



Profitable Growth Is King

The 2022 Insurance Value
Creators Report

SEPTEMBER 2022



Key takeaways

Insurers' TSR improved, on average, in 2021

The global insurance industry's average annual total shareholder return (TSR) was 15.6% in 2021. This boosted the average annual TSR for the five years from 2017 through 2021 to 7.3%, up from 5.1% for 2016 through 2020. Even so, the industry's five-year average annual TSR remains below the cost of equity.

The top quartile of insurers often had profitable growth

The players in the top quartile displayed much higher growth of the tangible book value (TBV) of equity and of the price to TBV (P/TBV) multiple, which was driven by a higher return on tangible equity.

Property and casualty insurers outperformed their peers

Property and casualty insurers outpaced other sectors with a five-year annual TSR of 8.9%, followed by reinsurance (8.1%), multiline (7.1%), and life and health (6.4%).

The key drivers of outperformance differed by region

In the Americas and Asia-Pacific, growth of TBV was, by far, the most important driver. In Europe, the role of the cash flow contribution was almost equally important.

In 2022, insurers' TSR has been relatively strong so far

Through the first half of 2022, the global insurance industry's TSR remained relatively strong. The industry has outperformed the market and most other industries, which have seen negative TSRs in the tough macroeconomic environment.

The bottom line is that profitable growth is essential

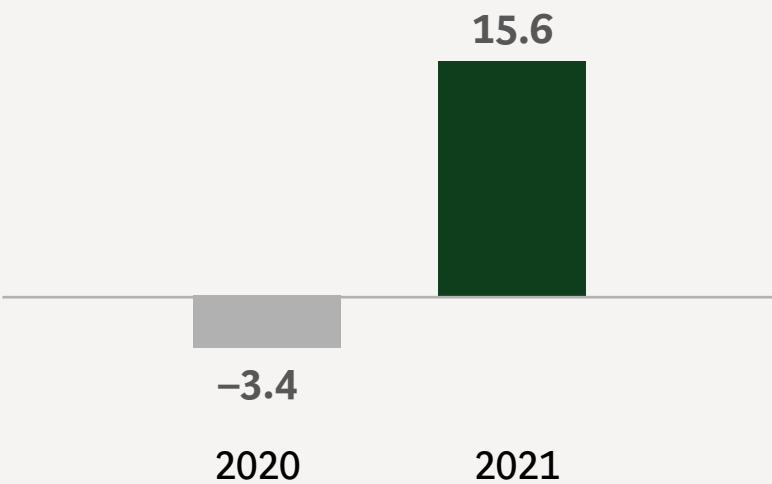
Although the industry overall has proved to be resilient, it is not, on average, delivering returns above the cost of equity. Outperformance is possible across all regions and sectors, but it requires higher levels of profitable growth—whether to generate cash for dividends or buybacks, drive the growth of TBV, or promote the expansion of valuation multiples.

Source: BCG analysis.

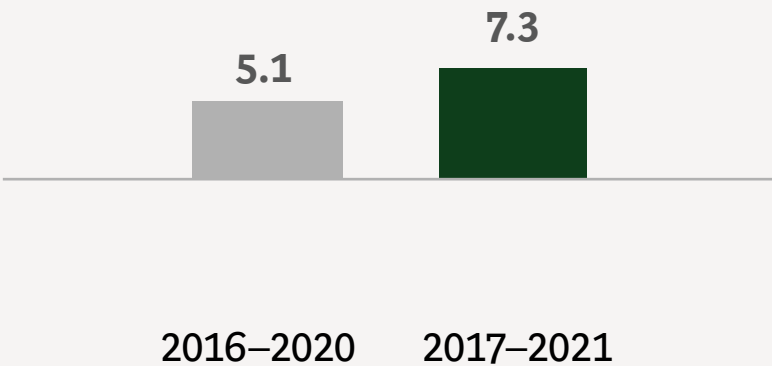
Note: For an explanation of BCG's TSR methodology, please see the last slide of the presentation.

The global insurance industry's average TSR rebounded in 2021, raising the five-year average annual performance

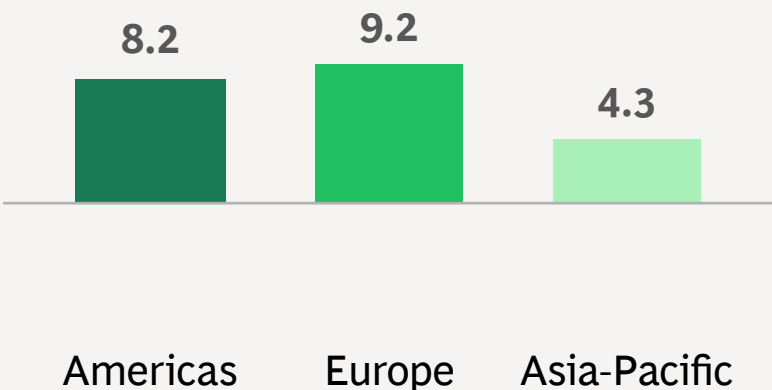
GLOBAL AVERAGE ANNUAL TSR,
2020 VS. 2021 (%)¹



