

2012 Cost Containment Annual Report to the Illinois General Assembly



Pat Quinn
Governor

Andrew Boron
Director of Insurance



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

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 Illinois insurance market and 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 2012. It contains significant information from a national and Illinois perspective regarding the current conditions of the property and casualty insurance industry.

Sincerely,

A handwritten signature in black ink, appearing to be "A. Boron", written over a horizontal line.

Andrew Boron
Director of Insurance

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OVERVIEW

Section 1: OVERALL PROPERTY / CASUALTY INDUSTRY SUMMARY

This section provides and compares details of the Illinois property / casualty marketplace to nationwide 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 Professional Liability
- Other Liability
- Workers' compensation

One aspect of each line of business monitored by the Illinois Department of Insurance (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 be approaching anti-competitive behavior.

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 professional liability 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 market shares, indicating insurance needs are being met by the voluntary market. The Workers' compensation market share continues to be the largest at 2.6 percent of the market based on written premium and has experienced a decline every year since 2003.

In addition to residual market mechanisms, Section 3 details information related to the surplus lines markets. The report reflects nothing of concern with the Surplus lines

market mechanisms. The Department however, has limited regulatory authority 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 measurements of market reliability and profitability. The Department recognizes that economic and market conditions during 2008 had dramatic effect on the short term profitability of the Property & Casualty insurance industry in Illinois. All indicators for 2010 appear to continue the positive trends experienced in 2009. The Department will continue to monitor all available data related to the Property & Casualty insurance industry to encourage a healthy, competitive, and reliable insurance market remains available for all Illinois consumers.

SECTION 1: OVERALL PROPERTY / CASUALTY INDUSTRY SUMMARY

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

Direct written premium in Illinois totaled \$18.97 billion in 2010, representing 5.3 percent of the total written premium nationwide. Additionally, for a second straight year the overall loss ratio for Illinois Property / Casualty coverage experienced a decrease in 2010. The loss ratio has decreased from 66.7 percent in 2008 to 65.2 percent in 2010.

Total US Property/Casualty Industry (\$ In millions)

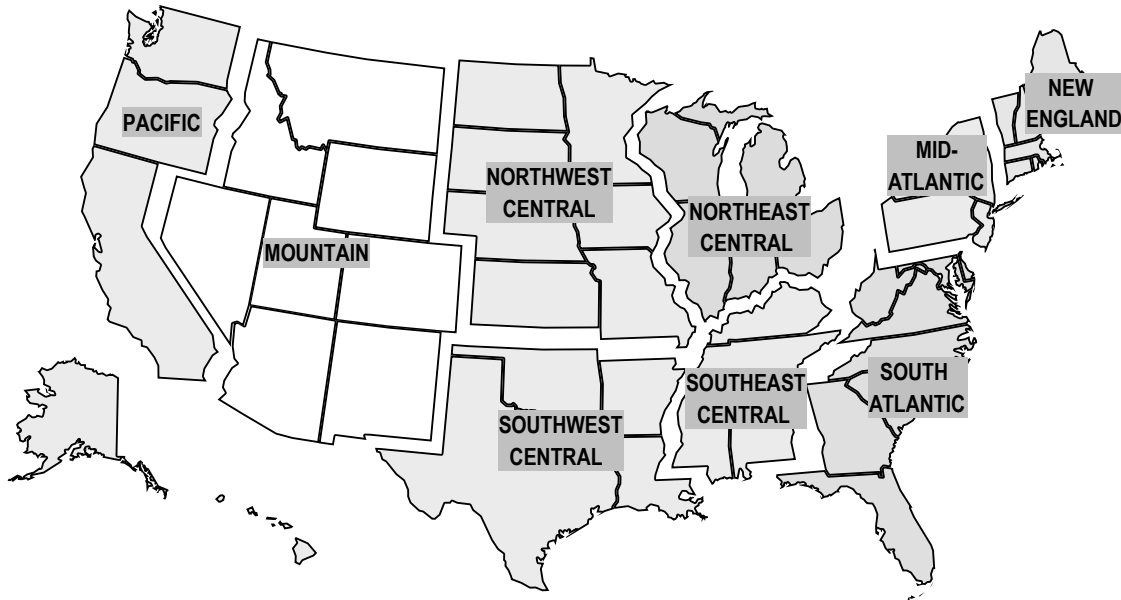
State Distribution and Loss Experience

Rank	State	% of Total DPW						*Direct Pure Loss Ratio (%)					5 Yr. Avg.
		2010 DPW	2010	2009	2008	2007	2006	2010	2009	2008	2007	2006	
1	California	38,917	10.7	10.8	10.9	12.1	12.6	55.4	52.4	59.7	52.7	46.0	53.2
2	New York	25,704	7.1	7.1	7.1	7.3	7.2	70.2	75.6	113.3	60.6	52.4	74.4
3	Florida	22,703	6.3	6.4	6.7	8.3	7.8	58.5	58.8	59.8	43.5	46.0	53.3
4	Texas	19,515	5.4	5.3	5.3	7.1	6.9	51.6	60.4	91.9	53.0	49.8	61.3
5	Illinois	18,975	5.3	5.4	5.3	4.1	4.2	65.2	66.1	66.7	58.0	56.3	62.5
6	Penn.	16,100	4.5	4.5	4.4	3.9	4.0	63.7	57.4	62.3	59.8	54.3	59.5
7	Ohio	11,001	3.1	3.1	3.0	2.6	2.7	56.0	58.9	64.2	52.8	48.6	56.1
8	New Jersey	10,449	2.9	2.8	2.8	3.4	3.5	59.3	60.9	61.1	55.3	56.4	58.6
9	Georgia	10,379	2.9	2.9	2.9	2.7	2.8	61.4	80.8	71.6	58.9	54.3	65.4
10	Michigan	10,228	2.8	2.8	2.9	2.9	3.1	81.6	79.5	74.0	61.9	57.4	70.9
11	N. Carolina	9,464	2.6	2.7	2.7	2.4	2.3	55.6	56.6	55.8	52.2	52.9	54.6
12	Virginia	8,816	2.4	2.5	2.5	2.1	2.1	58.0	58.2	58.3	52.9	51.8	55.8
13	Missouri	7,692	2.1	2.1	2.1	1.8	1.8	58.3	58.5	65.6	52.6	70.8	61.2
14	Maryland	7,655	2.1	2.1	2.1	1.8	1.8	74.0	63.7	60.0	52.8	51.3	60.4
15	Minnesota	7,331	2.0	2.1	2.1	1.7	1.7	62.3	59.4	82.1	68.7	52.8	65.1
16	Wisconsin	6,951	1.9	1.9	1.9	1.6	n/a	61.9	58.7	63.3	n/a	n/a	61.3
17	Indiana	6,907	1.9	1.9	1.9	1.7	n/a	51.5	59.7	73.8	n/a	n/a	61.7
18	Washington	6,813	1.9	1.9	1.9	1.8	1.8	58.0	62.1	55.3	53.6	56.5	57.1
19	Colorado	6,741	1.9	1.9	1.9	1.6	n/a	63.4	74.9	58.0	n/a	n/a	65.4
20	Louisiana	6,292	1.7	1.8	n/a	n/a	n/a	49.9	47.1	n/a	n/a	n/a	48.5
	All other	113,661	33.6	28.1	27.9	26.4	26.2	61.7	58.9	65.1	53.2	52.0	58.2
	Total	359,918	100.0	100.0	100.0	100.0	100.0	60.9	61.3	68.8	53.8	51.8	59.3

* Direct Pure Loss Ratio is calculated by dividing 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 2010 as well as the 5-year average.

Distribution of Direct Written Premium & Loss Ratios by Region



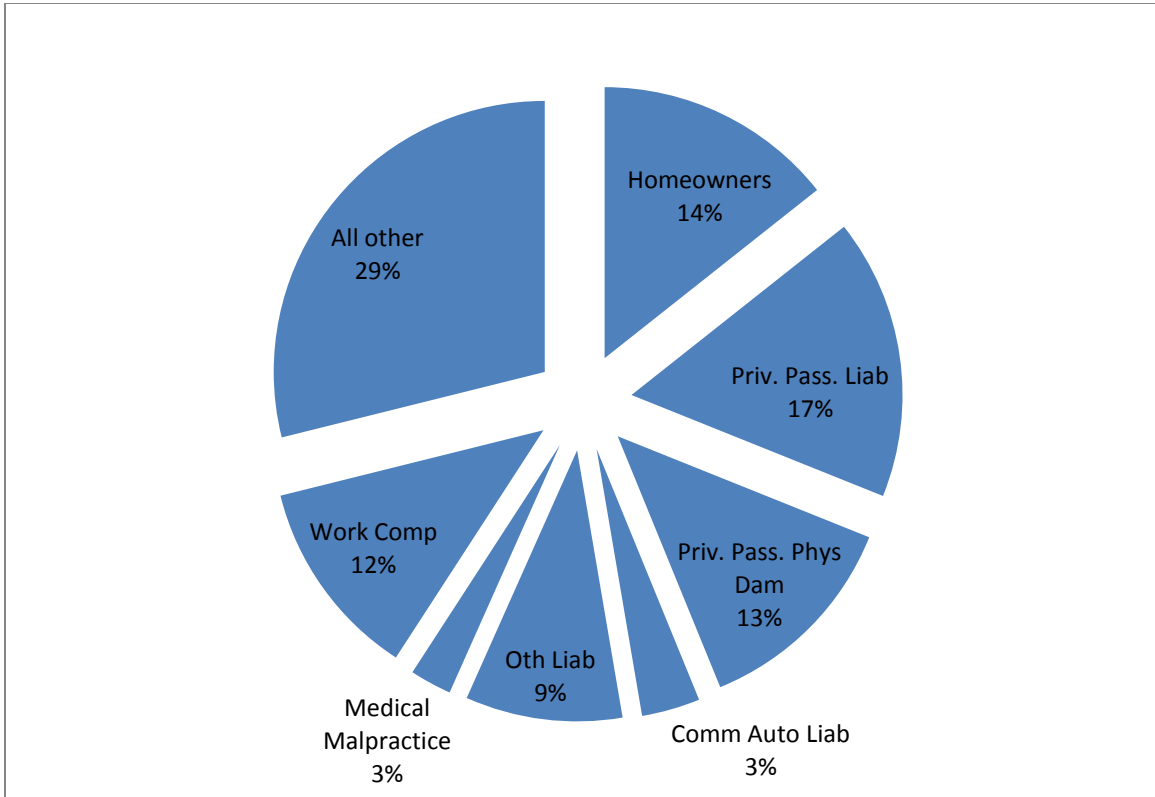
2010	Pacific	Mountain	Northwest Central	Southwest Central	Northeast Central	Southeast Central	Mid-Atlantic	South Atlantic	New England	Other*	Total All Regions
% Total DPW	14.6%	6.8%	8.2%	9.3%	15.4%	5.1%	14.9%	19.9%	4.5%	1.3%	100.0%
Direct Loss Ratio	54.9%	68.2%	58.9%	57.9%	64.4%	62.7%	66.0%	60.1%	55.6%	73.1%	61.2%
Loss Ratio – 5 year average	53.4%	59.7%	61.3%	61.7%	62.7%	59.7%	66.6%	56.9%	52.2%	57.1%	59.4%

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

Historically, significant weather activity has contributed to an above average loss ratio in each of the southern regions. Recent reductions in the severity and frequency of storm activity in the Gulf of Mexico have reduced the 5 year average loss ratio for these regions to levels comparable to the other regions of the United States.

The following graph reflects the distribution of all Illinois property / casualty insurance premiums written during 2010. 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.

Percent of All Property/Casualty Premiums Written in Illinois by line (2010)



SECTION 2: INDIVIDUAL LINE OF COVERAGE ANALYSIS

HOMEOWNERS

The following table compares homeowners' insurance written in Illinois to the nationwide market. For the third year in a row, the amount of written premium in Illinois continues to increase at a greater rate than premiums written nationally. In 2010, total written premiums for homeowners' coverage written in Illinois rose by 5.75 percent from 2009. Nationally, total written premium for all homeowners' coverage rose by 4.9 percent during the same period.

Homeowners' Underwriting Results (2010)

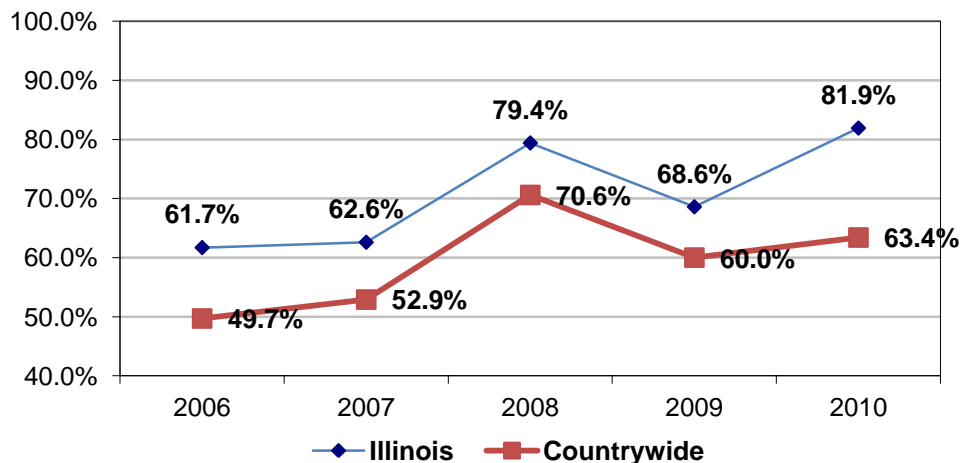
Homeowners (\$000 omitted)	Illinois*	Nationwide**
Direct written premiums	2,742,553	51,382,746
Direct earned premiums	2,672,900	50,089,366
Expenses (% premium)		
Incurred losses	81.9%	63.4%
Def. & cost cont. exp. Incurred	1.4%	1.6%
Comm./brokerage	12.8%	12.9%
Taxes, licenses & fees	1.3%	2.4%

* NAIC State Data Network, 2010 Illinois State Page Exhibit

** NAIC State Data Network 2010 Insurance Expense Exhibit Part III

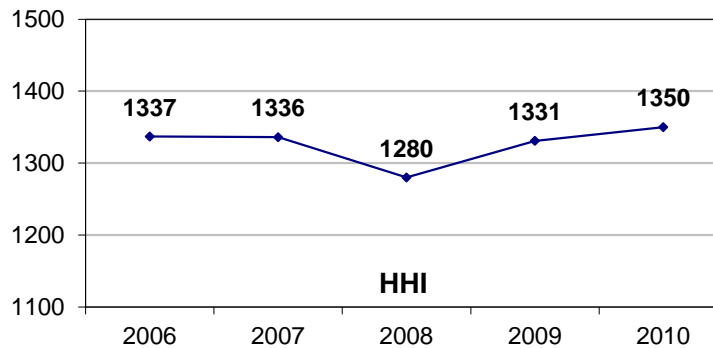
The following chart provides a comparison of incurred losses for homeowners' insurance over the past 5 years. As indicated below, the loss ratio for both the Illinois and nationwide markets experienced an increase during 2010. Incurred losses in Illinois increased approximately 13.3 percent during 2010 while nationally incurred losses rose by 3.4 percent.

