ACORD

U.S. Property & Casualty VALUE CREATION Study

2025

This year's edition of the ***ACORD U.S. P&C Value Creators Study*** *comes about as the market is facing a slow but steady shift. Stable profitability, volatile catastrophe losses, and increasingly competitive pricing provide opportunities and challenges for both commercial and personal carriers. In addition, insurers are having to navigate equity market volatility and interest rate uncertainty while shaping and executing their current and long-term strategies.*

Given these challenges, quantifying value creation—and pinpointing its true drivers and implications—is a formidable challenge. The ***ACORD U.S. P&C Value Creators Study*** *was designed to distill the essence of sustainable value creation and identify the defining attributes of the carriers that consistently deliver it.*

SCOPE & APPROACH

The purpose of the **ACORD U.S. P&C Value Creation Study** is to provide insights into the drivers of value creation and the approaches that winning carriers employed to achieve sustainable performance over time. Specifically, the study was designed to answer three key questions:

- Which metrics should be used to measure value creation across P&C carriers?
- Which strategies and tactics lead to sustained value creation?
- What key capability and execution imperatives drive sustained value creation over time?

While there are over 1,000 P&C groups in the U.S., the 100 largest collectively represent nearly 90% of premiums written ($10 trillion over the 20 years examined) and nearly 100% of the industry's market capitalization. **The study focused on measuring and analyzing the levels and sources of value creation among these top 100 carriers.**

WHO ARE THE TOP 100?

In evaluating the 100 largest U.S. P&C carriers, the ACORD U.S. P&C Value Creation Study analyzed businesses spanning:

- Both publicly traded (42) and mutual (58) companies
- 32 lines of business
- All 50 states, D.C., and U.S. territories
- Company-level NPW ranging from $950 million to $110 billion

The study analyzed the statutory financial filings of the top 100 carriers over a 20-year period. Further research was conducted on the operational attributes of each company, including key strategic, operational, and tactical imperatives. To interpret the data, **ACORD applied a proprietary free cash flow model to measure value creation in terms of timing, magnitude, duration, and sources:** when did carriers create value, how much did they create, how long did that value creation last, and where did it come from?

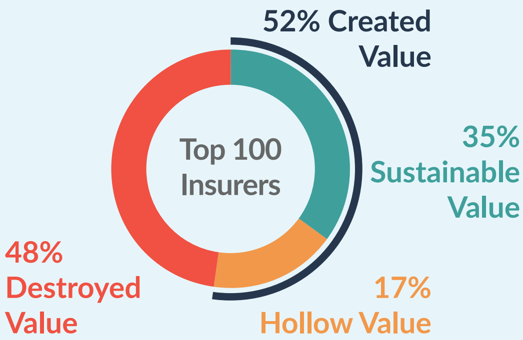
Because markets draw capital away from insurers not achieving a certain baseline minimum return, generating less is not sustainable over the long run. Accordingly, we measured the amount of free cash flow created through operations (underwriting and investment) against a required capital charge. This required rate of return, which an investor could have achieved by investing in a diversified portfolio of investments, was represented by the returns of the S&P 500 over the 20-year period: 8.2%. **As was the case in last year's study, this cost of capital is the highest measured in recent years.**

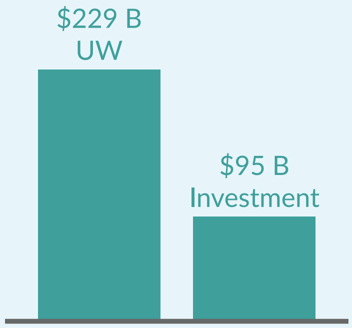
Using the model's output, we segmented the 100 carriers into three discrete categories:

- **Sustainable Value Creators:** Insurers meeting required returns through underwriting and investment activities
- **Hollow Value Creators:** Insurers meeting required returns through investment activities, but failing to generate value through underwriting
- **Value Destroyers:** Insurers failing to generate value over the study period

Industry Results

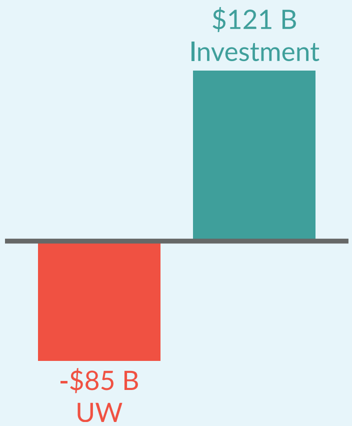
During the 20-year period studied, the P&C insurance industry as a whole held $11.1 trillion in capital, which—based on a required rate of return of 8.2%—would imply a cost of capital of $911 billion. Overall, the top 100 insurers generated a total of $219 billion in value. Fifty-two percent of the insurers in the study generated cash flows in excess of their cost of capital, delivering more than $360 billion in value. The cash flow generated by the remaining 48 companies fell short of the required capital charge by a total of $141 billion.





