



Insurance Leading Through Disruption

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Triple-I & Its Mission



We are the trusted source of unique,
data-driven insights on insurance...

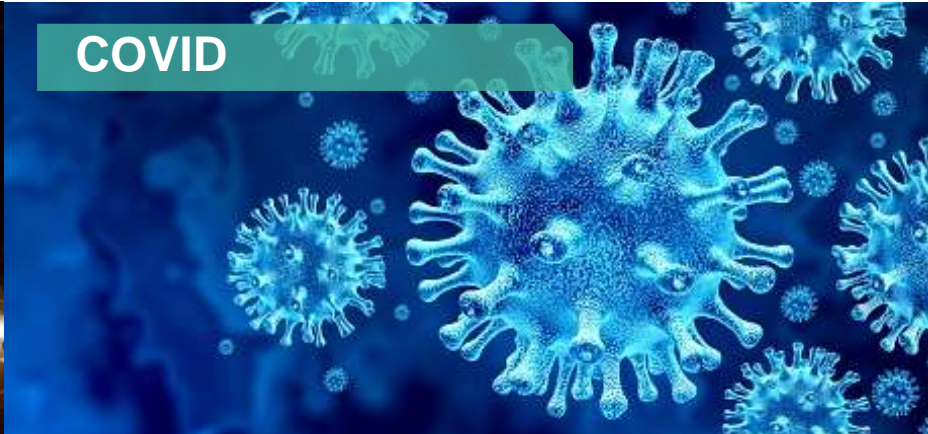
.....to inform and empower
consumers.

The Disruption Continuum

Catastrophes



COVID



Economics



INSURANCE

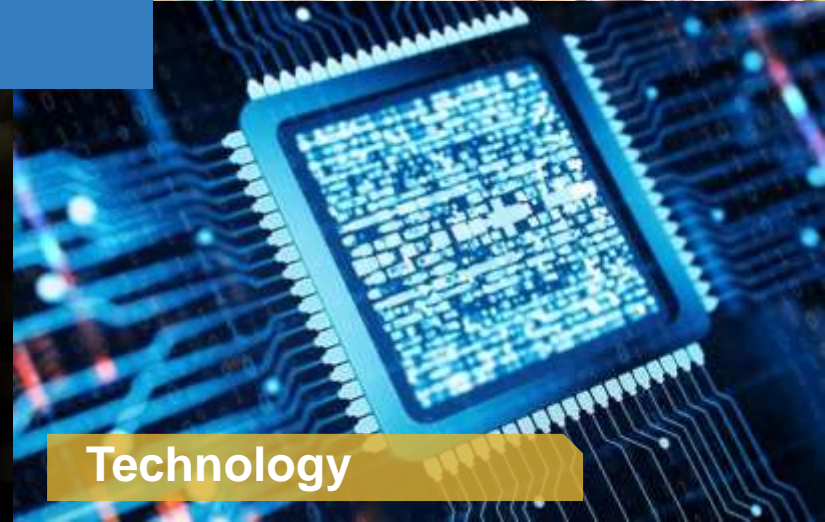
Geopolitical



Social Unrest



Technology



A New Milestone for Measuring Success

Economic Growth



Community Well-Being



Capital Protections



Resilience



Fairness & Equality



How Insurance Drives Economic Growth

Safety/ Security



- ① Insurers are financial first responders



- ② Insurers are risk mitigators

Economic/ Financial Stability



- ③ Insurers are capital protectors



- ④ Insurance is a partner in social policy



- ⑤ Insurance sustains the supply chain



- ⑥ Insurers are capital infusers

Development



- ⑦ Insurers are community builders



- ⑧ Insurance enables infrastructure improvements



- ⑨ Insurers are innovation catalysts



- ⑩ Insurers are credit facilitators

Insurance & Economic Leadership

Sustainable Business Model

2010



Bank Failures: 157



Insurance Impairments¹: 4

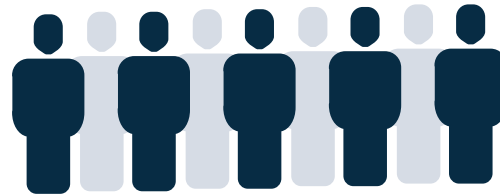
Policyholder Surplus:

~\$876B

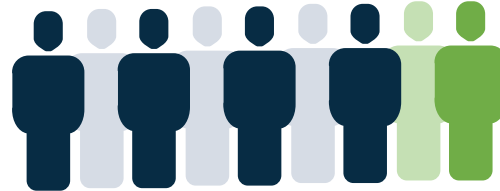


End Q3/20

Strong Jobs Pool/Provider



2.8M Employed



Need to Fill
400K+ by 2022²

Economic Growth Promoter/Facilitator



Premium Taxes Paid⁴ \$23.6B

Muni Bond Investment⁵ \$500B

Charity/Volunteerism⁶ \$280M

¹AM Best and FDIC; ²PC 360, Insurance Industry Crisis; ³U.S. Bureau of Economic Analysis, 2020; ⁴U.S. Department of Commerce, 2020; ⁵Federal Reserve, 2019; ⁶2011–2014, Insurance Industry Charitable Foundation – amount donated so far to fight COVID-19.

Stepping Up

America's Insurers: *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 national and local organizations fighting this pandemic on the frontlines

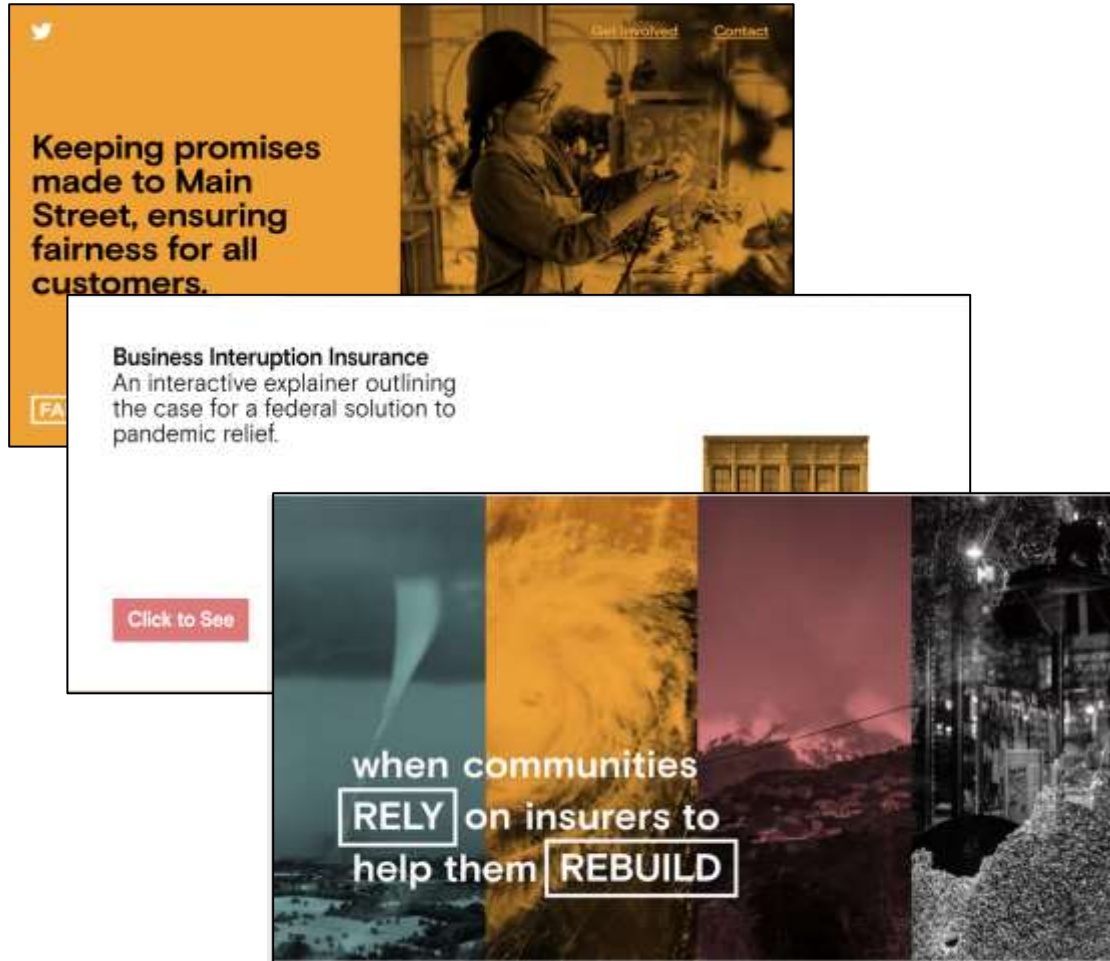
Employees

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 carry out daily operations while respecting social distancing

