AM Best's Insurance Market Briefing – Toronto

October 25, 2024

AM Best Market Briefing – Canada

Economic Outlook

Property/Casualty Outlook and Update

Life/Annuity Outlook and Update

P/C Reinsurance Outlook and Update

Panel Discussion – Climate Trends and Risk Mitigation

Cyber Risk and AI

Canadian Economic Update & Outlook

Ann Modica – Director, AM Best

October 25, 2024

Canada Insurance Market Briefing

GDP

Canada's Economy is (Slowly) Growing

Legend: Quarterly GDP | 2021 Annual GDP | 2022 Annual GDP | 2023 Annual GDP

Y-axis: Quarterly GDP %

2021 Annual GDP: 5.3
2022 Annual GDP: 3.8
2023 Annual GDP: 1.1

X-axis: Q1 2021, Q2 2021, Q3 2021, Q4 2021, Q1 2022, Q2 2022, Q3 2022, Q4 2022, Q1 2023, Q2 2023, Q3 2023, Q4 2023, Q1 2024, Q2 2024
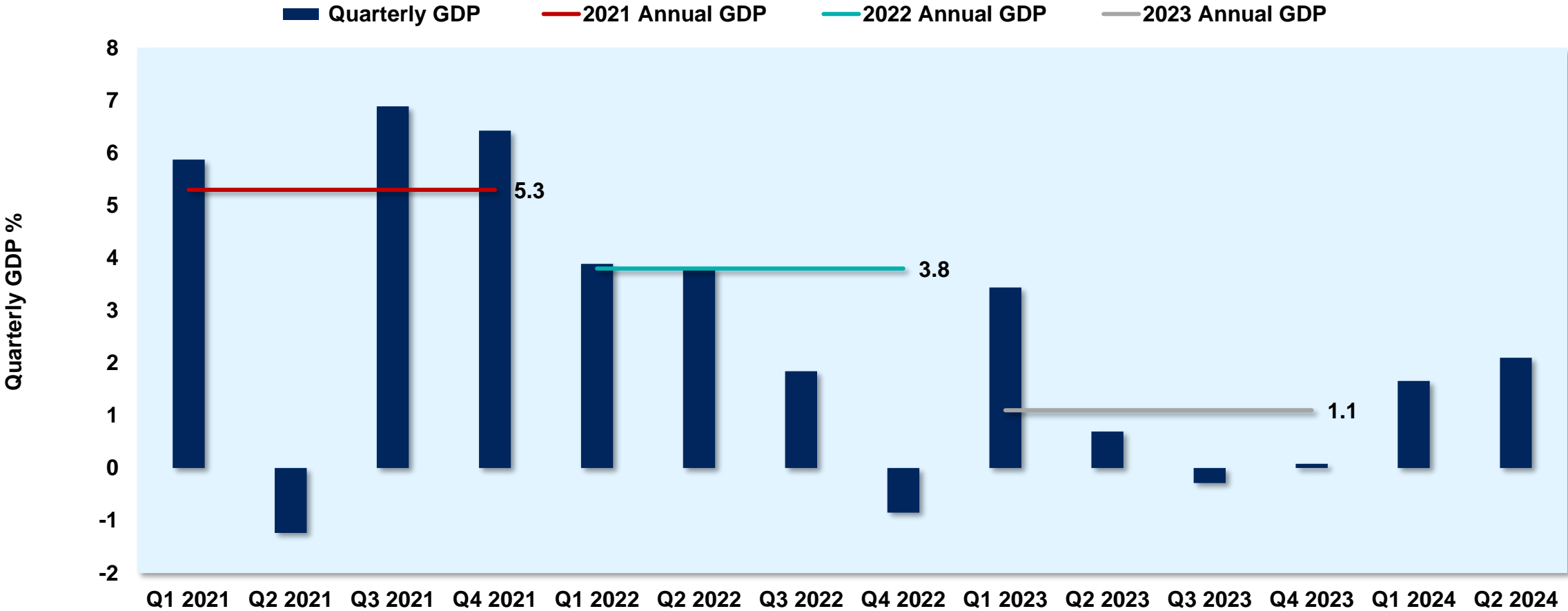
Economic Activity Below G7 Average in 2023 and 2024

IMF Forecasts for 2023 GDP
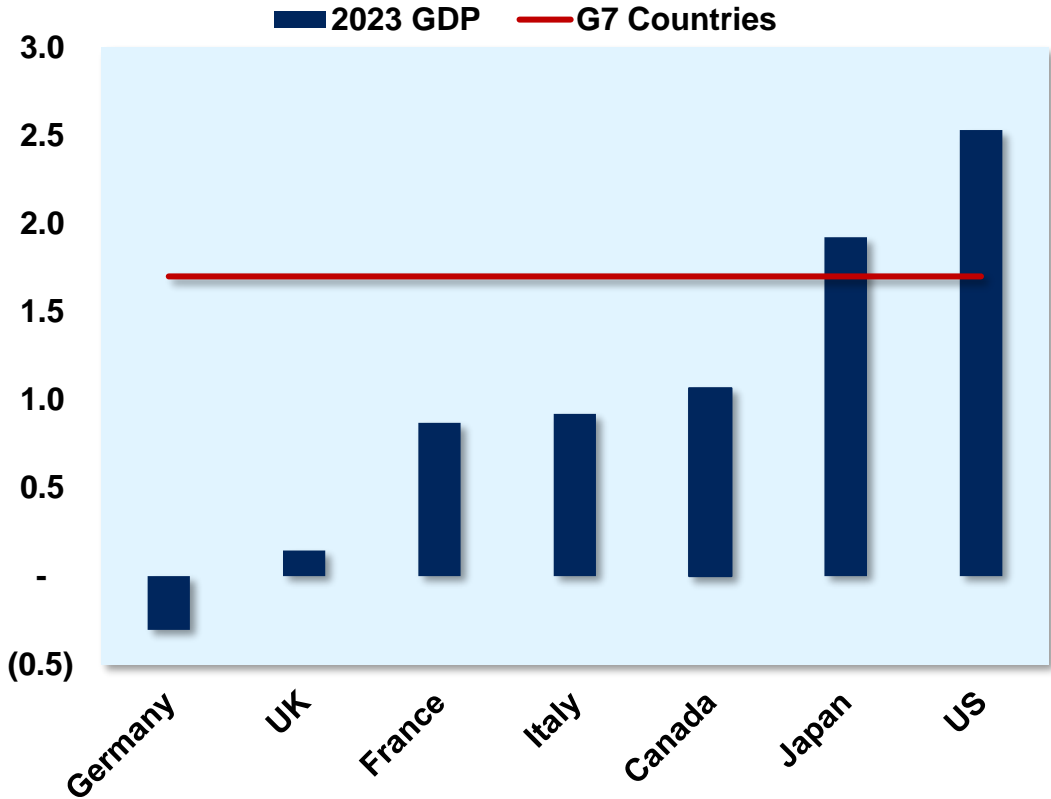
IMF Forecasts for 2024 GDP
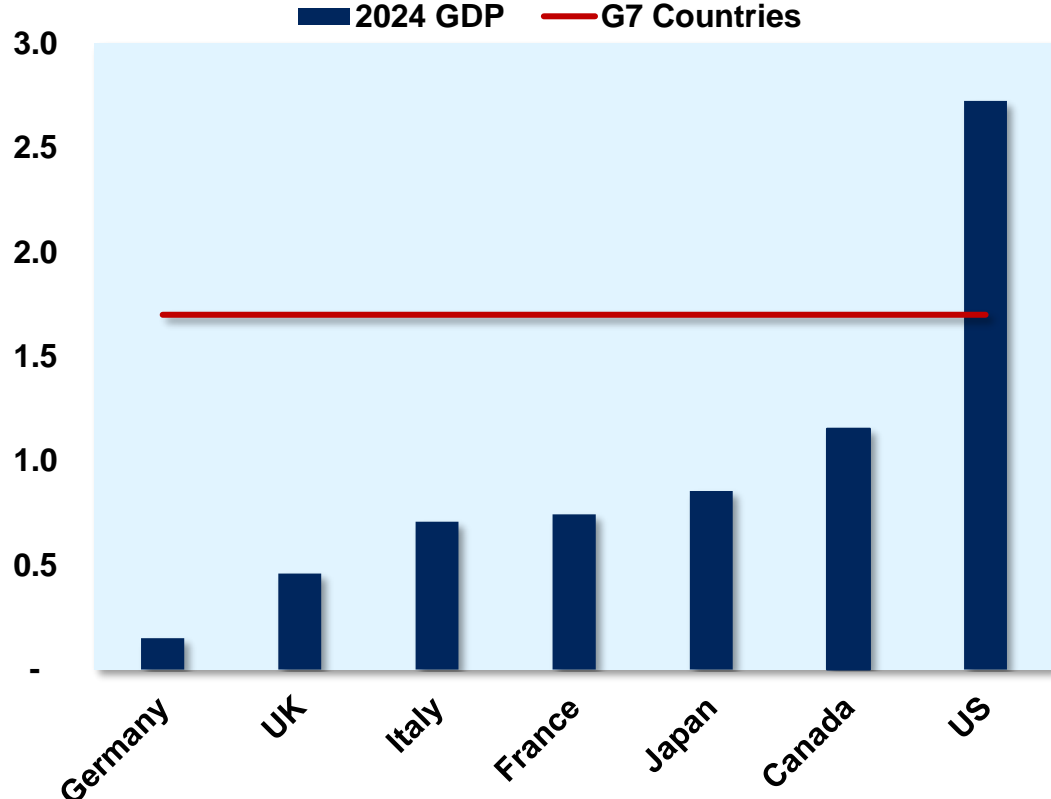
Canada Expected to Outpace G7 Growth in 2025

Real GDP Growth is Expected to Pick Up

■ 2025   ── G7 Average
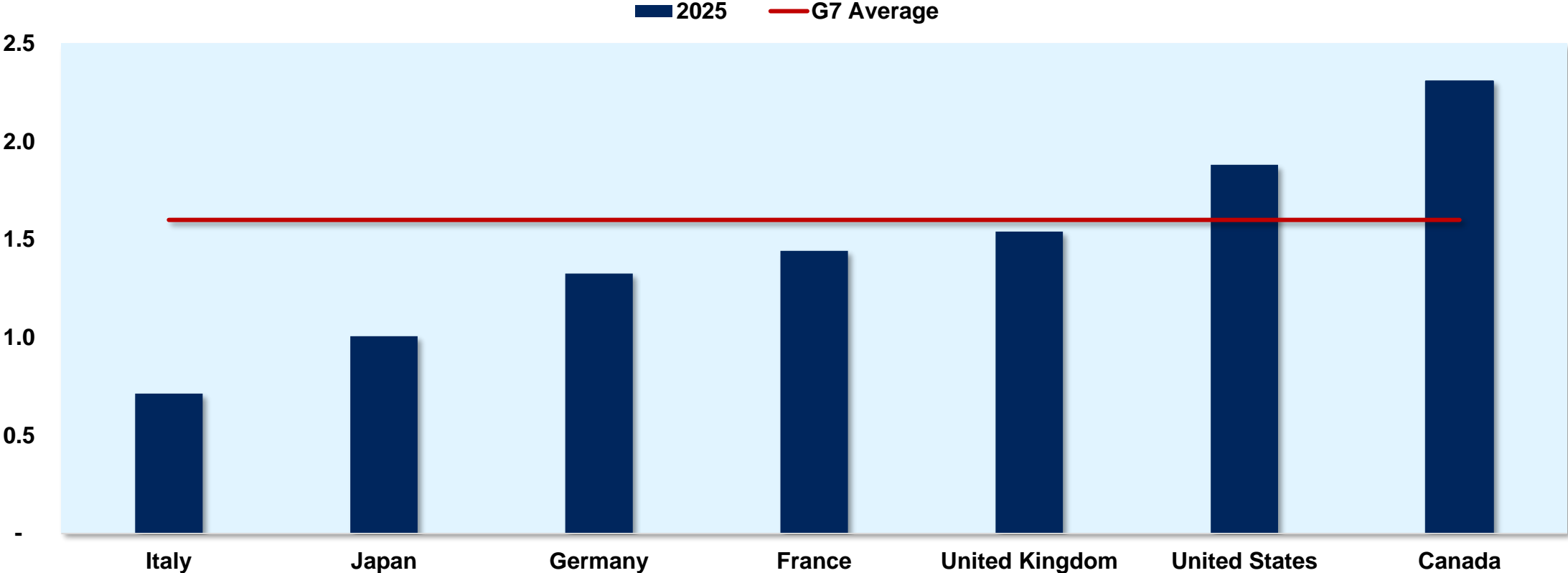
Falling Productivity is a Concern

