

Current State of the U.S. P&C Industry

September 2023



U.S. P&C Industry

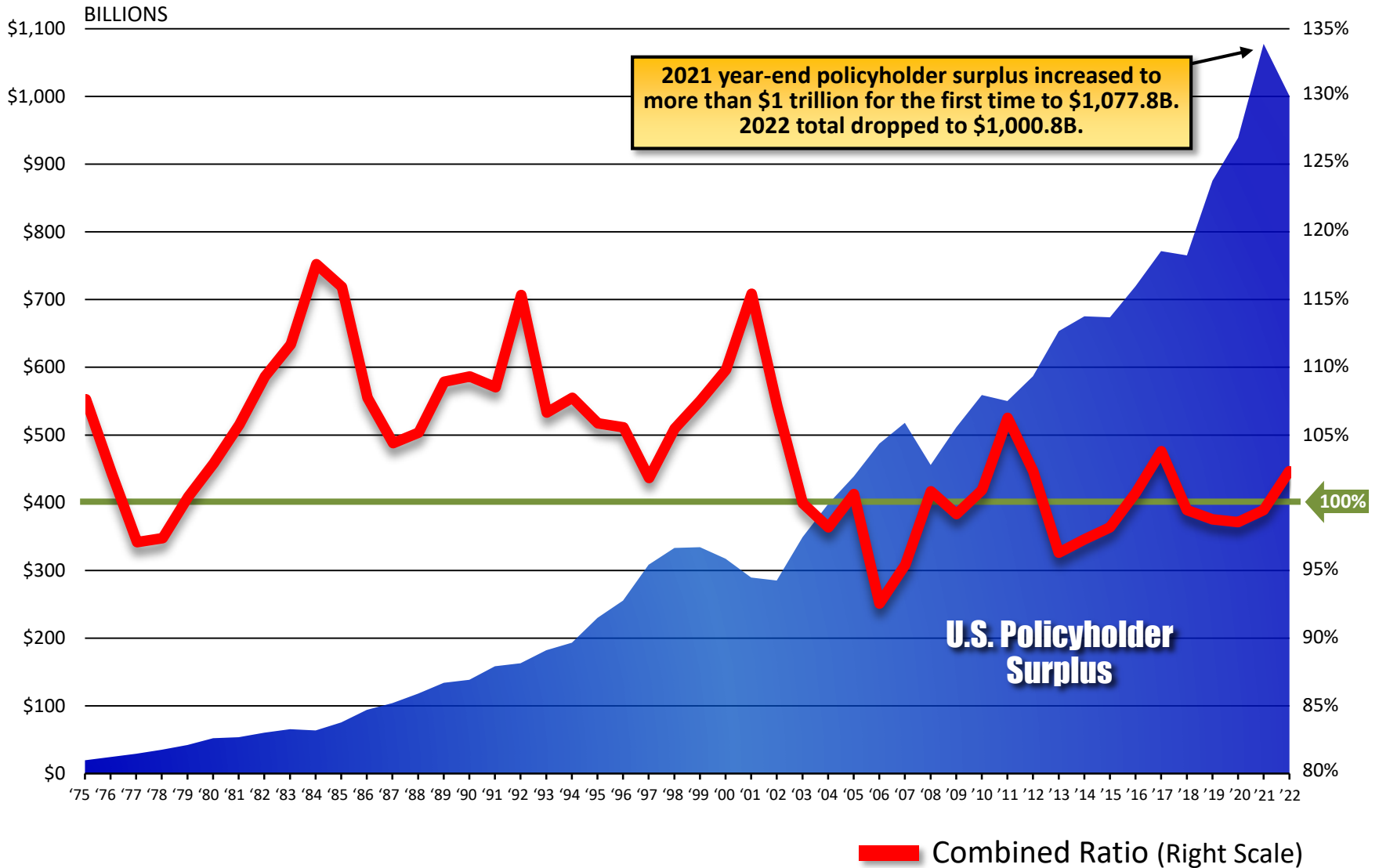


GJSre

G. J. Sullivan Co. Reinsurance

U.S. Policyholder Surplus vs Combined Ratio

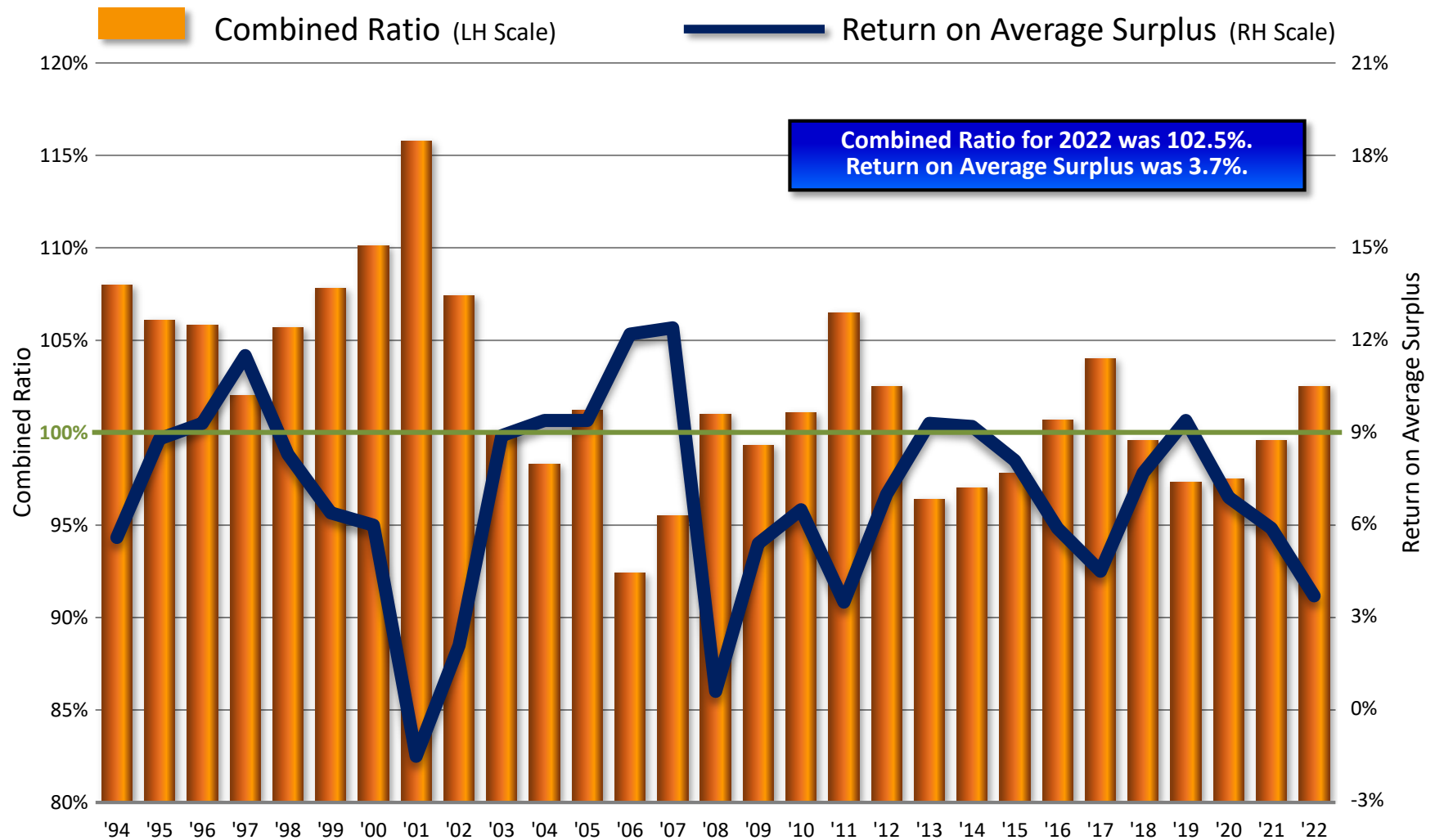
1975 – 2022



U.S. P&C Industry

Overall U.S. P&C Industry Profitability

1994 – 2022

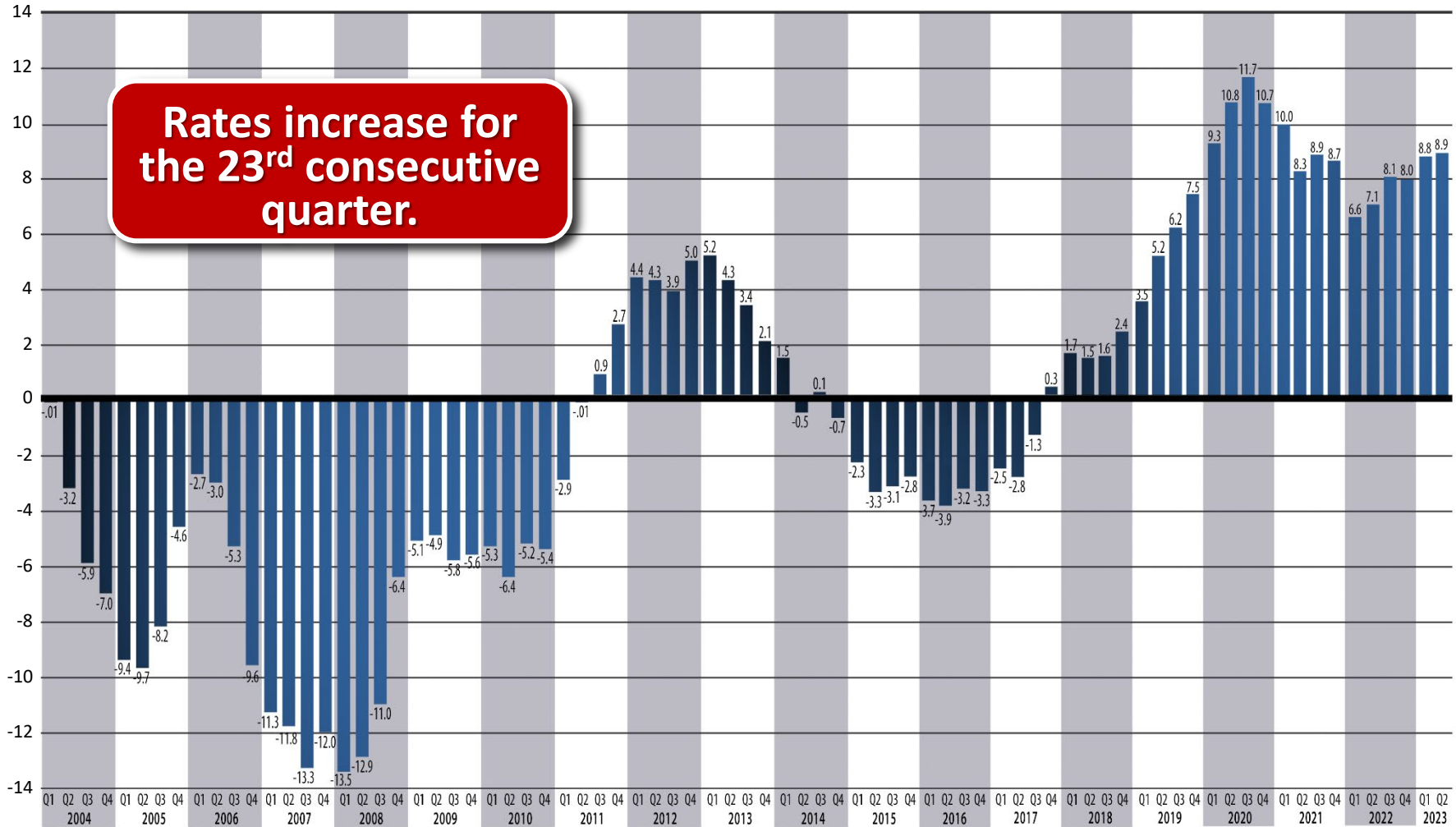


U.S. P&C Industry Quarterly Change in Commercial Rates

2004 – 2023:Q2

% Percent

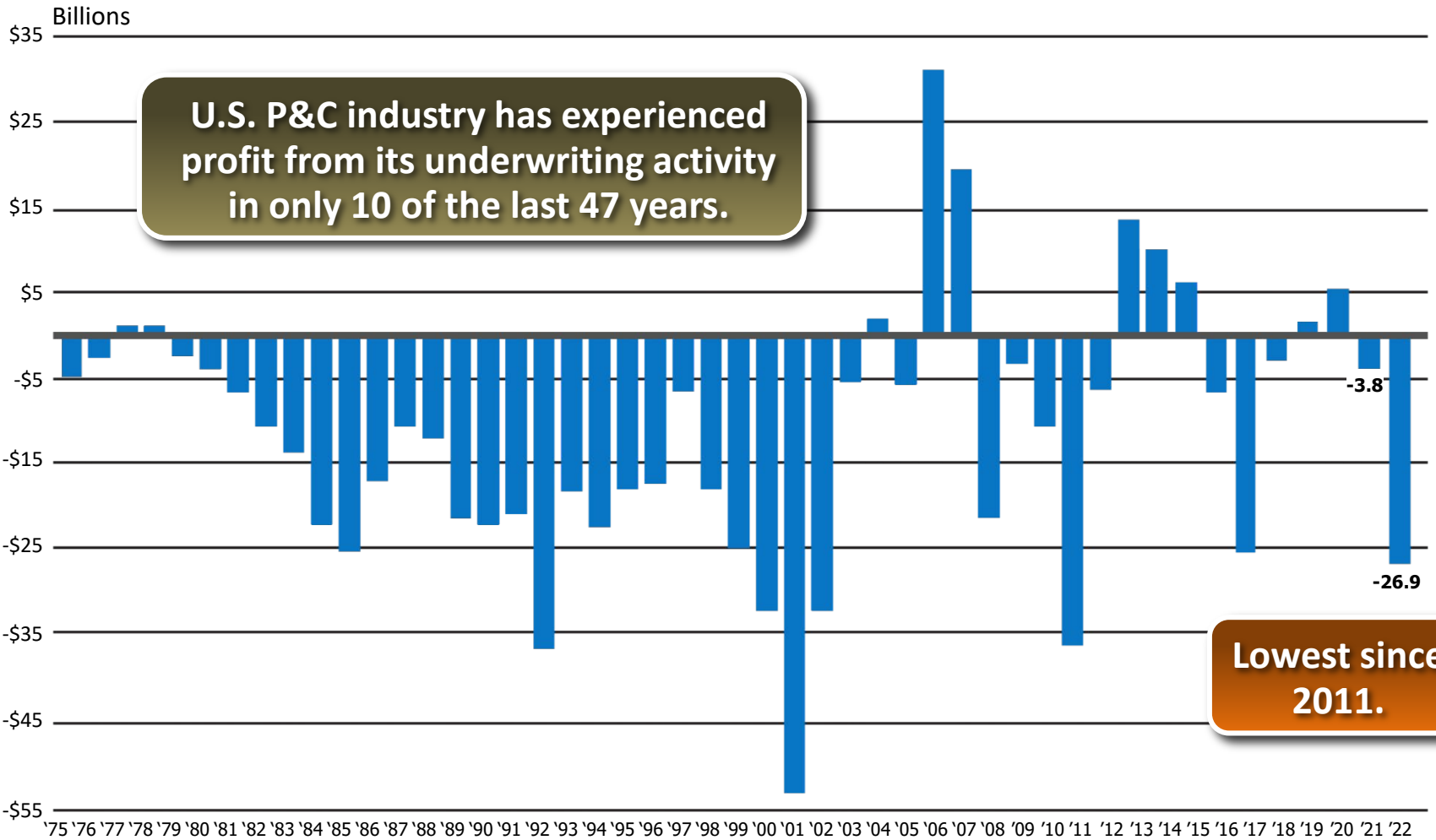
Rates increase for the 23rd consecutive quarter.



