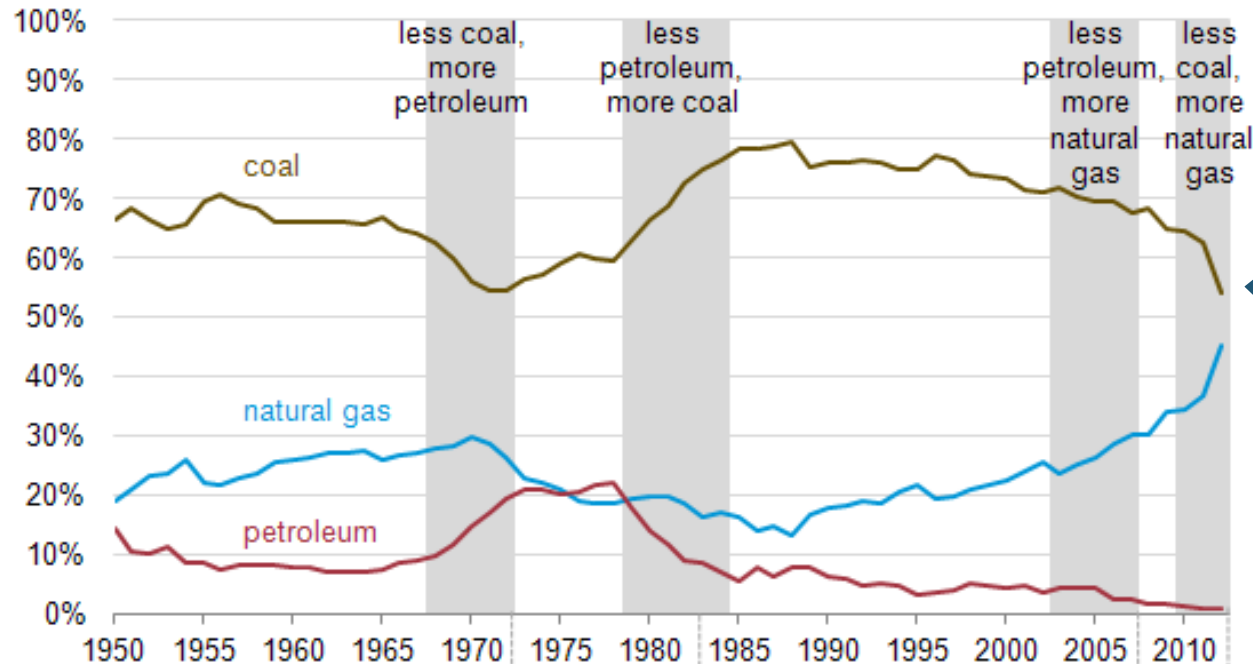
Renewables will account for 14% of global energy consumption by 2035, up from 20% in 2008

US Electric Power Generation by Fuel Source, 2010-2035F (Billions of Kilowatt Hours)



Demand for Electricity Is Expected to Grow at a 0.6% Annual Rate Through 2035. Renewables and Natural Gas Will Account for an Increasing Share of Fuel Source

U.S. Annual Share of Fossil Fired Electric Power Generation, 1950-2012*



Natural gas share of fossil fired generation has more than tripled to 45% in 2012 from less than 15% in 1988. Coal's share is down significantly and Petroleum's share is approaching zero

Low oil prices during 1960s, combined with smog concerns, spur new additions to petroleum-fired capacity

Rapidly rising oil prices lead many generators to switch oil-fired peaking capacity to natural gas

Oil price shocks during 1970s lead to increased utilization of coal-fired capacity for baseload generation.

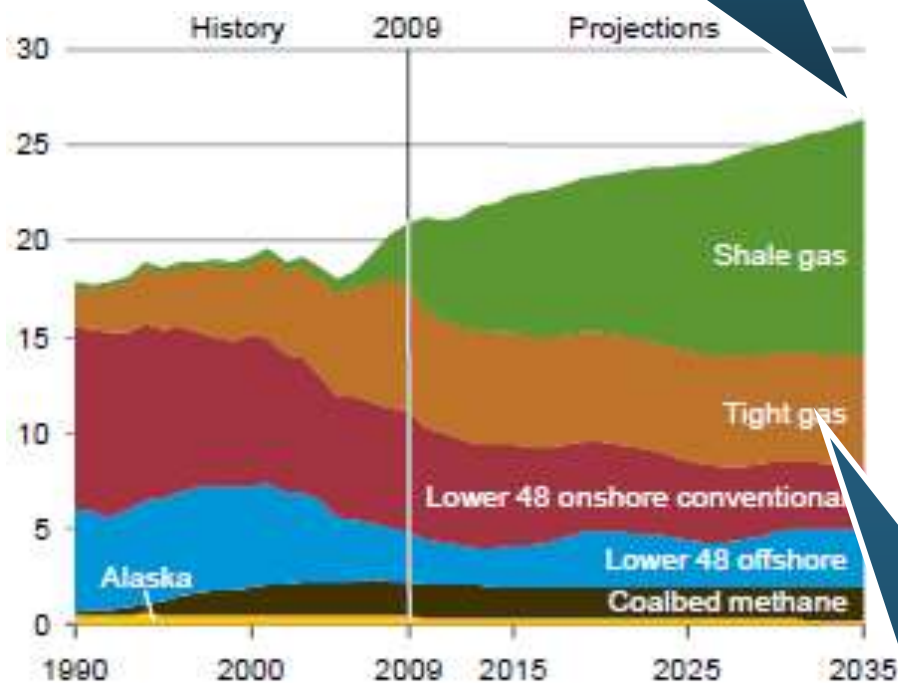
Historically low natural gas prices lead to increased utilization of combined cycle plants at expense of coal units



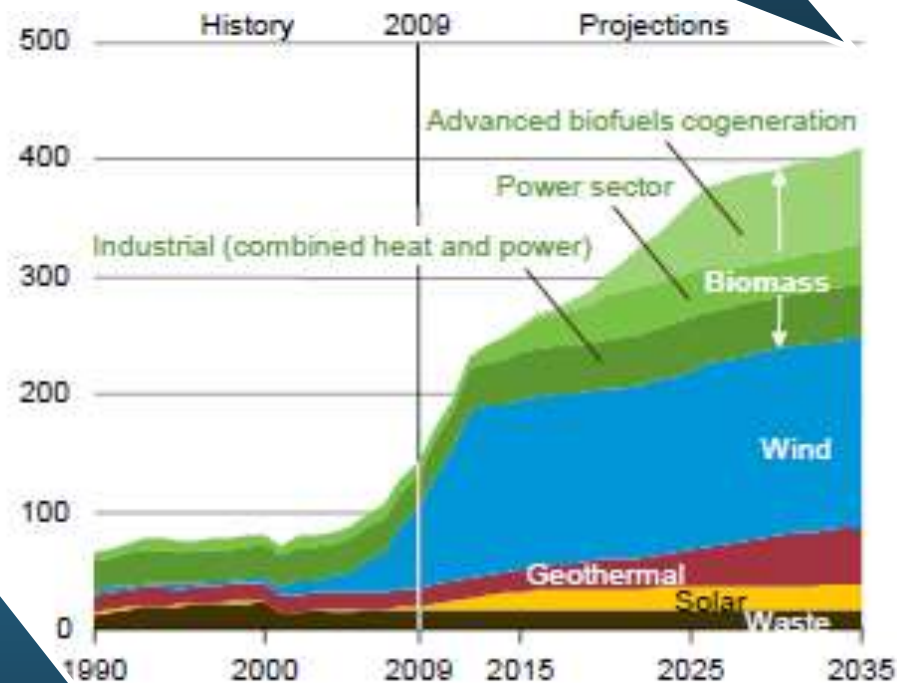
*2012 reflects Jan to Apr data

US Natural Gas Production and Non-Hydro Renewable Electricity Generation, 1990-2035

Shale gas production is expected to grow rapidly in the US

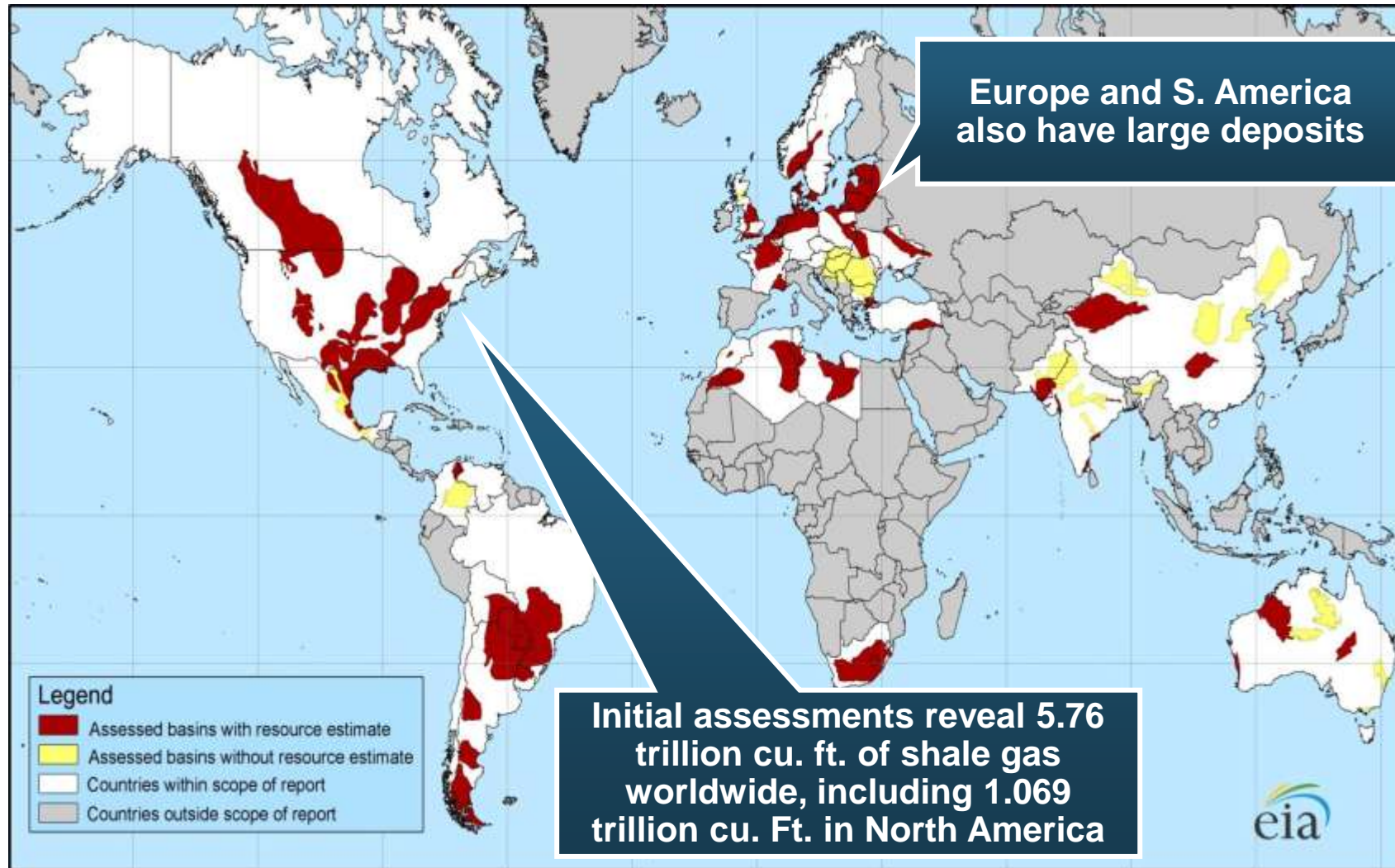


Wind is expected to account for the majority of renewable electricity generation



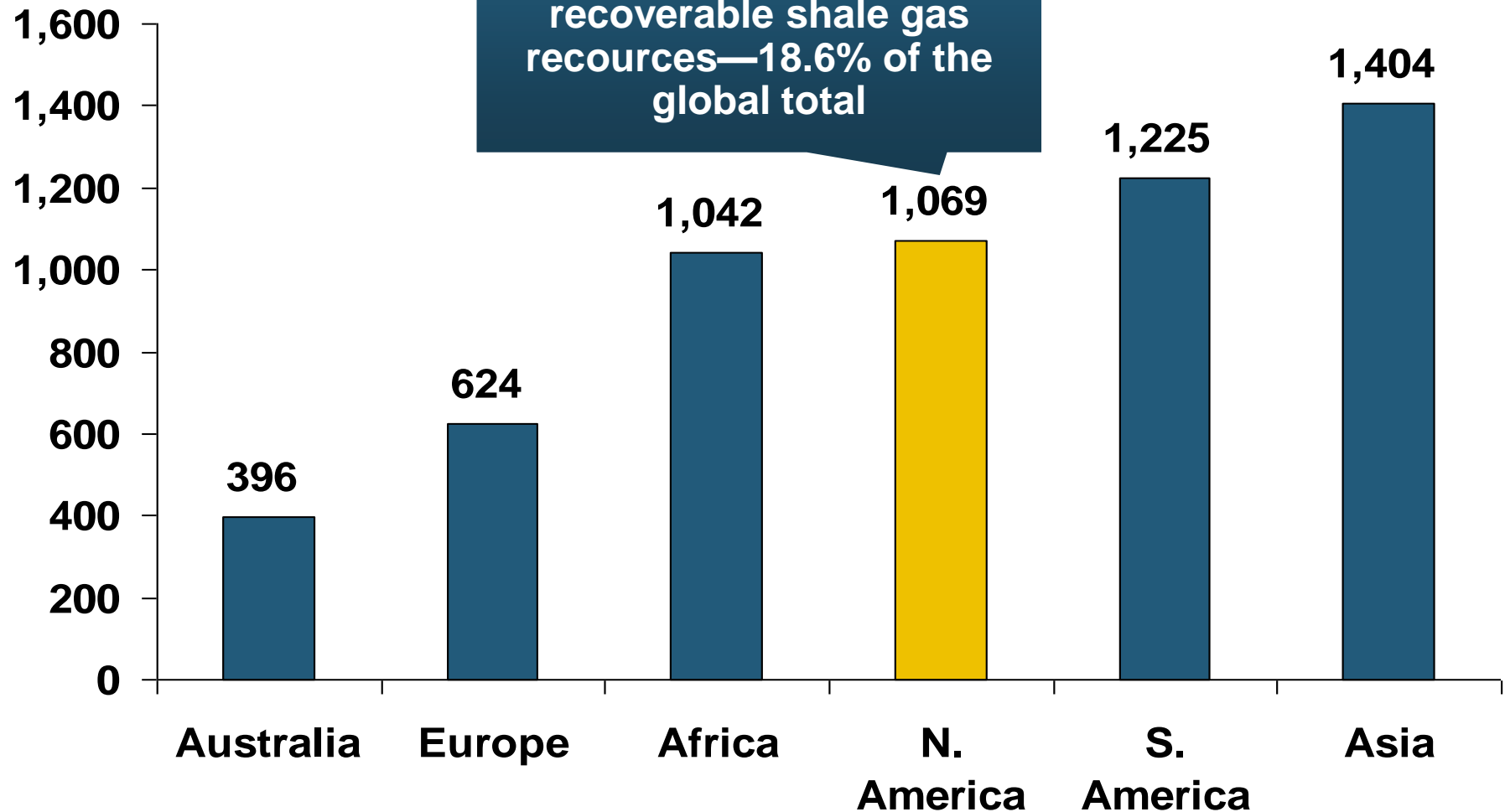
Tight gas production involves controversial hydraulic fracturing (fracking) techniques

Distribution of Major Shale Deposits: 5.76 Tr. Cu. Ft. in 48 Shale Basins in 32 Countries

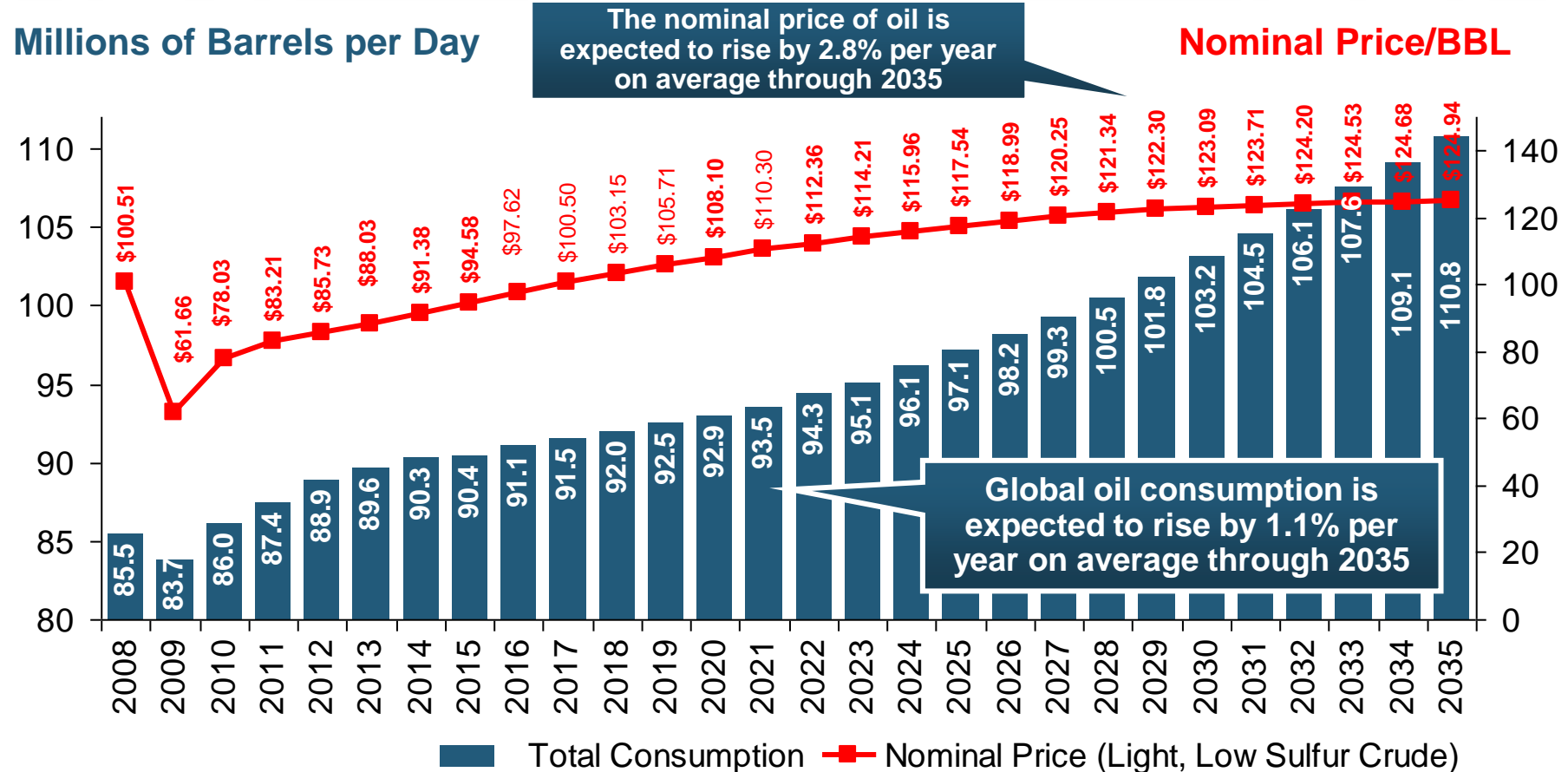


Technically Recoverable Shale Gas Deposits, by Region

Trillion Cubic Ft.tts



Global Oil Consumption and Price, 2008 – 2035F

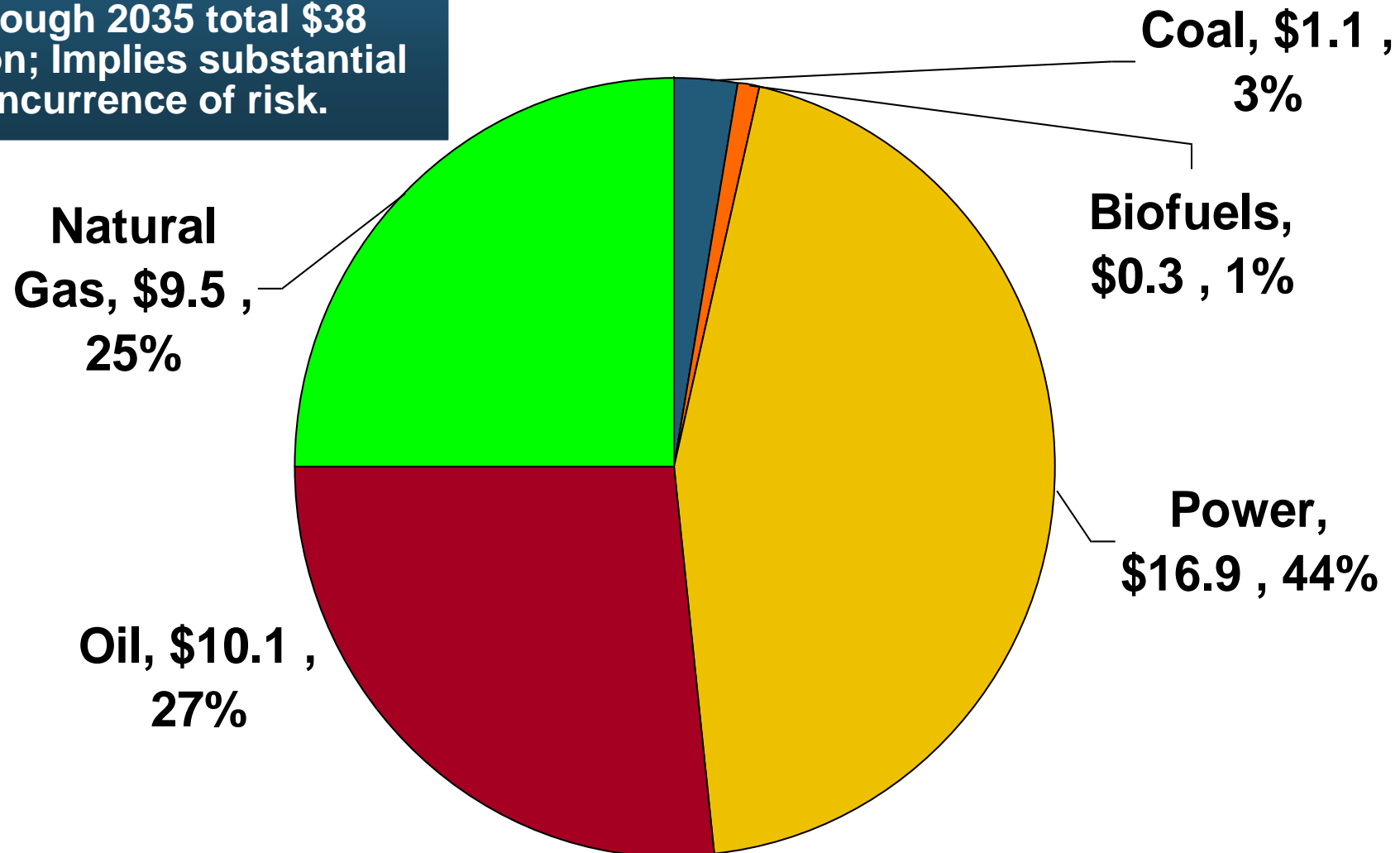


Oil Will Become Relatively More Expensive Over Time, With Price Increases Outstripping Income Growth in Many Parts of the World

*

Cumulative Projected Investment in Global Energy Infrastructure, 2011-2035 (\$ Trill.)

Projected energy infrastructure investment through 2035 total \$38 trillion; Implies substantial incurrence of risk.

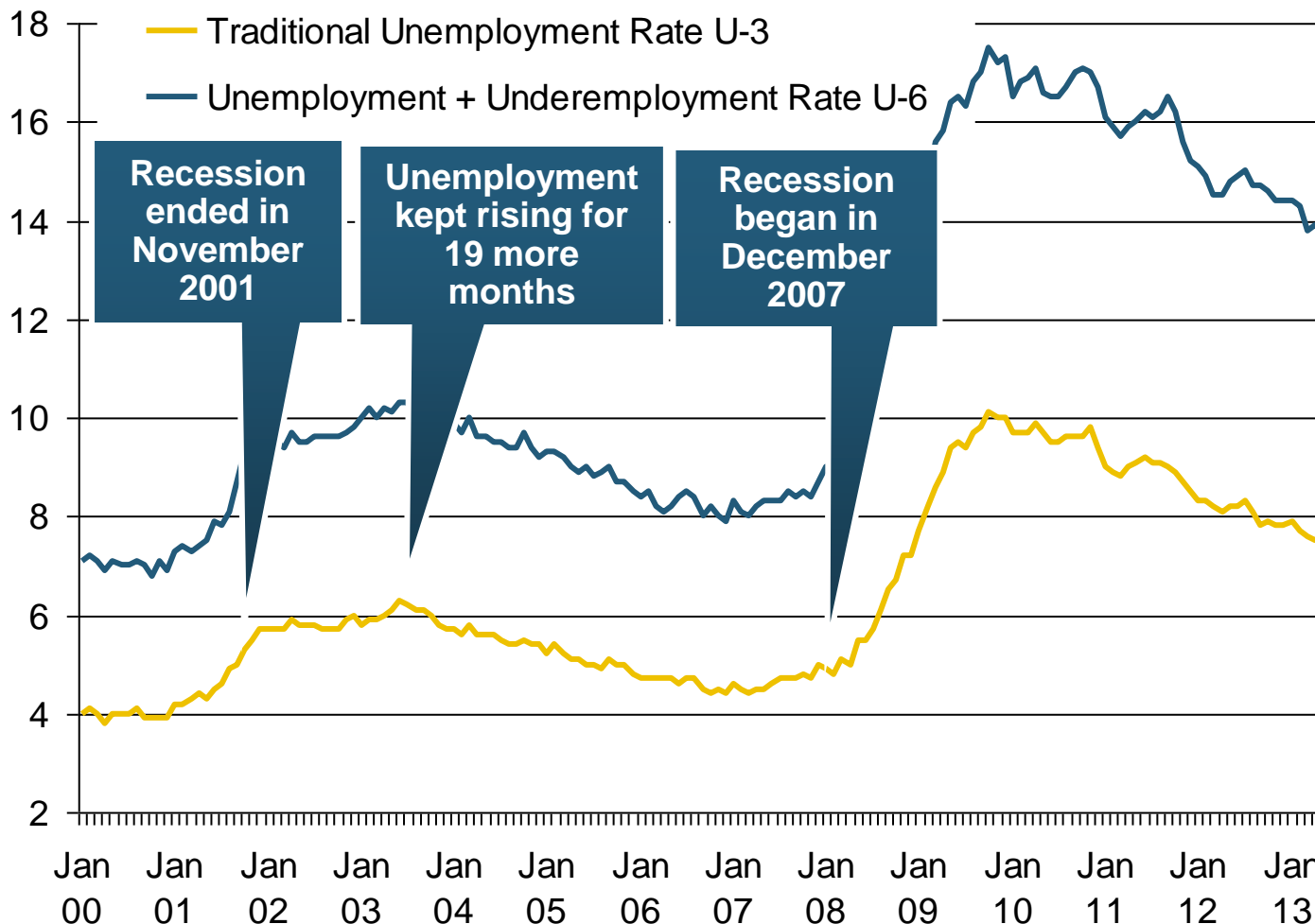


Labor Market Trends

**Massive Job Losses Sapped the
Economy and Commercial/Personal
Lines Exposure, But Trend is
Improving**

Unemployment and Underemployment Rates: Stubbornly High in 2012, But Falling

January 2000 through May 2013, Seasonally Adjusted (%)



U-6 went from 8.0% in March 2007 to 17.5% in October 2009; Stood at 13.8% in May 2013

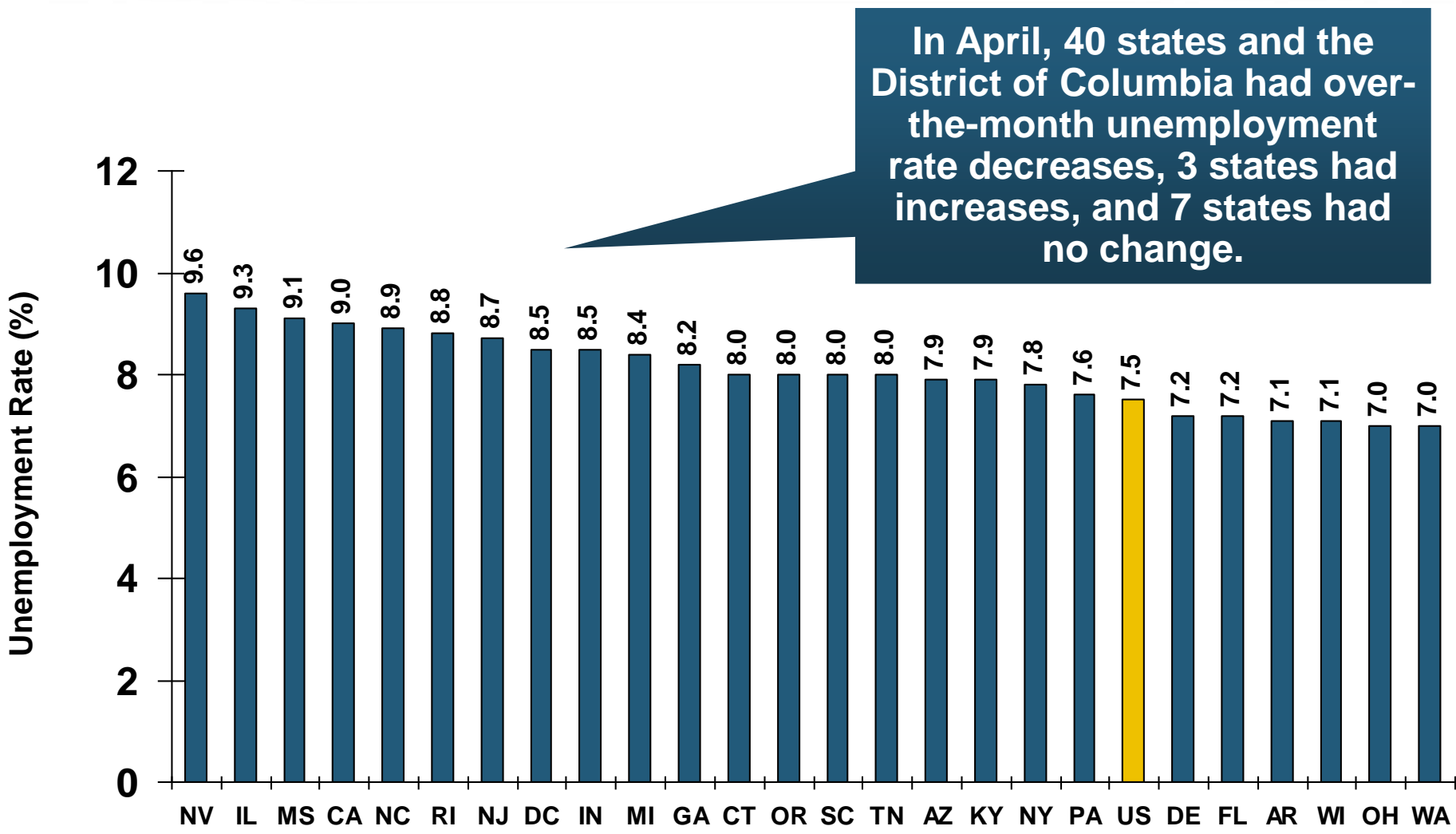
Unemployment stood at 7.6% in May 2013—nearly its lowest level in 4 years.

Unemployment peaked at 10.1% in October 2009, highest monthly rate since 1983.

Peak rate in the last 30 years: 10.8% in November - December 1982

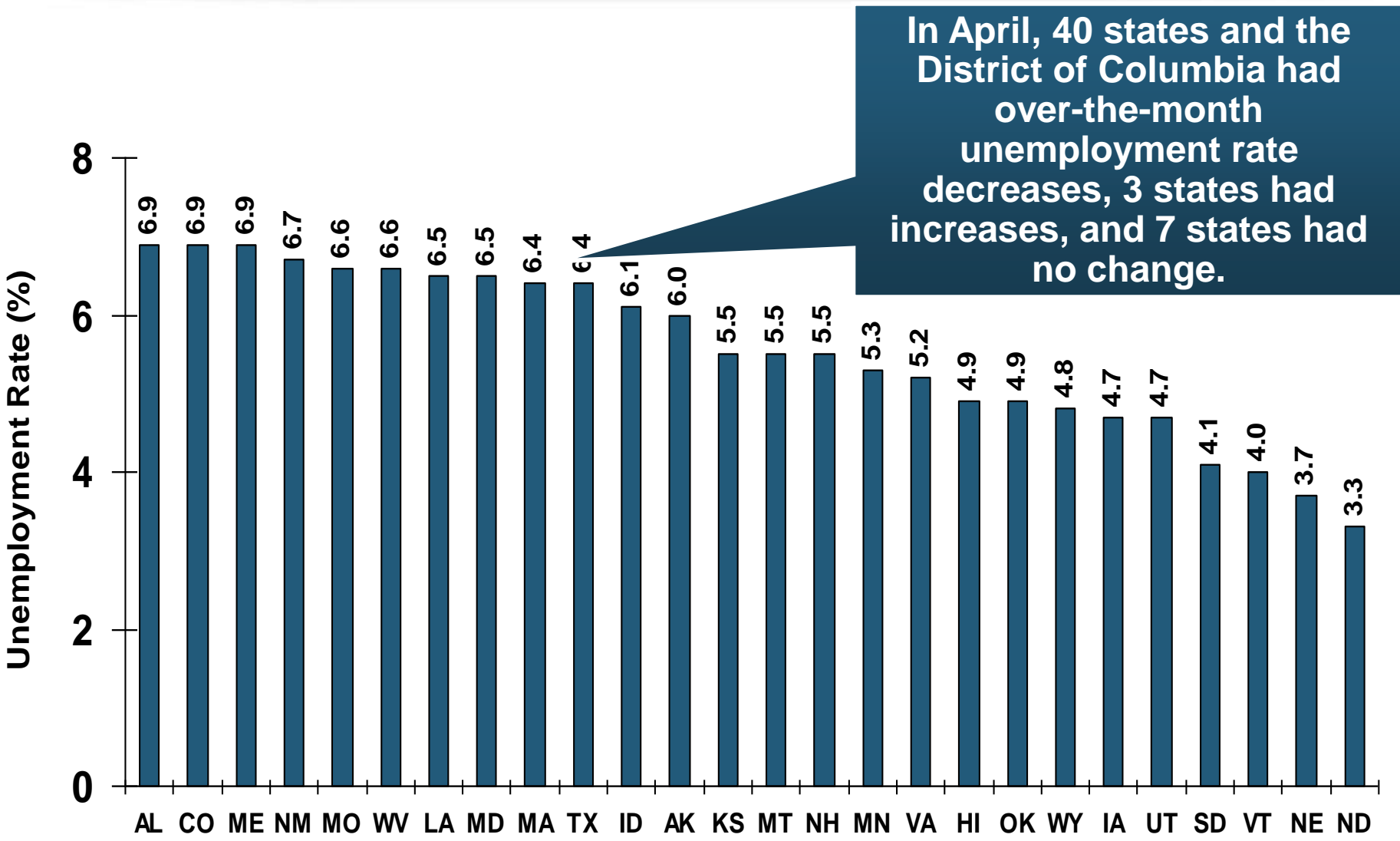
Stubbornly high unemployment and underemployment constrain overall economic growth, but the job market is now clearly improving

Unemployment Rates by State, April 2013: Highest 25 States*



*Provisional figures for April 2013, seasonally adjusted.
Sources: US Bureau of Labor Statistics; Insurance Information Institute.

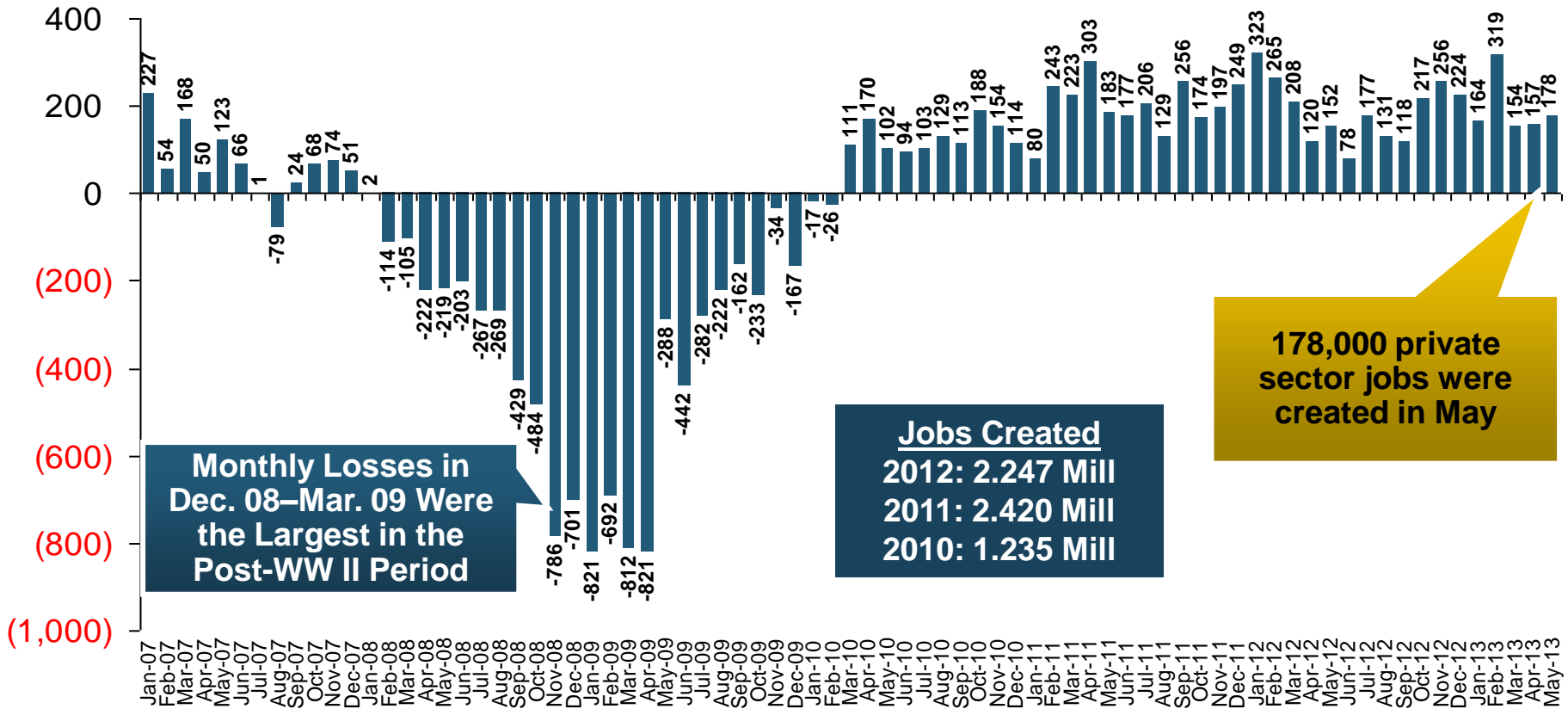
Unemployment Rates by State, April 2013: Lowest 25 States*



*Provisional figures for April 2013, seasonally adjusted.
Sources: US Bureau of Labor Statistics; Insurance Information Institute.

