THE MUTUAL FACTOR 2025

HOW PERFORMANCE, STRUCTURE, AND FOCUS SET MUTUAL INSURANCE COMPANIES APART

NAMIC®
NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES
AON

THE MUTUAL FACTOR CONTRIBUTORS

NEIL ALLDREDGE
President & CEO
NAMIC

SARAH SCHNETTLER
Senior Vice President, Member Experience
NAMIC

JESSICA ARBITTIER
Senior Managing Director
Aon Reinsurance Solutions

ENRICO LEO
Senior Managing Director
U.S. Head of Rating Agency Advisory
Aon Reinsurance Solutions

PATRICK ABBE
Executive Managing Director
U.S. Regional and Mutual Segment Growth Leader
Aon Reinsurance Solutions

ABOUT AON

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business. Follow Aon on X and LinkedIn. Stay up-to-date by visiting the Aon Newsroom and sign up for News Alerts here.

ABOUT NAMIC

The National Association of Mutual Insurance Companies consists of more than 1,300 member companies, including six of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write $383 billion in annual premiums and represent 61 percent of homeowners, 48 percent of automobile, and 25 percent of the business insurance markets.

TABLE OF CONTENTS

FOREWORD

NAMIC and Aon are pleased to release the eighth edition of the Mutual Factor report, which follows the release of the midyear report issued in late June. The following pages share a unique perspective on the impact that the past several months have had on our industry.

The analysis in this publication follows a data-driven framework to highlight mutual company results and the strength of the industry in 2024. Segmentation by region, sector, and line of business allows deeper insights into performance by different types of companies.

Overall, the report highlights how mutual insurers remain very well capitalized and have begun to close the combined ratio gap with stock insurers. Mutual insurers also grew surplus at a faster rate than stock companies. Additionally, personal lines and commercial lines companies' results are the closest they have been since 2020, highlighting the positive impacts of portfolio changes that have been implemented the last several years.

The corresponding consumer sentiment survey, which focuses on commercial insurance buyers, highlights how the mutual segment stacks up to the stock segment in terms of familiarity and favorability. Overall, commercial insurance consumers are more familiar with and have more favorable impressions of mutuals than stocks. The buyers participating in the 2025 survey are more familiar with and have more favorable impressions of commercial insurers than those surveyed in 2019. In fact, those numbers rose by 13% and 17%, respectively.

While there is no shortage of challenges facing mutual insurers in the months and years ahead, this segment remains committed to maintaining sound financials and delivering for policyholders. We hope this report will be used to benchmark individual company results and understand the challenges and opportunities presented by the industry.

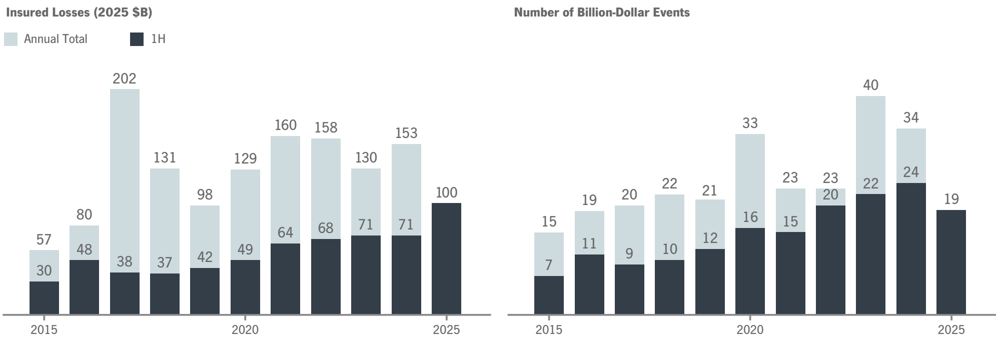
EXECUTIVE SUMMARY OF FINDINGS

2025'S FIRST HALF INSURED LOSSES SECOND HIGHEST ON RECORD

Global insured losses from natural disaster events in 1H 2025 are preliminarily estimated to reach at least $100 billion, the highest since 2011 ($140 billion) and the second-highest figure on record. The 21st-century average ($41 billion) and median ($37 billion) were substantially exceeded. The year-to-date total already places 2025 in the top 11 years. Additional cat activity in the second half of the year will likely place it higher. In the last 10 years, 2H losses averaged $78 billion. They peaked in 2017 at $164 billion and were the lowest in 2015 at $27 billion.

Insured losses were driven by the destructive California wildfires in January, with total insured losses estimated at more than $40 billion. At least 19 events, 18 of which occurred in the United States, surpassed $1 billion in insured losses.

1H Global Insured Losses



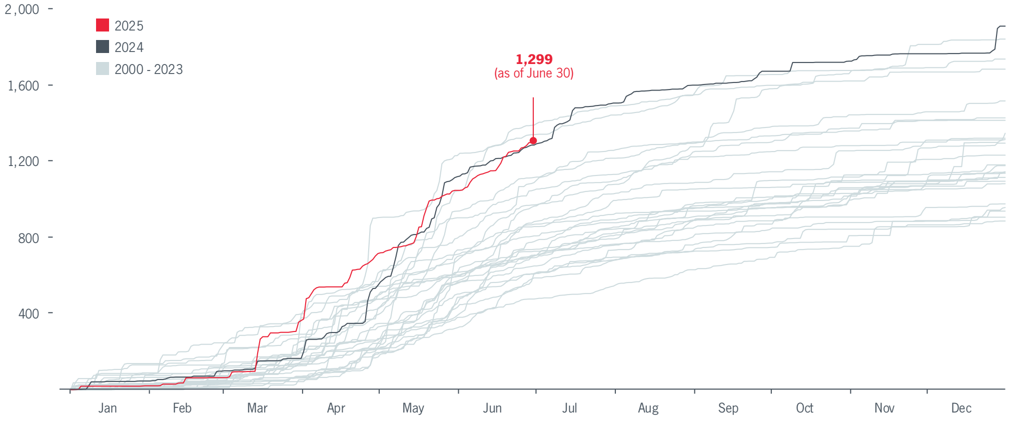
Data: Aon Catastrophe Insight

Top Five Costliest Insured Loss Events in 1H 2025

Date	Event	Location	Fatalities	Insured Loss ($B)
01/07-01/28	Palisades Fire	United States	12	23.0
01/07-01/28	Eaton Fire	United States	18	17.5
03/14-03/16	Severe Convective Storm	United States	43	8.0
05/14-05/16	Severe Convective Storm	United States	30	8.0
05/17-05/20	Severe Convective Storm	United States	0	4.0

HIGH TORNADO ACTIVITY CONTINUES IN 2025

Similar to 2024, tornadic activity in 2025 has been remarkably high. Through June 30, the Storm Prediction Center recorded 1,299 total preliminary tornado reports in the United States. This figure is pacing slightly ahead of 2024, which had 1,285 reports by June 30. Notably, 2025 now has the third-most preliminary tornado reports on record for 1H since 2000, trailing only 2008 (1,340 reports) and 2011 (1,390 reports). At the current pace, 2025 will almost certainly be among the top 10 most active years for tornadoes since 2000 from a full-year perspective.



Data: NOAA

BUILDING RESILIENCE FOR FUTURE SCS EVENTS

As severe convective storm-related impacts continue to increase, better research into building resilience is vital for insurers to adequately manage their risk and mitigate future losses. One such study recently conducted by the Insurance Institute for Business & Home Safety focused on asphalt shingle roofs, which cover 75% of all single-family homes in the United States. Despite the advertised 20- to 25-year lifespan of asphalt shingle roofs, findings from the IBHS determined that this material is susceptible to SCS-related damage, especially straight-line wind damage, as early as eight to 10 years after installation. In fact, the probability of damage for a 10-year-old asphalt roof was 100% for storms that produced wind speeds above 100 mph (160 kph).

STRATEGIES FOR ACHIEVEING PROFITABLE GROWTH

With mutual insurers having implemented several portfolio changes the last few years and adjusted to current reinsurance retention levels, many are now focusing on future growth opportunities and strategies for their organizations.

Insurance company leaders are tasked by their boards and stakeholders with maintaining hard-fought gains and delivering profitable growth. This is heightened in a market where pressure is building from evolving risks that range from climate to geopolitical tensions to inflation.

Against this challenging backdrop, how do insurers:

- Hold on to profitable and strategically important business when the supply of capital is out-stripping demand and placing downward pressure on rates?
- Deal with problematic areas before they become detrimental to the performance of the company?
- Identify new opportunities to diversify and establish future sources of profit?

Aon analyzed the performance of 100 (re)insurers across the globe operating in different property/casualty insurance market segments. The results show higher growth is correlated with higher returns, especially when insurers reach a level of scale and maturity. The study also found that size is not the primary determinant of success and that insurers can deliver impressive returns with selective and client-focused strategies.

Aon's analysis identified seven key traits of these outperforming companies:

Category	Best-in-Class Insurers	Insurers With Lower Returns
Risk Appetite	Clarity on risk tolerance, well-defined risk appetite, and corresponding portfolio strategies	Reactive to market shocks; risk decisions follow disruptions; mis-timing exit and entry; miss out on opportunities
Speed and Agility	Fast to enter and expand in new risk categories; secure first-mover advantages with lasting financial benefits	Slow to respond to trends and opportunities; hesitant in unpredictable markets and exploiting favorable conditions
Data and Analytics	Advanced data and analytics with third-party sources and technology investment	Reliance on internal expertise and data; in-house tech/obsolete systems and insular insights
Underwriting	Innovative underwriting techniques reduce acquisition costs through automation and participation in broker facilities	Traditional underwriting over automation; cautious of algorithmic approaches and market-following strategies
Talent	Unites top underwriting, claims, and actuarial talent with a common goal; diverse experts from within/beyond the industry	Struggles to attract top talent, relies on long-tenured staff, and has reward structures that reinforce silos and risk aversion
Distribution	Effective distribution guiding underwriters to opportunities, helping brokers and clients through challenging renewals, and setting clear expectations early	Brokers at arm's length to maintain underwriting objectivity; incomplete information and uncertainty
Capital	Analytics-driven strategies that flex between available sources of capital in response to market conditions	Inconsistent reinsurance strategies lead to higher costs of capital, lack of transparency with reinsurers, and a lower quality panel

Evidence-based decision-making underpins these seven categories and is critical to survival and success in volatile markets.

Leaders who have access to reliable and robust information and business intelligence as well as the changing context in which they operate will be the winners.

It’s important to set a coherent strategy, risk appetite, and target portfolio so leadership teams can proactively manage stakeholder expectations. Those who act fast stand the best chance of setting a trajectory to top-quartile performance.

THREE ACTIONS TO TAKE TODAY TO SUSTAIN PROFITABLE GROWTH

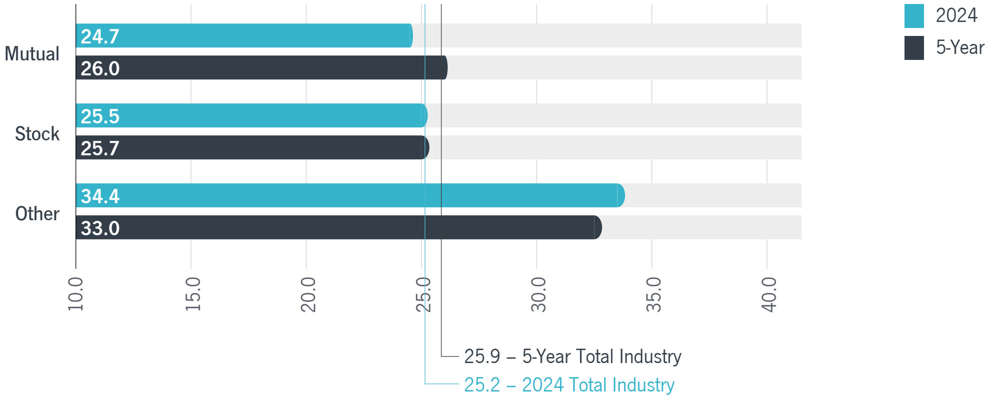
The best insurers make forward-looking decisions grounded in data and analytics. Leaders do the hard work to structure a clear-headed approach to sustaining profitable growth, putting them in the best possible position to protect and maintain their results through the market cycle. These three actions can help guide you along the way:

1. Define a clear strategic vision: What do you want to be known for? How do clients and the market see you today? What are the key characteristics to be successful? Identify sources of data on market opportunities and build robust, profitable growth strategies.
2. Invest in data and analytics: Recruit data- and tech-savvy people - from outside the industry, if necessary - and upgrade technology to augment decision-making across the business, especially at the point of underwriting.
3. Create an enterprise profitable growth capability: Bring together cross-functional expertise and be scientific about growth. Examine all the inputs required for a robust decision-making framework to maximize returns on capital.

THE STATE OF MUTUALS

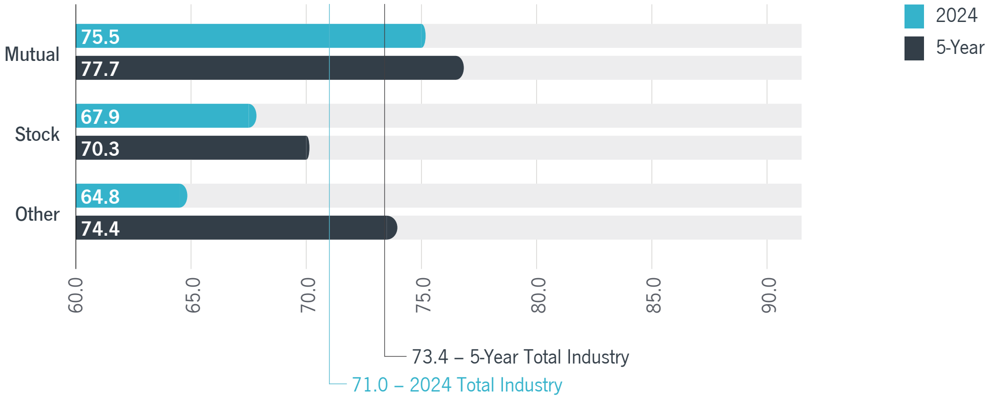
EXPENSE RATIO (%)

Mutual insurers’ expense ratio is 24.7%, which is about one point lower than stock insurers’ expense ratio of 25.5% in 2024. This represents an improvement of about 40 basis points for mutual insurers, and a deterioration of about 70 basis points for stock insurers compared to 2023. On a five-year basis, however, the expense ratio for mutuals is 26.0%, which is about 30 basis points higher when compared to 25.7% for stock insurers.



