

CATASTROPHES TEAR INTO PROPERTY/CASUALTY INSURER PROFITS

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U.S. property/casualty insurers' net income during the first quarter of 2016 dropped 24% from that of the corresponding period in 2015 to \$18.0 billion, according to a report released Wednesday by A.M. Best Co. Inc.

Oldwick, New Jersey-based Best said in “Resurgent Catastrophe Losses and Declining Investment Income Impact U.S. P/C First Quarter Results” that the industry posted an underwriting gain of \$2.1 billion for the quarter, down 46.2% from that of first quarter 2015. Best said that the results were driven by the highest level of first-quarter catastrophe losses since 2011.

Best said that catastrophe losses for the first quarter of 2016 reached \$5.1 billion, based on A.M. Best's Quarterly Underwriting Survey.

“This is the highest reported first-quarter catastrophe loss since 2011's \$6.4 billion — which included not just U.S. storm losses, but losses from two major international events: the Christchurch, New Zealand, earthquake and the Tohoku earthquake and tsunami in Japan.”

The industry's combined ratio deteriorated to 97.4% from 95.8%.

Net investment income and realized gains also declined 4.2% to 11.1 billion, while realized capital gains dropped 47.5% to \$2.5 billion.

Net written premiums, however, rose 3.4% year-over-year to \$131.2 billion. Best said commercial automobile “is expected to be the standout” in terms of commercial lines net written premium growth this year, “reflecting rate increases taken as the line demonstrated increased accident frequency and severity in recent years.”