GLOBAL FIVE-YEAR AVERAGE ANNUAL
TSR, 2016–2020 VS. 2017–2021 (%)²



REGIONAL FIVE-YEAR AVERAGE
ANNUAL TSR, 2017–2021 (%)³



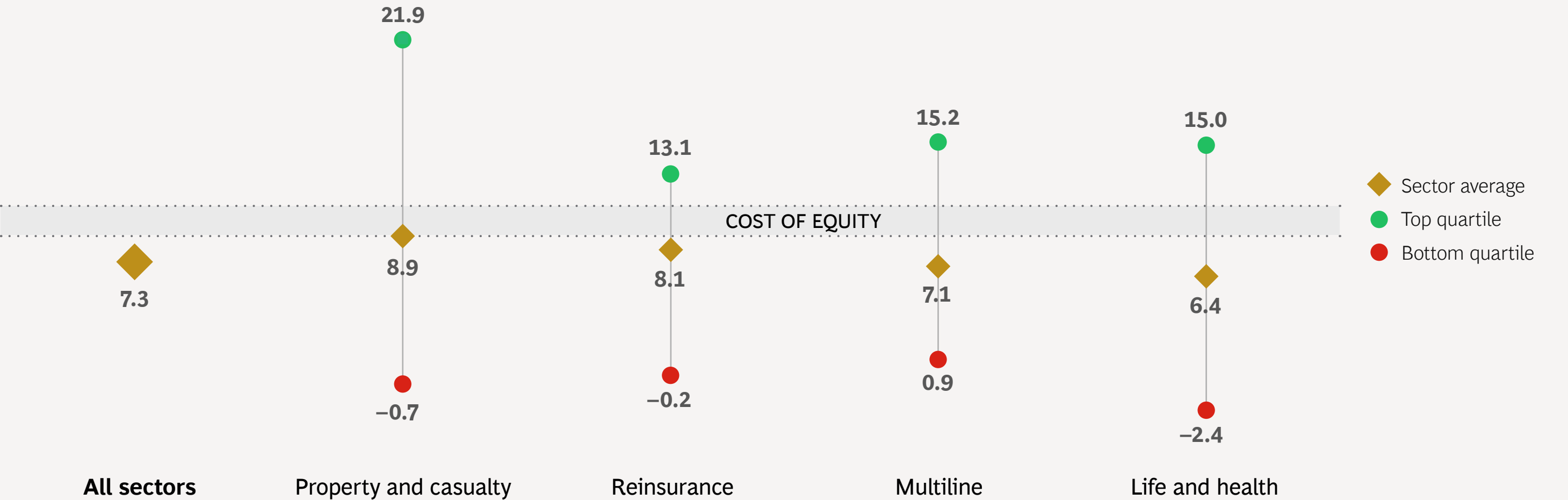
Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.

Note: The sample comprises the 103 largest stock exchange-listed insurers globally.

¹TSR was measured from January 1, 2020, through December 31, 2020, and January 1, 2021, through December 31, 2021. ²TSR was measured from January 1, 2016, through December 31, 2020, and January 1, 2017, through December 31, 2021. ³TSR was measured from January 1, 2017, through December 31, 2021.

Despite the increase in the industry's five-year average annual TSR, it remained below the cost of equity

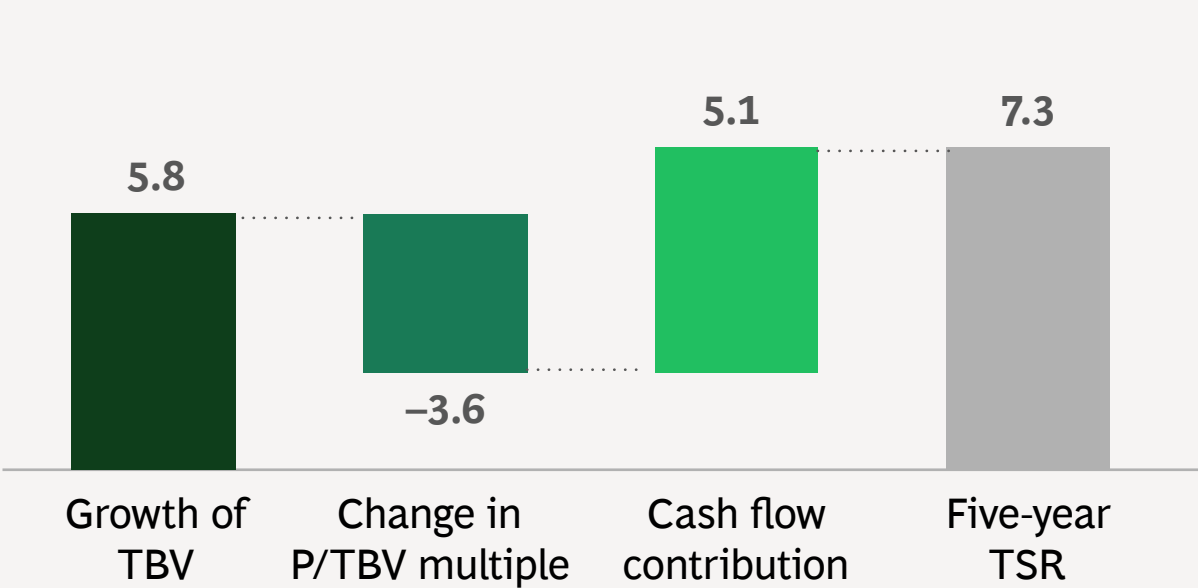
AVERAGE ANNUAL TSR, 2017–2021 (%)¹



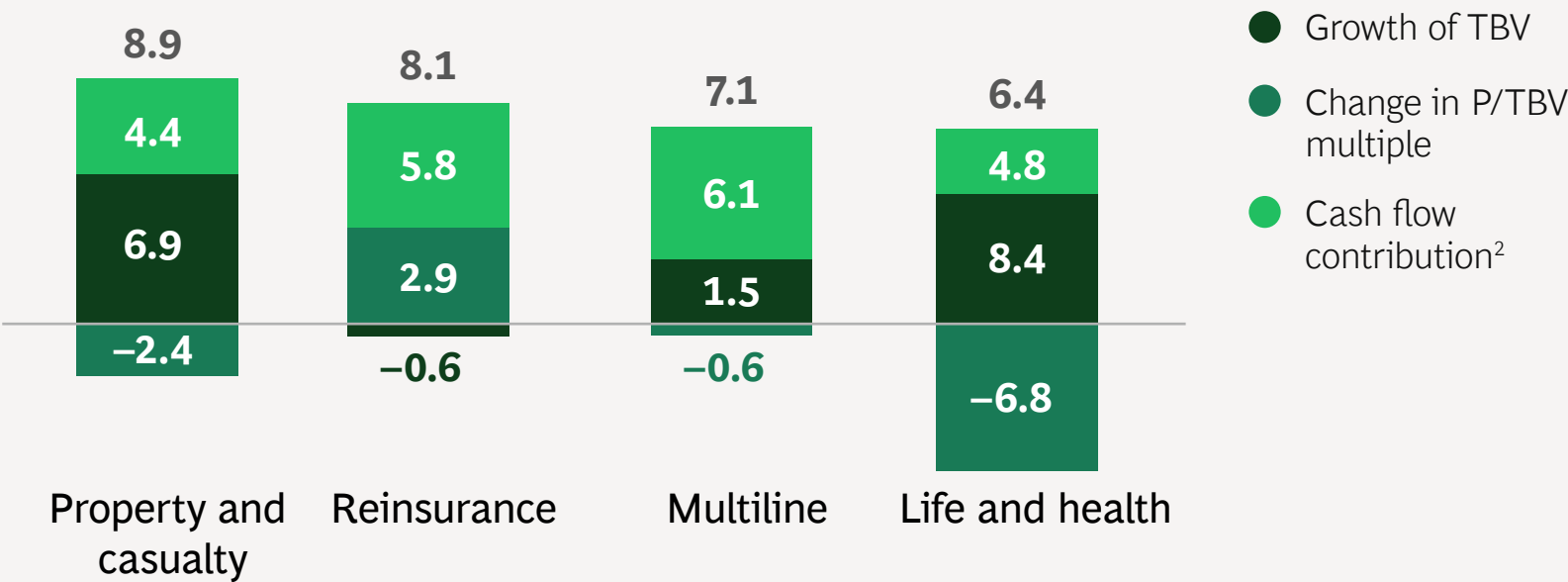
Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.
Note: The sample comprises the 103 largest stock exchange-listed insurers globally.
¹TSR was measured from January 1, 2017, through December 31, 2021.