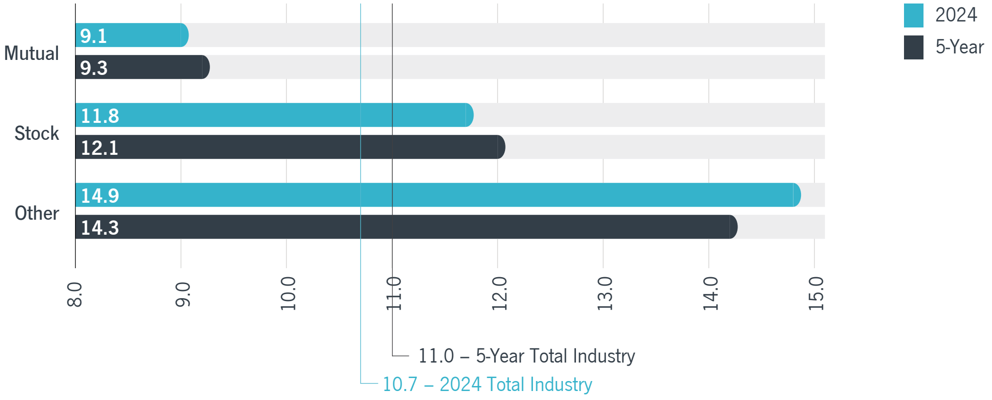
LOSS & LAE RATIO (%)

Mutual insurers typically pay out a higher share of each premium dollar in claims and claim-related expenses, known as loss adjustment expenses or LAE, than stock insurers. In 2024, mutual insurers paid out 75.5% of each premium dollar for claims and claim-related expenses compared to 67.9% for stock insurers. The delta of nearly 7.6 points between the two is a large improvement from 2023 results, which saw the loss and LAE ratio for mutual insurers (84.0%) 13 points higher than stock insurers (71.1%). Results for 2024 are more in line with the results on a five-year basis.



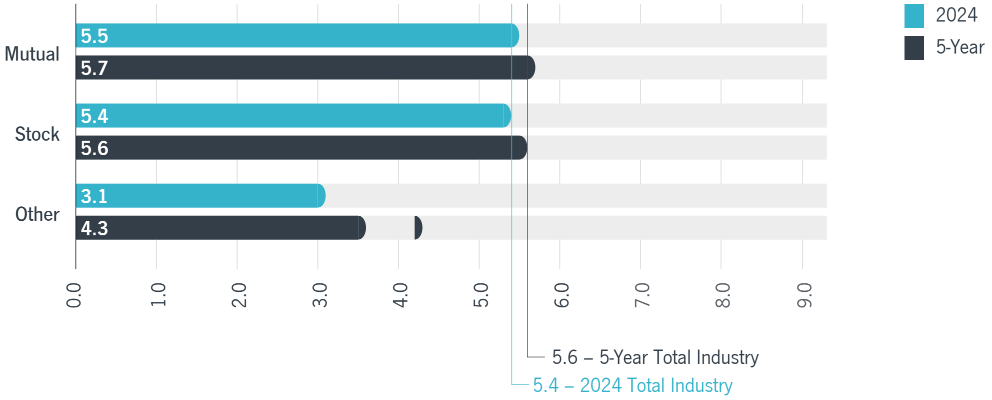
NET COMMISSION RATIO (%)

Mutual insurers' commission expense ratio (9.1%) is about 2.7 points better than stock insurers (11.8%) for 2024, reflecting the benefit that business mix and type of distribution has on the commission structure for large mutual insurers. The difference between mutual and stock results are similar on a five-year basis - 9.3% and 12.1%, respectively.



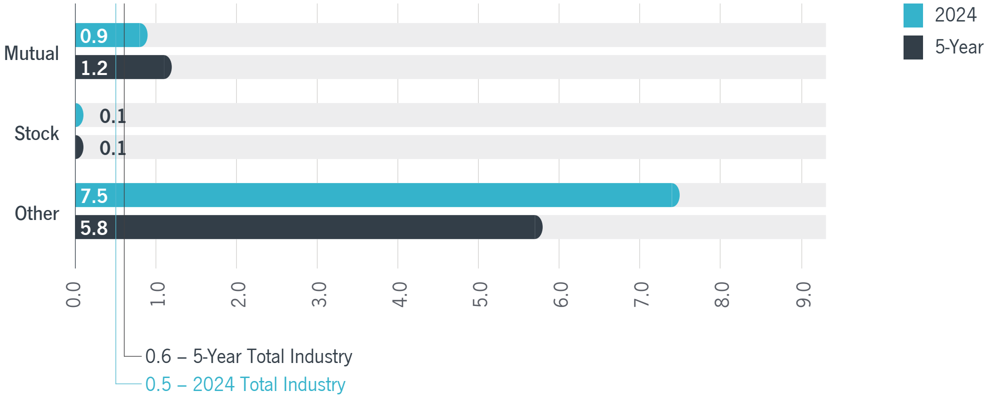
DIRECT GENERAL EXPENSE RATIO (%)

General expenses reflect the cost of underwriting and servicing policies. Expressed as a ratio to direct premiums written, this ratio in 2024 is 5.5% for mutual insurers and 5.4% for stock insurers. On a five-year basis, the result for mutuals and stocks is similar to 2024 at 5.7% and 5.6%, respectively.



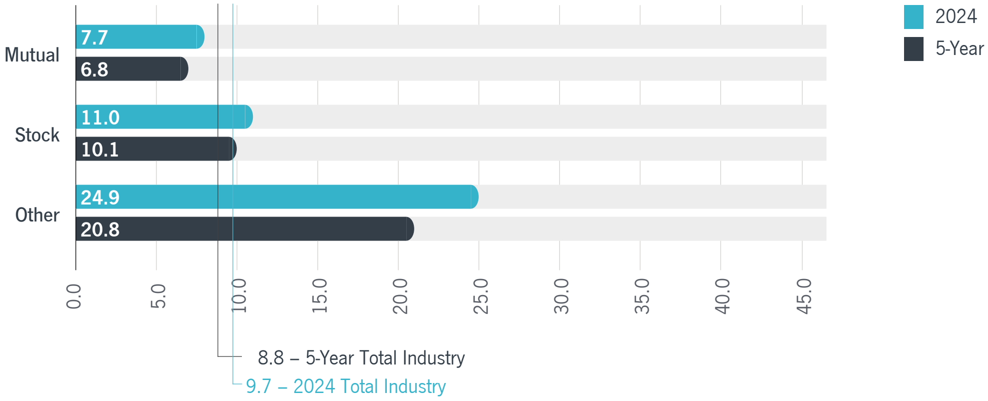
DIVIDEND RATIO (%)

Paying dividends to policyholders is much more common among mutuals than stock companies, reinforcing the fact that mutual policyholders are also the companies' owners. In 2024, mutual insurers paid dividends to policyholders equal to 0.9% of net premiums compared to 0.1% for stock companies, with the total industry falling within the median at 0.5% for the year. Mutual companies reported less in their dividend ratio in 2024 when compared to the recent five-year period (1.2%) as companies return to underwriting profitability. Dividend payments remain consistent for stocks over five years. Policyholder dividends are an important customer retention tool for some mutuals and can also represent a reward and incentive for policyholders who file few, if any, claims.



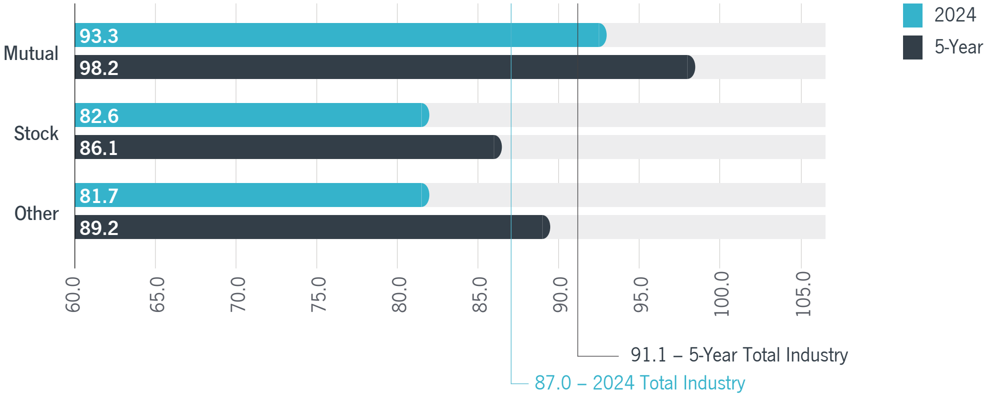
NET INVESTMENT INCOME RATIO (%)

The net investment income ratio for mutual insurers in 2024 stood at 7.7%, below the 11.0% recorded for stock insurers. The same trend can be identified on a five-year average, where the net investment income ratio for mutuals is 6.8%, which is lower than stocks' 10.1%. The lower figure reflects, in part, the mutual segment's more conservative approach to investing and lower asset leverage. The high net investment ratio for other types of insurers is a result of state funds and higher asset leverage to back long-tailed reserves.



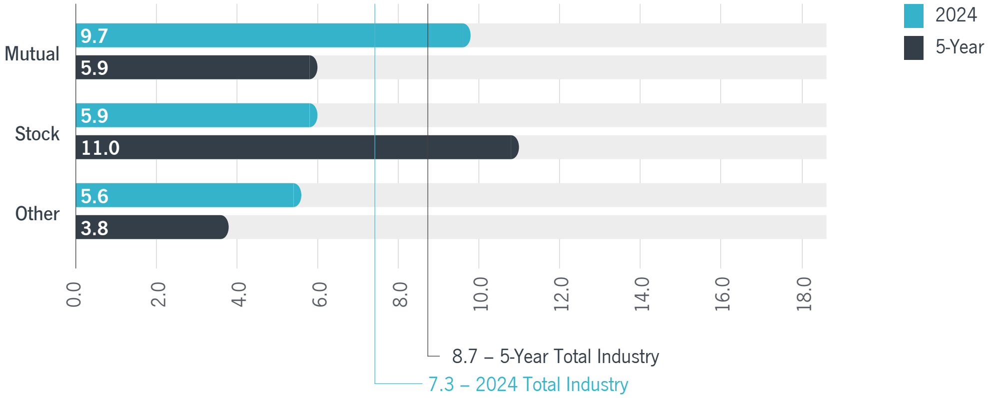
OPERATING RATIO (%)

The operating ratio for mutual insurers in 2024 is approximately 10.7 points higher than for stock insurers. This delta closed about 5 points compared to 2023. Over the last five years, mutual insurers' operating ratio is 12 points higher than stock insurers. This emphasizes the combined effects of higher loss ratios and a lower investment income ratio.



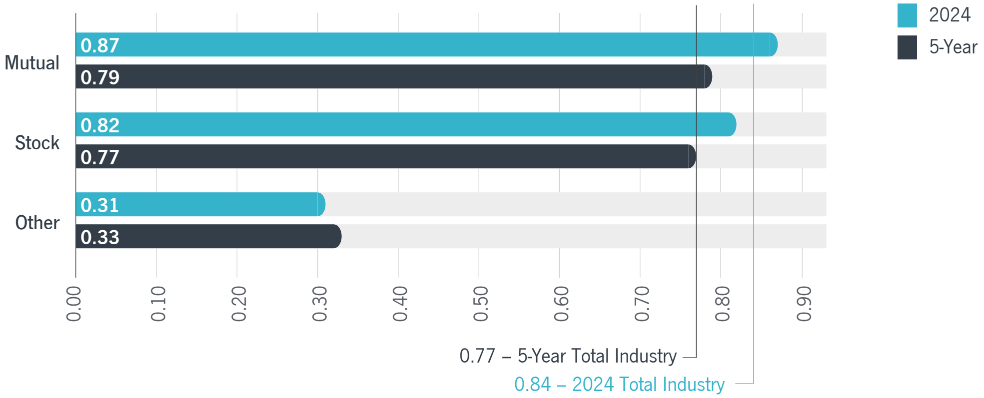
CAPITAL AND SURPLUS GROWTH (%)

Surplus grew for the entire industry by 7.3%, which is a little more than 1 point higher than the growth experienced in 2023. The mutual segment grew by nearly 4 points more than their stock counterparts in 2024. The last five years showed positive surplus growth for both mutuals (5.9%) and stocks (11%).



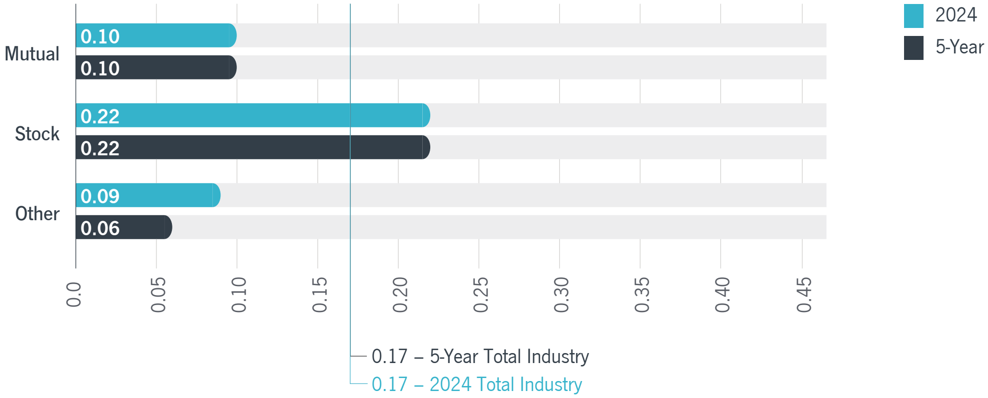
NET WRITTEN PREMIUM TO SURPLUS RATIO (%)

Historically, mutual insurers operate with slightly less leverage than stock insurers. This means that mutual insurers carry more surplus, i.e., claims-paying capital, per dollar of net written premium. In 2024, mutual insurers held $1.14 in surplus for every $1 in net written premiums received while stock insurers held $1.22 in surplus for every $1 in net written premiums received. These amounts are similar to the total industry, which is $1.20 in surplus for every $1 in net written premiums as of YE24.



