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Earnings Call

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Call Participants

EXECUTIVES

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President, CEO & Director

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Elyse Beth Greenspan
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Presentation

Operator

Good day, and welcome to the AXIS Capital Third Quarter 2024 Earnings Call. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Clifford Gallant, Investor Relations. Please go ahead.

Clifford Henry Gallant
Head of Investor Relations & Corporate Development

Thank you. Good morning, and welcome to our third quarter 2024 conference call. Our earnings press release and financial supplement were issued last night. If you would like copies, please visit the Investor Information section of our website at axiscapital.com. We set aside an hour for today's call, which is also available as an audio webcast on our website. Joining me on today's call are Vince Tizzio, our President and CEO; and Pete Vogt, our CFO.

In addition, I would like to remind everyone that the statements made during this call, including the question-and-answer session, which are not historical facts, may be forward-looking statements. Forward-looking statements involve risks, uncertainties and assumptions. Actual events or results may differ materially from those projected in the forward-looking statements due to a variety of factors, including the risk factors set forth in the company's most recent report on the Form 10-K or our quarterly report on Form 10-Q and other reports the company files with the SEC. This includes the additional risks identified in the cautionary note regarding the forward-looking statements in our earnings press release issued last night. We undertake no obligation to publicly update or revise any forward-looking statements.

In addition, our non-GAAP financial measures may be discussed during this conference call. Reconciliations are included in our earnings press release and financial supplement.

And with that, I'll turn the call over to Vince.

Vincent Christopher Tizzio
President, CEO & Director

Thank you, Cliff. Good morning, and thank you for joining our call. Before we begin, I'll take a moment to comment on the recent storms and their human toll. Our deepest thoughts are with the victims of Hurricane Helene and Milton. These catastrophes serve as a reminder of the value that our industry brings. I also expressed my gratitude to the AXIS claims team for the excellent work they are doing to support our customers.

Let's now discuss some of the headline results from the third quarter. This was a strong quarter for AXIS as we continue to advance our underwriting strategy, the sustained progress in our performance evidences that the strategic principles that we shared at our Investor Day are gaining traction. Our third quarter results highlight our consistency in driving profitable growth, maintaining strong limits management, improved resiliency in our portfolio, continued focus on expense management and our ability to attract top talent, supported by a balanced investment portfolio and strong reserves.

In the quarter, we posted a 5.8% group level catastrophe ratio against a backdrop of a currently estimated $40 billion in industry losses, reflective of our actions to reduce volatility in our portfolio. At present, we project $30 million in total losses from Hurricane Helene, and we expect a similarly sized market share losses from Hurricane Milton. It can be anticipated that the storm projections may marginally move as more information is gathered. Nonetheless, we believe these are prudent estimates on the impact to our portfolio and highlight the attractiveness of our overall loss ratio, including the catastrophe losses.

In the quarter, we delivered an annualized ROE of 17.3% and $64.65 in book value per share, a 26% growth over the prior year quarter. We produced operating earnings per share of $2.71 a 16% increase over the prior year quarter. Our underwriting profitability continues to be strong with a combined ratio that was 93.1% for the quarter and 91.6% for the first nine months of the year. We produced a current accident year loss ratio of 61.5% for the quarter and 59.4% for the first nine months. Overall, premiums were $1.9 billion in the quarter including $585 million in new business, and we're on track with the full year expectation that we shared with you during our second quarter call.

As I've commented in past calls, we are continuing to target premium adequate short-tail lines that align with our underwriting capabilities and the needs of our brokers and customers. Our G&A ratio was 12.1% in the quarter as compared to 13.5% in the prior year quarter. A result of the actions we've taken thus far to improve efficiency and productivity through our How We Work transformative initiative. And lastly, net investment income was a record $205 million.

Let's now move to our operating segments, and we'll begin with insurance. It was another strong quarter for our specialty insurance franchise, highlighted by a healthy 90.4% combined ratio, an ex-cat accident year combined ratio of 83.8% and premium production of $1.5 billion, a 4.7% increase over the prior year period. This included $482 million in new business premiums with property, A&H, credit and political risk as key drivers.