Monthly Change in Private Employment

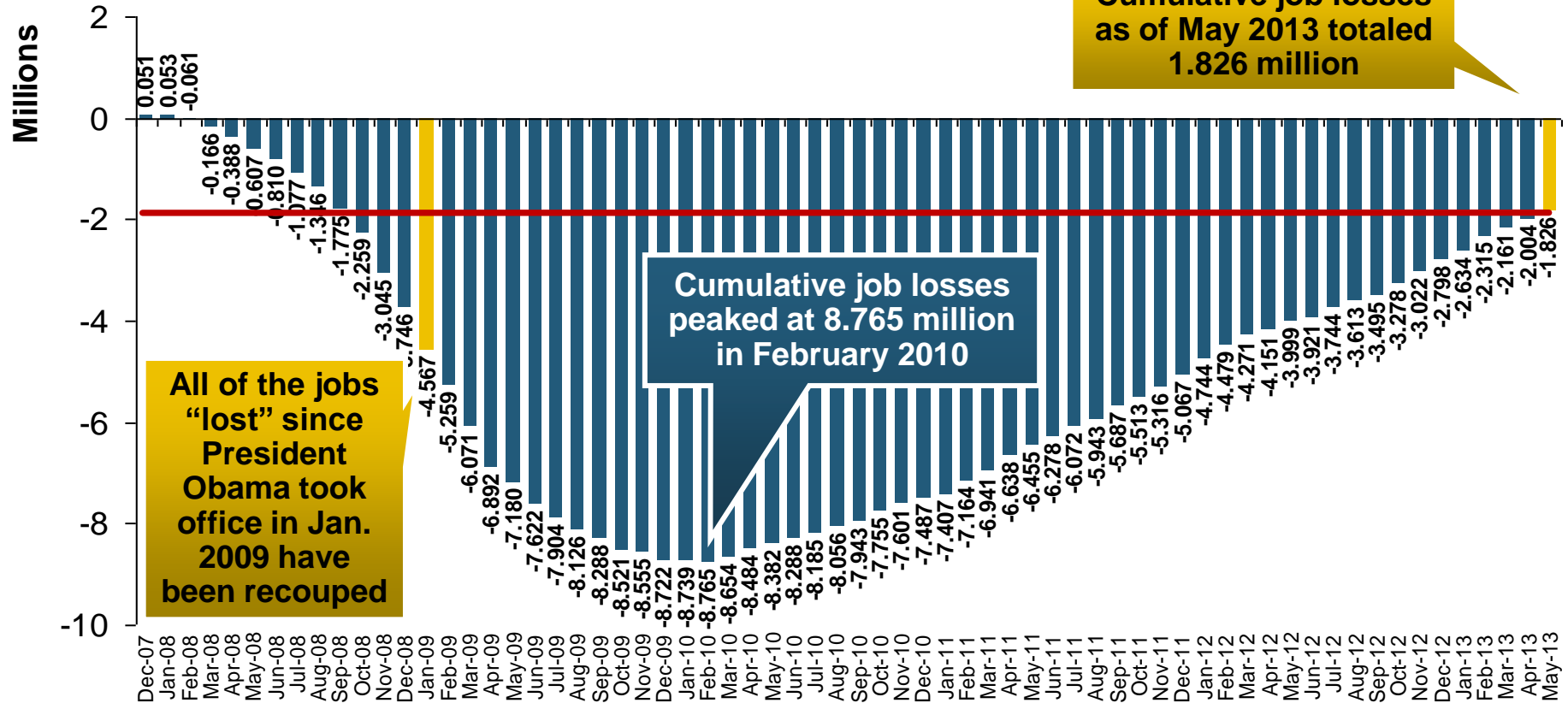
January 2007 through May 2013 (Thousands)



Private Employers Added 6.90 million Jobs Since Jan. 2010 After Having Shed 4.98 Million Jobs in 2009 and 3.80 Million in 2008 (State and Local Governments Have Shed Hundreds of Thousands of Jobs)

Cumulative Change in Private Employment: Dec. 2007—May 2013

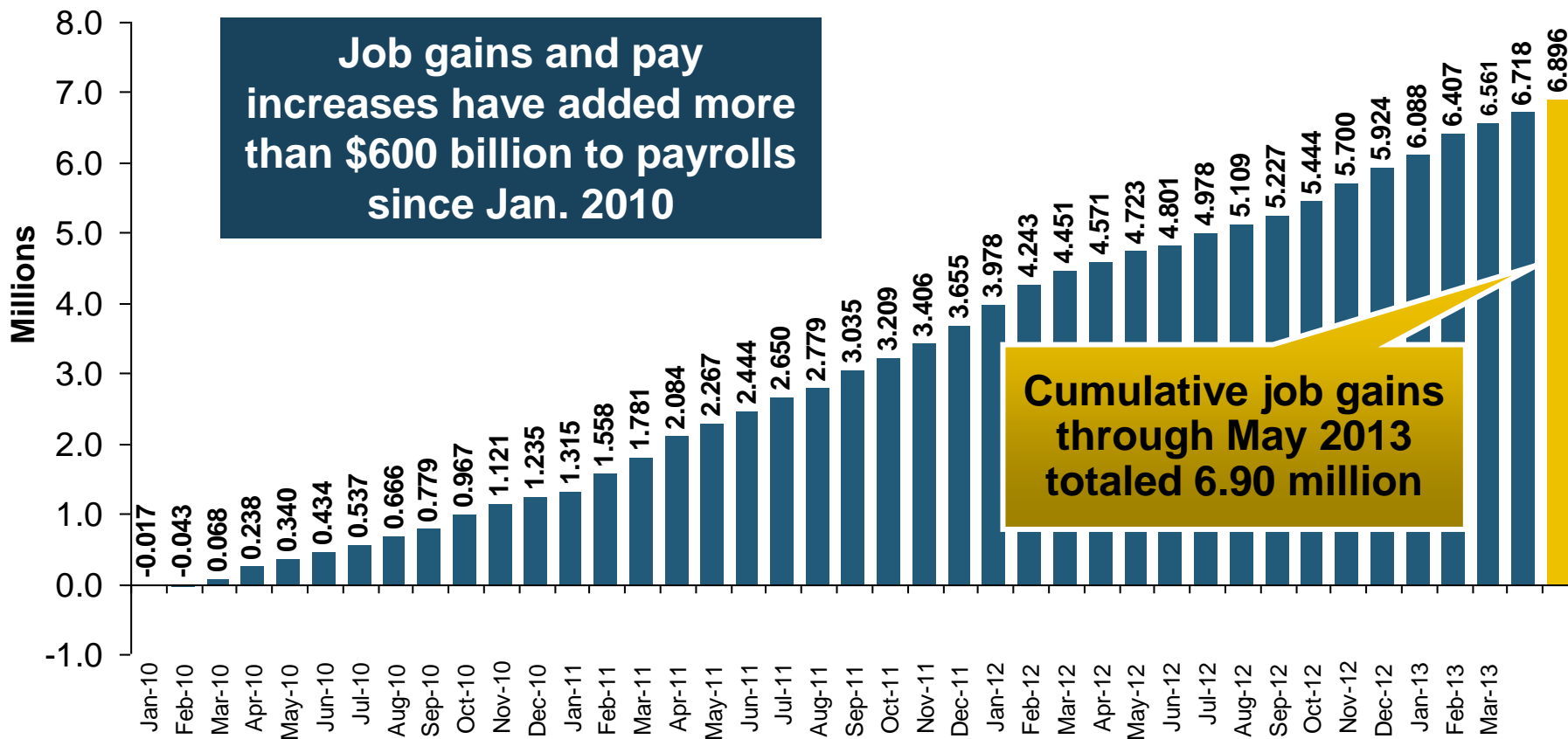
December 2007 through May 2013 (Millions)



Private Employers Added 6.90 million Jobs Since Jan. 2010 After Having Shed 4.98 Million Jobs in 2009 and 3.80 Million in 2008 (State and Local Governments Have Shed Hundreds of Thousands of Jobs)

Cumulative Change in Private Sector Employment: Jan. 2010—May 2013

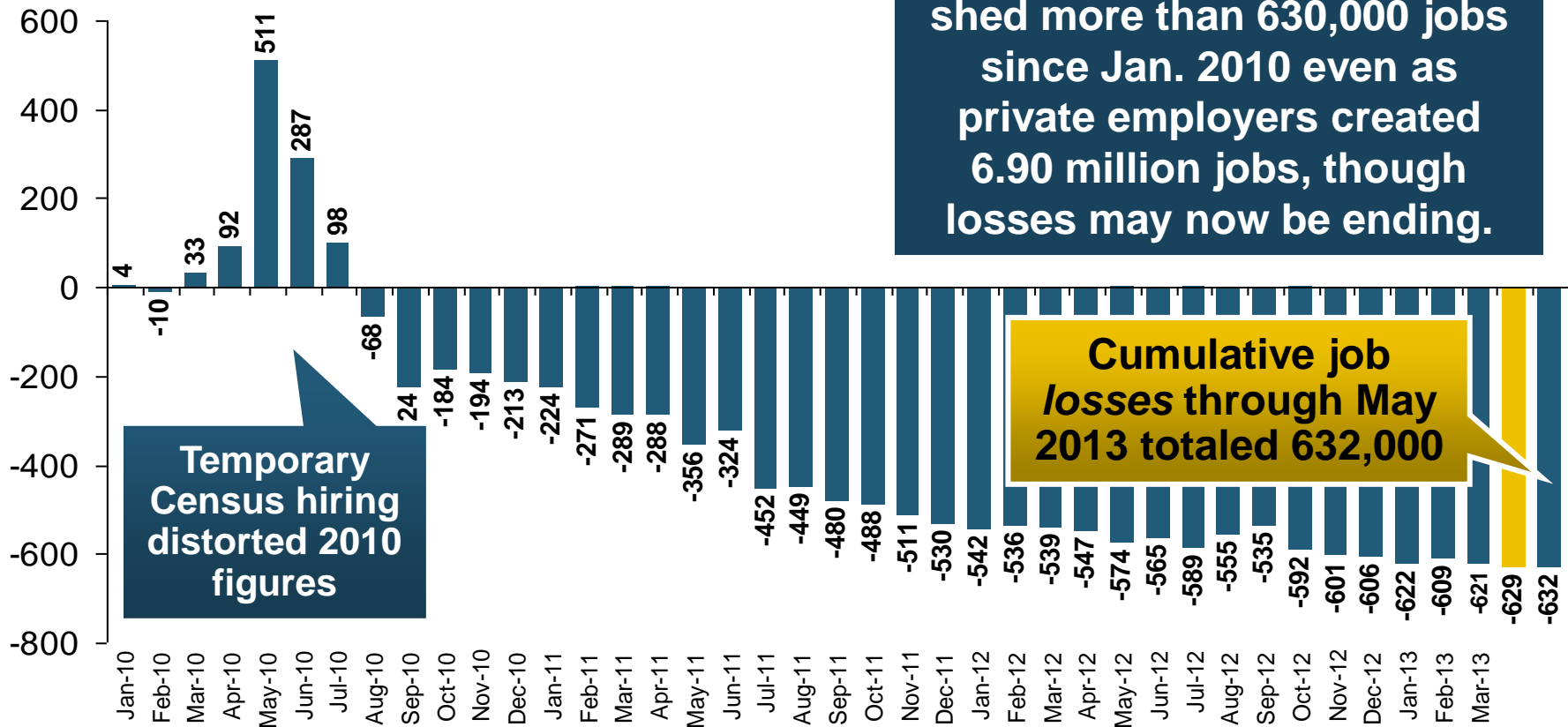
January 2010 through May 2013* (Millions)



Private Employers Added 6.90 million Jobs Since Jan. 2010 After Having Shed 4.98 Million Jobs in 2009 and 3.80 Million in 2008 (State and Local Governments Have Shed Hundreds of Thousands of Jobs)

Cumulative Change in Government Employment: Jan. 2010—May 2013

January 2010 through May 2013* (Millions)

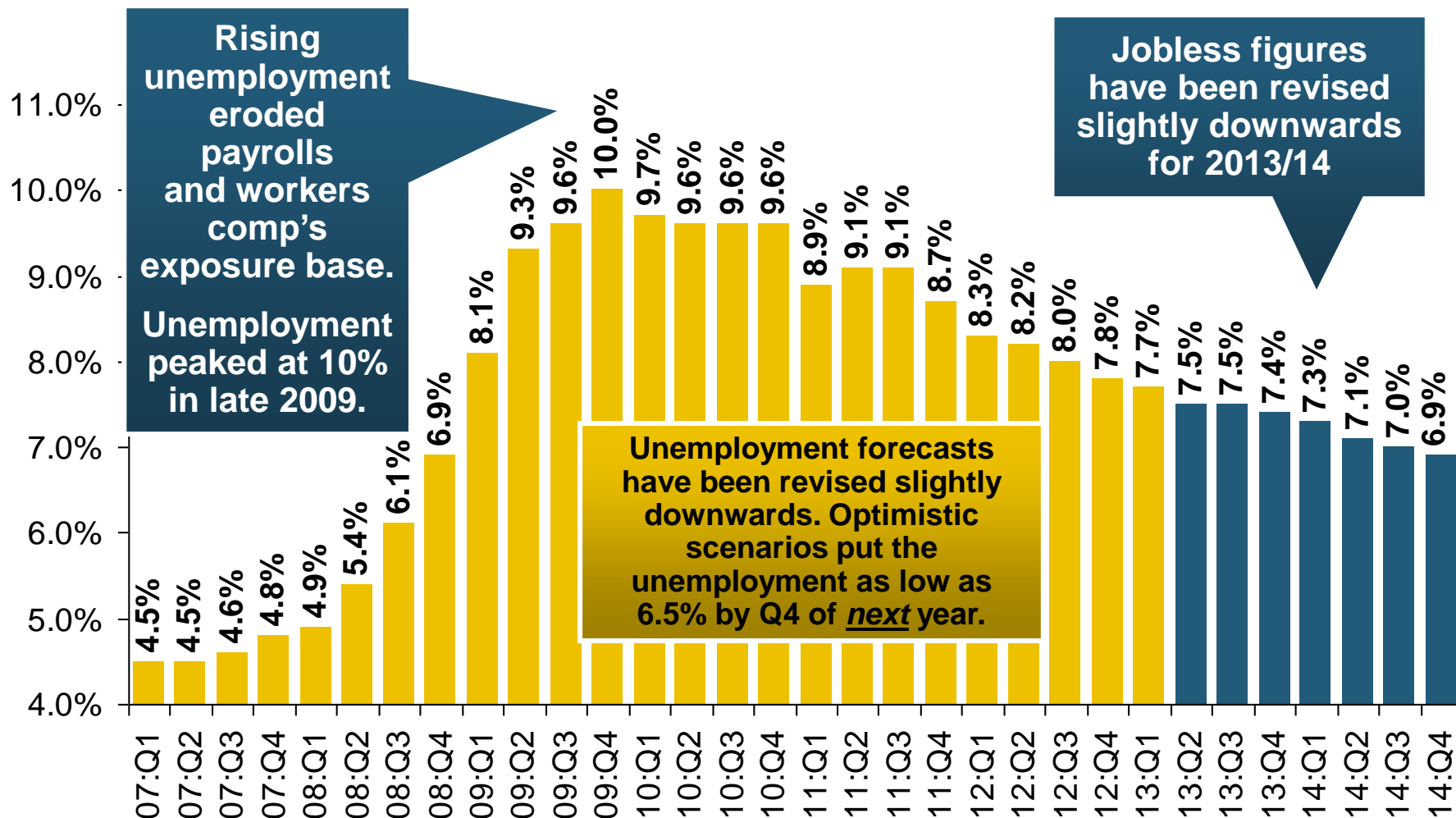


Government at all levels has shed more than 630,000 jobs since Jan. 2010 even as private employers created 6.90 million jobs, though losses may now be ending.

Governments at All Levels are Under Severe Fiscal Strain As Tax Receipts Plunged and Pension Obligations Soared During the Financial Crisis: Sequestration Will Add to this Toll

US Unemployment Rate Forecast

2007:Q1 to 2014:Q4F*

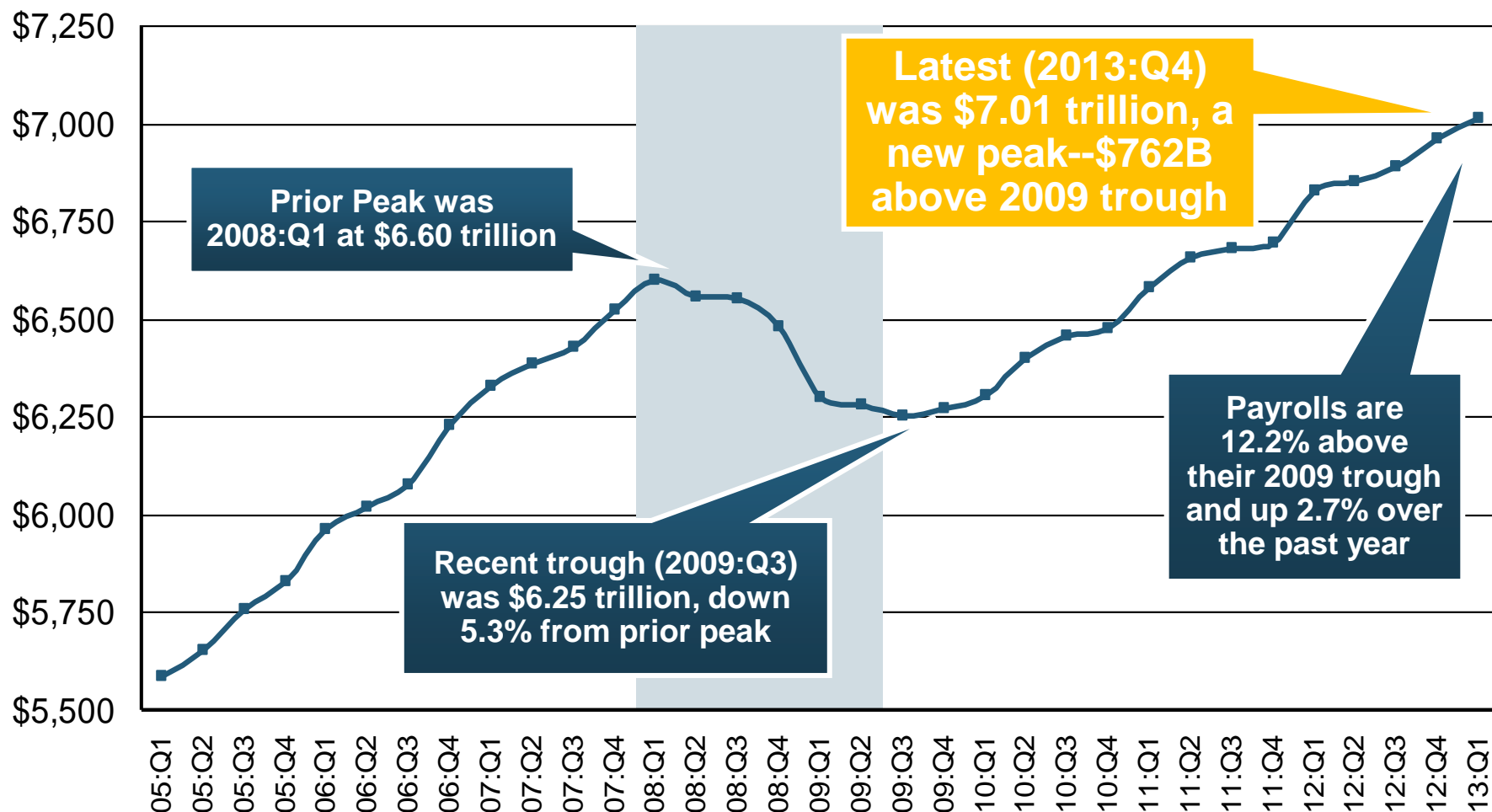


* ■ = actual; ■ = forecasts

Sources: US Bureau of Labor Statistics; Blue Chip Economic Indicators (6/13 edition); Insurance Information Institute.

Nonfarm Payroll (Wages and Salaries): Quarterly, 2005–2013:Q1

Billions



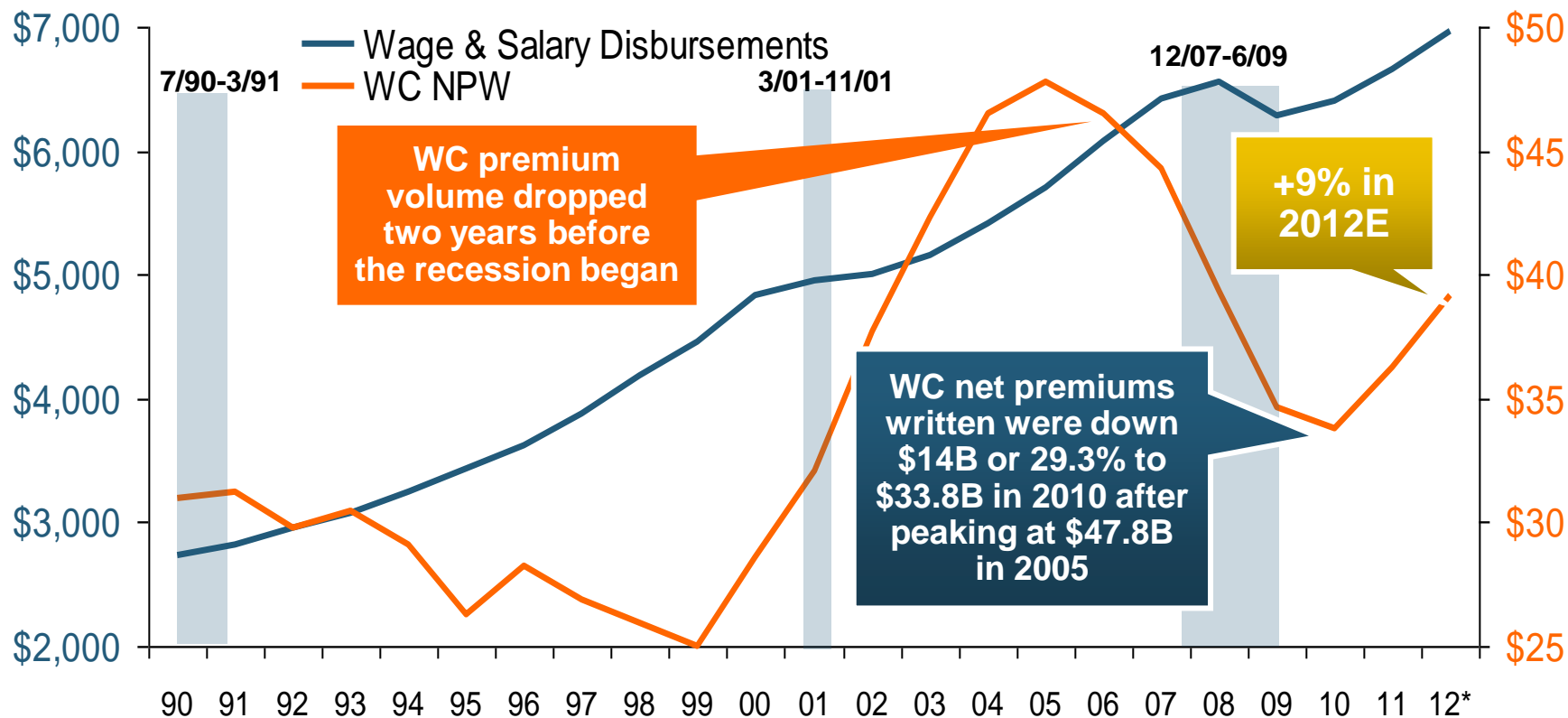
Note: Recession indicated by gray shaded column. Data are seasonally adjusted annual rates.

Sources: <http://research.stlouisfed.org/fred2/series/WASCUR>; National Bureau of Economic Research (recession dates); Insurance Information Institute.

Payroll vs. Workers Comp Net Written Premiums, 1990-2012E

Payroll Base*
\$Billions

WC NWP
\$Billions



Continued Payroll Growth and Rate Increases Suggest WC NWP Will Grow Again in 2012; +7.9% Growth in 2011 Was the First Gain Since 2005

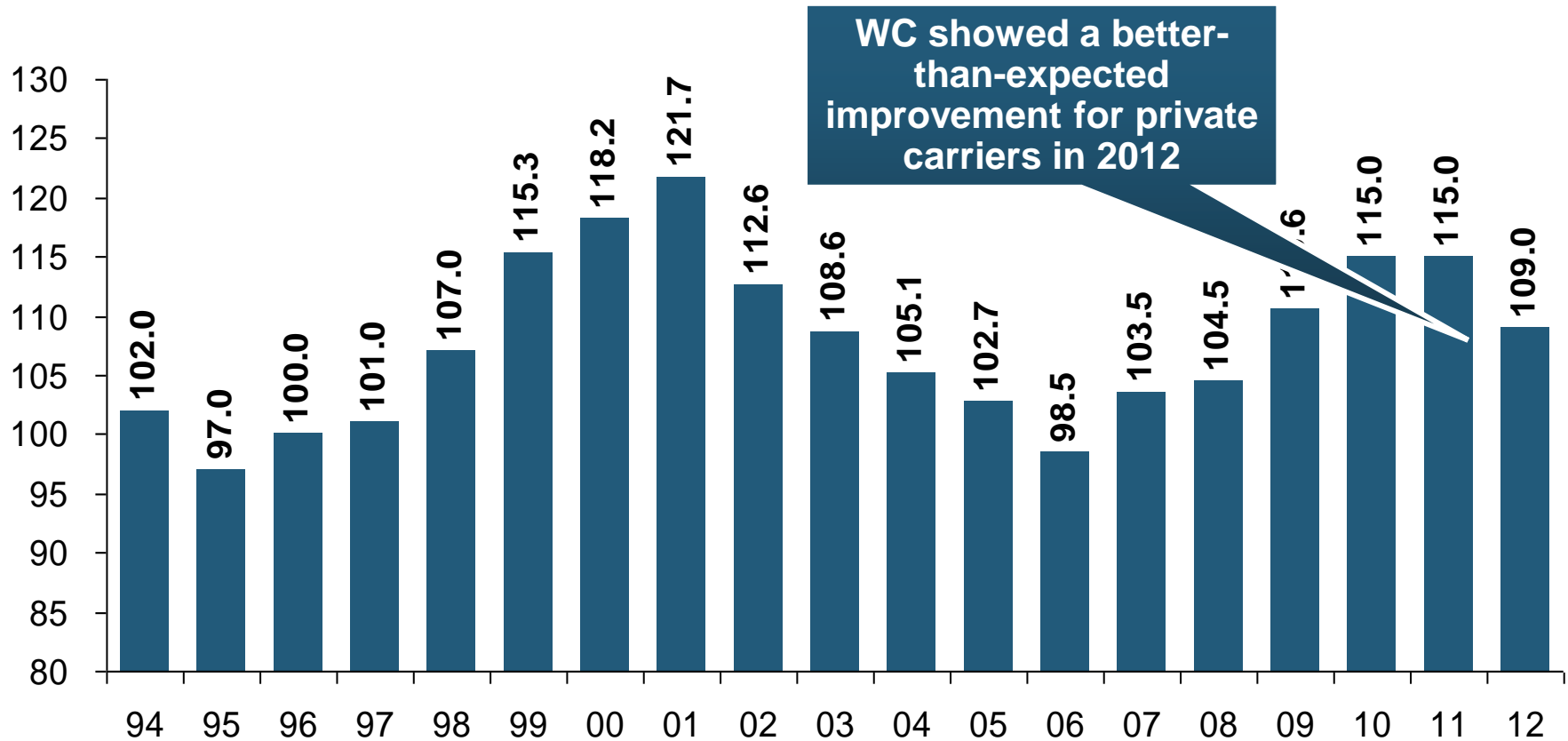
*Private employment; Shaded areas indicate recessions. WC premiums for 2012 are I.I.I. estimate based YTD 2012 actuals.

Sources: NBER (recessions); Federal Reserve Bank of St. Louis at <http://research.stlouisfed.org/fred2/series/WASCUR> ; NCCI; I.I.I.

Workers Compensation Operating Environment

**The Weak Economy and Soft Market Have
Made the Workers Comp Operating
Increasingly Challenging**

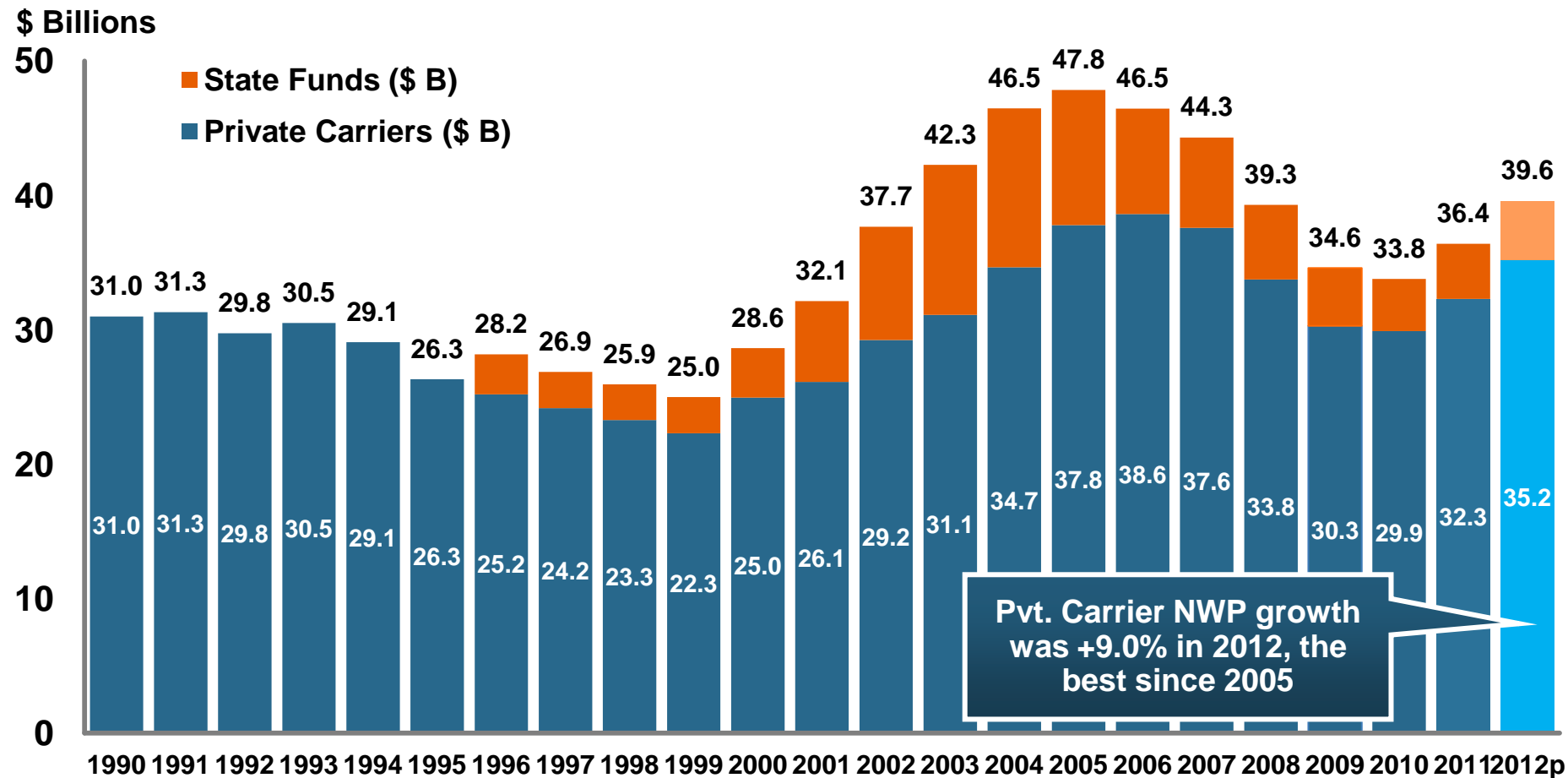
Workers Compensation Combined Ratio: 1994–2012P



Workers Comp Results Began to Improve in 2012. Underwriting Results Deteriorated Markedly from 2007-2010/11 and Were the Worst They Had Been in a Decade.

Workers Compensation Premium: Second Consecutive Year of Increase

Net Written Premium



p Preliminary

Source: 1990–20102p Private Carriers, Annual Statement Data, NCCI.

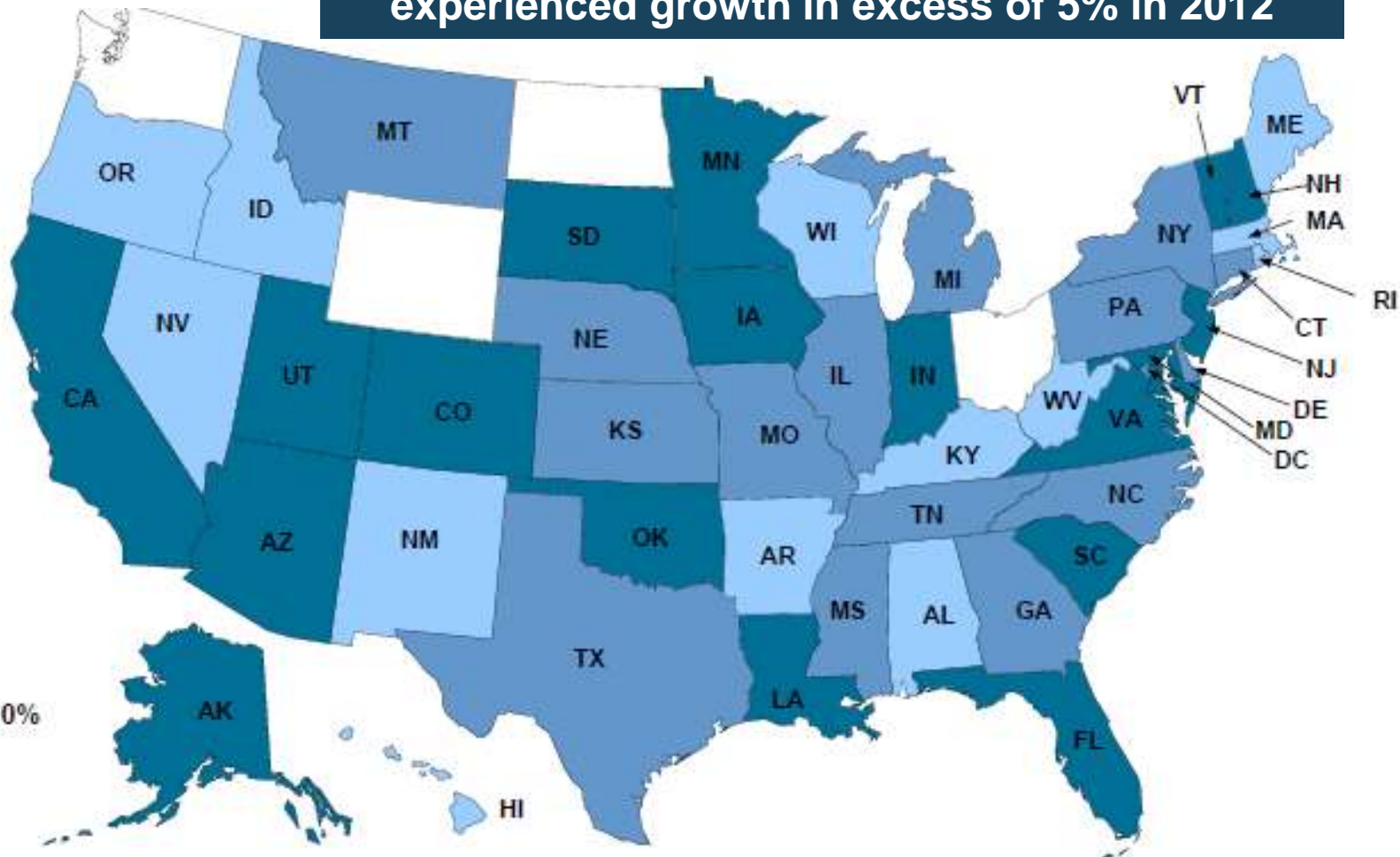
1996–2012p State Funds: AZ, CA, CO, HI, ID, KY, LA, MD, MO, MT, NM, OK, OR, RI, TX, UT Annual Statements

State Funds available for 1996 and subsequent

2012 Workers Compensation Direct Written Premium Growth, by State*

PRIVATE CARRIERS: Overall 2012 Growth = +9%

While growth rates varied widely, all states experienced growth in excess of 5% in 2012



*Excludes monopolistic fund states (in white): OH, ND, WA and WY.

Source: NCCI.

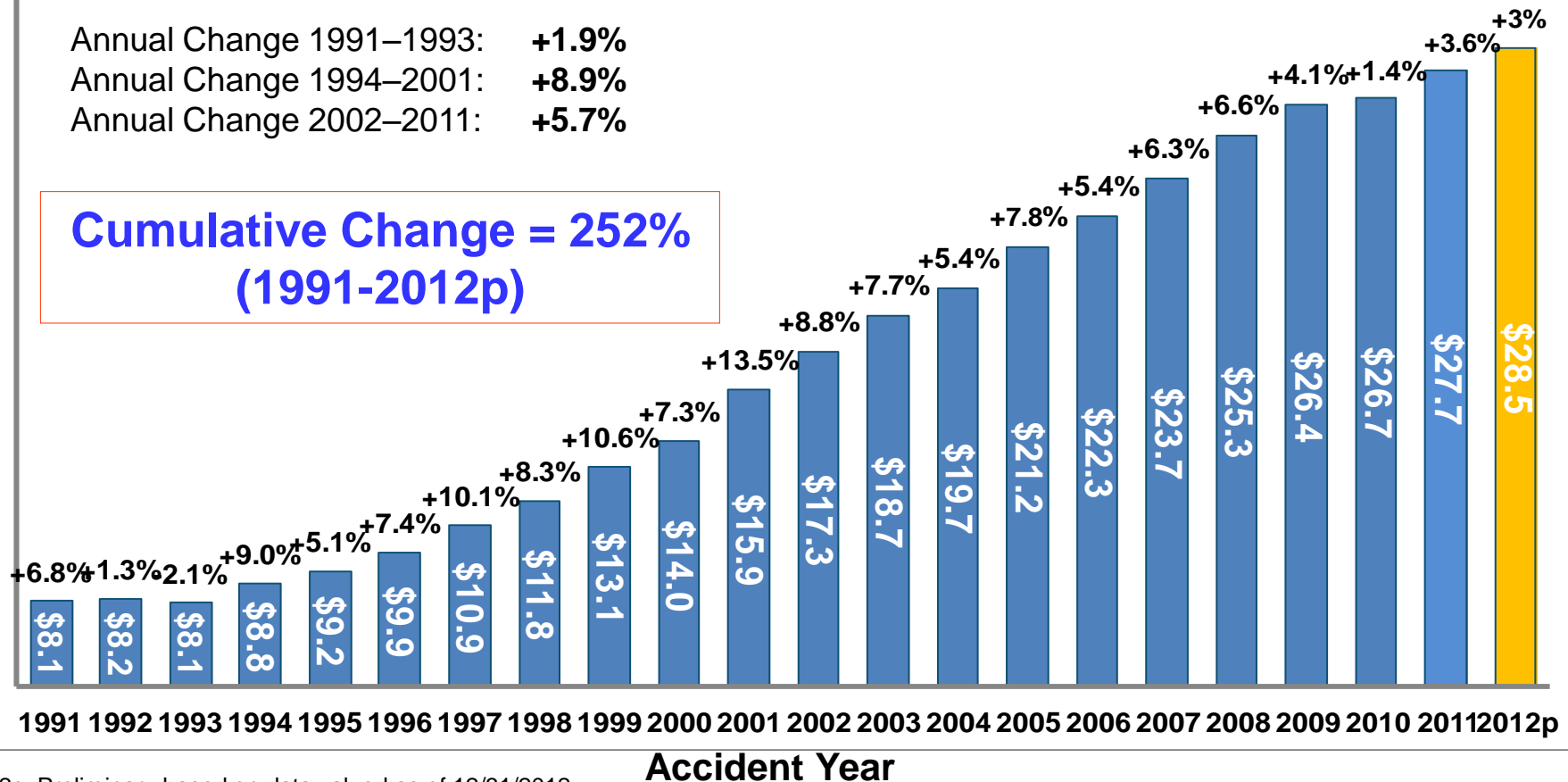
Workers Compensation Medical Severity Moderate Increase in 2012

Medical
Claim Cost (\$000s)

Average Medical Cost per Lost-Time Claim

Annual Change 1991–1993: **+1.9%**
Annual Change 1994–2001: **+8.9%**
Annual Change 2002–2011: **+5.7%**

**Cumulative Change = 252%
(1991–2012p)**

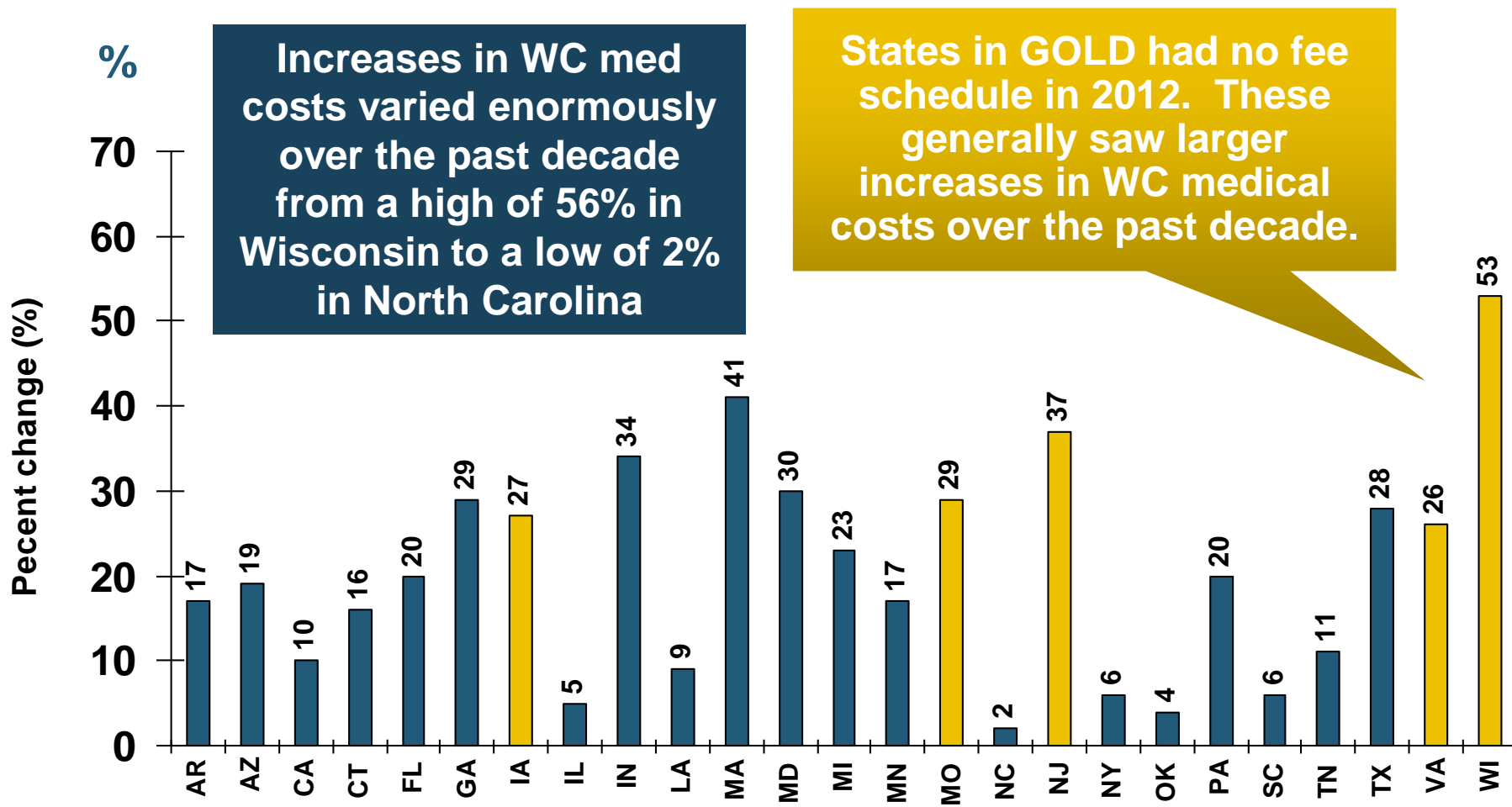


2012p: Preliminary based on data valued as of 12/31/2012.

1991–2011: Based on data through 12/31/2011, developed to ultimate

Based on the states where NCCI provides ratemaking services including state funds, excluding WV; Excludes high deductible policies.

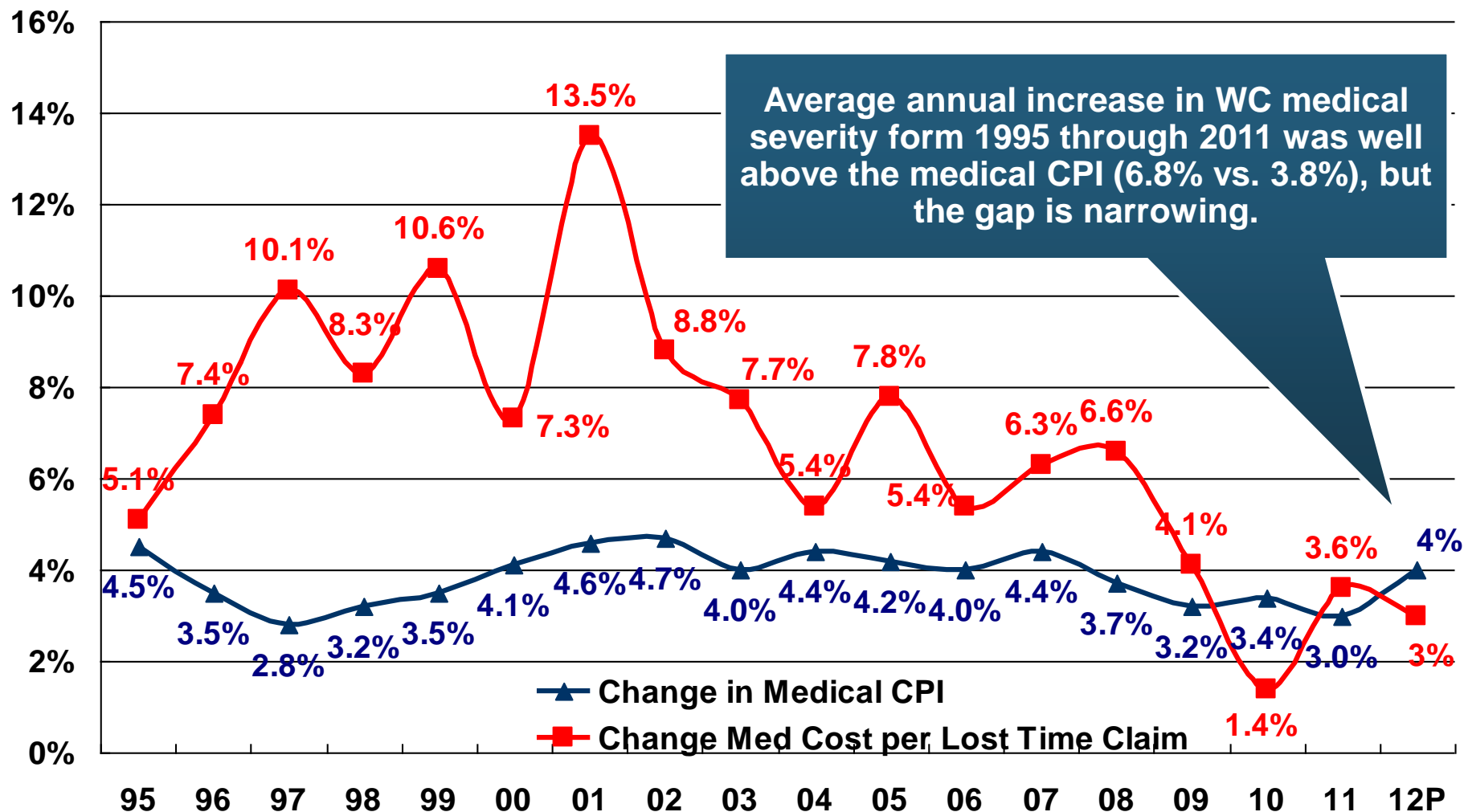
Change in Price Paid for Medical Professional Services in WC, 2002-2012*



*Data are preliminary as of 6/30/12.

Sources: Workers Compensation Research Institute, *WCRI Medical Price Index for Workers Compensation, 5th Edition*; Ins. Info. Institute.

WC Medical Severity Generally Outpaces the Medical CPI Rate

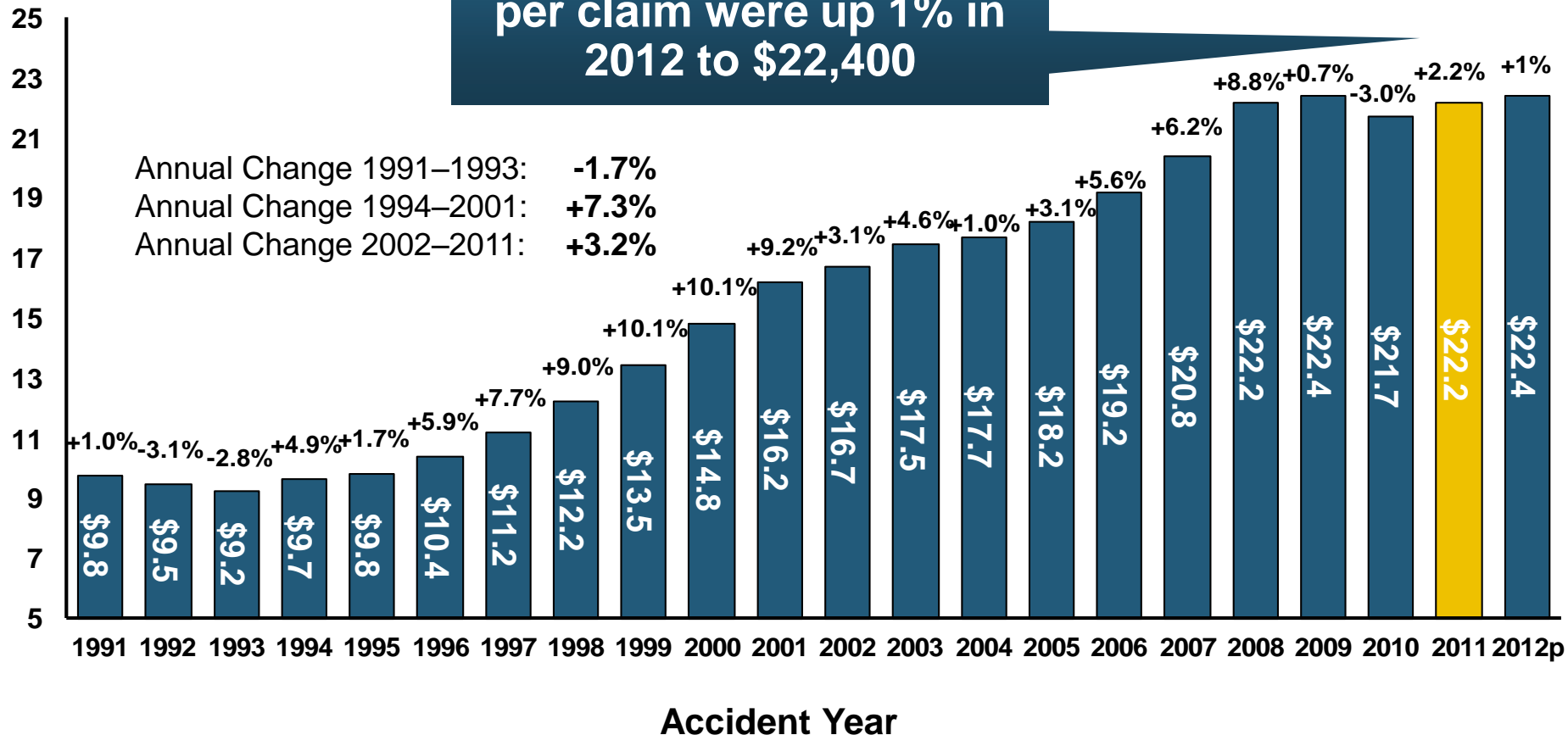


Workers Comp Indemnity Claim Costs: Small Increase in 2012

Average Indemnity Cost per Lost-Time Claim

Indemnity
Claim Cost (\$ 000s)

Average indemnity costs
per claim were up 1% in
2012 to \$22,400



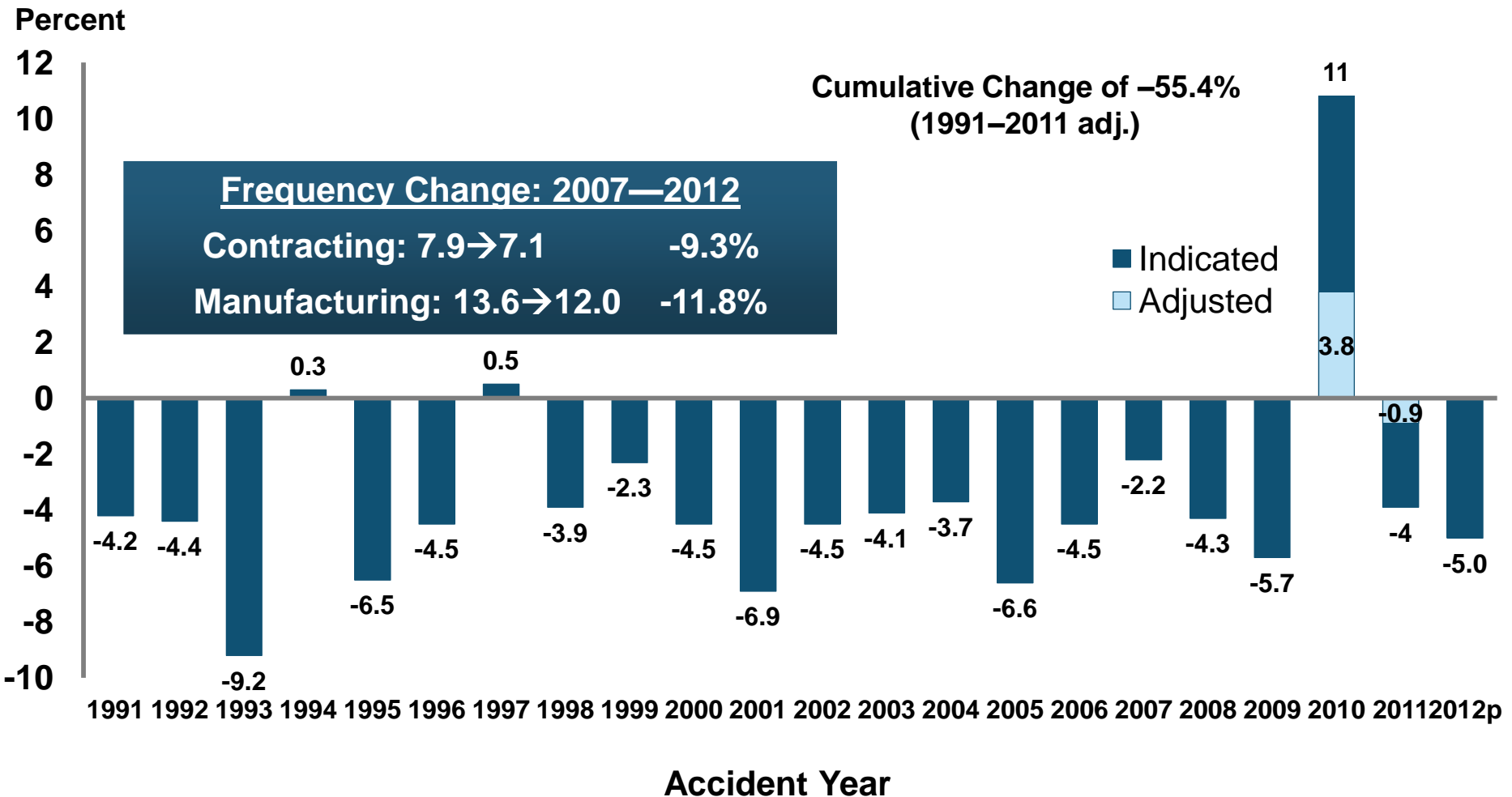
2012p: Preliminary based on data valued as of 12/31/2012.