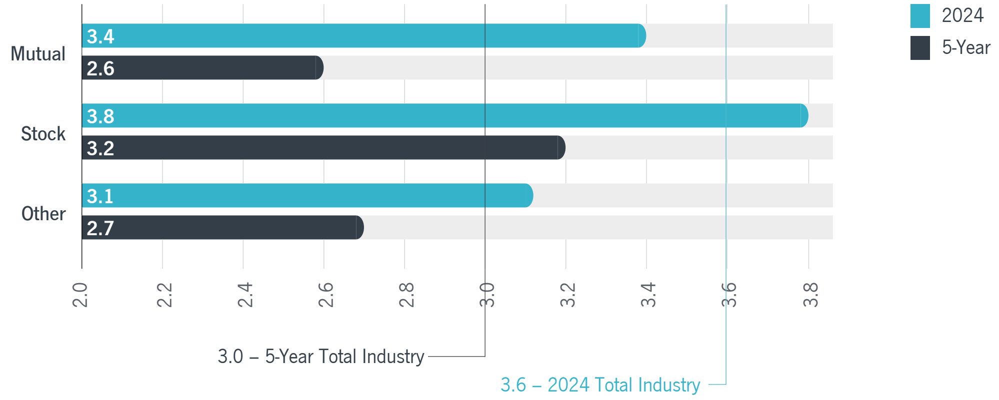
CEDED-TO-DIRECT WRITTEN PREMIUM RATIO (%)

Ceded-to-direct written premium shows how much reinsurance is purchased relative to a company's direct writings. Mutual insurers are ceding about 10% of their direct writings while stock companies are ceding about 22% for 2024. This is consistent year over year and is reflected in the five-year results.



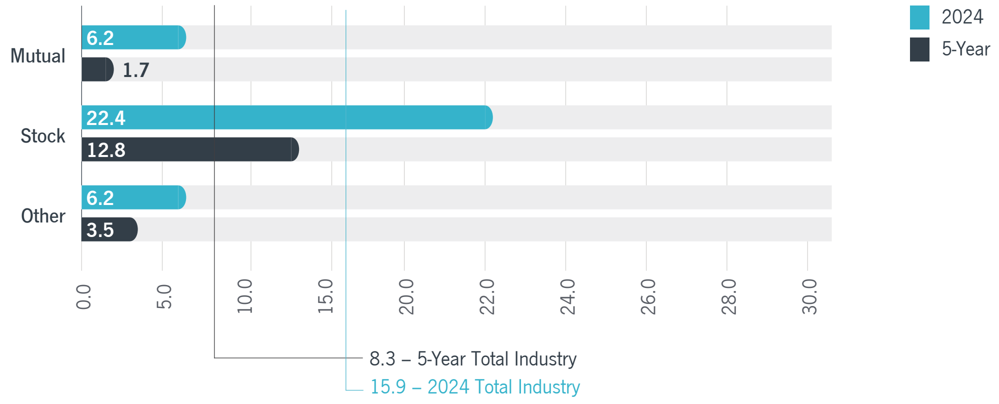
NET YIELD ON INVESTED ASSETS (%)

Net yield on invested assets for the industry in 2024 is 3.6%, which is slightly higher compared to the five-year average of 3.0%. This reflects the early impact of increased interest rates, relative to recent history.



RETURN ON AVERAGE EQUITY (C&S) (%)

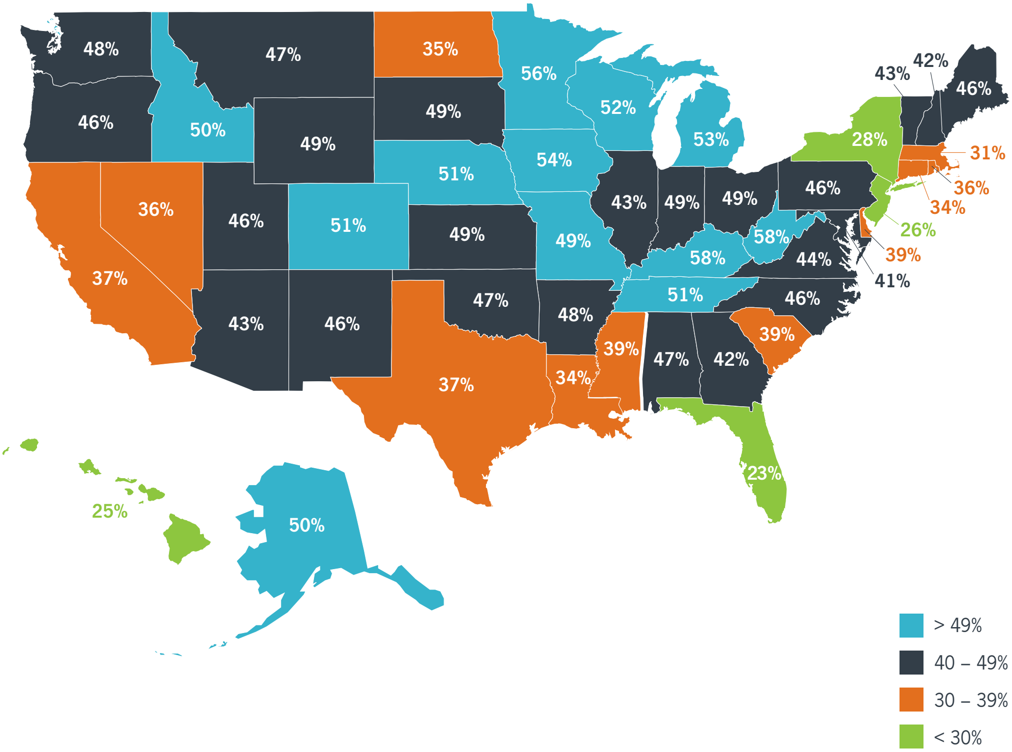
Profitability across the entire property/casualty insurance industry increased by nearly 8 points year over year in 2024 as premium increases continued to earn in. Return on average equity (capital and surplus) is lower within the mutual segment, primarily due to the fact that mutuals paid out more in claims and claim-related expenses and tend to invest more conservatively.



MUTUAL STATE MARKET SHARE (%)

In 2024, mutuals owned 40% of the property/casualty market in the United States while the stock and other segments owned 59% and 1%, respectively.

Although the mutual segment has a smaller share of the market than the stock segment, mutuals have a consistent market share presence throughout the United States. Mutuals have the majority of the market share in 12 states and at least 40% in another 23 states. The states with more mutual company presence are in the Midwest. In the four states, plus District of Columbia, where the mutual segment's market share is lower than 30%, premiums are typically written by larger national stock insurers such as Allstate, Travelers, Zurich, The Hartford, and Progressive.



2024 RAW DATA[1]

AGGREGATE UNDERWRITING RATIOS

	SEGMENT			
	MUTUAL	STOCK	OTHER	TOTAL
Net Written Premium ($)	385,008,240	542,525,552	4,295,085	931,828,877
Net Earned Premium ($)	371,893,191	525,456,686	4,161,945	901,511,822
Expense Ratio (%)	24.7	25.5	34.4	25.2
Loss & LAE Ratio (%)	75.5	67.9	64.8	71.0
Dividend Ratio (%)	0.9	0.1	7.5	0.5
Combined Ratio (%)	101.0	93.6	106.6	96.7
Net Investment Income Ratio (%)	7.7	11.0	24.9	9.7
Operating Ratio (%)	93.3	82.6	81.7	87.0

ADDITIONAL AGGREGATE METRICS

	SEGMENT			
	MUTUAL	STOCK	OTHER	TOTAL
Net Written Premium ($)	385,008,240	542,525,552	4,295,085	931,828,877
Direct Written Premium ($)	417,772,323	627,159,476	14,800,491	1,059,732,289
Dir. Commission & Brokerage Exp. ($)	42,884,785	77,117,689	1,193,161	121,195,635
Ceded Reins: Premiums Ceded ($)	40,500,590	136,630,343	1,278,482	178,409,415
Gross Written Premiums ($)	427,213,966	712,873,999	15,112,066	1,155,200,031
Surplus ($)	441,016,353	659,803,662	13,868,966	1,114,688,982
Net Total Assets ($)	1,058,156,709	1,906,804,419	37,073,970	3,002,035,098
Net-to-Direct Written Premium Ratio	0.92	0.87	0.29	0.88
Ceded-to-Direct Written Premium Ratio	0.10	0.22	0.09	0.17
Ceded-to-Gross Written Premium Ratio	0.09	0.19	0.08	0.15
Net Commission Ratio (%)	9.1	11.8	14.9	10.7
Dir. Com. & Brokerage Exp. Ratio (%)	10.3	12.3	8.1	11.4
Direct General Expense Ratio (%)	5.5	5.4	3.1	5.4
Capital & Surplus Growth (%)	9.7	5.9	5.6	7.3
Net Written Premium to Surplus Ratio	0.87	0.82	0.31	0.84
Dir. Written Premium to Surplus Ratio	0.95	0.95	1.07	0.95
Pretax Return on Revenue (%)	6.0	16.7	18.2	12.3
Return on Average Equity (C&S) (%)	6.2	22.4	6.2	15.9
Return on Average Assets (%)	2.6	7.7	2.3	5.9
Net Yield on Invested Assets (%)	3.4	3.8	3.1	3.6

Source: S&P Global Market Intelligence

[1] Some totals have been rounded up or down

FIVE-YEAR RAW DATA*

AGGREGATE UNDERWRITING RATIOS

	SEGMENT			
	MUTUAL	STOCK	OTHER	TOTAL
Net Written Premium ($)	321,088,831	461,452,086	3,683,906	786,224,822
Net Earned Premium ($)	310,760,766	444,909,579	3,538,274	759,208,619
Expense Ratio (%)	26.0	25.7	33.0	25.9
Loss & LAE Ratio (%)	77.7	70.3	74.4	73.4
Dividend Ratio (%)	1.2	0.1	7.8	0.6
Combined Ratio (%)	105.0	96.2	115.2	99.9
Net Investment Income Ratio (%)	6.8	10.1	26.0	8.8
Operating Ratio (%)	98.2	86.1	89.2	91.1

AGGREGATE UNDERWRITING RATIOS

	SEGMENT			
	MUTUAL	STOCK	OTHER	TOTAL
Net Written Premium ($)	321,088,831	461,452,086	3,683,906	786,224,822
Direct Written Premium ($)	348,124,984	523,955,420	11,502,960	883,583,364
Dir. Commission & Brokerage Exp. ($)	36,137,089	65,091,812	715,647	101,944,549
Ceded Reins: Premiums Ceded ($)	34,075,180	113,125,285	747,316	147,947,780
Gross Written Premiums ($)	356,115,444	597,874,247	11,712,007	965,701,698
Surplus, Five-Year Average ($)	408,631,416	599,570,640	12,743,607	1,020,945,663
Net Total Assets ($)	948,113,245	1,696,593,221	36,080,512	2,680,786,978
Net-to-Direct Written Premium Ratio	0.92	0.88	0.32	0.89
Ceded-to-Direct Written Premium Ratio	0.10	0.22	0.06	0.17
Ceded-to-Gross Written Premium Ratio	0.10	0.19	0.06	0.15
Net Commission Ratio (%)	9.3	12.1	12.3	11.0
Dir. Com. & Brokerage Exp. Ratio (%)	10.4	12.4	6.2	11.5
Direct General Expense Ratio (%)	5.7	5.6	3.6	5.6
Capital & Surplus Growth (%)	5.9	11.0	3.8	8.7
Net Written Premium to Surplus Ratio	0.79	0.77	0.29	0.77
Dir. Written Premium to Surplus Ratio	0.85	0.87	0.90	0.87
Pretax Return on Revenue (%)	1.3	13.2	8.6	8.3
Return on Average Equity (C&S) (%)	1.7	12.8	3.5	8.3
Return on Average Assets (%)	0.7	4.5	1.2	3.1
Net Yield on Invested Assets (%)	2.6	3.2	2.7	3.0

*Five-year data represents data from 2020 through 2024

TOP TEN STATS & FACTS

TOP TEN MUTUAL WRITERS

RANK			GROUP/COMPANY	DIRECT WRITTEN PREMIUM ($000)	OVERALL RANK			MARKET SHARE
2024	2023				2024	2023		
1	1	▶	State Farm	$108,976,155	1	1	▶	10.3
2	2	▶	Liberty Mutual	$44,138,829	5	5	▶	4.2
3	3	▶	USAA	$36,134,506	7	7	▶	3.4
4	4	▶	Farmers Insurance	$28,288,709	9	9	▶	2.7
5	5	▶	Nationwide	$17,693,031	11	10	▼	1.7
6	6	▶	American Family Insurance	$17,618,190	12	14	▲	1.7
7	7	▶	Auto-Owners Insurance	$15,543,155	15	16	▲	1.5
8	8	▶	Erie Insurance	$11,950,797	18	19	▲	1.1
9	10	▲	Auto Club Exchange	$8,146,853	24	29	▲	0.8
10	11	▲	CSAA Insurance Exchange	$7,601,062	26	36	▲	0.7

