State of Illinois

Illinois Department of Insurance

2015

Cost Containment Annual Report to the General Assembly

Bruce Rauner
Governor

Anne Melissa Dowling
Acting Director

Illinois Department of Insurance

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August 2015

To the Honorable Members of the General Assembly:

The Illinois Insurance Cost Containment Act requires the Director of Insurance to submit an annual report to the General Assembly containing an analysis of portions of the insurance market in Illinois. The report must contain a recommendation of the most appropriate and comprehensive cost containment system for the state (Article XLII, 215 ILCS 5/1202d).

In accordance with Section 1202 of the Illinois Insurance Code, [215 ILCS 5/1202], I am pleased to submit the Annual Report to the General Assembly on Insurance Cost Containment for 2015. It contains significant information from a national and Illinois perspective regarding the current conditions of the property and casualty insurance industry.

Sincerely,

Anne Melissa Dowling
Acting Director of Insurance

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Overview

This report analyzes the Illinois insurance market based on companies licensed to conduct business in the State. It is important to note that residual market and non-licensed companies are discussed separately in Section 3.

Section 1: OVERALL PROPERTY & CASUALTY INDUSTRY SUMMARY

This section provides and compares details of the Illinois property/casualty marketplace to countrywide data. It also provides a breakdown of all property/casualty premiums written on a regional basis and by significant line of business within Illinois.

Section 2: INDIVIDUAL LINE OF COVERAGE ANALYSIS

This section provides a detailed review of each of the following areas of insurance within the state of Illinois:

- Homeowners'
- Private Passenger Auto Liability
- Private Passenger Auto Physical Damage
- Commercial Auto Liability
- Medical Malpractice
- Other Liability
- Workers' Compensation

One aspect of each line of business monitored by the Department is market concentration. The Herfindahl/ Hirschmann Index or (HHI) is a measure of the size of companies and is widely accepted as an accurate indicator of the amount of competition among individual companies in any given marketplace. The HHI is calculated by the summation of the squares of each company's individual market share. Generally, an HHI of 1800 or above is an indication that the given market may be highly concentrated and may possibly reflect anti-competitive characteristics.

Section 2 contains a historical graph of the (HHI) for each of the lines of business indicated above. For all of the lines studied, only the medical malpractice line continues to be considered highly concentrated in Illinois. This situation is not new and continues to be monitored by the Department.

Section 3: RESIDUAL MARKET MECHANISMS

Residual Market Mechanisms are established to provide specific insurance coverages to Illinois consumers who are unable to buy coverage in the open or voluntary markets. Coverages available to Illinois consumers through residual markets include property coverage, automobile coverage, and workers' compensation coverage.

The residual markets (FAIR Plan, Auto Plan, and Workers' Compensation Assigned Risk Pool) all have very small shares of the market which indicates healthy competition. The workers' compensation assigned risk market continues to be the largest residual market; representing 5.1 percent of the overall workers' compensation market.

In addition to residual market mechanisms, Section 3 details recent activities of the surplus lines market. Illinois consumers unable to obtain coverage in either the voluntary market or the residual market mechanisms may be able to obtain coverage in the surplus lines market. The report reflects nothing of concern with the surplus lines market mechanisms. However, the Department has little regulatory control regarding coverage placed in the surplus lines market.

Section 4: OVERALL MARKETPLACE CONDITIONS

Lastly, the report identifies and examines several financial principles that are generally accepted as measurements of market reliability and profitability. The Department will continue to monitor all available data related to the Property & Casualty insurance industry to encourage that a healthy, competitive, and reliable insurance market remains available for all Illinois consumers.

SECTION 1: OVERALL PROPERTY & CASUALTY INDUSTRY SUMMARY

The following table provides a breakdown of total direct written premium and incurred losses for the property/casualty industry by state for the past 5 years.

Direct written premium in Illinois totaled $21.9 billion in 2014, representing 5.0 percent of the total written premium countrywide. Additionally, Illinois continues to rank 5th of all states based on direct written premium. Illinois continues to maintain this ranking as well as a loss ratio comparable or lower than other states in the top 20 states as reflected below. It should also be noted the Illinois loss ratio has been reduced each year since 2012. From 2012 to 2013, the ratio dropped 7.4 points; and from 2013 to 2014, it dropped 3.1 points for total reduction of 10.5 points in the two year period.

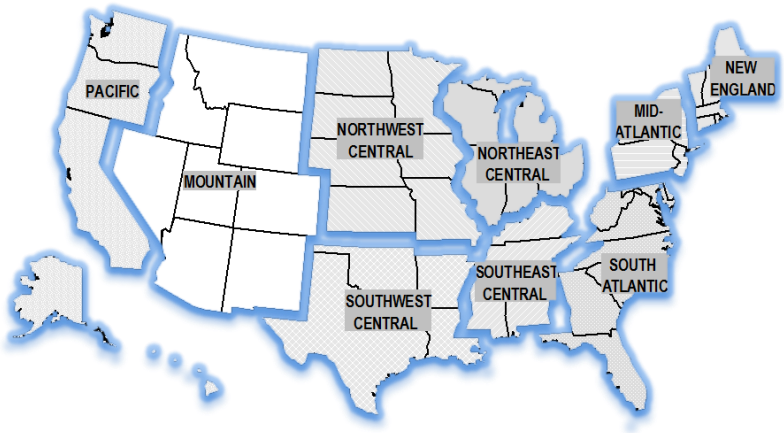
Total US Property & Casualty Industry

State Distribution and Loss Experience ($ In millions)

			% of Total Direct Written Premium					Direct Pure Loss Ratio (%)					
Rank	State	2014 Direct Written Premium	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010	5 Yr. Avg.
1	California	$48,044M	11.1%	10.9	10.7	10.6	10.7	54.5%	55.7	57.2	56.3	55.4	45.0
2	New York	$31,009M	7.1%	7.2	7.1	7.1	7.1	54.6%	48.7	88.1	65.5	70.2	54.6
3	Florida	$26,500M	6.1%	6.1	6.1	6.2	6.3	55.3%	50.4	53.1	56.2	58.5	43.7
4	Texas	$26,397M	6.1%	5.9	5.7	5.6	5.4	54.7%	57.6	60.5	66.0	51.6	47.2
5	Illinois	$21,868M	5.0%	5.1	5.1	5.2	5.3	59.4%	62.5	69.9	66.7	65.2	53.0
6	Pennsylvania	$18,918M	4.4%	4.4	4.5	4.4	4.5	62.6%	52.3	60.2	63.7	63.7	48.1
7	Michigan	$13,896M	3.2%	3.1	3.0	2.9	2.8	76.9%	86.3	81.7	95.4	81.6	69.2
8	Georgia	$13,387M	3.1%	3.0	2.9	2.9	2.9	62.3%	62.3	66.2	66.2	61.4	51.3
9	Ohio	$13,289M	3.1%	3.1	3.0	3	3.1	51.1%	49.7	62.6	63.0	56.0	46.4
10	New Jersey	$12,322M	2.8%	2.9	2.9	2.8	2.9	59.3%	61.9	103.3	72.5	59.3	59.5
11	North Carolina	$11,227M	2.6%	2.6	2.6	2.6	2.6	50.9%	51.0	56.6	76.4	55.6	48.0
12	Virginia	$10,651M	2.5%	2.5	2.4	2.4	2.4	52.1%	49.6	58.4	68.9	58.0	47.1
13	Minnesota	$9,478M	2.2%	2.2	2.1	2.1	2	61.7%	69.9	52.2	63.1	62.3	49.6
14	Missouri	$9,054M	2.1%	2.1	2.1	2.1	2.1	56.6%	54.7	80.1	97.7	58.3	58.3
15	Maryland	$8,841M	2.0%	2.1	2.1	2.1	2.1	57.8%	54.7	63.0	67.8	74.0	52.0
16	Wisconsin	$8,758M	2.0%	1.9	1.9	1.9	1.9	59.0%	60.9	57.4	60.9	61.9	48.3
17	Colorado	$8,522M	2.0%	1.9	1.9	1.8	1.9	75.2%	69.9	71.9	61.4	63.4	53.5
18	Indiana	$8,420M	1.9%	2.0	1.9	1.9	1.9	54.0%	58.3	75.4	61.9	51.5	49.5
19	Washington	$8,112M	1.9%	1.9	1.9	1.9	1.9	56.4%	52.5	54.7	54.7	58.0	44.1
20	Tennessee	$7,747M	1.8%	1.8	1.8	1.7	n/a	51.9%	50.5	65.0	94.9	n/a	52.7
	All other	$117,833M	27.1%	27.1	28.2	28.5	33.6	56.7%	57.6	53.2	68.6	61.7	60.3
	Total	$434,272M	100.0%	100.0	100.0	100	100	57.3%	54.1	64.0	67.0	60.9	61.5

* Direct Pure Loss Ratio is calculated by dividing direct losses incurred by direct earned premium.
Source: NAIC State Data Network; aggregate Schedule T for all property/casualty insurers.

The following map identifies the percentage of total written premium and loss ratio for the property/casualty industry in ten regions of the United States during 2014 as well as the 5-year average.



Distribution of Direct Written Premium & Loss Ratios by Region

It should be noted that 2014 direct loss ratios in all regions exhibited lower than past "5 year average loss ratios". Tornadic and severe weather continue to greatly affect loss ratios in the central plains.

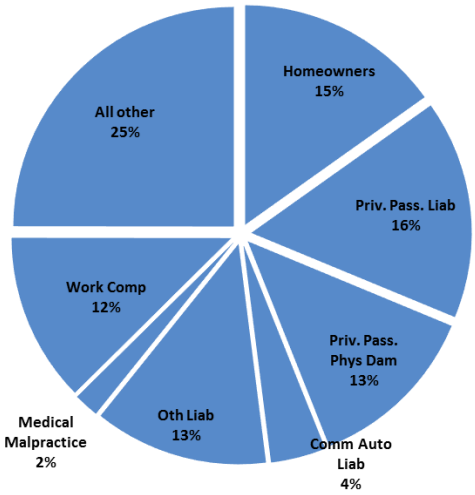
2014	Pacific	Mountain	North west Central	Southwest Central	Northeast Central	Southeast Central	Mid Atlantic	South Atlantic	New England	Other*	Total All Regions
% Total DPW	14.6%	6.8%	8.5%	9.9%	15.3%	5.2%	14.3%	19.1%	4.6%	1.0%	100.0%
Direct Loss Ratio	48.5%	59.5%	67.1%	53.7%	60.1%	55.0%	58.8%	54.0%	52.8%	61.4%	57.1%
5 Year Average Loss Ratio	53.7%	63.1%	67.8%	59.8%	65.7%	64.8%	65.2%	57.4%	55.4%	58.8%	61.2%

NAIC State Data Network, 2014 Illinois State Page Exhibit

*Other includes Puerto Rico and the U.S. Virgin Islands, Canada, American Samoa, Guam and N. Mariana Islands

Percent of All Property & Casualty Premiums Written in Illinois by Line (2014)

The following graph reflects the distribution of all Illinois property/casualty insurance premiums written during 2014. Personal lines of insurance include Homeowners', private passenger automobile liability, and private passenger automobile physical damage coverage. Combined, these coverages make up approximately 44 percent of the overall property/casualty insurance written in the state of Illinois. The amount of written premium by line of insurance in 2014 remains very consistent with previous years.



NAIC State Data Network, 2014 Illinois State Page Exhibit

SECTION 2: INDIVIDUAL LINE OF COVERAGE ANALYSIS

HOMEOWNERS'

The following table compares Homeowners' insurance written in Illinois to the countrywide market. Written premium in Illinois continues to grow. In 2014, total written premiums for Homeowners' coverage written in Illinois rose by 4.7 percent from 2013. Nationally, total written premium for all Homeowners' coverage rose by 9.2 percent during the same period.

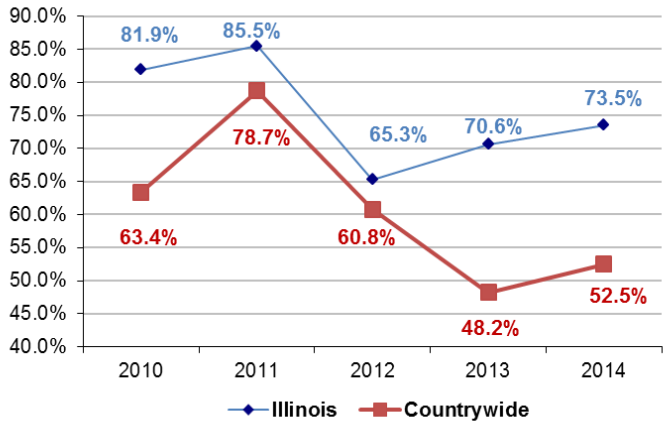
Homeowners' Underwriting Results (2014)

Homeowners' ($000 omitted)	Illinois	Countrywide
Direct written premiums	3,309,001	62,247,681
Direct earned premiums	3,240,636	60,897,884
Expenses (% premium)		
Incurred losses	73.5%	52.5%
Def. & cost cont. exp. Incurred	1.1%	1.3%
Comm./brokerage	12.8%	12.5%
Taxes, licenses & fees	1.2%	2.5%

NAIC State Data Network, 2014 Illinois State Page Exhibit

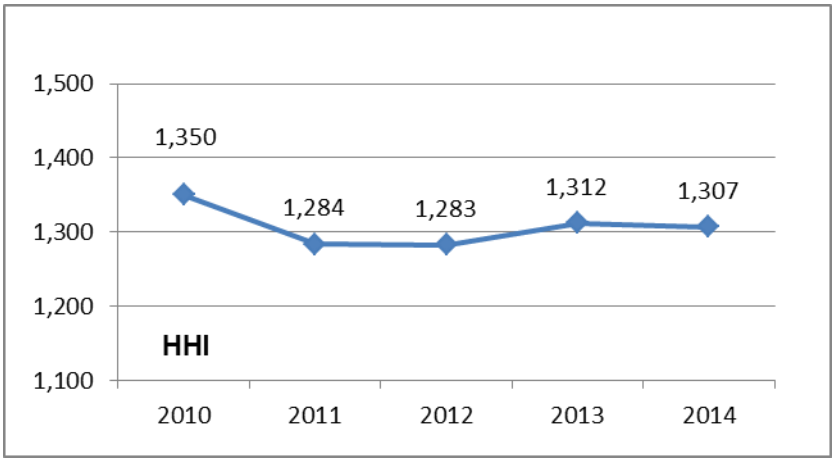
The following chart provides a comparison of incurred losses for Homeowners' insurance over the past 5 years. As indicated below, the loss ratio for both the Illinois and countrywide markets experienced a minor increase during 2014. The market in Illinois experienced an increase in losses of 2.9 percent compared to an increase of 4.3 percent countrywide. Tornadic and severe weather in recent years in Illinois greatly contributed to the widening gap of loss ratios between Illinois and countrywide.