In the quarter, our net written premium growth was 10% over the prior year. This increase reflects our confidence in our portfolio. As you can see, we are keeping more of our own cooking. As we've shared previously, our reshaping of our primary casualty business should be predominantly completed by year-end. Importantly, when excluding primary casualty, our overall Insurance segment produced 6.4% growth as compared to the prior year quarter. Across our casualty insurance lines, we are achieving a resurgence in rate while driving targeted growth in attractive markets. Within our insurance property lines, we grew by 10% in the quarter, a key driver continues to be our U.S. wholesale property unit, which produced growth by 18% over the prior year quarter, finding continued ample opportunities with a 35% increase in submissions. We're continuing to leverage this highly premium adequate class and are finding attractive opportunities despite increasing competition, particularly in our international business.

The North American strategic initiatives discussed at our Investor Day are also taking hold. By example, our U.S. lower middle market units are continuing to gain traction, producing 17% growth over the prior year quarter and 30% growth in policy count. Moreover, $28 million of the $69 million of the insurance segment's total growth in the quarter came from new or expanded initiatives.

Moving to global markets where we are ranked as an outperforming syndicate. We drove 5% growth in the quarter while maintaining a portfolio that is highly premium adequate. Key growth drivers in the quarter included A&H, property, credit and political risk. As I've noted previously, within our global markets, we are evidencing increasing competition, notably within our marine, aviation and property lines. Our underwriters continue to practice discipline, and we're growing in the lines where we want to grow and see premium adequacy. Further, we continue to innovate and build new capabilities. One example is our energy transition syndicate launched earlier this year. The distribution response of the syndicate is growing, and we anticipate the syndicate will be a more meaningful contributor to our business in the future.

Let's move to reinsurance. In the quarter, we produced a 91.4% combined ratio, while delivering $36 million in underwriting profit. We drove growth within our short-tail specialty lines, which were up 7% propelled by new business in mortgage, credit and surety. During the quarter, we generated $103 million in new business with 84% from our specialty lines. We produced $409 million in premium in the quarter, an 8.7% decrease versus the prior year. As noted in the second quarter, we're navigating an increasingly competitive reinsurance market, particularly in casualty lines, where we are not evidencing the degree of rate change and ceding commission changes that meet our expectations.

As a result, in the third quarter, albeit not a significant renewal period for us, we have seen a reduction in our longer-tail lines of approximately 17%. This was due to a combination of timing and underwriting discipline as we've reshaped or non-renewed certain large cedents.

Let's talk about how we see our position in the market today. The environment continues to be generally positive. The AXIS portfolio is premium adequate and delivering against our risk-adjusted return expectations. We remain optimistic about our ability to leverage our broad and diverse product set and distribution channel relationships. Let me unpack this further.

In North America, our P&C business, excluding financial lines, continues to grow, driven by rate increases in the quarter. We also grew our short-tail global market businesses, which remain highly premium adequate. Across the business, we continue to mix shift toward our highly premium adequate short-tail lines, which in the quarter comprised 51% of our group gross premiums written, up approximately 4% as compared to the prior year quarter.

Property remains an attractive market. While we are seeing increased competition, we continue to be well positioned and believe that the continued market momentum remains. Further, our view is supported by our insurance property segments portfolio construction, our average net limits of $1.7 million, our geographic spread of the business and 35% of the pr written in the quarter was generated from non-cat exposures. That's just one example supporting our portfolio construction.

In liability, we are continuing to see strong rate momentum particularly in our insurance business, yielding 11.8% rate change in the quarter ahead of trend. In fact, looking across our U.S. casualty business, we continue to see double-digit rate increases that are ahead of trend. U.S. primary casualty and U.S. excess casualty were up 20% and 12%, respectively.

In cyber, we further reshaped our portfolio. In the quarter, we continued to pivot away from select delegated business that no longer meets our risk appetite or profitability targets. Our focus remains on growing the large account segment. And in the quarter, we grew North America large by 13%. Further, we're pleased with the progression of our partnership with Elpha Secure, where in the quarter, we produced increases in both submission count and new business premiums.

