

## Allstate Doubles Profits in Q4

Insurance Journal

Allstate Corp. reported that its profit more than doubled in the fourth quarter thanks to lower catastrophe losses and improved homeowners business. The big insurance company posted a fourth quarter net profit of \$724 million compared to a fourth quarter profit of \$296 million a year earlier. However, for the full year 2011, the company said net income was \$788 million, which is 15 percent below 2010, reflecting the high catastrophe losses of previous quarters. Operating income increased to \$750 million in the fourth quarter, a \$479 million increase from prior year due to substantially lower catastrophe losses. Allstate said catastrophe losses totaled \$66 million in the last quarter — way below cat losses of \$537 million in the same period last year. Allstate has been pushing for rate hikes on its automobile and homeowners policies while also cutting back on writing business in difficult markets including Florida and New York. The higher premiums in homeowners helped offset a decline in policies. Allstate completed the acquisition of online distributors Esurance and Answer Financial in October. The company said this acquisition increased insurance premiums earned in the quarter, but the insurer continued to experience reductions policy counts due to its pricing and underwriting restrictions in auto insurance in New York and Florida and homeowners insurance in catastrophe-prone markets. The combined ratio for the 2011 fourth quarter was 90.5, or 1.5 points better than in the prior year's fourth quarter. The combined ratio for 2011 of 89.3 was within the outlook established at the beginning of the year of 88 to 91. Thomas J. Wilson, chairman, president and chief executive officer of The Allstate Corp., said the company expects its combined ratio for 2012 to be between 88 to 91 as it he expects improvements in auto insurance in New York and Florida and homeowners returns to be offset by investments in growth, particularly in the Esurance brand. Total operating income for all of 2011 was \$689 million compared to \$1.5 billion, in 2010. With the decline attributable to the substantial rise in catastrophe losses experienced in 2011 compared to 2010. Property/casualty net premium written for 2011 was \$26 billion, slightly higher than in 2010 and includes the results for Esurance following the close of that acquisition in early October. For the fourth quarter 2011, net written premium was \$6.4 billion, an increase of 2.9 percent over the same period a year ago driven primarily by the inclusion of Esurance results for the fourth quarter of 2011.

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