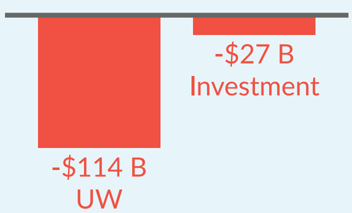
Sustainable Value Creators

There were 35 Sustainable Value Creators. They achieved an 13.5% return on invested capital, generating $324 billion in value, or 148% of the value created across the 100 insurers in the study. Through their consistent and disciplined focus on core insurance operations, these carriers created significant value through underwriting while simultaneously generating respectable investment gains.



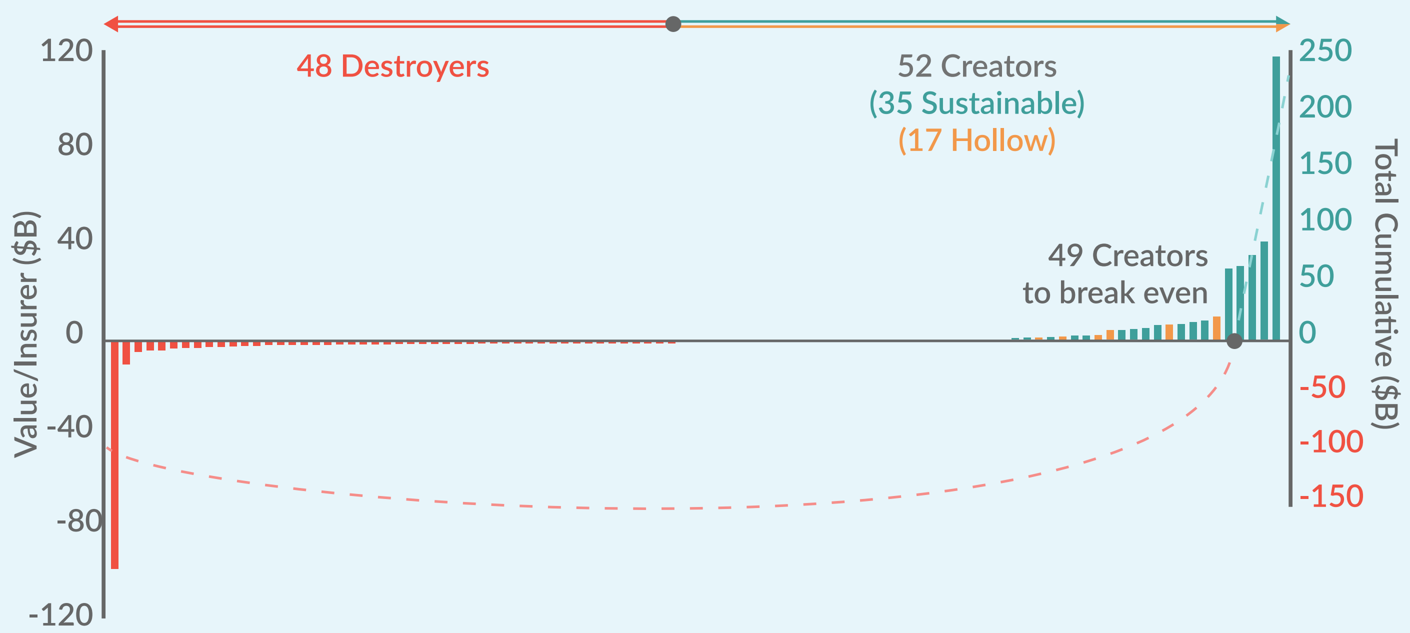
Hollow Value Creators

The underwriting operations of the 17 Hollow Value Creators consumed $85 billion of the $121 billion for a net value created of $36 billion. If not for their investment income, they would have fallen into the Value Destroyer category. Their dependence on investment income illustrates how precarious their position is and how much the industry continues to depend on a source of revenue other than its core competence of underwriting.