As I've commented in the past, we continue to leverage our ability to deploy cyber capacity through both our underwriting businesses. In the quarter, our reinsurance cyber writings were up $6 million or 40%. We are confident in our strong premium adequacy, prudent limit deployment and accumulation management between both insurance and reinsurance.

Stepping back, our performance thus far in 2024 reinforces our confidence that our actions to strengthen our business are taking hold. Indeed, we are continuing to produce earnings results that are consistent with our long-term target of generating top quartile diluted book value per share growth. It reinforces our confidence in the strategy that we discussed at Investor Day. Our results demonstrate that we continue to operate in attractive markets, and our global platform allows us to make choices about where we think we can most effectively compete. Indeed, the diversity of our platform, both in terms of product and distribution, gives us the capability to lean into attractive markets at any point in their respective cycles, enabling us to produce consistent profitable growth and mid-teens ROE.

In the current market environment, we believe in our continued ability to generate profitable growth. As we position AXIS through the cycle, we are not only continuing to grow our core products, but are leveraging our global capabilities geographically and in adjacent customer segments. Our reduced G&A ratio in the quarter relative to the prior year, has been the result of further actions as we continue to rigorously improve how we operate and become a more integrated and efficient company. This also shows the effectiveness of our How We Work initiative, where we continue to make smart investments in our business spanning data and analytics, technology and of course, talent.

As part of our technology investments, we are focused on leveraging the transformative power of AI throughout our business. A key opportunity area is leveraging AI to enhance our submission and underwriting processes, and we recently announced expanded partnerships with mea, an AI-driven document and e-mail ingestion platform and fixed goal to help augment our data submission processing.

We continue to invest in these capabilities and, of course, people. And during the quarter, we added talent including a number of executive hires within our North American operations. We also announced the appointment of a strong successor to our long-time Head of Global Markets, Mark Gregory who has decided to retire in March of 2025. I'll take a moment to congratulate Mark and extend our deep appreciation for his outstanding leadership and partnership to me. In Sara Mitchell, we have identified an excellent leader to succeed Mark, and we look forward to seeing welcoming her to our company.

Finally, our reserves remain strong with favorable development in the quarter, our balanced investment portfolio and our share repurchase demonstrate our commitment to managing our capital efficiently.

In summary, for both the third quarter and the first nine months of 2024. We executed strongly on our strategy while producing consistent profitable growth and book value per share growth. When we evaluate the quarter with the most scrutinous of eye, we are pleased with the progress. We go into the end of the year with confidence and the humility to continue to serve the needs of our customers in this very dynamic risk environment. We're excited for our future and deeply committed to helping access realize its full potential.

I'll now turn the call over to Pete for a more detailed discussion of our financials.

Peter John Vogt
CFO & Executive VP

Thank you, Vince, and good morning, everyone. AXIS had a very strong performance in the quarter. Our net income available to common shareholders was $173 million or $2.04 per diluted common share, which resulted in an annualized ROE of 13%. This drove our book value per diluted common share to $64.65 at quarter end, an increase of nearly 20% year-to-date. Our operating income was $230 million, or $2.71 per diluted common share, resulting in an annualized operating ROE of 17.3%.

Looking at our consolidated results, our company-wide gross premiums written grew 1.6% to $1.9 billion, our highest production third quarter ever, and we continue to see attractive opportunities across most lines of business. Our quarterly combined ratio was an excellent 93.1% despite Hurricane Helene and Beryl. Our current accident year loss ratio ex cat and weather was a superb 55.7%. Importantly, our loss picks continue to be consistent with the learnings from our in-depth reserve review conducted at the end of last year. Moreover, the underlying data and patterns we see in our quarterly reviews have continued to increase our confidence in our overall reserve position.

In the quarter, as Vince noted, we continue to adhere to our philosophy of wanting to see sustained positive momentum before releasing reserves and we recorded a release of $8 million in the quarter. The current accident year cat loss ratio was 5.8%. We experienced $78 million of cats in the quarter with the largest portion generated by Hurricanes Helene and Beryl at $43 million. As a company, our 5- and 10-year average historical third quarter net cat loss ratios are 13.6% and 15.8%, respectively. With approximately $40 billion in industry natural cats this quarter, it affirms our current portfolio as being much less volatile than it used to be as we see our current cat loss ratio substantially below those historic averages.

