



Business Metrics & Benchmarks

Leading US Insurance Companies Expense Ratio Analysis

P&C insurers spend a larger percentage of premiums on customer acquisition and policy servicing and have been able to keep it relatively stable over the years

Leading US Insurance Underwriters

Analysis of Expense Ratio

Introduction

Expense Ratio is a key metric used by investors to assess the financial health of an insurer, and expressed as a percentage of premiums used to cover the costs related to acquiring, writing and servicing of policies issued by the companies.

A higher Expense Ratio indicates that less money is available to pay claims.

Research Methodology

This report is part of a series called "Business Metrics & Benchmarks" that analyzes financial data across sectors and industries.

Aranca analyzed 23 leading US-based insurance underwriters over a period of 15 years (2007-22).

The information in this report was compiled from income statements sourced from Financial APIs and annual SEC filings.

Key Takeaways

Analysis of Expense Ratio of these companies highlight the following:

- Expense ratio of P&C and multi-line insurers have been consistent and ranged between 25-30%
- On the contrary, L&H insurers have witnessed increased volatility in expense ratio and ranged between 19-25%
- Increased use of digital tools and online solutions to acquire business coupled with rise in premium value led to a decline in expense ratio in post-COVID period (2020-22)

Leading US Insurance Underwriters: Expense Ratio Analysis By Size of Business

[# Represents company count, Expense Ratio is shown as average of five-year period]

P&C Insurance

| Size (2022 NPW) | # | 2007-11 | 2012-16 | 2017-21 | 2022 |
|-------------------|---|---------|---------|---------|------|
| Less than \$5 Bn | 5 | 32% | 30% | 32% | 23% |
| \$5-15 Bn | 6 | 27% | 26% | 25% | 23% |
| More than \$15 Bn | 4 | 24% | 23% | 23% | 24% |

L&H Insurance

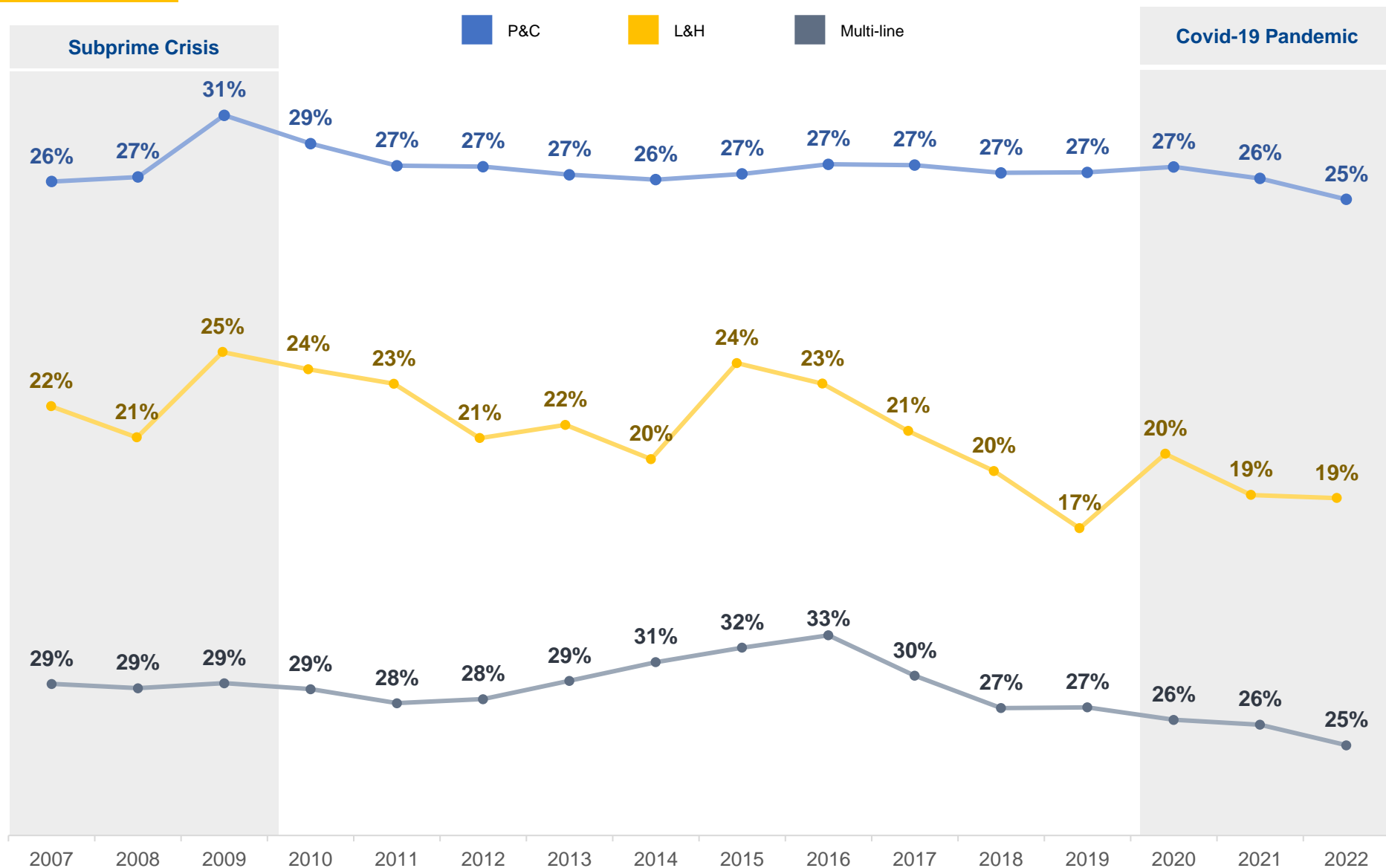
| Size (2022 NPW) | # | 2007-11 | 2012-16 | 2017-21 | 2022 |
|-------------------|---|---------|---------|---------|------|
| Less than \$5 Bn | 1 | 46% | 42% | 38% | 46% |
| \$5-15 Bn | 2 | 18% | 19% | 20% | 16% |
| More than \$15 Bn | 2 | 17% | 15% | 10% | 8% |

