



Business Metrics & Benchmarks

Leading US Insurance Companies Net Leverage Ratio Analysis

Property and casualty (P&C) insurers have a long history of estimating claims more efficiently than life and health (L&H) and multi-line insurance underwriters

Leading US Insurance Underwriters

Analysis of Net Leverage Ratio

Introduction

Net leverage ratio is a measure used by insurance companies to assess their exposure to errors in estimating claims volume. It is calculated by adding the net written premiums ratio and the net liability ratio.

A higher net leverage ratio indicates that the insurance company is more reliant on having adequate reserve funds to cover claims.

Research Methodology

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

Aranca analyzed 24 leading US-based insurance underwriters over a period of 20 years (2003-22).

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

Key Takeaways

Analysis of Net Leverage Ratio of these companies highlight the following:

- Historically, property and casualty (P&C) insurers have had a low net leverage ratio, ranging from 3.5 to 6.1, even during recessionary periods.
- On the other hand, life and health (L&H) and multi-line insurers have had a higher net leverage ratio, with spikes ranging from 23 to 25 during periods of financial slowdown.

Leading US Insurance Underwriters: Net Leverage Ratio

Analysis By Size of Business

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

P&C Insurance

Size (2022 NPW)	#	2003-07	2008-12	2013-17	2018-22
Less than \$10 Bn	8	4.8	3.8	3.7	4.1
\$10-50 Bn	3	4.9	3.7	3.4	3.5
More than \$50 Bn	2	6.8	7.6	5.7	5.7

L&H Insurance

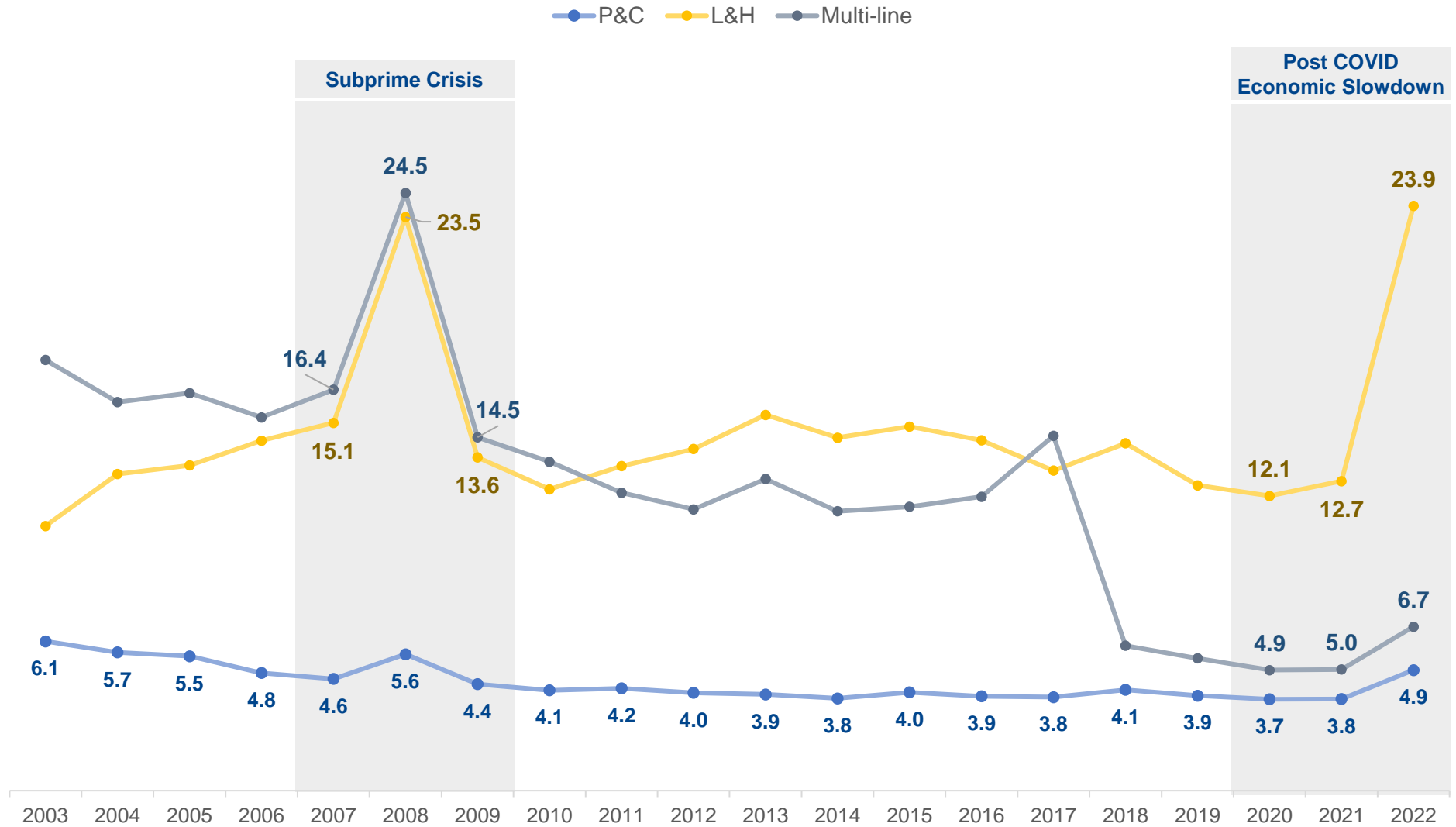
Size (2022 NPW)	#	2003-07	2008-12	2013-17	2018-22
Less than \$10 Bn	3	9.6	10.4	10.8	11.3
\$10-50 Bn	1	18.0	20.8	17.4	19.8

