

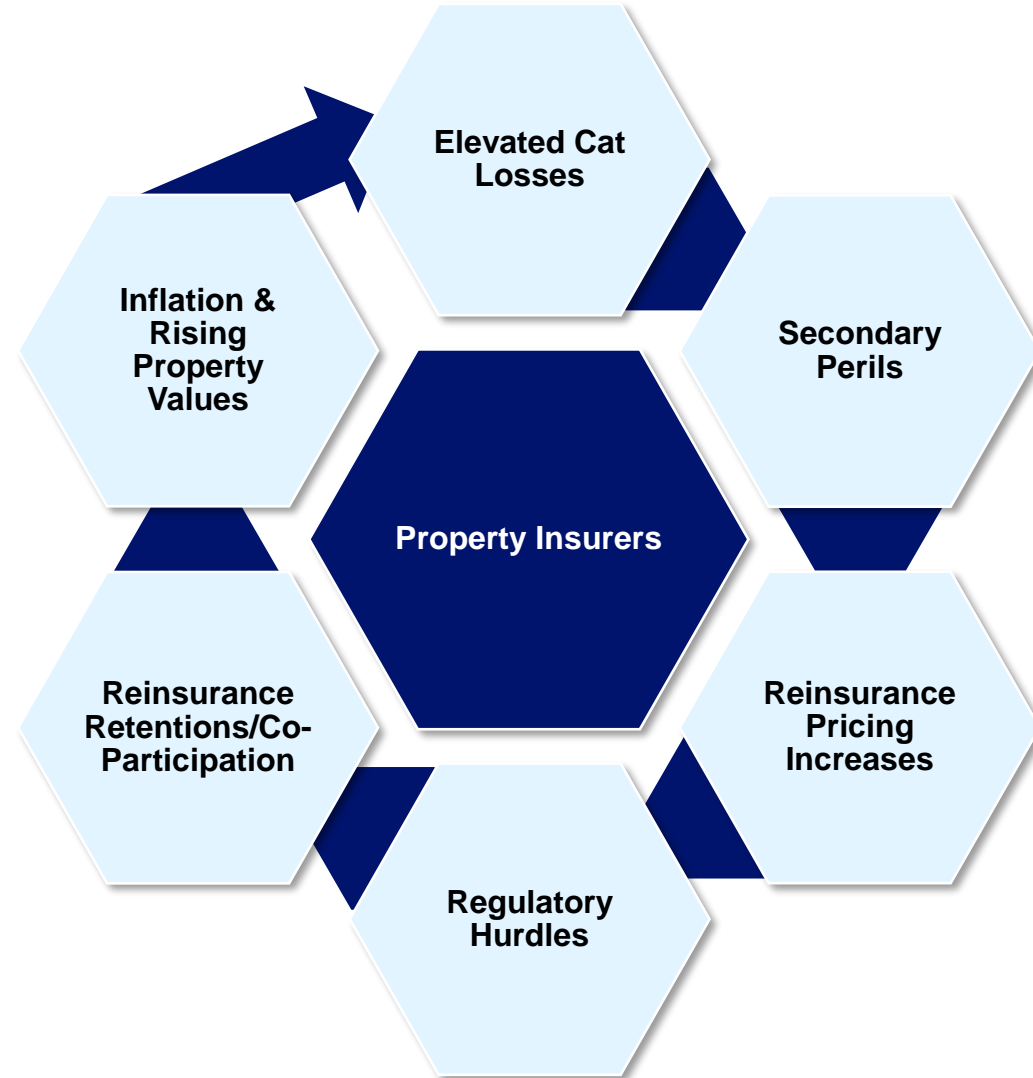
How Does Insurance Respond to Secondary Perils? Society of Insurance Research