Homeowners' Losses as a Percent of Earned Premiums (2010 – 2014)



The following graph reflects the HHI for Illinois Homeowners' insurance from 2010 through 2014. The Herfindahl/Hirschmann Index or (HHI) is a measure of the size of companies and is widely accepted as an accurate indicator of the amount of competition among individual companies in any given marketplace. Generally, an HHI of 1800 or above is an indication the given market may be highly concentrated and may be approaching anti-competitive behavior. As the chart shows, the Homeowners' insurance market available to Illinois consumers continues to exhibit a healthy, stable level of competition for Illinois consumers.

Illinois Homeowners' Insurance Market Concentration



The following table identifies the top ten writers of Homeowners' insurance in Illinois based on written premium in 2013 and 2014. In summary, the ten companies identified wrote almost 2.2 billion dollars in written premium and combined for a total of 66 percent of the total Illinois market share in 2014.

Top 10 Homeowners' Insurers in Illinois

Company	*2014 Written Premium*	*2013 Written Premium*	*2014 Market Share*	*2013 Market Share*	*2014 Loss Ratio*	*2013 Loss Ratio*
State Farm Fire & Cas Co	1,110,598,293	1,058,618,200	33.56%	33.49%	69.04%	75.41%
Country Mut Ins Co	283,164,377	275,790,379	8.56%	8.73%	65.65%	56.28%
Allstate Ind Co	162,387,819	175,003,311	4.91%	5.54%	70.01%	58.22%
American Family Mut Ins Co	152,527,033	145,070,811	4.61%	4.59%	75.82%	76.57%
Farmers Ins Exch	118,593,916	108,461,952	3.58%	3.43%	90.77%	72.43%
Allstate Ins Co	106,296,764	113,679,603	3.21%	3.60%	59.12%	46.98%
Allstate Vehicle & Prop Ins Co	71,547,875	40,461,773	2.16%	1.28%	78.41%	67.50%
Safeco Ins Co Of IL	63,899,734	62,151,966	1.93%	1.97%	61.38%	70.06%
Allstate Prop & Cas Ins Co	61,238,758	65,318,984	1.85%	2.07%	96.83%	78.58%
Travelers Home & Marine Ins Co	59,144,592	61,120,772	1.79%	1.93%	52.35%	58.86%

In addition to statewide data, the Department collects Homeowners' data based on the geographical location of the insured pursuant to Title 50 Illinois Administrative Code Part 4203 (Part 4203) as authorized by the Illinois Insurance Cost Containment Act, 215 ILCS 5/1200 *et seq*. This data allows the Department to identify and compare the 2013 *Statewide Market Share* to *City of Chicago* and *Remainder of State* market share for each company. However, due to the statutory requirement associated with finalizing this report, the most recent data year available at the time of publishing was 2013.

Company	*2013 Statewide Market Share*	*City of Chicago*	*Remainder of State*
State Farm Fire & Cas Co	33.56%	37.46%	31.83%
Country Mut Ins Co	8.56%	1.79%	9.79%
Allstate Ind Co	4.91%	9.33%	4.50%
American Family Mut Ins Co	4.61%	4.90%	4.32%
Farmers Ins Exch	3.58%	3.23%	3.29%
Allstate Ins Co	3.21%	6.70%	2.79%
Allstate Vehicle & Prop Ins Co	2.16%	1.42%	1.19%
Safeco Ins Co Of IL	1.93%	2.45%	1.80%
Allstate Prop & Cas Ins Co	1.85%	2.27%	1.93%
Travelers Home & Marine Ins Co	1.79%	2.06%	1.82%

The following table summarizes the amount of written premium paid by Illinois Homeowners' during 2013 for each of the coverage types identified on this page.

Homeowners' Insurance is generally purchased in one of several standard coverage types. The coverage types acknowledged as industry standards include HO-1, HO-2, HO-3, HO-4, HO-5, HO-6, & HO-8

Basic Form (HO-1) *– The most basic coverage type providing coverage against 11 specific factors or perils: fire, lightning, smoke, vandalism, theft, ice, snow, windstorm, hail, riot, and volcano eruption. The popularity of this policy has diminished over the years due to the policies extensive coverage gaps.*

Broad Form (HO-2) *– HO-2 policy forms are also considered a basic coverage form but with a wider scope of coverage than the HO-1. Coverage under an HO-2 policy is limited to 17 perils specifically listed in the policy.*

Type of Coverage	2013 Illinois Premium	Market Share
HO-1	3,089,081	0.10%
HO-2	124,256,474	4.15%
HO-3	2,181,702,984	72.79%
HO-4	113,800,008	3.80%
HO-5	409,728,553	13.67%
HO-6	150,633,343	5.03%
HO-8	14,119,153	0.47%
Total	2,997,329,596	100.00%

Special Form (HO-3) *- Offers property and liability coverage for the dwelling, other structures, and loss of use of the dwelling and other structures for all perils specifically listed in the policy (e.g., fire, lightning, windstorm and hail, falling objects, etc.). Personal property is also covered for perils listed in the policy. HO-3 covers more perils than an HO-2 policy.*

Tenants Form (HO-4) *- Provides coverage for a renter's personal property, liability, and additional living expenses.*

Comprehensive Form (HO-5) *- Covers your home and personal property for everything that is not specifically excluded in your policy. This type of policy provides the broadest coverage available but is not offered by all insurers and is usually more expensive. Personal property coverage under an HO-5 is generally broader than an HO-3 policy.*

Condominium Form (HO-6) *- Covers a condominium owner's personal property and any additions and alterations made to the inside of the owner's unit. Condominium owners can also buy endorsements to protect property and for liability associated with their shares in the condominium association's common ownership.*

Modified Coverage Form (HO-8) *- Provides coverage when an older home's replacement cost far exceeds its market value. This form allows the policyholder to carry lower limits of insurance rather than try to maintain 80% of replacement cost. The HO-8 policy provides varying methods of loss payment depending on whether the damaged or destroyed building is repaired or replaced.*

PRIVATE PASSENGER AUTOMOBILE LIABILITY

The following table compares underwriting results for private passenger auto liability insurance written in Illinois with that written countrywide during 2014. The amount of premium written in Illinois and countrywide both showed an increase over 8 percent. Specifically, Illinois written premium increased approximately 270 million dollars, and countrywide premium increased over 6.3 billion dollars from 2013.

Private Passenger Automobile Liability

Underwriting Results (2014)

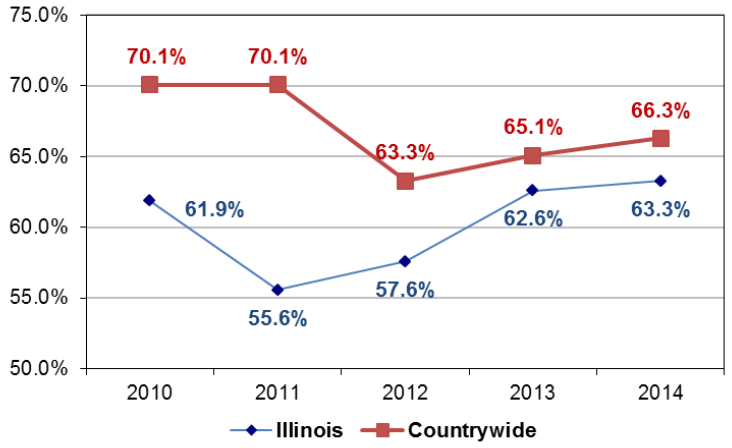
PPA Liability ($000 omitted)	Illinois	Countrywide
Direct written premiums	3,530,468	78,416,950
Direct earned premiums	3,492,266	77,409,571
Expenses (% premium)		
Incurred losses	63.3%	66.3%
Def. & cost cont. exp. Incurred	3.7%	3.4%
Comm./brokerage	10.3%	8.0%
Taxes, licenses & fees	1.3%	2.3%

NAIC State Data Network, 2014 Illinois State Page Exhibit

As reflected in the following chart, the loss ratios for private passenger automobile liability insurance in both Illinois and countrywide remained virtually unchanged in 2014.

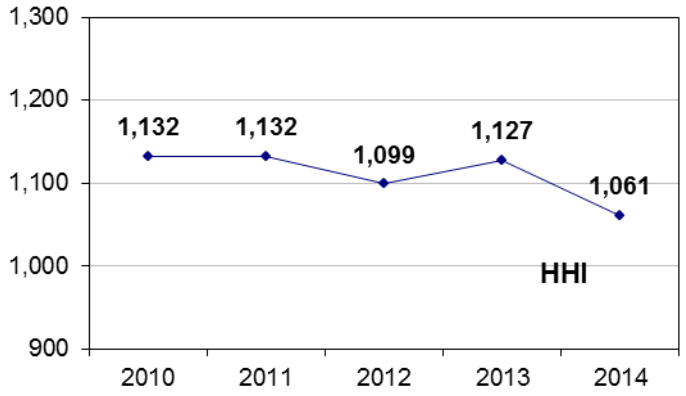
Private Passenger Automobile Liability

Losses as a percent of Earned Premiums (2010 – 2014)



As previously mentioned, an HHI of 1800 or above can be an indication of a highly concentrated and possibly anti-competitive market. As reflected below, consumers of private passenger automobile liability insurance in Illinois continue to enjoy a stable, highly competitive market.

Illinois Private Passenger Auto Liability Insurance Market Concentration



The following table identifies the top ten writers of private passenger automobile liability insurance in Illinois based on written premium in 2014. In summary, the ten companies identified wrote over 2.1 billion dollars in premium and combined for a total of 61 percent of the total Illinois market share in 2014.

Top 10 Private Passenger Automobile Liability Insurers in Illinois

Company	*2014 Written Premium*	*2013 Written Premium*	*2014 Market Share*	*2013 Market Share*	*2014 Loss Ratio*	*2013 Loss Ratio*
State Farm Mut Auto Ins Co	1,069,930,742	1,020,220,758	30.31%	31.29%	61.08%	57.26%
Allstate Fire & Cas Ins Co	197,092,987	184,415,779	5.58%	5.66%	73.58%	70.40%
Illinois Farmers Ins Co	150,415,141	151,395,893	4.26%	4.64%	59.39%	65.56%
Country Pref Ins Co	146,760,766	144,203,740	4.16%	4.42%	69.87%	60.08%
American Family Mut Ins Co	145,686,069	145,887,569	4.13%	4.47%	49.29%	55.99%
Geico Cas Co	118,114,095	86,257,636	3.35%	2.65%	77.61%	80.03%
Progressive Northern Ins Co	94,073,486	93,300,376	2.66%	2.86%	55.22%	54.74%
Country Mut Ins Co	82,834,146	89,226,612	2.35%	2.74%	67.31%	69.04%
State Farm Fire & Cas Co	80,903,150	76,404,635	2.29%	2.34%	73.46%	69.14%
Progressive Universal Ins Co	71,968,144	67,744,225	2.04%	2.08%	48.32%	47.30%

In addition to statewide data, the Department collects private passenger auto liability insurance data based on the geographical location of the insured. This data allows the Department to identify and compare the 2013 *Statewide Market Share* to *City of Chicago* and *Remainder of State* market share for each company. However, due to the statutory requirement associated with finalizing this report, the most recent data year available at the time of publishing was 2013.

Company	*2013 Statewide Market Share*	*City of Chicago*	*Remainder of State*
State Farm Mut Auto Ins Co	30.31%	32.68%	29.54%
Allstate Fire & Cas Ins Co	5.58%	7.59%	5.17%
Illinois Farmers Ins Co	4.26%	3.62%	4.55%
Country Pref Ins Co	4.16%	0.57%	4.95%
American Family Mut Ins Co	4.13%	3.83%	4.42%
Geico Cas Co	3.35%	3.41%	2.44%
Progressive Northern Ins Co	2.66%	1.50%	2.42%
Country Mut Ins Co	2.35%	0.23%	3.08%
State Farm Fire & Cas Co	2.29%	2.89%	2.15%
Progressive Universal Ins Co	2.04%	1.78%	1.24%

PRIVATE PASSENGER AUTOMOBILE PHYSICAL DAMAGE

The following table compares underwriting results for private passenger physical damage insurance written in Illinois to statistics reflecting the same market countrywide. The physical damage market in Illinois experienced a significant increase of 12.2 percent in written premium during 2014, while the market experienced a 17.2 percent increase on a countrywide basis.

Private Passenger Automobile Physical Damage

Underwriting Results (2014)

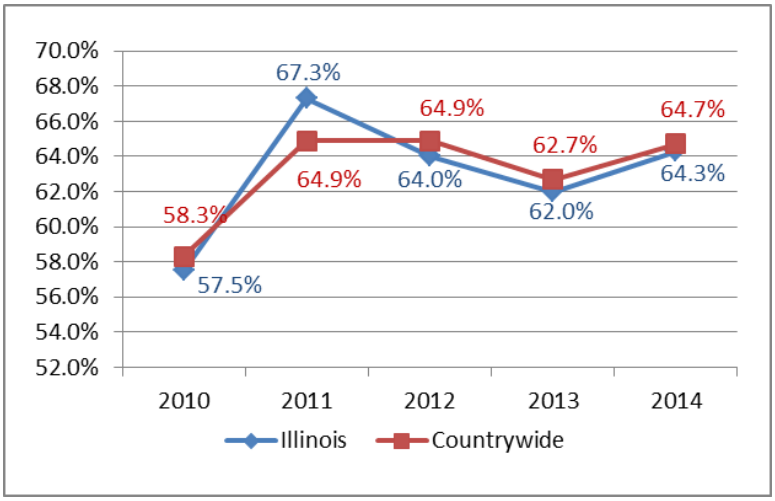
PPA PD($000 omitted)	Illinois	Countrywide
Direct written premiums	2,779,826	58,733,118
Direct earned premiums	2,726,309	57,570,230
Expenses (% premium)		
Incurred losses	64.3%	64.7%
Def. & cost cont. exp. Incurred	0.2%	0.3%
Comm./brokerage	10.0%	8.1%
Taxes, licenses & fees	1.3%	2.3%

NAIC State Data Network, 2014 Illinois State Page Exhibit

As reflected in the graph below, the private passenger physical damage loss ratio experienced a mild increase of approximately 2 percent both in Illinois and countrywide during 2014.

