



# Where Did Companies Outperform and Why?

The 2023 Insurance Value Creators Report

JULY 2023



# Insurance industry TSR performance— key takeaways

1

The insurance industry demonstrated resilience in a difficult market in 2022

2

Insurance TSR compared favorably with other industries' TSR in 2022, but it lagged over the medium term

3

The insurance industry has struggled to generate returns above the cost of equity in recent years

4

Averages do not capture the diversity of performance across the industry

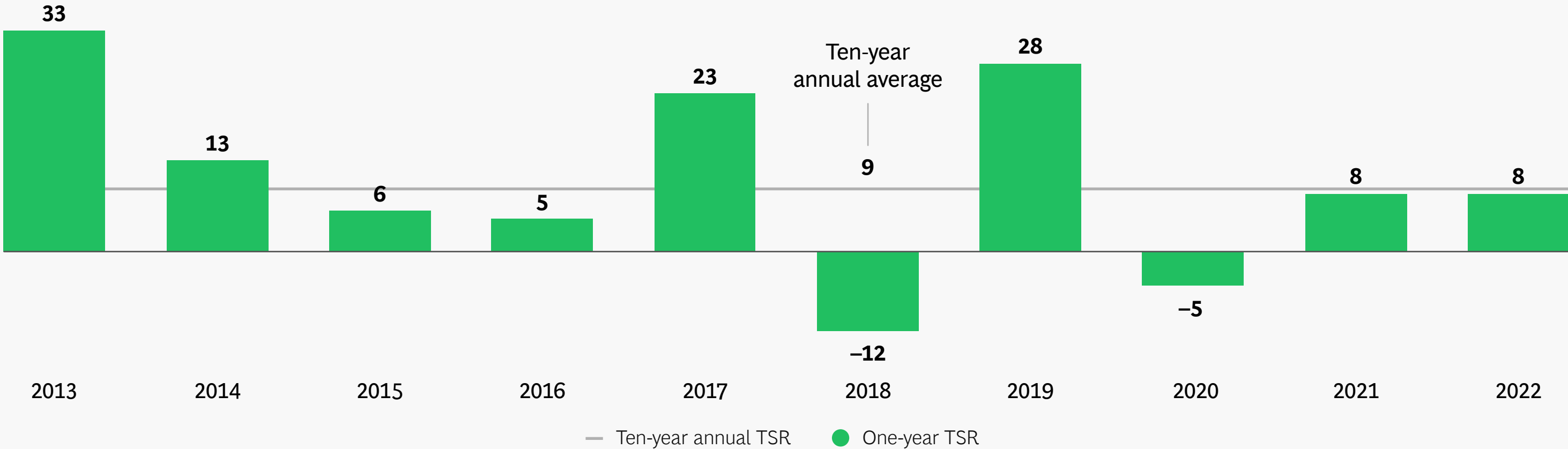
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Few insurers generate TSR that exceeds their return on equity

6

Cash flow contribution and growth of tangible book value drove TSR performance over the past five years

# The insurance industry demonstrated resilience in a difficult market in 2022

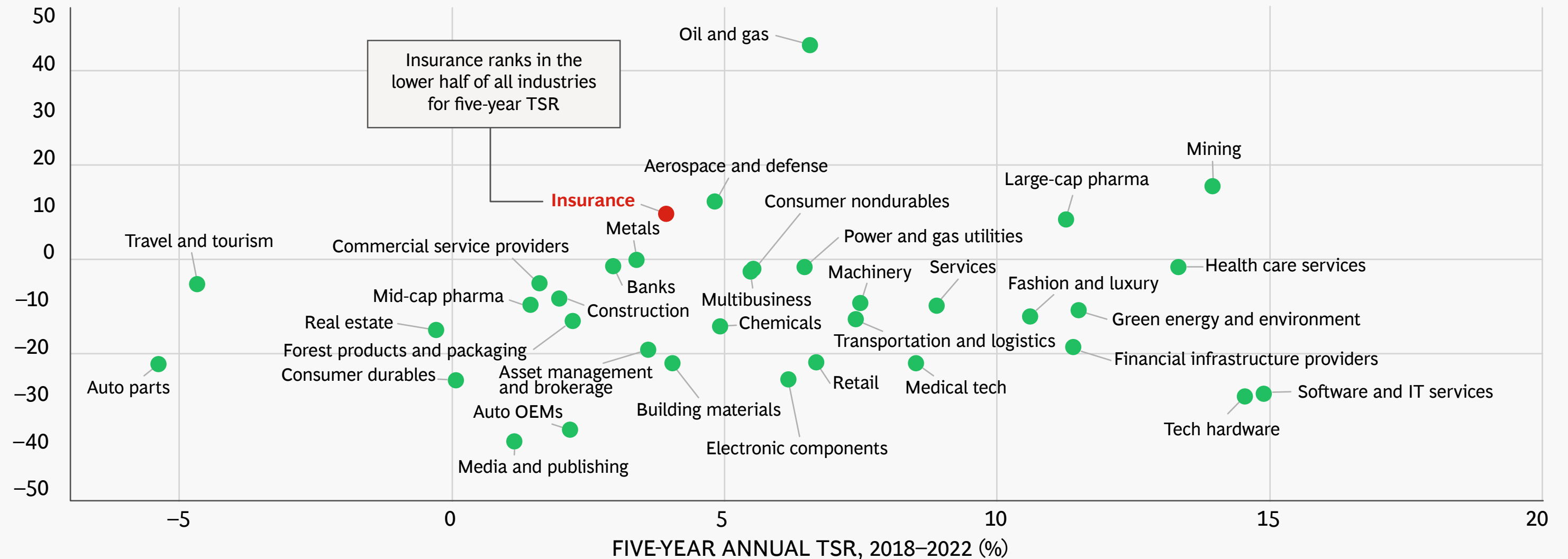


**2022's TSR of 8%, achieved in the face of strong headwinds following the onset of the pandemic, capped widely varying insurance industry performance over the past decade**

**Sources:** S&P Capital IQ; BCG ValueScience Center; BCG analysis.  
**Note:** The sample comprises the 103 largest stock exchange-listed insurers globally as of December 31, 2022.

# Insurance TSR compared favorably with other industries' TSR in 2022, but it lagged over the medium term

ONE-YEAR TSR, 2022 (%)

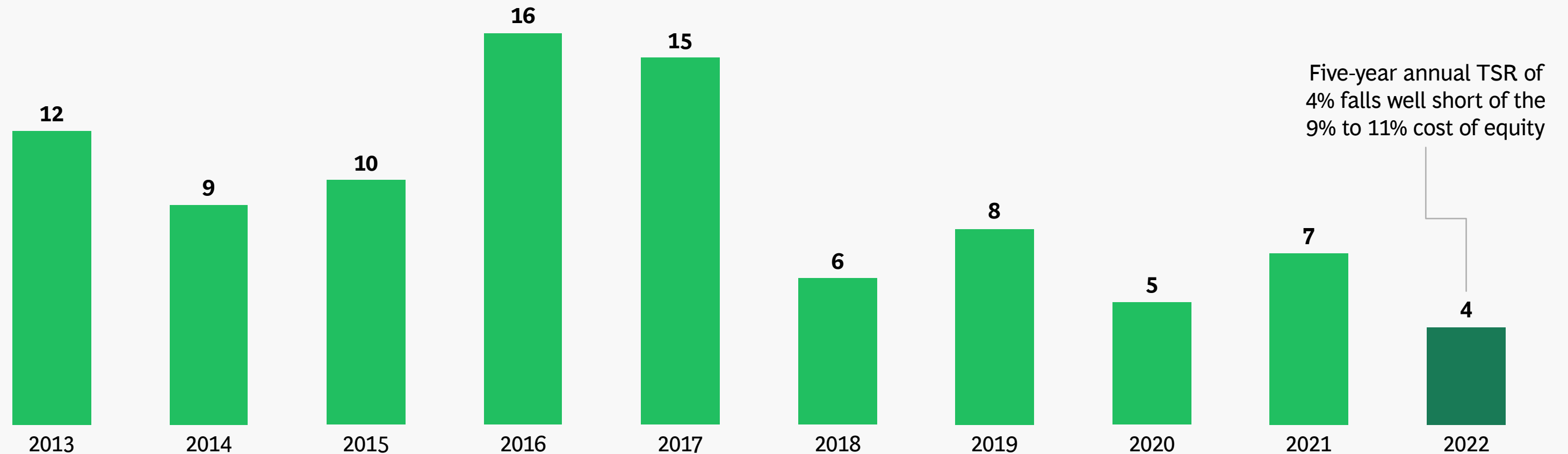


Sources: S&P Capital IQ; Refinitiv; BCG Value Creators database 2023; BCG ValueScience Center.

