



# **Workers Compensation: *State of the Market and Economic Outlook***

**Business Insurance**

**Virtual Workers Compensation Conference**

**October 25, 2012**

***Download at [www.iii.org/presentations](http://www.iii.org/presentations)***

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- **U.S. Economic Overview and Outlook**
- **Labor Market Overview**
- **Workers Compensation Operating Environment**
- **Summary of Recent P/C Financial Performance**
- **Challenges of Low Interest Rate Environment**
- **Workers Comp Market Conditions**
- **Q&A**

# **Economic Overview & Outlook**

**Growth Opportunities for Business and  
Insurers Are Uneven But Exist**

***Workers Comp Exposure Up***

***America's Manufacturing Renaissance?***

***Construction Activity About to Turn?***

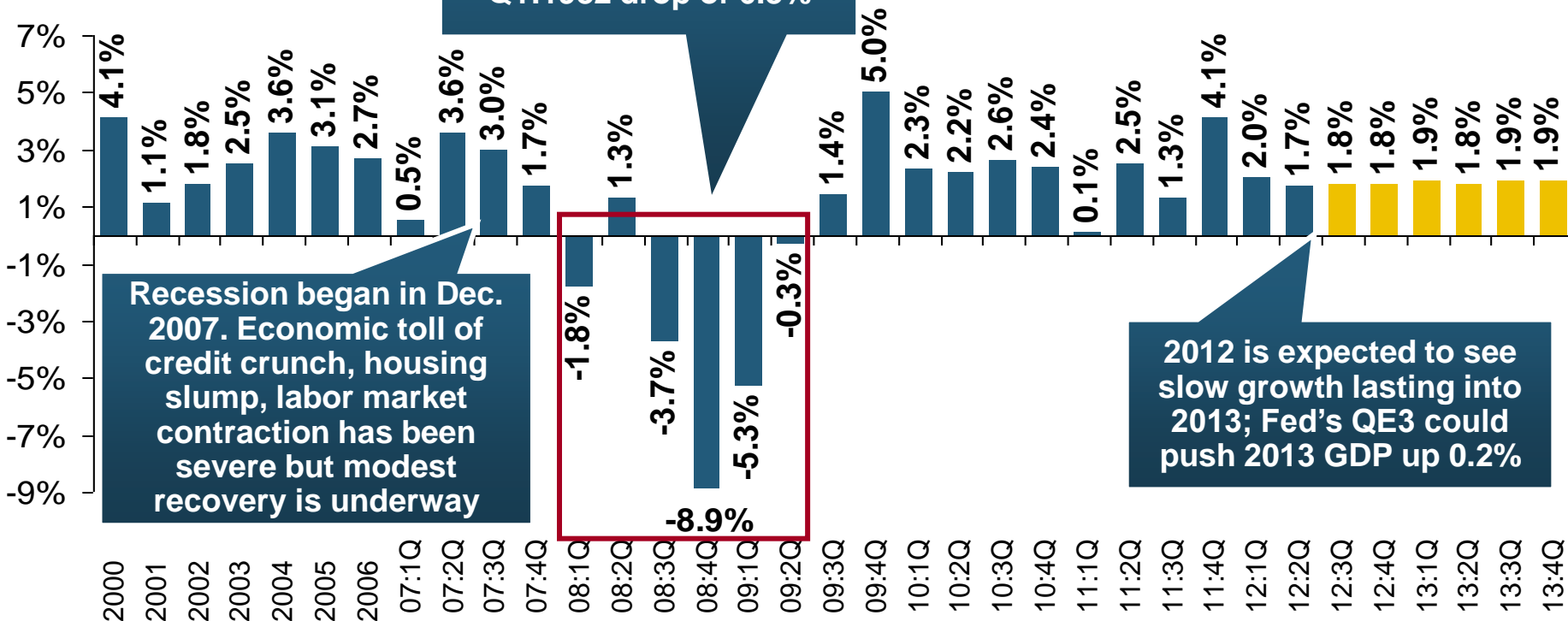
# US Real GDP Growth\*

## Real GDP Growth (%)

The Q4:2008 decline was the steepest since the Q1:1982 drop of 6.8%

Recession began in Dec. 2007. Economic toll of credit crunch, housing slump, labor market contraction has been severe but modest recovery is underway

2012 is expected to see slow growth lasting into 2013; Fed's QE3 could push 2013 GDP up 0.2%

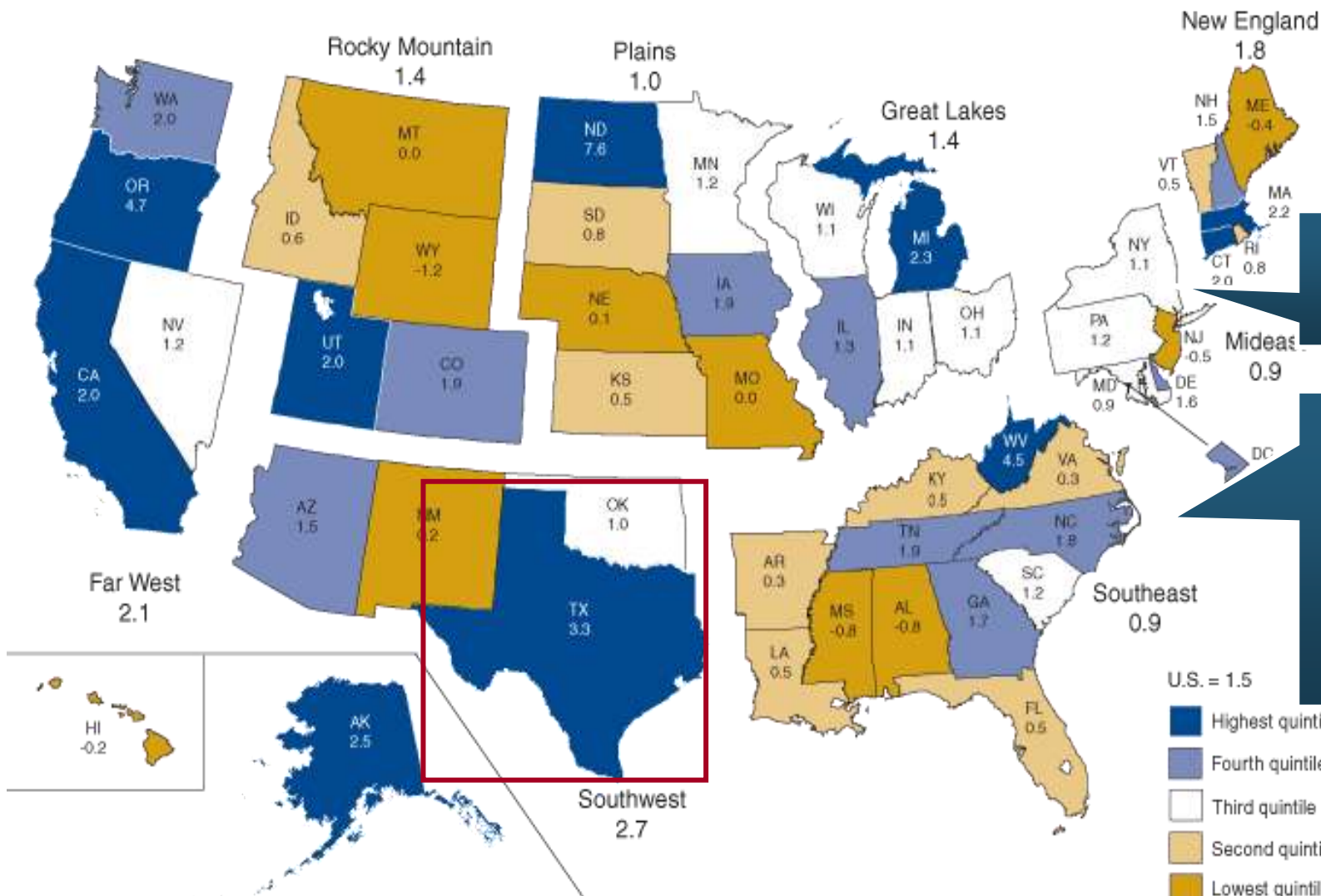


**Demand for Insurance Continues To Be Impacted by Sluggish Economic Conditions, but the Benefits of Even Slow Growth Will Compound and Gradually Benefit the Economy Broadly**

\* Estimates/Forecasts from Blue Chip Economic Indicators.

Source: US Department of Commerce, Blue Economic Indicators 9/12; Insurance Information Institute.

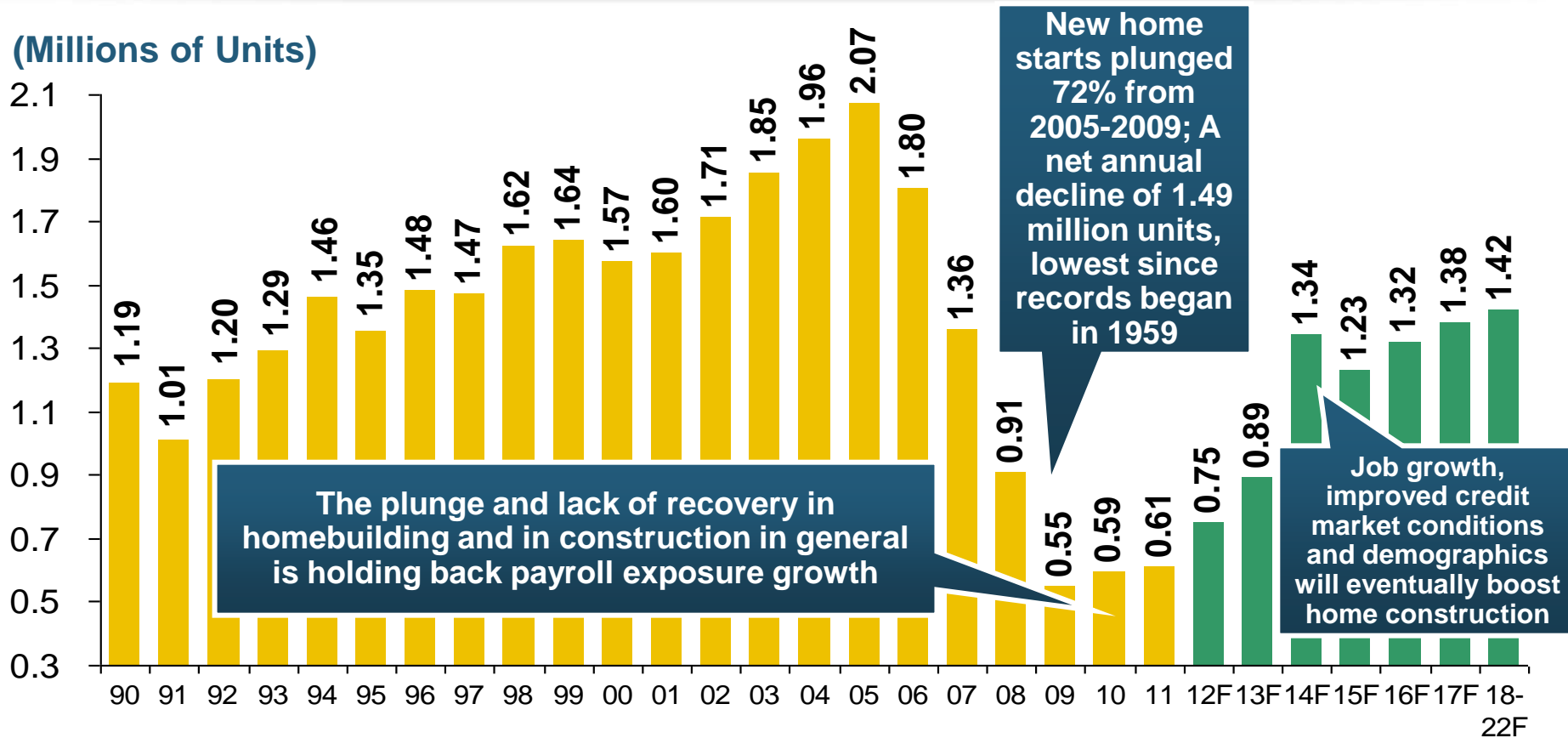
# Percent Change in Real GDP by State, 2011



**NY has not been a growth leader**

**Growth varied considerably across states but in total was weak in 2011 with US overall growth at just 1.7%**

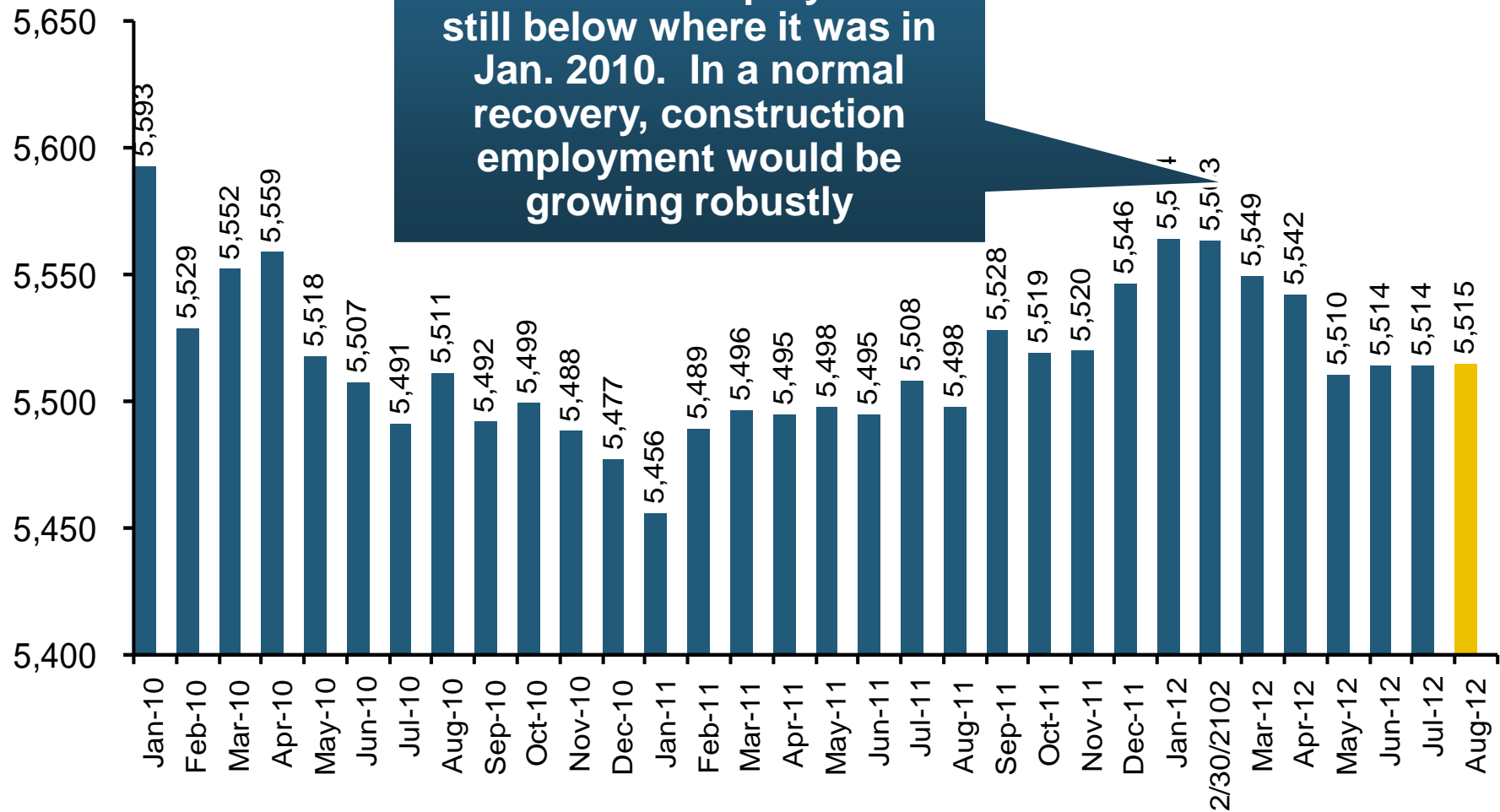
# New Private Housing Starts, 1990-2022F



**Little Exposure Growth Likely for Homeowners Insurers Until at least 2014. Also Affects Commercial Insurers with Construction Risk Exposure, Surety**

# Construction Employment, Jan. 2010—August 2012\*

(Thousands)



\*Seasonally adjusted

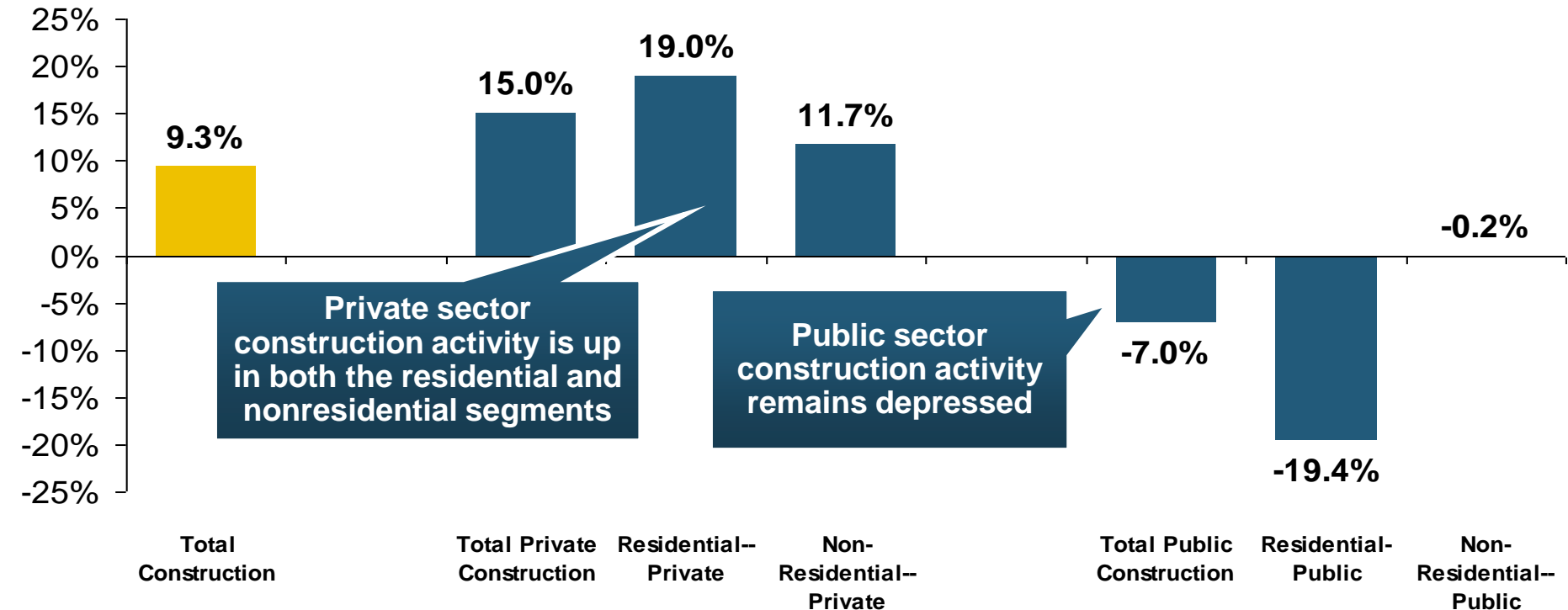
Sources: US Bureau of Labor Statistics at <http://data.bls.gov>; Insurance Information Institute.

# Value of Construction Put in Place, June 2012 vs. July 2011\*

Growth (%)

**Private: +15.0%**

**Public: -0.7%**



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

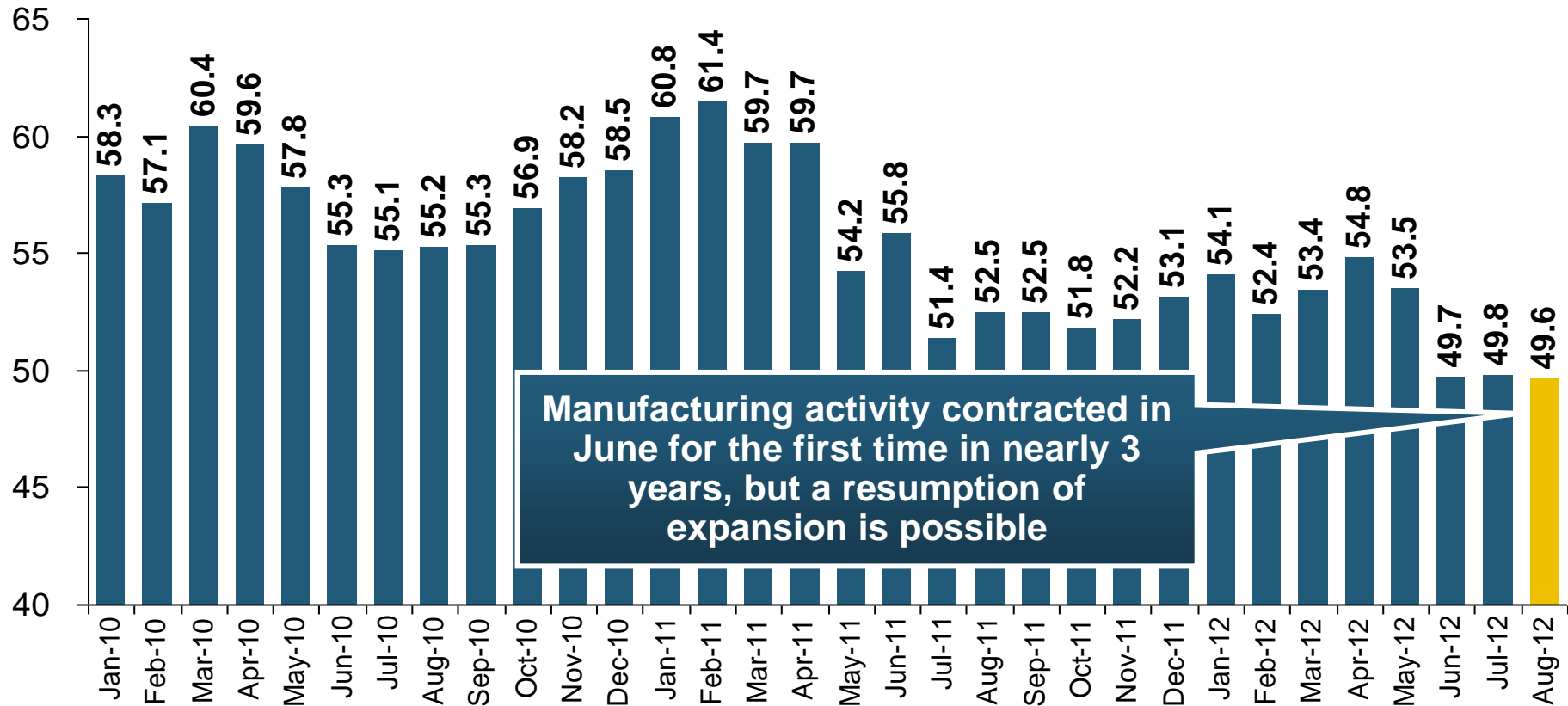
\*seasonally adjusted

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



# ISM Manufacturing Index (Values > 50 Indicate Expansion)

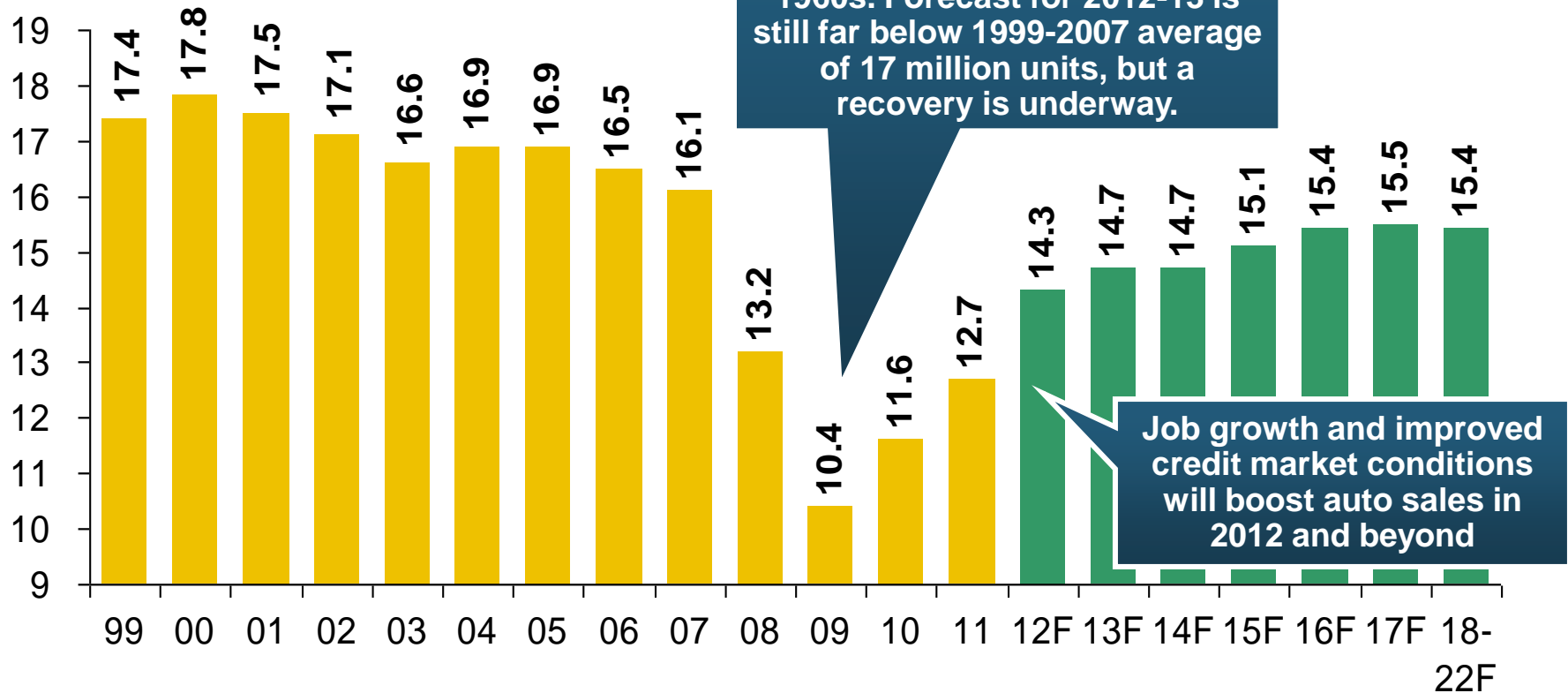
January 2010 through August 2012



**The manufacturing sector expanded for 34 consecutive months until June 2012 and added jobs. The question is whether this will continue.**

# Auto/Light Truck Sales, 1999-2022F

(Millions of Units)



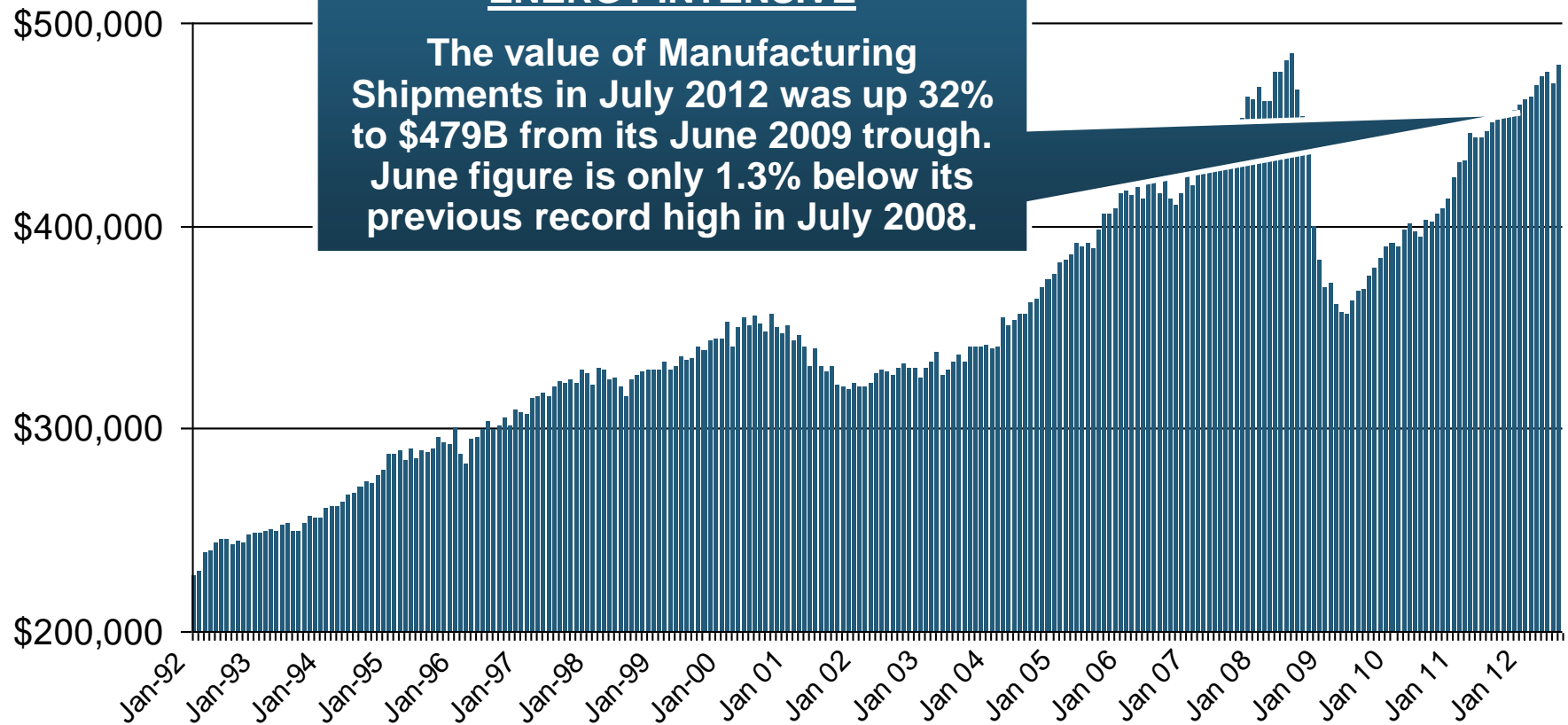
**Car/Light Truck Sales Will Continue to Recover from the 2009 Low Point, Bolstering the Auto Insurer Growth and the Manufacturing Sector.**

# Dollar Value\* of Manufacturers' Shipments Monthly, Jan. 1992—July 2012

\$ Millions

## ENERGY INTENSIVE

The value of Manufacturing Shipments in July 2012 was up 32% to \$479B from its June 2009 trough. June figure is only 1.3% below its previous record high in July 2008.