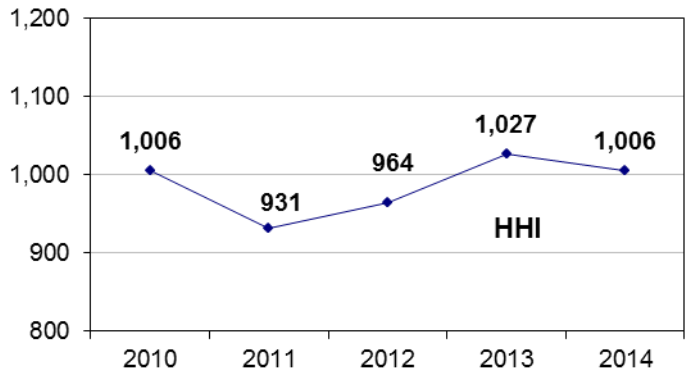
Private Passenger Automobile Physical Damage

Losses as a percent of Earned Premiums (2010 – 2014)



As private passenger liability insurance and private passenger physical damage are closely associated and generally marketed jointly, the market concentration of the two lines of insurance should be closely related. As reflected in the following chart, Department research continues to indicate Illinois consumers are experiencing a healthy and competitive automobile physical damage market.

Illinois Private Passenger Auto Physical Damage Insurance Market Concentration



The following table identifies the top ten writers of private passenger physical damage insurance in Illinois based on written premium in 2014. In summary, the ten companies identified wrote a total of over 1.7 billion dollars in premium and combined for a total of 62 percent of the total Illinois market in 2014.

Top 10 Private Passenger Automobile Physical Damage Insurers in Illinois

Company	*2014 Written Premium*	*2013 Written Premium*	*2014 Market Share*	*2013 Market Share*	*2014 Loss Ratio*	*2013 Loss Ratio*
State Farm Mut Auto Ins Co	800,278,193	723,456,821	28.79%	29.20%	74.96%	74.57%
Allstate Fire & Cas Ins Co	227,762,815	178,879,173	8.19%	7.22%	50.80%	52.20%
Country Pref Ins Co	120,273,381	112,345,608	4.33%	4.53%	62.15%	60.64%
American Family Mut Ins Co	105,555,821	104,928,833	3.80%	4.24%	60.71%	56.18%
Illinois Farmers Ins Co	97,122,486	101,271,402	3.49%	4.09%	75.17%	60.14%
Allstate Ins Co	93,741,227	99,072,190	3.37%	4.00%	23.69%	23.88%
Geico Cas Co	83,912,356	60,978,182	3.02%	2.46%	93.78%	98.70%
Country Mut Ins Co	81,420,771	82,655,842	2.93%	3.34%	53.77%	51.87%
Progressive Northern Ins Co	63,558,723	60,570,491	2.29%	2.44%	64.27%	97.53%
State Farm Fire & Cas Co	54,603,103	48,615,523	1.96%	1.96%	91.28%	90.57%

In addition to statewide data, the Department also collects private passenger auto physical damage insurance data pursuant to Title 50 Illinois Administrative Code Part 4203 as authorized by the Illinois Insurance Cost Containment Act, 215 ILCS 5/1200 *et seq*. This data allows the Department to identify and compare the 2013 *Statewide Market Share* to *City of Chicago* and *Remainder of State* market share for each company. However, due to the statutory requirement associated with finalizing this report, the most recent data year available at the time of publishing was 2013.

Company	*2013 Statewide Market Share*	*City of Chicago*	*Remainder of State*
State Farm Mut Auto Ins Co	28.79%	31.35%	27.84%
Allstate Fire & Cas Ins Co	8.19%	8.76%	6.46%
Country Pref Ins Co	4.33%	0.59%	5.27%
American Family Mut Ins Co	3.80%	3.54%	3.98%
Illinois Farmers Ins Co	3.49%	3.16%	3.59%
Allstate Ins Co	3.37%	3.93%	4.04%
Geico Cas Co	3.02%	3.80%	2.24%
Country Mut Ins Co	2.93%	0.25%	3.91%
Progressive Northern Ins Co	2.29%	1.58%	2.00%
State Farm Fire & Cas Co	1.96%	2.93%	1.75%

COMMERCIAL AUTOMOBILE LIABILITY

The following table compares underwriting results for commercial automobile liability insurance written in Illinois with that written countrywide during 2014. The commercial automobile markets experienced an increase in both Illinois and countrywide; by 19.9 percent and by 13.5 percent, respectively.

Commercial Auto Liability

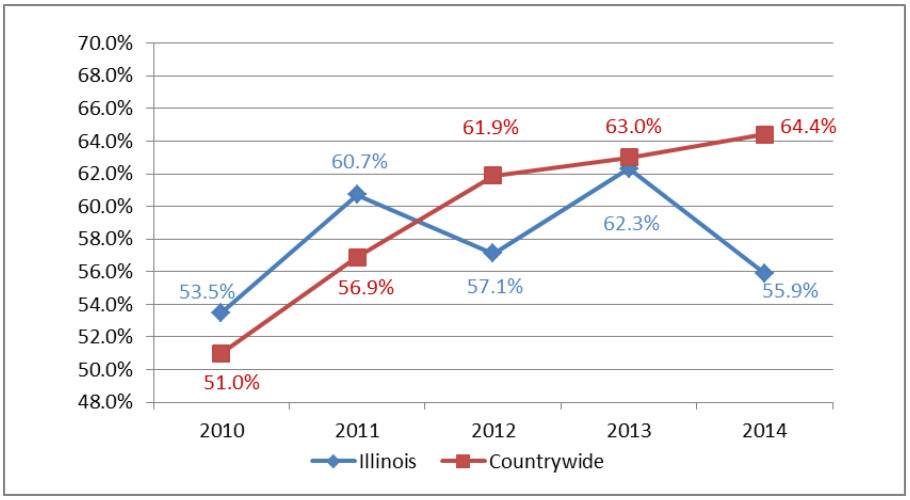
Underwriting Results (2014)

Comm. Auto Liab. ($000 omitted)	Illinois	Countrywide
Direct written premiums	881,604	17,427,392
Direct earned premiums	841,936	16,867,424
Expenses (% premium)		
Incurred losses	55.9%	64.4%
Def. & cost cont. exp. Incurred	7.4%	6.9%
Comm./brokerage	14.5%	14.7%
Taxes, licenses & fees	1.9%	2.7%

NAIC State Data Network, 2014 Illinois State Page Exhibit

Similar to the loss ratio increases seen in private passenger automobile liability and physical damage coverage, the commercial auto liability markets experienced a slight loss ratio increase of 1.4 percent countrywide. However, loss ratio for the Illinois market experienced a significant decrease of 6.4 percent during the same period.

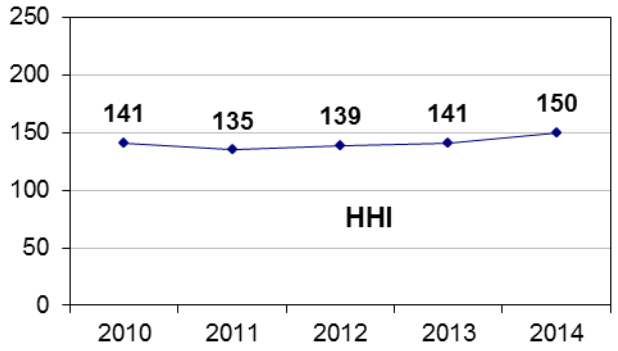
Commercial Auto Liability Losses as a Percent of Earned Premiums



As reflected in the following graph, the very low and stable HHI for the Illinois commercial automobile liability market continues to confirm a competitive market remains available to Illinois consumers. Based on these results, the system for cost containment appears to be appropriate for Illinois consumers in this market.

Illinois Commercial Auto Liability Insurance

Market Concentration



The following table identifies the top ten writers of commercial automobile liability insurance in Illinois based on written premium in 2014. In summary, the ten companies identified wrote a total of over 266 million dollars in premium and combined for a total of 30.3 percent of the total Illinois market share in 2014.

Top 10 Commercial Automobile

Liability Insurers in Illinois

Company	*2014 Written Premium*	*2013 Written Premium*	*2014 Market Share*	*2013 Market Share*	*2014 Loss Ratio*	*2013 Loss Ratio*
Great West Cas Co	35,279,060	33,020,803	4.00%	4.49%	69.35%	59.77%
Artisan & Truckers Cas Co	34,952,783	27,616,682	3.96%	3.61%	43.19%	88.81%
National Liab & Fire Ins Co	31,644,772	10,380,594	3.59%	1.41%	61.78%	24.15%
Northland Ins Co	29,543,799	23,634,253	3.35%	3.21%	47.01%	59.71%
Zurich Amer Ins Co	27,951,436	26,008,050	3.17%	3.54%	55.51%	82.81%
Transguard Ins Co Of Amer Inc	23,785,722	22,254,328	2.70%	3.03%	25.59%	43.30%
Acuity A Mut Ins Co	23,748,271	21,739,797	2.69%	2.96%	55.12%	50.80%
Pekin Ins Co	20,780,453	19,667,725	2.36%	2.67%	72.31%	57.01%
Occidental Fire & Cas Co Of NC	20,530,267	14,768,828	2.33%	2.01%	116.40%	41.70%
Cincinnati Ins Co	18,740,146	18,138,674	2.13%	2.47%	67.01%	60.42%

Pursuant to Part 4203, the Department collects data for classes of commercial automobile liability insurance in several specific areas: Trucks, Tractors, Trailers and Taxicabs & Public Livery. The market share data below represents the percent of overall premium for each group during 2013.

Trucks, Tractors, and Trailers	2013 Market Share
Arch Insurance Company	6.74%
Artisan and Truckers Casualty Company	5.07%
Northland Insurance Company	4.26%
Acuity A Mutual Insurance Company	3.75%
Country Mutual Insurance Company	3.18%
NGM Insurance Company	2.89%
Great West Casualty Company	2.77%
First Chicago Insurance Company	2.69%
Cincinnati Insurance Company The	2.61%
Occidental Fire & Casualty Company of NC	2.54%

Taxi / Limousine	2013 Market Share
New York Marine And General Ins Co	18.52%
Echelon Property & Casualty Ins Co	13.45%
American Service Insurance Company Inc	10.58%
Starnet Insurance Company	7.09%
Lancer Insurance Company	6.66%
American Country Insurance Company	5.64%
Prime Property & Casualty Insurance Inc.	4.65%
Philadelphia Indemnity Insurance Company	4.44%
AMCO Insurance Company	4.01%
Wesco Insurance Company	3.71%

MEDICAL MALPRACTICE LIABILITY

The following table compares underwriting results for medical malpractice liability coverage written in Illinois with that written countrywide during 2014. The reduction in written premium within the medical malpractice market over the last several years continued countrywide in 2014. Nationally, the reduction was 191.6 million or approximately 4.7 percent decrease from 2013. However, the market in Illinois experienced a slight increase in written premium of 11.1 million dollars or 2.8 percent compared to 2013.

Medical Malpractice Liability

Underwriting Results (2014)

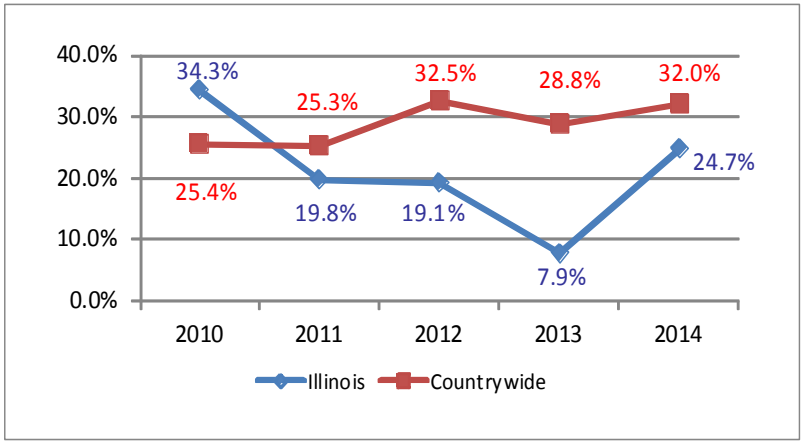
Med Mal Liability ($000 omitted)	Illinois	Country-wide
Direct written premiums	401,864	3,847,601
Direct earned premiums	416,512	3,917,226
Expenses (% premium)		
Incurred losses	24.7%	32.0%
Def. & cost cont. exp. incurred	26.7%	21.9%
Comm./brokerage	9.3%	10.2%
Taxes, licenses & fees	2.0%	2.1%

NAIC State Data Network, 2014 Illinois State Page Exhibit

As indicated below, the loss ratio for the medical malpractice market has increased significantly in Illinois. Although a large increase was experienced in 2014, the loss ratio in Illinois remains consistent with prior years and remains lower than the national average.

Medical Malpractice Liability Losses as a

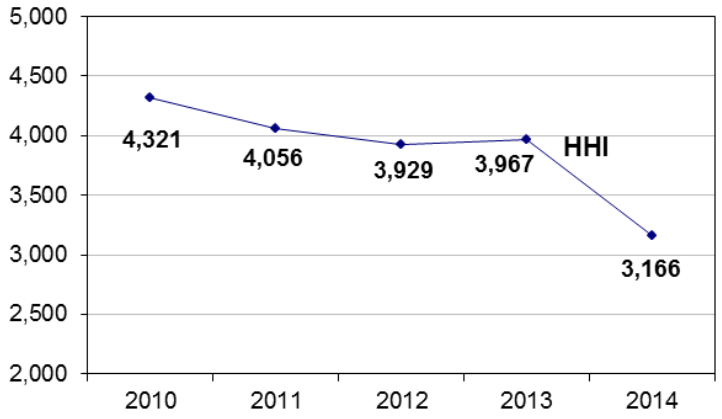
Percent of Earned Premiums (2010 – 2014)



The following graph highlights the market concentration for medical malpractice carriers in Illinois between 2010 and 2014. Consistent with most states, the largest writer of medical malpractice insurance in Illinois remains a physician-affiliated company. The largest writer in Illinois, ISMIE Mutual Insurance Company, wrote nearly 55 percent of the medical malpractice coverage in 2014. The second largest medical malpractice insurer, by direct written premium, was the Doctors Company, which wrote 6.9 percent of the Illinois market. Although the decrease of HHI in 2014 is encouraging, the medical malpractice market in Illinois remains highly concentrated.