1991-2011: Based on data through 12/31/2011, developed to ultimate

Based on the states where NCCI provides ratemaking services including state funds, excluding WV; Excludes high deductible policies.

Workers Compensation Lost-Time Claim Frequency Declined in 2012

Lost-Time Claims



*Adjustments primarily due to significant audit activity.

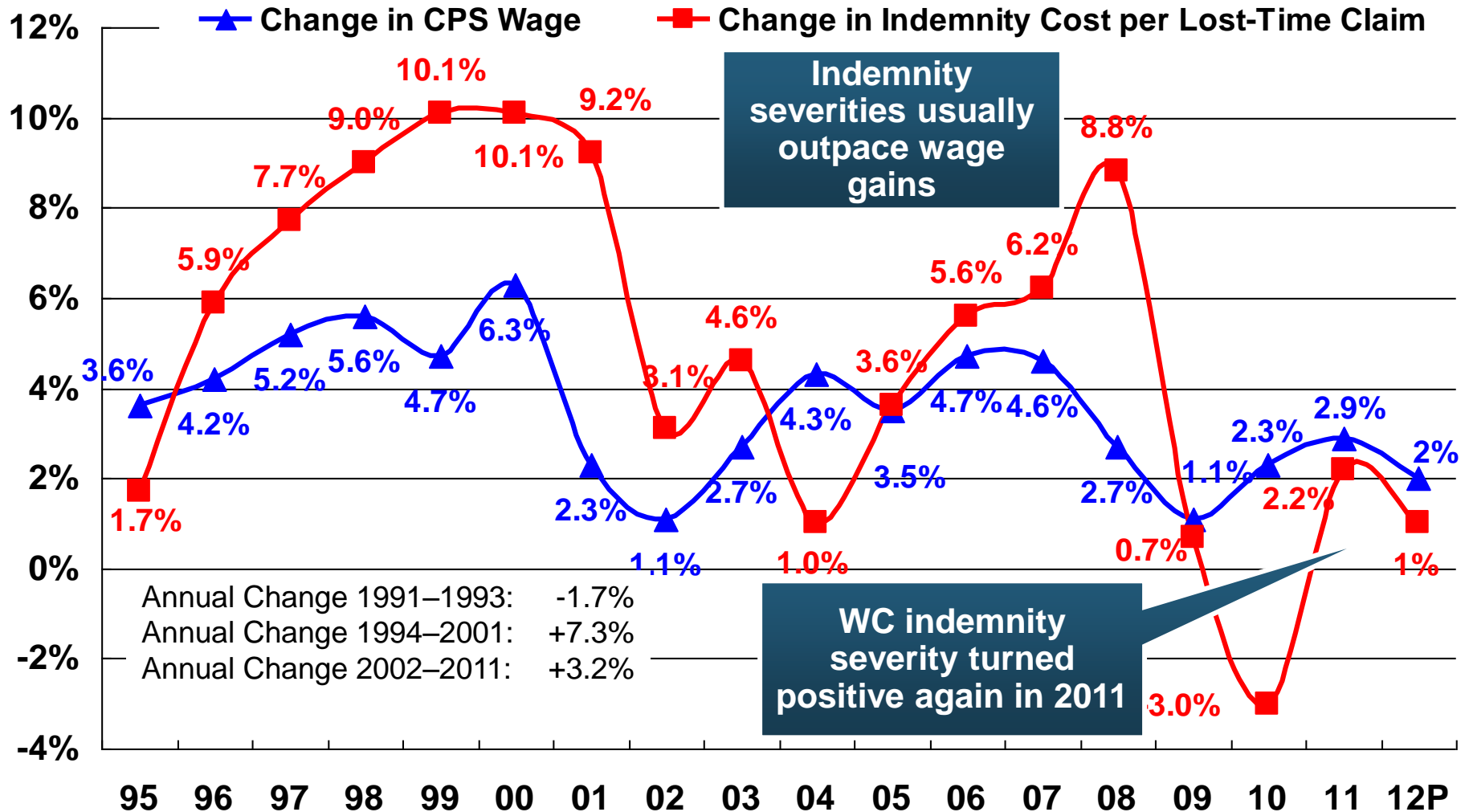
2012p: Preliminary based on data valued as of 12/31/2012

1991–2011: Based on data through 12/31/2011, developed to ultimate

Based on the states where NCCI provides ratemaking services, including state funds; excludes high deductible policies

Frequency is the number of lost-time claims per \$1M pure premium at current wage and voluntary loss cost level

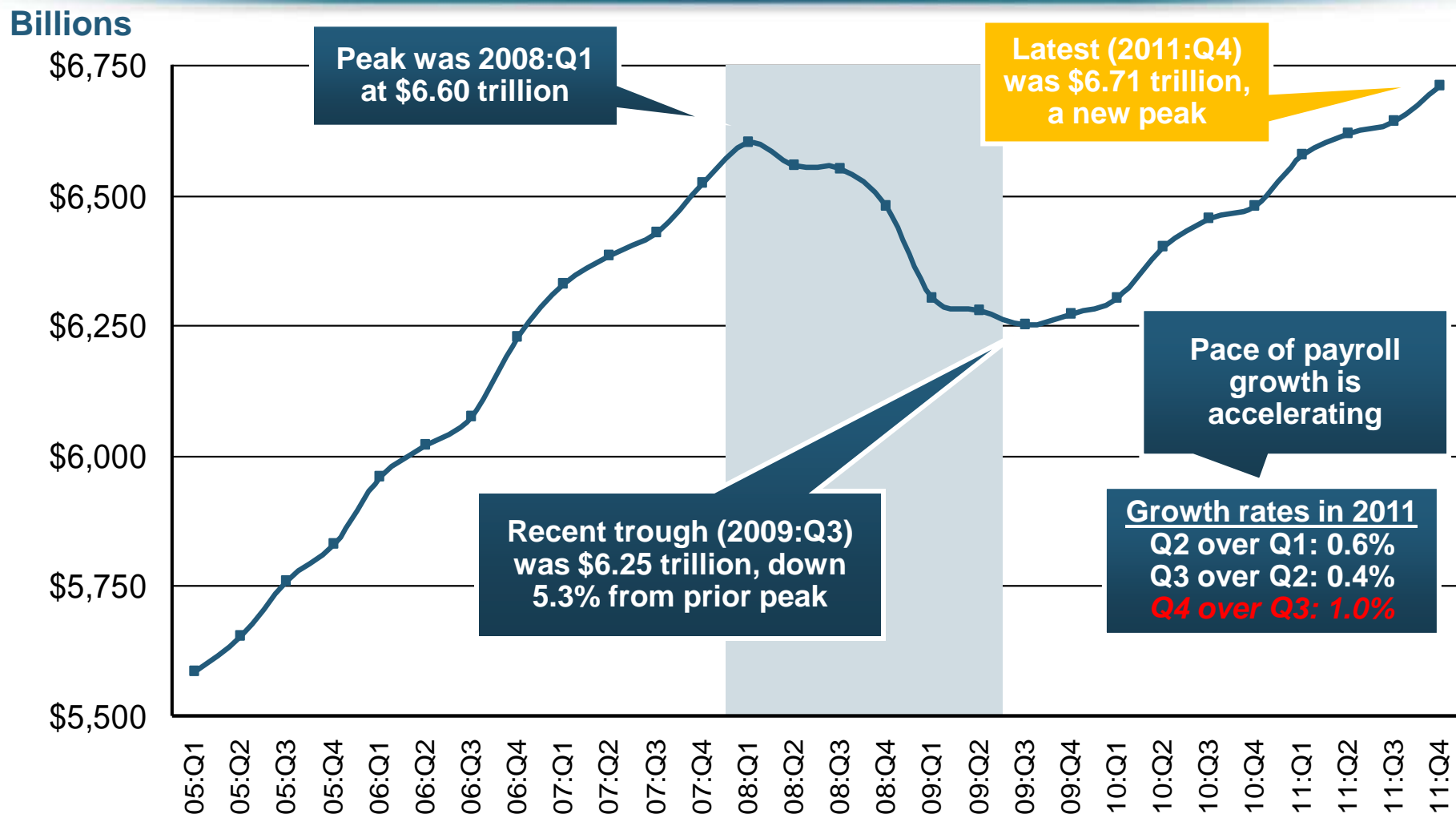
WC Indemnity Severity vs. Wage Inflation, 1995 -2012p



2011p: Preliminary based on data valued as of 12/31/2011; 1991-2010: Based on data through 12/31/2010, developed to ultimate. Based on the states where NCCI provides ratemaking services. Excludes the effects of deductible policies. CPS = Current Population Survey.

Source: NCCI

Nonfarm Payroll (Wages and Salaries): Quarterly, 2005–2011:Q4



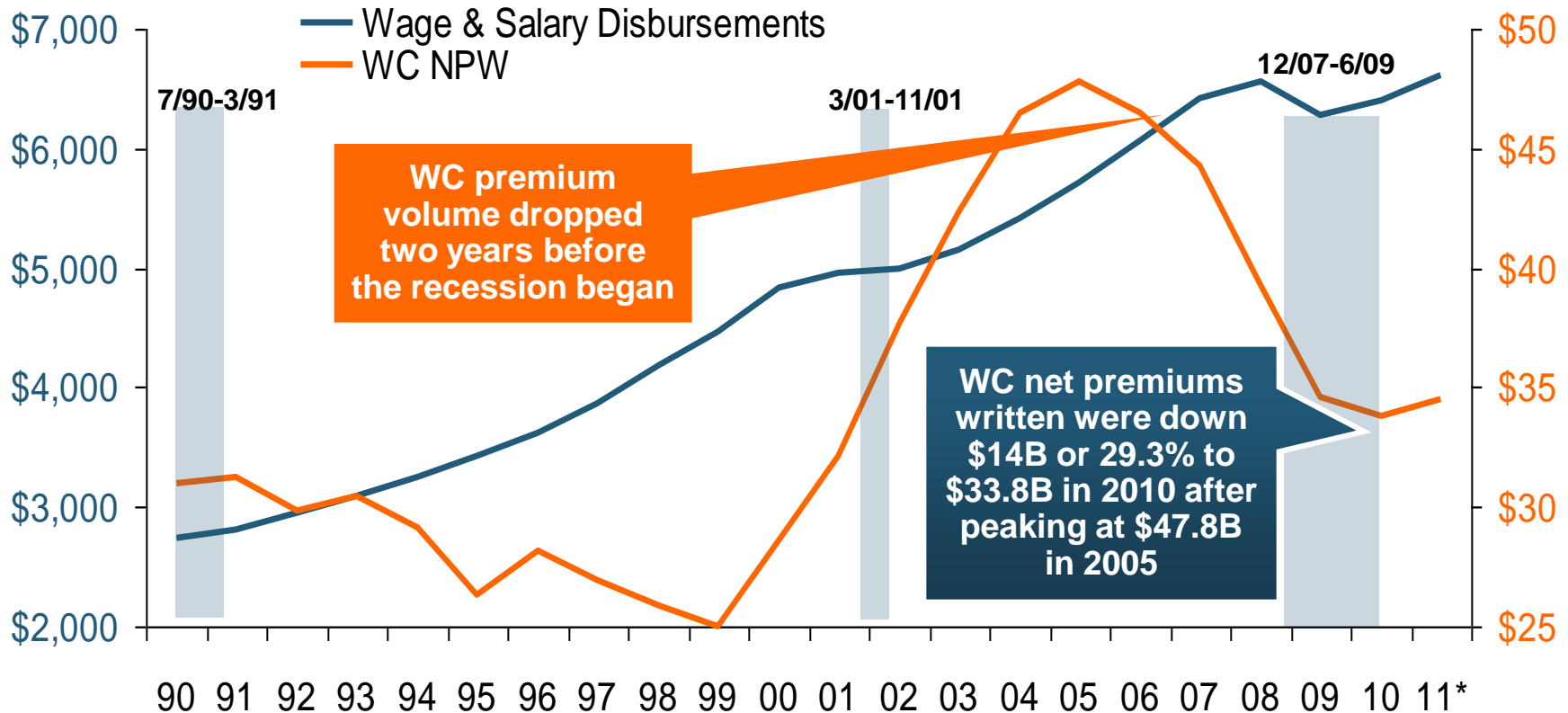
Note: Recession indicated by gray shaded column. Data are seasonally adjusted annual rates.

Sources: <http://research.stlouisfed.org/fred2/series/WASCUR>; National Bureau of Economic Research (recession dates); Insurance Information Institute.

Payroll vs. Workers Comp Net Written Premiums, 1990-2011

Payroll Base*
\$Billions

WC NWP
\$Billions



Resumption of payroll growth and rate increases suggests WC NWP will grow again in 2012

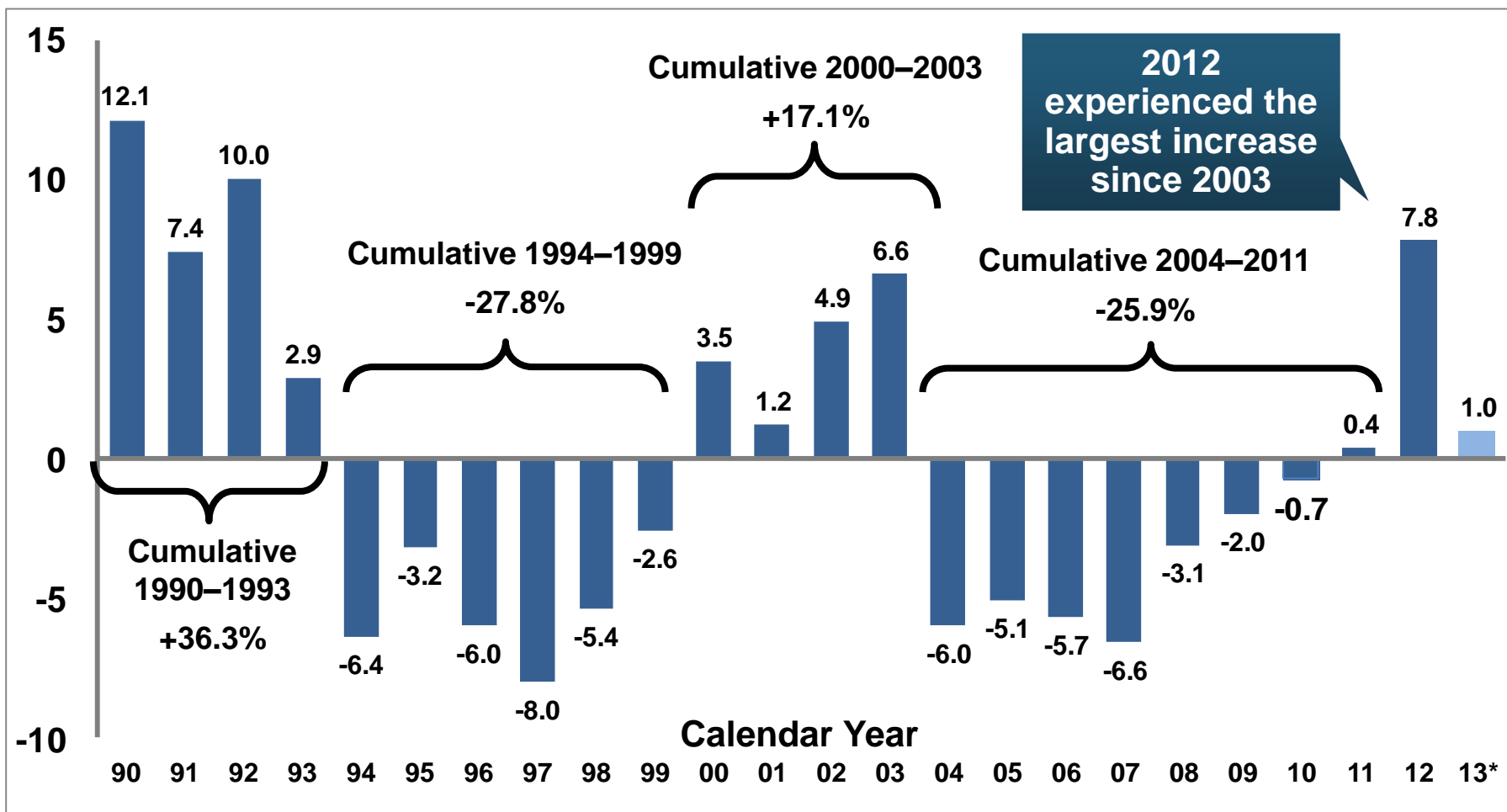
*Private employment; Shaded areas indicate recessions. Payroll and WC premiums for 2011 is I.I.I. estimate

Sources: NBER (recessions); Federal Reserve Bank of St. Louis at <http://research.stlouisfed.org/fred2/series/WASCUR> ; NCCI; I.I.I.

Average Approved Bureau Rates/Loss Costs

History of Average WC Bureau Rate/Loss Cost Level Changes

Percent (%)



*States approved through 4/15/123

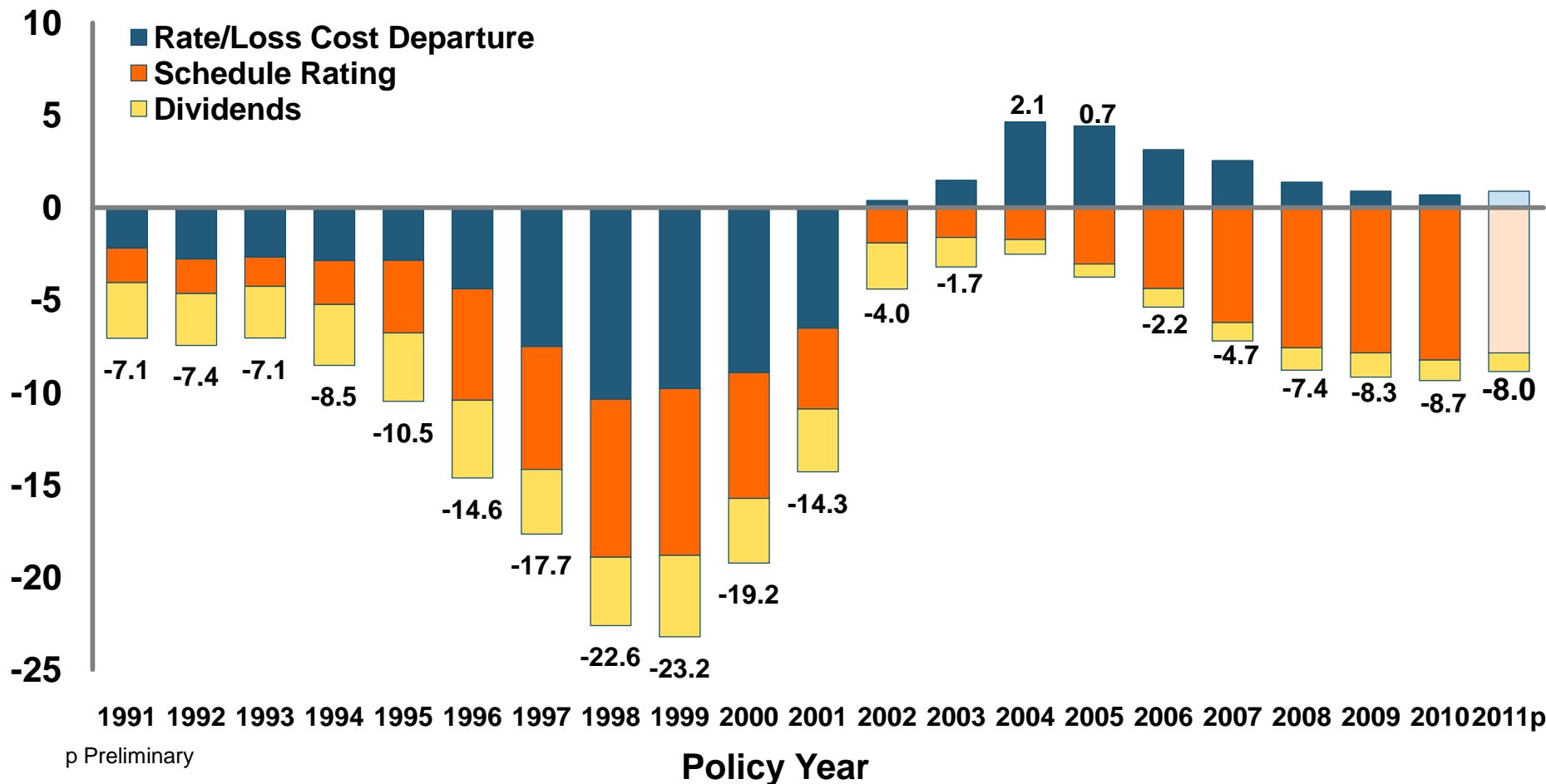
Note: Countrywide approved changes in advisory rates, loss costs and assigned risk rates as filed by applicable rating organization.

Source: NCCI.

Impact of Discounting on Workers Compensation Premium

NCCI States—Private Carriers

Percent



p Preliminary

Dividend ratios are based on calendar year statistics

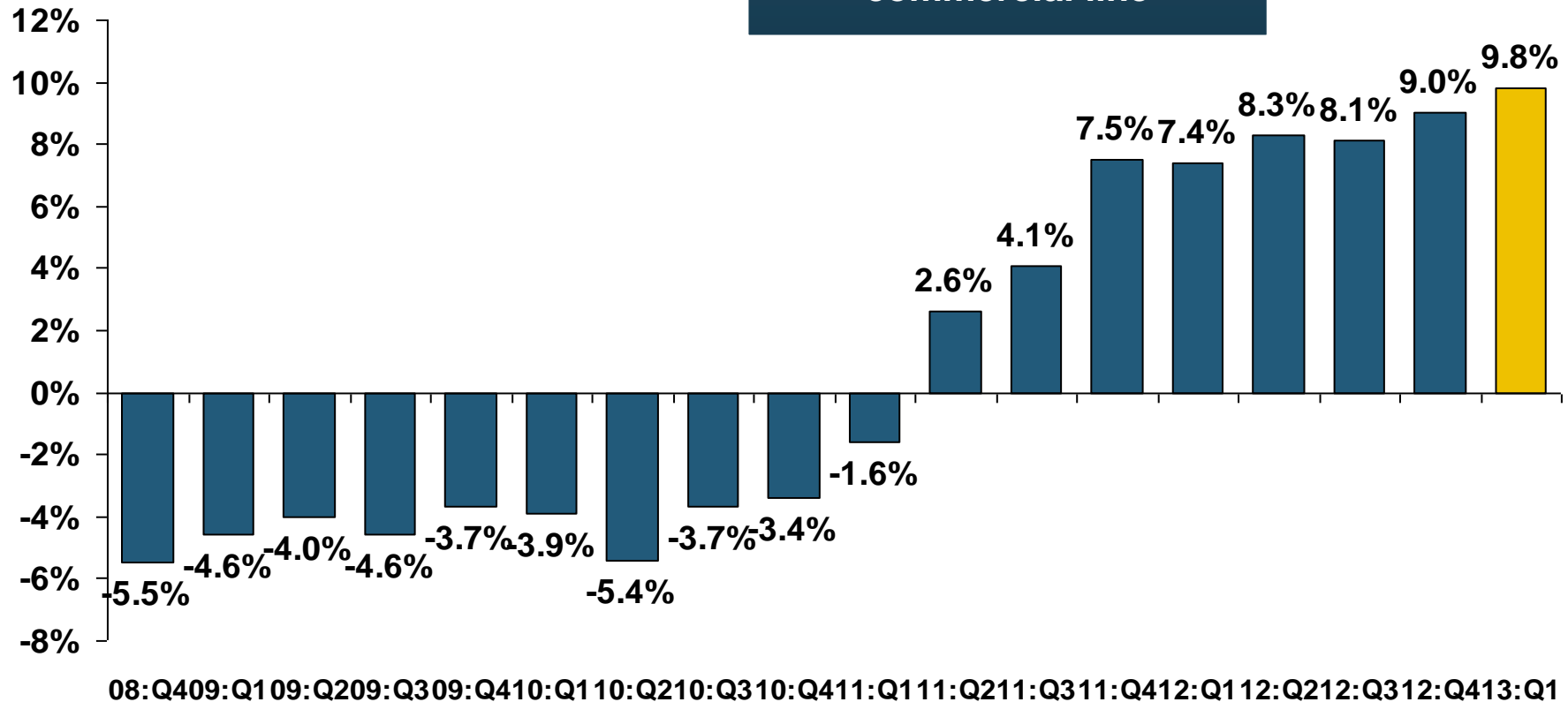
NCCI benchmark level does not include an underwriting contingency provision

Based on data through 12/31/2011 for the states where NCCI provides ratemaking services

Source: NCCI.

Workers Comp Rate Changes, 2008:Q4 – 2013:Q1

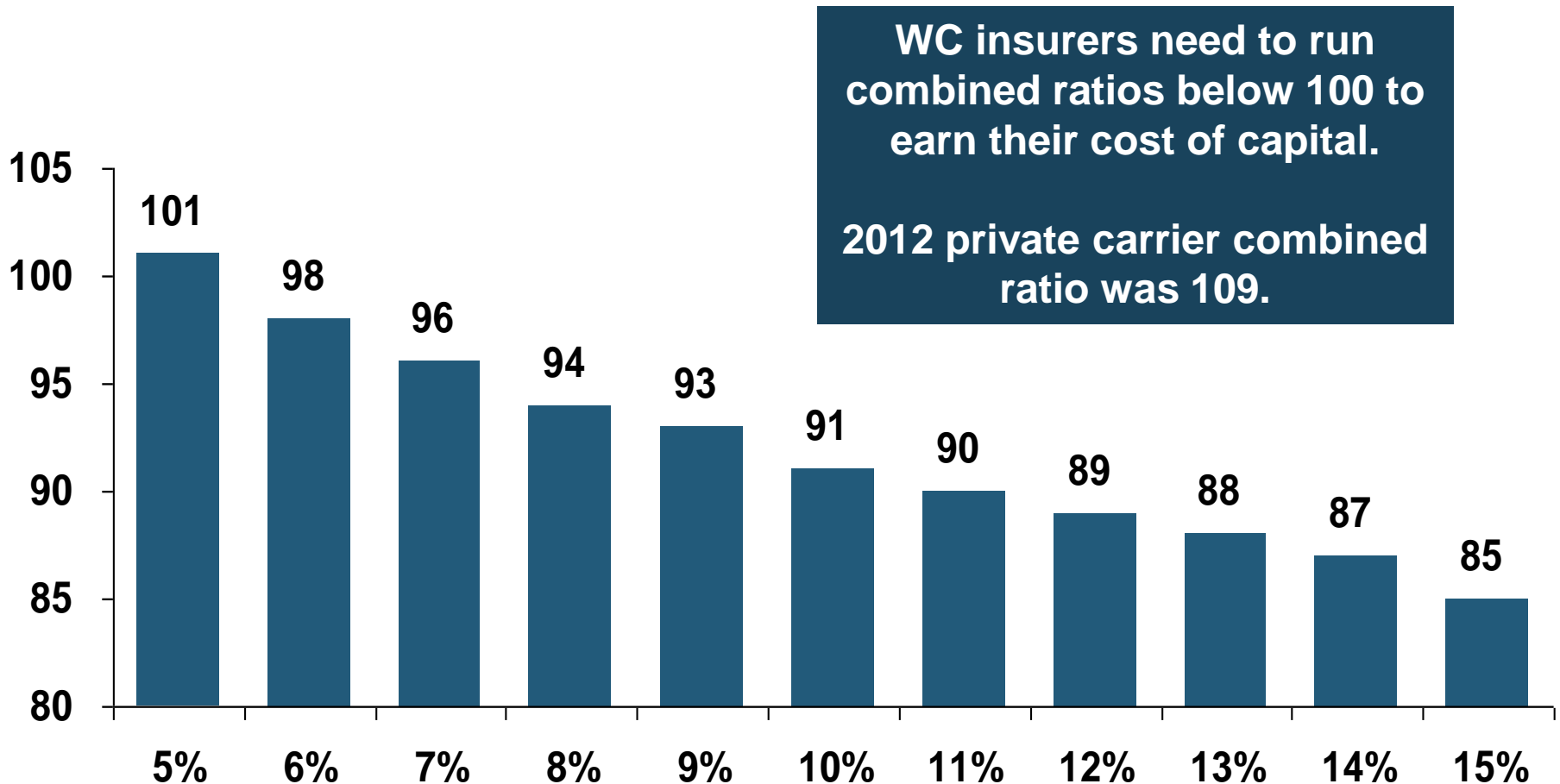
(Percent
Change)



Note: CIAB data cited here are based on a survey. Rate changes earned by individual insurers can and do vary, potentially substantially.
Source: Council of Insurance Agents and Brokers; Information Institute.

Workers Comp Combined Ratio to Achieve Selected Cost of Capital in 2012

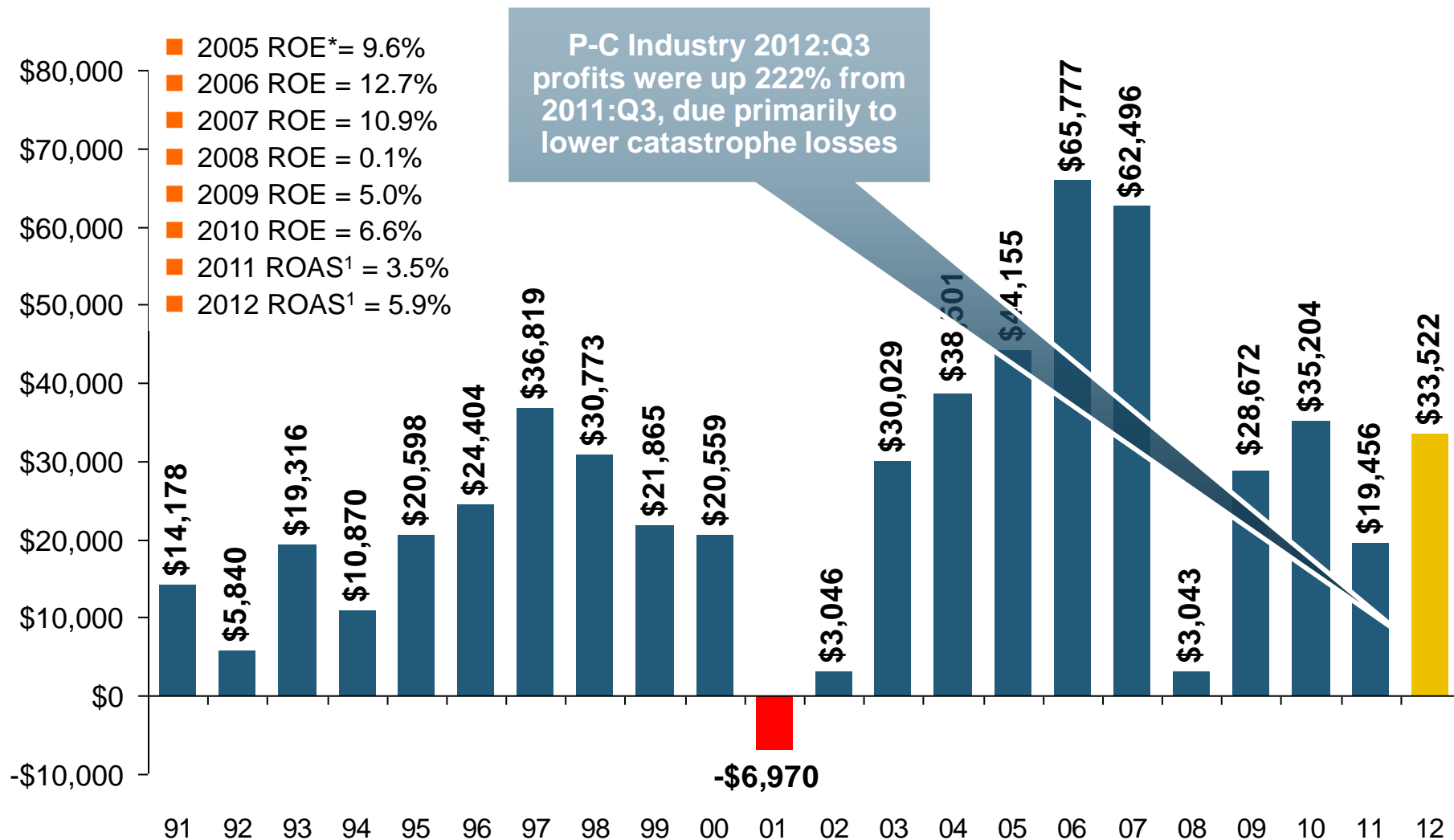
Private Carriers



P/C Insurance Industry Financial Overview

**Profit Recovery in 2012 After
High CAT Losses; Ultimate
Impact of Sandy Still Unclear**

P/C Net Income After Taxes 1991–2012 (\$ Millions)



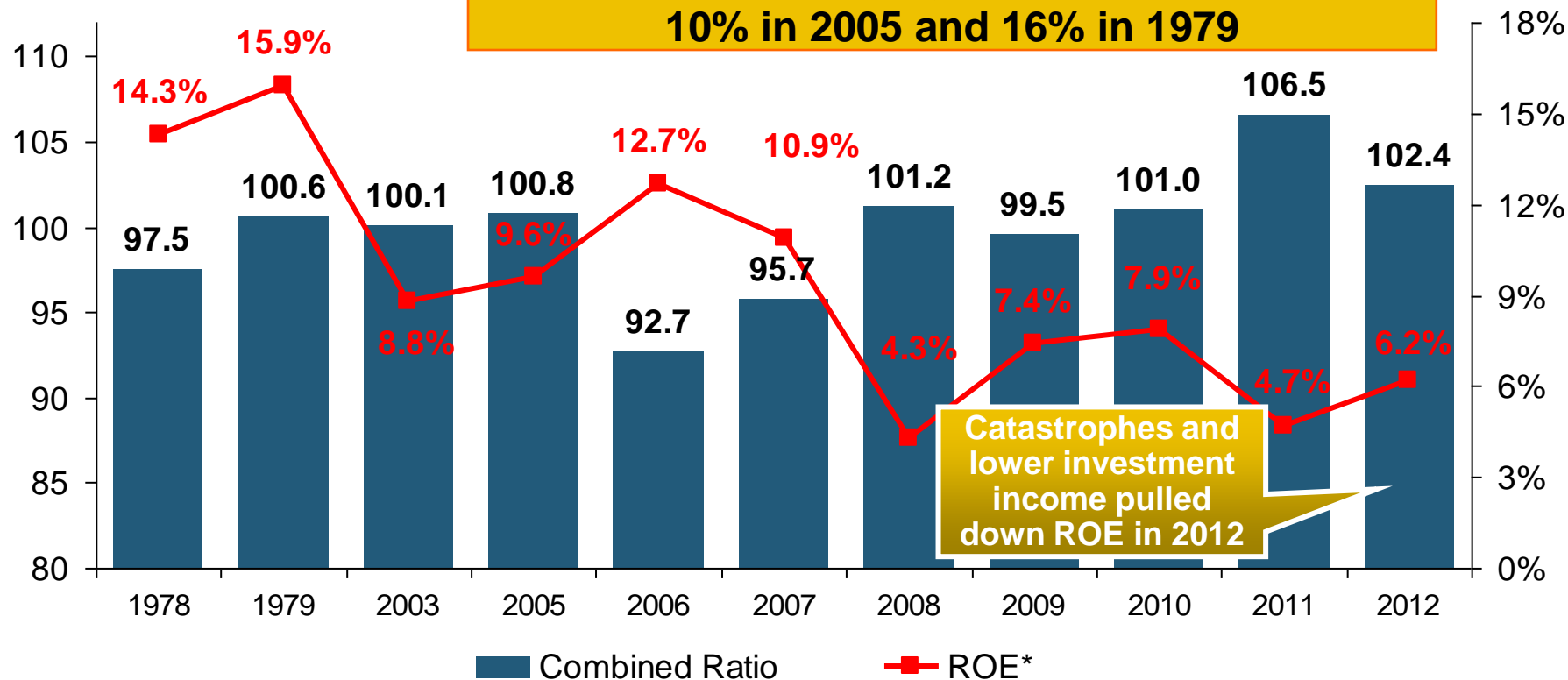
* ROE figures are GAAP; ¹Return on avg. surplus. Excluding Mortgage & Financial Guaranty insurers yields a 6.2% ROAS in 2012, 4.7% ROAS for 2011, 7.6% for 2010 and 7.4% for 2009.

Sources: A.M. Best, ISO, Insurance Information Institute

A 100 Combined Ratio Isn't What It Once Was: Investment Impact on ROEs

Combined Ratio / ROE

A combined ratio of about 100 generates an ROE of ~7.0% in 2012, ~7.5% ROE in 2009/10, 10% in 2005 and 16% in 1979

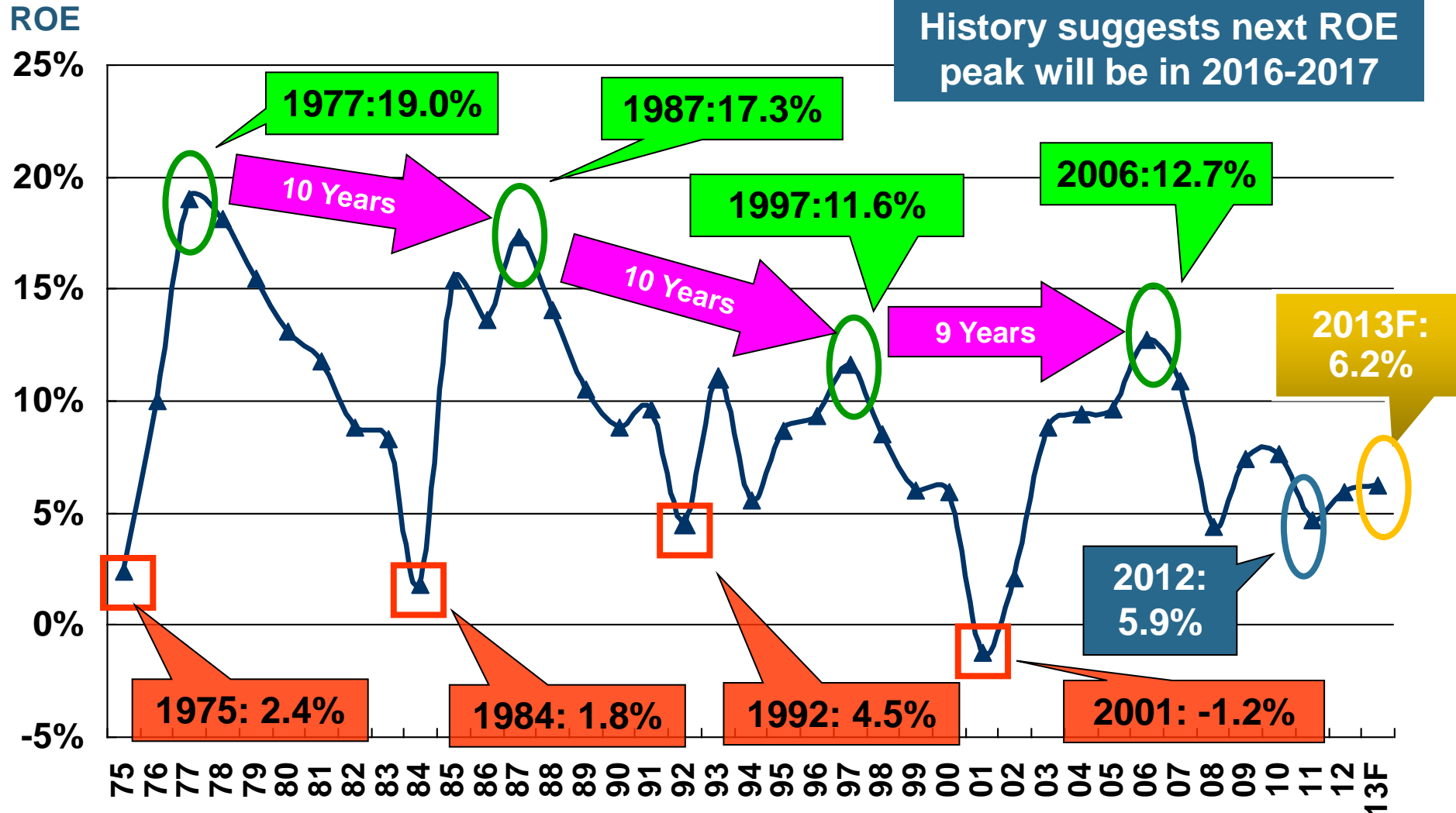


Combined Ratios Must Be Lower in Today's Depressed Investment Environment to Generate Risk Appropriate ROEs

* 2008 -2012 figures are return on average surplus and exclude mortgage and financial guaranty insurers. 2012 combined ratio including M&FG insurers is 103.2, 2011 combined ratio including M&FG insurers is 108.1, ROAS = 3.5%.

Source: Insurance Information Institute from A.M. Best and ISO data.

Profitability Peaks & Troughs in the P/C Insurance Industry, 1975 – 2013F*

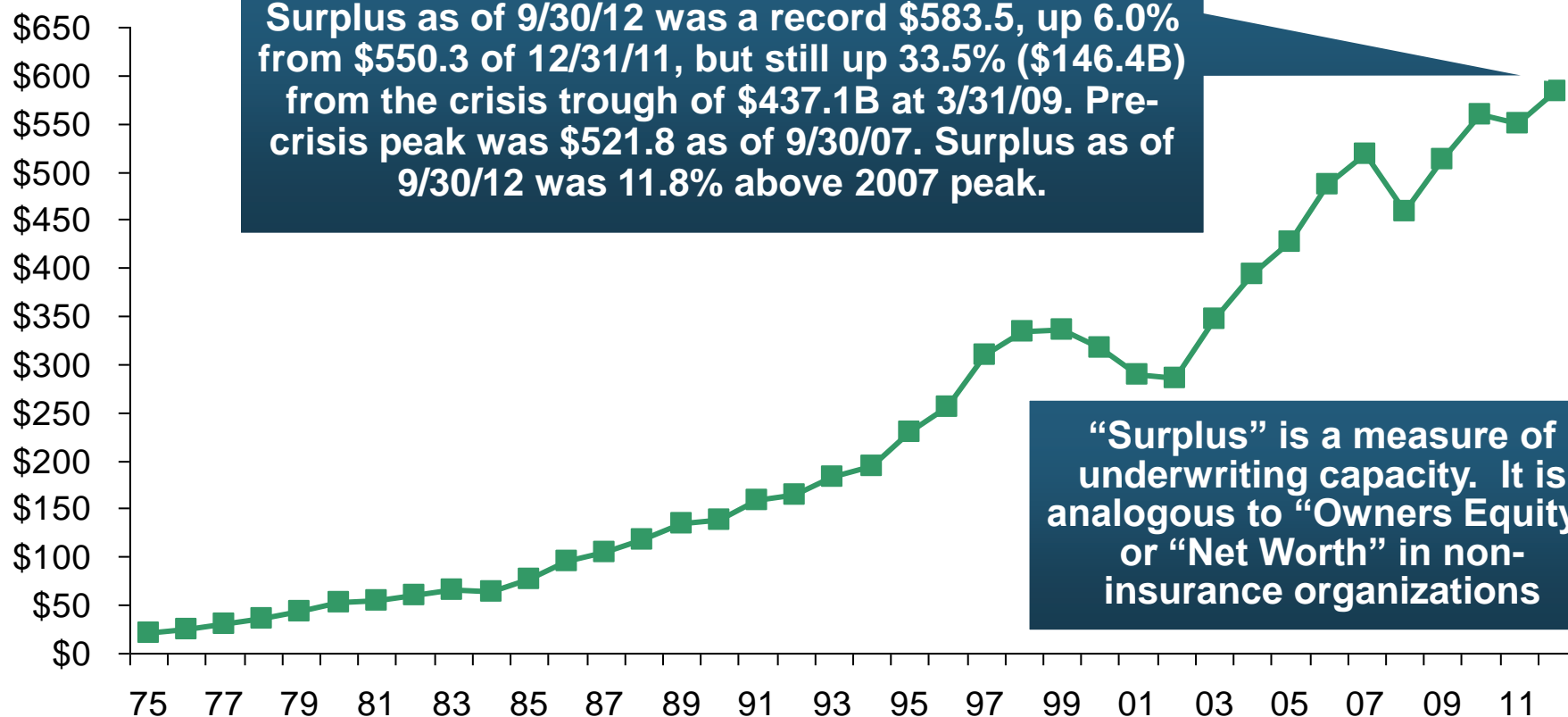


*Profitability = P/C insurer ROEs. 2011 figure is an estimate based on ROAS data. Note: Data for 2008-2013 exclude mortgage and financial guaranty insurers. 2012:Q3 ROAS = 6.2% including M&FG.

