



INSURANCE
INFORMATION
INSTITUTE

Insurance Leading Through Disruption

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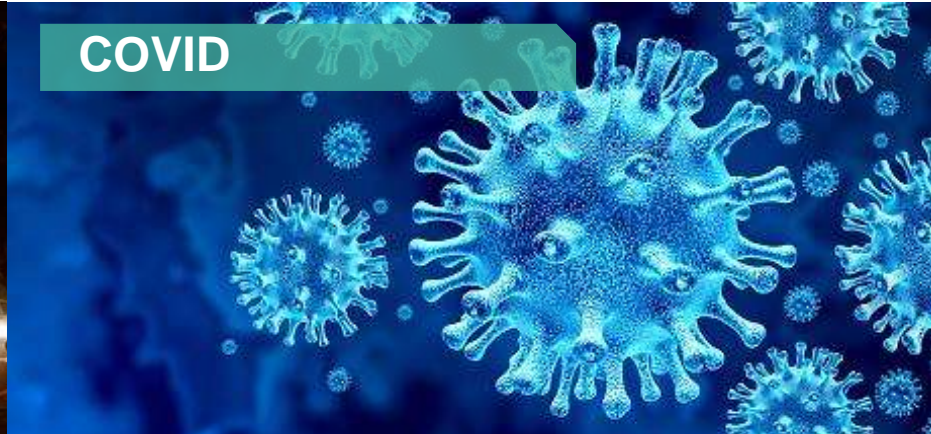
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The Disruption Continuum

Catastrophes



COVID



Economics



INSURANCE



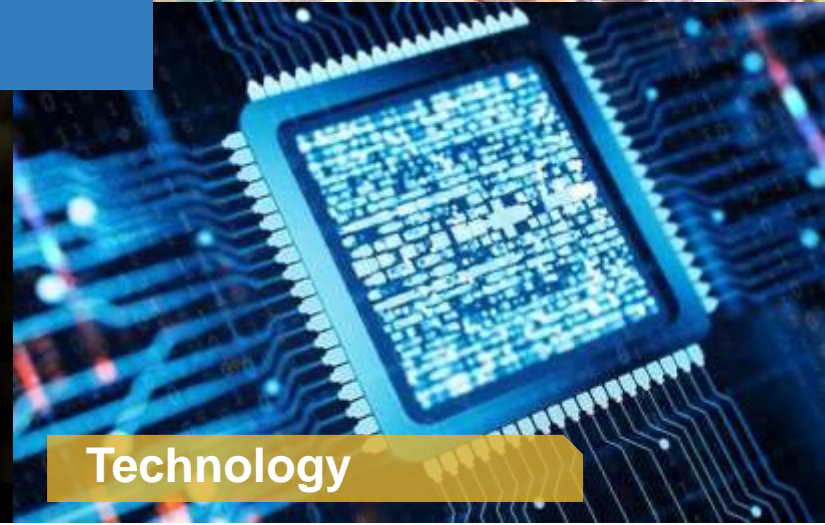
Geopolitical



Social Unrest



Technology



A New Milestone for Measuring Success

Economic Growth



Community Well-being



Capital Protections



Resilience



Fairness & Equality



America's Insurers: Stepping Up

for Customers, Communities, and Employees

The insurance Industry is Applying Forward-thinking Solutions to Take Care of Its Customers, Communities, and Employees During the COVID-19 Crisis

Customers

Auto insurers have returned **\$14 billion** so far to customers' pockets around the country through premium relief

Community

Insurers have pledged **more than an estimated \$280 million** (according to III/Insurance Industry Charitable Foundation) in donations to the national and local organizations fighting this pandemic on the frontlines

Employees

Employing more than **2.8 million Americans**, Insurers are taking care of their employees—many pledging no layoffs during the ongoing crisis

Industry

Insurers are implementing **innovative solutions** to carrying out daily operations while respecting social distancing