Illinois Medical Malpractice Liability Insurance

Market Concentration



The following table identifies the top ten writers of medical malpractice insurance in Illinois based on written premium during 2014. In summary, the ten companies identified wrote a total of approximately 350 million dollars in premium and combined for 87 percent of market share in Illinois for 2014.

Top 10 Medical Malpractice Insurers in Illinois

Company	*2014 Written Premium*	*2013 Written Premium*	*2014 Market Share*	*2013 Market Share*	*2014 Loss Ratio*	*2013 Loss Ratio*
ISMIE Mut Ins Co	220,624,093	241,781,861	54.90%	61.87%	14.05%	5.27%
Doctors Co An Interins Exch	27,603,013	29,453,923	6.87%	7.54%	55.05%	74.74%
Medical Protective Co	21,988,340	23,659,857	5.47%	6.05%	22.40%	25.69%
Norcal Mut Ins Co	17,854,376	N/A	4.44%	N/A	49.22%	N/A
ProAssurance Cas Co	16,972,955	16,899,738	4.22%	4.32%	-39.37%	9.93%
Medical Alliance Ins Co	12,359,516	11,197,887	3.08%	2.87%	51.03%	32.22%
Professional Solutions Ins Co	10,889,765	10,849,461	2.71%	2.78%	26.73%	41.03%
Columbia Cas Co	8,089,619	7,139,542	2.01%	1.83%	214.93%	63.36%
Preferred Professional Ins Co	6,643,144	7,526,772	1.65%	1.93%	93.84%	26.83%
Podiatry Ins Co Of Amer	6,439,512	6,242,014	1.60%	1.60%	43.15%	27.61%

Pursuant to Part 4203, the Department collects data for a number of various medical malpractice coverages. The following data reflects the top ten companies by market share based on the specific coverage type indicated.

Medical Malpractice / Surgery	2013 Market Share
ISMIE Mutual Insurance Company	56.60%
Doctors' Company The	10.94%
Medicus Insurance Company	6.57%
Medical Protective Company The	6.35%
Proassurance Casualty Company	4.30%
Preferred Professional Insurance Company	3.06%
Medical Alliance Insurance Company	2.45%
Professional Solutions Insurance Company	1.96%
Galen Insurance Company	1.35%
OMS National Insurance Company, RRG	1.25%

Medical Malpractice / Non-Surgery	2013 Market Share
ISMIE Mutual Insurance Company	55.47%
Medical Alliance Insurance Company	22.63%
Medicus Insurance Company	7.10%
Torus National Insurance Company	5.27%
Doctors' Company The	3.18%
Medical Protective Company The	2.88%
Proassurance Casualty Company	1.35%
Preferred Professional Insurance Company	0.57%
Professional Solutions Insurance Company	0.36%
United States Fire Insurance Company	0.33%

Medical Malpractice / Other	2013 Market Share
ISMIE Mutual Insurance Company	59.85%
Medical Protective Company The	7.85%
Proassurance Casualty Company	5.52%
Medicus Insurance Company	4.85%
Professional Solutions Insurance Company	3.49%
American Casualty Company of Reading PA	3.34%
NCMIC Insurance Company	2.61%
Allied World Specialty Insurance Co	2.08%
Preferred Professional Insurance Company	1.40%
Ace American Insurance Company	1.25%

OTHER LIABILITY

The following table compares underwriting results for other liability written in Illinois with that written countrywide during 2014. Written premiums for other liability coverage in both Illinois and countrywide experienced a significant increase during 2014. Specifically, written premium in Illinois increased 13.3 percent, or 129 million dollars, while countrywide written premium increased 9.8 percent, or 2.1 billion dollars, from 2013.

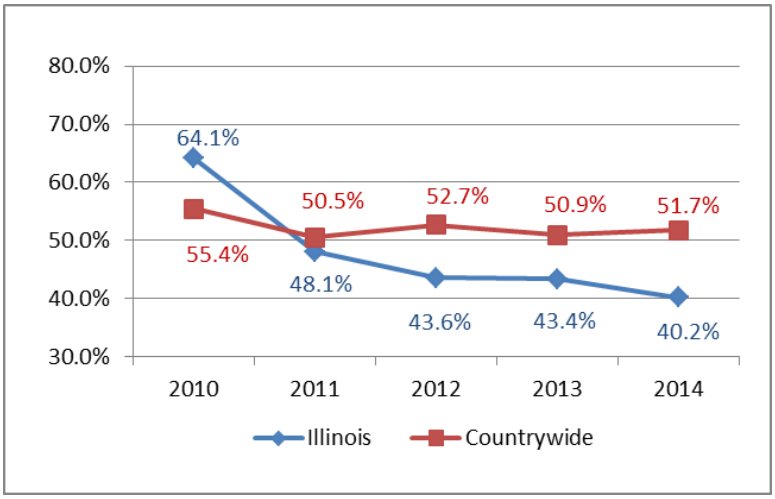
Other Liability Underwriting Results (2014)

Other Liability ($000 omitted)	Illinois	Country-wide
Direct written premiums	2,788,319	42,491,428
Direct earned premiums	2,608,558	41,046,748
Expenses (% premium)		
Incurred losses	40.2%	51.7%
Def. & cost cont. exp. Incurred	6.7%	9.8%
Comm./brokerage	9.3%	12.7%
Taxes, licenses & fees	1.6%	2.4%

NAIC State Data Network, 2014 Illinois State Page Exhibit

As illustrated in the following chart, the loss ratio for other liability insurance experienced minimal changes both in Illinois and countrywide.

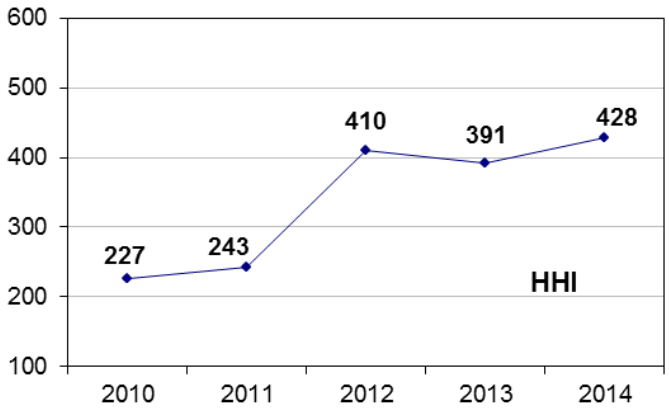
Other Liability Losses as a Percent of Earned Premiums



As with all other lines addressed in this report, the Department has determined the HHI for the other liability market available to consumers in Illinois. The following graph confirms the market continues to be very competitive and the current market regulation system related to this line of insurance appear to remain appropriate for consumers in Illinois.

Illinois Other Liability Insurance

Market Concentration



The following table identifies the top ten writers of other liability insurance in Illinois based on written premium in 2014. In summary, the ten companies listed below wrote a total of approximately 1.3 billion dollars in other liability premium and combined for a total of 47 percent of the total market share in Illinois for 2014.

Top 10 Other Liability Insurers in Illinois

Company	*2014 Written Premium*	*2013 Written Premium*	*2014 Market Share*	*2013 Market Share*	*2014 Loss Ratio*	*2013 Loss Ratio*
Virginia Surety Co Inc	417,142,634	330,591,561	14.96%	13.43%	67.29%	63.84%
Continental Cas Co	280,018,661	265,752,260	10.04%	10.80%	30.54%	37.62%
Liberty Ins Underwriters Inc	143,359,594	18,390,123	5.14%	0.75%	64.10%	11.13%
Federal Ins Co	119,675,899	118,926,040	4.29%	4.83%	29.46%	16.71%
Zurich Amer Ins Co	66,148,822	70,709,185	2.37%	2.87%	108.77%	149.17%
Illinois Natl Ins Co	59,573,965	60,290,250	2.14%	2.45%	-96.30%	11.45%
National Union Fire Ins Co Of Pitts	55,660,618	60,114,072	2.00%	2.44%	85.03%	45.22%
Ace Amer Ins Co	53,919,482	56,728,782	1.93%	2.31%	101.94%	49.27%
State Farm Fire & Cas Co	53,358,528	56,408,548	1.91%	2.29%	28.36%	36.85%
Travelers Cas & Surety Co Of Amer	49,382,554	40,890,697	1.77%	1.66%	30.62%	46.23%

Pursuant to Part 4203, the Department collects data for a variety of coverage classes within the other liability line of insurance. The market share data below represents the percent of overall premium for each group during 2013.

Liquor Liability	2013 Market Share
Underwriters At Lloyds London	29.49%
Illinois Cas Co A Mut Co	26.72%
US Ins Co of Amer	10.79%
Specialty Risk of Amer	7.94%
Capitol Ind Corp	3.71%
Founders Ins Co	2.75%
North Pointe Ins Co	2.75%
West Bend Mut Ins Co	1.93%
Conifer Ins Co	1.57%
RSUI Ind Co	1.21%

Lawyers Professional Liability	2013 Market Share
Continental Cas Co	27.71%
Illinois State Bar Assn Mut Ins Co	27.01%
New York Marine & Gen Ins Co	8.77%
Underwriters At Lloyds London	7.96%
Liberty Ins Underwriters Inc	7.26%
Great Divide Ins Co	4.01%
American Zurich Ins Co	3.12%
Chicago Ins Co	2.80%
Axis Ins Co	1.65%
Twin City Fire Ins Co	1.62%

Commercial Day Care Liability	2013 Market Share
West Bend Mut Ins Co	60.26%
Capitol Ind Corp	13.30%
Philadelphia Ind Ins Co	12.42%
Guideone Mut Ins Co	2.51%
Riverport Ins Co	2.47%
Erie Ins Exch	1.84%
Cincinnati Ins Co	1.79%
Catlin Ind Co	1.17%
Guideone Elite Ins Co	0.79%
Acuity A Mut Ins Co	0.62%

WORKERS' COMPENSATION INSURANCE

The following table compares underwriting results for workers' compensation coverage written in Illinois with that written countrywide during 2014. The amount of premium written for workers' compensation insurance showed a large increase both within Illinois and countrywide. Written premiums in Illinois increased by 252 million, or a 10.0 percent from 2013. Written premium countrywide increased by over 6 billion or 18.1 percent from 2013.

Workers' Compensation Insurance

Underwriting Results (2014)

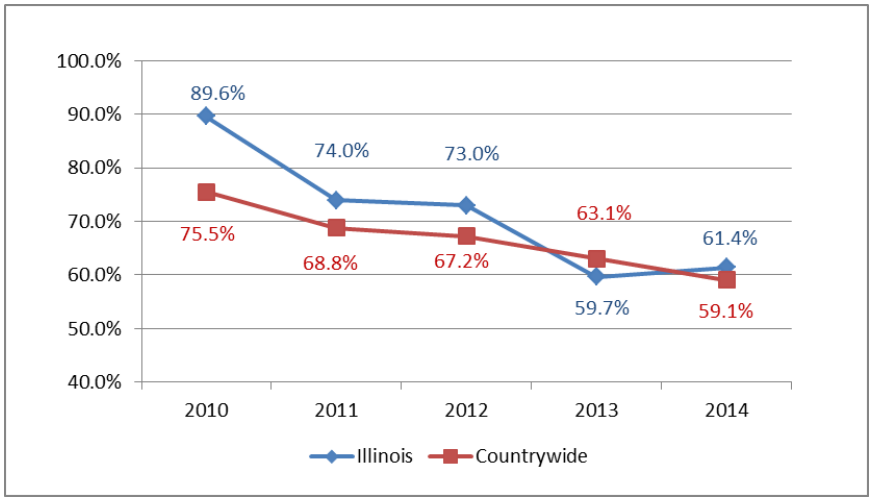
Workers' Comp($000 omitted)	Illinois	Countrywide
Direct written premiums	2,715,322	40,898,505
Direct earned premiums	2,696,690	40,036,197
Expenses (% premium)		
Incurred losses	61.4%	59.1%
Def. & cost cont. exp. Incurred	7.3%	7.8%
Comm./brokerage	7.7%	8.2%
Taxes, licenses & fees	2.1%	3.2%

NAIC State Data Network, 2014 Illinois State Page Exhibit

As illustrated below, the loss ratio related to workers' compensation activity remained virtually unchanged. Countrywide, the loss ratio decreased mildly by 4.1 percent. Within Illinois, the loss ratio experienced a slight increase of 1.7 percent.

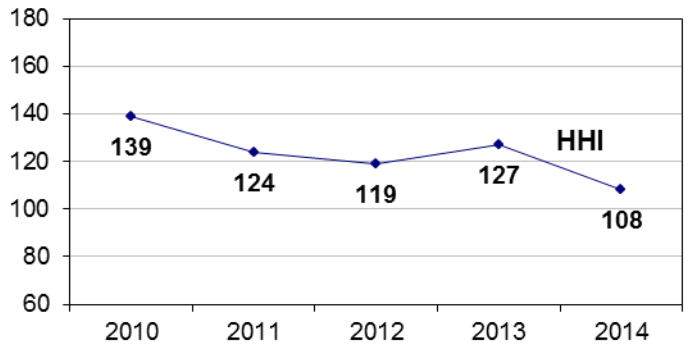
Workers' Compensation Insurance Losses as a

Percent of Earned Premiums



As with all other lines addressed in this report, the Department has determined the HHI for the workers' compensation market available to consumers in Illinois. Based on available data, it appears the Illinois workers' compensation market continues to contain sufficient insurers to maintain a competitive market for employers in Illinois.

Illinois Workers' Compensation Insurance Market Concentration



The following table identifies the top ten writers of workers' compensation insurance in Illinois based on written premium in 2014. In summary, the ten companies identified wrote a total of approximately 634 million dollars in premium and combined for a total of 23.3 percent of the total workers' compensation market in Illinois for 2014.