Looking out at the fourth quarter, industry loss estimates for Hurricane Milton still range widely from lows of $20 billion to highs of near $50 billion with the cleanup of Helene slowing the settlement process. For AXIS, we expect our share of the eventual industry loss to be similar to our low share of the industry's Helene loss, implying a loss estimate in the range of between $50 million to $100 million.

Our peak PMLs are large U.S. natural catastrophes, including a California earthquake or a Southeast hurricane. Each of these events remains well below 5% of shareholder equity at the [1 in 250-year] per mark, while we are taking advantage of market opportunities and growing our insurance property book materially, our event PMLs have remained steady. The consolidated G&A expense ratio including corporate, was 12.1%, down from 13.5% a year ago. Our quarterly G&A dollar spend was down over 7% versus the same period in 2023.

The expense improvement we are experiencing is not simply cost cutting, but the result of thoughtful and careful actions as we strive to optimize our operating model. When needed, we will make investments in our company, whether it be by adding to our talent pool, implement new operating systems or expanding capabilities. These investments could create some fluctuation in our G&A ratio. However, we remain committed to the target we previously shared with you of a G&A ratio below 11% for the full year of 2026.

Now let's move on and discuss our segment results in more detail. Insurance had a strong quarter. Gross premiums written were $1.5 billion, an increase of 4.7% compared to the prior year and our highest volume third quarter ever for insurance. Across most of our book, pricing remains adequate and we see opportunity to put capital to work at attractive returns above our long-term targets.

Let me discuss a few lines of business. Property was a major driver of growth this quarter being up 10%. We saw a particular strength in E&S property, which was up 18%, and as well as strength in onshore renewable energy and our growing presence in lower middle markets. Premium adequacy remains highly attractive, although as Vince discussed, competition is growing.

In liability, U.S. excess casualty drove growth as it grew 11%, driven by the 12% rate increase that Vince mentioned earlier. This growth was mostly offset by a decline in gross premiums written in our primary casualty business, where rate increases of 20% were above trend, but premiums declined as we are reshaping that book. We expect the reshaping to be substantially completed by the end of this year, and if market conditions remain attractive, we would expect growth in 2025.

Lastly, in A&H, we note that we had double-digit growth. This growth is being driven by the expansion of our North America pet insurance business. Overall, for insurance, we maintain our gross premiums growth outlook of being at the low end of the 7% to 12% range for the full year of 2024. The insurance combined ratio was an outstanding 90.4%, including 7% of cat and weather-related losses, resulting in $99 million of underwriting income. Our current accident year loss ratio ex cat and weather was 52.3%, consistent with what we've reported in recent quarters. Additionally, the acquisition cost ratio of 19.9% was up over the prior year, reflecting mix of business change as we favor short tail lines as well as the impact of lower ceding commissions from lower pro lines and cyber business.

Now let's move on to the reinsurance segment. Gross premiums were down 8.7% in the quarter. As I mentioned on our second quarter call, that quarter benefited from timing between renewals from the third quarter to the second quarter, creating a particularly difficult third quarter comparison. Nonetheless, we maintain our expectation of mid-single-digit growth for the full year. And I would note that year-to-date, which takes some of the timing noise out of the numbers, the growth is up 5%. Liability lines, we're maintaining a tough stance and being highly selective and as a result, this quarter reflected the restructuring and nonrenewal of a couple of significant contracts. In A&H, we saw decreased line sizes as our clients retained a higher portion of their business. I'd note that for net written premiums, the growth numbers are highly skewed in the quarter due to the closing of the Monarch deal in the prior year quarter.

Our reinsurance team remains focused on the bottom line and we are pleased with the consistency in the results. The combined ratio was 91.4% with an ex cat and weather loss ratio of 66%, both very solid. Our acquisition cost ratio of 20.9% reflects some positive variability around the impact of profit commissions associated with loss sensitive features. Our reinsurance G&A ratio of 3.6% is down from 4.2% in the prior year quarter. The improvement in G&A ratio is driven from lower spending and from higher third-party capital fees which increased to $14 million in the quarter, up from $10 million a year ago.