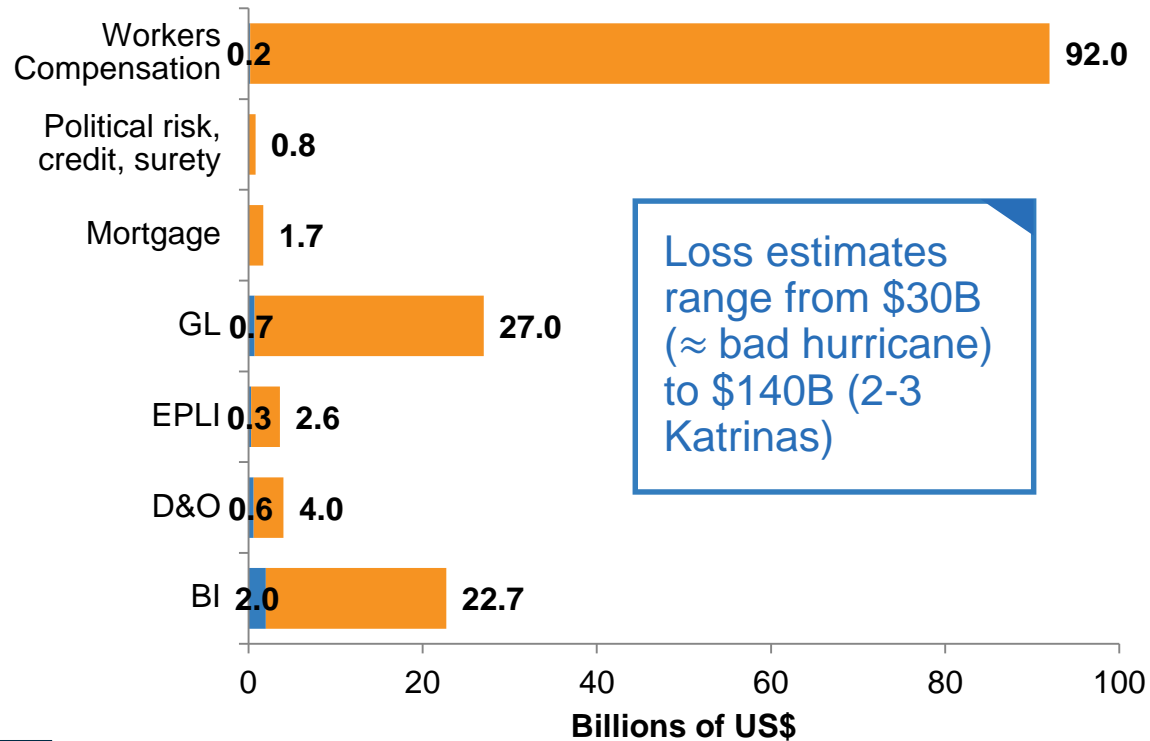
Underwriting Trends



COVID-19's Impact

Unprecedented Spread of Loss, Deterioration of Exposure

Potential Loss Impact



Exposure Impact

- ▲ \$14B auto premium
- ▲ Employment related exposures (GL, WC)

Investment

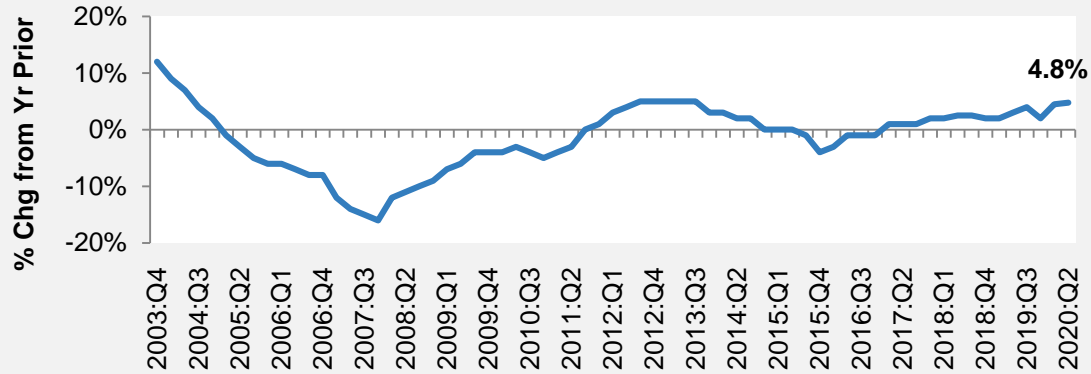
- ▲ Volatile stocks, bond yields plunging
- ▲ Lloyd's estimate: \$96B in investment losses