Sridhar Manyem – Senior Director, AM Best

May 6, 2025

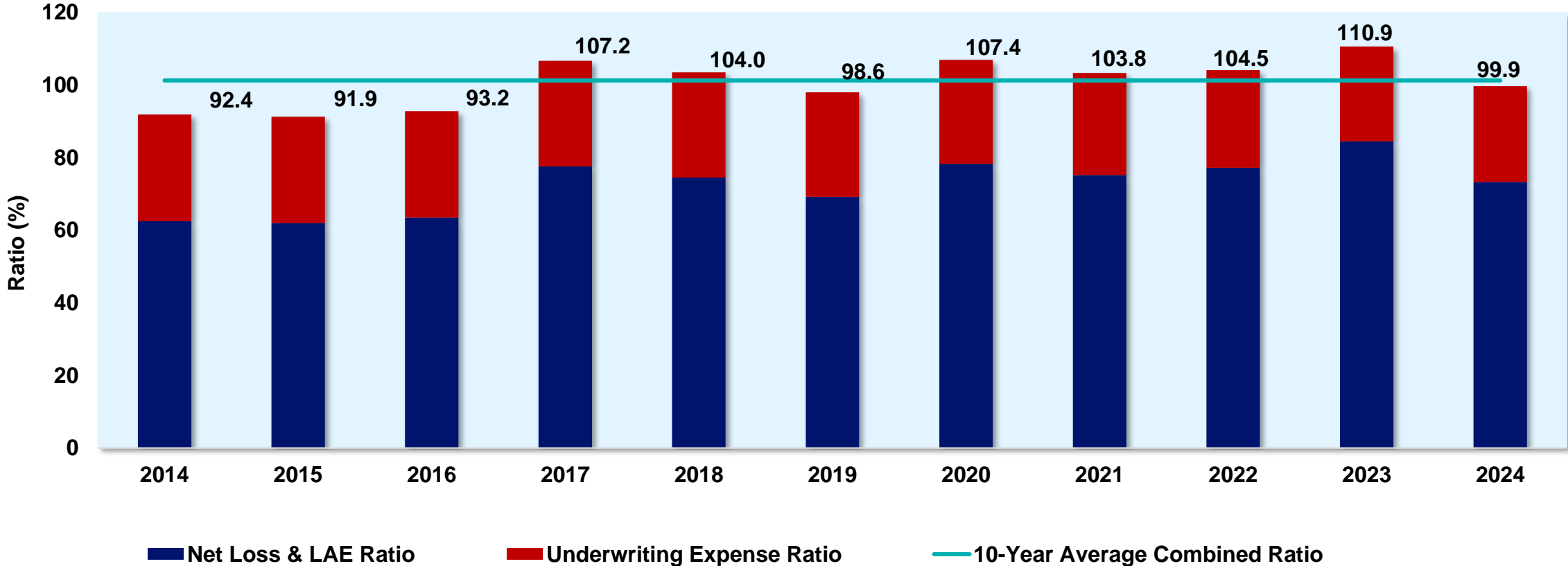


A Perfect Storm

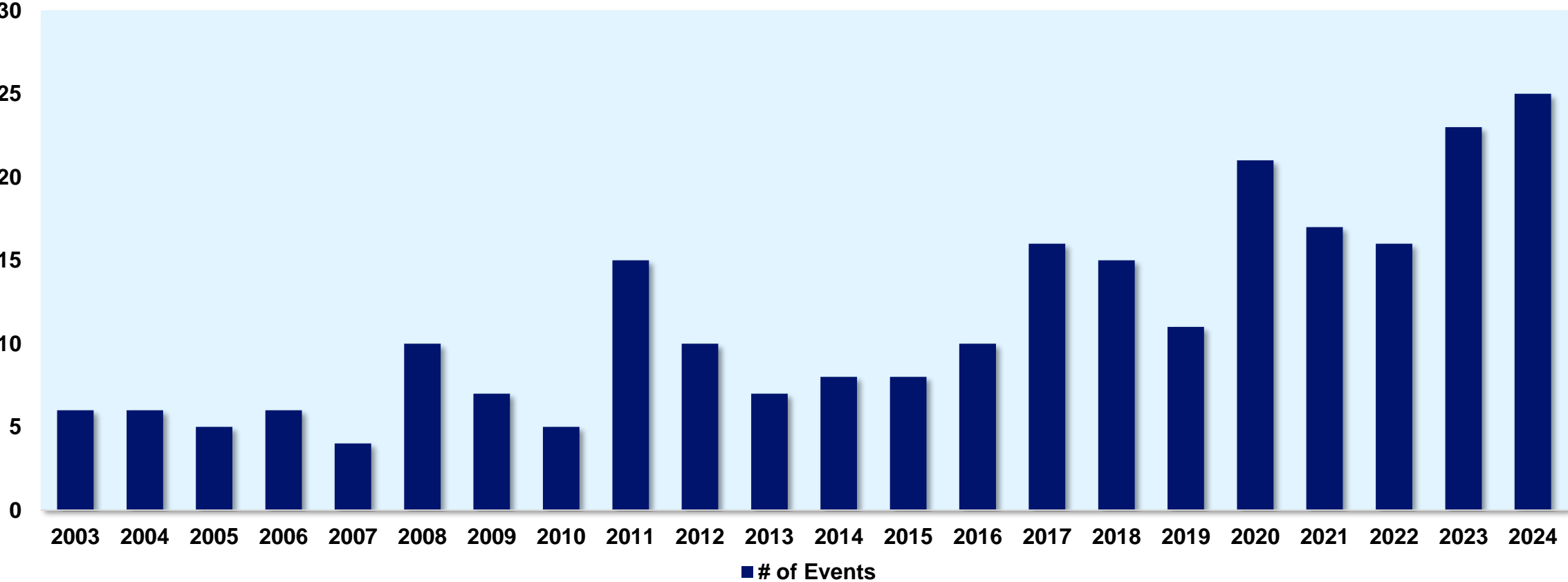


Performance Challenges

US Homeowners - Calendar Year Combined Ratios



Elevated Large Loss Events



2024 U.S. Storm Report – Frequency of Severe Events

Top 10 Costliest Severe Convective Storm Events: Insured Loss (1900 - 2024)

Date	Event	Location	Insured Loss (Nominal \$ billion)	Insured Loss (2024 \$ billion)
August 2020	Midwest Derecho	United States	9.2	11.0
April 2011	2011 Super Outbreak	United States	7.6	11.0
May 2011	Joplin/SCS	United States	7.0	9.8
May 2003	United States SCS	United States	3.3	5.7