Note: Market cap weighted average TSR per respective industry sample, based on start date market caps; n = 2,468. Russian companies were omitted from the sample due to suspended trading and collapse of share prices. Turkish companies were omitted due to the country's hyperinflationary environment.

# The insurance industry has struggled to generate returns above the cost of equity in recent years

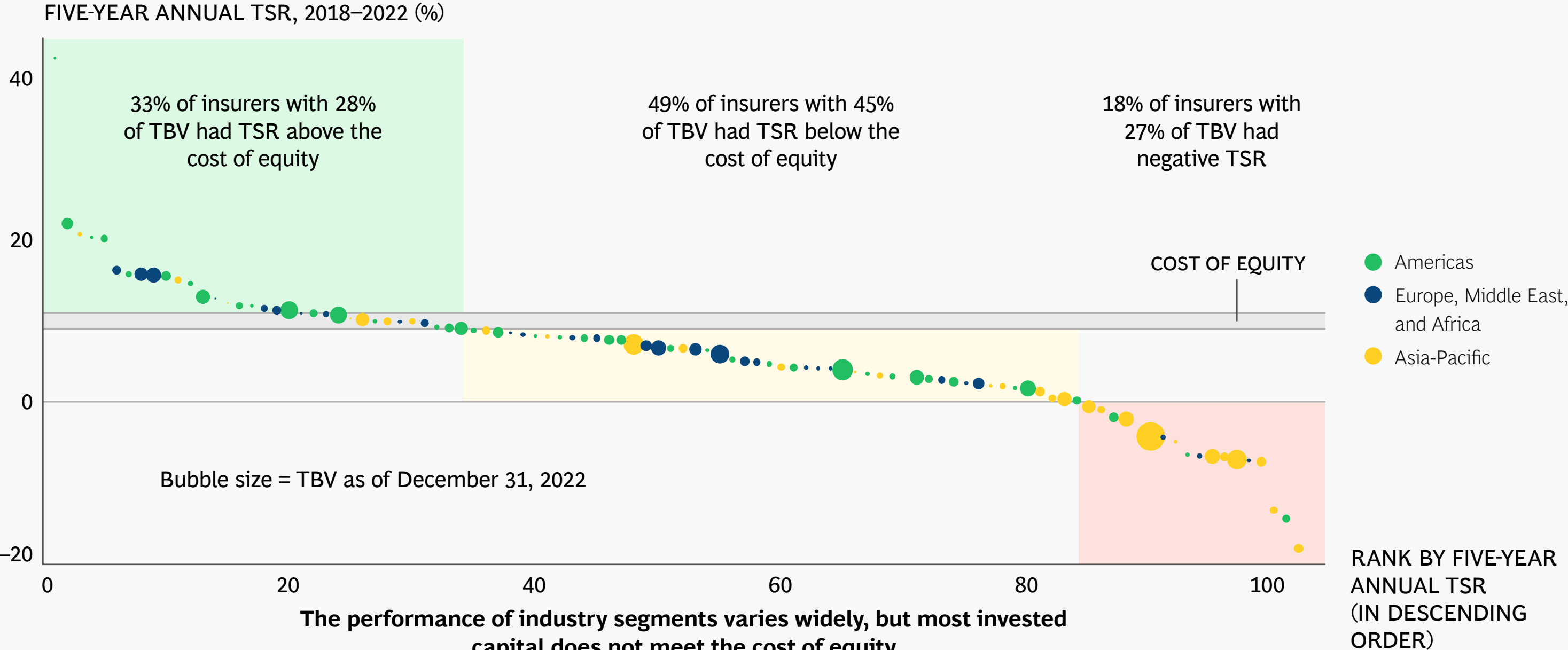
AVERAGE ANNUAL TSR FOR FIVE-YEAR TIME FRAME ENDING IN EACH YEAR (%)



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

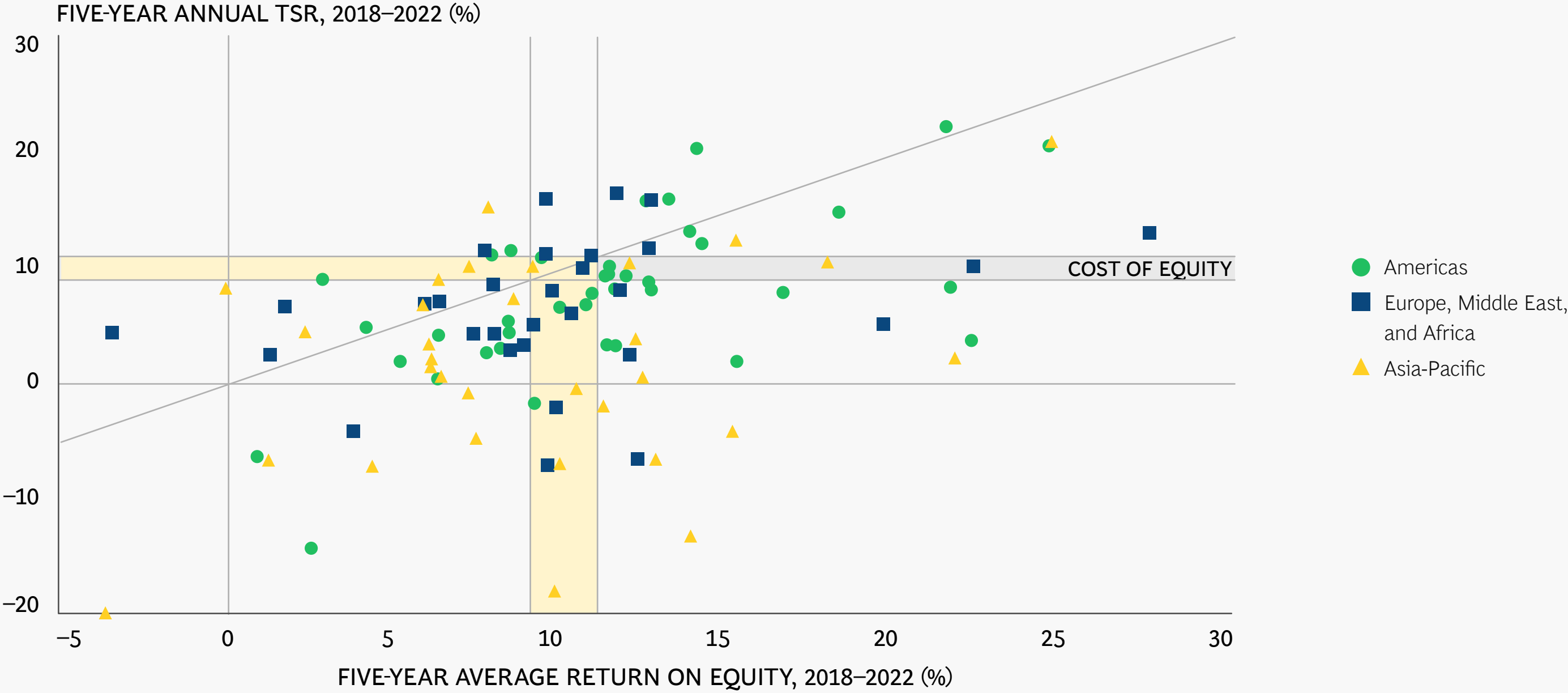
Note: The sample comprises the 103 largest stock exchange-listed insurers globally as of December 31, 2022.