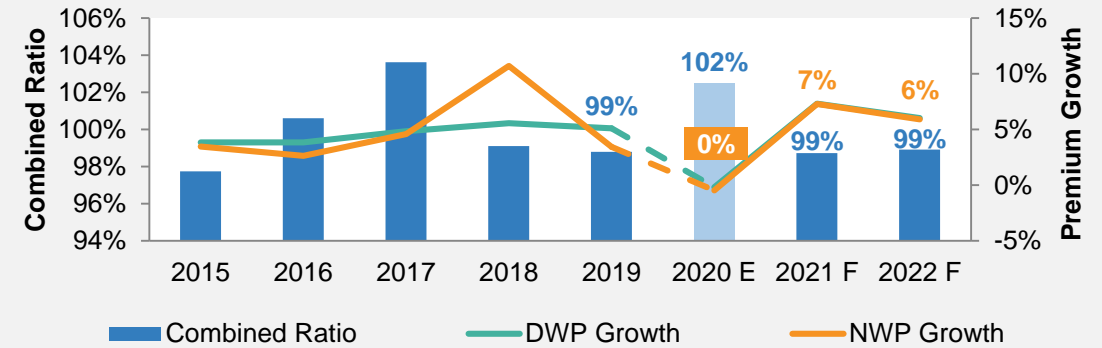
Source: Willis Towers Watson, Insurance Information Institute..

Industry Outlook

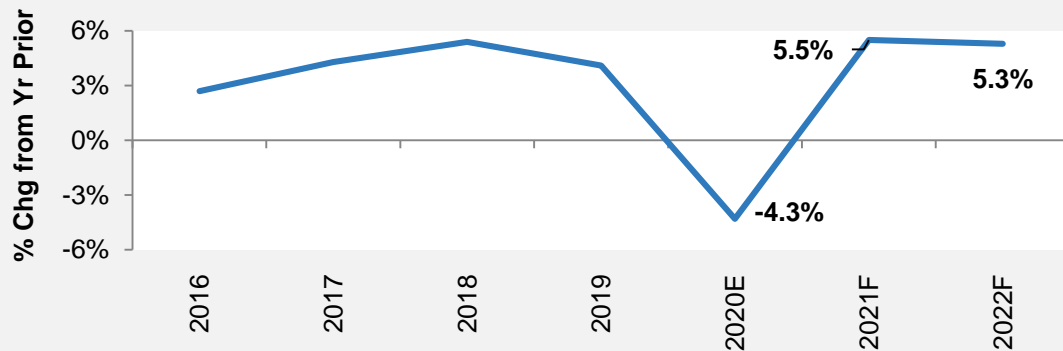
Commercial Lines Rate Change



Calendar Year Written Premium and Net Combined Ratio Projections



Growth in Nominal GDP (Real GDP + Inflation)



2020 Commentary

Overall premium projected to be flat. Underwriting result deteriorates.

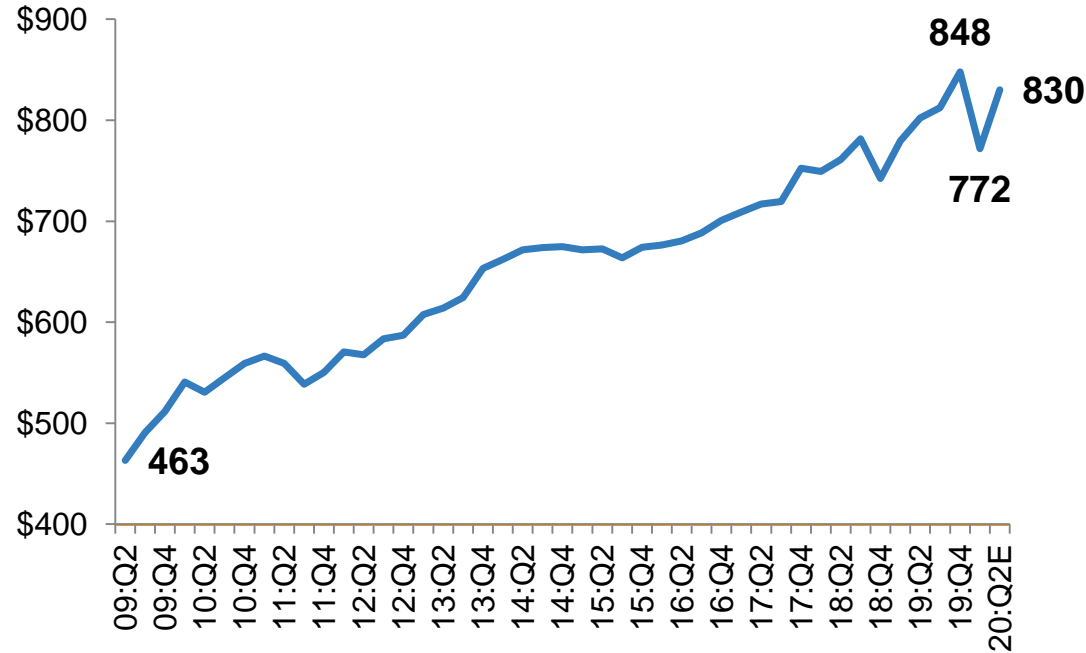
- Pandemic and recession reduce exposure in personal auto, several commercial lines.
- Rate increases make up for lower exposures somewhat.
- Tremendous uncertainty due to pandemic's impact on several lines.
- We assume normal cat year, despite bleak hurricane forecast.