May 2024	SCS Outbreak	United States	5.2	5.2
July 2013	Storm Andreas	Europe	3.8	5.1
March 2023	United States SCS	United States	4.9	5.1
March 2024	Central U.S. SCS Outbreak	United States	4.8	4.8
March-April 2023	Tornado Outbreak	United States, Canada	4.3	4.5
May 2019	United States SCS	United States	3.7	4.5

Hurricane Helene

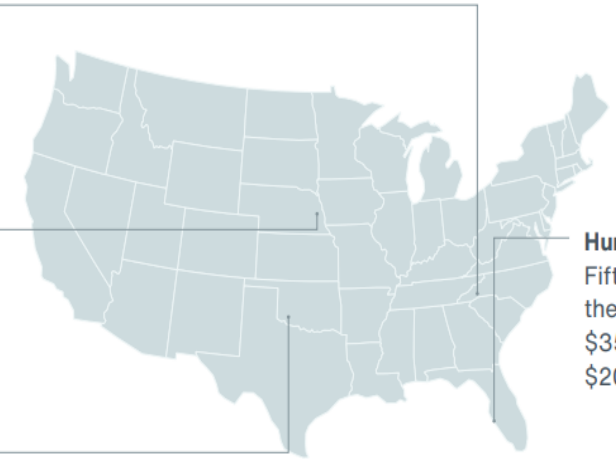
Deadliest mainland U.S. hurricane since Hurricane Katrina (2005)
 \$75B economic loss
 \$17.5B insured loss
 243 fatalities

Severe Convective Storms

Second-highest insured loss total on record driven by 17 billion-dollar insured loss events
 \$69B economic loss
 \$54B insured loss

