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STUDENT OF THE INDUSTRY PARTING SHOT

Insurer Advertising Spending: 800 Pound Gorilla?

By Paul Buse, President of Big I Advantage®

One would be hard pressed to make it through a single 30-minute program without seeing a pharmaceutical advertisement on television these days. OK, I'm older than some of you and perhaps the nightly news is a biased sample compared to *Game of Thrones*, but the idea is of interest as insurers also show up with frequency in advertising.

A search of the Internet tells me that estimates are that pharmaceutical companies spent about \$5 billion in advertising in 2015. Other searches reveal estimates of total expenditures of all kinds of advertising in 2015 are at about \$180 billion. That means pharma represents about 2.75% of total advertising expenditures. As students of the industry you know, "we don't have to estimate." With the property and casualty insurance industry, WE KNOW. Insurers all have to report in their annual "Yellow Books" to regulators how much they spend.

Below is the data on the top 10 insurer advertisers by group. Just the top 10 essentially equals pharmaceuticals in spending, so I think that makes insurers an 800-pound gorilla. If you project the average of the Top 10 to the P&C Industry as a whole, the figure is over \$10 billion. Obviously smaller and regional insurers do not spend at rates that GEICO or USAA do, but all totaled, it is clear the outsized impact on advertising paid-for entertainment the P&C insurers provide.

Company Name	2015 Advertising Expenses	Gross Written Premium	Ads to Premium
State Farm Group	\$926,413,000	\$58,683,122,000	1.6%
Allstate Insurance Group	\$778,369,000	\$28,941,313,000	2.7%
Progressive Insurance Group	\$696,238,000	\$18,914,866,000	3.7%
Berkshire Hathaway Insurance Group	\$683,988,000	\$32,190,265,000	2.1%
Liberty Mutual Insurance Companies	\$496,553,000	\$30,510,165,000	1.6%
Farmers Insurance Group	\$386,722,000	\$18,639,970,000	2.1%
Nationwide Group	\$358,917,000	\$19,150,587,000	1.9%
American Family Insurance Group	\$184,217,000	\$6,996,593,000	2.6%
USAA Group	\$147,069,000	\$15,734,466,000	0.9%
Travelers Group	\$116,968,000	\$23,404,974,000	0.5%
Top 10 Total	\$4,775,454,000	\$253,166,321,000	1.9%

Total Industry DPW to Top 10 Advertising at 1.9%	\$10,752,620,749	\$570,040,343,000
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Source: A.M. Best Aggregates and Averages

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