Real Output per Hour Worked
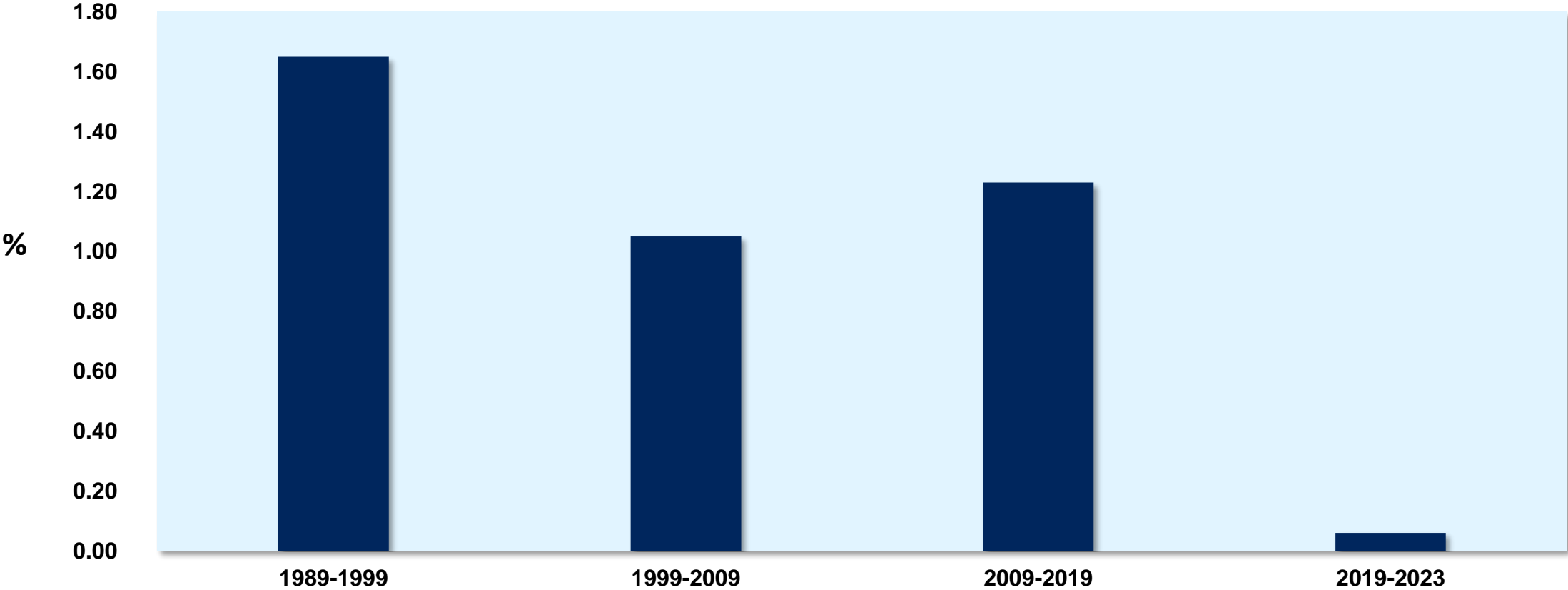
Immigration

Population Growth 2018 - 2023
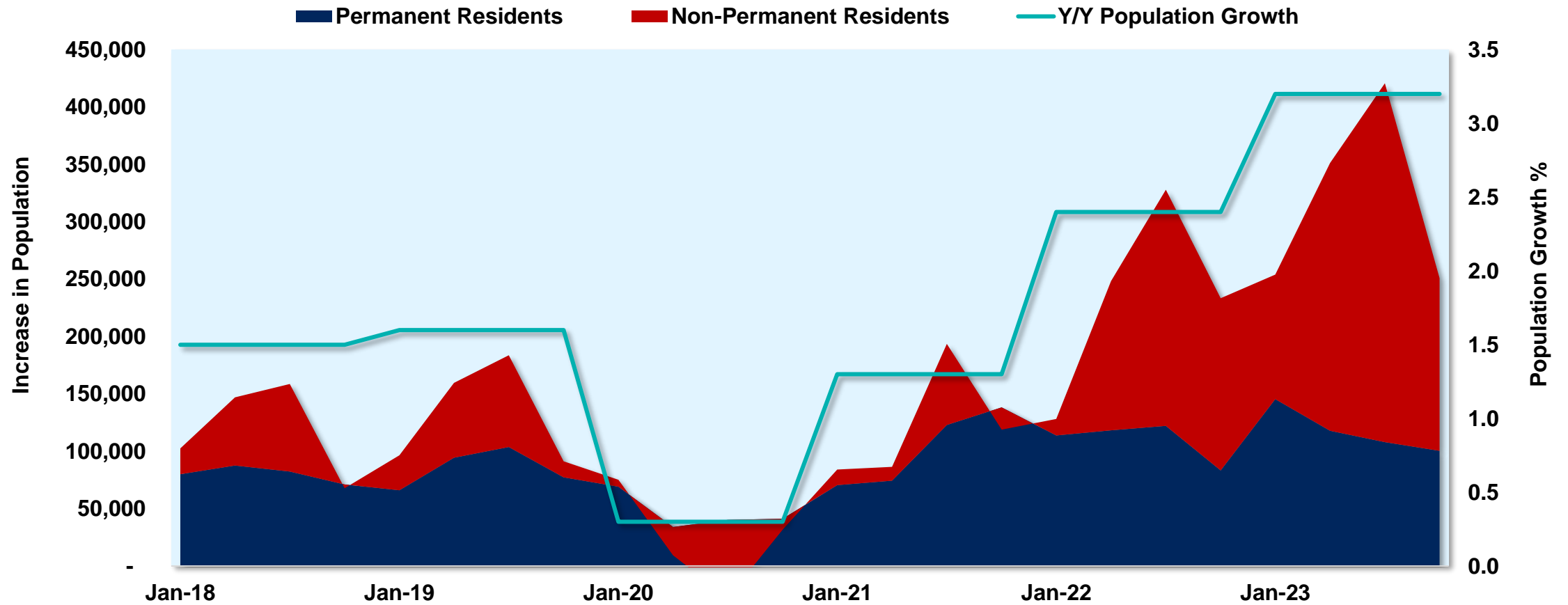
Unemployment Rate

Unemployment Trending Towards 20 Year Average

— Unemployment Rate   — 20 Year Average
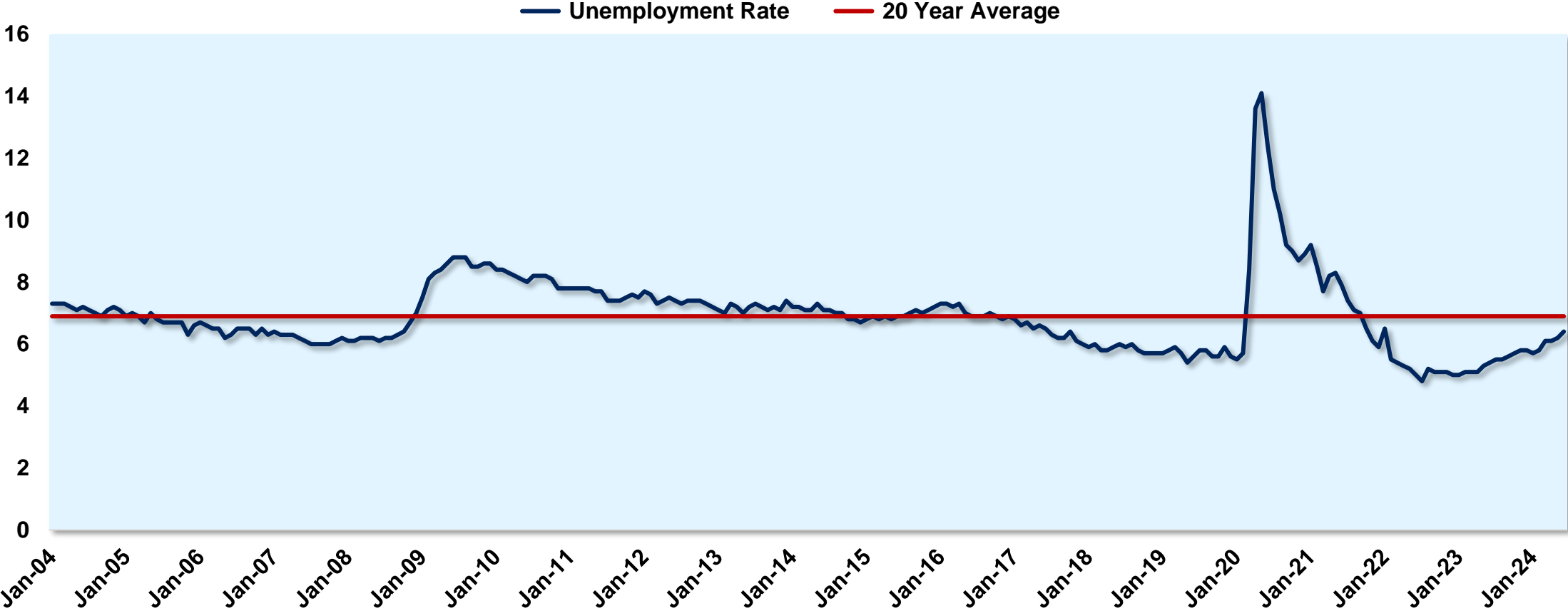
Inflation

Inflation at Bank of Canada's Range

Legend: Inflation — Lower Inflation Target — Higher Inflation Target
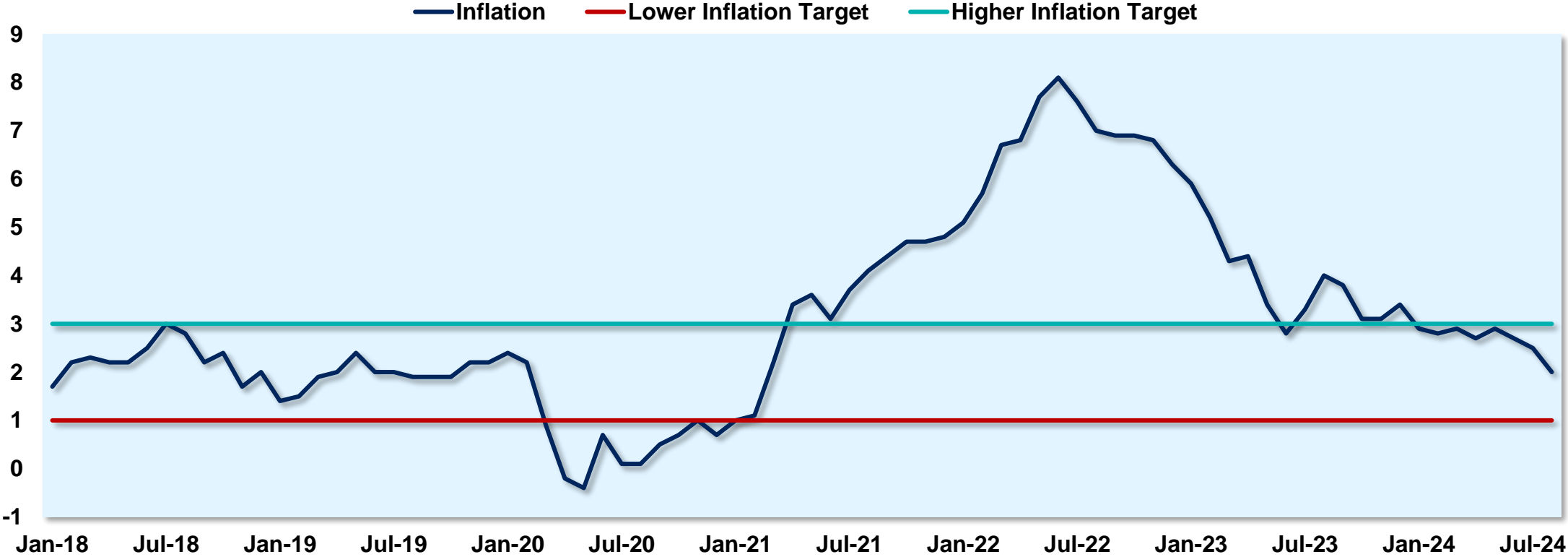
House Inflation

Mortgage Interest Costs Skyrocket

Legend: Shelter, Rent, Mortgage Interest Cost
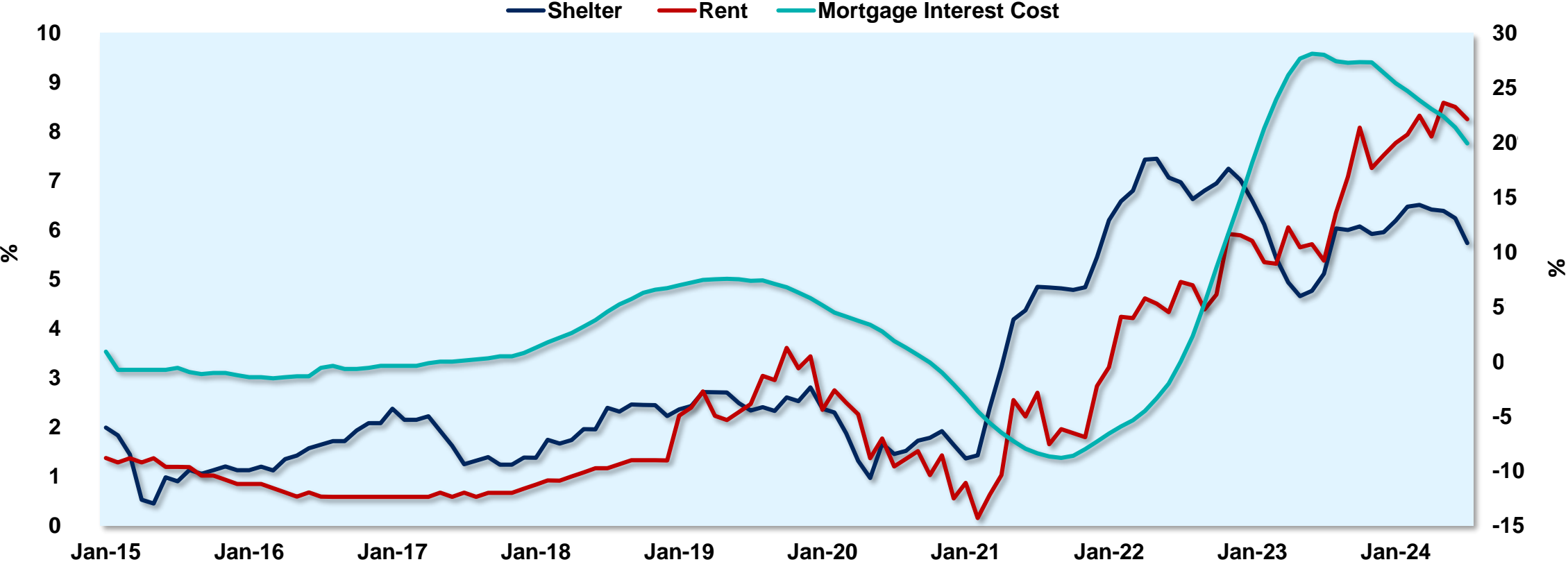
More Impact from Higher Inflation

Impact from Higher Rates

■ Worse Off ■ About the Same ■ Better Off ■ Not Impacted

	Worse Off	About the Same	Better Off	Not Impacted
Q1 2024	36.1	7.03	3.45	53.45
Q4 2023	39.5	7.38	2.5	50.65
Q3 2023	37.2	6.63	3.04	53.11
Q2 2023	35.0	6.42	3.35	55.25
Q1 2023	35.7	5.85	4.38	54.1
Q4 2022	30.0	2.73	3.96	63.36

%

Impact from Higher Inflation

■ Worse Off ■ About the Same ■ Better Off ■ Not Impacted

	Worse Off	About the Same	Better Off	Not Impacted
Q1 2024	61.7	12.92	2.38	23.0
Q4 2023	64.5	8.64	1.52	25.3
Q3 2023	66.2	10.94	1.1	21.8
Q2 2023	61.7	10.66	2.33	25.3
Q1 2023	61.8	12.73	2.85	22.6
Q4 2022	56.6	8.11	1.36	33.9

%

Household Savings Rate

Savings Rate Starting to Rebound
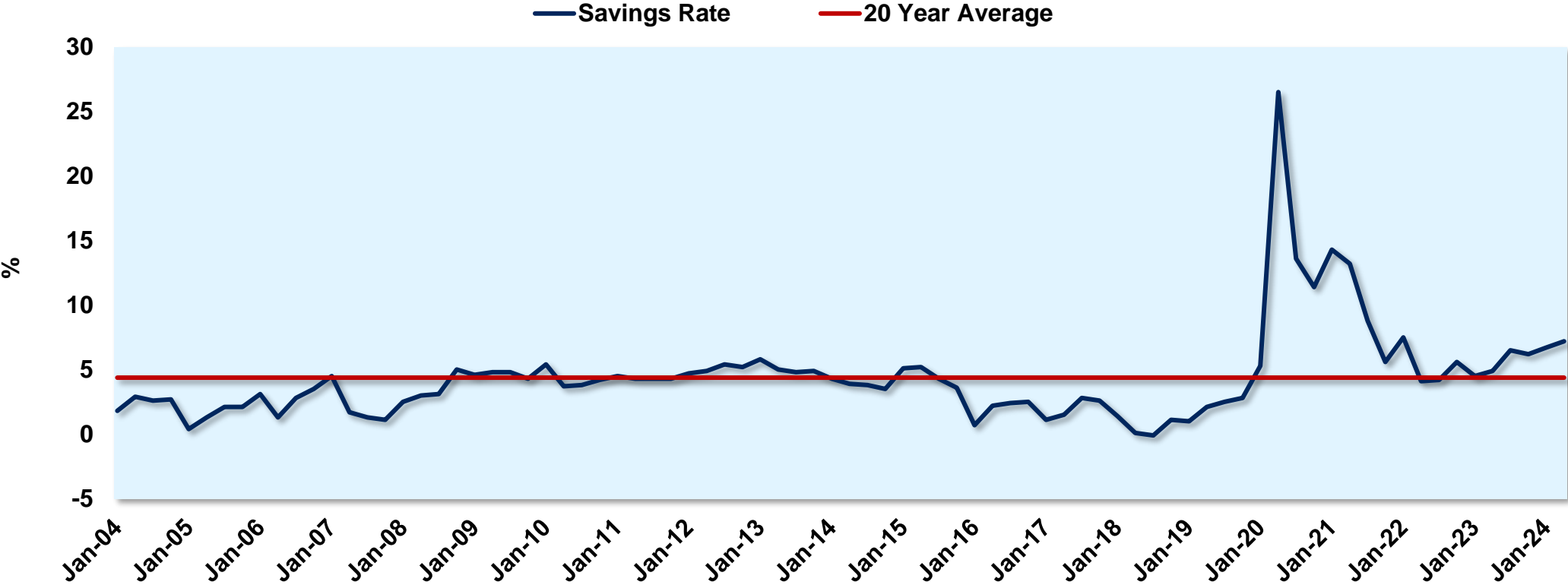
Monetary Policy