Agriculture Losses

Large crop insurance payments due to drought, flooding, and SCS
 \$6.7B in total

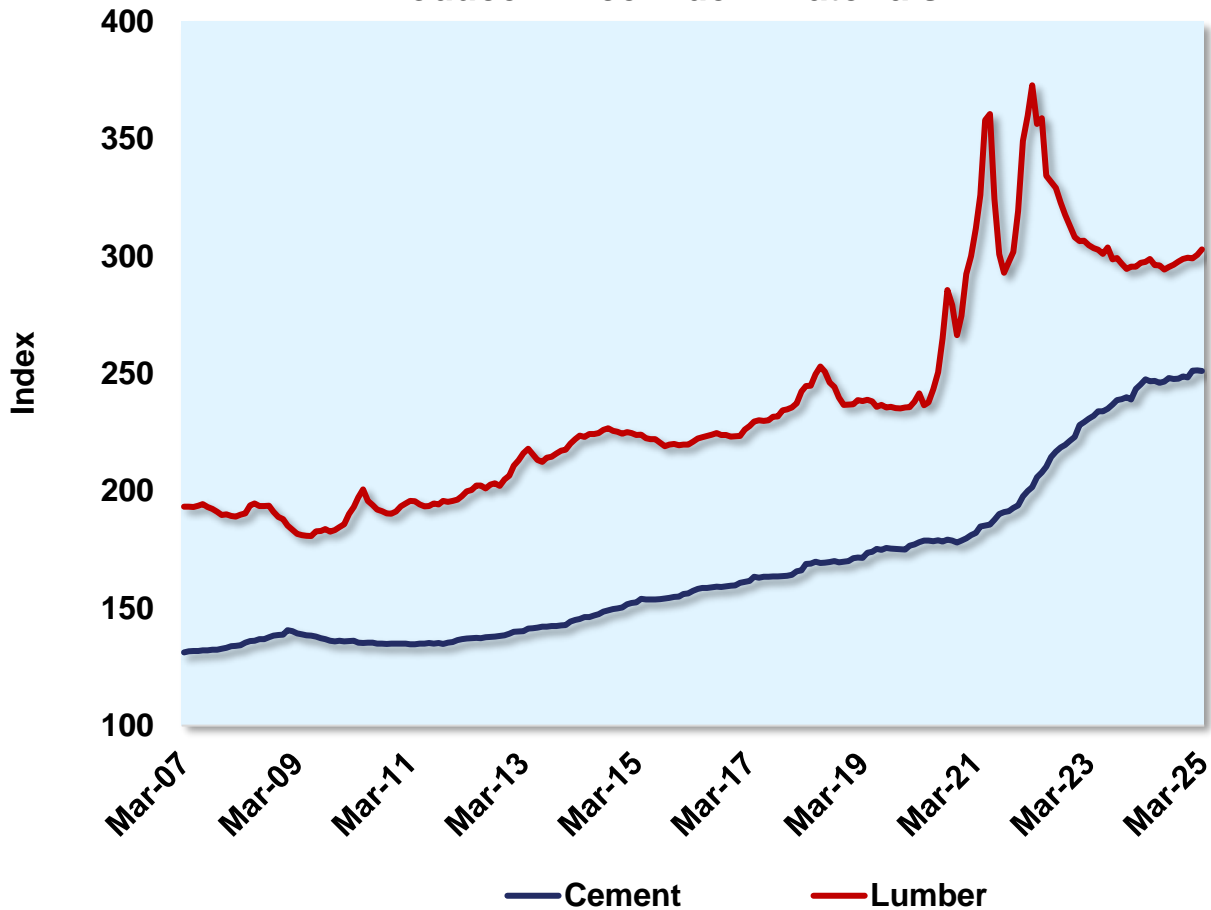


