

# what is IIAT?

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The **Independent Insurance Agents of Texas (IIAT)** is the nation's largest state association of independent insurance agencies, representing nearly 1,800 agencies employing 15,000 agents and insurance professionals. Independent agents represent multiple insurance companies; they are not employees of any single insurance company. With an independent agent, consumers are able to comparison shop for cost effective and customized coverage.

## *IIAT supports its independent agency members through:*

- More than 250 days of education each year
- Governmental and regulatory advocacy and political action
- Access to insurance markets and the purchasing power of 1,800 businesses
- Comprehensive information resources for understanding policy language, coverages and claims
- Agency management resources for running an insurance agency and serving customers

## *scope of membership*

- IIAT is affiliated with the Independent Insurance Agents & Brokers of America (IIABA) and is affiliated with 19 local associations in Texas.
- IIABA, located in Alexandria, Virginia, represents more than 25,000 independent insurance agencies in the United States.  
www.iiaba.net 800.221.7917
- IIAT agencies are located in 245 of the 254 Texas counties.

## *Trusted Choice: IIAT's consumer brand*

IIAT independent agency members participate in the national consumer branding program known as Trusted Choice®. This rapidly growing program supports independent agencies that offer consumers a broad selection of insurance policies, companies and financial services; customization of coverages for home and business; and advocacy during the claims process.



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# what is an independent agent?

## Consumers who buy insurance can choose from three sources:

- Independent agent
- Captive agent
- Direct writer

**An independent agent** is one who is self-employed, is paid on commission and represents multiple insurance companies. Independent agents save customers time by shopping on their behalf for both the best price and the best coverage.

**A captive agent** or exclusive agent is an employee of only one insurance company and is restricted by agreement from submitting business to any other company unless it is first rejected by the agent's captive company (State Farm, Farmers, Liberty Mutual, Nationwide, etc.).

**A direct writer** is an insurance company that sells directly to the consumer with no agent involved (GEICO, USAA, Progressive, etc.).

## IIAT independent agency members wield considerable commercial influence

- Independent agents and brokers write 80 percent of the \$12 billion in commercial insurance purchased in Texas each year
- Independent agents handle insurance for about 1 million Texas home owners
- Independent agents write about 2.8 million auto insurance policies every year
- IIAT agency members are located in all but 23 of the 254 Texas counties

## What insurance companies work through independent agents?

Of the top 50 property/casualty insurance companies in Texas, ranked by total premium volume written, more than half are available to independent insurance agents.

AIG	HOME STATE
AMERICAN NATIONAL	AMERICA FIRST/ TRAVELERS
REPUBLIC	FM GLOBAL
ZURICH	UNITRIN
ASSURANT	TEXAS MUTUAL
GERMANIA	MERCURY
THE HARTFORD	HOCHHEIM PRAIRIE
SERVICE LLOYDS	CHUBB
ALLIANZ	AMERISURE
ACE INA	GREAT AMERICAN
AMERICAN AGRI-BUSINESS	OLD AMERICAN
STATE NATIONAL	HCC
CNA	OLD REPUBLIC
MORTGAGE GUARANTY	UNION STANDARD
TITUS	ALLIED
SAFECO	ALLEGHANY
STATE AUTO	CINCINNATI
PROGRESSIVE	



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# why a trusted choice<sup>®</sup> agency?

IIAT independent agency members participate in the national consumer branding program known as Trusted Choice<sup>®</sup>.

Trusted Choice<sup>®</sup> insurance agencies offer customers a **choice** of insurance companies, **customized** coverage and **advocacy** in claims situations.

**Independent insurance agencies that have the right to use this emblem have agreed to the following –**

## *Pledge of Performance*



Trusted Choice<sup>®</sup> agencies are insurance and financial services firms whose access to multiple companies and commitment to quality service enable us to offer our clients competitive pricing, a broad choice of products and unparalleled advocacy.

As a Trusted Choice<sup>®</sup> agency, we are dedicated to you and are committed to treating you as a person, not a policy. This commitment means we shall:

- Work with you to identify the insurance and financial services that are right for you, your family or your business and use our access to multiple companies to deliver those products.
- Guide you through the claims process for a prompt and fair resolution of your claim.
- Help you solve problems related to your coverage or account.
- Explain the coverages and options available to you through our agency, at your request.
- Return your phone calls and e-mails promptly and respond to your requests in a timely manner.
- Provide 24/7 services for our customers, offering any or all of the following: emergency phone numbers, Internet account access, e-mail and call center services.
- Use our experience and multiple company relationships to customize your coverage as needed.
- Commit our staff to continuing education so they may be more knowledgeable in serving you.
- Treat you with respect and courtesy.
- Conduct our business in an ethical manner.