Multi-line Insurance

| Size (2022 NPW) | # | 2007-11 | 2012-16 | 2017-21 | 2022 |
|-------------------|---|---------|---------|---------|------|
| Less than \$5 Bn | 1 | 31% | 28% | 25% | na |
| \$5-15 Bn | 1 | 29% | 31% | 34% | 32% |
| More than \$15 Bn | 1 | 26% | 32% | 23% | 42% |

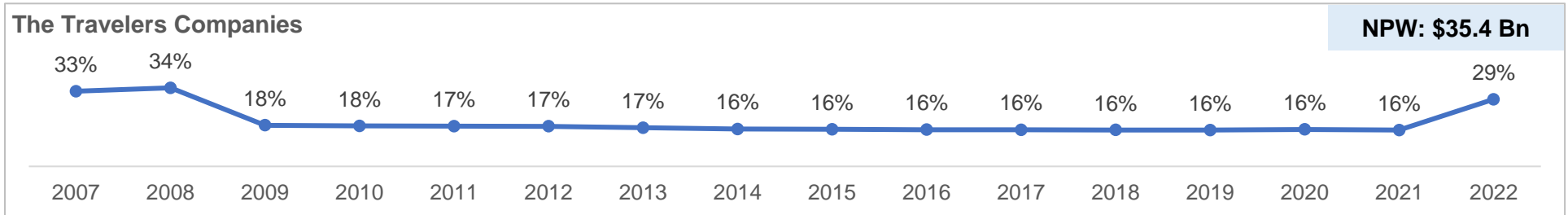
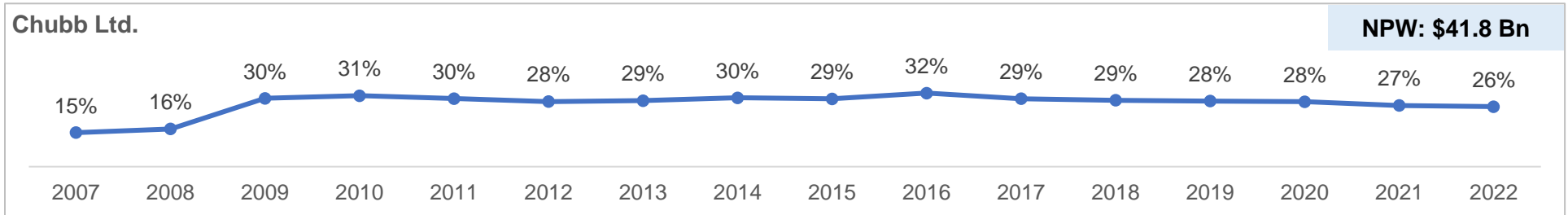
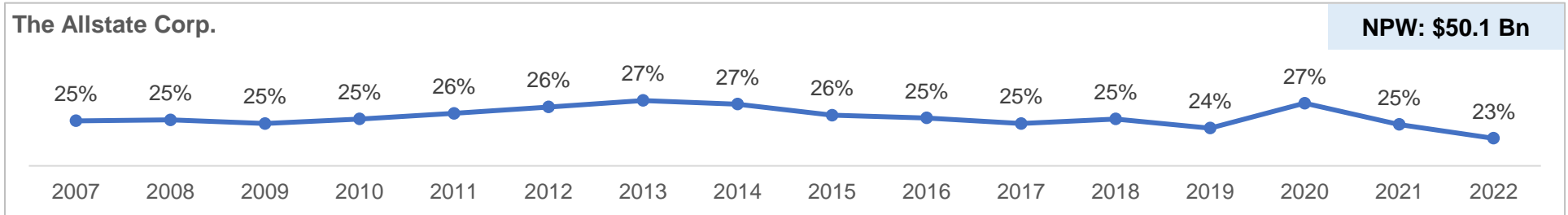
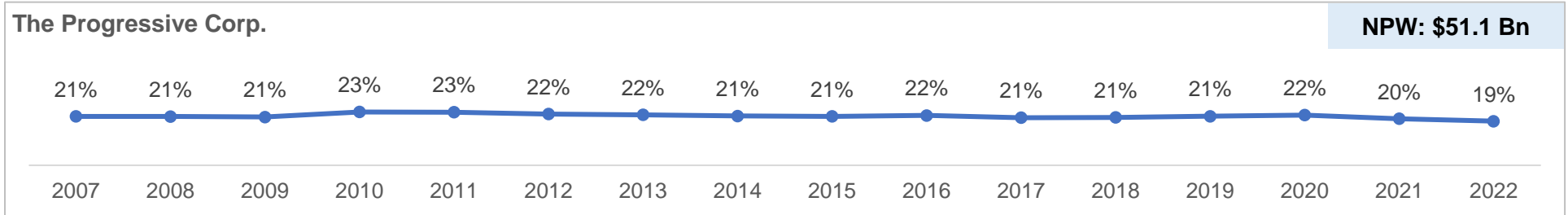
Leading US Insurance Underwriters: Expense Ratio