**Monthly shipments are nearly back to peak (in July 2008, 8 months into the recession). Trough in May 2009. Growth from trough to July 2012 was 35%. Manufacturing is an energy intensive activity and growth leads to gains in many commercial exposures: WC, Commercial Auto, Marine, Property and Various Liability Coverages**

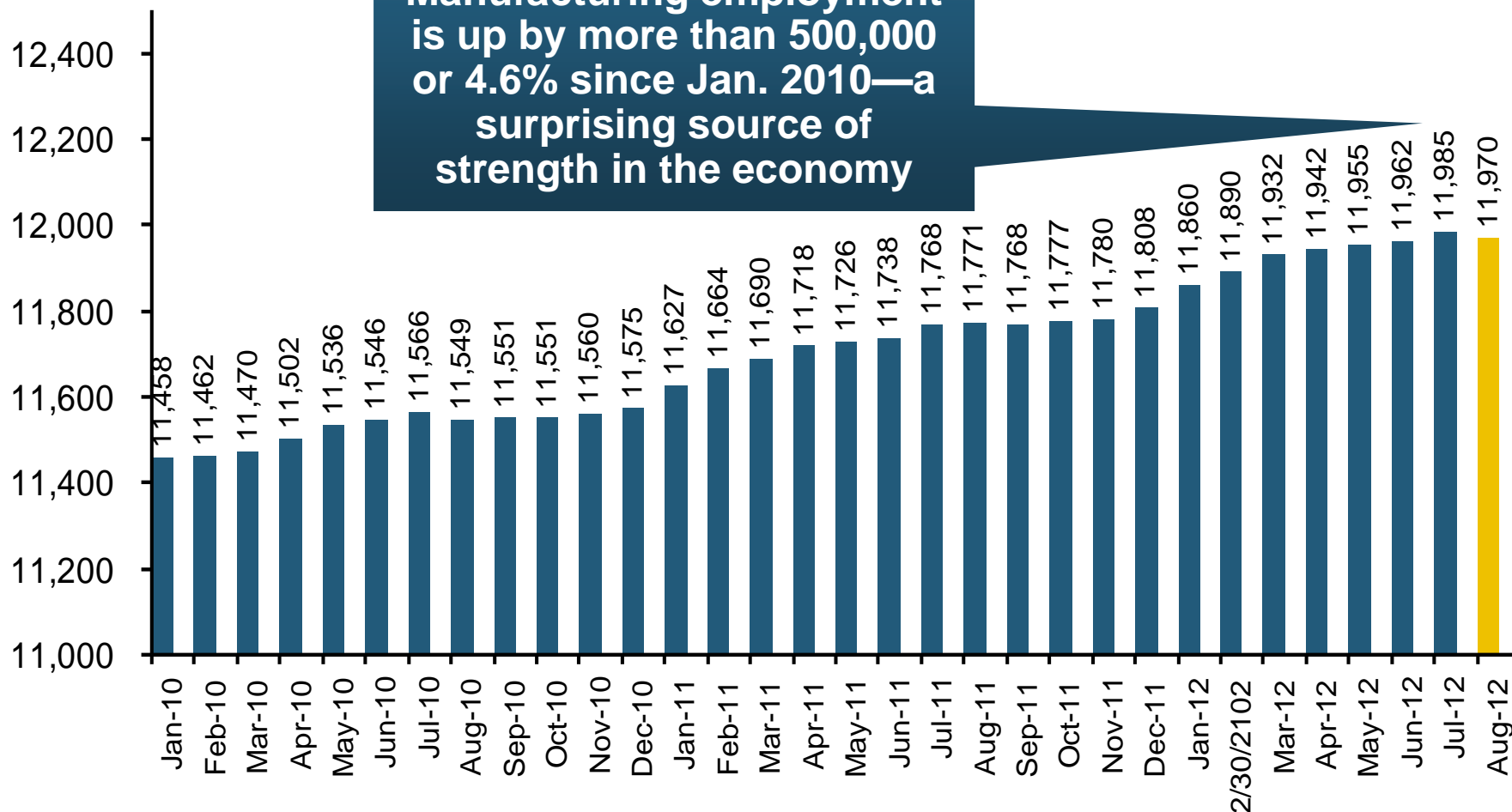
\*seasonally adjusted

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

# Manufacturing Employment, Jan. 2010—August 2012\*

(Thousands)

Manufacturing employment  
is up by more than 500,000  
or 4.6% since Jan. 2010—a  
surprising source of  
strength in the economy

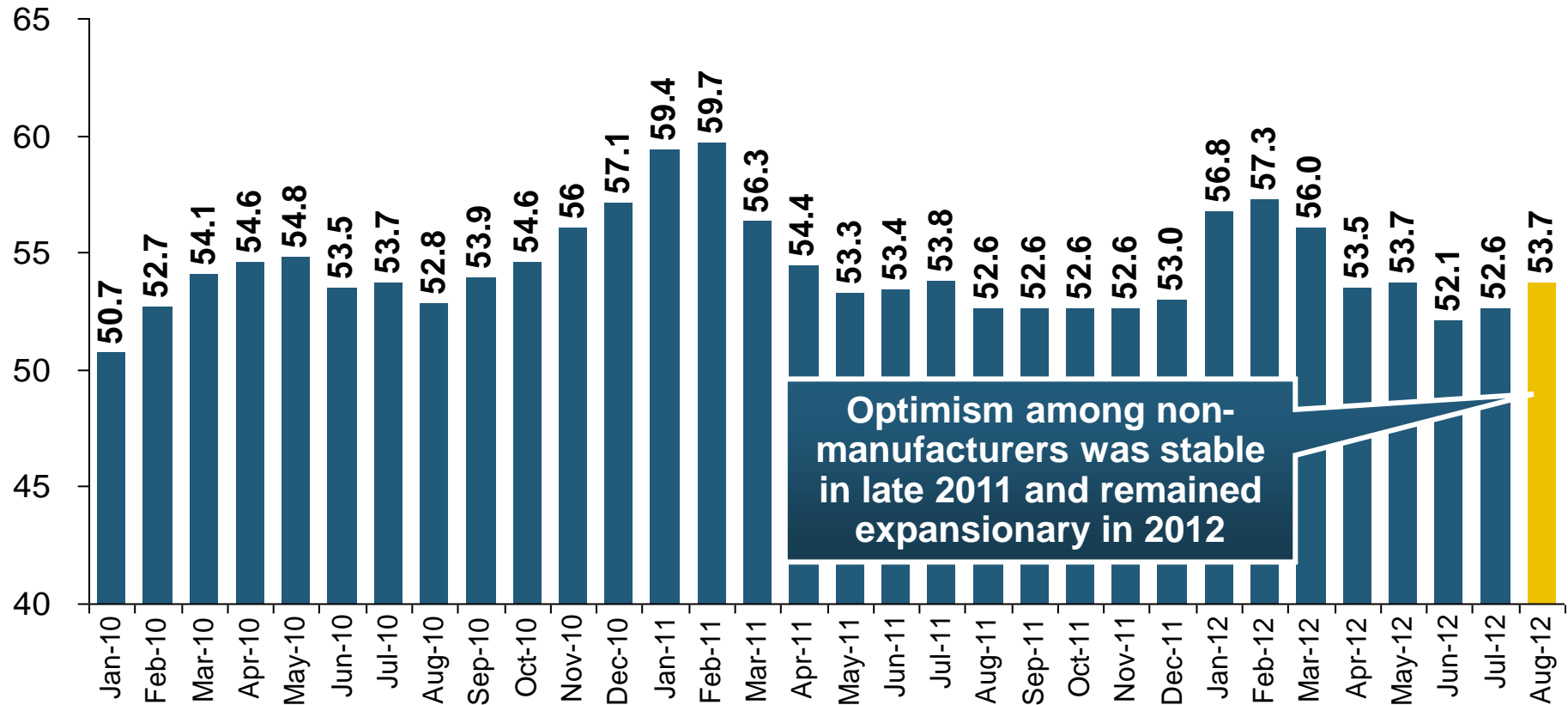


\*Seasonally adjusted

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

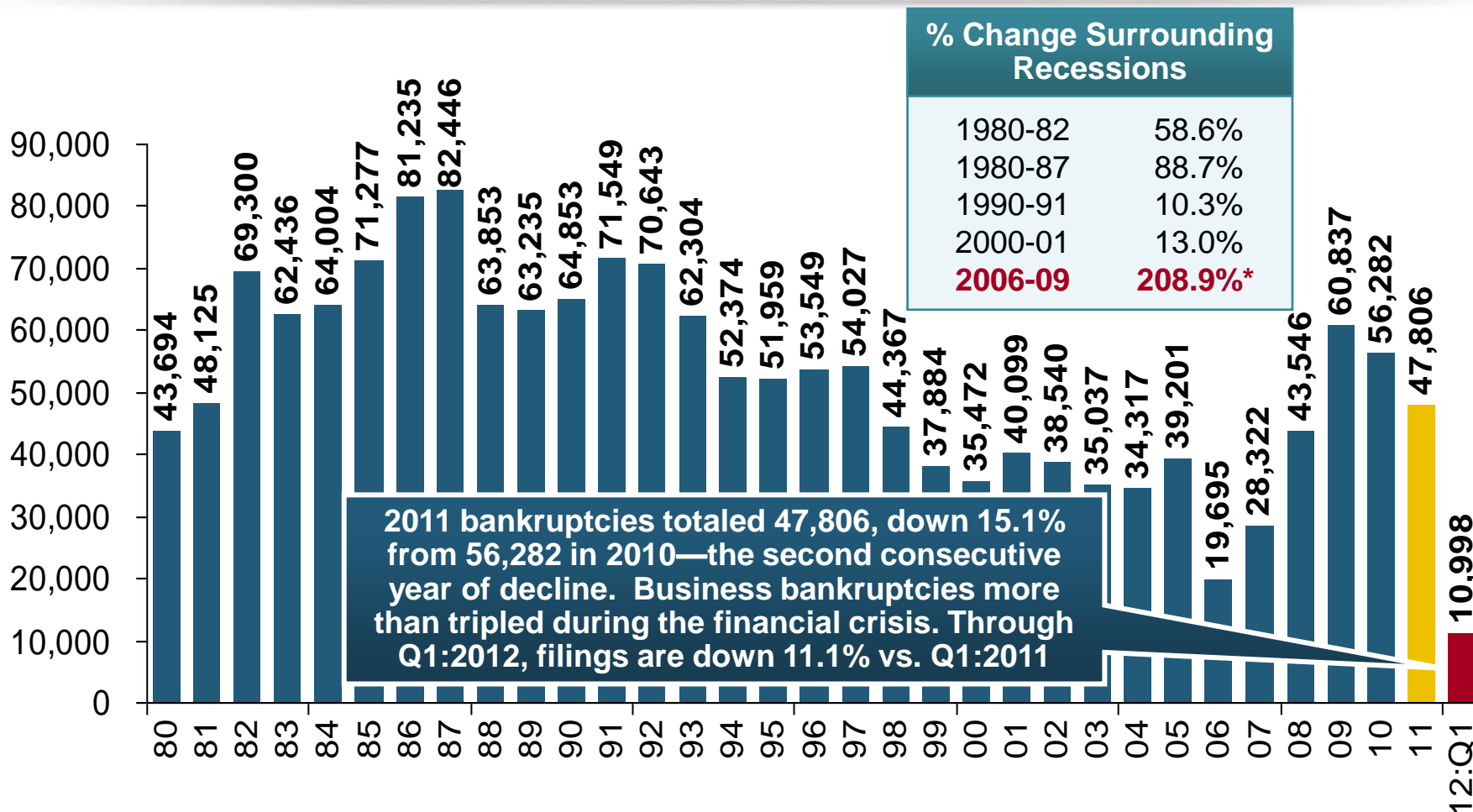
# ISM Non-Manufacturing Index (Values > 50 Indicate Expansion)

January 2010 through August 2012



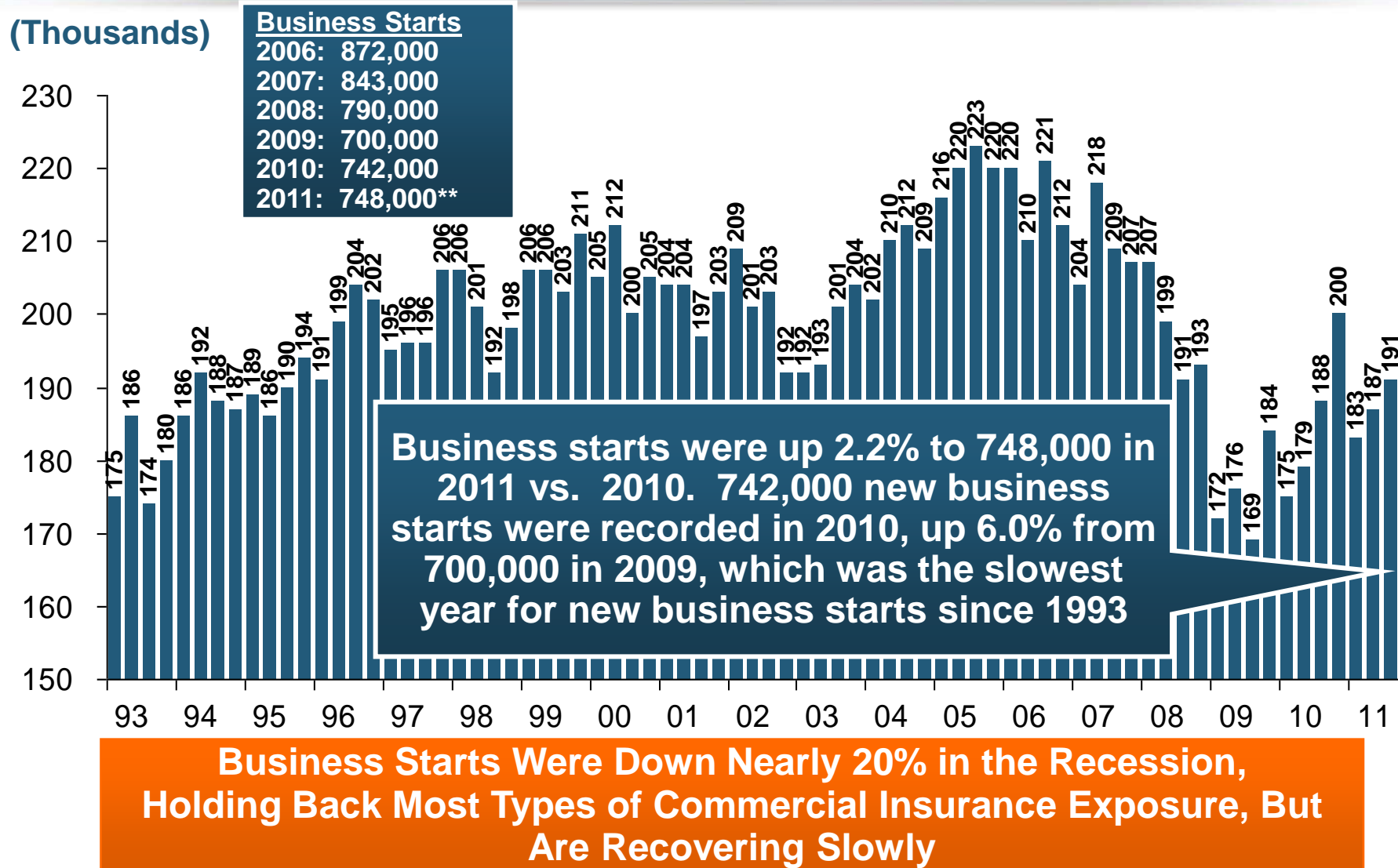
**Non-manufacturing industries have been expanding and adding jobs. The question is whether this will continue.**

# Business Bankruptcy Filings, 1980-2012: Q1



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

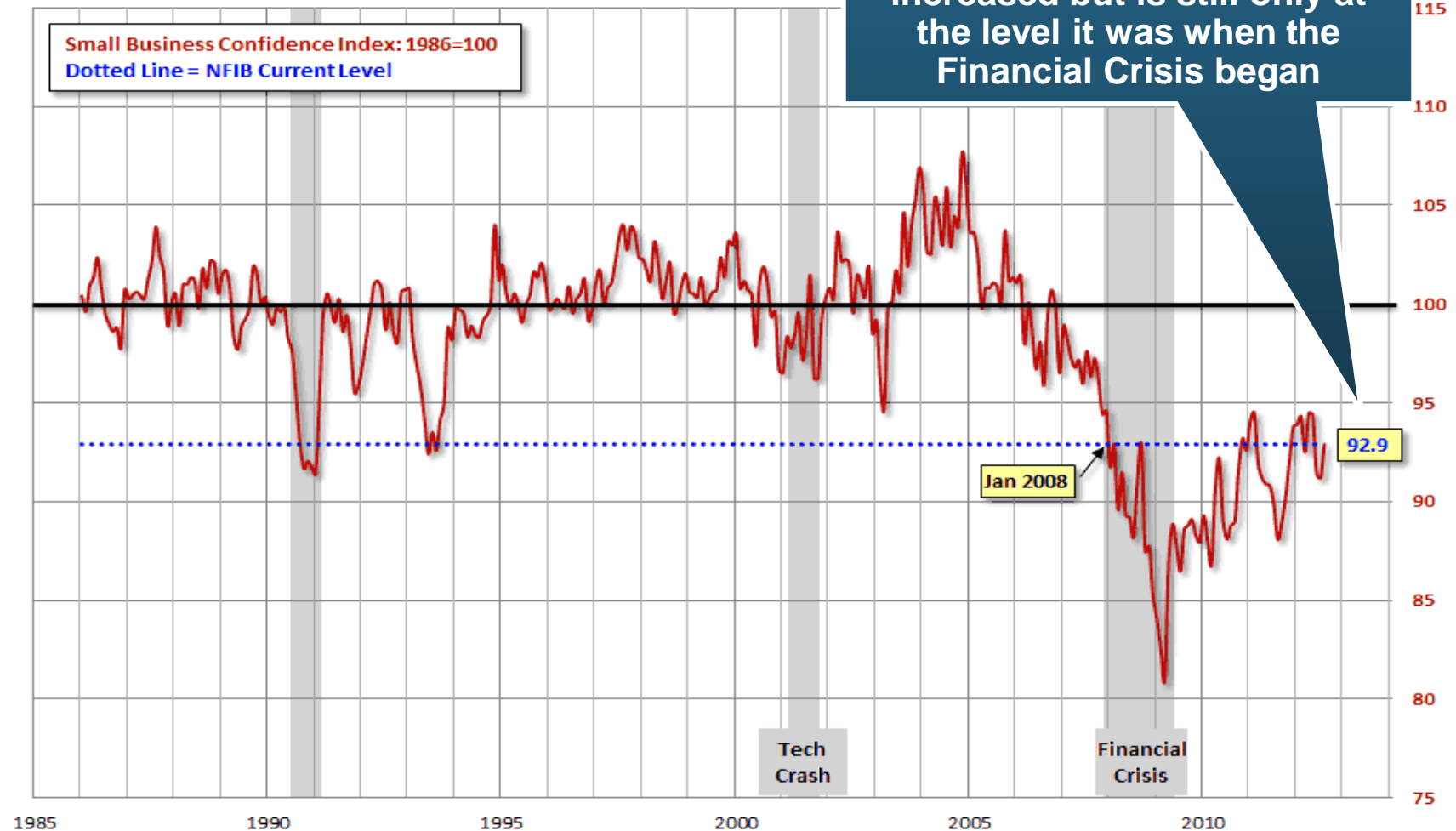
# Private Sector Business Starts, 1993:Q2 – 2011:Q3\*



\* Data through Dec. 31, 2011 are the latest available as of Sept. 20, 2012; Seasonally adjusted. \*\*Annualized based on data through Q3:2011.  
 Source: Bureau of Labor Statistics, <http://www.bls.gov/news.release/cewbd.t08.htm>.

# NFIB Small Business Optimism Index

January 1985 through August 2012





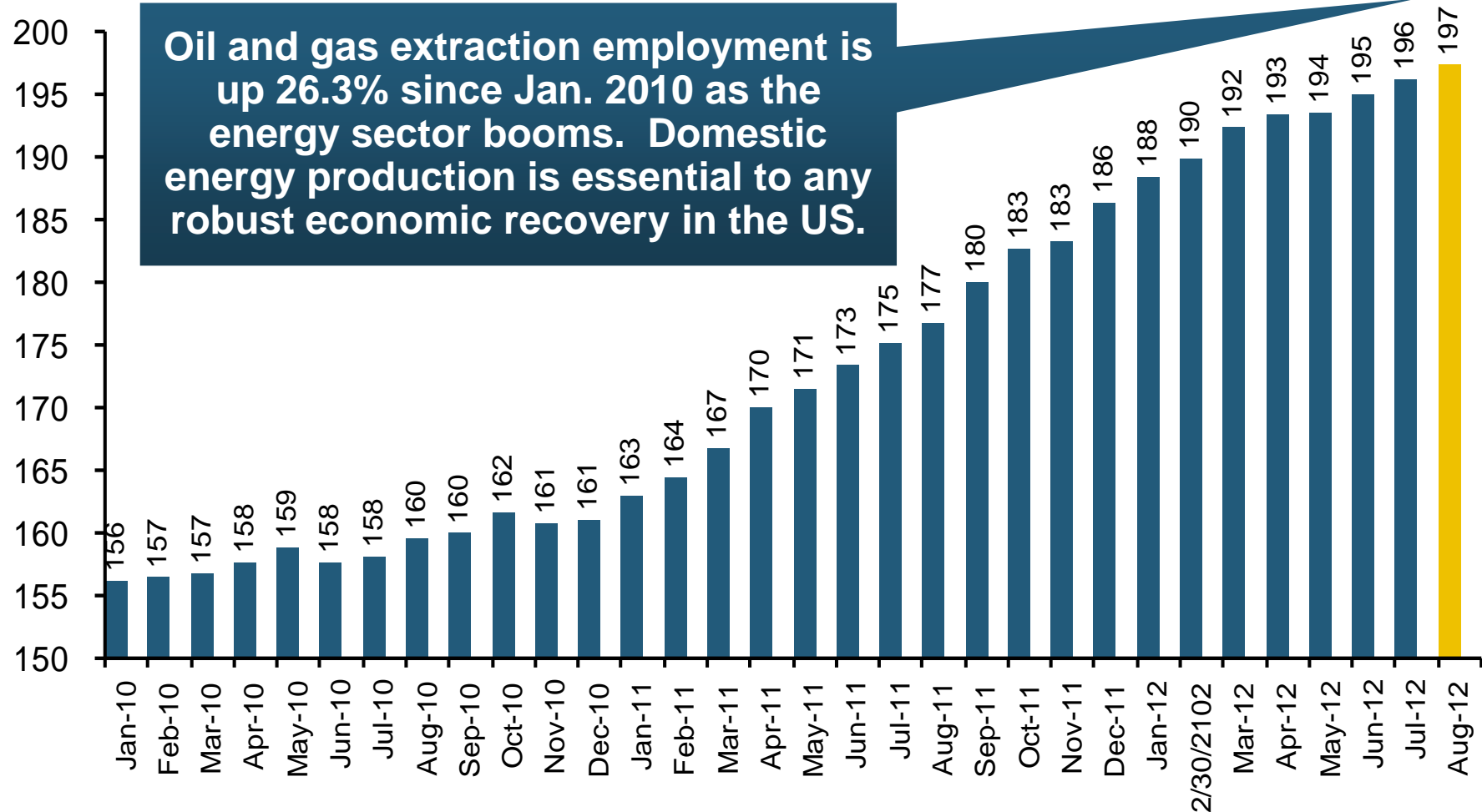
# 12 Industries for the Next 10 Years: Insurance Solutions Needed

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

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

# Oil & Gas Extraction Employment, Jan. 2010—August 2012\*

(Thousands)



\*Seasonally adjusted

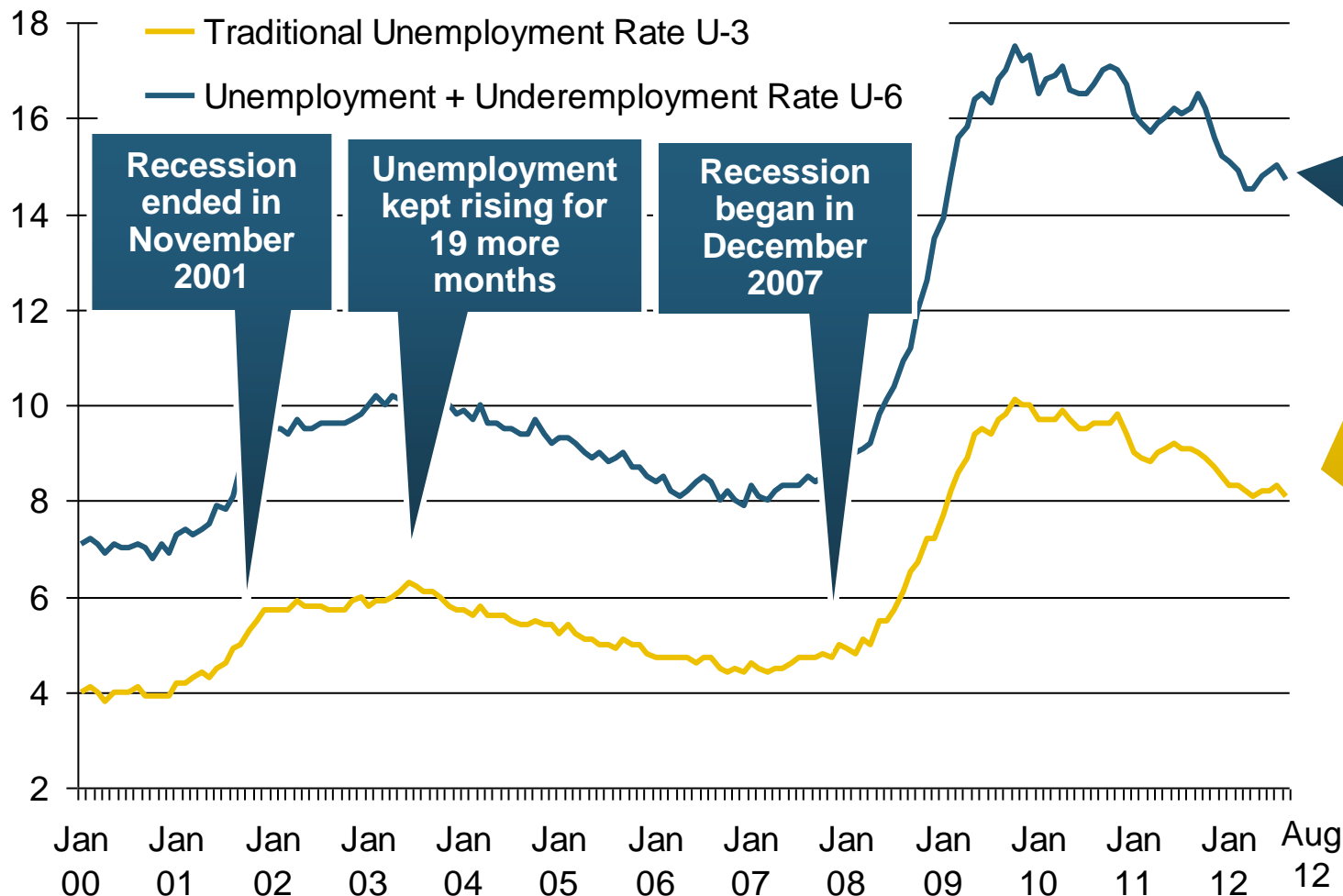
Sources: US Bureau of Labor Statistics at <http://data.bls.gov>; Insurance Information Institute.