Growth of TBV and cash flow contribution were the main drivers of value creation, but their impact varied across sectors

TSR DRIVERS' CONTRIBUTION TO AVERAGE ANNUAL TSR, 2017–2021 (PERCENTAGE POINTS)¹



TSR DRIVERS' CONTRIBUTION TO AVERAGE ANNUAL TSR, 2017–2021 (PERCENTAGE POINTS)¹



Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.

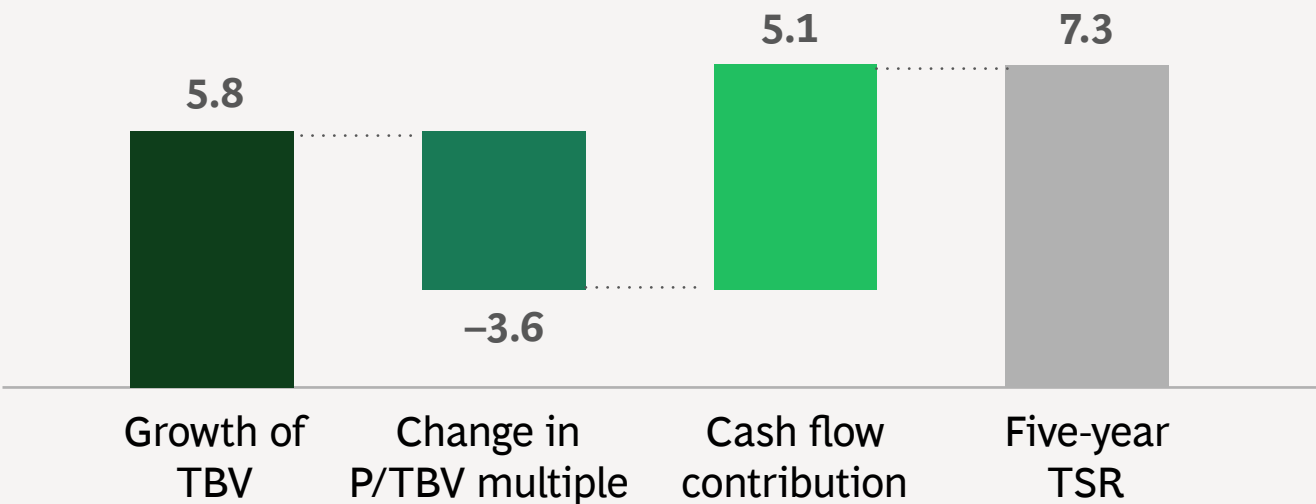
Note: The sample comprises the 103 largest stock exchange-listed insurers globally. Components of TSR are multiplicative but converted and shown here as additive with remainders assigned to the multiple change field. Aggregation is based on market capitalization weights at the start of the year. TSR is calculated in each company's reporting currency. TBV = tangible book value; P/TBV = price to TBV.

¹TSR was measured from January 1, 2017, through December 31, 2021. ²Includes dividend contribution and share-count change.

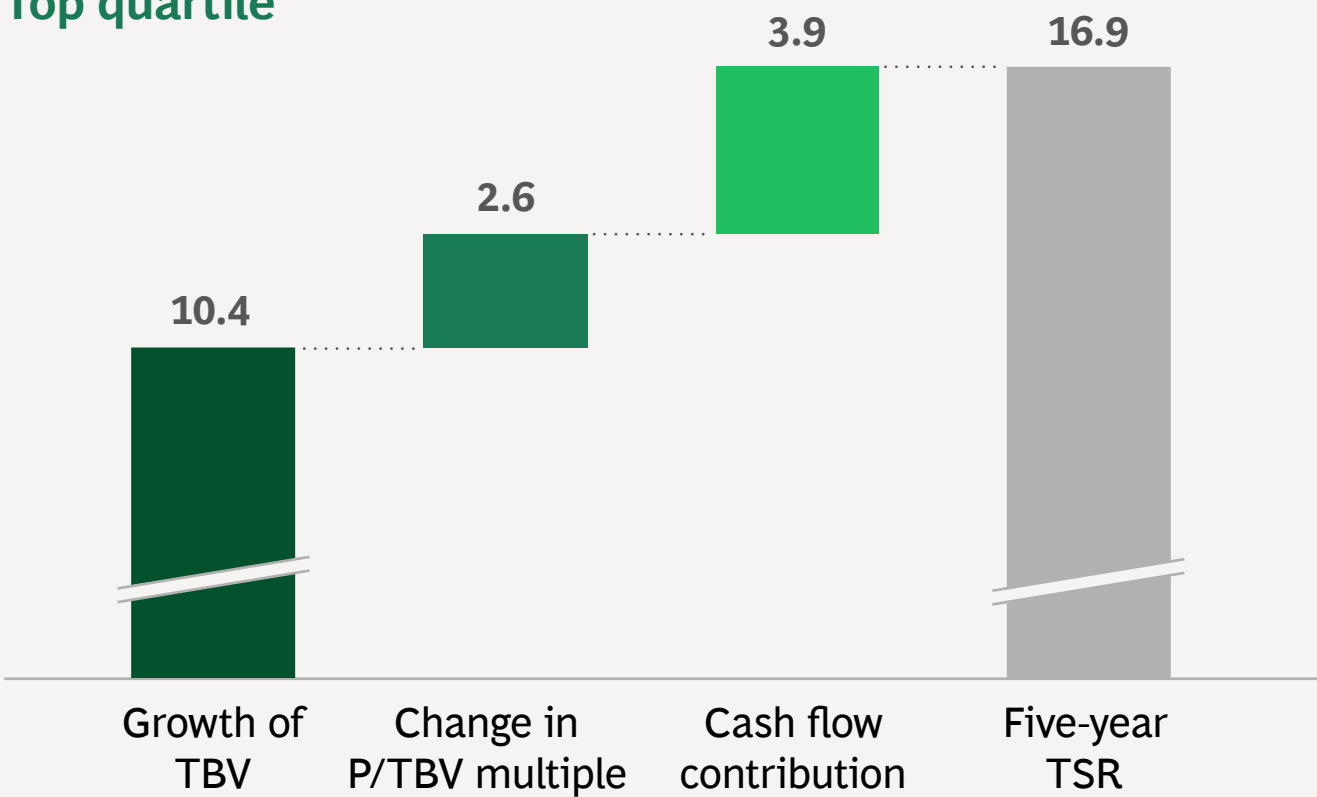
The top quartile of insurers outpaced industry peers, especially for growth of TBV

