State of Illinois

Illinois Department of Insurance

2016

Cost Containment

Annual Report to the General Assembly

Bruce Rauner

Governor

Anne Melissa Dowling

Acting Director

Illinois Department of Insurance

BRUCE RAUNER
Governor

ANNE MELISSA DOWLING
Acting Director

July 2016

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 2016. 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

Table of Contents

OVERVIEW 4
SECTION 1: OVERALL PROPERTY & CASUALTY INDUSTRY SUMMARY 6
SECTION 2: INDIVIDUAL LINE OF COVERAGE ANALYSIS 8
- HOMEOWNERS 8
- PRIVATE PASSENGER AUTOMOBILE LIABILITY 12
- PRIVATE PASSENGER AUTOMOBILE PHYSICAL DAMAGE 15
- COMMERCIAL AUTOMOBILE LIABILITY 18
- MEDICAL MALPRACTICE LIABILITY 21
- OTHER LIABILITY 24
- WORKERS' COMPENSATION INSURANCE 27

SECTION 3: RESIDUAL MARKET MECHANISMS 29
- PROPERTY 29
- AUTOMOBILE 30
- WORKERS' COMPENSATION 30
- SURPLUS LINES ASSOCIATION 32

SECTION 4: OVERALL MARKET PROFITABILITY & FINANCIAL REGULATION 34
- PROFITABILITY 34
- UNDERWRITING EXPERIENCE 36
- INVESTMENT INCOME 36
- INSURANCE REGULATION PRINCIPLES 37

BIBLIOGRAPHY 38
- APPENDIX A 39
- APPENDIX B 40
- APPENDIX C 41
- APPENDIX D 42
- APPENDIX E 44
- APPENDIX F 46

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 3.4 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.

Direct written premium in Illinois totaled $24.2 billion in 2015, representing 4.1 percent of the total written premium countrywide. Illinois continues to rank 5th of all states based on direct written premium. Additionally, the loss ratio in Illinois is comparable or lower than that of countrywide average as reflected below. It should also be noted the Illinois loss ratio has been reduced by 1.9 points from 2014 to 2015 although the countrywide loss ratio has slightly increased by 0.8 points during the same time period.

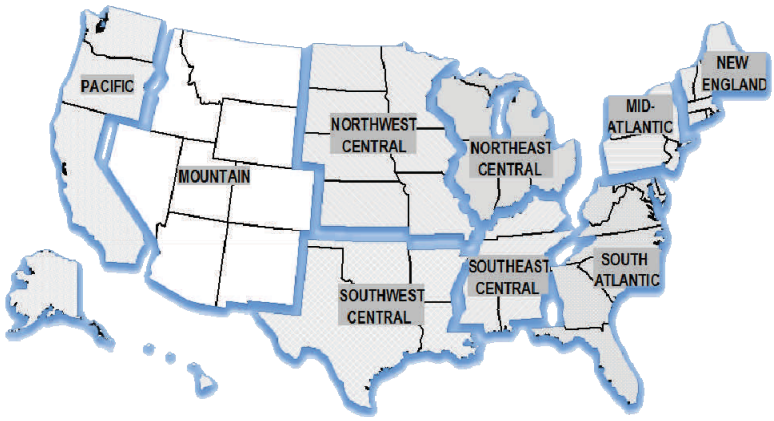
Total US Property & Casualty Industry

State Distribution and Loss Experience ($ in millions)

			% of Total Direct Written Premium		Direct Pure Loss Ratio (%)	
Rank	State	2015 Direct Written Premium	2015	2014	2015	2014
1	California	$68,829M	11.8%	11.6%	58.7%	55.5%
2	Texas	$49,124M	8.4%	8.4%	60.2%	54.0%
3	Florida	$44,900M	7.7%	7.6%	50.0%	46.6%
4	New York	$43,283M	7.4%	7.4%	58.8%	56.2%
5	Illinois	$24,235M	4.1%	4.1%	56.4%	58.3%
6	Pennsylvania	$22,992M	3.9%	4.0%	58.4%	62.8%
7	New Jersey	$20,103M	3.4%	3.5%	60.1%	57.6%
8	Michigan	$18,145M	3.1%	3.1%	62.7%	74.9%
9	Georgia	$17,120M	2.9%	2.9%	62.6%	61.8%
10	Ohio	$15,484M	2.6%	2.7%	52.3%	49.9%
11	North Carolina	$14,223M	2.4%	2.4%	53.8%	50.5%
12	Massachusetts	$13,696M	2.3%	2.3%	65.7%	50.7%
13	Virginia	$12,498M	2.1%	2.2%	53.6%	52.1%
14	Minnesota	$11,011M	1.9%	1.9%	53.1%	60.3%
15	Louisiana	$10,741M	1.8%	1.9%	52.4%	57.6%
16	Colorado	$10,727M	1.8%	1.1%	61.0%	86.3%
17	Missouri	$10,625M	1.8%	1.8%	60.8%	56.6%
18	Washington	$10,610M	1.8%	1.8%	61.4%	56.4%
19	Indiana	$10,597M	1.8%	1.8%	55.5%	55.1%
20	Maryland	$10,572M	1.8%	1.8%	60.9%	57.6%
	All other	$145,273M	24.8%	24.9%	55.4%	58.9%
	Total	$584,785M	100.0%	100.0%	57.2%	56.4%

* 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 2015 as well as the 5-year average.



Distribution of Direct Written Premium & Loss Ratios by Region

It should be noted that all regions reported a lower loss ratio in 2015 than their 5 year average with the exception of the New England region. However, tornadic and severe weather continue to greatly affect loss ratios in the central plains.

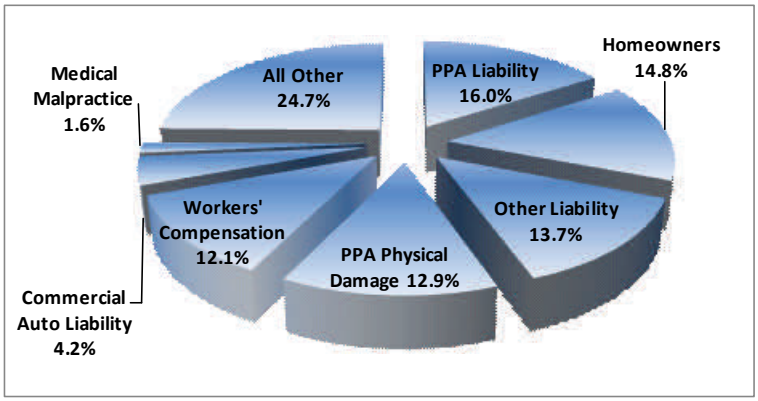
2015	Pacific	Mountain	Northwest Central	Southwest Central	Northeast Central	Southeast Central	Mid Atlantic	South Atlantic	New England	Other*	Total All Regions
% Total DPW	15.3%	6.4%	7.4%	12.4%	13.4%	5.2%	14.8%	19.6%	5.1%	0.4%	100.0%
Direct Loss Ratio	52.3%	58.1%	52.0%	58.2%	55.5%	56.2%	59.1%	55.8%	56.4%	50.3%	55.4%
5 Year Average Loss Ratio	53.2%	61.0%	66.4%	59.9%	63.9%	63.5%	63.8%	56.5%	55.6%	54.2%	59.8%

NAIC State Data Network, 2015 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 (2015)

The following graph reflects the distribution of all Illinois property/casualty insurance premiums written during 2015. 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 2015 remains very consistent with previous years.



NAIC State Data Network, 2015 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 2015, total written premiums for Homeowners coverage written in Illinois rose by 3.3 percent from 2014. Similarly, total written premium for all Homeowners coverage rose by 3.5 percent countrywide during the same period.

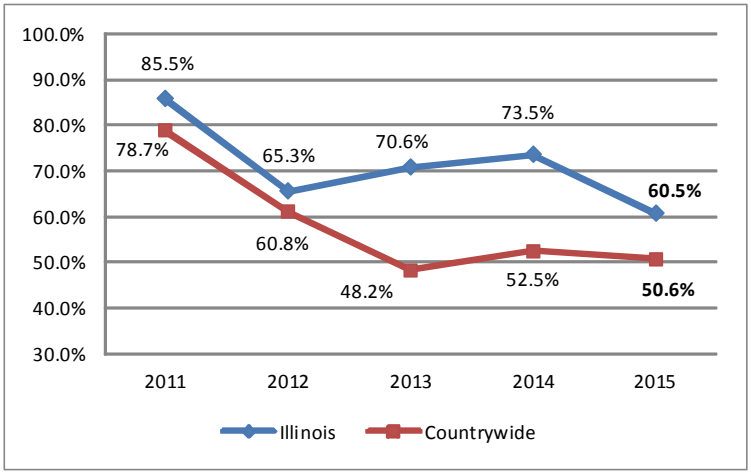
Homeowners Underwriting Results (2015)

Homeowner's ($000 omitted)	Illinois	Countrywide
Direct Written Premiums	$3,418,414	$64,428,119
Direct Earned Premiums	$3,358,835	$63,165,737
Expenses (% premium)		
Incurred Losses	60.5%	50.6%
Defense & Cost Containment Expense Incurred	1.0%	1.3%
Commissions and Brokerage Expenses	12.8%	12.4%
Taxes, Licenses & Fees	1.7%	2.5%

NAIC State Data Network, 2015 Illinois State Page Exhibit

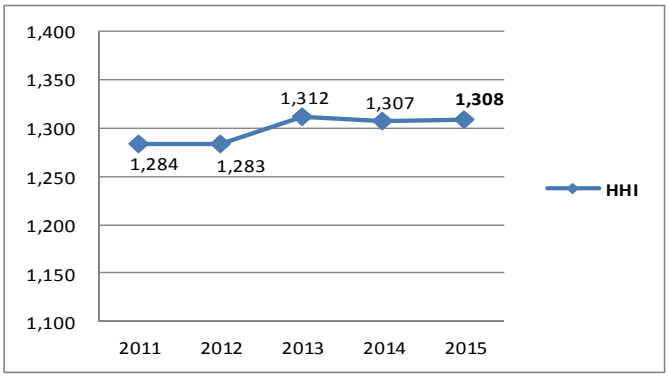
The following chart provides a comparison of incurred losses for homeowners insurance over the past five years. As indicated below, the loss ratios for both the Illinois and countrywide markets experienced a decrease during 2015. The market in Illinois experienced a significant decrease in losses of 13 percent compared to a decrease of 1.9 percent countrywide. It should be noted that the Illinois loss ratio in 2015 was the lowest in the past five years.

Homeowners Losses as a Percent of Earned Premium (2011 – 2015)



The following graph reflects the Herfindahl/Hirschmann Index or (HHI) for Illinois homeowners insurance from 2011 through 2015. The 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 a 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 2014 and 2015. In summary, the ten companies identified wrote almost 2.3 billion dollars in written premium and combined for a total of 66 percent of the Illinois market share in 2015.

Top 10 Homeowners Insurers in Illinois

Company	2015 Written Premium	2014 Written Premium	2015 Market Share	2014 Market Share	2015 Loss Ratio	2014 Loss Ratio
State Farm Fire & Casualty Co	1,150,086,582	1,110,598,293	33.6%	33.6%	65.2%	69.0%
Country Mutual Insurance Co	286,254,907	283,164,377	8.4%	8.6%	61.9%	65.6%
American Family Mutual Ins Co	156,580,406	152,527,033	4.6%	4.6%	59.9%	75.8%
Allstate Indemnity Co	149,957,632	162,387,819	4.4%	4.9%	53.6%	70.0%
Farmers Insurance Exchange	131,596,739	118,593,916	3.8%	3.6%	60.6%	90.8%
Allstate Vehicle & Property Ins Co	103,383,902	71,547,875	3.0%	2.2%	59.8%	78.4%
Allstate Insurance Co	99,938,525	106,296,764	2.9%	3.2%	44.9%	59.1%
Travelers Home & Marine Ins Co	65,809,822	59,144,592	1.9%	1.8%	41.5%	52.4%
Safeco Insurance Co of Illinois	62,502,012	63,899,734	1.8%	1.9%	50.0%	61.4%
Allstate Property & Casualty Ins Co	57,376,160	61,238,758	1.7%	1.9%	54.5%	96.8%

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 2014 *Statewide Market Share* to *City of Chicago* and *Remainder of State* market share for each company. Please note that due to the statutory requirement associated with finalizing this report, the most recent data year available at the time of publishing was 2014.