Hurricane Milton

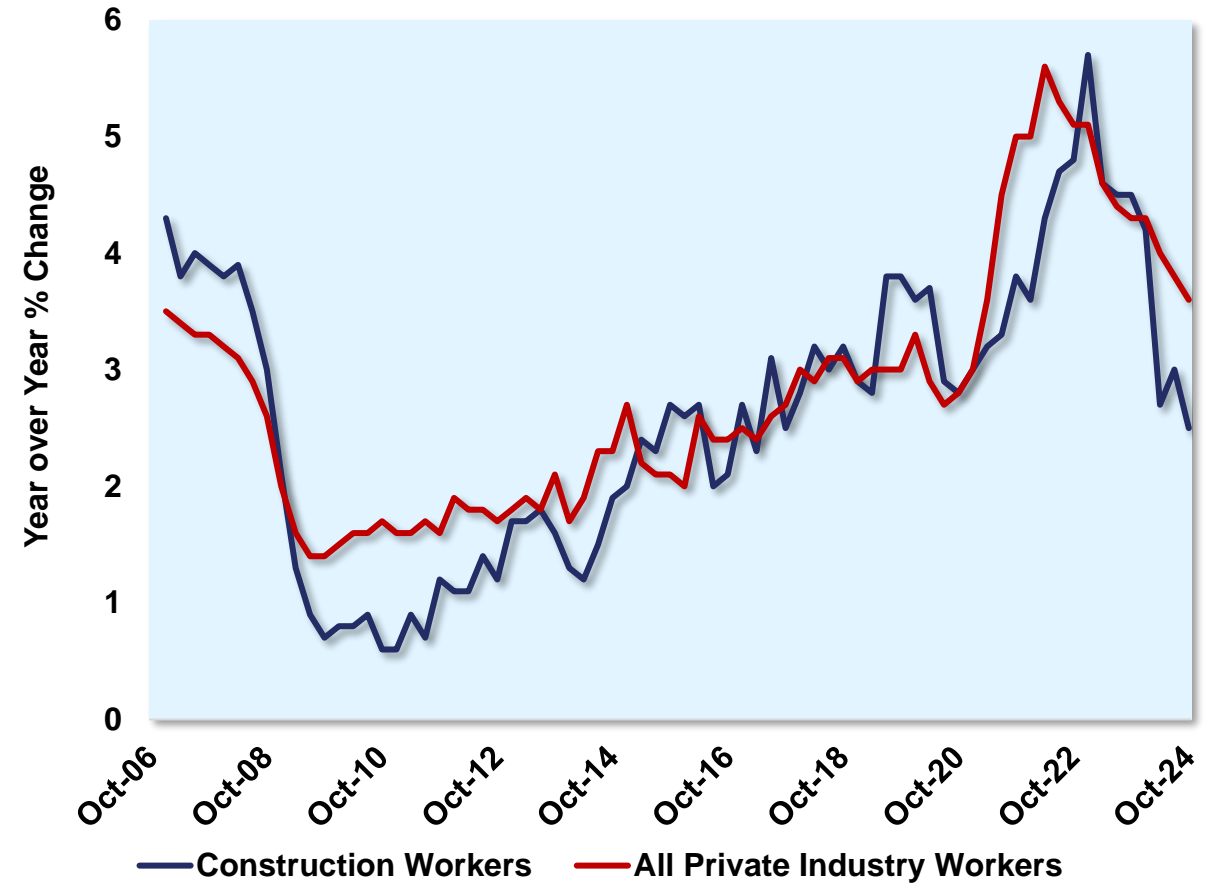
Fifth-strongest hurricane in the Atlantic basin on record
 \$35B economic loss
 \$20B insured loss