# Averages do not capture the diversity of performance across the industry



Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.  
 Note: TBV = tangible book value of equity without other comprehensive income.

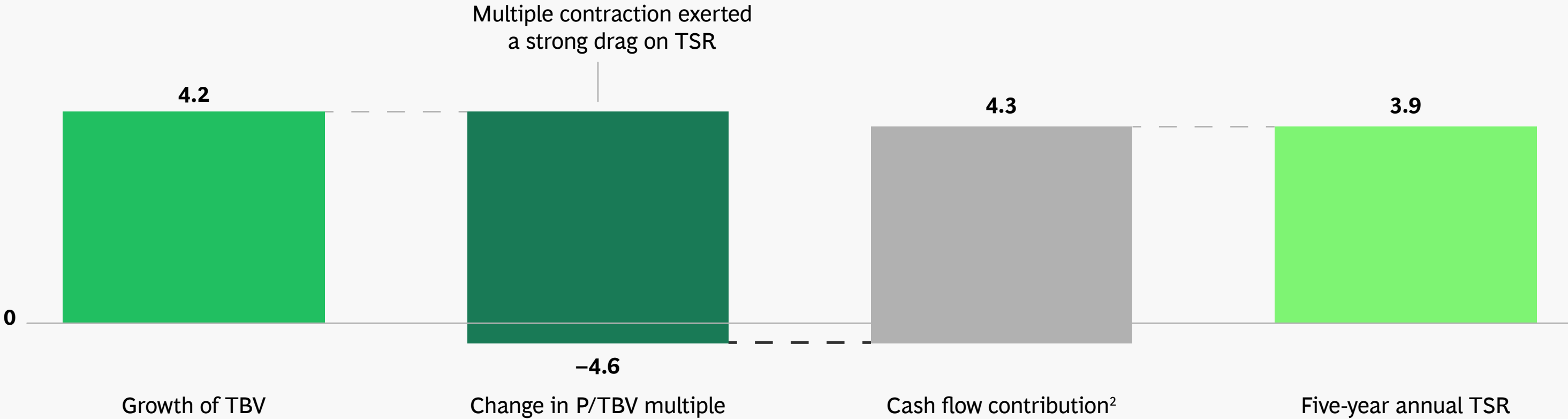
# Few insurers generate TSR that exceeds their return on equity



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

# Cash flow contribution and growth of tangible book value drove TSR performance over the past five years

CONTRIBUTION TO AVERAGE ANNUAL TSR, 2018–2022 (pp)<sup>1</sup>



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

Note: Components of TSR are multiplicative, but here they have been converted and are shown as additive with remainders assigned to the multiple change field. Aggregation is based on market cap weights at the start of the year 2018. TSRs use company reporting currency. P/TBV = price to tangible book value; pp = percentage points; TBV = tangible book value of equity without other comprehensive income.

<sup>1</sup>TSRs from December 31, 2017, to December 31, 2022. <sup>2</sup>Includes dividend contribution and share count change.

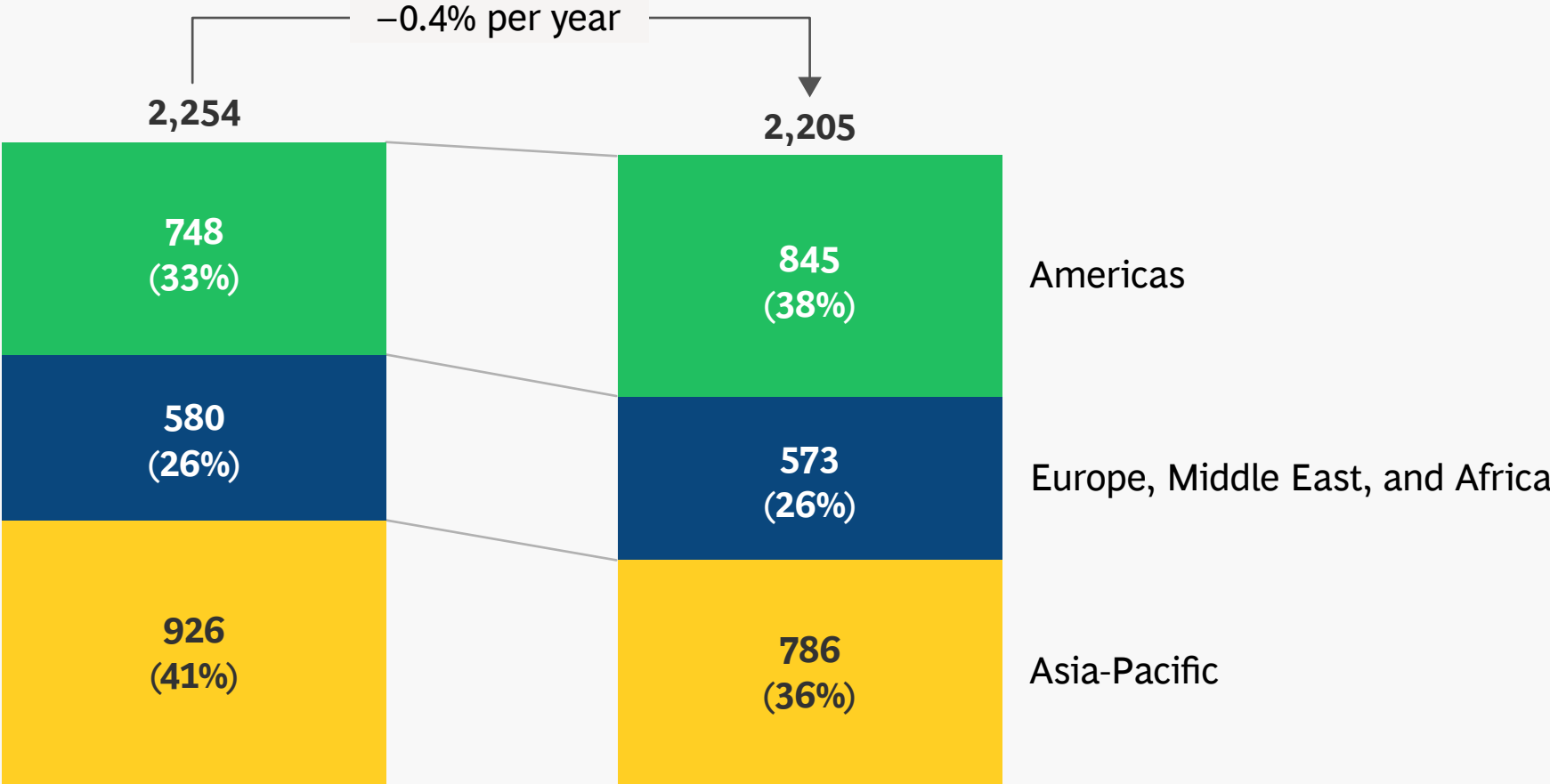


# Regional and sector performance—key takeaways

- 1 Insurance had pockets of exceptionally good performance
- 2 Market capitalization expanded in property and casualty—especially in North America—and in reinsurance, but it contracted in Asia-Pacific, particularly in multiline
- 3 Contrary to theory and historical patterns, capital generation did not always drive TSR performance
- 4 Insurance is a local business: TSR and its drivers showed significant regional differences
- 5 Size does not matter (yet)
- 6 Top-quartile insurers outperformed the rest of the industry, achieving average annual TSR of 14%

# Insurance had pockets of exceptionally good performance

MARKET CAPITALIZATION AT YEAR END (\$BILLIONS)