Multi-line Insurance

Size (2022 NPW)	#	2003-07	2008-12	2013-17	2018-22
Less than \$10 Bn	1	8.5	6.7	7.9	9.2
\$10-50 Bn	2	18.1	17.9	13.8	4.4

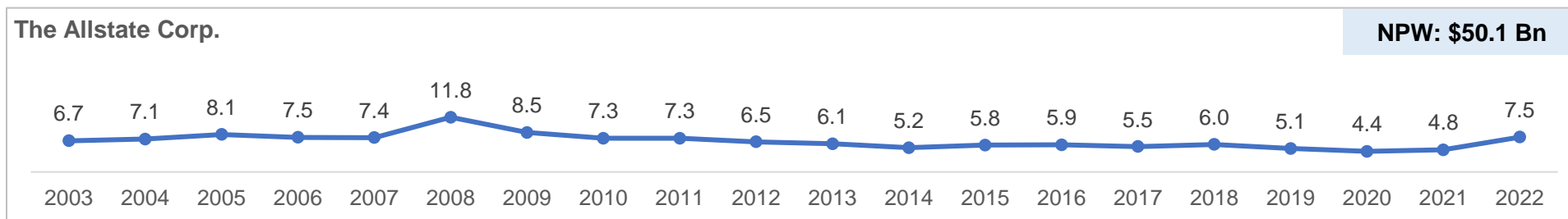
Leading US Insurance Underwriters: Net Leverage Ratio