U.S. P&C Industry

Underwriting Gain (Loss)

1975 – 2022

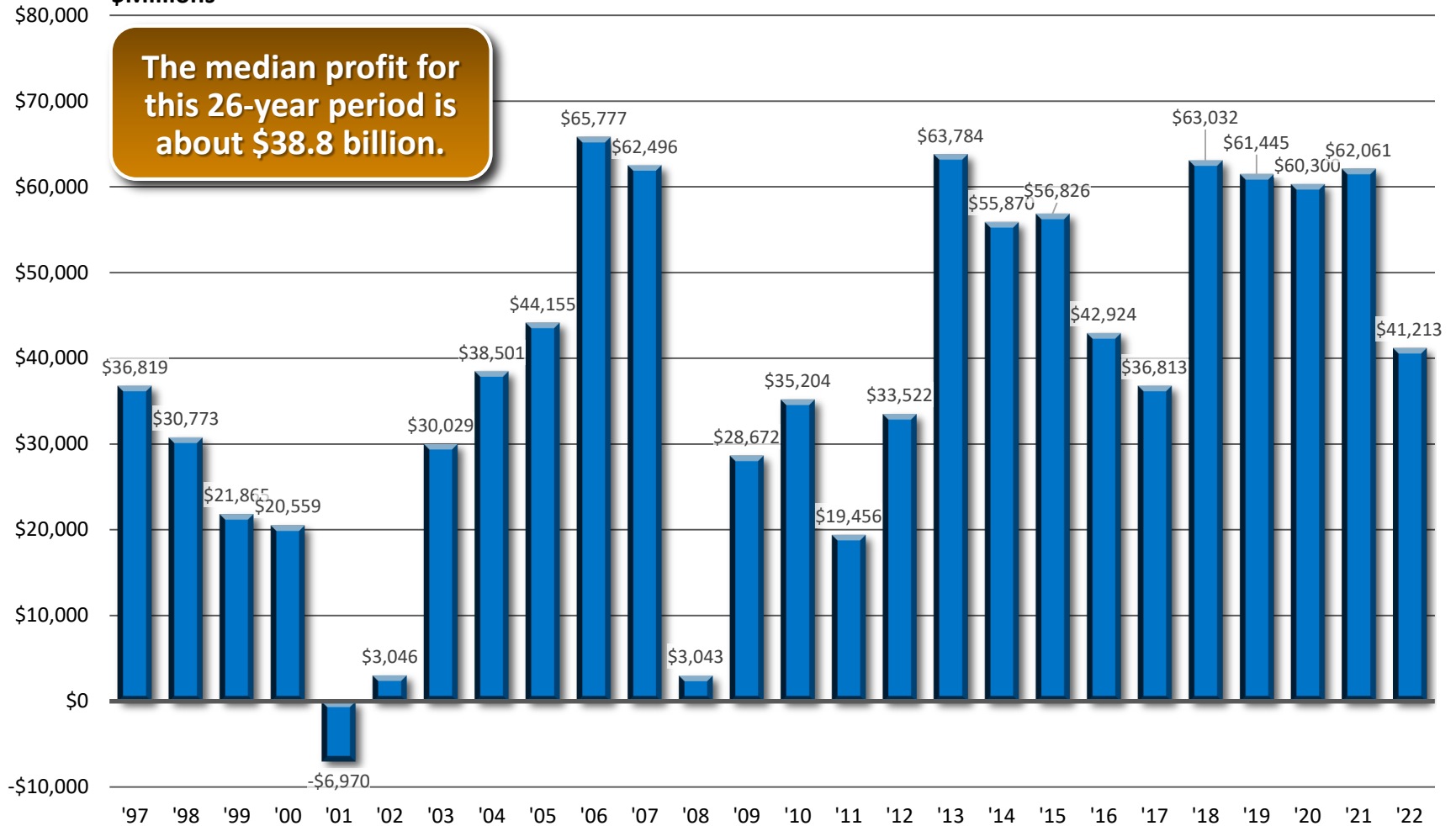


P&C Industry Net Income After Taxes

1997 – 2022

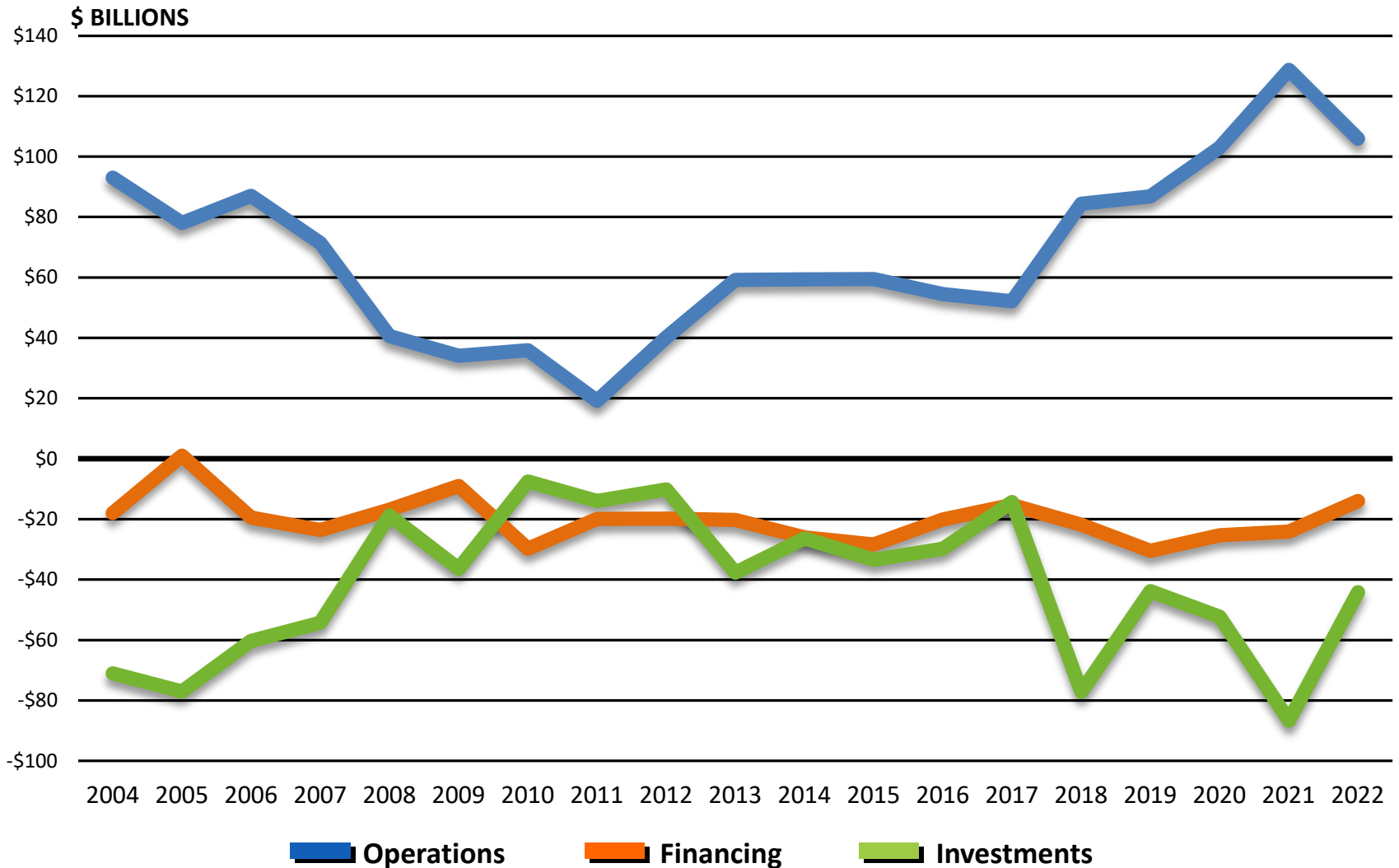
\$Millions

The median profit for this 26-year period is about \$38.8 billion.



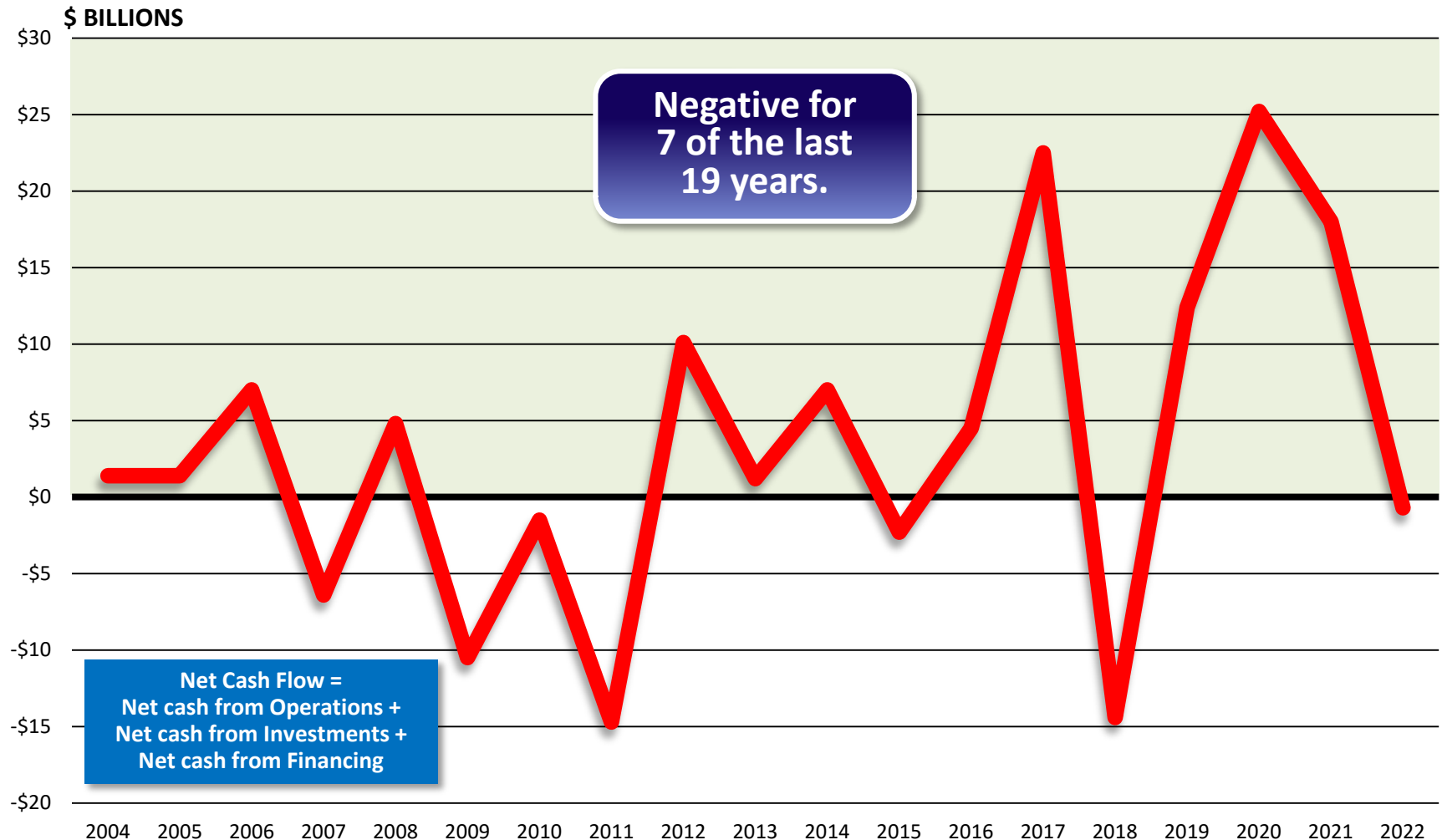
U.S. Property & Casualty Insurers

Annual Cash Flow



U.S. Property & Casualty Insurers

Annual Net Cash Flow



U.S. Surplus Lines Industry

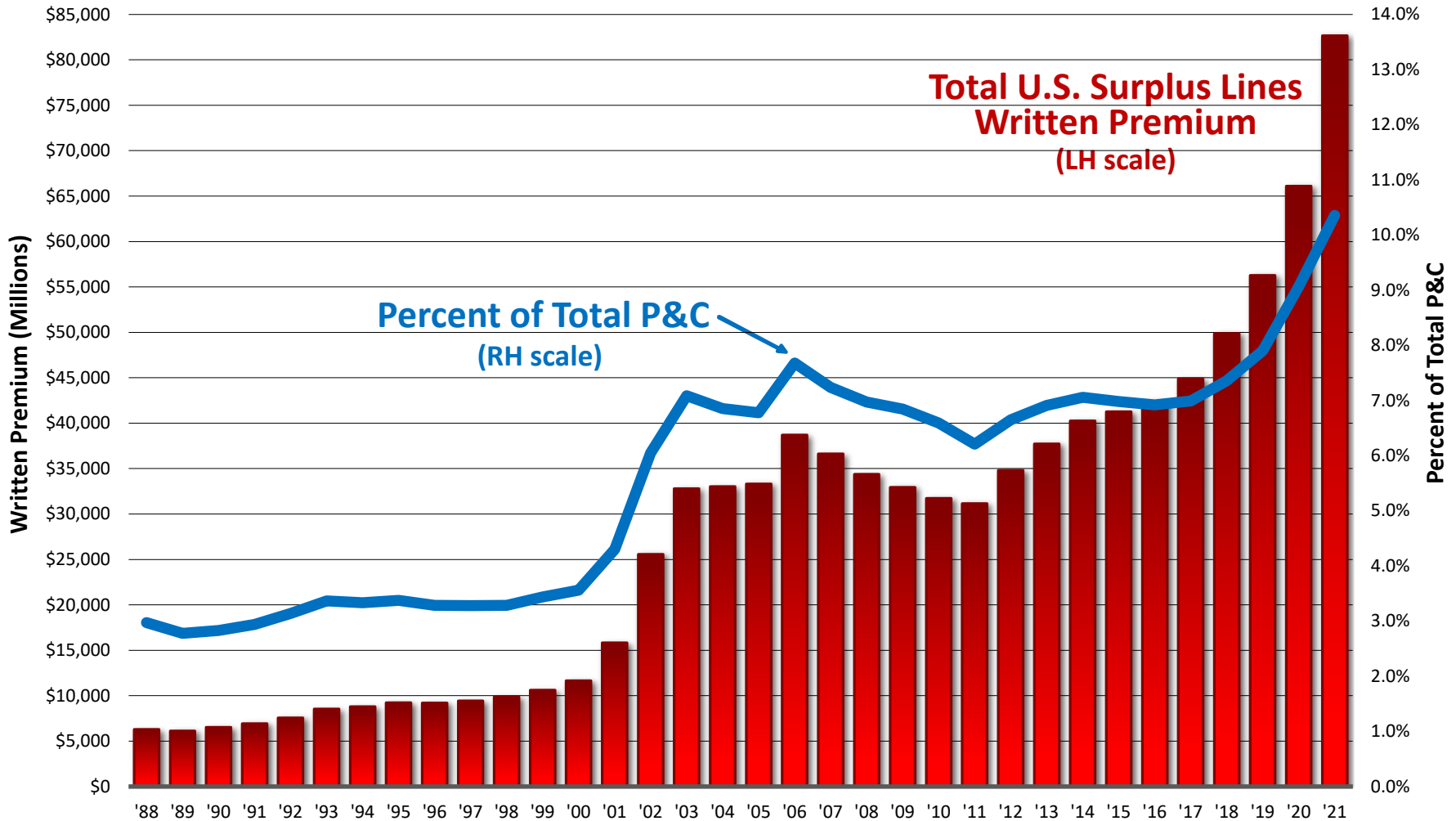


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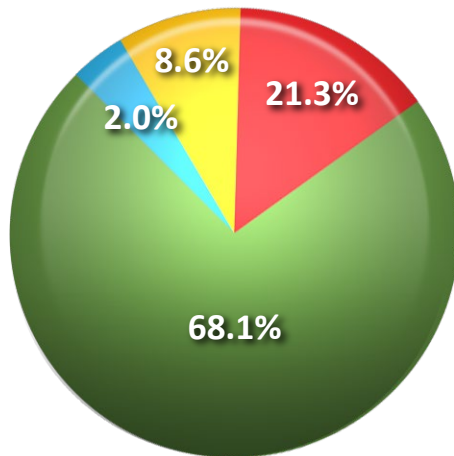
The Surplus Lines Marketplace