TSR DRIVERS' CONTRIBUTION TO AVERAGE ANNUAL TSR, 2017–2021 (PERCENTAGE POINTS)¹

All companies



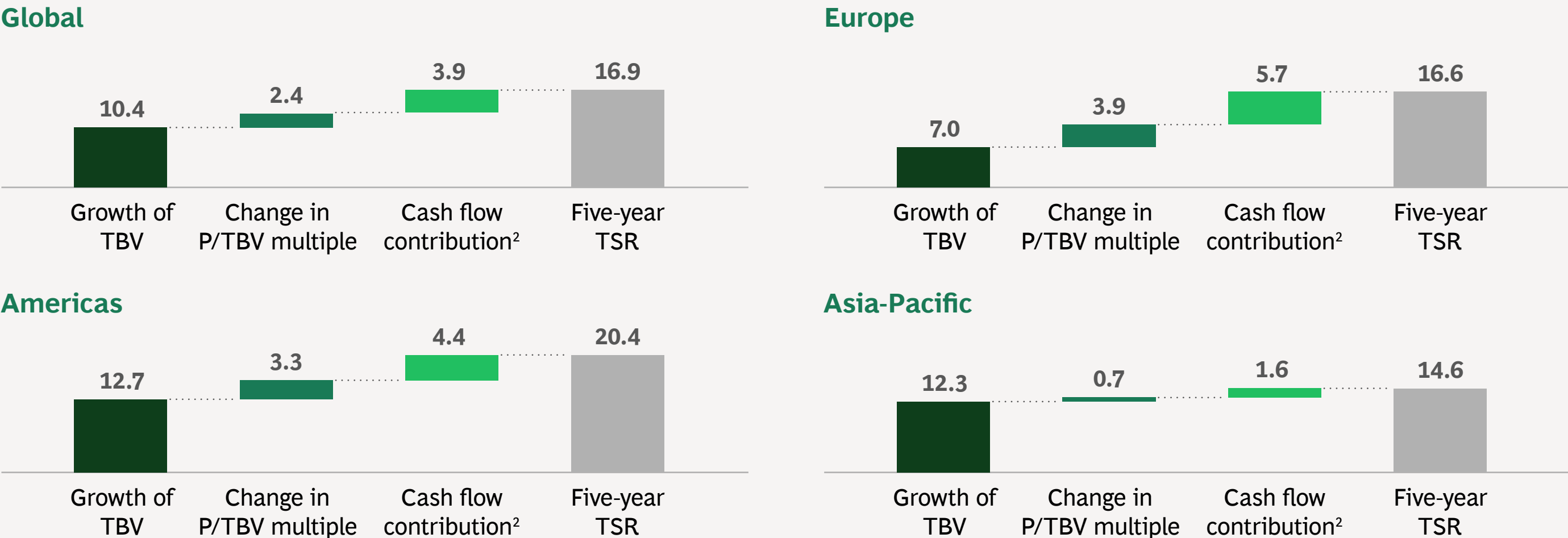
Top quartile



Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.
Note: The sample comprises the 103 largest stock exchange-listed insurers globally. The top quartile comprises 26 of the 103 companies. Components of TSR are multiplicative but converted and shown here as additive with remainders assigned to the multiple change field. Aggregation is based on market capitalization weights at the start of the year. TSR is calculated in each company's reporting currency. TBV = tangible book value; P/TBV = price to TBV.
¹TSR was measured from January 1, 2017, through December 31, 2021. ²Includes dividend contribution and share-count change.

