November 2015

Third Quarter 2015 Insurer Results

AIG

With an after-tax operating income of $691 million, AIG is reporting a net loss of $231 million. These results are largely due to lower income on hedge fund investments and assets.

However, lower gross operating expenses partially offset these decreases. Results stem from several restructuring initiatives including organizational simplification, and freezing of the U.S. retirement plans. These initiatives are intended to generate pre-tax annualized savings of approximately $0.4 billion to $0.5 billion when fully implemented. Included in the restructuring efforts, AIG is also anticipating additional staff reductions in 2016.

ZURICH

Zurich reported a material decline as its third quarter net profits are down 79 percent.

With a net loss of $759 million, Zurich's results came in at $207 million in comparison to $966 million a year earlier. A combination of decreased gross written premiums (down $0.6 billion from a year earlier) and declining investment yields (1.1 per cent compared to 1.5 per cent in 2014) have had an effect on their bottom line.

In addition, A.M. Best has issued a negative outlook on Zurich's rating due to the company's announcement of an estimated $275 million of losses related to the explosion in the Port of Tianjin, China. The negative rating is a result of the losses compounded with weaker than expected profitability in its General Insurance business. The chemical warehouse explosion in Chinese city Tianjin also disrupted Zurich's plans to acquire the RSA Group due to RSA's resulting losses from the event.

ALLIANZ

Allianz SE reported a third quarter profit decline of 15 percent in addition to their decline in property & casualty and asset management units. Net income fell from $1.7 billion in third-quarter 2014 to $1.48 billion in the third quarter of 2015.

European insurers are seeing revenues fall due to the soft market combined with low interest rates, and claims from catastrophes including the recent explosions in Tianjin.

MUNICH RE

Munich Re, the world's largest reinsurance carrier, reported a 29 percent decline on investments and earnings in the third quarter.

Net income declined from $800.4 million third quarter last year to $567.8 million this year as reinsurers have been seeing profits reduced by the soft marketplace and low interest rates.

Munich Re's expenses for major catastrophic losses increased by $140.9 million over third quarter last year. The company said it expects to be impacted by losses of $191.1 million from the explosions in Tianjin.