Homeowners' Losses as a percent of Earned Premiums (2006 - 2010)



The following graph reflects the HHI for Illinois homeowners' insurance from 2006 through 2010. As the following chart shows, the homeowners' insurance market available to Illinois consumers continues to exhibit a healthy, stable level of competition for Illinois consumers. Based on the data available, Illinois homeowners are being served by a competitive voluntary insurance market.

Illinois Homeowners' Insurance Market Concentration



The following table identifies the top ten writers of homeowners' insurance in Illinois based on written premium in 2010. In summary, the ten companies identified wrote over 1.9 billion dollars in written premium and combined for a total of 70 percent of the total Illinois market share in 2010.

Top 10 Homeowners' Insurers in Illinois

<i>Company</i>	<i>2010 Written Premium</i>	<i>2009 Written Premium</i>	<i>2010 Market Share</i>	<i>2009 Market Share</i>	<i>2010 Loss Ratio</i>	<i>2009 Loss Ratio</i>
State Farm Fire & Casualty Co	921,725,556	856,482,534	33.61%	33.0%	93.39%	69.47%
Country Mutual Ins Co	230,636,557	214,495,434	8.41%	8.3%	60.19%	74.85%
Allstate Indemnity Co	214,658,478	230,990,825	7.83%	8.9%	93.40%	66.32%
American Family Mutual Ins Co	135,259,612	129,829,019	4.93%	5.0%	77.62%	77.26%
Allstate Ins Co	131,331,532	136,711,287	4.79%	5.3%	96.59%	48.24%
Farmers Ins Exchange	74,680,173	71,054,994	2.72%	2.7%	61.42%	64.89%
Illinois Farmers Ins Co	65,969,915	75,396,104	2.41%	2.9%	52.03%	50.50%
Travelers Home & Marine Ins Co	55,206,417	37,389,751	2.01%	1.4%	79.67%	64.67%
Liberty Mutual Fire Ins Co	41,894,918	41,231,529	1.53%	1.6%	72.82%	53.91%
Allstate Property & Casualty Ins Co	38,931,297	19,296,019	1.42%	0.74%	106.51%	46.37%

In addition to statewide data, the Department collects homeowners' data based on the geographical location of the insured pursuant to 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 2010 market share for each company within the City of Chicago and remainder of the state to the statewide averages.

<u>Company</u>	<u>Statewide</u>	<u>Chicago</u>	<u>Remainder</u>
State Farm Fire & Casualty Co	33.0%	34.2%	31.6%
Allstate Indemnity Co	8.0%	13.1%	6.6%
Country Mutual Insurance Co	7.9%	1.2%	10.0%
American Family Mutual Insurance Co	5.0%	5.7%	4.7%
Allstate Insurance Co	4.9%	9.4%	3.8%
Farmers Insurance Exchange	2.9%	3.0%	2.7%
Illinois Farmers Insurance Co	2.5%	2.3%	2.5%
Travelers Home & Marine Insurance Co	2.1%	2.1%	2.0%
Liberty Mutual Fire Insurance Co	1.6%	1.8%	1.5%
Metropolitan Casualty Insurance Co	1.5%	0.9%	1.5%

Homeowner Coverage Descriptions

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

- **Basic Form (HO-1)** – The most basic coverage type providing coverage against 11 specific factors or perils: fire, lightning, smoke, vandalism, theft, ice, snow, windstorm, hail, riot, and volcano eruption. The popularity of this policy has diminished over the years due to the policies extensive coverage gaps.
- **Broad Form (HO-2)** – HO-2 policy forms are also considered a basic coverage form but with a wider scope of coverage than the HO-1. Coverage under an HO-2 policy is limited to 17 perils specifically listed in the policy.
- **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.

The following table summarizes the amount of written premium paid by Illinois homeowners' during 2010 for each of the coverage types identified above.

Type of coverage	2010 Illinois Premium	Market Share
HO-1	23,577,183	1.0%
HO-2	70,460,436	2.9%
HO-3	1,077,443,033	43.9%
HO-4	64,262,628	2.6%
HO-5	1,044,770,821	42.6%
HO-6	128,593,721	5.2%
HO-8	11,378,373	0.5%
TOTAL	2,452,066,990	

PRIVATE PASSENGER AUTOMOBILE LIABILITY

The following table compares underwriting results for Private Passenger Auto Liability insurance written in Illinois with that written nationwide during 2010. The amount of premium written in Illinois for private passenger automobile liability insurance was basically unchanged from 2009 (0.39 percent increase). The amount of premium written nationally rose by 3.17 percent during same period.

PPAL Underwriting Results (2010)

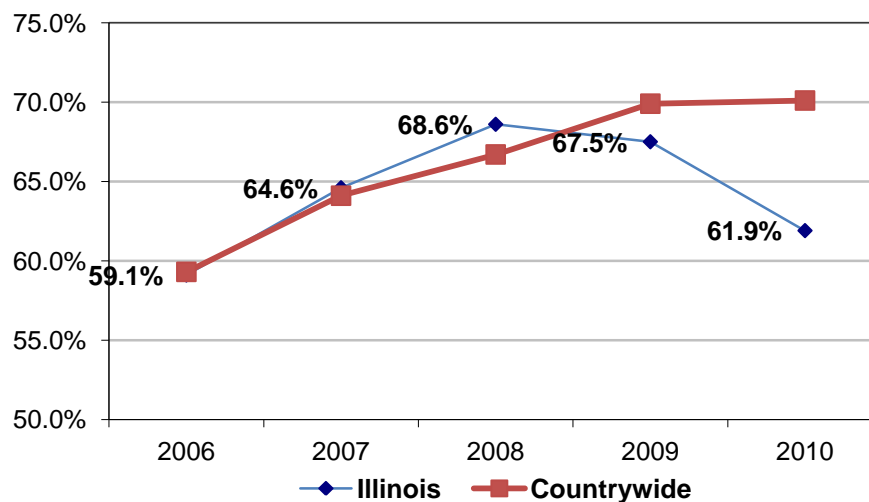
PPAL(\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	3,196,317	75,895,860
Direct earned premiums	3,192,343	75,153,549
Expenses (% premium)		
Incurred losses	61.9%	70.1%
Def. & cost cont. exp. Incurred	3.6%	4.1%
Comm./brokerage	10.7%	8.5%
Taxes, licenses & fees	1.0%	2.3%

* NAIC State Data Network, 2010 Illinois State Page Exhibit

** NAIC State Data Network 2010 Insurance Expense Exhibit Part III

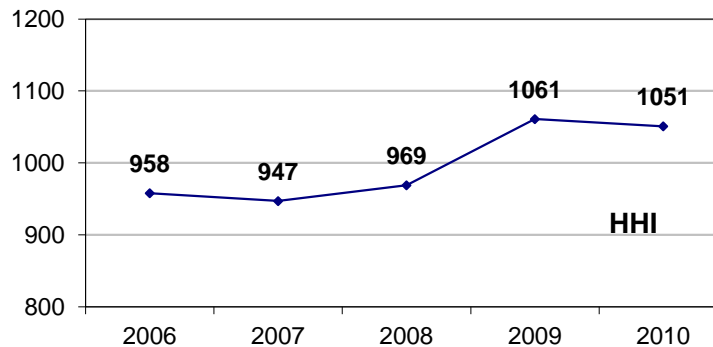
As reflected in the following chart, the loss ratio for private passenger automobile liability insurance in Illinois experienced a significant reduction during 2010 while the nationwide ratio remained essentially unchanged from 2009.

Private Passenger Auto Liability Losses as a percent of Earned Premiums (2006 -2010)



As reflected below, consumers of private passenger automobile liability insurance in Illinois continue to enjoy a stable, highly competitive market. Based on the measures below, the system for cost containment appears to be appropriate for Illinois consumers for private passenger automobile insurance.

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 2010. In summary, the ten companies identified wrote approximately 1.92 billion dollars in written premium and combined for a total of 60 percent of the total Illinois market share in 2010.

Top 10 Private Passenger Automobile Liability Insurers in Illinois

<i>Company</i>	<i>2010 Written Premium</i>	<i>2009 Written Premium</i>	<i>2010 Market Share</i>	<i>2009 Market Share</i>	<i>2010 Loss Ratio</i>	<i>2009 Loss Ratio</i>
State Farm Mutual Auto Ins Co	967,175,217	968,383,855	30.26%	30.41%	65.46%	80.85%
American Family Mutual Ins Co	145,992,045	151,248,740	4.57%	4.75%	63.02%	63.89%
Country Preferred Ins Co	132,858,936	119,456,228	4.16%	3.75%	64.21%	61.91%
Illinois Farmers Ins Co	130,902,981	135,912,438	4.10%	4.27%	47.08%	49.15%
Allstate Fire & Casualty Ins Co	129,999,414	114,588,752	4.07%	3.60%	57.39%	63.71%
Country Mutual Ins Co	121,929,177	131,602,092	3.81%	4.13%	59.50%	58.08%
Allstate Ins Co	91,496,395	103,305,206	2.86%	3.24%	70.13%	69.89%
Allstate Property & Casualty Ins Co	76,572,538	92,206,041	2.40%	2.90%	51.29%	53.00%
Geico General Ins Co	63,580,024	61,301,223	1.99%	1.93%	63.29%	81.78%
State Farm Fire & Casualty Co	58,582,242	60,575,090	1.83%	1.90%	64.93%	79.27%

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 2010 market share for each company within the City of Chicago and remainder of the state to the statewide averages.

<u>Company</u>	<u>Statewide</u>	<u>Chicago</u>	<u>Remainder</u>
State Farm Mutual Auto Insurance Co	31.0%	32.3%	29.6%
American Family Mutual Insurance Co	4.7%	4.0%	4.7%
Country Preferred Insurance Co	4.4%	0.4%	4.8%
Allstate Fire & Casualty Insurance Co	4.2%	5.9%	3.8%
Illinois Farmers Insurance Co	4.2%	3.9%	4.1%
Country Mutual Insurance Co	4.0%	0.2%	4.5%
Allstate Insurance Co	3.0%	3.7%	2.7%
Allstate Property & Casualty Ins Co	2.4%	2.8%	2.2%
Geico General Insurance Co	2.1%	3.6%	1.8%
State Farm Fire & Casualty Co	1.9%	2.3%	1.7%

PRIVATE PASSENGER AUTOMOBILE PHYSICAL DAMAGE

The following table compares underwriting results for Private Passenger Physical Damage insurance written in Illinois to statistics reflecting the market nationwide. It should be noted that the total amount of written premium in 2010 was statistically identical to the amount of written premium in 2009 in both the statewide and national markets.

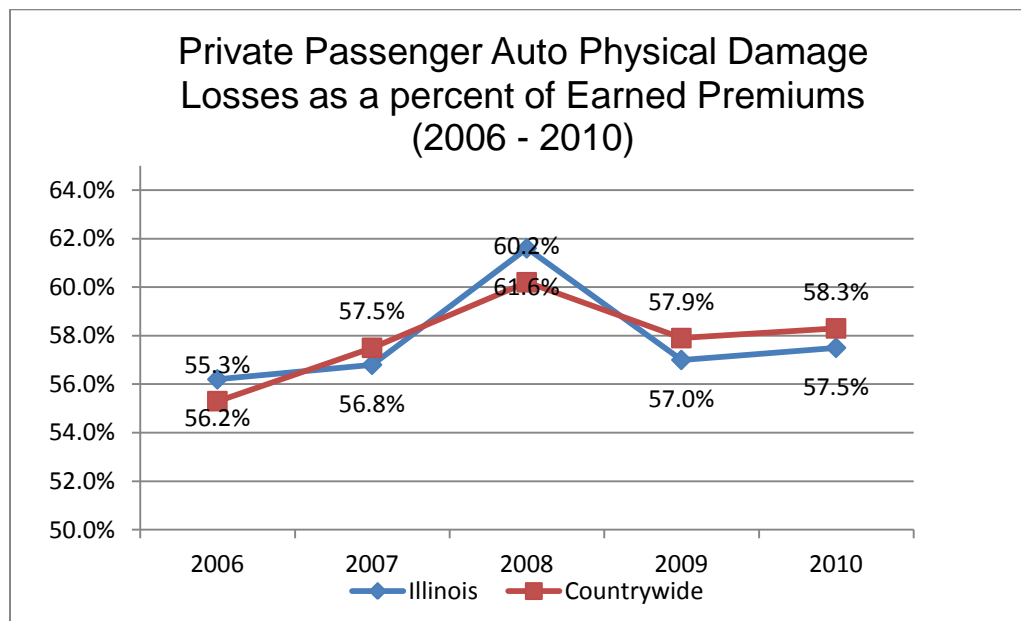
PPAPD Underwriting Results (2010)

PPAPD(\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	2,424,551	49,056,126
Direct earned premiums	2,421,338	48,977,796
Expenses (% premium)		
Incurred losses	57.4%	58.3%
Def. & cost cont. exp. Incurred	0.4%	0.3%
Comm./brokerage	10.3%	8.4%
Taxes, licenses & fees	1.1%	2.2%

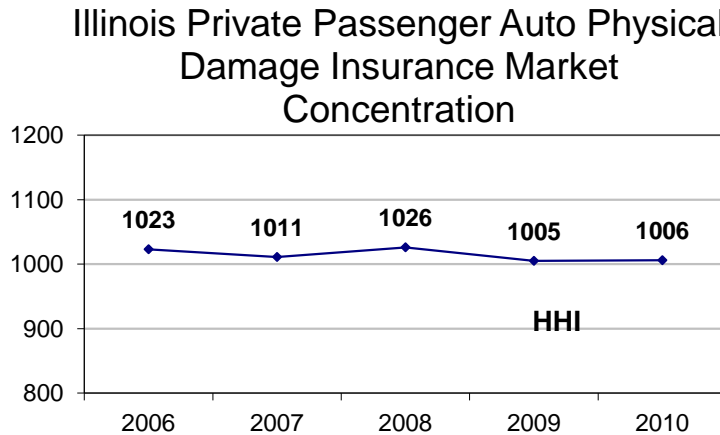
* NAIC State Data Network, 2010 Illinois State Page Exhibit

** NAIC State Data Network 2010 Insurance Expense Exhibit Part III

As with prior years, the loss ratio for private passenger physical damage coverage experienced by Illinois consumers continues to be essentially identical to the loss ratio experienced by consumers nationwide.



