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Insurers Score Record Profits While Consumers Pay

Underwriting income soared to \$68.7 billion in 2025, delivering windfall profits to the industry.

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The National Association of Insurance Commissioners, a U.S. group of state insurance regulators, collects data from all insurers every year. Its latest report, released this month, shows that insurers are seeing record profits.

The property and casualty (P&C) insurance industry, which includes homeowners and personal auto as well as commercial liability products, just posted its most profitable underwriting year in over two decades. Underwriting income—what insurers collect in premiums above what they pay out in claims and operating costs—surged to \$68.7 billion in 2025. That’s up from \$25.3 billion the year before, and a roughly \$90 billion reversal over the last two years.

Meanwhile, the industry raked in \$111.6 billion in investment income, down slightly from the past two years but more than double what it saw in 2016.

U.S. Property & Casualty Insurance Industry - Change in Investment and Underwriting Income, 2016-2025

All figures in millions

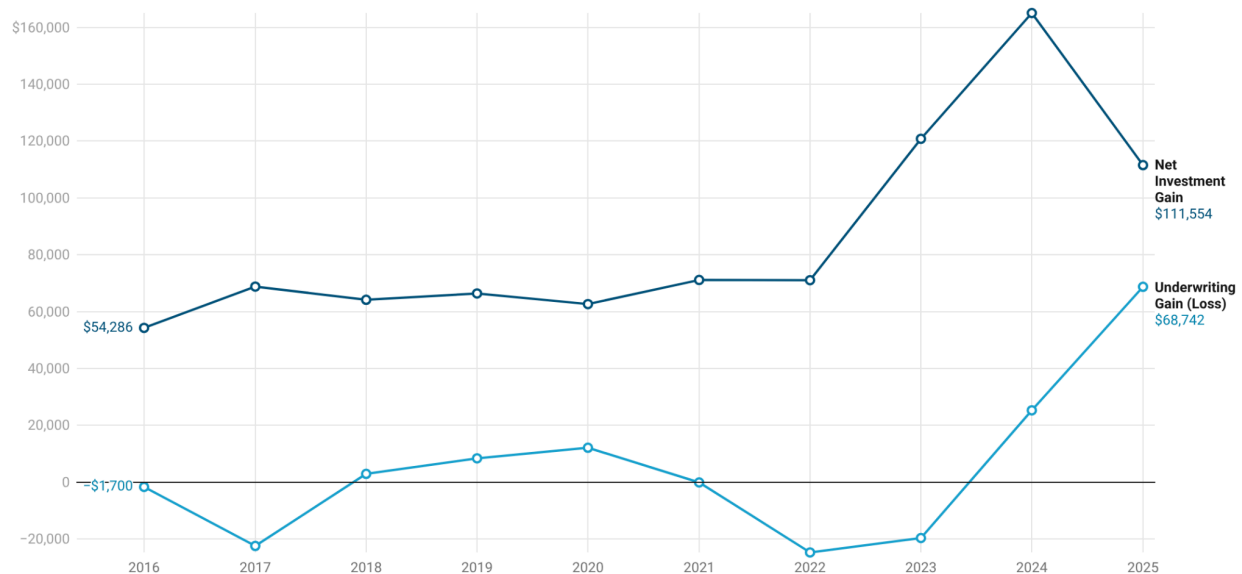


Chart: Revolving Door Project, Public Citizen • Source: National Association of Insurance Commissioners • Created with Datawrapper

What's more, the industry's policyholders' surplus, the financial cushion that an insurance company keeps on hand to ensure it can pay claims, hit a new all-time high of \$1.27 trillion.

What the numbers show

Insurance companies make money in two ways: by collecting more in premiums than they pay out in claims and expenses, and by investing the premiums they hold before claims are paid. In 2025, the P&C insurance industry generated \$68.7 billion in underwriting gains, meaning companies were making substantial profits even before accounting for their investment gains. Another way to measure how much insurance companies are making is the “combined ratio.” It adds companies’ loss ratio, or how much insurers pay out in claims, and their expense ratios, or how much it costs to operate.

A combined ratio below 100% means an insurer is making an underwriting profit even before investment income is counted. In 2025, the industry's combined ratio was 92.9%, meaning insurers kept about \$7 of every \$100 in premiums as underwriting profit. That's one of the highest results the industry has seen in years.

U.S. Property & Casualty Insurance Industry - Change in Combined and Loss Ratios, 2016-2025

High combined ratios obscure favorable loss ratios.