Analysis By Business Line



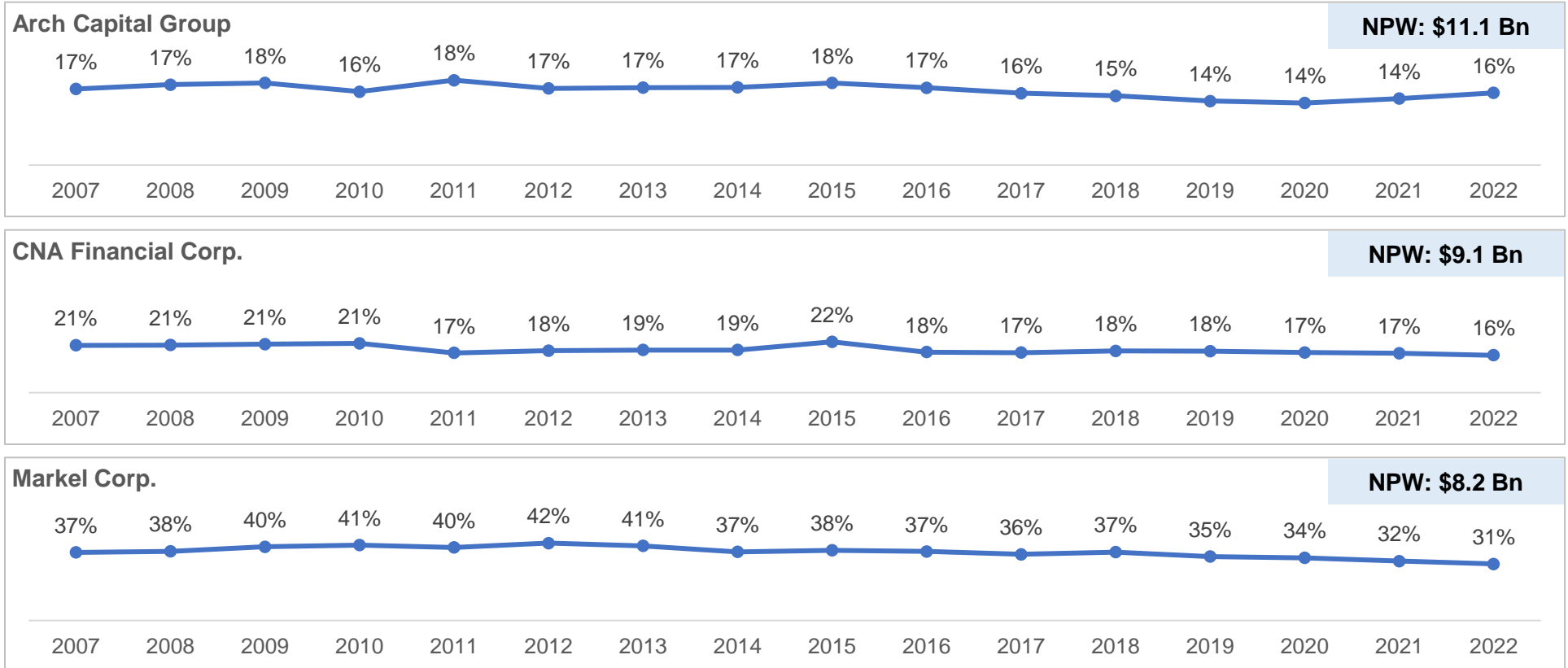
Leading US Insurance Underwriters: Expense Ratio