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



The following table identifies the top ten writers of private passenger physical damage insurance in Illinois based on written premium in 2010. In summary, the ten companies identified wrote a total of over 1.52 billion dollars in premium and combined for a total of 63 percent of the total Illinois market share in 2010.

**Top 10 Private Passenger Automobile
Physical Damage Insurers in Illinois**

<i>Company</i>	<i>2010 Written Premium</i>	<i>2009 Written Premium</i>	<i>2010 Market Share</i>	<i>2009 Market Share</i>	<i>2010 Loss Ratio</i>	<i>2009 Loss Ratio</i>
State Farm Mutual Auto Ins Co	702,839,661	702,700,839	28.99%	28.86%	69.79%	67.02%
Allstate Ins Co	148,114,506	164,471,131	6.11%	6.75%	25.73%	25.26%
American Family Mutual Ins Co	117,334,572	121,595,499	4.84%	4.99%	54.37%	57.39%
Allstate Fire & Casualty Ins Co	108,982,593	97,235,980	4.50%	3.99%	50.81%	48.38%
Country Mutual Ins Co	96,079,077	102,281,839	3.96%	4.20%	55.41%	60.57%
Country Preferred Ins Co	91,521,670	82,698,969	3.77%	3.40%	60.59%	60.39%
Illinois Farmers Ins Co	89,141,890	92,371,685	3.68%	3.79%	52.18%	57.91%
Allstate Property & Casualty Ins Co	69,700,420	83,873,437	2.87%	3.44%	41.69%	41.49%
Geico Gen Ins Co	58,472,883	55,087,079	2.41%	2.26%	55.57%	57.17%
Liberty Mutual Fire Ins Co	39,264,342	37,372,000	1.62%	1.53%	42.65%	45.07%

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 2010 market share for each company within the City of Chicago and remainder of the state to the statewide averages.

<u>Company</u>	<u>Statewide</u>	<u>Chicago</u>	<u>Remainder</u>
State Farm Mutual Auto Insurance Co	28.5%	31.8%	27.9%
Allstate Insurance Co	6.0%	6.9%	5.9%
American Family Mutual Insurance Co	4.6%	4.3%	4.6%
Allstate Fire & Casualty Insurance Co	4.3%	5.9%	4.0%
Country Mutual Insurance Co	4.1%	0.2%	4.8%
Country Preferred Insurance Co	3.9%	0.4%	4.5%
Illinois Farmers Insurance Co	3.6%	3.5%	3.6%
Allstate Property & Casualty Insurance Co	2.7%	3.0%	2.6%
Geico General Insurance Co	2.4%	4.8%	2.0%
Travelers Home & Marine Insurance Co	1.6%	1.0%	1.7%

COMMERCIAL AUTOMOBILE LIABILITY

The following table compares underwriting results for commercial automobile liability insurance written in Illinois with that written countrywide during 2010. Written premiums for commercial automobile liability coverage in Illinois experienced a drop of 14.5 million dollars or 2.1 percent during the period. Nationally, written premiums for the market decreased by 482 million or 3.3 percent.

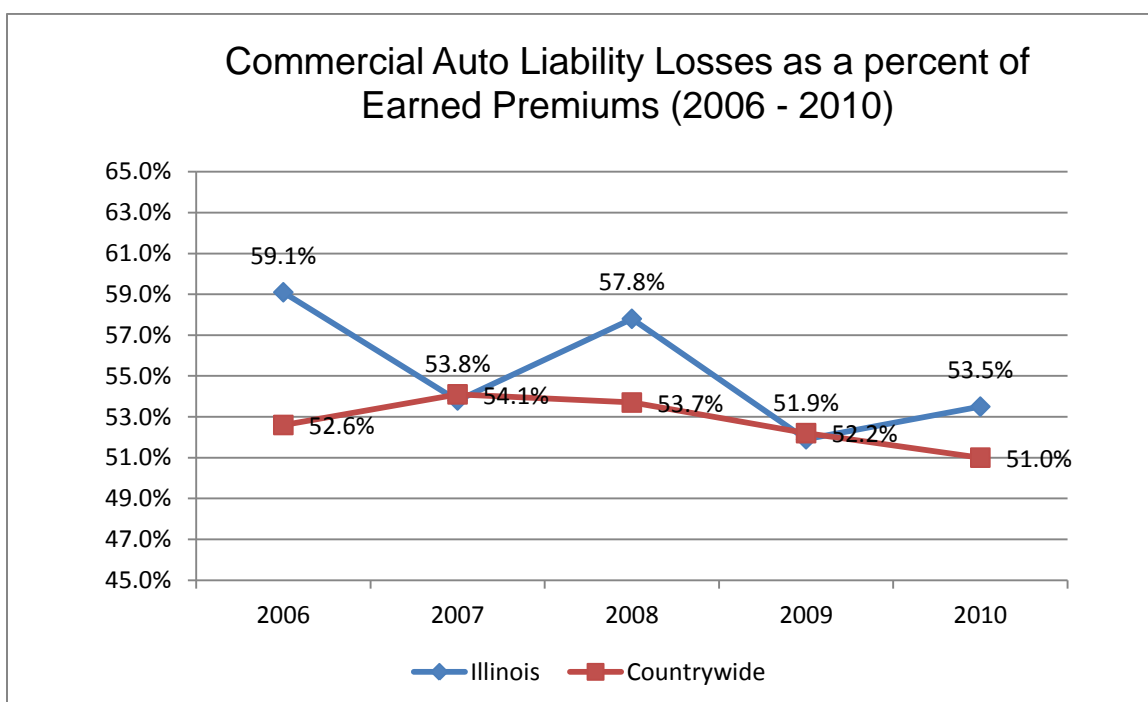
Commercial Auto Liability Underwriting Results (2010)

Commercial Auto Liability (\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	667,451	14,312,924
Direct earned premiums	674,519	14,583,581
Expenses (% premium)		
Incurred losses	53.4%	51.0%
Def. & cost cont. exp. Incurred	7.2%	6.3%
Comm./brokerage	14.6%	14.5%
Taxes, licenses & fees	1.8%	2.6%

* NAIC State Data Network, 2010 Illinois State Page Exhibit

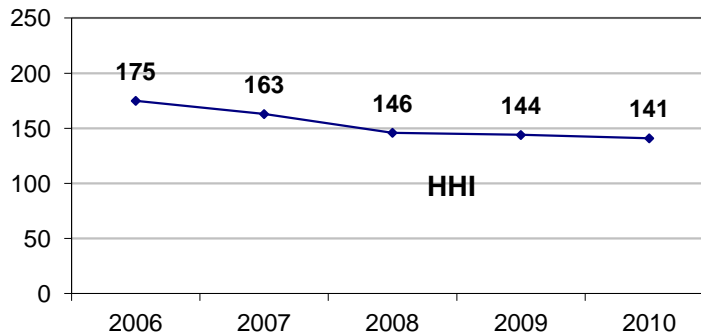
** NAIC State Data Network 2010 Insurance Expense Exhibit Part III

As reported with other lines of insurance examined in this report and summarized below, the loss ratio experienced by Illinois consumers in the commercial automobile liability market does not appear to be significantly different from similar markets throughout the nation.



As reflected in the following graph, the low and stable HHI indicates a competitive market is available for commercial automobile liability insurance in Illinois.

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 2010. In summary, the ten companies identified wrote a total of approximately 189 million dollars in premium and combined for a total of 28 percent of the total Illinois market share in 2010.

Top 10 Commercial Automobile Liability Insurers in Illinois

<i>Company</i>	<i>2010 Written Premium</i>	<i>2009 Written Premium</i>	<i>2010 Market Share</i>	<i>2009 Market Share</i>	<i>2010 Loss Ratio</i>	<i>2009 Loss Ratio</i>
Great West Casualty Co	27,214,809	24,386,642	4.08%	3.57%	68.39%	63.78%
Zurich American Ins Co	24,548,021	20,244,212	3.68%	2.96%	37.89%	37.09%
Cincinnati Ins Co	20,832,513	21,687,721	3.12%	3.17%	51.28%	53.93%
Transguard Ins Co Of America	20,704,612	21,283,104	3.10%	3.11%	1.38%	30.28%
Illinois National Ins Co	19,068,079	32,089,304	2.86%	4.70%	63.47%	36.79%
Northland Ins Co	17,931,081	18,441,299	2.69%	2.70%	61.91%	32.87%
Pekin Ins Co	17,571,876	17,399,176	2.63%	2.55%	41.56%	42.77%
Acuity, A Mutual Ins Co	15,900,024	13,798,594	2.38%	2.02%	30.42%	32.27%
National Union Fire Ins Co Of Pitts	12,578,315	6,442,000	1.88%	0.94%	11.73%	22.02%
West Bend Mutual Ins Co	12,517,850	13,694,000	1.88%	2.01%	69.21%	35.20%

Pursuant to Part 4203, the Department collects data for classes of commercial automobile liability insurance in several specific areas Trucks, Tractors, and Trailers and Taxicabs & Public Livery. The market share data below represents the percent of overall premium for each group during 2010.

<u>Truck Tractor Trailer</u>	<u>Market Share</u>
Granite State Insurance Co	16.0%
New Hampshire Insurance Co	10.5%
Netherlands Insurance Co The	9.8%
Liberty Insurance Corp	8.0%
Sparta Insurance Co	7.7%
Liberty Mutual Fire Insurance Co	6.0%
OneBeacon America Insurance Co	5.2%
First Liberty Insurance Corp	5.0%
LM Insurance Corp	4.4%
Hartford Casualty Insurance Co	2.3%

<u>Taxi / Limousine</u>	<u>Market Share</u>
Ullico Casualty Co	34.3%
Starnet Insurance Co	17.8%
Lancer Insurance Co	7.9%
American Service Insurance Co Inc	5.6%
Sentry Select Insurance Co	5.4%
Echelon Property & Casualty Insurance Co	5.3%
Allied Property & Casualty Insurance Co	4.3%
Rockford Mutual Insurance Co	4.1%
Selective Insurance Co Of SC	2.4%
Continental Insurance Co	2.0%

MEDICAL PROFESSIONAL LIABILITY

The following table compares underwriting results for medical professional liability coverage written in Illinois with that written countrywide during 2010. As with several of the previous lines, the medical professional liability markets continued to see reduction in premium volume during 2010. The reduction in written premium for the Illinois market was approximately 23.6 million dollars or approximately 5 percent from 2009. Countrywide, the reductions totaled approximately 137.7 million or 3.2 percent from 2009 totals.

Medical Professional Liability Underwriting Results (2010)

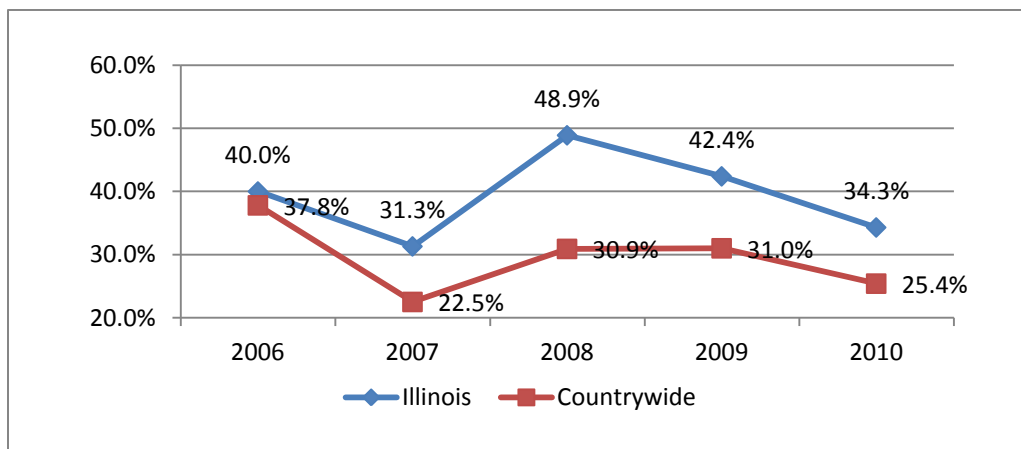
Medical Professional Liability (\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	471,049	4,297,404
Direct earned premiums	472,984	4,304,158
Expenses (% premium)		
Incurred losses	34.2%	25.4%
Def. & cost cont. exp. Incurred	26.5%	19.3%
Comm./brokerage	8.1%	8.7%
Taxes, licenses & fees	1.9%	2.1%

* NAIC State Data Network, 2010 Illinois State Page Exhibit

** NAIC State Data Network 2010 Insurance Expense Exhibit Part III

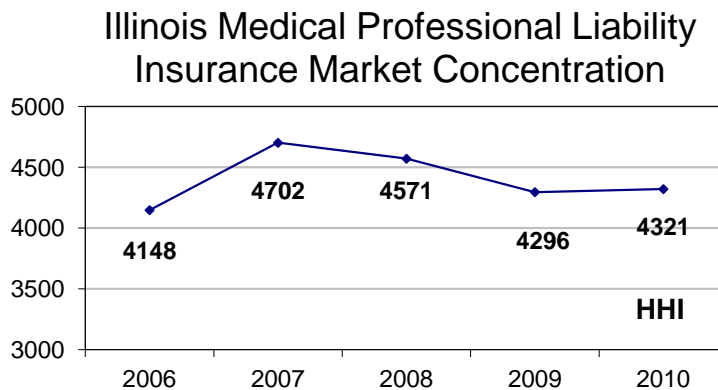
As indicated below, the loss ratio for the medical professional liability market continues to improve both nationally and within Illinois. It should be noted that the loss ratio for the Illinois market decreased by 8.1 percent compared to a national reduction of 5.6 percent during 2010. It should be noted that the defense and cost containment expenses incurred are far more significant in the medical professional liability line of business. These costs are not reflected in the following graph.