Source: Insurance Information Institute; NAIC, ISO, A.M. Best.

US Policyholder Surplus: 1975–2012*

(\$ Billions)



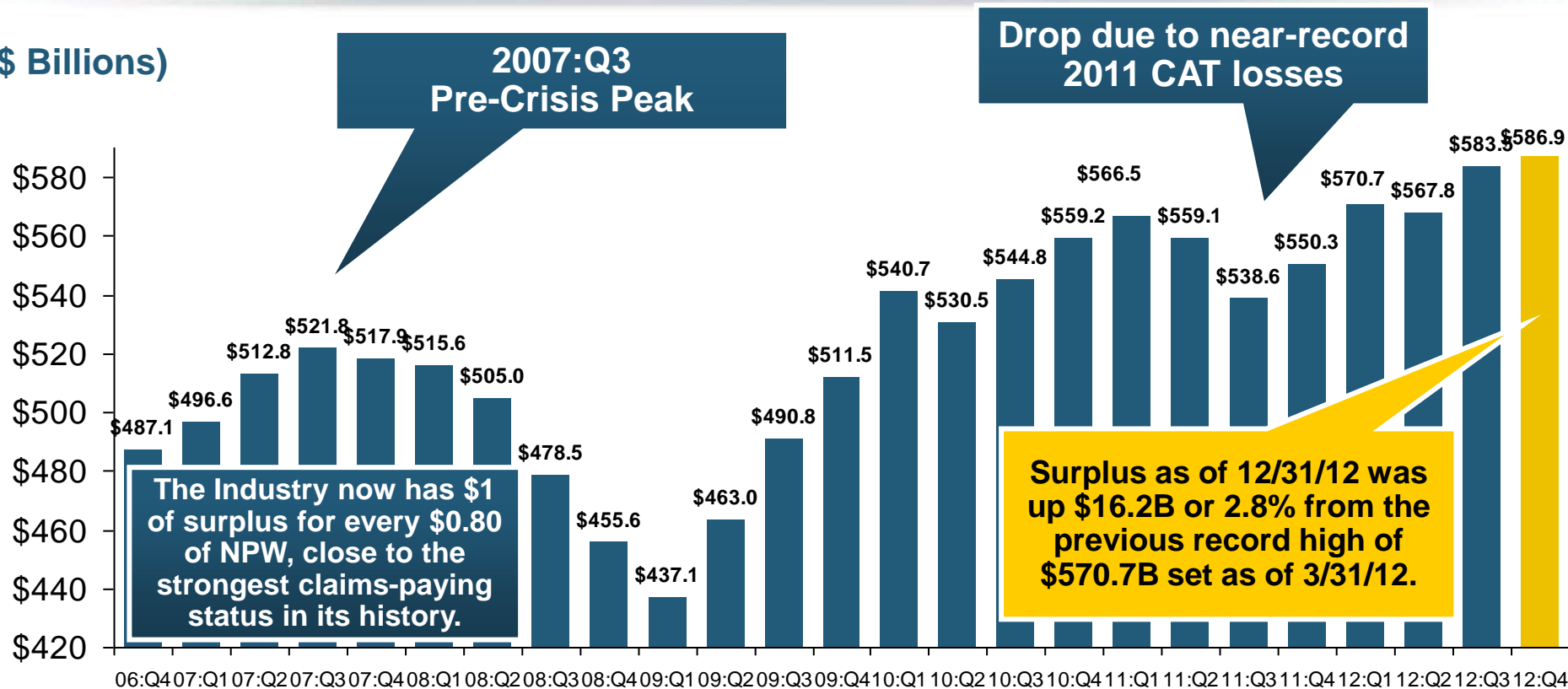
The Premium-to-Surplus Ratio Stood at \$0.80:\$1 as of 9/30/12, A Near Record Low (at Least in Recent History)*

* As of 9/30/12.

Source: A.M. Best, ISO, Insurance Information Institute.

Policyholder Surplus, 2006:Q4–2012:Q4

(\$ Billions)



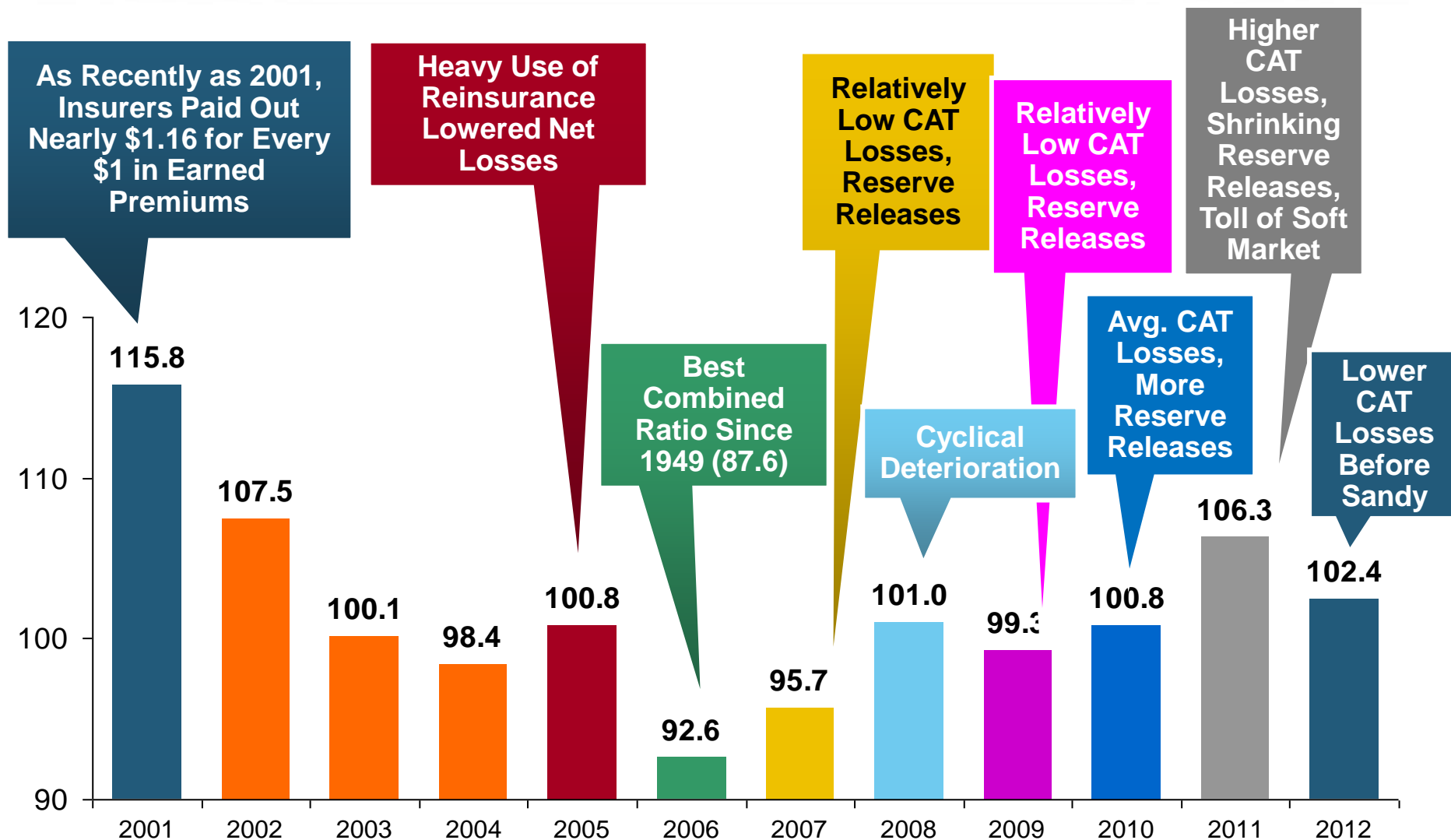
*Includes \$22.5B of paid-in capital from a holding company parent for one insurer's investment in a non-insurance business in early 2010.

The P/C Insurance Industry Both Entered and Emerged from the 2012 Hurricane Season Very Strong Financially.

UNDERWRITING

**Underwriting Losses in 2011
and 2012 Were Impacted by
High Catastrophe Losses**

P/C Insurance Industry Combined Ratio, 2001–2012*

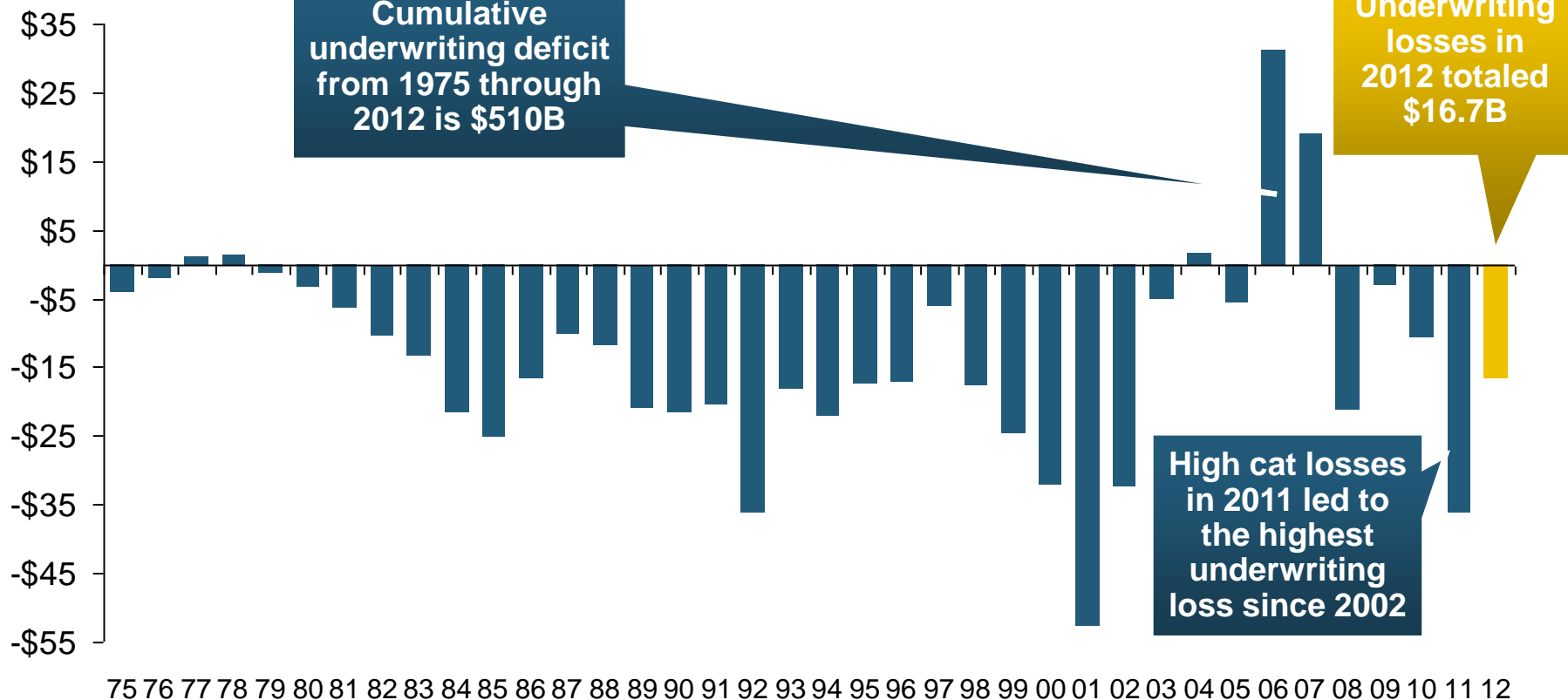


* Excludes Mortgage & Financial Guaranty insurers 2008--2012. Including M&FG, 2008=105.1, 2009=100.7, 2010=102.4, 2011=108.1; 2012=103.2.

Sources: A.M. Best, ISO.

Underwriting Gain (Loss) 1975–2012*

(\$ Billions)

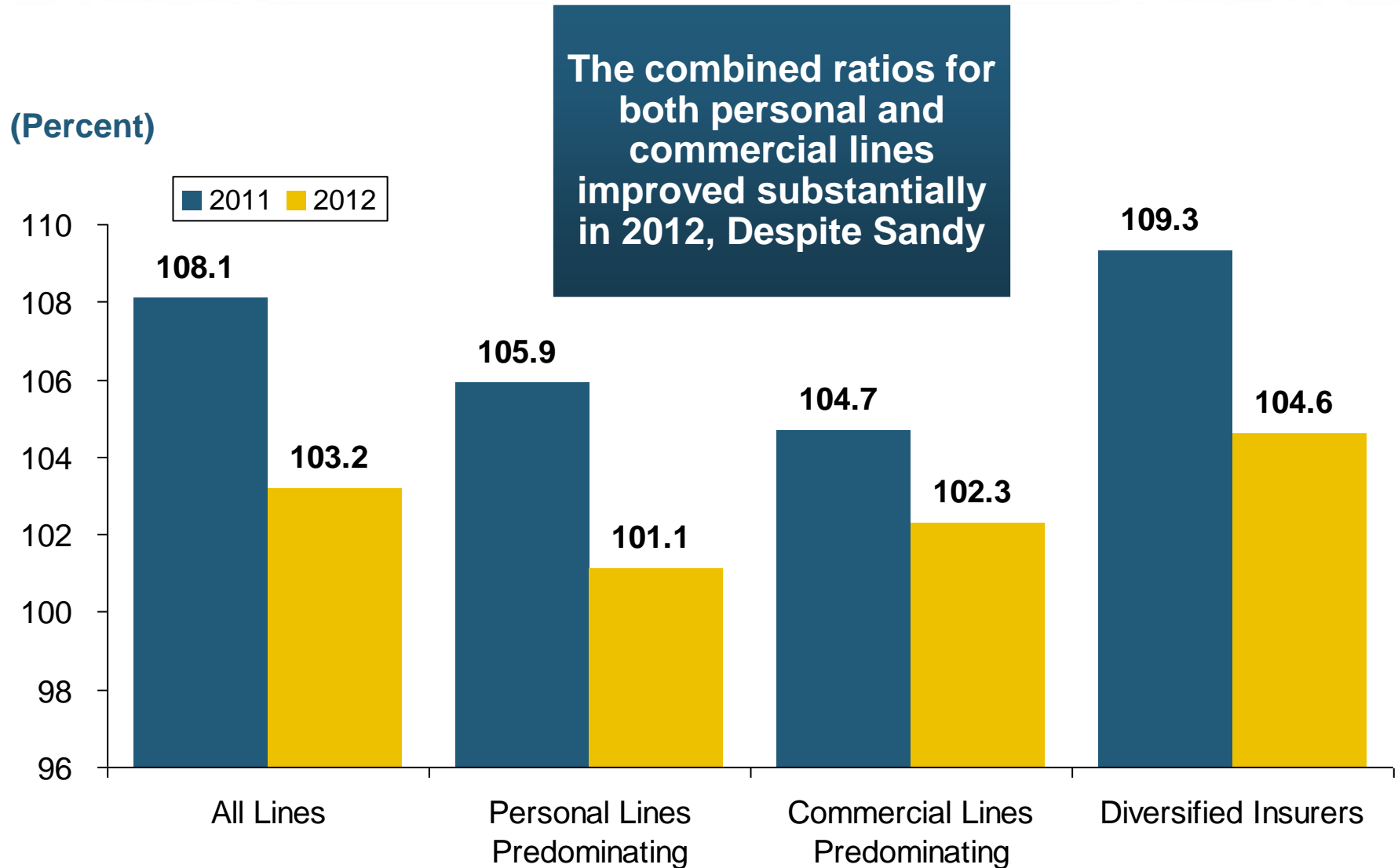


**Large Underwriting Losses Are *NOT* Sustainable
in Current Investment Environment**

* Includes mortgage and financial guaranty insurers in all years.

Sources: A.M. Best, ISO; Insurance Information Institute.

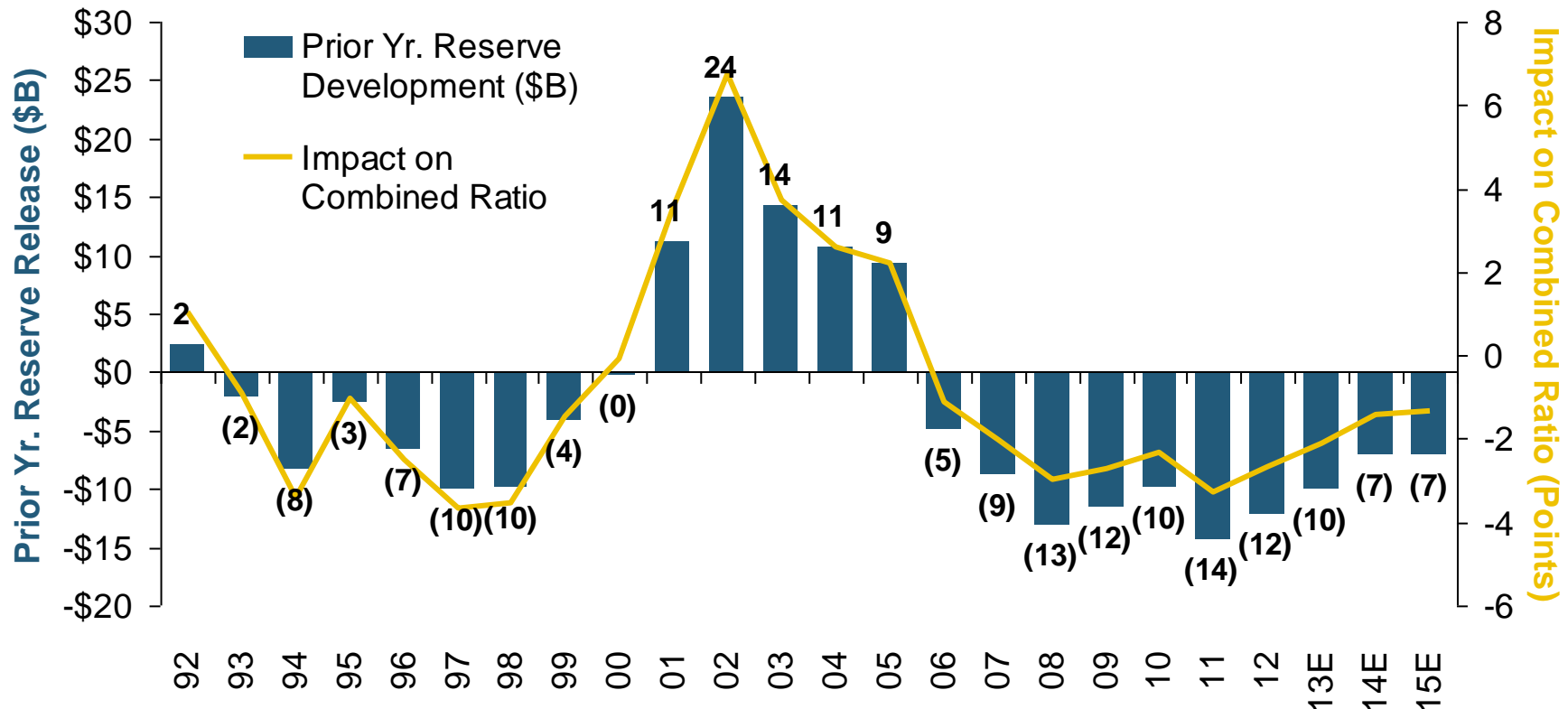
Combined Ratios by Predominant Business Segment, 2012 vs. 2011*



*Excludes mortgage and financial guaranty insurers.

Source: ISO/PCI; Insurance Information Institute

P/C Reserve Development, 1992–2015E

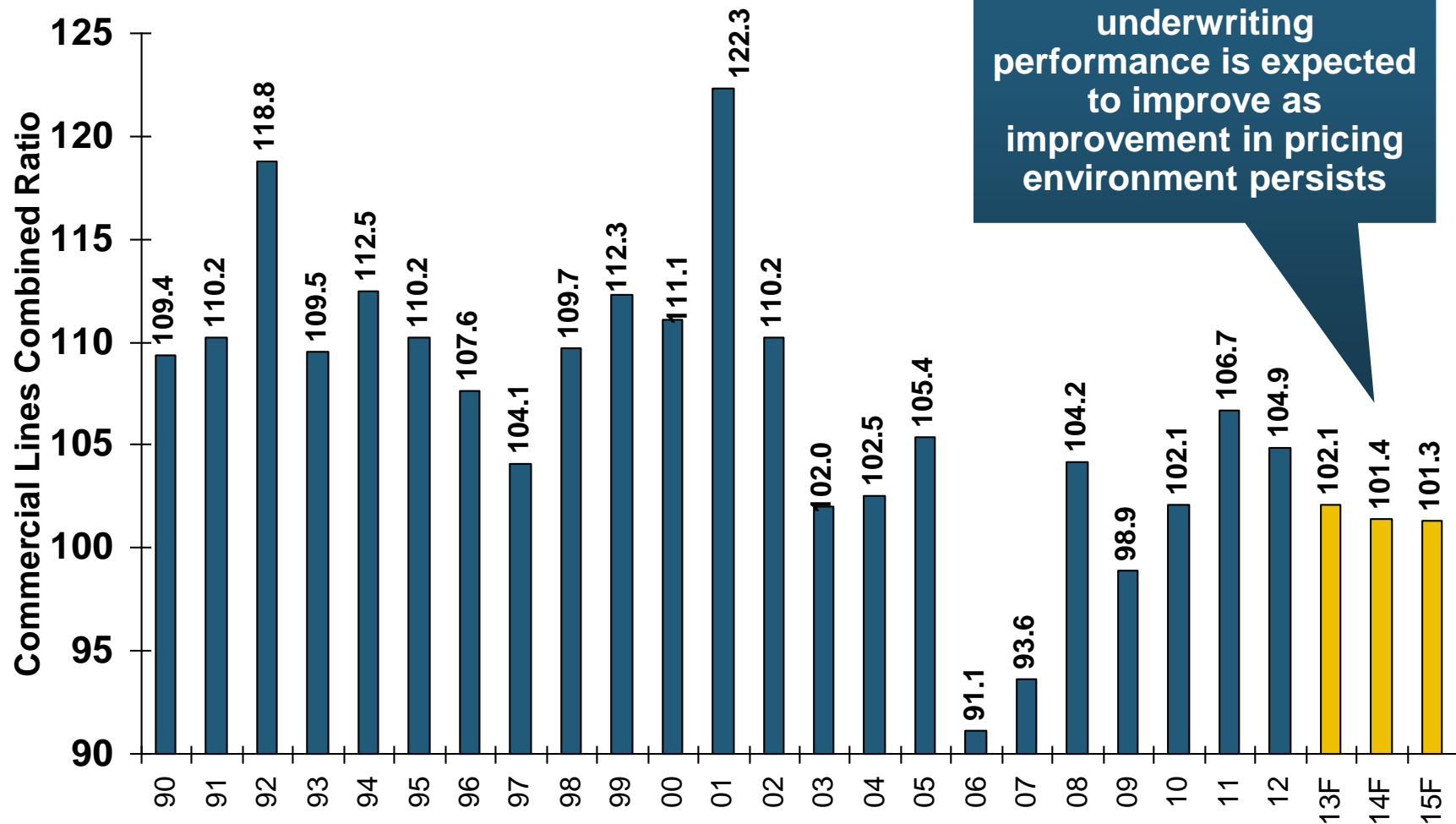


Note: 2005 reserve development excludes a \$6 billion loss portfolio transfer between American Re and Munich Re. Including this transaction, total prior year adverse development in 2005 was \$7 billion. The data from 2000 and subsequent years excludes development from financial guaranty and mortgage insurance.

Sources: A.M. Best, ISO, Barclays Research (estimates).

Performance by Segment

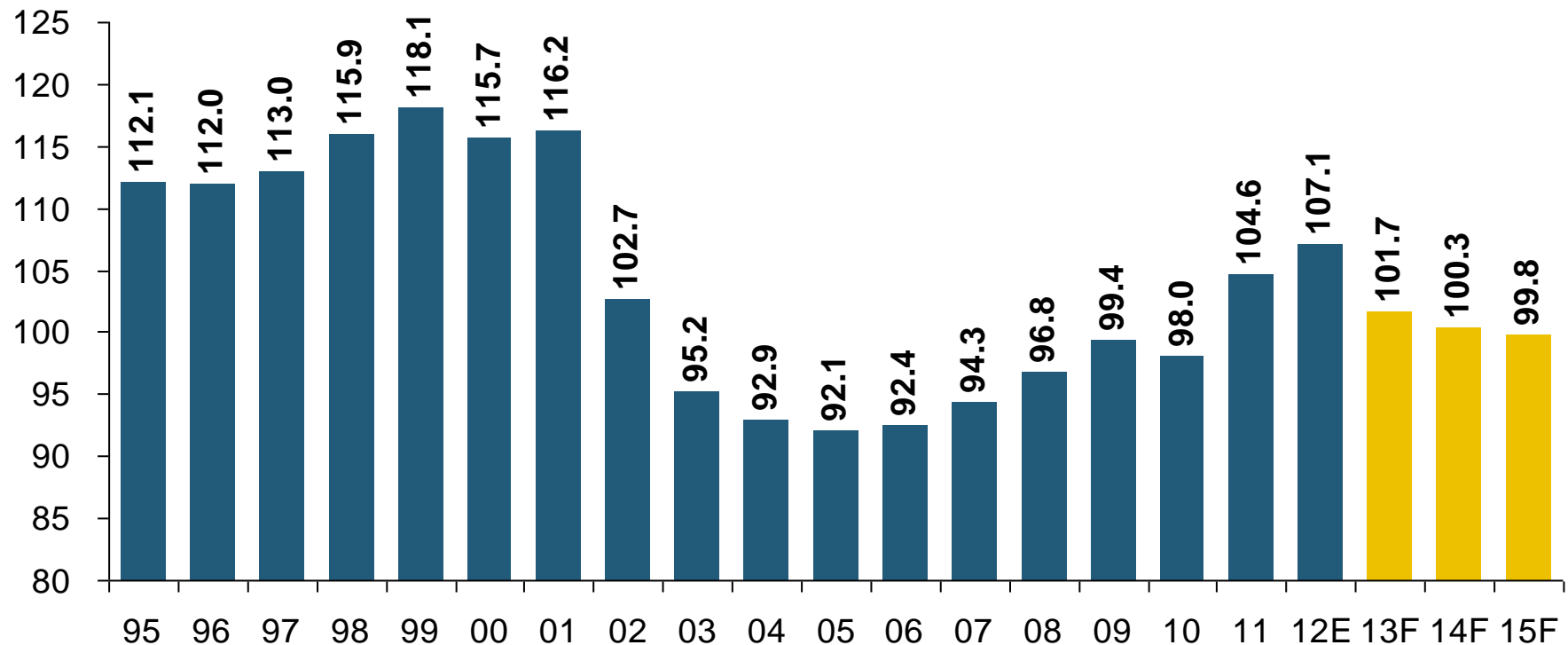
Commercial Lines Combined Ratio, 1990-2015F*



*2007-2012 figures exclude mortgage and financial guaranty segments.

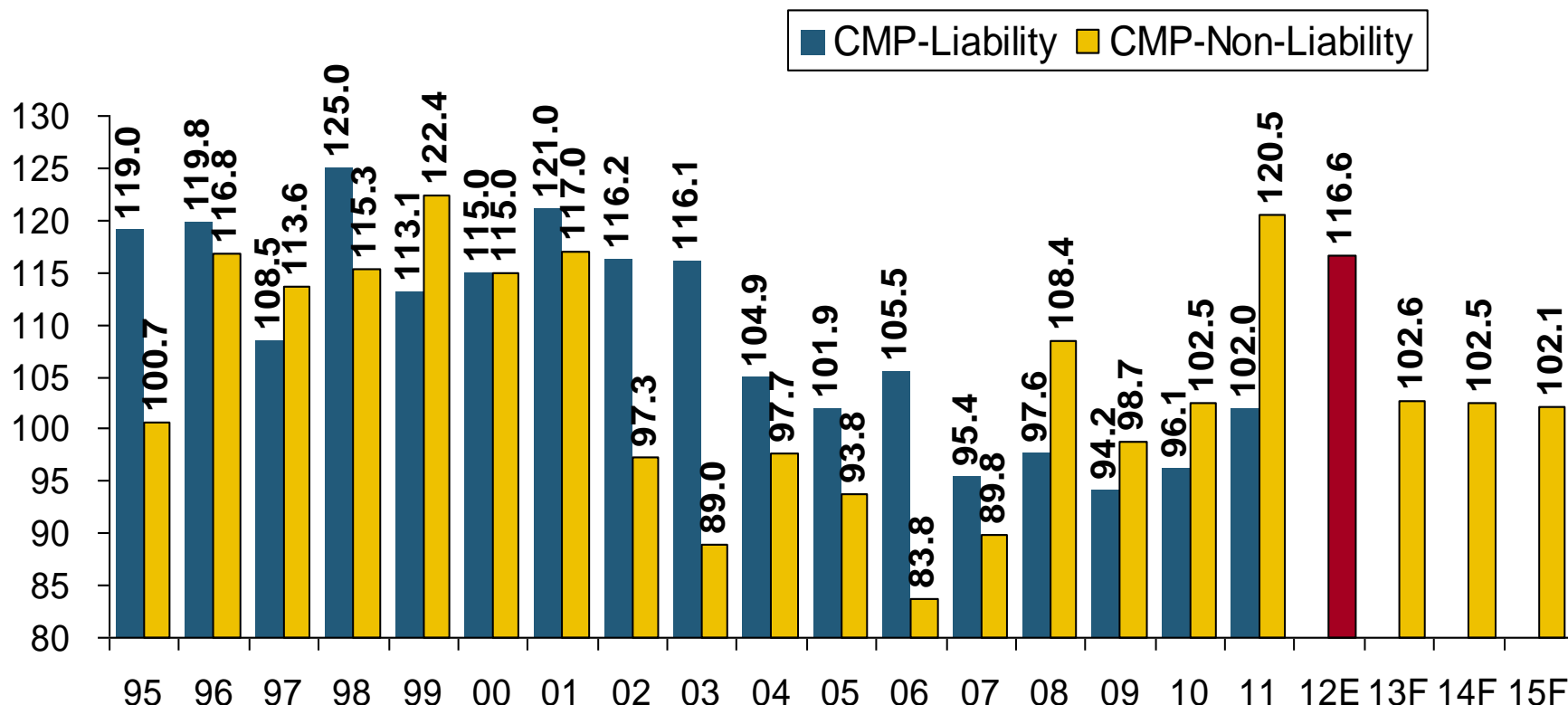
Source: A.M. Best (1990-2011); Conning (2012-2015F) Insurance Information Institute

Commercial Auto Combined Ratio: 1993–2015F



Commercial Auto is Expected to Improve as Rate Gains Outpace Any Adverse Frequency and Severity Trends

Commercial Multi-Peril Combined Ratio: 1995–2015F

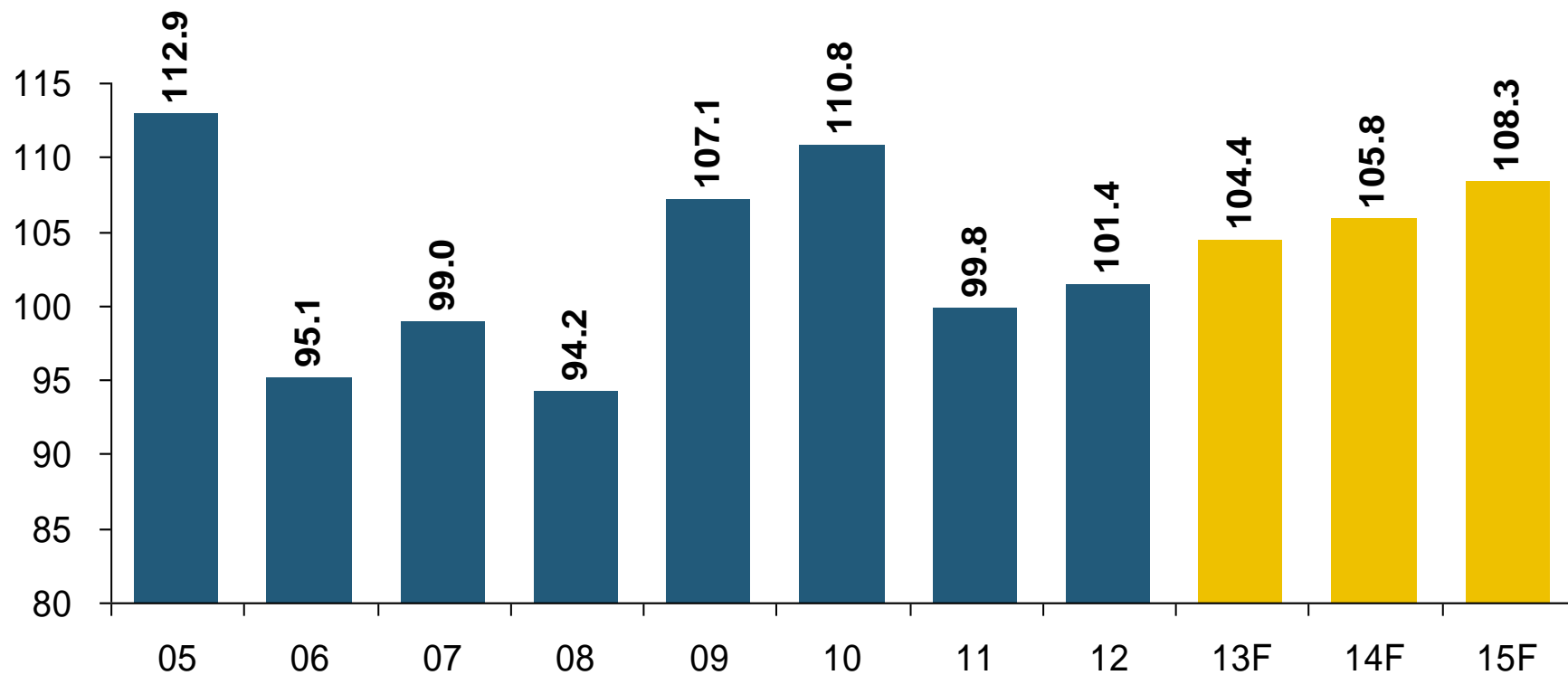


Commercial Multi-Peril Underwriting Performance is Expected to Improve in 2013 Assuming Normal Catastrophe Loss Activity

*2012-2013 figures are A.M. Best estimate/forecast for the combined liability and non-liability components. Same for Conning 2014-2015F figures.

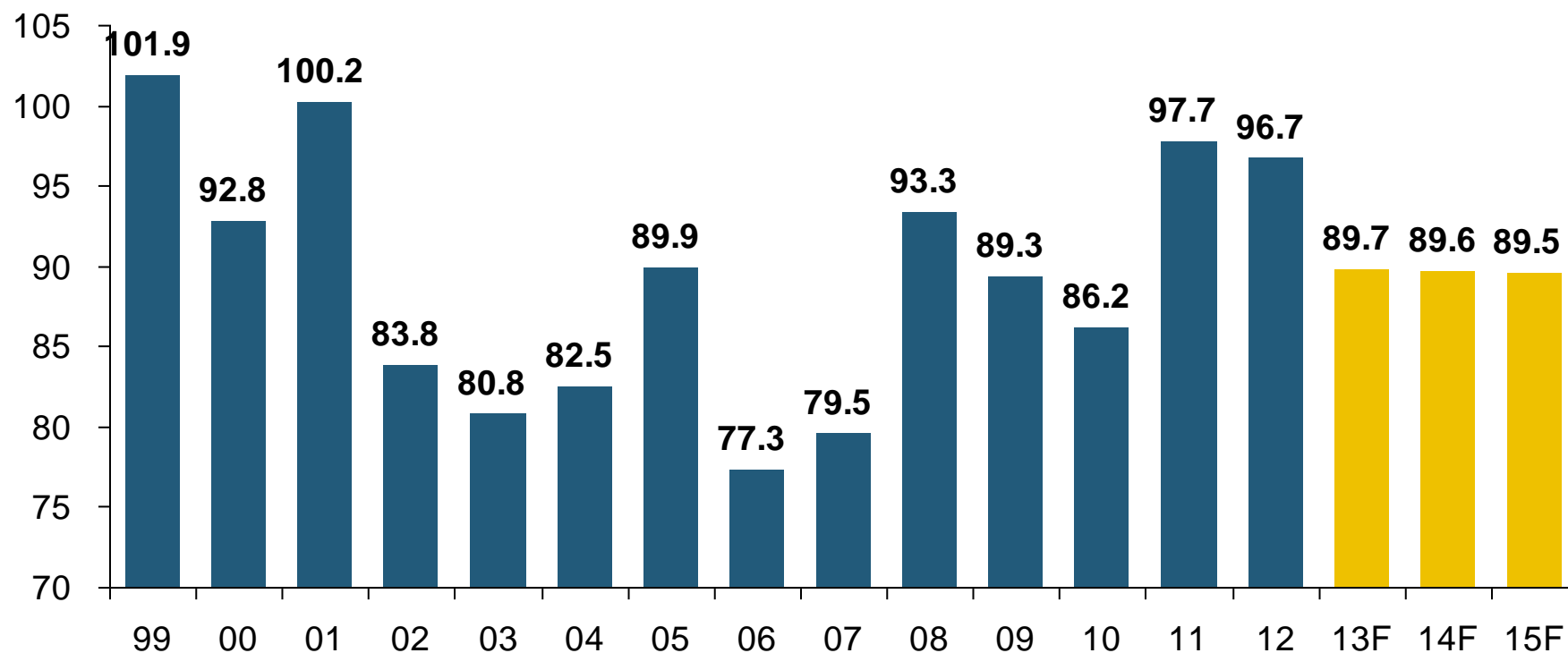
Sources: A.M. Best; Conning; Insurance Information Institute.

General Liability Combined Ratio: 2005–2015F



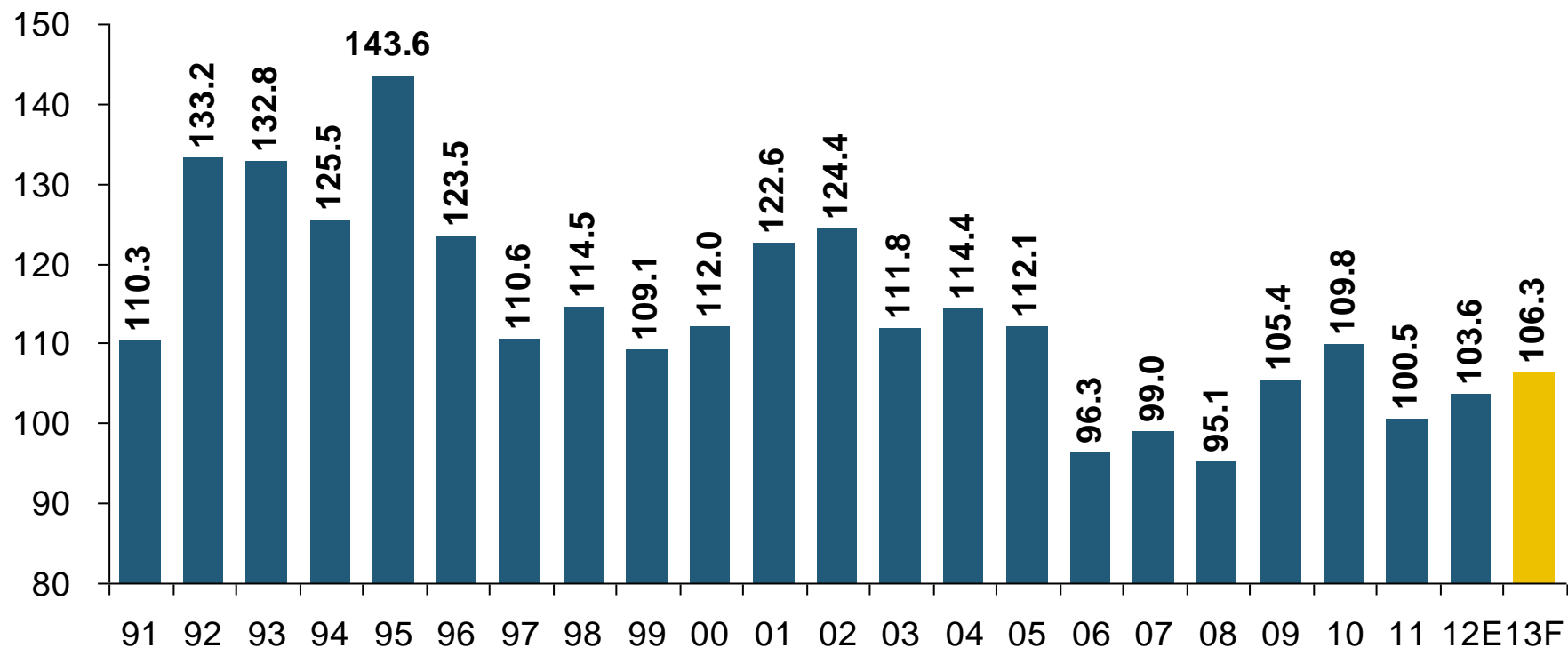
**Commercial General Liability Underwriting
Performance Has Been Volatile in Recent Years**

Inland Marine Combined Ratio: 1999–2015F



Inland Marine is Expected to Remain Among the Most Profitable of All Lines

Other & Products Liability Combined Ratio: 1991–2013F



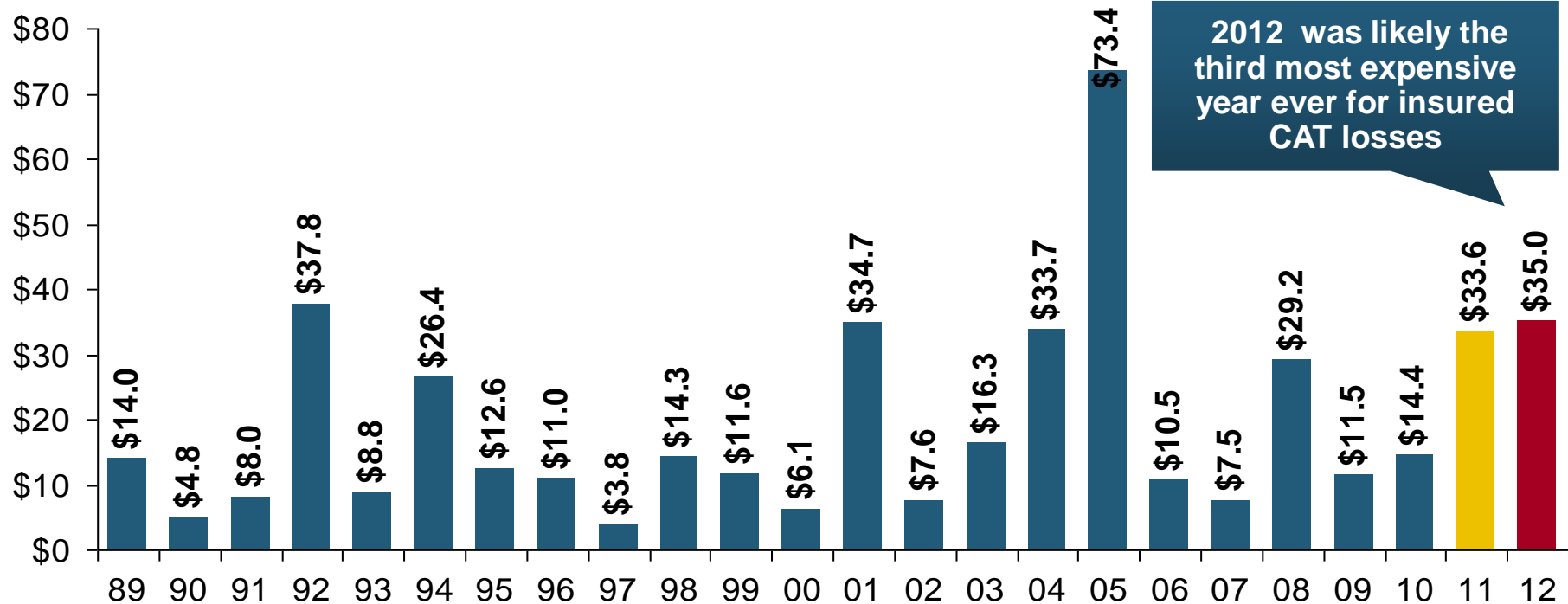
Liability Lines Have Performed Better in the Post-Tort Reform Era (~2005), but There Has Been Some Deterioration in Recent Years

Insured Catastrophe Loss Update

**2012 Catastrophe Losses Were Close to
“Average” Until Sandy Hit
*2011 Was the 5th Most Expensive
Year on Record***

US Insured Catastrophe Losses

(\$ Billions, 2012 Dollars)



2012 Was the 3rd Highest Year on Record for Insured Losses in US History on An Inflation-Adjusted Basis. 2011 Losses Were the 6th Highest.