1988 – 2021

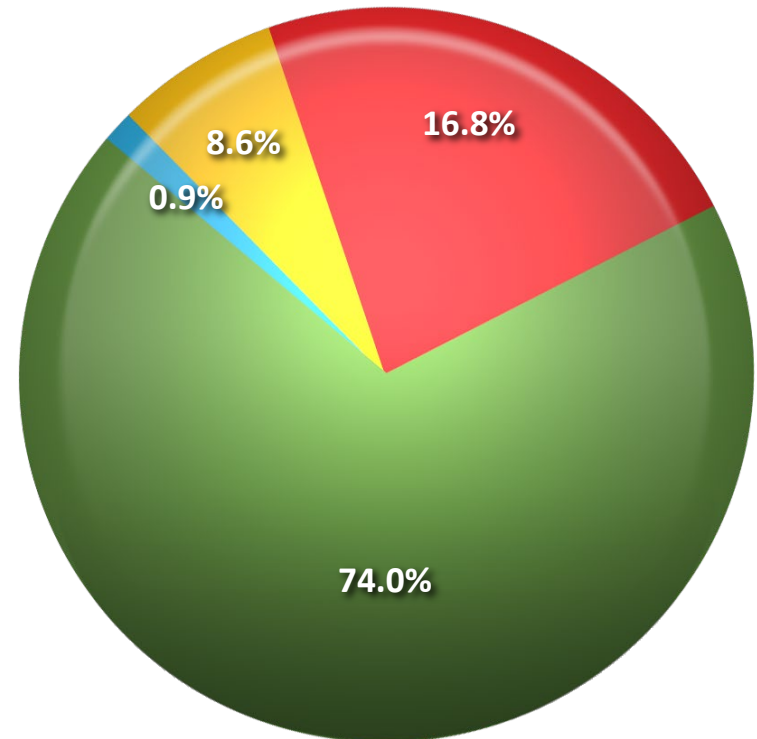




The Changing Surplus Lines Market

2001
Premiums - \$15.8 Billion



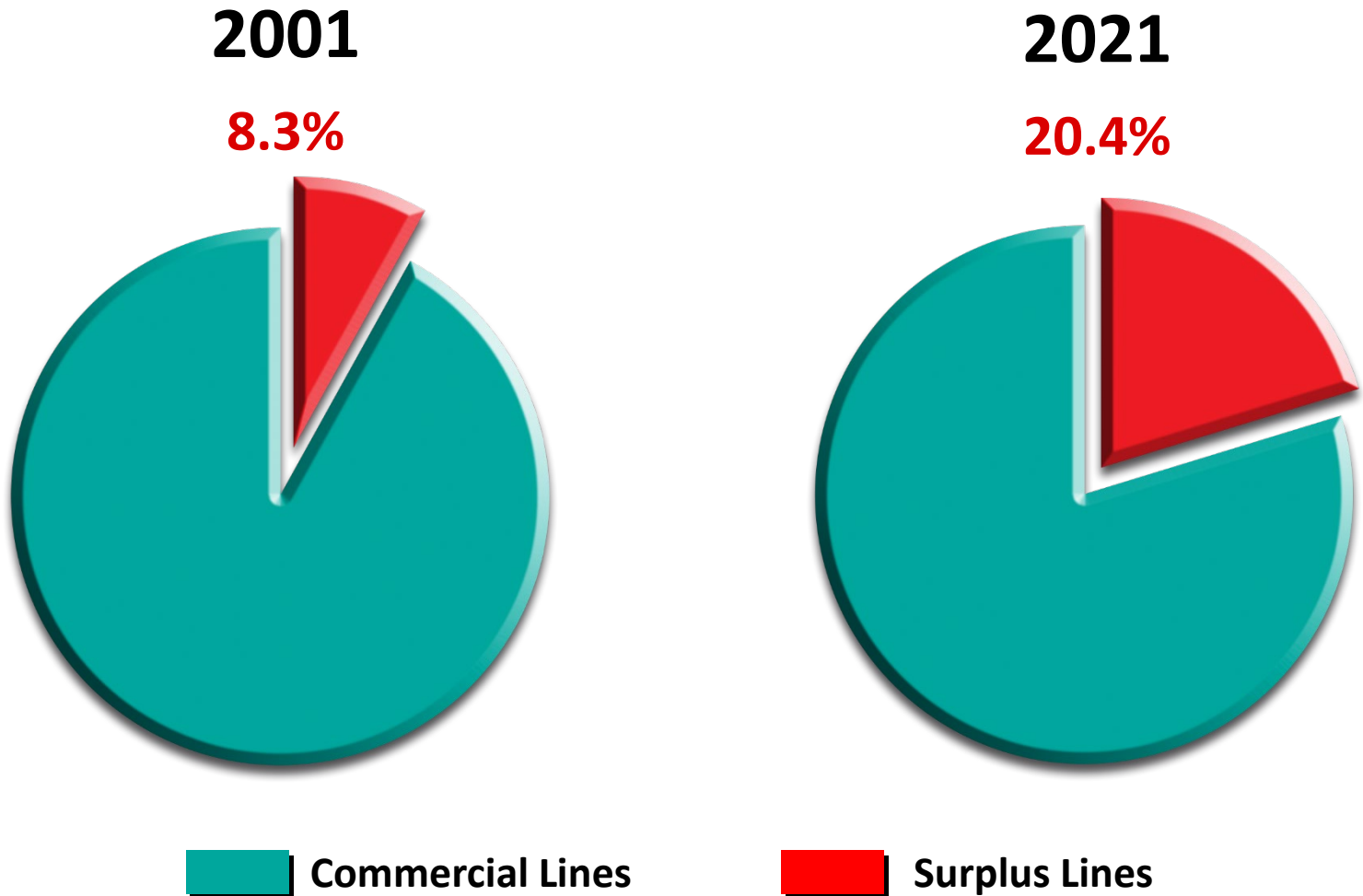
2021
Premiums - \$82.6 Billion



-  Domestic Specialty
-  Regulated Aliens
-  Lloyd's
-  Domestic Professionals

Surplus Lines as a % of Commercial Lines

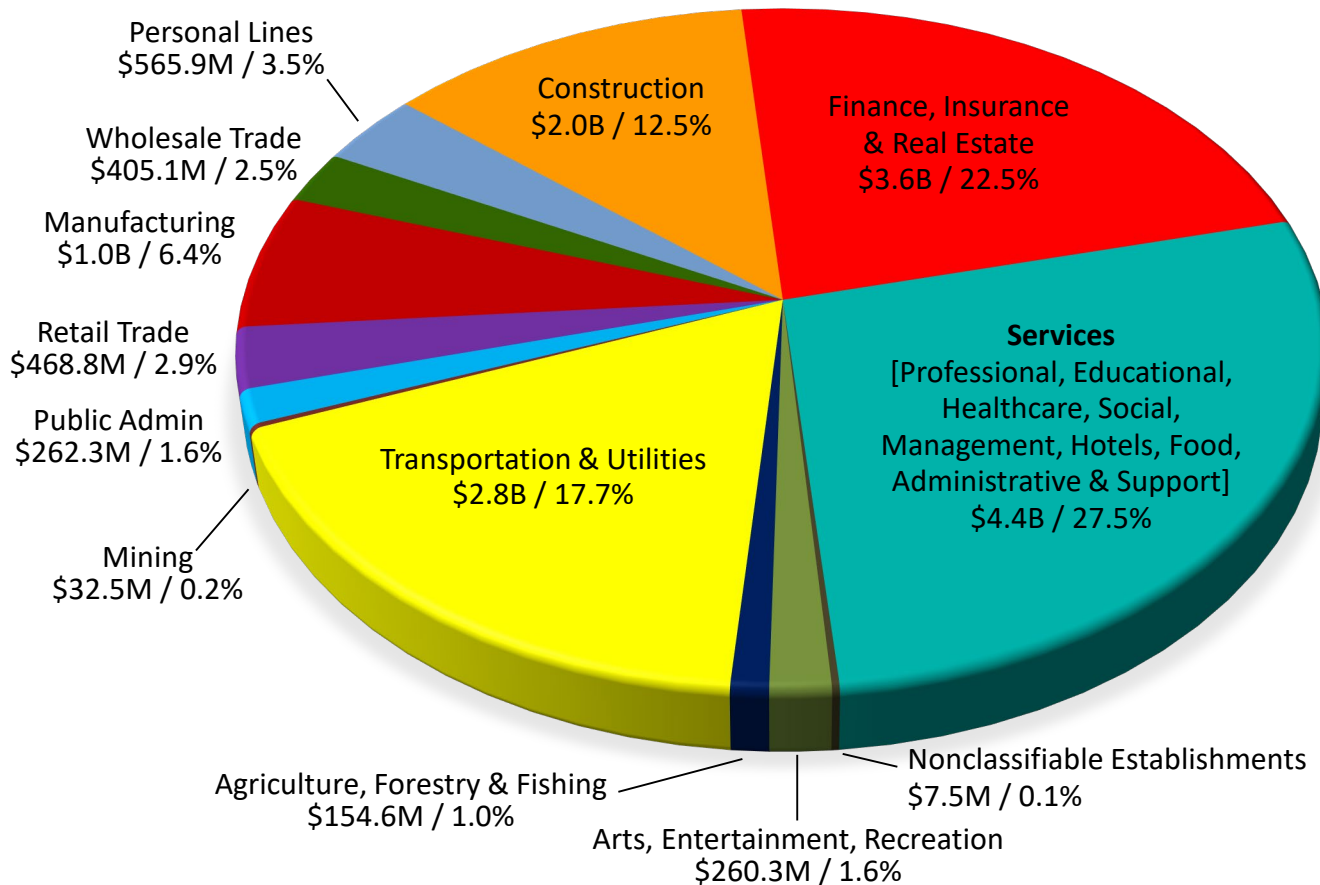
By Direct Written Premium



Surplus Lines Business in California

A Profile of Who or What is Insured in the Surplus Lines Market for 2022

2022 Total Surplus Lines Premium Volume for California = \$16.26B



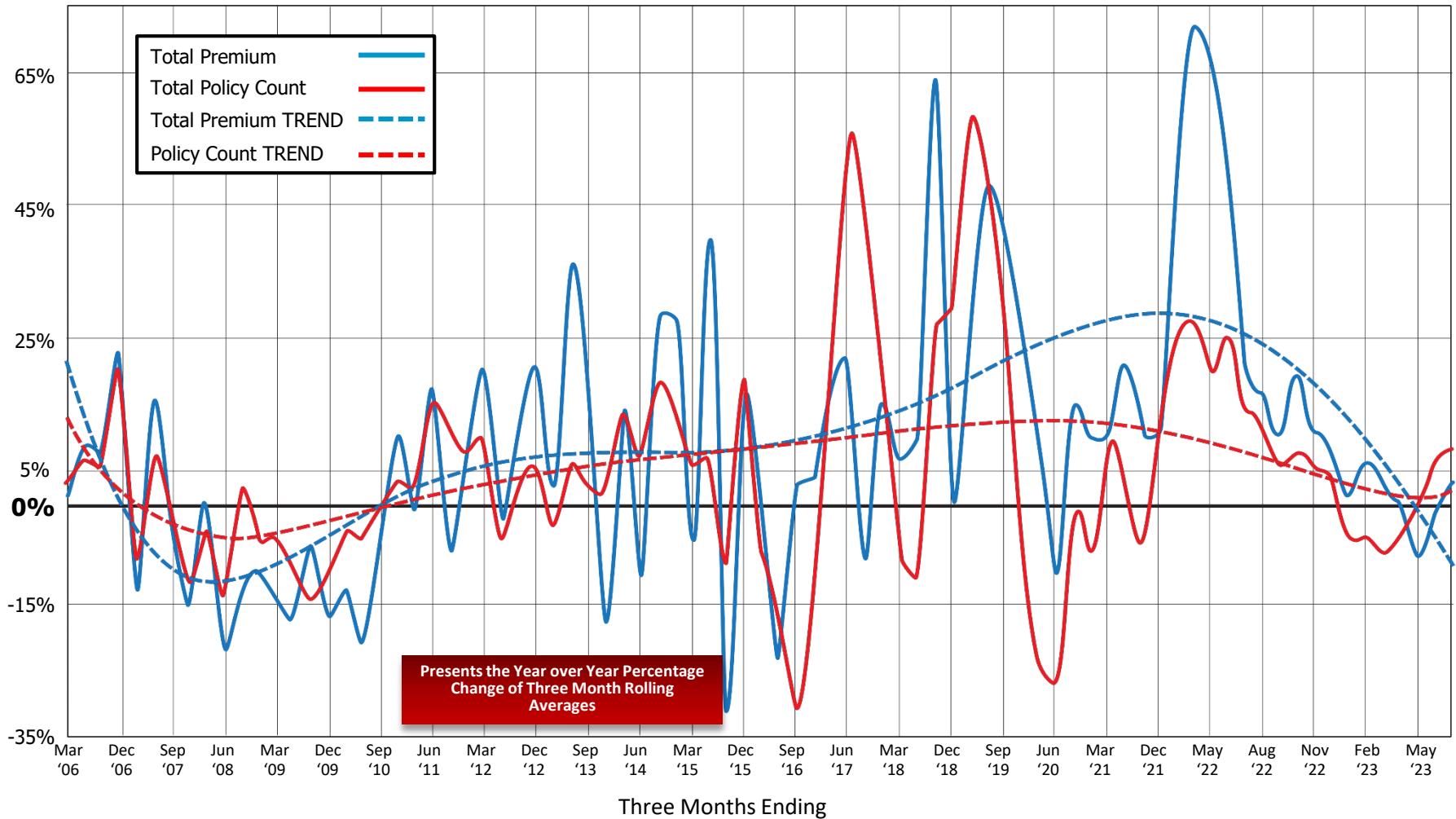
- ✓ This represents over 450,000 businesses & organizations, every one of which requires some form of surplus lines coverage.
- ✓ These firms produce in excess of \$1,350B a year in gross revenue, employ 7,875,000 workers, with an annual payroll in excess of \$340B and pay upwards of \$100B a year in State & Federal taxes.
- ✓ But surplus lines accounts for about 14% of all P&C premiums paid in the state.

California Surplus Lines

Total Policy Count & Total Policy Premium

March 2006 – July 2023

U.S. Surplus Lines Industry



What keeps Reinsurers up nights?

