



To: Fast Facts List

Fast Facts: INSURER SOLVENCY

FACT: The property/casualty insurance industry remained solvent and strong throughout a decade (2001-2010) that contained [7 of the 10 most costly catastrophes in the United States](#), such as Hurricane Katrina, Hurricane Ike, and the terrorist attacks of September 11, 2001.

- The industry maintained its strength during 2011, which saw record [tornado and thunderstorm losses in excess of \\$25 billion](#), including the events that devastated Tuscaloosa, Alabama and Joplin, Missouri.

FACT: One measure of insurer strength is the policyholders' surplus, which is the difference between an insurer's assets and liabilities and is used to determine an insurer's capacity to underwrite risks. As of September 2011, the property/casualty insurance industry had a policyholders' surplus of \$538.6 billion. This is more than enough to cover [125 times the insured U.S. property losses from Hurricane Irene](#).

FACT: During the last decade, U.S. life insurers increased their policy reserves [by more than 50%](#). Life insurance companies currently have over \$4 trillion in policy reserves.

FACT: [As an extra safeguard](#) for unexpected contingencies, life insurers also carry surplus funds and capital stock, which amounted to \$319 billion at the end of 2010, 6% higher than 2009 levels.

FACT: Despite the large international catastrophe losses of 2011 (wherein private reinsurers paid out more than \$100 billion in claims), the reinsurance industry ended the year with nearly half a trillion dollars of capital on hand, as well as contingent capital resources.

- The reinsurance sector supplements the primary insurance industry. For example, international private reinsurers [paid more than 60%](#) of the insured losses arising out of the World Trade Center disaster and [more than 60%](#) of the insured losses from Hurricanes Katrina, Rita and Wilma in 2005.

FACT: The strength of the insurance industry is critical to the U.S. economy and global competitiveness. On aggregate, the industry:

- Employs over [2 million Americans](#);
- Contributes over [\\$400 billion to the nation's GDP](#);
- Invests billions of dollars of premiums into [state and local public projects](#), such as schools and roads;
- Provides [trillions of dollars to U.S. capital markets](#), including \$1.5 trillion in corporate stock holdings, \$4 trillion in credit market assets, and \$2 trillion in corporate bonds.

THE FINANCIAL SERVICES ROUNDTABLE



Financing America's Economy

As always, please do not hesitate to contact Abby McCloskey, Director of Research at the Financial Services Roundtable, at abbyresearch@fsround.org, or Scott Talbott, Senior Vice President of Government Affairs, at scott@fsround.org.

THE TEN MOST COSTLY U.S. CATASTROPHES

(\$ millions)

Rank	Date	Peril	Insured Property Losses in 2010 dollars
1	Aug. 2005	Hurricane Katrina	\$45,481
2	Sep. 2001	Fire, Explosion: World Trade Center, Pentagon terrorist attacks	22,924
3	Aug. 1992	Hurricane Andrew	22,412
4	Jan. 1994	Northridge, CA earthquake	17,318
5	Sep. 2008	Hurricane Ike	12,735
6	Oct. 2005	Hurricane Wilma	11,398
7	Aug. 2004	Hurricane Charley	8,548
8	Sep. 2004	Hurricane Ivan	8,130
9	Sep. 1989	Hurricane Hugo	6,678
10	Sep. 2005	Hurricane Rita	6,227

Source: Insurance Information Institute, 2012
<http://www.iii.org/media/facts/statsbyissue/catastrophes/>