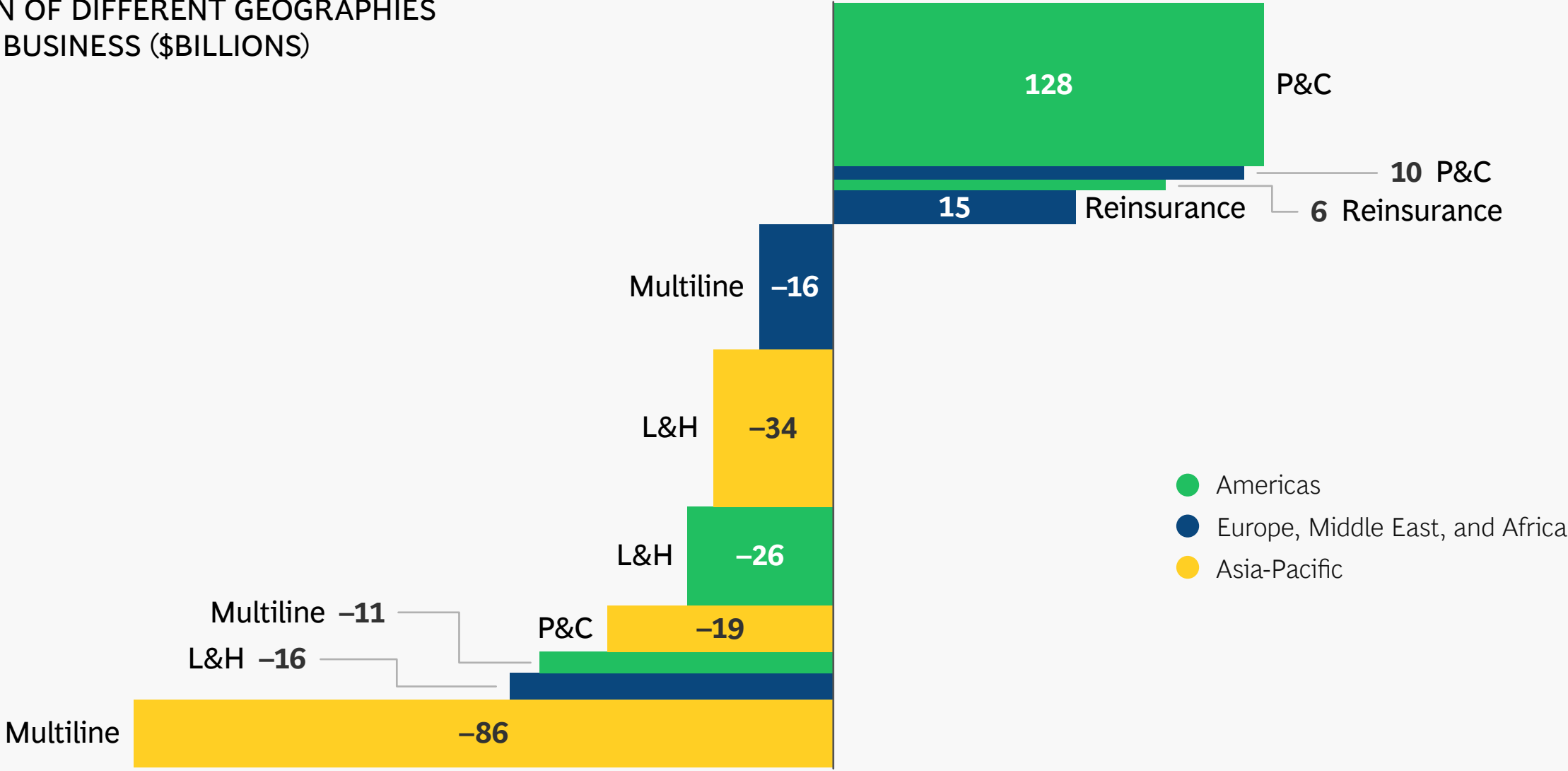


Overall, the industry market cap was flat over the five-year period, but there were significant regional differences

Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.  
Note: Measuring the market capitalizations of the 103 largest stock exchange-listed insurers globally.

# Market capitalization expanded in property and casualty—especially in North America—and in reinsurance, but it contracted in Asia-Pacific, particularly in multiline

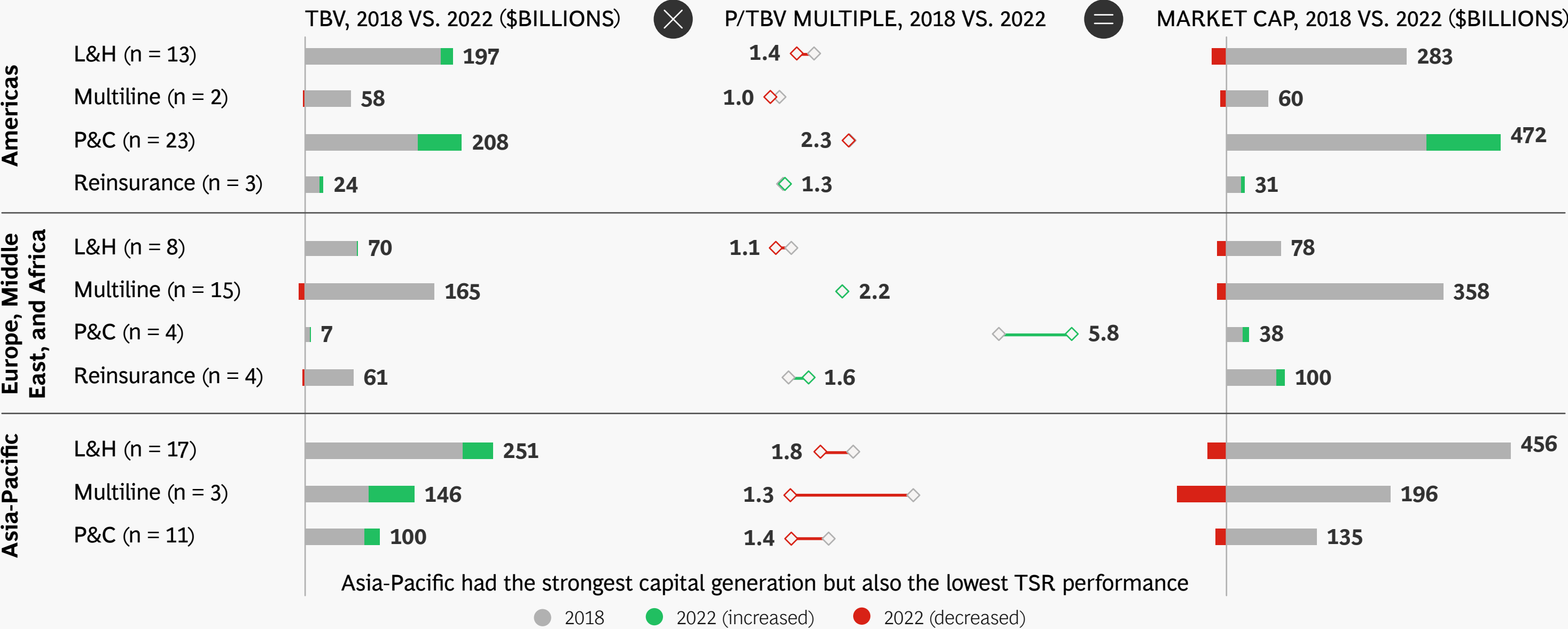
CONTRIBUTION OF DIFFERENT GEOGRAPHIES AND LINES OF BUSINESS (\$BILLIONS)



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

Note: Length of bar = market capitalization change from December 31, 2017, to December 31, 2022; height of bar = market capitalization at the end of the year 2022 (\$billions). L&H = life and health; P&C = property and casualty.