Source: S&P Global Market Intelligence

TOP TEN MUTUAL WRITERS OF PERSONAL AUTO

RANK			GROUP/COMPANY	DIRECT WRITTEN PREMIUM ($000)	OVERALL RANK			MARKET SHARE
2024	2023				2024	2023		
1	1	▶	State Farm	$67,748,192	1	1	▶	18.8
2	2	▶	USAA	$22,135,830	5	5	▶	6.2
3	4	▲	Farmers Insurance	$13,492,655	6	7	▲	3.8
4	3	▼	Liberty Mutual	$11,741,471	7	6	▼	3.3
5	6	▲	Auto Club Exchange	$6,465,137	9	10	▲	1.8
6	5	▼	American Family Insurance	$6,174,180	10	9	▼	1.7
7	9	▲	Auto-Owners Insurance	$5,044,692	11	13	▲	1.4
8	8	▶	Erie Insurance	$5,007,234	12	12	▶	1.4
9	7	▼	Nationwide	$4,800,875	13	11	▼	1.3
10	10	▶	CSAA Insurance Exchange	$4,759,667	14	14	▶	1.3

Lines of business for this table include: 19.1 Pvt Pass Auto No-Fault, 19.2 Oth Pvt Pass Auto Liab, and 21.1 Pvt Pass Auto Phys Damage | Source: S&P Global Market Intelligence

TOP TEN STATS & FACTS

TOP TEN MUTUAL WRITERS OF COMMERCIAL AUTO

RANK			GROUP/COMPANY	DIRECT WRITTEN PREMIUM ($000)	OVERALL RANK			MARKET SHARE
2024	2023				2024	2023		
1	1	▶	Liberty Mutual	$2,789,441	4	3	▼	3.9
2	2	▶	Auto-Owners Insurance	$2,096,516	7	7	▶	2.9
3	3	▶	State Farm	$2,005,850	8	8	▶	2.8
4	6	▲	Erie Insurance	$1,032,779	18	19	▲	1.4
5	5	▶	Sentry	$1,000,934	19	18	▼	1.4
6	9	▲	CSAA Insurance Exchange	$999,575	20	26	▲	1.4
7	7	▶	Acuity, A Mutual Insurance Co.	$932,057	22	23	▲	1.3
8	8	▶	Federated Insurance	$859,114	23	24	▲	1.2
9	4	▼	Nationwide	$843,794	24	10	▼	1.2
10	10	▶	EMC Insurance	$647,871	28	27	▼	0.9

Lines of business for this table include: 19.3 Comm'l Auto No-Fault, 19.4 Oth Comm'l Auto Liab, and 21.2 Comm'l Auto Phys | Source: S&P Global Market Intelligence

TOP TEN MUTUAL WRITERS OF COMMERCIAL PROPERTY AND LIABILITY

RANK			GROUP/COMPANY	DIRECT WRITTEN PREMIUM ($000)	OVERALL RANK			MARKET SHARE
2024	2023				2024	2023		
1	1	▶	Liberty Mutual	$16,910,269	3	3	▶	4.4
2	3	▲	FM Global	$6,922,445	14	14	▶	1.8
3	2	▼	Nationwide	$6,850,303	15	9	▼	1.8
4	4	▶	State Farm	$6,369,496	19	21	▲	1.7
5	6	▲	Auto-Owners Insurance	$4,800,016	24	26	▲	1.2
6	5	▼	Farmers Insurance	$4,464,310	26	25	▼	1.2
7	7	▶	American Family Insurance	$2,446,993	35	34	▼	0.6
8	9	▲	Erie Insurance	$2,108,022	39	40	▲	0.5
9	8	▼	USAA	$2,094,203	40	39	▼	0.5
10	10	▶	Westfield Insurance	$1,934,359	41	41	▶	0.5

Lines of business for this table include: 2.1 Allied Lines (Sub), 2.2 Multiple Peril Crop, 2.3 Federal Flood, 2.4 Private Crop, 2.5 Private Flood, 3 Farmowners MP, 5.1 Comm'l Multi Prl (Non-Liab), 5.2 Comm'l Multi Prl (Liab), 6 Mrtg Guaranty, 8 Ocean Marine, 9 Inland Marine, 10 Financial Guaranty, 11 Med Prof Liab, 12 Earthquake, 17.1 Oth Liab (Occurrence), 17.2 Oth Liab (Claims), 18 Product Liability, 22 Aircraft, 23 Fidelity, 24 Surety, 26 Burglary & Theft, 27 Boiler & Machinery, 28 Credit, 30 Warranty, 34 Oth P&C (State) | Source: S&P Global Market Intelligence

TOP TEN STATS & FACTS

TOP TEN MUTUAL WRITERS OF WORKERS' COMPENSATION

RANK			GROUP/COMPANY	DIRECT WRITTEN PREMIUM ($000)	OVERALL RANK			MARKET SHARE
2024	2023				2024	2023		
1	1	▶	Liberty Mutual	$1,975,038	7	6	▼	3.4
2	2	▶	Texas Mutual Insurance Co.	$1,027,243	18	16	▼	1.7
3	3	▶	Encova Insurance	$594,513	23	25	▲	1.0
4	5	▲	Pinnacol Assurance	$535,310	25	27	▲	0.9
5	4	▼	CopperPoint Insurance Companies	$524,745	27	26	▼	0.9
6	6	▶	Sentry	$496,521	28	28	▶	0.8
7	7	▶	Erie Insurance	$474,132	31	29	▼	0.8
8	8	▶	MEMIC	$432,028	34	34	▶	0.7
9	9	▶	Nationwide	$423,804	35	35	▶	0.7
10	10	▶	Federated Insurance	$401,609	36	36	▶	0.7

Lines of business for this table include: 16 Workers' Comp and 17.3 Excess Workers' Comp | Source: S&P Global Market Intelligence

TOP TEN MUTUAL WRITERS OF ACCIDENT AND HEALTH

RANK			GROUP/COMPANY	DIRECT WRITTEN PREMIUM ($000)	OVERALL RANK			MARKET SHARE
2024	2023				2024	2023		
1	1	▶	State Farm	$1,095,730	1	1	▶	13.2
2	2	▶	Liberty Mutual	$123,200	17	17	▶	1.5
3	4	▲	Nationwide	$22,963	36	28	▼	0.3
4	7	▲	Coverys	$21,061	37	42	▲	0.3
5	5	▶	American Family Insurance	$18,226	39	39	▶	0.2
6	6	▶	Physicians Insurance	$16,388	41	41	▶	0.2
7	8	▲	Sentry	$4,246	46	46	▶	0.1
8	10	▲	Rural Mutual Insurance Co.	$847	53	54	▲	0.0
9	9	▶	Texas Farm Bureau Insurance	$804	54	52	▼	0.0
10	18	▲	Underwriters at Lloyd's (VI)	$457	57	78	▲	0.0

Lines of business for this table include: 13.1 Comprehensive (hosp & med) individual, 13.2 Comprehensive (hosp & med) group, 14 Credit A&H (Grp & Ind), 15.1 Vision Only, 15.2 Dental Only, 15.3 Disability Income, 15.4 Medicare Supplement, 15.5 Medicaid Title XIX, 15.7 Long-Term Care, 15.8 Fed Employees Health Benefits Program Plan Premium, 15.9 Other health | Source: S&P Global Market Intelligence.

TOP TEN STATS & FACTS

TOP TEN MUTUAL WRITERS OF HOMEOWNERS

RANK			GROUP/COMPANY	DIRECT WRITTEN PREMIUM ($000)	OVERALL RANK			MARKET SHARE
2024	2023				2024	2023		
1	1	▶	State Farm	$31,461,022	1	1	▶	18.2
2	3	▲	USAA	$11,904,468	3	4	▲	6.9
3	2	▼	Liberty Mutual	$10,610,141	4	3	▼	6.1
4	4	▶	Farmers Insurance	$9,516,235	5	5	▶	5.5
5	5	▶	American Family Insurance	$8,618,179	6	7	▲	5.0
6	6	▶	Nationwide	$3,726,471	9	8	▼	2.2
7	8	▲	Auto-Owners Insurance	$3,331,923	10	13	▲	1.9
8	7	▼	Erie Insurance	$3,328,630	11	12	▲	1.9
9	10	▲	Auto Club Exchange	$1,602,603	16	17	▲	0.9
10	9	▼	CSAA Insurance Exchange	$1,532,638	18	16	▼	0.9

Lines of business for this table include: 4 Homeowners MP | Source: S&P Global Market Intelligence

THE DIFFERENCE BETWEEN MUTUAL & STOCK COMPANY COMBINED RATIOS

Mutual insurers have historically operated with combined ratios that are several points above stock insurers. From 2020 through 2024, the average combined ratio of the mutual segment was 105.0 compared to 96.2 for stocks companies. This was true in 2024 as well, with mutual insurers running a combined ratio of 101.0 compared to 93.6 for stock insurers. There are several reasons for this, which are discussed below.

POLICYHOLDER DIVIDENDS

The overwhelming majority of policyholder dividends are paid by mutual insurers to their policyholders in recognition of their ownership stake in the company. Stock companies pay dividends as well, but generally to their shareholder owners, and they are not included in the combined ratio. The dividend ratio for mutual insurers in 2024 was 0.9% compared to 0.1% for stock insurers. For mutuals, this number was down from the five-year average of 1.2%, as insurers continue to return to profitability.

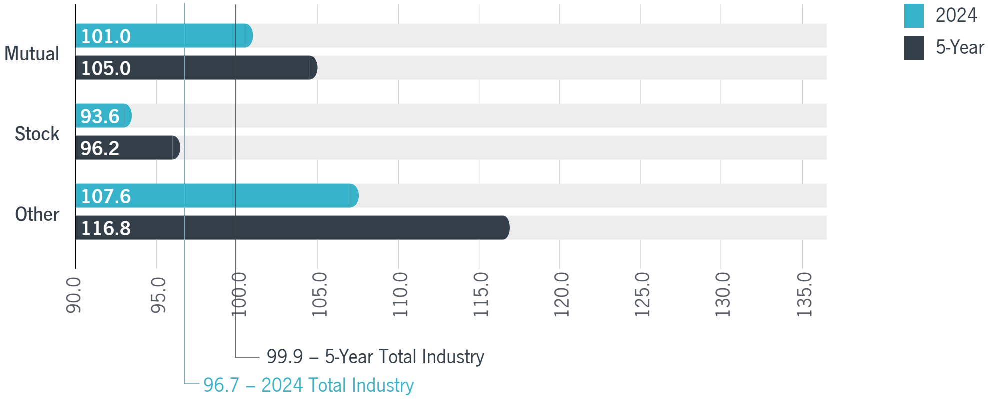
PRICING STRATEGY

Mutual company policyholders may also benefit from differences in pricing strategies. Some mutuals, rather than or in addition to paying dividends to policyholders, temper the pace of rate increases. This translates into greater price stability and lower relative premiums. At the same time, a slower pace of rate increases for mutuals will generally lead to loss ratios and, ultimately, combined ratios that are higher than those of stock companies. Stock insurers tend to operate this way because of their responsibility to maximize shareholders' returns. Mutual insurers must operate profitably over the long run, of course; their primary objective, however, is surplus growth to be able to pay future claims. Consequently, mutual insurers do not generally face the same degree of immediacy to increase rates, which benefits policyholders as the mutual insurer will pay out a higher share of each premium dollar collected from customers.

This does not mean the average cost per claim, i.e., claim severity, is higher for mutuals. It simply means that mutual insurers, on average, absorb proportionately more losses than stock companies.

COMBINED RATIO (%)

Mutual insurers saw a 9-point improvement in their combined ratios in 2024, despite higher-than-average natural catastrophe activity. Mutuals' combined ratio for YE2024 is 101.0 and on a five-year basis is 105.0. Stocks' combined ratio is much lower at 93.6 for 2024 and 96.2 on a five-year average. Stocks compare favorably to the industry combined ratio for 2024 (96.7), whereas mutuals exceed the industry average.



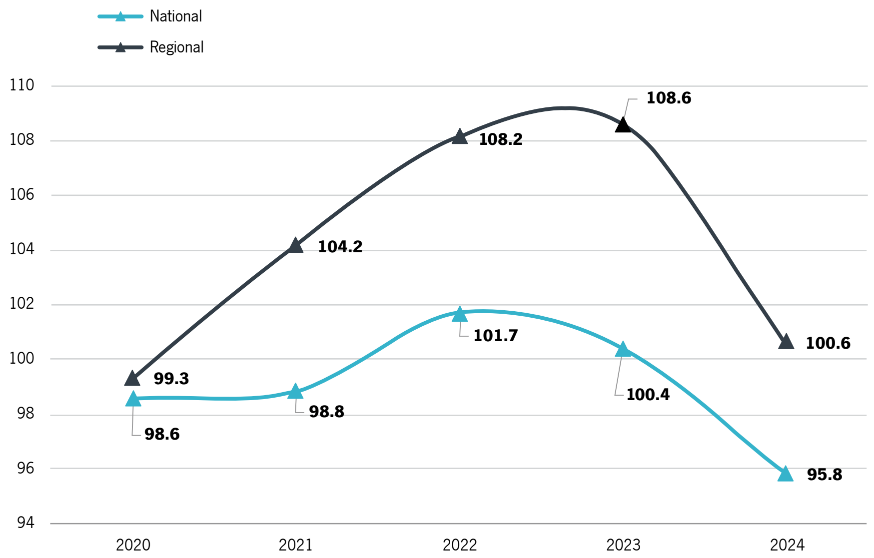
ADDITIONAL SEGMENTATION

Challenging personal lines performance and outsized weather events in the Midwest have negatively impacted insurance companies' bottom lines the last few years. Segmentation of results by region as well as by personal/commercial focus allows us to examine the data on a more granular level and get a better sense of what is driving industry results.