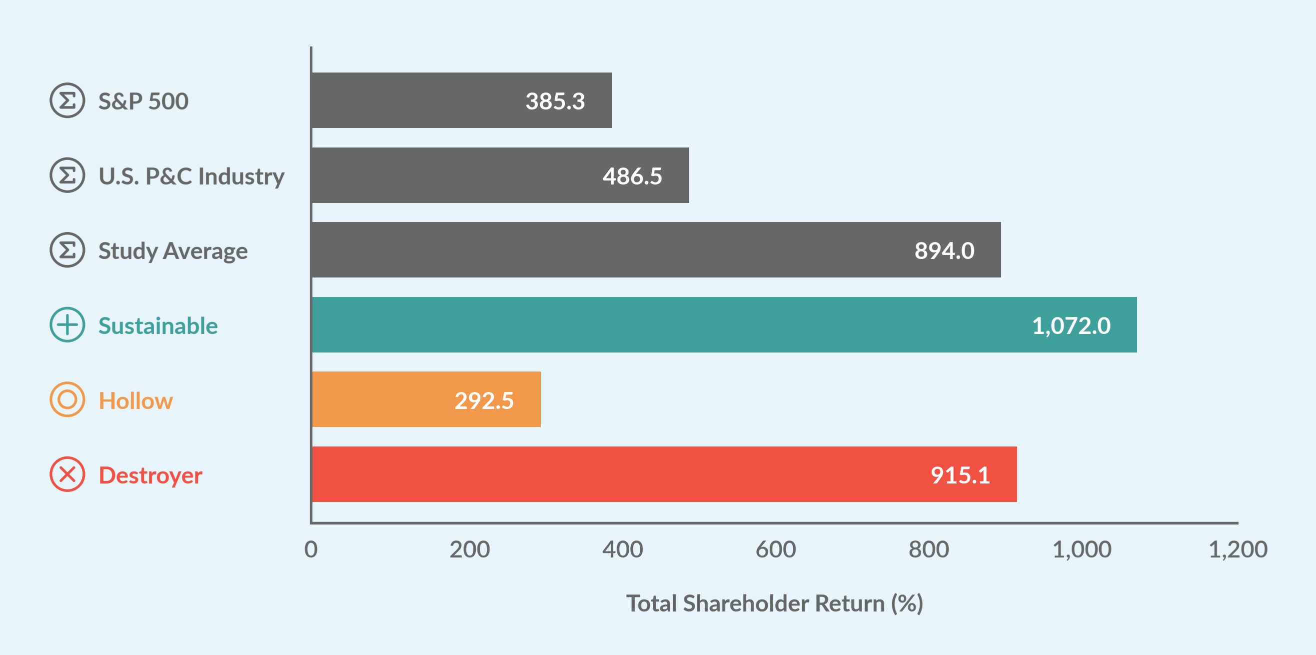
Value Destroyers

Value destroying companies failed to generate enough value through either underwriting or investments to meet their required capital charge. Overall, the $141 billion in value destroyed by these 48 insurers was more than the value created by the next 49 Value Creators combined.



TOTAL SHAREHOLDER RETURN

Analysis of Total Shareholder Returns (TSR) for the 44 public carriers in the study shows a stark performance gap.



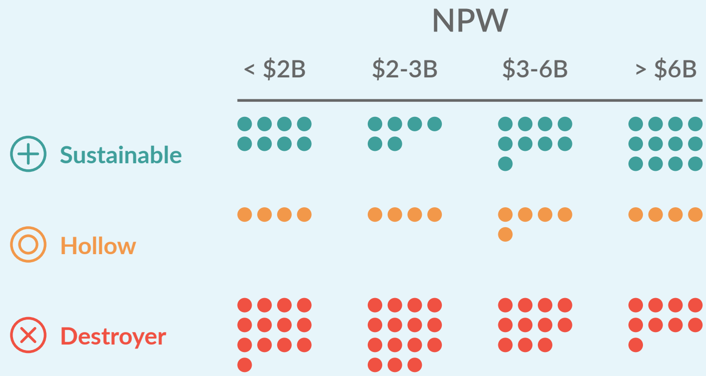
Sustainable Value Creators delivered a 1,072% return—more than 2.5x the S&P 500 average, and 178 points above the top 100 carriers. Hollow carriers lagged as expected, while Destroyers posted unexpectedly strong results, buoyed by investor optimism driven by sharp personal-lines rate increases and select carriers' tech-modernization investments.

OBSERVATIONS: ORGANIZATIONAL CHARACTERISTICS

Size

Prior research suggests that scale and scope economies within the insurance industry are elusive. Among carriers, scale typically dampens volatility, so larger insurers tend to neither significantly overperform nor underperform. For these carriers, performance metrics—such as loss and expense ratios, premium growth, and retention—rarely deviate far from the average. Conversely, the benefits of focus and flexibility are typically associated with the higher financial performance of relatively smaller carriers, despite their elevated volatility.