Bank of Canada Cuts by 75 bps in 2024
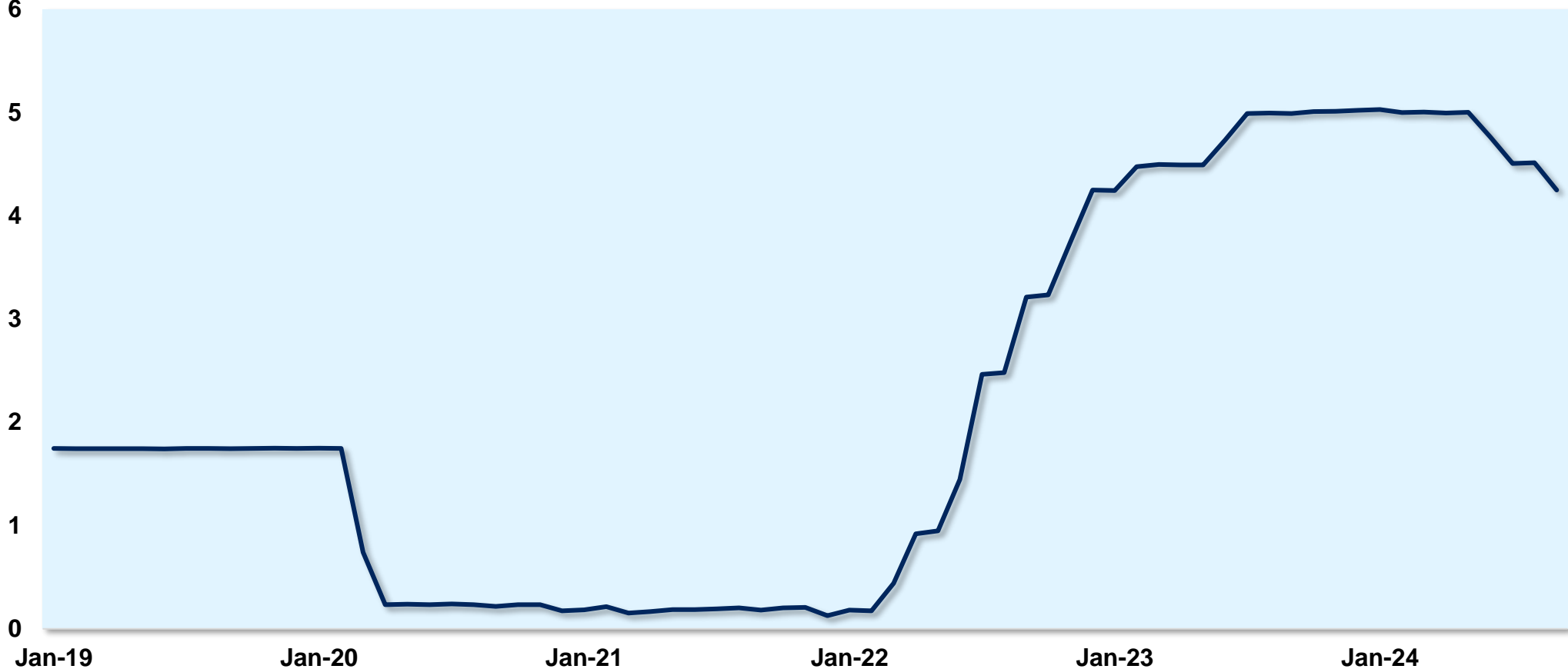
Housing Prices Down from Peak

Housing Inventory Below Demand
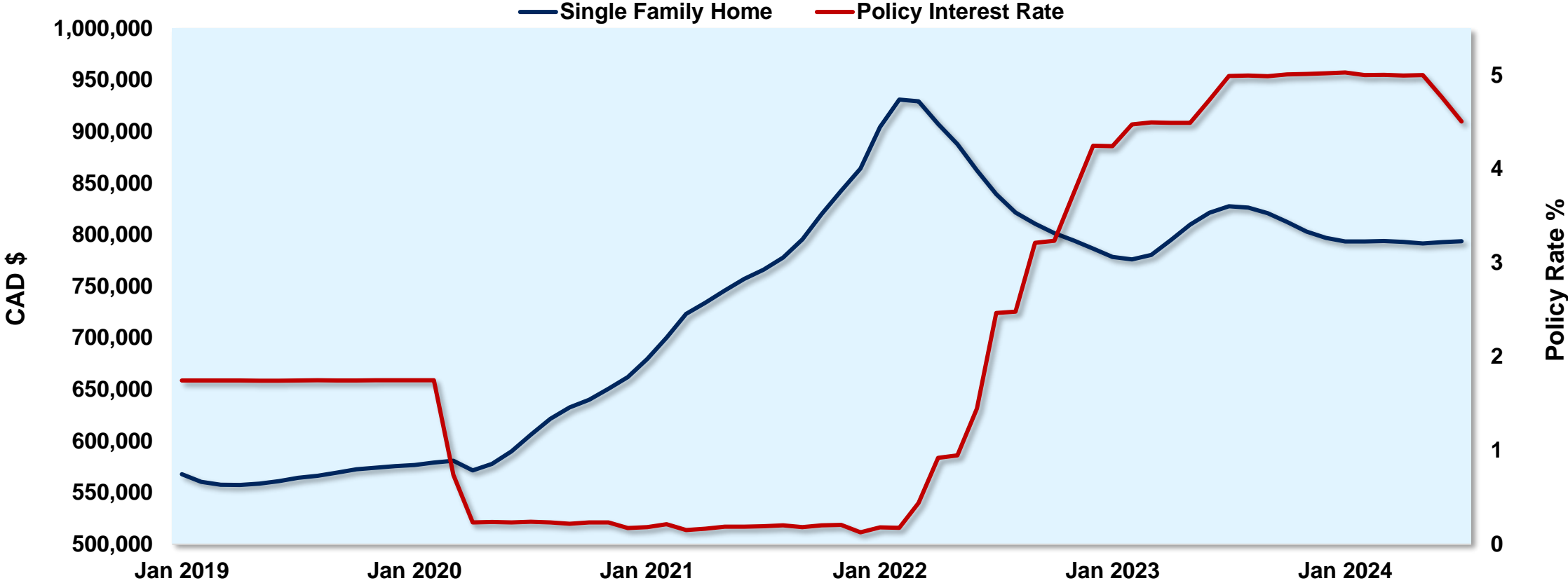
Q&A

Canadian Property/Casualty Update & Outlook

Rosemarie Mirabella – Director, AM Best
Michael Buckley – Financial Analyst II, AM Best
Cristian Sieira – Financial Analyst II, AM Best

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Canada Insurance Market Briefing

Canadian Property/Casualty Outlook Stable

Headwinds	Tailwinds
Rising Cat Frequency and Severity	Solid Risk-adjusted Capitalization
Higher Reinsurance Costs	Favorable Aggregate Operating Performance
PFAS / Cyber / AI	Favorable Reserve Development
Continued Pressure on Personal Auto	Continued Availability of Reinsurance
Geopolitical Risks	Moderating Inflation / Stable Risk Management

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Top 10 Property/Casualty Writers

Canadian P/C Market Share C$(000) - Top 10 at Year End 2023*									
Rank	Group/Company	2023 Ins Rev	2023%	2023 DPW	2023%	2022 DPW	2022%	2021 DPW	2021 %
1	Intact Group	15,082,793	19.5%	14,991,388	20.0%	14,244,448	20.1%	13,700,000	21.9%
2	Aviva Canada	6,859,584	8.9%	7,083,711	9.5%	6,422,241	9.1%	5,936,990	9.5%
3	Desjardins Group	6,642,008	8.6%	6,855,769	9.2%	6,145,575	8.7%	6,053,253	9.7%
4	Co-operators Group	5,750,208	7.4%	4,889,749	6.5%	4,408,377	6.2%	4,107,679	6.6%
5	Definity	3,846,470	5.0%	3,918,906	5.2%	3,605,660	5.1%	3,226,962	5.2%
6	Wawanesa Mutual	3,337,589	4.3%	3,419,369	4.6%	3,959,024	5.6%	3,933,537	6.3%
7	Northbridge Group	3,102,265	4.0%	3,274,763	4.4%	2,993,521	4.2%	2,657,664	4.3%
8	Beneva	2,294,827	3.0%	2,385,021	3.2%	2,175,477	3.1%	1,960,283	3.1%
9	CAA Club Group	1,944,736	2.5%	2,109,346	2.8%	1,670,027	2.4%	1,332,654	2.1%
10	Chubb	1,735,101	2.5%	1,691,304	2.8%	1,601,602	2.3%	1,485,340	2.1%
	Top 10 Market Share	50,595,581	65.5%	50,619,326	67.7%	47,225,952	66.6%	44,394,362	71.0%
	Total P/C Market	77,192,373	100.0%	74,788,965	100.0%	70,960,096	100.0%	62,521,732	100.0%

*Excludes Allstate, TD, Lloyd's, IBC, CAB
Source AM Best, SCOR

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Distribution of Ratings – Property Casualty

Canada Property/Casualty – Interactive Ratings*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Superior	47	46	46	42	41	41	42	41	41	41	41
Excellent	57	57	57	56	55	55	57	52	48	48	48
Good	5	5	5	4	4	4	3	3	3	4	4

■ Fair ■ Good ■ Excellent ■ Superior
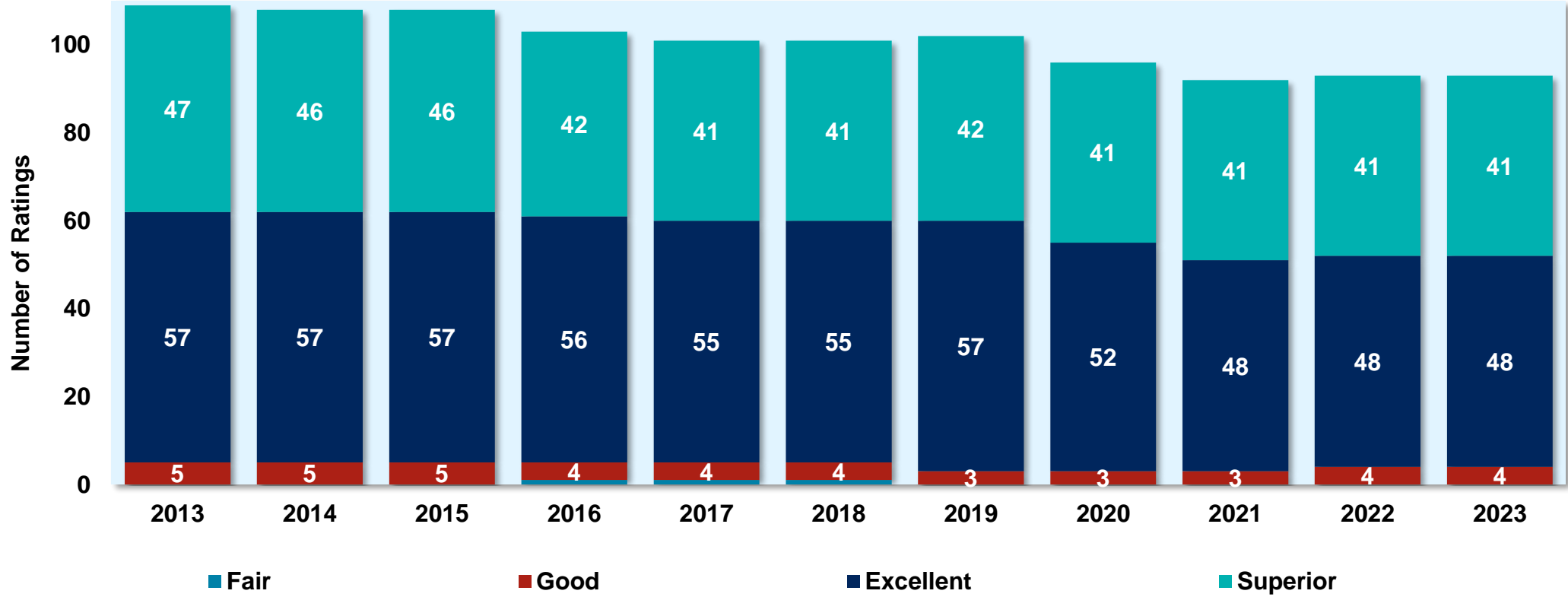
P/C 2023 Year in Review

Canada Property/Casualty – Equity[1,2]
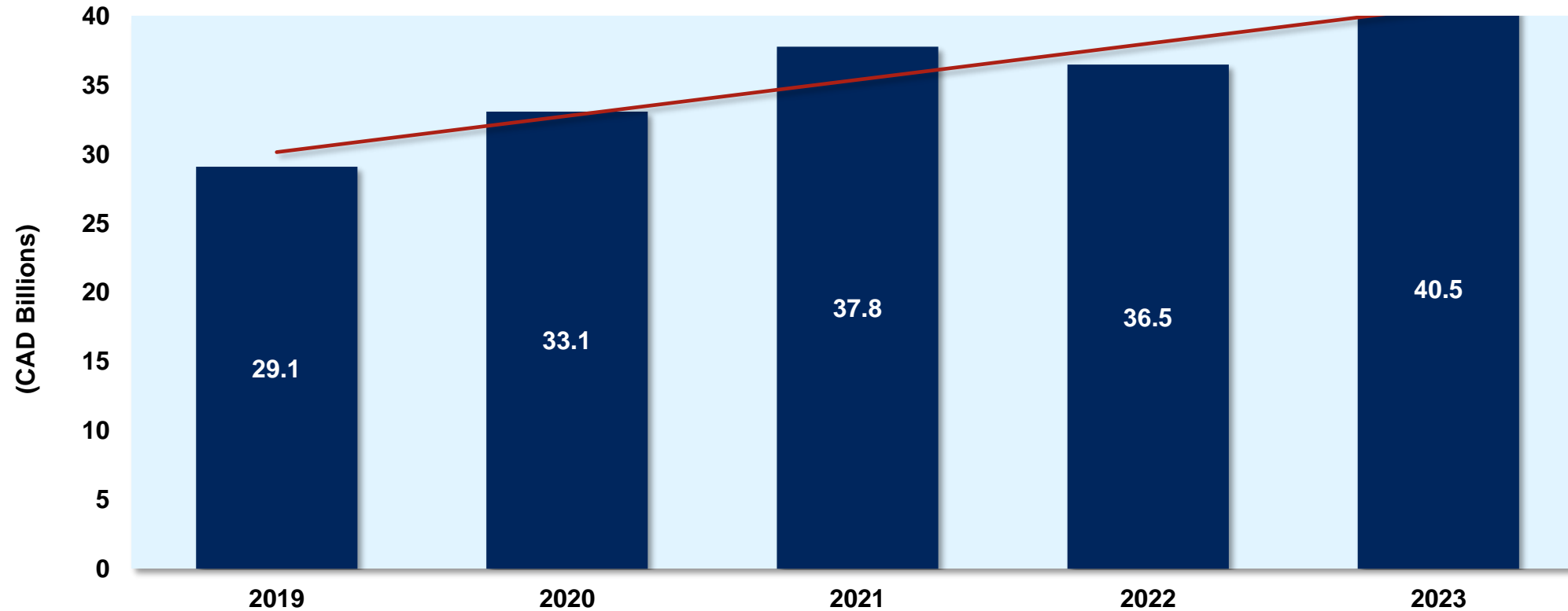
Chart: Canada Property/Casualty Equity (CAD Billions), 2019–2023

Year	Equity (CAD Billions)
2019	29.1
2020	33.1
2021	37.8
2022	36.5
2023	40.5

[1] Excludes Lloyd's, CAB, and ICBC.

[2] 2022 and 2023 Figures are reported in accordance with IFRS 17; prior years are based on previous accounting standards.

Property/Casualty Operating Performance

Net Income (2017 – 2023)[1]
(CAD Billions)

Year	Insurance Service Result/Net Underwriting Income	Investment Return/Net Investment Income	All Other Income / (Expense)	Income Tax	Net Income / (Loss)
2017	0.7	1.9	0.7	0.6	2.7
2018	-0.4	2.1	-0.1	0.3	1.4
2019	0.2	2.2	1.0	0.7	2.7
2020	1.9	2.1	1.8	1.2	4.6
2021	7.6	1.5	1.5	2.3	8.3
2022[2]	7.1	-1.2	-0.7	1.2	4.0
2023[2]	7.9	5.1	-4.0	1.9	7.1

[1] Excludes Lloyd's, CAB, and ICBC.