Top 10 Workers' Compensation Insurers in Illinois

Company	*2014 Written Premium*	*2013 Written Premium*	*2014 Market Share*	*2013 Market Share*	*2014 Loss Ratio*	*2013 Loss Ratio*
Travelers Prop Cas Co Of Amer	93,866,920	92,045,886	3.46%	3.74%	86.26%	98.33%
Zurich Amer Ins Co	89,948,124	109,937,108	3.31%	4.46%	35.15%	56.33%
Technology Ins Co Inc	74,414,861	70,432,461	2.74%	2.86%	66.12%	50.15%
Country Mut Ins Co	64,312,262	59,401,051	2.37%	2.41%	60.22%	69.32%
Acuity A Mut Ins Co	62,946,358	63,214,145	2.32%	2.57%	78.00%	66.10%
Pekin Ins Co	54,944,125	52,609,138	2.02%	2.14%	49.19%	69.09%
American Zurich Ins Co	53,968,849	40,948,135	1.99%	1.66%	42.37%	52.27%
Insurance Co Of The West	53,155,608	49,327,131	1.96%	2.00%	69.23%	57.87%
Riverport Ins Co	44,658,256	39,711,921	1.64%	1.61%	81.92%	100.55%
Federal Ins Co	41,585,003	42,962,624	1.53%	1.74%	69.69%	56.25%

SECTION 3: RESIDUAL MARKET MECHANISMS

States establish residual market mechanisms to provide coverage for consumers who are unable to buy coverage in the voluntary market. Residual market mechanisms in Illinois provide essential insurance coverage for the hard-to-place risk at rate levels approved by the Department. Illinois has residual market mechanisms for three lines of insurance: property, automobile, and workers' compensation.

PROPERTY

The Illinois FAIR Plan Association (FAIR Plan)

Fire and Homeowners' insurance may be placed directly through the Illinois FAIR Plan. Both personal and commercial insurance coverage is available to consumers. Insurance companies share in the FAIR Plan's profits and losses in proportion to their voluntary market shares.

In Illinois, property insurance is widely available in the voluntary marketplace and only a very small percentage of consumers obtain coverage through the FAIR Plan. In addition, consumers in Illinois are not at a coverage disadvantage when they buy insurance from the FAIR Plan, as is the case in many other states. In other states, residual market programs typically only offer dwelling fire or basic Homeowners' policies. Illinois has one of the most progressive plans in the nation. Through the FAIR Plan, consumers in Illinois can buy virtually the same coverages that are available in the voluntary marketplace, including guaranteed replacement cost, sewer back-up, earthquake, and building ordinance and law endorsements.

The following table summarizes the amount of dwelling and homeowner premium written by the FAIR Plan in Illinois from 2010 through 2014. As reflected in the data, the consistently low market share reflects a very healthy and competitive primary insurance market.

Written Premiums for Illinois FAIR Plan

(2010 – 2014)

	Amount of Written Premiums	As % of Total Written Premiums
2010	$5,542,885	0.20%
2011	$6,194,487	0.22%
2012	$6,626,297	0.22%
2013	$7,131,968	0.23%
2014	$7,343,549	0.22%

Source: Premium amounts provided by Illinois FAIR Plan

AUTOMOBILE

The Illinois Automobile Insurance Plan (Auto Plan)

Private passenger automobile risks are assigned to automobile insurers on a rotational basis in proportion to their share of the voluntary market. Assignments stay with the company and are not shared with other insurers. Commercial automobile risks are placed through servicing companies. Losses are divided among the voluntary writers of commercial automobile insurance in proportion to their share of the voluntary business.

The following table identifies the annual market share from 2009 through 2012 (latest data year available) for the Illinois Automobile Insurance Plan compared to countrywide data. The percent of written car-years is derived by dividing the number of written car-years insured through the residual market by the total number of written car-years insured through the voluntary market.

As indicated by the data, a comparison of the market share in Illinois to the countrywide ratio reinforces the fact that the voluntary auto insurance market in Illinois is extremely effective.

Percent of Automobiles in the Illinois Assigned Risk Plan and the United States Composite Automobile Residual Market

	2009	2010	2011	2012
Illinois	.01%	.01%	.01%	.007%
Countrywide	.87%	.94%	.95%	.91%

Source: AIPSO Facts 2014/2015 (based on liability car-years)

WORKERS' COMPENSATION

The Illinois Workers' Compensation Assigned Risk Pool (Pool)

Several insurers act as servicing carriers for the Illinois Workers' Compensation Assigned Risk Pool. Losses are divided among the voluntary writers of workers' compensation in proportion to their shares of the voluntary business.

The following table highlights the percent of workers' compensation premiums written through the Pool between 2011 and 2014. As reflected below, based on premiums written through the Pool, the workers' compensation market in Illinois continues to remain competitive.

Percent of Illinois Workers' Compensation Written Through the Pool (2010 – 2014)

	2011	2012*	2013*	2014
Percent of Total	2.7%	4.3%	5.3%	5.1%

Source: National Council on Compensation Insurance (NCCI)

All insurers who write workers' compensation insurance are assessed a fee to fund the assigned risk plan. The Take-Out Program allows each insurer who removes an employer insured through the Pool to be eligible for a credit against their assessed fee.

The following table compares total credits between 2011 and 2014. The table indicates the total number of policies approved is diminishing in recent years, in contrast with an increase in approved credit amount. This could be the result of larger risks being removed. As indicated by these findings, the workers' compensation market continues to remain competitive at this time.

Illinois Take-Out Credit Results (2010 – 2014)

Year	Total Number of Policies Approved	Approved Credit
2011	3,777	$17.0 Millions
2012	3,210	$16.6 Millions
2013	2,564	$20 Millions
2014	2,527	$31 Millions

Source: National Council on Compensation Insurance (NCCI)

The following table ranks the top ten employment classes by the amount of premium written through the Assigned Risk Plan. The three employment class codes bolded in the following chart are new to this list in 2014.

Illinois Residual Market Top Ten

Classification Codes by Premium Volume for 2014

Class Code	Class Name	Class Premium	% of Class Premium
7228	Trucking-Local Hauling Only & Drivers	$6,893,704	5.7%
5645	Carpentry Construction of Residential Dwelling Not Exceeding three Stories in Height	$5,225,677	4.4%
5022	**Masonry NOC**	$4,525,700	3.8%
9014	Janitorial Services by Contractors-No Window Cleaning Above Ground Level & Drivers	$3,341,378	2.8%
5551	Roofing-All Kinds & Drivers	$3,108,326	2.6%
5437	**Carpentry-Installation of Cabinet Work or Interior Trim**	$2,715,932	2.3%
7229	Trucking-Long Distance Hauling & Drivers	$2,690,259	2.2%
5474	**Painting NOC & Shop Operations Drivers**	$2,618,646	2.2%
8835	Nursing-Home Health Public and Traveling-All Employees	$2,583,590	2.2%
8868	College: Professional Employees & Clerical	$2,353,704	2.0%

Source: National Council on Compensation Insurance (NCCI)

SURPLUS LINES ASSOCIATION

Insurance placed in the surplus lines market is written by a non-admitted (unlicensed) insurer through a licensed surplus lines producer. The licensed producer must exercise due diligence in protecting the insured since the Department has little jurisdiction over unlicensed companies and the Illinois Insurance Guaranty Fund provides no protection for the consumer. The surplus lines market relies on the producer's assessment of the company's financial stability and standards of management.

The following table outlines the number of policies written in Illinois from 2010 through 2014 by surplus lines producers for Homeowners', private passenger auto liability and physical damage, commercial auto liability, medical malpractice, and other liability coverage. The dramatic decrease in policies written in private passenger auto liability and physical damage surplus lines market beginning 2012 can be linked to a discontinued ancillary liability and property auto coverage program.

As indicated previously, the Department has little regulatory authority over this market. The ability to determine the competiveness and health of the surplus lines market continues to be difficult to asses by the Department.

Surplus Lines - Number of Primary and Excess Policies Written in Illinois (2010 – 2014)

Line of Business	2010 Illinois Policy Count	2011 Illinois Policy Count	2012 Illinois Policy Count	2013 Illinois Policy Count	2014 Illinois Policy Count
Homeowners'	1,049	2,077	2,833	3,653	3,897
PPA Liability	19,353	17,991	178	34	15
PPA Physical Damage	4,491	3,007	1,736	2,157	1,739
Commercial Auto Liability	277	278	240	294	324
Medical Professional Liability	1,134	1,424	1,372	1,949	1,428
Other Liability	26,255	26,620	27,051	28,830	30,021
Grand Total -all policies-	85,143	84,320	63,913	68,984	72,027

Source: Surplus Lines Association of Illinois

SECTION 4: OVERALL MARKET PROFITABILITY & FINANCIAL REGULATION

Businesses that provide a financial service must be financially sound. An insurance contract has little value to the insured if there is no confidence the insurance company will have the money to pay claims when needed. In determining whether the overall marketplace is viable, the Department has considered a number of factors related to profitability and financial solvency.

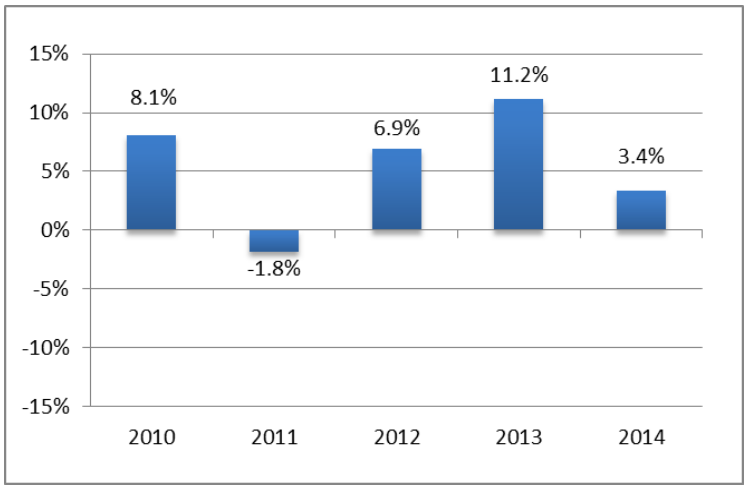
PROFITABILITY

One measure of a company's financial performance is its profitability. Any for-profit organization must generate enough profit to survive and succeed. In a given month, if expenses exceed income they must be paid from reserve funds. If the trend continues, reserve funds run out causing the business to collapse. Therefore, it is imperative that insurance companies manage income and expenses to assure profitability and survival. When the majority of insurers in the market are competitive and profitable, the market is considered to be financially strong. Overall, the following measurements indicate a stable market. However, it should be noted that elevated losses during the period resulted in downward pressure on several individual statistics.

One measure of overall profitability is change in policyholders' surplus. This ratio measures a company's ability to increase policyholders' security. Policyholders' surplus is made up of: 1) underwriting gains or losses; 2) investment gains or losses; and 3) net contributed capital and other surplus changes. The following chart summarizes the change in policyholders' surplus for the Illinois-licensed property/casualty industry as a whole over the past five years.

Change in Policyholders' Surplus

(2010 – 2014)



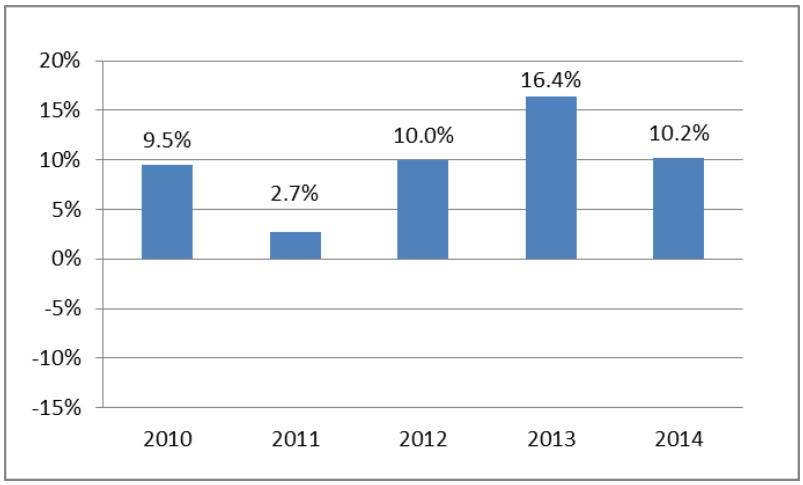
Source: NAIC State Data Network

Another measure of overall profitability is return on policyholders' surplus. This ratio measures a company's overall profitability from underwriting and investment activity after taxes. It represents the financial cushion that protects policyholders in case of unexpectedly high claims. The return on policyholder surplus is determined as the sum of the net income after dividends, taxes, and unrealized capital gains divided by the average of the current year and policyholders' surplus from prior year.

The following chart summarizes the aggregate return on policyholders' surplus from 2010 through 2014 for the overall Illinois-licensed property/casualty industry. The return on policyholders' surplus experienced a decrease during 2014 but remains at a level consistent with prior years.

Return on Policyholders' Surplus

(2010 – 2014)



Source: NAIC State Data Network

The following table provides a summary of income from investments, net income, unrealized capital gains/losses and policyholders' surplus from 2010 to 2014 for all property/casualty insurers licensed in Illinois.

Net Investment Income Earned, Net Income,

Unrealized Capital Gains/Losses and Policyholders' Surplus (in millions)

	2010	2011	2012	2013	2014
Net Investment gain	$54,172	$51,062	$51,828	$63,754	$60,969
Net Income	$38,722	$19,641	$36,688	$67,228	$59,843
Unrealized Capital Gains/Losses	$13,800	($3,919)	$21,486	$39,200	$11,183
Policyholders' Surplus	$572,767	$562,469	$599,880	$684,102	$707,515

Source: NAIC State Data Network

UNDERWRITING EXPERIENCE

The following table identifies the aggregate underwriting gain/loss for Illinois-licensed insurers from 2010 - 2014. The increase in earned premium appears to have contributed to the improvement in net underwriting gain/loss.