The performance drivers among the top quartile of insurers differed by region

TSR DRIVERS' CONTRIBUTION TO AVERAGE ANNUAL TSR, 2017–2021 (PERCENTAGE POINTS)¹



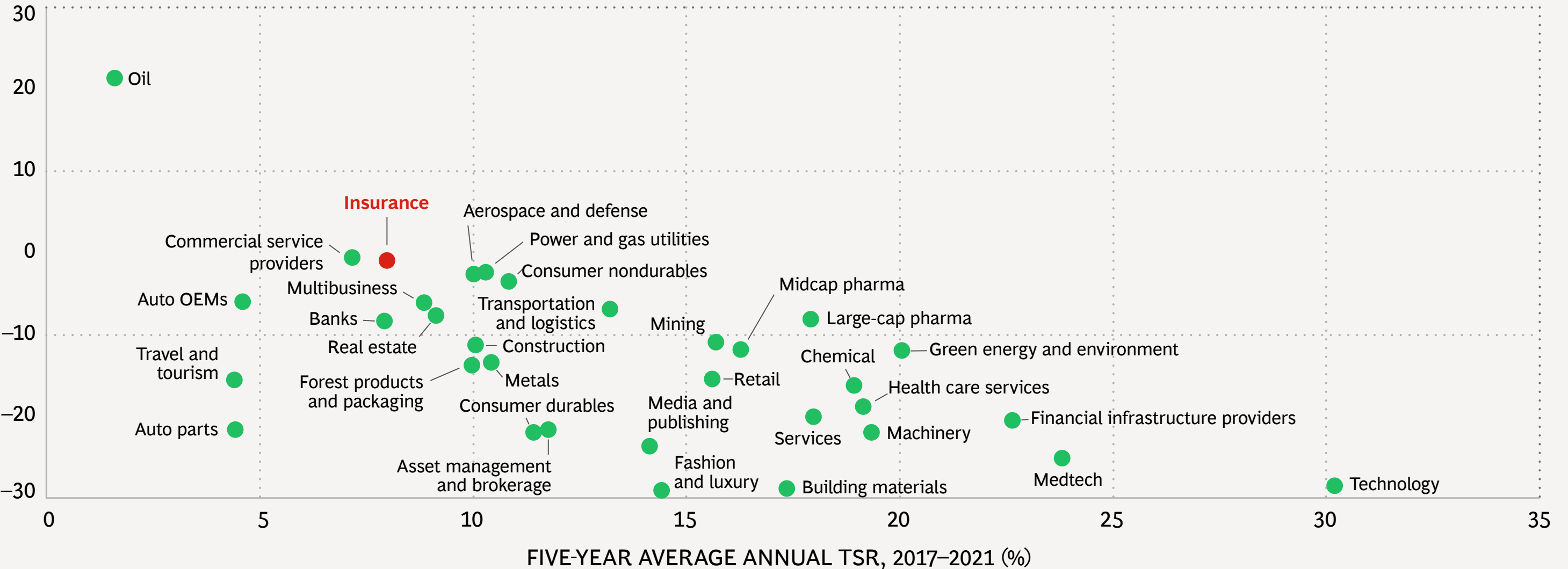
Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.

Note: The sample comprises the 103 largest stock exchange-listed insurers globally. The top quartile comprises 26 of the 103 companies. Europe accounts for 11 companies, the Americas, 11, and Asia-Pacific, 4. The sample for Europe also includes two insurers in Africa. Components of TSR are multiplicative but converted and shown here as additive with remainders assigned to the multiple change field. Aggregation is based on market capitalization weights at the start of the year. TSR is calculated in each company's reporting currency. TBV = tangible book value; P/TBV = price to TBV.

¹TSR was measured from January 1, 2017, through December 31, 2021. ²Includes dividend contribution and share-count change.

The insurance industry's TSR was relatively strong through the first half of 2022, but its five-year performance is among the worst

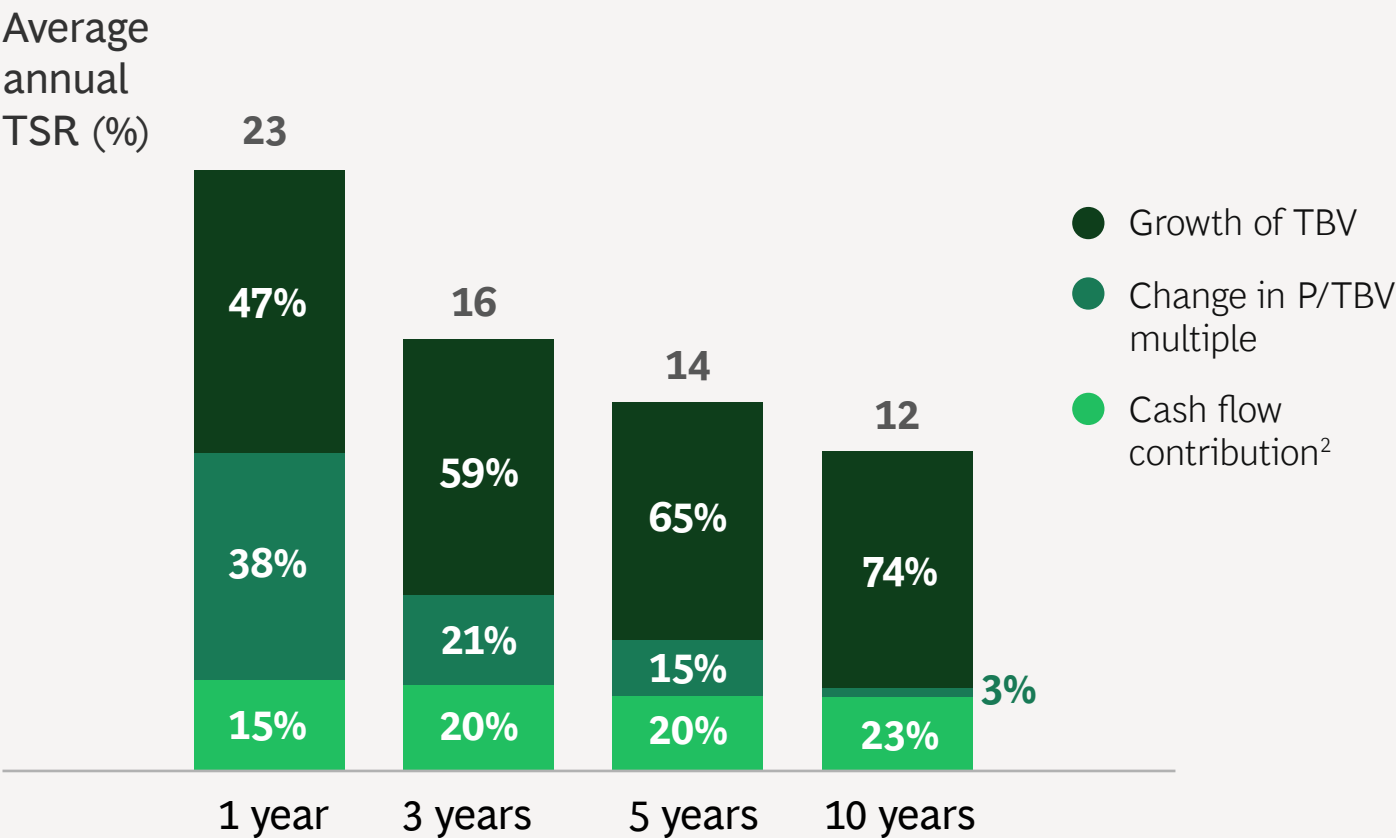
AVERAGE TSR, JANUARY 1, 2022–JUNE 30, 2022 (%)



