

2016 Property-Casualty Insurance Market Share Report April 2016

(Based on 2014 A.M.Best Data)



**Independent Insurance Agents
& Brokers of America, Inc.**

Introduction

- This document represents the 20th year the Independent Insurance Agents & Brokers of America (IIABA or the Big “I”) has reviewed the property-casualty insurance market using premium data provided by A.M. Best Company.
- For the fourth year in a row, all property-casualty insurance premium lines grew. Combined, the market grew by \$23 billion in 2014 over its 2013 levels.
- After four years of strong growth, both personal and commercial lines have exceeded prerecession volumes and, combined, are now generating \$555 billion in annual premiums.
- The commercial lines market grew by nearly \$10 billion in total premiums written, the primary metric used in this report. This sector has grown by nearly \$45 billion since the market rebound began in 2011. Considering that IAs write nearly \$8 of every \$10 in premiums in this sector or \$225 billion, 2014 was another excellent year for the independent agency model in this market.
- The direct channel saw a 6% growth rate in 2014, slowing their double digit growth in recent years.

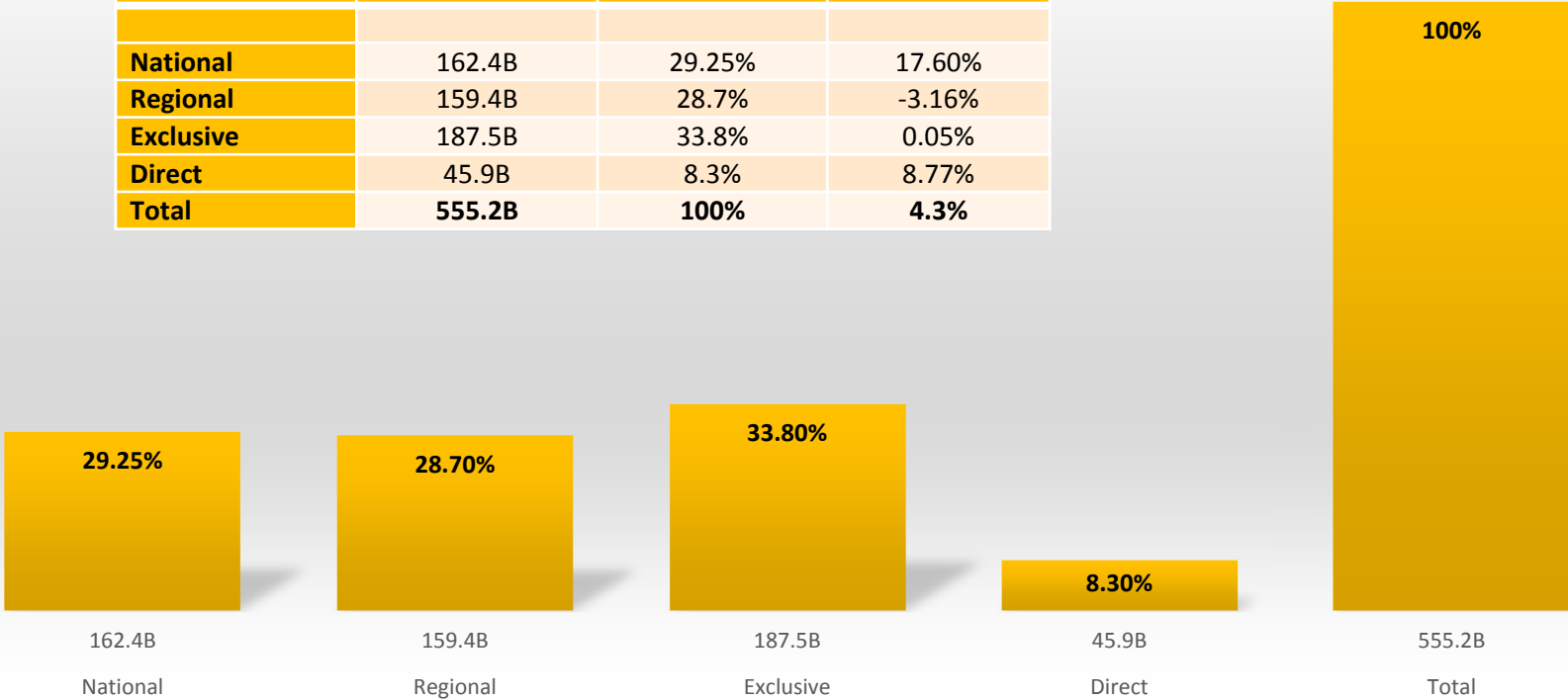
Introduction...continued

- IAs still control a majority of the entire property casualty market, writing just over 58% of all premiums.
- IAs continue to write 35% of all personal lines premiums
- IAs retain their strong hold on the commercial insurance sales, writing over 80% of the market which has grown by more than \$45 billion over the last four years
- The national carriers lost NO market share and gained good percentages in all lines for 2014

P-C Premium and Share Overview

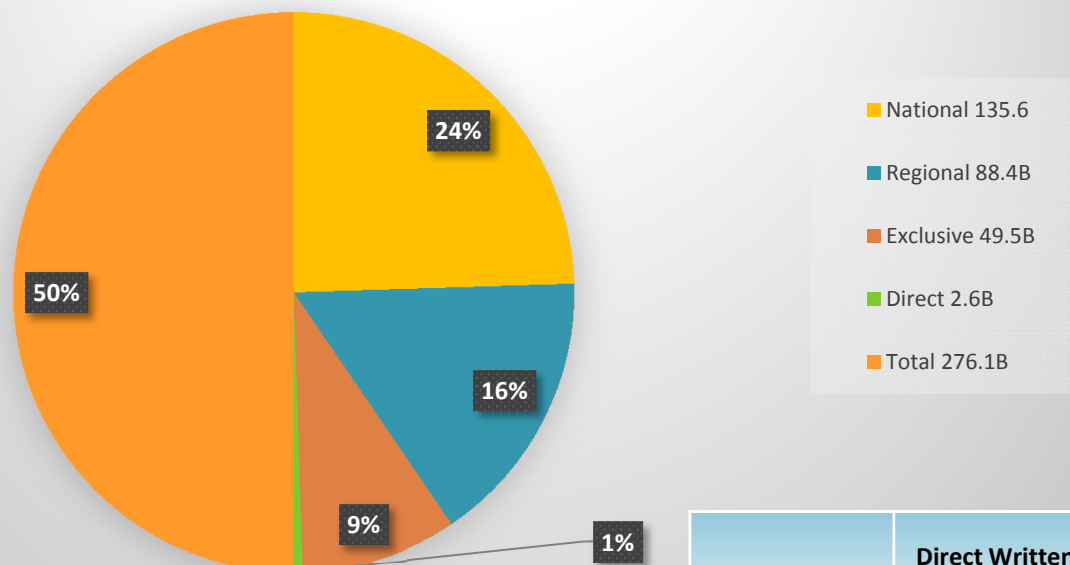
2014 P-C Overall Premium

	Direct Written Premium/ Billions	%Share	% Premium Growth 2013 to 2014
National	162.4B	29.25%	17.60%
Regional	159.4B	28.7%	-3.16%
Exclusive	187.5B	33.8%	0.05%
Direct	45.9B	8.3%	8.77%
Total	555.2B	100%	4.3%