Medical Professional Liability Losses as a Percent of Earned Premiums (2006 – 2010)



The following graph highlights the market concentration for medical professional liability carriers in Illinois between 2006 and 2010. Consistent with most states, the largest writer of medical professional liability insurance in Illinois remains a physician-affiliated company. In Illinois that provider is ISMIE Mutual Insurance Company, which wrote 64.8 percent of the medical professional liability coverage in 2010. The second largest medical professional liability insurer, by direct written premium, was American Physicians Assurance Corp., which wrote 6.85 percent of the Illinois market.

As reflected below, the Illinois medical professional liability market remains a highly concentrated and potentially anti-competitive market. All insurers currently writing Medical Professional Liability insurance in Illinois must file their rating material with the Department. To encourage increased competition within the market all rate filings are publicly available on the Department's website at: <http://insurance.illinois.gov/medmal/>.



The following table identifies the top ten writers of medical professional liability insurance in Illinois based on written premium during 2010. In summary, the ten companies identified wrote a total of approximately 424 million dollars in premium and combined for a total of 90 percent of the total Illinois market share in 2010.

Top 10 Medical Professional Liability Insurers in Illinois

<i>Company</i>	<i>2010 Written Premium</i>	<i>2009 Written Premium</i>	<i>2010 Market Share</i>	<i>2009 Market Share</i>	<i>2010 Loss Ratio</i>	<i>2009 Loss Ratio</i>
ISMIE Mutual Ins Co	305,498,239	320,261,708	64.85%	64.71%	41.57%	40.96%
American Physicians Assurance Corp	32,279,586	33,768,787	6.85%	6.82%	7.91%	-13.80%
Medical Protective Co	28,011,567	25,436,135	5.95%	5.14%	49.95%	53.50%
ProAssurance Casualty Co	16,503,749	19,326,871	3.50%	3.90%	-4.49%	55.28%
Medical Alliance Ins Co	11,010,845	10,350,018	2.34%	2.09%	53.13%	39.45%
Columbia Casualty Co	7,949,122	5,370,313	1.69%	1.09%	41.70%	-108.04%

American Casualty Co Of Reading PA	6,606,398	7,041,143	1.40%	1.42%	30.18%	85.52%
Podiatry Ins Co Of America	5,984,812	5,632,867	1.27%	1.14%	114.42%	79.57%
First Professionals Ins Co	5,283,105	3,628,000	1.12%	0.73%	40.00%	40.01%
NCMIC Ins Co	4,983,531	4,868,000	1.06%	0.98%	-4.21%	16.28%

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

Medical / Surgerv	Market Share
ISMIE Mutual Insurance Co	75.5%
American Physicians Assurance Corp	7.9%
Medical Protective Co	6.1%
ProAssurance Casualty Co	3.3%
Medical Alliance Insurance Co	1.9%
Doctors Co An Interinsurance Exchange	1.1%
Oms National Insurance Co Rrg	1.1%
Preferred Professional Insurance Co	1.0%
Fortress Insurance Co	0.7%
Continental Casualty Co	0.3%

Medical/Non-surgerv	Market Share
ISMIE Mutual Insurance Co	69.1%
Medical Alliance Insurance Co	20.0%
American Physicians Assurance Corp	7.1%
Medical Protective Co	5.7%
ProAssurance Casualty Co	2.1%
First Professionals Insurance Co	0.1%

Other / Not classified	Market Share
ISMIE Mutual Insurance Co	77.4%
American Physicians Assurance Corp	7.5%
Medical Protective Co	7.4%
ProAssurance Casualty Co	3.9%
National Union Fire Insurance Co Of Pitts	1.2%
Preferred Professional Insurance Co	1.1%
Ace American Insurance Co	0.5%
Medical Liability Alliance	0.3%
Dentists Insurance Co	0.3%
Medical Alliance Insurance Co	0.2%

OTHER LIABILITY

The following table compares underwriting results for other liability written in Illinois with that written countrywide during 2010. Written premiums for other liability coverage in Illinois experienced a decrease of over 125 million dollars or 6.6 percent during 2010. Nationally, written premiums for the market increased by 93.7 million which was less than a one percent increase.

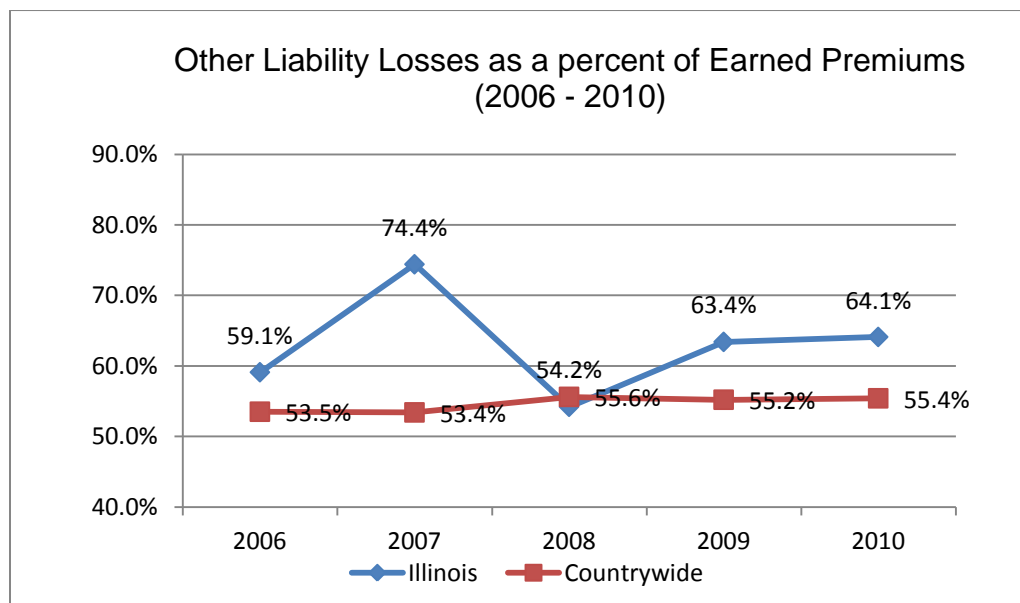
Other Liability Underwriting Results (2010)

Other Liability (\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	1,772,077	34,366,118
Direct earned premiums	1,910,056	34,729,829
Expenses (% premium)		
Incurred losses	64.1%	55.4%
Def. & cost cont. exp. Incurred	13.8%	13.2%
Comm./brokerage	12.2%	12.7%
Taxes, licenses & fees	1.7%	2.3%

* NAIC State Data Network, 2010 Illinois State Page Exhibit

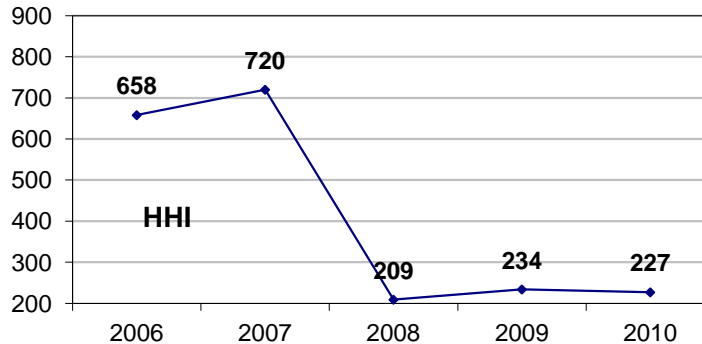
** NAIC State Data Network 2010 Insurance Expense Exhibit Part III

As illustrated in the following chart, the loss ratio for other liability insurance in 2010 was virtually unchanged from 2009 for both Illinois and on a national basis. In 2009, the loss ratio in Illinois was 8.2 percent higher than the national average. In 2010, the ratio for Illinois business was 8.7 percent higher the national ratio.



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

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 2010. In summary, the ten companies participating in the other liability market wrote a total of approximately 687 million dollars in premium and combined for a total of 39 percent of the total Illinois market share in 2010.

Top 10 Other Liability Insurers in Illinois

Company	2010 Written Premium	2009 Written Premium	2010 Market Share	2009 Market Share	2010 Loss Ratio	2009 Loss Ratio
Illinois National Ins Co	128,794,833	142,609,302	7.27%	7.52%	105.53%	88.54%
Federal Ins Co	125,729,625	127,906,853	7.10%	6.74%	25.78%	26.20%
Continental Casualty Co	82,857,159	72,115,300	4.68%	3.80%	30.82%	110.68%
Zurich American Ins Co	82,200,818	93,841,517	4.64%	4.95%	62.30%	53.90%
State Farm Fire & Casualty Co	59,566,123	60,914,250	3.36%	3.21%	39.55%	86.67%
National Union Fire Ins Co Of Pittsburg	50,010,774	44,838,207	2.82%	2.36%	243.61%	143.97%
Ace American Ins Co	47,292,081	55,995,666	2.67%	2.95%	95.70%	50.01
Underwriters At Lloyds London	46,846,100	56,000,670	2.64%	2.95%	38.07%	0.60%
Cincinnati Ins Co	35,977,867	36,959,196	2.03%	1.95%	24.14%	51.48%
St Paul Fire & Marine Ins Co	28,276,731	37,586,324	1.60%	1.99%	1.33%	44.12%

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

<u>Liquor Liability</u>	<u>Market Share</u>
Illinois Casualty Co A Mutual Co	26.6%
Underwriters At Lloyds London	19.9%
Badger Mutual Insurance Co	13.1%
US Insurance Co of America	11.0%
Specialty Risk of America	6.6%
Capitol Indemnity Corp	3.0%
North Pointe Insurance Co	2.2%
RSUI Indemnity Co	2.0%
Peerless Indemnity Insurance Co	1.7%
The Netherlands Insurance Co	1.5%

<u>Lawyers Professional Liability</u>	<u>Market Share</u>
Continental Casualty Co	32.2%
Axis Insurance Co	14.6%
Chicago Insurance Co	13.2%
Underwriters At Lloyds London	9.6%
Liberty Ins Underwriters Inc	9.6%
American Zurich Ins Co	3.9%
Professionals Direct Insurance Co	2.8%
AXIS Surplus Insurance Co	2.7%
Valiant Insurance Co	2.4%
Interstate Fire & Casualty Co	2.2%

<u>Commercial Day Care Liability</u>	<u>Market Share</u>
Capitol Indemnity Corp	32.2%
Church Mutual Insurance Co	14.0%
Markel Insurance Co	10.4%
Cincinnati Insurance Co	9.3%
Stonington Insurance Co	5.8%
Brotherhood Mutual Insurance Co	4.8%
Guideone Mutual Insurance Co	4.5%
Indiana Insurance Co	2.5%
Great America Assurance Co	2.3%
Guideone Elite Insurance Co	2.0%

WORKERS' COMPENSATION INSURANCE

The following table compares underwriting results for workers' compensation coverage written in Illinois with that written countrywide during 2010. As with numerous other lines examined in this report, the workers' compensation market experienced a decrease in written premiums in both the Illinois market and on a national basis. The Illinois market experienced a decrease of 5 percent while nationally the decrease was 2 percent of written premium.

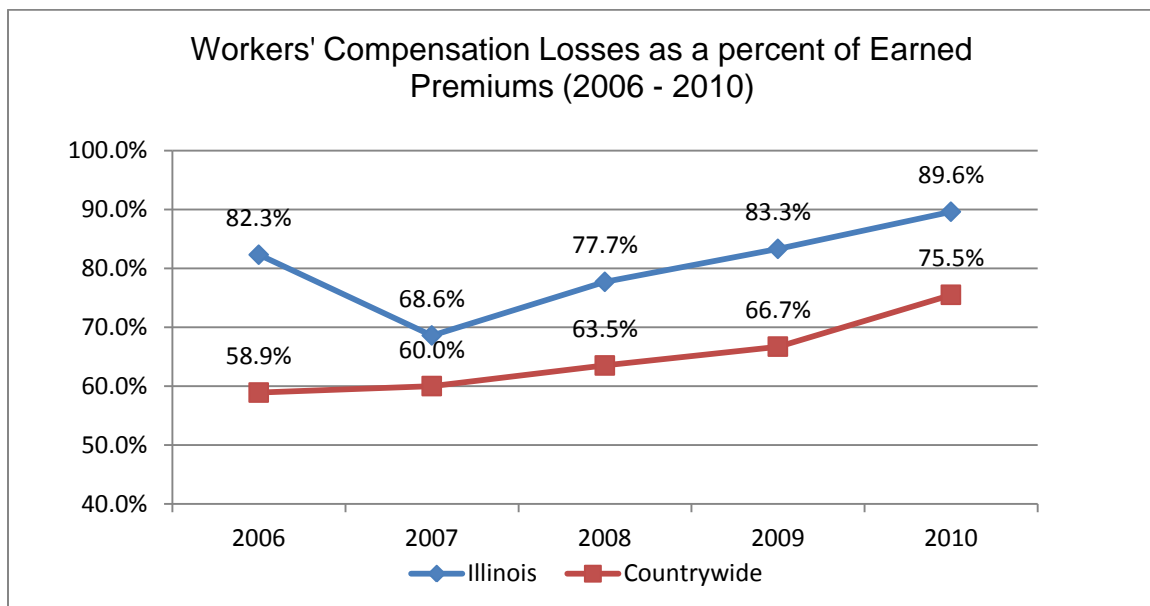
Workers' compensation Insurance Underwriting Results (2010)

Workers' compensation(\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	2,168,500	28,075,281
Direct earned premiums	2,206,963	28,046,158
Expenses (% premium)		
Incurring losses	89.6%	75.5%
Def. & cost cont. exp. Incurred	7.9%	9.2%
Comm./brokerage	7.5%	8.0%
Taxes, licenses & fees	2.3%	4.2%

* NAIC State Data Network, 2010 Illinois State Page Exhibit

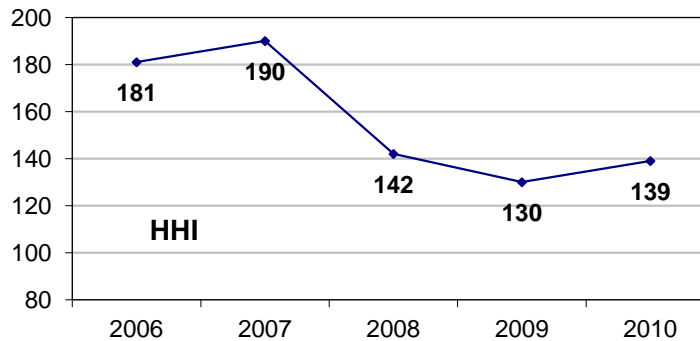
** NAIC State Data Network 2010 Insurance Expense Exhibit Part III

As illustrated below, the loss ratio related to workers' compensation activity in Illinois continues to remain higher than the national average. It should be noted however that the difference narrowed slightly from a difference of 16.6% in 2009 to 14.1% in 2010.