P&C insurers with Net Premiums Written more than \$15 Bn



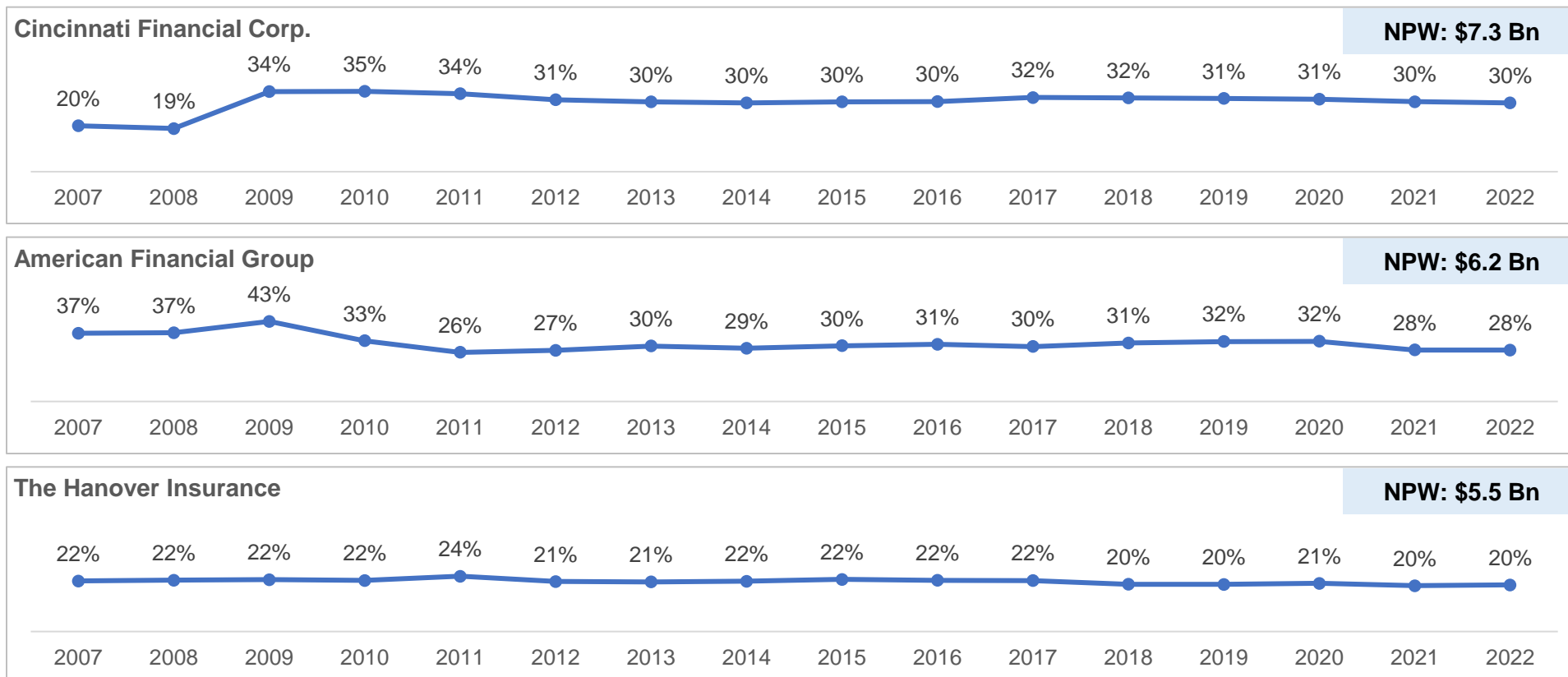
Leading US Insurance Underwriters: Expense Ratio