Commercial Premiums

2014 Total Commercial Premiums



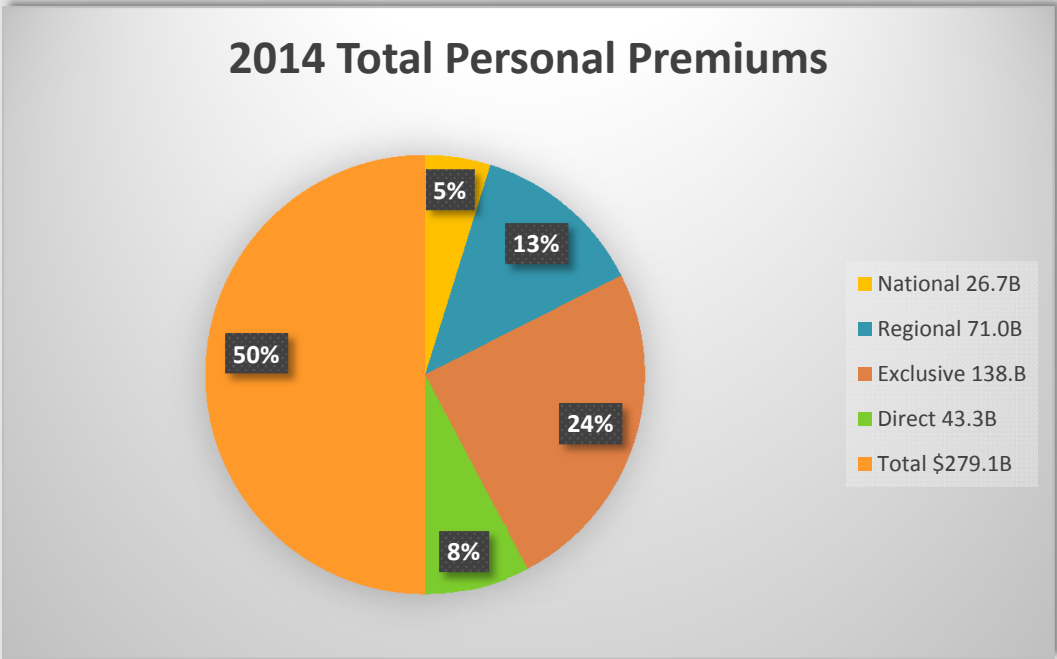
National agency carriers were the big winners in the commercial marketplace for 2014, picking up nearly 16% in new premiums amounting to \$18 billion.

	Direct Written Premium	%Share	% Premium Growth 2013 to 2014
National	135.6B	49%	15.50%
Regional	88.4B	32%	-5.45%
Exclusive	49.5B	18%	-6.25%
Direct	2.6B	1%	4.00%
Total	276.1B	100%	3.72%

Personal Lines

	Direct Written Premium/ Billions	%Share	% Premium Growth 2013 to 2014
National	26.7B	9.60%	28.99%
Regional	71.0B	25.50%	-0.28%
Exclusive	138.B	49.50%	2.53%
Direct	43.3B	15.50%	9.07%
Total	\$279.1B	100%	4.89%

Again, the national agency carriers were the big winners in personal lines growth adding \$6.7 billion to their bottom lines. And, as seen in the commercial space, the direct response companies saw growth, as well. The captive carriers still maintained their hold on about ½ of the market.

