



Fidelman & Co.



QUESTION

US Property & Casualty Market and Asset Size: Part 2 Earthquake Coverage

INSIGHTS

- The approximate market size of the earthquake segment of the US property and casualty market is \$50.88 billion
- The approximate number of assets insured by the earthquake segment of the US property and casualty market is 10.065 million

OVERVIEW

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 \(1\)](#). 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% \(4\)](#) 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% \(4\)](#) 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% \(4\)](#) 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 \(6\)](#)) 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 \(1\)](#)

Percentage of US households insured against earthquakes: [8% \(4\)](#)

Assumption: The earthquake segment is roughly [8% \(4\)](#) of the total P&C market

Calculation: $636,000,000,000 * .08 = 50,880,000,000$

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 \(6\)](#)

Percentage of US households insured against earthquakes: [8% \(4\)](#)

Calculation: $125,820,000 * .08 = 10,065,000$

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.

SOURCES

1) Property, Casualty and Direct Insurance - US

<https://www.ibisworld.com/industry-trends/market-research-reports/finance-insurance/carriers-related-activities/property-casualty-direct-insurance.html>

2) Market share of U.S. earthquake insurers by premiums 2016 | Statista

<https://www.statista.com/statistics/186506/top-earthquake-insurance-writers-in-the-us-by-market-share/>

3) U.S.: Number of households 1960-2017 | Statista

<https://www.statista.com/statistics/183635/number-of-households-in-the-us/>

4) Background on: Earthquake insurance and risk | III

<https://www.iii.org/article/background-on-earthquake-insurance-and-risk>

5) Market share source 2

<https://docs.google.com/document/d/188J-9fgQ84L3FTUUGZBDwuLaVrEwB7TKdnU03Rd7r-s/edit?usp=sharing>

6) Number of households/properties source 4

https://docs.google.com/document/d/1UUun0wytJ7ZC_Z2pCF_ft92bYiLcbbbzNhL8BPGmdJ4/edit?usp=sharing