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

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 2010. In summary, the ten companies identified wrote a total of approximately 577 million dollars in premium and combined for a total of 26.6 percent of the total Illinois workers' compensation market in 2010.

Top 10 Workers' compensation Insurers in Illinois

Company	2010 Written Premium	2009 Written Premium	2010 Market Share	2009 Market Share	2010 Loss Ratio	2009 Loss Ratio
Illinois National Ins Co	107,443,378	73,401,094	4.95%	3.21%	103.86%	108.13%
Zurich American Ins Co	95,912,769	115,710,532	4.42%	5.06%	111.85%	134.11%
Liberty Ins Corp	60,478,345	71,264,259	2.79%	3.12%	98.96%	96.88%
American Zurich Ins Co	47,390,829	43,835,733	2.19%	1.92%	99.54%	84.34%
Travelers Prop Casualty Co Of America	46,724,313	51,226,944	2.15%	2.24%	94.90%	87.76%
New Hampshire Ins Co	46,351,491	50,449,932	2.14%	2.21%	184.49%	96.01%
Twin City Fire Ins Co	45,854,021	48,721,144	2.11%	2.13%	6.46%	70.46%
Country Mutual Ins Co	43,337,523	46,649,229	2.00%	2.04%	73.08%	66.53%
United WI Ins Co	42,802,136	41,890,000	1.97%	1.83%	86.86%	74.58%
Technology Ins Co Inc	40,942,666	43,778,000	1.89%	1.92%	64.28%	48.86%

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. Illinois residual market mechanisms provide essential insurance coverage for the hard-to-place risk at rate levels approved by the Department. Illinois has residual market mechanisms for several areas of insurance including: 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 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, Illinois consumers 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 offer only dwelling fire or basic homeowners' policies. Illinois has one of the most progressive plans in the nation. Through the FAIR Plan, Illinois consumers can buy virtually the same coverages that are available in the voluntary marketplace, including guaranteed replacement cost, sewer back-up, earthquake, and building ordinance and law endorsements.

The following table summarizes the amount of dwelling and homeowner premium written by the FAIR Plan in Illinois from 2006 through 2010. As reflected in the following data, the consistently low markets share indicates the insurance needs of Illinois consumers are being met by the voluntary market.

Written Premiums for Illinois FAIR Plan (2006-2010)

	Amount of Written Premiums	As % of Total Written Premiums
2006	\$7,018,505	0.28%
2007	\$6,047,739	0.23%
2008	\$5,258,275	0.19%
2009	\$5,193,870	0.20%
2010	\$5,542,885	0.20%

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 2006 through 2009 (latest data year available) for the Illinois Automobile Insurance Plan compared to nationwide 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 Illinois market share to the nationwide 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 (2006-2009)

	2006	2007	2008	2009
Illinois	0.03%	0.02%	0.01%	0.01%
Nationwide	1.12%	1.00%	0.89%	0.87%

Source: AIPSO Facts 2009 (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 Illinois workers' compensation premiums written through the Pool between 2006 and 2010. As reflected in the following chart, the percentage of workers' compensation written thru the Pool continues to decrease.

Percent of Illinois Workers' Compensation Written Through the Pool (2006-2010)

	2006	2007	2008	2009	2010
Percent of Total	4.7%	4.0%	3.7%	2.8%	2.6%

Source: National Council on Compensation Insurance (NCCI)

All insurers who write workers' compensation insurance are assessed a fee to fund the Assigned Risk Plan. The Take-Out Program allows each insurer who removes an employer insured through the Plan to be eligible for a credit against their assessed fee. The following table compares total credits during 2009 and 2010.

One factor contributing to the recent reduction of credits is the decrease in amount of coverage placed through the pool. As more coverage is placed in the voluntary market, the Assigned Risk Plan has less coverage available for the Take-Out Program. As indicated by these findings, the Workers' compensation market continues to remain competitive at this time.

Illinois Take-Out Credit Results in 2009 and 2010

Year	Total Number of Policies Approved	Approved Credit
2009	5,974	\$28,584,489
2010	4,797	\$21,047,254

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 majority of the classes identified below are consistently in the top ten coverages written through the pool. The only category new this year is Police Officers & Drivers, it replaced Taxicab Co: All other Employees & Drivers in the top ten classifications.

Illinois Residual Market Top Ten Classification Codes by Premium Volume for 2010

Rank	Code	Description	Total State Premium	% of Premium
1	5645	Carpentry-Detached One or two Family Dwellings	\$3,274,960	5.79%
2	7228	Trucking-Local Hauling Only-& Drivers	\$3,164,031	5.60%
3	5551	Roofing-All Kinds & Drivers	\$1,914,625	3.39%
4	8835	Nursing-Home Health Public And Traveling-All Employees	\$1,870,265	3.31%
5	7711	Firefighters & Drivers – Volunteer	\$1,834,012	3.24%
6	7720	Police Officers & Drivers	\$1,567,122	2.77%
7	5474	Painting or Paperhanging NOC & Shop Operations	\$1,401,117	2.48%
8	9015	Buildings-Operation By Owner or Lessee	\$1,269,003	2.24%
9	5022	Masonry NOC	\$1,196,938	2.12%
10	8864	Social Services Organization – All Employees	\$1,124,415	1.99%

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 limited jurisdiction over unlicensed companies and the Illinois Insurance Guaranty Fund provides no protection for the consumer. Thus, it is the producer and not the Department who must determine

the company's financial stability and standards of management prior to submitting the risk.

The following table outlines the number of policies written in Illinois from 2006 through 2010 by surplus lines producers for homeowners, private passenger auto liability and physical damage, commercial auto liability, medical professional liability, and other liability coverage. The dramatic increase in policies written in the surplus lines market reported in 2009 is the result of a newly developed niche market providing indemnity coverages not normally provided by an automobile liability policy. In 2009, the number of policies written in the surplus lines market increased by 37.9 percent but the overall amount of written premium actually decreased by 7 percent during the same period. The dramatic increases during 2009 appear to have stabilized during 2010. The Department does not anticipate any further significant changes within the market.

As indicated above, the Department has limited regulatory authority over this market. The ability to determine the competitiveness and health of the surplus lines market continues to be difficult to determine by the Department at this time.

Surplus Lines - Number of primary and excess policies written in Illinois (2006 - 2010)

Line of Business	2006 Illinois Policy Count	2007 Illinois Policy Count	2008 Illinois Policy Count	2009 Illinois Policy Count	2010 Illinois Policy Count
Homeowners'	352	357	385	644	1,049
PPA Liability	124	157	129	22,572	19,353
PPA Physical Damage	5,722	7,049	4,348	5,865	4,491
Commercial Auto Liability	148	121	149	166	277
Medical Professional Liability	940	1,160	1,084	979	1,134
Other Liability	25,696	29,001	26,414	26,157	26,255
Grand Total -all policies-	61,935	67,738	62,622	86,378	85,143

Source: Surplus Lines Association of Illinois

SECTION 4: OVERALL MARKET PROFITABILITY & FINANCIAL REGULATION

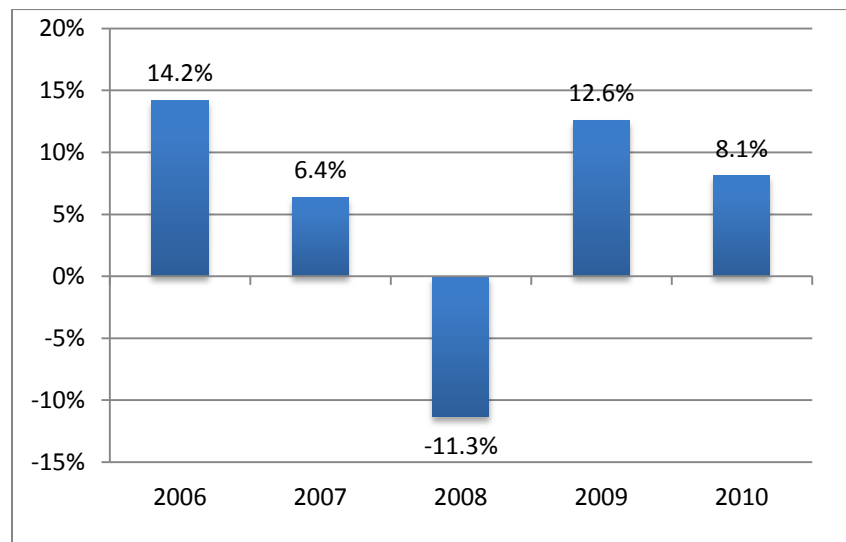
Businesses that provide a financial service must be financially sound. An insurance contract has little value to the insured if there is no guarantee that the insurance company will have the money to pay claims when needed. In determining whether the overall marketplace is viable the Department has considered 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 reserve funds must be used to cover the difference. 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. As with the economy as a whole; various indicators throughout this section appear to indicate some level of recovery in 2010.

One measure of overall profitability is change in policyholders' surplus. This ratio measures a company's ability to increase policyholder 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
(2006 – 2010)**

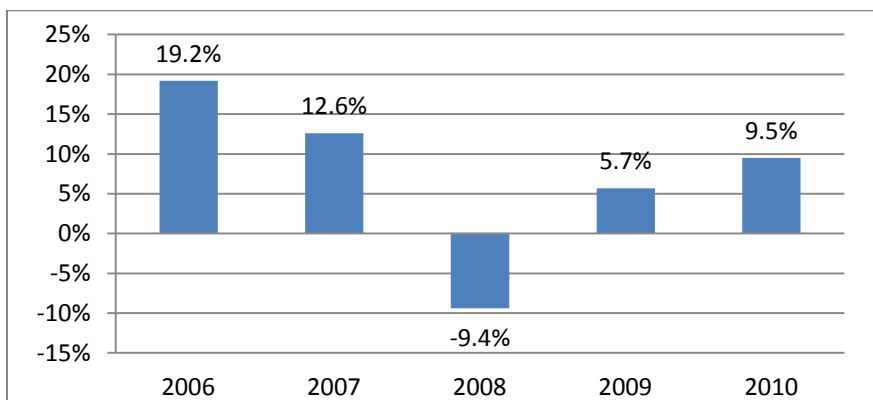


Source: NAIC State Data Network

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 Policyholders' 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 prior year's policyholders' surplus.

The following chart summarizes the aggregate return on policyholders' surplus from 2006 through 2010 for the overall Illinois-licensed property/casualty industry. As reflected below, the dramatic decreases experienced during 2008 have all but been reversed over the past two years.

Return on Policyholders' Surplus (2006 – 2010)



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 2006 to 2010 for all property casualty insurers licensed in Illinois. As referenced above, the economic and market conditions during 2008 significantly affected unrealized Capital Gains (Losses) and the surplus overall by extension.

Net Investment Income Earned, Net Income, Unrealized Capital Gains/Losses and Policyholders' Surplus (in millions)

	2006	2007	2008	2009	2010
Net Investment gain	\$53,434	\$59,558	\$32,268	\$36,798	\$54,172
Net Income	61,230	56,685	6,578	28,520	38,722
Unrealized Capital Gains/Losses	28,677	8,131	(53,876)	28,925	13,800
Policyholders' Surplus	498,408	531,200	470,670	529,402	572,767

Source: NAIC State Data Network

UNDERWRITING EXPERIENCE

The following table identifies the aggregate underwriting gain/loss for Illinois-licensed insurers from 2006 - 2010. As reflected below, the decrease in earned premium was the main force responsible for the posting of negative net underwriting gains.