[2] Figures are reported in accordance with IFRS 17.

Combined Ratio Performance (2014-2023)[1]

Year	Net Premiums Written (CAD Billions)	Net Insurance Revenue (CAD Billions)	Loss & Loss Adjustment Expense Ratio	Underwriting Expense Ratio	Combined Ratio
2014	38.0	-	66.3	31.7	98.0
2015	39.3	-	63.2	32.2	95.4
2016	41.1	-	65.6	32.5	98.1
2017	40.7	-	63.9	33.2	97.1
2018	43.8	-	69.6	31.9	101.4
2019	44.9	-	67.3	33.1	100.3
2020	51.1	-	64.9	31.9	96.8
2021	55.5	-	53.7	32.5	86.3
2022[2]	-	52.5	59.9	31.1	91.0
2023[2]	-	60.6	60.4	31.9	92.3

[1] Excludes Lloyd's, CAB, and ICBC.
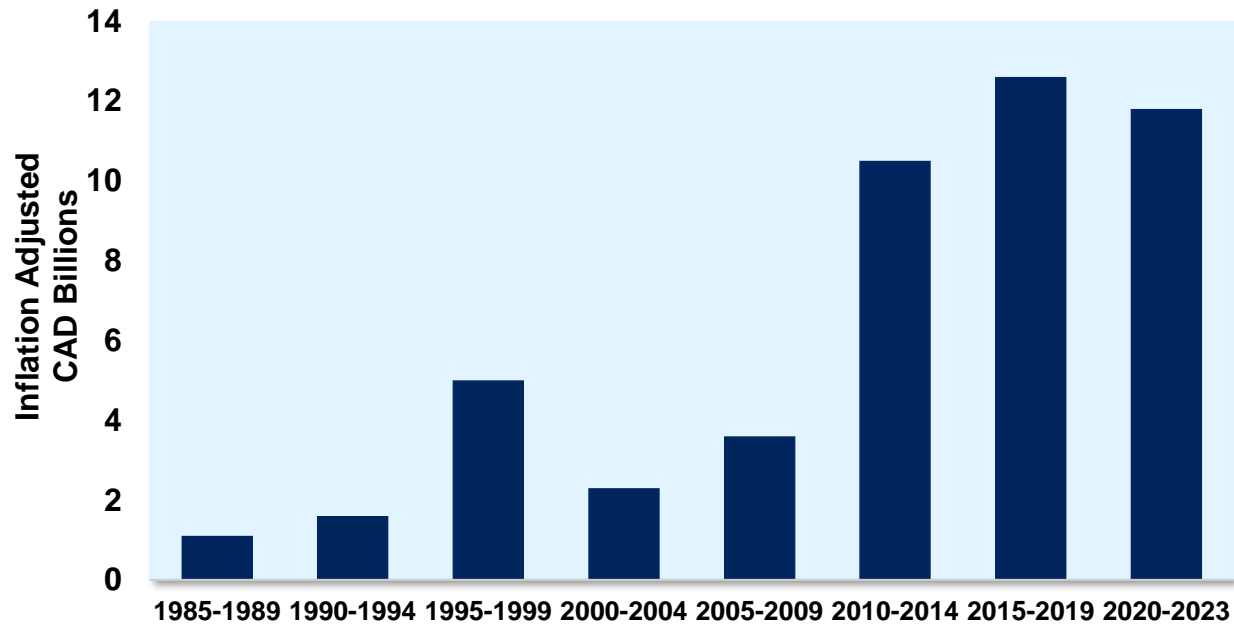[2] 2023 figures are reported in accordance with IFRS 17.

2023 CAT Events

## 2023 Cat Events Exceeding CAD 100M Insured Losses

Cat Event	Insured Losses (CAD millions)
Kelowna Wildfires (British Columbia)	415
Spring Ice Storm (Ontario and Quebec)	350
Tantallon Wildfire (Nova Scotia)	250
Winnipeg Hailstorm (Manitoba)	250
Flooding (Nova Scotia)	230
Severe Storms (Ontario and Quebec)	225
Bush Creek East Wildfire (British Columbia)	210
Eastern Canada Cold Snap (Southern Ontario and Quebec)	150
Hailstorm (Alberta)	150
Southwestern Ontario Flooding and Storms	125
Eastern Canada Wind and Rain	125
Early August Storms (Ontario and Quebec)	120
Southwestern Ontario and Sothern Quebec Storms	100
Total 2023 CAT Events Exceeding CAD 100M	2.7 (billion)
Total Cat Events	3.1 (billion)

CAT

Canada Property/Casualty – Catastrophe Losses

Canada Property/Casualty – Catastrophe Frequency

Investment Return/Net Investment Yield*
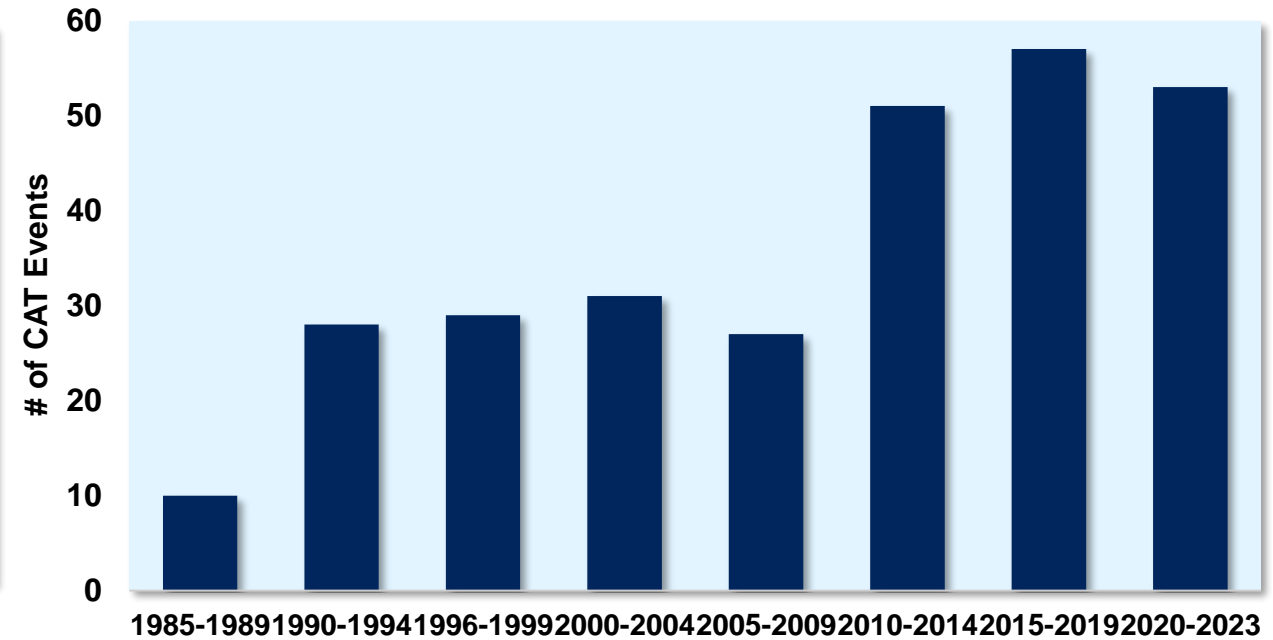
Investment Return (CAD Billions) ——— **Net Investment Yield (%)**
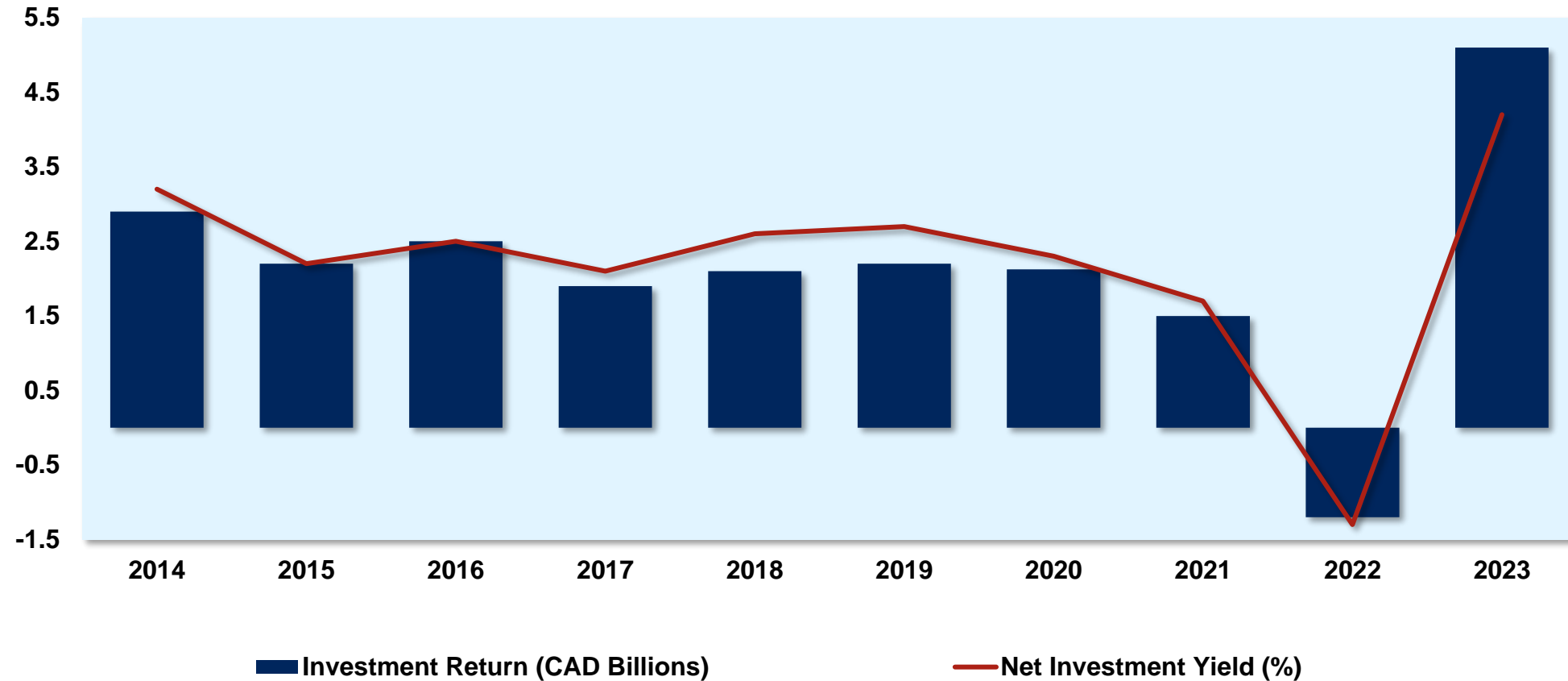
*Excludes Lloyd's, CAB, and ICBC. 2022 and 2023 figures are reported in accordance with IFRS 17.

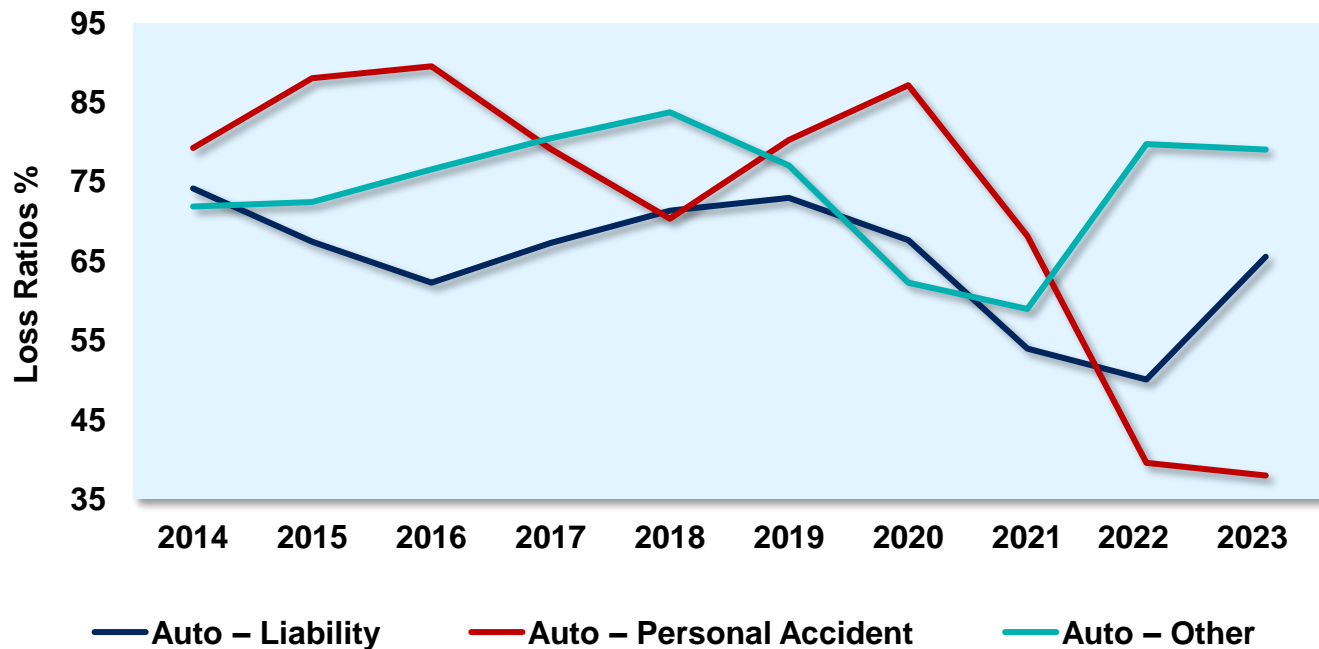# Reserve Development (Non-Discounted), 2019 - 2023[1]

Year	Accident Year Original Reserves (CAD Billions)	Accident Year Developed Reserves (CAD Billions)	Accident Year Development (CAD Billions)	Calendar Year Original Reserves (CAD Billions)	Calendar Year Developed Reserves (CAD Billions)	Calendar Year Development (CAD Billions)
2019	17.2	16.9	-0.3	51.4	49.5	-1.9
2020	17.6	15.6	-2.1	54.8	50.7	-4.2
2021	19.6	18.2	-1.4	59.3	55.4	-3.9
2022[2]	21.7	21.4	-0.3	62.7	59.7	-3.0
2023[2]	38.4	38.4	-	63.6	63.6	-

[1] Excludes Lloyd's, CAB, and ICBC.
[2] 2022 and 2023 figures are reported in accordance with IFRS 17.