NATIONAL VS. REGIONAL

In 2020, regional and national companies had very similar combined ratio results. The difference in combined ratios widened in 2021, 2022, and 2023, mostly due to elevated combined ratios in the regional segment. In 2024, this trend has reduced, and the mutual vs. stock combined ratios are starting to approach parity.

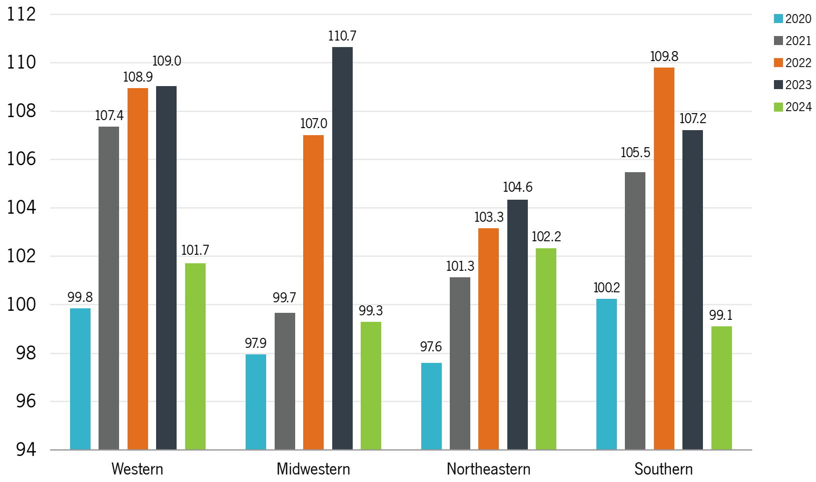
National vs. Regional Combined Ratios



SPLIT BY REGION

Each region saw underwriting results improve in 2024, with Midwestern companies showing the biggest improvement of more than 11 combined ratio points. Although all regions have improved performance from 2023 to 2024, combined ratios have increased for most regions since 2020. Northeastern companies have been hit the hardest, with their combined ratios increasing from 97.6 in 2020 to 102.2 in 2024.

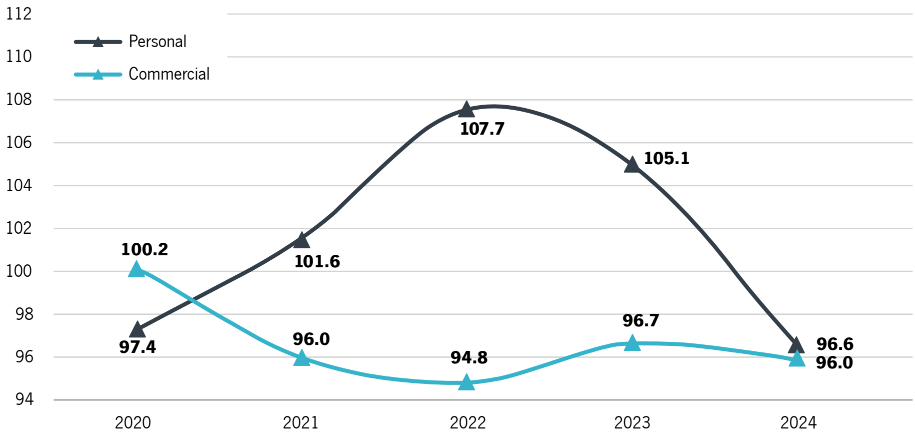
Split Regional Combined Ratios



PERSONAL VS. COMMERCIAL

In 2020, personal lines outperformed commercial lines on a combined ratio basis. The relationship has flipped the last four years as personal lines struggled. The combined ratio gap between the lines widen until 2022. In 2023, however, personal lines began to improve, and by YE2024, the combined ratio gap between the two business lines was only 0.6%.

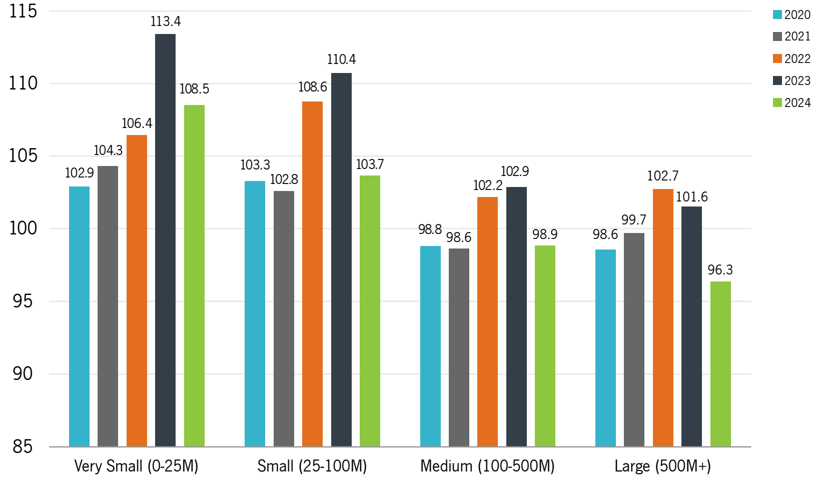
Personal vs. Commercial Combined Ratios



SEGMENTATION BY PHS SIZE

Small and very small property/casualty companies tend to have elevated combined ratios as compared to larger property/casualty companies. They are also more prone to volatility, as they lack the policyholder surplus cushion to absorb outsized losses. This results in wider swings in combined ratios year over year as compared to the larger property/casualty companies. The difference between the smallest companies combined ratios and the largest companies combined ratios has grown in each of the modeled years, growing from a 4.3% difference in 2020 to a 12.2% difference in 2024.

Combined Ratios by PHS Size

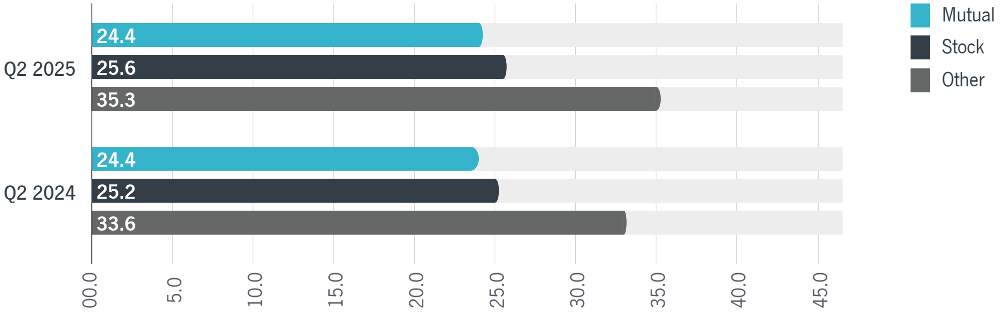


2025 YTD PERFORMANCE THROUGH JUNE

This section reviews preliminary results from June 2025 statutory financials. While data is still being reported and consolidated at the time of this report, approximately 97% of companies are represented in the analysis below.

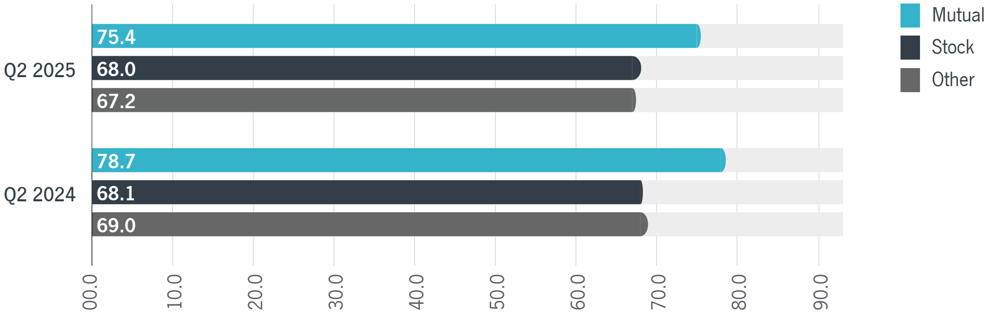
EXPENSE RATIO (%)

Mutual companies had a very slight improvement in their expense ratio in Q2 2025 compared to Q2 2024. Stock companies had some slight deterioration while the other segment saw larger expense ratio deterioration, with a nearly 3-point increase in Q2 2025.



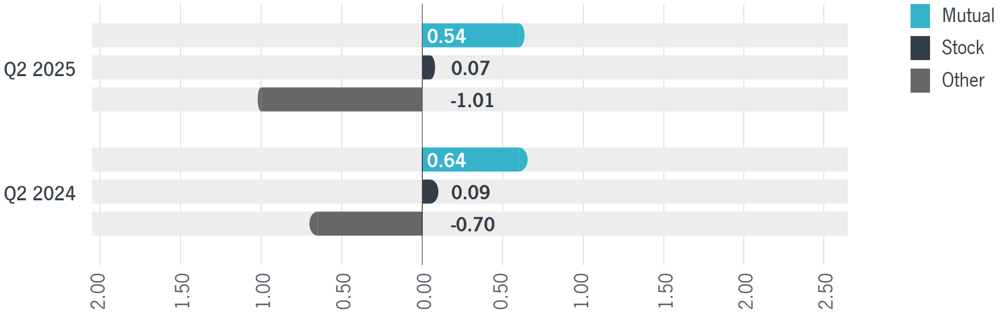
LOSS & LAE RATIO (%)

Loss and LAE ratio in Q2 2025 improved from Q2 2024 for the entire industry. Mutuals saw an improvement of more than 3 points while the stock companies saw an improvement of only 10 basis points. Other companies saw a slight improvement of 1.8 points in their loss and LAE ratio from Q2 2024 to Q2 2025.



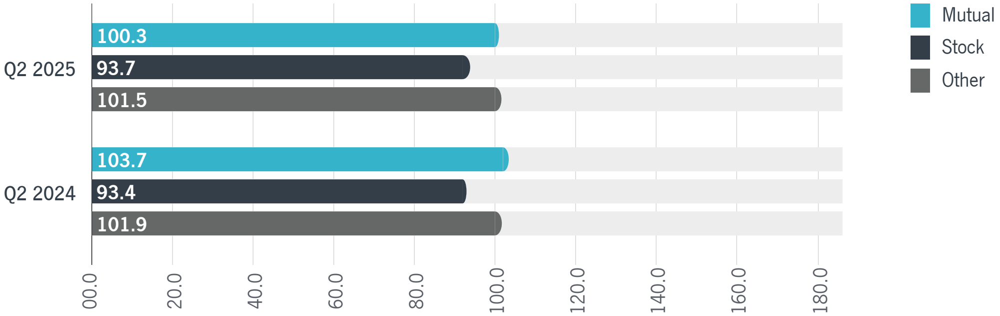
POLICYHOLDER DIVIDEND RATIO (%)

The policyholder dividend ratio for the mutual segment is lower in Q2 2025 than it was in Q2 2024. However, the ratio is higher than the other two segments' ratios, as mutual companies continue to use dividends to return value to their policyholders at a greater rate than their stock counterparts.



COMBINED RATIO (%)

Both mutual and stock insurers saw combined ratio improvement from Q2 2024 to Q2 2025.The loss ratio reduction is driving this increase with year-over-year improvement in the expense ratio for mutuals, and stock companies also contributing. The expense ratio increase the other segment reported for Q2 2025 was offset by loss ratio improvement, causing combined ratio results to slightly improve year over year.



BENCHMARK STUDY FOR AM BEST RATINGS

OVERVIEW

AM Best continues to be a recognized source of information and commentary on global insurance trends and issues. The rating agency demonstrates expertise, high standards, and sole focus on the insurance industry. As a result, AM Best has become the preeminent rating agency for U.S. insurance companies. Best's Credit Rating Methodology provides a comprehensive explanation of AM Best Rating Services' rating process.

Best's Credit Ratings includes Best's Financial Strength Ratings, Issuer Credit Ratings, and Issue Credit Ratings. AM Best uses an array of quantitative and qualitative measures to analyze rated organizations.

The credit rating process is a continuous dialogue with a rated company's management, which is facilitated by a rating analyst. The rating analyst monitors the rating unit's financial and non-financial results, in addition to any significant developments for each rated entity or issue in their portfolio.

Our benchmark study is based upon 595 U.S. property/casualty insurance companies that have been rated by AM Best under the Best's Credit Rating Methodology framework. The findings consist of groups and unaffiliated single companies. Of the companies represented in the study, 55% are stock companies and 45% are mutuals. Stock companies that are part of mutual group ratings were counted as a single mutual company. Reciprocal exchanges, risk retention groups, cooperatives, and Lloyds were counted as mutual companies. The study is a result of Aon's ability to track how mutual companies are rated under the AM Best criteria. This is based on ratings as of July 16, 2025.

KEY FINDINGS

The BCRM Benchmark Study provides deep insight and conclusions regarding how mutuals are rated under the AM Best criteria.

86% of mutual companies are rated “A-”or higher and **84%** have a “Positive” or “Stable” outlook.

The median VaR 99.6 BCAR score for mutual companies is **53%**, 7 points higher than stock companies at **46%**.

88% of mutuals have “Strongest” or “Very Strong” Balance Sheet Strength compared to **80%** of stock companies.

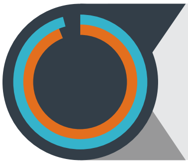
85%

Mutual companies have an operating performance distribution with **85%** “Adequate” or better assessments, 5 points worse than stock companies at **90%**.

17%

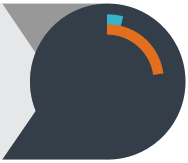
The median five-year combined ratio volatility highlights that stock companies exhibit **17%** higher standard deviation than mutual companies.

47% of mutual companies have “Neutral” or better business profile versus **40%** of stock companies.



96% of mutuals have “Appropriate” or better ERM assessment compared to **94%** of stock companies.