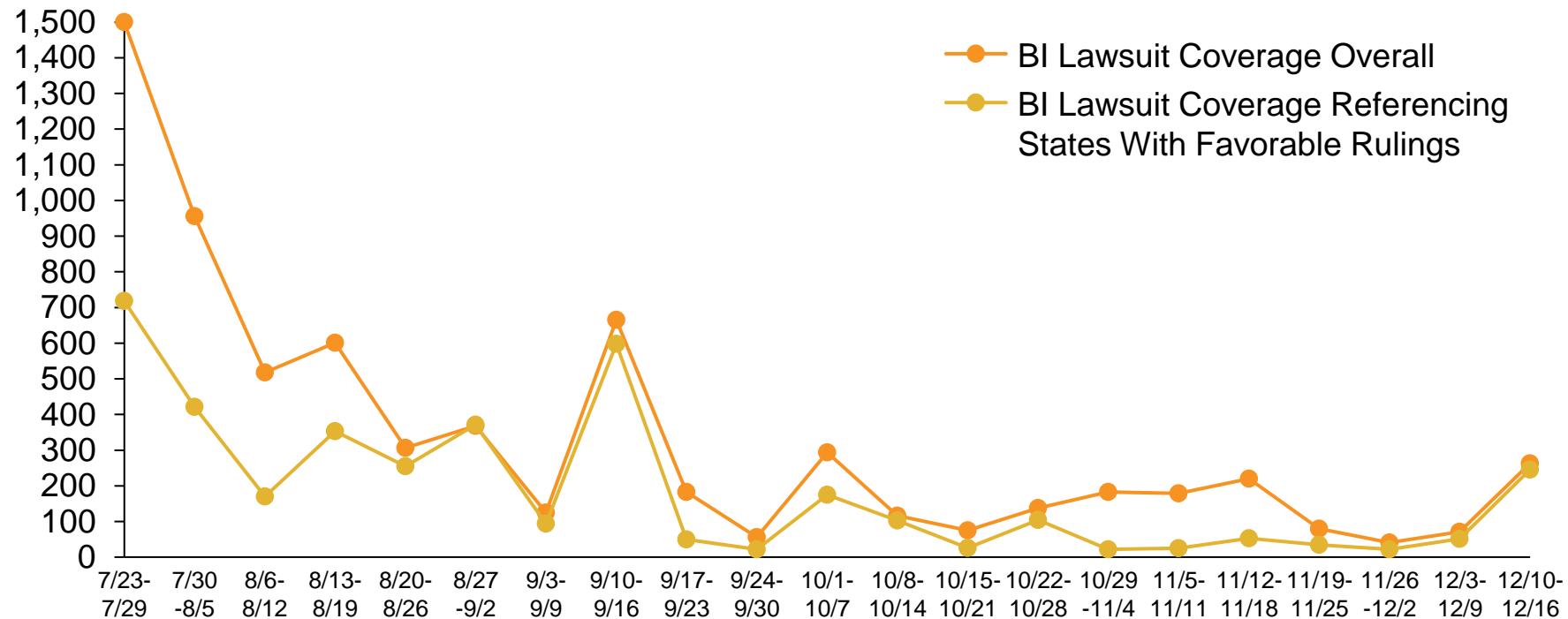
FAIR Campaign Provided a Credible, Uniform Industry Voice Amid Increased Scrutiny



- The "Future of American Insurance & Reinsurance (FAIR)" campaign, launched during a pivotal week of increased scrutiny for the industry, has been critical in the business interruption debate.
- FAIR's platform has grown to include a collection of valuable digital assets, presenting key messaging in a digestible manner to stakeholders via various channels (e.g., website, outreach, social media, digital campaigns).

FAIR Campaign Educated Media and Created Positive Media Coverage for Insurers

Number Of Stories



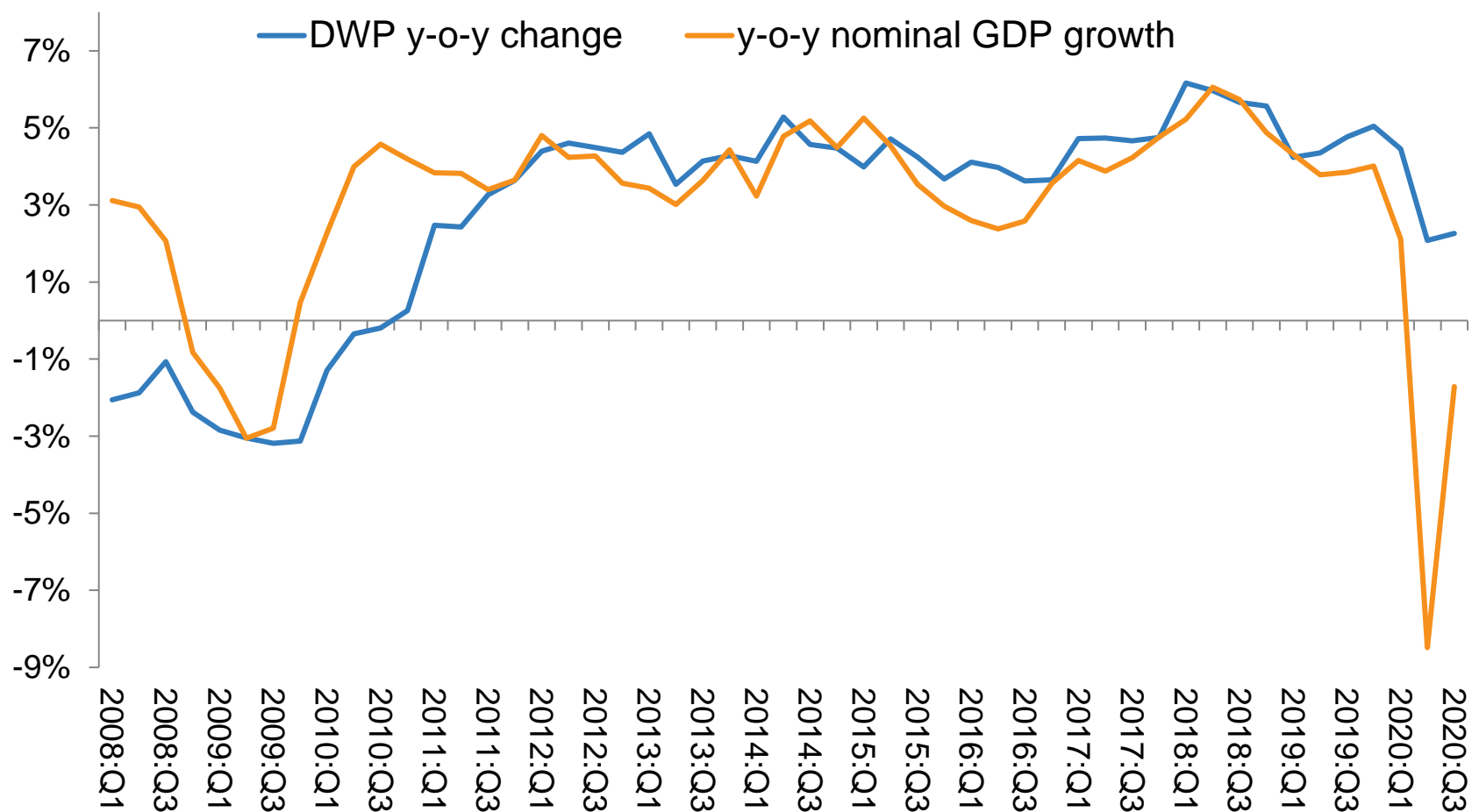
- Through education and outreach to reporters, FAIR has been able to better contain spikes in negative coverage on pandemic-related business interruption lawsuits
- FAIR campaign also prompted a steady stream of content highlighting favorable court rulings for insurers and advocating for government-led solutions to pandemic insurance
- Given the decrease in BI coverage volume, FAIR will transition to other emerging industry issues in 2021

Industry Economic Impact

March 2021

Economy Drives P/C Insurance Industry Premiums:

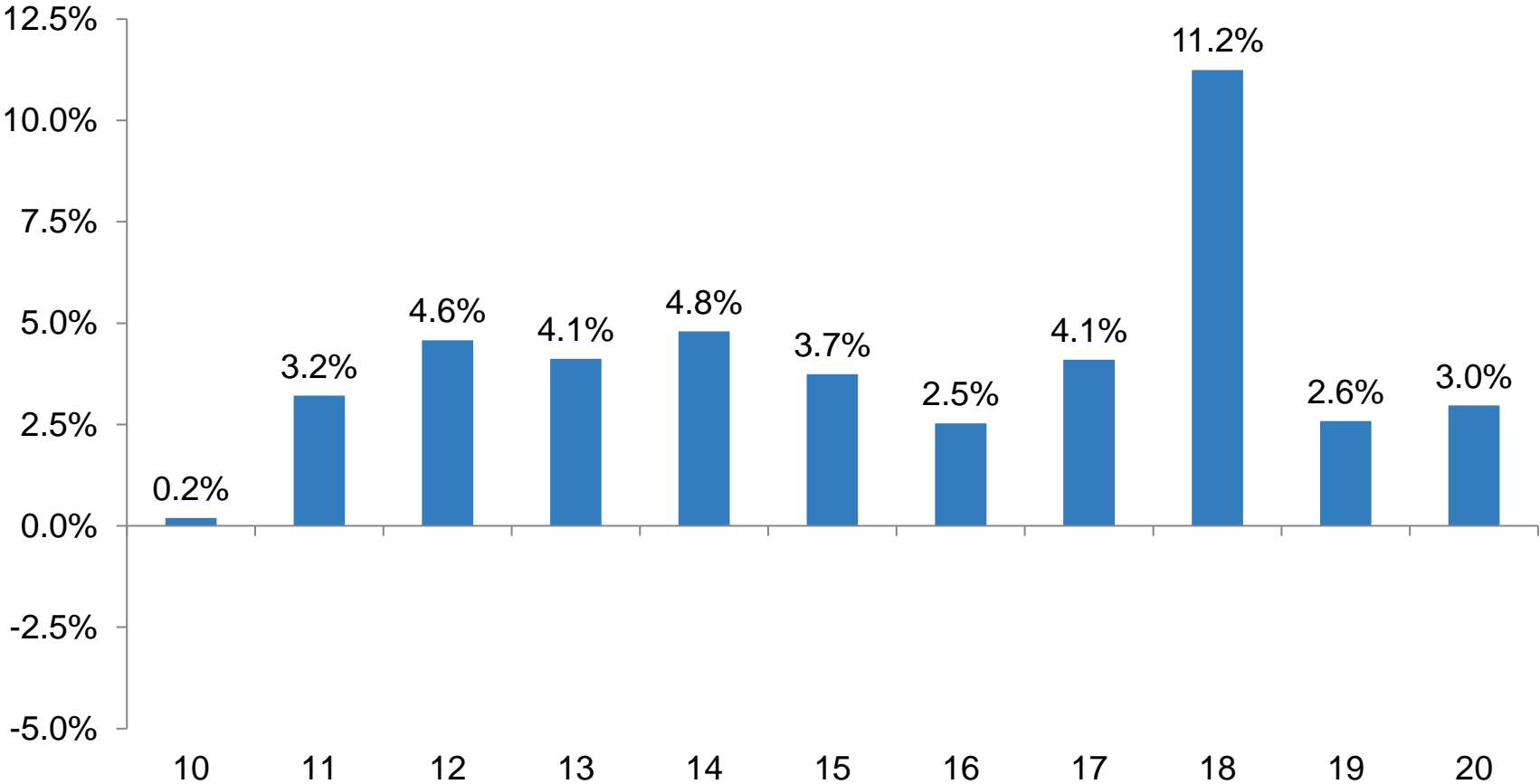
Direct Premium Growth (all P/C lines) vs. Nominal GDP: Quarterly YOY Pct. Change



Economic Environment: Negative

Net Written Premium Growth

2010-2020 Yearly as of Q3 (all P/C lines)



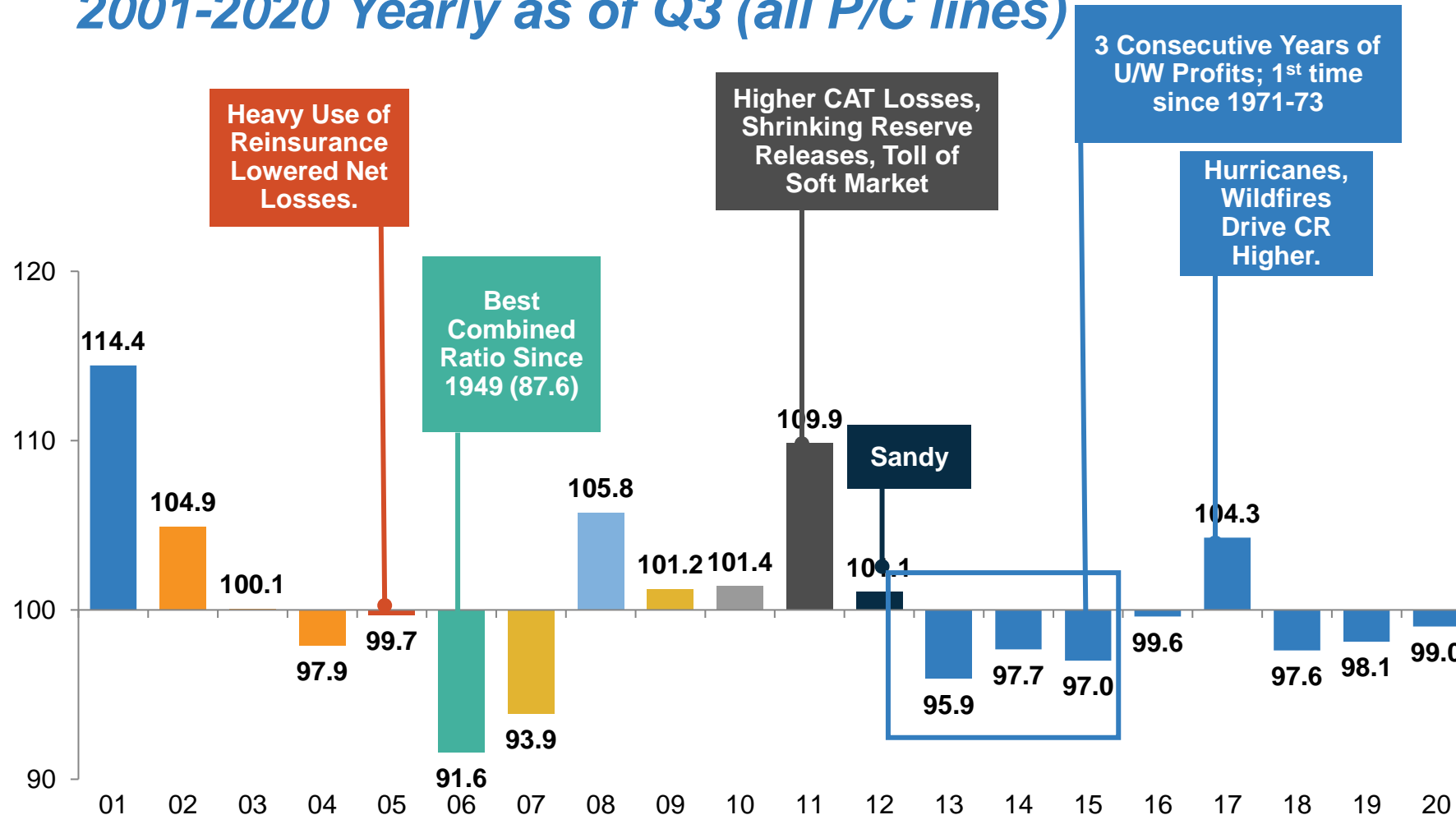
Premium Growth: Neutral



Sources: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.

Combined Ratio

2001-2020 Yearly as of Q3 (all P/C lines)



Combined Ratio: Neutral

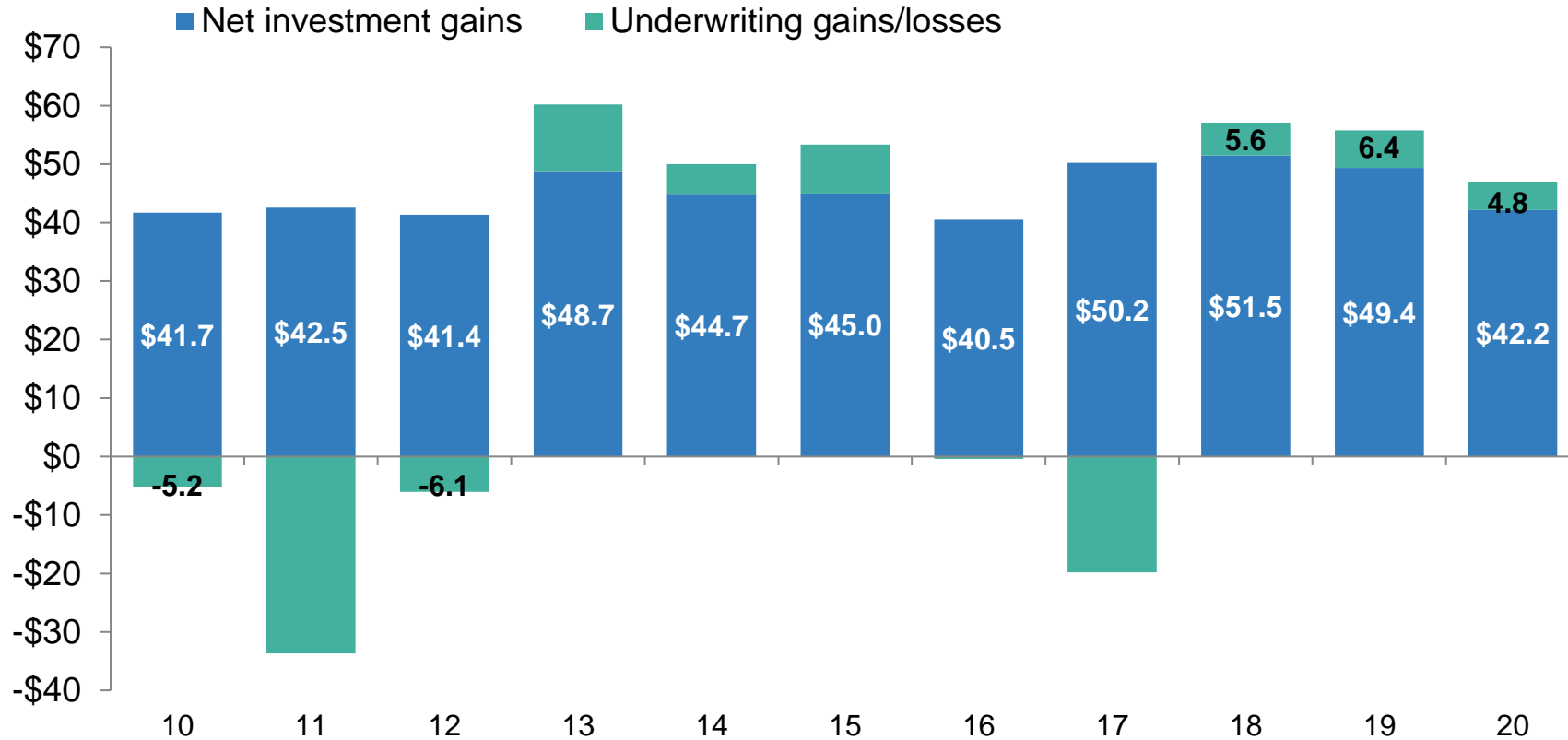


Data through Q3

Sources: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.