Company	2014 Statewide Market Share	City of Chicago Market Share	Remainder of State Market Share
State Farm Fire & Casualty Co	33.6%	37.3%	32.0%
Country Mutual Ins Co	8.6%	1.8%	9.5%
American Family Mutual Ins Co	4.6%	4.9%	4.4%
Allstate Indemnity Co	4.9%	8.4%	4.0%
Farmers Insurance Exchange	3.6%	3.2%	3.5%
Allstate Vehicle & Prop Insurance Co	2.2%	2.4%	2.0%
Allstate Insurance Co	3.2%	6.0%	2.5%
Travelers Home & Marine Insurance Co	1.8%	2.0%	1.7%
Safeco Insurance Co Of Illinois	1.9%	2.4%	1.8%
Allstate Property & Casualty Ins Co	1.9%	2.0%	1.7%

The following table summarizes the amount of written premium paid by Illinois homeowners during 2014 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) *– This policy is also considered a basic coverage 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	2014 Illinois Premium	Percentage of the Total
HO-1	3,481,918	0.1%
HO-4	126,966,896	4.1%
HO-2	154,565,071	4.9%
HO-3	2,230,378,618	71.3%
HO-5	440,849,907	14.1%
HO-8	14,263,587	0.5%
HO-6	156,817,292	5.0%
Total	3,127,323,289	100.0%

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 2015. The amount of premium written in Illinois and countrywide both showed an increase over 4 percent. Specifically, Illinois written premium increased approximately 145 million dollars, and countrywide premium increased over 3.5 billion dollars from 2014.

Private Passenger Automobile Liability

Underwriting Results (2015)

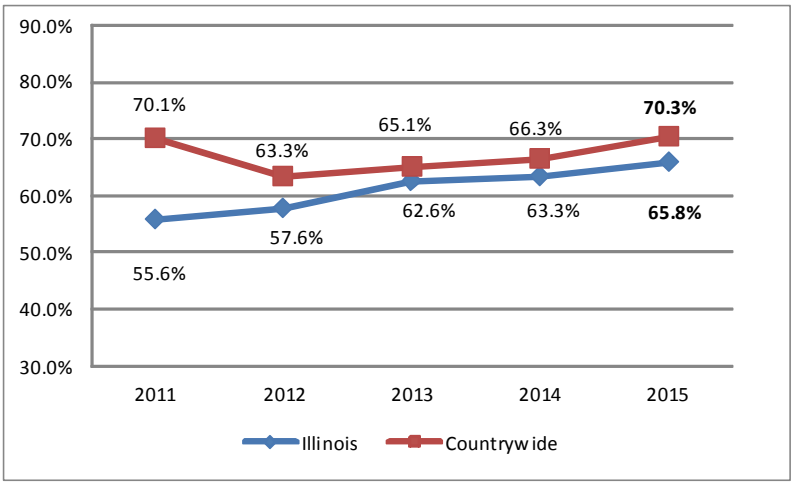
PPA Liability ($000 omitted)	Illinois	Countrywide
Direct Written Premiums	$3,675,840	$81,892,269
Direct Earned Premiums	$3,622,030	$80,661,302
Expenses (% premium)		
Incurred Losses	65.8%	70.3%
Defense & Cost Containment Expense Incurred	3.8%	3.8%
Commissions and Brokerage Expenses	10.3%	7.9%
Taxes, Licenses & Fees	1.6%	2.3%

NAIC State Data Network, 2015 Illinois State Page Exhibit

As reflected in the following chart, the loss ratios for private passenger automobile liability insurance in both Illinois and countrywide increased slightly in 2015. The increase was 2.5 percent and 4.0 percent in Illinois and countrywide, respectively.

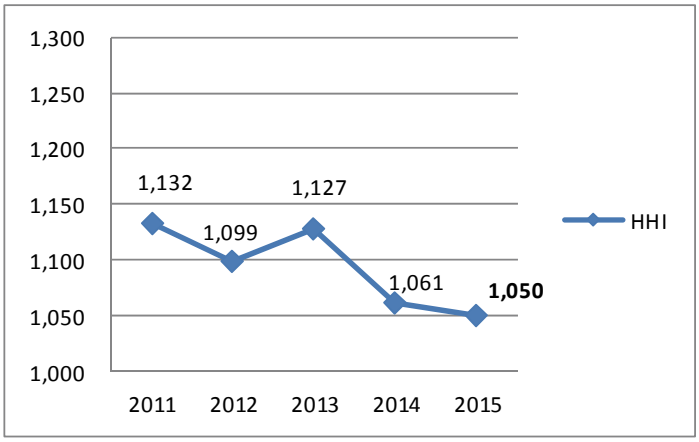
Private Passenger Automobile Liability

Losses as a Percent of Earned Premium (2011 – 2015)



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 2015. In summary, the ten companies identified wrote nearly 2.3 billion dollars in premium and combined for a total of 62 percent of the Illinois market share in 2015.

Top 10 Private Passenger Automobile Liability Insurers in Illinois

Company	2015 Written Premium	2014 Written Premium	2015 Market Share	2014 Market Share	2015 Loss Ratio	2014 Loss Ratio
State Farm Mutual Auto Ins Co	1,101,919,005	1,069,930,742	30.0%	30.3%	62.2%	61.1%
Allstate Fire & Casualty Ins Co	225,557,068	197,092,987	6.1%	5.6%	85.9%	73.6%
Country Preferred Insurance Co	153,534,807	146,760,766	4.2%	4.2%	67.6%	69.9%
Illinois Farmers Insurance Co	153,141,064	150,415,141	4.2%	4.3%	67.8%	59.4%
American Family Mutual Ins Co	145,980,732	145,686,069	4.0%	4.1%	52.7%	49.3%
Geico Casualty Company	138,385,309	118,114,095	3.8%	3.3%	79.2%	77.6%
Progressive Northern Ins Co	96,329,379	94,073,486	2.6%	2.7%	60.2%	55.2%
State Farm Fire & Casualty Co	89,427,107	80,903,150	2.4%	2.3%	76.1%	73.5%
Progressive Universal Insurance Co	84,571,489	71,968,144	2.3%	2.0%	51.9%	48.3%
Country Mutual Insurance Co	79,663,662	82,834,146	2.2%	2.3%	66.1%	67.3%

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 2014 *Statewide Market Share* to *City of Chicago* and *Remainder of State* market share for each company. Please note that due to the statutory requirement associated with finalizing this report, the most recent data year available at the time of publishing was 2014.

Company	2014 Statewide Market Share	City of Chicago Market Share	Remainder of State Market Share
State Farm Mutual Auto Insurance Company	30.3%	32.4%	30.2%
Allstate Fire & Casualty Insurance Company	5.6%	7.5%	5.3%
Country Preferred Insurance Company	4.2%	0.6%	4.8%
Illinois Farmers Insurance Company	4.3%	3.2%	4.5%
American Family Mutual Insurance Company	4.1%	3.8%	4.2%
Geico Casualty Company	3.3%	4.5%	3.2%
Progressive Northern Insurance Company	2.7%	1.6%	2.7%
State Farm Fire & Casualty Company	2.3%	2.9%	2.2%
Progressive Universal Insurance Company	2.0%	1.9%	1.4%
Country Mutual Insurance Company	2.3%	0.2%	2.7%

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 an increase of 6.5 percent in written premium during 2015, while the market experienced a 7.4 percent increase on a countrywide basis.

Private Passenger Automobile Physical Damage

Underwriting Results (2015)

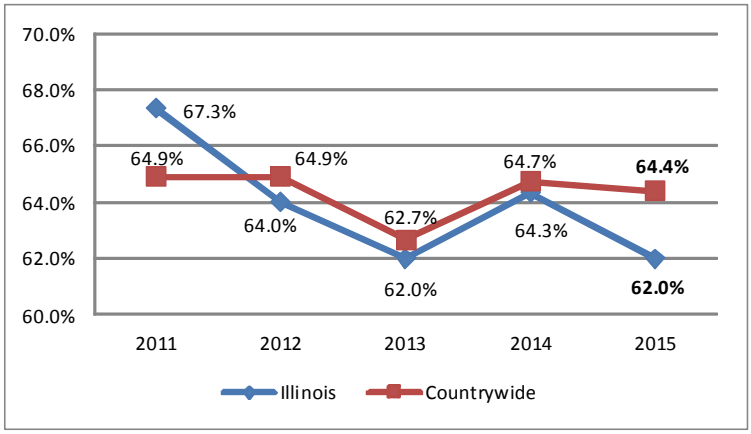
PPA Physical Damage ($000 omitted)	Illinois	Countrywide
Direct Written Premiums	$2,961,257	$63,072,216
Direct Earned Premiums	$2,901,754	$61,626,085
Expenses (% premium)		
Incurred Losses	62.0%	64.4%
Defense & Cost Containment Expense Incurred	0.2%	0.3%
Commissions and Brokerage Expenses	10.1%	8.1%
Taxes, Licenses & Fees	1.6%	2.3%

NAIC State Data Network, 2015 Illinois State Page Exhibit

As reflected in the graph below, the private passenger physical damage loss ratio in Illinois experienced a decrease of 2.3 percent while the loss ratio countrywide showed very little change.

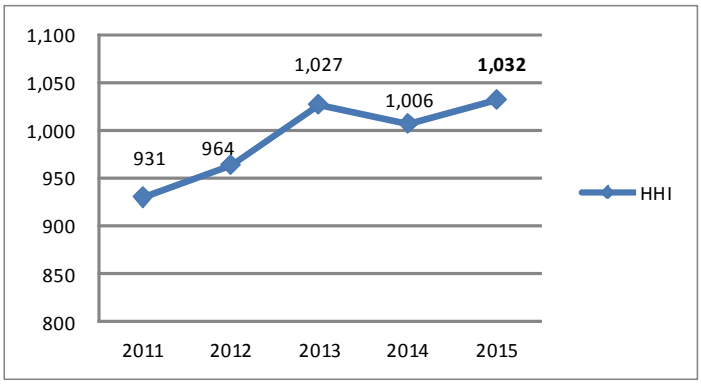
Private Passenger Automobile Physical Damage

Losses as a Percent of Earned Premium (2011 – 2015)



As private passenger liability insurance and private passenger physical damage insurance are closely associated and generally marketed jointly, the market concentration of the two lines of coverage 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 2015. In summary, the ten companies identified wrote a total of nearly 1.9 billion dollars in premium and combined for a total of 63 percent of the Illinois market in 2015.

Top 10 Private Passenger Automobile Physical Damage Insurers in Illinois

Company	2015 Written Premium	2014 Written Premium	2015 Market Share	2014 Market Share	2015 Loss Ratio	2014 Loss Ratio
State Farm Mutual Auto Ins Co	860,753,411	800,278,193	29.1%	28.8%	69.9%	75.0%
Allstate Fire & Casualty Ins Co	264,514,057	227,762,815	8.9%	8.2%	47.9%	50.8%
Country Preferred Insurance Co	130,778,809	120,273,381	4.4%	4.3%	63.4%	62.1%
American Family Mutual Ins Co	107,149,509	105,555,821	3.6%	3.8%	57.0%	60.7%
Illinois Farmers Insurance Co	104,670,953	97,122,486	3.5%	3.5%	66.5%	75.2%
Geico Casualty Company	97,579,603	83,912,356	3.3%	3.0%	85.0%	93.8%
Allstate Insurance Company	85,921,525	93,741,227	2.9%	3.4%	20.9%	23.7%
Country Mutual Insurance Co	81,297,469	81,420,771	2.7%	2.9%	55.9%	53.8%
Progressive Northern Insurance Co	67,003,322	63,558,723	2.3%	2.3%	62.9%	64.3%
State Farm Fire & Casualty Co	63,436,433	54,603,103	2.1%	2.0%	87.6%	91.3%

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 2014 *Statewide Market Share* to *City of Chicago* and *Remainder of State* market share for each company. As mentioned before, the statutory requirement associated with finalizing this report, the most recent data year available at the time of publishing was 2014.