Investment income in the quarter was a record $205 million, up 33% from the prior year. It was driven mainly by higher yield on a larger fixed income portfolio and in part by a good quarter for alternative investments. Fixed income portfolio reported $163 million of income up 23% over the prior year quarter, benefiting from higher yields and strong operating cash flow. The overall outlook remains positive as our book yield on fixed income securities was 4.4% at quarter end, while the new money yield was 4.9%, and we continue to generate excellent operating cash flow.

Our effective tax rate in the quarter was 21%, higher than our typical historical rate as we have particularly strong profitability in our higher tax geographies. The priority for capital is to advance our strategic goals, whether it be growth opportunities, both organic and the hiring of new teams or investing in our capabilities, such as at scale adoption of digital and analytic capabilities. However, despite our share price hitting a new high in the quarter, we view repurchase of our own shares as an attractive option for utilizing our capital. In the quarter, we returned $77 million to shareholders through $37 million of common share dividends and $40 million of share repurchases.

In closing, we're very pleased with the results today. Heading to year-end, we look forward to closing the year on a strong note and look forward to another strong year in 2025. And with that, we'd be happy to take your questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from Andrew Kligerman with TD Cowen.

Andrew Scott Kligerman
TD Cowen, Research Division

So just thinking about the reserving, it looks like you had some very nice releases. I think they were in the short tail lines and nothing occurred on the long-tail casualty. So thinking about last year in the fourth quarter, you took a very sizable charge on those long-tail casualty lines. I've heard some -- I think Pete, just cited that you're being very selective in reinsurance and you've non-renewed several liability contracts. So the question for you is as we go into the fourth quarter, I'm assuming maybe another study, what might give us some confidence that reserves are on track, particularly in the more recent accident years?

Vincent Christopher Tizzio
President, CEO & Director

Andrew, it's Vince Tizzio. Thank you for your question. So I think the confidence that we can convey first is the first nine months of reported results. Secondly, the context against which we took the charge in the fourth quarter of 2023, and the specificity that we detailed on the underlying lines of business and the resulting actions that we took not only in trend assumptions, loss ratio picks and our view of risk. You've seen through the first nine months in our insurance business, a willingness to reshape our primary casualty business at the expense of growth. Similarly, throughout the first nine months, we've commented strongly on our position in reinsurance liability. At the end of 2024, we will undertake our normal third-party independent review of our reserve position, we are working with confidence toward the year-end.

And I'll turn it over to Pete for any additional color.

Peter John Vogt
CFO & Executive VP

The only color I'd add, a little bit of specificity is, Andrew, if we go back to what we did at year-end 2023, I'd remind everyone, we did take a sizable charge in our liability lines . In total, liability was $407 million out of the $425 million. And of that $407 million, $177 million was associated with years '20 to '22. So we were not ignoring those years as we did our study at year-end '23 and actually took some significant action.

And then as I think about '24, since we knew what we were looking at in the underlying, our expected loss picks for 2024 were representative of all those learnings and actually, in that fourth quarter, as we were ending '23, that's when we put the plan in place to remediate and reshape our primary casualty book. So all those actions were taken into account and were forethought for us coming into '24.

So having said that, I'd also say we do, do a full reserve every quarter. We sit down with the actuaries, and we actually sit down with the claims team, the actuarial team and the underwriting team and have a very full drains up process. And the patterns that we're seeing as a team reinforce what we did at year-end 2023, and we feel good about that as we sit here today.

Andrew Scott Kligerman
TD Cowen, Research Division

Very helpful. And my follow-up is around the property markets in insurance. We're just hearing on a lot of these conference calls buzz about wholesaling being more competitive, large global accounts, London market, Vince, you alluded to it earlier. And you're growing your property business. I think net written premium, Pete, you just cited 10% and 18% in E&S. So what's giving you the confidence there to kind of keep pushing that growth in insurance?