Key Sources of P/C Insurer Profits

\$ Billions



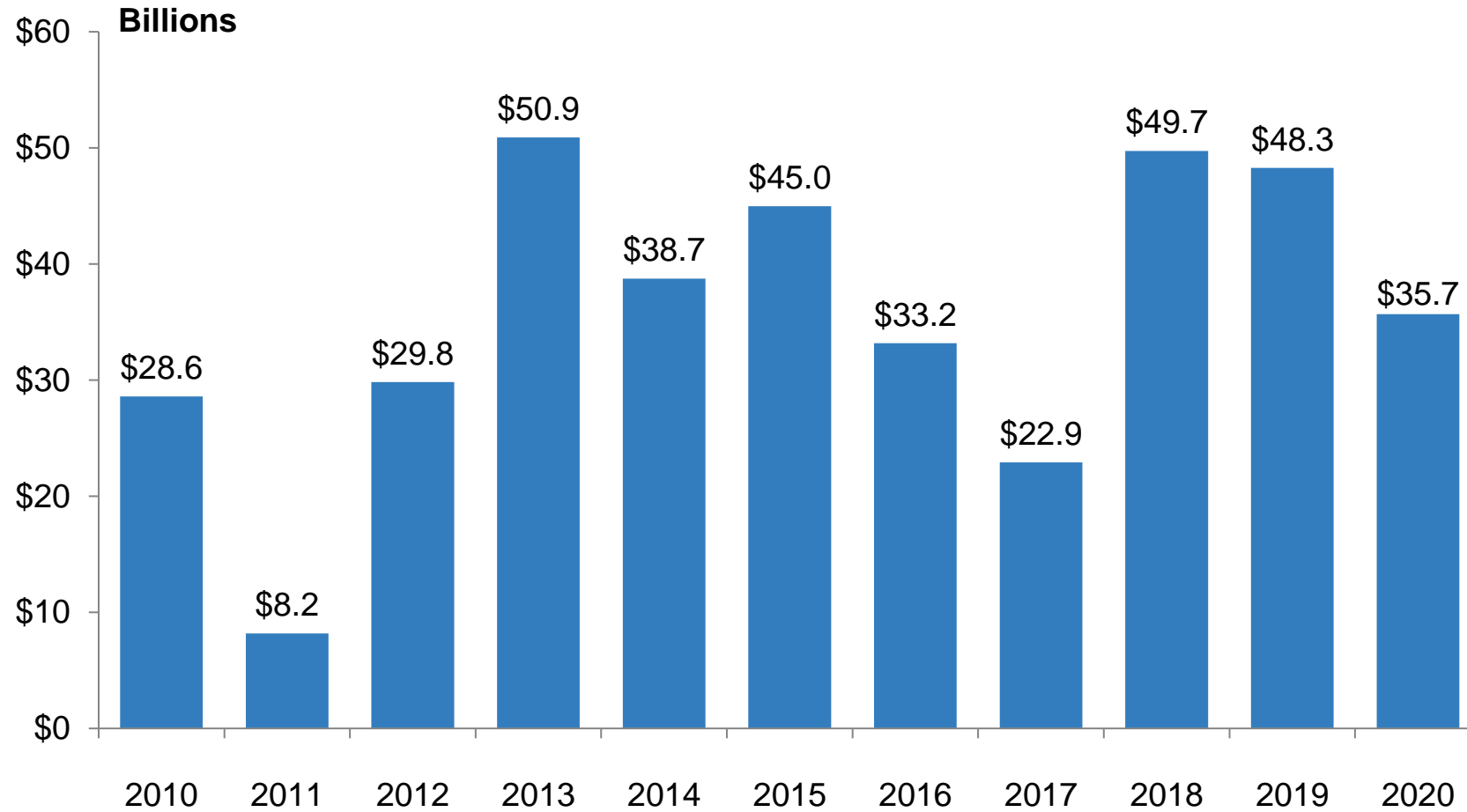
Lower investment income means UW income has to grow.

Through third quarter. Not adjusted for inflation.
Data are before taxes and exclude extraordinary items.
Source: NAIC data, sourced from S&P Global Market Intelligence.



Net Income After Taxes

2010-2020 Yearly as of Q3



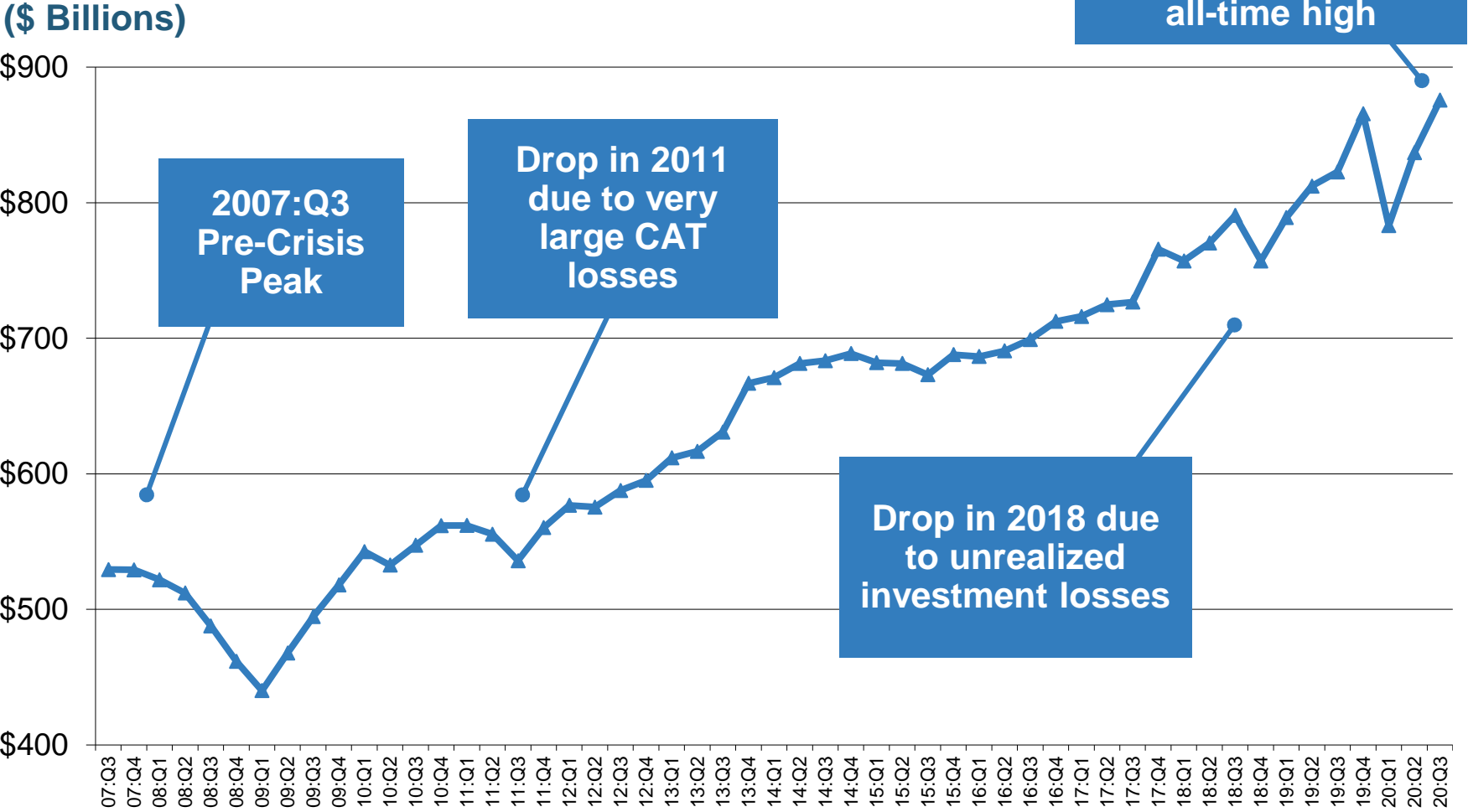
Net Income After Tax: Positive



Sources: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.