Analysis By Business Line



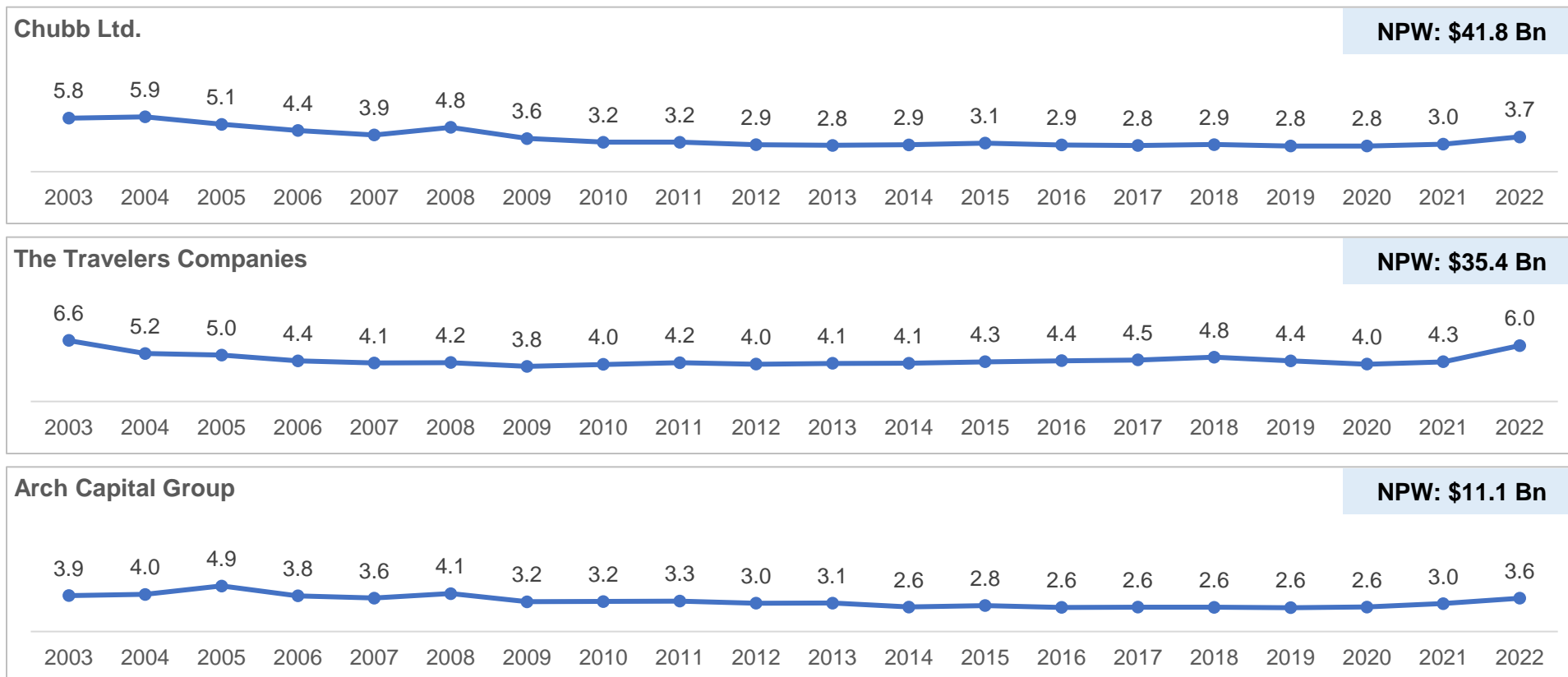
Leading US Insurance Underwriters: Net Leverage Ratio