Aggregate Net Underwriting Gain (Loss) (in millions)

	2006	2007	2008	2009	2010
Premiums earned	\$359,332	\$362,387	\$361,832	\$348,552	\$345,602
Losses incurred	191,391	205,225	241,197	211,845	212,975
Loss expenses incurred	42,950	42,990	41,872	43,006	43,075
Other underwriting expenses Incurred	96,724	98,687	98,441	96,373	97,794
Dividends to policyholders	<u>2,540</u>	<u>1,359</u>	<u>1,146</u>	<u>1,375</u>	<u>1,432</u>
Net underwriting gain/loss	<u>25,727</u>	<u>14,126</u>	<u>(\$20,824)</u>	<u>(\$4,047)</u>	<u>(\$9,674)</u>

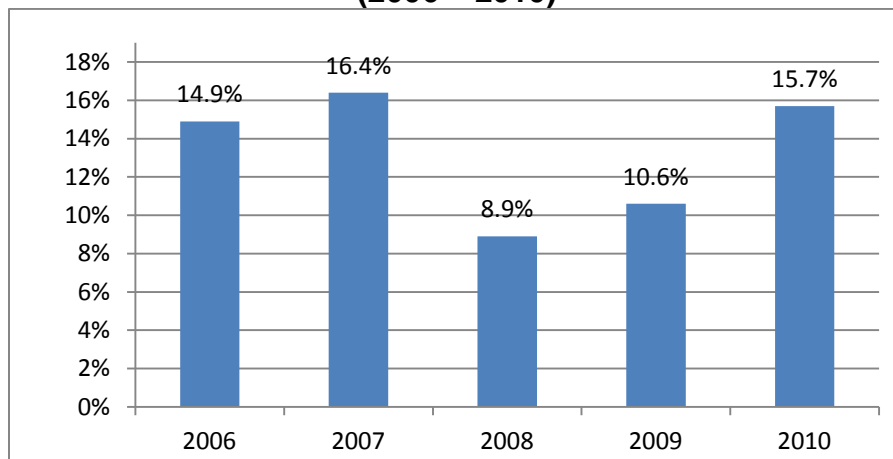
Source: NAIC State Data Network

INVESTMENT INCOME

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

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

Net Investment Income Ratio (2006 – 2010)



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 trained 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 with identified 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 financial records;
4. Reviewing operations and compliance issues through scheduled, targeted, and special exams of known or suspected problems;
5. Maintaining a staff of actuaries who monitor the adequacy of loss reserves, cash flow testing, and proper valuation of assets;
6. Licensing and registering the many types of insurers, surplus lines producers, and risk sharing pools authorized by the Illinois Insurance Code and related Acts; and
7. Investigating unauthorized organizations or individuals thought to be conducting illegal insurance operations and taking regulatory action to remove them from the market to protect consumers from fraudulent activities.

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Appendix A - F

APPENDIX A – Consolidated Assets of Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2010

	ASSETS	Assets Current Year	Non-admitted Assets Current Year	Net Admitted Assets Current Year	Net Admitted Assets Prior Year
1	Bonds	685,623,529,211	189,080,215	685,434,448,996	685,389,105,828
2.1	Preferred stocks	16,128,324,745	1,532,771	16,126,791,974	17,175,089,041
2.2	Common stocks	307,916,802,559	2,902,040,892	305,014,761,668	303,732,406,781
3.1	First liens - mortgage loans on real estate	3,386,191,340	1,058,781	3,385,132,559	3,650,626,581
3.2	Other than first liens - mortgage loans on real estate	211,604,903	-	211,604,903	225,955,270
4.1	Properties occupied by the company	7,017,063,941	12,317,060	7,004,746,881	7,323,261,045
4.2	Properties held for the production of income	946,329,626	6,640,118	939,689,508	935,808,316
4.3	Properties held for sale	139,185,651	460,206	138,725,445	223,513,240
5	Cash, cash equivalents and short-term investments	63,984,619,241	2,196,687	63,982,422,554	64,349,025,632
6	Contract loans including premium notes	2,301,383	2,301,383	-	-
7	Derivatives	519,651,792	-	519,651,792	354,938,298
8	Other invested assets	99,784,946,694	1,495,442,164	98,289,504,532	55,508,890,815
9	Receivables for securities	4,386,270,002	60,670,178	4,325,599,824	899,337,898
10	Securities lending reinvested collateral assets	4,092,884,572	2,941,017	4,089,943,554	293,179,802
11	Aggregate write-ins for invested assets	6,234,341,857	3,135,234,625	3,099,107,232	3,827,326,162
12	Subtotals, cash and invested assets	1,200,374,047,501	7,811,916,097	1,192,562,131,403	1,143,888,464,700
13	Title plants less charged off	-	-	-	22,165
14	Investment income due and accrued	8,686,282,142	2,633,243	8,683,648,900	8,592,233,668
15.1	Uncollected premiums and agents' balances in the course of collection	33,117,953,038	1,965,123,436	31,152,829,608	33,492,429,882
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	59,182,470,485	145,068,791	59,037,401,696	57,815,186,131
15.3	Accrued retrospective premiums	7,049,390,299	318,995,591	6,730,394,698	7,000,318,136
16.1	Amounts recoverable from reinsurers	21,125,194,719	11,672,901	21,113,521,817	22,266,145,211
16.2	Funds held by or deposited with reinsured companies	5,538,228,107	29,863,260	5,508,364,847	6,145,952,888
16.3	Other amounts receivable under reinsurance contracts	1,446,774,057	342,132	1,446,431,925	1,361,598,020
17	Amounts receivable relating to uninsured plans	131,891,173	68,568	131,822,605	56,479,454
18.1	Current federal and foreign income tax recoverable and interest thereon	3,301,493,023	313,711,904	2,987,781,119	6,306,851,923
18.2	Net deferred tax asset	38,866,862,597	15,828,069,610	23,038,792,985	23,856,925,414
19	Guaranty funds receivable or on deposit	383,418,979	3,116,496	380,302,483	490,569,533
20	Electronic data processing equipment and software	3,794,830,410	2,758,188,338	1,036,642,077	1,059,244,168
21	Furniture and equipment, including health care delivery assets	2,179,735,410	2,178,464,875	1,270,535	1,548,121
22	Net adjustment in assets and liabilities due to foreign exchange rates	28,431,427	180,251	28,251,176	13,490,775
23	Receivables from parent, subsidiaries and affiliates	13,327,719,717	550,652,738	12,777,066,980	11,030,192,020
24	Health care \$(1)) and other amounts receivable	6,697,480	5,008,549	1,688,931	1,655,454
25	Aggregate write-ins for other than invested assets	29,468,019,635	14,644,321,733	14,823,697,909	14,633,768,071
26	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,428,009,440,195	46,567,398,514	1,381,442,041,690	1,338,013,075,741
27	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,952,487,462	17,771,054	1,934,716,408	-
28	Totals	1,429,961,927,657	46,585,169,568	1,383,376,758,098	1,338,013,075,741

**APPENDIX B – Consolidated Liabilities, Surplus and Other Funds of Illinois-licensed
Property/Casualty Insurers for the year ending December 31, 2010**

LIABILITIES, SURPLUS and OTHER FUNDS		Current Year	Prior Year
1	Losses	386,130,794,556	383,689,277,607
2	Reinsurance payable on paid losses and loss adjustment expenses	12,682,261,072	12,985,787,174
3	Loss adjustment expenses	81,970,999,219	80,389,842,342
4	Commissions payable, contingent commissions and other similar charges	4,172,226,543	4,390,126,495
5	Other expenses (excluding taxes, licenses and fees)	20,959,381,448	21,004,273,476
6	Taxes, licenses and fees (excluding federal and foreign income taxes)	4,059,090,960	4,223,494,613
7.1	Current federal and foreign income taxes (including \$(1) on realized capital gains (losses))	2,459,582,884	2,890,662,393
7.2	Net deferred tax liability	11,698,685,942	10,095,693,985
8	Borrowed money \$(1) and interest thereon \$(2)	3,722,903,463	965,655,645
9	Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$(1) and including warranty reserves of \$(2))	161,391,683,153	161,115,458,267
10	Advance premium	2,325,423,870	2,419,651,682
11.1	Stockholders (dividends declared and unpaid)	946,738,459	599,176,370
11.2	Policyholders (dividends declared and unpaid)	383,426,996	415,241,984
12	Ceded reinsurance premiums payable (net of ceding commissions)	25,933,152,107	26,929,109,570
13	Funds held by company under reinsurance treaties	21,817,072,631	25,633,532,758
14	Amounts withheld or retained by company for account of others	8,239,883,709	8,636,046,975
15	Remittances and items not allocated	1,268,949,117	1,424,188,257
16	Provision for reinsurance	2,872,803,105	3,316,544,165
17	Net adjustments in assets and liabilities due to foreign exchange rates	63,464,029	191,216,836
18	Drafts outstanding	3,288,661,406	3,285,485,232
19	Payable to parent, subsidiaries and affiliates	9,059,796,184	8,219,453,796
20	Derivatives	476,427,828	82,114,227
21	Payable for securities	1,673,477,821	1,932,922,935
22	Payable for securities lending	4,116,300,399	297,019,227
23	Liability for amounts held under uninsured plans	1,086,178	3,103,821
24	Capital notes \$(1) and interest thereon \$(2)	-	-
25	Aggregate write-ins for liabilities	38,895,849,739	42,902,676,975
26	Total liabilities excluding protected cell liabilities	810,610,122,837	808,037,756,825
27	Protected cell liabilities	-	-
28	Total liabilities	810,610,122,837	808,037,756,825
29	Aggregate write-ins for special surplus funds	54,336,818,212	50,704,622,793
30	Common capital stock	4,664,336,583	4,631,553,372
31	Preferred capital stock	1,223,005,301	1,199,198,246
32	Aggregate write-ins for other than special surplus funds	193,403,204	31,297,452
33	Surplus notes	15,723,574,336	14,527,418,548
34	Gross paid in and contributed surplus	205,564,870,835	180,447,330,210
35	Unassigned funds (surplus)	292,399,004,134	279,766,756,663
36.1	(1) Shares common (value included in common capital stock \$(2)) (less treasury stock at cost)	1,326,883,874	1,323,379,285
36.2	(2) Shares preferred (value included in preferred capital stock \$(2)) (less treasury stock at cost)	11,493,457	9,129,454
37	Surplus as regards policyholders	572,766,635,282	529,975,668,548
38	Totals	1,383,376,758,101	1,338,013,425,373

APPENDIX C – Consolidated Statement of Income for Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2010

UNDERWRITING INCOME		Current Year	Prior Year
1	Premiums earned	345,601,587,051	348,629,875,040
2	Losses incurred	212,974,555,569	209,101,943,795
3	Loss adjustment expenses incurred	43,074,718,026	42,985,863,549
4	Other underwriting expenses incurred	97,794,013,166	96,376,245,174
5	Aggregate write-ins for underwriting deductions	(836,821,432)	(2,375,903,922)
6	Total underwriting deductions	353,006,465,332	346,088,148,594
7	Net income of protected cells		
8	Net underwriting gain (loss)	(7,404,878,295)	2,541,726,443
INVESTMENT INCOME			
9	Net investment income earned	48,085,389,582	44,761,237,716
10	Net realized capital gains (losses) less capital gains tax	6,086,928,527	(7,944,692,248)
11	Net investment gain (loss)	54,172,318,102	36,816,545,469
OTHER INCOME			
12	Net gain (loss) from agents' or premium balances charged off	(1,033,123,776)	(1,294,185,800)
13	Finance and service charges not included in premiums	2,241,694,337	2,179,251,194
14	Aggregate write-ins for miscellaneous income	(751,360,337)	(469,773,605)
15	Total other income	457,210,216	415,291,797
16	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	47,224,650,030	39,773,563,713
17	Dividends to policyholders	1,431,969,938	1,375,448,599
18	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	45,792,680,099	38,398,115,115
19	Federal and foreign income taxes incurred	7,070,581,689	7,016,191,671
20	Net income	38,722,098,423	31,381,923,455
CAPITAL and SURPLUS ACCOUNT			
21	Surplus as regards policyholders, December 31 prior year	529,975,668,580	467,583,909,363
22	Net income	38,722,098,418	31,381,923,457
23	Net transfers (to) from protected cell accounts	0	0
24	Change in net unrealized capital gains or (losses) less capital gains tax of \$(1)	13,800,005,870	28,935,128,903
25	Change in net unrealized foreign exchange capital gain (loss)	213,110,403	1,168,958,958
26	Change in net deferred income tax	(3,662,668,918)	(3,930,620,708)
27	Change in nonadmitted assets	2,796,901,714	4,206,227,150
28	Change in provision for reinsurance	448,055,186	2,959,208,040
29	Change in surplus notes	1,209,309,218	1,662,401,166
30	Surplus (contributed to) withdrawn from protected cells	0	0
31	Cumulative effect of changes in accounting principles	(3,611,711)	228,614,796
32.1	Capital changes paid in	13,838,738	274,180,578
32.2	Capital changes transferred from surplus (stock dividend)	45,634,543	3,590,001
32.3	Capital changes transferred to surplus	2,608,930	(837,350)
33.1	Surplus adjustments paid in	25,116,627,220	7,530,525,508
33.2	Surplus adjustments transferred to capital (stock dividend)	(47,027,689)	(3,700,000)
33.3	Surplus adjustments transferred from capital	(5,635,627)	(294,711)
34	Net remittances from or (to) home office	(56,364,035)	(122,181,942)
35	Dividends to stockholders	(37,242,620,521)	(20,536,706,812)
36	Change in treasury stock	(5,868,592)	(4,339,257)
37	Aggregate write-ins for gains and losses in surplus	1,446,573,580	8,639,681,472
38	Change in surplus as regards policyholders for the year	42,790,966,730	62,391,759,225
39	Surplus as regards policyholders, December 31 current year	572,766,635,304	529,975,668,586

APPENDIX D – Consolidated Exhibit of Premiums and Losses in the State of Illinois for All Illinois-licensed Proper/Casualty Insurers during 2010