However, **segmenting the top 100 carriers into quartiles by NPW shows a different trend.** More companies in the largest quartile achieved sustainable value creation, and fewer of them destroyed value, than any of the smaller quartiles.



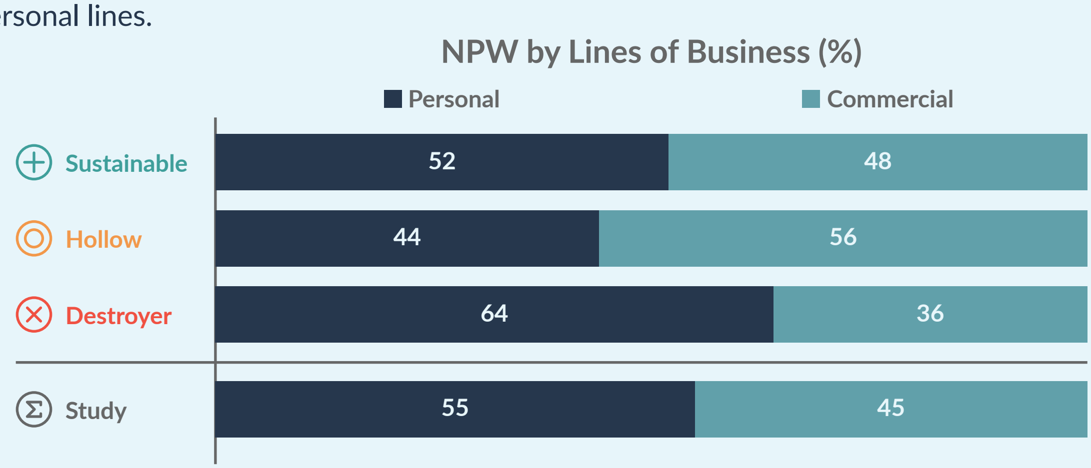
Among the Sustainable Value Creators, larger carriers tended to outperform others. Insurers in the largest quartile (more than $6B in NPW) accounted for 86% of the premium among Sustainable Value Creators, while their large counterparts among the Hollow Value Creators and Destroyers were only responsible for about 70% of premiums. We can also compare value creation across carriers of different size by examining value created per premium dollar written, in order to normalize for scale. Sustainable Value Creators with NPW greater than $6 billion generated more value per premium dollar than any other cohort—7.0% compared to a study average of 2.1%.

NEW BENEFITS OF SCALE

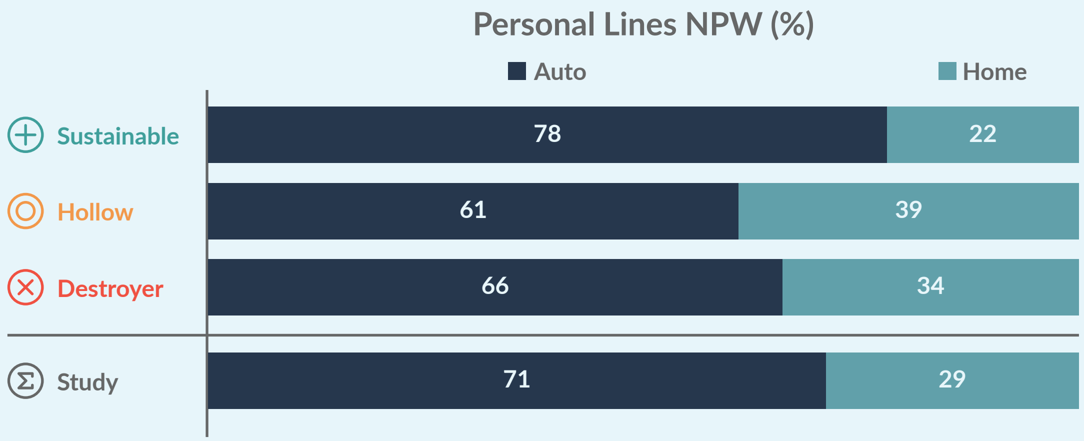
In past decades, larger scale was more frequently associated with value destruction in the P&C industry. The emergence of larger carriers achieving Sustainable Value Creation suggests that a new advantage of scale is emerging—one that is not simply operational but informational.