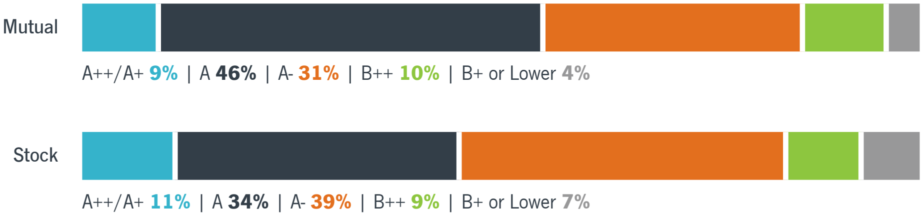
Only **4%** of mutuals receive a rating lift from parent affiliation while **23%** of stock companies depend on this lift.



U.S. PROPERTY/CASUALTY COMPANIES RATING DISTRIBUTION

Of the 595 U.S. property/casualty companies, the majority are either rated "A" or "A-." Slightly fewer mutuals are rated "A++"/"A+," with 9% receiving the highest rating, compared to 11% of stock companies. However, more mutuals received an "A" rating than stock companies. Forty-six percent of mutuals received an "A" for 2023, compared to 34% of stock companies. It is important to note that 7% of stock companies received a "B+" or lower. This compares to only 4% of mutuals that received a "B+" or lower.

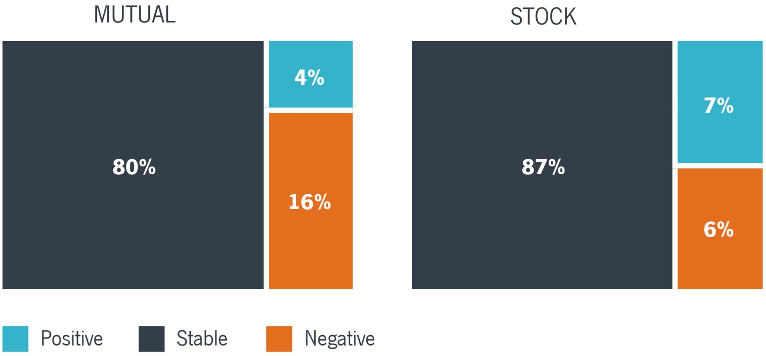
CURRENT RATING



Count: Mutual – 268, Stock – 327

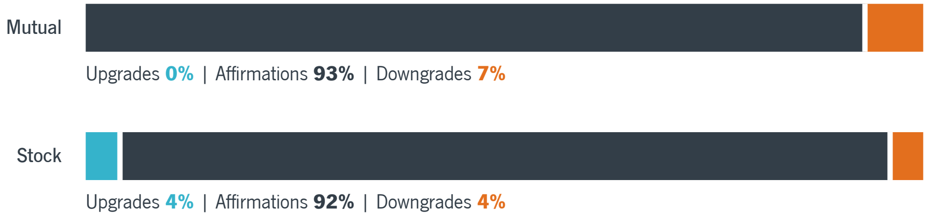
CURRENT RATING OUTLOOK

The majority of companies have a "Stable" rating outlook for the following year, with mutual and stock companies having a stable outlook of 80% and 87%, respectively. Four percent of mutual companies have a "Positive" outlook, compared to 7% of stock companies. Sixteen percent of mutual companies have a "Negative" outlook, compared to 6% of stock companies. Having a "Positive" or "Negative" outlook does not guarantee rating action.



RATING ACTION

For the 1H 2025, AM Best has taken rating action on 265 companies. Of the mutual companies, 93% had their rating affirmed, with 7% receiving a rating change. This compares to 92% of stock companies that had their rating affirmed, with 8% receiving a rating change. Mutual companies have experienced more downgrades than upgrades so far in 2025.

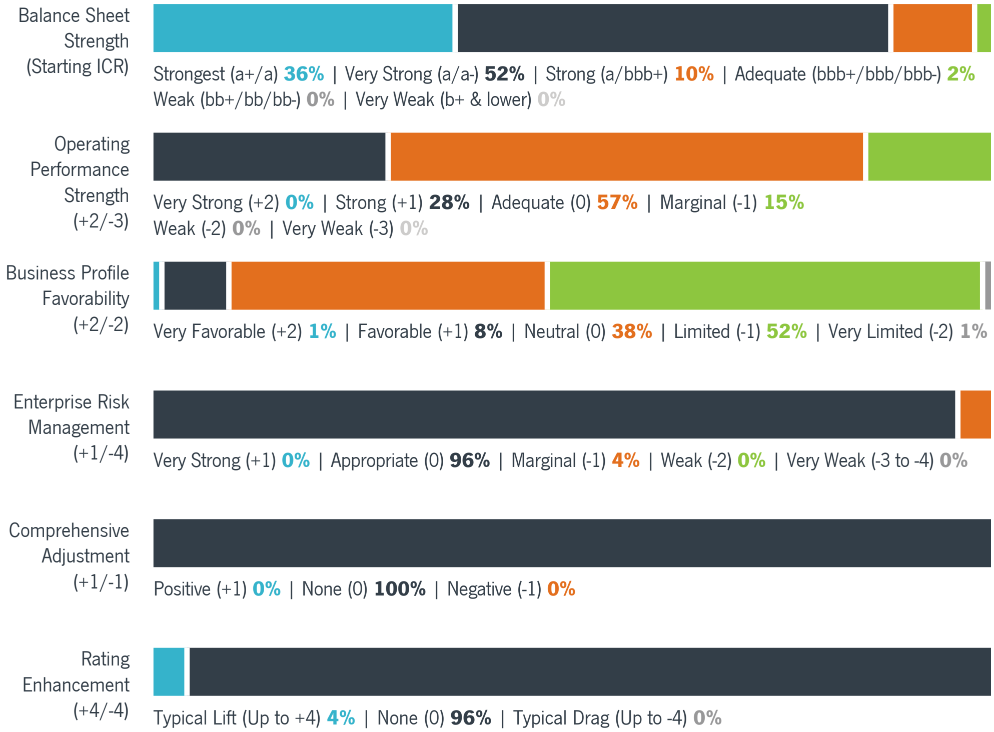


Total: Upgrades – 7, Downgrades – 12

BCRM BUILDING BLOCK ASSESSMENTS

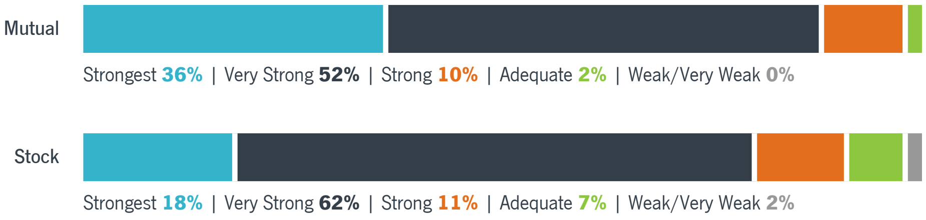
AM Best follows a building block rating approach that assesses individual components and applies “Positive” or “Negative” notching. Balance Sheet Strength sets a base ICR based on the company’s BCAR score and other key financial metrics. AM Best will then assess operating performance, business profile, and enterprise risk management. After these building blocks, AM Best may apply a comprehensive adjustment if there is something unique not captured in the first four categories. Lastly, AM Best may apply a rating enhancement depending on the parent company before determining the ICR. A company’s FSR is a direct function of its ICR.

Referencing the U.S. property/casualty Mutual Distribution Building Block Assessment, 52% of mutuals have a “Very Strong” Balance Sheet Strength. This results in an initial ICR of “a/a-.” The majority of mutuals receive an “Adequate” operating performance. Fifty-two percent of mutuals receive a “Limited” business profile. Ninety-six percent of mutuals have “Appropriate” ERM, given their risk profile. Not one mutual has received a comprehensive adjustment. Despite some mutuals having parental affiliation, 96% of mutuals do not receive a rating enhancement. This notching approach would result in a final ICR of “a-” with and FSR of “A.”.



BALANCE SHEET STRENGTH

Balance Sheet Strength is the first building block in the BCRM. Companies receive a "Strongest," "Very Strong," "Strong," "Adequate," "Weak," or "Very Weak" assessment depending on their BCAR score and other key financial metrics (leverage, reserve development, reinsurance, etc). The balance sheet assessment provides a range of starting ICR for the analyst to select. Eighty-seven percent of mutual companies receive a "Strongest" or "Very Strong" assessment, which simultaneously results in 87% of mutuals starting with an "a+," "a," or "a-" ICR. Additionally, no mutuals are considered to have "Weak" or "Very Weak" Balance Sheet Strength.

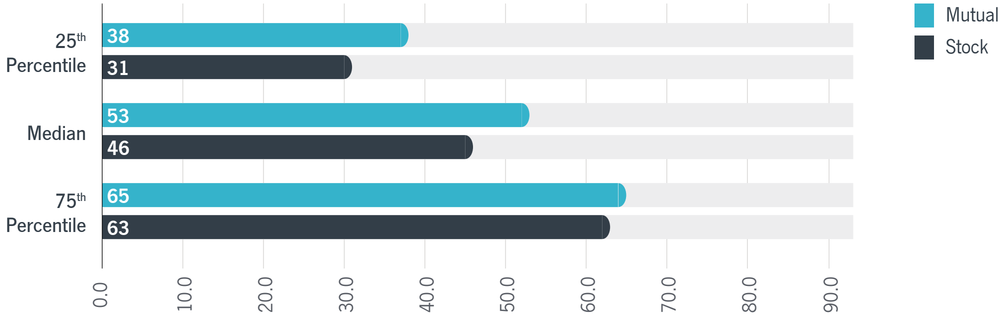


PUBLISHED BCAR SCORES

The primary quantitative tool used to evaluate a company's capitalization is BCAR. AM Best calculates BCAR at five different confidence intervals VaR 95, 99, 99.5, 99.6, and 99.8 with each C.I. using different capital factors that reflect 20-, 100-, 200-, 250-, and 500-year events, respectively. AM Best will run a baseline as well as a stressed calculation, but only the baseline scores at the VaR 95, 99, 99.5, 99.6 C.I. are published. The scores provide a starting point for the Balance Sheet Strength assessment. Overall, BCAR scores are still moderately suppressed as capitalization metrics lag the improved underwriting results companies experienced in 2024.

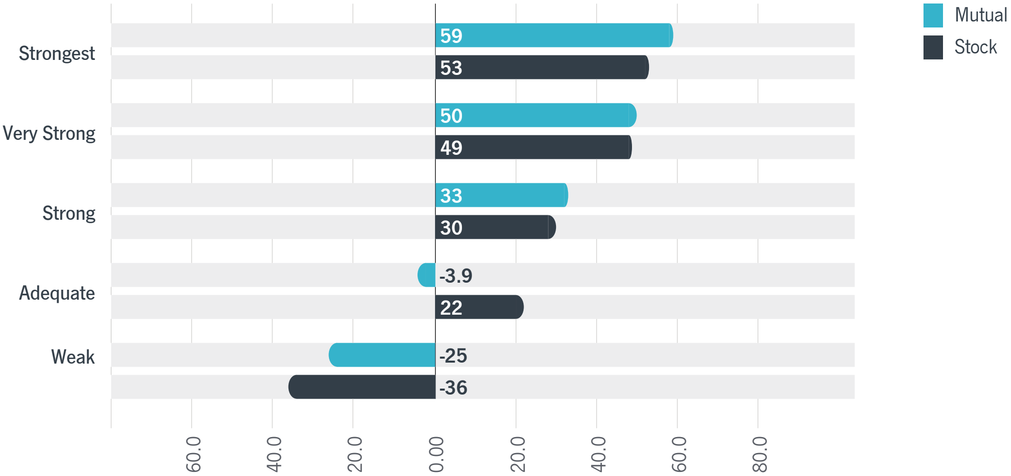
BCAR AT VAR 99.6 PERCENTILES

The most relevant C.I. in the published BCAR output is VaR 99.6. A company must maintain a BCAR ratio above 10% or 25% to receive a "Very Strong" or "Strongest" Balance Street Strength assessment, respectively. While meeting the BCAR requirement does not guarantee those assessments, most companies manage to be well above the 10% and 25% thresholds. Mutuals at all percentiles maintain a higher capitalization compared to stock companies. The numbers below reflect all possible Balance Sheet Strength assessments.



MEDIAN BCAR AT VAR 99.6 BY BALANCE SHEET STRENGTH ASSESSMENT

The median BCAR score for mutuals and stock companies at each Balance Sheet Strength assessment follow a trend that illustrates the two are correlated. Companies with higher BCAR scores tend to receive more favorable assessments. The median BCAR score for stock companies is less than mutuals, as stock companies benefit from having more financial flexibility. It is important to note that BCAR is just one component of the Balance Sheet Strength. This leads to a wide range of assessments, even with most BCAR scores well above the 10% and 25% thresholds.

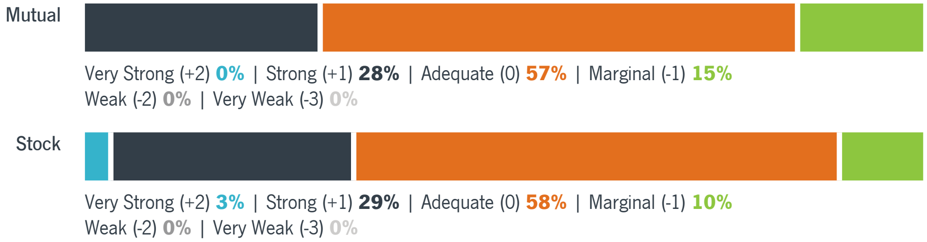


OPERATING PERFORMANCE

Following the Balance Sheet Strength assessment, a company's starting ICR can receive "Positive," "Negative," or "Neutral" notching reflective of their operating performance. This assessment examines combined ratio, operating ratio, net income, surplus growth, and other performance metrics to determine "Very Strong" (+2), "Strong" (+1), "Adequate" (0), "Marginal" (-1), "Weak" (-2), or "Very Weak" (-3) notching.