Policyholder Surplus

2007-2020 Quarterly



Policyholder Surplus: Positive



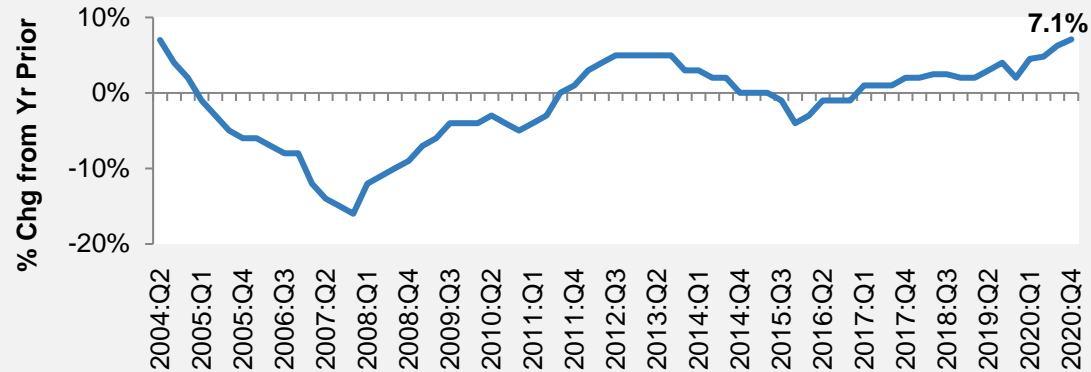
Sources: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.

Forecasting Trends

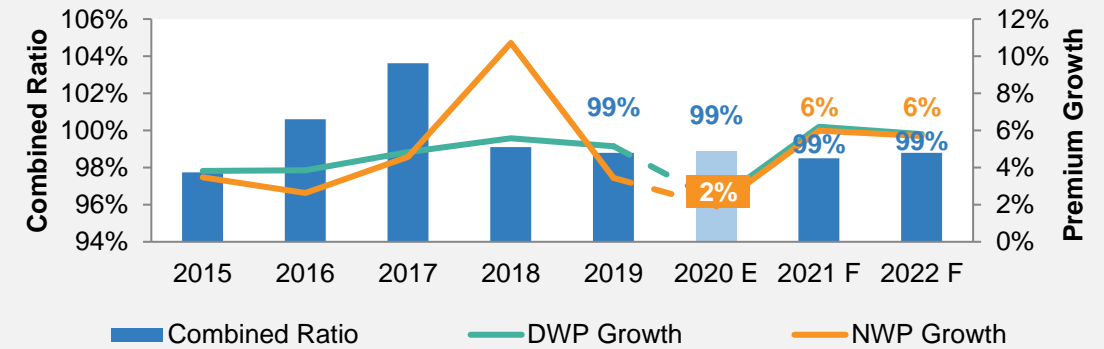
March 2021

Industry Outlook

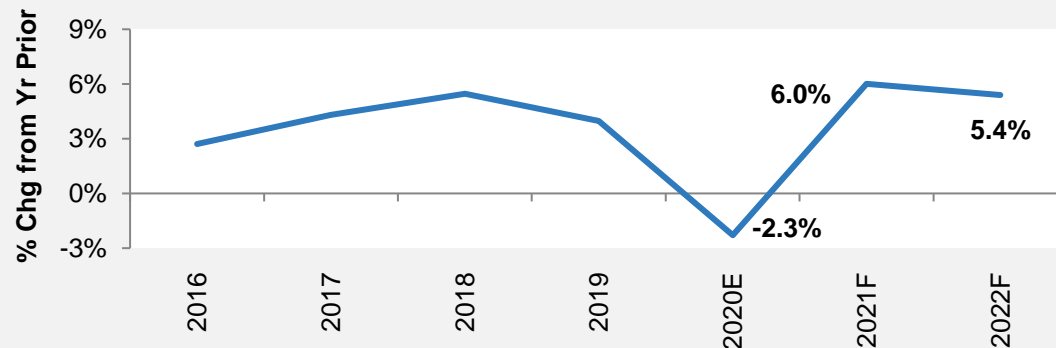
Commercial Lines Rate Change



Calendar Year Written Premium and Net Combined Ratio Projections



Growth in Nominal GDP (Real GDP + Inflation)



2021 Commentary

Healthy premium growth this year thanks to recovery and hard market

- Interest rates will stay low, pressuring rates and the need for underwriting profits.
- Uncertainty from COVID will continue to put pressure on rates.
- We assume an average year for cats.



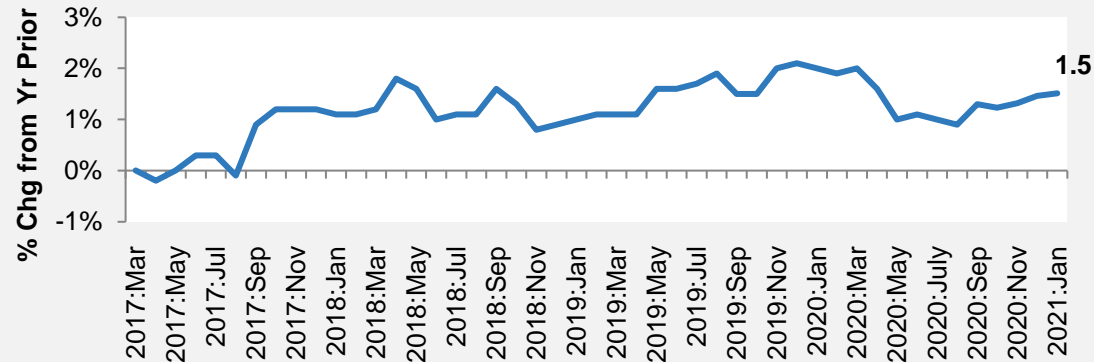
Milliman

Data sources: NAIC data sourced through S&P Global Market Intelligence, MarketScout, Blue Chip Economic Indicators, Congressional Budget Office, PCS, Aon, Munich Re, Energy Information Agency, FRED (Federal Reserve Bank of St. Louis).

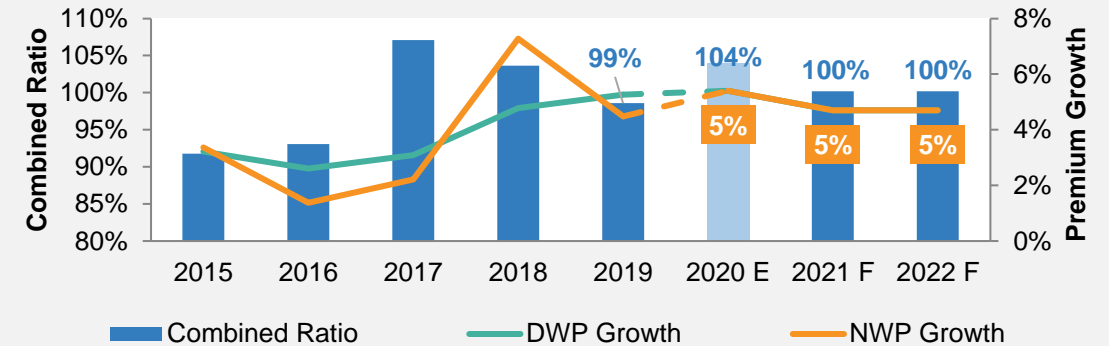
Analysis: Insurance Information Institute, Milliman.

Homeowners

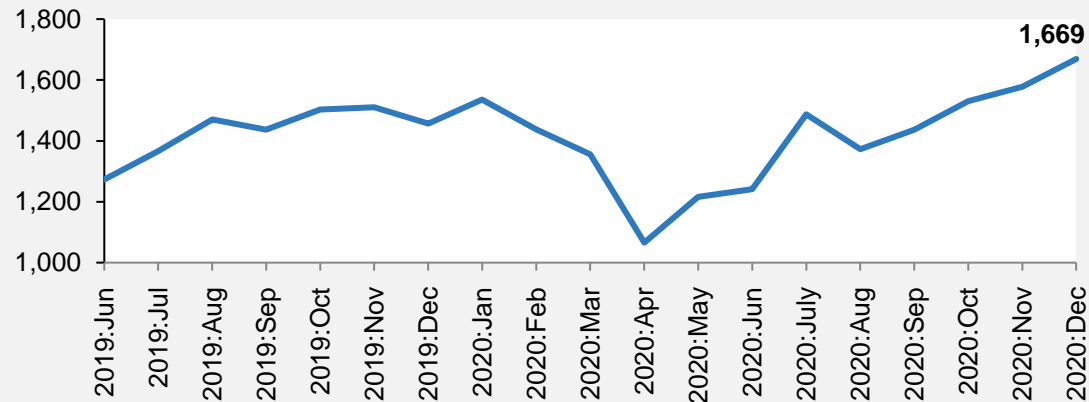
PPI for Homeowners Insurance



Calendar Year Written Premium and Net Combined Ratio Projections



Thousands of New Privately-Owned Housing Units



2020/2021 Commentary

- Minimal impact from pandemic, recession
- Multiple small- to medium-sized cats hurt 2020 results