Company	2014 Statewide Market Share	City of Chicago Market Share	Remainder of State Market Share
State Farm Mutual Automobile Ins Co	28.8%	31.3%	28.5%
Allstate Fire & Casualty Insurance Co	8.2%	10.3%	7.9%
Country Preferred Insurance Co	4.3%	0.6%	5.0%
American Family Mutual Insurance Co	3.8%	3.5%	3.9%
Illinois Farmers Insurance Co	3.5%	2.7%	3.6%
Geico Casualty Company	3.0%	4.7%	2.7%
Allstate Insurance Company	3.4%	3.1%	3.4%
Country Mutual Insurance Company	2.9%	0.2%	3.4%
Progressive Northern Insurance Co	2.3%	1.7%	2.4%
State Farm Fire & Casualty Company	2.0%	3.0%	1.8%

COMMERCIAL AUTOMOBILE LIABILITY

The following table compares underwriting results for commercial automobile insurance written in Illinois with that written countrywide during 2015. The commercial automobile market experienced an increase in both Illinois and countrywide by 10.0 percent and by 6.7 percent, respectively.

Commercial Auto Liability

Underwriting Results (2015)

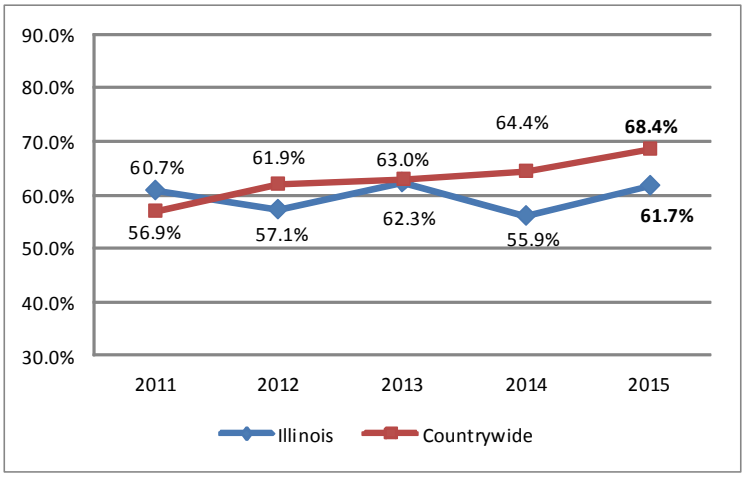
Commercial Auto Liability ($000 omitted)	Illinois	Countrywide
Direct Written Premiums	$969,690	$18,590,539
Direct Earned Premiums	$937,406	$18,080,292
Expenses (% premium)		
Incurred Losses	61.7%	68.4%
Defense & Cost Containment Expense Incurred	8.3%	7.8%
Commissions and Brokerage Expenses	14.0%	14.6%
Taxes, Licenses & Fees	1.7%	2.6%

NAIC State Data Network, 2015 Illinois State Page Exhibit

Similar to the loss ratio increases seen in private passenger automobile liability coverage, the commercial auto liability market experienced a loss ratio increase of 5.8 percent in Illinois and 4.0 percent countrywide.

Commercial Auto Liability Losses as a

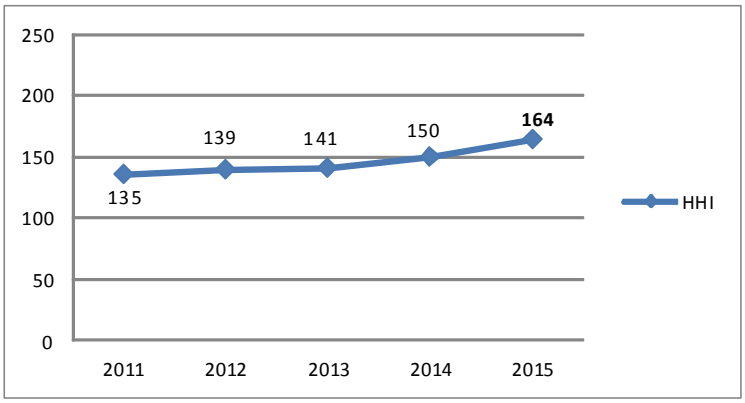
Percent of Earned Premium



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 2015. In summary, the ten companies identified wrote a total of over 309 million dollars in premium and combined for a total of 32 percent of the total Illinois market share in 2015.

Top 10 Commercial Automobile

Liability Insurers in Illinois

Company	2015 Written Premium	2014 Written Premium	2015 Market Share	2014 Market Share	2014 Loss Ratio	2014 Loss Ratio
Artisan & Truckers Casualty Co	51,415,166	34,952,783	5.3%	4.0%	53.5%	43.2%
National Liability & Fire Ins Co	43,258,927	31,644,772	4.5%	3.6%	71.5%	61.8%
Great West Casualty Company	38,752,020	35,279,060	4.0%	4.0%	67.9%	69.4%
Northland Insurance Company	36,466,745	29,543,799	3.8%	3.4%	51.6%	47.0%
Zurich American Insurance Co	30,893,404	27,951,436	3.2%	3.2%	126.0%	55.5%
Transguard Ins Co Of America Inc	25,762,868	23,785,722	2.7%	2.7%	5.7%	25.6%
Acuity, A Mutual Insurance Co	22,886,093	23,748,271	2.4%	2.7%	62.1%	55.1%
Pekin Insurance Company	22,377,625	20,780,453	2.3%	2.4%	72.2%	72.3%
Westfield Insurance Company	19,193,125	16,244,062	2.0%	1.8%	74.2%	68.7%
Country Mutual Insurance Co	18,794,454	15,811,806	1.9%	1.8%	57.5%	33.7%

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 2014.

Trucks, Tractors, and Trailers	2014 Market Share
Country Mutual Insurance Company	14.5%
First Chicago Insurance Company	13.7%
Cincinnati Insurance Company, The	11.4%
American Inter-Fidelity Exchange	10.7%
NGM Insurance Company	10.7%
Liberty Mutual Fire Insurance Company	8.7%
West Bend Mutual Insurance Company	8.5%
State Farm Mutual Automobile Insurance Company	7.5%
Westfield Insurance Company	7.4%
Owners Insurance Company	7.0%

Taxicab and Limousine	2014 Market Share
Echelon Property & Casualty Insurance Company	22.5%
American Country Insurance Company	17.0%
New York Marine And General Insurance Company	13.0%
Prime Property & Casualty Insurance Inc.	11.3%
Lancer Insurance Company	10.5%
AMCO Insurance Company	7.5%
Canal Insurance Company	7.2%
Allied Property & Casualty Insurance Company	4.5%
Selective Insurance Company of South Carolina	3.3%
Depositors Insurance Company	3.2%

MEDICAL MALPRACTICE LIABILITY

The following table compares underwriting results for medical malpractice liability coverage written in Illinois with that written countrywide during 2015. The reduction in written premium within the medical malpractice market over the last several years continued in Illinois during 2015. Illinois market experienced a reduction of 35.7 million or approximately 8.9 percent decrease from 2014. However, the countrywide market experienced a slight increase in written premium of 50.9 million dollars or 1.3 percent compared to 2014.

Medical Malpractice Liability

Underwriting Results (2015)

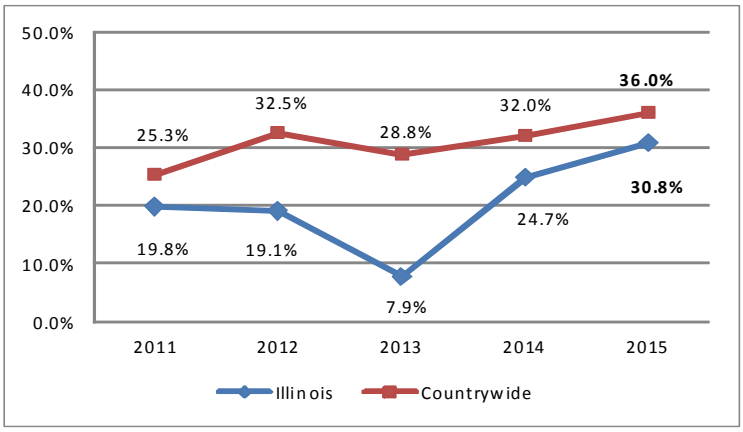
Medical Malpractice ($000 omitted)	Illinois	Countrywide
Direct Written Premiums	$366,214	$3,898,487
Direct Earned Premiums	$384,014	$3,949,216
Expenses (% premium)		
Incurred Losses	30.8%	36.0%
Defense & Cost Containment Expense Incurred	24.3%	21.9%
Commissions and Brokerage Expenses	9.8%	10.6%
Taxes, Licenses & Fees	0.9%	2.0%

NAIC State Data Network, 2015 Illinois State Page Exhibit

As indicated below, the loss ratio for the medical malpractice market continues to increase in Illinois and countrywide. The loss ratio grew 6.1 points in Illinois while the loss ratio grew 4.0 points countrywide.

Medical Malpractice Liability Losses as a

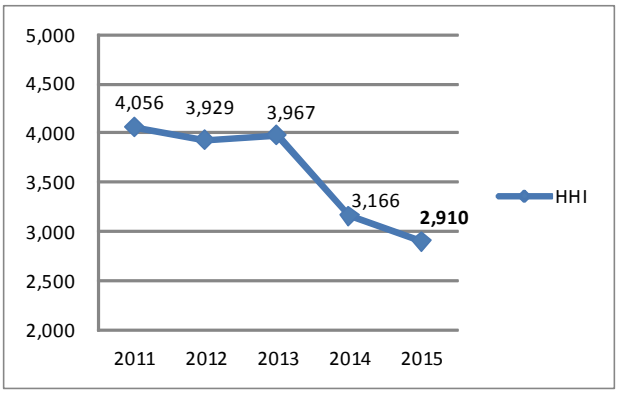
Percent of Earned Premium (2011 – 2015)



The following graph highlights the market concentration for medical malpractice carriers in Illinois between 2011 and 2015. Consistent with most states, the largest writer of medical malpractice insurance in Illinois remains a physician-affiliated company. ISMIE Mutual Insurance Company wrote nearly 52 percent of the medical malpractice coverage in 2015. The second largest medical malpractice insurer, by direct written premium, was the Doctors Company, which wrote 7.1 percent of the Illinois market. Although the medical malpractice market in Illinois remains highly concentrated, the HHI continues to exhibit an encouraging trend. The HHI has been decreasing since 2007.

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 2015. In summary, the ten companies identified wrote a total of approximately 320 million dollars in premium and combined for 87 percent of market share in Illinois in 2015.