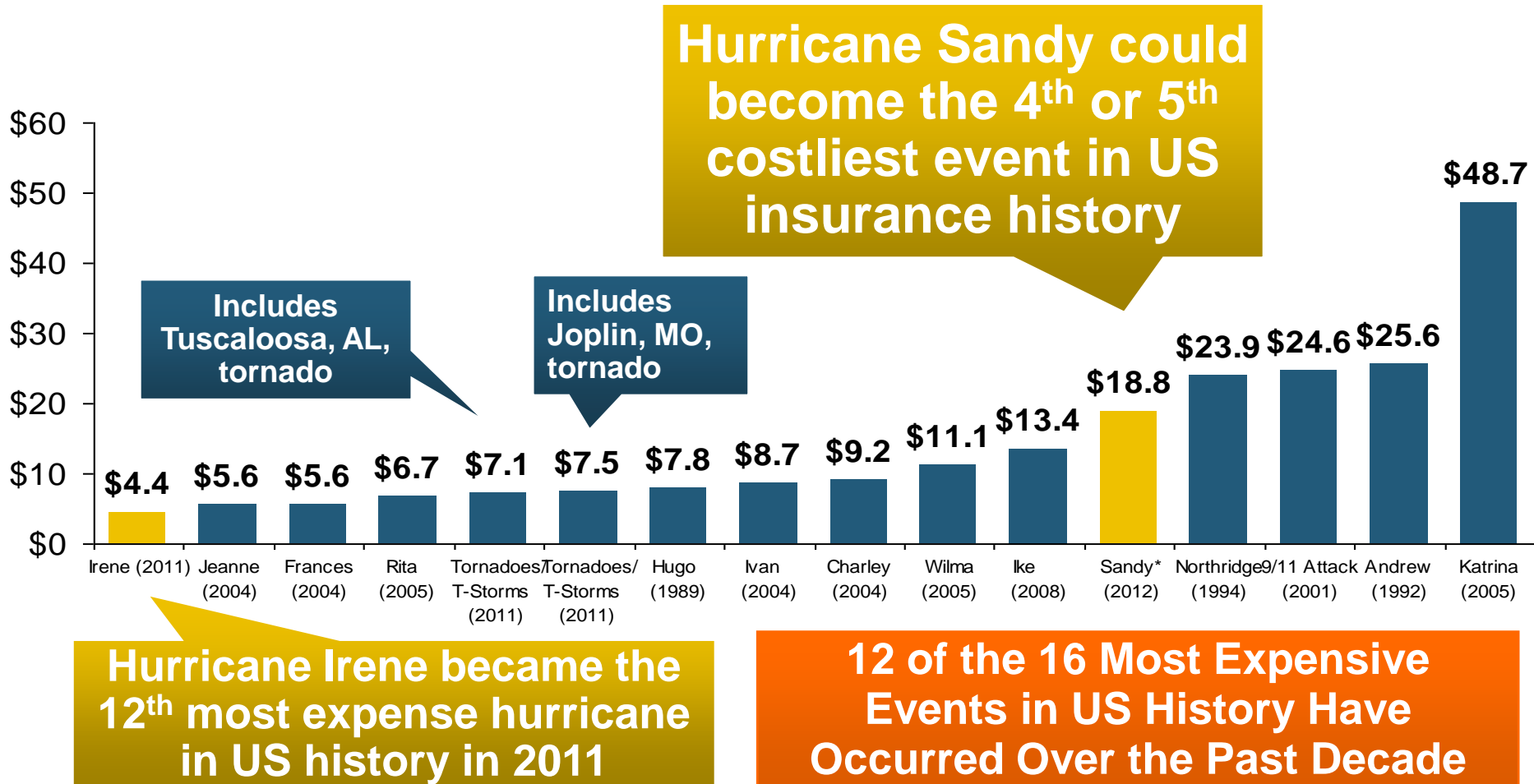
Record Tornado Losses Caused 2011 CAT Losses to Surge

Note: 2001 figure includes \$20.3B for 9/11 losses reported through 12/31/01 (\$25.9B 2011 dollars). Includes only business and personal property claims, business interruption and auto claims. Non-prop/BI losses = \$12.2B (\$15.6B in 2011 dollars.)

Sources: Property Claims Service/ISO; Insurance Information Institute.

Top 16 Most Costly Disasters in U.S. History

(Insured Losses, 2012 Dollars, \$ Billions)

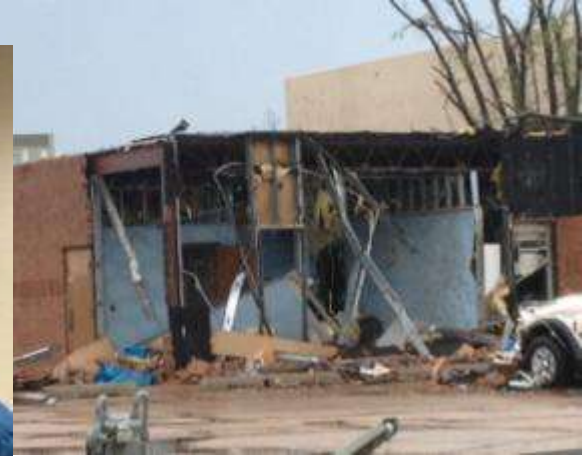


*PCS estimate as of 4/12/13.

Sources: PCS; Insurance Information Institute inflation adjustments to 2012 dollars using the CPI.

Scenes from My Visit to Moore, Oklahoma, Tornado: High Claim Severity

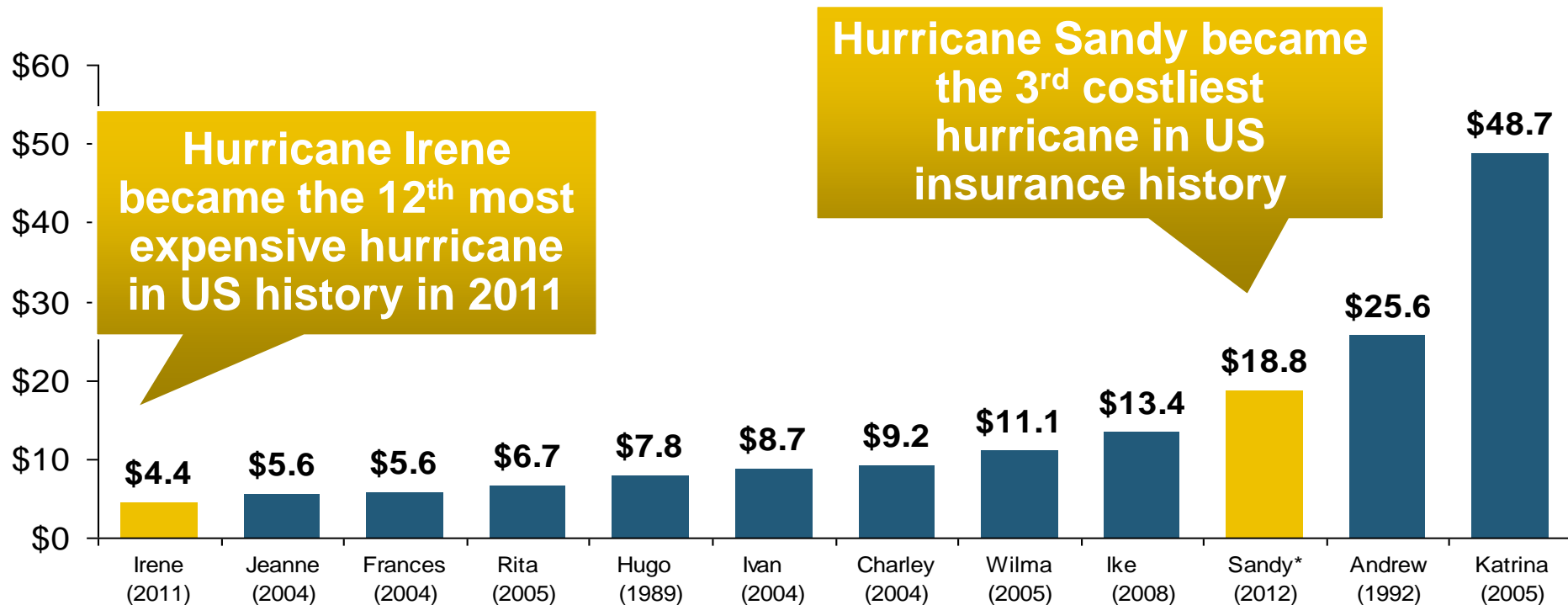
Me with OK Insurance
Commissioner John Doak



Top 12 Most Costly Hurricanes in U.S. History

(Insured Losses, 2012 Dollars, \$ Billions)

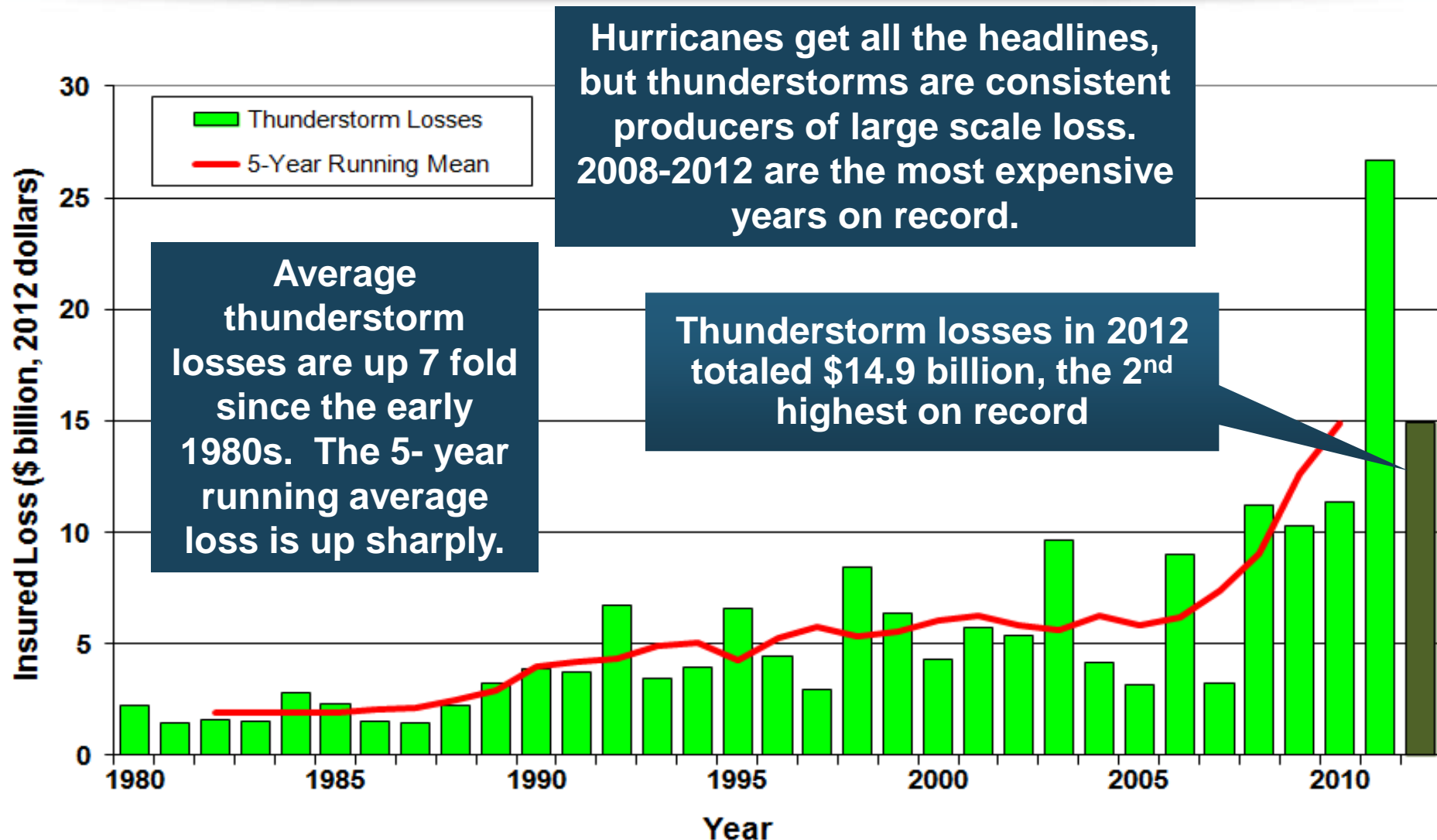
10 of the 12 most costly hurricanes in insurance history occurred over the past 9 years (2004—2012)



*PCS estimate as of 4/12/13.

Sources: PCS; Insurance Information Institute inflation adjustments to 2012 dollars using the CPI.

U.S. Thunderstorm Loss Trends, 1980 – 2012



Outlook for 2013 Hurricane Season: 75% Worse Than Average

Forecast Parameter	Median (1981-2010)	2013F
Named Storms	12.0	18
Named Storm Days	60.1	95
Hurricanes	6.5	9
Hurricane Days	21.3	40
Major Hurricanes	2.0	4
Major Hurricane Days	3.9	9
Accumulated Cyclone Energy	92.0	165
Net Tropical Cyclone Activity	103%	175%

Source: Philip Klotzbach and Dr. William Gray, Colorado State University, April 10, 2013, accessed at <http://tropical.atmos.colostate.edu/forecasts/2013/apr2013/apr2013.pdf> ; Insurance Information Institute..

Landfall Probabilities for 2013 Hurricane Season: Above Average

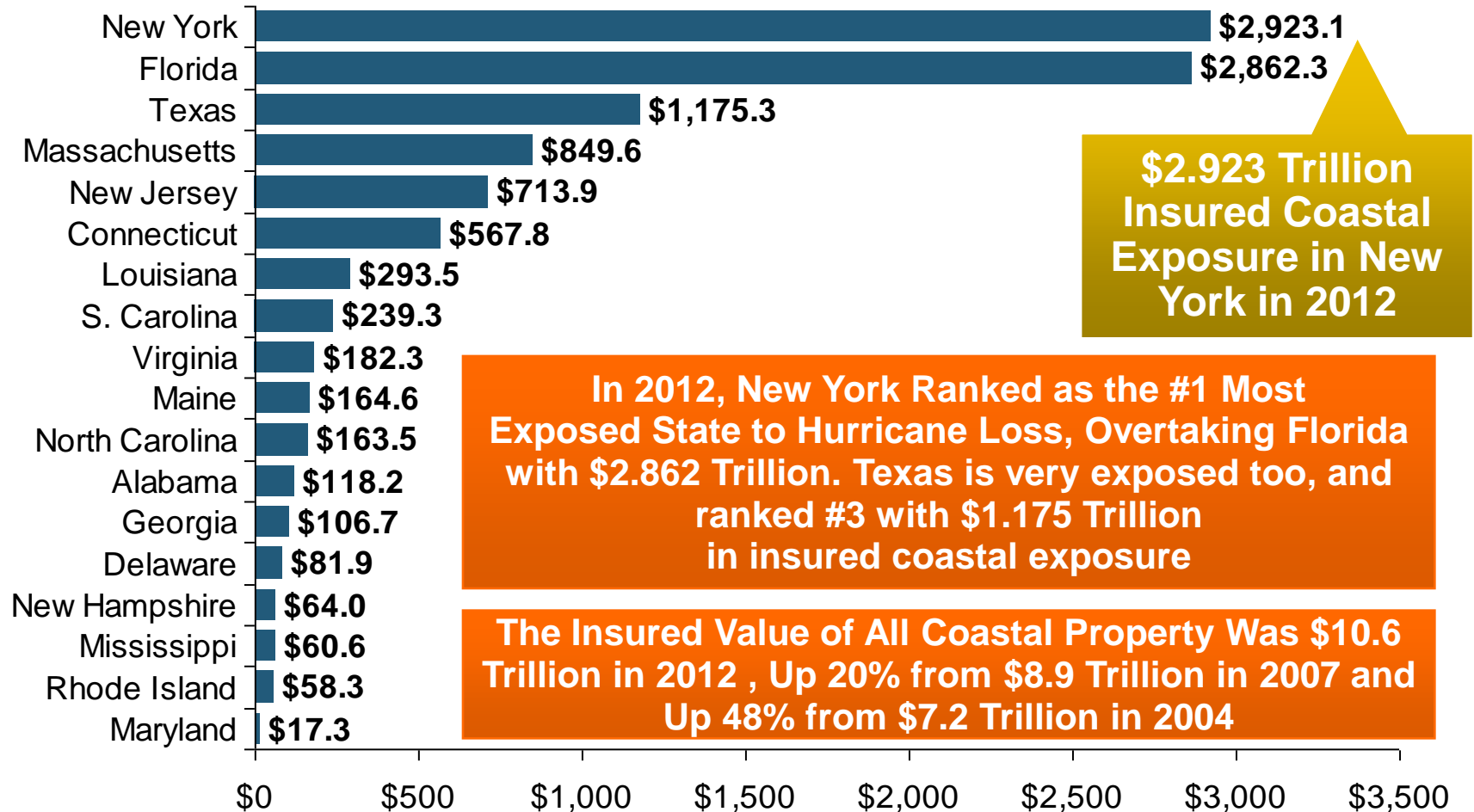
	Average*	2013F
Entire US East & Gulf Coasts	52%	72%
US East Coast Including Florida Peninsula	31%	48%
Gulf Coast from Florida Panhandle to Brownsville	30%	47%
Caribbean	42%	61%

*Average over the past century.

Source: Philip Klotzbach and Dr. William Gray, Colorado State University, April 10, 2013.

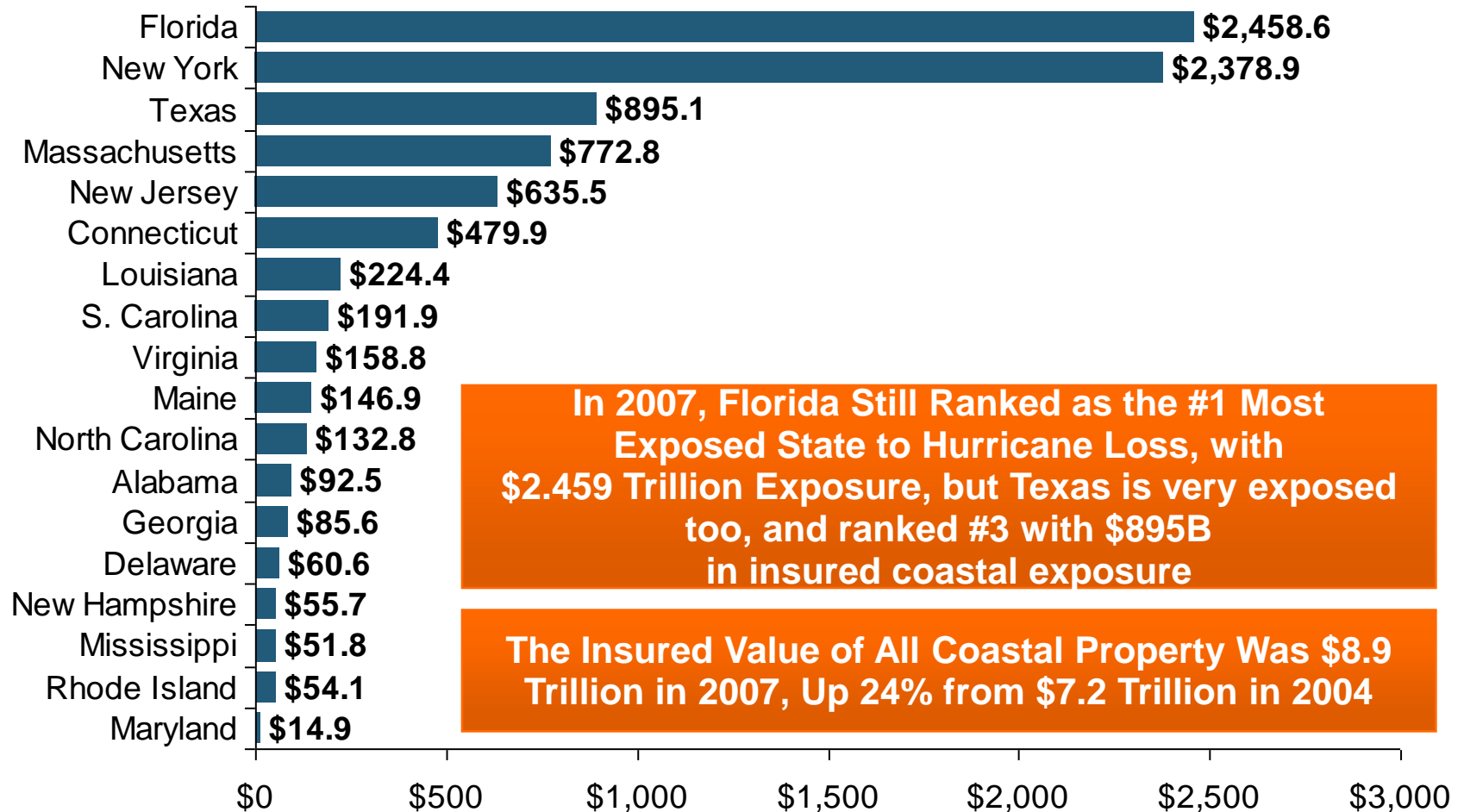
Total Value of Insured Coastal Exposure in 2012

(2012, \$ Billions)



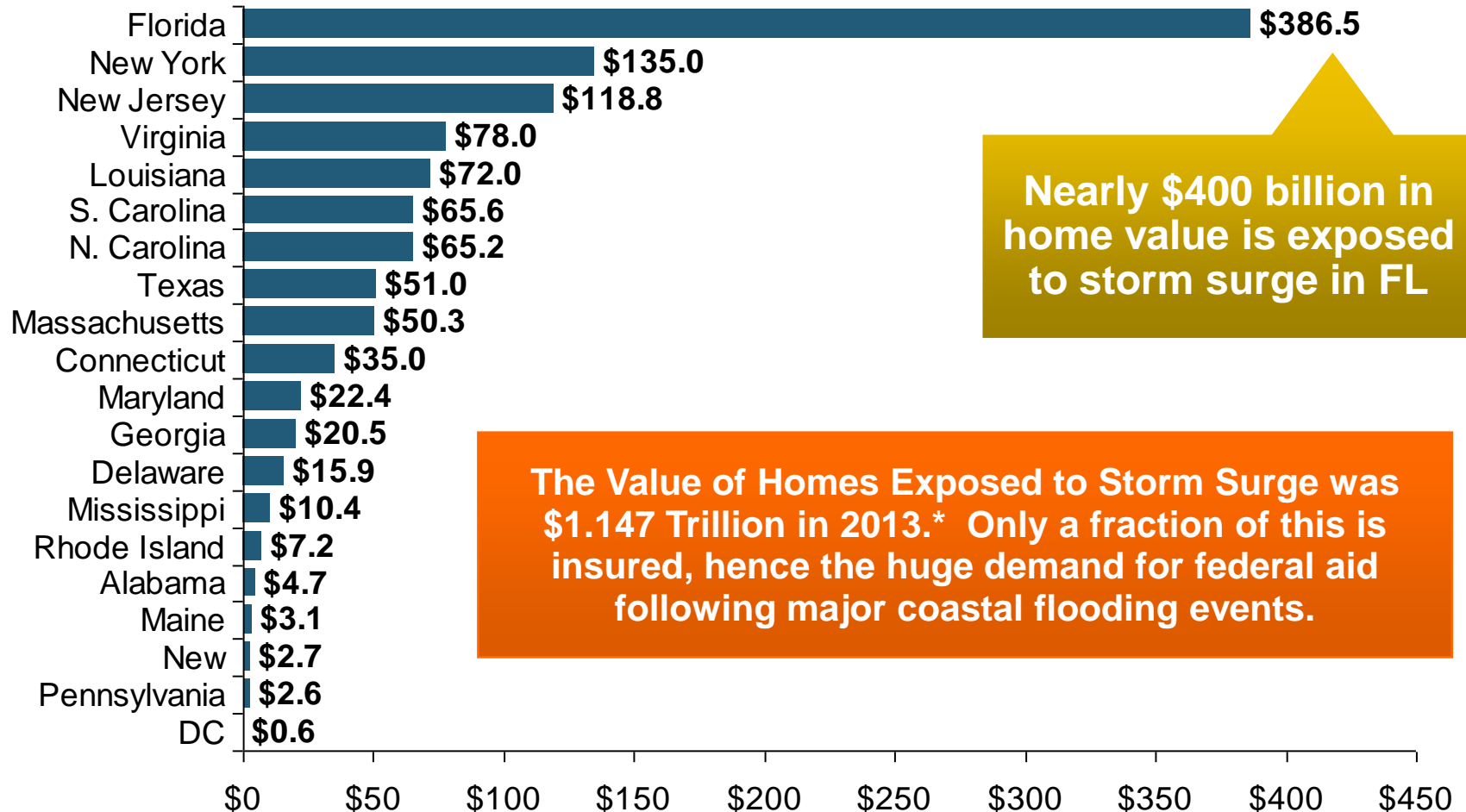
Total Value of Insured Coastal Exposure in 2007

(2007, \$ Billions)



Total Potential Home Value Exposure to Storm Surge Risk in 2013*

(\$ Billions)



*Insured and uninsured property. Based on estimated property values as of April 2013.

Source: *Storm Surge Report 2013*, CoreLogic.

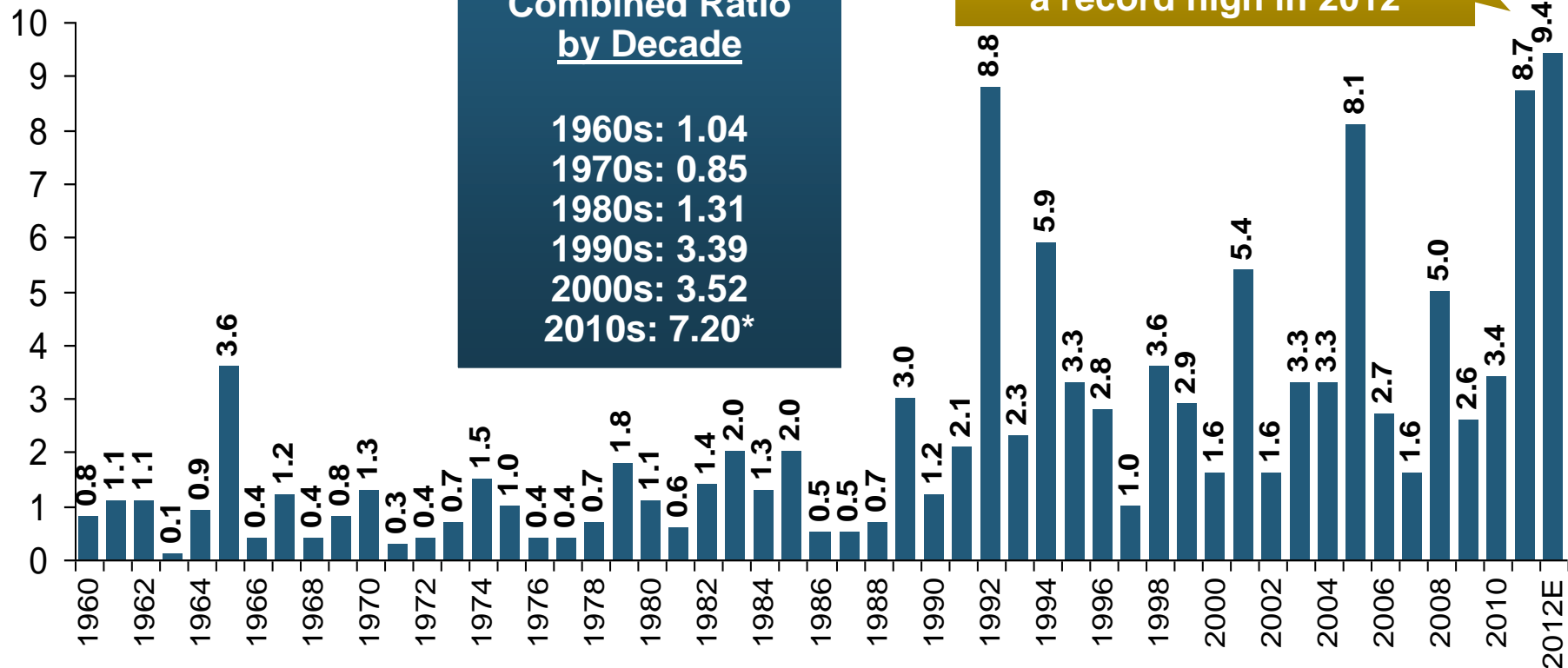
Combined Ratio Points Associated with Catastrophe Losses: 1960 – 2012*

Combined Ratio Points

**Avg. CAT Loss
Component of the
Combined Ratio
by Decade**

1960s: 1.04
1970s: 0.85
1980s: 1.31
1990s: 3.39
2000s: 3.52
2010s: 7.20*

**Catastrophe losses as a
share of all losses reached
a record high in 2012**



The Catastrophe Loss Component of Private Insurer Losses Has Increased Sharply in Recent Decades

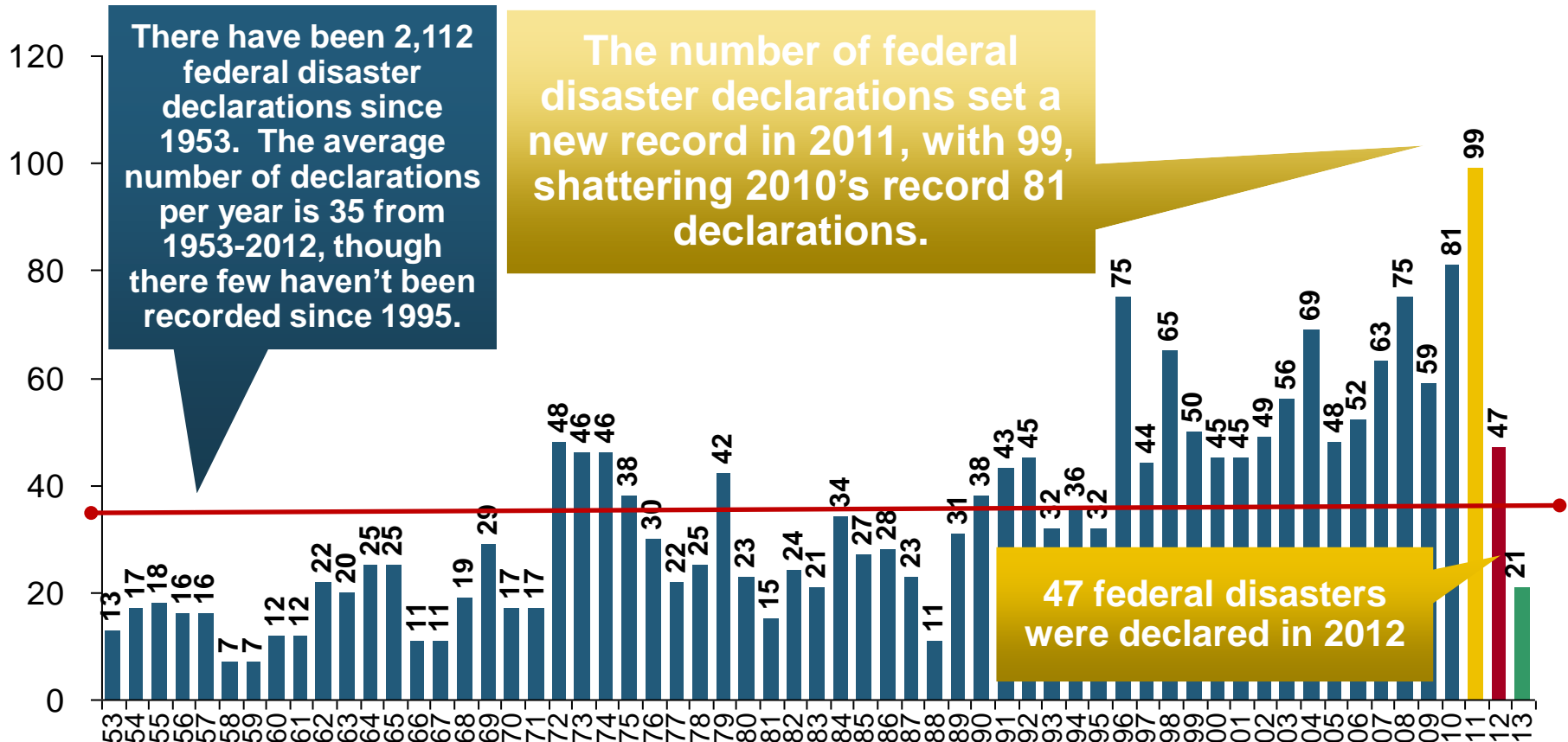
Notes: Private carrier losses only. Excludes loss adjustment expenses and reinsurance reinstatement premiums. Figures are adjusted for losses ultimately paid by foreign insurers and reinsurers.

Source: ISO (1960-2011); A.M. Best (2012E) Insurance Information Institute.

Federal Disaster Declarations Patterns: 1953-2013

**Despite 13 Sandy Declarations,
Fewer Disasters Were Declared in
2012 than the Record Number of
Declarations in 2010 and 2011**

Number of Federal Disaster Declarations, 1953-2013*

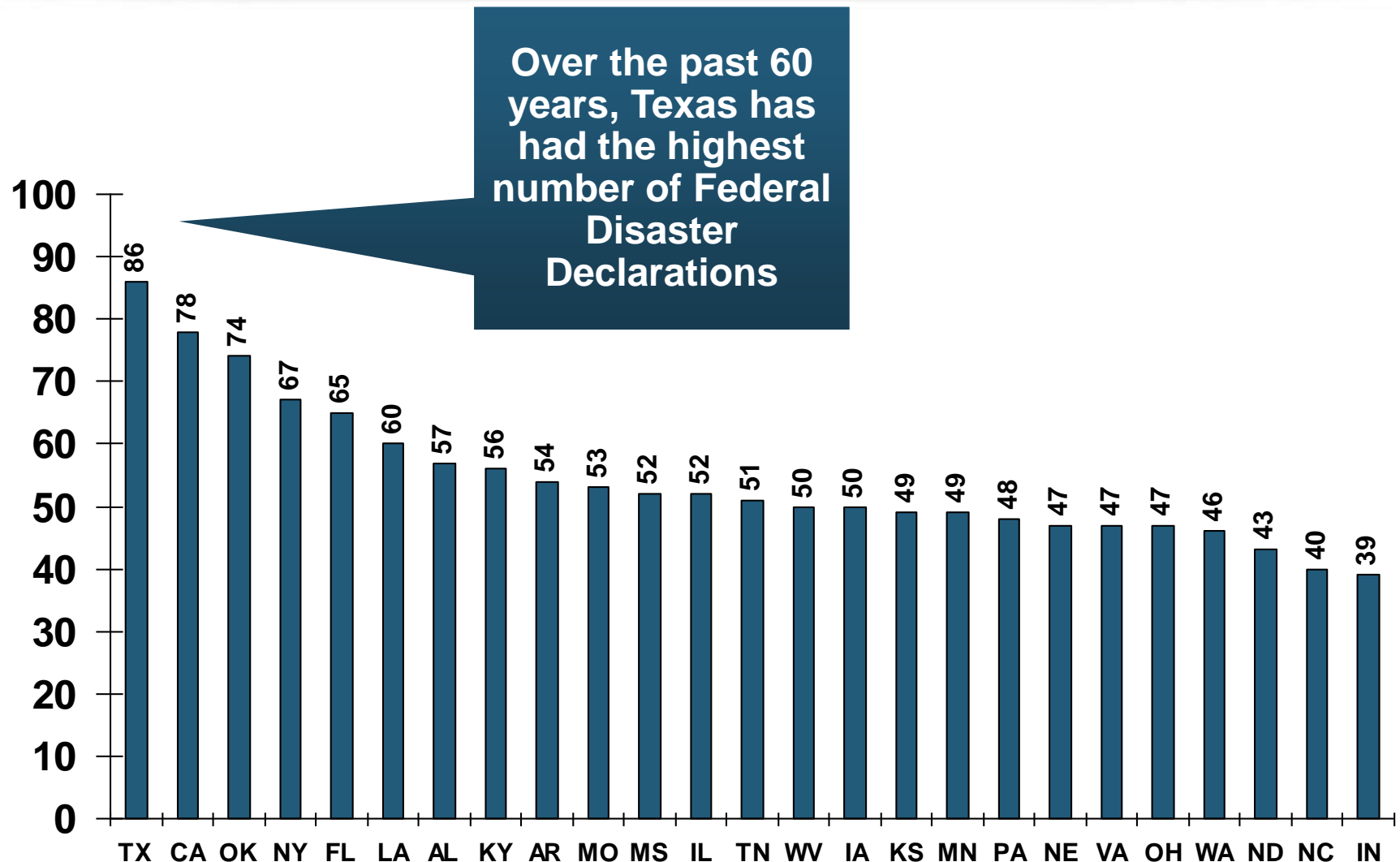


The Number of Federal Disaster Declarations Is Rising and Set New Records in 2010 *and* 2011. Hurricane Sandy Produced 13 Declarations in 2012/13.

*Through June 4, 2013.

Source: Federal Emergency Management Administration; <http://www.fema.gov/disasters>; Insurance Information Institute.

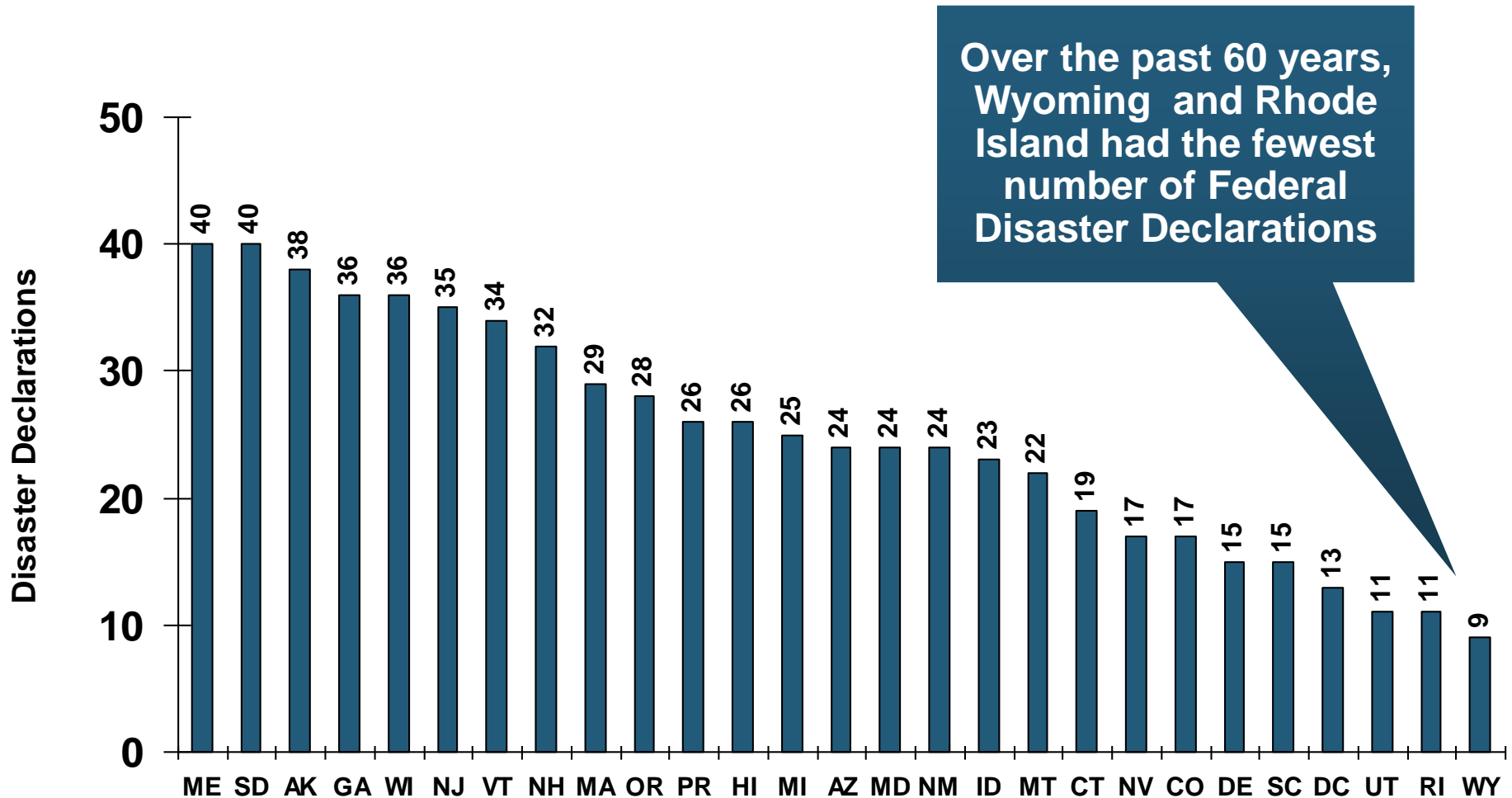
Federal Disasters Declarations by State, 1953 – 2013: Highest 25 States*



*Through June 4, 2013. Includes Puerto Rico and the District of Columbia.

Source: FEMA: http://www.fema.gov/news/disaster_totals_annual.fema; Insurance Information Institute.

Federal Disasters Declarations by State, 1953 – 2013: Lowest 25 States*



*Through June 4, 2013. Includes Puerto Rico and the District of Columbia.

Source: FEMA: http://www.fema.gov/news/disaster_totals_annual.fema; Insurance Information Institute.

RENEWED PRICING DISCIPLINE

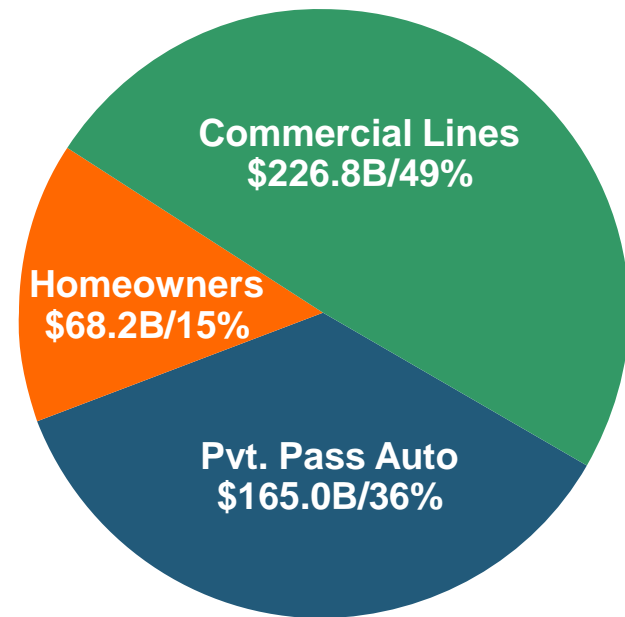
**Evidence of a Broad and
Sustained Shift in Pricing**

Distribution of Direct Premiums Written by Segment/Line, 2010

Distribution Facts

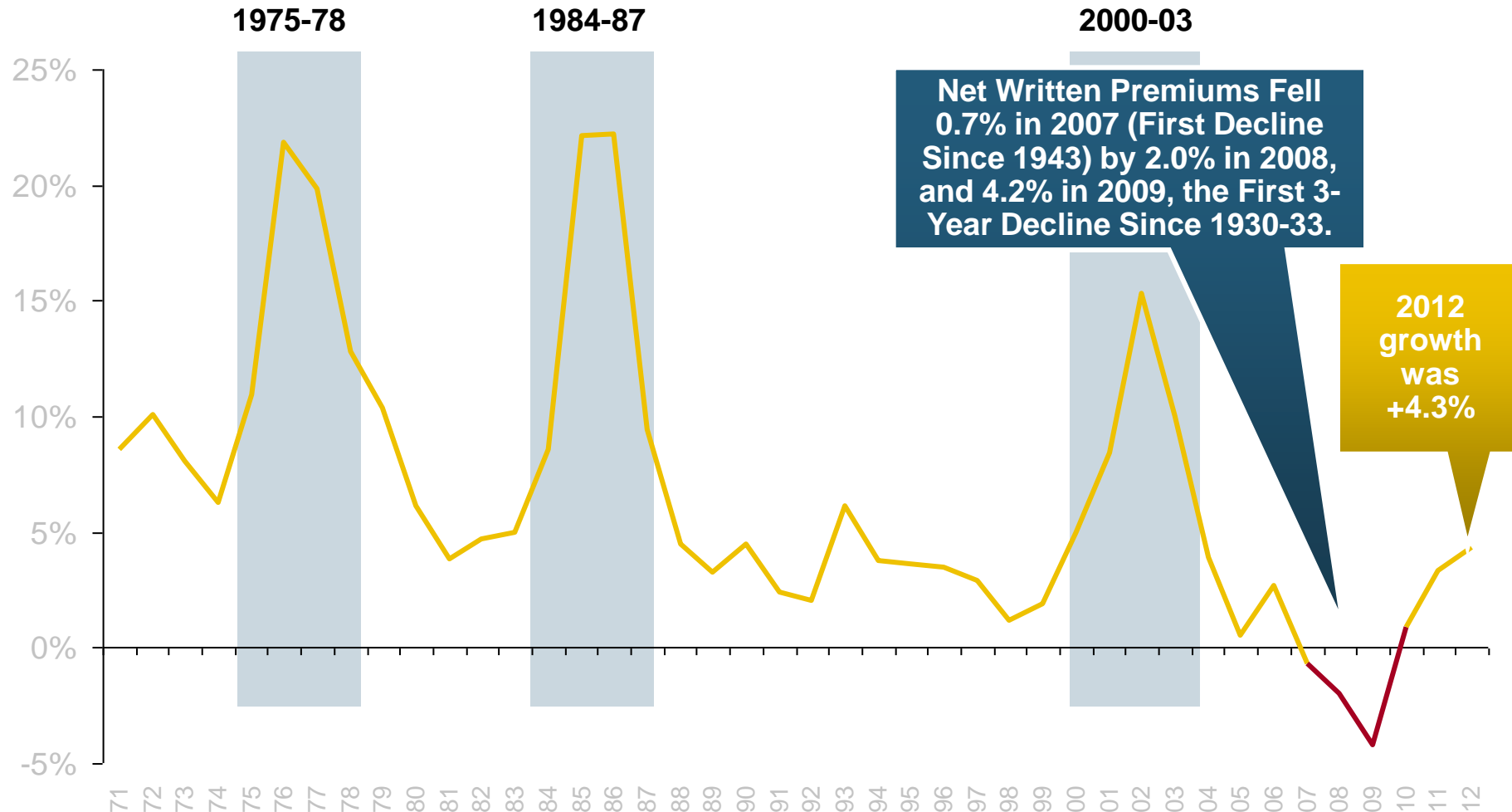
- Personal/Commercial lines split has been about 50/50 for many years; Personal Lines overtook Commercial Lines in 2010
- Pvt. Passenger Auto is by far the largest line of insurance and is currently the most important source of industry profits
- Billions of additional dollars in homeowners insurance premiums are written by state-run residual market plans

2010



Net Premium Growth: Annual Change, 1971—2012

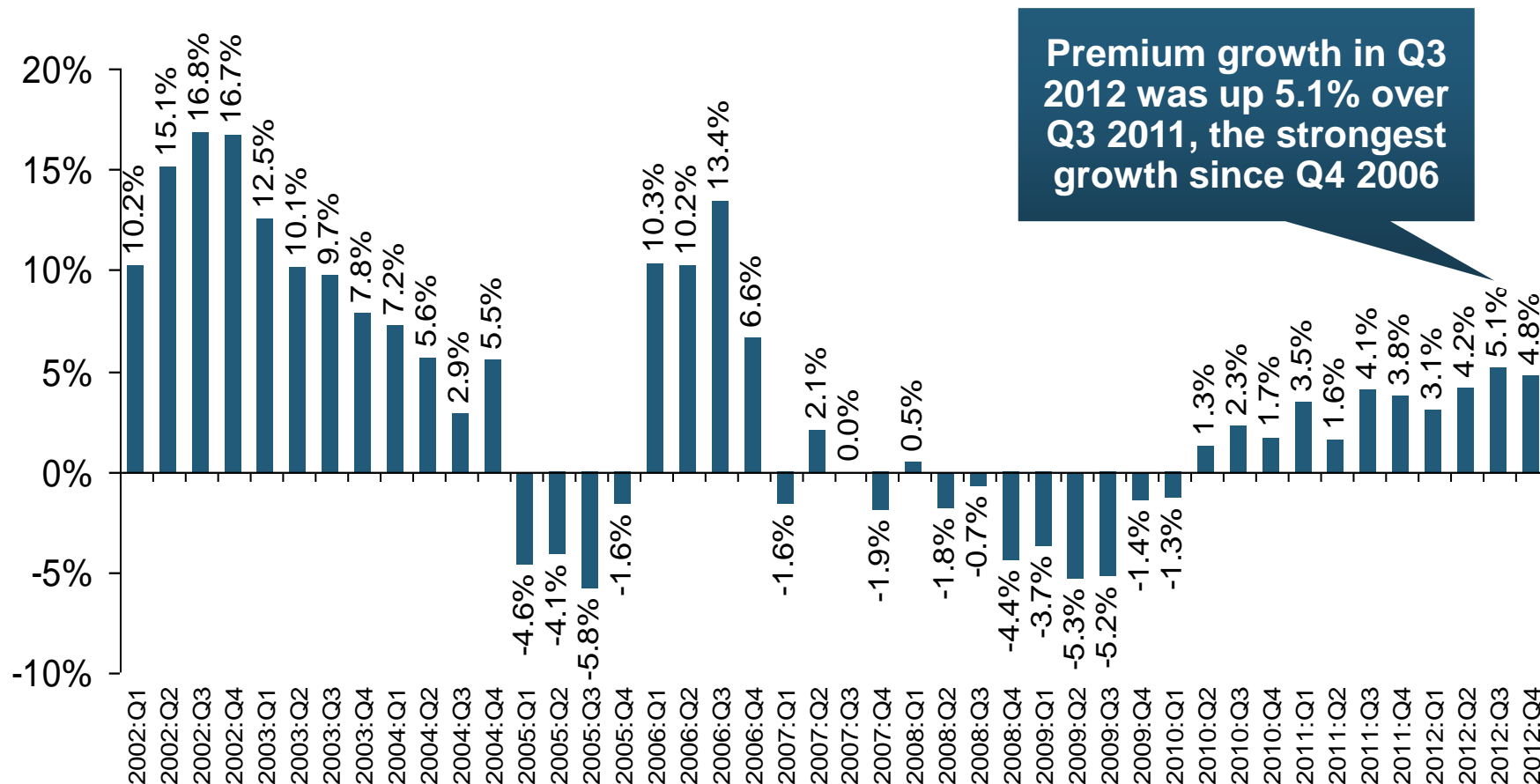
(Percent)



Shaded areas denote "hard market" periods

Sources: A.M. Best (historical and forecast), ISO, Insurance Information Institute.