# Contrary to theory and historical patterns, capital generation did not always drive TSR performance

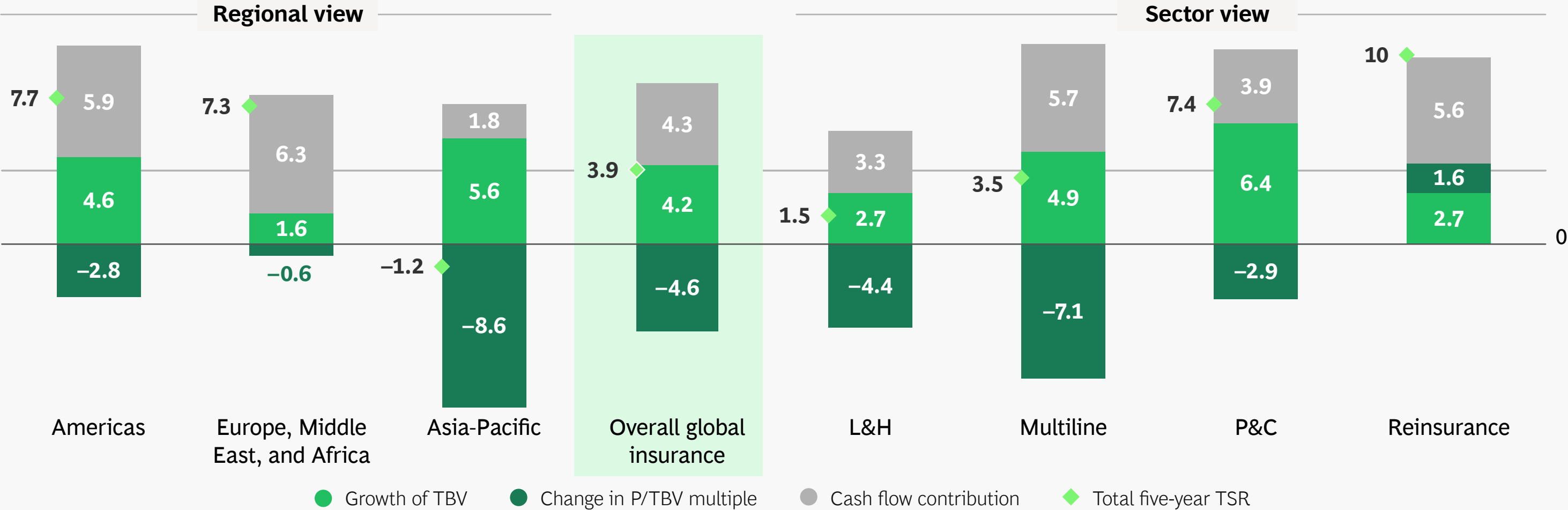


Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.

Note: L&H = life and health; P&C = property and casualty; P/TBV = price to TBV; TBV = tangible book value of equity without other comprehensive income.

# Insurance is a local business: TSR and its drivers showed significant regional differences

FIVE-YEAR ANNUAL TSR, 2018–2022 (%)

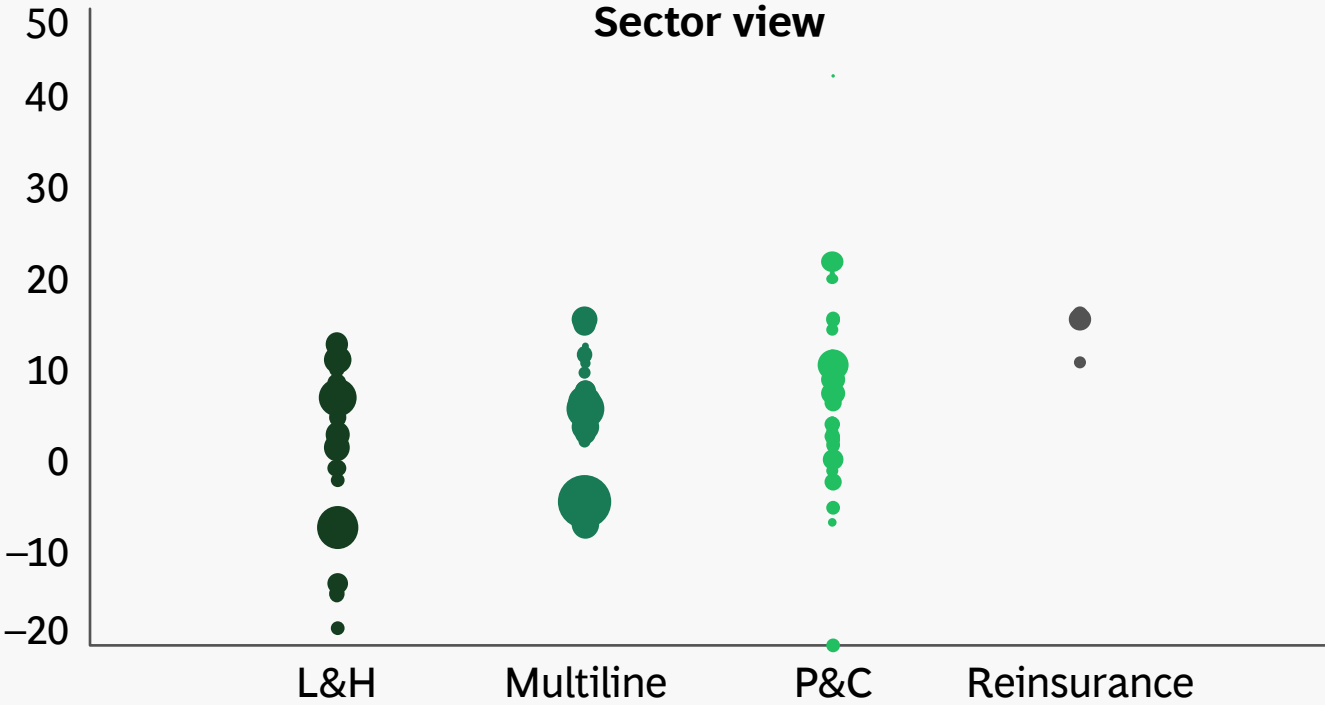
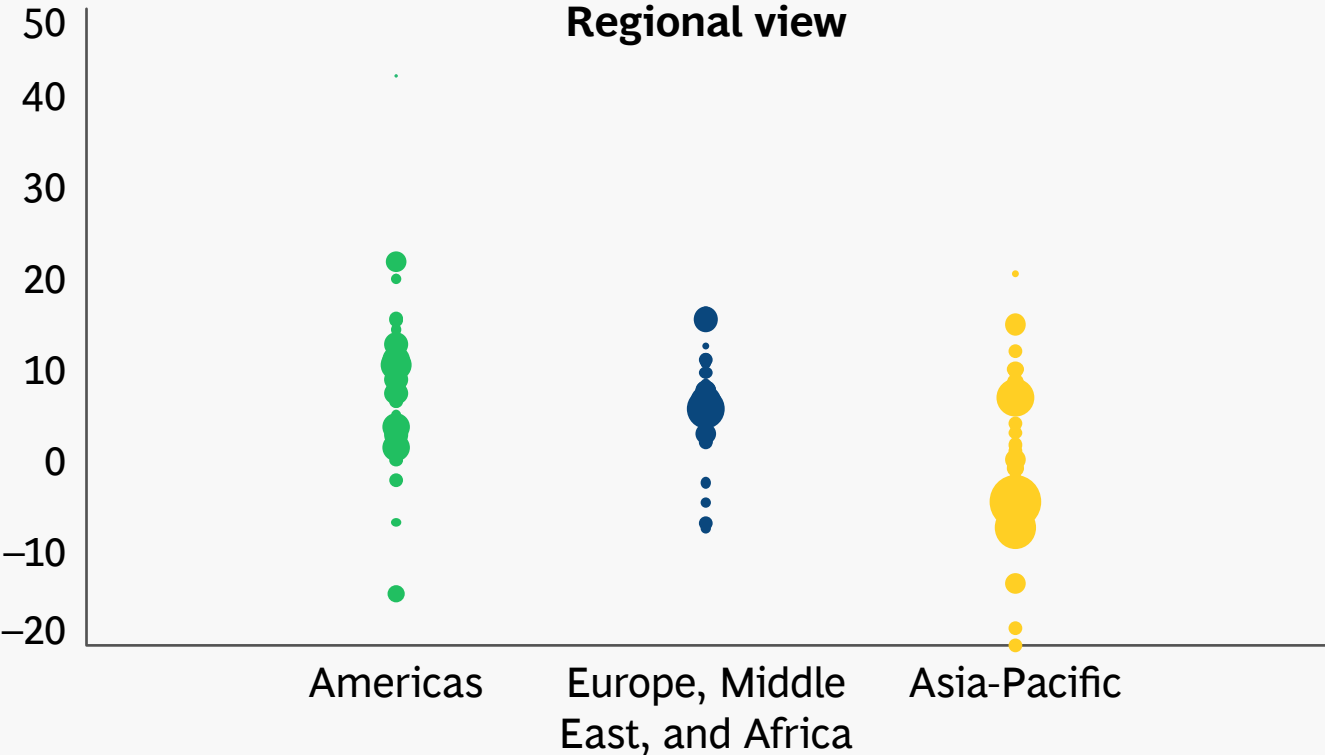


P/TBV multiples declined across all regions, but both the Americas and Europe, Middle East, and Africa outperformed Asia-Pacific; among insurance sectors, reinsurance had the strongest performance, while capital-intensive life and health and multiline lagged

Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.  
 Note: L&H = life and health; P&C = property and casualty; P/TBV = price to TBV; TBV = tangible book value of equity without other comprehensive income.