Top 10 Medical Malpractice Insurers in Illinois

Company	2015 Written Premium	2014 Written Premium	2015 Market Share	2014 Market Share	2015 Loss Ratio	2014 Loss Ratio
ISMIE Mutual Insurance Company	191,325,850	220,624,093	52.2%	54.9%	37.1%	14.0%
Doctors Company, The	25,825,924	27,603,013	7.1%	6.9%	36.6%	55.1%
Medical Protective Company	23,453,608	21,988,340	6.4%	5.5%	23.3%	22.4%
Norcal Mutual Insurance Company	20,520,721	17,854,376	5.6%	4.4%	53.6%	49.2%
ProAssurance Casualty Company	15,489,753	16,972,955	4.2%	4.2%	42.7%	-39.4%
Medical Alliance Insurance Co	12,631,788	12,359,516	3.4%	3.1%	42.1%	51.0%
Professional Solutions Ins Co	11,010,771	10,889,765	3.0%	2.7%	29.9%	26.7%
Preferred Professional Ins Co	6,709,221	6,643,144	1.8%	1.7%	139.5%	93.8%
American Casualty Co Of Reading PA	6,512,881	6,152,889	1.8%	1.5%	16.6%	25.2%
Podiatry Ins Co Of America	6,111,762	6,439,512	1.7%	1.6%	42.6%	43.2%

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	2014 Market Share
ISMIE Mutual Insurance Company	54.0%
Doctors' Company, The	10.9%
Medical Protective Company, The	7.1%
ProAssurance Casualty Company	4.5%
Norcal Mutual Insurance Company	4.5%
Medical Alliance Insurance Company	3.2%
Preferred Professional Insurance Company	2.7%
Doctors Direct Insurance Inc	2.4%
Professional Solutions Insurance Company	2.3%
Galen Insurance Company	2.1%

Medical Malpractice / Non-Surgery	2014 Market Share
ISMIE Mutual Insurance Company	69.5%
Medical Alliance Insurance Company	19.3%
Norcal Mutual Insurance Company	2.5%
Doctors' Company, The	2.4%
Medical Protective Company, The	1.6%
ProAssurance Casualty Company	1.4%
Aspen American Insurance Company	1.2%
Galen Insurance Company	0.8%
Preferred Professional Insurance Company	0.6%
Professional Solutions Insurance Company	0.5%

Medical Malpractice / Other	2014 Market Share
ISMIE Mutual Insurance Company	51.3%
Norcal Mutual Insurance Company	15.0%
Medical Protective Company, The	6.9%
ProAssurance Casualty Company	5.4%
Professional Solutions Insurance Company	3.3%
American Casualty Company of Reading, PA	3.2%
NCMIC Insurance Company	2.4%
National Union Fire Insurance Co of Pittsburg, PA	1.7%
Allied World Specialty Insurance Company	1.5%
Medicus Insurance Company	1.3%

OTHER LIABILITY

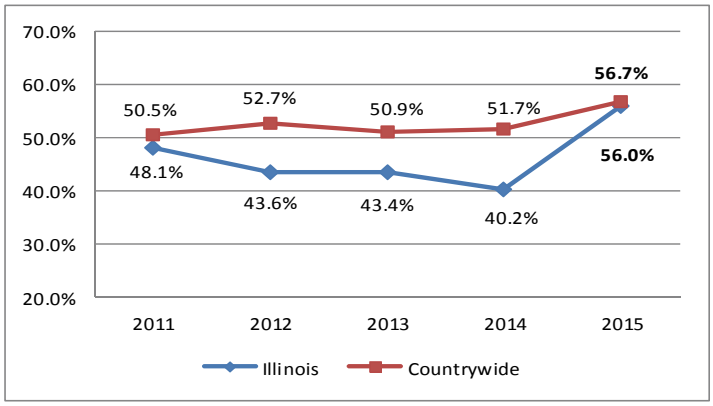
The following table compares underwriting results for other liability written in Illinois with that written countrywide during 2015. Written premium for other liability coverage in Illinois experienced a significant increase during 2015. Specifically, written premium in Illinois increased 15.4 percent, or 430 million dollars, while countrywide written premium increased slightly by 5.5 percent, or 2.3 billion dollars, from 2014.

Other Liability ($000 omitted)	Illinois	Countrywide
Direct Written Premiums	$3,218,229	$44,841,241
Direct Earned Premiums	$2,944,216	$43,449,297
Expenses (% premium)		
Incurred Losses	56.0%	56.7%
Defense & Cost Containment Expense Incurred	8.9%	10.7%
Commissions and Brokerage Expenses	8.6%	12.7%
Taxes, Licenses & Fees	1.8%	2.3%

NAIC State Data Network, 2015 Illinois State Page Exhibit

As illustrated in the following chart, the loss ratio for other liability insurance experienced increases both in Illinois and countrywide. Specifically, the loss ratio countrywide increased by 5.0 points, while the loss ratio in Illinois increased significantly by 15.8 points up to 56.0% , at the nearly the same ratio as countrywide.

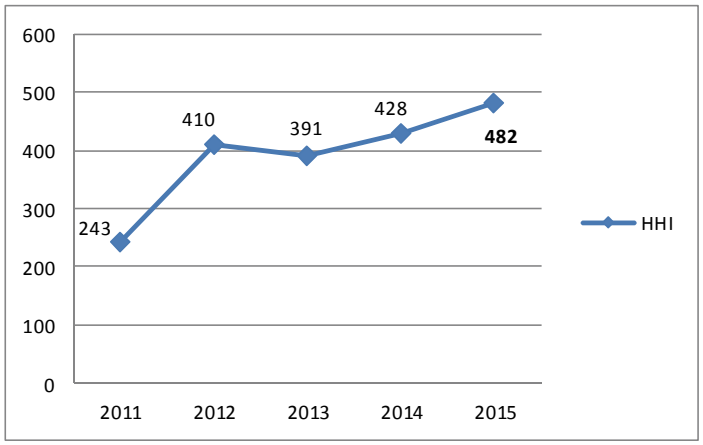
Other Liability Losses as a Percent of Earned Premium



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 appears 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 2015. In summary, the ten companies listed below wrote a total of approximately 1.7 billion dollars in other liability premium and combined for a total of 52 percent of the market share in Illinois for 2014.

Top 10 Other Liability Insurers in Illinois

Company	2015 Written Premium	2014 Written Premium	2015 Market Share	2014 Market Share	2015 Loss Ratio	2014 Loss Ratio
Virginia Surety Company Inc	480,597,361	417,142,634	14.9%	14.96%	68.2%	67.29%
Continental Casualty Company	354,807,532	280,018,661	11.0%	10.04%	38.1%	30.54%
Illinois National Insurance Company	200,820,324	59,573,965	6.2%	2.14%	82.7%	-96.30%
National Union Fire Ins Co of Pitts	194,222,774	44,714,788	6.0%	1.60%	98.8%	-125.32%
Federal Insurance Company	125,700,163	119,675,899	3.9%	4.29%	26.0%	29.46%
National Fire Insurance Co of Hartford	69,359,509	55,660,618	2.2%	2.00%	95.5%	85.03%
Zurich American Insurance Company	67,028,817	66,148,822	2.1%	2.37%	50.0%	108.77%
Liberty Insurance Underwriters Inc	65,147,353	143,359,594	2.0%	5.14%	18.7%	64.10%
Ace American Insurance Company	56,865,513	53,919,482	1.8%	1.93%	54.2%	101.94%
State Farm Fire & Casualty Company	56,538,459	53,358,528	1.8%	1.91%	59.8%	28.36%

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 2014.

Liquor Liability	2014 Market Share
Underwriters at Lloyds London	34.3%
Illinois Casualty Company, A Mutual Insurance Co	21.3%
Specialty Risk of America	8.7%
U S Insurance Company of America	8.4%
Capitol Indemnity Corporation	3.8%
Stonegate Insurance Company	3.7%
West Bend Mutual Insurance Company	2.4%
QBE Insurance Corporation	2.2%
Founders Insurance Company	1.5%
North Pointe Insurance Company	1.5%

Lawyers Professional Liability	2014 Market Share
Illinois State Bar Association Mutual Insurance Co	26.8%
Continental Casualty Company	24.1%
Underwriters at Lloyds London	13.8%
Great Divide Insurance Company	5.7%
Liberty Insurance Underwriters Inc.	5.3%
AXIS Surplus Insurance Company	3.1%
Minnesota Lawyers Mutual Insurance Company	2.7%
American Zurich Insurance Company	2.7%
Twin City Fire Insurance Company	2.6%
AXIS Insurance Company	2.5%

Commercial Day Care Liability	2014 Market Share
West Bend Mutual Insurance Company	61.3%
Capitol Indemnity Corporation	11.8%
Philadelphia Indemnity Insurance Company	11.7%
Riverport Insurance Company	2.9%
GuideOne Mutual Insurance Company	2.8%
Cincinnati Insurance Company, The	1.7%
Catlin Indemnity Company	1.6%
Erie Insurance Exchange	1.3%
GuideOne Elite Insurance Company	1.0%
Citizens Insurance Company of America	0.8%

WORKERS' COMPENSATION INSURANCE

The following table compares underwriting results for workers' compensation coverage written in Illinois with that written countrywide during 2015. The amount of premium written for workers' compensation insurance showed a small increase both within Illinois and countrywide. Written premium in Illinois increased by 65 million, or a 2.4 percent from 2014. Written premium countrywide increased by 1.9 billion or 4.7 percent from 2014.

Workers' Compensation Insurance

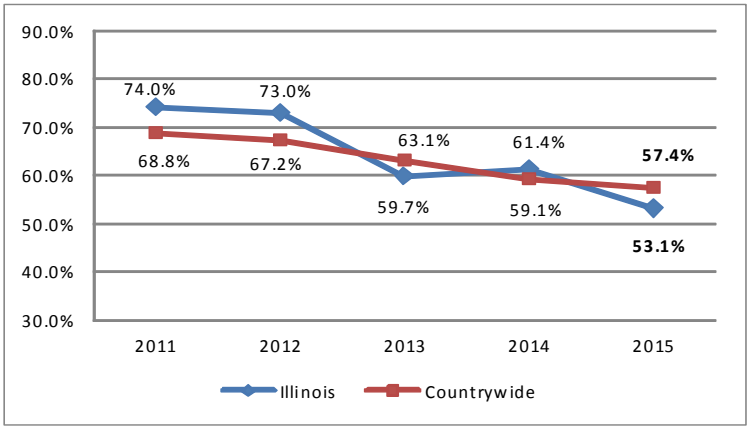
Underwriting Results (2015)

Workers Compensation ($000 omitted)	Illinois	Countrywide
Direct Written Premiums	$2,780,537	$42,800,903
Direct Earned Premiums	$2,779,061	$42,272,674
Expenses (% premium)		
Incurred Losses	53.1%	57.4%
Defense & Cost Containment Expense Incurred	6.6%	8.0%
Commissions and Brokerage Expenses	8.1%	8.5%
Taxes, Licenses & Fees	1.9%	3.5%

NAIC State Data Network, 2015 Illinois State Page Exhibit

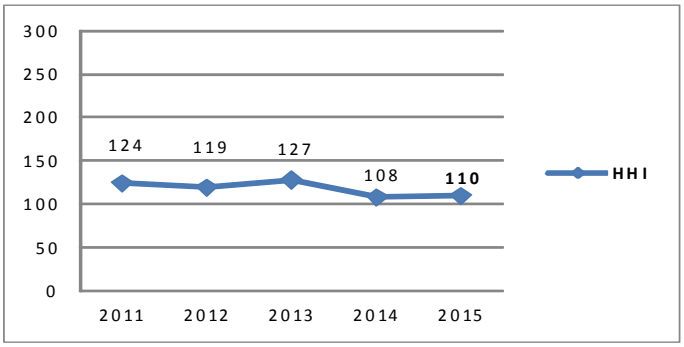
As illustrated below, the loss ratio related to workers' compensation activity experienced a gradual overall decrease during the past 5 years. Countrywide, the loss ratio decreased slightly by 1.7 percent. Within Illinois, the loss ratio experienced a decrease of 8.3 percent.

Workers' Compensation Insurance Losses as a Percent of Earned Premium



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 2015. In summary, the ten companies identified wrote a total of approximately 661 million dollars in premium and combined for a total of 23.8 percent of the workers' compensation market in Illinois for 2015.

Top 10 Workers' Compensation Insurers in Illinois

Company	2015 Written Premium	2014 Written Premium	2015 Market Share	2014 Market Share	2015 Loss Ratio	2014 Loss Ratio
Zurich American Insurance Company	96,509,417	89,948,124	3.5%	3.3%	33.3%	35.1%
Travelers Property Casualty Co of America	88,042,213	93,866,920	3.2%	3.5%	63.9%	86.3%
Technology Insurance Company Inc	70,571,912	74,414,861	2.5%	2.7%	45.7%	66.1%
Country Mutual Insurance Company	69,448,109	64,312,262	2.5%	2.4%	54.6%	60.2%
Twin City Fire Insurance Company	64,637,188	28,169,436	2.3%	1.0%	53.1%	44.6%
Acuity A Mutual Insurance Company	58,880,425	62,946,358	2.1%	2.3%	51.2%	78.0%
Pekin Insurance Company	58,703,940	54,944,125	2.1%	2.0%	41.8%	49.2%
Insurance Company of the West	56,341,892	53,155,608	2.0%	2.0%	75.5%	69.2%
American Zurich Insurance Company	54,310,496	53,968,849	2.0%	2.0%	65.6%	42.4%
Riverport Insurance Company	43,328,368	44,658,256	1.6%	1.6%	59.3%	81.9%

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, building ordinance and law endorsements.