EXHIBIT OF PREMIUMS AND LOSSES
BUSINESS IN THE STATE OF ILLINOIS DURING THE YEAR 2010

Line of Business	1 Direct Premiums Written	2 Direct Premiums Earned	3 Div. Paid or Credited to PolicyHldrs On Dir. Bus.	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Dir. Def. And Cost Containment Expense Paid	9 Dir. Def. And Cost Containment Expense Incurred	10 Dir. Def. And Cost Containment Expense Unpaid	11 Commission & Brokerage Expenses	12 Taxes, Licenses And Fees
1 Fire	305,803,854	305,655,707	321,675	144,460,659	109,845,104	108,933,409	120,884,563	3,362,445	3,230,409	5,622,562	33,131,421	8,102,864
2.1 Allied lines	267,142,741	264,116,084	1,626,442	99,307,729	105,664,660	128,348,278	82,909,148	1,916,321	1,546,678	3,885,422	32,097,614	6,078,990
2.2 Multiple peril crop	539,886,030	526,734,964	0	25,391,883	278,640,699	234,120,924	123,987,206	1,634,408	2,082,158	1,938,846	68,212,661	1,095,793
2.3 Federal flood	31,867,768	32,495,484	0	16,050,145	24,381,090	23,969,810	3,720,684	744,065	721,303	47,096	3,913,253	90,432
3 Farmowners multiple peril	120,581,048	117,692,405	0	48,150,446	71,986,530	76,784,407	38,777,184	955,796	1,607,573	4,377,028	18,411,146	1,385,879
4 Homeowners multiple peril	2,742,553,267	2,672,900,332	4,451,049	1,431,856,487	2,089,590,966	2,189,659,326	761,706,478	36,012,128	38,001,175	64,878,643	350,594,070	33,915,245
5.1 Commercial multiple peril (non-liability portion)	886,491,278	890,763,295	291,623	435,852,288	485,054,415	506,790,645	327,558,305	16,653,840	18,540,879	46,501,365	137,107,848	17,884,295
5.2 Commercial multiple peril (liability portion)	480,537,384	482,236,119	193,139	240,847,058	251,629,668	191,742,452	982,972,425	103,217,086	101,633,056	376,509,113	78,653,620	6,759,267
6 Mortgage guaranty	233,900,361	235,467,104	0	22,833,922	403,246,121	374,083,783	1,182,124,505	5,123,845	2,387,795	13,240,901	0	(299,104)
8 Ocean marine	62,261,312	61,682,699	20,855	18,412,462	41,136,271	20,113,488	54,115,249	3,251,763	3,304,709	5,100,119	8,521,590	1,244,518
9 Inland marine	494,882,899	494,650,425	387,409	150,129,997	225,913,316	214,219,030	103,142,029	3,960,093	3,196,324	8,265,217	80,983,727	8,073,783
10 Financial guaranty	31,106,807	59,621,984	0	307,919,334	19,402,090	5,090,672	(24,667,506)	940,815	1,344,613	1,646,689	0	1,439,069
11 Medical professional liability	471,048,685	472,983,727	18,691,045	214,628,766	229,806,452	162,084,392	1,480,017,011	105,183,530	125,556,406	490,890,162	37,957,761	9,119,678
12 Earthquake	46,513,851	45,692,437	122,328	22,898,643	1,329	(62,138)	946,664	46,641	30,075	46,531	5,560,181	687,226
13 Group accident and health	151,015,449	136,725,737	0	178,011,503	118,038,987	122,859,195	95,951,870	1,366,767	1,363,337	1,180,762	19,313,710	3,495,706
14 Credit A&H (group and individual)	2,933,265	3,102,601	0	1,072,424	739,275	448,434	810,102	0	(1,073)	5,696	514,145	23,431
15.1 Collectively renewable A&H	1,679	686	0	3,933	7,350	16,169	10,532	0	(10)	80	161	27
15.2 Non-cancelable A&H	209,000	239,235	0	385,632	0	(81)	65	0	(2)	2	10,014	2,765
15.3 Guaranteed renewable A&H	72,860,343	45,465,390	0	392,041,063	56,641,505	64,363,559	103,839,127	26,454	(41)	311,299	4,705,594	196,816
15.4 Non-renewable for stated reasons only	5,571,576	5,842,061	1,973	1,843,028	4,048,383	3,209,298	4,859,772	42,367	29,030	77,752	461,509	364,037
15.5 Other accident only	695,879	755,909	0	234,734	304,941	260,288	140,764	18	(2,857)	4,065	292,857	13,132
15.6 Medicare Title XVIII exempt from state taxes or fees	0	0	0	0	0	53,990	0	0	0	0	0	0
15.7 All other A&H	12,576,968	12,736,549	0	1,892,111	4,151,154	4,774,300	3,456,384	39,914	396,822	397,566	2,746,887	196,583
15.8 Federal employees health benefits program premium	0	0	0	0	0	0	0	0	0	0	0	0
16 Workers' compensation	2,168,499,874	2,206,962,503	9,471,397	888,327,751	1,711,065,403	1,976,377,988	6,160,286,499	152,658,176	173,900,362	592,133,021	163,066,253	50,491,163
17.1 Other liability - occurrence	1,036,744,397	1,167,750,788	502,984	213,028,016	1,046,232,802	874,543,650	4,809,286,833	183,870,025	157,774,014	956,523,589	123,115,965	18,731,899
17.2 Other liability - claims-made	735,332,557	742,304,793	1,645,860	458,795,569	374,469,503	350,555,860	1,692,813,378	122,616,085	105,968,799	407,863,455	93,404,481	13,299,918
17.3 Excess workers' compensation	40,543,533	39,895,452	(803)	20,304,394	19,232,496	26,115,448	328,887,402	(633,151)	1,328,508	12,460,657	2,072,035	981,668
18 Products liability	80,366,422	82,611,518	(259)	33,832,827	79,933,047	83,767,452	778,671,451	59,650,393	61,633,411	287,889,385	9,294,906	1,413,923
19.1 Private passenger auto no-fault (personal injury protection)	76,918	91,048	0	(47,561)	4,255,279	3,743,008	6,894,282	236,581	278,495	250,753	72,696	10,052
19.2 Other private passenger auto liability	3,196,316,961	3,192,342,650	5,425,115	943,276,486	1,948,750,019	1,977,505,816	2,755,332,884	125,863,514	115,265,306	372,182,407	341,587,826	33,214,395
19.3 Commercial auto no-fault (personal injury protection)	(1,239,741)	(1,091,966)	0	15,859	133,104	(532,881)	413,980	16,395	(89,452)	69,413	(185,654)	(24,330)
19.4 Other commercial auto liability	667,450,884	674,519,426	121,642	264,232,424	437,053,373	360,801,402	1,039,619,876	54,341,657	48,841,247	134,157,505	97,725,151	12,116,387
21.1 Private passenger auto physical damage	2,424,550,597	2,421,338,157	4,265,690	708,151,573	1,384,407,953	1,390,988,514	106,651,356	10,838,136	10,560,344	7,850,838	249,286,456	25,893,531
21.2 Commercial auto physical damage	201,091,320	208,425,091	38,777	84,050,828	112,071,762	111,333,735	23,873,127	2,830,996	2,565,809	4,193,473	28,352,256	3,435,048
22 Aircraft (all perils)	56,390,165	57,665,186	0	22,157,792	19,045,901	(26,095,059)	535,235,155	7,332,672	(12,336,050)	70,829,410	17,777,552	1,573,561
23 Fidelity	56,939,630	57,391,625	527	34,029,846	16,495,392	57,164,233	97,898,405	5,332,848	6,343,586	9,124,813	7,425,943	945,023
24 Surety	184,843,982	172,746,591	28	97,925,527	13,419,522	(6,815,338)	123,760,262	5,332,014	6,020,941	21,435,318	46,440,345	4,353,003
26 Burglary and theft	8,792,284	8,606,745	7,880	4,564,992	1,084,973	1,926,002	4,644,002	29,337	(3,626)	901,091	1,131,658	191,730
27 Boiler and machinery	46,477,946	46,575,378	840	23,485,983	10,661,760	18,846,323	17,532,691	150,617	295,008	708,219	5,093,769	884,767
28 Credit	64,456,092	62,145,582	0	28,565,110	16,203,384	16,565,082	28,665,103	610,754	601,651	529,281	18,159,792	1,533,393
30 Warranty	1,000,805,463	801,787,973	0	1,734,403,962	600,987,514	653,709,331	157,863,284	1,210,631	1,205,473	28,956	628,763	25,671,227
34 Aggregate write-ins for other lines of business	65,124,135	62,918,963	0	14,470,739	33,236,176	33,249,760	53,712,882	126,046	111,567	4,121,127	8,490,752	1,813,435
35 Totals	18,994,004,846	18,872,548,399	47,587,218	9,327,796,364	12,520,969,667	12,335,613,979	24,169,305,409	1,016,891,994	985,233,724	3,908,179,645	2,085,830,708	296,400,221

APPENDIX E – Consolidated Insurance Expense Exhibit Part III for all Illinois-licensed Property/Casualty Insurers for 2010
PART III – ALLOCATION TO LINES OF DIRECT BUSINESS WRITTEN (\$000's omitted)

	PREMIUMS, LOSSES, EXPENSES, RESERVES AND PROFITS FOR DIRECT BUSINESS WRITTEN	Premiums Written	Premiums Earned	Dividends To Policy- holders	Incurred Loss	Defense And Cost Containment Expenses Incurred	Adjustment and Other Expenses Incurred	Unpaid Losses	Defense And Cost Containment Expenses Unpaid	Adjustment and Other Expenses Unpaid	Unearned Premium Reserves	Agents' Balances
1	Fire	8,064,851	7,987,787	16,356	2,643,644	69,948	228,192	2,403,069	140,156	112,453	3,840,261	1,410,184
2.1	Allied lines	6,482,178	6,461,190	19,016	2,755,715	60,736	272,220	2,348,745	139,008	121,484	2,673,242	1,058,845
2.2	Multiple peril crop	7,375,850	7,100,846	0	2,731,359	17,001	64,806	1,635,783	14,014	31,019	831,452	1,661,629
2.3	Federal flood	2,222,178	2,351,863	0	614,566	18,897	43,914	169,532	2,070	16,479	1,159,682	(35,869)
3	Farmowners multiple peril	1,507,674	1,451,561	0	960,091	31,919	82,210	486,878	60,686	28,488	716,935	330,372
4	Homeowners multiple peril	51,382,746	50,089,366	277,176	31,777,757	820,281	3,916,073	13,484,678	1,404,244	1,939,599	27,734,460	7,068,938
5.1	Commercial multiple peril (non-liability portion)	16,929,983	17,102,652	3,970	9,723,250	416,050	705,831	6,841,507	1,190,680	604,069	8,180,775	4,025,975
5.2	Commercial multiple peril (liability portion)	9,125,829	9,276,428	3,788	3,591,837	1,673,203	476,307	16,872,956	6,736,543	1,170,419	4,501,233	2,376,406
6	Mortgage guaranty	4,780,895	4,885,502	0	7,929,414	34,515	314,927	19,244,876	213,973	331,426	675,218	241,553
8	Ocean marine	3,358,364	3,331,439	2,335	1,882,748	132,653	150,596	3,295,493	271,619	127,370	1,123,495	712,095
9	Inland marine	11,692,513	11,735,289	15,809	5,183,236	81,589	599,574	2,572,396	155,229	208,716	3,486,832	2,205,784
10	Financial guaranty	1,217,765	2,092,319	0	3,577,289	709,230	17,763	6,906,536	289,832	12,981	9,699,858	66,682
11	Medical professional liability	4,297,404	4,304,158	61,339	1,092,777	832,063	199,384	9,963,039	3,879,385	654,943	2,121,207	760,225
12	Earthquake	1,334,808	1,307,042	4,807	(32,594)	(820)	2,748	58,859	3,272	7,088	640,352	246,412
13	Group A & H	4,134,449	3,931,229	0	2,525,536	62,441	112,051	1,934,434	30,413	136,595	1,832,887	871,748
14	Credit A & H	221,834	219,620	0	25,454	54	1,294	34,587	518	3,946	50,371	16,567
15	Other A & H	3,390,924	2,692,253	23	2,075,040	57,161	117,819	2,417,347	34,322	152,259	7,322,467	1,734,256
16	Workers' compensation	28,075,281	28,046,158	310,023	21,167,983	2,581,266	2,049,068	96,498,906	9,444,530	4,136,702	10,163,308	6,174,725
17.1	Other liability - occurrence	21,058,572	21,301,953	26,141	12,441,501	2,721,896	1,362,021	64,452,756	13,129,226	3,048,547	10,244,795	4,710,583
17.2	Other liability - claims-made	13,307,546	13,427,876	2,138	6,815,623	1,856,225	675,573	28,252,610	6,324,204	1,177,118	7,600,237	2,211,857
17.3	Excess workers' compensation	926,383	875,180	0	967,685	76,268	6,414	8,075,242	341,708	118,802	381,548	172,076
18	Products liability	1,972,040	2,001,971	296	1,463,727	1,085,198	226,467	11,715,174	4,501,585	724,705	887,162	458,027
19.1	Private passenger auto liability	75,895,860	75,153,549	337,111	52,667,491	3,090,131	7,243,632	73,617,937	8,334,798	6,036,912	22,682,555	10,430,918
19.3	Commercial auto liability	14,312,924	14,583,581	5,752	7,434,683	913,871	864,917	19,707,536	2,528,056	966,853	6,473,077	3,669,536
21.1	Private passenger auto physical damage	49,056,126	48,977,796	264,418	28,556,618	149,536	4,593,059	2,142,480	142,984	1,421,265	14,589,130	6,443,966
21.2	Commercial auto physical damage	4,209,928	4,339,477	833	2,525,501	52,188	342,967	535,169	96,111	70,535	1,902,481	1,068,394
22	Aircraft (all perils)	1,711,893	1,746,540	0	886,437	107,959	67,787	3,404,346	396,131	73,955	770,666	404,293
23	Fidelity	1,096,478	1,098,188	437	602,149	39,968	63,686	1,121,296	173,626	54,009	618,692	250,829
24	Surety	4,754,808	4,799,601	38,185	596,835	221,457	150,369	2,962,232	686,102	208,417	2,754,302	848,546
26	Burglary and theft	161,855	158,250	20	34,552	3,040	7,683	67,979	17,825	5,217	83,225	45,667
27	Boiler and machinery	1,127,432	1,136,822	68	357,683	13,388	22,825	465,217	27,379	29,475	515,694	225,698
28	Credit	1,719,587	1,845,497	0	1,010,871	15,386	44,497	862,970	17,819	20,274	1,185,136	172,638
29	International	32,980	29,900	0	62,471	553	5,685	56,744	44	764	9,865	1,802
30	Warranty	2,742,452	2,809,036	0	1,896,808	4,043	33,434	305,670	2,058	4,222	5,945,547	196,401
34	Aggregate write-ins for other lines of business	767,162	886,655	0	442,358	5,433	11,048	1,560,526	33,651	17,619	554,828	39,073
35	Total	360,449,545	359,538,590	1,390,041	218,988,066	17,954,747	25,076,816	406,475,494	60,763,796	23,774,743	163,953,024	62,276,850

