million as well as $6 million in OTTI. In 2017, realized gains were primarily related to the sale of an investment in an office building located in Washington, D.C. and the sale of shares of a publicly traded common stock.

Other-Than-Temporary Impairments. The cost of securities is adjusted when appropriate to include a provision for a decline in value that is considered to be other-than-temporary. In 2018, there was $6 million other-than-temporary impairments. There was no other-than-temporary impairments in 2017.

Revenues from Non-Insurance Businesses. Revenues from non-insurance businesses were derived from businesses engaged in the distribution of promotional merchandise, world-wide textile solutions, and aviation-related businesses that provide services to aviation markets, including (i) the distribution, manufacturing, repair and overhaul of aircraft parts and components, (ii) the sale of new and used aircraft, and (iii) avionics, fuel, maintenance, storage and charter services. Revenues from non-insurance businesses increased to $373 million in 2018 from $326 million in 2017, primarily due to the purchase of a business in the second half of 2018 and revenues from a textile business purchased in March 2017.

Losses and Loss Expenses. Losses and loss expenses decreased to $3,975 million in 2018 from $4,002 million in 2017. The consolidated loss ratio was 62.4% in 2018 and 63.4% in 2017. Catastrophe losses, net of reinsurance recoveries and reinstatement premiums, were $105 million in 2018 compared with $184 million in 2017. The more significant 2017 catastrophe losses largely related to hurricanes Harvey, Irma, and Maria, along with two earthquakes in Mexico. Favorable prior year reserve development (net of premium offsets) was $39 million in 2018 compared with $37 million in 2017. The loss ratio excluding catastrophe losses and prior year reserve development increased 0.2 points to 61.3% in 2018 from 61.1% in 2017.

A summary of loss ratios in 2018 compared with 2017 by business segment follows:

- Insurance - The loss ratio of 61.8% in 2018 was 0.2 points higher than the loss ratio of 61.6% in 2017. Catastrophe losses were $76 million in 2018 compared with $107 million in 2017. Favorable prior year reserve development was $43 million in 2018 compared with $68 million in 2017. The loss ratio excluding catastrophe losses and prior year reserve development increased 0.3 points to 61.2% in 2018 from 60.9% in 2017.
- Reinsurance - The loss ratio of 68.7% in 2018 was 11.5 points lower than the loss ratio of 80.2% in 2017. Catastrophe losses were $29 million in 2018 compared with $77 million in 2017. Adverse prior year reserve development was $4 million in 2018 compared with adverse prior year reserve development $31 million in 2017. Adverse prior year development in 2017 was largely due to the impact of the change in Ogden discount rate in the U.K. and adverse development related to the U.S. facultative excess of loss business. The loss ratio excluding catastrophe losses and prior year reserve development decreased 0.2 points to 62.1% in 2018 from 62.3% in 2017.

Other Operating Costs and Expenses. Following is a summary of other operating costs and expenses:

(In thousands)	**2018**	**2017**
Policy acquisition and insurance operating expenses	$ 2,098,881	$ 2,101,024
Insurance service expenses	118,357	129,776
Net foreign currency (gains) losses	(27,067)	15,267
Other costs and expenses	193,050	190,865
Total	$ 2,383,221	$ 2,436,932

Policy acquisition and insurance operating expenses are comprised of commissions paid to agents and brokers, premium taxes and other assessments and internal underwriting costs. Policy acquisition and insurance operating expenses remained flat and net premiums earned increased 1% from 2017. The expense ratio (policy acquisition and insurance operating expenses expressed as a percentage of premiums earned) was 32.9% in 2018 and 33.3% in 2017.

Service expenses, which represent the costs associated with the fee-based businesses, decreased 9% to $118 million in 2018 from $130 million in 2017. The decrease is primarily due to the sale of a third party administration business in third quarter of 2018.

Net foreign currency (gains) losses result from transactions denominated in a currency other than an operating unit’s functional currency. Net foreign currency gains were $27 million in 2018 compared to losses of $15 million in 2017, resulting from the strengthening U.S. dollar and the change of functional currency for the Company's Argentine operations to the U.S. dollar as of July 1, 2018. The Argentine economy was determined to be highly inflationary under GAAP requiring the change in functional currency beginning with the third quarter of 2018.

Other costs and expenses represent general and administrative expenses of the parent company and other expenses not allocated to business segments, including the cost of certain long-term incentive plans and new business ventures. Other costs and expenses increased to $193 million in 2018 from $191 million in 2017.