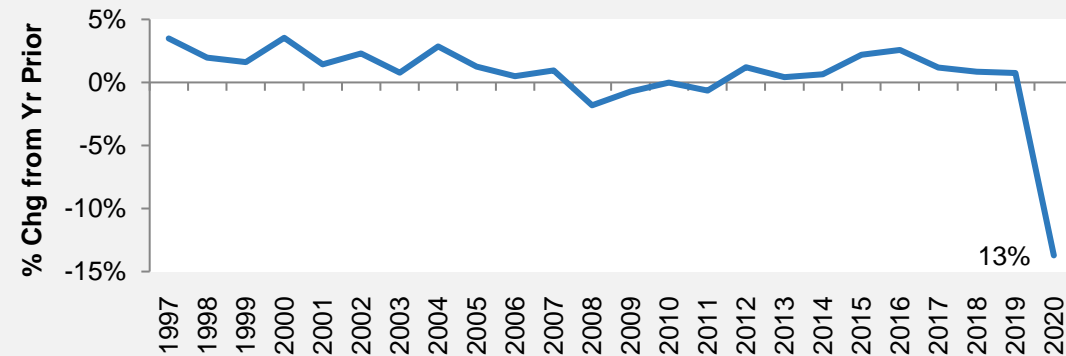


Watch for:

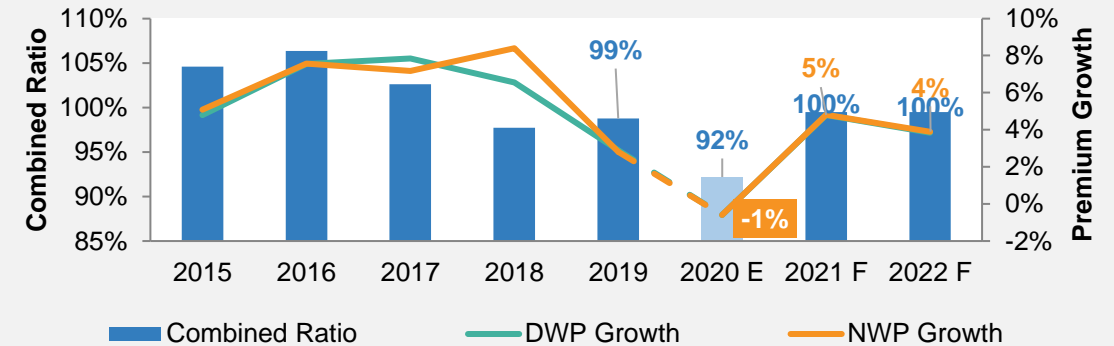
An early take: La Niña portends above-average hurricane season.

Personal Auto

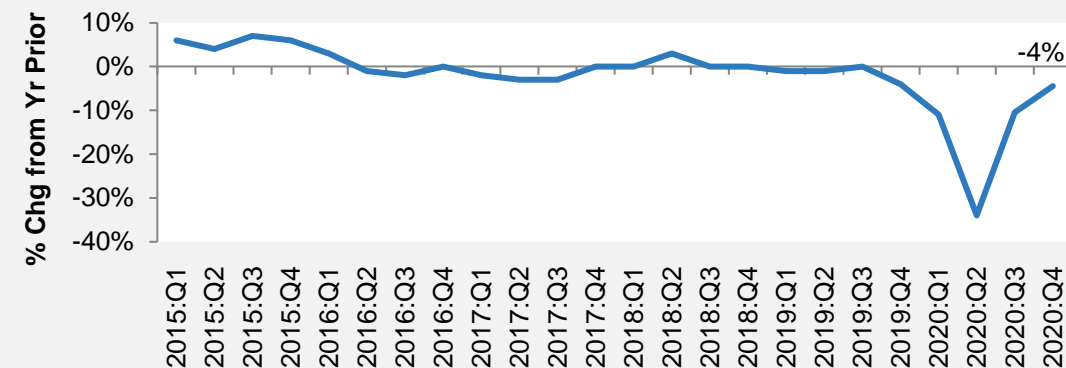
YTD Vehicle Miles Traveled Through December



Calendar Year Written Premium and Net Combined Ratio Projections



Total Vehicle Sales



2020/2021 Commentary

- Excellent 2020 results from changes in driving patterns.
- Premium growth and underwriting results will return to normal.

Watch for:
Interest remains high in telematics; will post-pandemic stay-at-homes drive more near home?

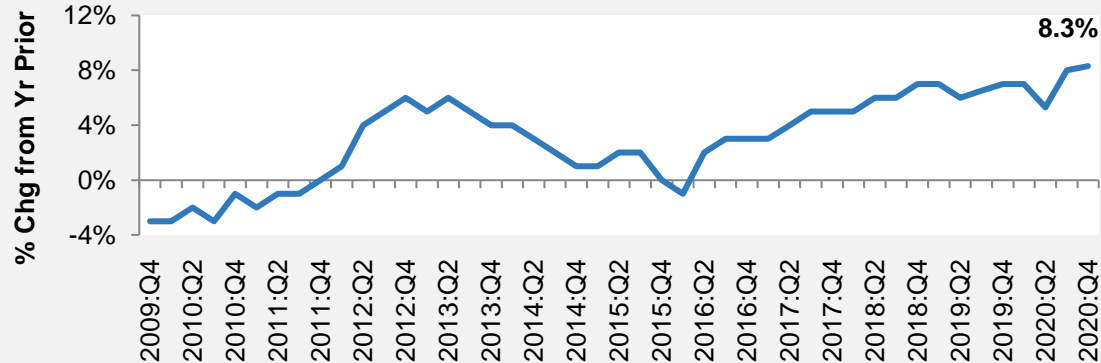
Data sources: NAIC data sourced through S&P Global Market Intelligence, MarketScout, Blue Chip Economic Indicators, Congressional Budget Office, PCS, Aon, Munich Re, Energy Information Agency, FRED (Federal Reserve Bank of St. Louis).

Analysis: Insurance Information Institute, Milliman.

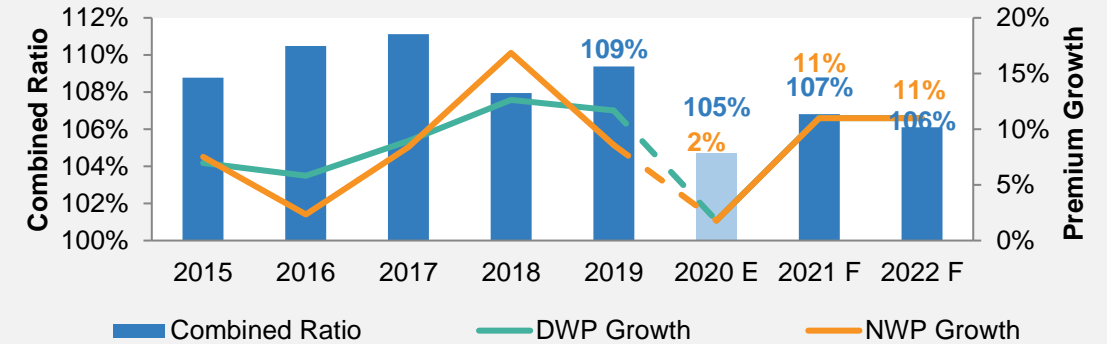


Commercial Auto

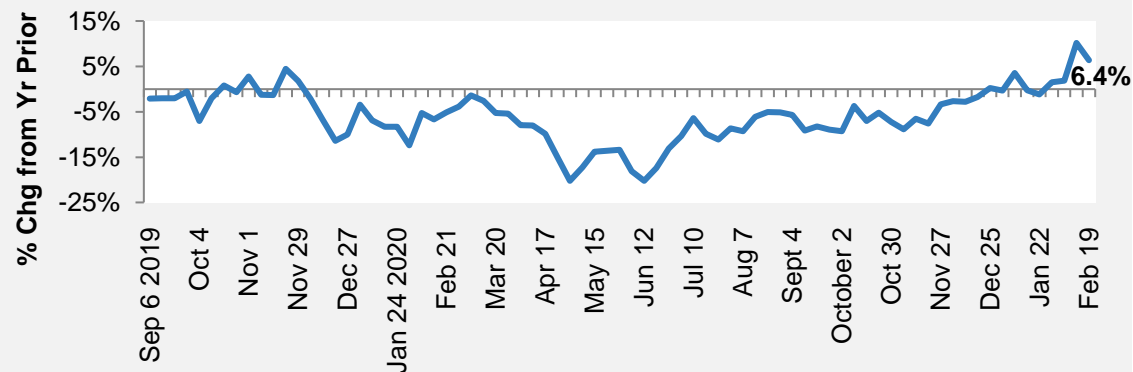
Commercial Auto Rate Changes



Calendar Year Written Premium and Net Combined Ratio Projections



4 Week Moving Average US Distillate Fuel Oil (Diesel) Supplied



2020/2021 Commentary

- Q2-Q3 close in on underwriting profits!
- Line was hard-hit by fall in exposures but will bounce back in 2021.