Inflationary Pressures – Materials & Wages

Producer Price Index: Materials

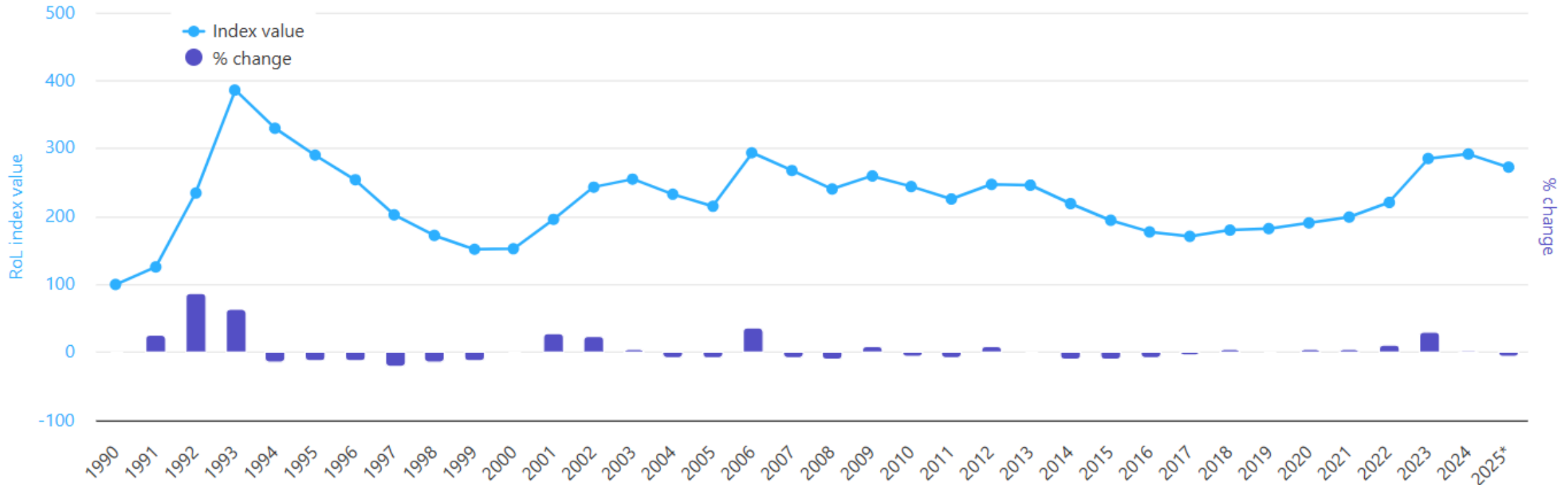


Employment Cost Index: Wage Growth



Significant Increase in Reinsurance Costs

Global Property Catastrophe Rate-On-Line Index



Source: Data from Guy Carpenter, presented by Artemis.bm



Midwestern Blues



Hastings is at least the sixth company in the last 17 months to pull back its presence in Iowa. Farmers Mutual Hail Insurance Co. of Iowa, Pekin Insurance Co. and SECURA Insurance Co. are in the process of exiting home and auto insurance lines in the state. Celina Mutual Insurance Co., meanwhile, is exiting all lines of business in Iowa.

Following its announcement several months ago to leave the homeowners insurance business in nine states including California and Louisiana, American National appears to be exiting the line in all states.

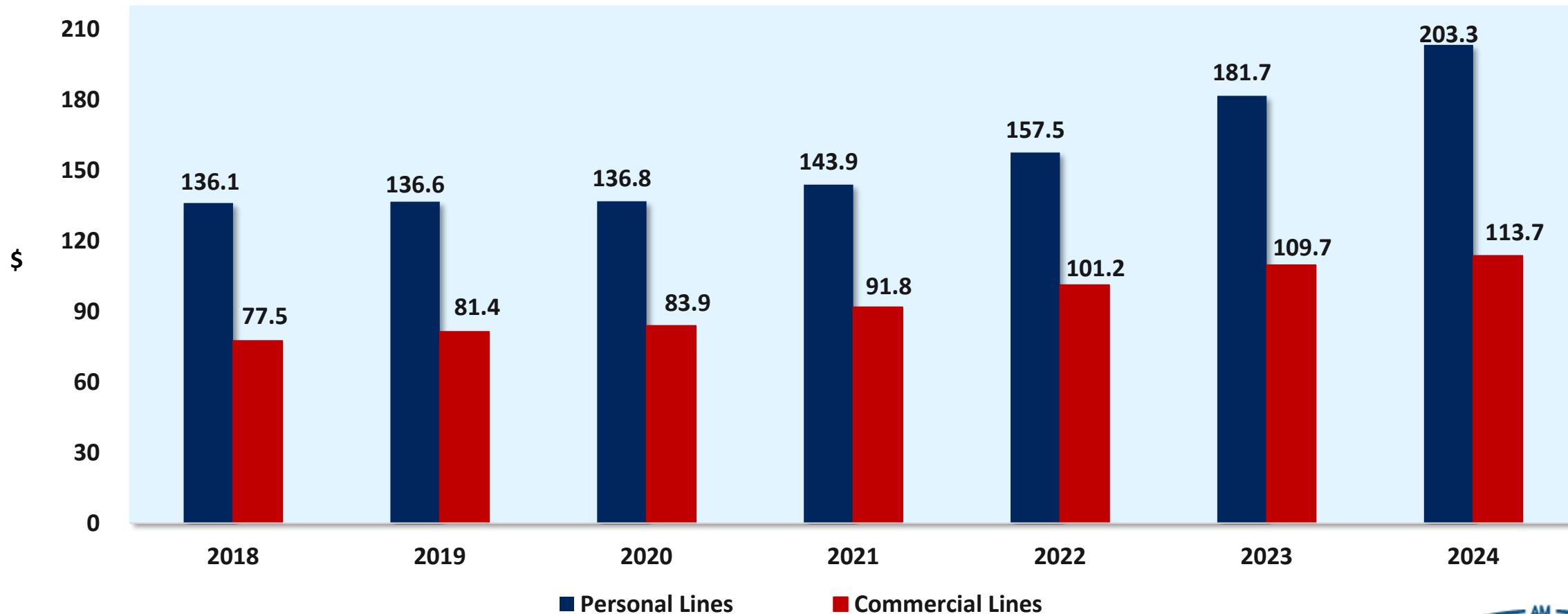
At the same time, West Des Moines-based IMT Insurance stopped offering home coverage to new customers in Iowa and **Minnesota** in July. Matt Casey, the company's vice president of marketing and sales, said customers "flooded" the market as other insurers left the state or dropped policyholders.