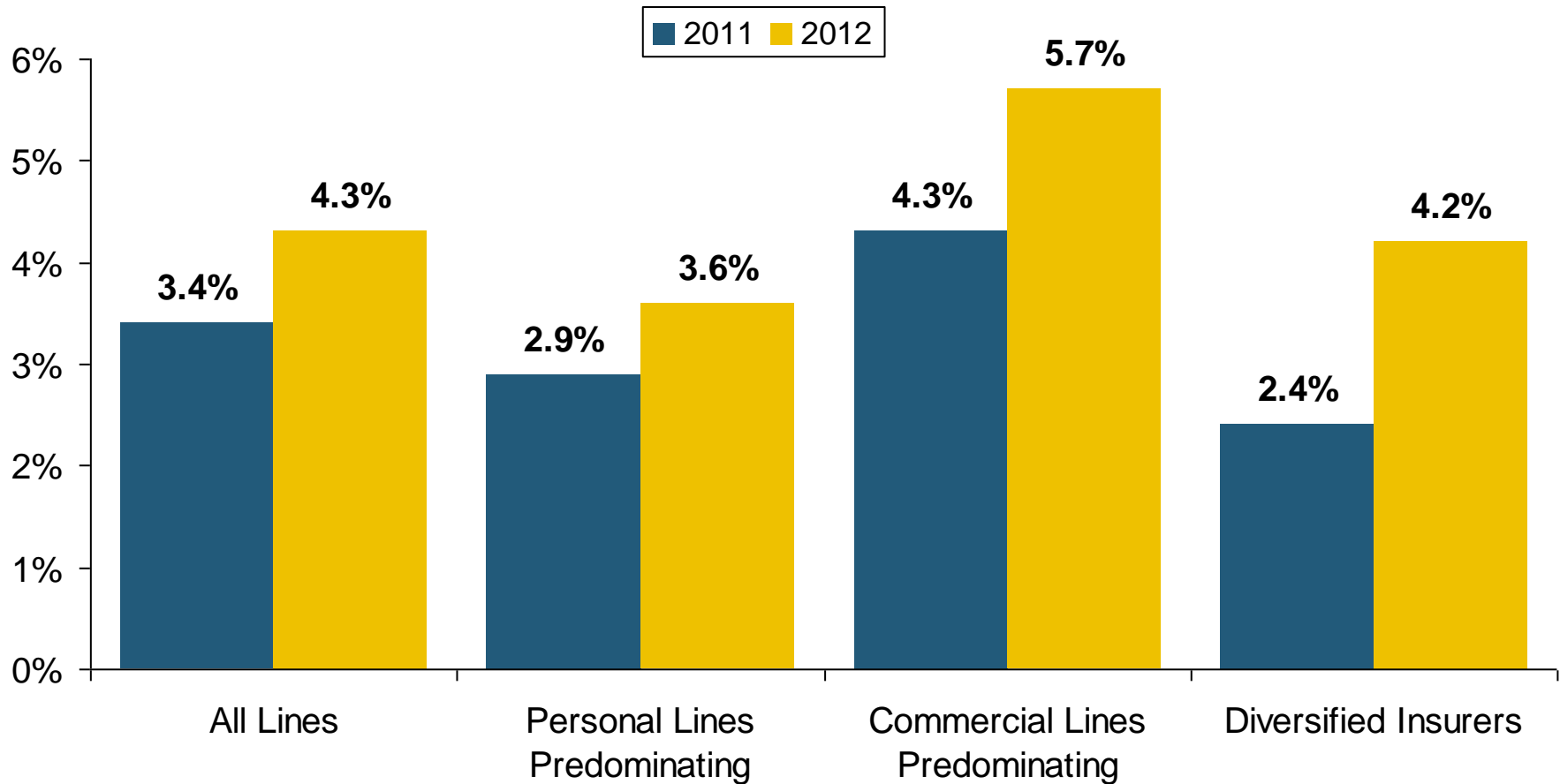
P/C Net Premiums Written: % Change, Quarter vs. Year-Prior Quarter



**Sustained Growth in Written Premiums
(vs. the same quarter, prior year) Will Continue through 2013**

Growth in Net Written Premium by Segment, 2012 vs. 2011*

(Percent)

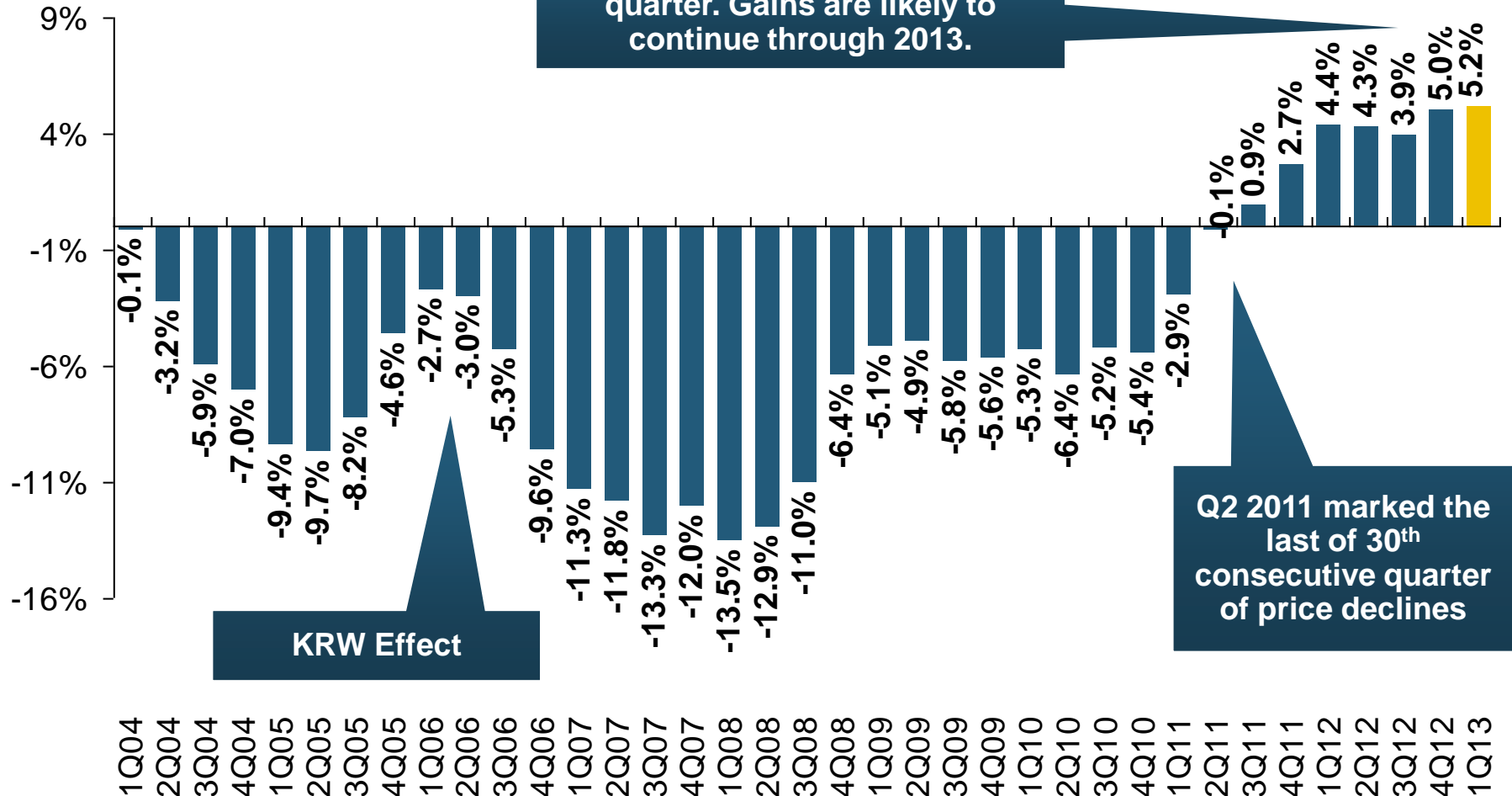


*Excludes mortgage and financial guaranty insurers.

Source: ISO/PCI; Insurance Information Institute

Average Commercial Rate Change, All Lines, (1Q:2004–1Q:2013)

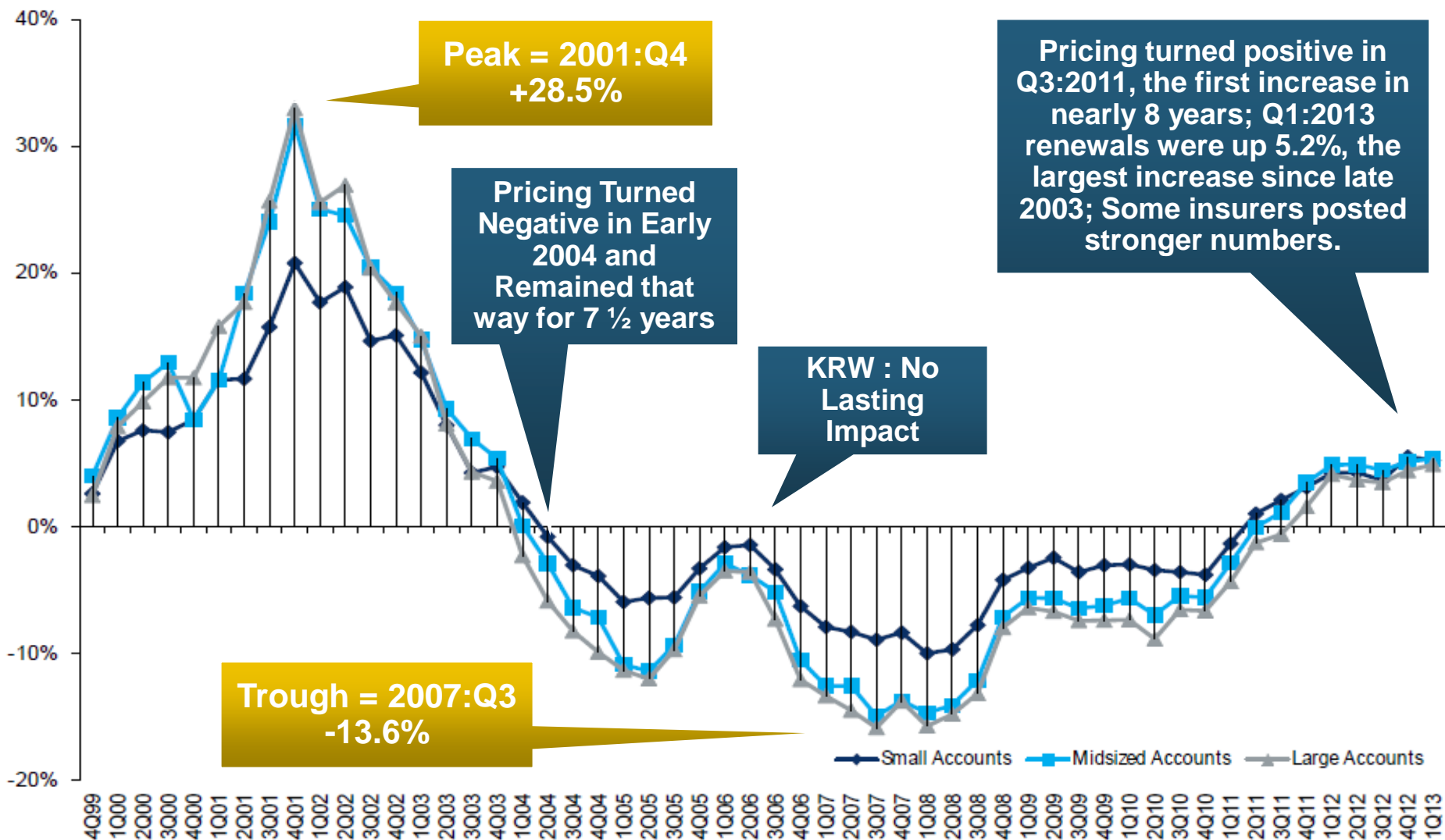
(Percent)



Note: CIAB data cited here are based on a survey. Rate changes earned by individual insurers can and do vary, potentially substantially.
Source: Council of Insurance Agents & Brokers; Insurance Information Institute

Change in Commercial Rate Renewals, by Account Size: 1999:Q4 to 2013:Q1

Percentage Change (%)

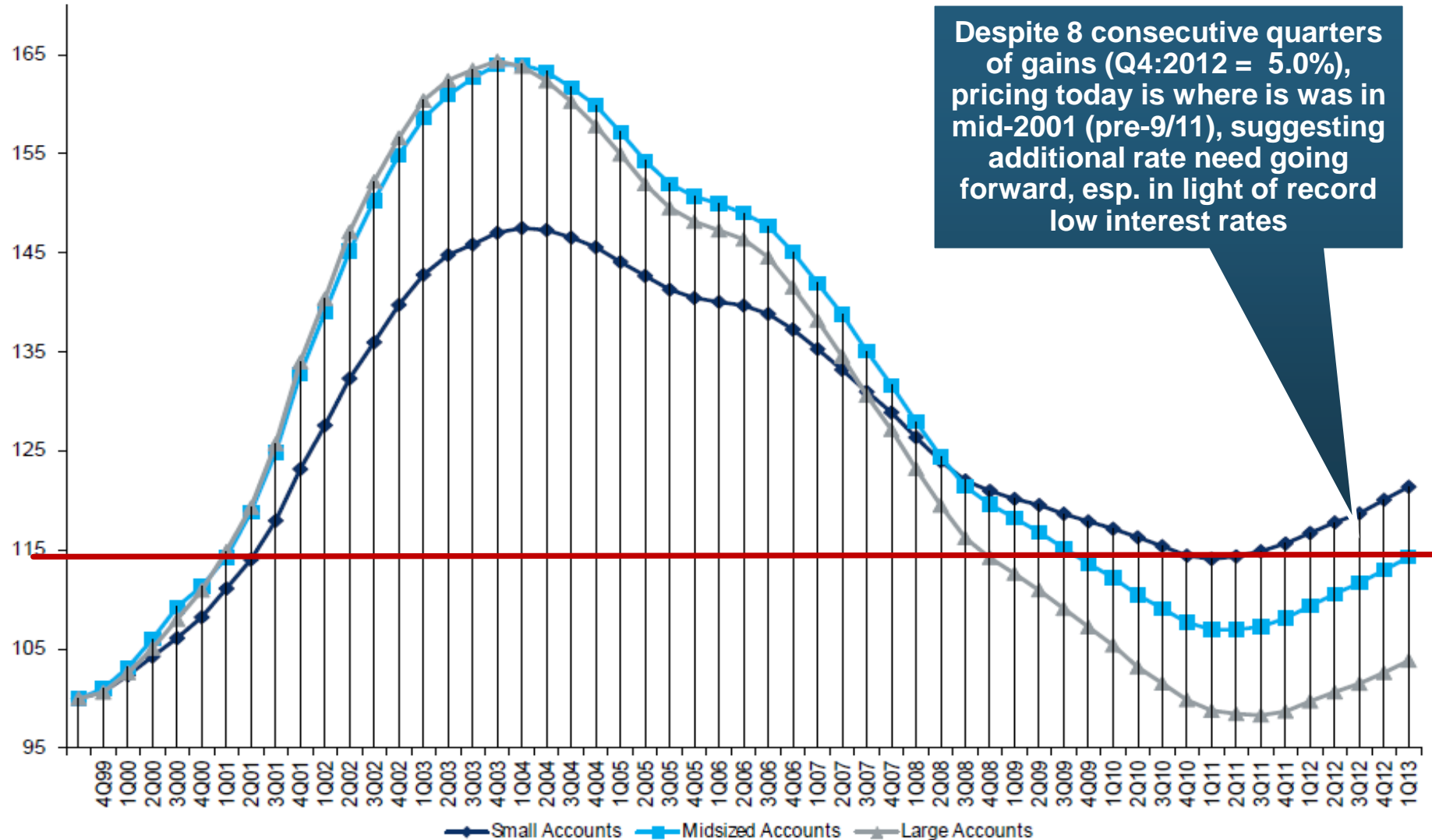


Note: CIAB data cited here are based on a survey. Rate changes earned by individual insurers can and do vary, potentially substantially.

Source: Council of Insurance Agents and Brokers; Barclay's Capital; Insurance Information Institute.

Cumulative Qtrly. Commercial Rate Changes, by Account Size: 1999:Q4 to 2013:Q1

1999:Q4 = 100

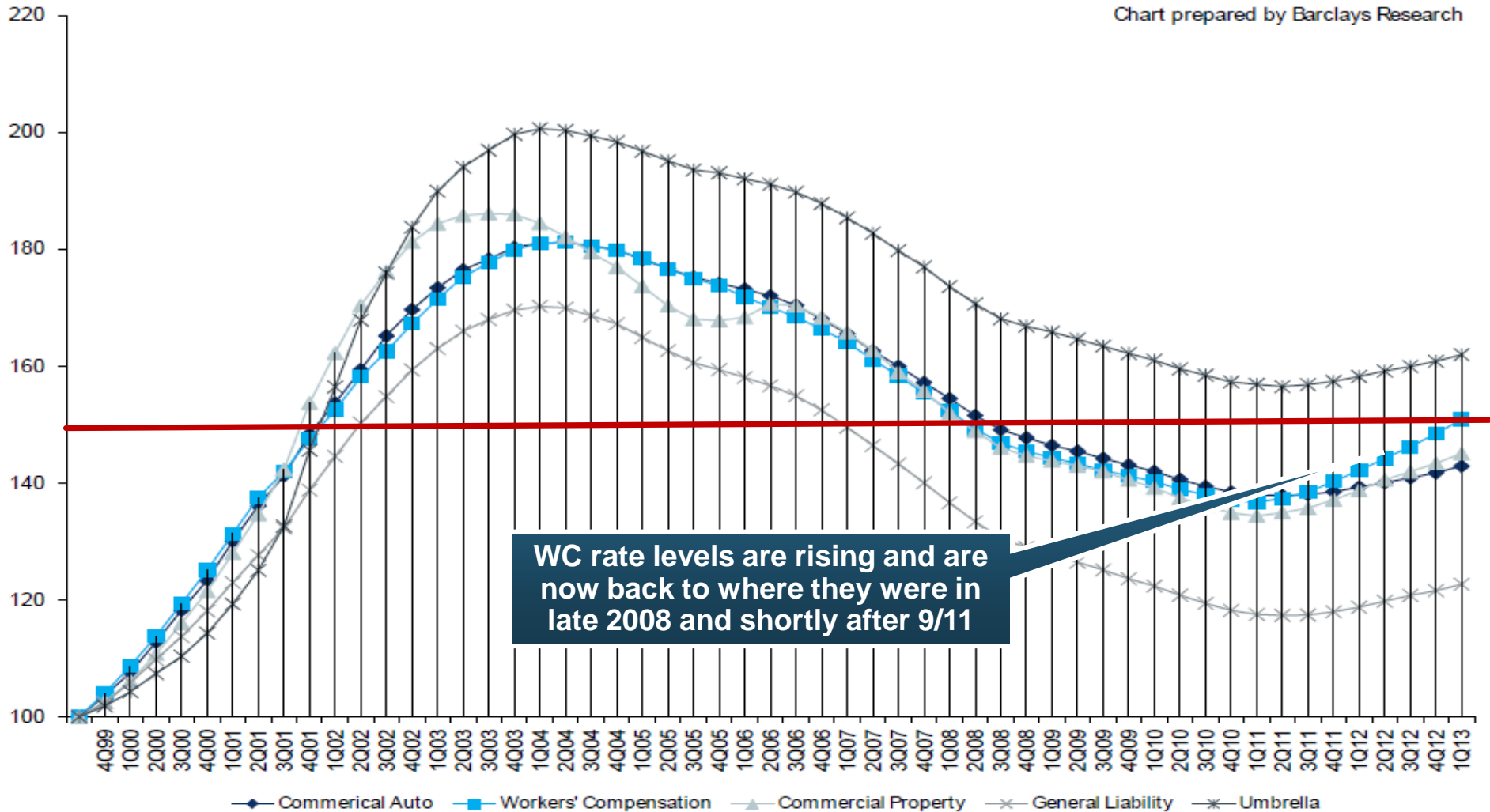


Note: CIAB data cited here are based on a survey. Rate changes earned by individual insurers can and do vary, potentially substantially.
Source: Council of Insurance Agents and Brokers; Barclay's Capital; Insurance Information Institute.

Cumulative Qtrly. Commercial Rate Changes, by Line: 1999:Q4 to 2013:Q1

1999:Q4 = 100

Chart prepared by Barclays Research

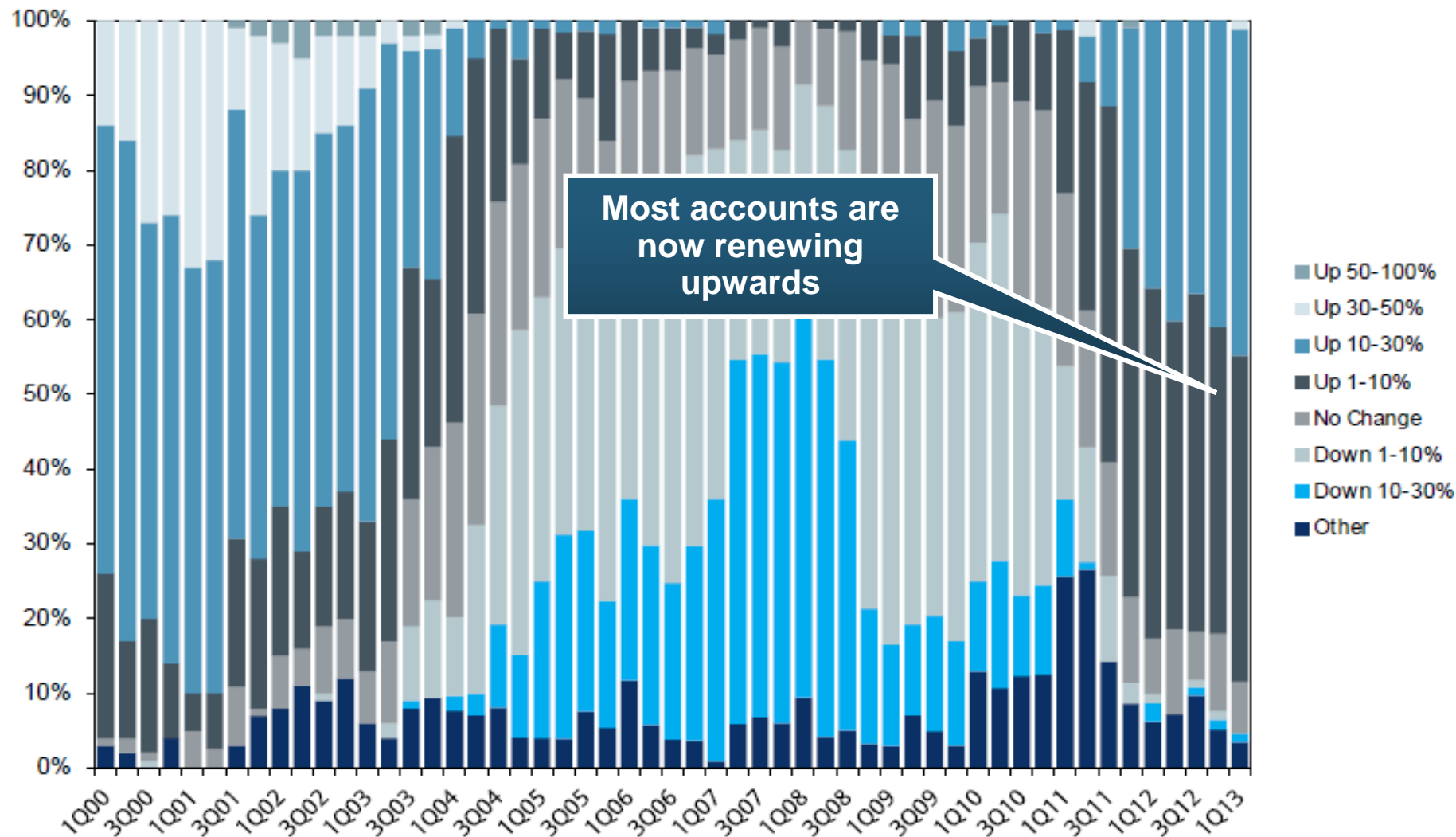


WC rate levels are rising and are now back to where they were in late 2008 and shortly after 9/11

Note: CIAB data cited here are based on a survey. Rate changes earned by individual insurers can and do vary, potentially substantially.
Source: Council of Insurance Agents and Brokers; Barclay's Capital; Insurance Information Institute.

Workers Comp. Quarterly Rate Changes, by Line: 2000:Q1 to 2013:Q1

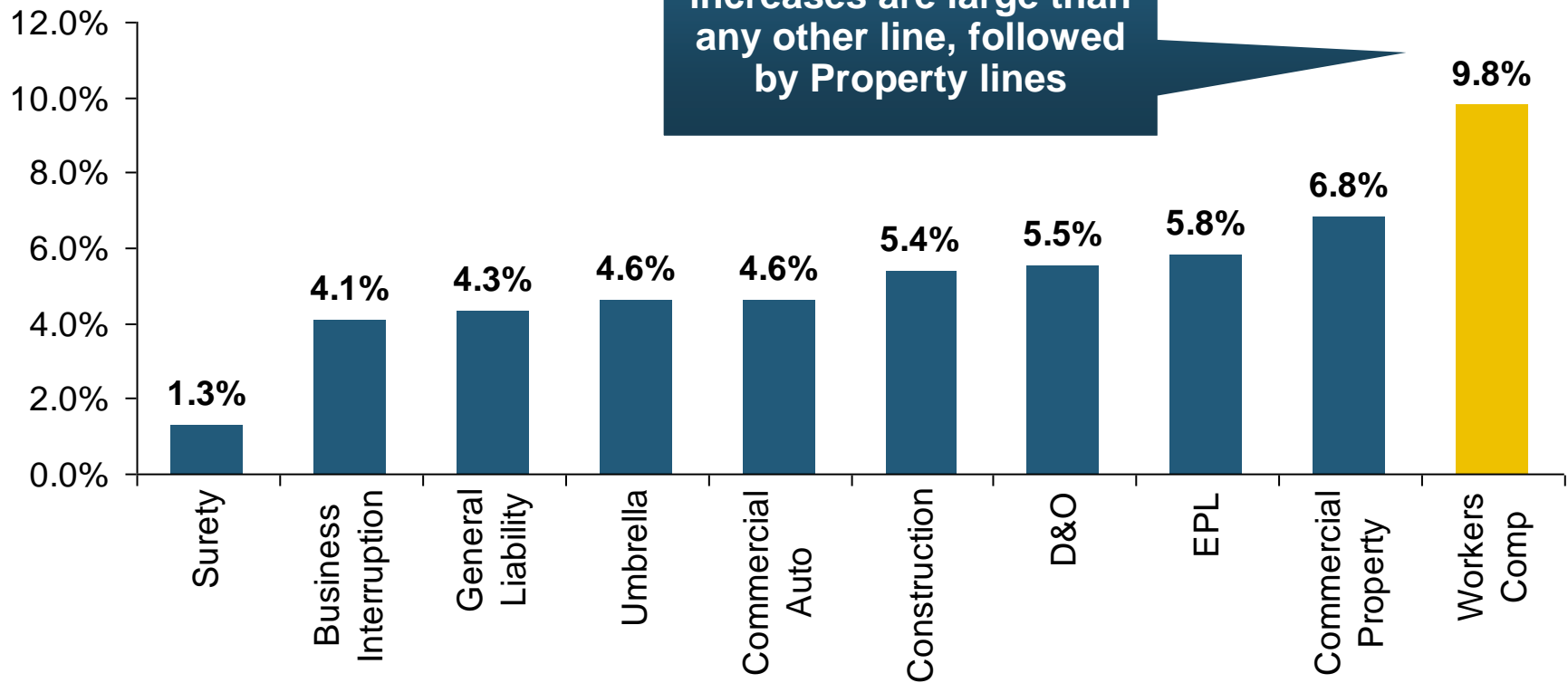
1999:Q4 = 100



Note: CIAB data cited here are based on a survey. Rate changes earned by individual insurers can and do vary, potentially substantially.
Source: Council of Insurance Agents and Brokers; Barclay's Capital; Insurance Information Institute.

Change in Commercial Rate Renewals, by Line: 2013:Q1

Percentage Change (%)

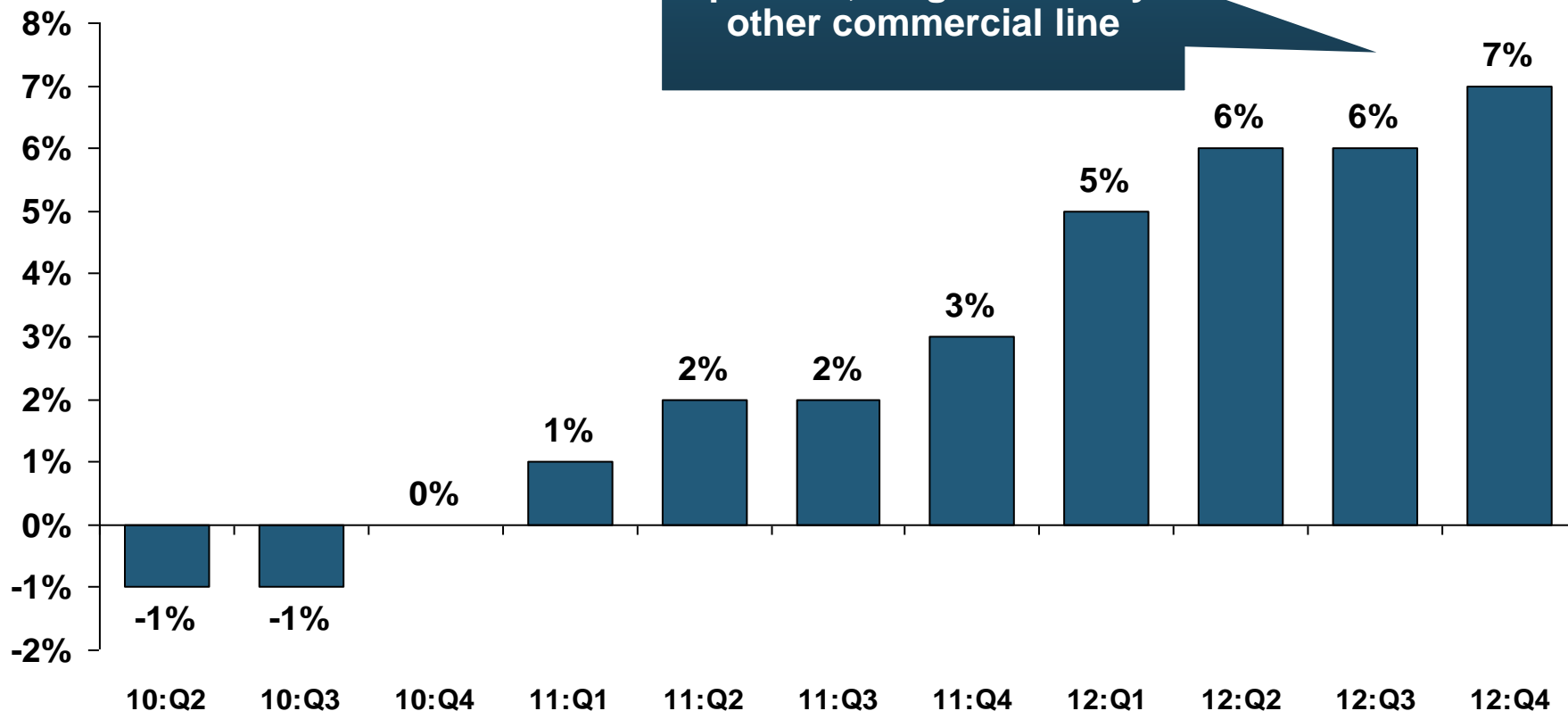


Major Commercial Lines Renewed Uniformly Upward in Q1:2013 for the 8th Consecutive Quarter; Property Lines & Workers Comp Leading the Way; Cat Losses and Low Interest Rates Provide Momentum Going Forward

Note: CIAB data cited here are based on a survey. Rate changes earned by individual insurers can and do vary, potentially substantially.
Source: Council of Insurance Agents and Brokers; Insurance Information Institute.

CLIPS: Change in Written Price Level: All Lines, 2010:Q2 – 2012:Q4

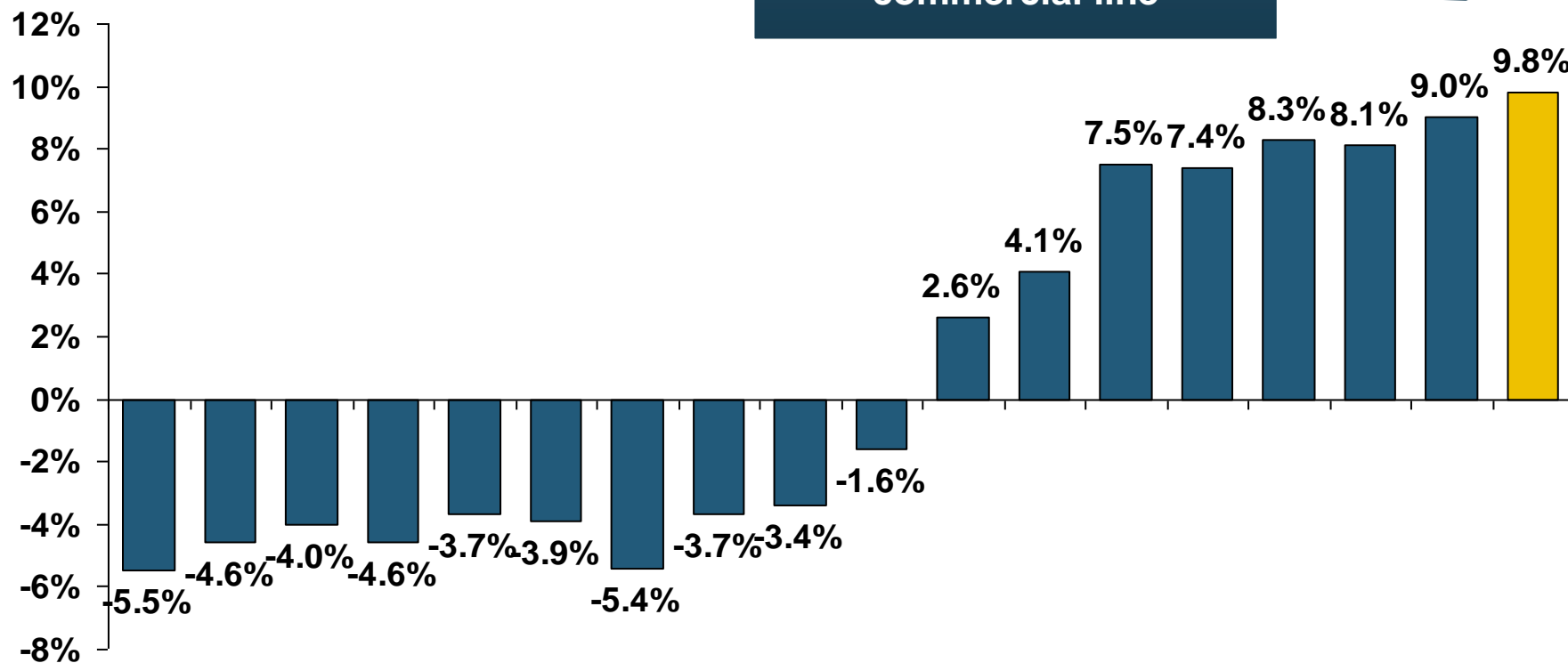
(Percent
Change)



Note: Towers Watson data cited here are based on a survey. Rate changes earned by individual insurers can and do vary, potentially substantially.

Workers Comp Rate Changes, 2008:Q4 – 2013:Q1

(Percent
Change)



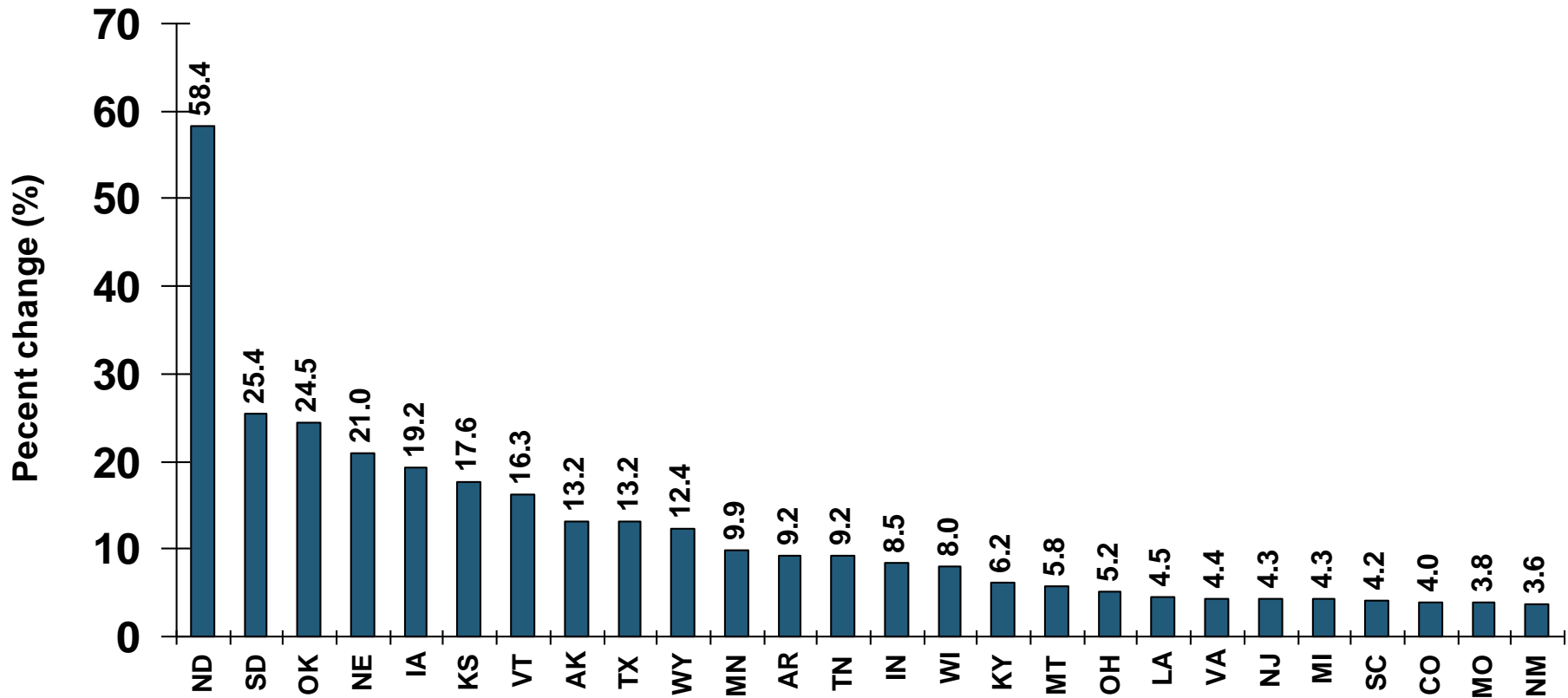
08:Q4 09:Q1 09:Q2 09:Q3 09:Q4 10:Q1 10:Q2 10:Q3 10:Q4 11:Q1 11:Q2 11:Q3 11:Q4 12:Q1 12:Q2 12:Q3 12:Q4 13:Q1

Growth Analysis by State and Business Segment

**Premium Growth Rates Vary
Tremendously by State**

Direct Premiums Written: Total P/C Percent Change by State, 2007-2012*

Top 25 States

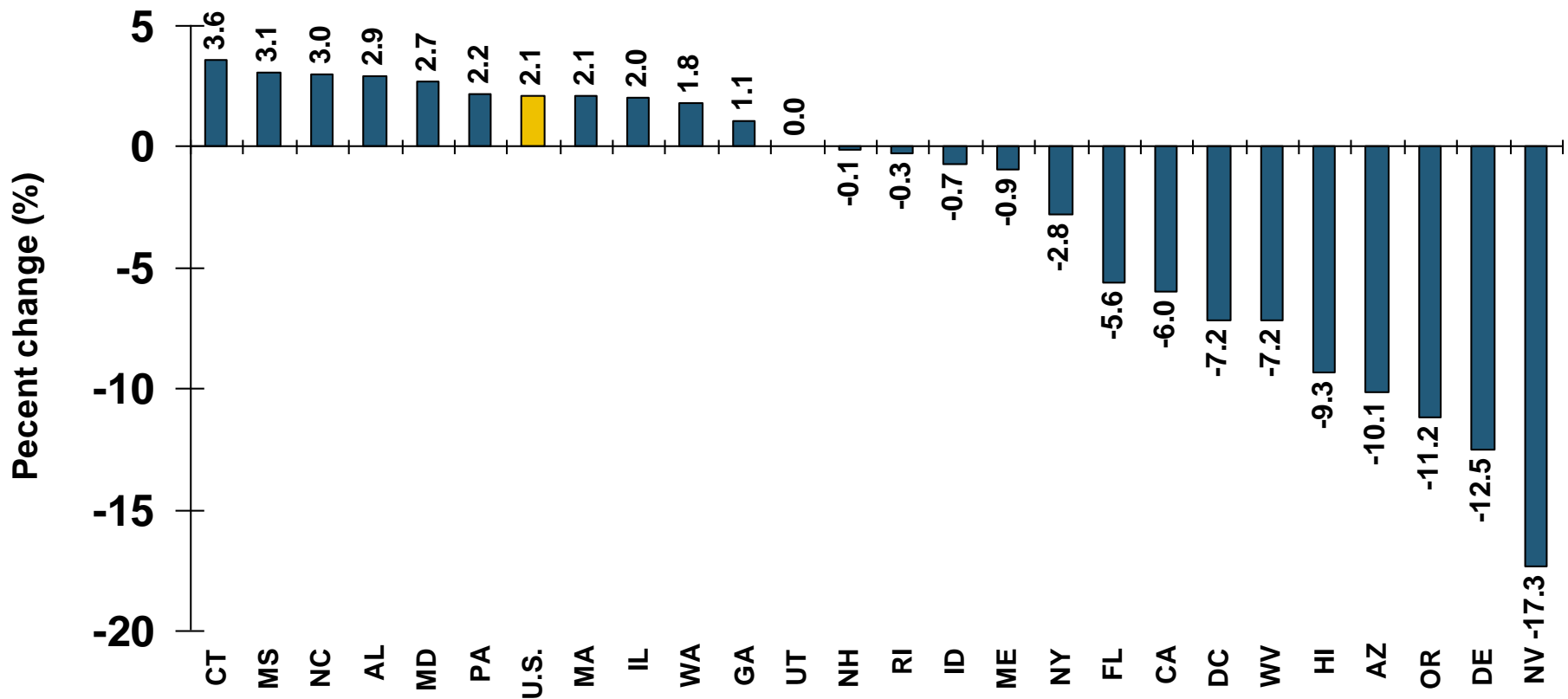


*Data are preliminary as of 5/1/13 and do not yet fully reflect the impact of state-run pools and plans.