Financial Trends

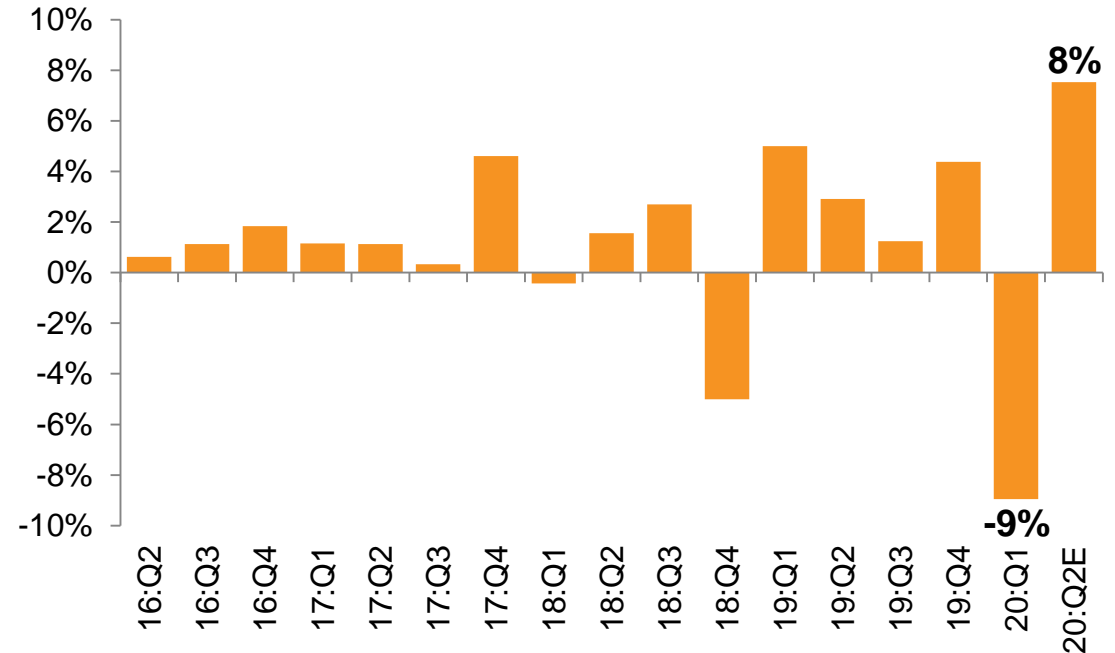


Policyholder Surplus by Quarter

Amount of Surplus (\$ Billions)