Aggregate Net Underwriting Gain (Loss)

(in millions)

	2010	2011	2012	2013	2014
Premiums earned	$345,602	$354,835	$366,690	$394,536	$410,434
Losses incurred	212,975	239,896	227,625	219,690	235,219
Loss expenses incurred	43,075	43,163	44,587	45,928	47,738
Other underwriting expenses Incurred	97,794	99,623	104,518	114,221	115,520
Dividends to policyholders	1,432	1,196	1,417	1,716	1,670
Net underwriting gain/loss	**($9,674)**	**($29,043)**	**($10,358)**	**($15,167)**	**($11,541)**

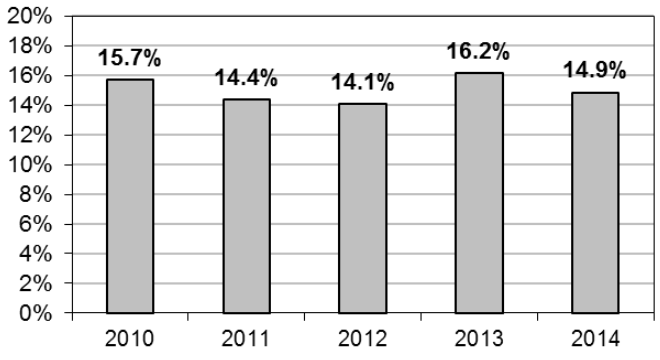
Source: NAIC State Data Network

INVESTMENT INCOME

One component of surplus is income derived from investments. The net investment income ratio measures income from invested assets relative to earned premiums. It is calculated by dividing net investment income (income from invested assets less investment expenses and depreciation on real estate) by earned premium.

The following chart shows the net investment income ratio for Illinois-licensed property/casualty insurers during the last five-year period. This ratio indicates the investment income component of overall profitability.

Net Investment Income Ratio



Source: NAIC State Data Network

INSURANCE REGULATION PRINCIPLES

Although the Department cannot guarantee an Illinois-licensed insurer's profitability, we do monitor the financial solvency and strength of Illinois-licensed insurers in several ways including:

1. Maintaining a staff of accountants and specialists trained to identify a company's developing financial difficulties. The Department can then take steps to minimize potential losses to Illinois policyholders;
2. Working closely with insurance companies identified as having financial difficulties to minimize potential risk to policyholders, while attempting to resolve manageable problems or determine the need for rehabilitation or liquidation;
3. Employing field examiners for on-site evaluation of insurance company records;
4. Reviewing operations and compliance issues through scheduled, targeted, and special exams of known or suspected problems;
5. Maintaining a staff of actuaries who monitor the adequacy of loss reserves, cash flow testing, and proper valuation of assets;
6. Licensing and registering the many types of insurers, surplus lines producers, and risk sharing pools authorized by the Illinois Insurance Code and related Acts; and
7. Investigating unauthorized organizations or individuals thought to be conducting illegal insurance operations and taking regulatory action to remove them from the market to protect consumers from fraudulent activities.

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Illinois Surplus Lines Association Data

Insurance Information Institute

National Association of Insurance Commissioners (NAIC State Data Network)

National Council on Compensation Insurance (NCCI) Data

Appendix A - F

APPENDIX A –Consolidated Assets of Illinois-licensed Property/Casualty Insurers for the year ending 12/31/2014

	ASSETS	Assets Current Year	Non-Admitted Assets Current Year	Net Admitted Assets Current Year	Not Admitted Assets prior Year
1	Bonds	739,126,688,606	29,164,190	739,097,524,416	730,990,251,229
2.1	Preferred stocks	13,652,200,767	10,152,361	13,642,048,406	10,746,053,854
2.2	Common stocks	443,341,281,493	4,816,581,346	438,524,700,147	424,070,752,609
3.1	First liens - mortgage loans on real estate	8,856,568,589	0	8,856,568,589	6,686,954,587
3.2	Other than first liens - mortgage loans on real estate	187,487,093	787,321	186,699,772	206,145,870
4.1	Properties occupied by the company	6,877,243,255	13,428,119	6,863,815,136	6,767,031,731
4.2	Properties held for the production of income	1,157,288,600	8,212,042	1,149,076,558	1,094,249,522
4.3	Properties held for sale	241,353,125	4,827,985	236,525,140	132,485,415
5	Cash, cash equivalents and short-term investments	72,741,781,209	4,371,360	72,737,409,849	65,339,650,017
6	Contract loans including premium notes	-1,249,923	-1,249,923	0	0
7	Derivatives	541,703,631	0	541,703,631	369,811,953
8	Other invested assets	125,385,676,140	5,667,903,569	119,717,772,570	112,896,538,546
9	Receivables for securities	923,780,716	820,467	922,960,248	1,265,522,975
10	Securities lending reinvested collateral assets	2,002,959,708	4,473,603	1,998,486,105	2,161,848,171
11	Aggregate write-ins for invested assets	5,790,247,118	2,424,862,741	3,365,384,377	2,847,942,255
12	Subtotals, cash and invested assets	1,420,825,010,119	12,984,335,180	1,407,840,674,941	1,365,575,238,731
13	Title plants less charged off	0	0	0	0
14	Investment income due and accrued	7,738,623,274	6,233,111	7,732,390,165	7,855,586,673
15.1	Uncollected premiums and agents' balances in the course of collection	44,731,796,850	1,992,159,892	42,739,636,954	40,523,266,999
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	78,874,803,169	192,540,929	78,682,262,246	75,161,506,124
15.3	Accrued retrospective premiums	3,689,074,581	169,022,244	3,520,052,343	4,455,648,672
16.1	Amounts recoverable from reinsurers	22,592,684,974	1,972,474	22,590,712,500	22,748,772,686
16.2	Funds held by or deposited with reinsured cos.	8,631,655,186	29,665,833	8,601,989,355	8,089,302,279
16.3	Other amounts receivable under reinsurance contracts	1,788,059,438	138,593	1,787,920,844	2,016,706,651
17	Amounts receivable relating to uninsured plans	94,104,519	14,036	94,090,483	119,866,281
18.1	Current federal and foreign income tax recoverable and interest thereon	1,890,554,350	108,030,088	1,782,524,261	3,284,431,344
18.2	Net deferred tax asset	33,749,102,438	10,649,140,659	23,099,961,781	22,948,585,880
19	Guaranty funds receivable or on deposit	204,795,393	3,116,496	201,678,897	216,784,237
20	Electronic data processing equipment and software	5,980,292,051	4,670,464,588	1,309,827,466	1,492,855,170
21	Furniture and equipment, including health care delivery assets	2,338,557,122	2,334,391,032	4,166,091	2,510,571
22	Net adjustment in assets and liabilities due to foreign exchange rates	161,364,045	-176,828	161,540,873	49,595,753
23	Receivables from parent, subsidiaries and affiliates	10,949,586,777	394,567,892	10,555,018,886	9,840,273,568
24	Health care ($(1)) and other amounts receivable	11,662,725	3,036,870	8,625,855	2,935,180
25	Aggregate write-ins for other than invested assets	22,275,080,634	7,628,627,245	14,646,453,390	14,369,561,686
26	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,666,526,807,610	41,167,280,323	1,625,359,527,293	1,578,753,428,482
27	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	54,222,792	41,515,850	12,706,942	121,202,797
28	Totals	1,666,581,030,402	41,208,796,173	1,625,372,234,235	1,578,874,631,279

APPENDIX B – Consolidated Liabilities, Surplus and Other Funds of Illinois-licensed Property/ Casualty Insurers for the year ending December 31, 2014

	LIABILITIES, SURPLUS AND OTHER FUNDS	CURRENT YEAR	PRIOR YEAR
1	Losses	401,168,876,189	402,575,182,640
2	Reinsurance payable on paid losses and loss adjustment expenses	15,192,644,218	14,283,683,834
3	Loss adjustment expenses	87,310,098,102	85,864,404,939
4	Commissions payable, contingent commissions and other similar charges	5,533,115,318	5,204,054,116
5	Other expenses (excluding taxes, licenses and fees)	24,045,702,702	23,241,834,833
6	Taxes, licenses and fees (excluding federal and foreign income taxes)	4,274,832,309	4,597,440,101
7.1	Current federal and foreign income taxes (including $(1) on realized capital gains (losses)	3,214,875,373	3,436,113,964
7.2	Net deferred tax liability	27,182,707,668	26,255,878,798
8	Borrowed money $(1) and interest thereon $(2)	2,750,630,547	3,017,218,876
9	Unearned premiums (after deducting unearned premiums for ceded reinsurance of $(1) and including warranty reserves of $(2))	193,389,695,461	186,060,400,731
10	Advance premium	2,765,451,781	2,581,557,701
11.1	Stockholders (dividends declared and unpaid)	316,605,055	397,162,708
11.2	Policyholders (dividends declared and unpaid)	446,270,664	415,311,779
12	Ceded reinsurance premiums payable (net of ceding commissions)	37,387,574,446	35,898,408,467
13	Funds held by company under reinsurance treaties	24,416,577,238	24,944,336,696
14	Amounts withheld or retained by company for account of others	10,730,166,330	9,687,258,819
15	Remittances and items not allocated	1,770,558,975	1,762,411,535
16	Provision for reinsurance	2,103,678,840	2,198,755,931
17	Net adjustments in assets and liabilities due to foreign exchange rates	373,339,212	161,598,199
18	Drafts outstanding	3,789,930,433	3,661,682,011
19	Payable to parent, subsidiaries and affiliates	10,304,505,956	9,930,378,442
20	Derivatives	509,411,823	473,935,536
21	Payable for securities	2,515,393,323	2,678,469,097
22	Payable for securities lending	2,315,091,050	2,558,950,384
23	Liability for amounts held under uninsured plans	23,237,077	2,219,148
24	Capital notes $(1) and interest thereon $(2)	0	0
25	Aggregate write-ins for liabilities	54,026,735,432	42,884,163,821
26	Total liabilities excluding protected cell liabilities	917,857,705,507	894,772,813,100
27	Protected cell liabilities	0	0
28	Total liabilities	917,857,705,507	894,772,813,100
29	Aggregate write-ins for special surplus funds	67,234,833,243	62,453,204,299
30	Common capital stock	5,059,410,751	5,025,926,378
31	Preferred capital stock	1,209,983,768	1,210,326,240
32	Aggregate write-ins for other than special surplus funds	74,874,942	533,459,464
33	Surplus notes	12,193,903,459	13,353,505,898
34	Gross paid in and contributed surplus	218,596,941,110	222,118,203,705
35	Unassigned funds (surplus)	404,496,477,056	380,767,748,172
36.1	(1) Shares common (value included in common capital stock $(2)) (less treasury stock at cost)	1,338,375,466	1,338,488,342
36.2	(2) Shares preferred (value included in preferred capital stock $(2)) (less treasury stock at cost)	13,520,160	22,064,747
37	Surplus as regards policyholders	707,514,528,705	684,101,821,060
38	Totals	1,625,372,234,192	1,578,874,634,157

APPENDIX C – Consolidated Statement of Income for Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2014

	UNDERWRITING INCOME	CURRENT YEAR	PRIOR YEAR
1	Premiums earned	410,433,769,563	394,536,131,953
2	Losses incurred	235,219,463,166	219,689,900,820
3	Loss adjustment expenses incurred	47,737,586,564	45,927,859,242
4	Other underwriting expenses incurred	115,519,933,975	114,221,310,847
5	Aggregate write-ins for underwriting deductions	416,198,360	-469,971,300
6	Total underwriting deductions	398,893,182,071	379,369,099,611
7	Net income of protected cells	0	0
8	Net underwriting gain (loss)	11,540,587,489	15,167,032,347
	INVESTMENT INCOME		
9	Net investment income earned	52,072,619,751	47,446,281,521
10	Net realized capital gains (losses) less capital gains tax of $(1)	8,895,951,770	16,307,666,774
11	Net investment gain (loss)	60,968,571,518	63,753,948,285
	OTHER INCOME		
12	Net gain (loss) from agents' or premium balances charged off	-955,756,672	-1,090,653,868
13	Finance and service charges not included in premiums	2,345,035,117	2,523,630,036
14	Aggregate write-ins for miscellaneous income	-4,376,261,622	-1,134,320,092
15	Total other income	-2,986,983,178	298,656,073
16	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	69,522,175,834	79,219,636,700
17	Dividends to policyholders	1,670,101,524	1,716,096,403
18	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	67,852,074,303	77,503,540,296
19	Federal and foreign income taxes incurred	8,009,101,412	10,276,011,459
20	Net income	59,842,972,889	67,227,528,843
	CAPITAL AND SURPLUS ACCOUNT		
21	Surplus as regards policyholders, December 31 prior year	684,101,820,828	615,495,891,901
22	Net income	59,842,972,889	67,227,528,843
23	Net transfers (to) from protected cell accounts	0	0
24	Change in net unrealized capital gains or (losses) less capital gains tax of $(1)	11,183,442,025	39,200,455,262
25	Change in net unrealized foreign exchange capital gain (loss)	-704,666,348	-759,996,815
26	Change in net deferred income tax	849,330,611	-3,816,561,728
27	Change in nonadmitted assets	798,275,460	2,088,946,497
28	Change in provision for reinsurance	95,077,088	81,417,930
29	Change in surplus notes	-1,198,288,102	101,199,068
30	Surplus (contributed to) withdrawn from protected cells	0	0
31	Cumulative effect of changes in accounting principles	-15,033,783	-2,515,995,030
32.1	Capital changes paid in	1,837,261,180	68,216,360
32.2	Capital changes transferred from surplus (stock dividend)	3,053,196	18,405,000
32.3	Capital changes transferred to surplus	-2,500,000	-21,161,825
33.1	Surplus adjustments paid in	-5,223,015,682	1,531,565,033
33.2	Surplus adjustments transferred to capital (stock dividend)	2,800,000	-103,221,461
33.3	Surplus adjustments transferred from capital	168,491,758	440,835,450
34	Net remittances from or (to) home office	-16,524,540	-769,119
35	Dividends to stockholders	-33,907,915,074	-34,329,544,413
36	Change in treasury stock	8,657,463	-4,146,091
37	Aggregate write-ins for gains and losses in surplus	-10,308,710,680	-601,244,006
38	Change in surplus as regards policyholders for the year	23,412,707,467	68,605,928,948
39	Surplus as regards policyholders, December 31 current year	707,514,528,311	684,101,820,837

APPENDIX D–Consolidated Exhibit of Premiums & Losses in the State of Illinois for All Illinois-licensed Proper/Casualty Insurers during 2014