# **Labor Market Trends**

**Massive Job Losses Sapped the Economy and Commercial Lines Exposure, But Trend is Improving, Including Workers Comp**

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

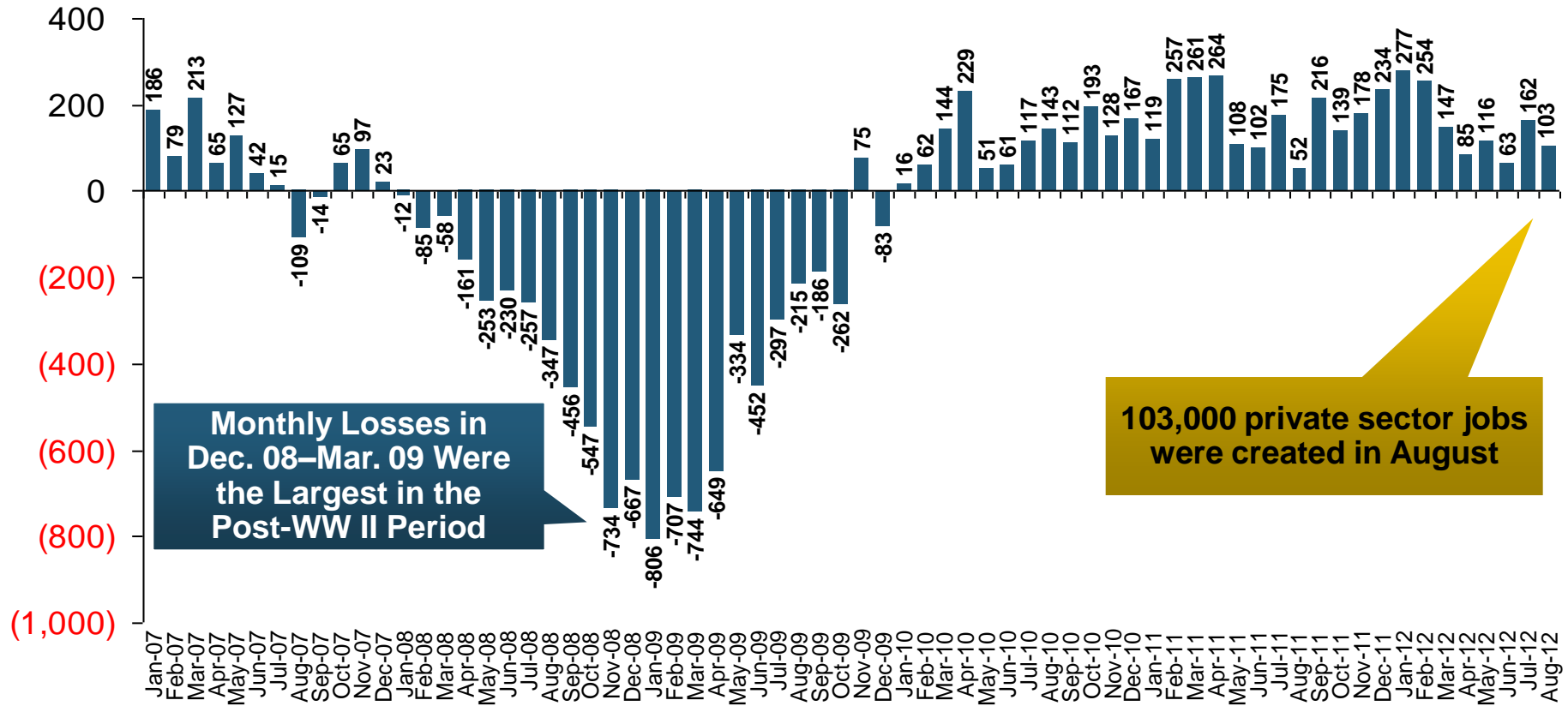
January 2000 through August 2012, Seasonally Adjusted (%)



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

# Monthly Change in Private Employment

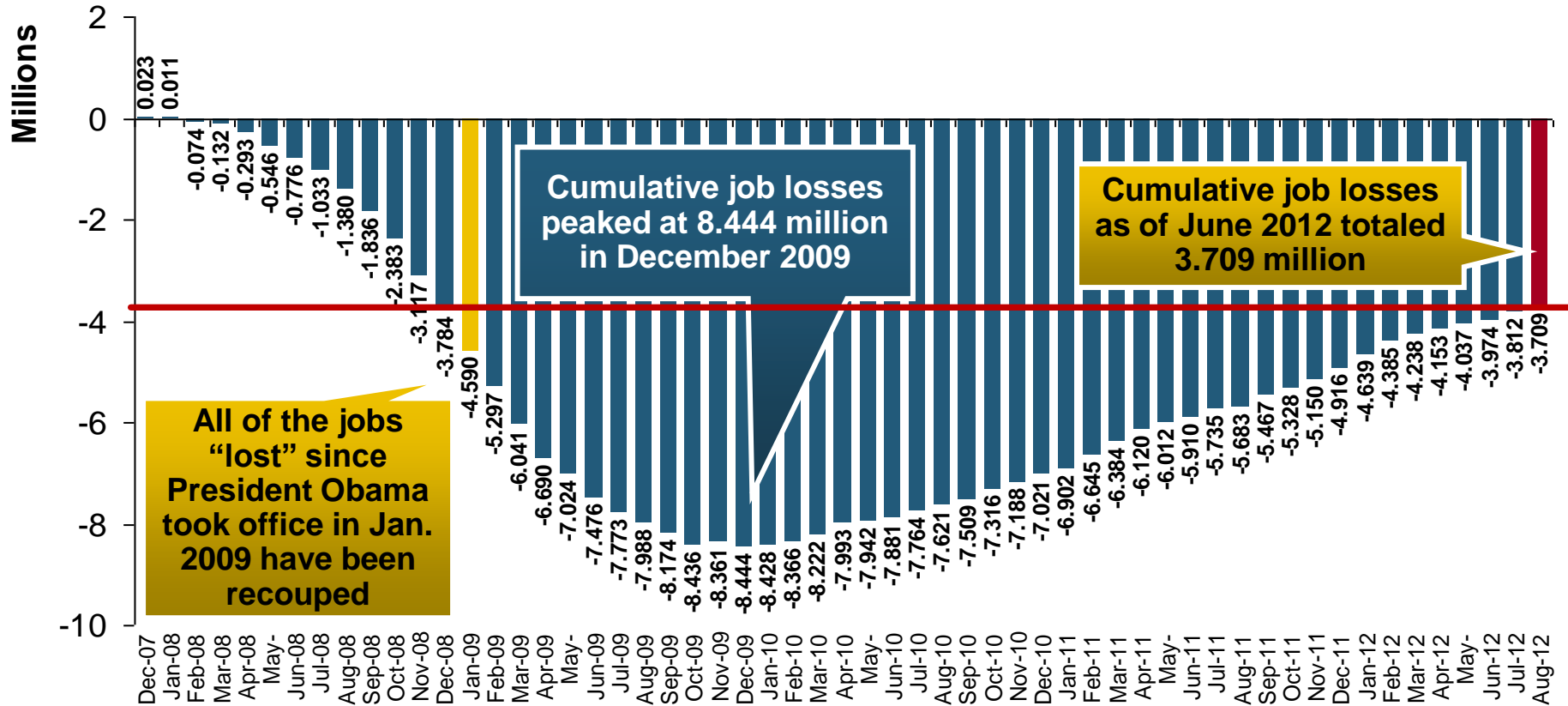
January 2008 through August 2012 (Thousands)



**Private Employers Added 4.65 million Jobs Since Jan. 2010 After Having Shed 4.66 Million Jobs in 2009 and 3.81 Million in 2008 (State and Local Governments Have Shed Hundreds of Thousands of Jobs)**

# Cumulative Change in Private Employment: Dec. 2007—August 2012

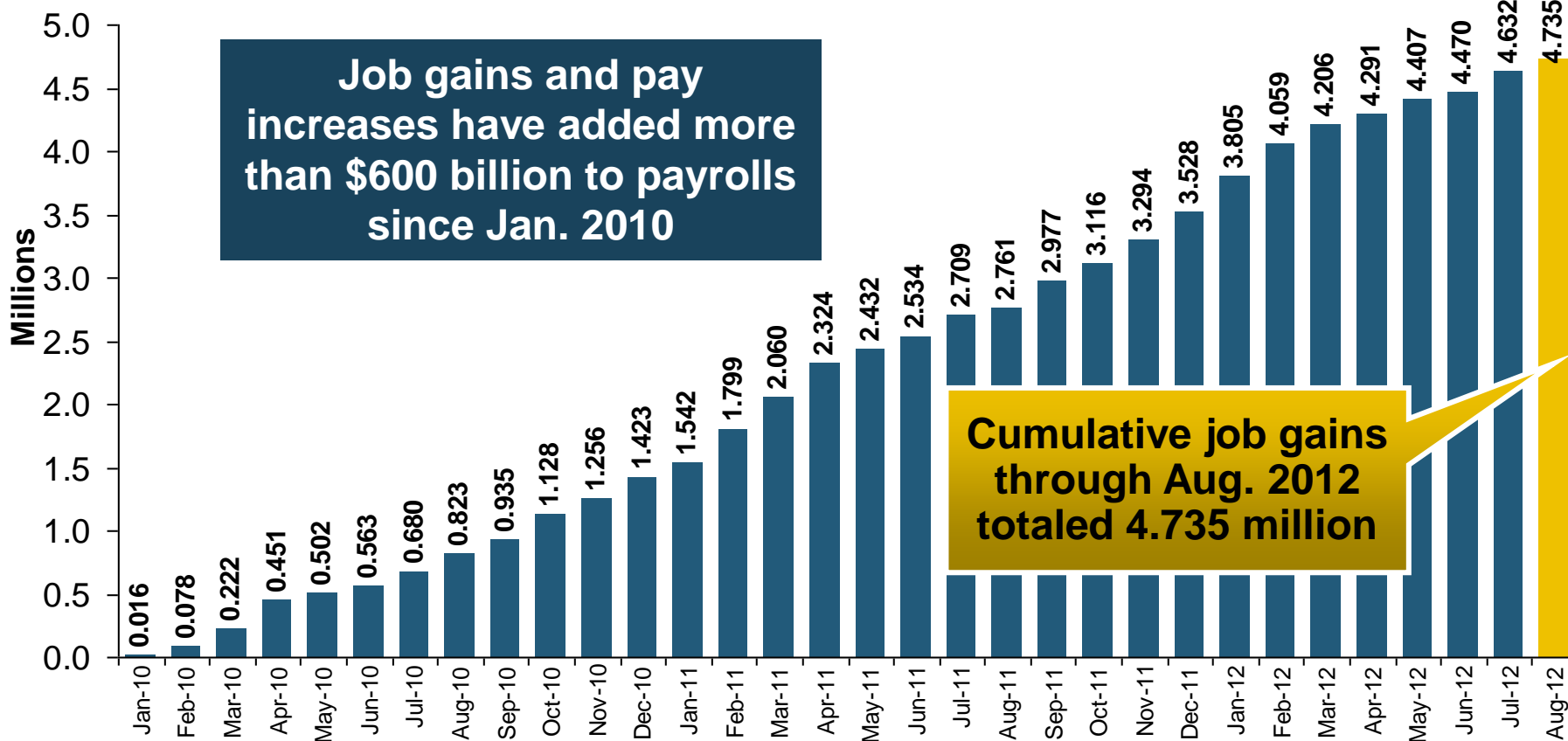
December 2007 through August 2012 (Millions)



**Private Employers Added 4.74 million Jobs Since Jan. 2010 After Having Shed 4.66 Million Jobs in 2009 and 3.81 Million in 2008 (State and Local Governments Have Shed Hundreds of Thousands of Jobs)**

# Cumulative Change in Private Sector Employment: Jan. 2010—August 2012

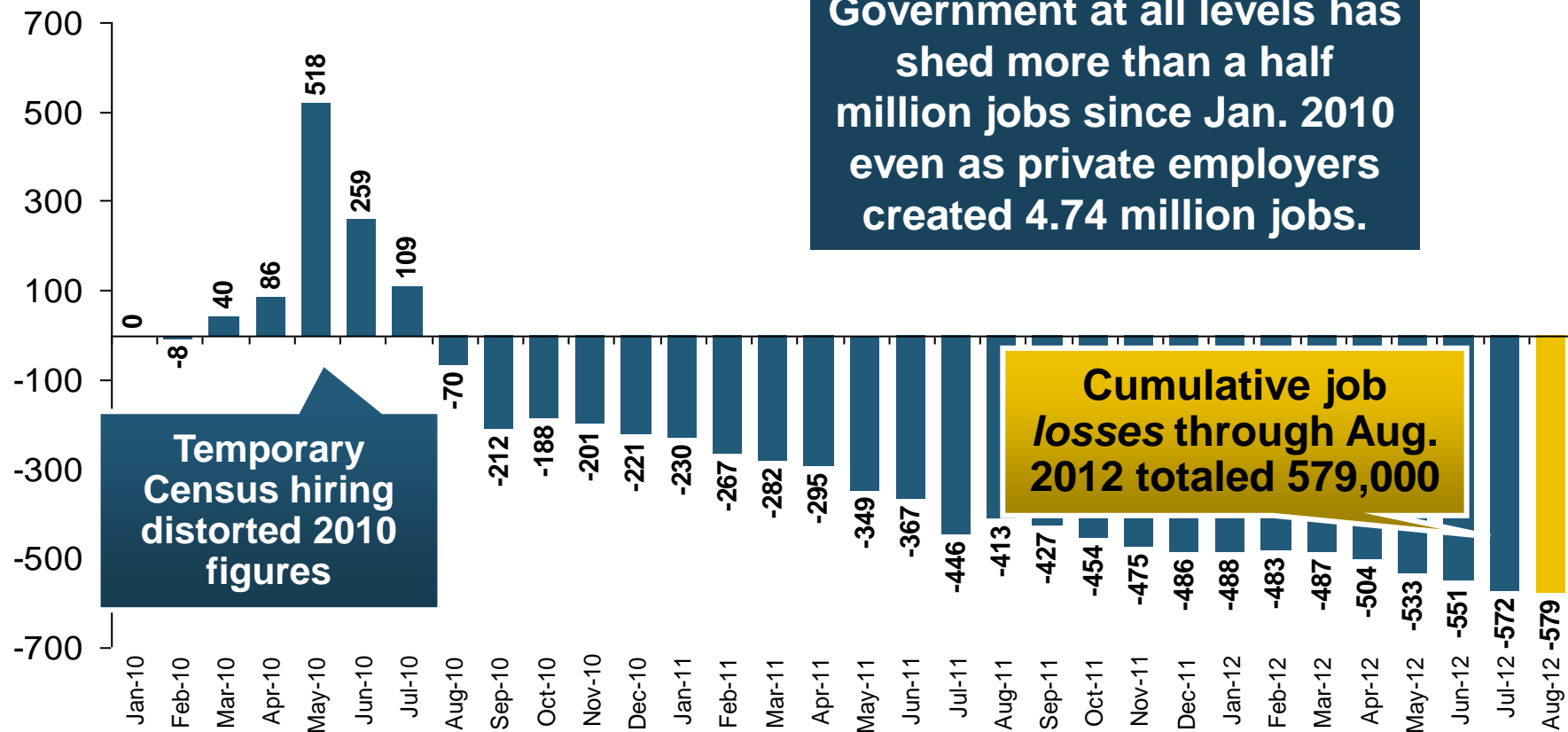
January 2010 through August 2012\* (Millions)



**Private Employers Added 4.74 million Jobs Since Jan. 2010 After Having Shed 4.66 Million Jobs in 2009 and 3.81 Million in 2008 (State and Local Governments Have Shed Hundreds of Thousands of Jobs)**

# Cumulative Change in Government Employment: Jan. 2010—August 2012

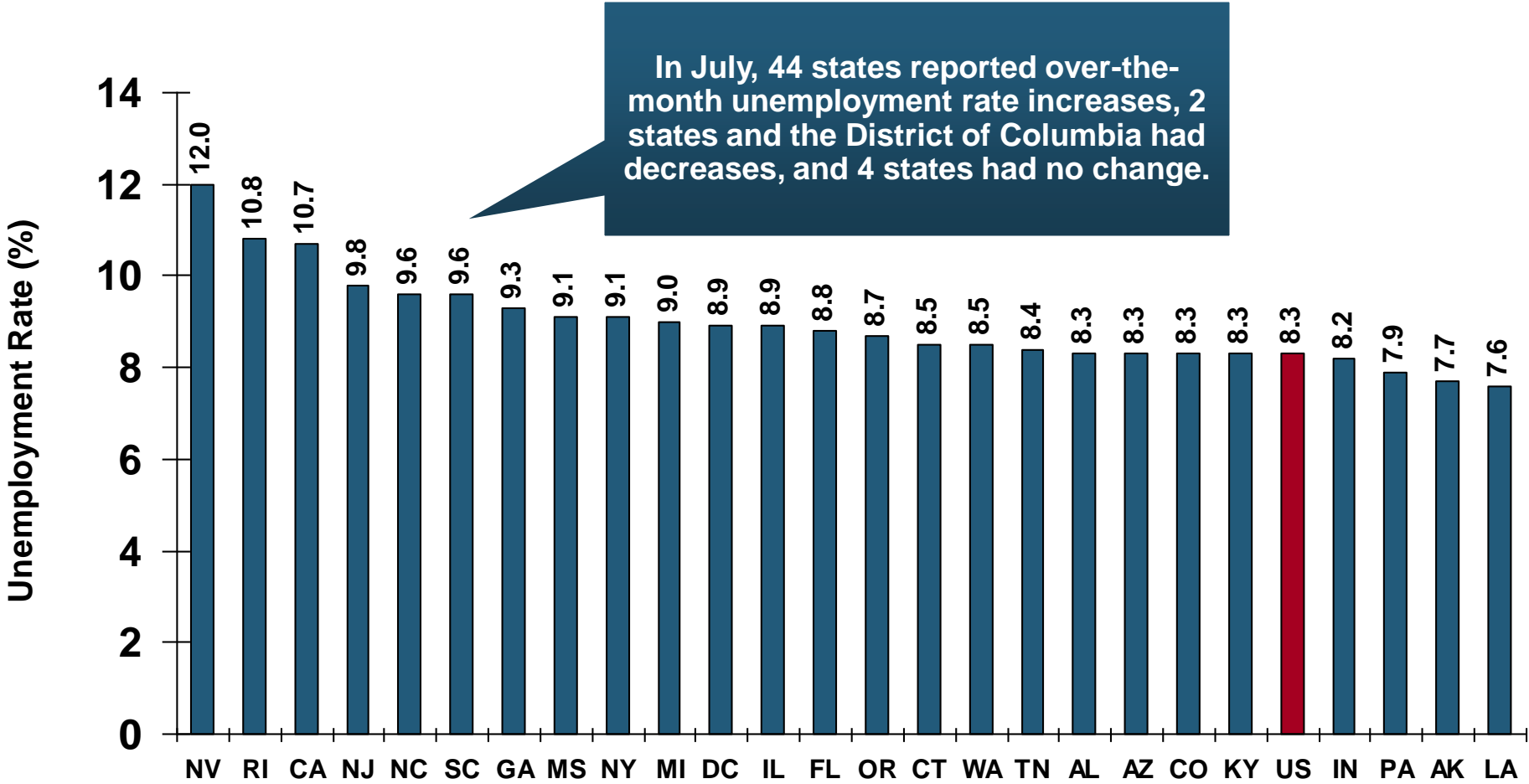
January 2010 through August 2012\* (Millions)



**Governments at All Levels are Under Severe Fiscal Strain As Tax Receipts Plunged and Pension Obligations Soared During the Financial Crisis, Causing Them to Reduce Staff**

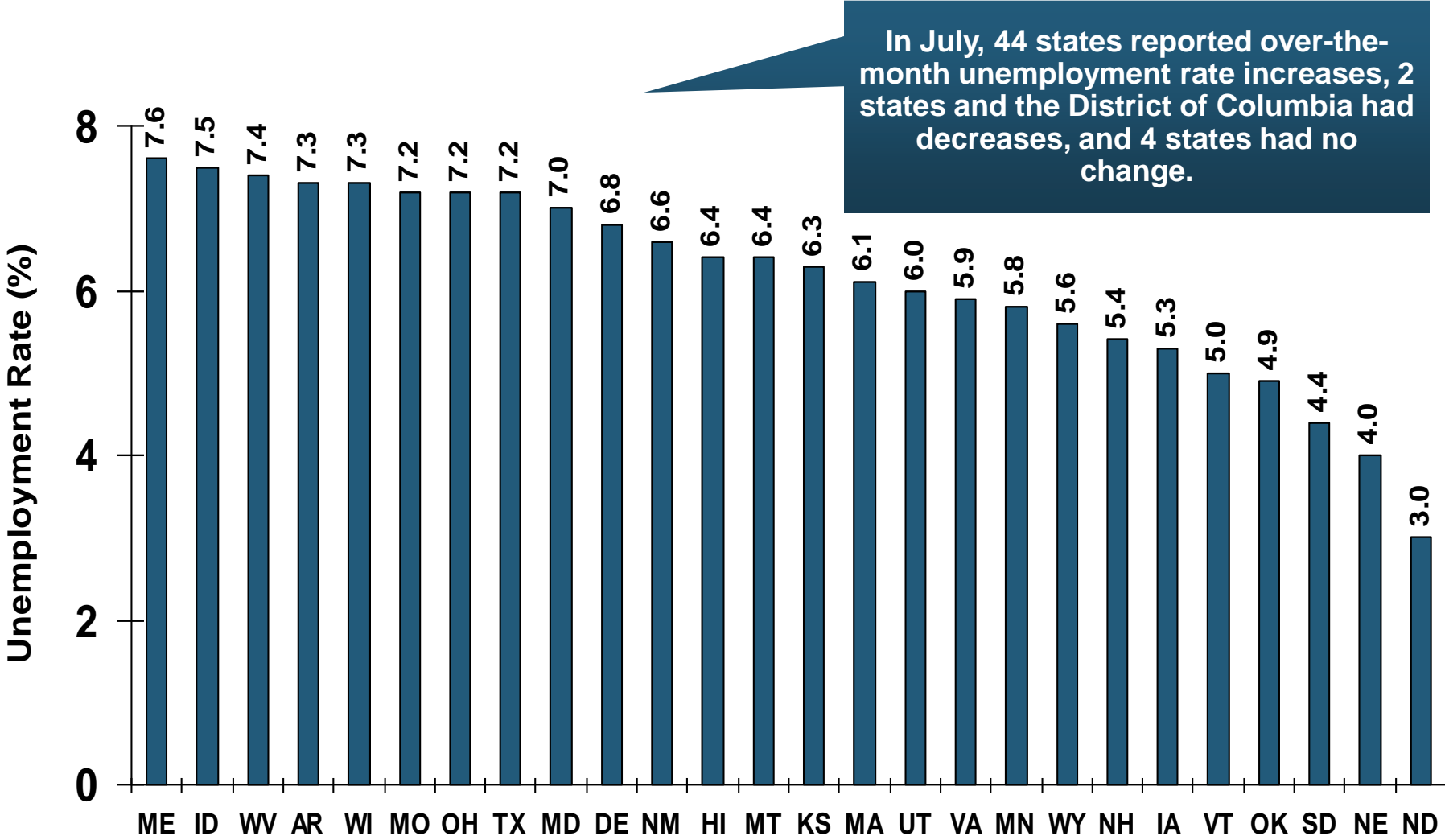


# Unemployment Rates by State, July 2012: Highest 25 States\*



\*Provisional figures for July 2012, seasonally adjusted.  
Sources: US Bureau of Labor Statistics; Insurance Information Institute.

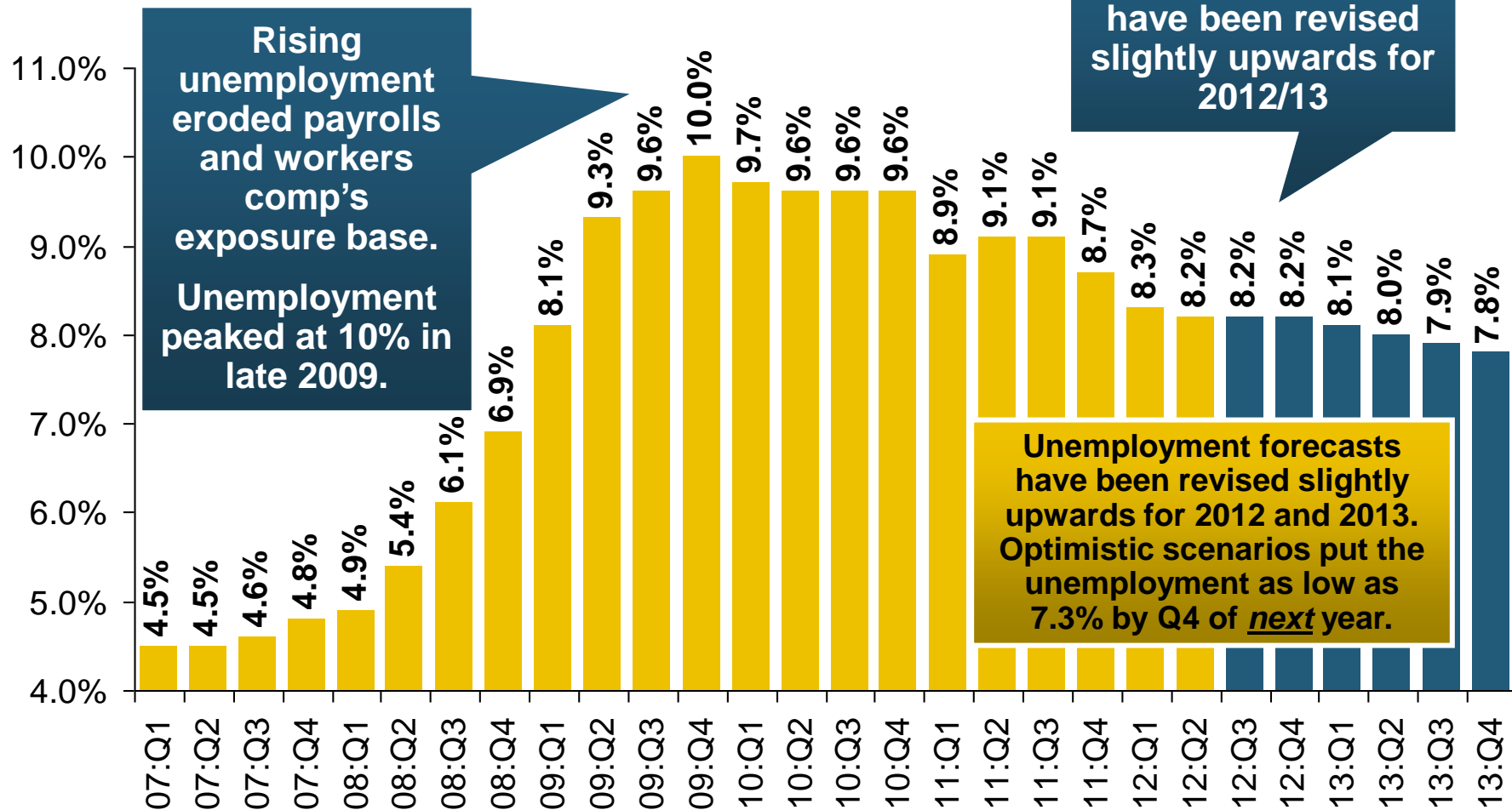
# Unemployment Rates by State, July 2012: Lowest 25 States\*



\*Provisional figures for July 2012, seasonally adjusted.  
Sources: US Bureau of Labor Statistics; Insurance Information Institute.

# US Unemployment Rate Forecast

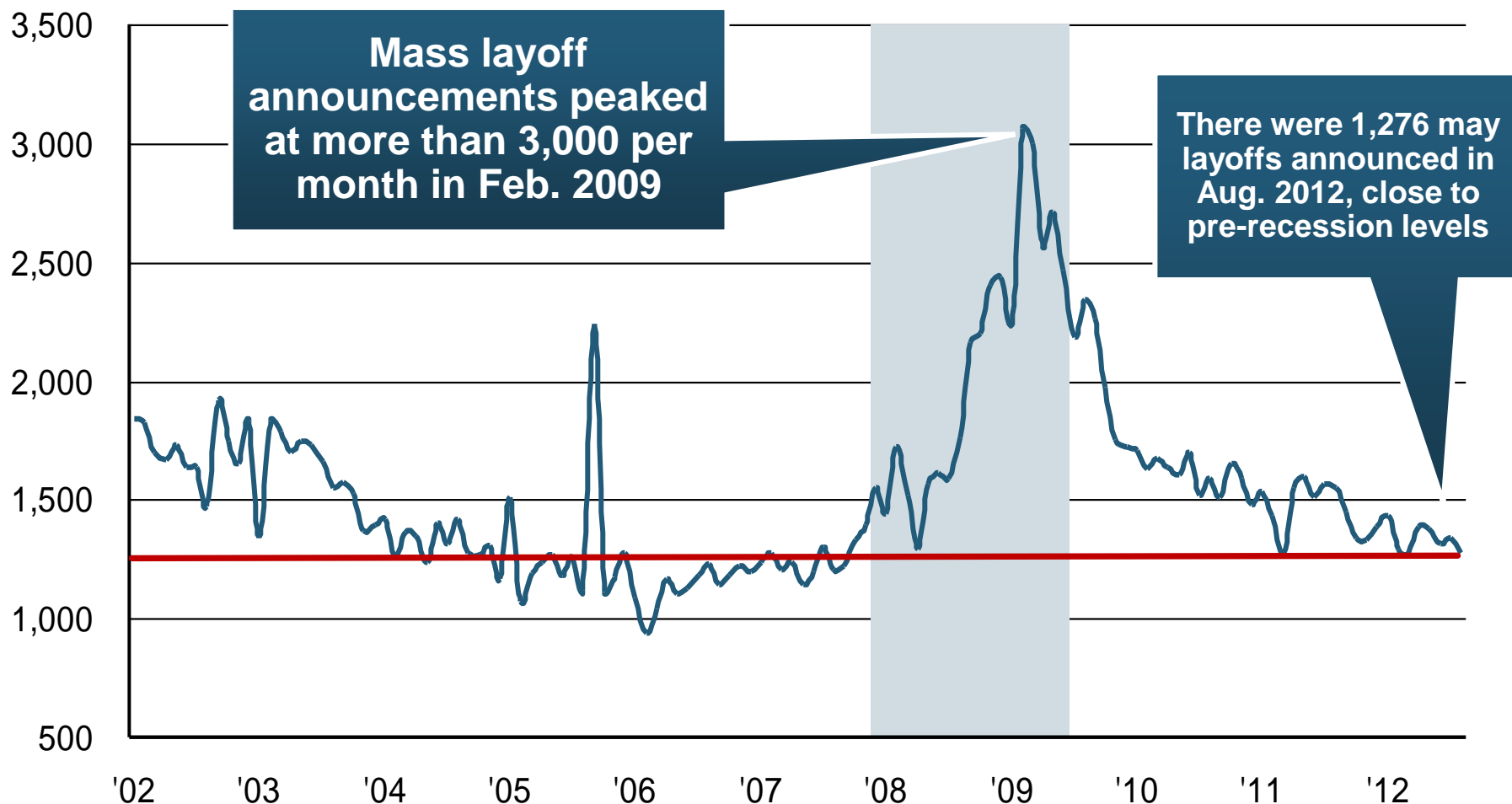
2007:Q1 to 2013:Q4F\*



\* ■ = actual; ■ = forecasts

Sources: US Bureau of Labor Statistics; Blue Chip Economic Indicators (9/12 edition); Insurance Information Institute.