Change from Prior Quarter



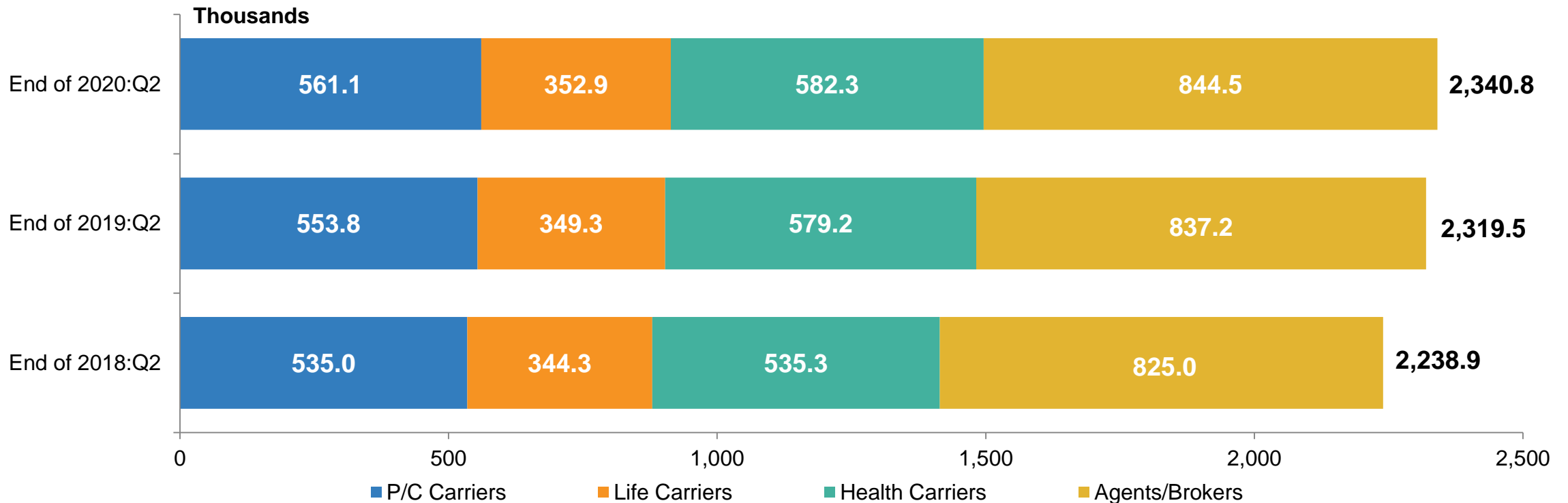
**Surplus Has Rebounded from Q1 Decline Caused by Unrealized Capital Losses (Stock Declines).
78 Cents of Premium per Dollar of Surplus.**



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

Employment in Major Subsectors of the Insurance Industry: A Surprise

Over the Last Two Years, All Four Major Insurance Industry Subsectors Have Grown Employment Despite the Recession That Began in February 2020