Natural catastrophes and man-made disasters

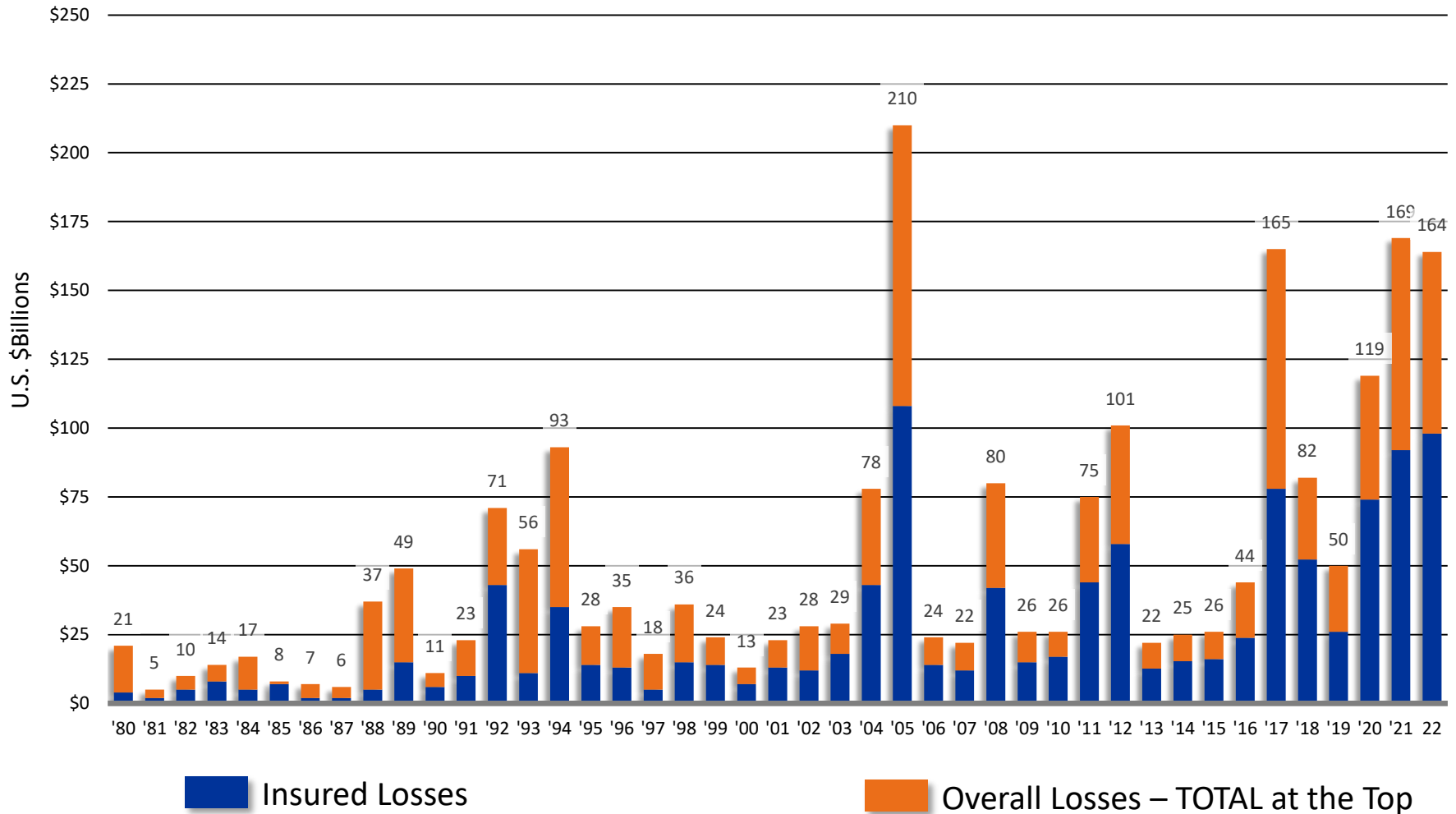


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Overall and Insured Losses in the U.S.









Relevant Natural Loss Events, 1980 - 2022

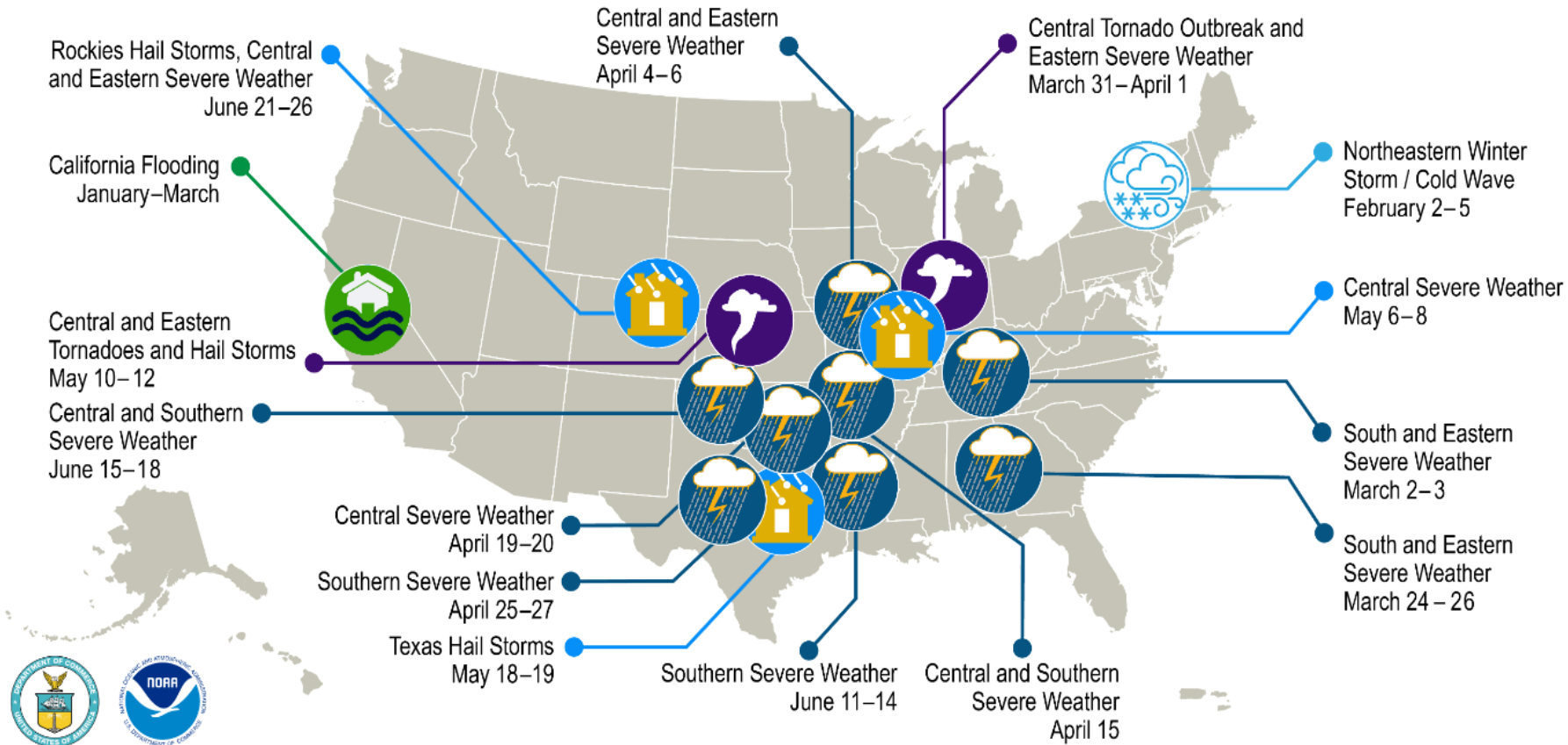


What keeps Reinsurers awake nights?

U.S. Billion-Dollar Events through July 2023

U.S. 2023 Billion-Dollar Weather and Climate Disasters

-  Drought/Heat Wave
-  Flooding
-  Hail
-  Hurricane
-  Severe Weather
-  Tornado Outbreak
-  Wildfire
-  Winter Storm/Cold Wave



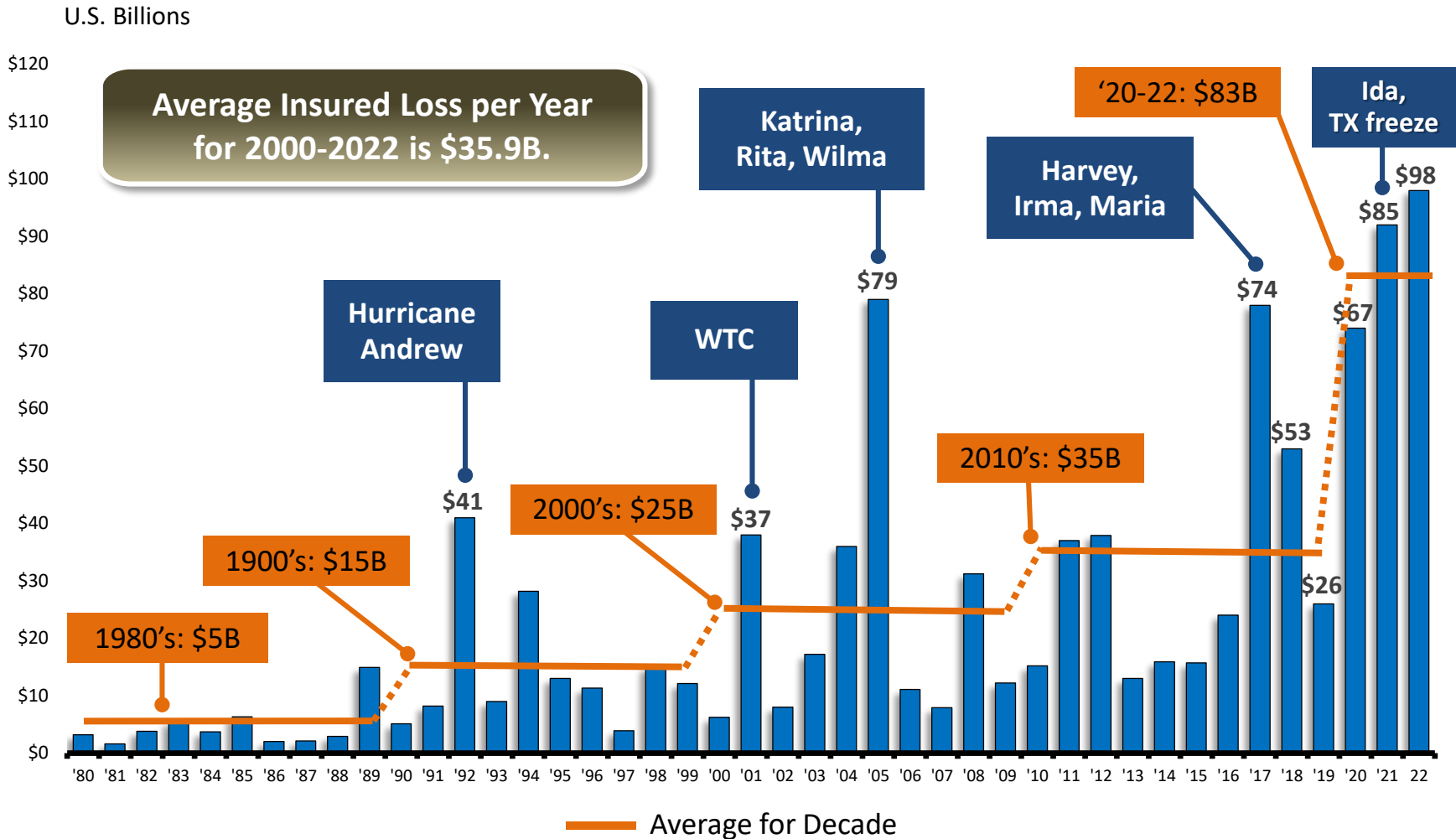
This map denotes the approximate location for each of the 15 separate billion-dollar weather and climate disasters that impacted the United States through July 2023.

What keeps Reinsurers awake nights?

U.S. Insured Catastrophe Losses

1980 – 2022

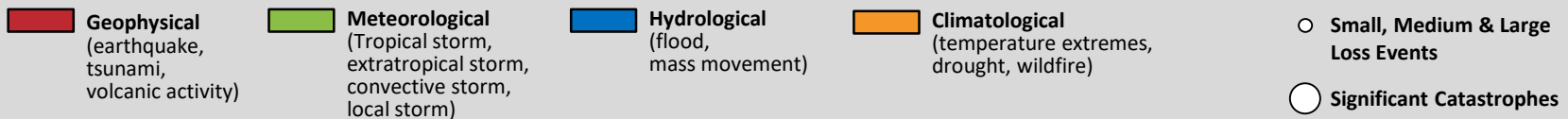
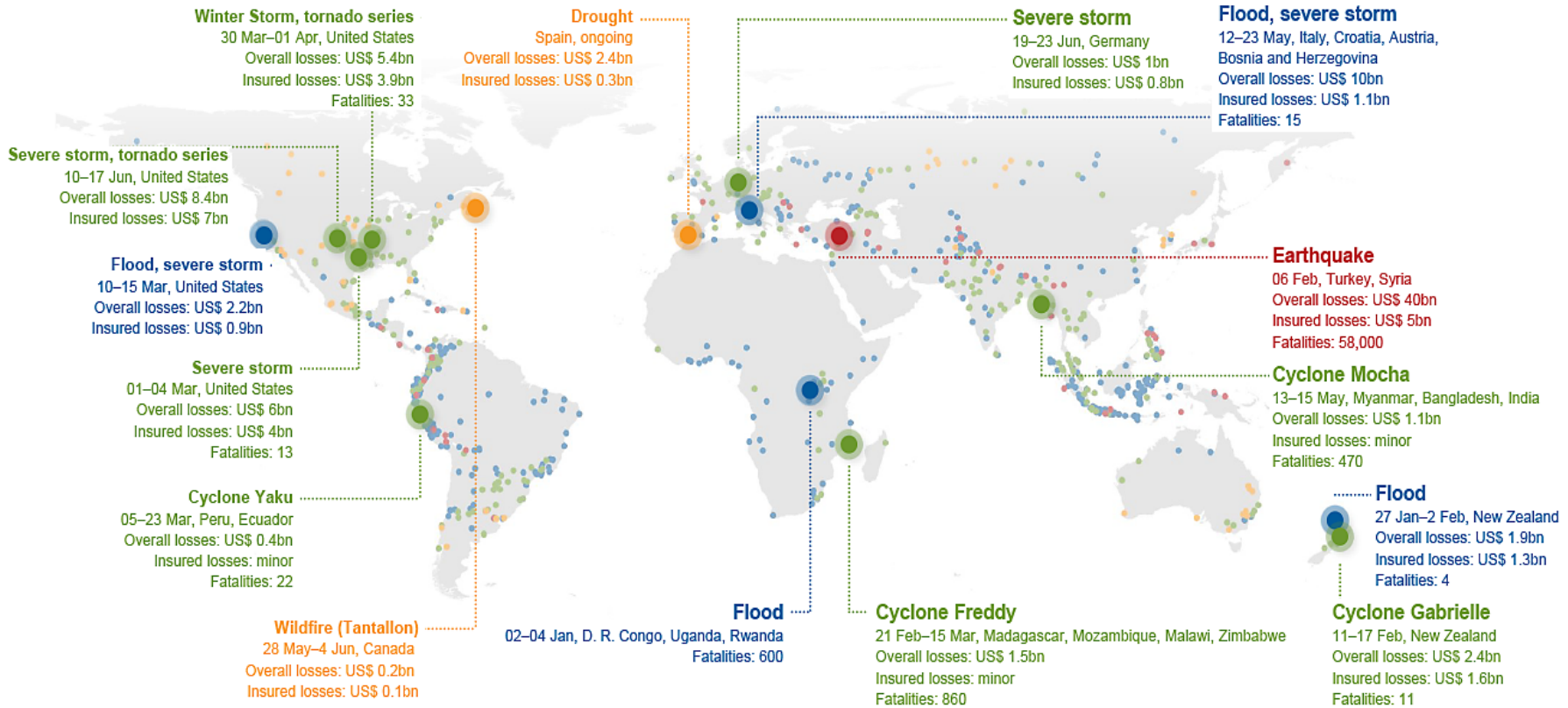
What keeps Reinsurers awake nights?