Sources: SNL Financial LC.; Insurance Information Institute.

Direct Premiums Written: Total P/C Percent Change by State, 2007-2012*

Bottom 25 States

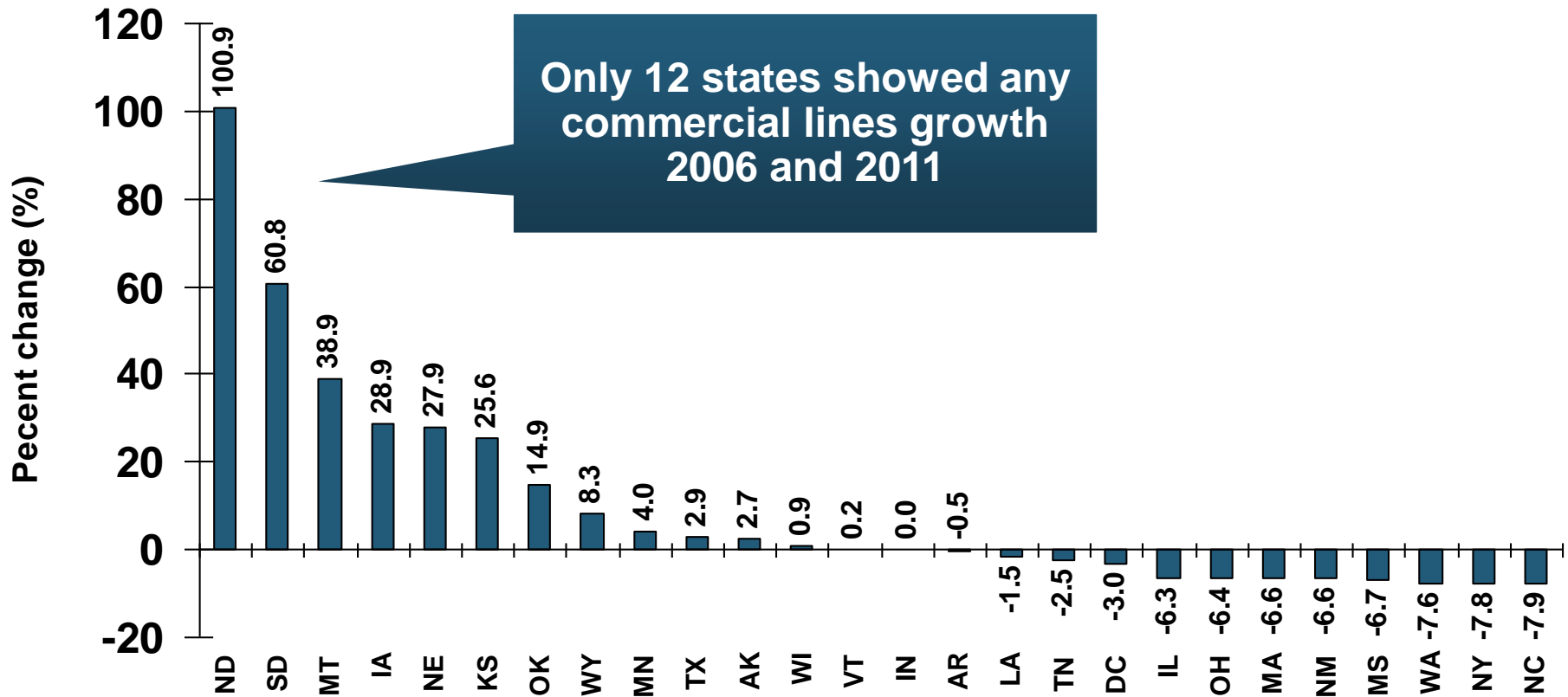


*Data are preliminary as of 5/1/13 and do not yet fully reflect the impact of state-run pools and plans.

Sources: SNL Financial LC.; Insurance Information Institute.

Direct Premiums Written: Comm. Lines Percent Change by State, 2006-2011*

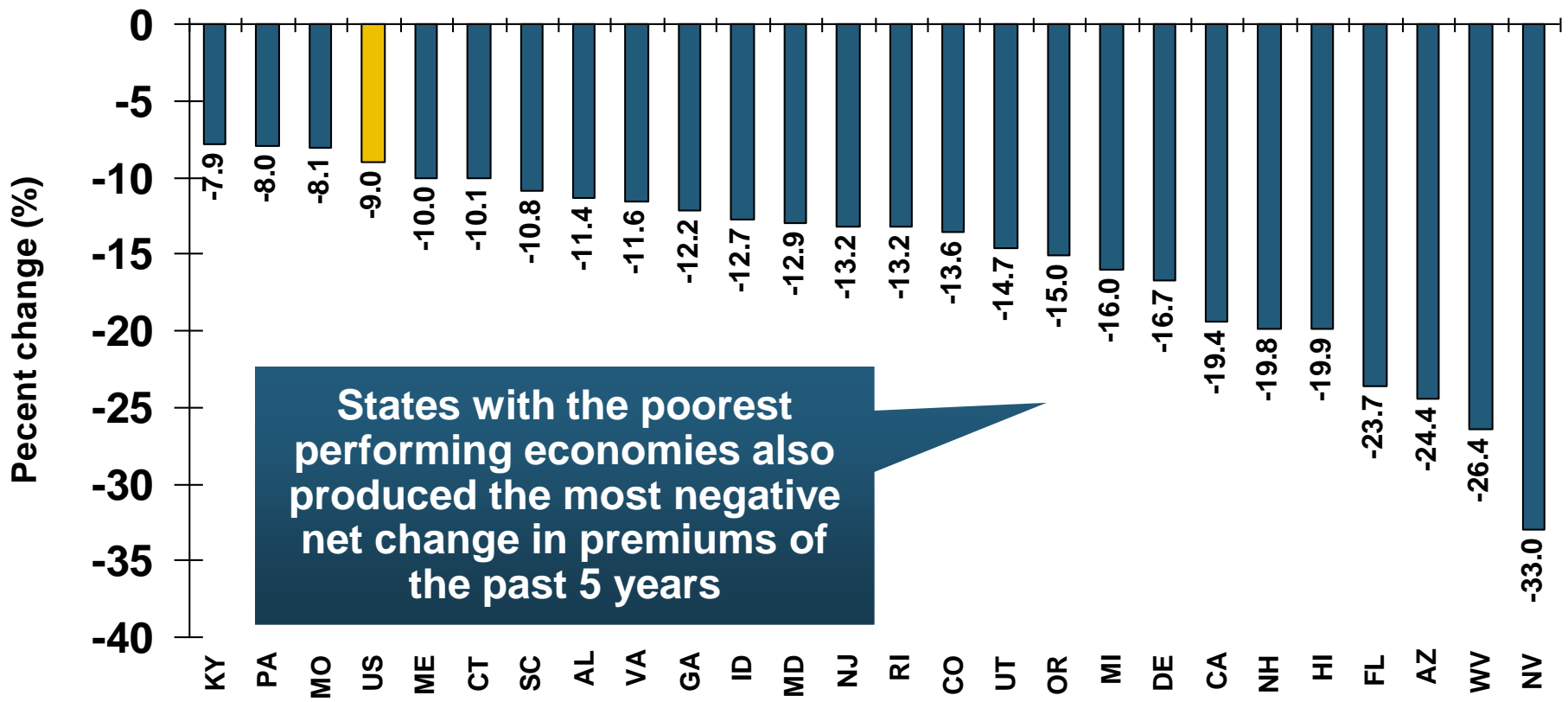
Top 25 States



Sources: SNL Financial LC.; Insurance Information Institute.

Direct Premiums Written: Comm. Lines Percent Change by State, 2006-2011*

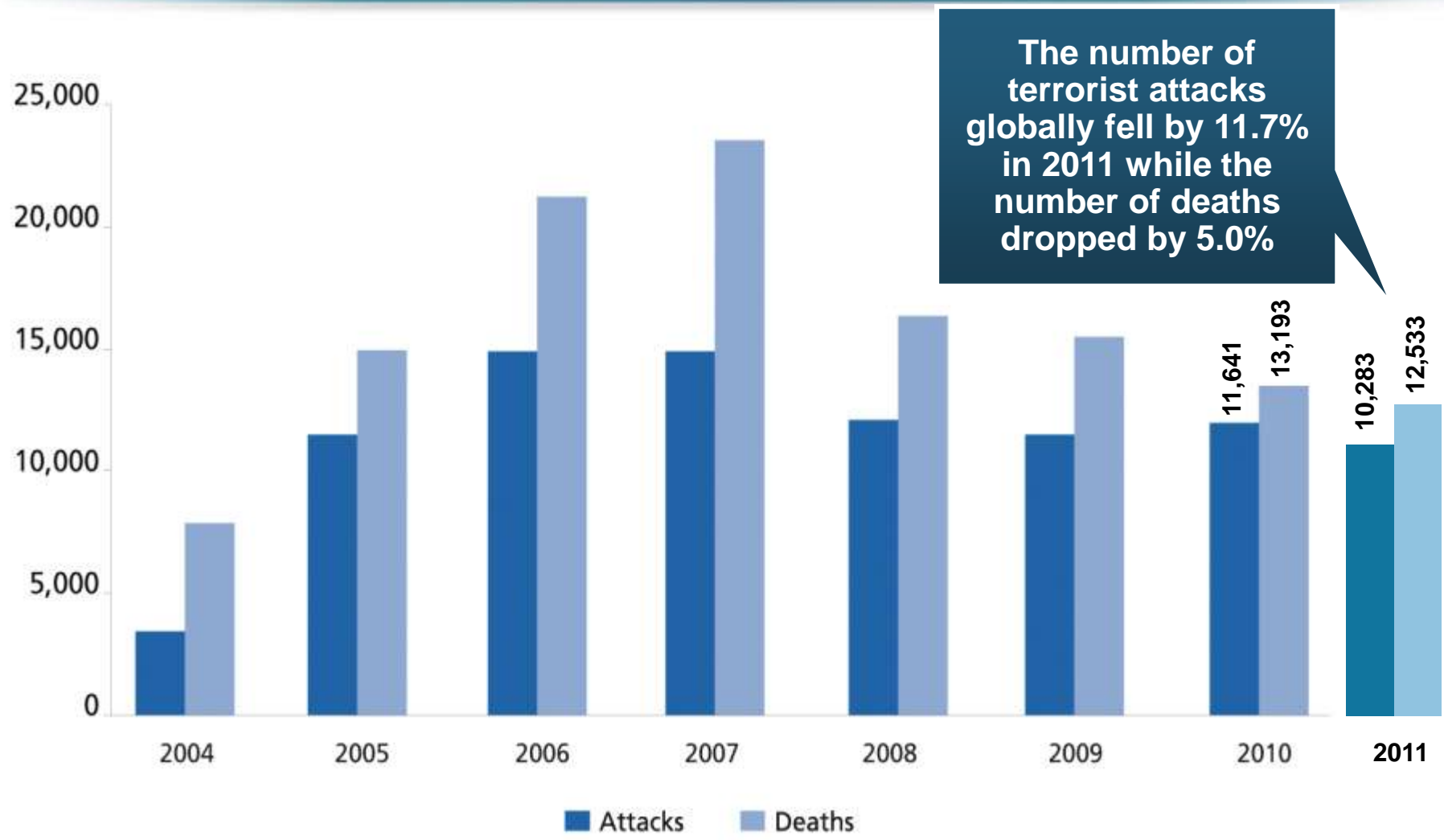
Bottom 25 States



Terrorism Update

**Boston Marathon Bombings
Underscore the Need for
Extension of the Terrorism Risk
Insurance Program**

Global Terrorist Attacks and Deaths, 2004-2011



Sources: National Counterterrorism Center, 2011 Report on Terrorism; Guy Carpenter; Insurance Information Institute.

Terrorism Risk Insurance Program

■ Boston Marathon Bombing Should Help Focus Attention in Congress on TRIA

- ◆ Act expires 12/31/14
- ◆ Numerous headwinds

■ Exclusionary Language Will Be Inserted for Renewals Occurring After 1/1/14

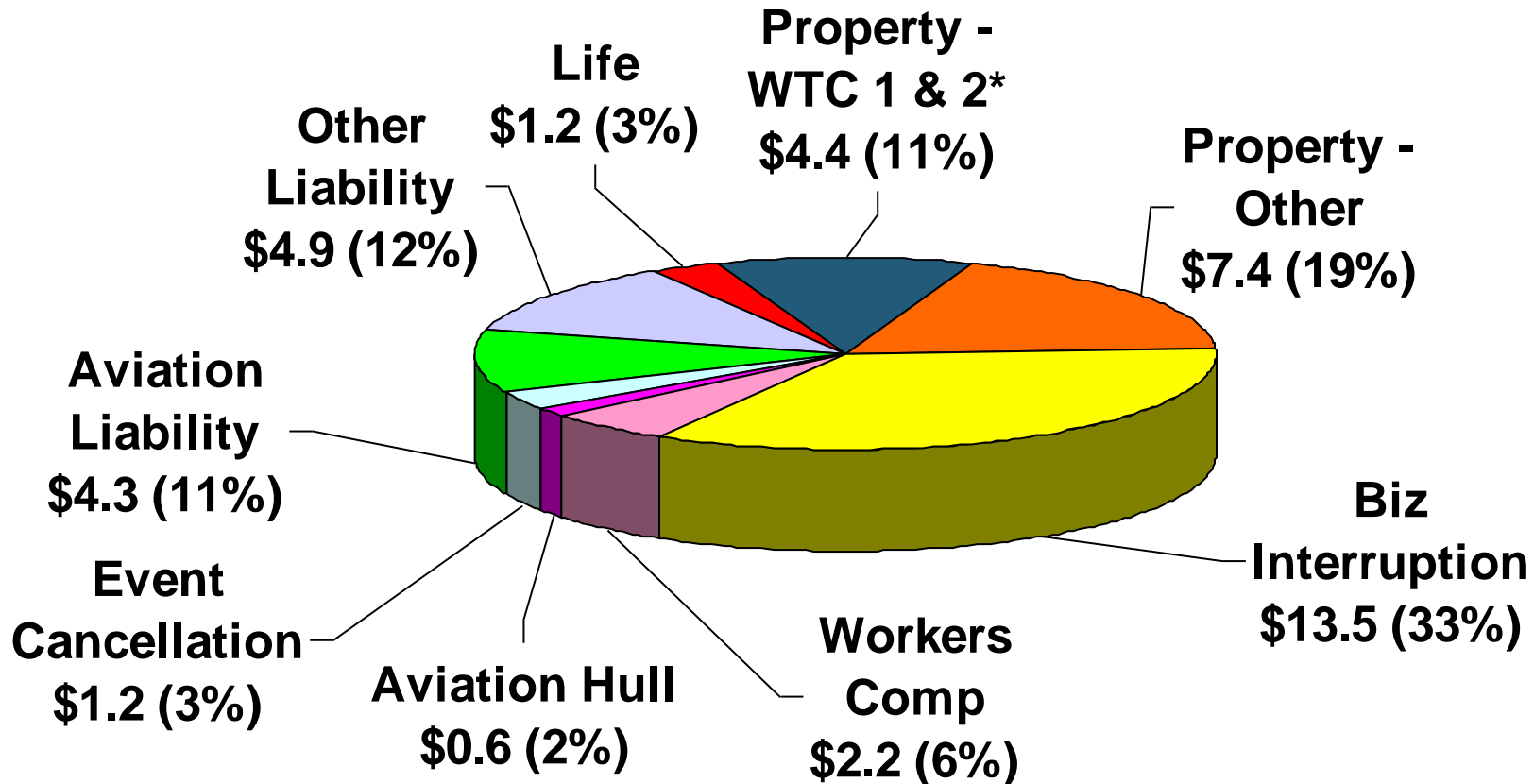
■ Boston Marathon Issues

- ◆ Property and BI losses not large but could breach \$5 mill threshold for certification under TRIPRA
- ◆ Certification issue is generating press; No deadline to certify
- ◆ Disincentive to certify?
- ◆ Few of the impacted business had terror coverage
- ◆ Longer-term: Litigation issues (e.g., race organizers)



Loss Distribution by Type of Insurance from Sept. 11 Terrorist Attack (\$ 2011)

(\$ Billions)



Total Insured Losses Estimate: \$40.0B**

*Loss total does not include March 2010 New York City settlement of up to \$657.5 million to compensate approximately 10,000 Ground Zero workers or any subsequent settlements.

**\$32.5 billion in 2001 dollars.

Source: Insurance Information Institute.

Terrorism Violates Traditional Requirements for Insurability

Requirement	Definition	Violation
Estimable Frequency	<ul style="list-style-type: none">• Insurance requires large number of observations to develop predictive rate-making models (an actuarial concept known as credibility)	<ul style="list-style-type: none">• Very few data points• Terror modeling still in infancy, untested.• Inconsistent assessment of threat
Estimable Severity	<ul style="list-style-type: none">• Maximum possible/ probable loss must be at least estimable in order to minimize “risk of ruin” (insurer cannot run an unreasonable risk of insolvency though assumption of the risk)	<ul style="list-style-type: none">• Potential loss is virtually unbounded.• Losses can easily exceed insurer capital resources for paying claims.• Extreme risk in workers compensation and statute forbids exclusions.

Terrorism Violates Traditional Requirements for Insurability (cont'd)

Requirement	Definition	Violation
Diversifiable Risk	<ul style="list-style-type: none"> •Must be able to spread/distribute risk across large number of risks •“Law of Large Numbers” helps makes losses manageable and less volatile 	<ul style="list-style-type: none"> •Losses likely highly concentrated geographically or by industry (e.g., WTC, power plants)
Random Loss Distribution/ Fortuity	<ul style="list-style-type: none"> •Probability of loss occurring must be purely random and fortuitous •Events are individually unpredictable in terms of time, location and magnitude 	<ul style="list-style-type: none"> •Terrorism attacks are planned, coordinated and deliberate acts of destruction •Dynamic target shifting from “hardened targets” to “soft targets” •Terrorist adjust tactics to circumvent new security measures •Actions of US and foreign govts. may affect likelihood, nature and timing of attack

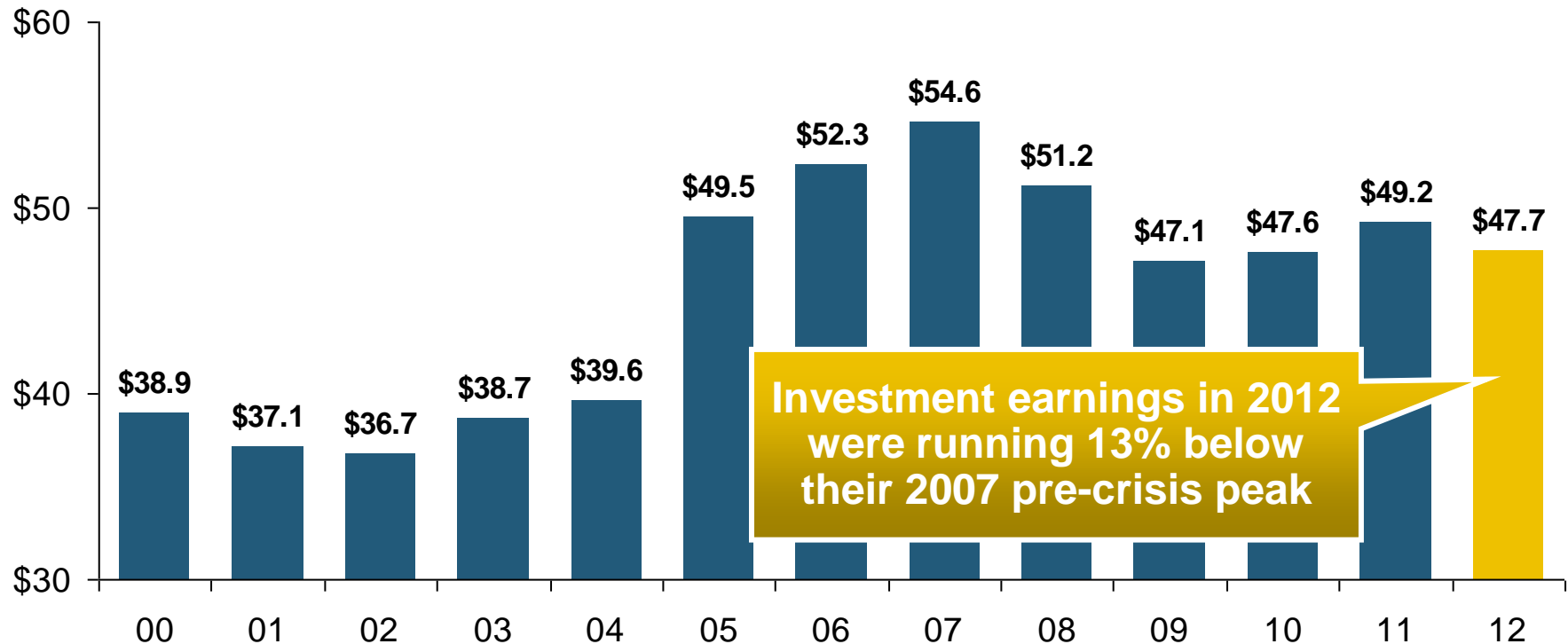
INVESTMENTS: THE NEW REALITY

**Investment Performance is a Key
Driver of Profitability**

***Depressed Yields Will Necessarily
Influence Underwriting & Pricing***

Property/Casualty Insurance Industry Investment Income: 2000–2012¹

(\$ Billions)

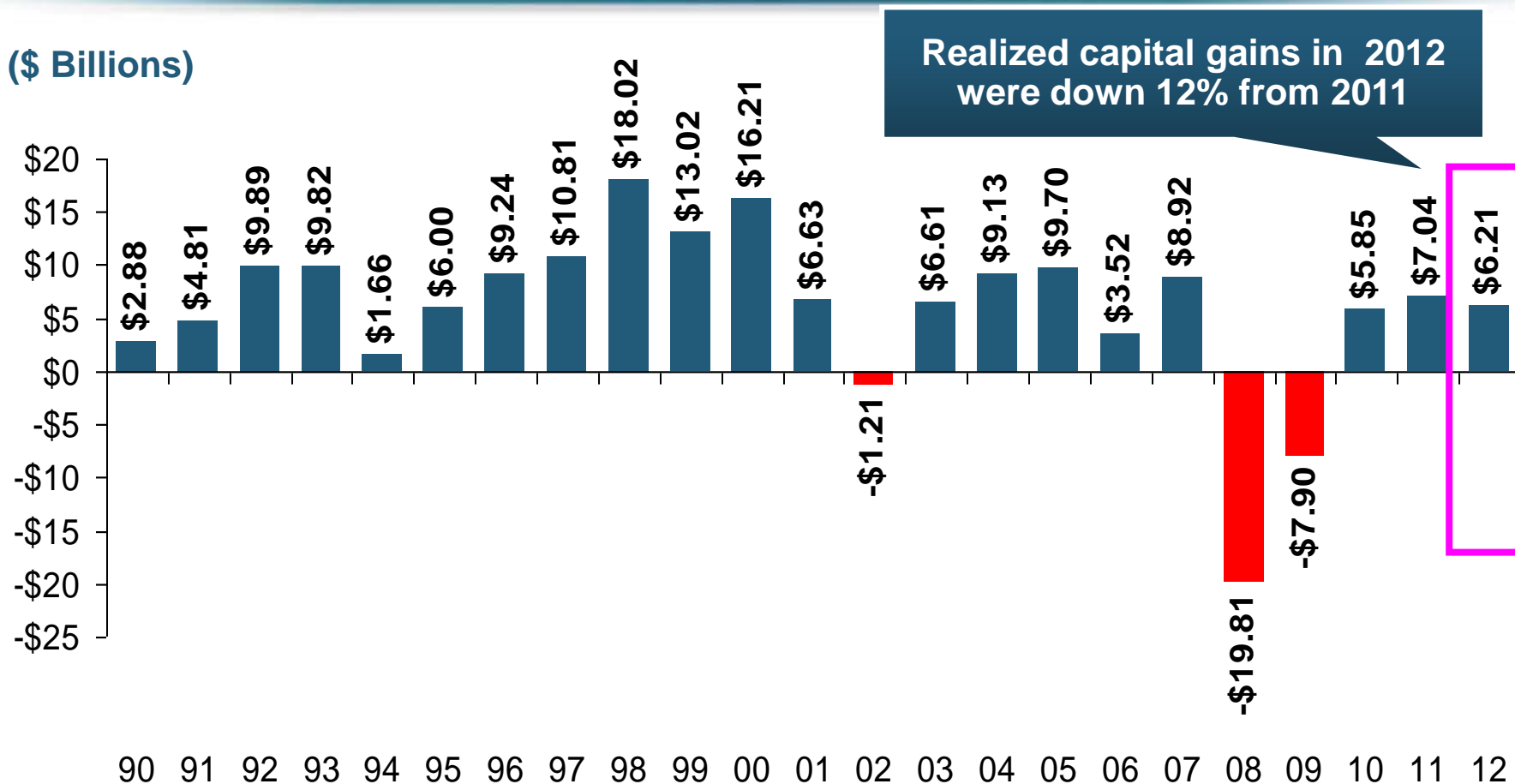


Investment Income Fell in 2012 Due to Persistently Low Interest Rates, Putting Additional Pressure on (Re) Insurance Pricing

¹ Investment gains consist primarily of interest and stock dividends..
Sources: ISO; Insurance Information Institute.

P/C Insurer Net Realized Capital Gains/Losses, 1990-2012

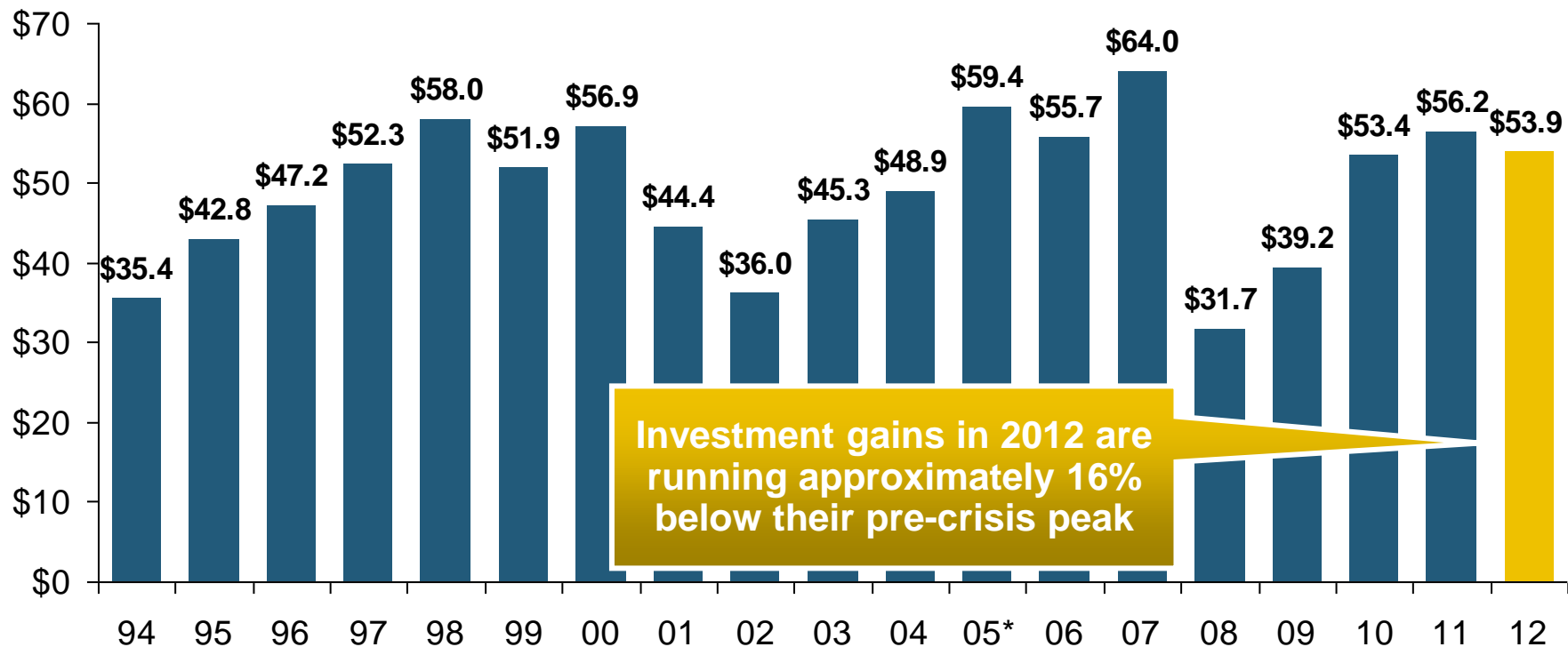
(\$ Billions)



Insurers Posted Net Realized Capital Gains in 2010, 2011 and 2012 Following Two Years of Realized Losses During the Financial Crisis. Realized Capital Losses Were the Primary Cause of 2008/2009's Large Drop in Profits and ROE

Property/Casualty Insurance Industry Investment Gain: 1994–2012¹

(\$ Billions)



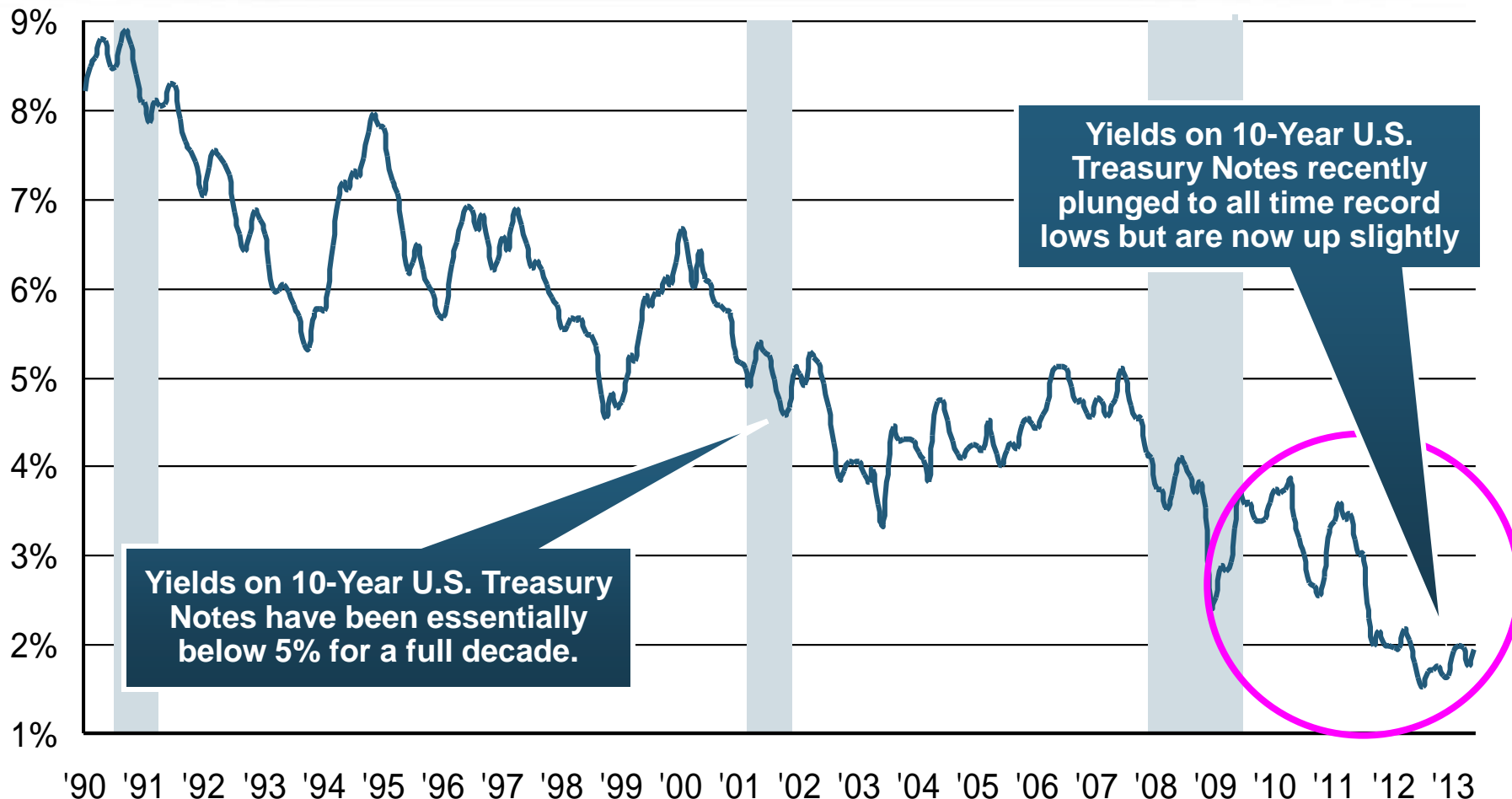
Investment Gains Are Slipping in 2012 as Low Interest Rates Reduce Investment Income and Lower Realized Investment Gains; The Financial Crisis Caused Investment Gains to Fall by 50% in 2008

¹ Investment gains consist primarily of interest, stock dividends and realized capital gains and losses.

* 2005 figure includes special one-time dividend of \$3.2B;

Sources: ISO; Insurance Information Institute.

U.S. 10-Year Treasury Note Yields: A Long Downward Trend, 1990–2013*



Since roughly 80% of P/C bond/cash investments are in 10-year or shorter durations, most P/C insurer portfolios will have low-yielding bonds for years to come.

*Monthly, through May 2013.

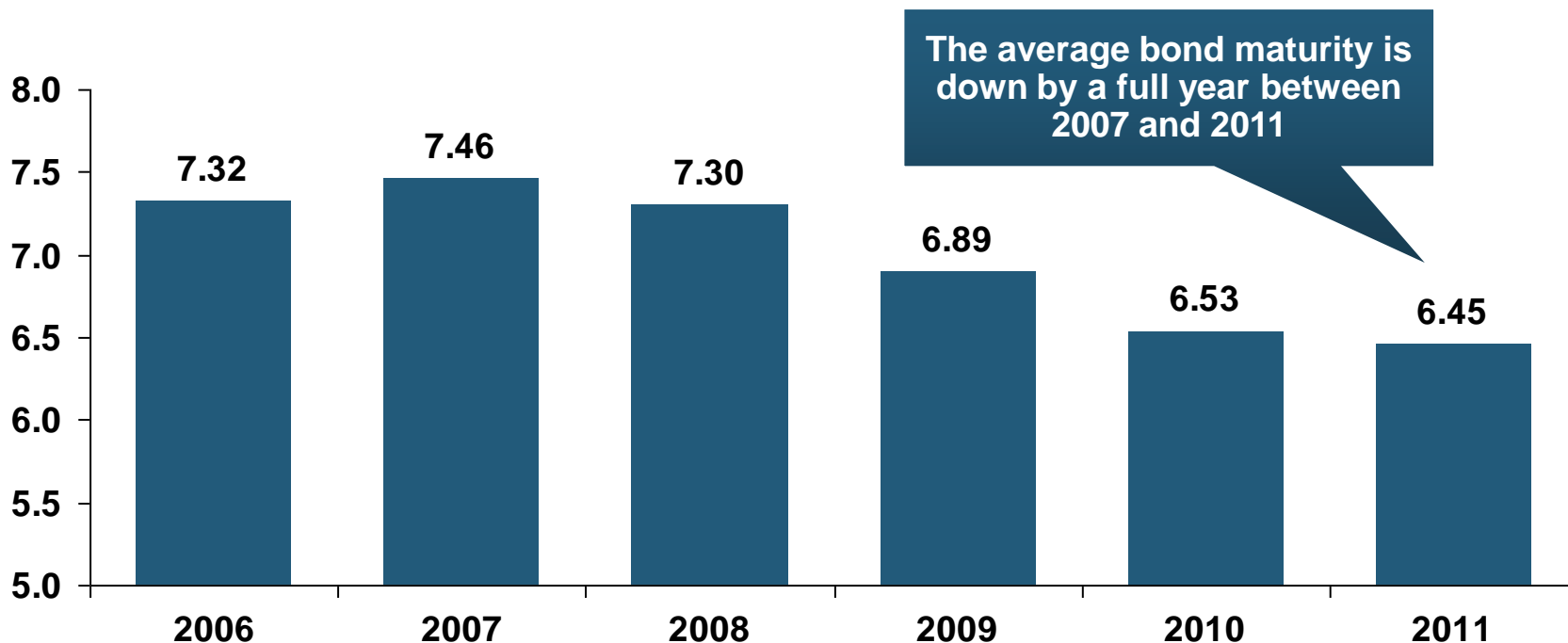
Note: Recessions indicated by gray shaded columns.

Sources: Federal Reserve Bank at <http://www.federalreserve.gov/releases/h15/data.htm>.

National Bureau of Economic Research (recession dates); Insurance Information Institutes.

Average Maturity of Bonds Held by US P/C Insurers, 2006—2011*

Average Maturity (Years)

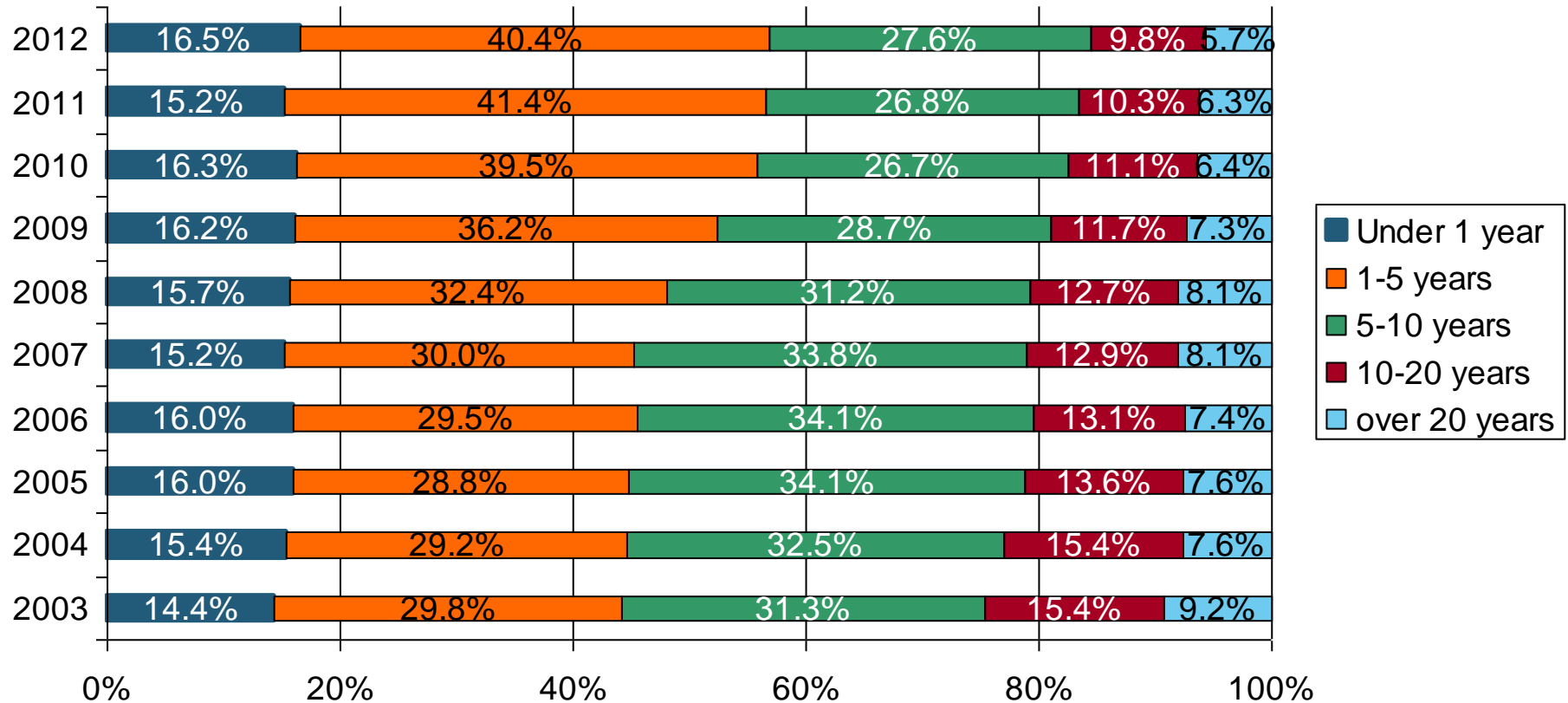


Falling Average Maturity (and Duration) of the P/C Industry's Bond Portfolio is Contributing to the Drop in Investment Income Along With Lower Yields

*Year-end figures. Latest available.

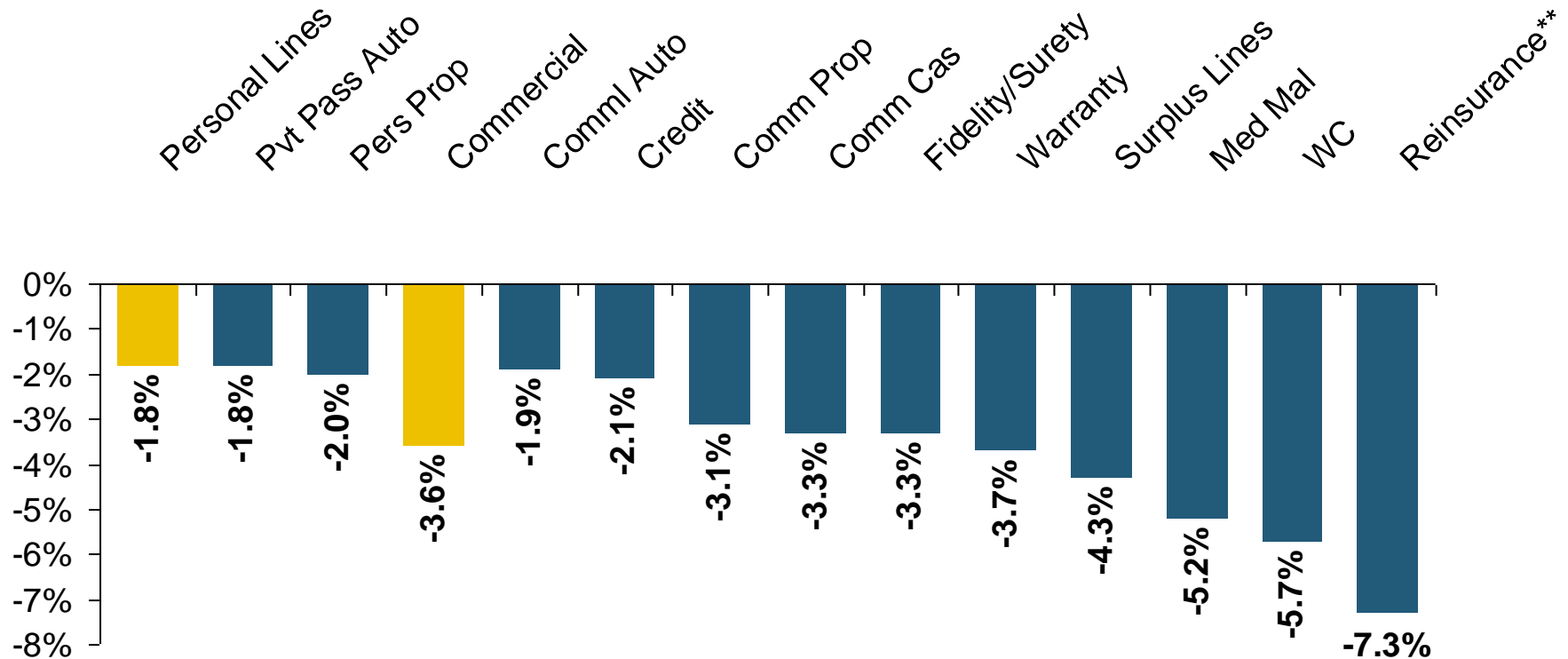
Sources: Insurance Information Institute calculations based on A.M. Best data.

Distribution of Bond Maturities, P/C Insurance Industry, 2003-2012



The main shift over these years has been from bonds with longer maturities to bonds with shorter maturities. The industry first trimmed its holdings of over-10-year bonds (from 24.6% in 2003 to 15.5% in 2012) and then trimmed bonds in the 5-10-year category (from 31.3% in 2003 to 27.6% in 2012). Falling average maturity of the P/C industry's bond portfolio is contributing to a drop in investment income along with lower yields.