Data are seasonally adjusted
Sources: BLS; Triple-I

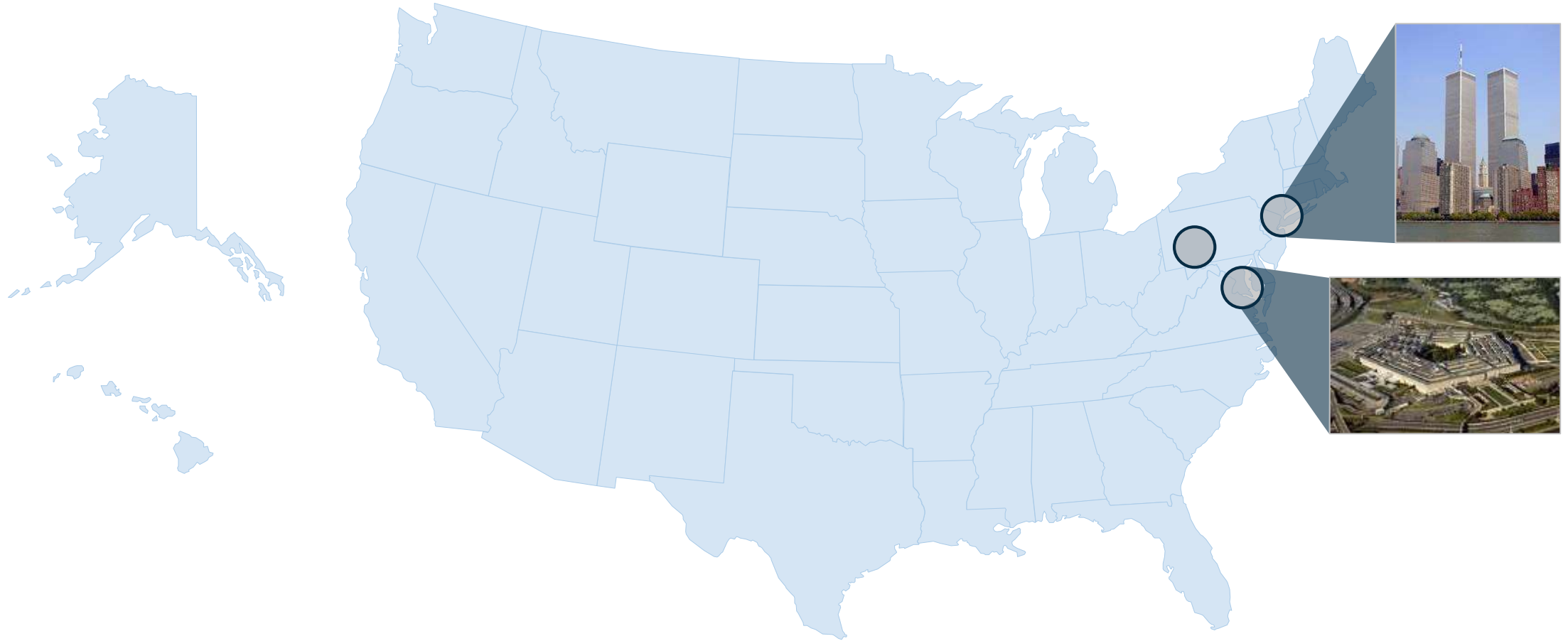
COVID-19

Economic and Cultural Impacts:
An Industry's Response



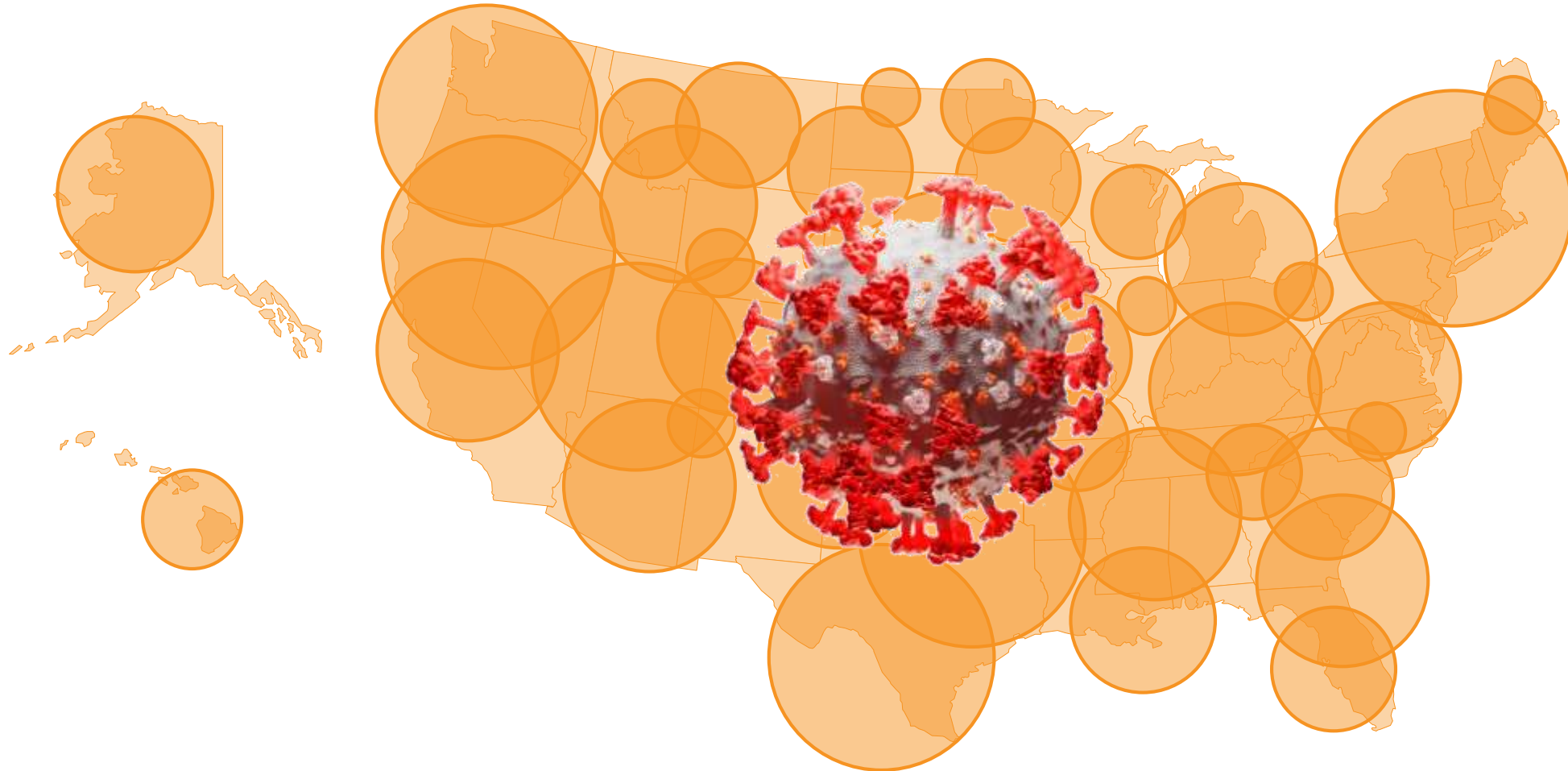
Global Pandemics Are Uninsurable

Economic Impact of 9/11