P&C insurers with Net Premiums Written more than \$5-15 Bn



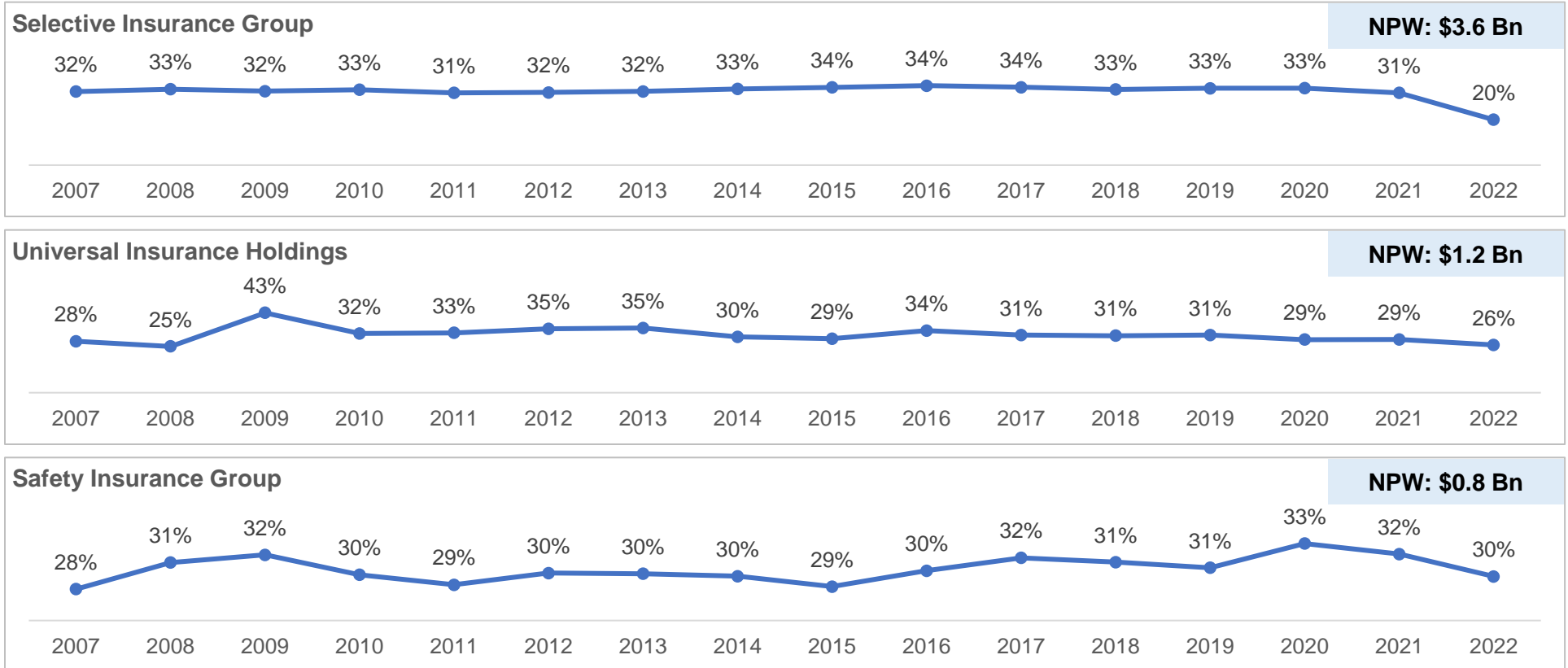
Leading US Insurance Underwriters: Expense Ratio