EXHIBIT OF PREMIUMS AND LOSSES

BUSINESS IN THE STATE OF ILLINOIS DURING THE YEAR 2014

Line of Business		1 Direct Premiums Written	2 Direct Premiums Earned	3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
01	Fire	294,121,306	292,649,103	415,336	145,514,194	139,297,188	161,429,781	106,119,143	3,477,574	5,193,005	5,199,689	36,789,417	7,096,245
02.1	Allied lines	283,207,040	270,294,898	267,484	142,234,081	143,689,176	138,642,241	92,245,234	3,219,735	1,233,249	2,025,137	28,643,456	6,316,107
02.2	Multiple peril crop	659,161,495	677,437,583	0	33,138,616	483,747,462	427,299,859	231,009,665	799,132	1,224,731	2,081,283	43,773,094	854,025
02.3	Federal flood	29,737,584	29,575,551	0	16,172,213	5,776,680	4,005,096	2,216,572	327,985	196,980	59,267	4,351,835	122,582
02.4	Private crop	87,263,864	87,834,995	1,953,834	2	61,799,830	82,932,965	25,116,538	136,454	319,001	187,770	13,593,420	1,115,009
03	Farmowners multiple peril	165,876,852	161,434,947	0	67,628,017	95,750,351	86,330,983	35,772,656	2,238,450	1,672,488	4,077,057	24,684,126	2,370,760
04	Homeowners' multiple peril	3,309,000,892	3,240,636,093	6,162,028	1,727,718,003	2,553,548,080	2,381,905,859	751,076,865	37,120,440	35,618,095	65,575,261	421,987,710	39,286,392
05.1	Commercial multiple peril (non-liability portion)	1,025,802,210	1,026,071,754	265,098	493,337,887	615,675,457	610,546,332	338,963,363	18,899,627	15,317,888	34,492,687	158,428,818	18,791,832
05.2	Commercial multiple peril (liability portion)	605,182,124	587,493,618	135,396	284,228,738	240,907,603	255,177,932	969,656,604	99,922,919	106,835,097	364,503,338	100,125,694	9,938,080
06	Mortgage guaranty	206,981,050	196,361,528	0	67,815,731	408,164,626	128,627,288	588,371,460	1,749,381	-253,678	2,097,081	0	4,385,574
08	Ocean marine	84,091,014	83,534,200	14,668	29,247,598	45,036,435	51,797,547	72,567,898	2,169,529	2,676,358	5,047,426	10,932,788	1,563,906
09	Inland marine	670,635,980	659,072,721	383,771	174,716,035	316,831,189	320,242,856	132,822,602	3,287,730	778,032	5,298,985	103,759,870	12,489,555
10	Financial guaranty	13,475,167	43,431,616	0	240,319,351	69,452,237	33,819,525	230,260,546	4,290,665	1,974,707	12,741,598	0	694,929
11	Medical professional liability	401,863,701	416,512,223	26,653,721	242,059,852	170,043,044	102,913,693	1,084,758,777	109,166,535	111,187,742	464,072,508	37,176,299	8,283,205
12	Earthquake	55,530,108	53,820,599	156,961	27,941,767	67,595	-1,050,241	1,696,214	3,274	-4,062	42,703	6,756,264	580,526
13	Group accident and health	167,854,265	150,131,748	0	215,420,542	114,115,500	105,696,255	99,519,801	1,665,834	1,521,321	1,376,549	15,691,878	3,887,720
14	Credit A&H (group and individual)	2,242,641	1,840,647	0	1,808,720	273,424	109,963	389,952	0	-1,865	3,959	782,751	69,805
15.1	Collectively renewable A&H	1,111	1,093	0	495	0	-99	710	0	-10	60	-41	119
15.2	Non-cancelable A&H	0	25,892	0	274,867	0	0	4	0	0	0	0	112
15.3	Guaranteed renewable A&H	66,659,153	52,851,219	0	466,580,864	60,549,661	72,099,967	155,419,543	19,605	43,426	350,960	4,307,744	307,826
15.4	Non-renewable for stated reasons only	1,268,033	1,837,546	1,511	798,739	1,617,127	1,037,263	2,524,367	5,321	-3,957	40,388	100,811	180,265
15.5	Other accident only	417,203	397,319	0	181,114	196,540	179,033	54,873	-3	-9,974	4,351	141,909	10,893
15.6	Medicare Title XVIII exempt from state taxes or fees	0	0	0	0	0	0	0	0	0	0	0	0
15.7	All other A&H	5,810,234	5,888,967	0	1,195,139	2,869,855	3,380,571	3,076,086	121,453	146,055	315,566	914,075	63,360
15.8	Federal employees health benefits program premium	131	88	0	42	0	0	0	0	0	0	4	115
16	Workers' compensation	2,715,322,089	2,696,690,140	8,853,799	1,014,887,289	1,618,959,901	1,657,087,888	6,546,130,991	162,350,573	197,849,265	676,271,476	213,445,536	56,847,893
17.1	Other liability - occurrence	1,933,946,266	1,775,941,062	607,966	1,337,336,473	927,373,906	589,057,160	3,460,041,180	148,691,068	62,663,510	665,269,989	146,667,020	26,462,672

17.2	Other liability - claims-made	796,746,678	776,075,726	1,788,226	431,114,519	236,143,024	383,075,715	1,872,588,483	103,234,534	112,127,442	384,801,101	108,742,917	13,312,756
17.3	Excess workers' compensation	57,625,711	56,541,169	0	25,581,969	23,200,141	75,542,893	466,213,247	108,622	620,823	13,520,578	3,898,017	1,514,053
18	Products liability	94,931,183	96,536,182	-1,002	40,374,064	76,292,855	63,218,016	667,295,843	56,449,267	72,314,096	310,763,150	12,261,399	1,672,800
19.1	Private passenger auto no-fault (personal injury protection)	9,608	966	0	13,912	3,408,639	5,650,990	6,117,915	297,256	252,186	305,799	50,486	-57,266
19.2	Other private passenger auto liability	3,530,467,642	3,492,265,513	5,183,498	1,063,221,537	2,214,562,802	2,209,010,035	2,591,162,604	127,406,159	127,050,078	354,539,319	361,948,190	45,331,083
19.3	Commercial auto no-fault (personal injury protection)	18,450	130,625	0	-99,431	542,949	1,673,869	658,991	127,823	282,279	97,391	6,570	5,131
19.4	Other commercial auto liability	881,604,144	841,935,910	62,920	373,251,825	441,598,232	470,395,553	1,090,604,814	58,805,383	62,609,109	134,612,518	127,747,010	15,650,895
21.1	Private passenger auto physical damage	2,774,644,635	2,721,127,458	4,435,050	835,901,502	1,763,347,568	1,749,849,234	102,916,523	6,559,521	5,468,139	5,319,401	276,609,741	36,220,489
21.2	Commercial auto physical damage	272,927,151	261,271,879	16,764	110,641,240	156,811,229	157,852,885	26,420,753	3,604,289	4,548,421	4,939,582	36,308,770	5,003,402
22	Aircraft (all perils)	58,241,412	61,195,688	0	18,090,809	42,166,808	24,278,067	483,517,673	4,500,848	-4,644,578	63,985,511	8,381,371	1,489,345
23	Fidelity	63,213,138	60,577,041	23	38,620,977	27,523,697	30,617,786	58,061,418	621,041	676,843	8,926,390	8,609,852	1,321,760
24	Surety	210,759,411	205,021,901	0	106,611,621	24,482,197	-2,959,841	66,020,945	5,185,451	-38,051,494	-21,192,427	55,435,374	3,488,628
26	Burglary and theft	14,099,040	13,828,948	6,636	7,461,458	2,189,062	1,296,467	4,168,836	35,448	-131,608	1,079,735	2,727,006	302,228
27	Boiler and machinery	59,822,207	58,654,466	237	30,582,040	15,951,906	25,735,994	20,992,522	411,733	609,922	746,146	6,314,166	1,944,881
28	Credit	59,588,137	59,708,974	0	21,150,377	16,341,703	14,339,972	22,118,235	437,204	41,175	357,500	12,755,395	1,335,108
30	Warranty	169,424,436	409,214,953	0	406,772,590	423,444,951	439,871,210	89,152,076	301,060	433,342	149,494	1,109,818	3,253,986
34	Aggregate write-ins for other lines of business	38,886,914	31,695,655	0	20,976,924	13,452,571	12,622,843	44,130,779	75,656	579,155	1,632,566	4,892,730	1,231,712
35	Totals	21,868,461,428	21,657,550,199	57,363,924	10,260,824,312	13,557,203,186	12,875,341,400	22,541,953,310	967,824,554	890,962,697	3,575,718,821	2,400,853,295	334,740,490

Appendix E – Consolidated Exhibit of Premiums and Losses in All States for Licensed Property/Casualty Insurers during 2014

Exhibit of Premiums and Losses during the Year 2014

Line of Business		1 Direct Premiums Written	2 Direct Premiums Earned	3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
01	Fire	7,919,366,437	8,063,064,540	21,287,201	3,660,850,634	3,586,430,437	3,712,616,376	2,936,291,813	89,748,254	97,483,917	129,878,370	1,019,987,643	213,167,743
02.1	Allied lines	7,263,394,724	6,933,480,298	25,786,086	3,475,354,113	3,466,965,153	3,052,610,866	2,147,007,466	88,872,493	46,130,789	107,467,290	680,347,263	185,827,517
02.2	Multiple peril crop	9,972,073,803	9,987,132,040	0	1,164,376,550	8,887,478,676	9,189,481,355	4,078,519,031	9,048,712	7,676,381	15,048,119	706,401,893	13,387,536
02.3	Federal flood	2,562,516,749	2,594,505,482	0	1,362,590,195	523,735,839	427,098,109	178,384,493	24,975,432	23,504,994	3,246,719	436,406,374	45,706,367
02.4	Private crop	957,885,105	959,628,220	1,953,834	1,246,855	1,011,939,329	1,234,832,604	383,249,730	2,610,735	5,396,077	3,009,116	156,239,257	16,641,290
03	Farmowners multiple peril	1,992,852,239	1,942,932,410	0	943,915,535	1,227,761,922	1,240,871,991	502,397,725	42,024,126	42,872,701	61,753,737	322,774,493	41,543,934
04	Homeowners' multiple peril	62,247,681,179	60,897,883,577	359,606,714	32,462,854,625	32,234,830,961	31,995,562,109	12,491,279,631	773,319,762	766,547,160	1,366,578,035	7,759,033,431	1,493,479,136
05.1	Commercial multiple peril (non-liability portion)	19,981,243,902	19,853,061,256	11,538,348	9,610,728,119	10,599,953,490	10,456,577,611	6,378,278,957	391,378,795	299,933,698	844,138,614	3,129,281,214	515,614,682
05.2	Commercial multiple peril (liability portion)	11,783,654,593	11,445,338,719	5,829,033	5,464,401,473	4,696,721,282	5,009,193,889	18,082,488,313	1,864,368,503	1,908,875,350	6,903,588,035	1,985,287,642	277,298,067
06	Mortgage guaranty	4,466,116,643	4,113,791,834	4,468	1,853,450,415	5,087,467,807	1,784,802,543	9,140,909,781	33,734,313	9,399,748	30,276,969	668,669	107,246,674
08	Ocean marine	3,565,125,502	3,563,819,898	1,759,607	1,154,282,869	1,537,967,438	1,279,296,842	2,817,157,169	127,808,597	126,318,006	249,101,226	480,978,446	55,951,146
09	Inland marine	17,045,650,181	16,797,700,357	18,503,950	4,660,984,306	7,904,377,907	7,791,870,679	3,243,222,413	109,625,891	108,304,710	152,524,053	2,531,866,417	433,342,404
10	Financial guaranty	521,438,948	1,441,215,446	0	6,727,918,551	261,356,785	-536,568,439	6,401,815,280	222,530,123	71,222,624	154,994,115	1,205	13,263,667
11	Medical professional liability	3,847,601,403	3,917,225,682	69,740,204	2,113,282,715	1,517,089,901	1,253,927,122	8,272,422,529	927,926,511	856,555,054	3,130,845,130	391,383,122	82,526,443
12	Earthquake	1,464,501,605	1,440,680,572	5,894,312	715,276,784	13,933,989	15,084,562	32,381,330	2,103,574	1,107,559	4,612,433	158,826,186	34,434,731
13	Group accident and health	4,140,113,264	3,894,604,975	0	2,711,118,289	2,529,487,418	2,386,100,397	1,853,686,867	31,449,688	31,312,667	32,686,484	526,531,480	105,888,621
14	Credit A&H (group and individual)	198,037,042	201,415,957	0	83,136,949	25,906,839	22,085,614	33,192,887	23,597	-17,269	291,825	17,858,265	5,372,165
15.1	Collectively renewable A&H	52,786,235	50,748,335	0	5,595,477	18,859,482	19,965,993	12,702,098	0	24,602	217,264	27,894,791	1,659,496
15.2	Non-cancelable A&H	39,739	433,625	0	4,030,598	128,886	128,825	2,065	0	2	50	1,121	12,831
15.3	Guaranteed renewable A&H	1,069,976,023	623,731,176	0	8,424,540,909	950,710,095	1,143,632,660	2,363,536,113	517,200	1,088,688	7,602,198	95,701,977	20,638,020
15.4	Non-renewable for stated reasons only	51,346,727	55,638,932	17,257	26,489,916	45,630,801	40,277,344	38,154,850	100,998	16,934	605,757	5,137,387	1,793,297
15.5	Other accident only	-299,919,816	44,765,928	0	7,798,000	93,971,859	-74,321,559	25,199,651	1,179,218	-2,379,137	232,409	38,269,392	371,016
15.6	Medicare Title XVIII exempt from state taxes or fees	0	0	0	0	0	0	0	0	0	0	0	0
15.7	All other A&H	278,906,842	281,294,901	0	32,756,553	127,885,636	169,165,729	201,852,027	825,514	469,898	4,815,661	48,853,382	5,296,057
15.8	Federal employees health benefits program premium	992	657	0	334	1,093	2,183	1,091	0	0	0	30	11,902
16	Workers' compensation	40,898,505,337	40,036,196,701	358,622,409	14,139,168,862	21,427,940,592	23,664,836,584	112,309,599,514	2,633,899,810	3,131,682,452	11,402,219,534	3,395,541,711	1,275,034,165
17.1	Other liability - occurrence	26,414,118,313	25,388,248,350	30,206,946	14,062,795,170	12,900,033,077	13,324,739,636	59,928,142,601	2,558,259,169	2,278,103,507	11,970,746,173	3,172,583,966	593,623,778