Auto Performance

Canada Property/Casualty – Private Auto Insurers' Loss & LAE Ratios (Net/Net) [1,2]

Y-axis: Loss Ratios %
X-axis years: 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023

Legend:
— Auto – Liability
— Auto – Personal Accident
— Auto – Other

Observations

- Inflation and auto theft moderating
- Increase in auto liability loss ratios
- Auto personal accident loss ratios are stable
- Auto other loss ratios are stabilizing
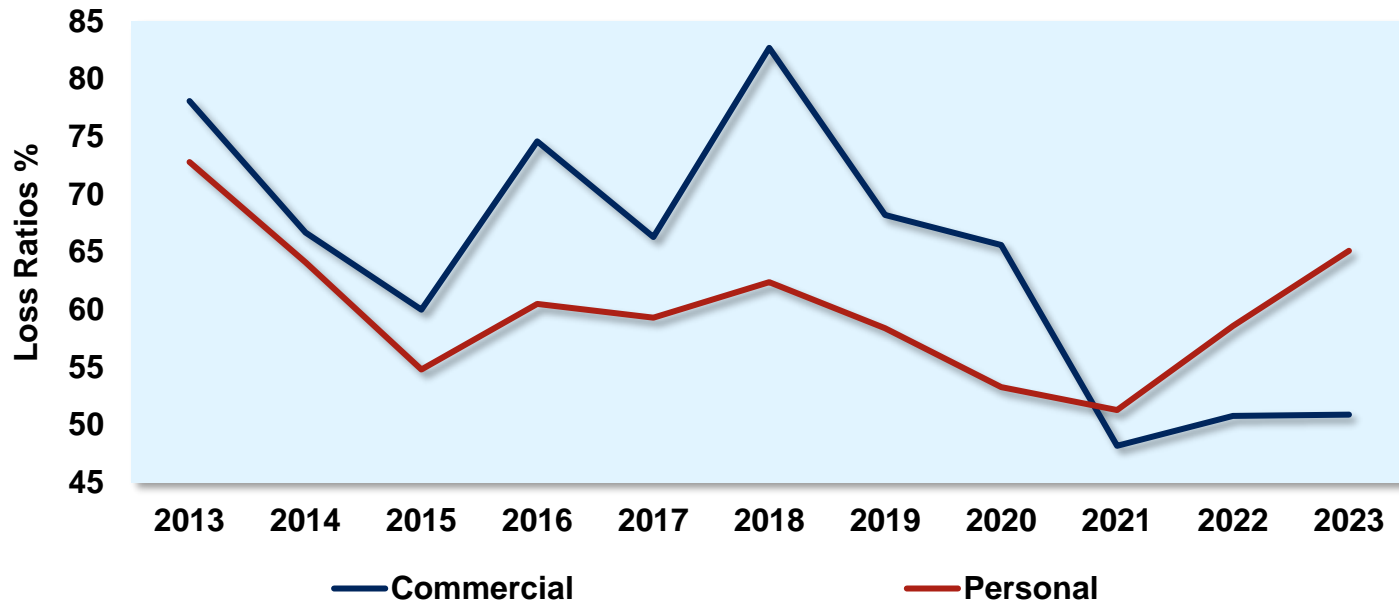- Ongoing Alberta regulatory challenges

[1] Excludes Lloyd's, CAB, and ICBC.
[2] 2023 figures are reported in accordance with IFRS 17.

Property Results

Canada Property/Casualty – Personal & Commercial Property Loss & LAE Ratios (Net/Net) [1,2]

Observations

- Increased personal property loss ratios reflect elevated CAT activity in 2023
- Increased retentions also playing a role in personal property
- Commercial property loss ratio remains steady at historical lows
- Commercial property results highlight strong underwriting discipline

[1] Excludes Lloyd's, CAB, and ICBC.
[2] 2023 figures are reported in accordance with IFRS 17.

Q&A

Canadian Life Update & Outlook

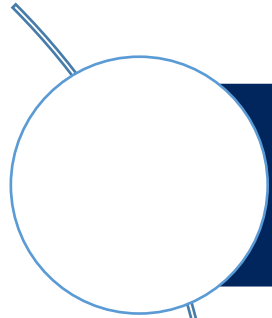**Edward Kohlberg – Director, AM Best**
Kevin Varvaro – Senior Financial Analyst, AM Best

October 25, 2024

Canada Insurance Market Briefing

Agenda

Industry Observations and Outlook
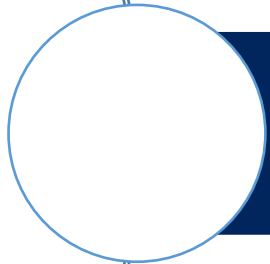
Ratings Distribution
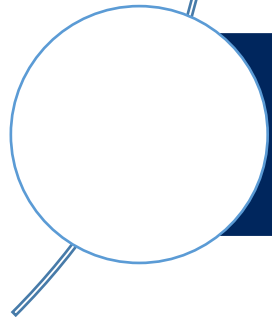
Canadian Life Results Overview

Canadian Life – Headwinds/Tailwinds

Headwinds	Tailwinds
Macroeconomic Challenges	Solid Capitalization
Commercial Real Estate Concerns	Diversification
Market Competition Remains Robust	Continued Profitability
Cyber Threats	Product Management
Operational Challenges	Solid Enterprise Risk Management Capabilities

Top 5 Trends Impacting the North American Life/Annuity Segment

Robust Annuity Sales

Interest Rate Watch

Digitalization

Scale Matters

Offshore Reinsurance

AM Best Canadian Life Market Outlook

AM Best is maintaining its Stable outlook for the Canadian life market segment, based on the following factors:

- Healthy balance sheets, along with solid capitalization and favorable liquidity profiles

- Improved new money yields

- Focus on products that fit policyholder needs

- Favorable growth trends

Distribution of Ratings (%)

Canadian Life FSR Category Distribution

Superior - A+, 32.8
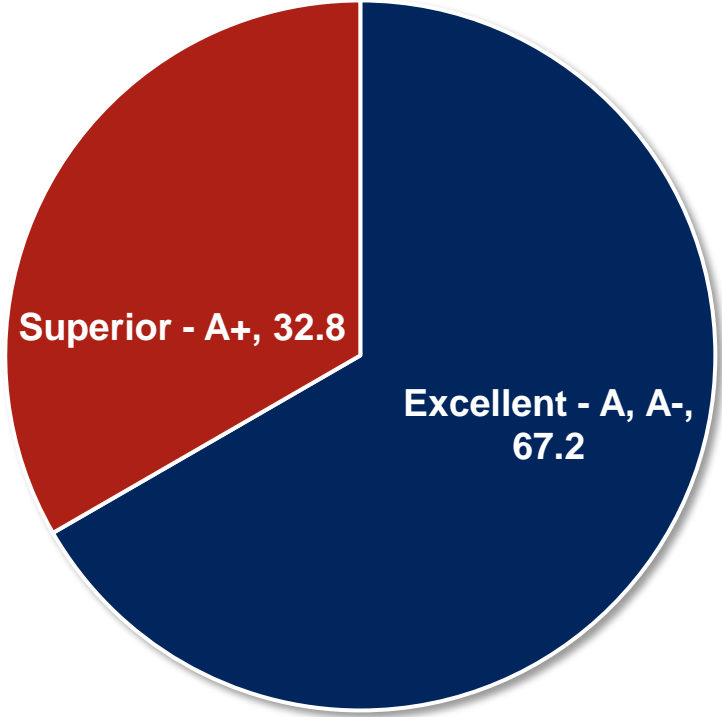
Excellent - A, A-, 67.2

■ Excellent - A, A-   ■ Superior - A+

BCAR Scores at 99.6 VAR

◆ 2023   ■ 2022
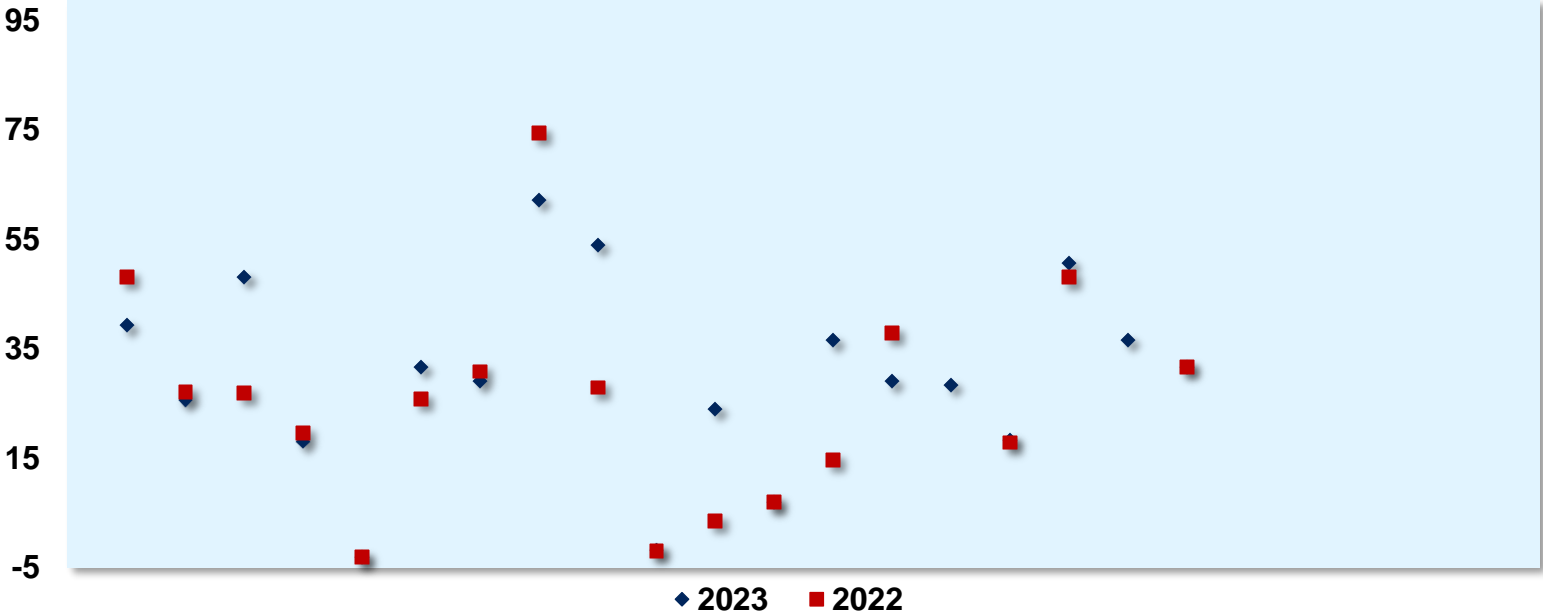
Average BCAR

Invested Assets

Canadian Life – Invested Assets	2023
Public Corporate Bonds	26.0
Federal & Provincial Bonds	22.8
Private Corporate Bonds	21.6
Mortgage Loans	10.6
Total Stocks	8.1
Municipal Bonds	4.3
Affiliated & Other	4.4
Cash & Short-term	2.2

Capital Management

Dividends

Share Buybacks

Debt Financing

Capital Development

Capital Preservation

Canadian Life - Insurance Revenue and Pretax Operating Gains by Line of Business, 2023 (CAD Billions)

Legend: ■ Pretax Operating Gain ■ Insurance Revenue

Line of Business	Pretax Operating Gain	Insurance Revenue
Ind. Insurance	1.0	13.2
Ind. Annuity	0.6	2.8
Group Insurance	2.2	24.9
Group Annuity	0.5	4.5
Participating	0.1	1.0
All Other Canada & US	0.3	3.5
Europe	1.1	10.9
Asia/other	1.2	1.9
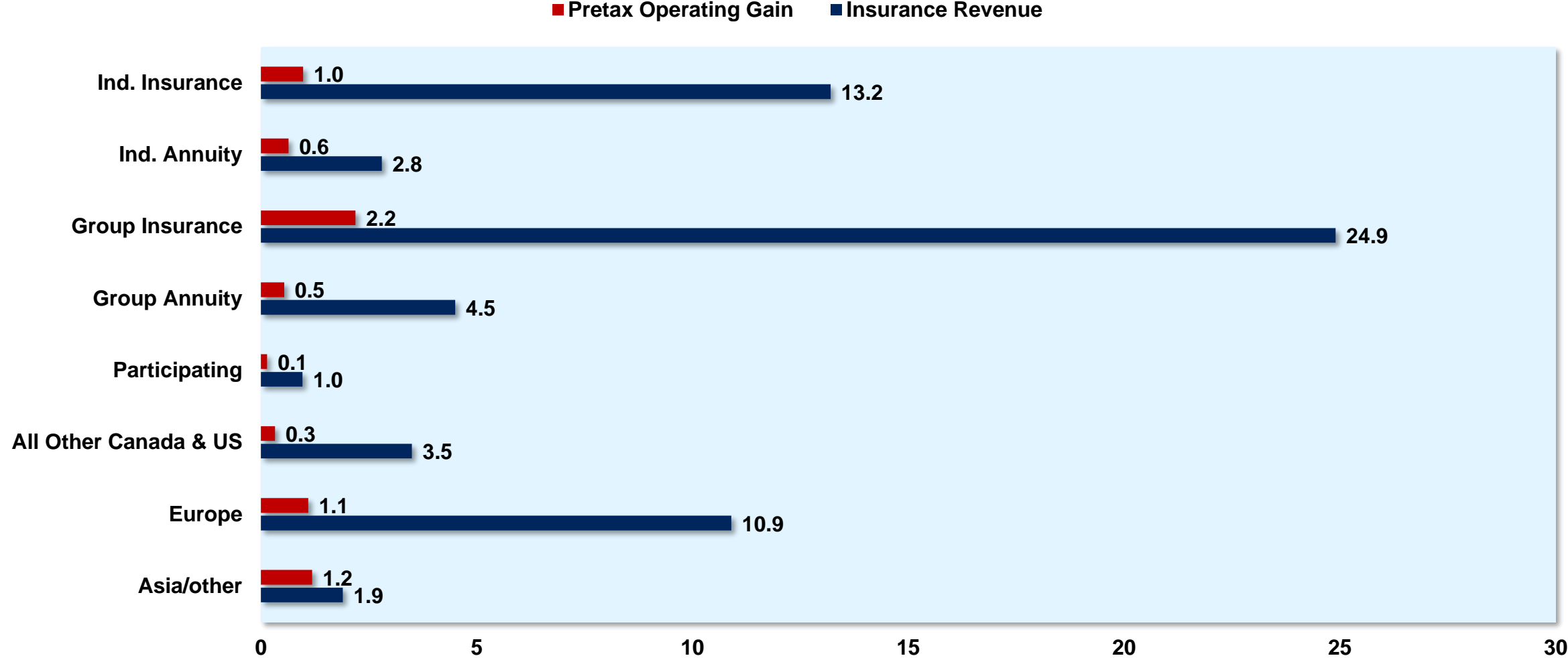
Canadian Life – Net Income (CAD Billions)

Legend: IFRS - 4 (dark blue), IFRS - 17 (red)

IFRS 17
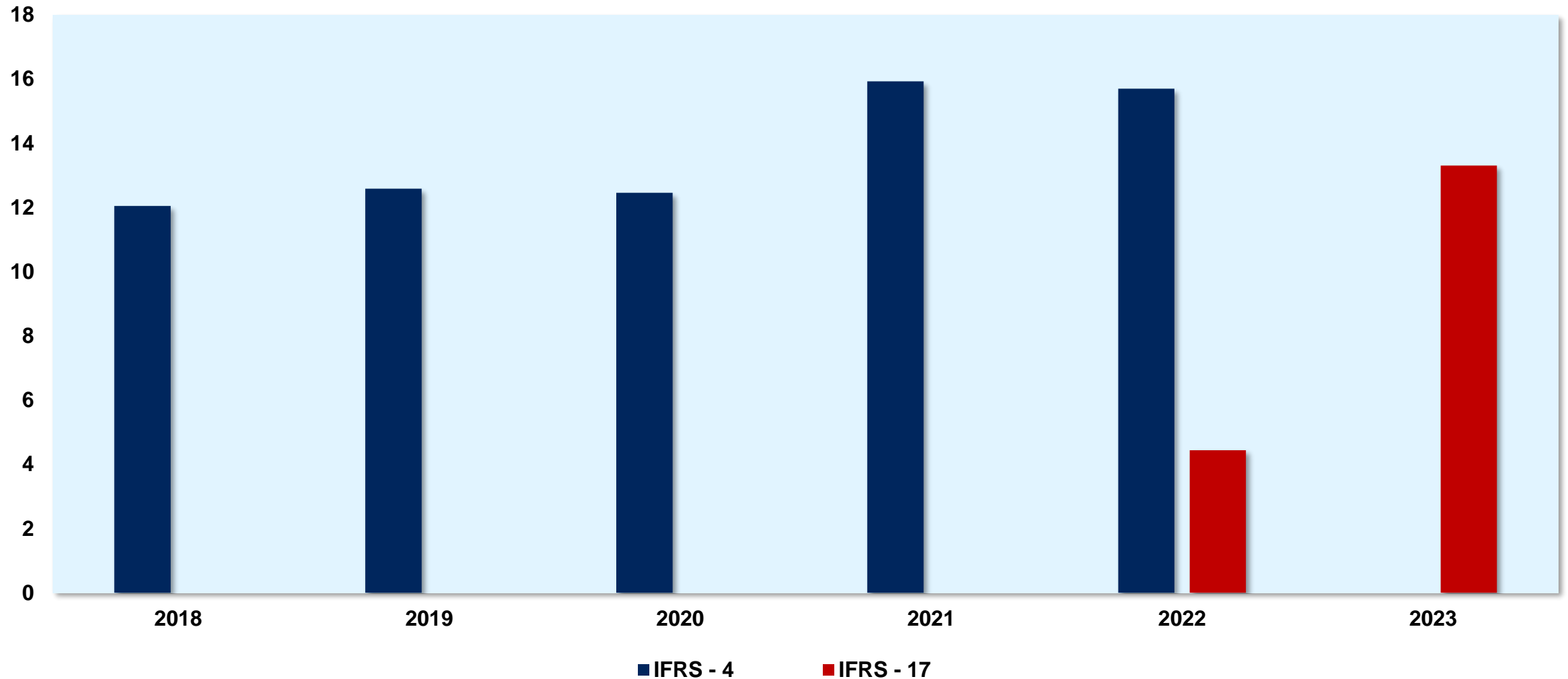
Fully Implemented

Challenges Remain

Financial Impacts Within Expectations

Comparability

Q&A

P/C Reinsurance Update & Outlook

Cristian Sieira – Financial Analyst II, AM Best

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Canada Insurance Market Briefing

Global Non-Life Reinsurance Outlook Positive

Headwinds	Tailwinds
Macroeconomic Risks	Re-pricing and De-risking
Casualty Reserves and Social Inflation	Sustainable Underwriting Margins
Rising Geopolitical Risks	Robust Risk-adjusted Capitalization

Canada P/C Reinsurance Provincial Distribution

Provincial Insurance Revenue Distribution 2023		
Province	**CAD (000s)**	**Percentage (%)**
Ontario	2,411,299	57.50
British Columbia	401,663	9.60
Alberta	346,871	8.30
Quebec	336,902	8.00
Out of Canada	284,242	6.80
Saskatchewan	127,861	3.00
Manitoba	115,604	2.80
New Brunswick	62,733	1.50
Nova Scotia	47,399	1.10
Newfoundland	23,720	0.60
Prince Edward Is	19,827	0.50
Northwest Terr	7,190	0.20
Nunavut	7,100	0.20
Yukon	3,376	0.10
Total	**4,195,787**	**100.00%**

Excludes Lloyd's, CAB, and ICBC.