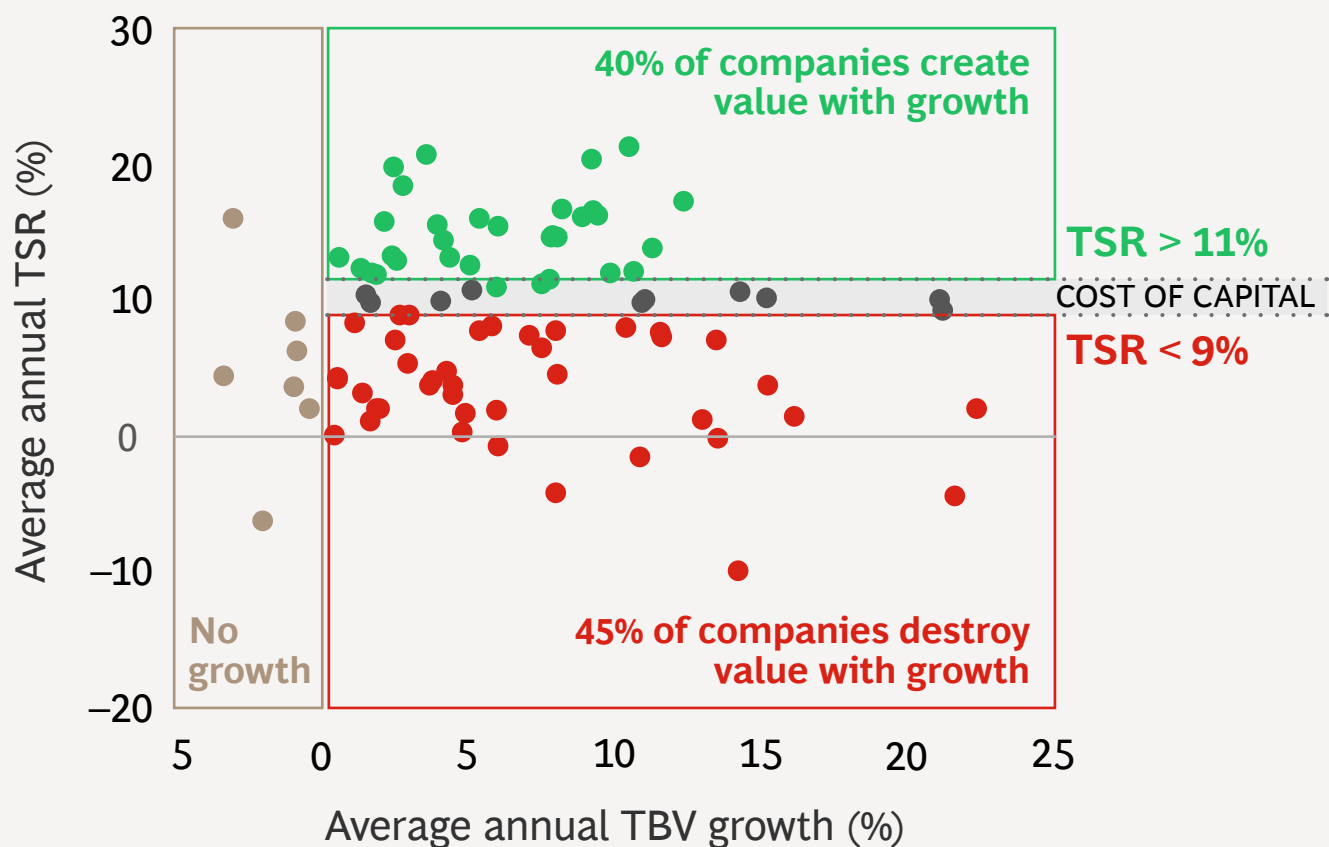
Sources: S&P Capital IQ; Refinitiv; BCG ValueScience Center; BCG analysis.
Note: Average TSR for each industry sample in BCG's 2022 Value Creators database; n = 2,339 companies. OEM = original equipment manufacturer. Companies that are headquartered in Russia or that have operations predominantly in Russia were omitted.

Profitable growth was the dominant driver of TSR for top performers in the long run, but it was not always sufficient to create value

TOP-QUARTILE PERFORMERS IN THE 2021 INSURANCE VALUE CREATORS SAMPLE, 2000–2021¹



CORRELATION OF TBV GROWTH AND TSR FOR THE 2021 INSURANCE VALUE CREATORS SAMPLE, 2010–2021



Sources: S&P Capital IQ, BCG ValueScience Center; BCG analysis.
Note: TBV = tangible book value; P/TBV = price to TBV.
¹For each time period under observation, the TSR and each driver's contribution is calculated on a rolling basis (for example, 21 rolling one-year periods) and averaged. The sample size increased from 2000 through 2020 as more companies became public companies and were listed on a stock exchange. ²Includes dividend contribution and share-count change.

The rankings of the top quartile of insurance value creators by five-year TSR (1/2)







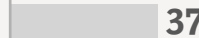


























































Company	Five-year average RoE (%)	Five-year TSR, 2017–2021 (%) ¹	Growth of TBV (pp)	Change in P/TBV multiple (pp)	Dividend yield (pp)	Change in share count (pp)	Year-to-date TSR, 2022 (%) ²	Sector
Kinsale	17	<div><div></div></div> 48	<div><div></div></div> 27	<div><div></div></div> 22	<div><div></div></div> 1	<div><div></div></div> -2	-3	P&C
Progressive	25	<div><div></div></div> 28	<div><div></div></div> 19	<div><div></div></div> 4	<div><div></div></div> 5	<div><div></div></div> 0	13	P&C
China Development Financial	8	<div><div></div></div> 23	<div><div></div></div> 10	<div><div></div></div> 11	<div><div></div></div> 6	<div><div></div></div> -5	-16	L&H
Topdanmark	26	<div><div></div></div> 20	<div><div></div></div> 8	<div><div></div></div> 7	<div><div></div></div> 5	<div><div></div></div> 0	10	Multiline
Fidelity National Financial	20	<div><div></div></div> 20	<div><div></div></div> 9	<div><div></div></div> 1	<div><div></div></div> 11	<div><div></div></div> -1	-28	P&C
First American Financial	17	<div><div></div></div> 20	<div><div></div></div> 20	<div><div></div></div> -4	<div><div></div></div> 4	<div><div></div></div> 0	-31	P&C
Poste Italiane	13	<div><div></div></div> 19	<div><div></div></div> 8	<div><div></div></div> 5	<div><div></div></div> 7	<div><div></div></div> 0	-19	L&H
Swiss Life	7	<div><div></div></div> 19	<div><div></div></div> 4	<div><div></div></div> 10	<div><div></div></div> 5	<div><div></div></div> 0	-13	L&H
ASR Nederland	14	<div><div></div></div> 19	<div><div></div></div> 11	<div><div></div></div> -1	<div><div></div></div> 6	<div><div></div></div> 2	-1	Multiline
Admiral	58	<div><div></div></div> 19	<div><div></div></div> 24	<div><div></div></div> -11	<div><div></div></div> 7	<div><div></div></div> -2	-25	P&C
Primerica	23	<div><div></div></div> 19	<div><div></div></div> 8	<div><div></div></div> 6	<div><div></div></div> 1	<div><div></div></div> 3	-21	L&H
American Financial Group	16	<div><div></div></div> 18	<div><div></div></div> 0	<div><div></div></div> 9	<div><div></div></div> 9	<div><div></div></div> 0	10	P&C
Storebrand	8	<div><div></div></div> 17	<div><div></div></div> 5	<div><div></div></div> 10	<div><div></div></div> 3	<div><div></div></div> -1	-17	L&H