P&C insurers with Net Premiums Written more than \$5-15 Bn



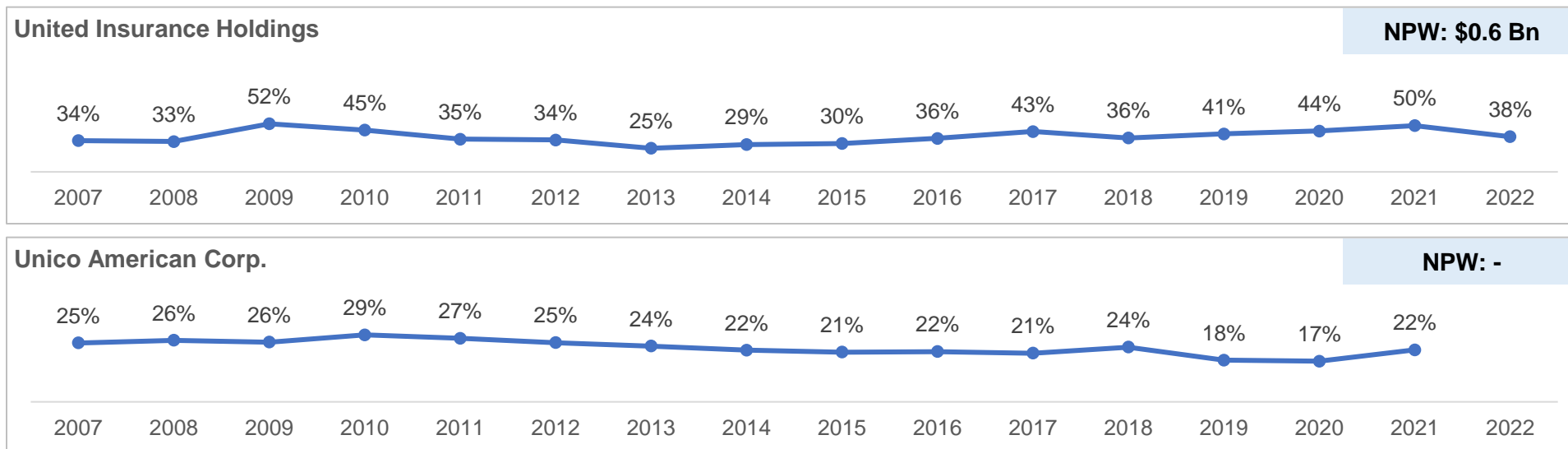
Leading US Insurance Underwriters: Expense Ratio