Canada P/C Reinsurance Market Results

Year	Insurance Revenue (CAD Billions)	Loss & LAE Ratio (Net/Net)	Expense Ratio (Net/Net)	Combined Ratio (Net/Net)	Combined Ratio (Net/Gross)
2022	3.4	64.8	10.5	75.3	83.6
2023	4.2	53.9	11.7	65.6	77.8

Observations

- Results for Canada's domestic reinsurers are positive, benefitting from a favorable underwriting environment and improved pricing conditions
- Increase in cat events has been a headwind for direct writers in recent years but has been more of a tailwind for reinsurers given the hard market
- Rising catastrophe risks, secondary perils, and macroeconomic and geopolitical risks, remain a key consideration that may impact the segment
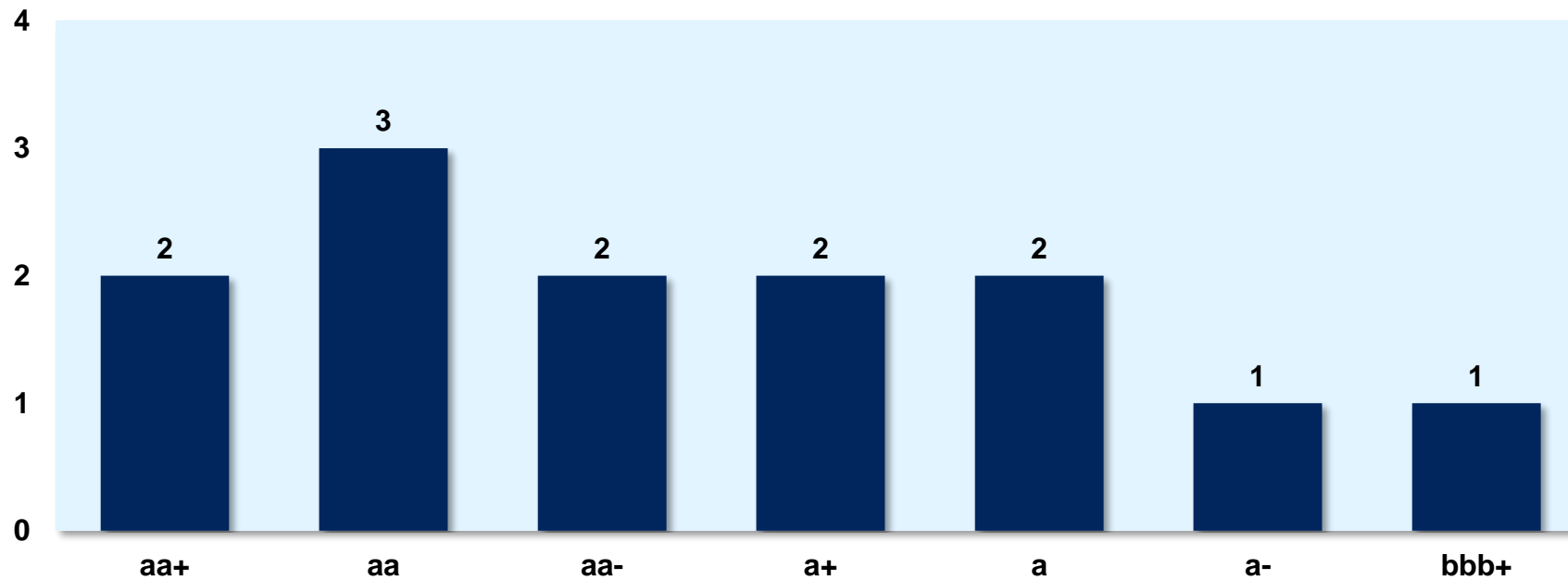
Figures are reported in accordance with IFRS 17.

Canada P/C Reinsurance Ratings

Canada Property/Casualty – Distribution of 2023 Reinsurance ICRs*

*Notes: ICR = Issuer Credit Rating. Ratings as of July 18, 2024

AM Best's Global Non-Life Reinsurance Expectations – The Next 12 Months

**Underwriting profits –
slight reductions, but still strong**

**Inflationary pressures and interest rates –
Abating and declining, slowly**

**Rate movements –
modest declines in strong performing risks
and higher levels of cover**

**Significant new capital /
number of new entrants –
unlikely**

**Retention levels –
minor movements into working layers**

**Increased use of Alternative Capital to flex
capital needs**

Q&A

Panel Discussion: Climate Trends & Risk Mitigation

Jayanta Guin – EVP & Chief Research Officer, AIR Worldwide/Verisk
Sridhar Manyem – Senior Director, AM Best
Rosemarie Mirabella – Director, AM Best
Sylvain Nolet – VP of P&C Commercial Lines, Beneva

October 25, 2024

Canada Insurance Market Briefing

BCRM Building Block Approach

Maximum + 2

Country Risk

| Balance Sheet Strength

Baseline | Operating Performance

(+2/-3) | Business Profile

(+2/-2) | Enterprise Risk Management

(+1/-4) | Comprehensive Adjustment

(+1/-1) | Rating Lift/Drag | Issuer Credit Rating |
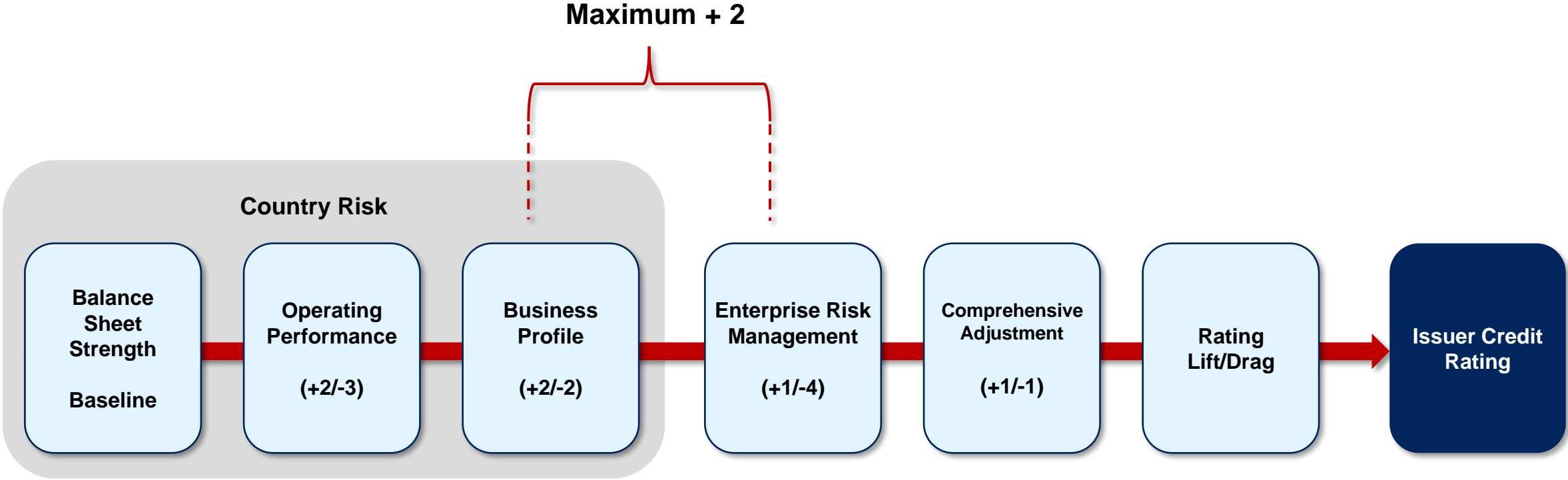
Cyber Risk & AI: Tracking the Trends and Potential Implications

Sridhar Manyem – Senior Director, AM Best

October 25, 2024

Canada Insurance Market Briefing

Cyber Considerations in the Rating Process

Global Cyber Insurance Market Outlook – Stable

Tailwinds

- **Greater demand and geographical expansion**

- **Continual improvements in cyber hygiene**
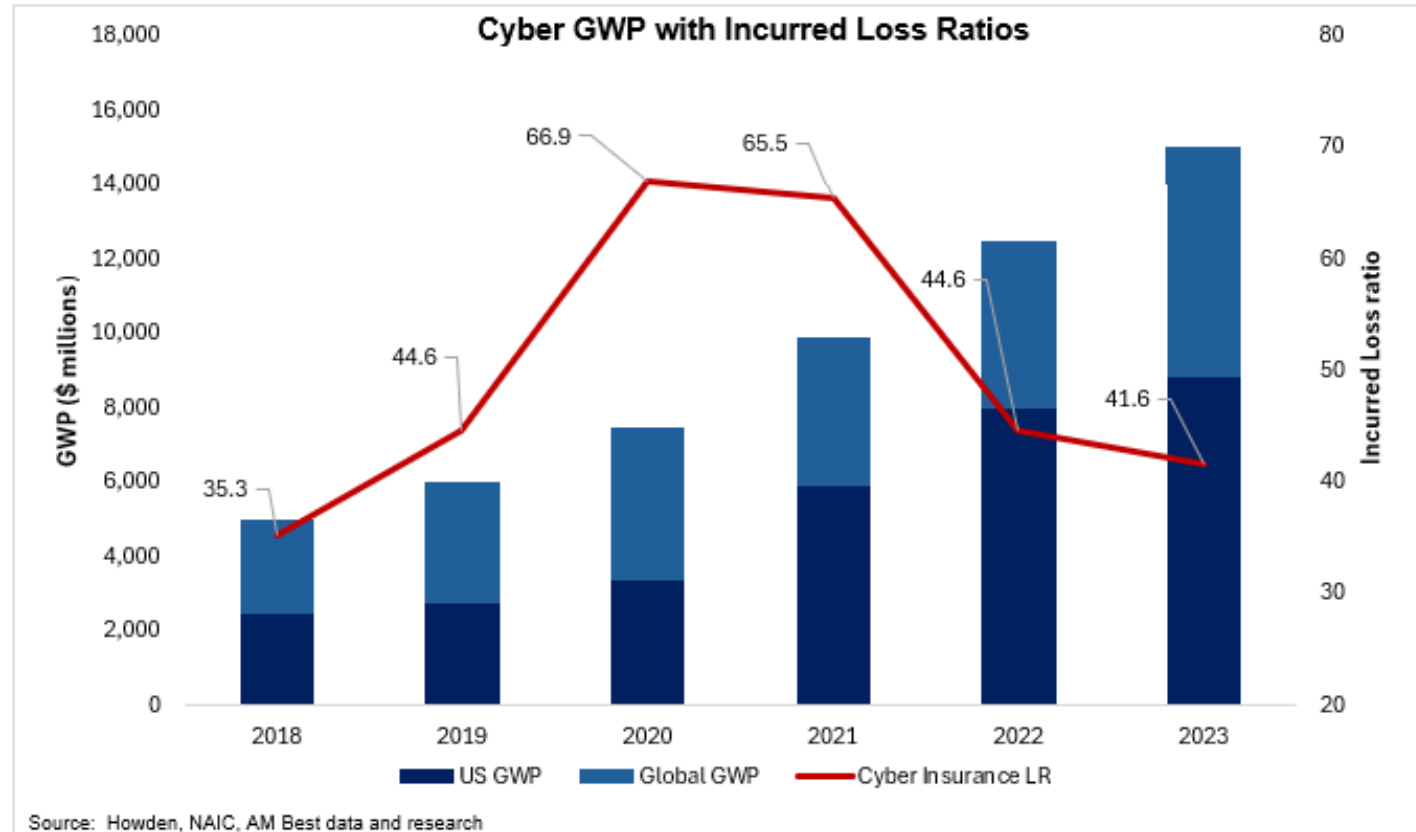
- **Improved sophistication among product offering**

- **Improvements in underwriting practices and policy language**

- **Traditional reinsurance and alternative capital markets to support growth**

Cyber GWP with Incurred Loss Ratios

Loss ratio values: 35.3, 44.6, 66.9, 65.5, 44.6, 41.6

Legend: US GWP, Global GWP, Cyber Insurance LR

Source: Howden, NAIC, AM Best data and research

Global Cyber Insurance Market Outlook – Stable

Cyber Claims by Policy and Claim Type

# of Claims

Year	Packaged 3rd Party	Standalone 3rd Party	Packaged 1st Party	Standalone 1st Party
2018	1,855	2,250	5,157	3,581
2019	2,243	4,284	6,468	5,664
2020	2,538	3,108	7,768	8,799
2021	2,884	3,463	9,271	10,053
2022	2,810	4,287	8,306	11,516
2023	3,209	4,464	8,340	17,491

■ Standalone 1st Party　■ Packaged 1st Party　■ Standalone 3rd Party　■ Packaged 3rd Party