The following table summarizes the amount of dwelling and homeowner premium written by the FAIR Plan in Illinois from 2011 through 2015. As reflected in the data, the consistently low market share reflects a very healthy and competitive primary insurance market.

Written Premium for Illinois FAIR Plan

(2011 – 2015)

	Amount of Written Premiums	As % of Total Written Premiums
2011	$6,194,487	0.20%
2012	$6,626,297	0.22%
2013	$7,131,968	0.22%
2014	$7,343,549	0.23%
2015	$6,921,129	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 2010 through 2013 (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

	2010	2011	2012	2013
Illinois	0.011%	0.010%	0.007%	0.006%
Countrywide	0.929%	0.940%	0.901%	0.928%

Source: AIPSO Facts 2015/2016 (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 premium written through the Pool between 2012 and 2015. As reflected below, based on premium written through the Pool, the workers' compensation market in Illinois continues to remain competitive.

Percent of Illinois Workers' Compensation Written Through the Pool (2012 – 2015)

	2012	2013	2014	2015*
Percent of Total	4.3%	5.3%	5.1%	3.4%

Source: National Council on Compensation Insurance (NCCI) * Preliminary

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 2012 and 2015. The table indicates the total number of policies approved has increased in 2015, in contrast with a significant 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 (2012 through 2015)

Year	Total Number of Policies Approved	Approved Credit
2012	3,210	$17 Million
2013	2,564	$20 Million
2014	2,527	$31 Million
2015	2,789	$41 Million

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 two employment class codes bolded in the following chart are new to this list in 2015.

Illinois Residual Market Top Ten

Classification Codes by Premium Volume for 2015

Rank	Code	Description*	Premium	% of Class Premium
1	7228	Trucking-Local Hauling Only-& Drivers	$6,378,809	5.6%
2	5645	Carpentry Construction of Residential Dwellings Not Exceeding Three Stories In Height	$5,282,570	4.6%
3	5551	Roofing-All Kinds & Drivers	$3,595,962	3.2%
4	9014	Janitorial Services By Contractors-No Window Cleaning Above Ground Level & Drivers	$3,267,086	2.9%
5	7229	Trucking-Long Distance Hauling-& Drivers	$3,102,903	2.7%
6	5437	Carpentry-Installation of Cabinet Work or Interior Trim	$2,993,177	2.6%
7	**5606**	**Contractor - Project Manager Construction Executive Construction Manager or Construction Superintendent**	$2,830,924	2.5%
8	5474	Painting NOC & Shop Operations Drivers	$2,660,758	2.3%
9	5022	Masonry NOC	$2,527,487	2.2%
10	**8018**	**Store: Wholesale NOC**	$2,389,238	2.1%

* Class code descriptions provided are for reference only. For further information , please see NCCI manuals (Basic and/or Scopes Manual).
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 2011 through 2015 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 (2011 – 2015)

Line of Business	2011 Illinois Policy Count	2012 Illinois Policy Count	2013 Illinois Policy Count	2014 Illinois Policy Count	2015 Illinois Policy Count
Homeowners	2,077	2,833	3,653	3,897	4,475
PPA Liability	17,991	178	34	15	16
PPA Physical Damage	3,007	1,736	2,157	1,739	91
Commercial Auto Liability	278	240	294	324	439
Medical Professional Liability	1,424	1,372	1,949	1,428	1,470
Other Liability	26,620	27,051	28,830	30,021	33,790
Grand Total -all policies	**84,320**	**63,913**	**68,984**	**72,027**	**80,877**

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.

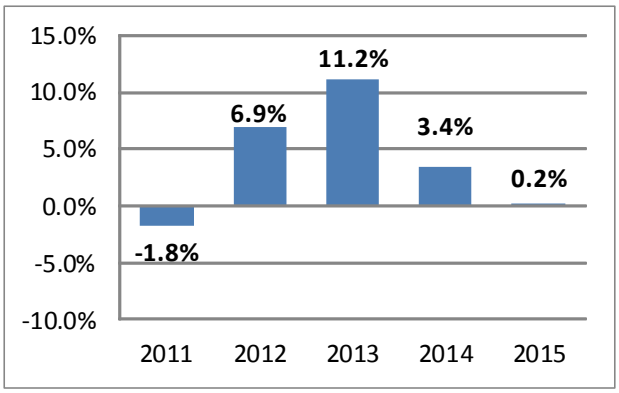
PROFITABILITY

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

(2011 – 2015)



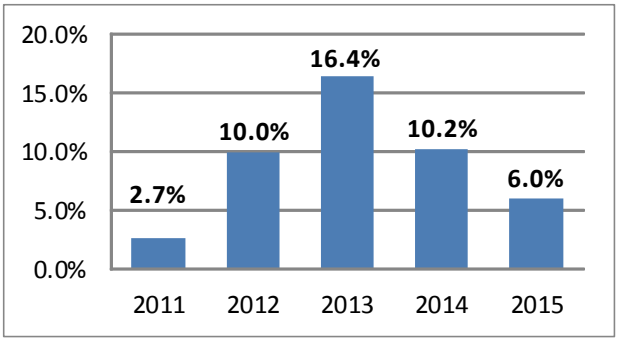
Source: NAIC State Data Network

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 2011 through 2015 for the overall Illinois-licensed property/casualty industry. The return on policyholders' surplus has exhibited a decreasing trend since 2013.

Return on Policyholders' Surplus

(2011 – 2015)



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 2011 through 2015 for all property/casualty insurers licensed in Illinois.

Net Investment Income Earned, Net Income,

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

	2011	2012	2013	2014	2015
Net Investment Gain	51,062	51,828	63,754	60,969	54,387
Net Income	19,641	36,688	67,228	59,843	54,996
Unrealized Capital Gains/Losses	-3,919	21,486	39,200	11,183	-12,702
Policyholders' Surplus	562,469	599,880	684,102	707,515	707,511

Source: NAIC State Data Network

UNDERWRITING EXPERIENCE

The following table identifies the aggregate underwriting gain/loss for Illinois-licensed insurers from 2011 through 2015. Although the net underwriting gain/loss continues to decrease since 2013, earned premium continues to show an increasing trend for the past 5 years.

Aggregate Net Underwriting Gain (Loss)

(in millions)

	2011	2012	2013	2014	2015
Premiums Earned	354,835	366,690	394,536	410,434	425,268
Losses Incurred	239,896	227,625	219,690	235,219	244,322
Loss Expenses Incurred	43,163	44,587	45,928	47,738	49,273
Other Underwriting Expenses Incurred	99,623	104,518	114,221	115,520	120,035
Dividends to Policyholders	1,196	1,417	1,716	1,670	1,709
Net Underwriting Gain/Loss	-29,043	-10,358	15,167	11,541	10,829

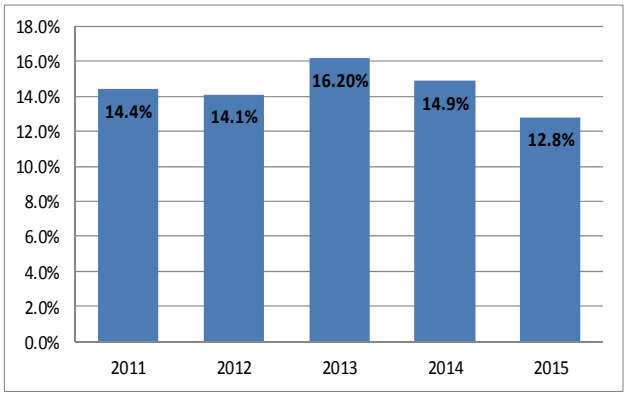
Source: NAIC State Data Network

INVESTMENT INCOME

One component of surplus is income derived from investments. The net investment income ratio measures income from invested assets relative to earned premium. 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.

BIBLIOGRAPHY

AIPSO Facts 2015/2016

Annual Reports to the Illinois General Assembly on Insurance Cost Containment

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 12/31/2015

	ASSETS	Assets Current Year	Non-Admitted Assets Current Year	Net Admitted Assets Current Year	Net Admitted Assets Prior Year
1	Bonds	745,691,163,433	31,068,595	745,660,094,839	739,517,186,133
2.1	Preferred stocks	13,104,561,169	4,573,573	13,099,987,596	13,640,181,244
2.2	Common stocks	441,173,288,679	4,835,925,922	436,337,362,758	437,729,102,149
3.1	First liens - mortgage loans on real estate	10,843,528,048	-	10,843,528,048	8,861,279,700
3.2	Other than first liens - mortgage loans on real estate	352,664,488	-	352,664,488	186,699,772
4.1	Properties occupied by the company	6,994,630,236	13,065,126	6,981,565,109	6,868,573,940
4.2	Properties held for the production of income	2,554,799,634	6,977,887	2,547,821,747	1,149,076,558
4.3	Properties held for sale	235,718,232	6,488,414	229,229,818	236,525,140
5	Cash, cash equivalents and short-term investments	69,615,216,464	2,588,235	69,612,628,229	72,899,008,713
6	Contract loans including premium notes	3,743,203	3,743,203	-	-
7	Derivatives	565,509,827	-	565,509,827	611,156,442
8	Other invested assets	125,179,643,649	11,161,765,714	114,017,877,935	119,584,563,521
9	Receivables for securities	2,311,456,208	1,173,531	2,310,282,678	916,924,875
10	Securities lending reinvested collateral assets	2,109,193,496	-	2,109,193,496	2,004,120,863
11	Aggregate write-ins for invested assets	6,184,355,855	2,332,619,769	3,851,736,086	3,362,320,930
12	Subtotals, cash and invested assets	1,426,919,472,617	18,399,989,971	1,408,519,482,649	1,407,566,719,978
13	Title plants less charged off	-	-	-	-
14	Investment income due and accrued	7,627,751,421	3,649,936	7,624,101,486	7,735,818,322
15.1	Uncollected premiums and agents' balances in the course of collection	46,826,481,439	2,199,147,296	44,627,334,144	42,885,691,949
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	83,324,206,296	236,503,313	83,087,702,984	78,802,264,414
15.3	Accrued retrospective premiums	3,443,815,891	155,494,467	3,288,321,424	3,506,903,574
16.1	Amounts recoverable from reinsurers	23,699,823,819	702,478	23,699,121,341	22,597,477,573
16.2	Funds held by or deposited with reinsured companies	6,710,418,368	26,621,889	6,683,796,478	8,712,598,630
16.3	Other amounts receivable under reinsurance contracts	2,053,663,967	1,280,667	2,052,383,299	1,787,973,485
17	Amounts receivable relating to uninsured plans	82,103,012	2,151	82,100,861	93,909,565
18.1	Current federal and foreign income tax recoverable and interest thereon	2,717,943,013	100,133,794	2,617,809,218	1,819,329,248
18.2	Net deferred tax asset	35,339,313,613	11,588,543,444	23,750,770,171	23,097,704,562
19	Guaranty funds receivable or on deposit	197,251,497	3,116,496	194,135,001	201,040,641
20	Electronic data processing equipment and software	6,603,946,896	5,196,570,297	1,407,376,596	1,308,829,821
21	Furniture and equipment, including health care delivery assets	2,541,996,582	2,538,092,384	3,904,199	4,177,993
22	Net adjustment in assets and liabilities due to foreign exchange rates	154,463,742	301,715	154,162,026	161,540,873
23	Receivables from parent, subsidiaries and affiliates	12,430,267,132	405,203,077	12,025,064,055	10,523,273,128
24	Health care ($(1)) and other amounts receivable	17,468,887	4,342,215	13,126,672	8,626,317
25	Aggregate write-ins for other than invested assets	24,867,874,977	7,980,915,924	16,886,959,079	14,681,414,448
26	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,685,558,263,136	48,840,611,483	1,636,717,651,654	1,625,495,294,476
27	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	90,088,907	79,122,566	10,966,341	12,706,942
28	**Totals**	**1,685,648,352,043**	**48,919,734,049**	**1,636,728,617,995**	**1,625,508,001,418**