Source: Property Claim Services (PCS), a Verisk Analytics business; Insurance Information Institute

Natural Catastrophe Loss Events in the First Half of 2023

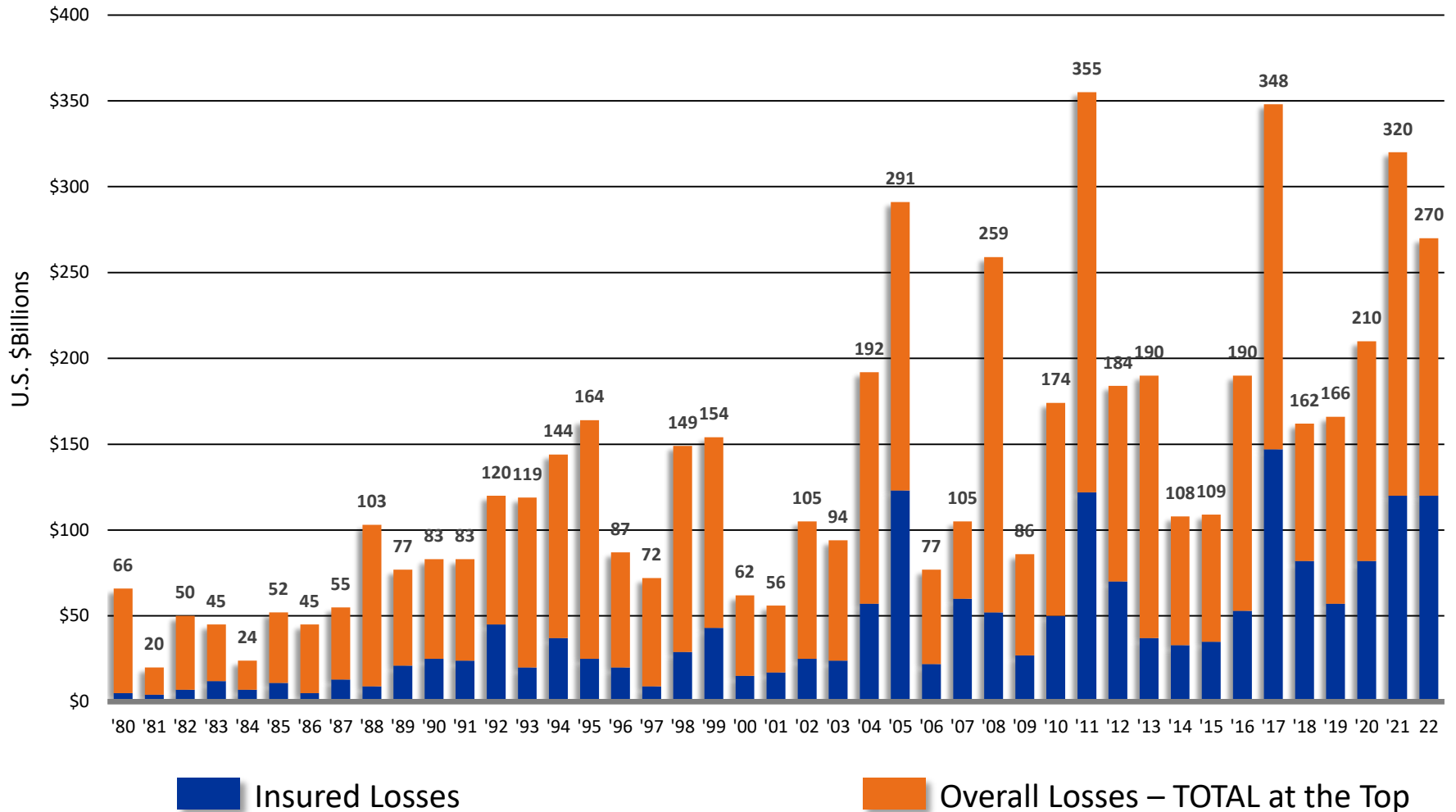
Natural Disasters Caused Overall Losses of US \$110 billion Worldwide



What keeps Reinsurers awake nights?

Overall and Insured Losses Worldwide

Relevant Natural Loss Events, 1980 - 2022

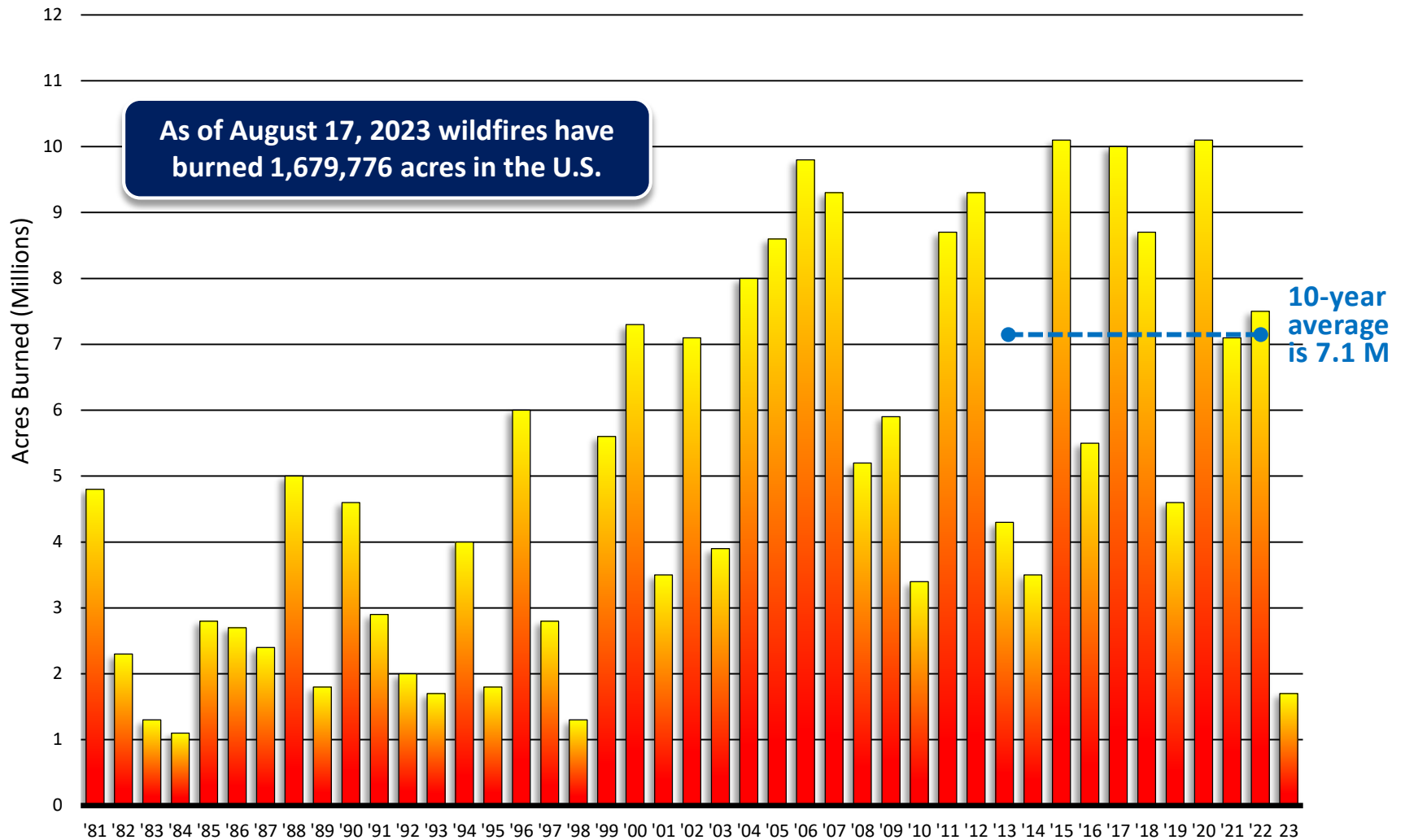


Inflation adjusted via country-specific consumer price index and consideration of exchange rate fluctuations between local currency and \$US.

What keeps Reinsurers awake nights?

Number of Acres Burned in Wildfires in U.S.

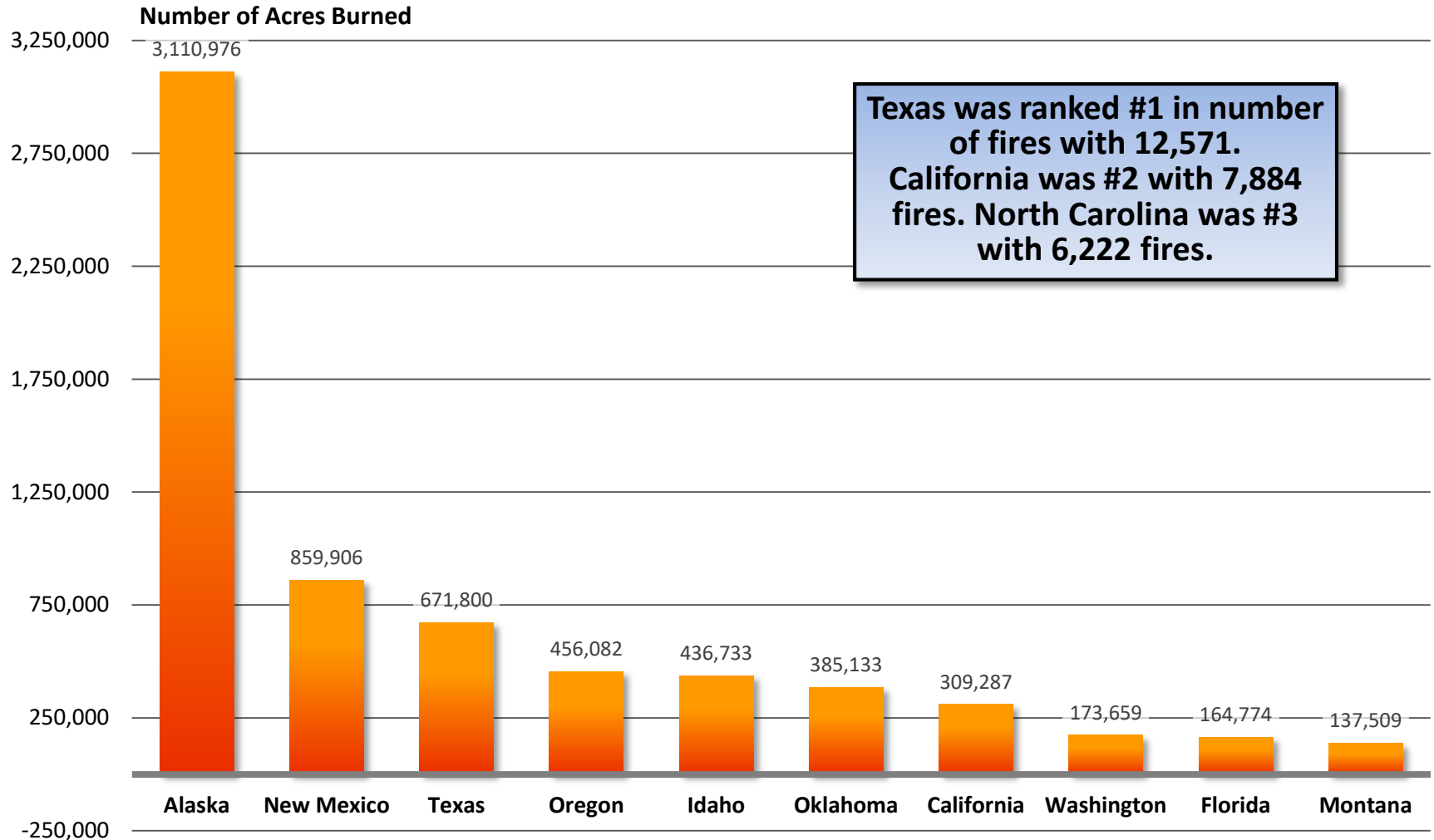
1981 – August 17, 2023



What keeps Reinsurers awake nights?