Business Mix

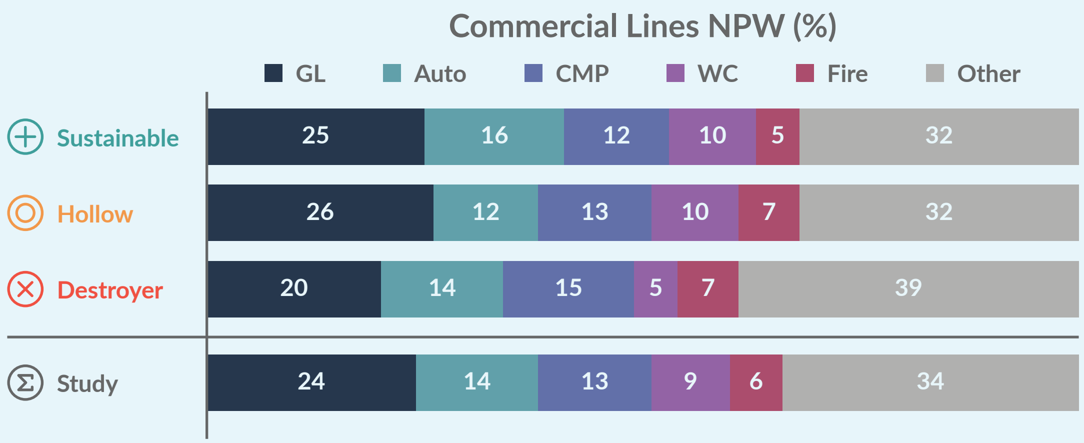
Generally speaking, Sustainable Value Creators wrote a balanced mix of personal and commercial lines. Hollow Value Creators had a significantly larger commercial book, while Value Destroyers tended to focus more on personal lines.



In personal lines, Sustainable Value Creators showed greater discipline in writing Homeowners compared to their less successful competitors, though by no means avoiding it entirely.



General Liability was the largest single line of business across all three categories, accounting for one quarter of the commercial lines book. Value Creating insurers wrote a similar mix of standard lines, while a significant portion (39%) of the commercial lines book of Value Destroyers was spread over a number of smaller, more specialized lines.



Among these "other" lines, Sustainable Value Creators favored Reinsurance, Medical Malpractice, Product Liability, Mortgage & Financial Guaranty, and Other, while Value Destroyers were overweight in Inland & Ocean Marine, Allied Lines, Accident & Health, Farmowners, and Boiler & Machinery.

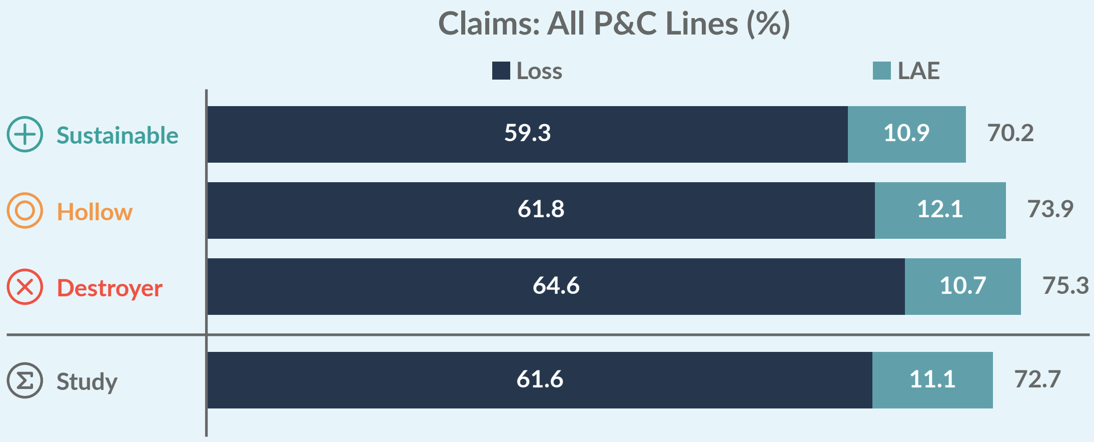
Combined with superior operating results, the business mix of Sustainable Value Creators demonstrates their superiority in choosing and managing the lines of business which they could write successfully.

FINANCIAL & OPERATING RESULTS: THE IMPACT OF TECHNOLOGY

A persistently low interest rate environment over the 20 years studied—especially in the aftermath of the 2007–2009 global financial crisis—pushed insurers to reexamine their core operations and adopt data and technology to enhance efficiency, productivity, and effectiveness. The COVID-19 pandemic accelerated this transformation, proving the necessity of digitalization even to the most reluctant carriers. Investments in cost reduction initiatives and process improvements, particularly in pricing and claims management, have materially strengthened the operating results of top performers. These gains reflect not just the adoption, but the committed and deliberate integration of new technological capabilities. As highlighted earlier, the informational advantage of scale and the strong correlation between digital maturity and performance reinforce the central role of technology in value creation—a reality that becomes even more evident when examining the financial and operating results of the top 100 carriers.