Global Pandemics Are Uninsurable

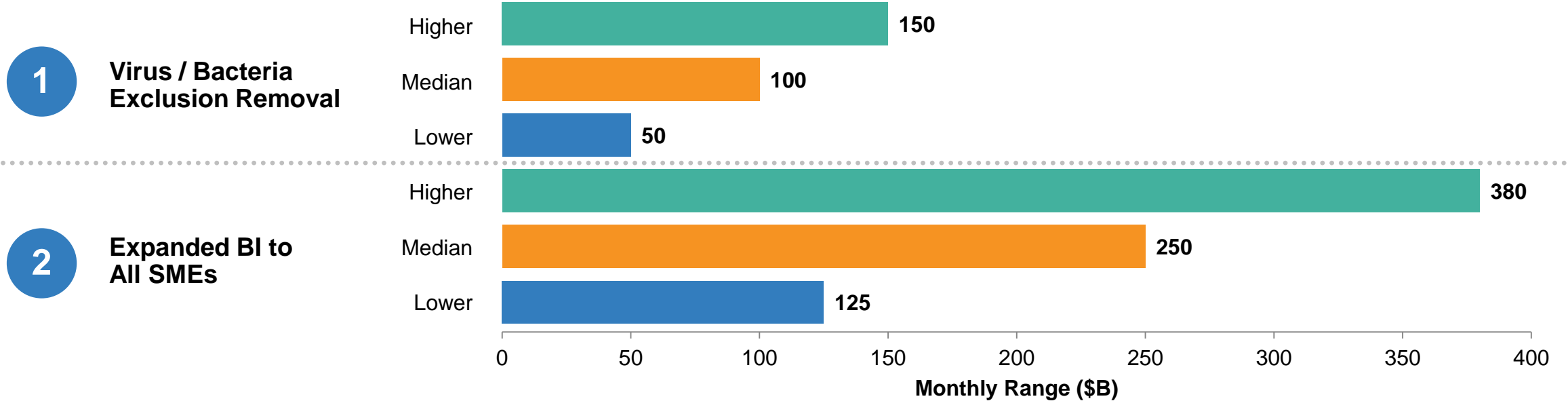
Economic Impact of Coronavirus



Monthly Costs of Retroactive Changes to SME BI Policies

Regardless of Scenario, Retroactive Attempts to Include Pandemics in BI Causes Bankruptcy