Sources: S&P Capital IQ; Refinitiv; BCG ValueScience Center; BCG analysis.

Note: RoE = return on equity; TBV = tangible book value; P/TBV = price to TBV; P&C = property and casualty; L&H = life and health. Some percentage points may not add up to the percentage shown because of rounding.

¹Five-year average annual TSR. ²As of June 30, 2022.

The rankings of the top quartile of insurance value creators by five-year TSR (2/2)


































































Company	Five-year average RoE (%)	Five-year TSR, 2017–2021 (%) ¹	Growth of TBV (pp)	Change in P/TBV multiple (pp)	Dividend yield (pp)	Change in share count (pp)	Year-to-date TSR, 2022 (%) ²	Sector
Zurich Insurance	12	 16	 3	 7	 7	 0	4	Multiline
Tryg	19	 16	 37	 -17	 11	 -16	0	P&C
W.R. Berkley	12	 16	 6	 7	 2	 1	26	P&C
Gjensidige	22	 16	 2	 7	 6	 0	-4	Multiline
Fubon Financial	13	 16	 18	 -4	 5	 -3	-22	P&C
RLI Corp.	16	 15	 9	 4	 4	 -1	4	P&C
Selective Insurance	12	 15	 13	 2	 2	 -1	7	L&H
Hannover Rück	11	 15	 6	 5	 4	 0	-14	Reins
NN Group	7	 14	 8	 0	 6	 1	-6	L&H
Intact Financial	12	 14	 19	 -2	 3	 -6	12	P&C
AIA	11	 14	 12	 1	 2	 0	9	L&H
Old Republic International	14	 14	 8	 0	 9	 -3	-7	P&C
ICICI Prudential Life	19	 14	 9	 4	 1	 0	-13	L&H

Sources: S&P Capital IQ; Refinitiv; BCG ValueScience Center; BCG analysis.

Note: RoE = return on equity; TBV = tangible book value; P/TBV = price to TBV; P&C = property and casualty; L&H = life and health. Some percentage points may not add up to the percentage shown because of rounding.

¹Five-year average annual TSR. ²As of June 30, 2022.

The rankings of the second quartile of insurance value creators by five-year TSR (1/2)


































































Company	Five-year average RoE (%)	Five-year TSR, 2017–2021 (%) ¹	Growth of TBV (pp)	Change in P/TBV multiple (pp)	Dividend yield (pp)	Change in share count (pp)	Year-to-date TSR, 2022 (%) ²	Sector
Aflac	15	 14	 10	 -3	 3	 4	-4	L&H
Assurant	11	 13	 -6	 17	 2	 0	12	P&C
Munich Re	7	 12	 -1	 6	 5	 3	-10	Reins
Max Financial Services	16	 12	 14	 3	 0	 -5	-20	L&H
Allstate	14	 12	 1	 4	 2	 5	9	P&C
Generali	9	 12	 4	 2	 6	 0	-13	Multiline
American National	9	 12	 8	 0	 3	 0	NM	Multiline
Voya Financial	3	 12	 -8	 8	 1	 12	-10	L&H
Athene	16	 12	 24	 -13	 0	 1	NM	L&H
Cincinnati Financial	16	 12	 13	 -5	 3	 0	6	P&C
Unipol	11	 11	 4	 0	 7	 0	-1	Multiline
Hanover Insurance Group	12	 11	 2	 2	 4	 4	13	P&C
Shin Kong Financial	8	 11	 19	 -5	 4	 -6	-17	L&H

Sources: S&P Capital IQ; Refinitiv; BCG ValueScience Center; BCG analysis.

Note: RoE = return on equity; TBV = tangible book value; P/TBV = price to TBV; L&H = life and health; P&C = property and casualty; NM = not measured. Some percentage points may not add up to the percentage shown because of rounding.

¹Five-year average annual TSR.²As of June 30, 2022.

The rankings of the second quartile of insurance value creators by five-year TSR (2/2)

Company	Five-year average RoE (%)	Five-year TSR, 2017–2021 (%) ¹	Growth of TBV (pp)	Change in P/TBV multiple (pp)	Dividend yield (pp)	Change in share count (pp)	Year-to-date TSR, 2022 (%) ²	Sector
Allianz	10	 11	 3	 1	 5	 2	–8	Multiline
Legal & General	21	 11	 9	 –5	 7	 0	–15	L&H
Talanx	9	 10	 4	 2	 4	 0	–11	Multiline
Sun Life Assurance	12	 10	 4	 2	 4	 1	–14	L&H
Tokio Marine	7	 10	 3	 1	 4	 2	26	P&C
Chubb	9	 10	 7	 –1	 2	 2	3	P&C
The Hartford	6	 10	 –2	 8	 2	 2	–4	P&C
Cathay Financial	11	 10	 13	 –7	 5	 –1	–19	L&H
IA Financial	11	 10	 2	 5	 3	 0	–10	L&H
MetLife	8	 9	 0	 –2	 6	 5	2	L&H
CNP Assurances	8	 9	 1	 3	 5	 0	0	L&H
Arch Capital Group	11	 9	 16	 –6	 0	 –1	2	P&C
Principal Financial Services	13	 9	 10	 –7	 4	 2	–6	L&H

Sources: S&P Capital IQ; Refinitiv; BCG ValueScience Center; BCG analysis.