APPENDIX B – Consolidated Liabilities, Surplus and Other Funds of Illinois-licensed Property / Casualty Insurers for the year ending December 31, 2015

	LIABILITIES, SURPLUS AND OTHER FUNDS	CURRENT YEAR	PRIOR YEAR
1	Losses	404,993,486,720	401,956,631,455
2	Reinsurance payable on paid losses and loss adjustment expenses	16,896,724,583	15,271,776,480
3	Loss adjustment expenses	88,831,056,908	87,464,337,052
4	Commissions payable, contingent commissions and other similar charges	5,977,060,547	5,534,465,273
5	Other expenses (excluding taxes, licenses and fees)	24,736,280,044	24,040,972,461
6	Taxes, licenses and fees (excluding federal and foreign income taxes)	4,308,779,963	4,276,263,161
7.1	Current federal and foreign income taxes (including $(1) on realized capital gains (losses)	2,757,342,261	3,213,454,394
7.2	Net deferred tax liability	21,898,822,669	27,182,695,960
8	Borrowed money $(1) and interest thereon $(2)	3,185,865,282	2,750,630,547
9	Unearned premiums (after deducting unearned premiums for ceded reinsurance of $(1) and including warranty reserves of $(2))	200,538,039,472	193,582,957,530
10	Advance premium	3,011,419,048	2,766,296,972
11.1	Stockholders (dividends declared and unpaid)	1,617,087,133	316,605,055
11.2	Policyholders (dividends declared and unpaid)	444,626,687	446,855,408
12	Ceded reinsurance premiums payable (net of ceding commissions)	38,285,995,346	37,346,659,005
13	Funds held by company under reinsurance treaties	24,033,245,554	23,855,270,328
14	Amounts withheld or retained by company for account of others	11,641,011,595	10,728,550,512
15	Remittances and items not allocated	1,559,148,099	1,770,772,082
16	Provision for reinsurance	2,026,085,361	2,107,079,961
17	Net adjustments in assets and liabilities due to foreign exchange rates	821,176,520	373,339,212
18	Drafts outstanding	3,876,878,305	3,789,947,233
19	Payable to parent, subsidiaries and affiliates	10,727,683,996	10,396,681,036
20	Derivatives	535,059,119	509,411,823
21	Payable for securities	2,595,479,339	2,513,559,670
22	Payable for securities lending	2,386,121,808	2,320,725,487
23	Liability for amounts held under uninsured plans	2,847,103	3,158,163
24	Capital notes $(1) and interest thereon $(2)	-	-
25	Aggregate write-ins for liabilities	51,530,234,917	54,792,163,757
26	Total liabilities excluding protected cell liabilities	929,217,558,370	919,311,260,001
27	Protected cell liabilities	-	-
28	Total liabilities	929,217,558,370	919,311,260,001
29	Aggregate write-ins for special surplus funds	65,944,390,218	67,238,429,261
30	Common capital stock	5,068,850,103	5,025,381,076
31	Preferred capital stock	1,209,983,768	1,209,983,768
32	Aggregate write-ins for other than special surplus funds	91,665,698	72,250,359
33	Surplus notes	12,654,850,483	12,080,291,746
34	Gross paid in and contributed surplus	224,401,372,968	217,218,424,295
35	Unassigned funds (surplus)	399,502,230,335	404,658,380,667
36.1	(1) Shares common (value included in common capital stock $(2)) (less treasury stock at cost)	1,341,459,672	1,343,257,164
36.2	(2) Shares preferred (value included in preferred capital stock $(2)) (less treasury stock at cost)	20,824,445	13,520,160
37	Surplus as regards policyholders	707,511,059,452	706,146,363,850
38	**Totals**	**1,636,728,617,818**	**1,625,457,623,830**

APPENDIX C – Consolidated Statement of Income for Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2015

	UNDERWRITING INCOME	CURRENT YEAR	PRIOR YEAR
1	Premiums earned	425,267,819,027	410,853,082,784
2	Losses incurred	244,322,406,042	235,538,352,099
3	Loss adjustment expenses incurred	49,272,515,995	47,835,865,859
4	Other underwriting expenses incurred	120,034,649,123	115,610,770,511
5	Aggregate write-ins for underwriting deductions	809,580,172	420,724,556
6	Total underwriting deductions	414,439,151,325	399,405,713,038
7	Net income of protected cells	2	-
8	Net underwriting gain (loss)	10,828,667,695	11,447,369,742
	INVESTMENT INCOME		
9	Net investment income earned	45,514,419,124	52,088,512,301
10	Net realized capital gains (losses) less capital gains tax of $(1)	8,872,643,517	8,891,398,740
11	Net investment gain (loss)	54,387,062,620	60,979,911,038
	OTHER INCOME		
12	Net gain (loss) from agents' or premium balances charged off	(1,082,377,722)	(951,612,389)
13	Finance and service charges not included in premiums	2,378,240,171	2,347,804,580
14	Aggregate write-ins for miscellaneous income	(1,159,672,598)	(4,336,376,264)
15	Total other income	136,189,861	(2,940,184,073)
16	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	65,351,920,175	69,487,096,711
17	Dividends to policyholders	1,709,141,956	1,670,450,151
18	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	63,642,778,219	67,816,646,555
19	Federal and foreign income taxes incurred	8,646,562,635	7,974,366,799
20	Net income	54,996,215,587	59,842,279,753
	CAPITAL AND SURPLUS ACCOUNT		
21	Surplus as regards policyholders, December 31 prior year	706,146,363,896	682,414,207,716
22	Net income	54,996,215,587	59,842,279,753
23	Net transfers (to) from protected cell accounts	-	-
24	Change in net unrealized capital gains or (losses) less capital gains tax of $(1)	(12,701,640,631)	11,093,572,166
25	Change in net unrealized foreign exchange capital gain (loss)	(1,486,628,850)	(697,592,750)
26	Change in net deferred income tax	(2,270,842,920)	841,887,049
27	Change in nonadmitted assets	(7,842,136,705)	805,471,354
28	Change in provision for reinsurance	80,994,624	92,021,293
29	Change in surplus notes	575,821,159	(1,197,799,430)
30	Surplus (contributed to) withdrawn from protected cells	-	-
31	Cumulative effect of changes in accounting principles	3,815,707	(10,618,113)
32.1	Capital changes paid in	52,445,272	1,834,519,315
32.2	Capital changes transferred from surplus (stock dividend)	1,023,312	3,453,196
32.3	Capital changes transferred to surplus	-	(2,500,000)
33.1	Surplus adjustments paid in	7,374,727,445	(5,195,345,113)
33.2	Surplus adjustments transferred to capital (stock dividend)	70,000	2,400,000
33.3	Surplus adjustments transferred from capital	(6,853,343)	168,491,758
34	Net remittances from or (to) home office	(61,086,608)	(16,524,540)
35	Dividends to stockholders	(39,432,319,805)	(33,915,915,074)
36	Change in treasury stock	(5,506,793)	3,775,765
37	Aggregate write-ins for gains and (losses) in surplus	2,086,598,985	(9,919,420,479)
38	Change in surplus as regards policyholders for the year	1,364,696,451	23,732,156,151
39	Surplus as regards policyholders, December 31 current year	707,511,060,328	706,146,363,887

APPENDIX D – Consolidated Exhibit of Premiums & Losses in the State of Illinois for All Illinois-licensed Proper/Casualty Insurers during 2015

EXHIBIT OF PREMIUMS AND LOSSES

BUSINESS IN THE STATE OF ILLINOIS DURING THE YEAR 2015

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	282,250,029	286,025,468	444,097	141,885,563	134,937,500	128,058,734	99,583,065	3,578,240	2,848,458	4,458,210	37,133,903	7,076,216
02.1	Allied lines	271,143,538	277,124,074	289,493	137,091,587	128,381,497	97,916,304	63,036,408	2,165,483	4,000,143	4,056,743	32,134,257	5,757,364
02.2	Multiple peril crop	689,548,179	682,106,432	-	40,586,507	471,967,647	443,704,042	202,467,570	944,793	398,207	1,534,702	58,068,418	756,930
02.3	Federal flood	28,816,126	29,338,805	-	15,650,126	6,190,927	6,939,478	2,965,124	334,160	326,979	52,086	4,128,240	366,627
02.4	Private crop	83,738,957	83,201,938	2,734,658	537,019	67,776,399	50,351,794	7,241,045	135,062	135,917	2,368	14,251,126	1,217,373
03	Farmowners' multiple peril	170,431,719	168,280,706	-	69,554,097	88,509,573	89,784,299	37,272,290	1,585,722	4,593,444	7,073,437	25,599,429	2,834,398
04	Homeowners' multiple peril	3,418,414,134	3,358,834,974	6,629,464	1,787,539,901	2,002,521,973	2,030,443,150	779,807,438	34,968,087	33,719,027	64,394,801	438,036,883	56,121,008
05.1	Commercial multiple peril (non-liability portion)	1,045,202,325	1,032,489,178	508,158	506,183,176	481,745,702	446,699,381	304,394,098	22,414,626	18,460,077	30,532,280	170,940,442	21,176,344
05.2	Commercial multiple peril (liability portion)	617,953,808	610,379,304	517,821	292,450,229	258,830,224	244,423,070	952,161,437	103,736,050	100,818,608	361,112,110	105,236,150	10,521,280
06	Mortgage guaranty	223,611,381	208,774,257	-	82,652,858	256,374,467	95,940,948	427,937,939	1,162,263	443,809	1,378,627	-	4,725,856
08	Ocean marine	83,368,746	84,332,418	15,373	28,283,491	62,880,307	61,270,647	71,077,941	2,156,830	2,361,901	5,251,789	11,518,329	1,640,173
09	Inland marine	711,328,715	701,685,156	614,735	184,451,672	350,438,047	353,373,967	135,546,413	4,469,435	4,283,086	5,107,007	110,095,163	14,342,956
10	Financial guaranty	11,328,633	46,276,109	-	205,401,086	3,626,612	(83,220,951)	143,412,982	7,012,259	5,223,417	10,952,756	-	430,115
11	Medical professional liability	366,213,851	384,013,543	28,822,302	223,887,514	210,089,131	118,166,370	996,018,144	113,689,409	93,308,328	444,617,635	36,014,114	3,278,884
12	Earthquake	56,460,056	56,247,362	173,098	28,276,646	(101,463)	(1,321,011)	660,344	181	(15,951)	26,572	7,436,715	1,070,556
13	Group accident and health	174,392,897	154,583,408	-	235,229,845	114,850,614	123,360,860	108,629,901	2,102,328	1,983,464	1,258,705	18,524,210	3,462,218
14	Credit A&H (group and individual)	1,646,528	2,069,398	-	1,385,850	336,521	469,406	522,835	100	1,720	5,579	349,516	32,167
15.1	Collectively renewable A&H	2,537	2,565	-	488	-	(102)	(35,881)	-	(10)	50	146	119
15.2	Non-cancelable A&H	-	24,947	-	249,921	-	-	4	-	-	-	-	109
15.3	Guaranteed renewable A&H	63,565,316	46,340,558	-	483,804,131	63,984,379	78,893,956	170,085,662	38,727	143,713	455,946	4,102,141	184,663
15.4	Non-renewable for stated reasons only	897,205	1,062,154	1,330	633,789	673,320	(365,043)	1,486,004	755	(15,857)	23,776	71,910	295,213
15.5	Other accident only	850,078	944,905	-	76,448	65,644	181,359	170,589	-	25	4,377	303,073	4,593