Retroactive BI Scenarios



Key Assumptions

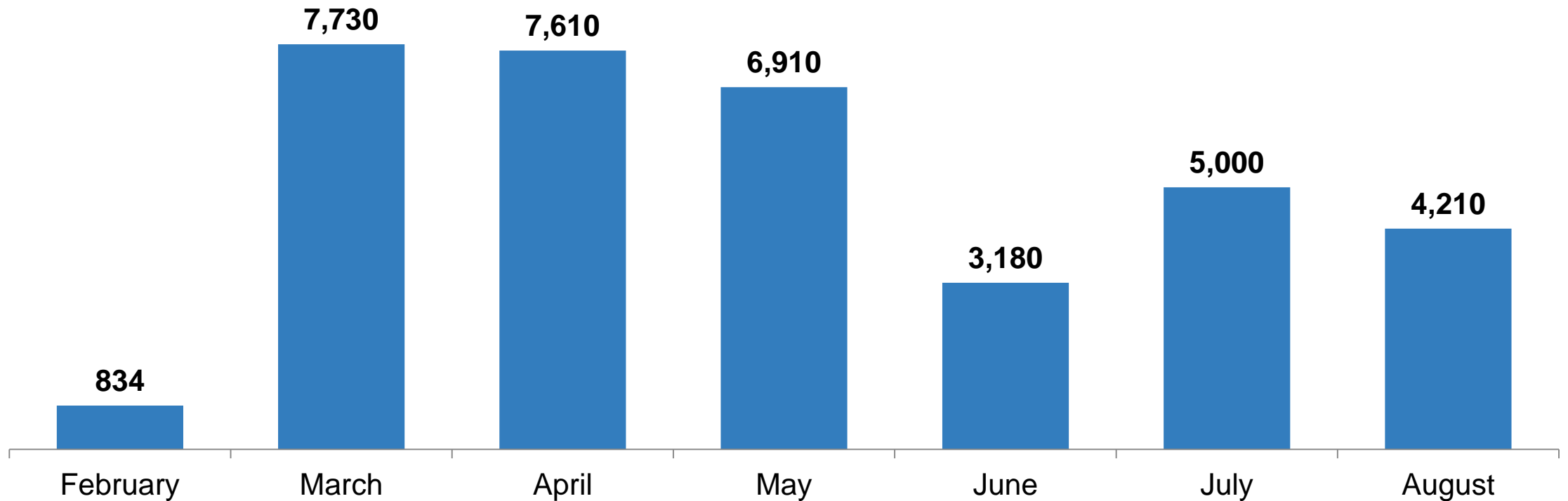
Scenario 1: 40% take-up rate
Scenario 2: 100% take-up rate
Loss basis: Compensation, profits, adjustment costs 7 days waiting period
Retained loss of 10% of total loss



Median estimates are model-driven. The higher and lower estimates assume a standard distribution for BI losses anchored in the model-driven median loss estimates.

The Surge in Business Interruption Media Coverage Created an Opportunity for Triple-I to Serve as Industry Voice and Educator

Count of Stories Mentioning Business Interruption Insurance & COVID-19



Source: Meltwater

With Increased Attention and Scrutiny on Industry, Triple-I Identified the Need to Launch an Industry Campaign



- ▲ The 'Future of American Insurance & Reinsurance' campaign launched in May and has served as a source of education and information surrounding pivotal industry activity, including Congressional hearings, White House roundtables, state legislation, and media stories.
- ▲ With a separate website and public presences, this campaign provides the Triple-I with a separate platform and voice.
- ▲ The campaign will take on overarching industry issues and emphasize its essential role in supporting and rebuilding communities in these uncertain times.



www.fairinsure.org

Fairness and Equality



Employed Persons by Occupation, Sex, Race, and Hispanic or Latino Ethnicity, 2019

Occupation	Total Employed (in 000s)	% of Total Employed			
		Women	Black or African American	Asian	Hispanic or Latino
Total, 16 Years and Over	157,538	47.0%	12.3%	6.5%	17.6%
Business and Financial Operations Occupations	7,996	54.0%	9.9%	9.0%	9.5%
Insurance Sales Agents	595	50.6%	10.1%	5.6%	13.4%
Claims Adjusters, Appraisers, Examiners, and Investigators	318	62.1%	19.5%	4.4%	9.5%
Insurance Claims and Policy Processing Clerks	269	81.7%	21.8%	2.4%	15.5%
Insurance Underwriters	105	51.1%	5.9%	5.4%	6.2%
Actuaries	33	N/A	N/A	N/A	N/A

The Industry is More Diverse and Inclusive Than It Was 20 Years Ago, But Women, People of Color and Other Minority Groups Are Still Significantly Underrepresented at Senior Levels



Source: Bureau of Labor Statistics

Solutions?

- ▲ The NAIC's newly formed committee on race and insurance will address practices that potentially disadvantage minorities – the industry will engage with the NAIC to review the recommended steps



Working in Tandem to Overcome Unprecedented Challenges



The insurance industry is proud of its continued success in these areas—in large part because this success is built on a foundation of working in close partnership with consumers and regulators



Informed. Empowered.

Thank you!

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