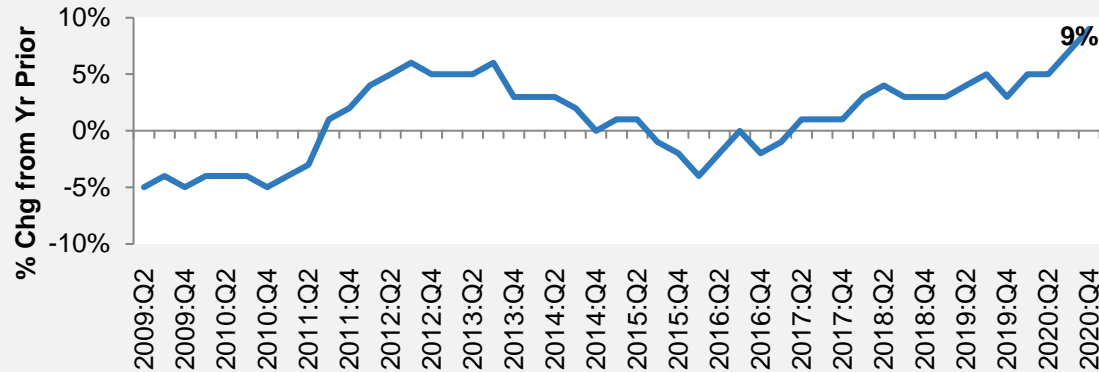
Watch for:
Were Q2/Q3 a fluke?

Data sources: NAIC data sourced through S&P Global Market Intelligence, MarketScout, Blue Chip Economic Indicators, Congressional Budget Office, PCS, Aon, Munich Re, Energy Information Agency, FRED (Federal Reserve Bank of St. Louis).

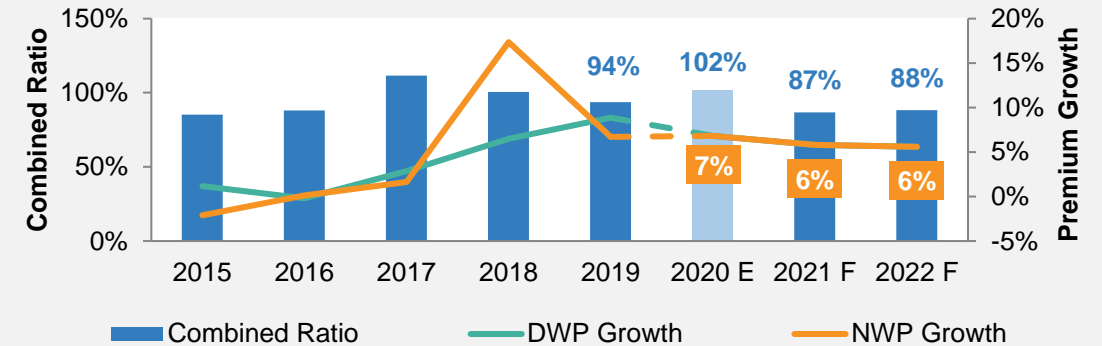
Analysis: Insurance Information Institute, Milliman.

Commercial Property

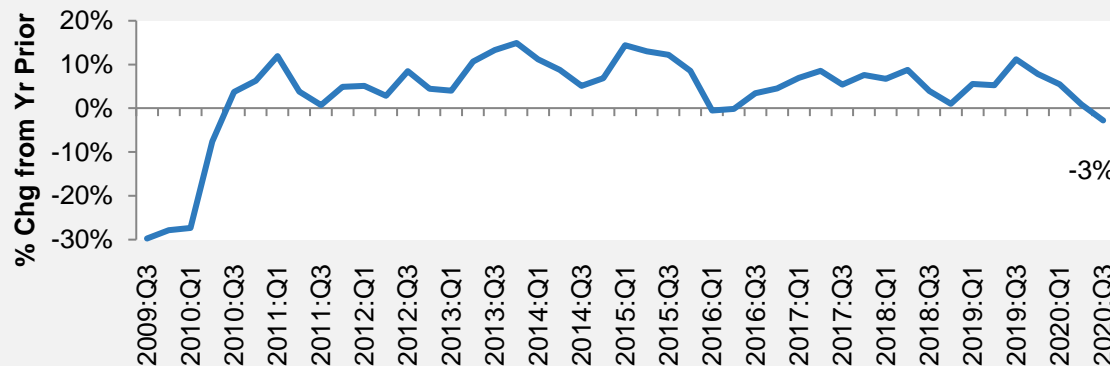
Commercial Property Rate Change



Calendar Year Written Premium and Net Combined Ratio Projections



Commercial Real Estate Prices for the US



2020/2021 Commentary

- Not just hurricanes – wildfires, derechos, tornadoes made it a record for number of cat events.
- Hard market brightens results – if cats stay calm.

Watch for:

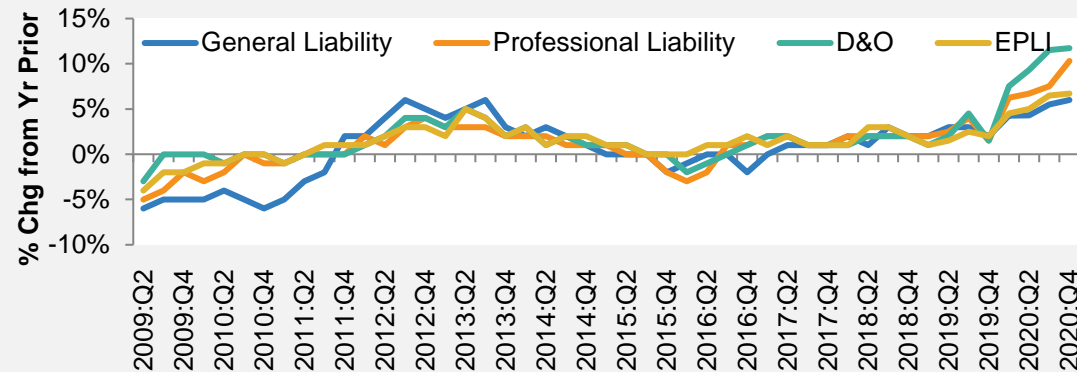
- Vacancies could slowly rise as businesses adjust their need for space in the new flexible workplace.

Data sources: NAIC data sourced through S&P Global Market Intelligence, MarketScout, Blue Chip Economic Indicators, Congressional Budget Office, PCS, Aon, Munich Re, Energy Information Agency, FRED (Federal Reserve Bank of St. Louis).

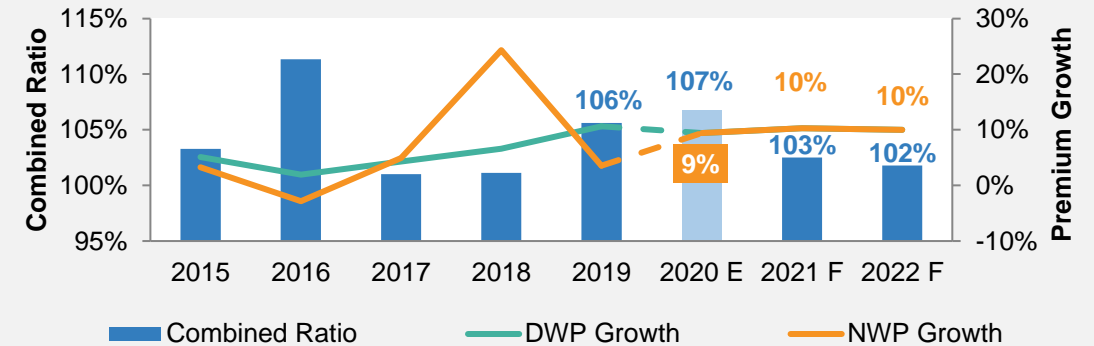
Analysis: Insurance Information Institute, Milliman.

General Liability

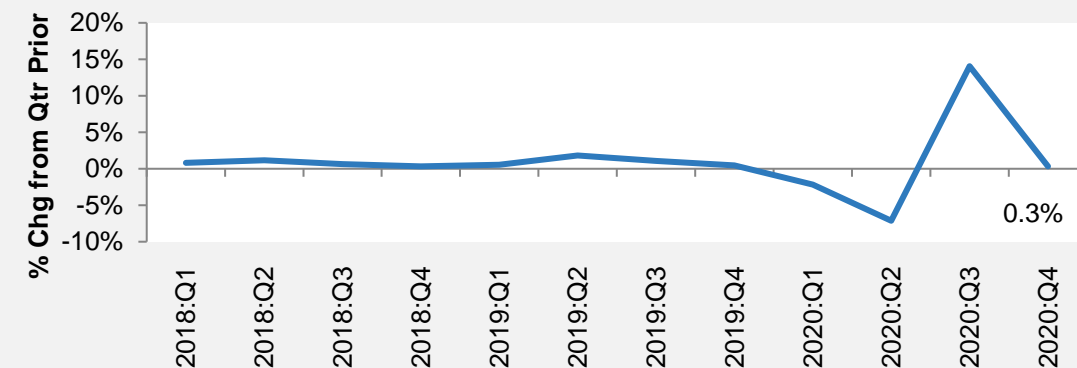
Liability Rate Changes



Calendar Year Written Premium and Net Combined Ratio Projections



Advance Retail Sales



2020/2021 Commentary

- Social inflation has been expanding from commercial auto to this line, but rate increases will improve results.
- Pandemic liability will affect results.