We pledge this to you, our clients and ask that you let us know if we fail to meet our commitment, so we may take corrective action.



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# what we know

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## *The state of the Texas insurance market*

Independent agents maintain a constant vigilance on what's happening in the marketplace. IIAT research results in benchmarks on market share and public reaction to important industry events. Such studies regularly include:

- **Annual Market Share Report** published each August, based on Texas data provided by A.M. Best Co. and analyzed by IIAT staff. This information includes market share by insurance company and distribution system, loss ratios and comparison with national data.
- **Personal Lines Market Report** based on an annual survey of IIAT members each fall. This study captures opinions about pricing, coverage and competition.

## *The impact of changes on insurance markets*

With members in more than 90 percent of Texas counties, IIAT can quickly analyze the impact of regulatory and legislative changes on the insurance marketplace. During the mold crisis, IIAT developed both anecdotal information and data about changes to insurance markets as a result of increasing claims costs.

IIAT members' experience in the marketplace with multiple insurance companies lends credence to its opinions about how proposed regulatory changes may impact the insurance marketplace.

## *Consumer issues*

Independent agents are in touch with consumers every day. They are often the first to hear from consumers when disruptions in coverage availability or pricing occur.

As intermediaries between insurance companies and consumers, independent agents are a valuable source of information for the press and for regulators and legislators.



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# fast facts

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## *Independent agents*

- Provide homeowners and auto insurance for nearly 30 percent of the families in Texas
- Provide insurance for 80 percent of the businesses in Texas, representing about \$9.6 billion in premiums
- Are free to place a client's insurance with any company the agency represents; it is not uncommon for the agency to represent more than a dozen insurance companies
- Evaluate the insurance needs of clients and recommend the best coverage to meet those needs; they do not set insurance prices or pay claims
- Are a diverse group of small business owners; about 60 percent of IIAT members employ four or fewer people, while some agencies employ hundreds
- Help customers through the claims process in dealing with the insurance company
- Are self-employed, local business professionals who devote thousands of hours to volunteer service in their communities

## *Independent Insurance Agents of Texas (IIAT)*

- Represents 1,800 independent agencies in Texas, employing more than 15,000 people; the largest state association of independent agencies in the country
- IIAT members operate offices in all but 9 of Texas' 254 counties
- Runs the largest political action program among the insurance industry segments in Texas
- Conducts more than 250 days of training each year to help independent agents understand insurance coverages, client needs and state regulations
- Provides members the most extensive database of insurance policy information in the state
- Was established in 1898 to help enforce a state law that required all insurance companies to write insurance through agents licensed by the state
- Is affiliated with the Independent Insurance Agents & Brokers of America (IIABA); also is affiliated with 19 local chapters in Texas
- IIABA represents more than 25,000 independent insurance agencies countrywide
- IIABA owns the consumer brand "Trusted Choice®," used by more than 5,000 independent agencies
- Also known as The Big "I"



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# texas insurance market profile 2007

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The property and casualty insurance business is greatly affected by market cycles. In 2007 data indicates insurers made money in Texas for the fifth year in a row.

- The aggregate loss ratio for all Texas companies for all lines of business was 53.2 percent (from 49.8 percent in 2006, 63.4 percent in 2005, 49.5 percent in 2004 and 63.2 percent in 2003), compared to the national loss ratio of 54 percent (down from 57.2 percent in 2006).
- Texas independent agencies maintained position in the annual battle for personal lines market share, with 26.8 percent of the personal auto and homeowners premiums. The homeowners share stayed the same at 23.1 percent, while the personal auto share decreased from 28.6 percent to 28.4 percent.
- Texas policyholders paid out \$35.4 billion in premium for all lines of insurance (up from \$34.2 billion), which is 7.3 percent of the national premium volume of \$487.8 billion.
- Companies generally maintained their positions within the top 20 of each line of insurance.

## *Personal Auto*

The top 10 companies stayed almost exactly the same as in 2007.

- Independent agents maintained market share in personal auto with 28.4 percent, virtually unchanged from the 28.6 percent share in 2007.
- The personal auto loss ratio of 64 percent was slightly higher than 2007 and was slightly higher than the national average loss ratio of 61.2 percent.
- The personal auto market share of county mutual insurance companies increased slightly in 2007 to 43.7 percent from 42 percent in 2006 with a premium volume of \$5.2 billion.

## *Homeowners*

2007 was a profitable year for most companies in the homeowners line in Texas.