Global Cyber Insurance Market Outlook – Stable

Headwinds

↗ **Increased competition and rates moderation**
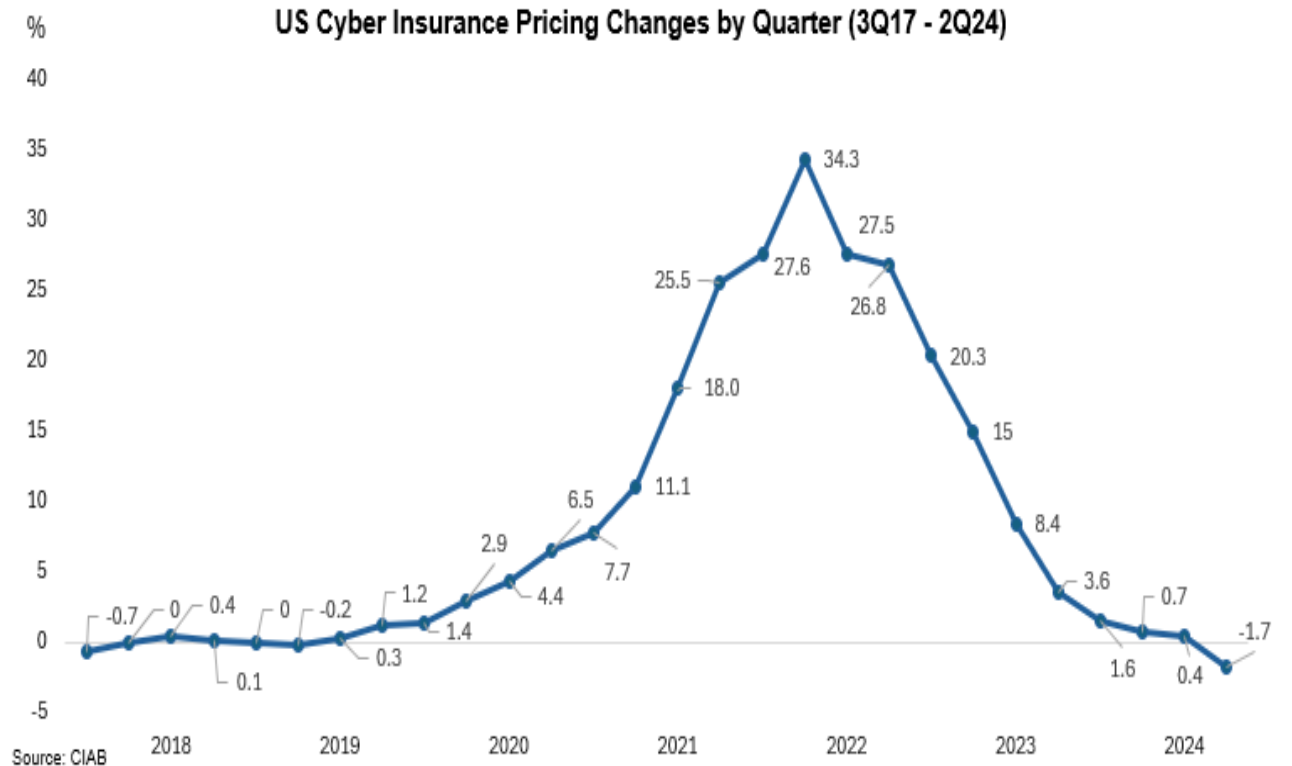
🤖 **Growing sophistication of attacks using AI**

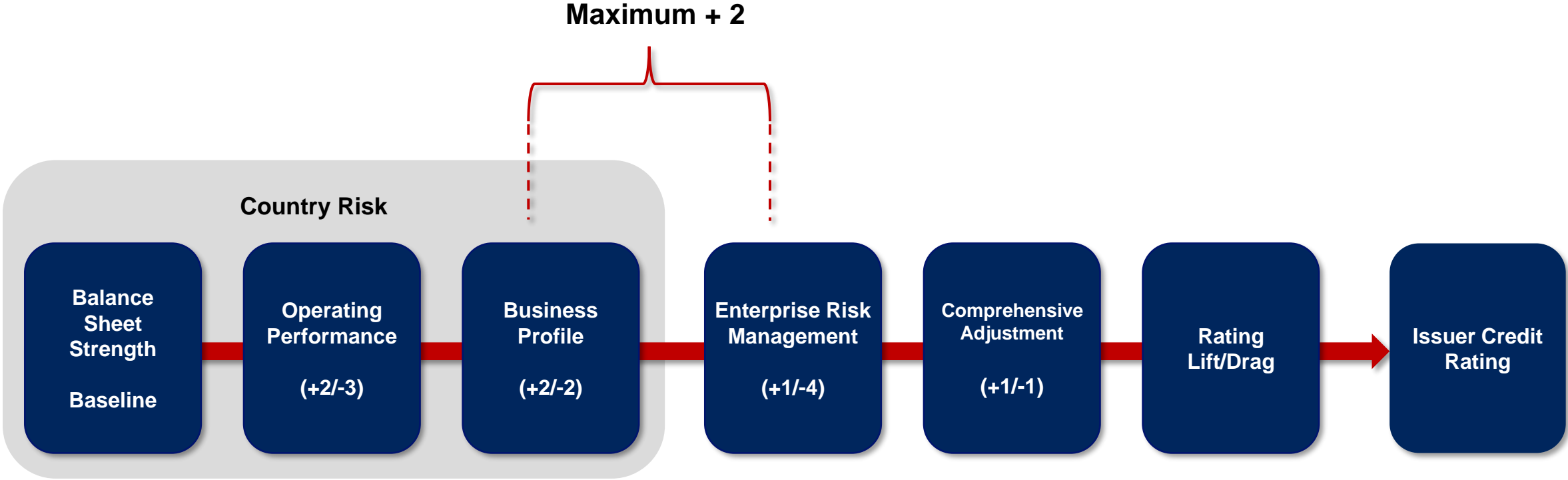📦 **Aggregation risks**

☢ **Model risk and divergence among models**

☑ **Heavy dependence on reinsurance**

US Cyber Insurance Pricing Changes by Quarter (3Q17 - 2Q24)

%

Values along the curve: -0.7, 0, 0.4, 0.1, 0, -0.2, 0.3, 1.2, 1.4, 2.9, 4.4, 6.5, 7.7, 11.1, 18.0, 25.5, 27.6, 34.3, 27.5, 26.8, 20.3, 15, 8.4, 3.6, 1.6, 0.7, 0.4, -1.7

Source: CIAB

AMB Rating Process & Rating Considerations for Cyber

Building Block Approach

Maximum + 2

Country Risk

Balance Sheet Strength	Operating Performance	Business Profile	Enterprise Risk Management	Comprehensive Adjustment	Rating Lift/Drag	Issuer Credit Rating
Baseline	(+2/-3)	(+2/-2)	(+1/-4)	(+1/-1)		

Rating Considerations for Cyber

Balance Sheet Strength	Operating Performance	Business Profile	Enterprise Risk Management
• **Risk-adjusted capitalization** • **Aggregation management** • **Cyber modelling** • **Stress testing** • **Reinsurance** • **Reserve adequacy** • **Liquidity**	• **Underwriting & earnings volatility** • **Business plans and assumptions** • **Track record**	• **Product concentration risk** • **High product risk** • **Limits offered** • **Industries covered** • **Size of Insured** • **Management expertise**	• **Risk appetite & tolerances** • **Risk aggregation** • **Risk management capabilities** • **Stress testing**

Incorporating Catastrophe Risk & Stress Testing Into the Ratings Process

Why Incorporating Catastrophe Risk & Stress Testing is Necessary?

Catastrophes – both natural and man-made – can abruptly impair (re)insurance companies

Effectively managing exposure to catastrophe events is essential to protect and preserve balance sheet strength

Stress Testing allows AM Best to capture the uncertainties inherent in an insurer's operations and business plans

Rating Considerations

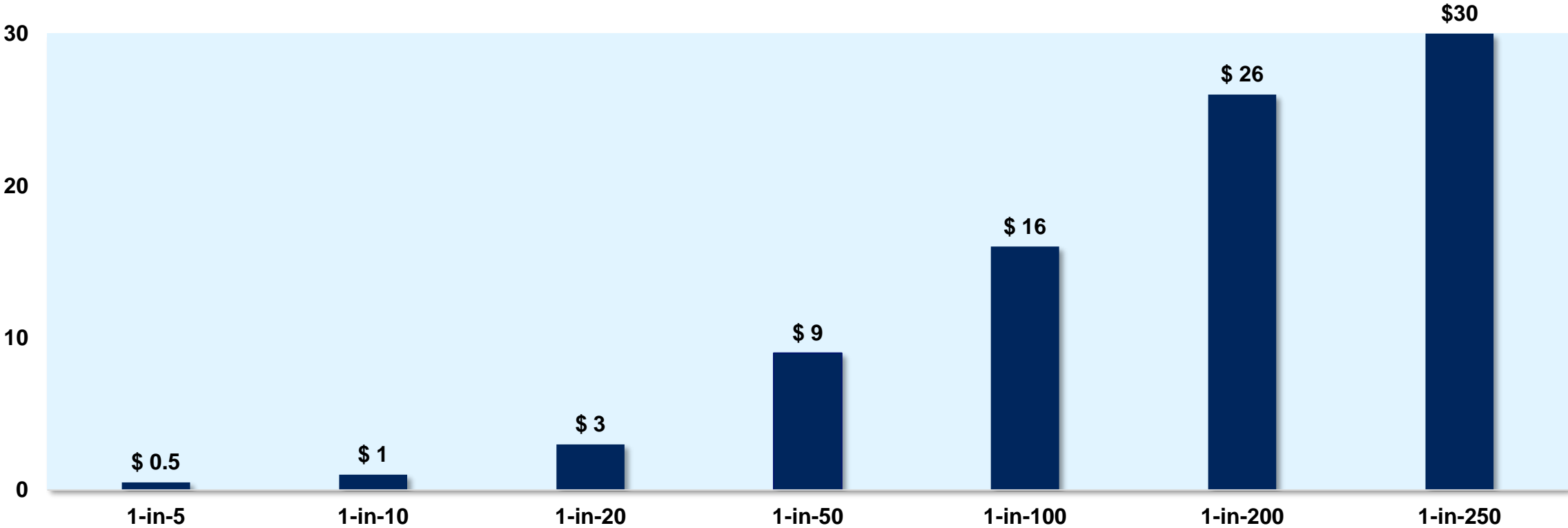Aggregate exposure

Concentration of exposures

Historical losses

Deterministic scenarios

Modelled PMLs

Management's view

Cyber PMLs

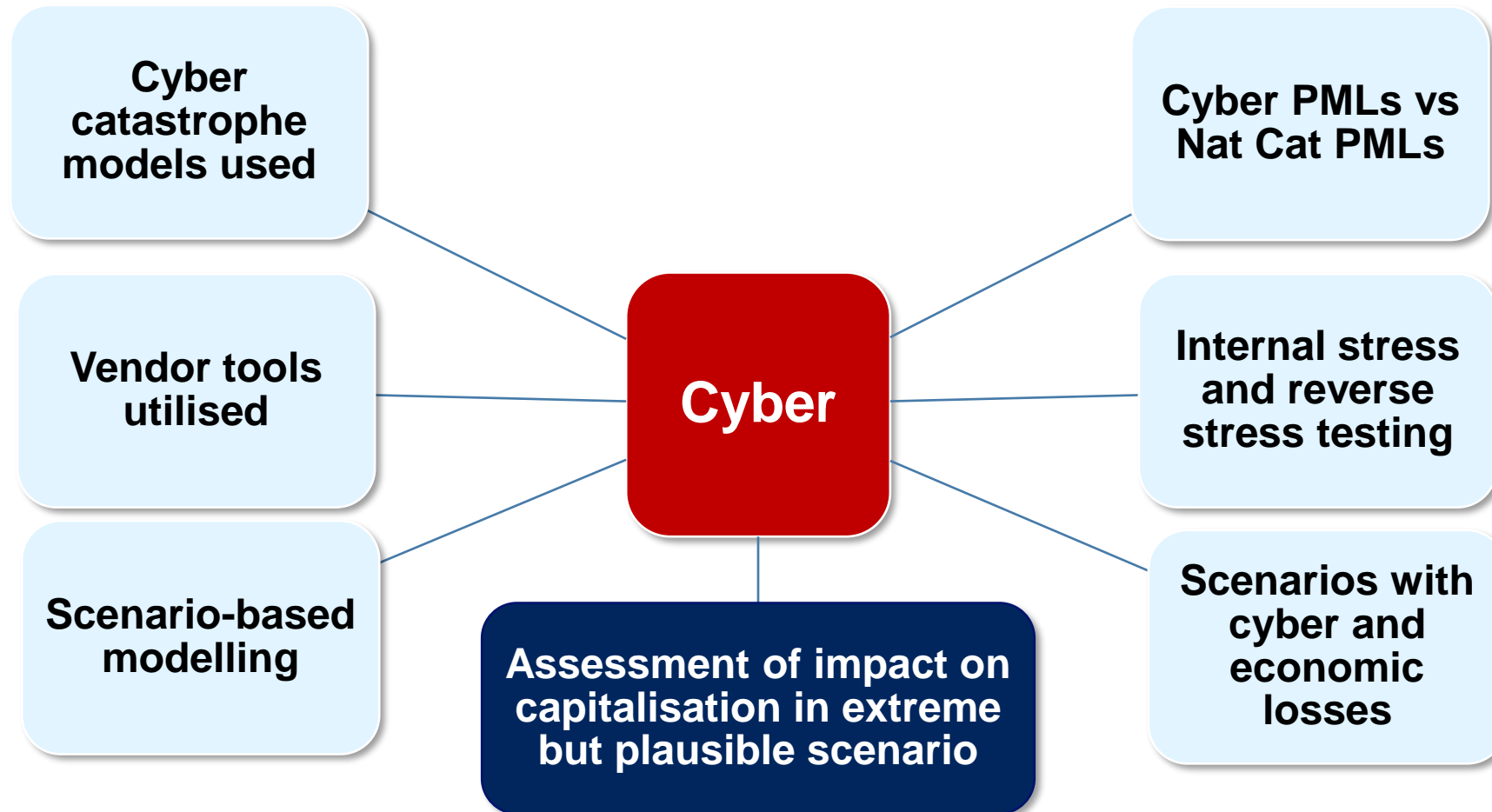**Simulated Financial Loss to Entire US Economy by Return Period (billion USD)**

Source: Active Cyber Risk Modeling Report – Coalition Inc 2023

Considerations and challenges for Cyber Stress Testing

Cyber catastrophe models used

Vendor tools utilised

Scenario-based modelling

Cyber

Assessment of impact on capitalisation in extreme but plausible scenario

Cyber PMLs vs Nat Cat PMLs

Internal stress and reverse stress testing

Scenarios with cyber and economic losses

Cyber Questionnaire

Assessment of the potential impact on the rating

Need to quantify and understand impact

- Cyber is not shown as a separate line of business
- Risk profile of cyber portfolio
- Greater exposure to catastrophic loss
- Potential impact of systemic loss/aggregations on balance sheet
- Cyber risk management

Benchmarking

- Better comparisons

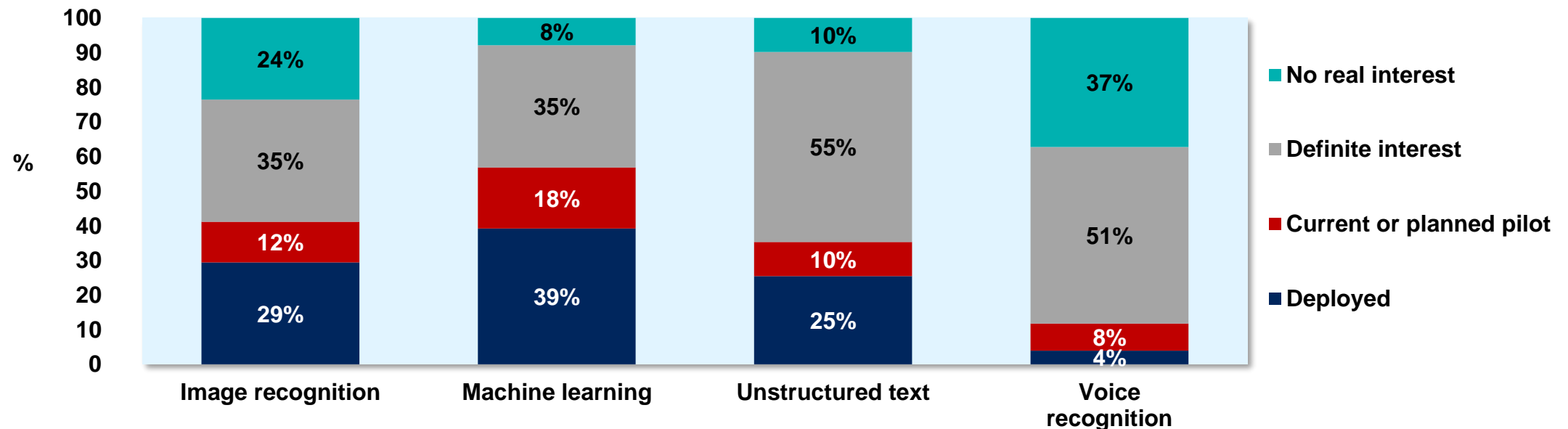# Impact of Accelerated Change on Insurance

Themes from Our First Innovation Research Report

- Enhancing the customer experience

- Unlocking operating efficiencies

- Improving underwriting performance

- Deepening relationships to drive the digital transformation

- Expanding digital ecosystems

Artificial Intelligence Among P/C Insurers

- P/C insurers have invested heavily in ML and unstructured text capabilities. Image and voice recognition are more heavily used by larger companies.