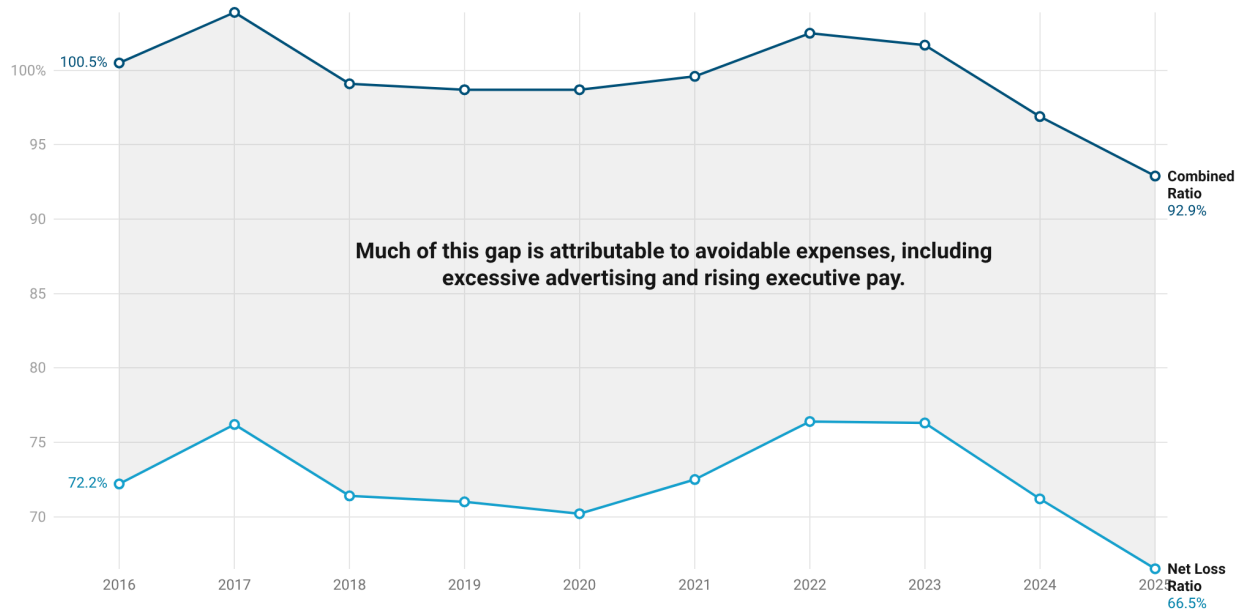


Chart: Revolving Door Project, Public Citizen • Source: National Association of Insurance Commissioners • Created with Datawrapper



Most of the improvement came from the loss ratio, which dropped to 66.5%. In other words, insurers paid out much less relative to the premiums they collected than in previous years.

At the same time, insurers did not reduce their operating costs. Total underwriting expenses rose to \$252.2 billion, growing faster than premiums themselves. In other words, the industry didn't make more money because it became more efficient or cut overhead. Instead, insurers charged higher premiums while paying less in claims.

Homeowners' policies are still getting more expensive...

Net premiums were \$976.8 billion for the P&C industry in 2025, rising 4.6 percent—slightly slower growth than the 8-10 percent annual gains seen in previous years. What this means for homeowners is that premiums are still getting more expensive, just not as quickly. The rate increases consumers absorbed from 2022 through 2024 are now generating profits for insurers.

...there were fewer claims, allowing companies to hold on to the higher premiums.

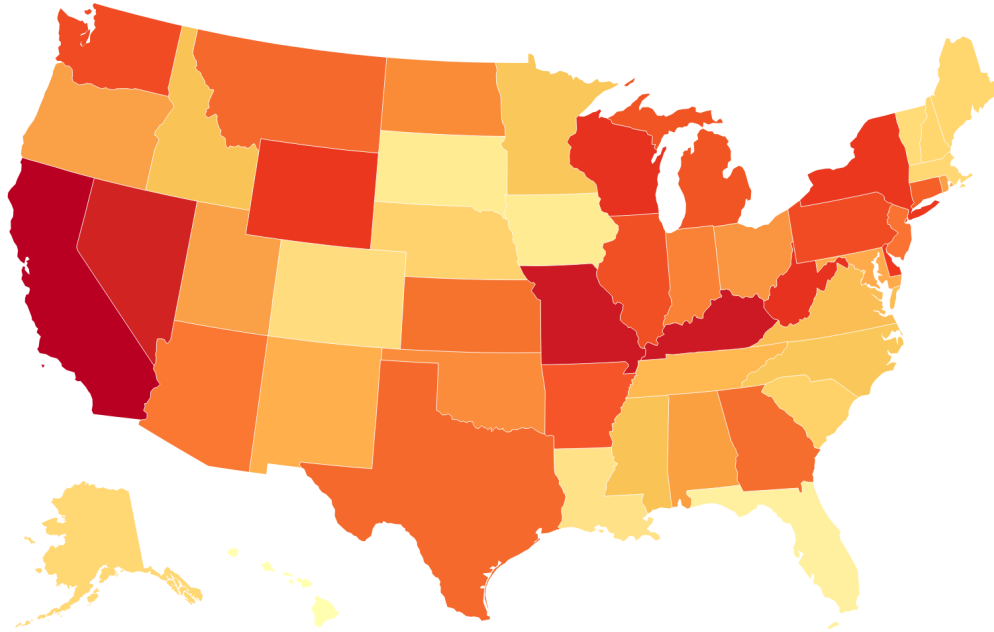
The industry's exceptional 2025 results stemmed in part from being meteorologically fortunate. No significant hurricanes made landfall in the continental United States during the 2025 Atlantic hurricane season. Total insured losses from U.S. extreme weather disasters ran roughly \$100 billion for the year, slightly lower than 2024.

