

US Property & Casualty Market

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US Property & Casualty Market and Asset Size: Part 1

In short, the US market size for the P&C insurance industry in 2017 is [\\$552.6 billion](#). The total number of assets was not found to be publicly available, as this industry is largely fragmented, therefore insights in terms of policies as a collective are not readily available. Despite this, we were able to locate information which presents the number of insured vehicles, homes and pets in the U.S. This was the most relevant information we found to be publicly available. Below, you will find a deep dive of our findings.

OVERVIEW OF the PROPERTY & CASUALTY INSURANCE market

A [report](#) by Property Casualty Insurers estimates that the net written premiums for P&C insurance was [\\$552.6 billion](#) in 2017. This was an increase from [\\$528.3 billion](#) in 2016. Property and casualty insurance covers a broad scope of policies that could be applicable to private individuals or businesses.

Personal P&C insurance is broken down into the following segments:

1. Auto Insurance
2. Homeowners and Renters Insurance
3. Flood Insurance
4. Pet Insurance

P&C insurance for [businesses](#) are broken down into the following segments:

1. Workers' Compensation
2. Business Owner's Policy
3. Commercial Auto
4. Excess Insurance
5. Umbrella Policy
6. State Disability

In light of these various industry segments, we were unable to locate a collective data regarding the total number of assets in the U.S. In attempting to locate this information, we analyzed industry reports, reputable media sites, and company websites. However, we were unable to locate information which outlined quantitative insights regarding assets in terms of policies. In general, this information exists, but was only found locked within pay walled reports. For example, an IBIS World market research [report](#) appears to contain the total number of assets for P&C, however this report is only available behind a paywall. For your convenience, you may access this report [here](#).

Despite this overall lack of information, we were able to provide a super low-end estimate for the number of policies across some segments of P&C insurance market by analyzing the number of components that exist within these segments. The results of this research as

follows:

AUTO INSURANCE

According to Statista, the number of passenger cars insured in the U.S. was approximately [203 million](#) in 2015. Given this, we assume there was at least one policy for each of these vehicles.

HOME INSURANCE

The [Insurance Information Institute](#) stated that there are around [70 million](#) insured homes in the U.S. based on a 2016 poll. The type of home wasn't defined in the poll, so these results may include family homes, condos, duplexes, etc.

PET INSURANCE

[Pet Insurance Quotes](#) estimated that in 2016, there were [1.4 million](#) dogs and [200 thousand](#) cats insured in the U.S. This yields a total of [1.6 million](#).

CONCLUSION

The U.S. market size for the property and casualty insurance industry was value at [\\$552.6 billion](#) in 2017. In the U.S. typical P&C insurance policies include segments such as automobiles (with [203 million](#) cars insured), homes (with around [70 million](#) insured), and pets (with around [1.6 million](#) pets insured).

US Property & Casualty Market and Asset Size: Part 2

Earthquake Coverage

We have conducted a thorough search for the market size and total number of assets insured in the earthquake segment of the US property and casualty (P&C) market. While we were unable to find a preexisting figure, we were able to triangulate, with some assumptions, the approximate market size (\$50.88 billion) and approximate number of assets insured (10.065 million). Below can be found our methodology, as well as the data and assumptions we used to calculate the above figures.

Methodology

To find the size of the earthquake segment of the US P&C market, we first searched for a preexisting figure from a variety of sources, including government databases, industry associations, and news organizations. The sources we searched include Census.gov, FEMA, The New York Times, The Washington Post, The Wall Street Journal, Forbes, ScienceDirect, StatisticBrain, Ibisworld, Statista, Insurance Information Institute, and Marketsandmarkets. While none of the above sources had the desired figures already compiled, they did contain data which we used to calculate the approximate figures.

From Ibisworld, we learned that the total revenue of the P&C market in the US is approximately [\\$636 billion](#). Since this represents the entire market and not the earthquake segment, we searched for the percentage of the market that the earthquake segment represents. While we were unable to locate that specific percentage, we did determine that approximately [8%](#) of US households have earthquake coverage. We then calculated the size of the earthquake segment of the P&C market using this figure, assuming that the earthquake segment accounts for roughly [8%](#) of the total market.

For the number of assets insured by the earthquake segment of the US P&C market, we also used the [8%](#) figure, as it represents the percentage of American households insured against earthquakes. To determine the total number of households insured in this regard, we simply needed to locate the total number of American households ([125.82 million](#)) and find 8 percent of that figure. All calculations can be found below.