# Size does not matter (yet)

FIVE-YEAR ANNUAL TSR, 2018–2022 (%)



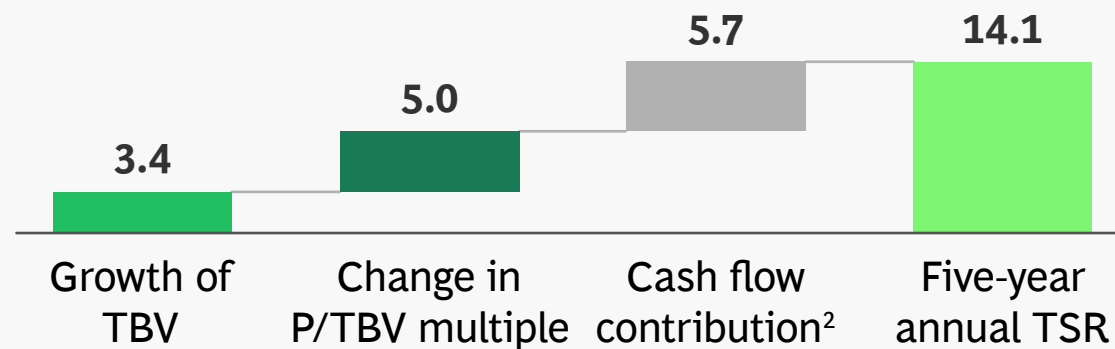
The largest players, as measured in TBV, are often the most challenged in TSR performance, particularly in Asia-Pacific

Sources: S&P Capital IQ; BCG ValueScience Center; BCG analysis.  
 Note: Size of bubble = market capitalization at the end of the year 2017; L&H = life and health; P&C = property and casualty; TBV = tangible book value of equity without other comprehensive income.

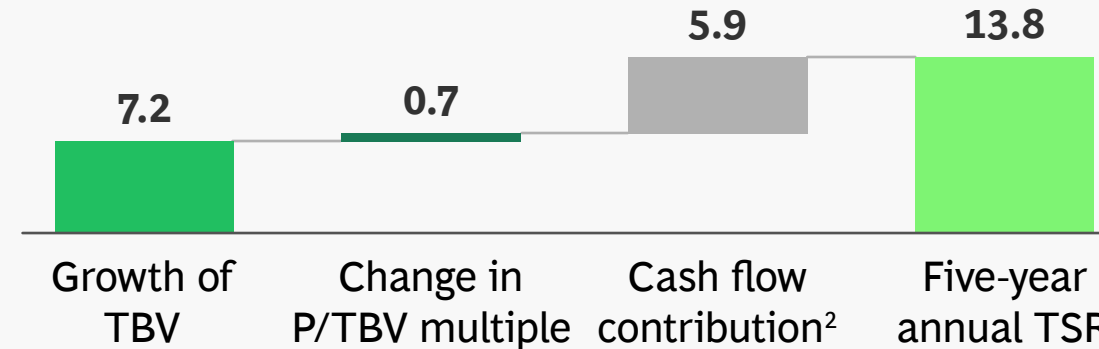
# Top-quartile insurers outperformed the rest of the industry, achieving average annual TSR of 14%

CONTRIBUTION TO AVERAGE ANNUAL TSR, 2018–2022 (pp)<sup>1</sup>

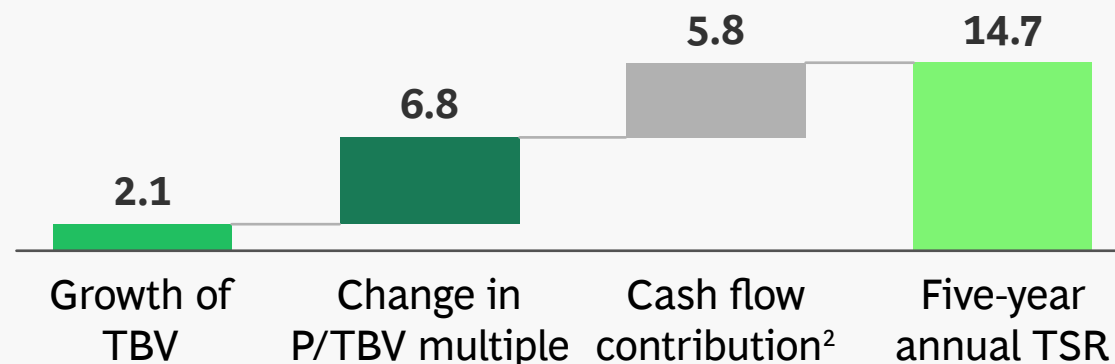
## Global top quartile



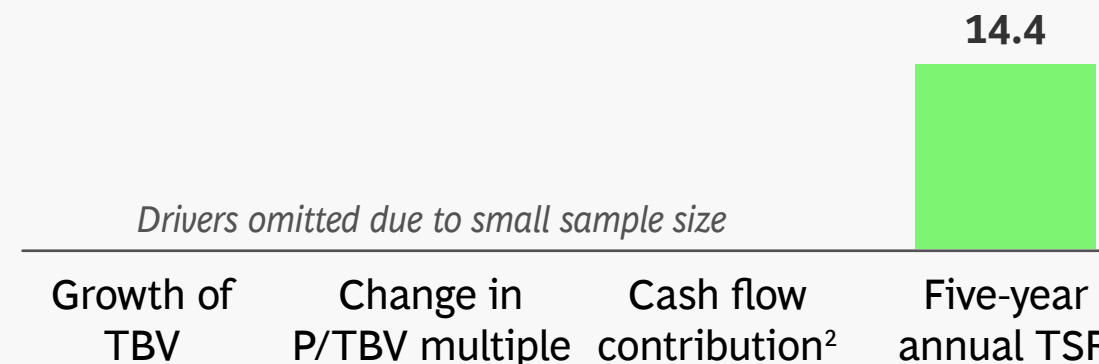
## Americas top quartile



## Europe, Middle East, and Africa top quartile



## Asia-Pacific top quartile



The Americas' top performance was driven mainly by growth in TBV, while top performers in Europe, the Middle East, and Africa showed significant cash flow contribution

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 25 of the 103 companies. Europe, Middle East, and Africa accounts for 8 companies; the Americas, 13; and Asia-Pacific, 4. Components of TSR are multiplicative but have been converted and are shown here as additive with remainders assigned to the multiple change field. Aggregation is based on market capitalization weights at the start of the period. TSR is calculated in each company's reporting currency. pp = percentage points; P/TBV = price to TBV; TBV = tangible book value of equity without other comprehensive income.

<sup>1</sup>TSR was measured from January 1, 2018, through December 31, 2022. <sup>2</sup>Includes dividend contribution and share count change.