- Independent agent market share was unchanged at 23.1 percent.
- Total premiums increased to \$5.14 billion up from \$4.88 billion in 2006.
- Loss ratio was 36.4 percent compared to 33.8 percent in 2006. That compares to 56.7 percent in 2005, 28.1 percent in 2004 and 108 percent in 2002.



texas insurance market profile 2007 ►

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- The three largest insurance companies, with a combined 57.1 percent of the market, had somewhat mixed results. State Farm, the largest writer, had premiums of \$1.5 billion, while enjoying a loss ratio of 39.2. Farmers reported a premium of \$757 million with a loss ratio of 32.9 percent. Allstate's total premium decreased from \$766 million to \$666 million with a loss ratio of 37 percent.
- The Texas FAIR plan association, a market of last resort for property owners, maintained its position at 13.

### *Commercial Multiperil*

Loss ratio was much improved at 37 percent from the 43.9 percent in 2006. Premiums were up at \$1.925 billion compared to \$1.858 billion.

### *Commercial Auto*

Premiums and losses both up slightly.

- Profitability in commercial auto continued for the sixth year in a row, with a 56.6 percent loss ratio, following on the heels of 56.3 percent loss ratio in 2006, 54.2 percent in 2005 and 53.6 percent in 2004.
- The market share of county mutual insurers decreased in 2007, accounting for 21 percent compared to 23.2 percent in 2006, with written premiums of \$458.5 million.

### *Workers' Compensation*

Loss ratio profitable for fourth year in a row.

- Written premium for workers' compensation has been creeping upward very slowly for five years, from \$2.6 billion in 2003 to \$2.8 billion in 2007.
- Texas Mutual Insurance Co. continues to dominate the Texas market with 27.3 percent market share.



# online insurance resources

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## **Texas Independent Insurance Agents of Texas**

<http://www.iiat.org>

- Statewide association representing interests of Texas independent insurance agencies. Web site includes news and important technical information. Members-Only pages are password protected.

## **Insurance Journal**

<http://www.insurancejournal.com/news/southcentral>

- Online version of qualified biweekly publication covering insurance news; searchable database of news articles, generally from news releases, in Texas/South Central edition; free daily e-mail headline service providing links to articles

## **Southwestern Insurance Information Service**

<http://www.siisinfo.org>

- Industry-funded news service with more than 40 background reports on current and recent Texas insurance issues; archive of news releases since 1990; staff members monitor legislative and insurance regulatory activities, are available to answer news media questions

## **Insurance Council of Texas**

<http://www.insurancecouncil.org>

- Industry support and regulatory agency advocacy organization representing most major property and casualty insurers; public information staff monitors insurance regulatory activities and is available to answer news media inquiries; archive of news releases back to 2000

## **Texas Association of Insurance and Financial Advisors**

<http://www.taifa.org>

- Life, health and benefits agents trade association web site with articles reporting on recent governmental action

## **Texas Department of Insurance**

<http://www.tdi.state.tx.us/commish/news.html>

- Searchable database of news releases dating to 1996; access to reports to the legislature, enforcement actions, rules and regulations; county-and insurer-specific homeowners and auto insurance price comparison guides; searchable database of agency staff by function; staff available to respond to news media questions

## **Independent Insurance Agents & Brokers of America**

<http://www.iiaba.com>

- Property/casualty agency trade association web site with archive of news releases on federal government insurance issues and association programs, copies of news articles that quote or refer to the association, staff available to respond to news media inquiries

## **Advisen Ltd.**

<https://www.advisen.com/press.html>

- Service provider for commercial insurance sellers and buyers; archived news releases about commercial insurance and risk management issues; compilation of recent trade and business press articles about commercial insurance



online insurance resources 

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### **American Council of Life Insurers**

<http://www.acli.org/ACLI/SiteMap.htm#newsroom>

- Industry trade association site with archive of text, audio and video news releases, mostly about federal government activities affecting retirement programs; long-term care, health and life insurance; comprehensive “press packets” with detailed information on current life and health insurance and benefits issues; position papers; staff available to respond to news media inquiries

### **American Insurance Association**

<http://www.aiadc.org/Newsroom/>

- Property/casualty industry trade association site with archive of news releases, mostly on federal government activities affecting property and casualty insurance; position papers with links to other sites for further information, contact information for Texas-based staff available to respond to news media inquiries

### **Business Insurance**

<http://www.businessinsurance.com/cgi-bin/news.pl>

- Online version of weekly magazine reporting on commercial insurance, risk management and benefits administration management; free daily e-mail news service

### **Federal Citizen Information Center**

[http://www.consumeraction.gov/caw\\_insurance\\_general\\_tips.shtml](http://www.consumeraction.gov/caw_insurance_general_tips.shtml)