Calculations

TOTAL MARKET SIZE: EARTHQUAKE SEGMENT OF US P&C MARKET

Total P&C market size: [\\$636 billion](#)

Percentage of US households insured against earthquakes: [8%](#)

Assumption: The earthquake segment is roughly [8%](#) of the total P&C market

Calculation: $636,000,000,000 \cdot 0.08 = 50,880,000,000$

Result: The earthquake segment of the US P&C market is roughly \$50.88 billion in size.

NUMBER OF ASSETS INSURED: EARTHQUAKE SEGMENT OF US P&C MARKET

Total number of US households: [125.82 million](#)

Percentage of US households insured against earthquakes: [8%](#)

Calculation: $125,820,000 \cdot 0.08 = 10,065,000$

Result: The number of assets insured by the earthquake segment of the US P&C market is roughly 10.065 million.

Conclusion

While we were unable to find the desired figures preexisting in the form of an industry or government report, academic study, news article or other source, we were able to locate data to triangulate, with assumptions, the desired figures. The approximate market size of the earthquake segment of the US P&C market is \$50.88 billion and approximate number of assets insured by the segment is 10.065 million. To calculate the former figure, we used the total size of the US P&C market and assumed that the percentage of US households insured against earthquakes (8%) represented the approximate percentage of the earthquake segment in relation to the entire P&C market. To calculate the latter figure, we simply found 8% of the total households in the US, given that 8% represents the percentage of American households insured against earthquakes.

US Property & Casualty Market and Asset Size: Part 3, Flood Coverage

We have conducted a thorough search for the market size and the total number of assets insured in the flood segment of the US property and casualty (P&C) market. We were able to find preexisting figures for the market size of the flood segment (\$4.19 billion), but not for the total number of assets. Despite this setback, we were able to triangulate, with some assumptions, the approximate number of assets (6.09 million). Our methodology, assumptions and calculations have been detailed below.

Methodology

To determine the market and asset size of the US P&C market, we started our search looking for preexisting data from various sources. Some of the sources we examined include government websites such as the National Association of Insurance Commissioners (NAIC) website, industry associations and news websites. From our search, we were able to find preexisting data for the market size of National Flood Insurance Program, as well as the market size for the private flood insurance market, which we added to provide the total flood coverage market size.

Unfortunately, we were only able to find preexisting data on the number of assets insured under the National Flood Insurance Program (NFIP). We needed a figure for the number of assets privately insured against flood to provide the total number of assets under flood coverage. We reckoned that since we knew the size of the private flood insurance market, we could divide the market size by the average cost of insurance to give us an estimated number of assets under private flood insurance coverage. We then added the two figures to give us the total number of assets under flood coverage.

While we were first uncertain if the figures covered both residential and commercial buildings, the primary source for our market size calculation clearly states that, "[The S&P data stem](#) from statutory filings made to state regulators and the National Association of Insurance Commissioners. The figures include both residential and commercial policies." Furthermore, a [report by the CRIO Group](#) breaks down the types of homes covered by the NFIP. According to the report, out of the [5,074,303](#) policies in force in [2016](#), only [270,864](#) were non-residential, which we assume to be commercial buildings. Based on these statements, we have assumed all the figures in our primary source covers both commercial and residential buildings.

Our calculations have been explained below.

Calculation

Total Market size: Flood Segment of US P&C Market

National Flood Insurance Program Market Size: [\\$3.57 billion](#)

Private Flood Insurance Market Size: [\\$623.8 million](#)

Total flood segment: $3,570,000,000 + 623,800,000 = 4,193,800,000$

Result: The market size of the flood segment of the US P&C market is \$4.19 billion.

Number of Assets Insured: Flood Segment of US P&C Market

National Flood Insurance Program Assets: 5.2 million properties

Private Flood Insurance Market: [\\$623.8 million](#)

Average Price of Flood Insurance Premiums: [\\$700](#)

Assumption: All purchased premiums are valued equally.

Estimated number of properties insured under private flood policies: $623,800,000 / 700 = 891,143$

Therefore, Private Flood Insurance Assets: 891,143

Total Number of Assets: $5,200,000 + 891,143 = 6,091,143$ properties

Result: The number of assets insured by the flood segment of the US P&C market is roughly 6.09 million.

Conclusion

The market size of the flood segment of US P&C market is \$4.19 billion and the estimated number of assets covered by flood insurance is 6.09 million. While the former figure was preexisting, the latter has been triangulated using the available data.