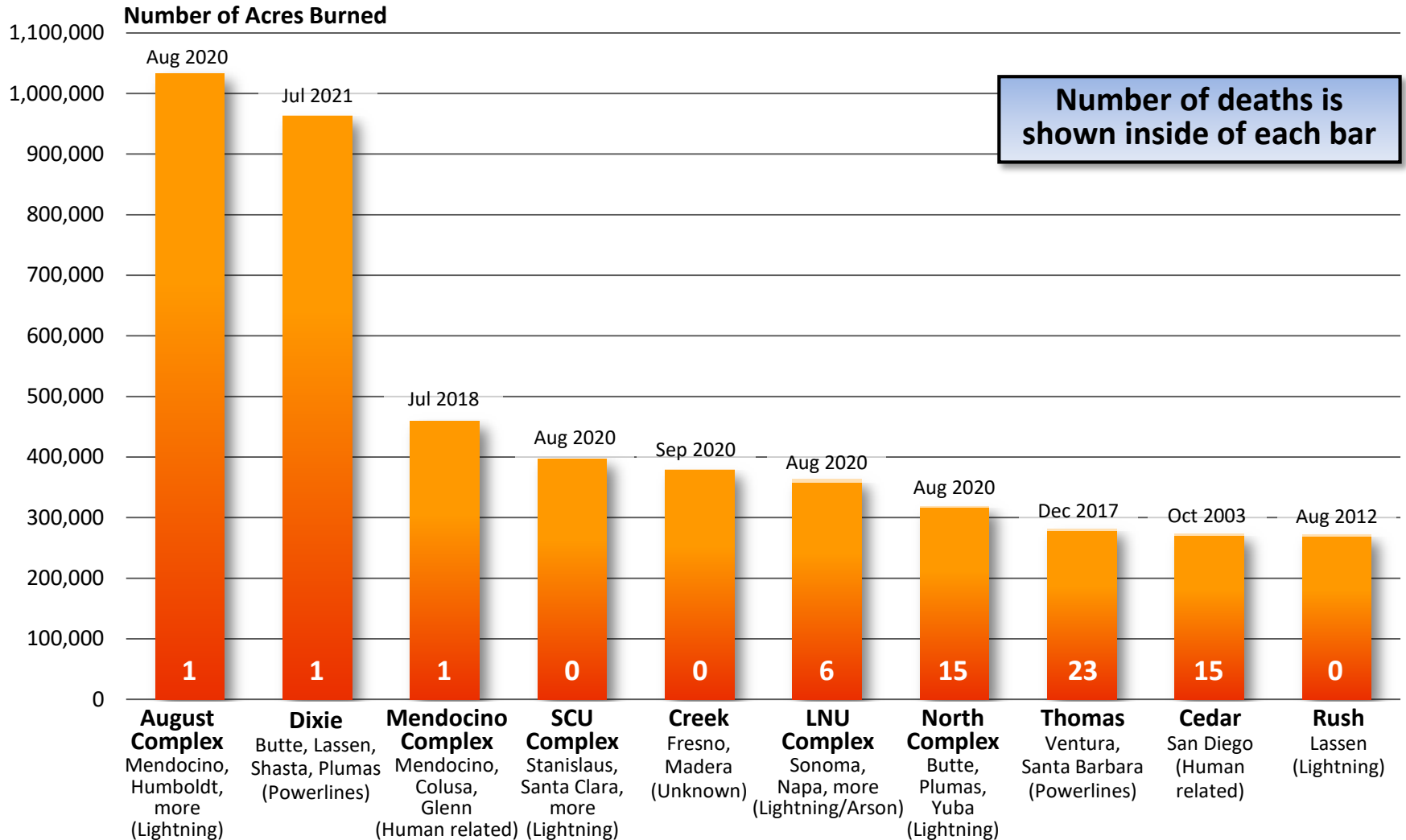
Top 10 States for Wildfires 2022

By Number of Acres Burned



Top 10 Largest California Wildfires

By Number of Acres Burned As of August 2023

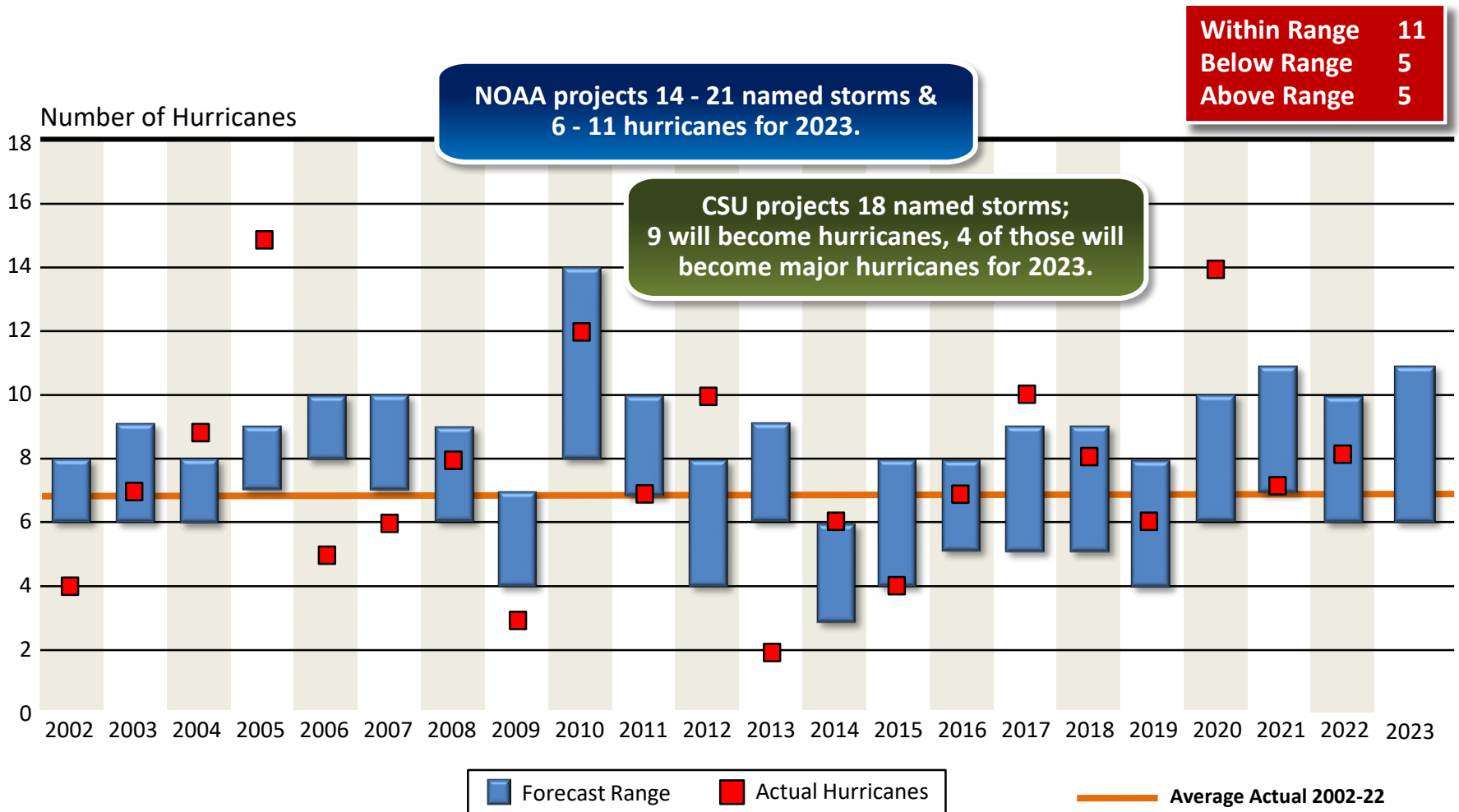


What keeps Reinsurers awake nights?

NOAA Seasonal Hurricane Forecast Ranges vs. Actual

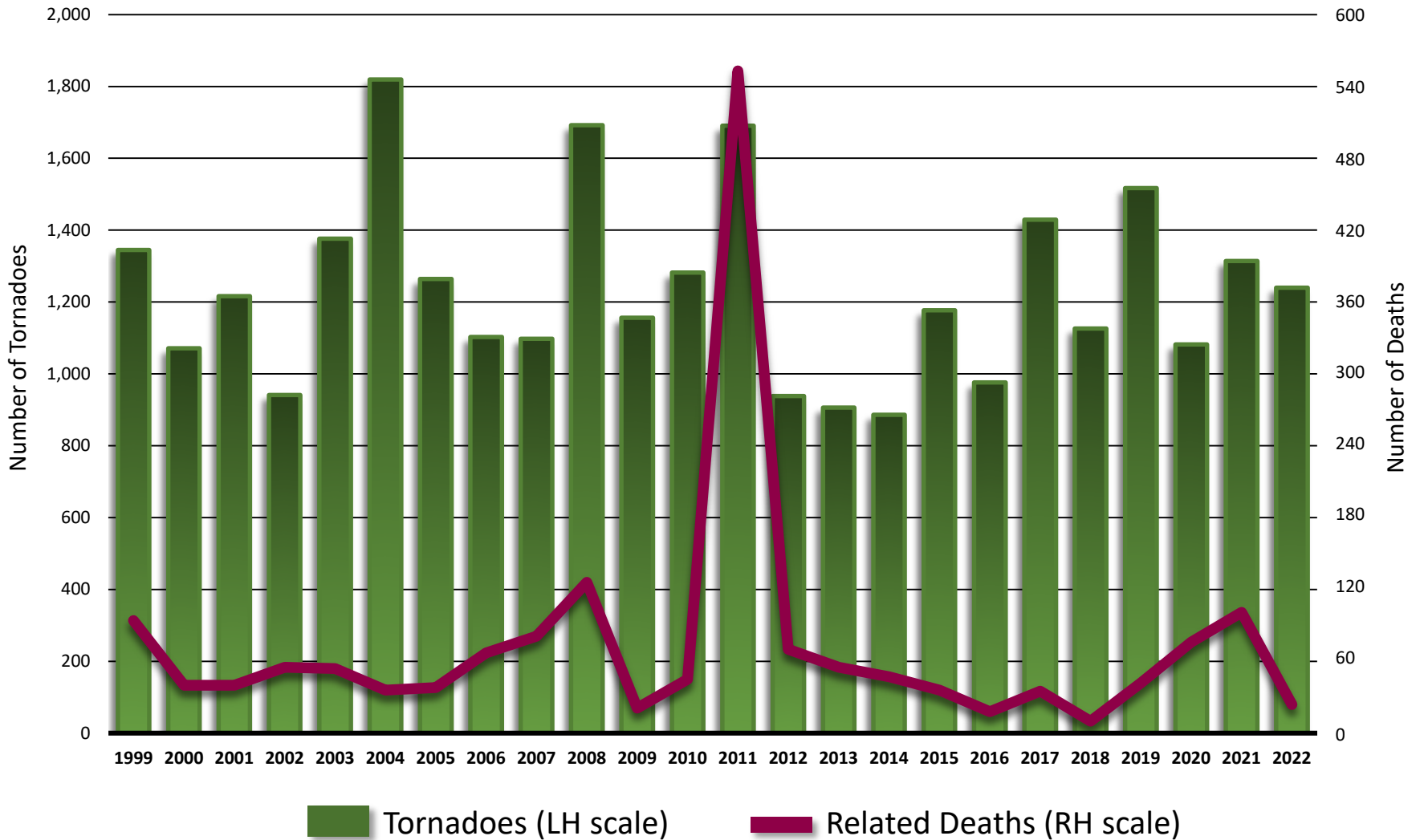
Atlantic Basin 2002 - 2023

What keeps Reinsurers awake nights?



Tornadoes & Related Deaths in the U.S.

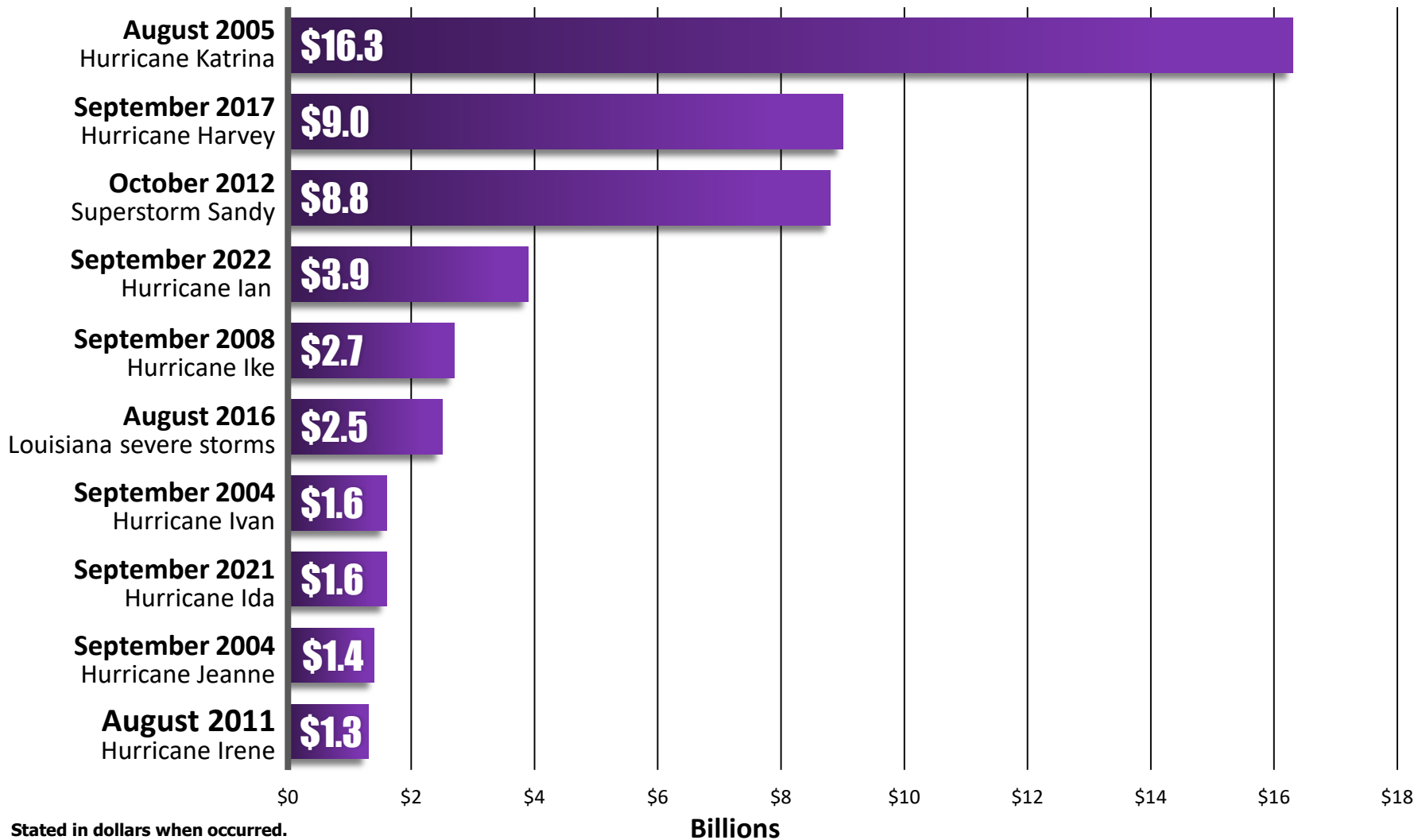
1999 - 2022



What keeps Reinsurers awake nights?

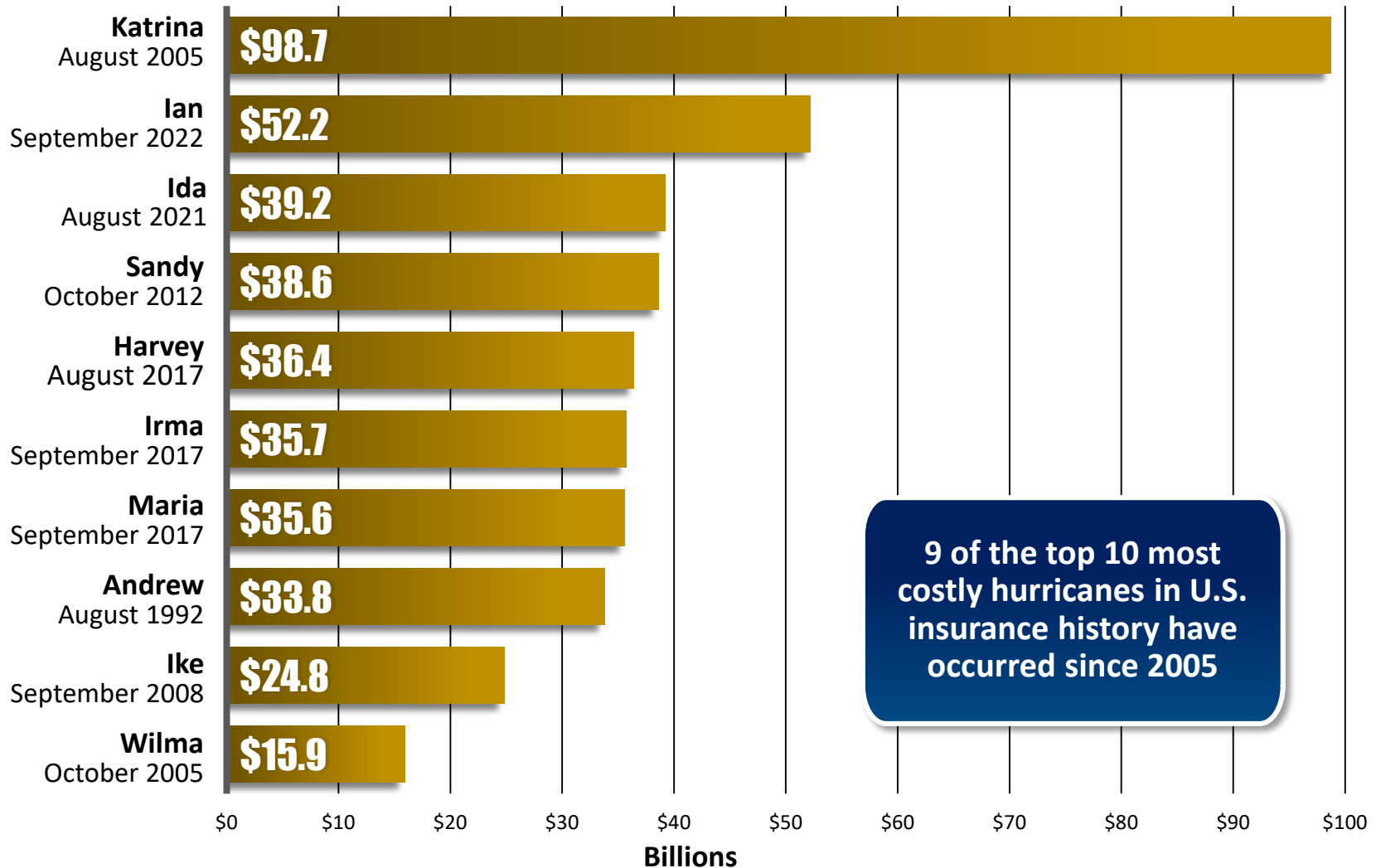
Top 10 Most Significant Flood Events

By National Flood Insurance Program Payouts as of May 2022



Top 10 Costliest Hurricanes in the U.S.

