

texas insurance market profile 2007

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.



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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.