P&C Insurers with Net Premiums Written more than \$50 Bn



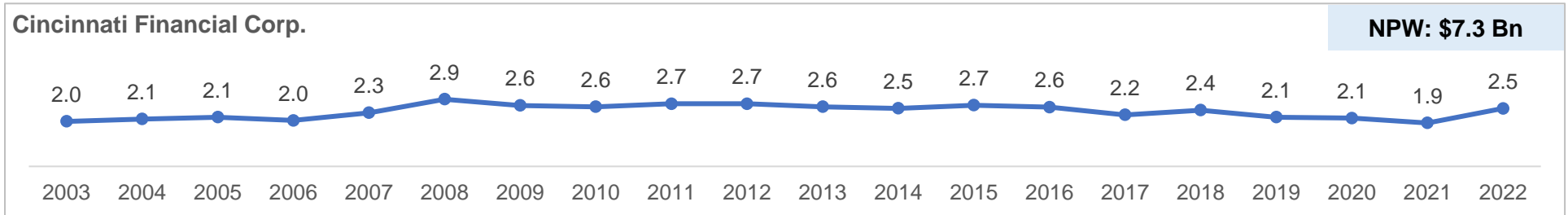
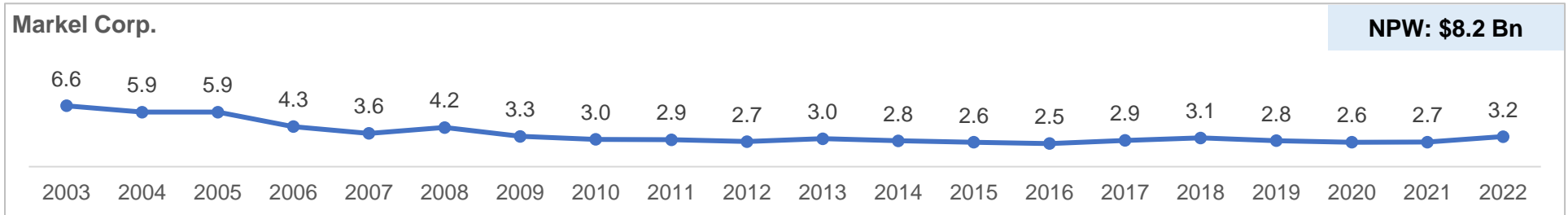
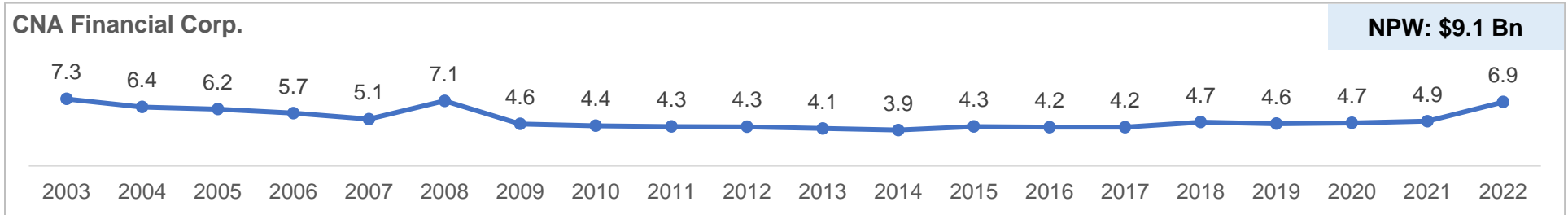
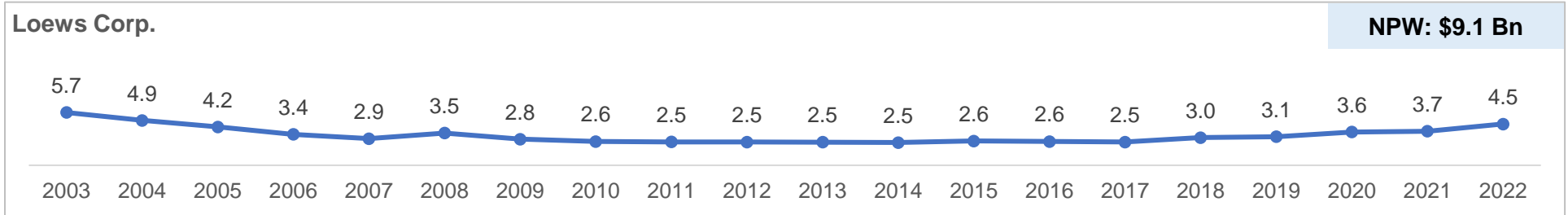
Leading US Insurance Underwriters: Net Leverage Ratio