Loss Cost and LAE

Insurers must maintain a delicate balance of focus between loss costs and loss adjustment expenses (LAE). Typically, spending on these is inversely related – overemphasis on the management of claims payments will likely have a negative effect on customer satisfaction and retention, while underspending on LAE could lead to overpayment of claims. However, **Sustainable Value Creators continue to demonstrate a historically unprecedented ability to spend less in both loss and LAE.**

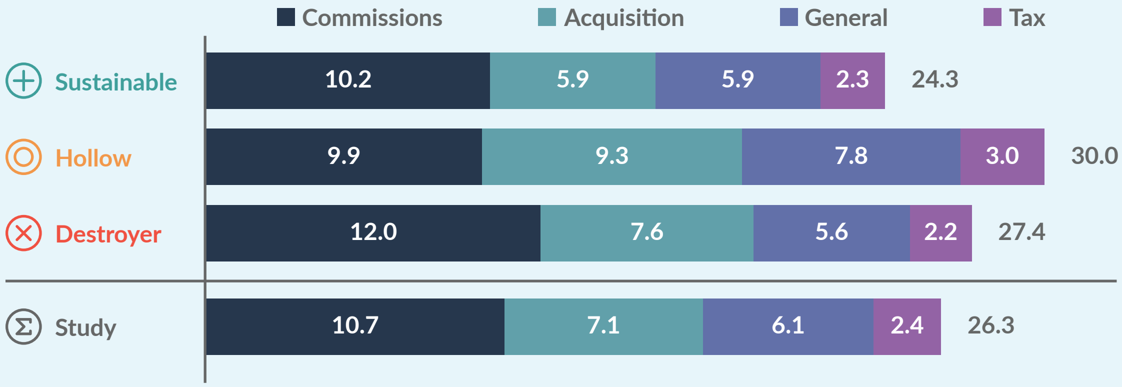


Sustainable Value Creators spent 59.3 cents of each premium dollar on loss costs, versus an average of 61.6, and 10.9 on LAE, versus 11.1. Overall, these carriers spent 70.2% of premium dollars on claims versus a top 100 average of 72.7%. Technologies such as data and analytics have enabled those who embrace them to "underpay to underpay."

Total Underwriting Expense

While commission ratios among Sustainable Value Creators were not materially different from the study average, these carriers spent significantly less on other acquisition expenses compared to other companies in the study. Hollow Value Creators had higher levels of back-office expenses versus the other cohorts and the top 100 average.

Underwriting: All P&C Lines (%)