AI 2023 Deployment and Interest Rates for P/C Insurers

Legend:
- No real interest (teal)
- Definite interest (gray)
- Current or planned pilot (red)
- Deployed (dark blue)

Image recognition: Deployed 29%, Current or planned pilot 12%, Definite interest 35%, No real interest 24%

Machine learning: Deployed 39%, Current or planned pilot 18%, Definite interest 35%, No real interest 8%

Unstructured text: Deployed 25%, Current or planned pilot 10%, Definite interest 55%, No real interest 10%

Voice recognition: Deployed 4%, Current or planned pilot 8%, Definite interest 51%, No real interest 37%
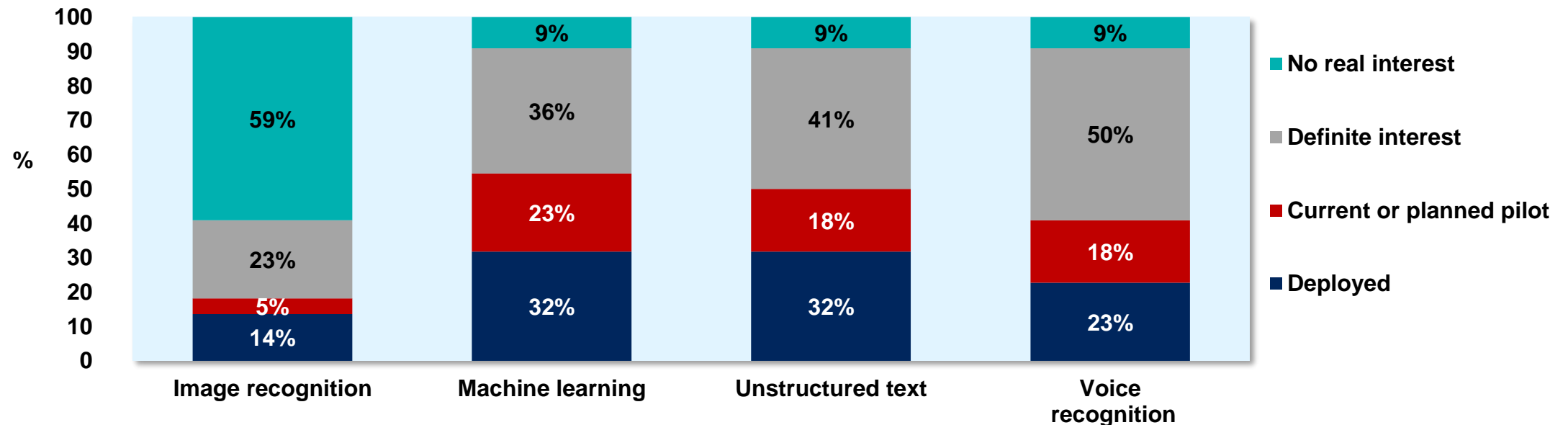
Source: Aite-Novarica Group survey of 73 North American insurer CIOs, Q4 2022

Artificial Intelligence among L/A/B Insurers

- L/A/B insurers have higher deployment of unstructured text capabilities and higher deployment of voice recognition; not much image recognition interest.

AI 2023 Deployment and Interest Rates for L/A/B Insurers

Legend:
- No real interest
- Definite interest
- Current or planned pilot
- Deployed

Category	No real interest	Definite interest	Current or planned pilot	Deployed
Image recognition	59%	23%	5%	14%
Machine learning	9%	36%	23%	32%
Unstructured text	9%	41%	18%	32%
Voice recognition	9%	50%	18%	23%

Applications of LLMs Across Insurance Functions

Distribution & Marketing

- Lead generation and qualification
- Automated email campaigns
- Market research and competitive analysis
- Propensity modelling

Underwriting

- Prioritization of new business
- Summarization and categorization
- Incorporation of new data sources
- Product recommendations
- Risk analysis
- App/Submission completeness check

Service

- Customer support
- Customer feedback analysis

Claims

- Claim triage
- Categorization and severity
- Claims adjudication assistance
- Insurance coverage guidance
- Fraud detection
- Notes analysis and summarization

DOCUMENT INTERROGATION & SUMMARIZATION, NATURAL LANGUAGE INTERFACE, CODE GENERATION, CORRESPONDENCE GENERATION, JOB DESCRIPTIONS, SECURITY, VIRTUAL ASSISTANT

Generative AI in Insurance: Opportunities, Risks and Obstacles

Opportunities:

Applications across the entire value chain

Risks:

- Scale, frequency and sophistication of cyber attacks
- Fraud-related issues

Obstacles:

- Technical issues and complexity surrounding implementation and integration
- Data privacy and security concerns, bias and regulatory uncertainty

BCRM Building Blocks – Business Profile

Country Risk						
Balance Sheet Strength Baseline	Operating Performance (+2/-3)	Business Profile (+2/-2)	Enterprise Risk Management (+1/-4)	Comprehensive Adjustment (+1/-1)	Rating Lift/Drag	Issuer Credit Rating
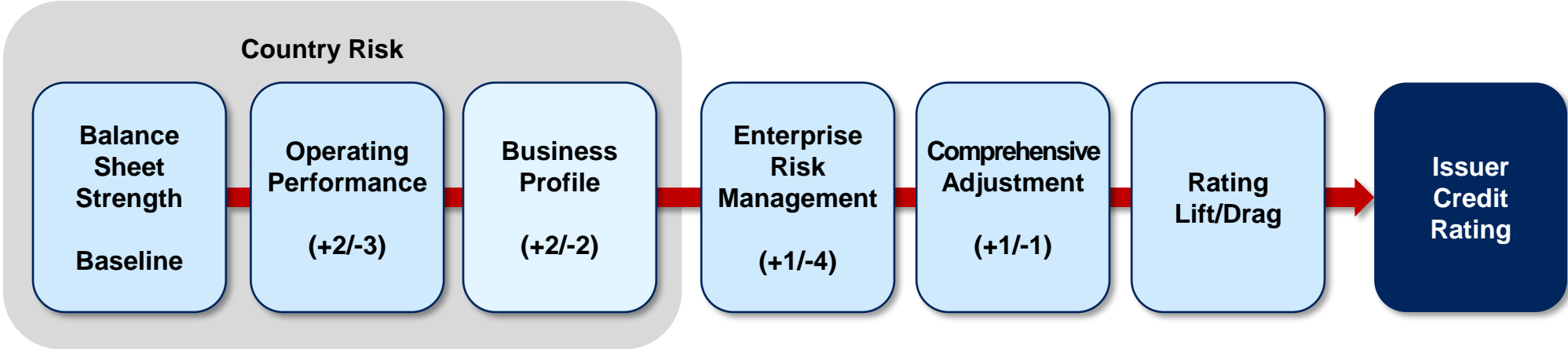
Business Profile Components

- **Market Position**
- **Pricing Sophistication & Data Quality**
- **Product Risk**
- **Degree of Competition**
- **Innovation**

- **Management Quality**
- **Regulatory, Event and Country Risks**
- **Distribution Channels**
- **Product/Geographic Concentration**

P/C Industry – Total Return on Surplus

Total Return on Surplus

Chart data (Total Return / Avg. Surplus) by year — **Minimal + Moderate** (navy) and **Significant + Prominent + Leader** (red):

Year	Minimal + Moderate	Significant + Prominent + Leader
2013	12.4	17.2
2014	9.2	10.3
2015	3.2	5.2
2016	3.9	9.1
2017	5.4	15.2
2018	0.4	2.2
2019	9.4	20.7
2020	6.8	12.9
2021	9.6	17.2
2022	(2.1)	(7.6)
2023E	0.2	10.9

Legend: ■ Minimal + Moderate ■ Significant + Prominent + Leader
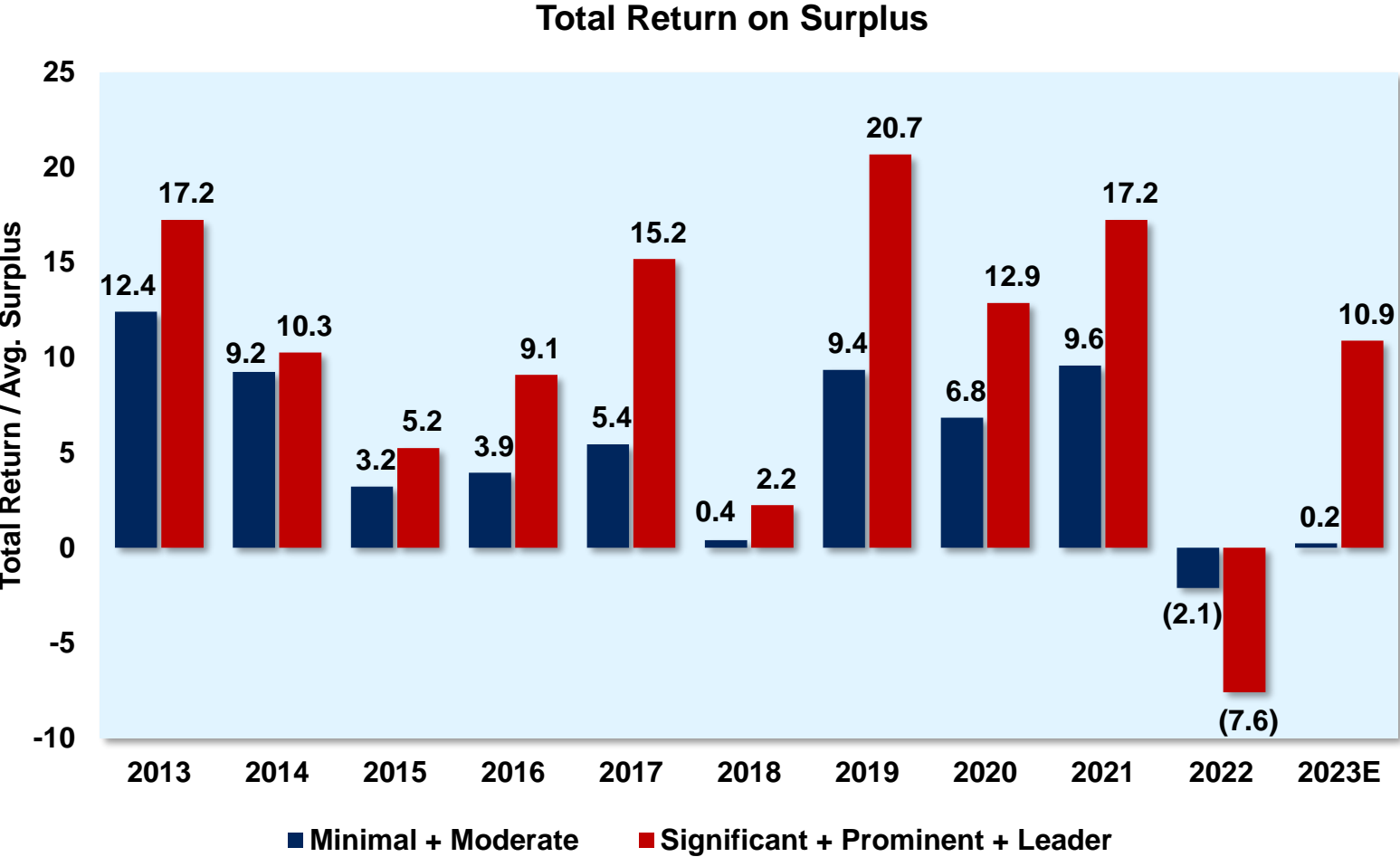
P/C Industry Return on Surplus		
	Innovators	Non-Innovators
10 Years	14.0%	8.3%
5 Years	18.8%	6.7%

Innovation as a Competitive Advantage

- Innovative insurers are leveraging technology to enhance premium growth opportunities and to better operational efficiency compared to peers

10-Yr P/C Net Premiums Written Change

Change in NPW

Category	10-Yr Avg	10-Yr Std Dev
Minimal	5.1	3.7
Moderate	3.3	3.9
Significant	4.5	2.0
Prominent	6.5	3.1
Leader	8.2	4.9
Total Industry	5.3	3.0

■ 10-Yr Avg ◆ 10-Yr Std Dev
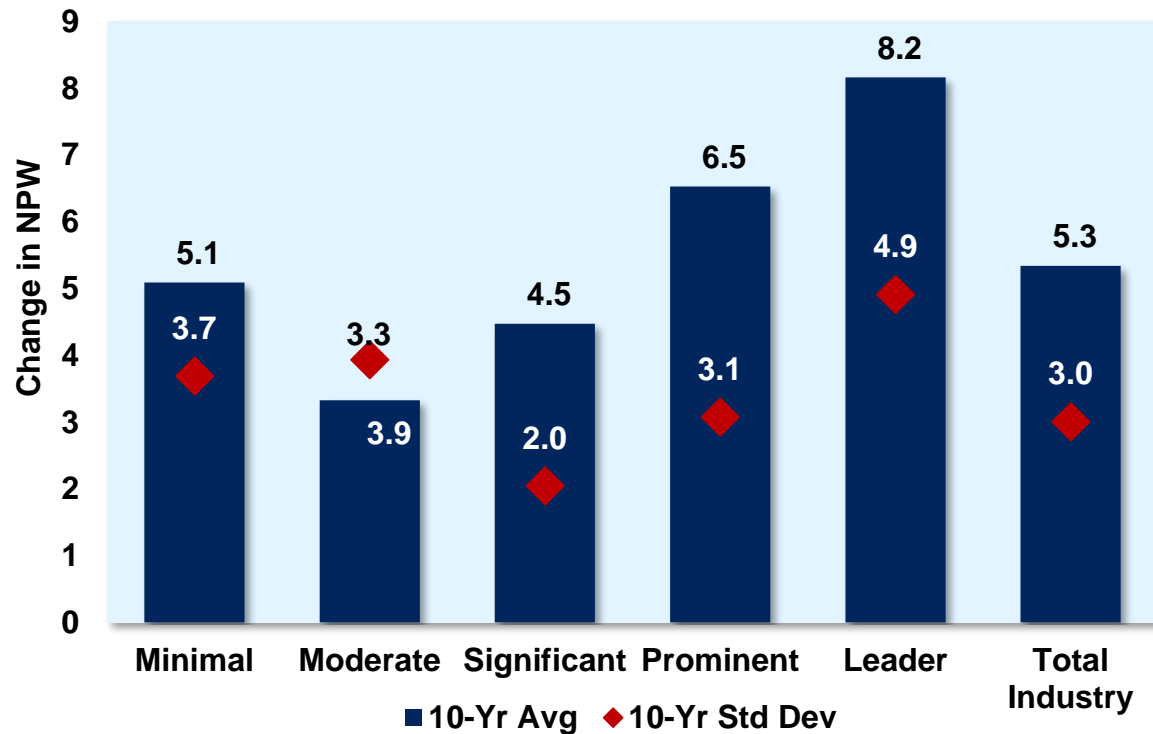
10-Yr P/C Underwriting Expense Ratio

Underwriting Expense Ratio

Category	10-Yr Avg	10-Yr Std Dev
Minimal	31.5	0.8
Moderate	28.9	0.6
Significant	27.9	0.5
Prominent	24.6	1.0
Leader	25.4	1.3
Total Industry	27.3	0.7

■ 10-Yr Avg ◆ 10-Yr Std Dev

Q&A

Thank You!

Disclaimer

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Our Insight, Your Advantage™