P&C insurers with Net Premiums Written less than \$5 Bn



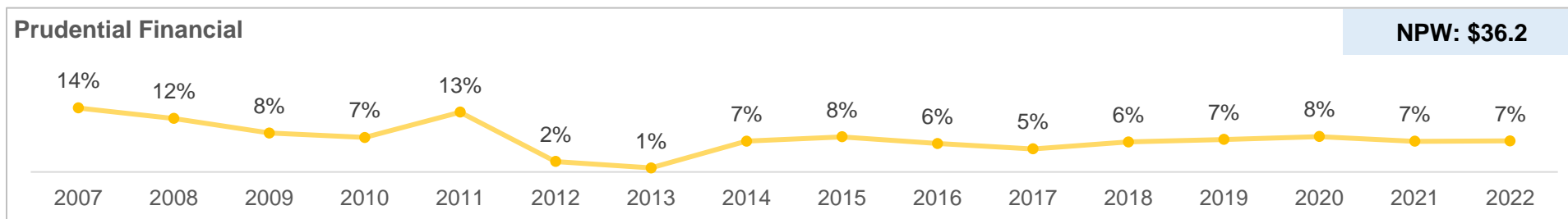
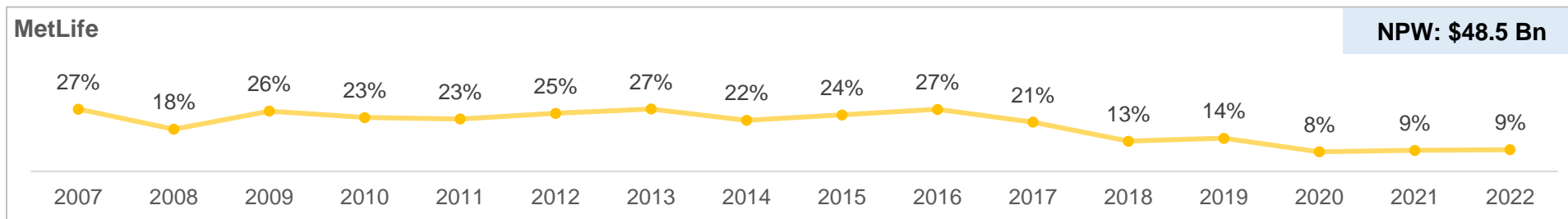
Leading US Insurance Underwriters: Expense Ratio

P&C insurers with Net Premiums Written less than \$5 Bn



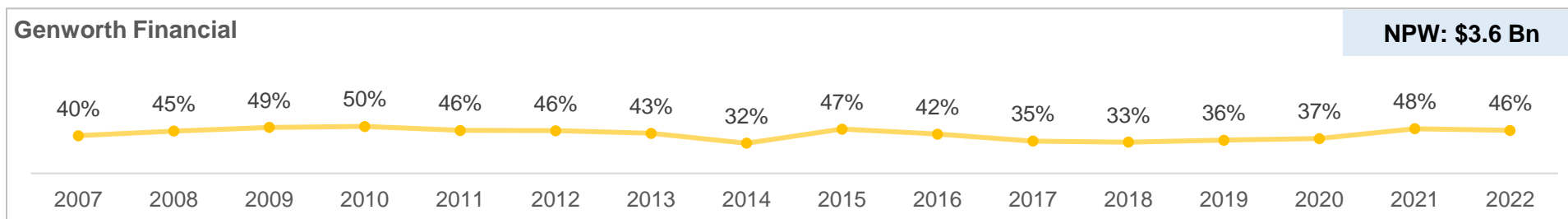
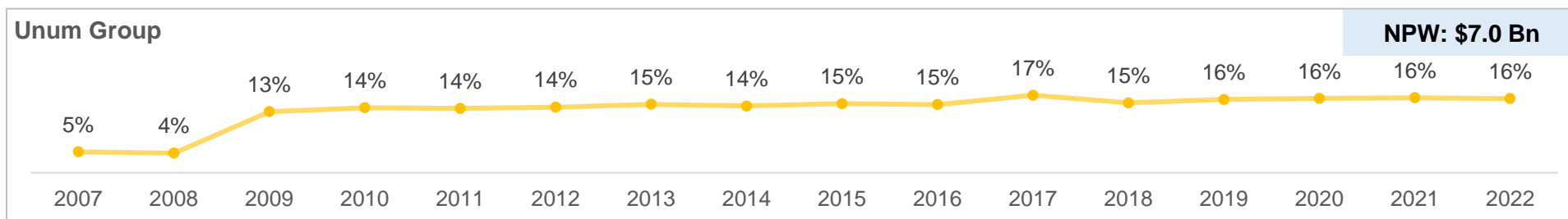
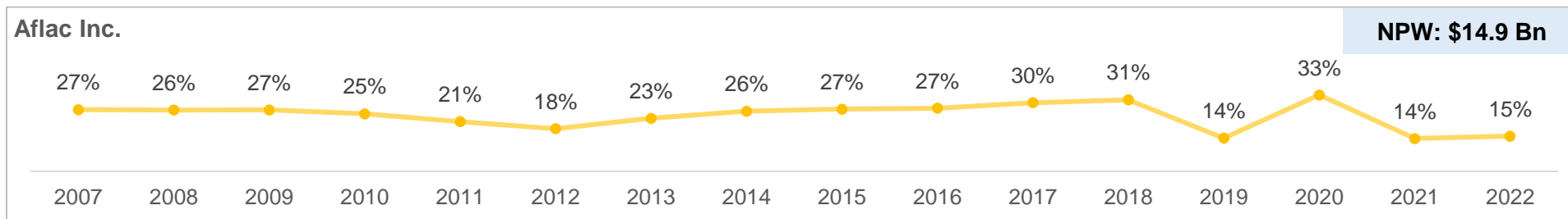
Leading US Insurance Underwriters: Expense Ratio