OPERATING PERFORMANCE STRENGTH

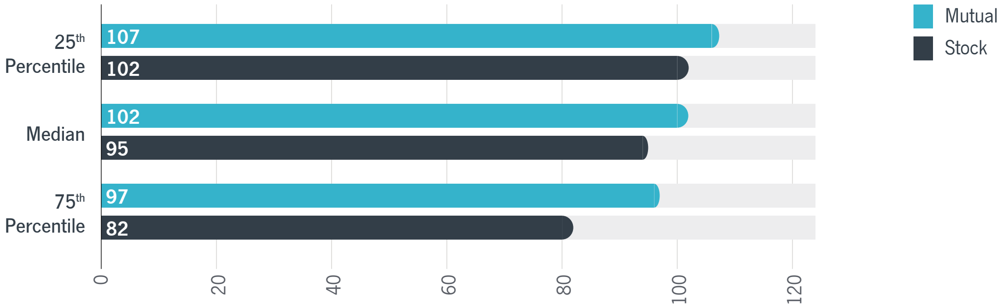
Overall, mutual and stock companies receive similar assessment distributions for the operating performance building block. Eighty-five percent of mutual companies do not receive negative notching.



COMBINED RATIO AND COMBINED RATIO VOLATILITY FIVE-YEAR PERCENTILES

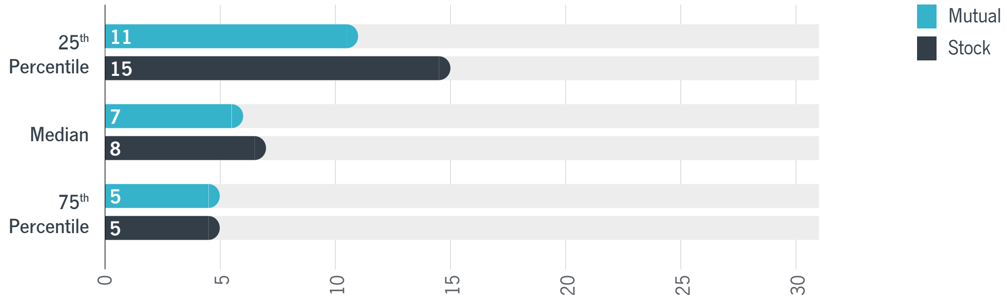
Although the five-year combined ratio for mutuals is higher than the stock counterparts, mutual companies experience less volatility when examined through most percentiles. The results below reflect all possible operating performance assessments.

FIVE-YEAR COMBINED RATIO



Count: Mutual – 279, Stock – 323

FIVE-YEAR COMBINED RATIO VOLATILITY



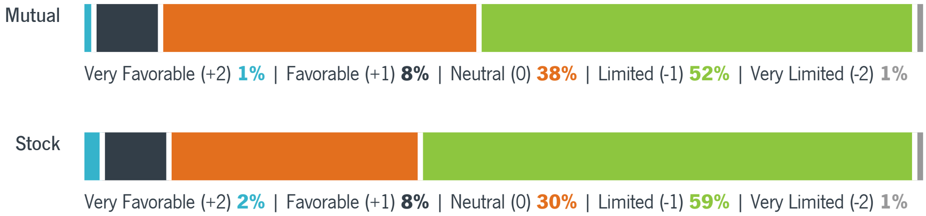
Count: Mutual – 279, Stock – 323

BUSINESS PROFILE ASSESSMENT

After concluding the operating performance review, rating analysts assess the rating unit's business profile. The business profile assessment factors in the following characteristics: market position, pricing sophistication, management quality, data quality, regulatory and market risk, product risk, distribution channels, degree of competition, product/geographic concentration, and innovation.

BUSINESS PROFILE FAVORABILITY

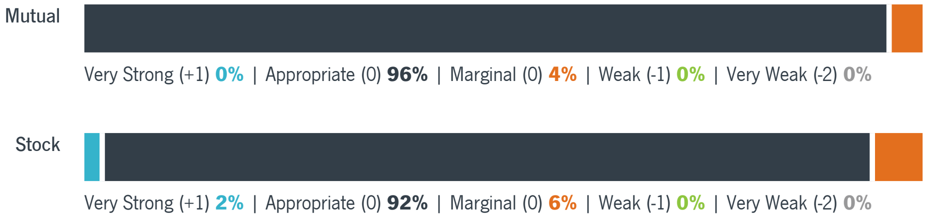
The business profile assessment can result in an increase, decrease, or no change in the respective rating. Forty-seven percent of mutual companies have "Neutral" or better business profile compared to only 40% of stock companies. Stock companies are more likely to receive a "Limited" assessment at 59%, compared to mutuals at 52%.



Count: Mutual – 268, Stock – 327

ENTERPRISE RISK MANAGEMENT

ERM is becoming a more prominent factor in AM Best Rating Methodology. AM Best evaluates ERM on three major fronts: risk nanagement framework, risk management capabilities considering risk profile, and overall strength of ERM. ERM analysis can result in an increase, decrease, or no change. Ninety-six percent of mutual companies have "Appropriate" or better ERM assessment, compared to 94% of stock companies. It is important to note that none of the U.S. property/casualty insurance companies have received "Weak" or "Very Weak" assessment.

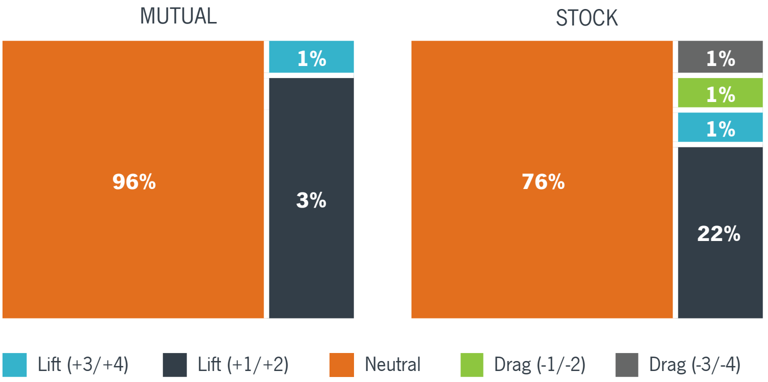


RATING ENHANCEMENT

Non-lead rating units that are well-integrated in an organization may receive a notching lift based on implicit/explicit support of the broader organization. Conversely, a non-lead rating unit may be penalized for its association with weaker holding company and receive a drag. In addition to the rating lift/drag building block, there is also a building block for a comprehensive adjustment. Not one company globally in all insurance sectors has received a comprehensive adjustment.

DRAG/LIFT PERCENTAGES

Only 4% of mutual companies receive a rating lift from parent affiliation while 23% of stock companies depend on this lift. The rating adjustment can be anywhere from +4 notches to -4 notches.



RATING AGENCY HOT TOPICS

The industry's future contains challenges and opportunities. Improving balance sheets, reserve adequacy, rate environment, catastrophe losses, and macroeconomic conditions could impact individual ratings and influence how rating agencies view the insurance industry overall.

IMPROVING BALANCE SHEETS FOR MANY

Many companies are beginning to see their risk-based capital positions strengthening after deterioration in recent years. Rate increases and other risk management initiatives have contributed to the rising capital adequacy scores. While some balance sheets are still weak, the overall capitalization for the industry is strong. Rating agencies will continue to monitor balance sheets given the potential volatility discussed below.

RESERVE ADEQUACY

The industry has experienced elevated claims severity in recent years due to a rise in general inflation. This inflation pressure coupled with legal system abuse continues to impact carriers across property/casualty lines. This is increasing rating agency scrutiny around loss reserve practices and assumptions and how adverse development is impacting capital and earnings, including price vs. loss cost trends. Increased use of stress testing in this area is something that rating agencies expect to see more of as these trends continue.

RATE ENVIRONMENT

While both personal lines and commercial lines companies experienced a profitable year for 2024, premium growth is expected to slow with rate increases becoming less frequent. Rating agencies and regulators need to understand how companies plan to remain profitable with reduced rate increases, policy/exposure concentrations, and volatile catastrophes, especially as it relates to secondary perils such as wildfires and severe convective storms.

CATASTROPHE LOSSES

Total U.S. catastrophe losses during the 1H 2025 reached nearly $92 billion, with 18 events surpassing $1 billion in insured losses. The Eaton and Palisades fires in the greater Los Angeles area and several severe convective storm activities comprised 92% of the total for 1H 2025. Two of the five largest SCS events in U.S. history occurred in March and May. Each have estimated insured losses of $8 billion and impacted the Southeast, Midwest and Mid-Atlantic regions. Catastrophe risk management questions from rating agencies continue to focus on these increased trends.

MACROECONOMIC CONDITIONS

Unpredictable tariff policy and potential weakening of federal programs that work with the insurance industry on mitigation efforts create uncertainty for insurers. These domestic policies and geopolitical risks have resulted in volatile investment markets. Rating agencies are keen to understand how companies are dealing with this uncertainty and volatility to ensure liquidity remains intact.

COMMERCIAL INSURANCE BUYER SURVEY

NAMIC conducted a public opinion survey in June 2025 with independent research firms Readex Research and Dynata to assess commercial and business property/casualty insurance buyers' opinions surrounding the property/casualty insurance industry. The association fielded a similar study in 2019 with John Gilfeather and Associates, which serves as a benchmark. This summary highlights key findings from the 2025 survey and comparisons to the 2019 survey.

The 2025 research results are based on 300 online survey responses from a nationally representative sample of U.S. respondents who are decision-makers/influencers/recommenders at a business that purchased commercial and business property/casualty insurance. The survey has a margin of error of +/- 5.7%, though margins of error for percentages based on subsets of the total sample will be higher. Percentages may not sum to 100 due to rounding or neutral choices. It should also be noted that some changes to methodology occurred between studies. However, in both studies, respondents were asked a series of multiple choice questions where familiarity, favorability, and preferences as related to the insurance industry were assessed.

INDUSTRY FAVORABILITY

Unlike last year's consumer survey of personal lines insurance buyers in which impressions of the industry remained unchanged from the previous survey, commercial insurance buyers' overall favorability of the industry increased by 11 points since 2019. About three in four respondents have a favorable impression of the commercial insurance industry. The survey also found that company size has a direct correlation to favorable impressions of the industry.

Overall Impressions	2019	2025	Change Over Time
Favorable	62%	73%	+11%
Unfavorable	6%	2%	-4%
Favorable = rating 4 or 5 on a 5-point scale where 5=very favorable and 1=very unfavorable			

INDUSTRY FAMILIARITY

Buyers' familiarity of the differences between mutual and stock insurance companies increased since 2019, with 65% of buyers familiar with mutual insurance, up from 52%. Stock insurance familiarity increased to 54% in 2025 from 40% in 2019. As with favorability, respondents from larger commercial enterprises were more likely to be familiar with both types of insurance.

Familiarity	2019	2025	Change Over Time
Mutual	52%	65%	+13%
Stock	40%	54%	+14%
Familiarity = rating of 4 or 5 on a 5-point scale where 5 = very familiar and 1 = never heard of			

MUTUAL FAVORABILITY

Of the respondents who reported having heard of both mutual and stock insurers, most respondents had favorable impressions of both types of companies. A large increase for both types of insurance companies was reported since 2019, with 81% reporting a favorable impression of mutuals, up from 64%, and 72% reporting a favorable impression of stocks, up from 54%. Of those who did not find either company favorable, very few found them unfavorable.

Mutual Overall Impressions	2019	2025	Change Over Time
Favorable	64%	81%	+17%
Unfavorable	3%	0%	-3%

Favorable = rating 4 or 5 on a 5-point scale where 5=very favorable and 1=very unfavorable

Stock Overall Impressions	2019	2025	Change Over Time
Favorable	54%	72%	+18%
Unfavorable	4%	0%	-4%

Favorable = rating 4 or 5 on a 5-point scale where 5=very favorable and 1=very unfavorable

ATTRIBUTE RATINGS

The following percentages indicate the characteristics associated with each type of company from respondents who are aware of both types of insurance companies. Mutual companies outperformed stock counterparts in all categories except one – social responsibility. The characteristics most strongly associated with mutual insurance companies are very strong financially, have excellent customer service, and always settle claims fairly. Responses are relatively consistent with 2019. However, putting profits ahead of customers increased by 17 points.

The characteristics most strongly associated with stock companies are that they are very strong financially and employ the latest technology. These are the same top characteristics from the 2019 survey. Social responsibility and working hard to keep prices stable showed the greatest increases from 2019 – 14 points and 10 points, respectively.

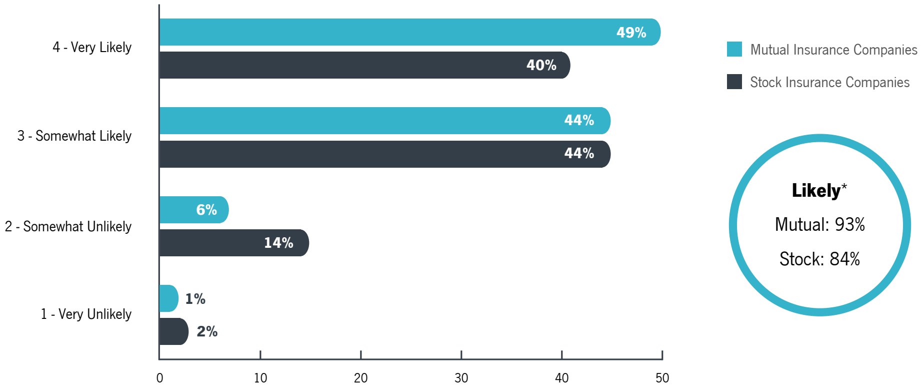
	Mutual			Stock		
At Least Describes Somewhat	**2019**	**2025**	**Change**	**2019**	**2025**	**Change**
Is very strong financially	89%	89%	0%	87%	83%	-4%
Has excellent customer service	84%	87%	3%		76%	
Always settles claims fairly	82%	85%	3%	73%	78%	6%
Employs the latest technology	77%	84%	7%	80%	81%	1%
Works hard to keep prices stable	77%	82%	5%	68%	77%	10%
Provides possible dividends/returns		80%			78%	
Has supplemental programs such as employee education, safety programs, disaster mitigation, etc.		78%			76%	
Treat customers like numbers not people		77%			69%	
Put profits ahead of customers	58%	75%	17%	62%	69%	7%
Gives back to the local community		70%			66%	
Is socially responsible	63%	64%	1%	54%	68%	14%

At Least Describes Somewhat = rating 3 or 4 on a 4-point scale where 4 = describes very well and 1 = does not describe at all

🟩 *= 80+* ▨ *= 70% - 79%*

Although the percentage of those considering a mutual insurance company for the next purchase decreased slightly compared to 2019, 93% of survey respondents are likely to consider a mutual insurance company the next time they are buying commercial insurance, compared to the 84% for stock insurance companies.