"Climate change is real," said Bill Montgomery, CEO of **Celina** Insurance Group, one of the companies that has left Iowa in the past year. "We can't raise rates fast enough or high enough."

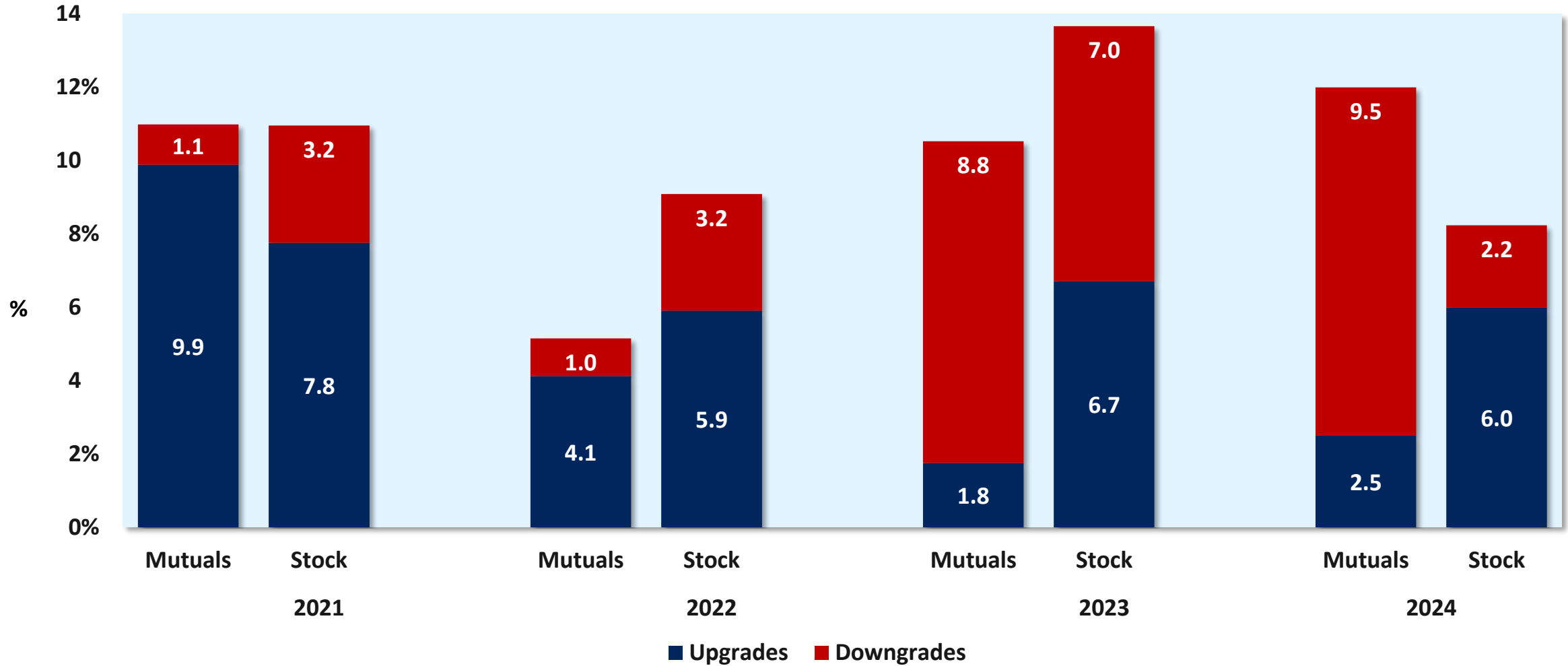
Secura Insurance used to sell homeowners coverage in Iowa and 9 other states. On Feb. 1, the company began dropping all its homeowners outside its home state of Wisconsin. Next year, it plans to start dropping its customers there, too.

PERSONAL & COMMERCIAL LINES PREMIUMS PER ORGANIZATION TYPE

Personal & Commercial Lines Premiums per Mutual Companies
\$Millions



RATING ACTIONS: MUTUALS & STOCKS



Thank You!

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