P&C insurers with Net Premiums Written of between \$10 Bn and \$50 Bn



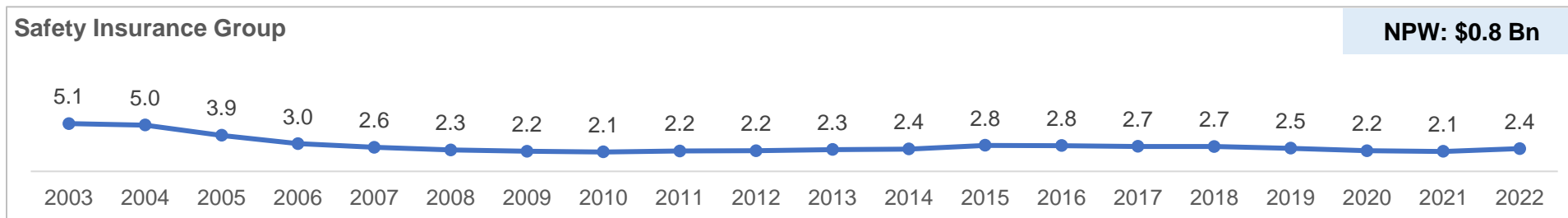
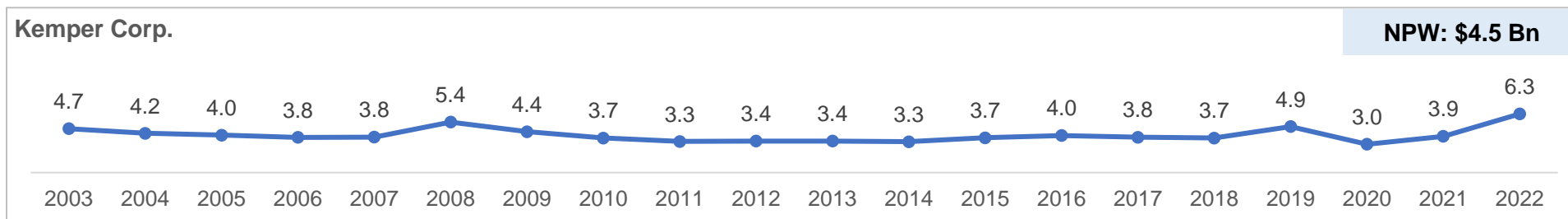
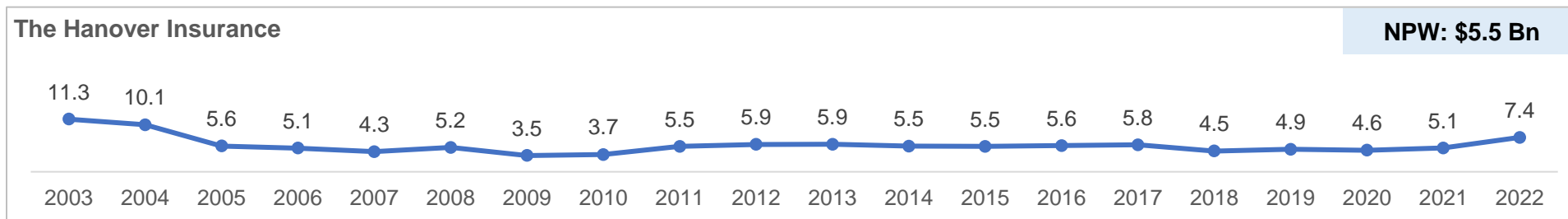
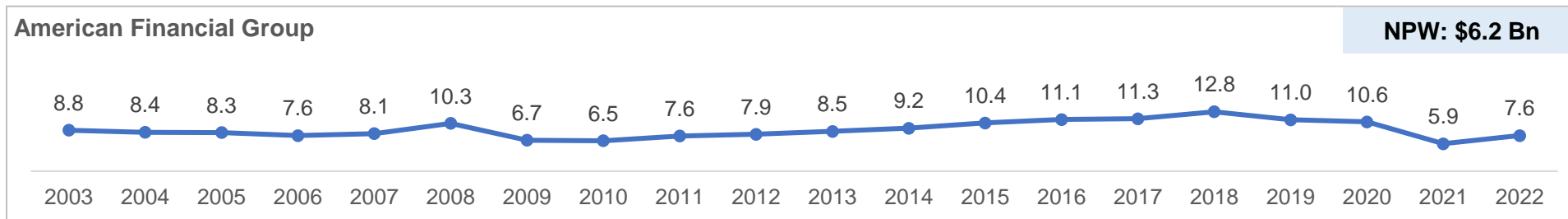
Leading US Insurance Underwriters: Net Leverage Ratio