L&H insurers with Net Premiums Written more than \$15 Bn



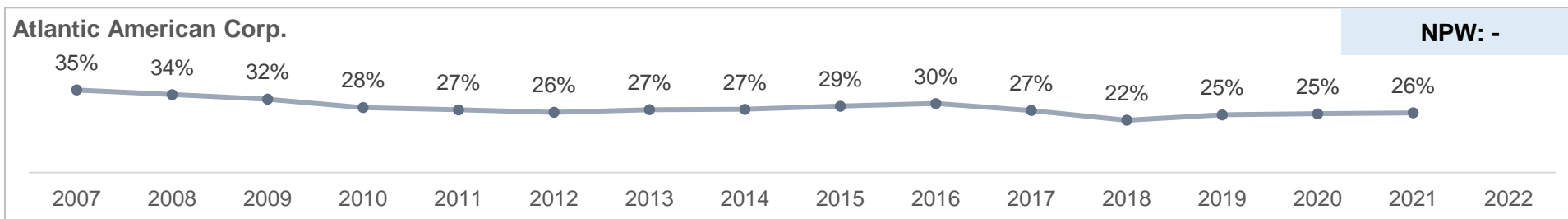
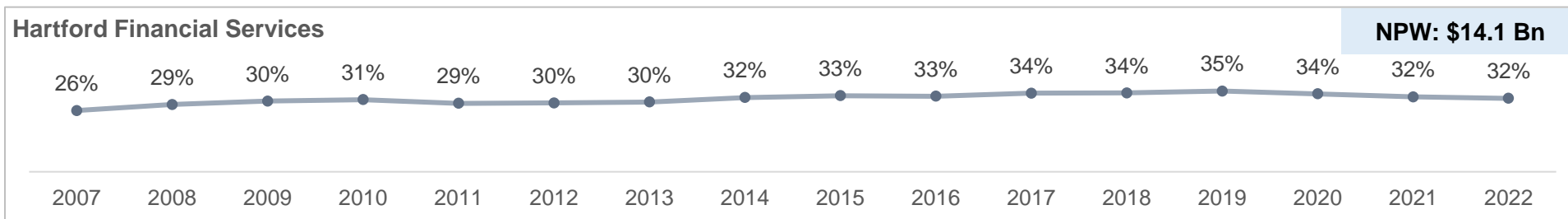
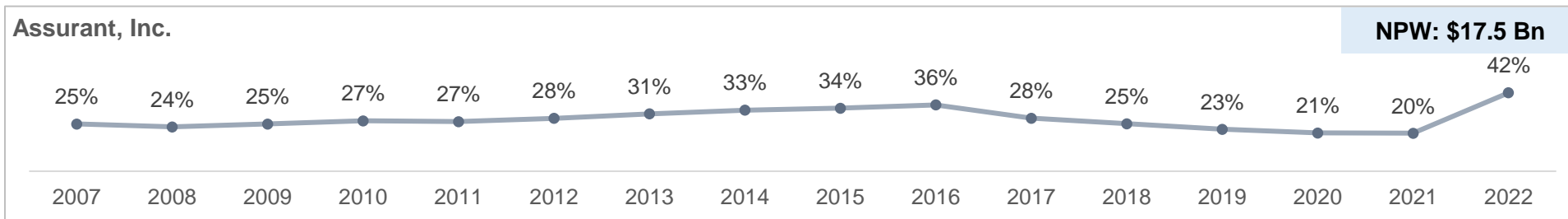
Leading US Insurance Underwriters: Expense Ratio

L&H insurers with Net Premiums Written less than \$15 Bn



Leading US Insurance Underwriters: Expense Ratio

Multi-line insurers



Decide Fearlessly



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