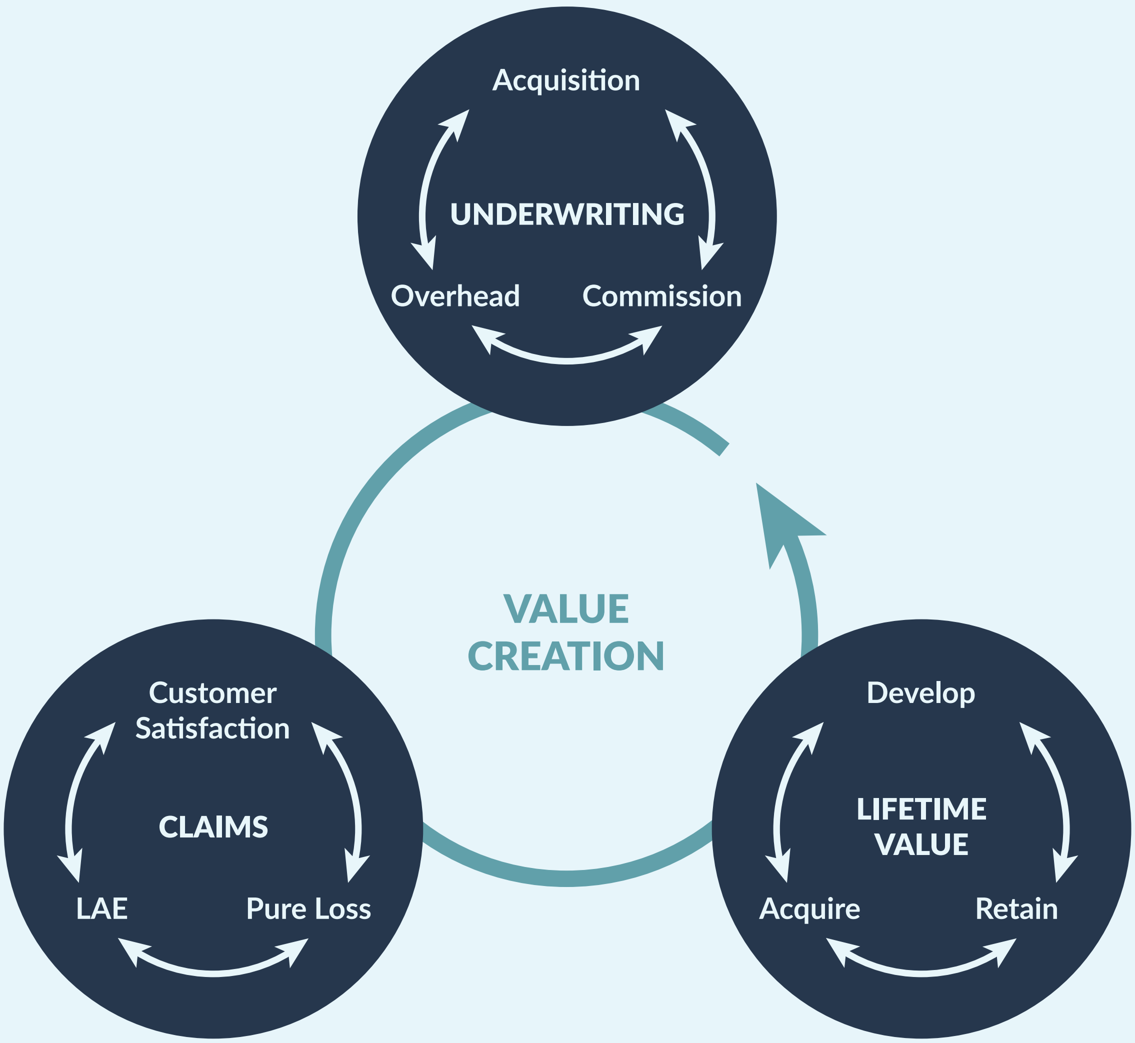


Total expenses of the Sustainable Value Creators (24.3) were substantially lower than Hollow Value Creators (30.0) and the top 100 overall (26.3). Again, **technology is the key to performance-driving efficiency.** Companies which have invested in technology to improve their back-office capabilities are able to cut their non-claims expenses significantly.

Sustainable Value Creators demonstrate remarkable consistency, delivering superior performance even amid shifting market conditions. Despite rising capital costs in recent years, 74% of this year's Sustainable Creators sustained that level of performance across all of the past five years. By contrast, many Hollow Value Creators identified in the 2020 study failed to maintain their position—68% either became Value Destroyers, were acquired, or dropped out of the top 100 altogether. Overall, the Value Destroyer cohort has grown more than fivefold, from 9% to 48% of the companies analyzed. This sharp increase underscores the risks of relying too heavily on investment income to mask underwriting losses, leaving insurers dangerously exposed to macroeconomic volatility.

STRATEGIES, TACTICS, AND CAPABILITY IMPERATIVES

Analysis of Sustainable Value Creators revealed consistent patterns in how they generate value and prioritize strategic initiatives, highlighting a shifting industry landscape. We identified three interconnected value levers that are consistently leveraged by these leading carriers.



Underwriting

Sustainable Value Creators focus on profitable, intelligent growth rather than simply expanding market share. These carriers harness vast data ecosystems and advanced analytics, including AI, to precisely target the right customers for acquisition, retention, and cross-selling. By integrating digital technologies with deep technical expertise, they deliver actionable insights at the right touchpoints in real time, optimize operational efficiency, and drive culture- and behavior-based change across the organization. Their approach emphasizes measurable impact, agility, and customer-centric decision-making, ensuring growth is sustainable and value-driven.

Claims

The strategic use of digital capabilities to enhance human performance emerged as a key differentiator. Claims, representing nearly 70% of premium dollars, remain a critical area where top performers separate themselves from the rest. Sustainable Value Creators strike a balance between loss payments and adjustment expenses while sustaining high levels of customer satisfaction. They achieve this by applying technology thoughtfully, automating processes where it adds value and leveraging data and insights across the entire claims lifecycle. Technology serves not as a replacement for human judgment but as a force multiplier, improving productivity and decision-making for claims teams. These carriers also align incentives and performance measures to reinforce behaviors that drive organizational objectives and desired outcomes.