# Mass Layoff Announcements, Jan. 2002—August 2012\*



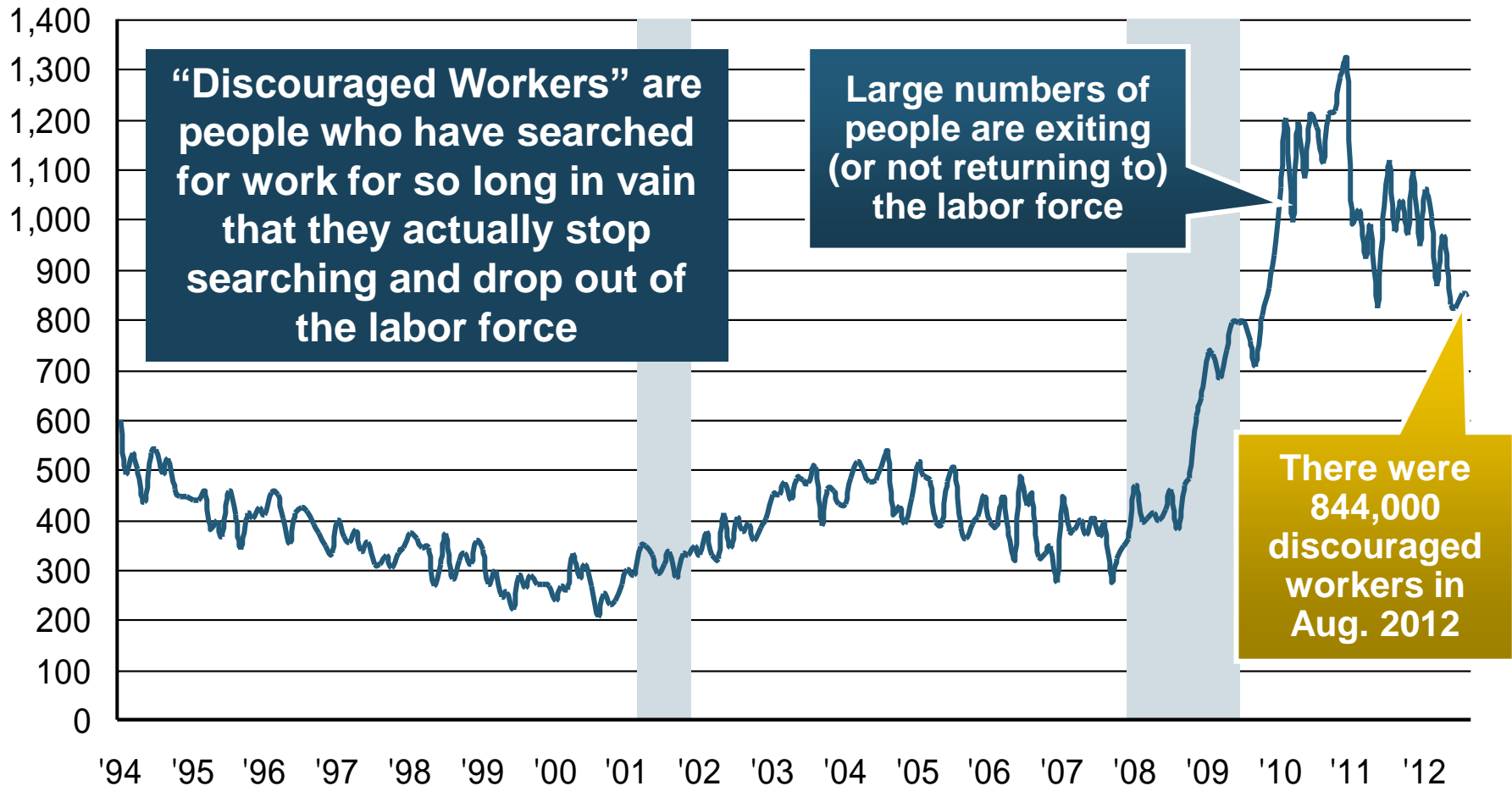
\*Seasonally adjusted.

Note: Recessions indicated by gray shaded columns.

Sources: US Bureau of Labor Statistics at <http://www.bls.gov/mls/>; National Bureau of Economic Research (recession dates); Insurance Information Institute.

# Number of “Discouraged Workers,” Jan. 2002—August 2012

Thousands



**In recent good times, the number of discouraged workers ranged from 200,000-400,000 (1995-2000) or from 300,000-500,000 (2002-2007).**

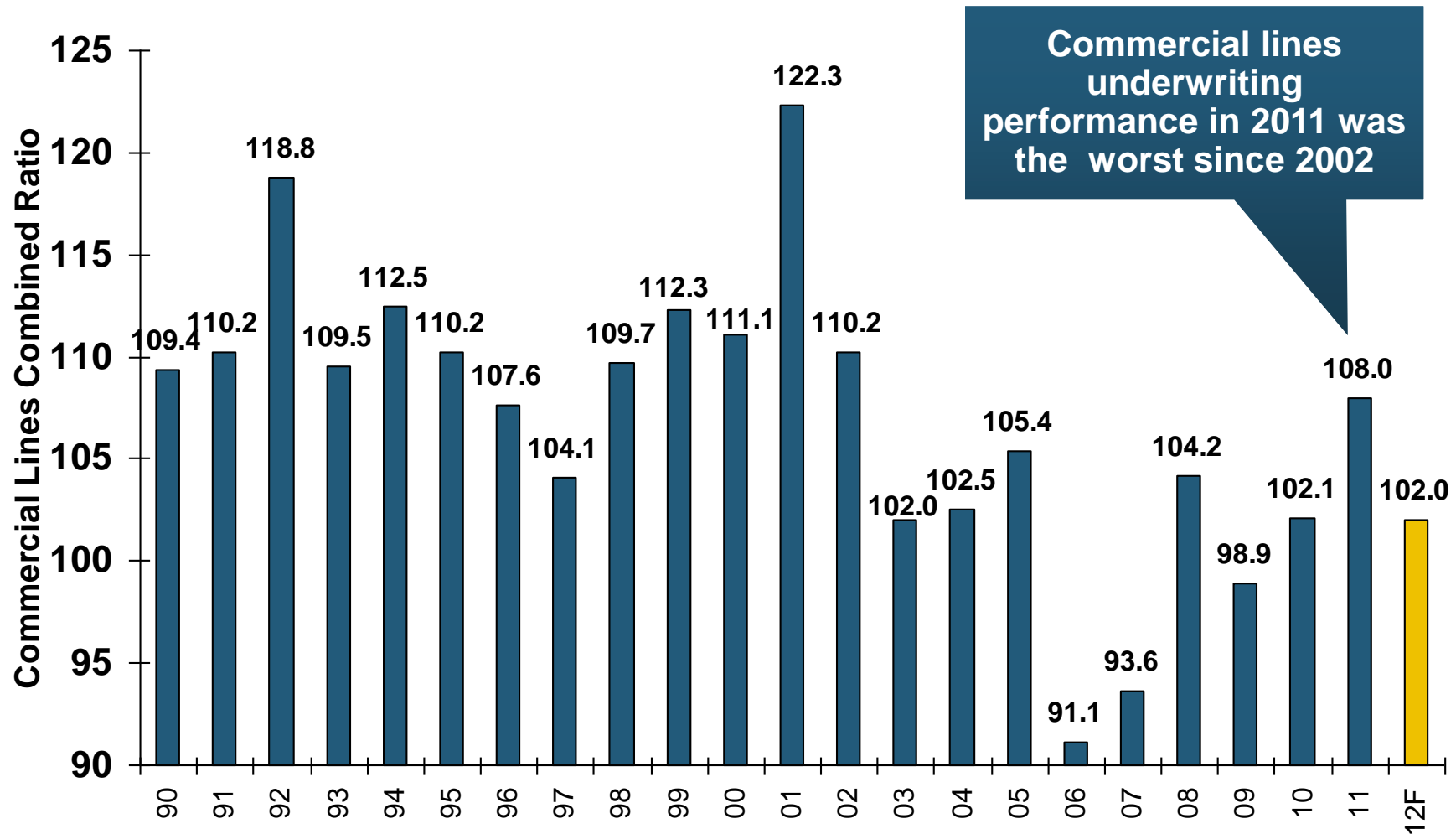
Notes: Recessions indicated by gray shaded columns. Data are seasonally adjusted.

Sources: Bureau of Labor Statistics <http://www.bls.gov/news.release/empsit.a.htm>; NBER (recession dates); Ins. Info. Inst.

# **Workers Compensation Operating Environment**

**The Workers Comp Market Is Growing  
But Underwriting Challenges Remain  
Significant**

# Commercial Lines Combined Ratio, 1990-2012F\*

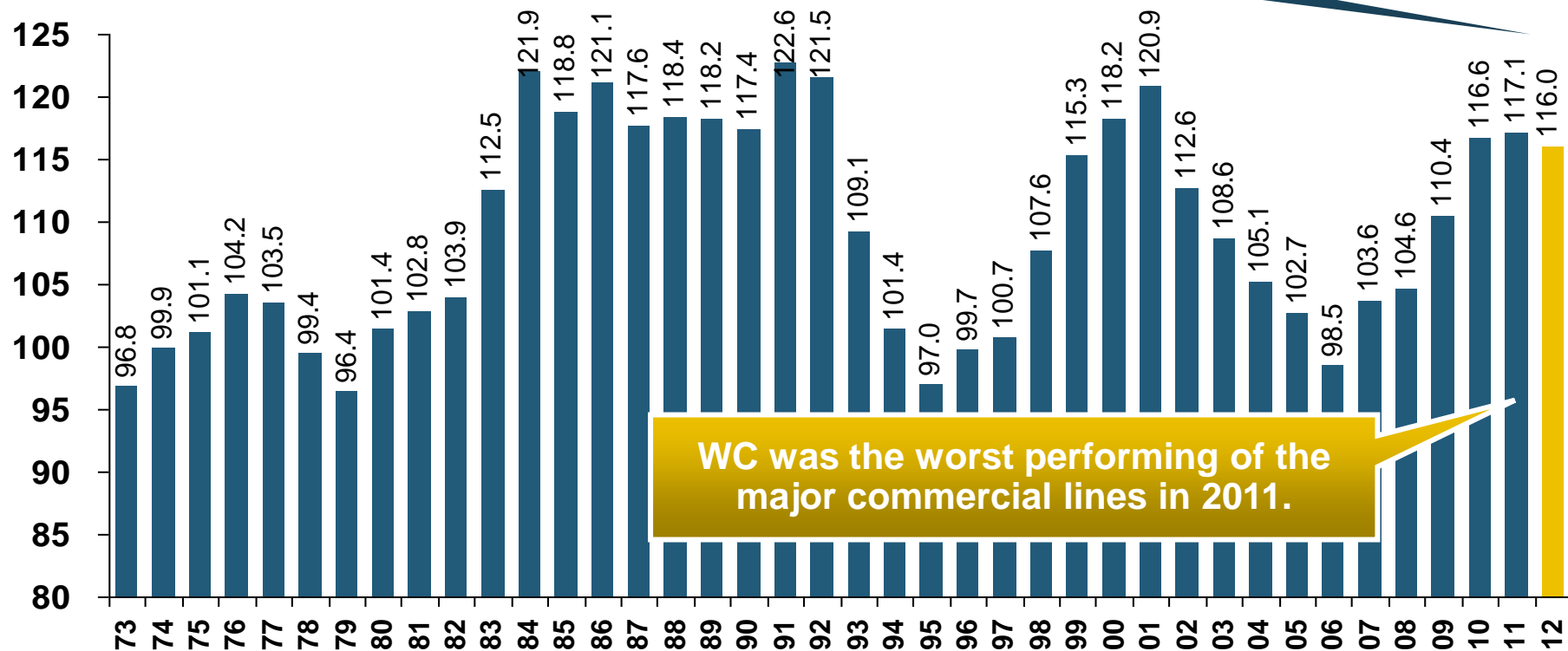


\*2007-2012 figures exclude mortgage and financial guaranty segments.

Source: A.M. Best; Insurance Information Institute

# Workers Compensation Combined Ratio: 1973–2012P\*

This is the 3<sup>rd</sup> time in 30 years that WC has suffered from very poor underwriting performance



WC was the worst performing of the major commercial lines in 2011.

**Workers Comp Underwriting Results  
Deteriorated Markedly in Recent Years**

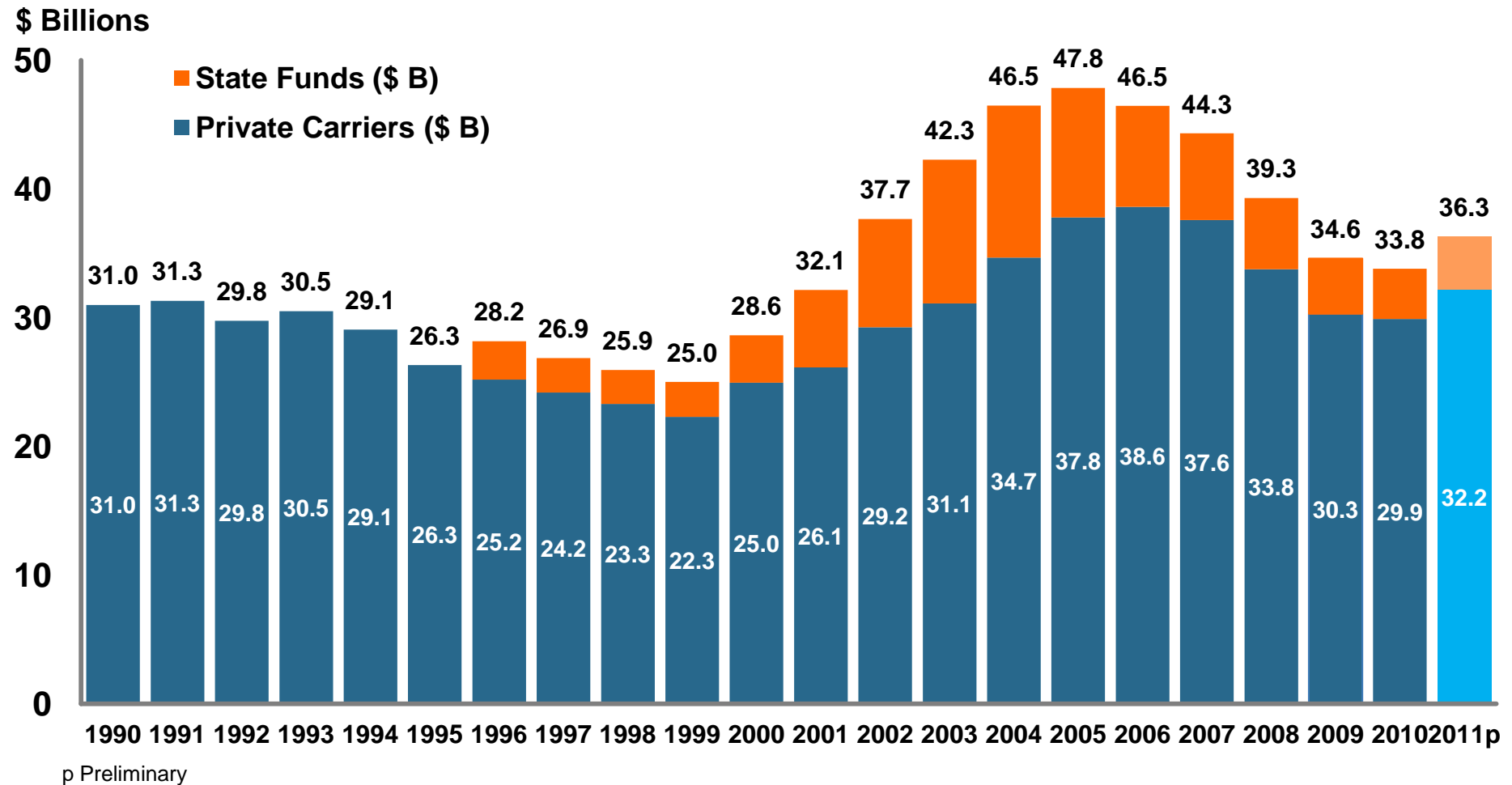
\*Data are on a calendar year basis.

Sources: Insurance Information Institute from A.M. Best (1973-1979; A.M. Best *Aggregates & Averages*, 1980-2011 (annual editions); A.M. Best *Review & Preview* for 2012F..



# Workers Compensation Premium: First Increase in Years

## Net Written Premium



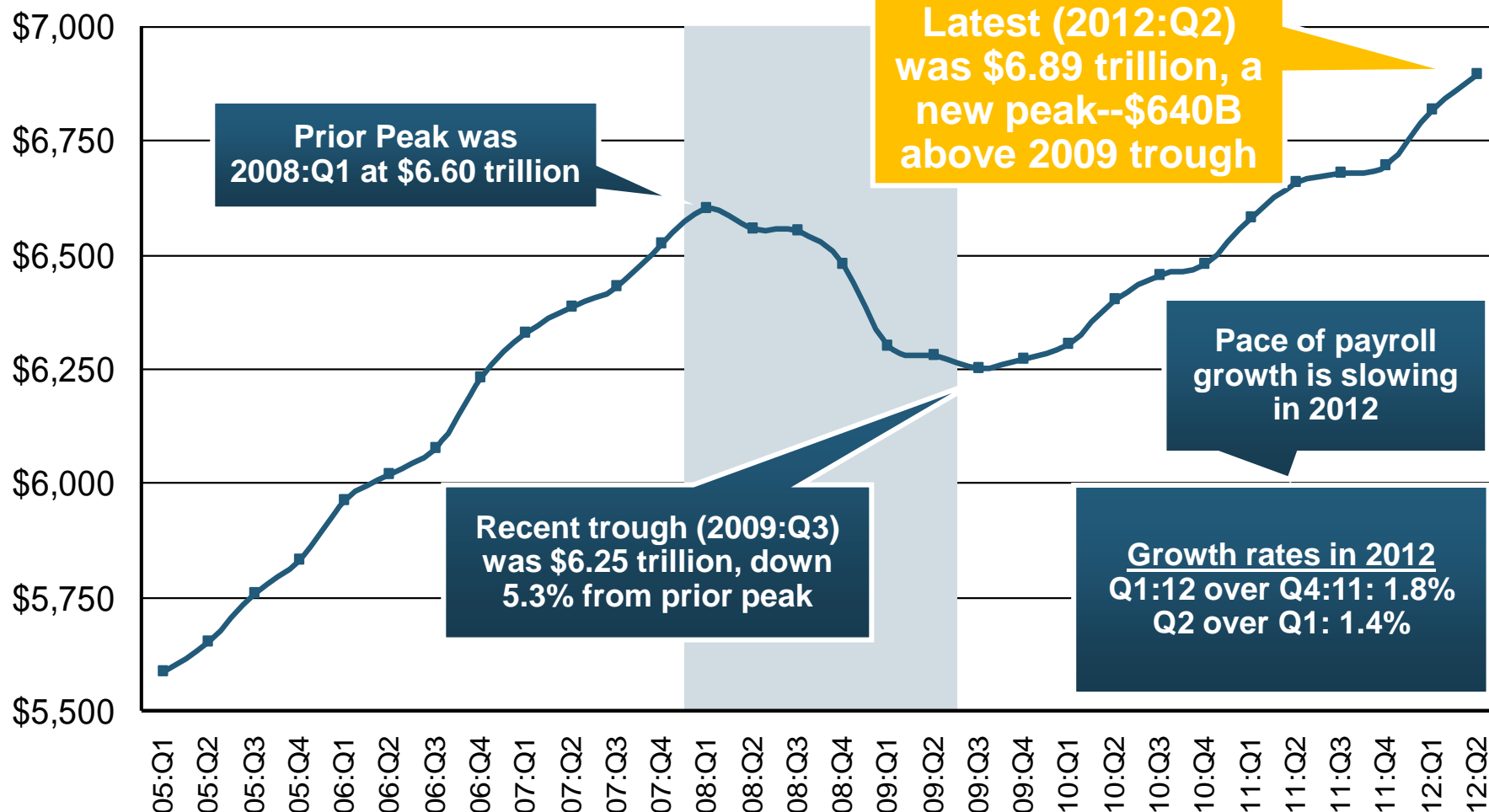
Source: 1990–2010 Private Carriers, *Best's Aggregates & Averages*; 2011p, NCCI

1996–2011p 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

# Nonfarm Payroll (Wages and Salaries): Quarterly, 2005–2012:Q2

Billions



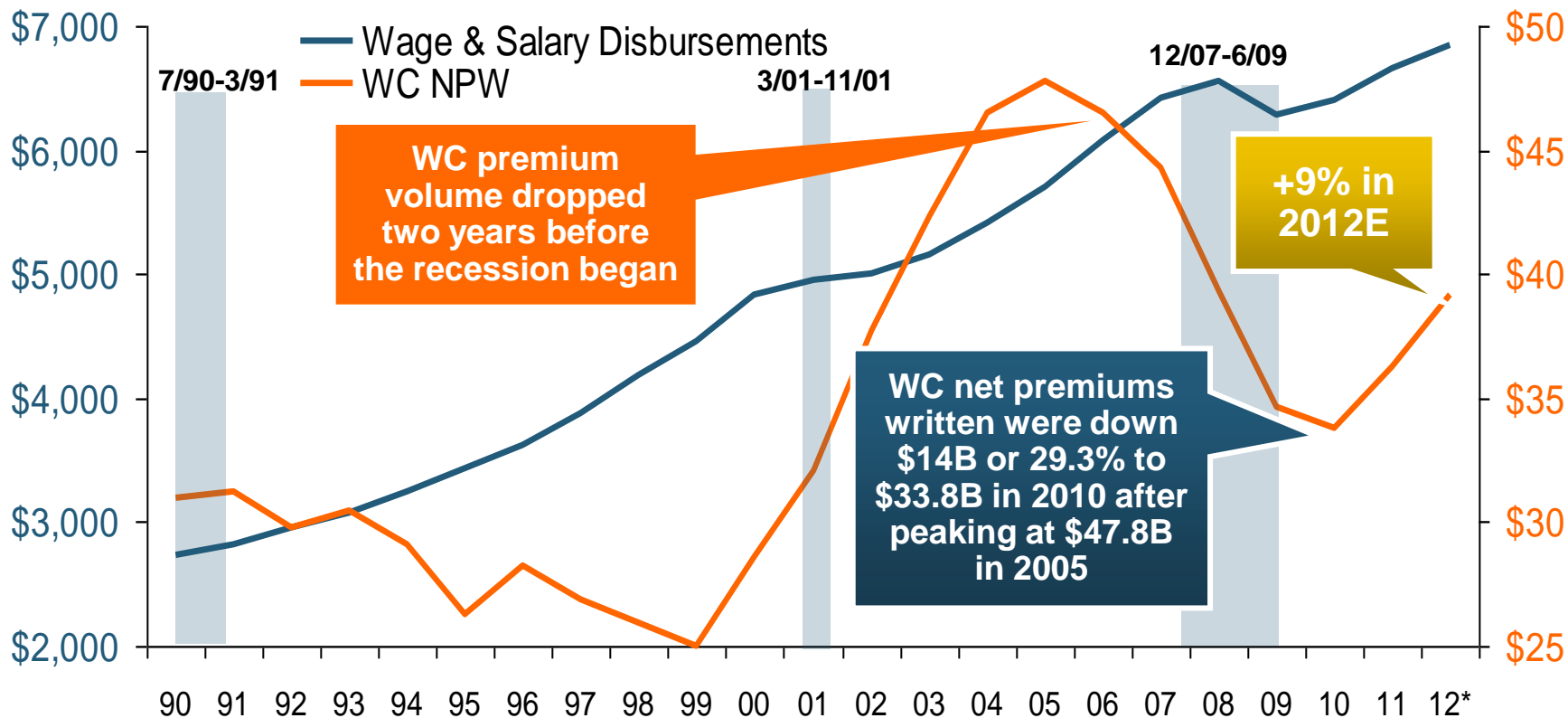
Note: Recession indicated by gray shaded column. Data are seasonally adjusted annual rates.

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**

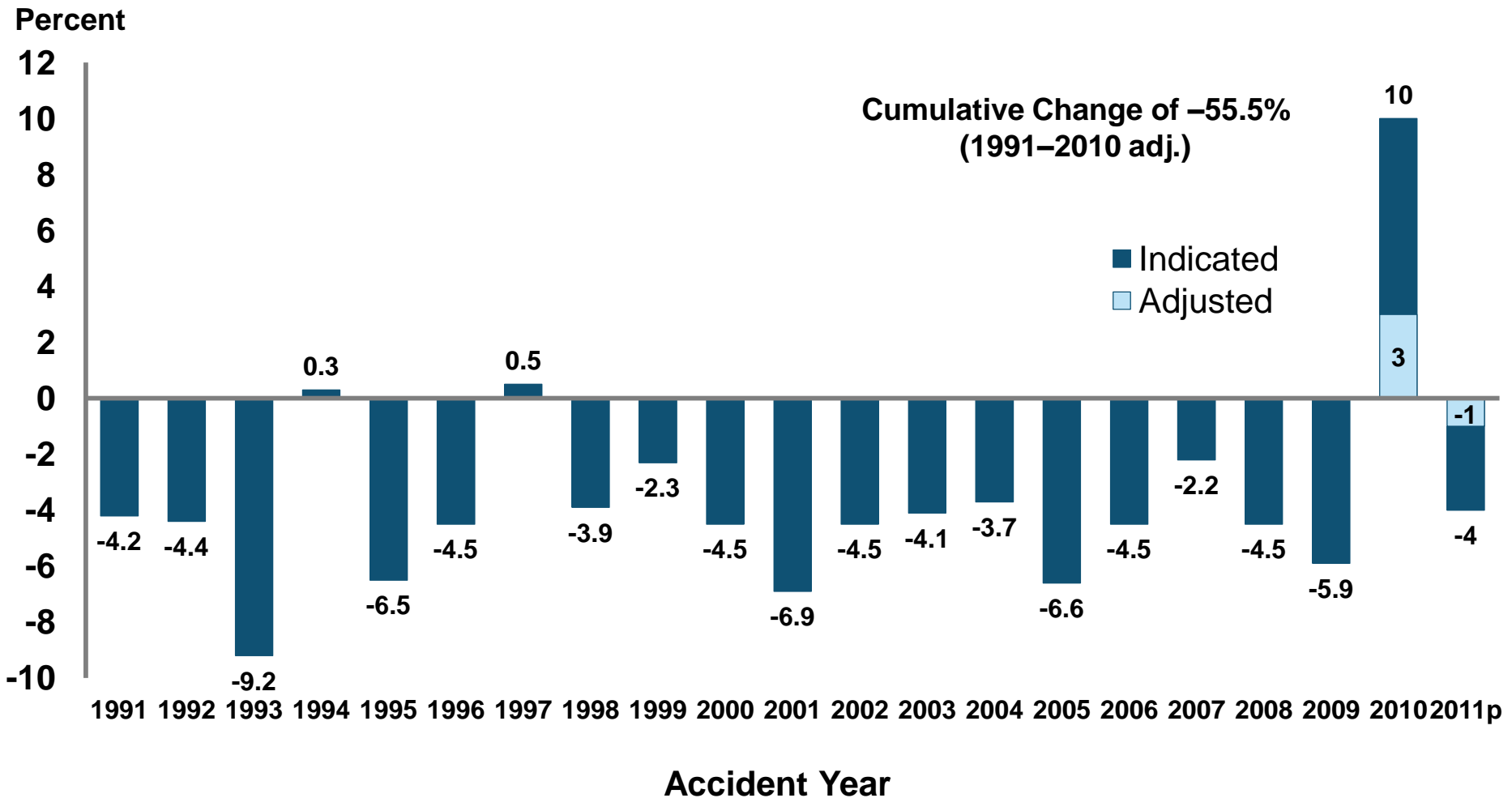


**Continued Payroll Growth and Rate Increases Suggest WC NWP Will Grow Again in 2012; +7.9% Growth in 2011 Was the First Gain Since 2005**

\*Private employment; Shaded areas indicate recessions. Payroll and WC premiums for 2012 is 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 Lost-Time Claim Frequency Declined in 2011

## Lost-Time Claims



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, 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

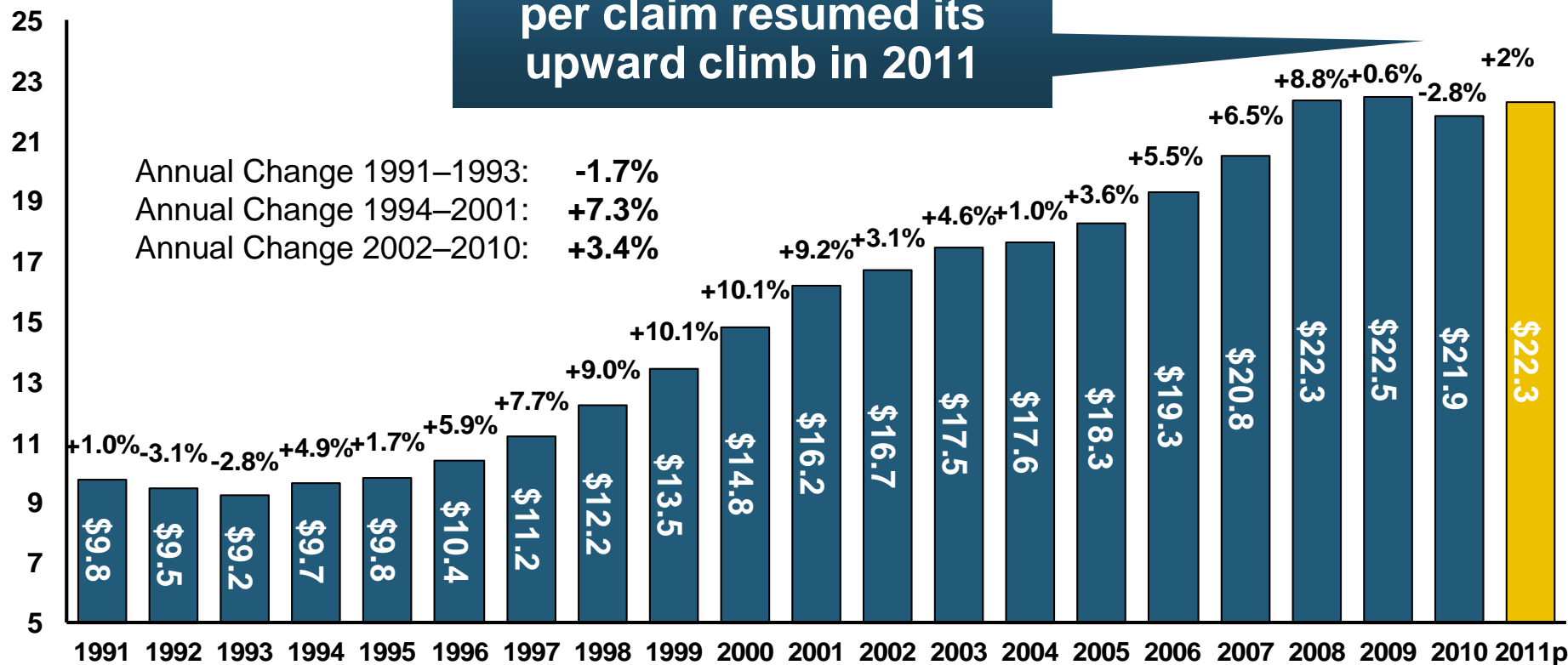
Source: NCCI.