An exception was in California, which saw catastrophic damage from the Palisades and Eaton Fires in Los Angeles. The NAIC says the wildfires were some of "the costliest fires in world history." Insured losses reached \$37.5 billion, causing the state's loss ratio to jump to 77.9 percent. In contrast, Florida's loss ratio fell by 23.3 points, Georgia's dropped 20 points, and South Carolina fell by 23.3 points. Overall, the 2025 map of loss ratios reflects the impact of a single major disaster within a comparatively quiet disaster year, not a broad improvement in claims nationwide.



U.S. Property & Casualty Insurance Industry - Loss Ratios by State, 2025

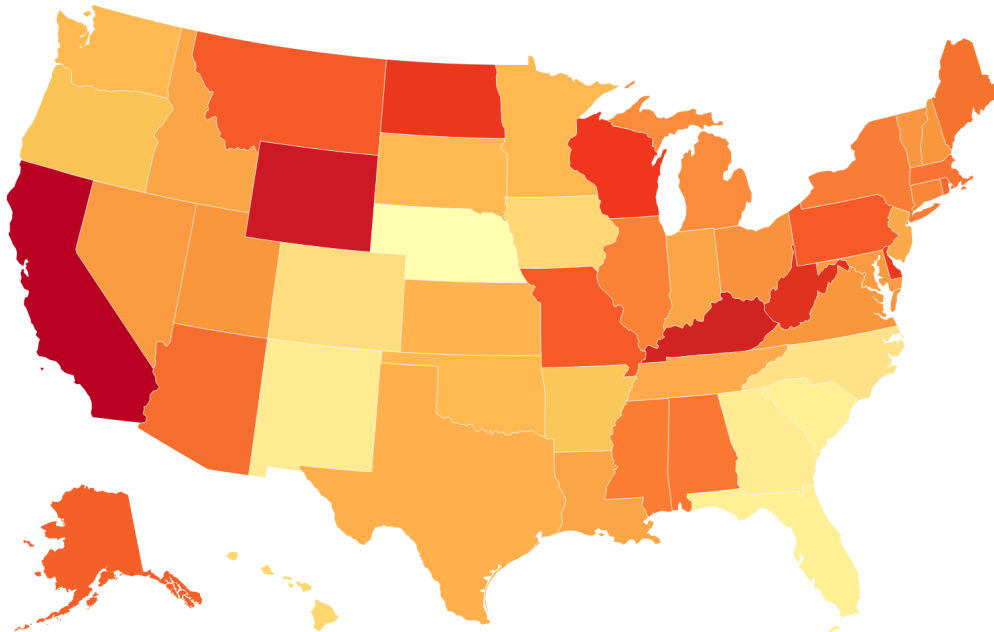
Pure direct loss ratio



Map: Revolving Door Project, Public Citizen • Source: National Association of Insurance Commissioners • Created with Datawrapper

U.S. Property & Casualty Insurance Industry - Change in Loss Ratios by State, 2024-2025

Annual decrease or increase in pure direct loss ratio



Map: Revolving Door Project, Public Citizen • Source: National Association of Insurance Commissioners • Created with Datawrapper



That trend has continued into early 2026: Global insured losses from the first quarter totaled \$20 billion, which is 26 percent below the 10-year average, according to Gallagher Re. This leaves insurers with ample catastrophe budgets heading into the historically more active summer and fall seasons this year.

After years of rate hikes, insurer reserves hit record highs.

The result is a transfer of money from policyholders to shareholders and executives who are now sitting on record capital and record profits. Last year, the property and casualty insurance industry's return on surplus—the standard measure of how much profit insurers generate on their capital base—was 12.6%, following an even higher 15.2% return in 2024.

Those results mark two consecutive years of returns well above historical norms. For most of the past decade, insurers generated single-digit returns.

Policyholders' surplus, or the financial cushion insurers hold, is often used to justify arguments that higher premiums are needed to keep them financially stable. It also hit an all-time high of \$1.27 trillion last year. That's up 27 percent from 2022, when the industry was pleading poverty to regulators.

And CEO pay has soared.

Insurance executives did just fine, too. Last year, Chubb CEO Evan Greenberg pulled in \$33 million, up \$3 million from 2024. Allstate CEO Tom Wilson was paid over \$45 million. For years, insurers have paid executives top-tier compensation while raising premiums under the guise of financial need. CEOs at the ten largest insurers collectively took home more than \$134 million in 2024, a 27 percent increase in salary and bonuses from the year before.

State Farm, the largest homeowners insurer in the country, paid its outgoing CEO Michael Tipsord \$24.4 million in cash in 2022—the highest cash compensation among personal lines executives that year. That same year, the company warned regulators it needed large rate increases to survive.

In most states, executive compensation is an expense that gets folded into rate filings. California is one of the only states to have a rule requiring insurers to disclose and justify executive compensation in rate filings.