Inflation-Adjusted Insured Losses in 2022 Dollars



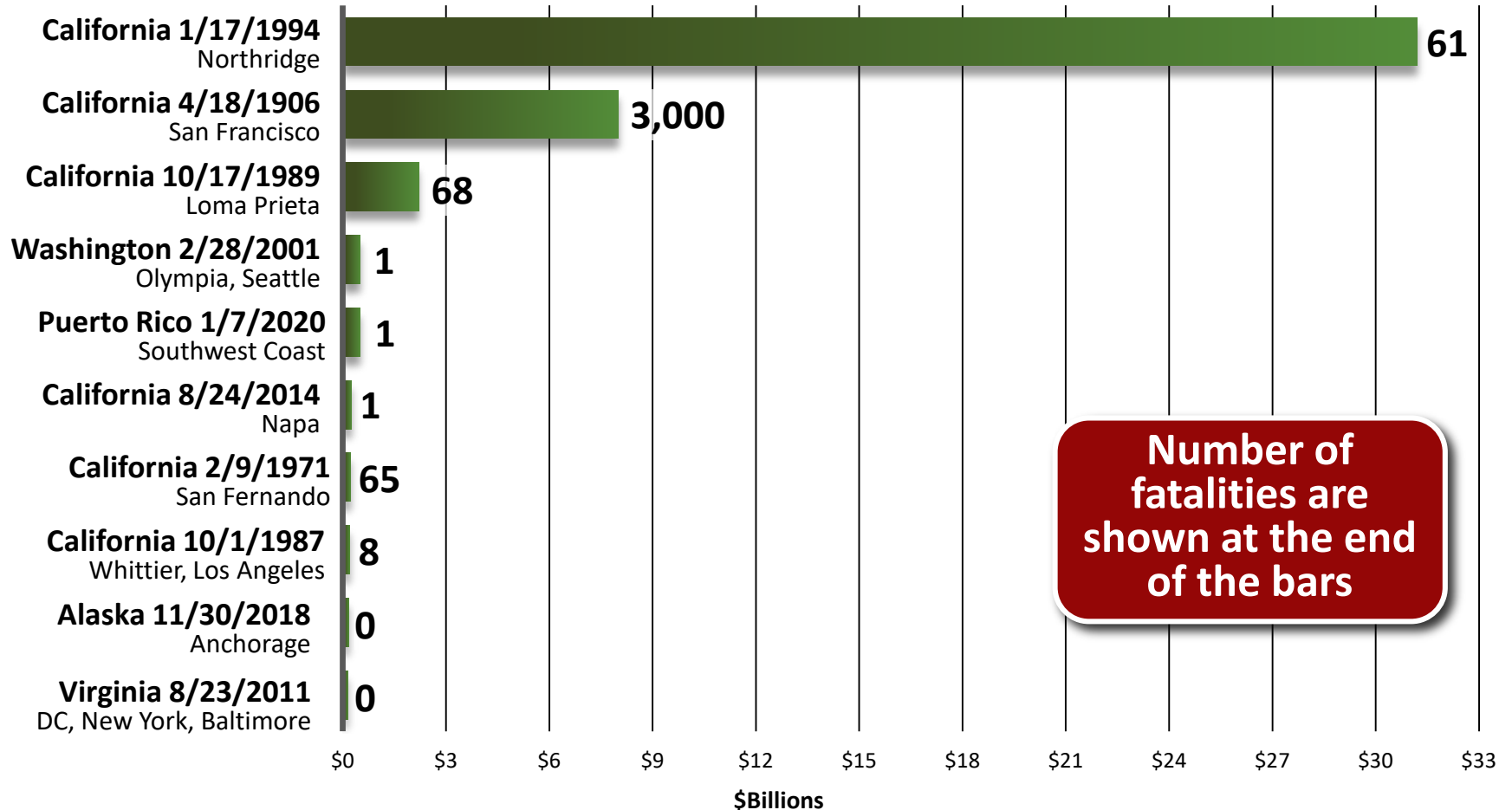
9 of the top 10 most costly hurricanes in U.S. insurance history have occurred since 2005

As Of January 2023

Source: Aon; Insurance Information Institute

Top 10 Costliest U.S. Earthquakes and Resulting Fatalities

Inflation-Adjusted Insured Losses in 2022 Dollars



Reinsurance
Cyber Security
Lloyd's
Catastrophe Bonds

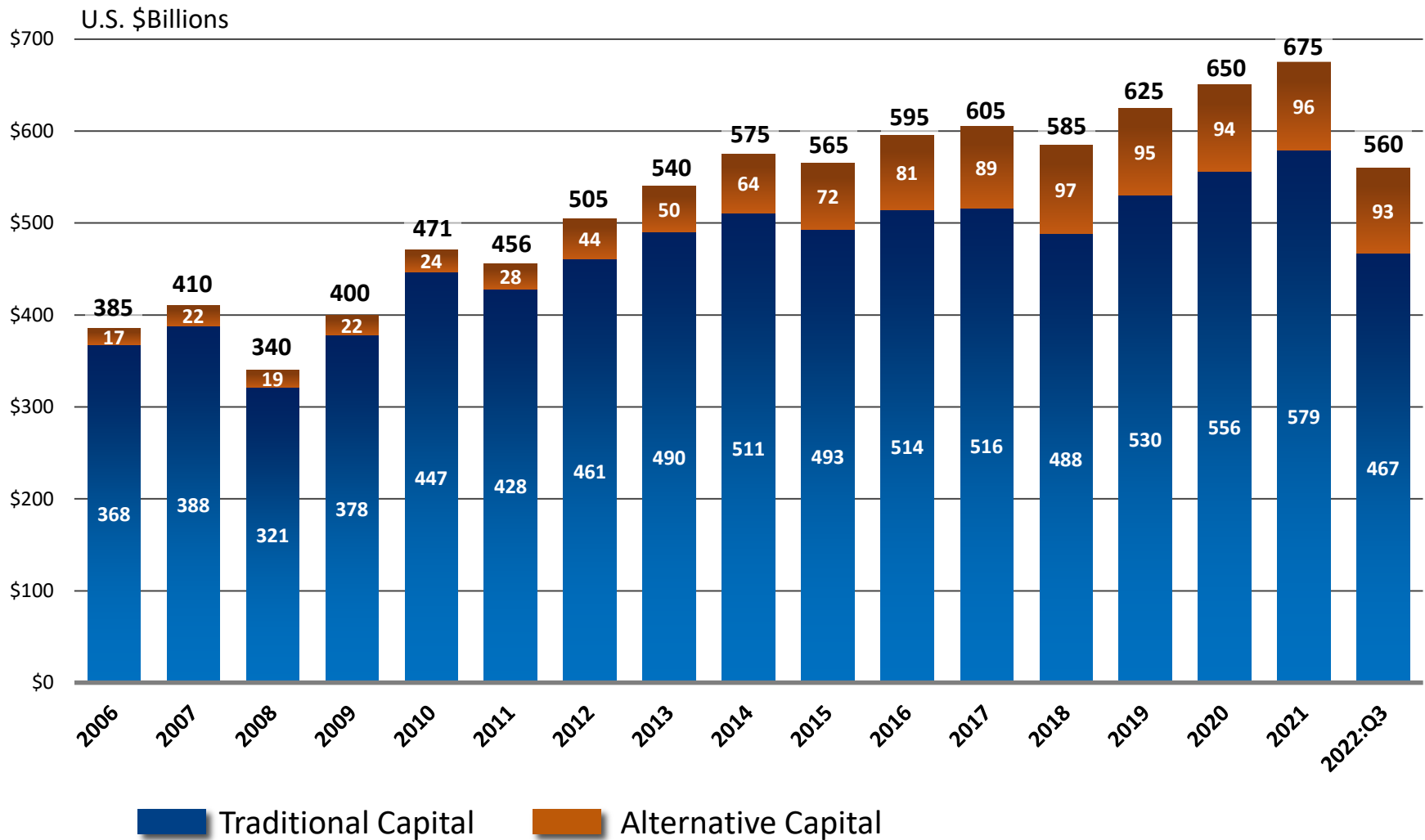


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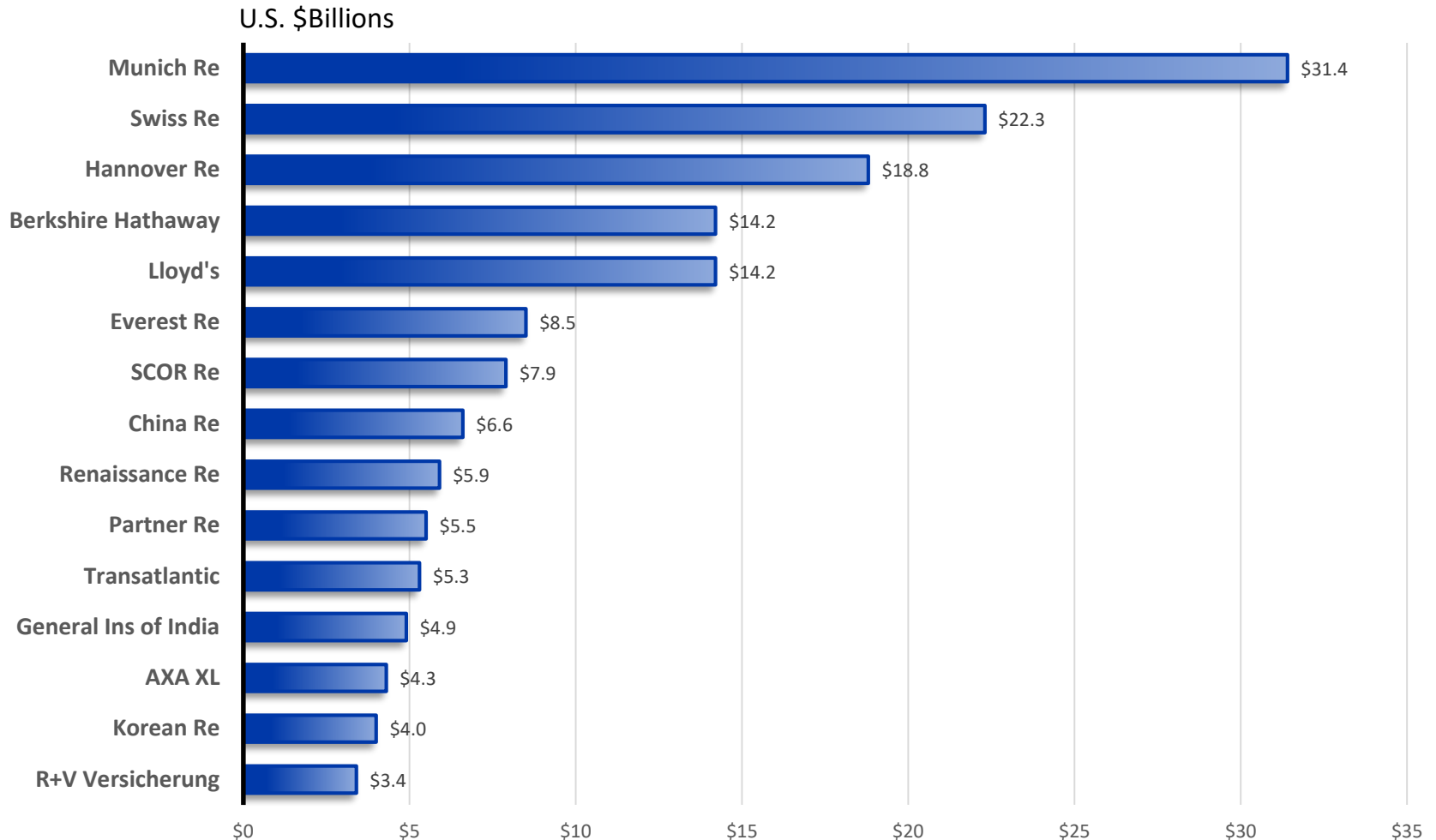
Global Reinsurance Capital