P&C insurers with Net Premiums Written less than \$10 Bn



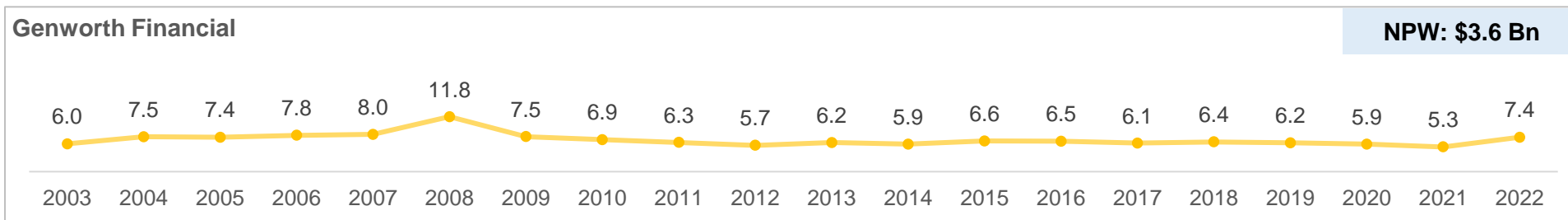
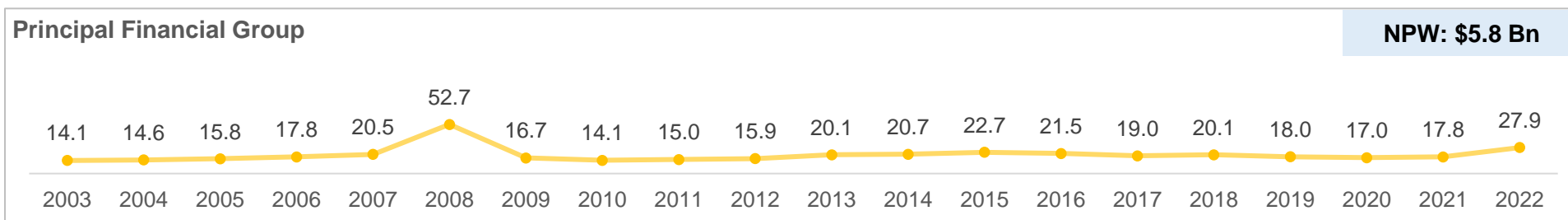
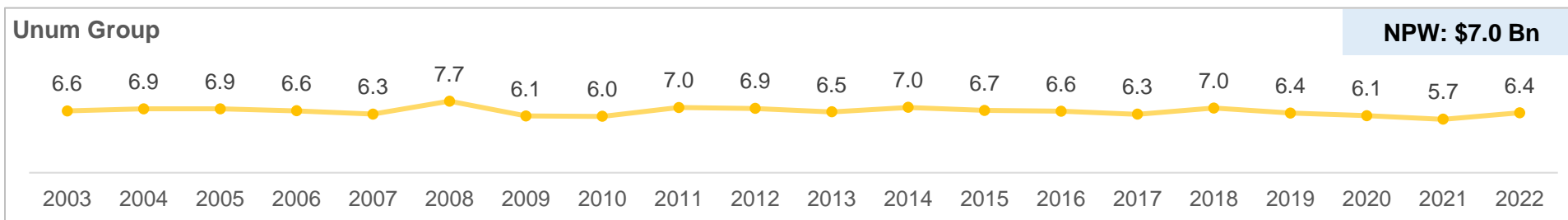
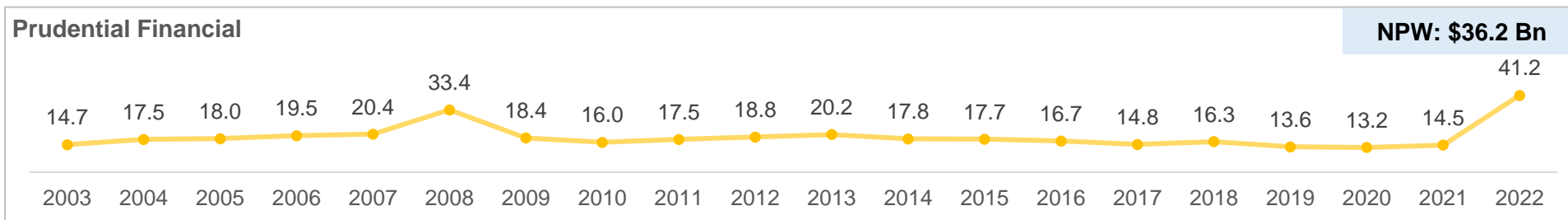
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P&C insurers with Net Premiums Written less than \$10 Bn