US Property & Casualty Market and Asset Size: Part 4 Hurricane Coverage

According to the National Association of Insurance Commissioners (NAIC), the U.S. Property & Casualty market has 31 business lines/segments. While hurricanes are not uniquely listed among the list of the 31 business lines, they are included under the homeowners insurance business line. In the absence of any credible way to triangulate the market size and number of assets reserved for hurricane claims, we provided data on the next best alternative, homeowners insurance. Below is an overview of our methodology and findings.

METHODOLOGY

We reviewed information from the National Association of Insurance Commissioners, the Insurance Information Institute, Swiss RE, Munich RE, Willis Tower Watson, regulatory reports, industry publications and other credible media outlets but were unable to find any pre-compiled information on the market size and assets of the hurricane segment. Instead, we established that hurricanes are not a segment of the Property & Casualty insurance market but are [one of the perils](#) covered under a reporting segment, homeowners insurance. Due to this, data on the market and asset size was unavailable. According to the National Association of Insurance Commissioners (NAIC), the U.S. standard-setting and regulatory support organization whose membership consists of 50 state insurance regulators, the Property & Casualty insurance market has [31 segments](#) but hurricanes are not one of them.

Hurricanes, specifically wind damage due to hurricanes, are among the perils insured through homeowners policies. This was based on information retrieved from [two of the largest](#) homeowners insurers in the United States, [StateFarm](#) and [AllState](#). Other perils include [theft](#), [vandalism](#), snow, fire, [riots and storms](#). We were unable to find any evidence of stand-alone hurricane policies sold in the United States.

Insurance companies charge premiums on policies that cover one or multiple perils. In the case of multiple perils, as in homeowners insurance, insurance companies do not share information on how the charged premiums are apportioned amongst the covered perils. As such, it is impossible to triangulate what proportion of paid insurance premiums are for a specific peril.

Despite the absence of the requested information, we gathered some useful data on the occurrence of hurricanes in the United States, insurance losses and the market size of homeowners insurance. We concluded that industry data on homeowners insurance was relevant as this class of insurance policies covers wind damage caused by hurricanes.

FINDINGS

I. Hurricanes

The [Insurance Information Institute](#) has compiled data on the number of hurricanes that have occurred in the U.S. since 1998 to 2017. In the last three years to 2017, the number of hurricanes has increased from [4 in 2015](#) to [10 in 2017](#). Over this period, the U.S. witnessed the highest number of hurricanes in [2005](#), with the count standing at [15 hurricanes](#).

Most of the costliest hurricane losses have been witnesses in the last year. According the [U.S. National Coastal](#) and Oceanic Administration, the top five costliest hurricanes to have ever occurred in the U.S. are Katrina ([\\$161 Billion, 2005](#)), Harvey ([\\$125 Billion, 2017](#)), Maria ([\\$90 Billion, 2017](#)), Sandy ([\\$71 Billion, 2017](#)) and Irma ([\\$50 Billion, 2017](#)).

The Insurance Information Institute provides additional data on U.S. insurance losses due to hurricanes. The organization details the catastrophic hurricane losses between [2012 and 2016](#), the [top ten costliest](#) hurricanes loses in U.S. history and the [level of exposure](#) of U.S. properties to the risk of hurricanes by state.

II. Homeowners Insurance

Standard homeowners insurance policies cover [wind damage](#) due to hurricanes as one of their perils. Due to this linkage, we saw that it would be useful to provide industry statistics on the market size of homeowners insurance in the United States. The National Association of Insurance Commissioners provides the [most comprehensive data](#) on the performance of the U.S. Property & Casualty market. We relied on the association's annual industry data to provide the market size of the U.S. homeowners insurance market between 2012 and 2017 as shown below. The market size is defined by the total amount of direct earned premiums.

2017 - [\\$92.50 Billion](#)

2016 - [\\$90.48 Billion](#)

2015 - [\\$87.57 Billion](#)

2014 - [\\$84.80 Billion](#)

2013 - [\\$80.83 Billion](#)

2012 - [\\$76.29 Billion](#)

On wind damage claims, according to the Insurance Information Institute, between [2012 and 2016](#), the proportion of homeowners insurance claims due to wind and hail have consistently accounted for the [largest percentage](#) of the total homeowners insurance claims. In 2016, wind and hail claims accounted for [33.1%](#) of all the Homeowners insurance loss claims.

CONCLUSION

Hurricanes are covered as one of the perils under homeowners insurance as opposed to being packaged as a stand-alone insurance policy. As such, data on the market and asset size of hurricanes in the U.S. Property & Casualty market was unavailable. We established that five of the costliest hurricanes have occurred in 2017. Additionally, the market size of homeowners insurance has grown from [\\$76.29 Billion](#) in 2012 to [\\$92.50 Billion](#) in 2017.

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