15.6	Medicare Title XVIII exempt from state taxes or fees	-	-	-	-	-	37	37	-	7	7	-	-
15.7	All other A&H	13,348,325	12,372,852	-	2,170,612	6,895,267	11,606,534	8,068,486	67,173	97,488	345,881	1,531,039	221,547
15.8	Federal employees health benefits program premium	78	91	-	29	-	-	-	-	-	-	2	108
16	Workers' compensation	2,780,537,188	2,779,061,345	9,445,903	1,014,699,051	1,419,895,347	1,476,944,578	6,589,774,151	162,901,592	184,469,178	694,766,643	224,833,467	52,061,550
17.1	Other liability - occurrence	2,062,839,290	1,893,493,202	751,053	1,500,895,060	910,576,599	1,129,066,470	3,699,495,342	146,546,310	170,182,437	692,293,936	152,567,964	30,758,195
17.2	Other liability - claims-made	1,094,908,000	991,196,345	1,850,803	537,169,966	555,051,593	463,177,013	1,793,409,368	101,531,350	89,589,027	375,831,156	120,263,092	19,455,426
17.3	Excess workers' compensation	60,481,264	59,526,440	-	26,536,792	24,500,382	57,868,946	499,581,810	663,534	2,079,806	14,936,849	3,775,950	1,790,490
18	Products liability	117,675,441	116,013,811	833	41,991,273	69,896,346	153,269,697	753,677,288	71,137,521	57,874,453	298,335,389	12,728,567	2,088,903
19.1	Private passenger auto no-fault (personal injury protection)	12,080,009	12,207,631	-	2,865,788	13,232,582	13,450,721	14,920,304	694,731	479,423	915,353	1,710,851	194,738
19.2	Other private passenger auto liability	3,675,840,118	3,622,029,595	5,281,809	1,113,655,998	2,342,724,065	2,383,794,032	2,622,775,747	132,969,653	136,545,395	357,165,142	379,686,626	56,939,800
19.3	Commercial auto no-fault (personal injury protection)	84,178	43,889	-	(58,817)	315,499	(138,103)	187,183	50,164	(4,409)	29,971	29,347	3,676
19.4	Other commercial auto liability	969,690,445	937,406,362	152,410	403,182,937	467,931,774	578,800,092	1,196,423,685	62,828,503	78,019,969	150,146,245	135,292,798	15,862,981
21.1	Private passenger auto physical damage	2,961,257,445	2,901,753,834	4,534,809	896,663,643	1,782,022,304	1,799,227,758	118,242,202	6,431,832	6,720,882	5,605,945	299,480,095	46,306,219
21.2	Commercial auto physical damage	303,115,220	293,704,482	60,541	120,031,318	155,932,643	160,445,955	30,791,207	4,572,278	4,519,468	4,726,506	41,608,695	5,125,809
22	Aircraft (all perils)	53,465,442	53,601,430	-	17,954,829	30,309,452	1,315,614	454,523,831	4,562,908	7,461,798	66,884,401	7,935,646	1,230,056
23	Fidelity	62,449,431	62,757,040	48	38,312,287	31,492,814	47,517,083	74,085,898	498,441	221,920	8,649,868	8,625,296	1,301,174
24	Surety	207,146,294	209,769,841	-	103,963,472	27,616,252	61,822,704	99,729,970	4,878,759	41,344,491	15,255,209	55,135,347	4,504,270
26	Burglary and theft	14,225,531	13,890,795	6,792	7,796,997	972,124	1,355,104	4,558,321	27,657	38,804	1,090,883	2,528,552	324,400
27	Boiler and machinery	61,956,011	61,420,188	5,801	30,946,493	30,260,612	21,805,513	12,658,341	308,938	224,647	661,798	6,741,125	1,882,364
28	Credit	59,448,542	59,121,203	-	21,203,455	17,329,944	19,676,260	20,227,600	251,876	372,770	478,394	9,874,434	1,216,275
30	Warranty	183,318,681	211,143,544	-	378,947,326	177,072,644	109,608,468	21,690,507	340,267	243,247	52,436	155,728,209	3,100,138
34	Aggregate write-ins for other lines of business	33,681,586	33,418,164	-	21,239,143	10,854,862	13,898,700	47,147,456	87,499	490,730	2,033,917	4,906,689	1,530,102
35	**Totals**	**23,028,713,259**	**22,538,069,728**	**62,841,330**	**10,745,979,567**	**12,778,962,117**	**12,789,583,834**	**22,566,410,086**	**1,001,845,496**	**1,053,990,019**	**3,632,505,462**	**2,698,927,918**	**381,193,369**

Appendix E – Consolidated Exhibit of Premiums and Losses in All States for Licensed Property/Casualty Insurers during 2015

Exhibit of Premiums and Losses during the Year 2015

Line of Business		1 Direct Premium 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	7,609,418,386	7,668,617,375	24,442,797	3,593,100,583	3,661,930,635	3,435,091,237	2,684,417,770	95,431,624	80,410,887	113,385,317	955,297,749	206,009,100
02.1	Allied lines	7,144,341,101	7,184,688,505	28,508,602	3,467,332,506	3,288,700,533	3,415,633,573	2,340,019,963	82,744,842	79,053,486	106,207,412	727,277,877	180,334,458
02.2	Multiple peril crop	9,738,692,070	9,689,392,373	-	1,214,507,639	8,519,104,087	7,021,975,807	2,590,837,554	8,399,761	4,907,099	11,780,460	702,650,866	8,382,293
02.3	Federal flood	2,410,832,113	2,487,392,908	-	1,286,029,398	708,616,000	785,116,143	254,886,641	27,046,853	27,127,811	3,327,672	404,563,009	47,638,886
2.4	Private Crop	940,460,631	938,287,655	2,734,658	3,438,794	1,031,744,352	798,645,365	120,894,221	2,605,708	2,820,230	676,870	156,545,178	14,548,468
03	Farm owners multiple peril	2,086,436,423	2,042,806,999	-	986,356,253	1,011,395,016	1,026,943,461	518,272,934	33,263,788	37,404,266	65,959,951	342,031,262	45,601,334
04	Homeowners multiple peril	64,428,118,576	63,165,736,746	403,175,397	33,704,076,918	31,467,495,618	31,982,013,140	12,995,928,048	778,626,420	789,582,184	1,376,955,496	7,995,825,958	1,571,740,438
05.1	Commercial multiple peril (non-liability portion)	20,168,688,758	20,106,550,490	11,227,261	9,688,184,869	9,805,365,475	9,284,440,924	5,832,457,692	376,628,853	299,838,984	772,041,589	3,346,546,165	518,049,602
05.2	Commercial multiple peril (liability portion)	11,908,866,929	11,709,299,887	5,564,234	5,614,552,777	4,616,542,313	5,198,251,719	18,446,188,452	1,861,244,850	1,908,138,474	6,916,187,903	2,047,146,741	275,725,256
06	Mortgage guaranty	4,809,267,490	4,418,439,874	-	2,243,945,194	3,285,273,704	1,278,451,579	7,134,208,156	18,155,038	8,873,697	20,995,625	540,711	114,768,553
08	Ocean marine	3,423,528,946	3,409,802,406	1,851,158	1,164,406,783	1,799,653,289	1,554,554,511	2,563,112,480	76,019,060	51,504,772	223,976,880	481,103,919	56,905,417
09	Inland marine	18,505,567,990	18,301,554,859	20,205,842	4,863,344,186	8,712,872,434	8,849,717,648	3,379,597,642	130,494,764	142,443,667	162,128,291	2,761,725,255	467,260,304
10	Financial guaranty	535,861,991	1,683,156,161	-	5,552,898,668	674,316,369	(202,701,009)	5,617,926,982	137,119,712	122,632,524	142,011,864	7,784	13,243,669
11	Medical professional liability	3,898,486,565	3,949,216,230	74,463,590	2,165,621,844	1,661,748,023	1,419,983,227	8,496,919,312	938,491,326	863,040,627	3,175,840,527	412,472,704	78,583,255
12	Earthquake	1,515,835,039	1,500,650,496	6,403,137	746,915,477	5,329,077	(5,697,471)	43,596,892	1,586,736	854,977	3,996,648	174,637,447	36,926,505
13	Group accident and health	4,168,432,868	3,925,020,769	-	2,954,751,346	2,512,688,334	2,486,930,917	1,830,014,048	32,656,291	31,169,305	30,894,647	498,649,256	107,034,803
14	Credit A&H (group and individual)	171,104,135	188,800,332	-	65,440,753	25,220,804	23,151,730	31,123,809	9,816	458	277,566	12,431,166	5,087,198
15.1	Collectively renewable A&H	21,044,192	25,594,385	-	432,534	14,888,065	9,703,883	6,112,030	-	(43,236)	176,474	8,879,440	835,940
15.2	Non-cancelable A&H	34,418	411,290	-	3,652,537	37,262	33,007	(2,189)	-	(2)	48	789	11,864
15.3	Guaranteed renewable A&H	1,074,034,170	624,769,387	-	8,873,794,498	1,011,499,289	1,270,161,163	2,619,218,342	519,631	1,565,799	8,648,366	94,614,031	20,857,254
15.4	Non-renewable for stated reasons only	44,505,302	47,248,788	15,926	23,746,434	35,307,432	28,532,108	31,273,473	84,115	(23,109)	498,533	4,670,456	1,905,525

15.5	Other accident only	27,415,766	29,567,289	-	5,647,675	10,542,913	9,472,979	24,353,295	391,210	339,570	180,766	8,861,171	992,212
15.6	Medicare Title XVIII exempt from state taxes or fees	-	-	-	-	-	154,119	154,119	-	28,821	28,821	-	152
15.7	All other A&H	374,313,823	364,230,624	-	42,839,747	181,713,664	244,537,149	265,915,214	847,645	706,046	4,674,062	64,731,257	8,939,503
15.8	Federal employees' health benefits program premium	699	754	-	279	72	(965)	53	-	-	-	21	11,340
16	Workers' compensation	42,800,902,859	42,272,674,323	374,433,339	14,668,517,924	20,913,157,219	24,274,656,928	115,245,277,226	2,651,933,589	3,394,654,869	12,086,292,307	3,654,500,749	1,460,689,664
17.1	Other liability - occurrence	28,360,478,913	27,278,268,761	33,151,323	15,139,061,003	13,941,521,749	16,089,351,150	62,348,677,790	2,626,136,323	3,005,365,888	12,397,016,966	3,344,715,081	624,556,791
17.2	Other liability - claims-made	15,322,418,836	15,045,752,149	1,883,792	8,219,571,839	7,971,931,316	7,531,611,236	27,224,854,917	1,637,280,815	1,604,906,708	5,907,282,517	2,263,374,324	349,560,381
17.3	Excess workers' compensation	1,158,343,359	1,125,276,291	-	450,910,650	522,384,810	1,029,782,557	10,499,421,155	23,255,429	41,675,979	435,181,824	81,141,602	30,708,203
18	Products liability	2,509,163,808	2,491,303,517	348,057	1,079,574,772	1,490,992,930	1,210,340,249	9,768,227,550	1,054,320,088	908,853,486	4,359,300,190	309,655,603	54,419,155
19.1	Private passenger auto no-fault (personal injury protection)	11,280,618,678	11,338,883,779	23,554,104	3,367,504,264	8,119,968,268	8,953,001,157	36,795,988,480	824,913,121	923,041,962	2,822,221,518	798,152,980	222,831,551
19.2	Other private passenger auto liability	81,892,268,865	80,661,302,085	351,939,035	24,963,332,813	53,334,667,044	56,667,651,966	59,367,625,146	2,737,168,620	3,067,818,100	7,736,197,859	6,472,532,667	1,867,912,887
19.3	Commercial auto no-fault (personal injury protection)	432,285,906	430,186,394	43,505	178,557,193	257,159,696	284,303,470	1,177,929,020	29,867,907	32,812,517	67,766,224	53,247,128	25,986,162
19.4	Other commercial auto liability	18,590,538,878	18,080,291,890	6,677,309	8,305,056,249	10,303,954,011	12,359,122,056	22,800,235,570	1,154,890,163	1,415,481,119	2,910,748,520	2,720,367,531	473,619,899
21.1	Private passenger auto physical damage	63,072,216,005	61,626,084,772	299,739,584	19,569,747,679	39,454,505,365	39,689,448,692	2,653,350,167	161,849,520	156,042,481	128,062,822	5,107,472,048	1,400,173,793
21.2	Commercial auto physical damage	6,259,223,378	6,059,863,089	1,101,671	2,696,262,653	3,607,299,444	3,687,580,255	730,565,440	75,905,493	64,963,441	118,693,823	933,221,973	150,358,136
22	Aircraft (all perils)	1,483,238,605	1,496,285,097	-	676,642,342	899,461,861	675,079,828	2,292,571,370	111,716,405	88,143,970	310,339,761	234,196,430	35,952,066
23	Fidelity	1,193,014,205	1,181,657,904	450,604	694,601,683	452,191,253	477,018,932	1,173,872,047	15,328,755	6,863,165	179,527,103	175,064,959	28,694,911
24	Surety	5,448,164,935	5,391,741,331	37,786,982	3,029,224,337	903,718,309	978,474,586	2,119,252,845	151,025,134	106,827,679	498,742,849	1,388,758,459	160,591,760
26	Burglary and theft	252,737,582	242,489,026	14,852	142,283,263	41,710,884	56,206,609	126,049,783	2,687,128	1,254,715	22,591,055	46,532,786	6,086,519
27	Boiler and machinery	1,524,311,228	1,436,235,629	49,999	727,878,241	552,344,919	502,135,101	570,550,641	10,316,869	9,377,945	19,520,122	123,181,042	39,203,375
28	Credit	1,656,310,301	1,690,844,164	-	945,064,991	656,020,091	625,767,959	493,462,273	15,426,322	16,300,886	6,961,861	307,397,713	42,567,398
30	Warranty	2,776,142,761	2,328,215,216	-	6,066,858,162	1,311,316,938	1,245,234,641	162,448,569	6,075,578	8,739,145	6,136,514	330,538,725	59,884,475
34	Aggregate write-ins for other lines of business	1,038,352,753	1,021,480,102	-	687,974,588	407,691,119	510,593,442	548,712,463	32,213,608	26,543,755	52,555,204	122,798,619	30,387,619
35	**Totals**	**452,056,020,217**	**444,660,072,068**	**1,709,766,762**	**199,873,642,308**	**249,183,981,953**	**256,762,456,733**	**433,926,499,352**	**17,924,678,863**	**19,332,045,146**	**63,205,990,802**	**49,668,060,595**	**10,845,577,866**