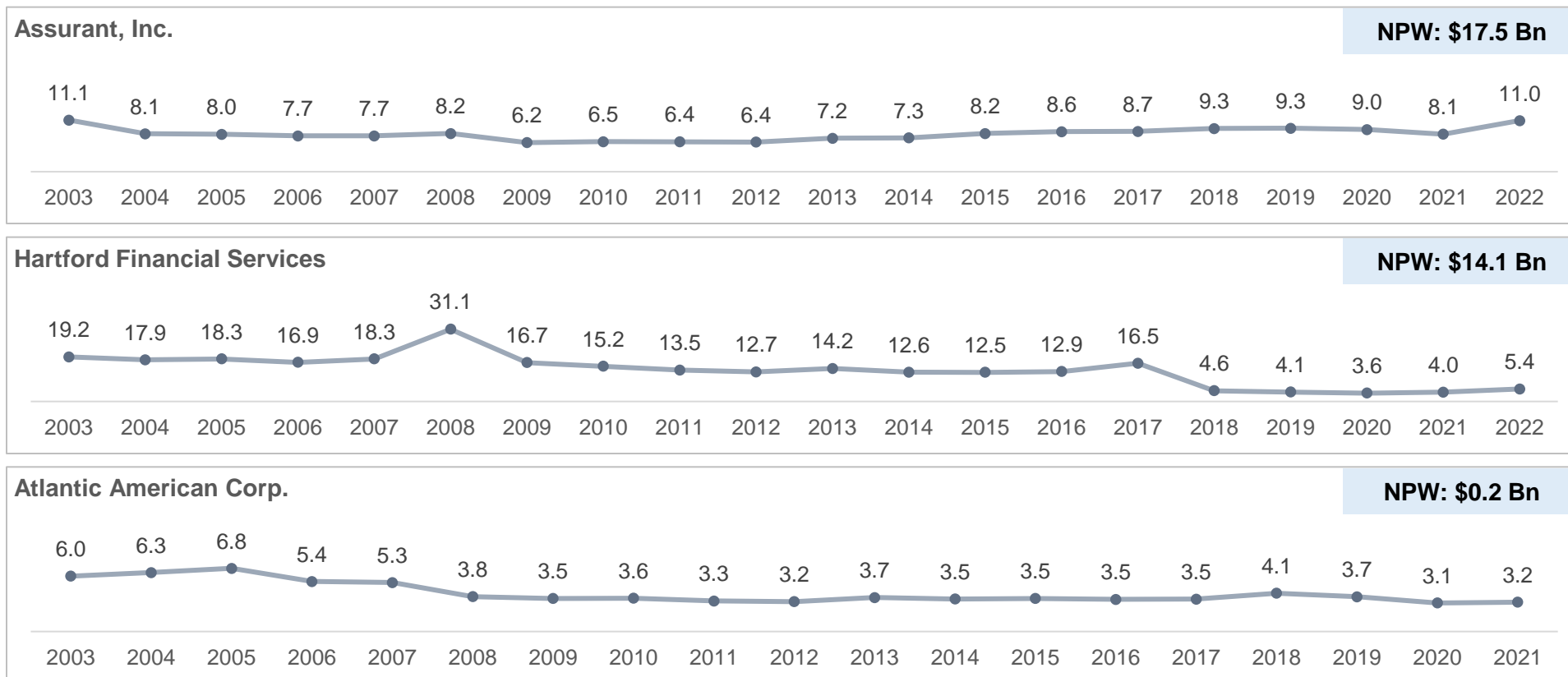
Leading US Insurance Underwriters: Net Leverage Ratio

L&H Insurers with Net Premiums Written less than \$50 Bn



Leading US Insurance Underwriters: Net Leverage Ratio

Multi-line insurers with Net Premiums Written less than \$50 Bn



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