Watch for:

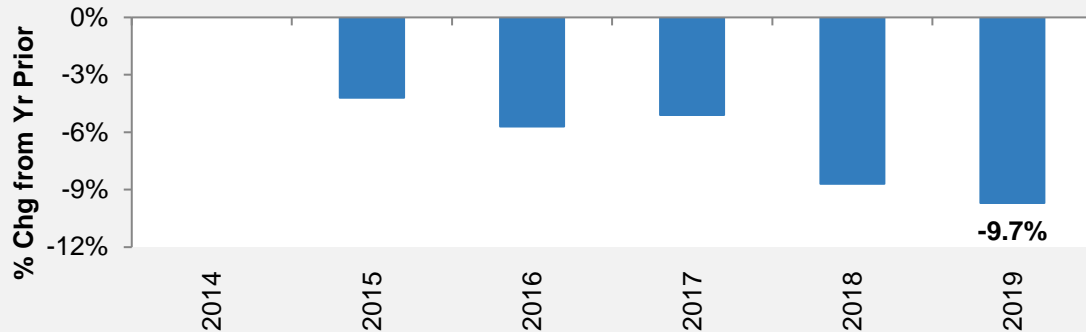
- Continued rate increases, especially in lines whose rates run hot and cold, like D&O.

Data sources: NAIC data sourced through S&P Global Market Intelligence, MarketScout, Blue Chip Economic Indicators, Congressional Budget Office, PCS, Aon, Munich Re, Energy Information Agency, FRED (Federal Reserve Bank of St. Louis).

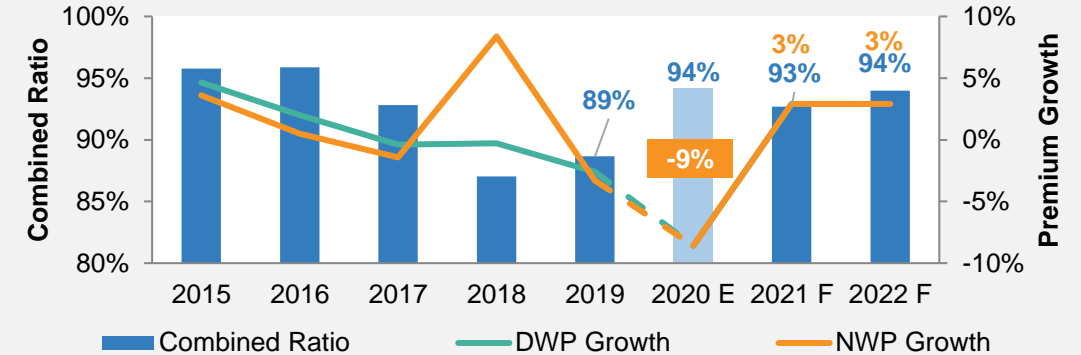
Analysis: Insurance Information Institute, Milliman.

Workers' Compensation

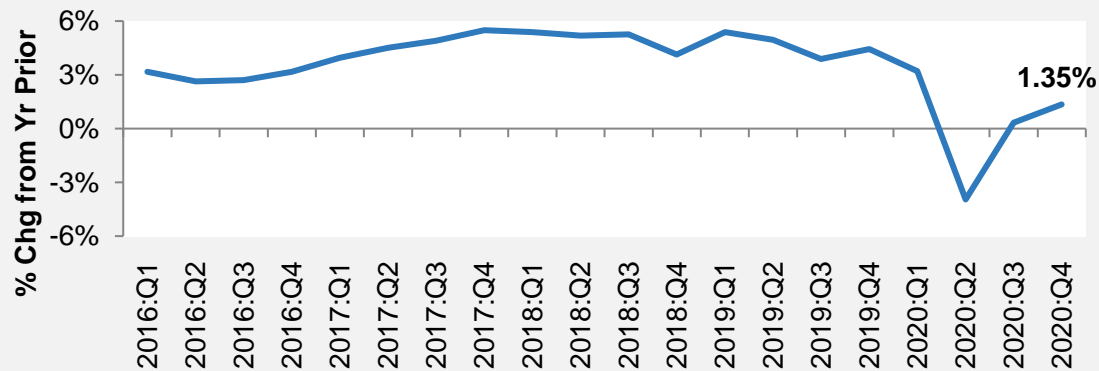
Rate Changes



Calendar Year Written Premium and Net Combined Ratio Projections



Employee Compensation



2020/2021 Commentary

- Through Q4, 2020 results were similar to 2019.
- WC exposures usually recover from recession more slowly than other lines.
- Exposures further depressed by the stay-at-homes who stay at home post pandemic.

Watch for:

Expansion of presumptive claims; long-haul COVID cases. How will the variant coronavirus affect the return to work?

Data sources: NAIC data sourced through S&P Global Market Intelligence, MarketScout, Blue Chip Economic Indicators, Congressional Budget Office, PCS, Aon, Munich Re, Energy Information Agency, FRED (Federal Reserve Bank of St. Louis).

Analysis: Insurance Information Institute, Milliman.



RESILIENCE ACCELERATOR

Minimize Risk | Speed Recovery



INSURANCE
INFORMATION
INSTITUTE

An initiative of the

Objective

Drive **behavioral change** to help people and communities better manage risk and become more resilient



Strategies

Create a resilience movement giving households and communities a stake in risk mitigation

Educate and empower stakeholders about protection gaps and their impact on their recovery

Fast-track the use of cost-effective tools to drive risk mitigation, transfer and retention



Action Partners



- ▲ Triple-I Members
- ▲ Carriers, Reinsurers and Brokers
- ▲ Insurance Trade Associations
- ▲ Nonprofits and Foundations
- ▲ Regulators
- ▲ Academia



FEMA



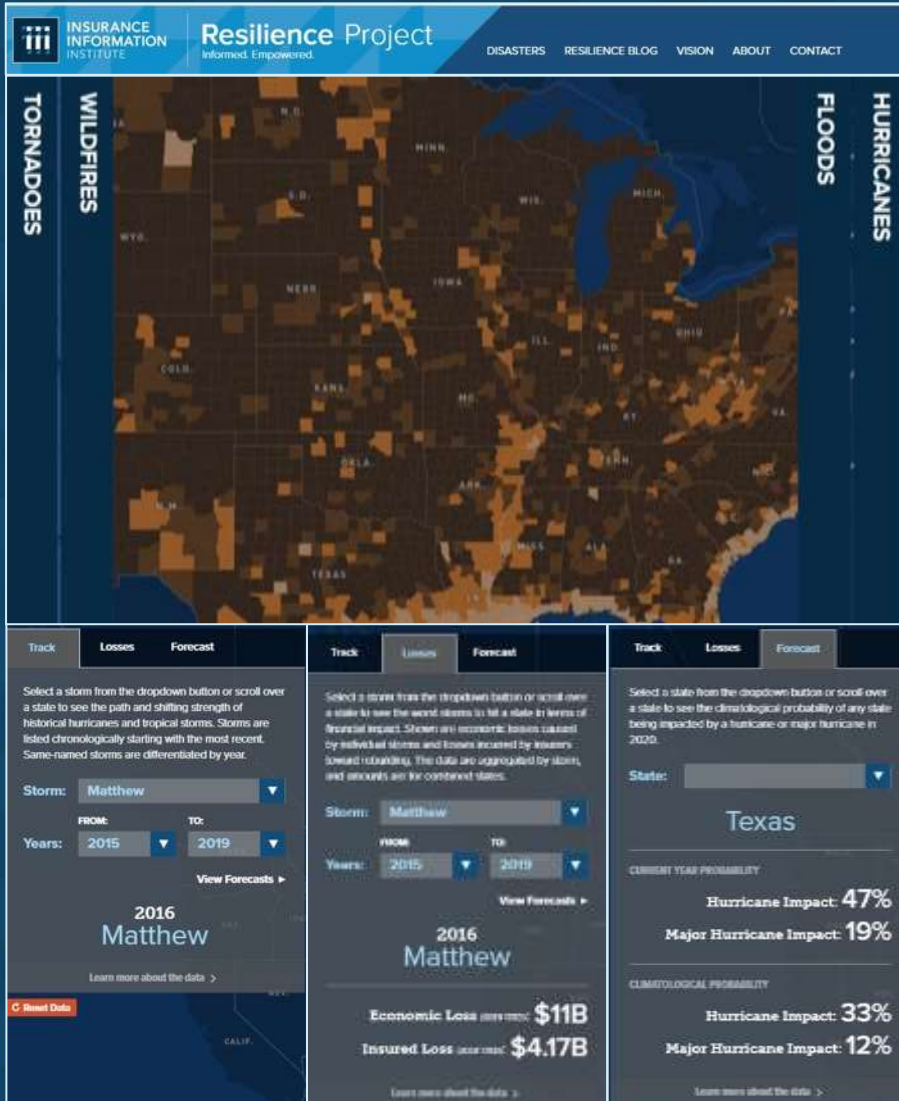
AON



ResilientH2O Partners
Innovation Tech | Integrated Risk | Engagement



Wharton
UNIVERSITY OF PENNSYLVANIA



Resilience Blog



UNCATEGORIZED

Lightning Rounds: Investing in disaster and risk management technology

July 17, 2020 The Insurance Information Institute (Triple-I) yesterday hosted a webinar showcasing technology companies whose products mitigate the impact of severe [...]

HURRICANES

Hurricane Modeling and Forecasting: Marrying Technology to Local Knowledge

FLOODS

Mangroves and Coral Reefs: How Insurance Can Protect the Protectors



Florida Weekly Update



We are the trusted source of unique, data-driven insights on insurance to inform and empower consumers.

July 10, 2020



Final Thoughts





Informed. Empowered.

Thank you!

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