Customer Lifetime Value

Sustainable Value Creators actively manage and optimize policyholder lifetime value by measuring and influencing long-term profitability, using strategies such as targeted cross-selling and upselling. While the typical personal P&C insurer achieves an average of 1.5 products per household, these value creators consistently maintain two products—and in some cases, five or more—per household. Their success stems from aligning sales and service delivery with both customer expectations and lifetime value potential. Technology, data, and advanced analytics are central to this approach, enabling carriers to leverage traditional and emerging sales and service channels, guided by real-time insights into customer behaviors and preferences.

Strategic Options

While P&C carriers pursue a wide range of strategies, they can generally be grouped into four primary categories. Historically, each Value Creator has chosen to focus deeply on a single strategy to maximize its impact.

Customer Intimacy: Insurance consumers have come to expect highly personalized service and tailored interactions. These expectations are shaped not only by experiences with other industries, but also by the proliferation of multiple digital and physical touchpoints. Carriers excelling in this strategy differentiate themselves by anticipating customer needs and delivering seamless, customized experiences.

Product Leadership: This strategy emphasizes the product development process, with a focus on accelerating speed to market and managing costs. Successful carriers in this category target unique or underserved risks and design products that competitors do not offer, creating a distinct market advantage.

Innovation: Rapid advances in technology—including connected devices, advanced analytics, communications tools, and modern IT infrastructure—enable new business models and open the door to non-traditional competitors. Carriers leveraging innovation can drive discontinuous change and capture substantial competitive advantage through novel approaches to underwriting, distribution, and customer engagement.

Operational Excellence: Insurers pursuing operational excellence compete primarily on efficiency. They implement lean processes, standardize operations, and align tasks, behaviors, measures, and incentives to achieve superior operational performance. Success in this category derives less from differentiated products or customer experiences and more from consistent, high-performing execution across the enterprise.

Customer Intimacy has long been central to the three key value levers discussed above, which explains why historically most Value Creators focused on this strategy. Today, however, sustainable value creation demands excellence across all four strategic dimensions. In a transformative moment for the industry, cumulative investments in technology now enable insurers to execute effectively on multiple fronts simultaneously. Leading carriers deliver a seamless and consistent customer experience across all touchpoints while remaining cost-competitive and offering differentiated products. They generate value across underwriting and claims and maximize customer lifetime value by increasing household share of wallet. This performance is driven by a strong commitment to innovation and a disproportionately high investment in technology to power insights, automation, and operational excellence.

THE PATH TO SUSTAINABLE VALUE CREATION

Managing an insurance business has always involved balancing tradeoffs. The ACORD U.S. P&C Value Creation Study demonstrates that cumulative technology investments are reshaping these tradeoffs: automation and advanced data analytics now allow carriers to achieve more with fewer resources. For insurers pursuing sustainable value creation, success hinges on adherence to three overarching principles that guide strategy, operations, and customer engagement.

Aligning Strategy and Capabilities: Excelling in a single strategy is no longer sufficient—insurers must build the capabilities to execute across all key strategic dimensions. Sustainable Value Creators deliberately invest in processes, organizational structures, and technologies that are purposefully aligned to support one or more of the core insurance strategies.

Execution Excellence: Insurance is fundamentally an execution-driven business. Sustainable Value Creators excel by carefully managing customer relationships while selecting the right risks, focusing deliberately on specific lines of business, and optimizing financial levers—investing appropriately in distribution partners while controlling claims and loss adjustment expenses. Their approach demonstrates the powerful, multiplicative effect of combining technology with deep expertise.

Change, Talent & Culture: Today's environment demands more than decision-based change—it requires behavior-based transformation: the ability to adapt, adopt new tools, work differently, and sometimes pursue entirely new approaches. Sustainable Value Creators consistently attract, retain, and develop top talent while fostering a culture of innovation and customer service that supports long-term value creation.

Standardized Data Exchange: Sustainable Value Creators overwhelmingly tended to leverage the benefits of ACORD Standards and other assets for standardized data exchange. Accumulating a critical mass of data has become trivial — the challenge lies in ensuring that it is accurate, timely, and available at the moment of value. Standardization of data is the foundational first step to making it consistently consumable wherever and whenever it will have maximum impact.

ABOUT ACORD

ACORD is the global standards-setting body for the insurance industry. For over 50 years, we have been an industry leader in identifying ways to help our members make improvements across the insurance value chain. ACORD facilitates fast, accurate data exchange and efficient workflows through the development of electronic standards, standardized forms, and tools to support their use.

ACORD currently engages more than 36,000 participating organizations spanning over 100 countries, including insurance and reinsurance companies, agents and brokers, software providers, financial services organizations, and industry associations. ACORD maintains offices in New York and London.

Learn more at www.acord.org.

All data in this report are sourced from S&P Global and 2025 ACORD analysis.

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