# Workers Comp Indemnity Claim Costs: Modest Increase in 2011

## Average Indemnity Cost per Lost-Time Claim

Indemnity  
Claim Cost (\$ 000s)

**Average indemnity costs  
per claim resumed its  
upward climb in 2011**



**Accident Year**

2010p: 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

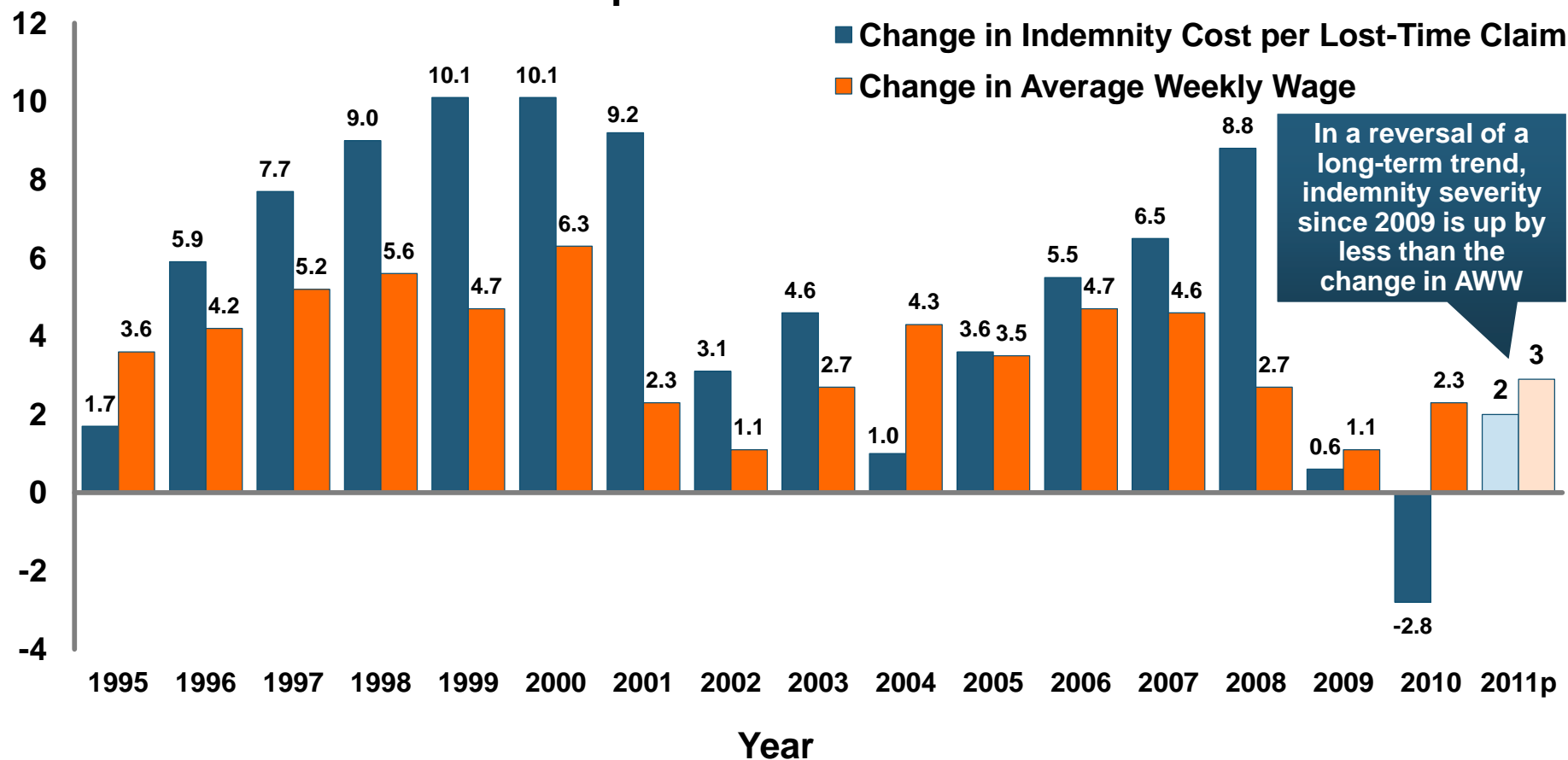
Excludes high deductible policies

Source: NCCI

# Workers Compensation Indemnity Severity: Modest Increase in 2011

## Average Indemnity Cost per Lost-Time Claim

Percent Change



p Preliminary

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

Source: Average Weekly Wage 1995–2008: Quarterly Census of Employment and Wages, Economy.com; 2009–2011p, NCCI  
Accident year indemnity severity—NCCI states, NCCI.

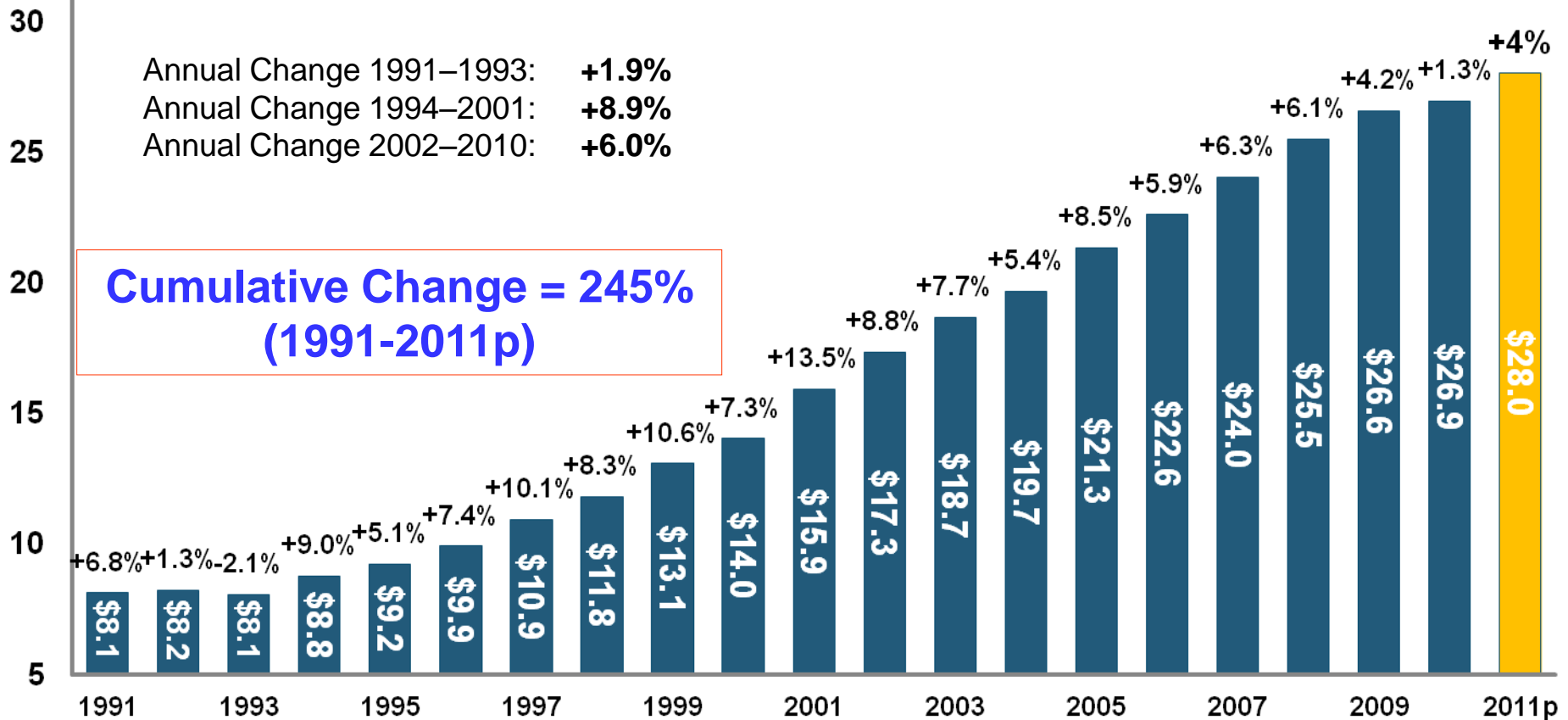
# Workers Compensation Medical Severity Moderate Increase in 2011

## Average Medical Cost per Lost-Time Claim

Medical  
Claim Cost (\$000s)

Annual Change 1991–1993: **+1.9%**  
Annual Change 1994–2001: **+8.9%**  
Annual Change 2002–2010: **+6.0%**

**Cumulative Change = 245%**  
**(1991-2011p)**



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 high deductible policies

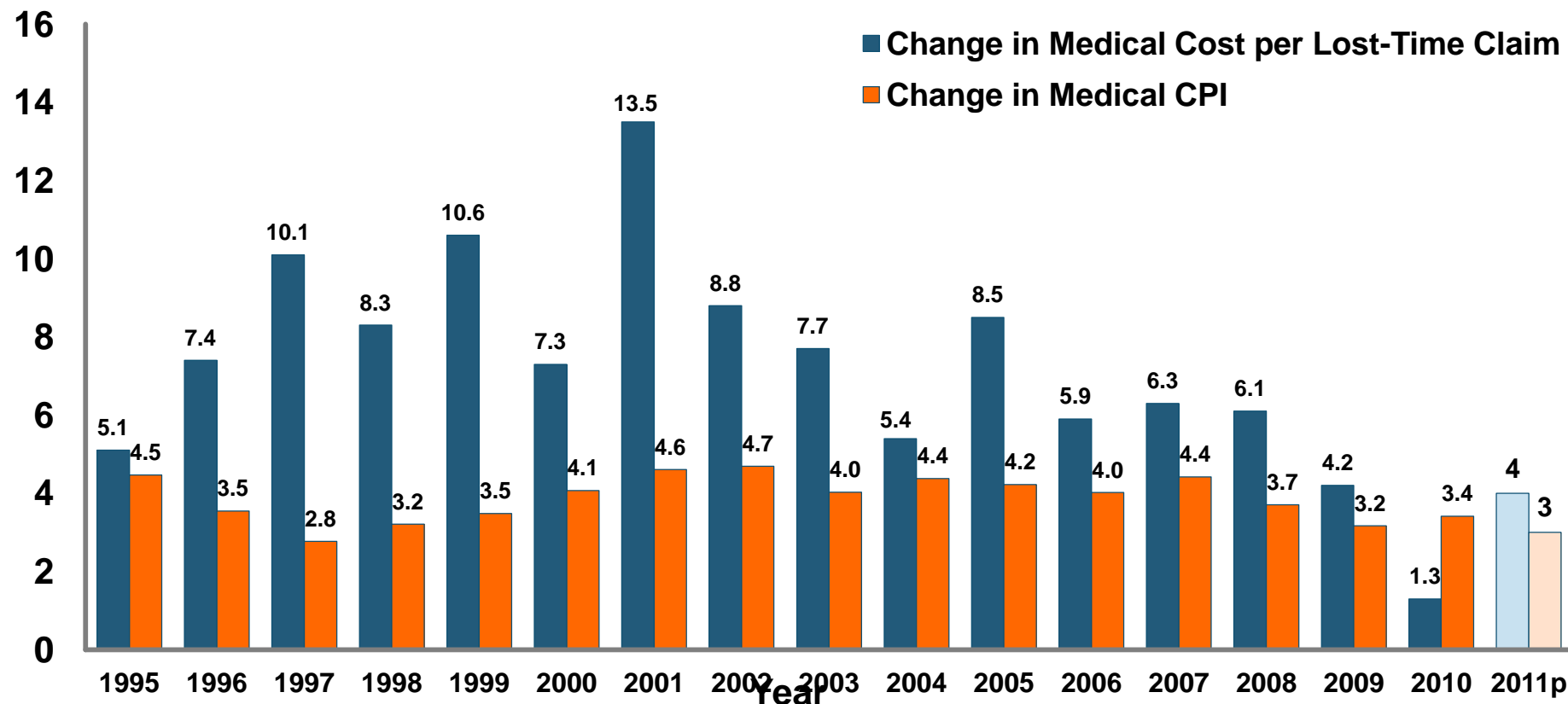
Source: NCCI.

**Accident Year**

# Workers Compensation Medical Severity Moderate Increase in 2011

## Average Medical Cost per Lost-Time Claim vs. Medical CPI

Percent Change



p Preliminary

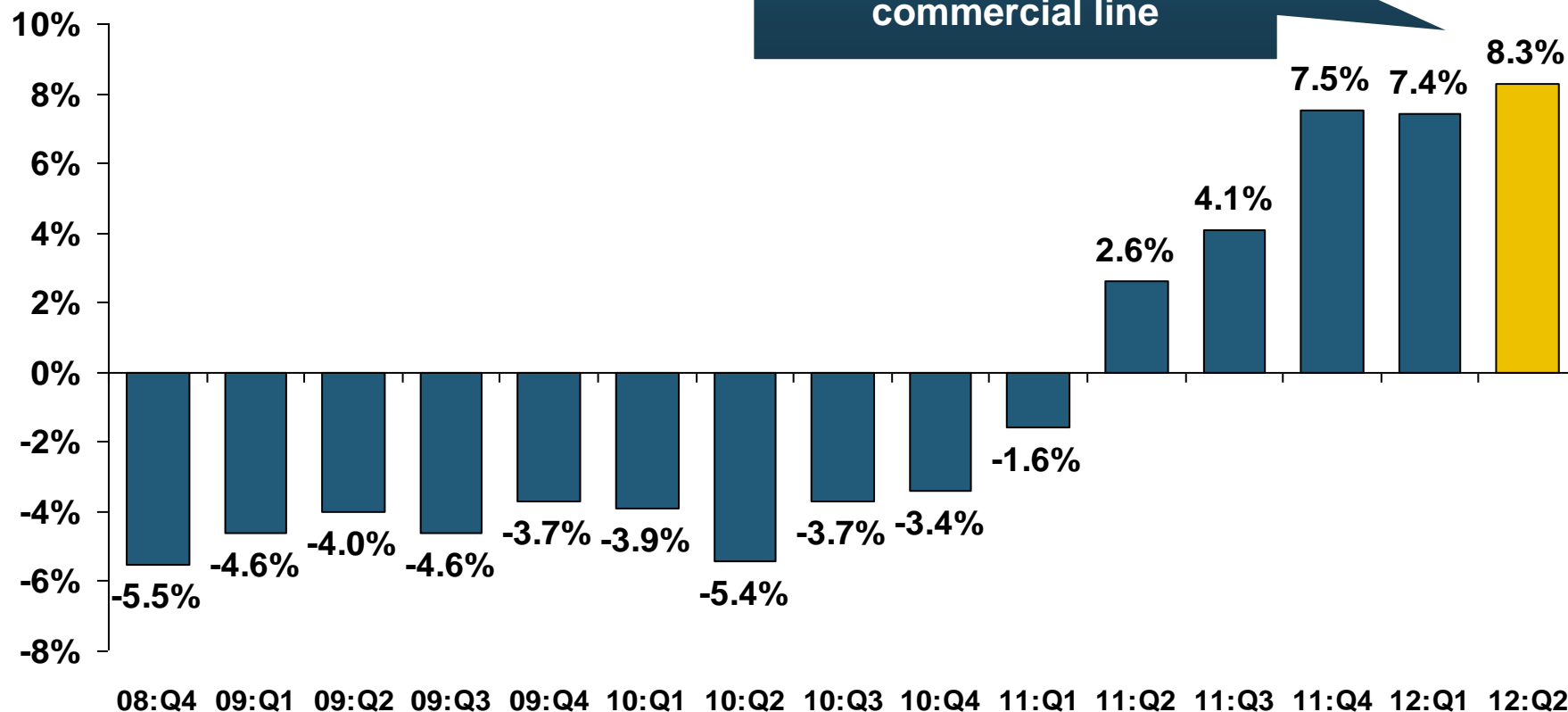
Based on the states where NCCI provides ratemaking services, including state funds; excludes high deductible policies

Source: Medical CPI—All states, Economy.com; Accident year medical severity—NCCI states, NCCI



# Workers Comp Rate Changes, 2008:Q4 – 2012:Q2

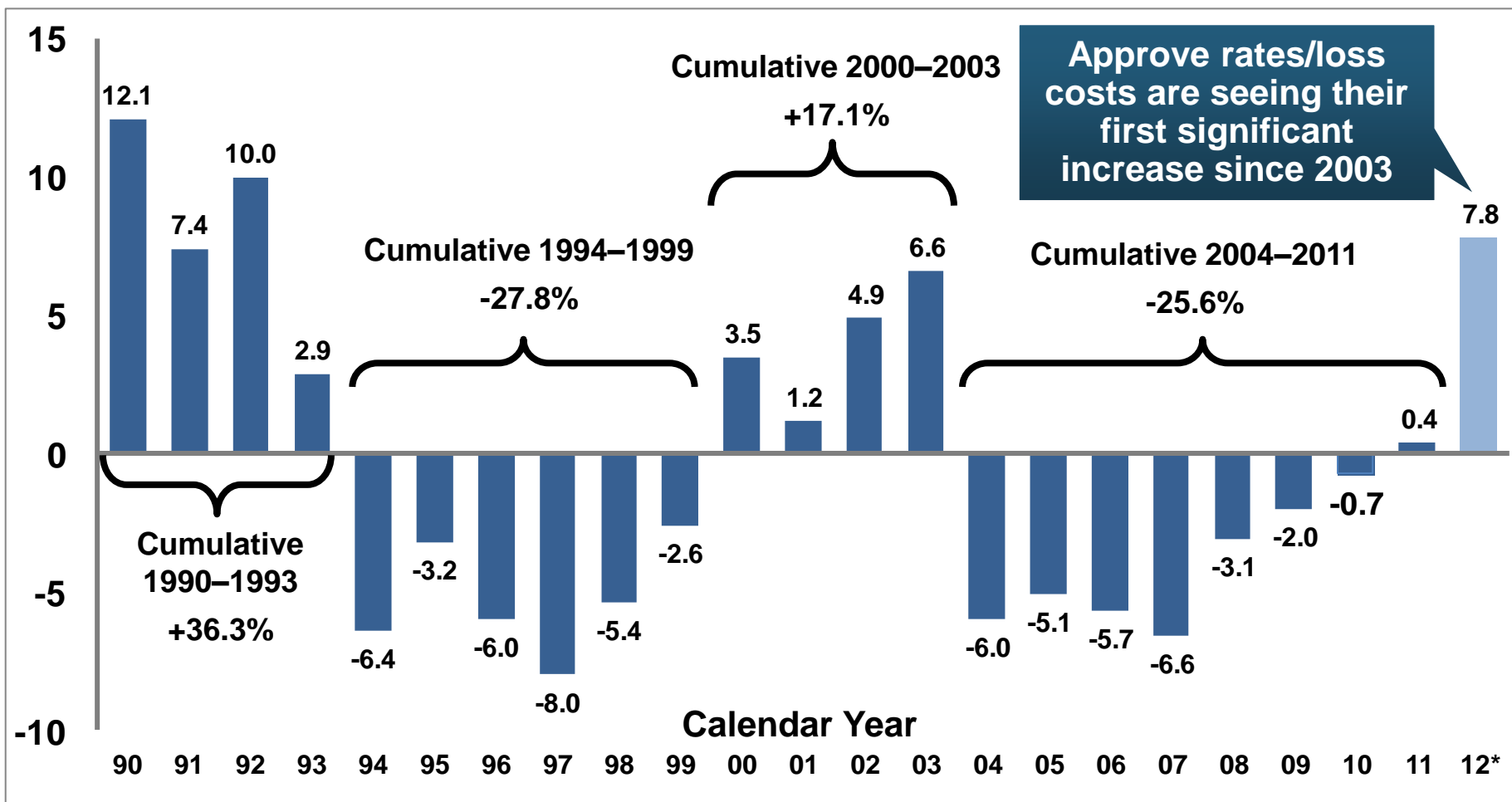
(Percent  
Change)



# Average Approved Bureau Rates/Loss Costs

## History of Average WC Bureau Rate/Loss Cost Level Changes

Percent



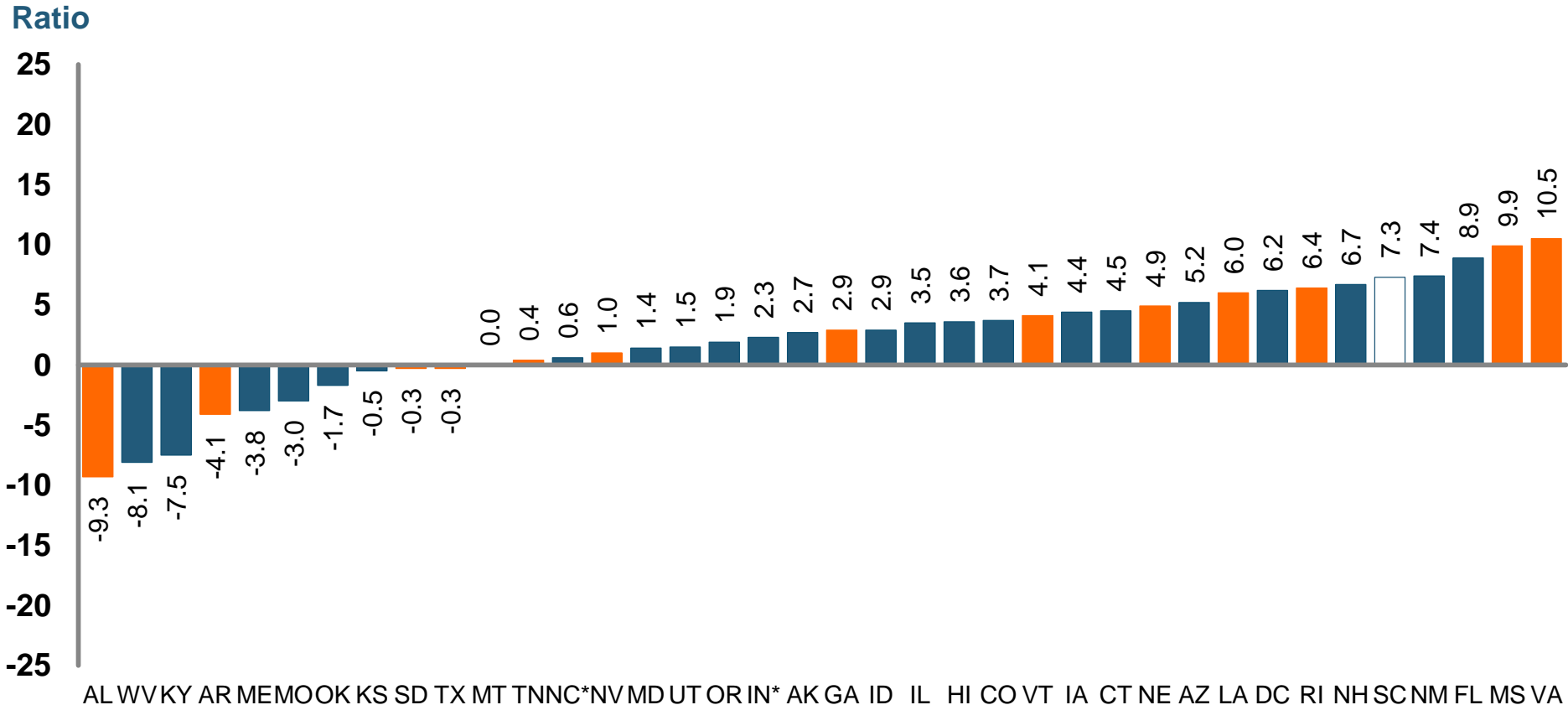
\*States approved through 7/31/12.

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

Source: NCCI.

# Current NCCI Voluntary Market Filed Rate/Loss Cost Changes

(Excludes Law-Only Filings)

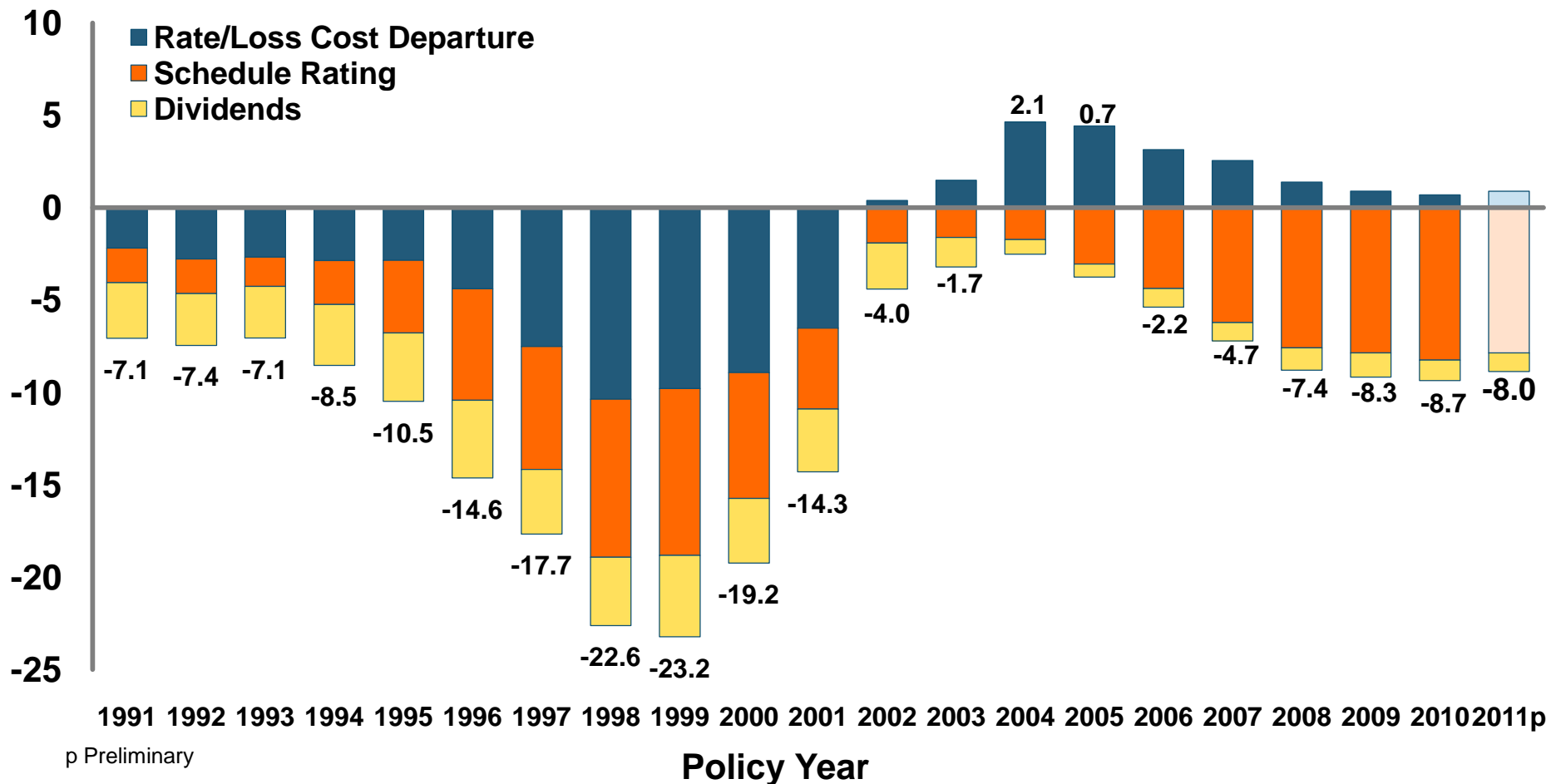


■ Effective Dates 1/1/2012 and Prior   ■ Effective Dates Subsequent to 1/1/2012   □ Filed and Pending

# Impact of Discounting on Workers Compensation Premium

## NCCI States—Private Carriers

Percent



p Preliminary

Dividend ratios are based on calendar year statistics

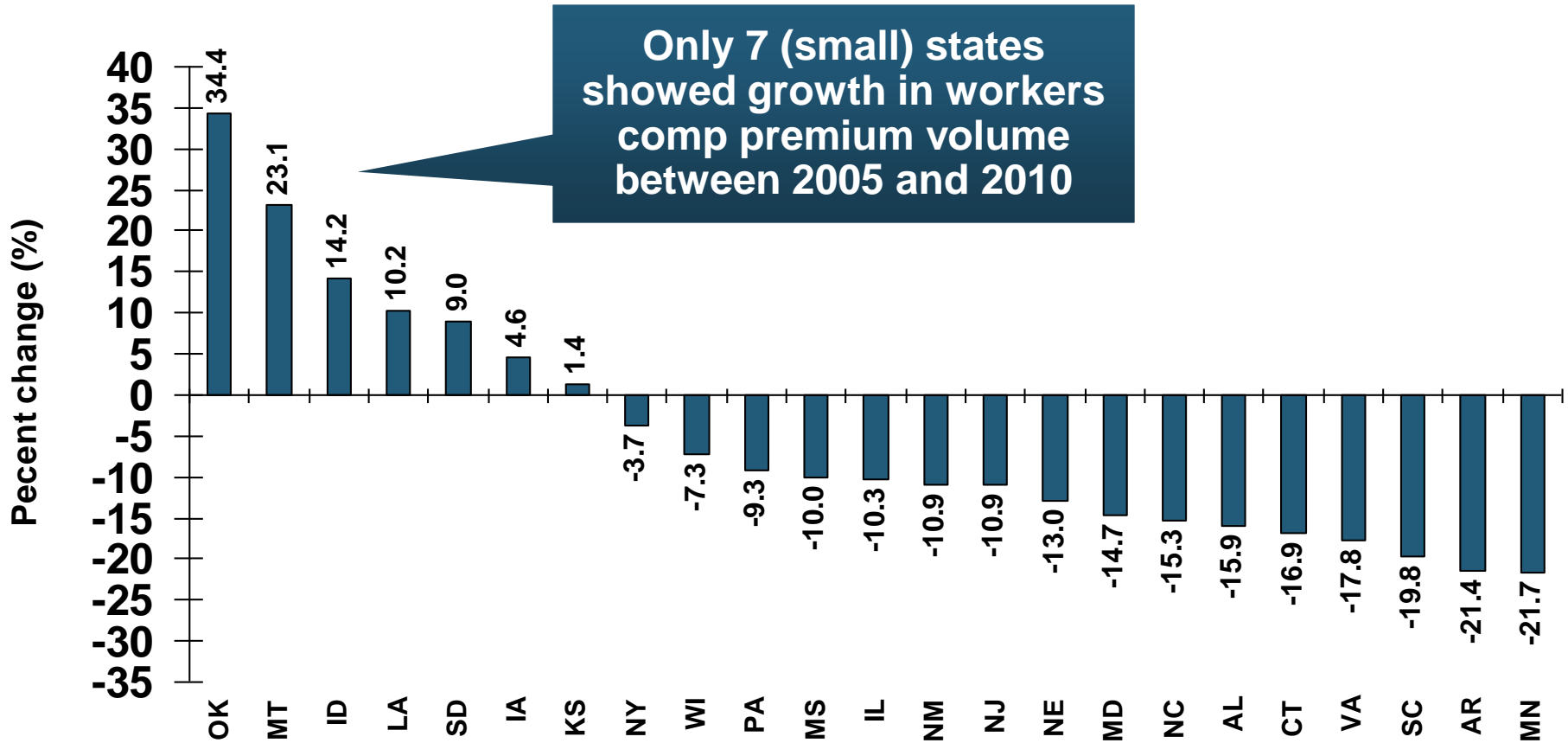
NCCI benchmark level does not include an underwriting contingency provision

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

Source: NCCI.