**Top-quartile and  
second-quartile TSR  
performers in the  
insurance industry**



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

Company	Five-year average RoE (%)	Five-year annual TSR, 2018–2022 (%)	Growth of TBV (pp)	Change in P/TBV multiple (pp)	Dividend yield (pp)	Change in share count (pp)	Year-to-date TSR, 2023 (%) <sup>1</sup>	Region	Sector
Kinsale Capital	19	43	31	13	0	-2	43	Americas	P&C
Progressive	23	22	20	-2	4	0	2	Americas	P&C
Meritz Fire & Marine	28	21	16	1	5	0	N/A	Asia-Pacific	P&C
RLI	23	20	16	1	4	-1	4	Americas	P&C
WR Berkley	14	20	9	8	2	1	-17	Americas	P&C
Hannover Rück	12	16	6	6	4	0	8	EMEA	Reinsurance
Intact Financial	12	16	28	-10	3	-5	6	Americas	P&C
Münchener Rück	10	16	2	7	5	2	17	EMEA	Reinsurance
Zurich	13	16	2	8	6	0	5	EMEA	Multiline
Arch Capital	12	16	13	2	0	1	19	Americas	P&C
Tokio Marine	8	15	-5	13	5	2	20	Asia-Pacific	Multiline
American Financial	18	15	0	4	10	1	-10	Americas	P&C
Aflac	14	13	5	0	3	5	-2	Americas	L&H

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

Note: EMEA = Europe, Middle East, and Africa; L&H = life and health; N/A = not available; P&C = property and casualty; pp = percentage points; P/TBV = price to TBV; TBV = tangible book value of equity without other comprehensive income. Because of rounding, some percentage figures may not add up to the total percentage shown.

<sup>1</sup>As of June 30, 2023.

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

Company	Five-year average RoE (%)	Five-year annual TSR, 2018–2022 (%)	Growth of TBV (pp)	Change in P/TBV multiple (pp)	Dividend yield (pp)	Change in share count (pp)	Year-to-date TSR, 2023 (%) <sup>1</sup>	Region	Sector
Topdanmark	27	13	0	7	7	-1	0	EMEA	Multiline
SBI Life	16	12	-31	43	0	0	6	Asia-Pacific	L&H
Old Republic	14	12	9	-4	10	-3	6	Americas	P&C
BB Seguridade	72	12	-3	7	9	0	-4	Americas	Multiline
ASR	13	12	10	-5	6	0	-3	EMEA	Multiline
Swiss Life	8	11	1	4	5	2	16	EMEA	L&H
MetLife	8	11	1	0	4	6	-21	Americas	L&H
Tryg	15	11	-9	24	10	-14	-9	EMEA	P&C
Everest Re	8	11	4	3	3	1	4	Americas	Reinsurance
UnipolSai	11	11	3	1	8	0	6	EMEA	Multiline
Chubb	9	11	6	1	2	2	-12	Americas	P&C
ICICI Lombard	18	10	-35	46	1	-2	9	Asia-Pacific	P&C

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

Note: EMEA = Europe, Middle East, and Africa; L&H = life and health; N/A = not available; P&C = property and casualty; pp = percentage points; P/TBV = price to TBV; TBV = tangible book value of equity without other comprehensive income. Because of rounding, some percentage figures may not add up to the total percentage shown.

<sup>1</sup>As of June 30, 2023.

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

Company	Five-year average RoE (%)	Five-year annual TSR, 2018–2022 (%)	Growth of TBV (pp)	Change in P/TBV multiple (pp)	Dividend yield (pp)	Change in share count (pp)	Year-to-date TSR, 2023 (%) <sup>1</sup>	Region	Sector
Fubon Financial	12	10	11	-2	5	-3	8	Asia-Pacific	L&H
Selective Insurance	11	10	11	-2	2	-1	9	Americas	P&C
CDFH	9	10	13	-6	6	-3	-2	Asia-Pacific	L&H
Gjensidige	22	10	0	4	6	0	-6	EMEA	P&C
Sompo	7	10	4	0	4	3	13	Asia-Pacific	P&C
Talanx	11	10	8	-3	4	0	24	EMEA	Multiline
iA Financial	11	9	3	2	4	0	16	Americas	L&H
Cincinnati Financial	12	9	15	-10	3	1	-4	Americas	P&C
Travelers	11	9	4	0	3	3	-6	Americas	P&C
RenaissanceRe	3	9	3	7	1	-2	2	Americas	Reinsurance
Dai-ichi Life	7	9	4	-2	4	3	-5	Asia-Pacific	L&H
The Hartford	13	9	6	-2	3	2	-4	Americas	P&C
Admiral	53	9	15	-12	7	-2	0	EMEA	P&C

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

Note: EMEA = Europe, Middle East, and Africa; L&H = life and health; N/A = not available; P&C = property and casualty; pp = percentage points; P/TBV = price to TBV; TBV = tangible book value of equity without other comprehensive income. Because of rounding, some percentage figures may not add up to the total percentage shown.

<sup>1</sup>As of June 30, 2023.

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

Company	Five-year average RoE (%)	Five-year annual TSR, 2018–2022 (%)	Growth of TBV (pp)	Change in P/TBV multiple (pp)	Dividend yield (pp)	Change in share count (pp)	Year-to-date TSR, 2023 (%) <sup>1</sup>	Region	Sector
Storebrand	8	8	4	1	3	0	3	EMEA	L&H
Primerica	22	8	5	-1	1	4	40	Americas	L&H
HDFC Life	N/A	8	31	-21	0	-1	15	Asia-Pacific	L&H
Hanover Insurance	11	8	1	0	4	4	-15	Americas	P&C
Sampo	12	8	-13	12	7	2	-11	EMEA	Multiline
Sun Life	13	8	-2	5	4	1	12	Americas	L&H
Generali	10	8	8	-7	6	0	19	EMEA	Multiline
Principal Financial	17	8	6	-6	4	3	-8	Americas	L&H
Allstate	10	8	-6	5	2	6	-18	Americas	P&C
AIA	8	7	4	1	2	1	-8	Asia-Pacific	L&H
NN	6	7	5	-7	6	3	-6	EMEA	L&H
AXA	6	7	-1	2	6	0	10	EMEA	Multiline
Globe Life	11	7	6	-4	1	3	-9	Americas	L&H

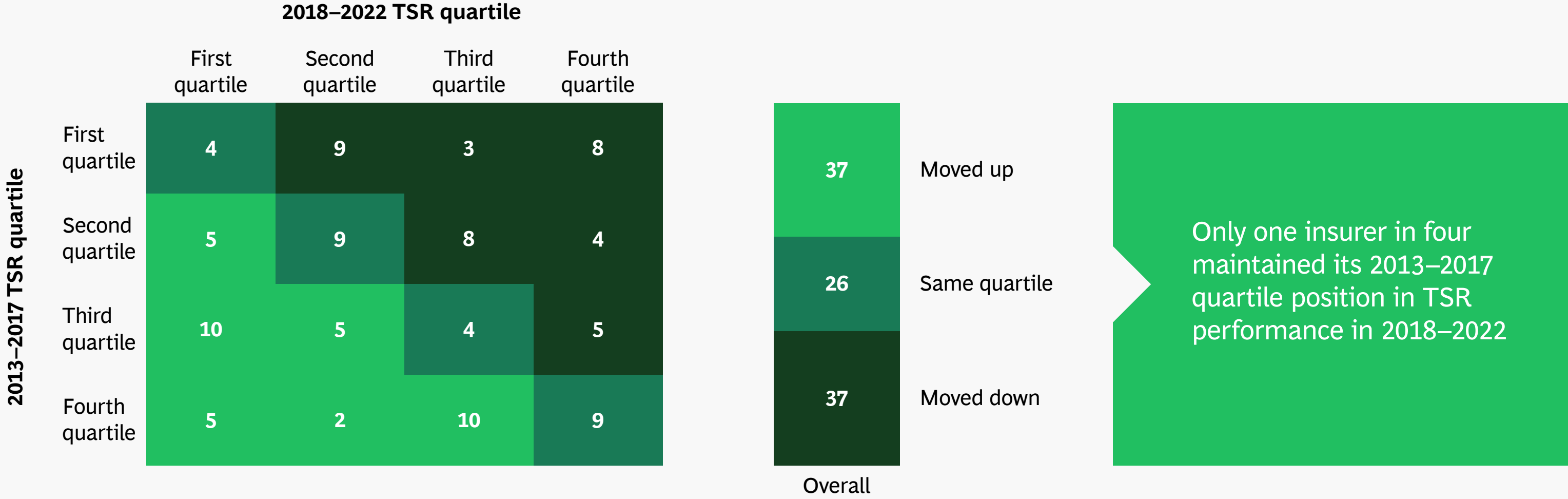
Sources: S&P Capital IQ; Refinitiv; BCG ValueScience Center; BCG analysis.