Reduction in Combined Ratio Necessary to Offset 1% Decline in Investment Yield to Maintain Constant ROE, by Line*



Lower Investment Earnings Place a Greater Burden on Underwriting and Pricing Discipline

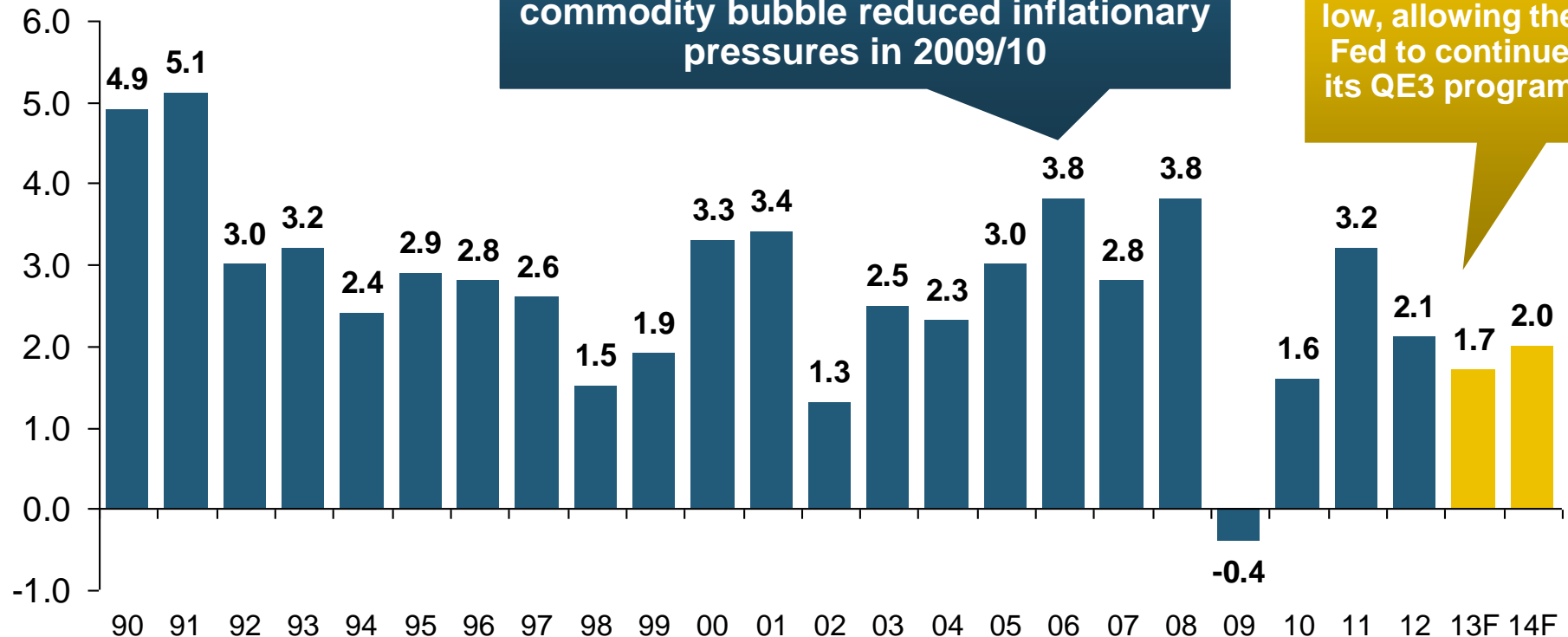
*Based on 2008 Invested Assets and Earned Premiums

**US domestic reinsurance only

Source: A.M. Best; Insurance Information Institute.

Annual Inflation Rates, (CPI-U, %), 1990–2014F

Annual Inflation Rates (%)

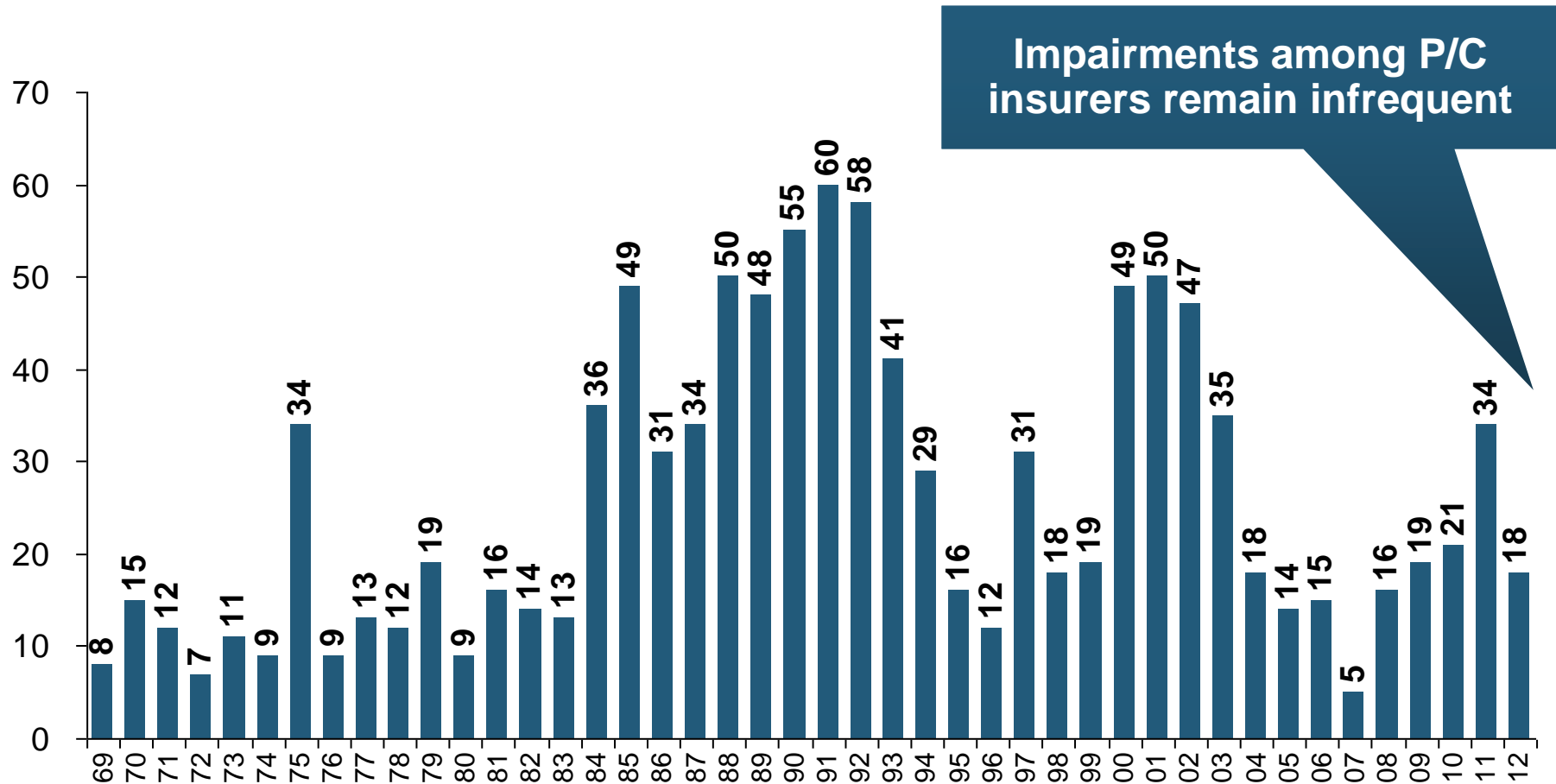


The slack in the U.S. economy suggests that inflationary pressures should remain subdued for an extended period of times. Energy, health care and commodity prices, plus U.S. debt burden, remain longer-run concerns

Financial Strength & Underwriting

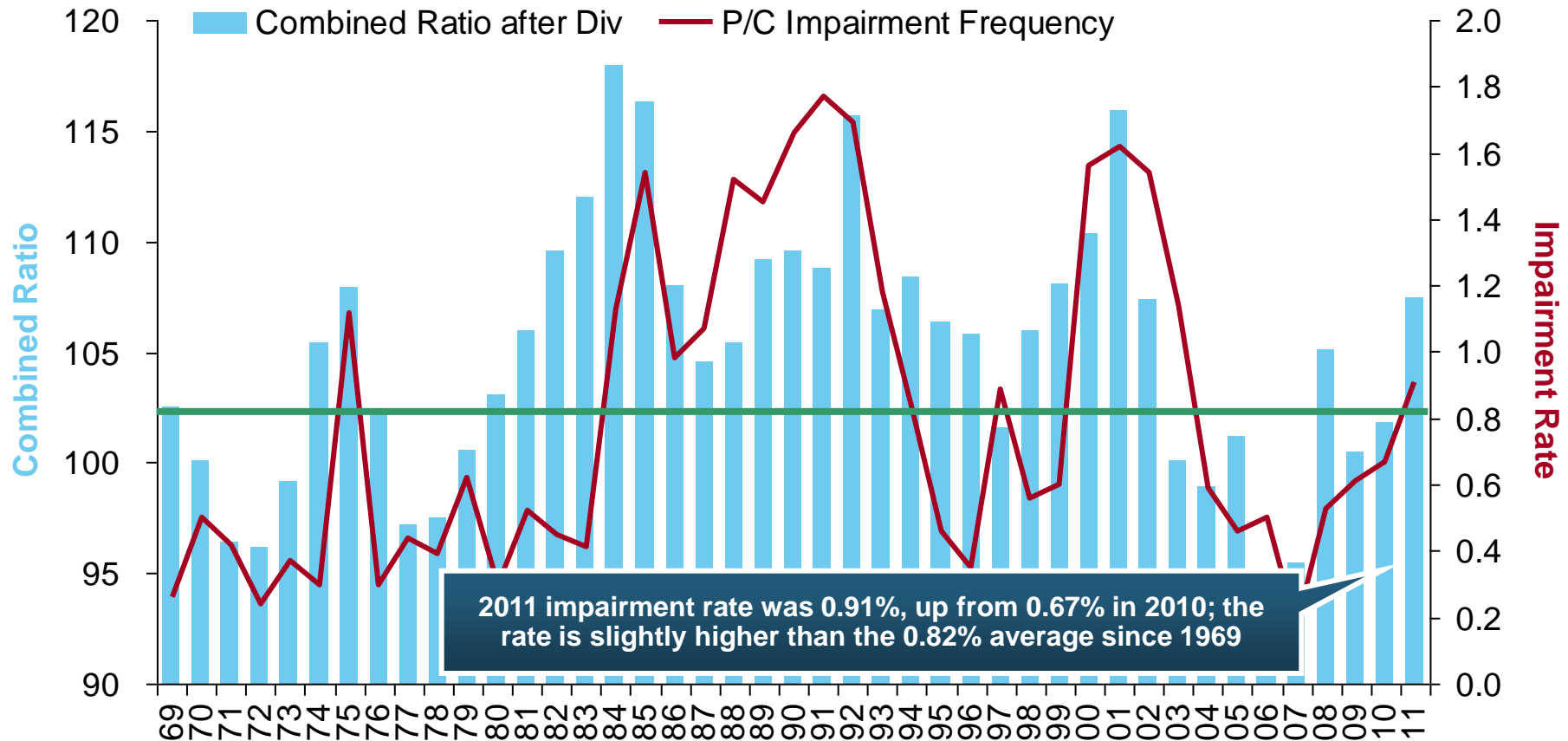
**Cyclical Pattern is P-C Impairment
History is Directly Tied to
Underwriting, Reserving & Pricing**

P/C Insurer Impairments, 1969–2012



The Number of Impairments Varies Significantly Over the P/C Insurance Cycle, With Peaks Occurring Well into Hard Markets

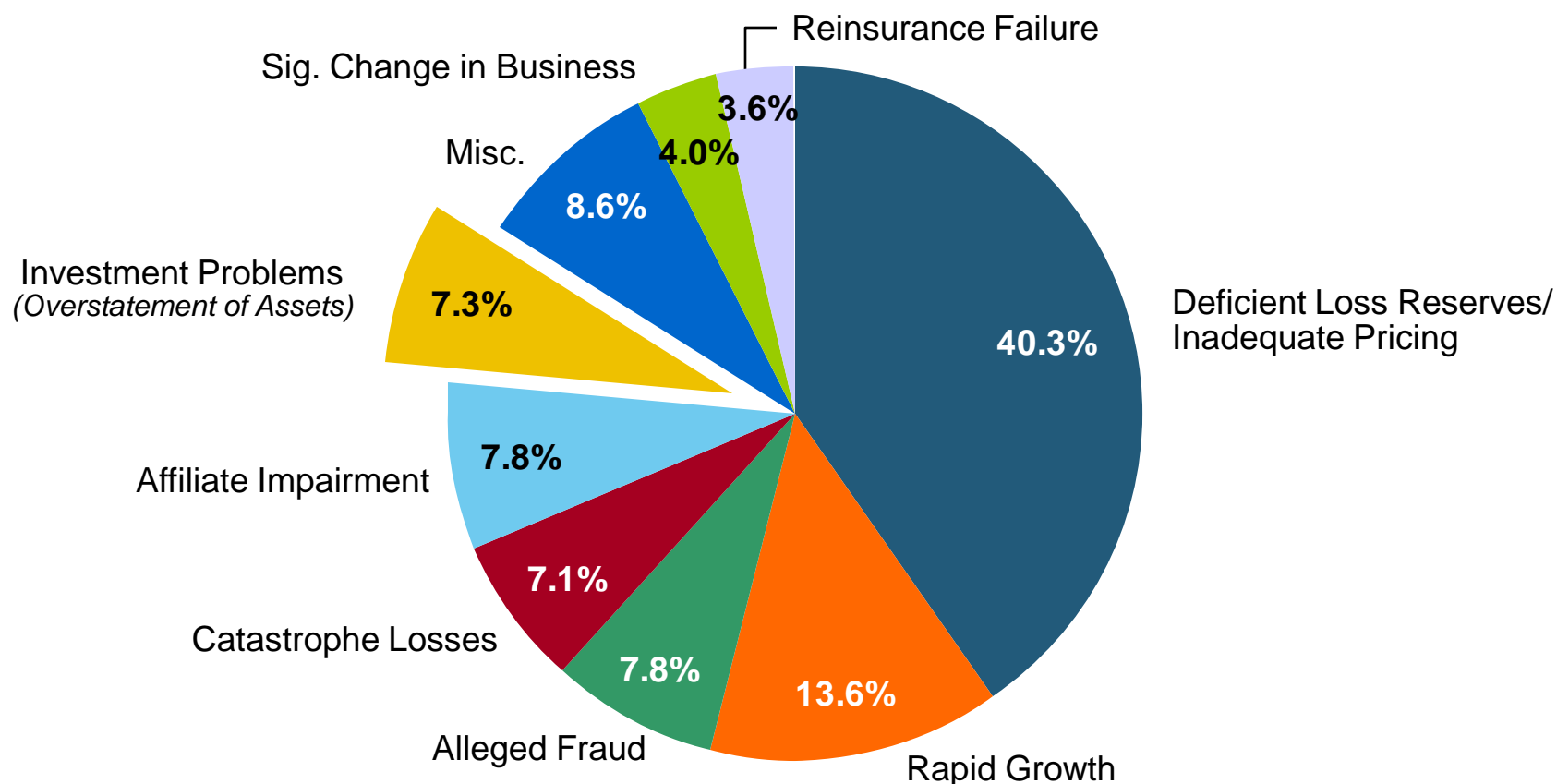
P/C Insurer Impairment Frequency vs. Combined Ratio, 1969-2011



Impairment Rates Are Highly Correlated With Underwriting Performance and Reached Record Lows in 2007; Recent Increase Was Associated Primarily With Mortgage and Financial Guaranty Insurers and Not Representative of the Industry Overall

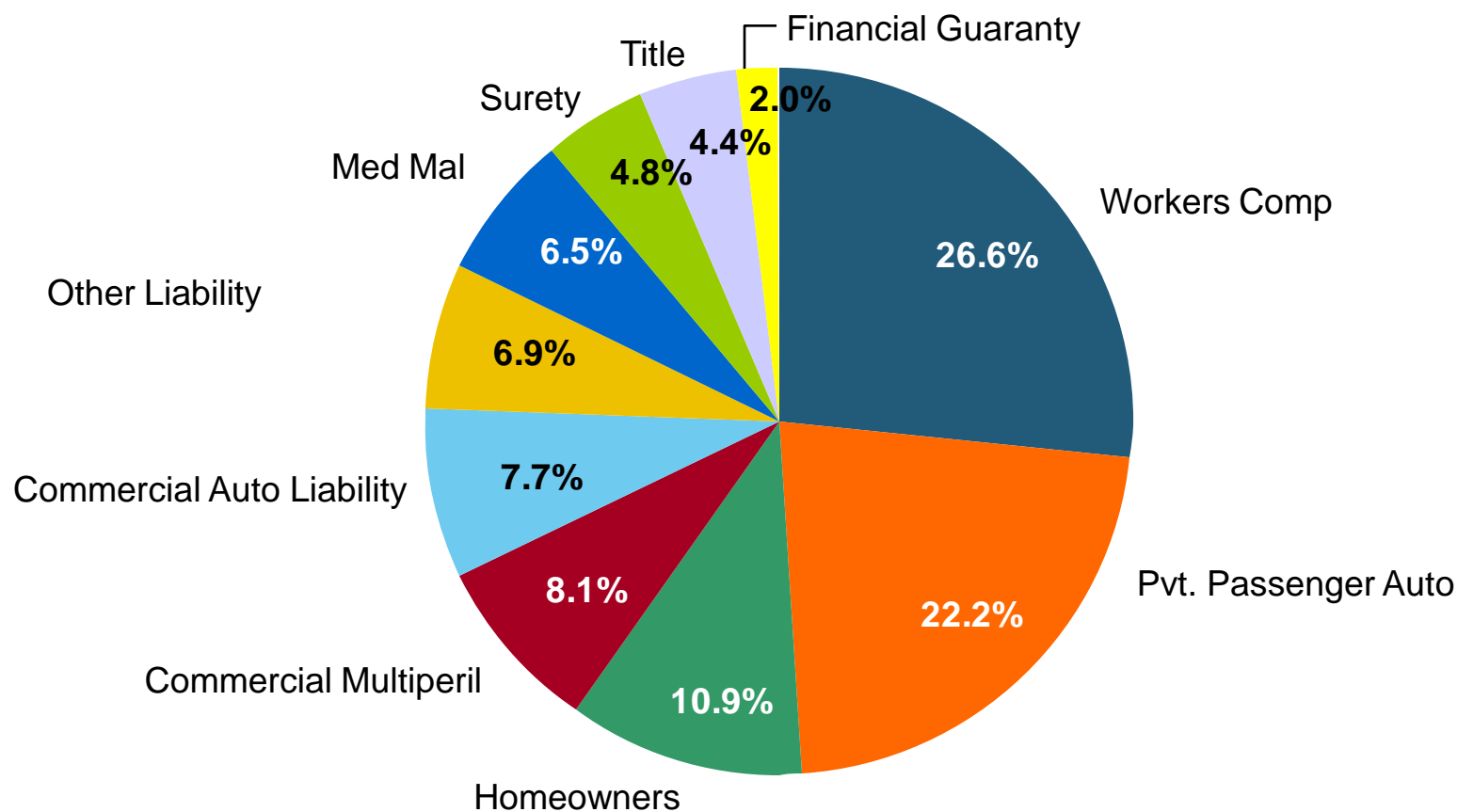
Reasons for US P/C Insurer Impairments, 1969–2010

Historically, Deficient Loss Reserves and Inadequate Pricing Are By Far the Leading Cause of P-C Insurer Impairments. Investment and Catastrophe Losses Play a Much Smaller Role



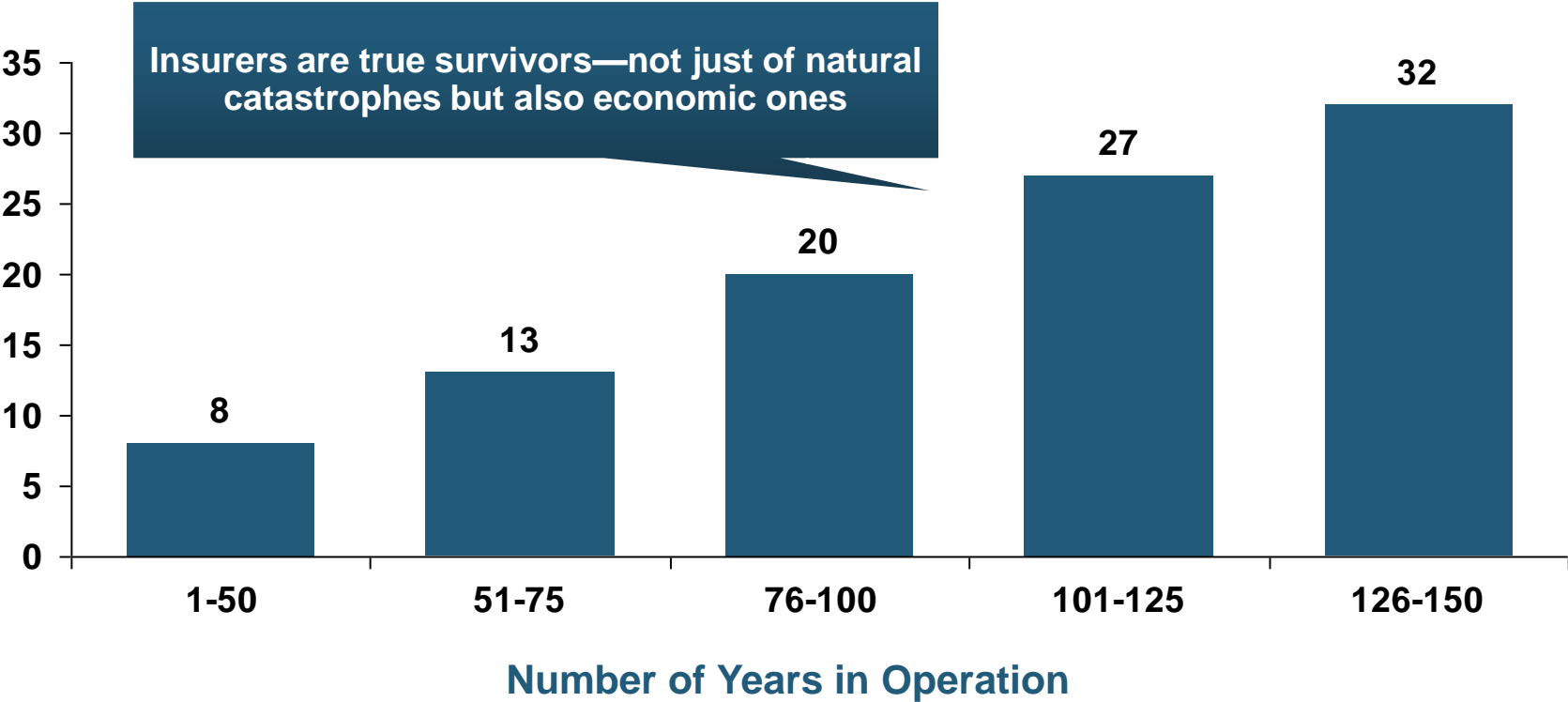
Top 10 Lines of Business for US P/C Impaired Insurers, 2000–2010

Workers Comp and Pvt. Passenger Auto Account for Nearly Half of the Premium Volume of Impaired Insurers Over the Past Decade



Number of Recessions Endured by P/C Insurers, by Number of Years in Operation

Number of Recessions Since 1860



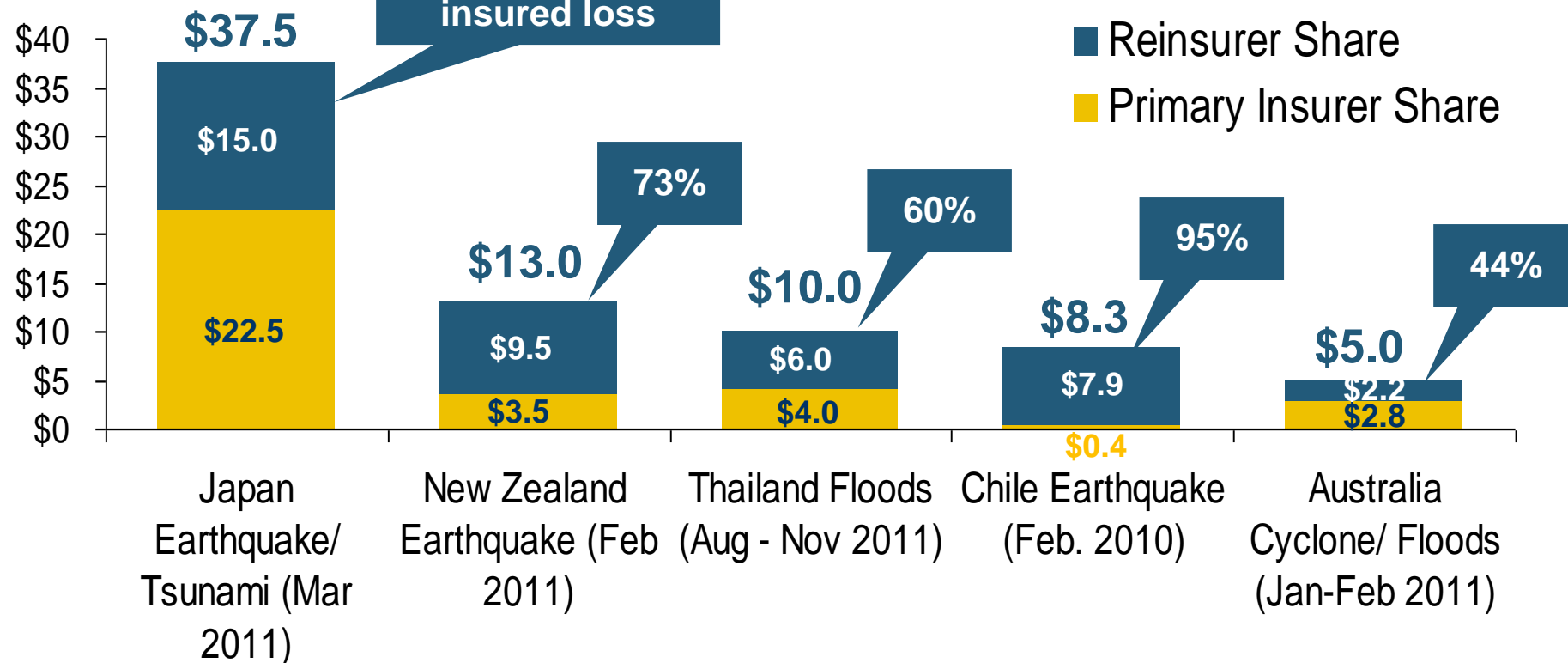
Many US Insurers Are Close to a Century Old or Older

3. REINSURANCE MARKET CONDITIONS

**Record Global
Catastrophes Activity is
Pressuring Pricing**

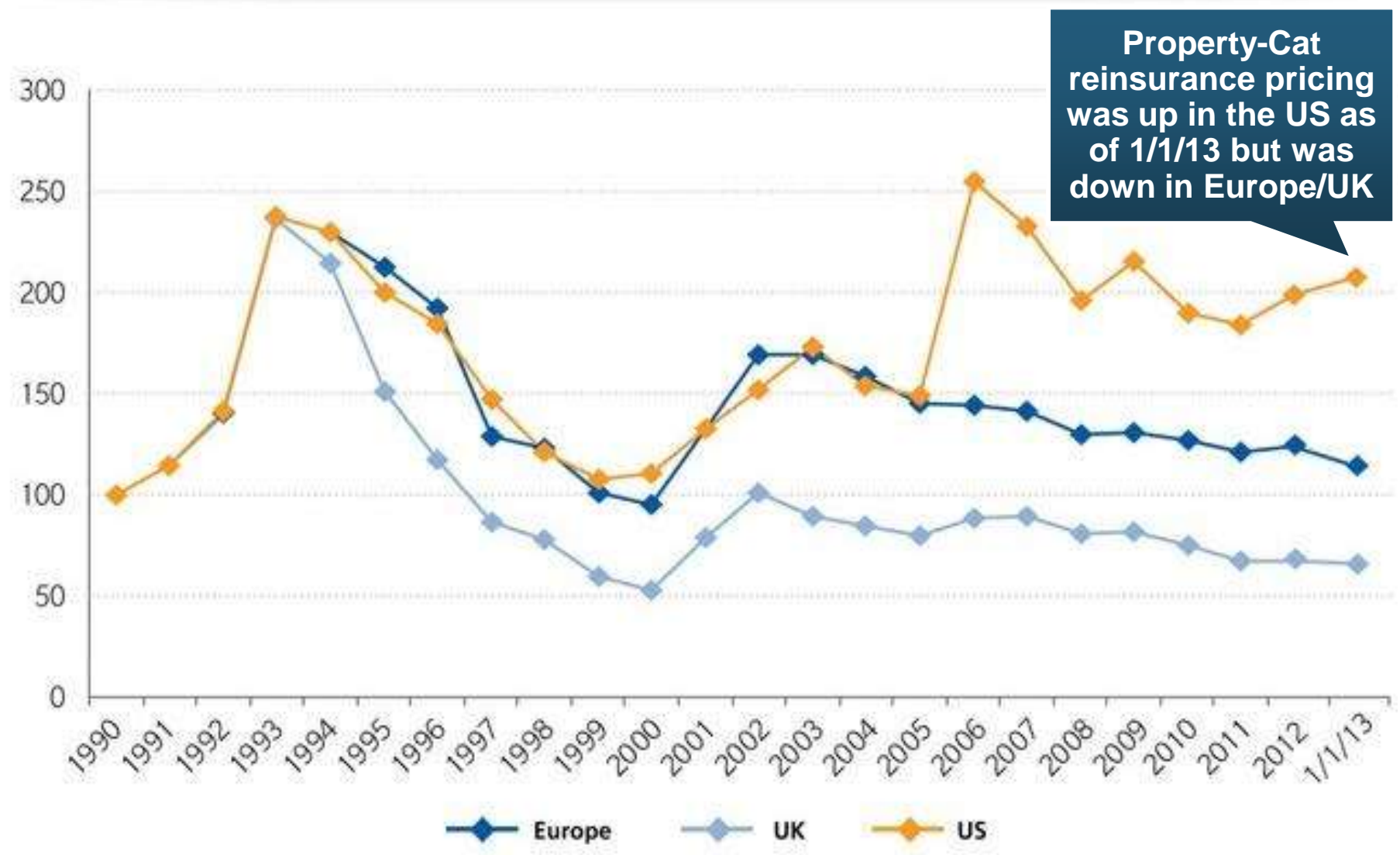
Reinsurer Share of Recent Significant Market Losses

Billions of 2011
Dollars



Reinsurers Paid a High Proportion of Insured Losses Arising from Major Catastrophic Events Around the World in Recent Years

Regional Property Catastrophe Rate on Line Index, 1990—2013 (as of January 1)

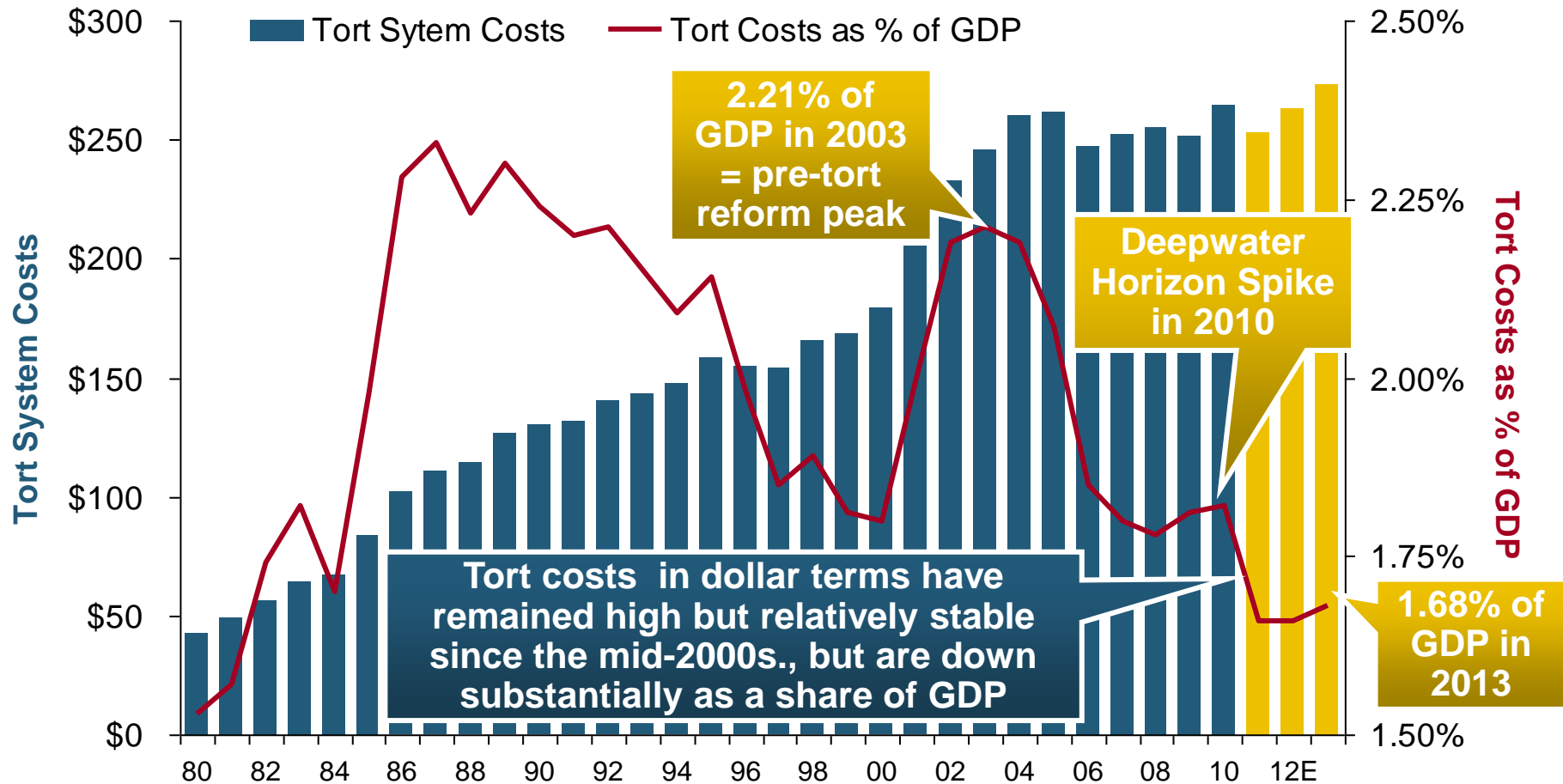


Shifting Legal Liability & Tort Environment

Is the Tort Pendulum Swinging Against Insurers?

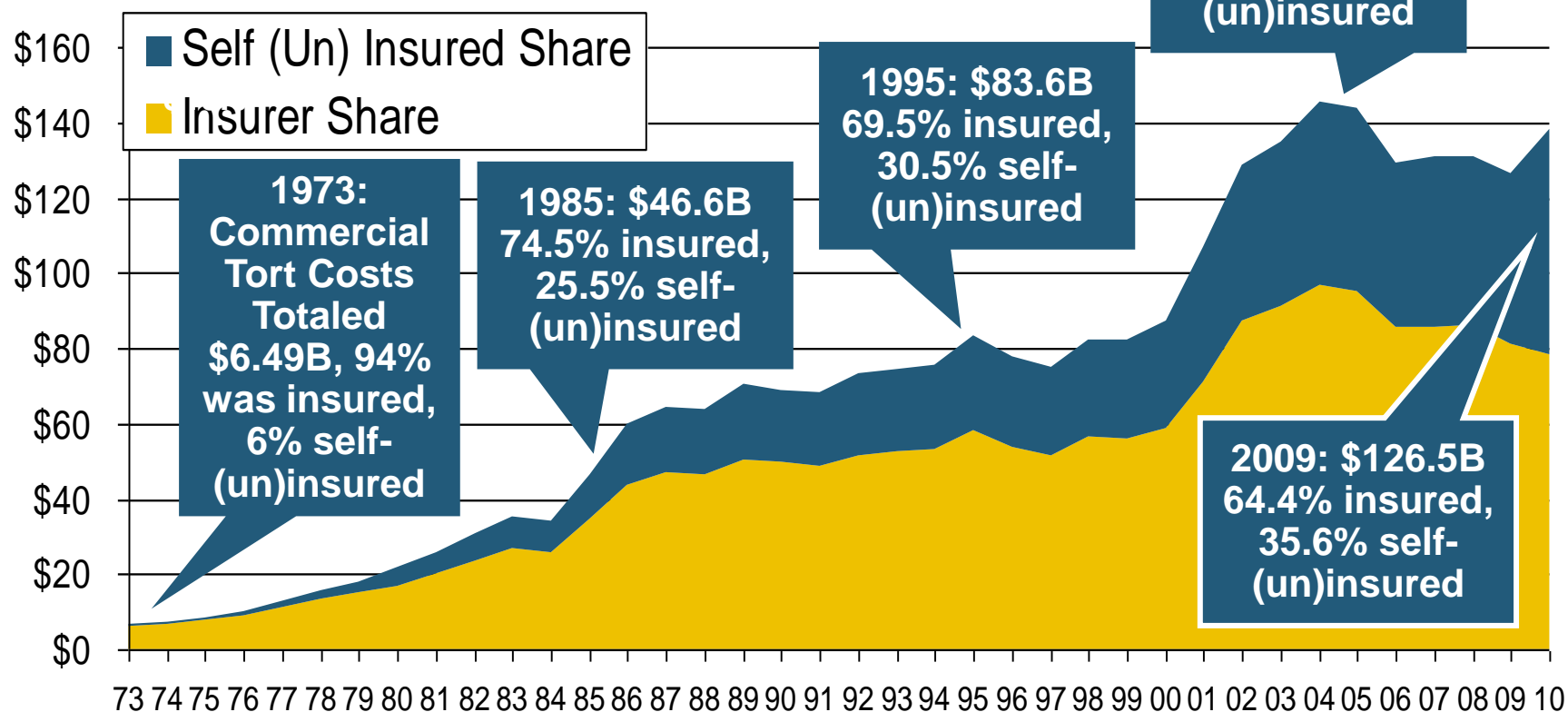
Over the Last Three Decades, Total Tort Costs as a % of GDP Appear Somewhat Cyclical, 1980-2013E

(\$ Billions)



Commercial Lines Tort Costs: Insured vs. Self-(Un)Insured Shares, 1973-2010

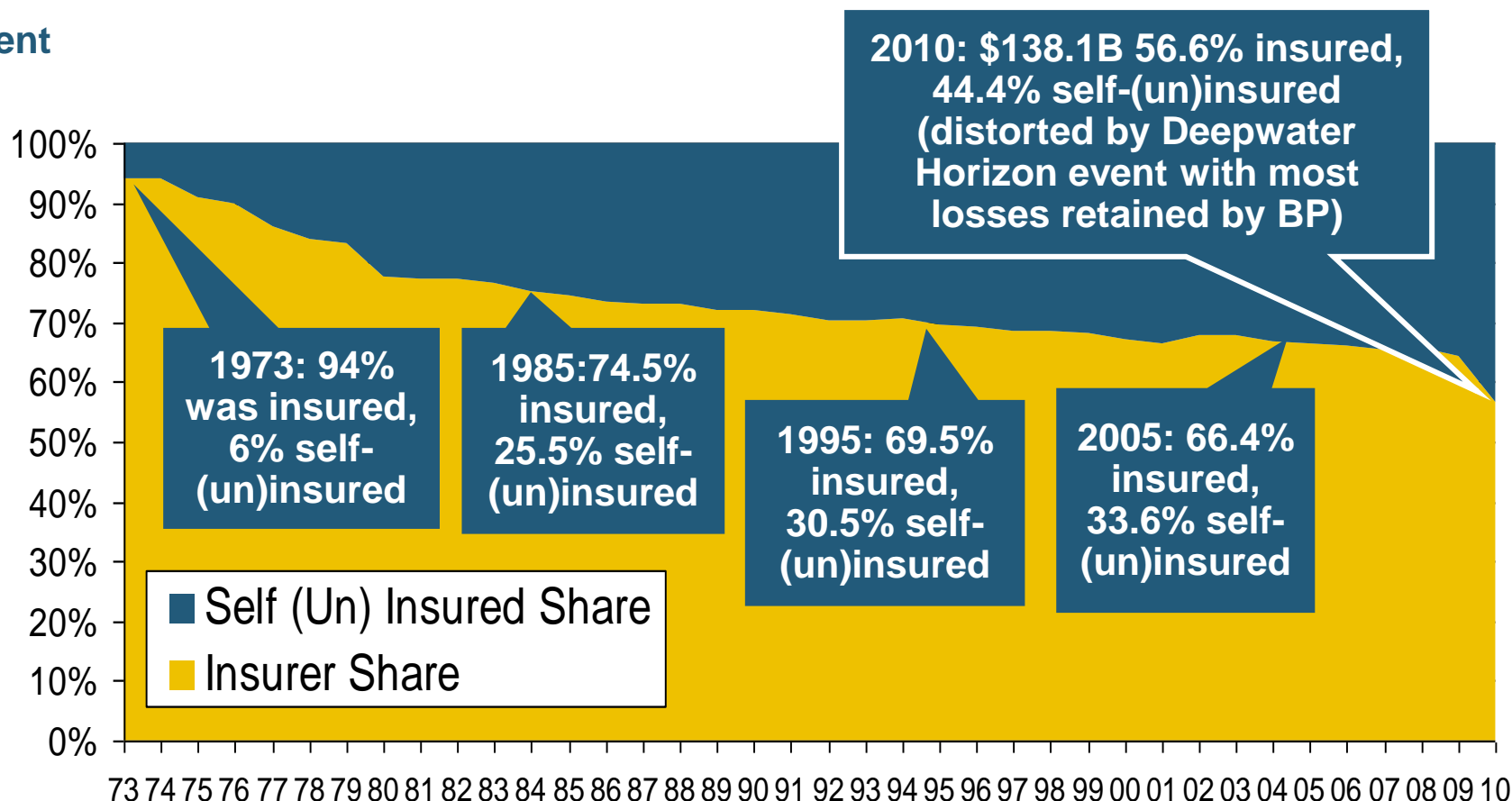
Billions of Dollars



Tort Costs and the Share Retained by Risks Both Grew Rapidly from the mid-1970s to mid-2000s, When Tort Costs Began to Fall But Self-Insurance Shares Continued to Rise

Commercial Lines Tort Costs: Insured vs. Self-(Un)Insured Shares, 1973-2010

Percent



The Share of Tort Costs Retained by Risks Has Been Steadily Increasing for Nearly 40 Years. This Trend Contributes Has Left Insurers With Less Control Over Pricing.

Business Leaders Ranking of Liability Systems in 2012

■ Best States

1. Delaware
2. Nebraska
3. Wyoming
4. Minnesota
5. Kansas
6. Idaho
7. Virginia
8. North Dakota
9. Utah
10. Iowa

New in 2012

- Wyoming
- Minnesota
- Kansas
- Idaho

Drop-offs

- Indiana
- Colorado
- Massachusetts
- South Dakota

■ Worst States

41. Florida
42. Oklahoma
43. Alabama
44. New Mexico
45. Montana
46. Illinois
47. California
48. Mississippi
49. Louisiana
50. West Virginia

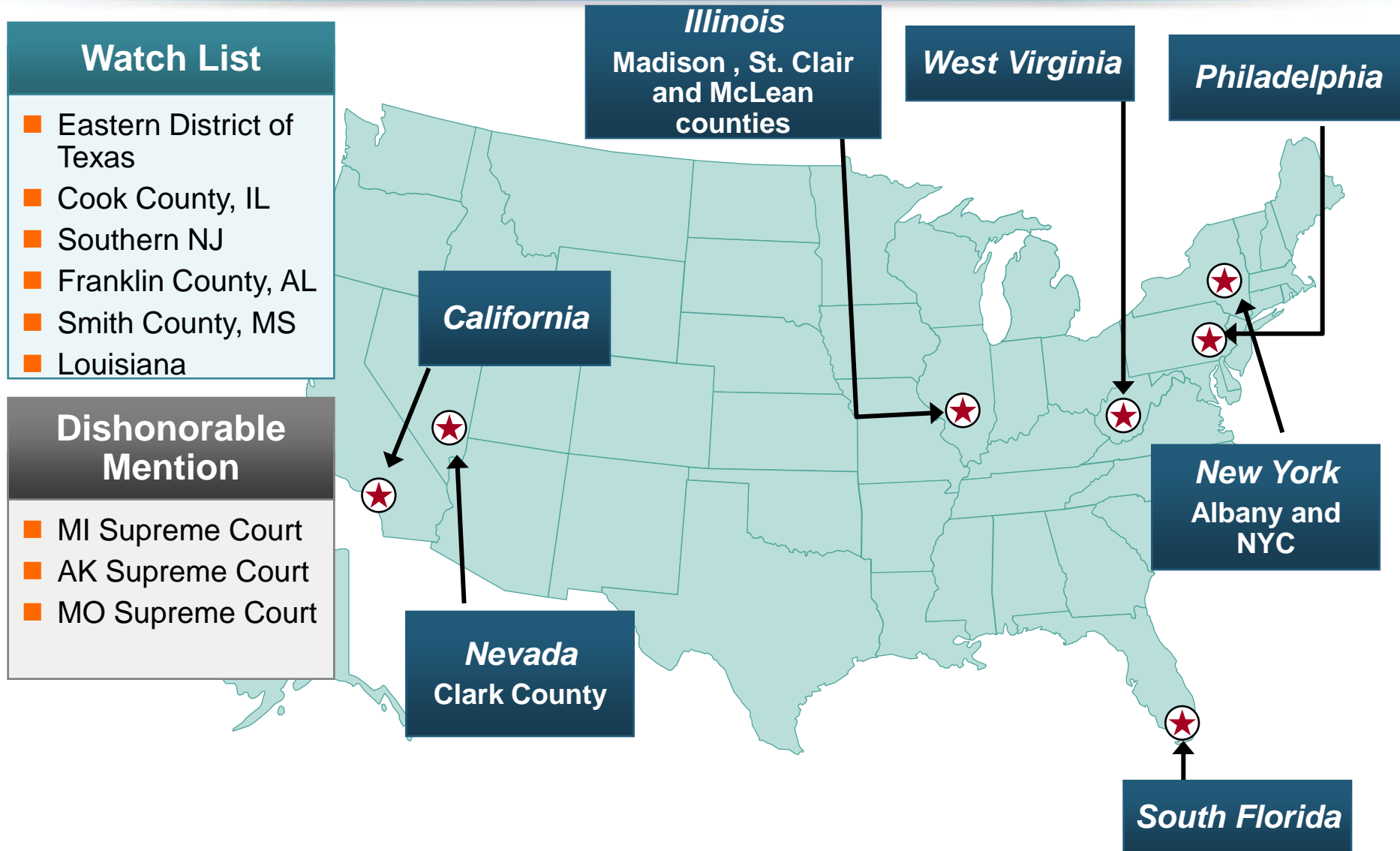
Newly Notorious

- Oklahoma

Rising Above

- Arkansas

The Nation's Judicial Hellholes: 2011



Insurance Information Institute Online:

www.iii.org

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and your attention!*

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