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Safeco Reports Best Ever Earnings on Less Revenue

Reporting its results for the fourth quarter, Safeco said it has produced a best-ever full-year net income result of \$880.0 million, beating the previous year's performance by 27 percent, and the company did so on less revenue.

For the full year, operating revenues decreased 2.7 percent to \$6.12 billion compared with \$6.29 billion in 2005. Net earned premiums dropped 3.4 percent to \$5.61 billion, and net written premiums also dropped to \$5.64 billion, compared with \$5.80 billion in 2005.

Full-year operating earnings, which exclude net realized investment gains, gains on sales of real estate, losses on debt repurchases and contribution to the Safeco Insurance Foundation, were \$781.1 million, up from \$650.2 million in 2005.

"I'm encouraged by the momentum we established throughout 2006," said Paula Rosput Reynolds, Safeco president and chief executive officer. "The fourth-quarter and full-year results are tangible evidence that when Safeco commits to a direction, it will deliver."

The overall property and casualty combined ratio for the company was 87.2 for the fourth quarter versus 89.1 in the same quarter last year. The combined ratio for the full year was 87.3, compared with 91.1 a year ago. The full-year combined ratio for Auto alone was 91.0, compared with 95.1 for 2005.

For the full year, Safeco Auto posted a near 75 percent increase in pretax underwriting profit, \$244.1 million compared with \$139.6 million in 2005. Policies in force (PIF) at the end of the fourth quarter decreased 4.1 percent from the year-ago level.