# Direct Premiums Written: Worker's Comp Percent Change by State, 2005-2010\*

## Top 25 States

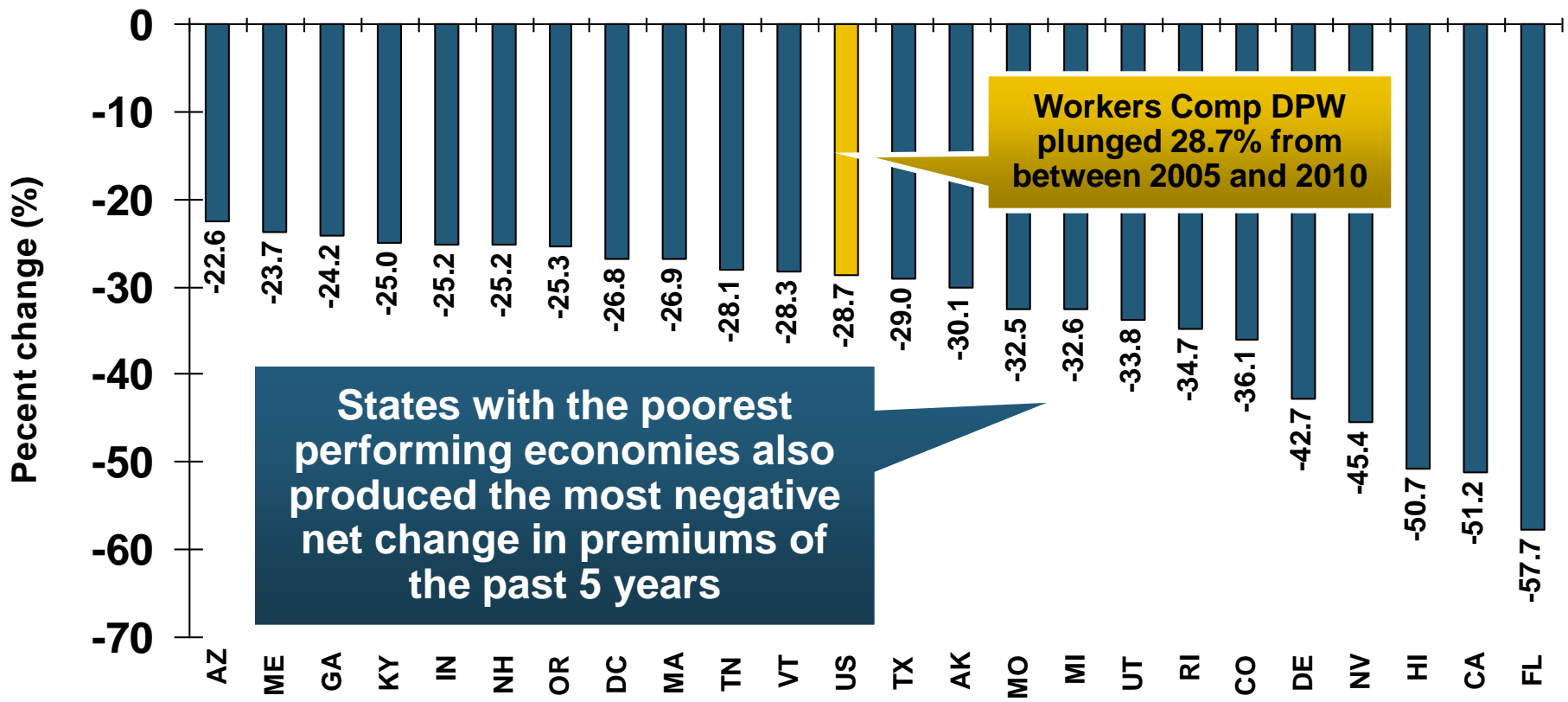


\*Excludes monopolistic fund states: ND, OH, WA, WY as well as WV, which transitioned to a competitive structure during this period.

Sources: SNL Financial LC.; Insurance Information Institute.

# Direct Premiums Written: Worker's Comp Percent Change by State, 2005-2010\*

## Bottom 25 States



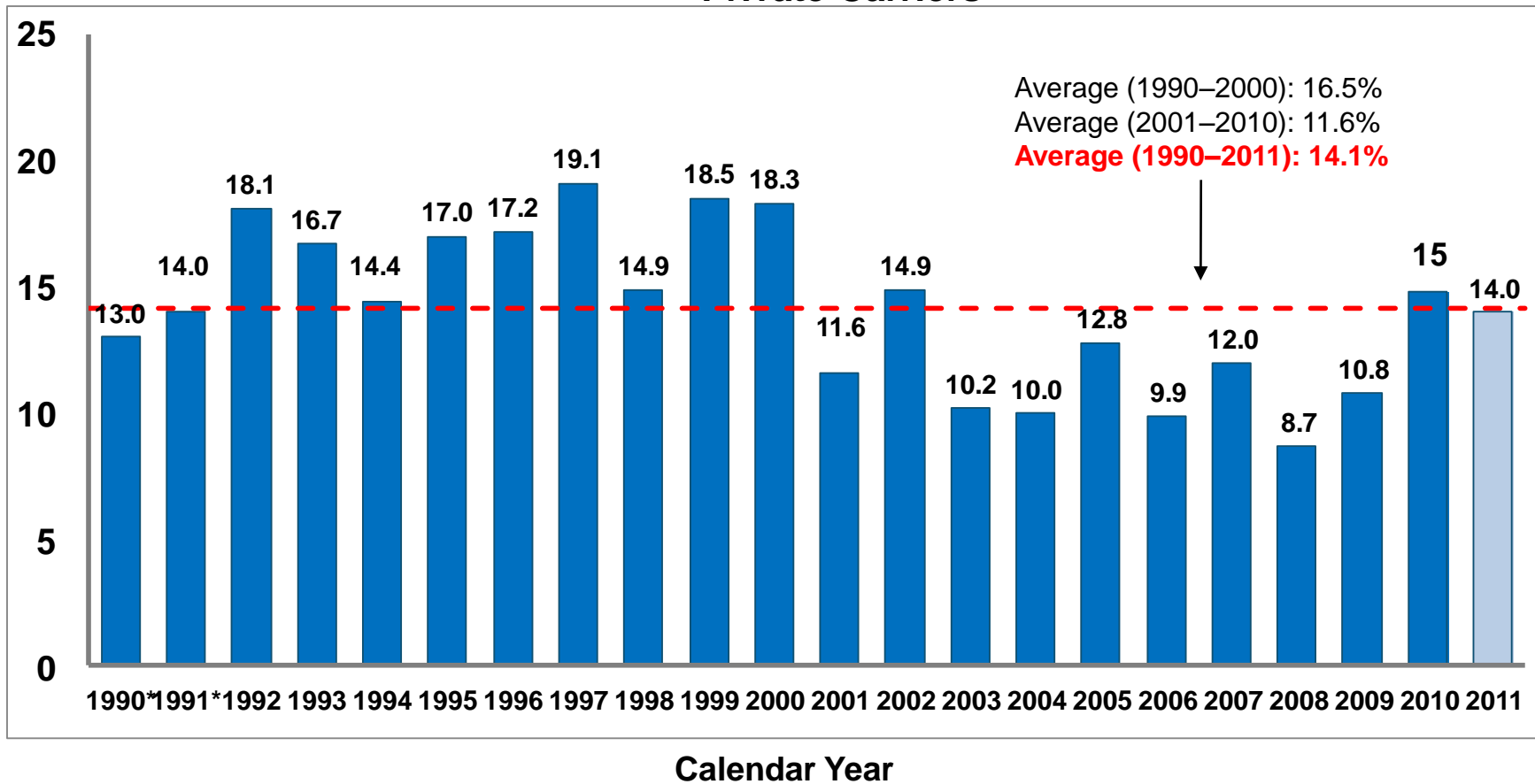
\*Excludes monopolistic fund states: ND, OH, WA, WY as well as WV, which transitioned to a competitive structure during this period.

Sources: SNL Financial LC.; Insurance Information Institute.

# Workers Compensation Investment Returns

## Investment Gain on Insurance Transactions-to-Premium Ratio Private Carriers

Percent



p=Preliminary

Source: 1990–2009, Annual Statement Data; 2010p, NCCI

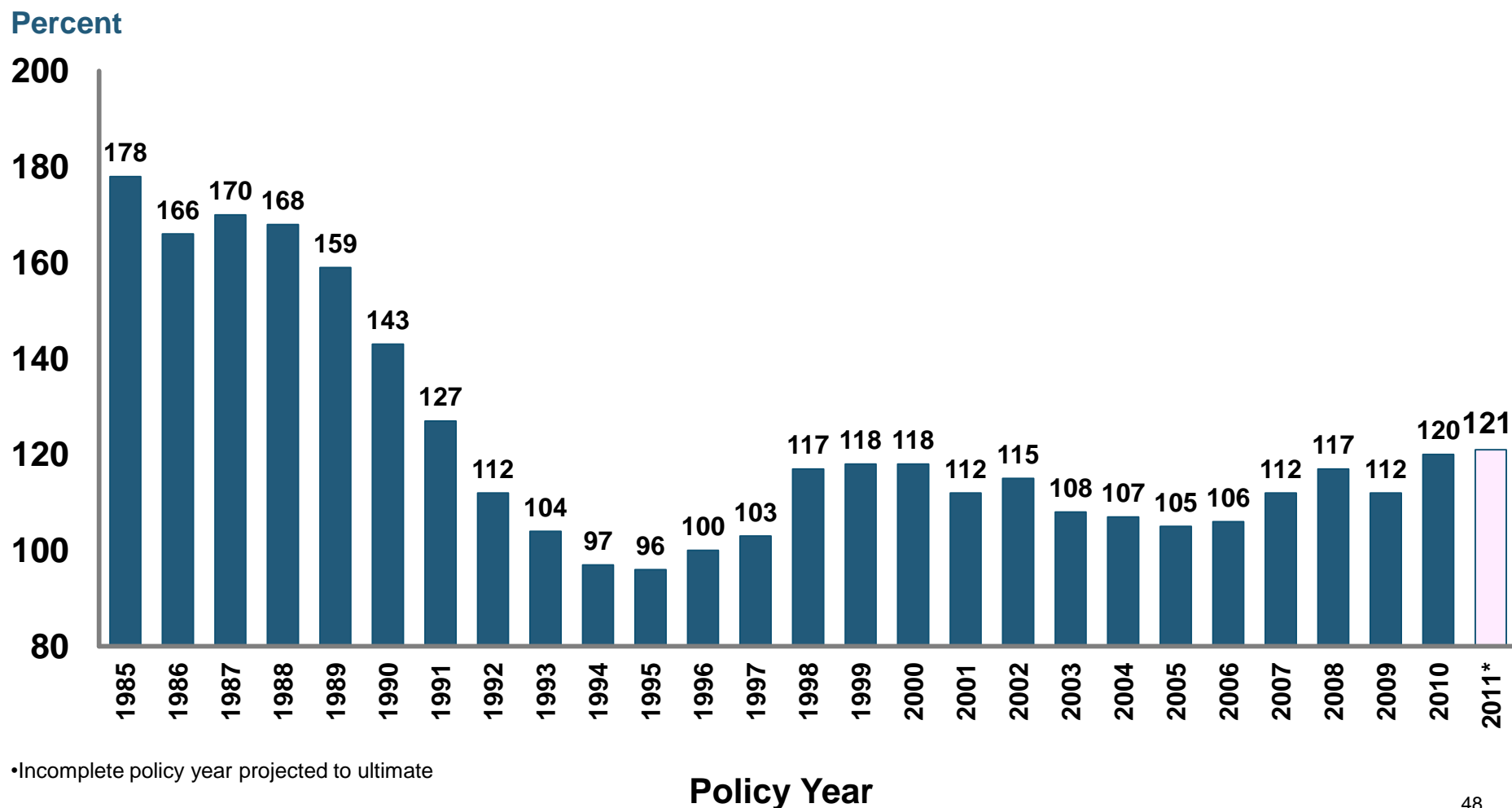
Investment Gain on Insurance Transactions includes Other Income

\*Adjusted to include realized capital gains to be consistent with 1992 and after

Source: NCCI

# Workers Compensation Residual Market Combined Ratio

## NCCI-Serviced Workers Compensation Residual Market Pools as of Dec. 31, 2011



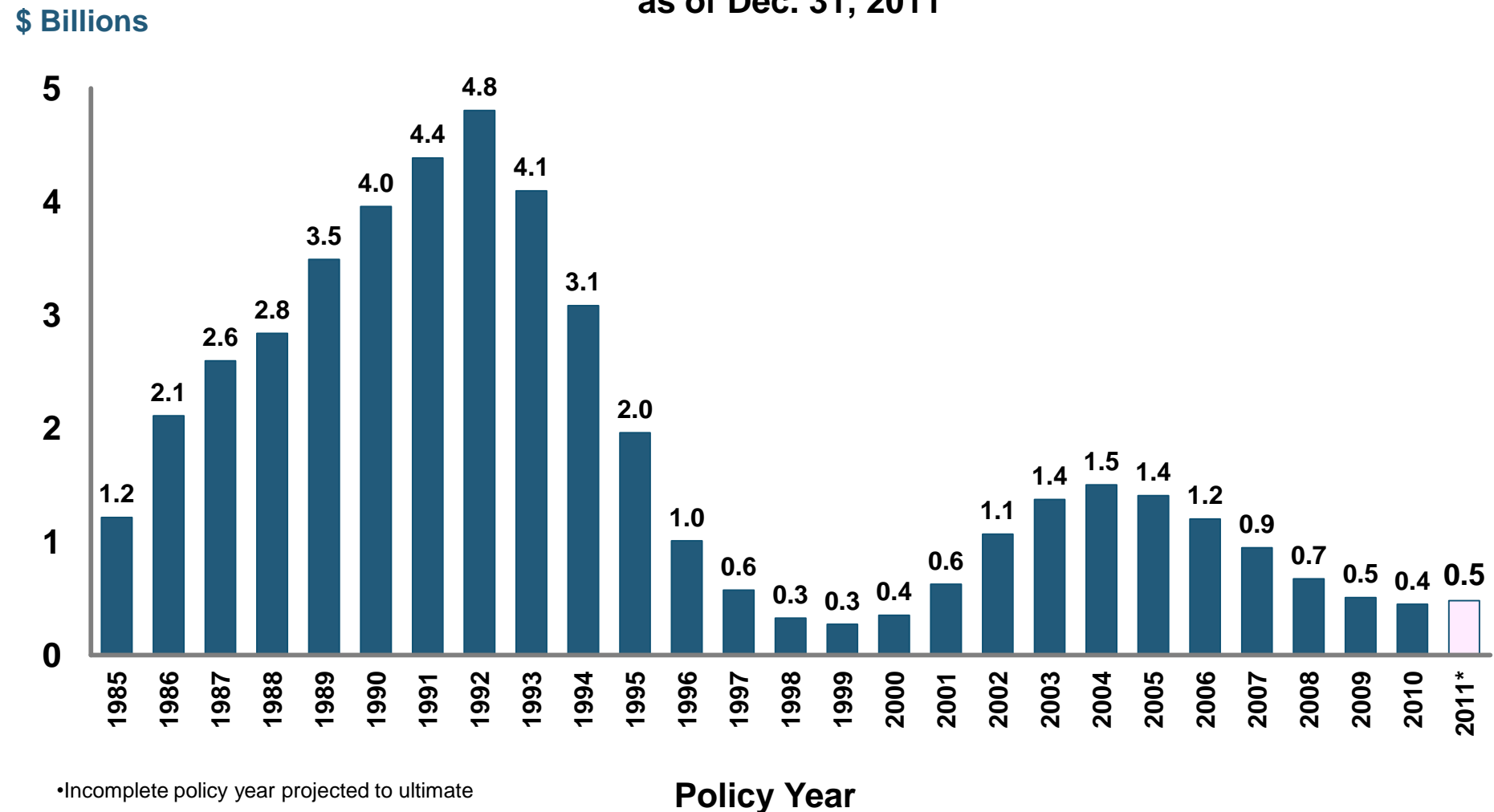
\*Incomplete policy year projected to ultimate

•Source: NCCI.



# Workers Compensation Residual Market Premium—First Increase Since 2004

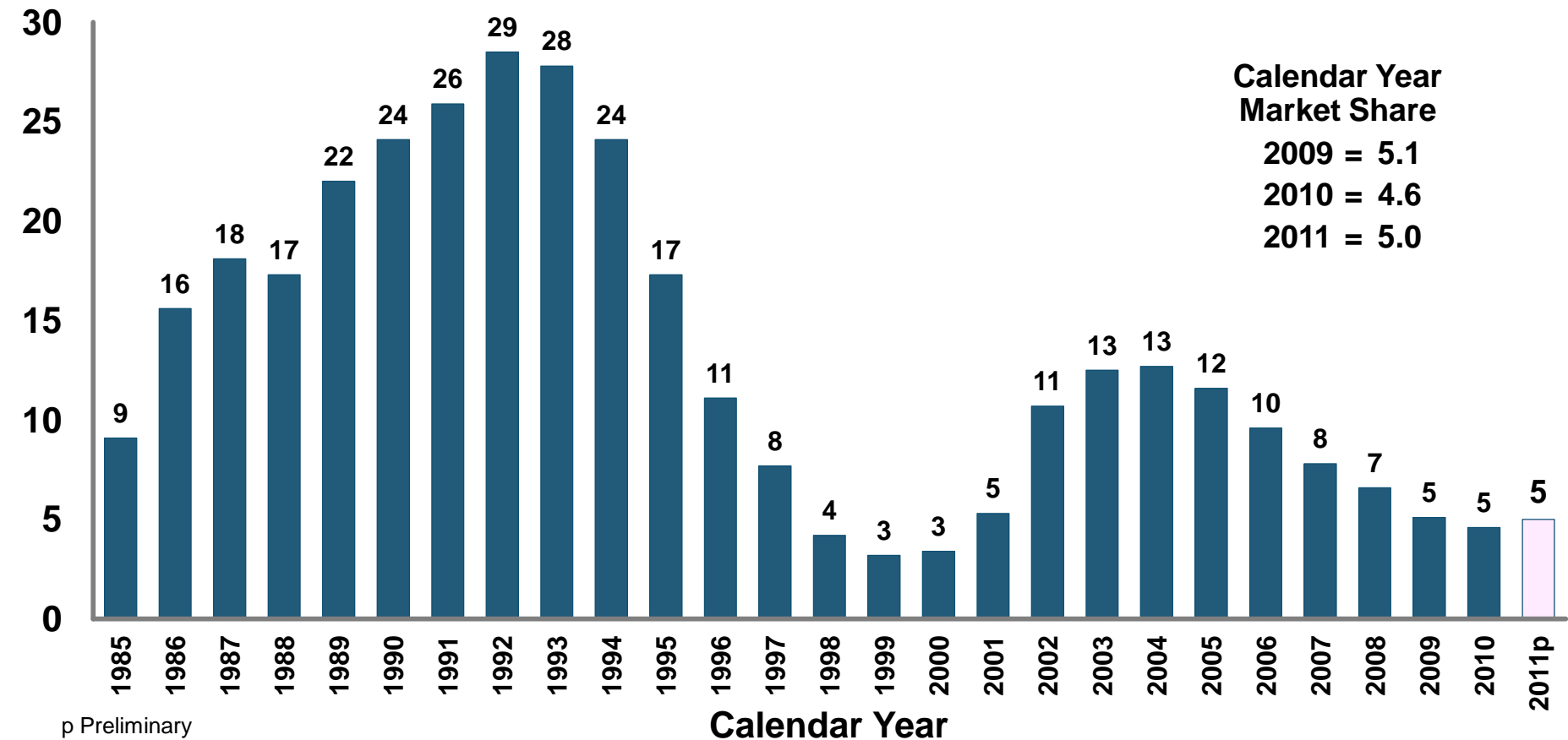
**NCCI-Serviced Workers Compensation Residual Market Pools  
as of Dec. 31, 2011**



# Workers Compensation Residual Market Share Increases

## Workers Compensation Insurance Plan States\* Premium as a Percentage of Direct Written Premium

Percent



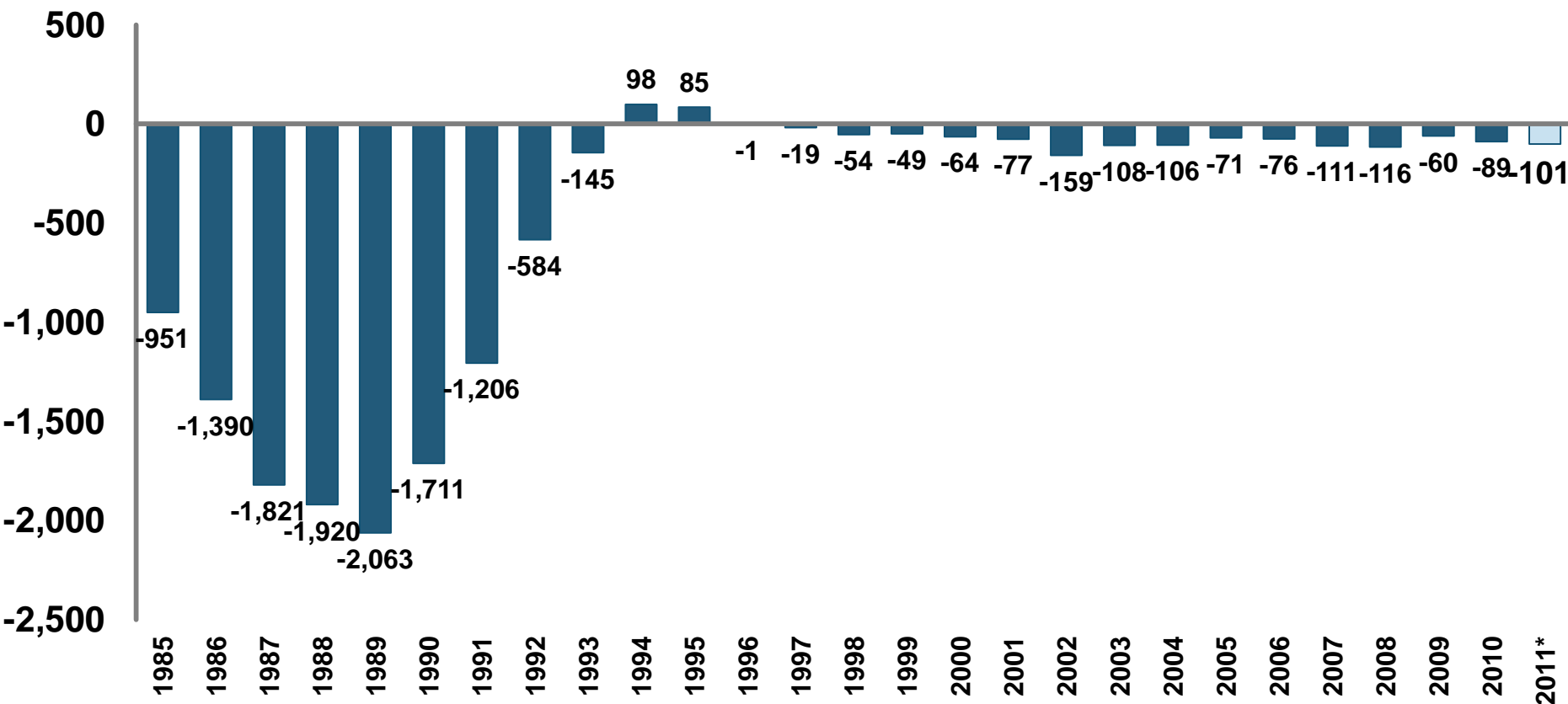
\*NCCI Plan states plus DE, IN, MA, MI, NC, NJ

Source: NCCI.

# Workers Compensation Residual Market Underwriting Results

## NCCI-Serviced Workers Compensation Residual Market Pools as of December 31, 2011

\$ Millions

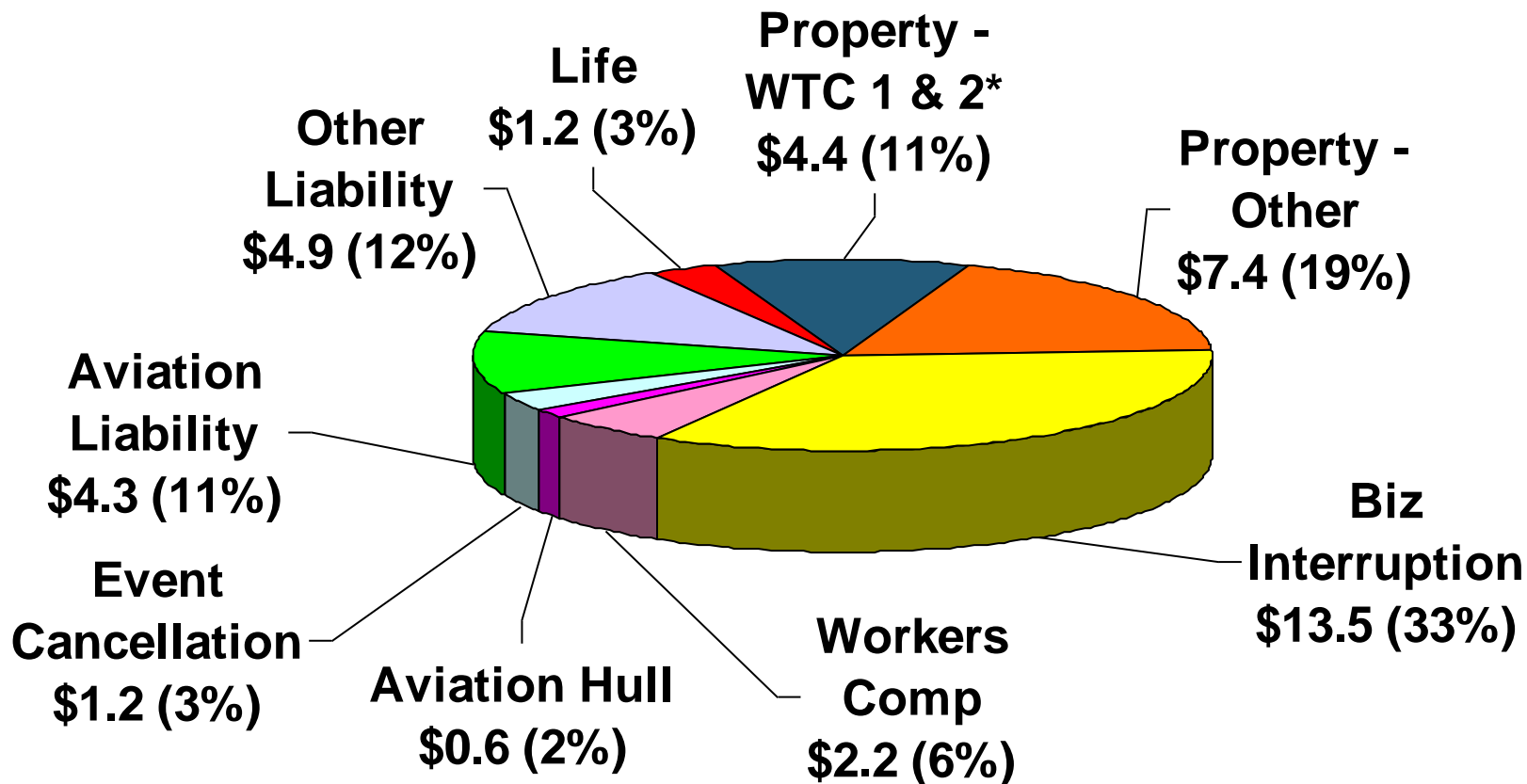


•Incomplete policy year projected to ultimate  
Source: NCCI.

**Policy Year**

# 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.

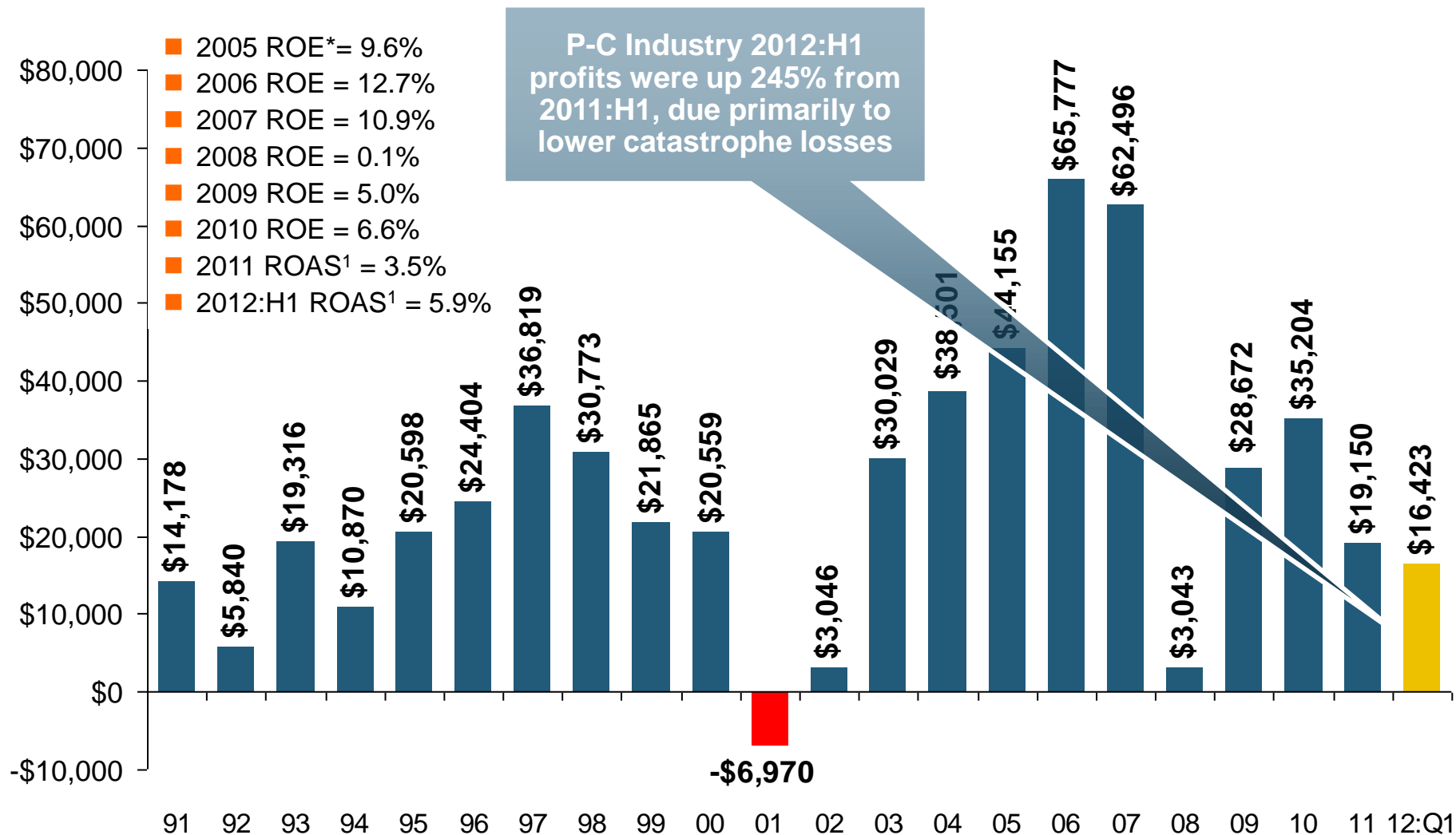
\*\*\$32.5 billion in 2001 dollars.