APPENDIX E (continued) – Consolidated Insurance Expense Exhibit Part III for all Illinois-licensed Property/Casualty Insurers for 2010
PART III – ALLOCATION TOLINES OF DIRECT BUSINESS WRITTEN (000's omitted)

PREMIUMS, LOSSES, EXPENSES, RESERVES AND PROFITS FOR DIRECT BUSINESS WRITTEN	Commission And Brokerage Expenses Incurred	Taxes, Licenses and Fees Incurred	Other Acquisitions, Field Supervision And Collection Expenses Incurred	General Expenses Incurred	Other Income Less Other Expenses	Pre-tax Profit or Loss Excluding all Investment Gain
1 Fire	890,153	204,622	477,678	757,768	(9,073)	2,690,372
2.1 Allied lines	685,933	138,862	349,183	556,672	(12,838)	1,610,026
2.2 Multiple peril crop	669,875	15,409	(47,382)	81,433	67,303	3,635,646
2.3 Federal flood	341,028	37,654	5,419	(5,553)	3,874	1,299,806
3 Farmowners multiple peril	244,226	30,400	103,437	87,734	3,114	(85,347)
4 Homeowners multiple peril	6,641,030	1,216,118	4,220,415	2,224,345	74,734	(929,078)
5.1 Commercial multiple peril (non-liability portion)	2,748,701	437,472	1,222,117	1,209,527	(103,071)	532,645
5.2 Commercial multiple peril (liability portion)	1,524,089	207,965	644,929	625,621	(38,990)	489,674
6 Mortgage guaranty	1,850	107,137	170,746	654,464	471,109	(3,856,436)
8 Ocean marine	486,191	55,552	178,777	256,914	(68,630)	117,037
9 Inland marine	1,562,718	286,884	578,967	789,773	(68,280)	2,568,454
10 Financial guaranty	0	32,163	782	403,986	243,679	(2,405,218)
11 Medical professional liability	373,415	89,477	149,293	399,510	31	1,106,933
12 Earthquake	156,118	32,783	92,345	81,351	(8,891)	961,418
13 Group A & H	643,451	97,936	204,514	186,736	(132,085)	(33,530)
14 Credit A & H	47,406	6,191	12,387	17,909	168	109,092
15 Other A & H	460,265	27,002	530,908	505,361	(60,235)	(1,141,559)
16 Workers' compensation	2,240,718	1,190,674	1,795,610	1,887,757	(577,943)	(5,754,886)
17.1 Other liability - occurrence	2,575,443	479,573	1,444,932	1,441,397	(978,745)	(2,169,680)
17.2 Other liability - claims-made	1,802,360	310,192	809,632	781,330	(171,181)	203,606
17.3 Excess workers' compensation	75,057	23,592	29,816	75,057	(13,919)	(392,628)
18 Products liability	245,403	40,263	131,391	190,249	21,779	(1,359,236)
19.1 Private passenger auto liability	6,416,761	1,739,187	6,384,049	3,837,273	419,111	(6,142,955)
19.3 Commercial auto liability	2,080,256	375,750	911,244	1,050,012	(29,709)	917,406
21.1 Private passenger auto physical damage	4,130,152	1,089,047	4,125,224	2,366,379	168,484	3,871,825
21.2 Commercial auto physical damage	634,721	111,490	281,581	347,393	(11,906)	30,898
22 Aircraft (all perils)	249,522	45,627	71,081	64,704	(35,254)	218,171
23 Fidelity	144,741	27,019	92,825	102,000	(8,416)	16,937
24 Surety	1,119,284	139,006	477,038	402,800	(4,488)	1,650,131
26 Burglary and theft	22,583	3,926	15,170	9,061	(1,561)	60,643
27 Boiler and machinery	92,463	26,870	118,057	142,968	(12,662)	349,837
28 Credit	445,535	43,476	55,492	148,863	7,431	88,799
29 International	1,094	359	2,108	6,271	(72)	(48,714)
30 Warranty	112,361	76,216	103,227	136,871	(96,526)	349,556
34 Aggregate write-ins for other lines of business	113,165	25,214	17,163	84,151	15,257	203,370
35 Total	39,978,088	8,771,136	25,760,178	21,908,114	(948,387)	(1,236,992)

APPENDIX F - Consolidated Schedule T for all Illinois-licensed Property/Casualty Insurers for 2010
SCHEDULE T – EXHIBIT OF PREMIUMS WRITTEN
 Allocated by States and Territories

	GROSS PREMIUMS WRITTEN	GROSS PREMIUM EARNED	DIVIDENDS PAID TO POLICY-HOLDERS	DIRECT LOSSES PAID	DIRECT LOSSES INCURRED	DIRECT LOSSES UNPAID	FINANCE CHARGES NOT INCLUDED	DIRECT PREMIUMS WRITTEN FEDERAL
1 Alabama AL	4,990,948,040	4,990,796,396	17,322,084	3,091,765,193	2,940,730,088	5,071,253,869	34,634,480	11,580,522
2 Alaska AK	1,299,975,604	1,288,191,473	6,109,611	539,157,872	574,267,807	1,182,342,602	5,488,114	73,267,593
3 Arizona AZ	6,033,161,066	6,085,253,777	25,697,856	4,785,003,699	5,391,147,326	6,253,330,877	44,504,352	20,752,773
4 Arkansas AR	2,951,801,163	2,934,350,115	6,720,851	1,717,655,782	1,796,504,858	2,470,461,795	19,443,632	9,423,516
5 California CA	38,544,354,162	38,605,252,314	125,298,842	21,129,358,820	21,381,038,336	47,067,382,935	289,609,737	121,898,759
6 Colorado CO	6,741,676,952	6,696,987,644	30,764,930	4,476,717,075	4,247,980,111	5,493,481,381	45,054,752	19,933,513
7 Connecticut CT	5,607,764,733	5,710,539,201	34,911,431	3,467,317,309	3,304,849,913	7,212,325,936	40,821,327	25,123,502
8 Delaware DE	2,051,856,623	2,039,563,015	3,803,242	1,625,142,529	921,827,341	1,820,523,453	8,593,630	6,934,585
9 Dist. Columbia DC	1,283,946,582	1,295,813,215	4,442,680	1,272,318,792	934,740,902	1,618,290,565	4,321,358	19,709,462
10 Florida FL	22,702,635,714	22,841,862,070	125,037,183	13,767,502,686	13,352,924,978	24,589,853,368	116,555,218	80,435,494
11 Georgia GA	10,378,973,687	10,390,386,530	45,144,232	6,892,025,283	6,381,872,827	9,546,846,438	70,880,410	27,317,770
12 Hawaii HI	1,251,709,338	1,253,832,554	9,836,603	460,388,232	537,456,988	1,172,072,709	5,749,091	6,789,182
13 Idaho ID	1,293,451,882	1,294,905,985	3,954,845	743,368,375	653,751,501	1,052,478,436	10,682,645	3,537,725
14 Illinois IL	18,974,786,817	18,853,069,382	47,587,218	12,509,559,817	12,299,616,873	24,099,762,614	93,073,912	70,571,945
15 Indiana IN	6,907,084,500	6,822,995,290	7,804,864	3,686,527,144	3,514,984,544	5,870,891,891	47,242,471	16,213,741
16 Iowa IA	4,231,548,667	4,185,139,271	25,695,683	2,622,036,371	2,574,966,050	3,295,029,855	19,933,315	13,533,962
17 Kansas KS	4,037,844,008	3,964,228,800	13,408,309	2,076,574,686	2,025,471,681	2,866,356,180	19,944,133	9,638,687
18 Kentucky KY	4,149,286,353	4,120,561,872	7,110,721	2,477,921,198	2,484,189,509	4,870,629,735	25,175,778	21,759,358
19 Louisiana LA	6,292,157,561	6,305,507,621	15,741,771	3,517,217,265	3,144,838,316	6,026,962,196	32,874,179	21,068,703
20 Maine ME	1,135,583,618	1,120,124,352	4,997,288	549,845,134	532,458,932	1,068,943,741	9,066,101	4,959,816
21 Maryland MD	7,655,275,772	7,559,773,453	34,314,134	4,900,420,230	5,594,396,014	8,166,142,069	47,527,266	27,623,761
22 Massachusetts MA	5,835,765,035	5,781,969,367	25,525,597	3,104,738,502	3,046,712,069	7,981,175,452	27,821,709	47,828,477
23 Michigan MI	10,228,383,417	10,430,292,293	20,720,890	6,749,795,761	8,512,110,149	22,960,237,376	50,787,231	27,090,390
24 Minnesota MN	7,330,694,166	7,259,815,617	18,266,399	4,612,891,192	4,521,894,311	7,571,796,047	31,516,714	15,699,124
25 Mississippi MS	2,893,793,839	2,904,898,554	7,579,646	1,703,589,243	1,531,681,297	2,485,635,044	18,804,980	10,334,045
26 Missouri MO	7,692,472,463	7,611,224,677	13,061,620	4,560,790,884	4,436,790,912	6,534,011,592	48,072,150	15,964,045
27 Montana MT	1,410,405,665	1,382,619,488	3,607,565	1,012,250,052	1,024,769,562	1,106,547,907	7,435,349	3,384,293
28 Nebraska NE	2,992,072,642	2,945,213,629	10,943,814	1,854,067,908	1,768,928,097	2,222,288,231	10,826,179	6,944,277
29 Nevada NV	3,070,937,161	3,150,514,731	10,580,358	2,105,733,290	2,124,984,480	3,752,186,389	21,520,357	11,926,902
30 New Hampshire NH	1,365,238,038	1,359,440,238	10,516,637	769,644,674	756,310,534	1,517,084,623	8,686,646	5,158,084
31 New Jersey NJ	10,449,404,210	10,486,220,682	34,874,572	6,172,071,396	6,214,567,037	18,413,814,186	50,934,563	52,093,056
32 New Mexico NM	2,028,683,216	2,027,883,404	9,322,006	1,115,199,532	1,211,166,269	1,752,758,251	14,461,250	5,765,353
33 New York NY	25,704,088,540	25,768,722,158	68,507,680	17,619,456,521	18,091,751,985	44,445,488,959	155,128,825	188,354,011
34 North Carolina NC	9,464,401,985	9,479,642,093	33,271,369	5,351,777,158	5,268,649,811	7,772,146,190	78,944,845	29,453,701
35 North Dakota ND	1,405,650,937	1,368,591,404	1,087,273	810,891,433	645,678,982	479,425,616	3,301,715	1,776,515
36 Ohio OH	11,001,492,597	10,949,422,613	17,909,173	6,308,326,096	6,134,076,558	9,240,161,953	107,664,754	49,627,453
37 Oklahoma OK	4,250,042,936	4,171,664,685	12,441,712	3,710,593,912	4,051,500,755	3,898,961,886	20,871,624	10,680,497
38 Oregon OR	3,440,420,883	3,461,235,777	13,172,747	1,846,422,002	1,802,214,413	3,270,068,052	23,358,673	12,448,560
39 Pennsylvania PA	16,100,094,994	15,971,333,600	41,120,457	10,218,627,962	10,176,554,469	21,000,150,960	121,414,842	61,540,375
40 Rhode Island RI	1,393,755,558	1,391,792,800	18,732,288	981,633,773	955,741,052	1,483,653,517	9,249,508	6,968,987

41 South Carolina SC	5,444,797,012	5,464,504,018	22,973,617	3,178,393,079	3,185,140,022	4,269,472,270	46,104,543	14,037,001
42 South Dakota SD	1,490,632,568	1,460,974,958	3,482,595	1,038,704,582	980,854,769	1,001,590,599	4,579,389	3,192,869
43 Tennessee TN	6,069,892,413	6,069,619,231	15,517,987	4,112,369,529	4,387,767,563	6,243,144,447	35,415,542	20,750,305
44 Texas TX	19,515,461,314	19,366,696,584	129,898,418	10,685,063,047	9,986,774,099	19,917,881,721	91,996,764	131,337,309
45 Utah UT	2,584,615,441	2,599,969,046	5,712,741	1,313,100,632	1,248,925,958	2,159,189,481	17,705,296	6,441,232
46 Vermont VT	638,261,489	612,939,772	2,876,586	318,336,661	289,988,818	700,525,665	4,862,100	3,801,901
47 Virginia VA	8,816,193,881	8,834,652,883	71,040,449	5,346,227,651	5,126,582,235	7,481,887,044	77,030,092	62,614,121
48 Washington WA	6,813,120,218	6,797,476,412	31,683,673	3,742,462,868	3,943,340,637	5,891,278,034	46,600,403	24,065,362
49 West Virginia WV	1,928,390,560	1,898,798,500	3,072,718	1,115,910,208	1,175,937,536	1,498,083,666	11,501,674	6,202,374
50 Wisconsin WI	6,951,216,660	6,935,734,077	153,080,926	4,147,688,926	4,292,554,156	7,682,525,122	33,166,039	13,293,621
51 Wyoming WY	738,855,439	735,980,417	2,616,536	472,333,390	453,696,768	423,850,144	4,016,977	4,970,396
52 American Samoa AS	175,610	159,555	80	72,686	(72,905)	629,826	75	0
53 Guam GU	52,858,349	47,660,269	375,322	9,748,525	12,789,601	7,186,081	23,778	57
54 Puerto Rico PR	200,379,250	212,906,607	505,798	41,122,372	59,185,487	240,110,546	16,794	111,982
55 U.S. Virgin Islands VI	20,076,230	18,715,493	168,842	14,640,256	15,348,229	13,709,497	48,653	12,622
62 N. Mariana Islands MP	951,847	1,048,385	3,403	120,345	168,912	212,710	31	0
56 Canada CN	4,238,697,289	4,136,951,177	28,407	2,209,612,104	3,142,099,489	5,740,610,517	7,166,830	770
57 Agg. other alien OT	7,839,361,088	7,552,502,647	3,746,628	3,785,511,189	3,394,830,404	4,455,855,506	14,930	14,518
58 Totals	359,917,557,713	359,008,922,177	1,413,730,895	218,447,742,749	218,562,009,352	406,430,697,690	2,182,227,639	1,465,958,946