17.2	Other liability - claims-made	14,942,826,511	14,531,949,551	2,186,807	7,940,749,857	6,618,100,814	7,068,131,908	27,586,472,120	1,731,317,158	1,722,732,417	5,950,484,666	2,145,426,366	341,421,370
17.3	Excess workers' compensation	1,134,483,420	1,126,550,239	0	418,374,092	528,625,753	822,740,864	10,042,170,952	1,228,796	15,214,730	419,033,751	85,507,597	30,152,545
18	Products liability	2,375,046,238	2,340,102,144	94,505	1,062,844,133	1,534,201,988	733,485,416	9,981,500,088	1,015,811,662	1,007,782,151	4,500,353,263	292,205,545	49,329,245
19.1	Private passenger auto no-fault (personal injury protection)	11,642,664,209	11,674,974,325	23,460,284	3,423,711,184	7,418,407,412	8,760,251,697	35,953,688,844	817,533,361	1,291,774,393	2,723,868,185	834,047,095	261,292,346
19.2	Other private passenger auto liability	78,427,952,637	77,422,086,201	345,500,309	23,697,033,804	49,212,853,973	51,331,681,310	56,011,741,762	2,617,921,926	2,639,904,601	7,410,774,412	6,275,268,326	1,804,385,514
19.3	Commercial auto no-fault (personal injury protection)	452,154,206	459,772,932	44,898	179,987,034	279,212,917	395,110,755	1,193,173,350	34,899,113	39,086,469	75,535,004	47,876,799	14,074,237
19.4	Other commercial auto liability	17,427,391,660	16,867,424,006	6,410,031	7,815,851,198	9,893,492,997	10,859,272,772	20,859,561,541	1,079,796,564	1,169,056,853	2,652,735,991	2,555,687,497	455,698,911
21.1	Private passenger auto physical damage	58,727,937,159	57,565,048,767	292,998,319	18,101,588,034	37,126,341,545	37,242,947,966	2,418,146,611	153,108,824	155,660,806	132,503,168	4,728,949,781	1,297,960,506
21.2	Commercial auto physical damage	5,823,791,025	5,590,567,794	1,155,026	2,496,501,892	3,454,676,343	3,514,991,595	652,109,889	66,906,313	75,136,225	132,742,710	847,551,611	146,191,446
22	Aircraft (all perils)	1,528,254,046	1,546,244,700	0	692,529,031	884,510,117	763,999,696	2,525,959,498	100,597,508	22,731,965	335,102,367	233,191,568	38,782,433
23	Fidelity	1,192,340,565	1,166,113,511	393,538	684,058,663	639,138,501	603,953,636	1,149,776,542	18,364,500	21,611,983	189,171,899	173,842,311	29,158,472
24	Surety	5,276,947,292	5,117,400,411	34,286,390	2,974,145,118	1,197,963,112	769,154,391	2,057,824,588	223,444,500	57,305,641	544,415,279	1,321,634,932	150,096,840
26	Burglary and theft	237,685,339	228,099,755	14,251	131,977,191	19,392,282	29,033,488	111,462,511	2,813,396	4,165,962	24,016,733	50,244,850	5,835,583
27	Boiler and machinery	1,350,412,951	1,311,296,755	43,298	641,028,407	481,568,597	632,222,706	621,912,438	10,806,786	9,194,091	20,501,179	118,518,783	34,683,879
28	Credit	1,727,807,195	1,725,385,379	0	976,064,385	522,864,631	491,606,515	523,864,815	25,736,564	23,389,148	6,324,000	336,252,251	44,072,871
30	Warranty	2,603,784,203	2,402,803,433	0	5,619,167,241	1,540,567,975	1,573,235,443	228,507,983	3,420,539	5,171,003	3,472,936	164,138,372	67,593,161
34	Aggregate write-ins for other lines of business	1,005,907,403	963,608,642	0	670,406,295	409,216,875	953,290,934	462,722,125	24,911,801	33,020,213	54,602,524	125,418,031	32,115,937
35	Totals	434,272,399,747	426,567,968,399	1,617,338,026	192,394,962,320	242,439,702,518	245,148,982,713	426,232,471,054	17,864,950,299	18,104,569,749	61,752,117,366	47,423,618,452	10,341,977,942

Appendix F – Consolidated Schedule T for all Illinois-Licensed Property/Casualty Insurers for 2014

Schedule T – Exhibit of Premiums Written – Allocated by States and Territories

State		Gross Premiums Written	Gross Premiums Earned	Dividends Paid to Policy Holders	Direct Losses Paid	Direct Losses Incurred	Direct Losses Unpaid	Finance Charges Not Included	Direct Premiums Written Federal
01	Alabama AL	6,188,793,881	6,095,079,284	20,478,552	3,426,078,498	3,401,114,698	4,880,064,245	45,900,686	11,749,712
02	Alaska AK	1,558,130,106	1,540,043,099	6,314,792	605,303,405	608,153,268	1,200,389,076	5,504,360	3,063,681
03	Arizona AZ	7,483,822,471	7,299,320,364	28,230,085	3,977,835,106	4,456,930,957	5,532,041,476	56,157,158	20,094,389
04	Arkansas AR	3,598,506,732	3,475,372,911	9,288,685	2,052,199,645	1,941,059,271	2,420,713,427	20,457,618	7,007,344
05	California CA	48,043,647,132	47,054,711,584	118,180,004	24,443,815,364	25,635,670,556	51,737,960,730	365,222,789	144,908,541
06	Colorado CO	8,521,598,428	8,256,022,518	38,125,206	6,049,667,592	6,211,352,875	5,795,449,298	50,145,918	20,110,797
07	Connecticut CT	6,895,708,850	6,796,307,741	38,003,718	3,597,105,862	3,736,884,816	7,289,053,953	42,299,888	26,188,501
08	Delaware DE	1,822,852,035	1,782,079,982	4,809,831	908,055,247	1,050,132,472	2,110,417,758	10,543,758	5,599,838
09	Dist. Columbia DC	1,420,977,093	1,413,570,104	4,533,013	693,501,218	610,757,658	1,571,600,712	4,841,707	9,379,773
10	Florida FL	26,397,228,346	26,093,666,428	144,299,634	14,483,081,549	14,265,950,670	21,252,029,947	162,549,600	76,003,871
11	Georgia GA	13,387,328,806	12,997,911,708	49,397,110	7,841,411,681	8,097,800,793	9,700,367,846	86,168,198	23,093,041
12	Hawaii HI	1,388,315,628	1,351,117,076	10,128,327	550,260,396	567,070,067	1,119,833,869	8,008,583	4,757,257
13	Idaho ID	1,536,829,291	1,507,058,435	4,529,676	779,604,731	797,866,013	1,022,380,033	15,384,056	6,569,240
14	Illinois IL	21,868,461,426	21,657,550,195	57,363,924	13,557,203,180	12,875,341,404	22,541,953,313	100,978,856	72,498,656
15	Indiana IN	8,420,340,347	8,280,131,328	10,789,006	4,466,555,065	4,468,766,121	5,943,297,549	52,792,631	24,897,197
16	Iowa IA	5,427,557,482	5,351,906,136	30,826,431	4,415,881,886	4,689,277,000	4,307,275,013	22,869,311	9,572,678
17	Kansas KS	5,060,271,579	4,934,357,165	15,957,539	2,733,155,739	2,739,587,984	3,059,193,986	19,900,139	10,840,341
18	Kentucky KY	5,107,358,229	5,015,650,322	9,755,114	2,722,913,385	2,821,304,550	4,757,081,356	27,561,931	18,139,814
19	Louisiana LA	7,185,695,278	7,102,255,651	18,011,013	3,612,930,659	3,731,546,623	5,852,787,323	34,641,464	21,539,097
20	Maine ME	1,496,038,887	1,478,795,105	23,033,512	779,739,739	784,402,367	1,395,631,997	9,956,939	4,593,795
21	Maryland MD	8,841,390,932	8,672,823,713	39,627,044	5,210,027,706	5,014,420,271	7,753,775,278	49,816,487	22,871,481
22	Massachusetts MA	7,505,599,826	7,314,398,604	29,297,925	3,591,347,390	3,748,766,509	8,557,447,295	32,666,914	57,052,630
23	Michigan MI	13,895,906,304	13,551,081,090	25,919,636	8,567,126,472	10,418,455,421	37,186,217,951	54,448,795	37,093,445
24	Minnesota MN	9,477,509,157	9,249,799,716	18,243,536	5,678,166,308	5,704,452,428	8,195,028,429	34,949,462	15,561,309
25	Mississippi MS	3,558,479,600	3,504,658,028	7,773,023	1,960,570,827	1,964,132,777	2,447,300,158	22,022,916	11,304,518
26	Missouri MO	9,053,819,181	8,892,767,377	17,145,615	5,112,620,314	5,030,724,801	6,654,836,531	52,641,466	13,698,196
27	Montana MT	1,646,030,388	1,597,722,113	4,301,227	1,121,536,324	1,154,452,418	1,015,284,850	8,523,421	3,547,956
28	Nebraska NE	3,903,523,386	3,824,307,666	12,116,632	3,265,284,818	3,538,932,701	2,780,197,017	13,965,994	9,670,926
29	Nevada NV	3,768,942,083	3,699,917,776	10,876,649	2,251,848,077	2,082,399,693	4,521,501,073	30,859,766	10,837,767
30	New Hampshire NH	1,737,226,089	1,701,044,340	11,962,323	820,579,769	800,731,677	1,551,128,723	10,672,399	6,569,612
31	New Jersey NJ	12,321,760,024	12,219,982,464	38,803,727	7,186,669,900	7,246,572,510	19,494,367,362	57,956,466	51,858,935
32	New Mexico NM	2,460,570,338	2,419,027,532	10,358,908	1,308,616,876	1,331,987,933	1,956,240,659	17,497,287	9,306,677
33	New York NY	31,009,228,824	30,509,918,694	76,621,256	17,496,761,406	16,661,507,281	43,145,703,852	174,273,471	162,464,152
34	North Carolina NC	11,227,310,358	10,970,448,988	37,973,872	5,645,150,476	5,578,771,885	7,815,335,349	86,996,784	30,398,033
35	North Dakota ND	2,089,478,859	2,064,113,958	1,809,642	1,161,012,851	1,165,492,942	736,908,911	4,269,700	1,665,178
36	Ohio OH	13,288,780,185	13,031,701,641	21,547,249	6,739,976,791	6,655,372,202	8,674,478,342	115,896,870	42,038,419
37	Oklahoma OK	5,646,597,451	5,533,810,193	17,960,063	3,102,435,533	2,831,585,440	4,016,058,377	33,926,409	10,204,107

38	Oregon OR	4,145,478,319	4,064,978,621	15,547,291	2,195,327,103	2,027,380,592	3,126,977,401	25,901,840	15,259,122
39	Pennsylvania PA	18,917,779,444	18,648,387,977	50,534,283	11,444,962,084	11,678,886,244	20,804,873,052	130,781,493	52,633,121
40	Rhode Island RI	1,690,476,283	1,672,493,245	21,105,105	883,745,323	887,201,014	1,468,310,404	9,959,875	5,560,992
41	South Carolina SC	6,938,162,829	6,795,737,186	26,016,745	3,836,089,206	4,095,227,798	4,631,461,342	59,038,956	12,724,408
42	South Dakota SD	2,080,291,464	2,028,189,016	4,822,260	1,180,926,572	1,199,878,426	1,199,296,720	6,509,567	3,626,823
43	Tennessee TN	7,746,651,859	7,566,088,337	20,405,481	3,821,705,444	3,924,514,530	6,378,893,882	43,576,616	19,757,079
44	Texas TX	26,499,612,231	25,709,992,801	158,359,628	13,817,473,942	14,208,165,556	20,891,208,226	134,997,089	150,451,316
45	Utah UT	3,066,862,177	2,981,293,056	6,903,760	1,485,137,057	1,480,916,610	2,084,845,635	19,411,633	7,050,729
46	Vermont VT	850,992,840	835,143,252	3,535,002	477,673,004	480,186,203	768,413,826	6,274,003	2,741,439
47	Virginia VA	10,650,801,524	10,461,295,937	84,501,348	5,416,087,864	5,450,311,597	7,516,296,325	84,353,968	54,585,561
48	Washington WA	8,112,263,803	7,969,998,073	35,061,443	4,449,131,851	4,498,788,175	5,496,695,820	57,511,469	20,812,112
49	West Virginia WV	2,307,024,250	2,292,975,279	3,763,255	1,198,025,692	1,054,948,452	2,023,884,626	12,169,466	4,038,263
50	Wisconsin WI	8,758,139,689	8,587,127,914	154,850,027	4,953,242,958	5,064,539,476	8,221,727,703	41,490,583	14,282,862
51	Wyoming WY	921,293,735	899,728,041	2,360,026	466,580,308	483,182,741	423,975,245	5,510,005	1,408,509
52	American Samoa AS	364,375	562,895	0	33,016	75,024	74,838	106	0
53	Guam GU	53,824,140	52,911,758	486,797	9,959,197	11,698,180	18,504,751	24,924	0
54	Puerto Rico PR	209,971,817	229,825,391	482,141	69,088,431	633,572,782	793,400,132	12,730	186,828
55	U.S. Virgin Islands VI	20,835,325	28,422,195	205,770	10,248,718	4,612,374	16,988,035	161,743	7,399
56	N. Mariana Islands MP	350,109	186,652	2,530	9,287	-7,231	12,896	50	0
57	Canada CAN	4,001,377,910	4,057,829,964	83,145	2,107,883,506	1,824,446,451	5,951,182,235	5,279,018	0
58	Agg. other alien OT	3,058,230,628	3,444,059,952	3,918,510	2,700,470,045	1,721,228,720	4,425,114,902	140,050	1,149
59	Totals	434,272,399,711	426,567,658,479	1,617,338,026	242,439,832,353	245,149,482,709	426,233,471,002	2,586,375,303	1,381,878,612