Source: Insurance Information Institute.

# **P/C Insurance Industry Financial Overview**

**Profit Recovery Was Set Back  
in 2011 by High Catastrophe  
Loss & Other Factors**

# P/C Net Income After Taxes 1991–2012:Q2 (\$ Millions)



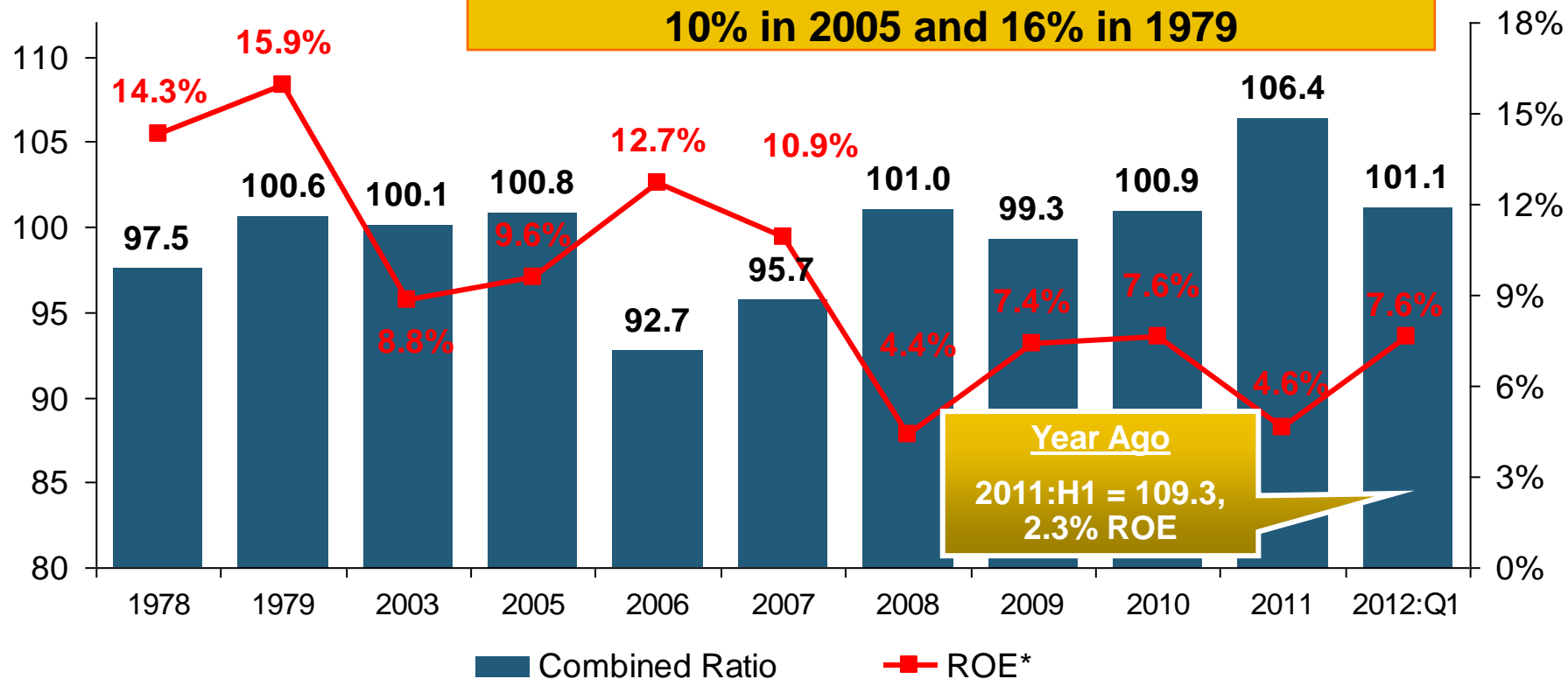
\* ROE figures are GAAP; <sup>1</sup>Return on avg. surplus. Excluding Mortgage & Financial Guaranty insurers yields a 7.6% ROAS for 2012:H1, 4.6% ROAS for 2011, 7.6% for 2010 and 7.4% for 2009.

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 ~8.0% 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:Q1 combined ratio including M&FG insurers is 99.0, ROAS = 7.2%; 2011 combined ratio including M&FG insurers is 108.2, ROAS = 3.5%.

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

# **INVESTMENTS: THE NEW REALITY**

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

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

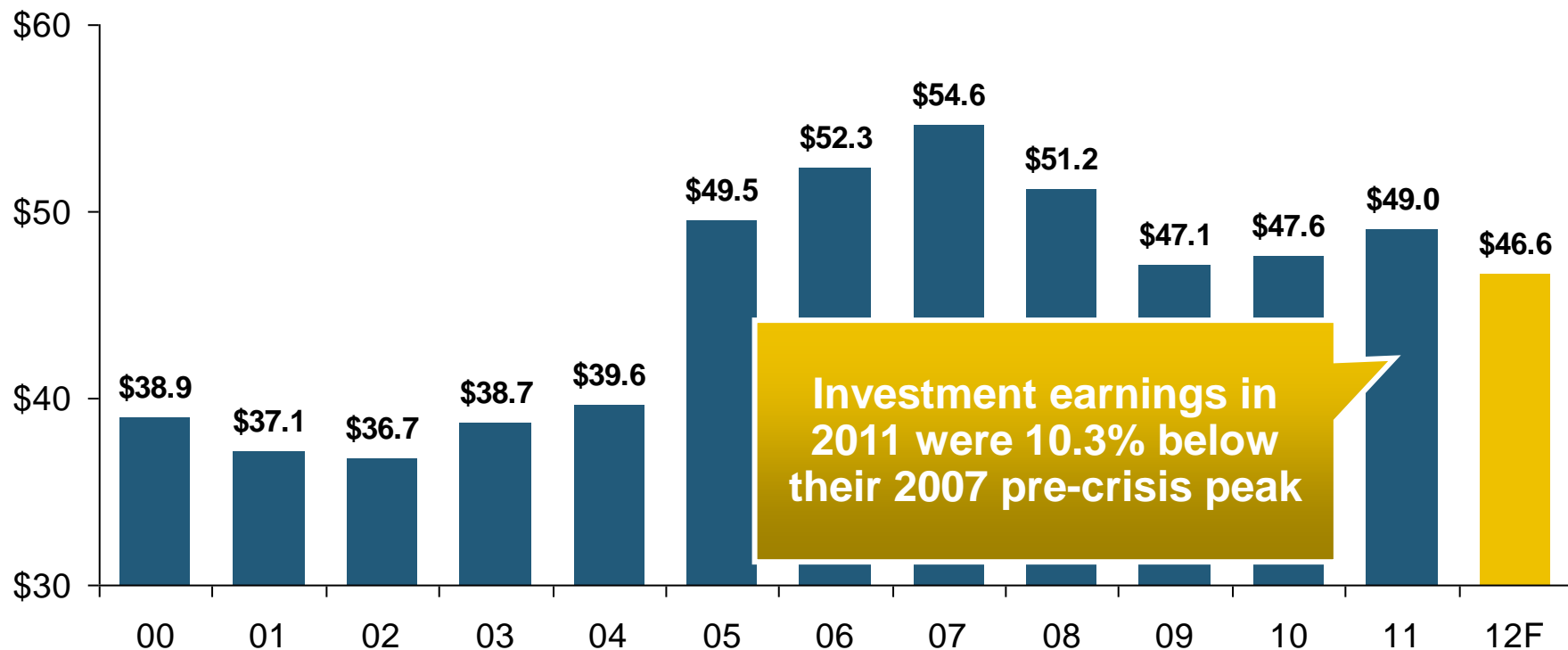


# Insurers Have Not Yet Fully Adapted to a Persistently Low Interest Rate Environment

- **No Expectation that Rates Would Be:**
  - ◆ **Pushed to Such Low Levels**
  - ◆ **Pushed Down so Rapidly**
  - ◆ **Held to Such Low Levels for So Long**
  - ◆ **Suppressed via Unprecedented Aggressiveness of the Federal Reserve**
    - **Use of traditional and unconventional tools (QE)**
    - **Unconventional 's policies couldn't be anticipated, esp. QE1, 2 (3?)**
- **Competitive Pressure→Protracted Soft Market**
- **Ability to Release Prior Reserves Eases Urgency**
- **Realization of Capital Gains**

# Property/Casualty Insurance Industry Investment Income: 2000–2012F<sup>1</sup>

(\$ Billions)



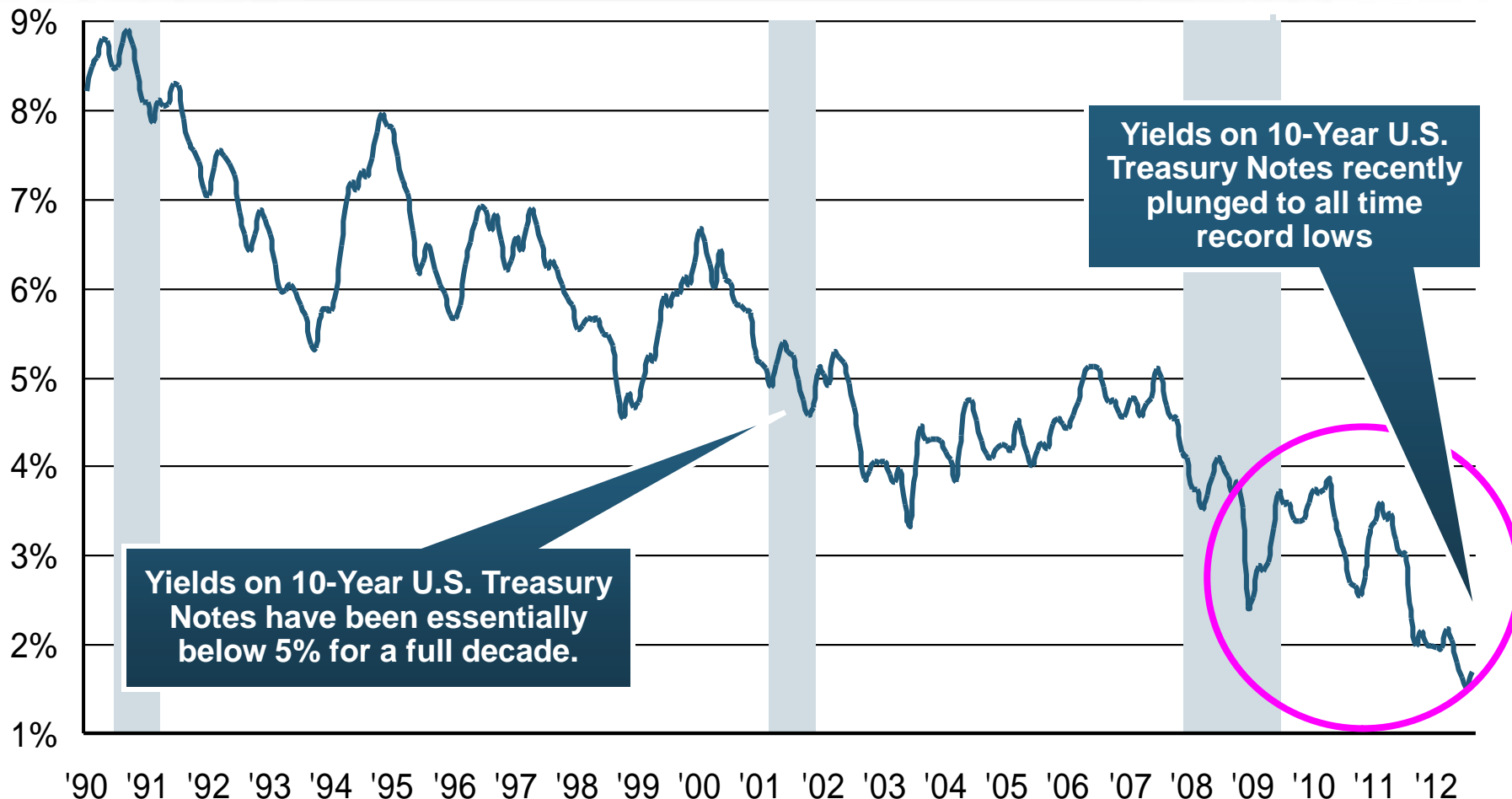
**Investment Income in 2011 Was Surprisingly Strong, Though Investment Income Is Likely to Weaken in 2012 Due to Persistently Low Interest Rates**

<sup>1</sup> Investment gains consist primarily of interest and stock dividends.

\*2012F is based on annualized Q1:2012 actual figure of \$11.656B.

Sources: ISO; Conning Research & Consulting; Insurance Information Institute.

# U.S. 10-Year Treasury Note Yields: A Long Downward Trend, 1990–2012\*



**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.**

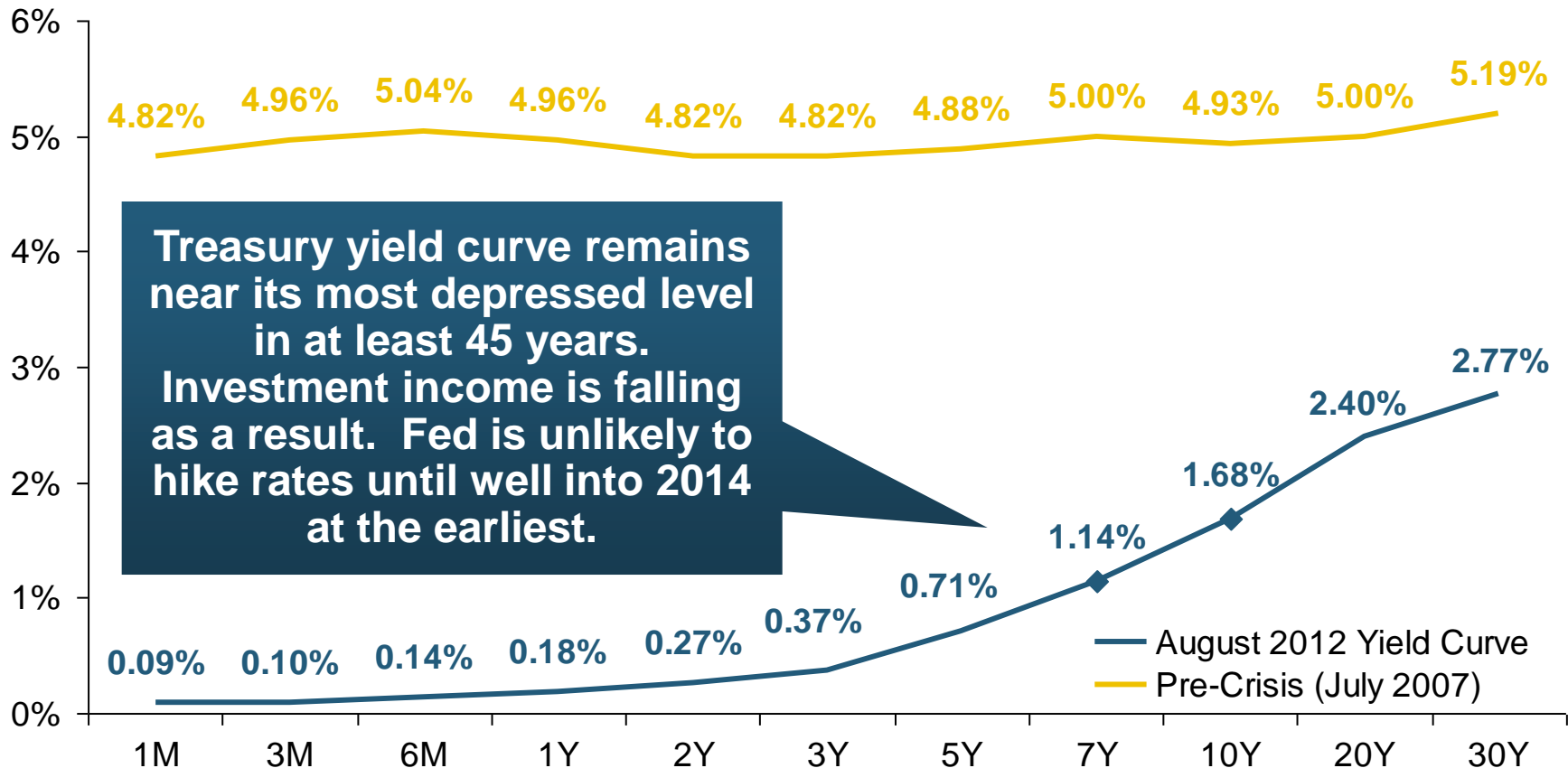
\*Monthly, through Aug. 2012.

Note: Recessions indicated by gray shaded columns.

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

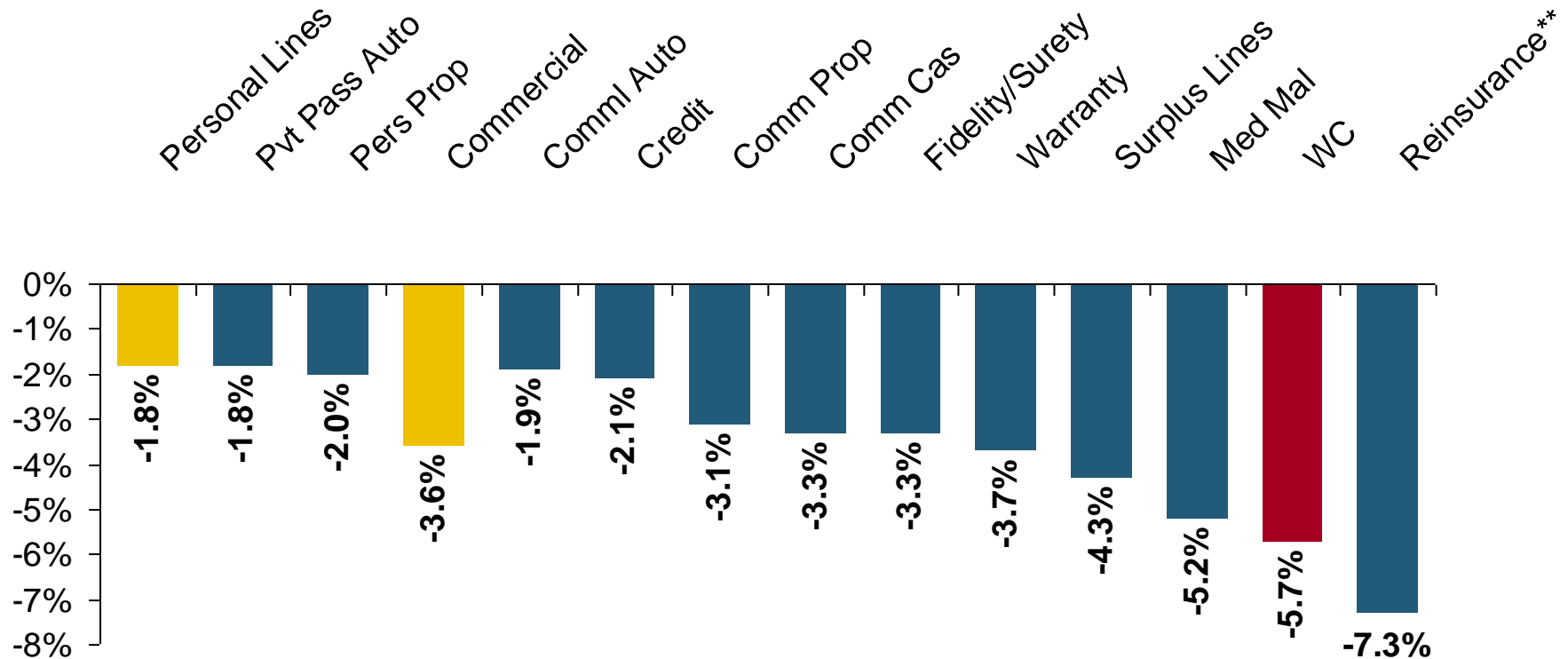
National Bureau of Economic Research (recession dates); Insurance Information Institutes.

# Treasury Yield Curves: Pre-Crisis (July 2007) vs. August 2012



**The Fed Is Actively Signaling that it Is Determined to Keep Rates Low Through Mid-2015; This Adds to Pricing Pressure for Insurers.**

# 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**

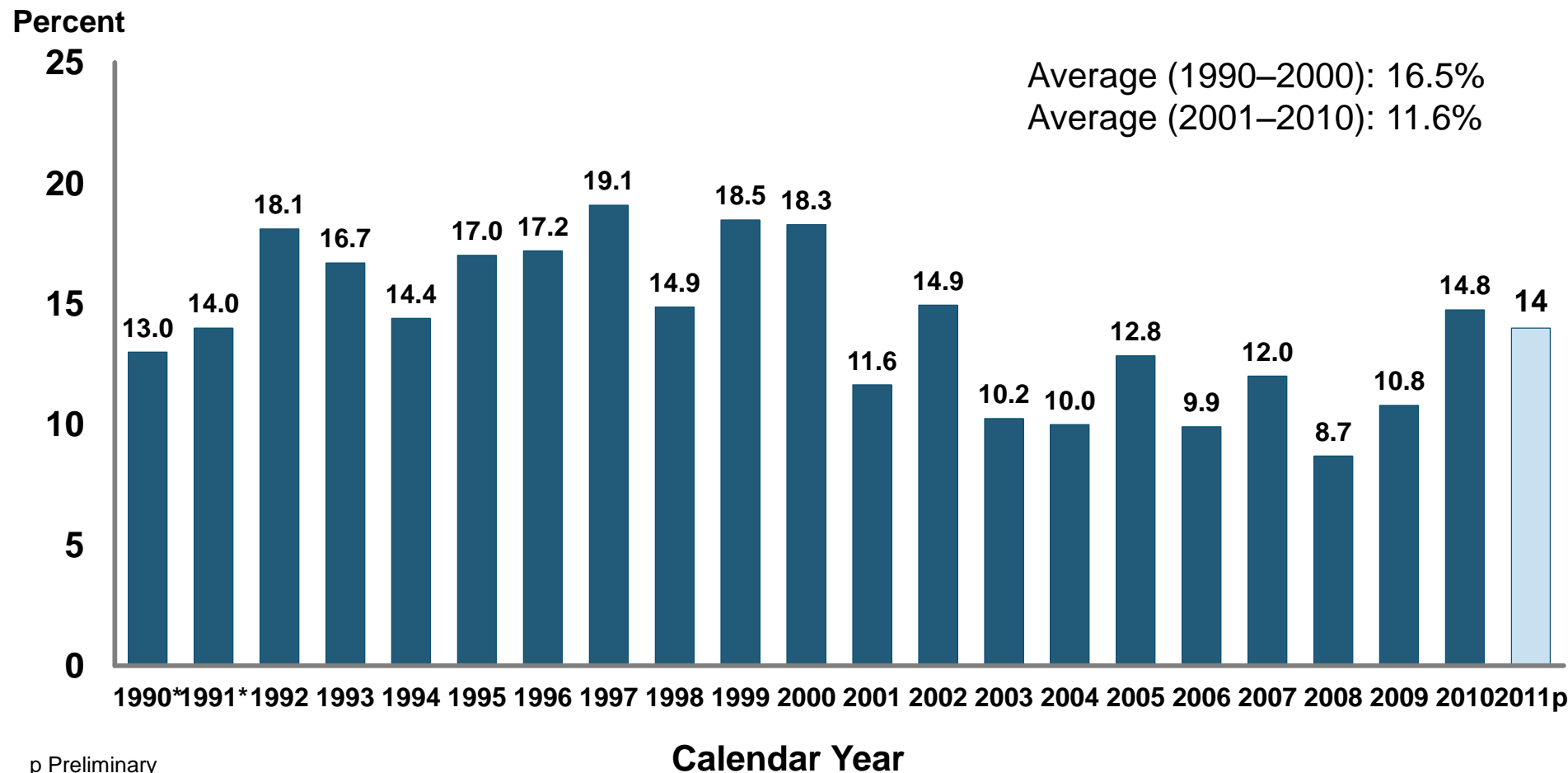
\*Based on 2008 Invested Assets and Earned Premiums

\*\*US domestic reinsurance only

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

# Workers Compensation Investment Returns

## Investment Gain on Insurance Transactions-to-Premium Ratio Private Carriers



Source: 1990–2010, Annual Statement Data; 2011p, NCCI

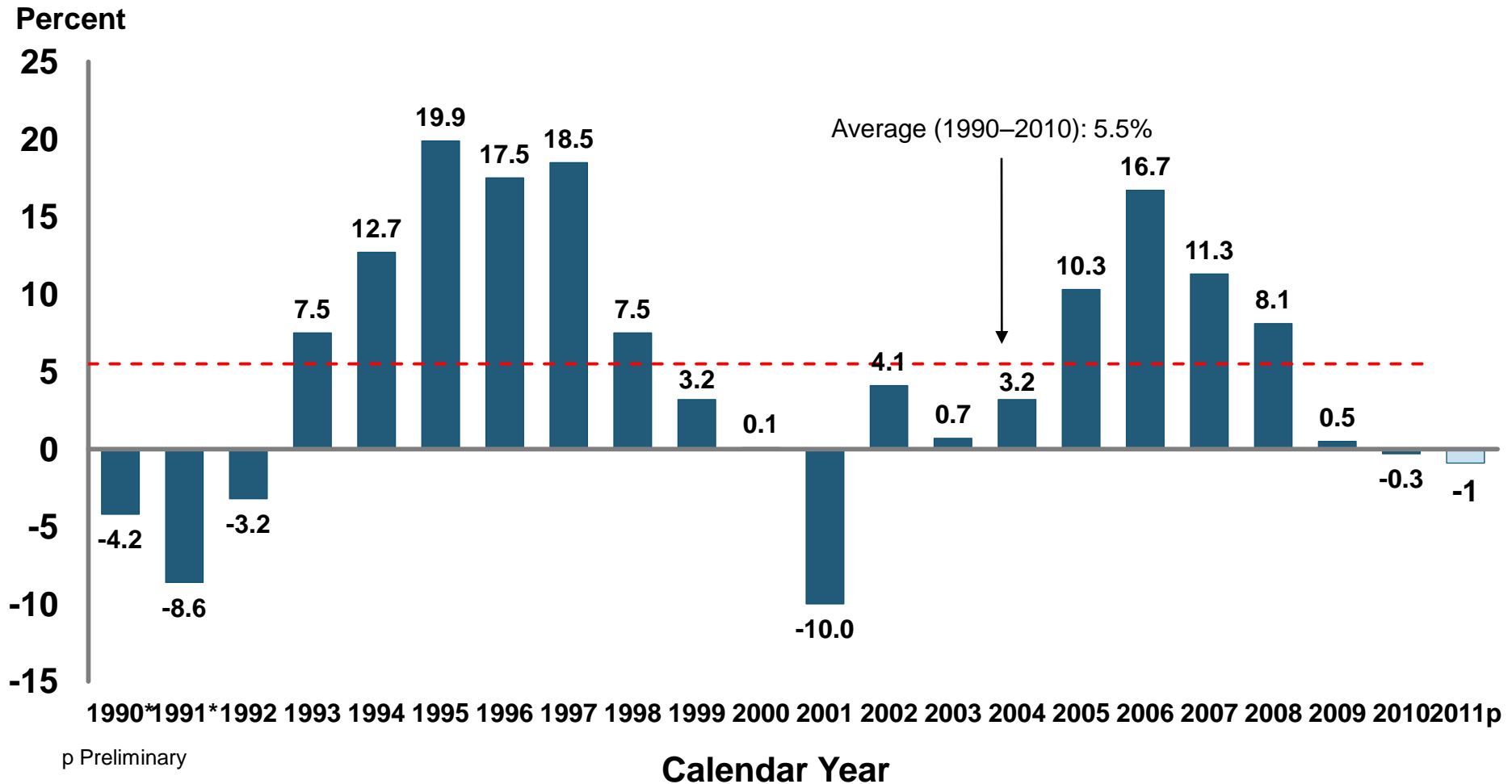
Investment Gain on Insurance Transactions includes Other Income

\* Adjusted to include realized capital gains to be consistent with 1992 and after

# Workers Compensation Results

## Operating Loss Continues

### Pre-Tax Operating Gain Ratio—Private Carriers



Source: 1990–2010, Annual Statement Data; 2011p, NCCI

Operating Gain Equals 1.00 minus (Combined Ratio Less Investment Gain on Insurance Transactions and Other Income)