Note: EMEA = Europe, Middle East, and Africa; L&H = life and health; N/A = not available; P&C = property and casualty; pp = percentage points; P/TBV = price to TBV; TBV = tangible book value of equity without other comprehensive income. Because of rounding, some percentage figures may not add up to the total percentage shown.

<sup>1</sup>As of June 30, 2023.

# A parting observation: TSR has no memory

DISTRIBUTION OF COMPANIES, BY QUARTILE, IN 2013–2017 AND IN 2018–2022 (%)



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

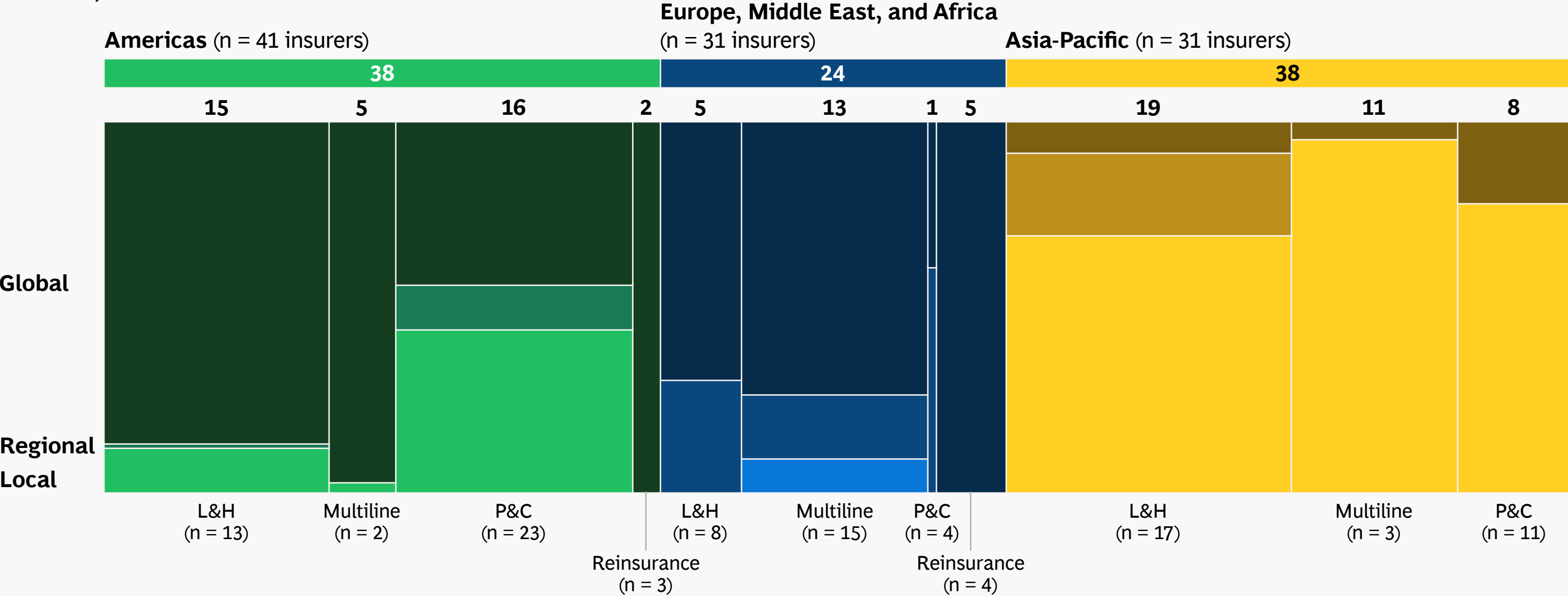
# Appendix: Sample and methodology

# The BCG Insurance Value Creators sample

DISTRIBUTION OF CAPITAL BY REGION, SECTOR, AND FOOTPRINT (%)

TBV as of December 31, 2022

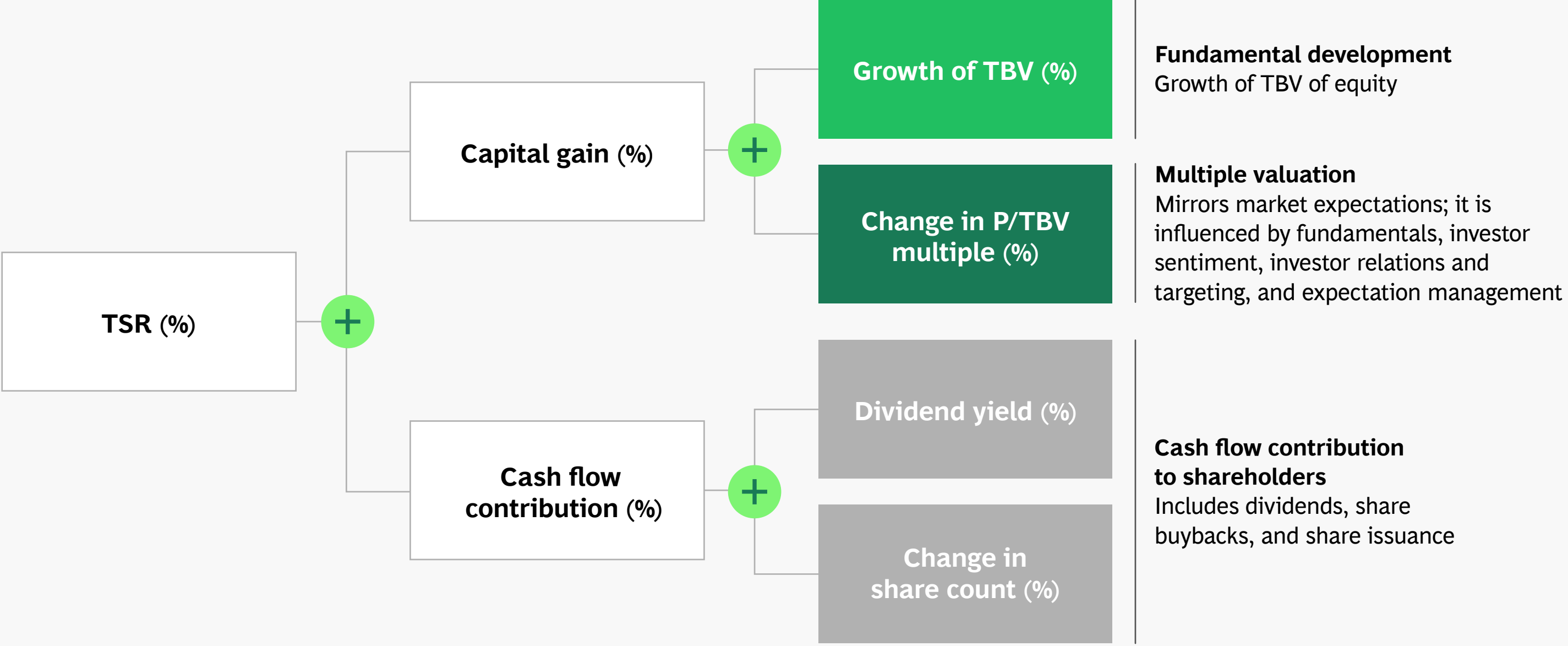
Total: \$1,288 billion



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

Note: The sample (n = 103) comprises the 103 largest stock exchange-listed insurers globally. L&H = life and health; P&C = property and casualty; TBV = tangible book value of equity without other comprehensive income.

# BCG's methodology for determining TSR—the key metric for value creation



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