Vincent Christopher Tizzio
President, CEO & Director

Andrew, there's a number of factors that give us continued underwriting confidence. Firstly, it's the portfolio construction. It's certain of the citings I shared in my opening remarks. It is the spread of risk geographically by construction type, the average net limits, it is our PMLs. It is our distribution of peril, combined with the fact that in the quarter, 36% of our written premium came from non-cats. Moreover, it's a global business and we're able to weave between the different marketplaces.

The principal property component of the AXIS organization comes out of our E&S business, where, as you know, we have freedom of form rate. We continue to see exceptional submission activity. I would acknowledge that there is a moderating of price changes, of course, in the property market, but we continue to remain exceedingly premium adequate and meeting our risk-adjusted return expectations. I'll leave it there.

Pete, if you want to add, that's fine.

Peter John Vogt
CFO & Executive VP

No. The only thing I'd add is, I'd reinforce Vince's point that as we look at property today, after multiple years of rate increases that we are looking at really solid premium adequacy across our property book.

Operator

The next question comes from Dean Criscitiello with KBW.

Dean J Criscitiello
Keefe, Bruyette, & Woods, Inc., Research Division

I wanted to start with the core loss ratio in insurance. I know it ticked up a bit year-over-year and sequentially. I was just wondering if that higher pick contemplates an updated view of loss trends? Or is it just additional conservatism baked into those numbers?

Vincent Christopher Tizzio
President, CEO & Director

This is Vince. So I would just tell you that the 0.8 of a point that you're referring to in our insurance business is really just the continued result of our prudence. There was nothing just positive or changing in the underlying. I would draw your attention to our financial supplement in Page 10, where you would see over the last several quarters, our loss ratio ranges between 51.5% and as high as 52.6%. There really isn't anything else to report, there's some mix shift in that. And Pete, if you want to say anything else?

Peter John Vogt
CFO & Executive VP

Yes, I'd say it's very consistent what we've seen this year, Dean, where we did increase the liability picks over 2023 based on what we saw at year-end '23, and that's still consistent this year. And then that's actually being somewhat offset by the mix change on more shorter tail lines business. So any -- what we've seen sort of sequentially is just some noise.

Dean J Criscitiello
Keefe, Bruyette, & Woods, Inc., Research Division

And then in your prepared remarks, you sort of talked about the cyber insurance. I was wondering sort of what you need to see in the market to sort of return to growth when there and take less of a defensive stance within the insurance line.

Vincent Christopher Tizzio
President, CEO & Director

Okay. This is Vince. Let me say first that we have a substantial cyber business. We are schooled, we are well trained and strong underwriters. What we've done in 2024 is reshape the delegated component, and that has resulted in an impact on growth. What we've done is focus more from a hygiene perspective on the larger concerns, making certain that we can bring to bear our technical acumen and make certain that these entities have the wherewithal to underwrite through the cycle with us.

Additionally, we chose a partner in Elpha Secure to help us address what is indisputably a very large customer segment the upper end of small, lower end of middle and we have exceeding trust based on the risk analytics of that partnership. Importantly, in the quarter, our U.S. cyber business grew about 8.3%. And we continue to see plenty of opportunity. But frankly, as we've said after CrowdStrike, we are working with humility in the class. We're making certain that our limit profile, our risk selection criteria is maintained. And I would give a shout out to our incident commander team that was launched back in June, really providing some services to our primary insurers demonstrating being available to them for inquiry, but also in the event of a loss. So we feel really good about the momentum that we're gaining. We acknowledge that we're taking a short-term hit on the written premium side, but we're a long-term participant in the market.

Operator

The next question comes from Elyse Greenspan with Wells Fargo.

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

My first question on -- you were mentioning, right, on the insurance margin, right, that you guys did adjust your picks, right? At the end of last year, start of this year with last year's review. So I'm just trying to get a sense, is there any movement that you saw during the year or anything that you have in mind as we go into just the annual review this year. And then I think you guys had mentioned right, you obviously did a real big deep dive last year that it would still be an in-depth review, but I think not as much of a deep dive. Can you just update us on like this year's process relative to years past?