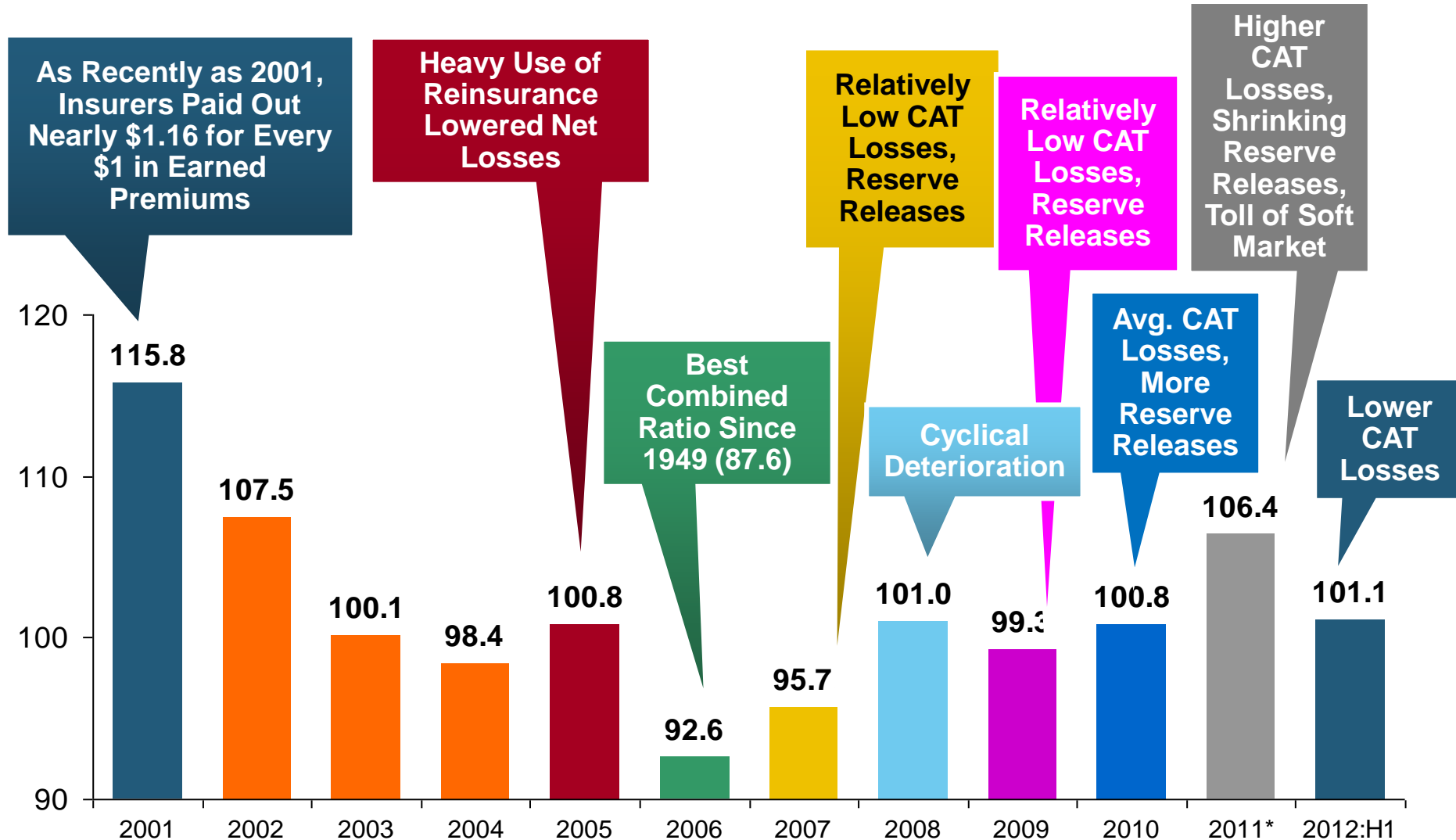
\* Adjusted to include realized capital gains to be consistent with 1992 and after

# **UNDERWRITING**

**Have Underwriting Losses  
Been Large Enough for Long  
Enough to Turn the Market?**



# P/C Insurance Industry Combined Ratio, 2001–2012:H1\*

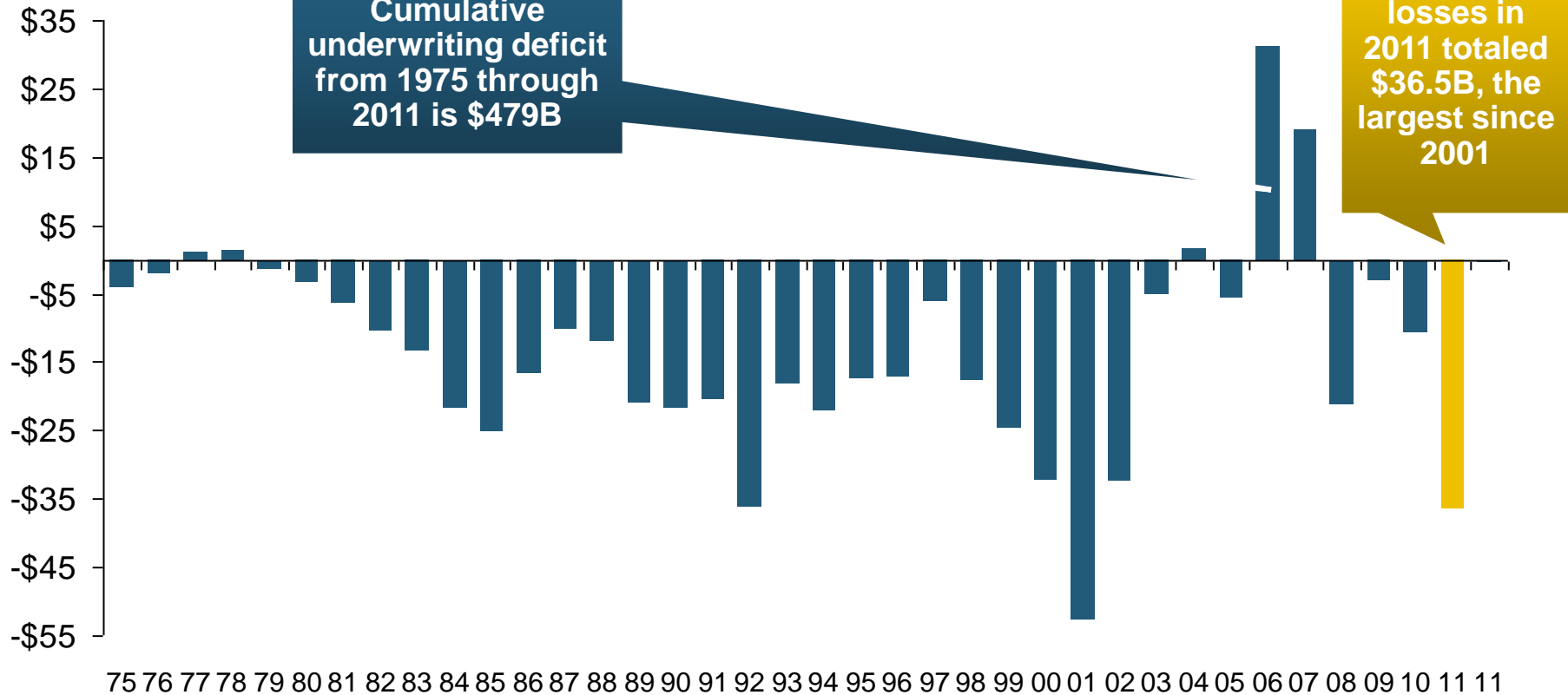


\* Excludes Mortgage & Financial Guaranty insurers 2008--2012. Including M&FG, 2008=105.1, 2009=100.7, 2010=102.4, 2011=108.2; 2012:H1=102.2.

Sources: A.M. Best, ISO.

# Underwriting Gain (Loss) 1975–2012:Q1\*

(\$ Billions)

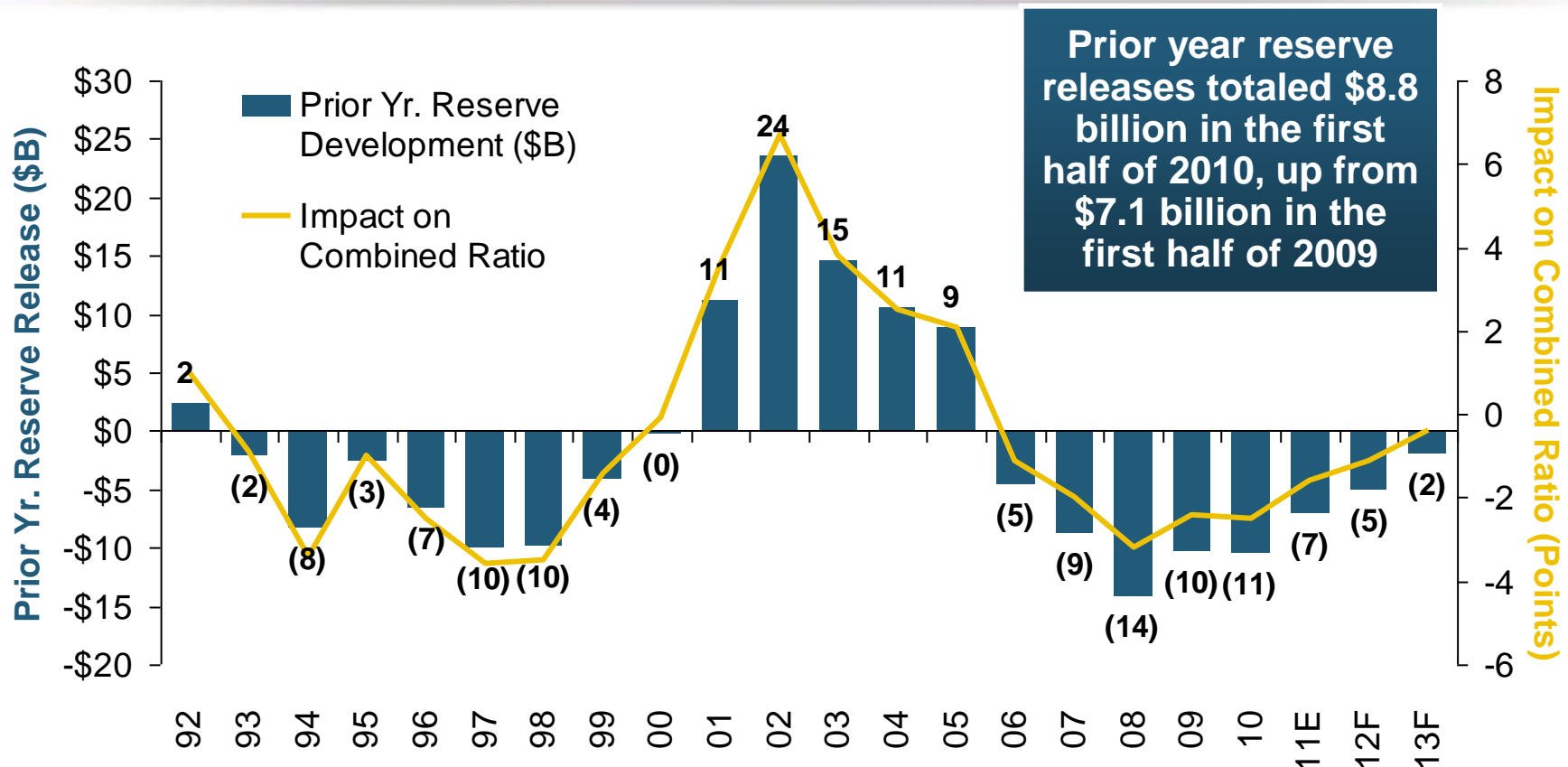


**Large Underwriting Losses Are *NOT* Sustainable  
in Current Investment Environment**

\* Includes mortgage and financial guaranty insurers in all years.

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

# P/C Reserve Development, 1992–2013F



**Reserve Releases Remained Strong in 2010 But Tapered Off in 2011. Releases Are Expected to Further Diminish in 2012 and 2103**

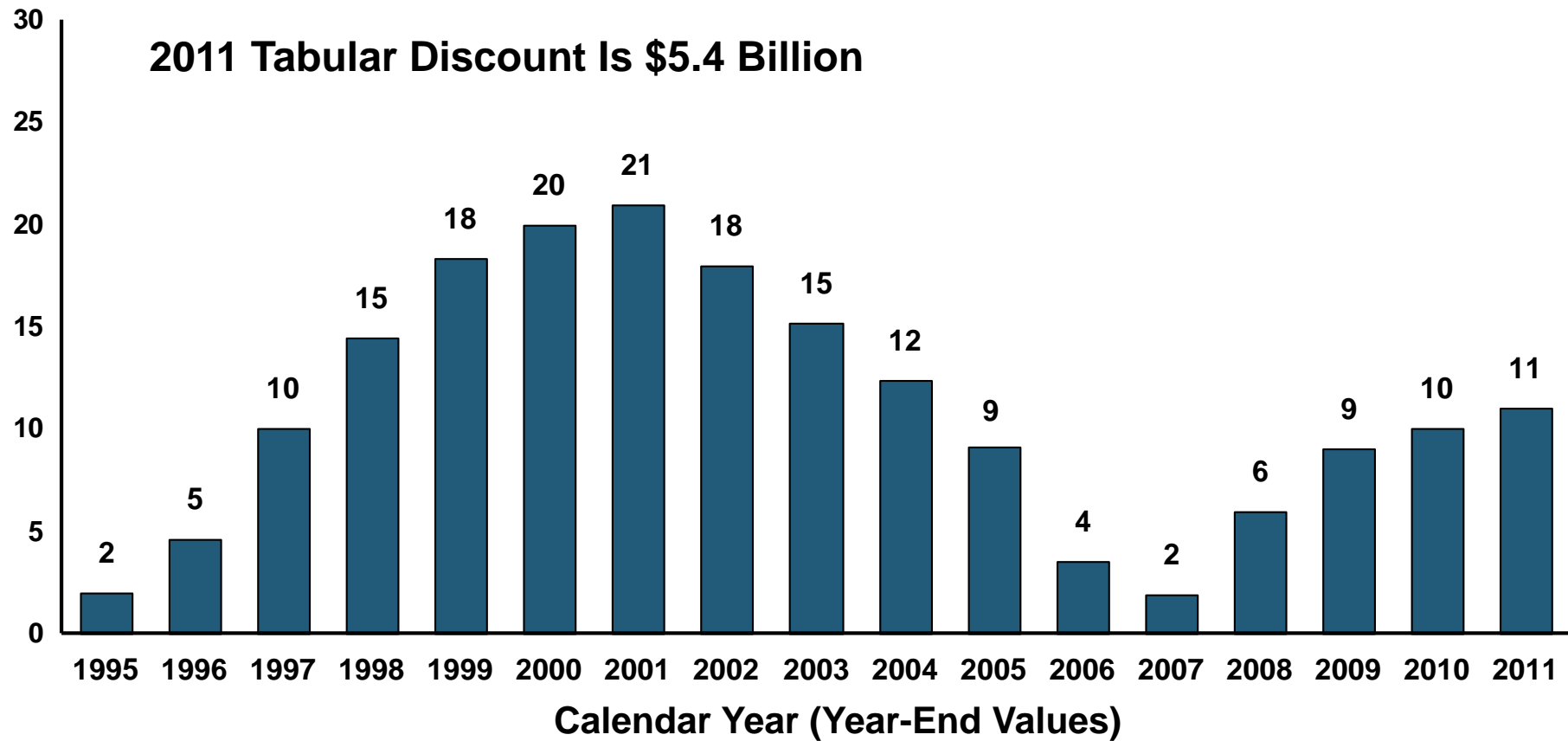
Note: 2005 reserve development excludes a \$6 billion loss portfolio transfer between American Re and Munich Re. Including this transaction, total prior year adverse development in 2005 was \$7 billion. The data from 2000 and subsequent years excludes development from financial guaranty and mortgage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

Sources: Barclays Capital; A.M. Best.

# Workers Compensation Loss and LAE Reserve Deficiencies, 1995-2011

## WC Loss and LAE Reserve Deficiency: Private Carriers

\$ Billions



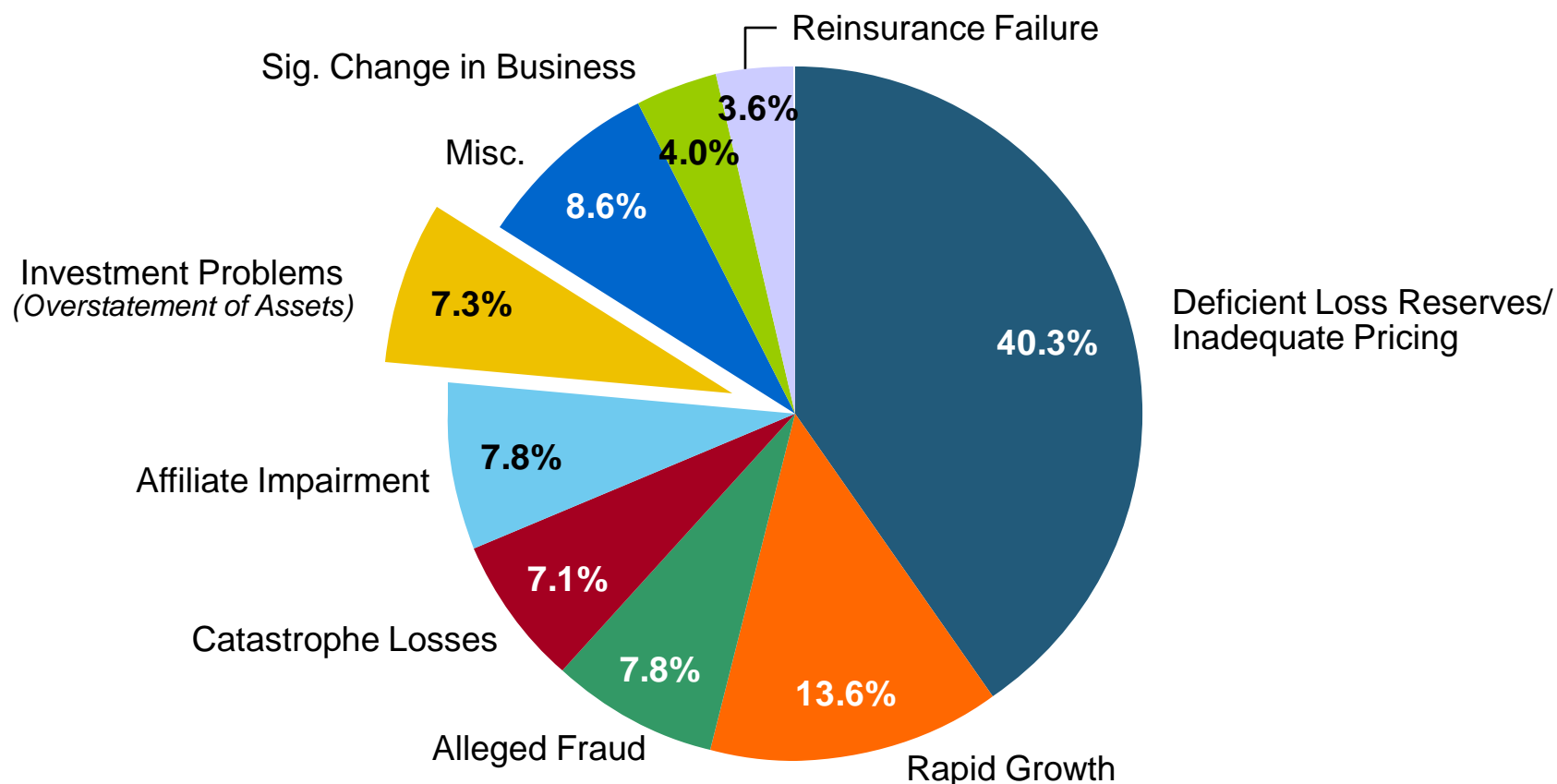
Considers all reserve discounts as deficiencies

Loss and LAE figures are based on NAIC Annual Statement data for each valuation date and NCCI latest selections

Source: NCCI analysis

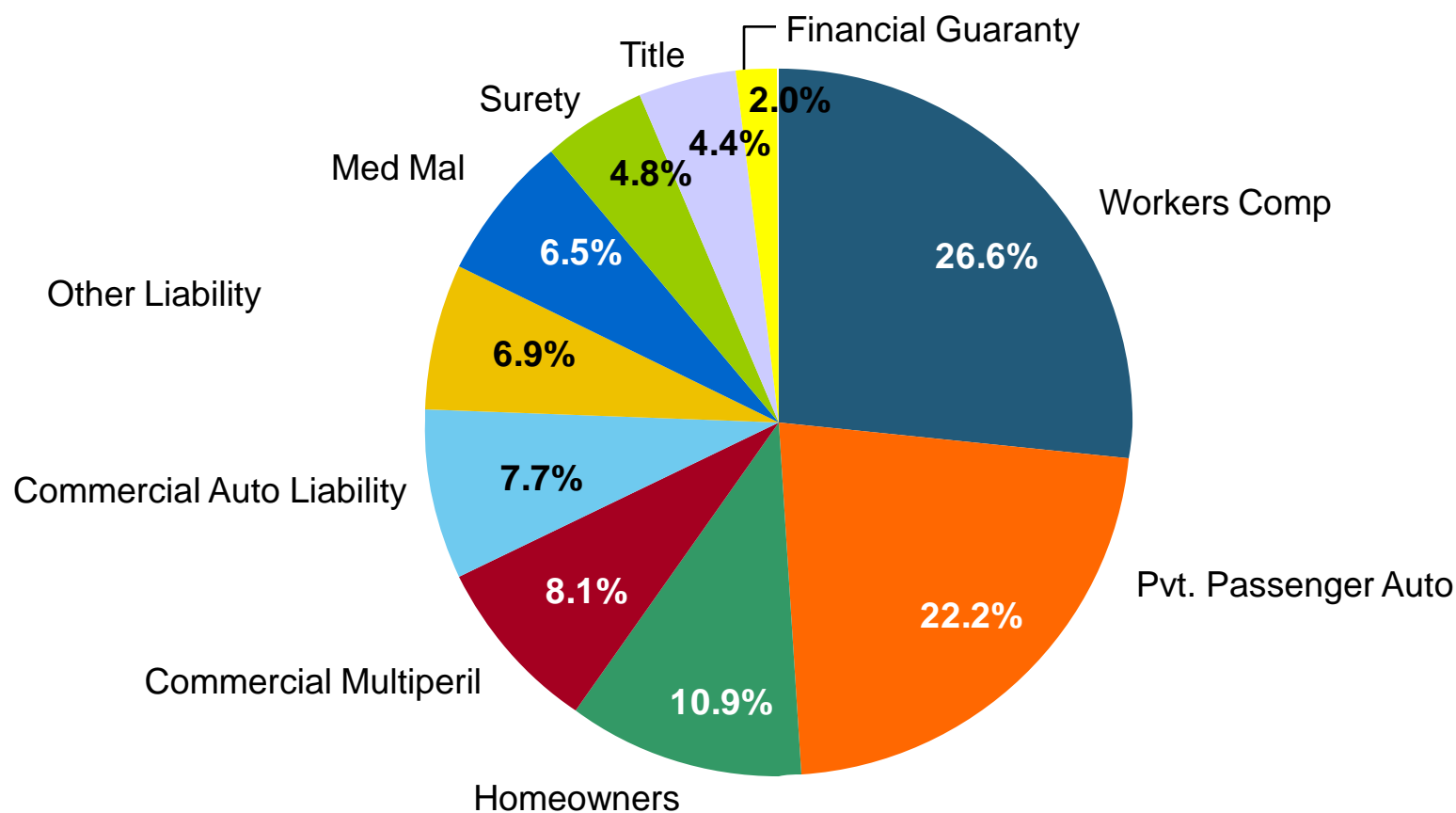
# Reasons for US P/C Insurer Impairments, 1969–2010

**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**



# **RENEWED PRICING DISCIPLINE**

**Is There Evidence of a Broad  
and Sustained Shift in Pricing?**

# Average Commercial Rate Change, All Lines, (1Q:2004–2Q:2012)

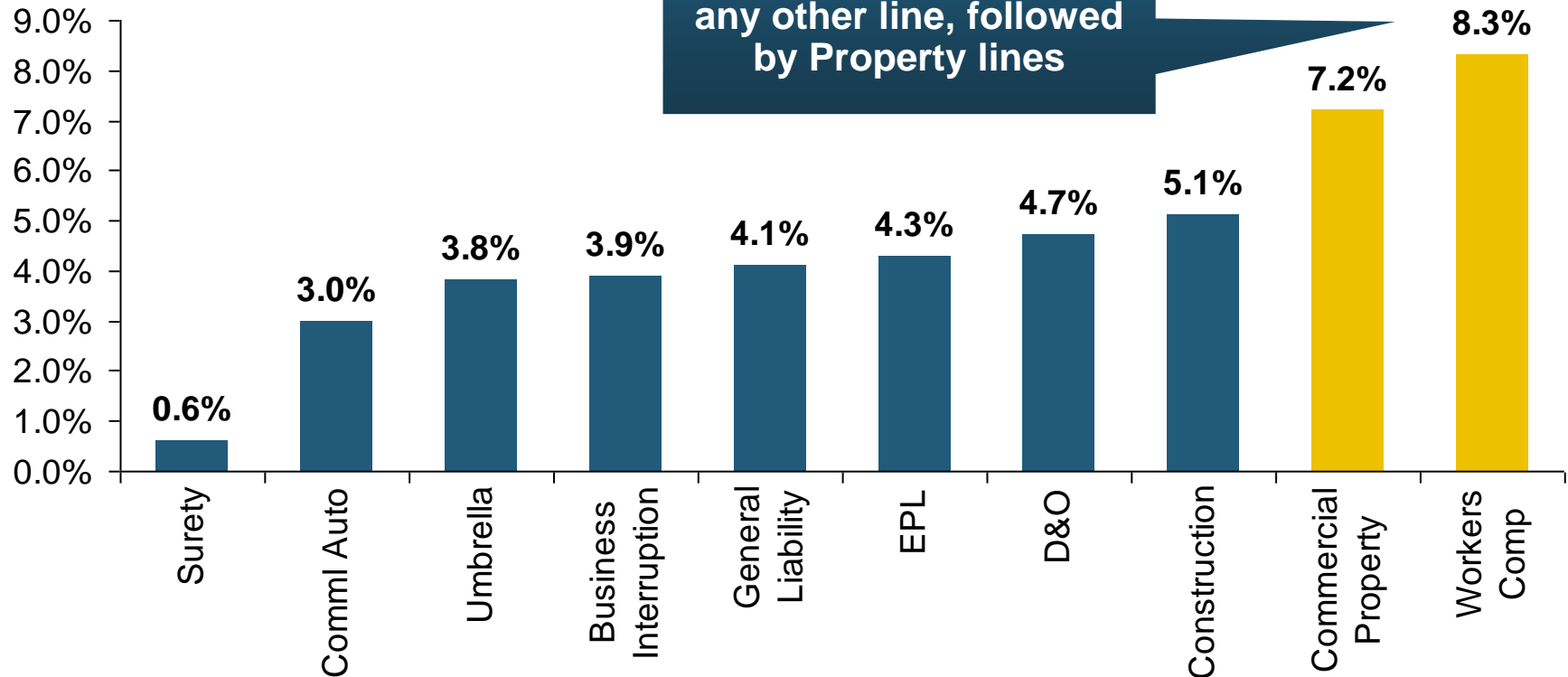
(Percent)





# Change in Commercial Rate Renewals, by Line: 2012:Q2

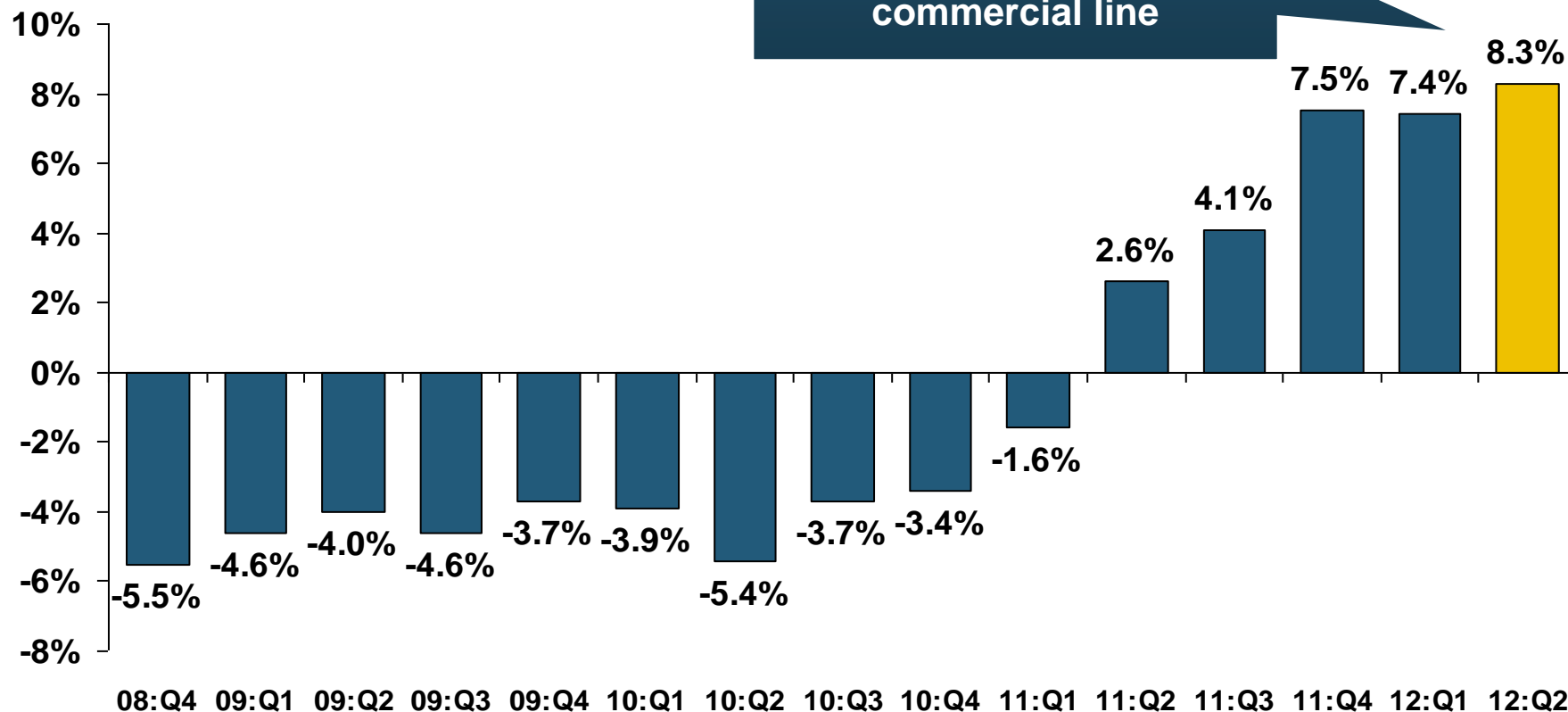
## Percentage Change (%)



**Major Commercial Lines Renewed Uniformly Upward in Q2:2012 for Only the Fourth Time Since 2003; Property Lines & Workers Comp Leading the Way; Cat Losses and Low Interest Rates Provide Momentum Going Forward**

# Workers Comp Rate Changes, 2008:Q4 – 2012:Q2

(Percent  
Change)



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