



Compensation  
Advisory Partners

Industry Report // 2023 Performance Update

# Insurance

Our Q2 Performance Update to the 2023 insurance industry report examines year-to-date 2023 financial performance and implications on executive compensation. Our sample of insurers represents 19 of the largest Property & Casualty (P&C) and Life & Health (L/H) Insurance companies.

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Our Q2 Performance Update to the 2023 insurance industry report examines year-to-date 2023 financial performance and implications on executive compensation. Our sample of insurers represents 19 of the largest Property & Casualty (P&C) and Life & Health (L/H) Insurance companies. Median revenue of these companies is approximately \$19B.

	1H 2022 - 1H 2023 Growth (Median)							S&P 500 Median TSR <sup>1,2</sup>
	Revenue	Premiums	Net Investment Income	Catastrophe Losses	Operating Income	Operating ROE	TSR <sup>1</sup>	
Property & Casualty (n=10)	+11.9%	+9.6%	+17.2%	+89.8%	-5.4%	-0.3%	-7.2%	+8.1%
Life & Health (n=9)	+2.1%	—	+5.7%	—	-0.4%	+0.5%	-0.8%	
All Companies (n=19)	+10.3%	+9.6%	+9.2%	+89.8%	-0.6%	-0.2%	-5.7%	
	2021 - 2022 Growth (Median)							S&P 500 Median TSR <sup>2</sup>
	Revenue	Premiums	Net Investment Income	Catastrophe Losses	Operating Income	Operating ROE	TSR	
Property & Casualty (n=10)	+4.3%	+10.1%	-5.3%	+0.8%	-14.9%	-2.3%	+14.9%	-13.3%
Life & Health (n=9)	-4.1%	—	-8.3%	—	-11.7%	-1.5%	+20.1%	
All Companies (n=19)	+0.0%	+10.1%	-6.3%	+0.8%	-14.9%	-2.1%	+18.4%	

1. Total shareholder return for 2023 is measured between January 1 and August 31.

2. Total shareholder return for the S&P 500 is the median return of all current S&P 500 constituents.

## Key Observations

- Top-line growth has been strong for the first half of 2023 vs. prior year second quarter results. P&C companies have particularly done well, with revenues increasing +11.9% so far year-over-year in 2023 compared to +4.3% for the full year 2022. Premium growth for P&C insurers has remained strong this year. L/H companies have also increased revenues but at a slower rate compared to P&C insurers (only +2.1%), following a 4.1% decrease in 2022.
- Net Investment Income has increased +9.2% in the first half of 2023 for the full sample, in contrast to a decline of 6.3% for the full year 2022.
- Similar to last year, however, operating profitability continued to slowly erode, with Operating Income and OI ROE decreasing -0.6% and -0.2%, respectively, for the full sample. Operating Income for P&C insurers was impacted more and is down 5.4% for the first half of the year. These decreases are smaller than in 2022 (-14.9% and -2.1%, respectively), yet operating results remain down considerably from 2021.
- The pressure on operating results for P&C is impacted by increasing catastrophe losses (CATs), which may hit historic highs by the end of 2023. For the first half of 2023, CATs increased +89.8% from the first half of 2022 after remaining relatively flat last year. Almost half of the P&C companies in our sample have already reported more CATs in the first half of 2023 than the annual average over the preceding five years.
- Operating performance has hurt share prices for insurers in 2023 thus far. Through August 31, share prices for P&C and L/H companies are down -7.2% and -0.8% respectively, significantly down compared to 2022 returns and lower than the S&P 500 median returns of +8.1% in 2023 during the same August 31 period.

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- Operating income is a key measure of success for insurance companies and the most prevalent metric used to fund annual incentives, typically in conjunction with other operating metrics. As such, the current expectation is for more moderate annual incentive funding for 2023 performance among insurers, with many companies

funding below target for financial results. The degree to which premium growth and/or other strategic results factor into overall payouts will also influence overall incentive funding.

- With respect to long-term incentives that pay out for performance ending 2023, year end stock prices will have a significant impact on the value of such awards

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## CAP's Insurance Sample

### P&C Companies

Allstate Corporation

American International Group, Inc.

Chubb Limited

Cincinnati Financial

CNA Financial Corporation

Hanover

Hartford Financial Services Group

Progressive Corp.

Travelers Companies, Inc

W.R. Berkley.

### Life & Health Companies

Aflac Incorporated

Genworth Financial, Inc

Globe Life

Lincoln National Corporation

Manulife Financial Corporation

MetLife, Inc.

Principal Financial Group Inc.

Prudential Financial, Inc.

Unum Group



## Compensation Advisory Partners

Please contact us at (212) 921-9350 or [info@capartners.com](mailto:info@capartners.com) if you have any questions about the issues discussed above or would like to discuss your own executive compensation issues. You can access our website at [www.capartners.com](http://www.capartners.com) for more information on executive compensation.