- Government consumer information site with basic consumer information

### **Federal Emergency Management Agency**

<http://www.fema.gov/about/media.shtm>

- Government agency responsible for managing emergency response programs and National Flood Insurance Program; searchable database of comprehensive information on all types of weather disasters; archive of news releases; staff available to respond to news media inquiries

### **Insurance Information Institute**

<http://www.iii.org>

- Comprehensive industry-funded information and research resource; background reports on 40 public policy and industry issues, including state-by-state auto and homeowners average premiums; in-depth reports on current issues; news release archive dating to 2001; in-depth reports and power point presentations on property/casualty industry financial trends; summaries of recent studies by, or about, the insurance industry; e-mail notification service to advise of web site updates, news releases issued; staff available to respond to news media inquiries

### **Insurance NewsNet**

<https://www.insurancenewsnet.com/insurancenewswires.asp?a=nw>

- Daily e-mail headline service with links to industry and other publications’ articles



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### **Insurance Research Council**

<http://www.ircweb.org/News/Index.htm>

- Industry-funded non-profit research arm of the Insurance Institute of America with several years' archive of news releases on in-depth reports on public policy insurance issues affecting property/casualty insurance

### **KPMG Insiders**

[http://www.kpmginsiders.com/Insiders\\_Home.asp](http://www.kpmginsiders.com/Insiders_Home.asp)

- Daily e-mail headline service with links to industry publications' and articles

### **National Association of Insurance and Financial Advisors**

<http://www.naifa.org/news.html>

- Life, health and benefits agents trade association site with news release archive, glossary of terms, consumer feature stories, staff available to respond to news media inquiries

### **National Association of Insurance Commissioners**

<http://www.naic.org/pressroom/>

- News release archive, copies of testimony before Congress, e-mail notification system, staff available to respond to news media inquiries

### **National Association of Mutual Insurance Companies**

<http://www.namic.org/newsreleases/default.asp>

- Property/casualty industry trade association site with news releases archive divided into state and federal government issues, on-line version of bi-monthly magazine, staff available to respond to news media inquiries

### **National Conference of Insurance Legislators**

<http://www.ncoil.org/>

- News release, reports archives; staff available to respond to news media inquiries

### **National Council on Compensation Insurance**

<http://www.ncci.com>

- Workers' compensation insurance industry service organization web site with news releases, reports archives; staff available to respond to news media inquiries

### **National Underwriter**

<http://www.nationalunderwriter.com/pandc/>

- Daily compilation of news articles on property/casualty insurance industry prepared by staff of weekly magazine; free e-mail headline service

### **Property Casualty Insurers Association of America**

<http://www.pciaa.net/sitehome.nsf/main>

- Industry trade association site with position papers on current state and federal government industry issues, searchable archive of news releases, staff available to respond to news media inquiries

### **Ultimate Insurance Links**

<http://www.ultimateinsurancelinks.com/>

- Comprehensive listing, with brief description, of links to all possible insurance-related sites sorted by life and property/ casualty companies, managing general agencies, vendors, associations and publishers; search capability



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# feature story ideas

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NOTE: IIAT professionals and agency members located in your trade area will be happy to be interviewed on these or any other insurance-related subjects.

## *Personal Auto*

- I'm renting a car and the rental company is asking if I want to purchase insurance. What do I do?
- What is the difference between Personal Injury Protection and Medical Payments coverage? If I have health insurance, why do I need either?
- My daughter just received her driving permit. Do I need to add her to my policy? Will that cause my payments to increase?
- If I have collision coverage on my vehicle, do I really need Uninsured Motorist coverage?
- My grandmother bought a car for me. I don't live with her and she wants me to carry the insurance. How does this work when the car is in her name?
- I'm renting a car while traveling in Europe. Do I have coverage?
- I'm traveling to Mexico for the weekend in my car. Do I have coverage?
- I'm thinking about buying a car over the weekend. How do I get coverage on the new car if the insuranceagency office is closed?
- I'm moving to California and don't want to pay the high premium there. Can't I just keep my Texas policy?

## *Homeowners*

- How can I reduce my premium?
- I think my home is over-insured. Why does the insurance company require me to carry more coverage than the property tax appraised value on my house? How can I determine the correct amount of insurance I need?
- My neighbor's insurance is \$400 lower than mine. Why? Our houses are about the same.
- Why does my credit rating affect how much my insurance costs?
- My mortgage company offers insurance. Is there a difference in coverage?
- Isn't my jewelry covered as personal property?
- What deductible do I want? What are your other clients doing about deductibles?
- Why doesn't my homeowners policy cover flood damage?
- All I own is my house and car. Why do I need an umbrella policy? What is that?



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