Note: RoE = return on equity; TBV = tangible book value; P/TBV = price to TBV; L&H = life and health; P&C = property and casualty; NM = not measured. Some percentage points may not add up to the percentage shown because of rounding.

¹Five-year average annual TSR.²As of June 30, 2022.

A comparison of the top performers over three time periods

20 years: 2002–2021


Rank	Company	Location and sector ¹	Annual TSR, 2002–2021 (%)
1	Topdanmark	DK Multiline	17
2	RLI Corp.	US P&C	17
3	Discovery	ZA L&H	17
4	Sanlam	ZA L&H	15
5	Hannover Rück	DE Reinsurance	15
6	American Financial Group	US P&C	15
7	Arch Capital Group	BM P&C	15
8	Sampo Oyj	FI Multiline	15
9	W.R. Berkley	US P&C	15
10	Progressive	US P&C	14

10 years: 2012–2021

Rank	Company	Location and sector ¹	Annual TSR, 2012–2021 (%)
1	Swiss Life	CH L&H	25
2	Radian Group	US P&C	25
3	Progressive	US P&C	23
4	First American Financial	US P&C	23
5	Max Financial Services	IN L&H	22
6	Fidelity National Financial	US P&C	22
7	Admiral	GB P&C	22
8	Primerica	US L&H	22
9	Hannover Rück	DE Reinsurance	21
10	American Financial Group	US P&C	20

5 years: 2017–2021

Rank	Company	Location and sector ¹	Annual TSR, 2017–2021 (%)
1	Kinsale	US P&C	48
2	Progressive	US P&C	28
3	China Development Financial	TW L&H	23
4	Topdanmark	DK Multiline	20
5	Fidelity National Financial	US P&C	20
6	First American Financial	US P&C	20
7	Poste Italiane	IT L&H	19
8	Swiss Life	CH L&H	19
9	ASR Nederland	NL Multiline	19
10	Admiral	GB P&C	19

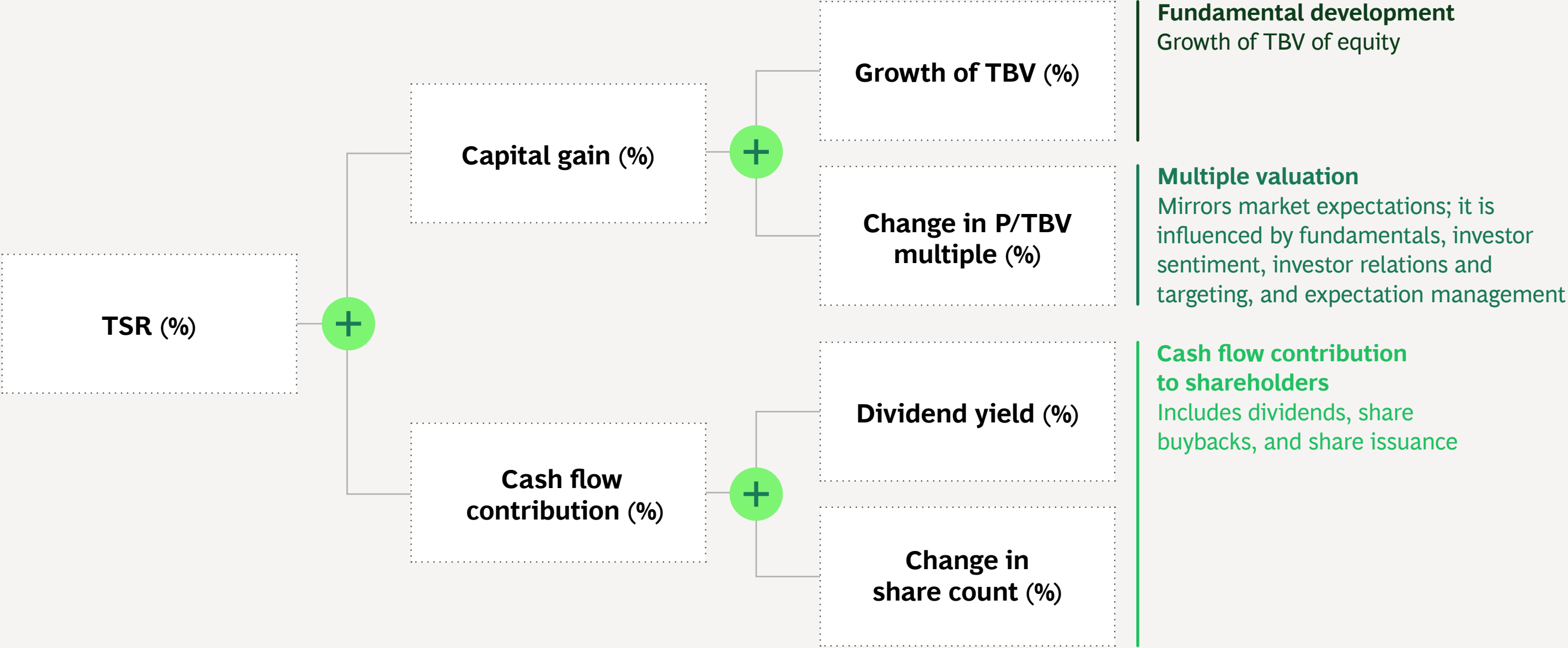
 Consistent top performer

Sources: S&P Capital IQ; Refinitiv; BCG ValueScience Center; BCG analysis.

Note: Progressive is the top performer in all three time periods. P&C = property and casualty; L&H = life and health. BM = Bermuda; CH = Switzerland; DE = Germany; DK = Denmark; FI = Finland; GB = United Kingdom; IN = India; IT = Italy; NL = Netherlands; TW = Taiwan; US = United States; ZA = South Africa.

¹Location of corporate headquarters as designated by the International Organization for Standardization's code.

BCG's methodology to determine TSR—the key metric for value creation



Source: BCG analysis.
Note: TBV = tangible book value; P/TBV = price to TBV.