Appendix F – Consolidated Schedule T for all Illinois-Licensed Property/Casualty Insurers for 2015

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	6,431,715,310	6,331,716,002	21,407,794	3,386,010,520	3,362,638,435	4,855,954,999	48,406,474	15,183,720
02	Alaska AK	1,485,416,072	1,494,672,608	7,109,280	599,456,583	643,790,982	1,246,288,352	5,640,521	3,084,162
03	Arizona AZ	7,939,551,870	7,769,747,927	29,157,632	4,375,685,853	4,537,343,712	5,715,023,628	58,181,074	15,203,092
04	Arkansas AR	3,718,687,158	3,659,701,934	9,513,412	2,157,510,468	2,317,520,741	2,576,553,154	21,561,273	6,942,917
05	California CA	50,991,257,263	49,987,392,513	128,485,841	26,905,153,299	29,042,414,516	53,765,673,780	373,249,067	126,104,333
06	Colorado CO	9,077,800,410	8,848,932,753	39,869,597	5,519,623,997	5,507,363,660	5,804,211,567	52,077,924	20,544,374
07	Connecticut CT	7,175,277,799	7,071,564,909	39,035,533	3,870,809,512	3,993,764,144	7,536,060,480	43,858,658	30,072,554
08	Delaware DE	1,911,710,521	1,873,617,295	5,100,566	1,013,718,906	1,078,577,762	2,176,074,623	10,583,827	4,179,833
09	District of Columbia DC	1,472,534,852	1,480,811,482	4,706,896	659,336,036	705,015,382	1,619,535,490	5,092,962	9,580,066
10	Florida FL	27,947,396,038	27,440,062,722	154,127,616	15,882,493,031	16,078,674,848	21,480,537,473	186,479,886	66,631,298
11	Georgia GA	14,296,488,481	13,981,578,236	51,875,050	8,328,928,721	8,967,144,603	10,321,228,381	91,105,183	21,400,497
12	Hawaii HI	1,425,056,765	1,418,425,273	10,971,330	622,089,059	670,889,926	1,176,880,680	8,505,319	5,031,692
13	Idaho ID	1,671,990,839	1,631,345,747	4,861,988	837,905,944	910,686,274	1,091,054,652	16,331,997	5,496,184
14	Illinois IL	23,028,713,260	22,538,069,728	62,841,331	12,778,962,116	12,789,583,229	22,566,410,094	102,237,260	43,403,800
15	Indiana IN	8,750,319,201	8,591,422,214	11,141,114	4,453,106,871	4,743,534,954	6,234,591,178	54,748,711	22,902,730
16	Iowa IA	5,578,153,830	5,513,981,621	32,309,317	3,569,042,484	2,864,798,527	3,609,395,718	22,897,338	11,222,934
17	Kansas KS	5,183,241,194	5,068,310,933	17,702,024	2,533,610,754	2,483,115,909	3,009,801,349	20,447,113	9,089,202
18	Kentucky KY	5,338,253,999	5,232,636,445	10,443,030	3,159,647,079	3,335,889,094	4,923,905,233	27,700,755	18,130,173
19	Louisiana LA	7,375,103,660	7,321,876,376	18,861,522	3,910,229,153	4,030,085,213	5,990,526,300	37,240,417	19,876,672
20	Maine ME	1,606,790,315	1,574,080,119	23,056,111	767,649,836	789,999,727	1,426,108,730	10,743,877	4,555,075
21	Maryland MD	9,122,742,506	8,956,618,316	41,006,312	5,635,206,243	5,533,151,360	7,667,612,217	50,916,424	23,649,226
22	Massachusetts MA	7,889,538,654	7,718,132,742	30,008,032	4,538,854,324	4,869,089,260	8,886,295,860	38,595,869	41,157,976
23	Michigan MI	14,272,653,216	14,044,409,140	27,619,440	8,019,856,344	8,910,208,877	38,076,553,267	52,556,950	32,873,436
24	Minnesota MN	9,886,280,248	9,696,522,158	18,091,760	5,552,289,371	5,283,459,256	7,906,053,688	34,574,604	14,655,775
25	Mississippi MS	3,700,276,785	3,639,364,140	8,238,921	1,862,857,166	1,917,678,237	2,510,707,893	22,712,785	9,823,908
26	Missouri MO	9,412,225,713	9,279,167,211	17,658,026	5,404,171,326	5,665,485,104	6,916,807,268	53,860,215	13,431,291
27	Montana MT	1,719,120,496	1,680,439,749	4,402,501	996,417,697	1,006,270,735	1,026,372,480	8,785,781	3,731,730
28	Nebraska NE	4,049,802,118	3,974,532,349	11,680,878	2,337,181,268	2,142,074,716	2,582,110,759	14,281,769	8,623,967
29	Nevada NV	3,979,000,282	3,890,974,704	11,280,517	2,531,211,765	2,514,753,222	4,519,179,381	31,835,017	11,570,413
30	New Hampshire NH	1,799,773,521	1,771,375,512	12,322,948	890,331,650	883,626,637	1,569,826,398	11,027,899	6,179,624
31	New Jersey NJ	12,837,287,494	12,641,049,344	41,371,857	7,410,078,840	7,852,879,459	20,088,888,305	60,766,588	48,954,845
32	New Mexico NM	2,556,144,191	2,520,495,918	10,810,135	1,489,519,866	1,580,087,698	2,046,334,977	18,626,668	6,216,146

33	New York NY	32,268,658,386	31,621,194,923	78,952,171	18,001,086,236	18,511,969,382	43,410,434,977	182,498,183	138,396,433
34	North Carolina NC	11,644,991,807	11,417,474,719	40,591,542	6,137,619,475	6,171,019,988	7,862,697,934	90,422,371	25,348,101
35	North Dakota ND	2,071,005,698	2,091,704,556	1,290,437	990,430,142	911,548,242	658,873,375	4,331,700	1,947,820
36	Ohio OH	13,741,722,423	13,529,266,691	21,686,619	6,974,099,242	7,127,607,921	8,844,133,861	119,815,927	37,176,717
37	Oklahoma OK	5,746,178,292	5,727,481,127	17,846,050	3,197,090,721	3,272,254,888	4,093,351,408	37,034,090	10,515,327
38	Oregon OR	4,420,011,887	4,318,636,738	15,042,814	2,181,495,119	2,367,446,442	3,328,660,454	28,194,269	14,694,394
39	Pennsylvania PA	19,649,237,006	19,429,396,862	55,070,448	11,400,407,531	11,345,267,244	20,788,471,953	130,145,853	41,403,166
40	Rhode Island RI	1,802,253,849	1,776,149,078	21,593,323	1,194,238,969	1,231,557,190	1,595,094,036	10,579,932	4,925,623
41	South Carolina SC	7,333,641,831	7,191,476,090	27,801,910	4,061,694,302	4,567,793,214	5,139,441,949	62,228,951	11,666,988
42	South Dakota SD	2,118,968,698	2,077,371,440	4,444,552	1,091,145,411	1,054,944,497	1,165,640,440	6,012,383	3,267,738
43	Tennessee TN	8,108,467,888	7,951,207,832	21,966,478	3,956,318,447	4,433,060,249	6,854,345,164	46,772,056	19,904,141
44	Texas TX	27,534,314,123	26,958,699,007	187,816,434	15,378,249,392	16,533,314,912	22,080,010,056	130,084,693	133,937,655
45	Utah UT	3,266,204,020	3,184,898,101	7,309,764	1,511,069,921	1,696,283,475	2,276,452,678	19,664,749	6,873,643
46	Vermont VT	904,330,835	889,448,202	3,584,190	467,172,969	477,308,996	792,498,481	6,386,252	2,488,840
47	Virginia VA	10,965,857,171	10,772,764,199	89,597,022	5,608,175,090	5,851,578,874	7,755,989,487	86,768,428	51,128,178
48	Washington WA	8,579,765,230	8,384,189,521	36,152,517	4,761,685,513	5,106,386,406	5,879,737,792	63,509,614	20,486,632
49	West Virginia WV	2,342,092,191	2,321,813,619	4,003,849	1,175,097,903	1,100,360,070	1,950,876,770	12,700,798	3,655,032
50	Wisconsin WI	9,192,517,936	9,006,398,166	149,929,030	4,637,411,489	4,636,561,380	8,225,674,128	41,452,944	13,559,953
51	Wyoming WY	947,351,612	936,149,592	2,654,167	446,839,940	429,107,151	406,749,251	5,629,680	1,303,836
52	American Samoa AS	201,369	563,247	-	12,669	11,283	74,025	27	-
53	Guam GU	56,439,145	57,230,446	486,941	11,885,037	11,127,939	18,319,315	9,776	332
54	Puerto Rico PR	198,539,141	234,187,118	525,078	104,540,920	298,512,904	968,922,654	37,051	198,612
55	U.S. Virgin Islands VI	22,382,295	22,177,909	206,734	21,137,702	21,260,600	17,119,145	396,499	104
56	N. Mariana Islands MP	984,214	872,257	2,598	(37,869)	66,200	127,566	155	-
57	Canada CAN	2,078,391,150	2,767,680,453	130,807	1,927,004,160	975,787,059	5,048,190,789	209,851	-
58	Agg. other alien OT	3,431,208,064	3,348,612,127	4,012,982	1,949,165,486	1,618,723,067	3,842,052,776	43,629	210
59	**Totals**	**452,056,020,256**	**444,660,072,068**	**1,709,766,762**	**249,183,981,957**	**256,762,455,738**	**433,926,498,764**	**2,680,560,009**	**1,222,383,115**