Next Commercial Insurance Purchase



*Likely = rating 3 or 4 on a 4-point scale where 4 = very likely and 1 = very unlikely

Survey respondents were also asked to rate the importance of each attribute, regardless of insurance company type, when making decisions about choosing a commercial insurance company. Settling claims fairly, excellent customer service, price stability, affordable pricing, and financial strength rank among the most important factors when choosing a commercial insurance company. Comparatively, the least important factors include giving back to the local community and being socially responsible; however, the desire for social responsibility and employing the latest technology have increased since 2019, 13 points and 18 points respectively. The survey also found that decision-makers at larger enterprises find using the latest technology, providing dividend/returns, and social responsibility as more important decision-making factors than those at smaller enterprises.

Important	2019	2025	Change Over Time
Always settles claims fairly	92%	87%	-5%
Has excellent customer service	85%	85%	0%
Works hard to keep prices stable	86%	84%	-2%
Has affordable prices		84%	
Is very strong financially	87%	84%	-3%
Treats customers like people not numbers		82%	
Does not put profits ahead of customers	73%	73%	0%
Employes the latest technology	53%	66%	13%
Has supplemental programs such as employee ed, safety programs, disaster mitigation, etc.		66%	
Provides possible dividends/returns		63%	
Is socially responsible		60%	
Gives back to the local community		54%	

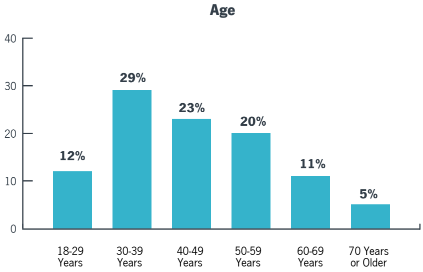
**Important= rating 4 or 5 on a 5-point scale where 5 = extremely important and 1 = not at all important*

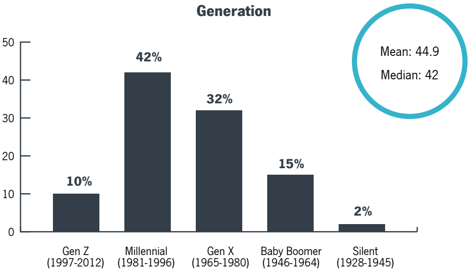
🟩 *= 80%+* ▨ *= 70% - 79%*

PREFERRED PURCHASING METHODS AND DEMOGRAPHICS

Participants in the 2025 survey were asked about their preferred methods for purchasing insurance and their age. Respondents were typically 42 years old, which was 11 years younger than the median age in 2019 of 53. Most respondents were either millennials, 42%, or Gen Xers, 32%.

Respondent Demographics

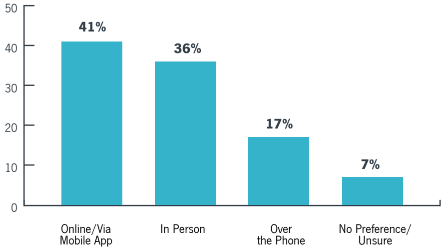




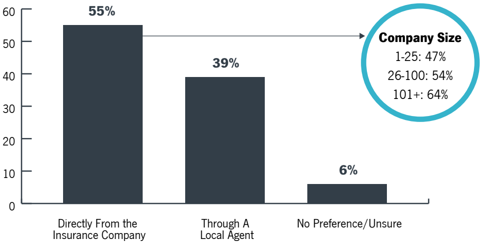
Respondents were also asked to select their preferred option among three platforms: online/via mobile app, in person, or over the phone. Then they were asked – regardless of their preferred platform – whether they preferred to purchase insurance directly from a company or through a local agent. Two in five respondents prefer purchasing insurance online or via a mobile app. A smaller proportion prefer purchasing insurance in person or over the phone, 36% and 17%, respectively.

More than half of respondents prefer to purchase directly from an insurance company, compared to 39% who prefer a local agent to assist in the transaction. The survey found that larger enterprises are more likely to purchase directly from an insurance company.

Preferred Method When Purchasing Commercial Insurance



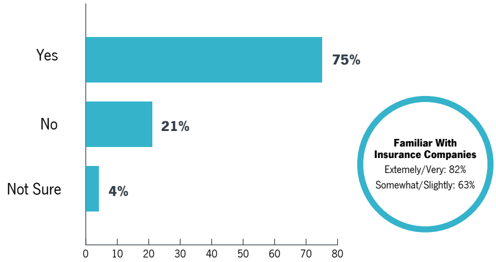
Prefer to Purchase Through Local Agent Versus From the Insurance Company



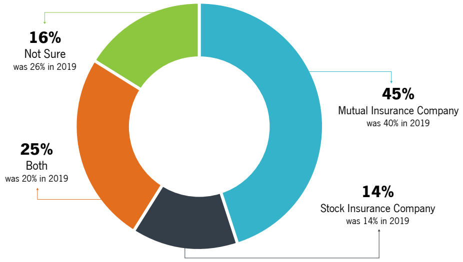
Three-quarters of the respondents use the same insurance company for all their commercial insurance needs, and those who are extremely or very familiar with mutual insurance companies are more likely to use the same company for all their company's commercial insurance needs.

Forty-five percent of the respondents purchase their company's commercial insurance from a mutual insurance company. One in four respondents purchased from both a mutual insurance company and a stock insurance company. Only 14% purchased insurance from a stock insurance company only. These findings are consistent with what was reported in 2019.

Use Same Insurance Company for All Commercial Insurance Needs

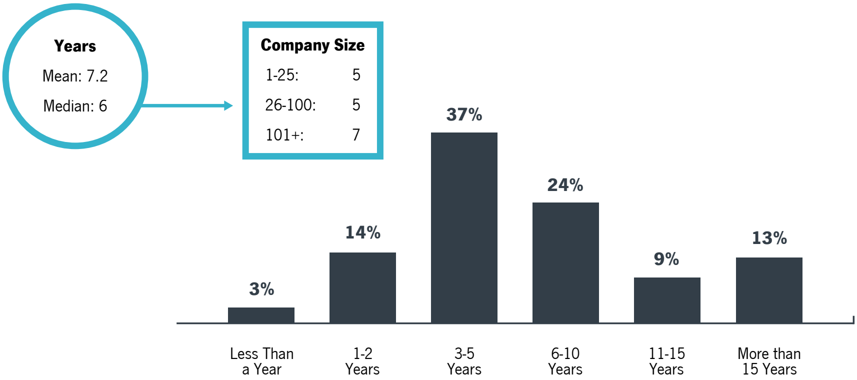


Company Type for Commercial Insurance



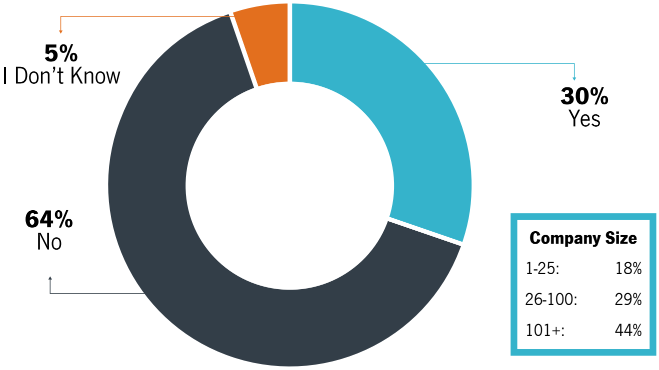
The typical (median) respondent's business has been with its current commercial insurance company for six years. Only one in 10 have been with their current company for more than 15 years. Larger companies – by number of employees – were found to typically have a longer tenure with their current commercial insurance carrier.

Company Tenure With Commercial Insurance Company



INSURANCE CHANGES

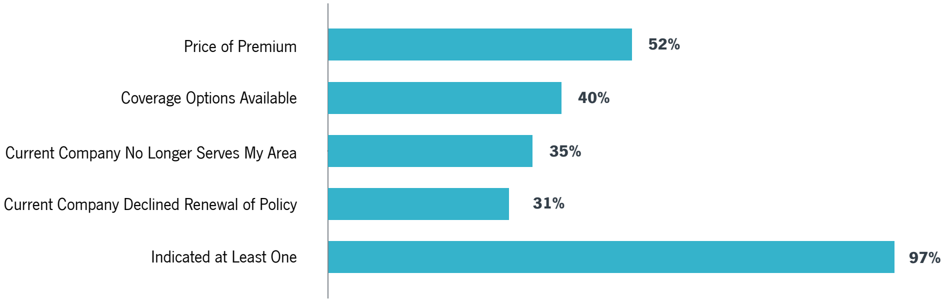
Thirty percent of the respondents reported making a change in their commerical insurance carrier within the last three years. The survey also found that those at larger companies are more likely to have changed their commercial insurance company than those at smaller companies.



Company Size

1-25:	18%
26-100:	29%
101+:	44%

Among the respondents whose companies made a change in their commercial insurance company in the past three years, a little more than half said their decision to switch was driven by the price of premiums. Fewer respondents noted that coverage options, changes in service area, and being declined coverage led them to switch.



OTHER KEY TAKEAWAYS FROM THIS STUDY

- Overall favorability of the commercial insurance industry has increased by 11 points since 2019.
- Overall familiarity with mutual and stock insurance companies has increased by 13 and 14 points, respectively, since 2019.
    - Favorable impressions of mutuals increased 17% and unfavorable impressions improved over a five-year period.
- Mutuals outperform their stock counterparts in nearly all categories of positive attributes buyers associate with insurance companies. Characteristics most strongly associated with mutual insurance companies are:
    - Very strong financially
    - Excellent customer service
    - Always settles claims fairly
- While not the highest attributes, social responsibility and working hard to keep prices stable showed the greatest increase in importance since 2019.
- 93% of survey respondents are likely to consider a mutual insurance company the next time they are buying commercial insurance, compared to 84% for stock insurance companies.
    - Settling claims fairly, excellent customer service, price stability, affordable pricing, and financial strength rank among the most important factors when choosing insurance.
- Two in five respondents prefer purchasing insurance online or via a mobile app.
- More than half of respondents prefer purchasing directly from an insurance company compared to 38% who prefer using a local agent.
- The average retention rate of survey respondents was six years, with the decision to switch being driven by the price of premiums.

Overall, the findings paint a positive picture of the commercial insurance industry, with significant gains in both familiarity and favorability since 2019. Mutual insurers continue to distinguish themselves, earning stronger impressions across nearly every attribute that matters most to buyers, especially financial strength, customer service, and fairness in settling claims. While price sensitivity remains the leading factor driving retention and switching decisions, attributes such as social responsibility and price stability are gaining importance. Buying preferences are shifting as well, with more customers open to digital channels and direct purchase from insurers. Importantly, mutual insurers enjoy a clear advantage in consideration for future purchases, positioning them strongly for continued growth and customer loyalty.

MARKET ANALYSIS METHODOLOGY & TECHNICAL NOTES

GENERAL

Insurance companies were assigned to one of three segments based on an internal review conducted by NAMIC and Aon, classifying each insurer as a policyholder-owned “mutual,” a shareholder-owned “stock,” or “other.”[1]

Using financial data for groups and unaffiliated singles as provided by S&P Global’s Market Intelligence and NAMIC, two types of aggregate metrics were calculated for each segment and the three segments as a group: sums for dollar-denominated fields such as premiums and cumulative metrics for ratios such as the net commission expense ratio.

For example, in calculating the cumulative dividend ratio for the mutual segment, the sum of all mutual earned premium was divided by the sum of all mutual’s dividends to policyholders, where no special weighting was given based on size of a company. This approach allows for a more holistic view of each respective segment.

FURTHER COMMENTS ON NAMIC AND AON’S INTERNAL REVIEW OF COMPANY CLASSIFICATION

Previously, the Benchmark Study for AM Best Rating’s section included an others segment; however, due to a limited number of insurers classifying as other in AM Best’s database, NAMIC and Aon carefully reviewed each company and reclassified these companies as either mutual or stock based on the company’s history and operations.

OTHER NOTES

Aggregate combined ratios are the sums of aggregate expense ratios, aggregate loss and LAE ratios, and aggregate dividend ratios rather than weighted averages. Similarly, aggregate operating ratios are the sums of aggregate combined ratios and aggregate investment ratios.

Quarterly data is as of September 22, 2025, and data may change or be incomplete due to late filers, consolidation issues, amended financials, etc.

Five-year data is representative of all companies operating in 2024. This data will not include any companies that were removed from S&P Global’s Market Intelligence database. For example, American Capital Assurance Corp. will not be included in any of the five-year data even though it operated until 2021.

Geographic regions are defined by the U.S. Census Bureau.

---

[1] LLCs, U.S. branch of alien insurers, insurance pool of trusts, and syndicates.

NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES
3601 Vincennes Road | Indianapolis, IN 46268 | 317.875.5250
20 F Street, NW, Suite 510 | Washington, D.C. 20001 | 202.628.1558

www.namic.org

AON
200 East Randolph Street | Chicago, IL 60601 | 312.381.1000

www.aon.com