Traditional & Alternative 2013 – 2022:Q3



Global Reinsurance Top 15

Non-Life Net Premium Written by Reinsurer 2021

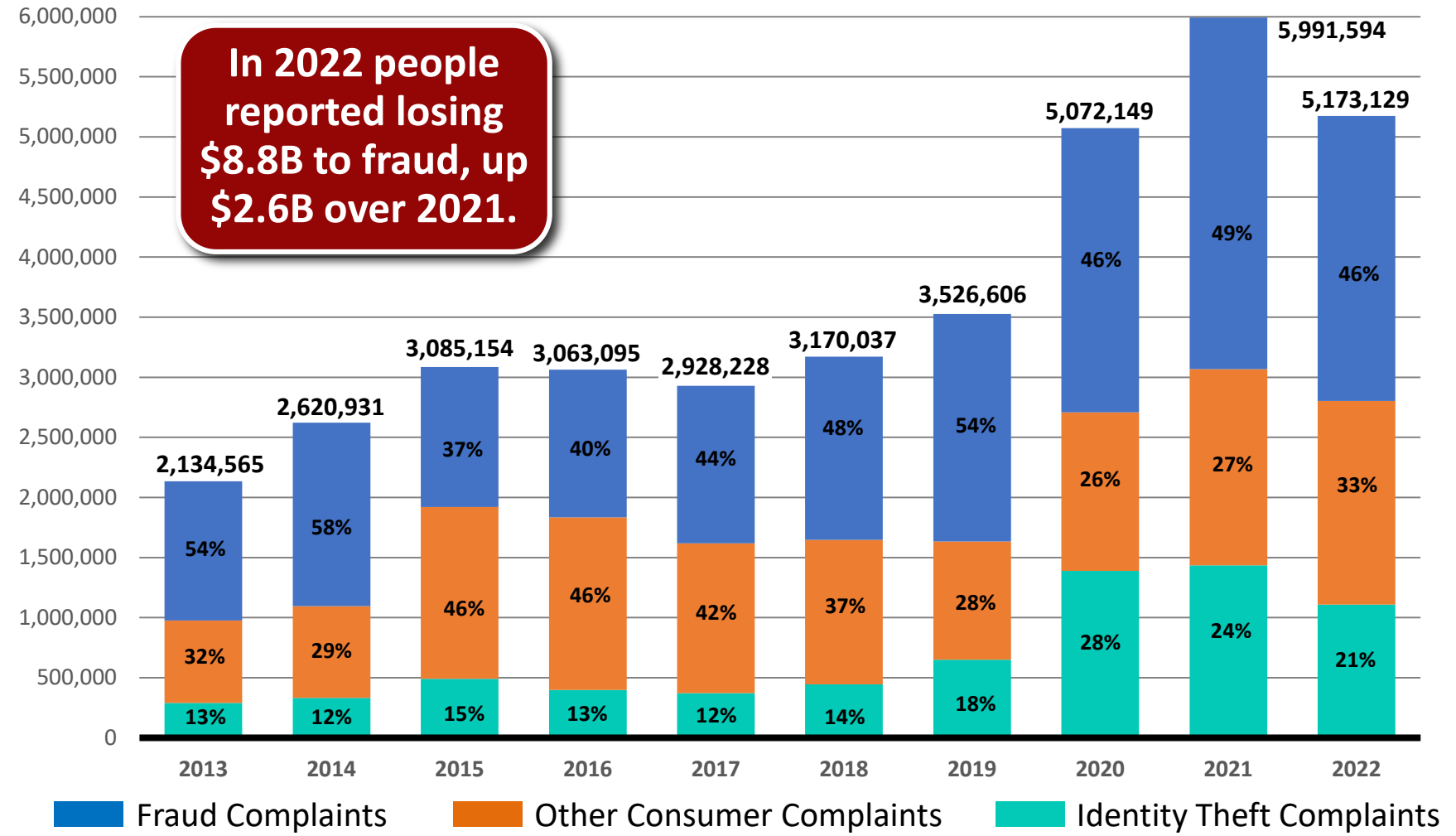


Identity Theft & Fraud Complaints

2013 – 2022

Complaints

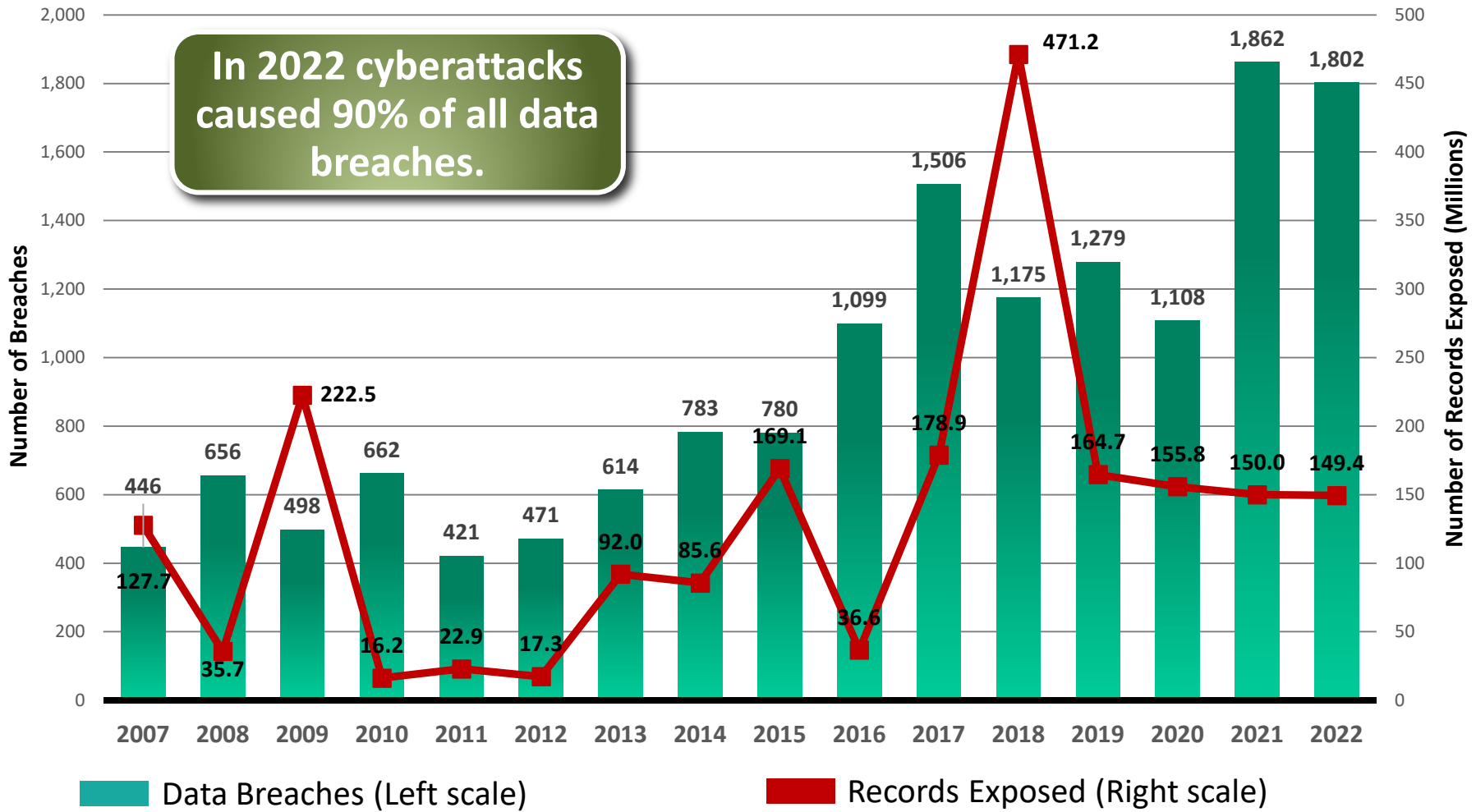
In 2022 people reported losing \$8.8B to fraud, up \$2.6B over 2021.



Percentages are based on the total number of Consumer Sentinel Network complaints by calendar year. Figures exclude "Do Not Call" registry complaints.

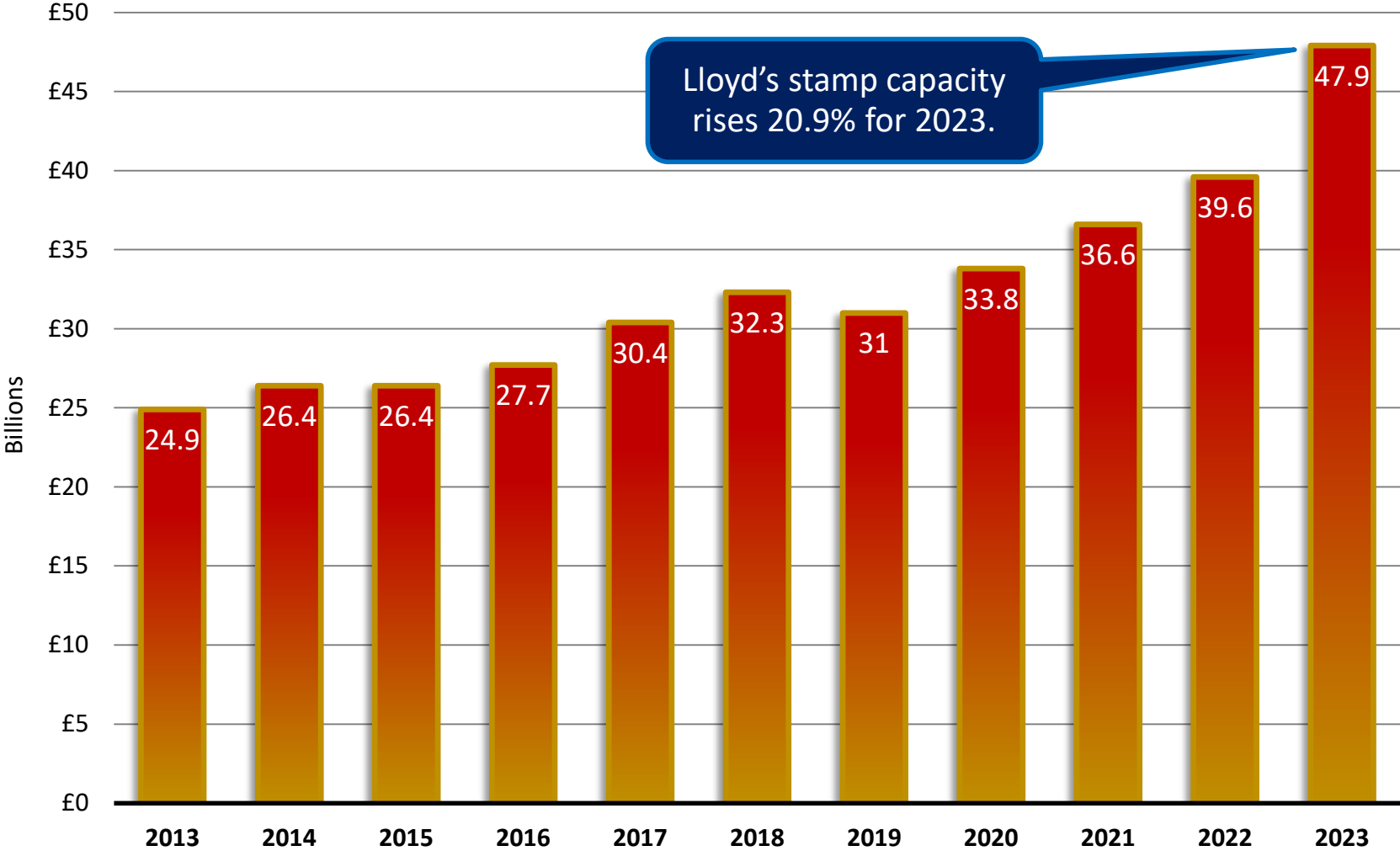
Number of Data Breaches & Records Exposed

2007 – 2022



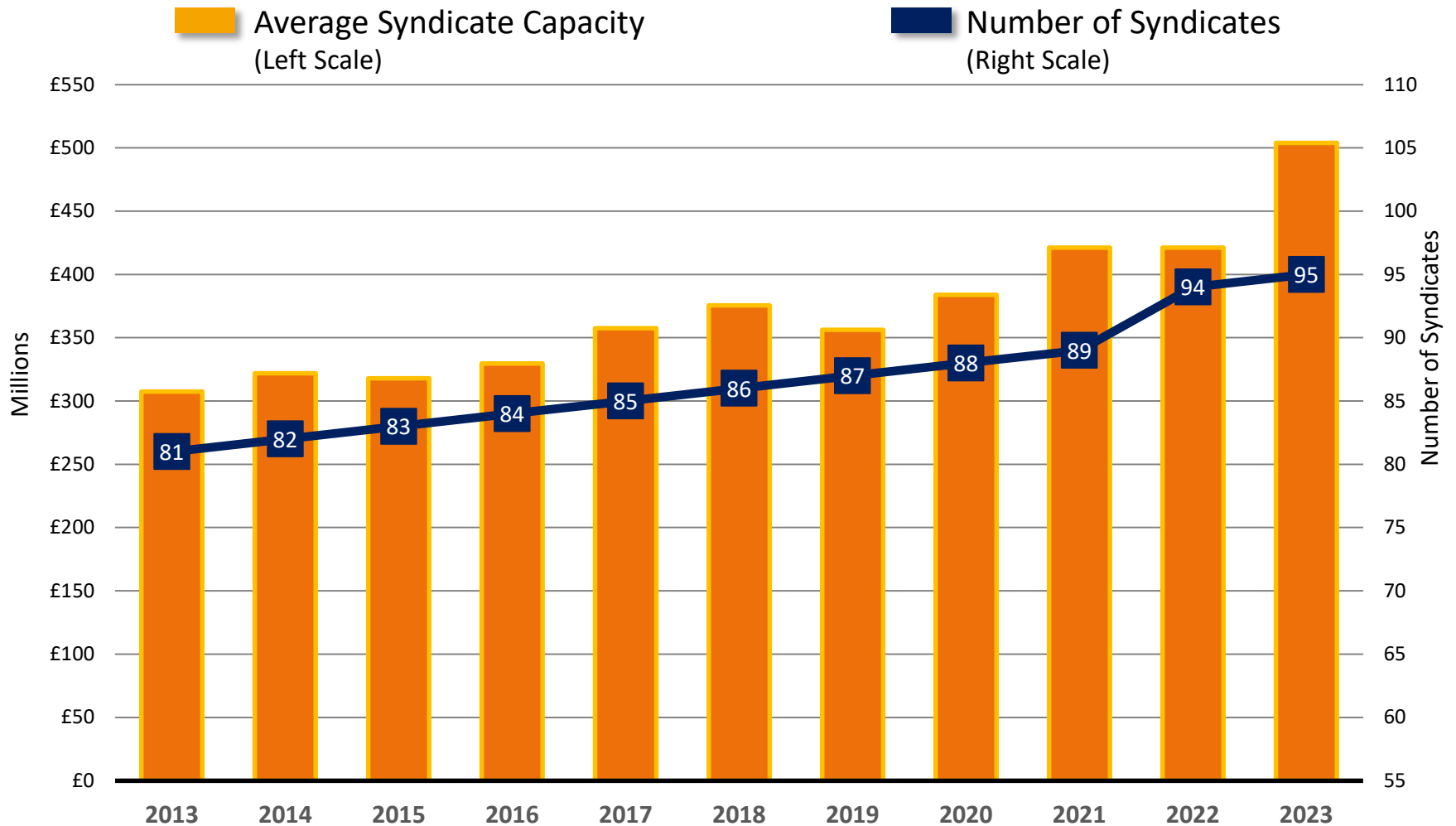
Lloyd's Capacity

2013 – 2023



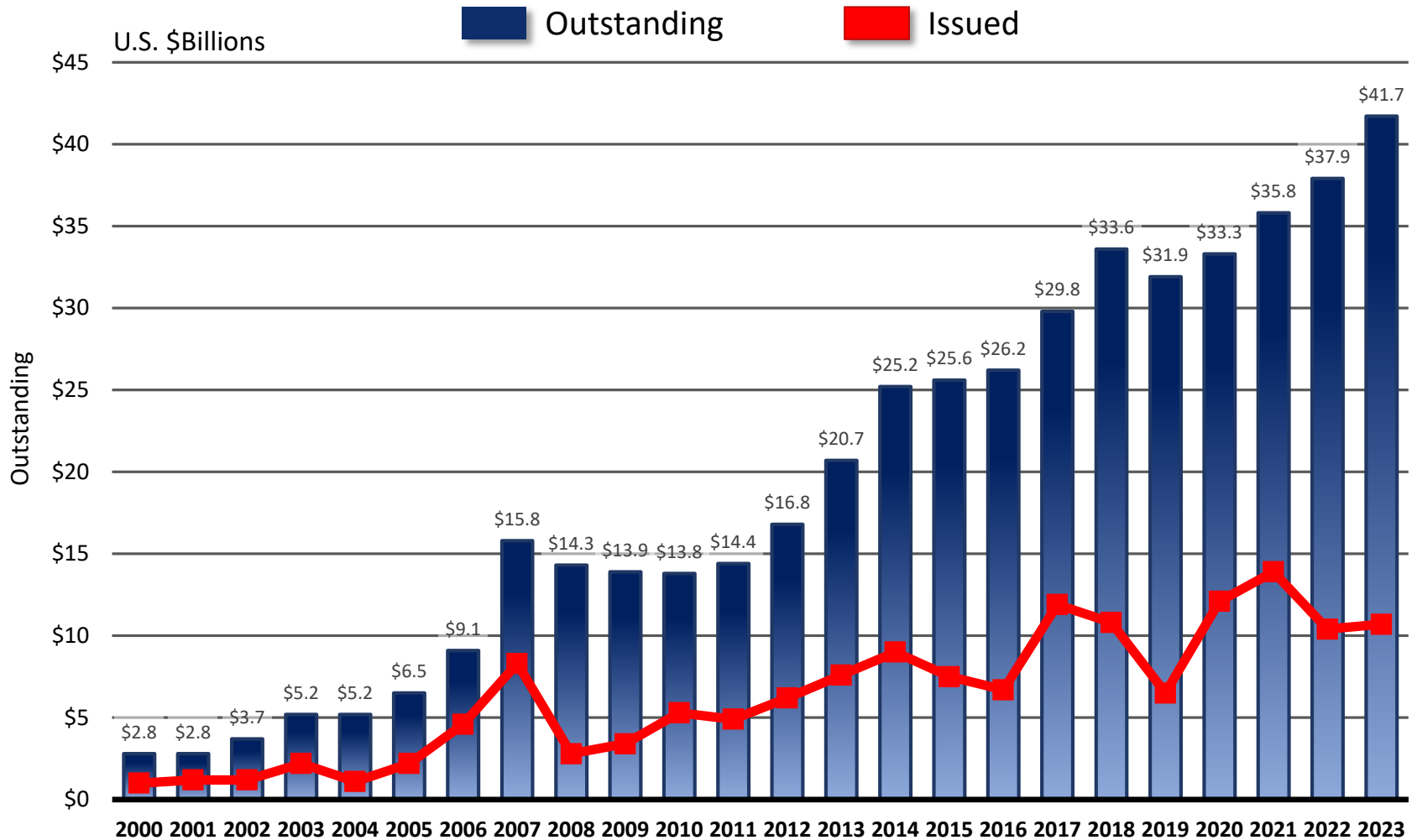
Lloyd's Syndicate Trends

2013 – 2023



Catastrophe Bonds

Risk Capital Outstanding & Annual Issued 2000 - 2023



Questions?



Contact us at www.gjsre.com