Peter John Vogt
CFO & Executive VP

Elyse, this is Pete. I'll handle that. As we look at the data that we have this year, as I mentioned in my prepared remarks, especially when we look at a lot of the keys we changed where we changed our trend assumptions, and we changed our development patterns. Those were really important. And you've actually heard others in the industry now talking about that in 2024 based upon the changes we made at the end of last year, we still feel very confident about those changes and what we did in our reserves. And so that gets to my comments about as we look at the data and we look at the patterns we're seeing we still feel very positive about the changes that we did last year.

As we think about us going into year-end, we will actually have, once again, outside actuarial firm give us an independent opinion, and that will bring us to us, so we'll get another pair of outside eyes looking at our results. We will not do the same, I'll call it, in-depth review, we did with the claims department last year. But I would say this that the interaction that we now have between our new claims head, our new acts, head of actuarial reserving and Vince and I, and Dan Draper, our COO in the quarter, highly interactive. That process is solid and happens every quarter. So we feel real good about where we go as we're heading into year-end.

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

And then on just property pricing. And I think my question is both primary and from the reinsurance side. I know you guys don't like the business, but probably just can kind of see what's going on there. We've heard like mixed commentary so far this earnings sees interest in terms of what could come out of the Helene and Milton. So what are your expectations for primary and then if you have a view on reinsurance property rates and just the impacts of the recent storms?

Vincent Christopher Tizzio
President, CEO & Director

Elyse, it's Vince Tizzio. I think we sized for you in our prepared remarks what we think the impact would be to our organization. And you saw, I think, convincingly the 5.8% catastrophe ratio. I think that the property market remains dynamic. I think that there is across the globe, receiving rate certainly occurring. I think that there is a lot of risk profile changes that are going on. If you look at our portfolio, 35% is non-cat. It's a competitive market. But bear in mind, we're predominantly through the wholesale channel here in the United States.

I don't really have a view of property reinsurance other than to share the sort of comments that came out of the Monte Carlo conference. But for AXIS, it's a vehicle for property remains on our insurance business. It's a global business. We've got about 8 different businesses providing one form or another of property, our onshore and our E&S property units in the quarter performed well. and they're performing well against a very strong premium adequate portfolio with very good construction on underlying risk selection criteria, including limit deployment.

Elyse Beth Greenspan
Wells Fargo Securities, LLC, Research Division

And then my last question, premium growth, right, as did slow in the quarter in both segments, but there was some timing and business mix initiatives that drove that. How do you -- based on your view of underlying market conditions, how do you think premium growth will trend in both businesses in '25? I recognize it's a dynamic market. But based on how you see things today, what kind of growth expectations for next year?

Vincent Christopher Tizzio
President, CEO & Director

Elyse, it's Vince again. What I would say is, firstly, we're not done with our plan of 2025. But I think the expectation our shareholders should have as, one, we're not going to grow at the expense of profitability. We've shown courage in 2024 to sacrifice top line in certain businesses. We've commented on them in the past, public D&O, primary casualty, delegated cyber to just name three. And in reinsurance, our team is doing a bang-up job at leaning into the specialty lines. Having said that, look, we're a growth company. We still see opportunity to grow our business. And we do see green shoots and I would really point importantly to the very good work of our North American team.

You may recall, Elyse, at the Investor Day, we commented on some $600 million of new initiatives. And we felt pretty good about the sizing of those opportunities. They are new and expanded initiatives. But in a discrete way, in the third quarter, almost 40% of the growth of our insurance business, that's $69 million year-over-year came from new and expanded initiatives. So I feel very good about the team's readiness to profitably grow in '25. I'm not going to give you order or size at this point. But I think the bumper sticker is we're going to put profits over premium growth, and we do feel that there's plenty of markets to grow our premium adequate portfolio.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Vince Tizzio so for any closing remarks.

Vincent Christopher Tizzio
President, CEO & Director
Thank you. Thank you for joining today's call. In summary, it's been a strong quarter for AXIS, and we're very proud of the financial results that we delivered. They are aligned with our Investor Day expectations. Finally, thank you to my colleagues at AXIS worldwide for the great work that they're doing, their focus on our customers, our brokers and exceeding the service expectations. Thank you very much. This completes today's call.