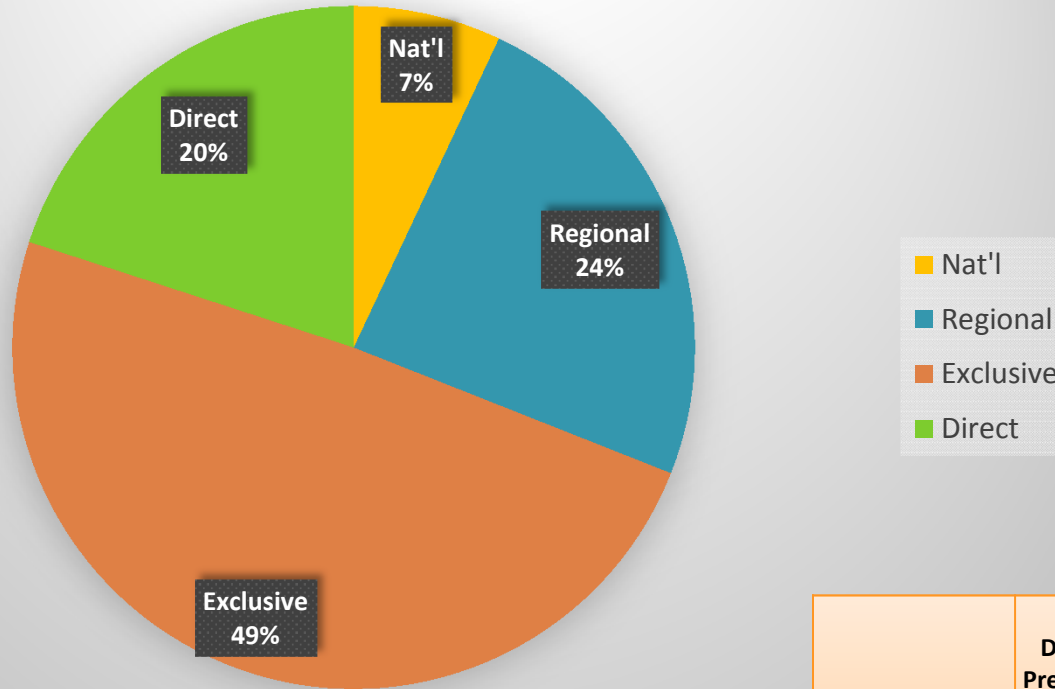


Private Passenger Auto

- National IA carriers private passenger auto premiums increased by a little over 37% or nearly \$4 billion and increased their share of the market to 7% up from 5.4% in 2013
- Regional IAs lost a little ground in the auto market in 2014, dropping their share by nearly 2% and losing about \$2 billion in premium
- Captive carriers hold onto their 49% of the market, as they saw a \$2 billion dollar increase
- The direct companies also saw an increase of over 9%, adding \$4 billion for 2014

Private Passenger Auto

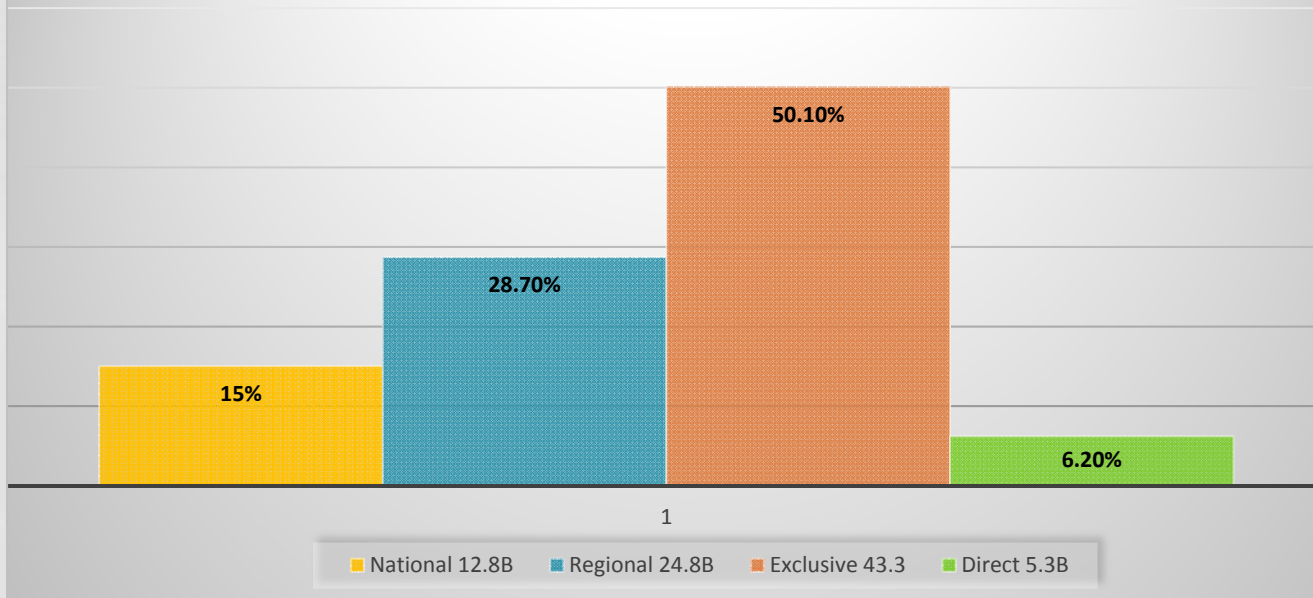
2014 Private Passenger Auto



	Direct Written Premium/Billions	%Share	% Premium Growth 2013 to 2014
National	13.4B	7%	36.73%
Regional	45.0B	24%	-4.26%
Exclusive	92.4B	49%	2.55%
Direct	38.0B	20%	9.20%
Total	188.9B	100%	4%

Homeowners

2014 Homeowner Market Share

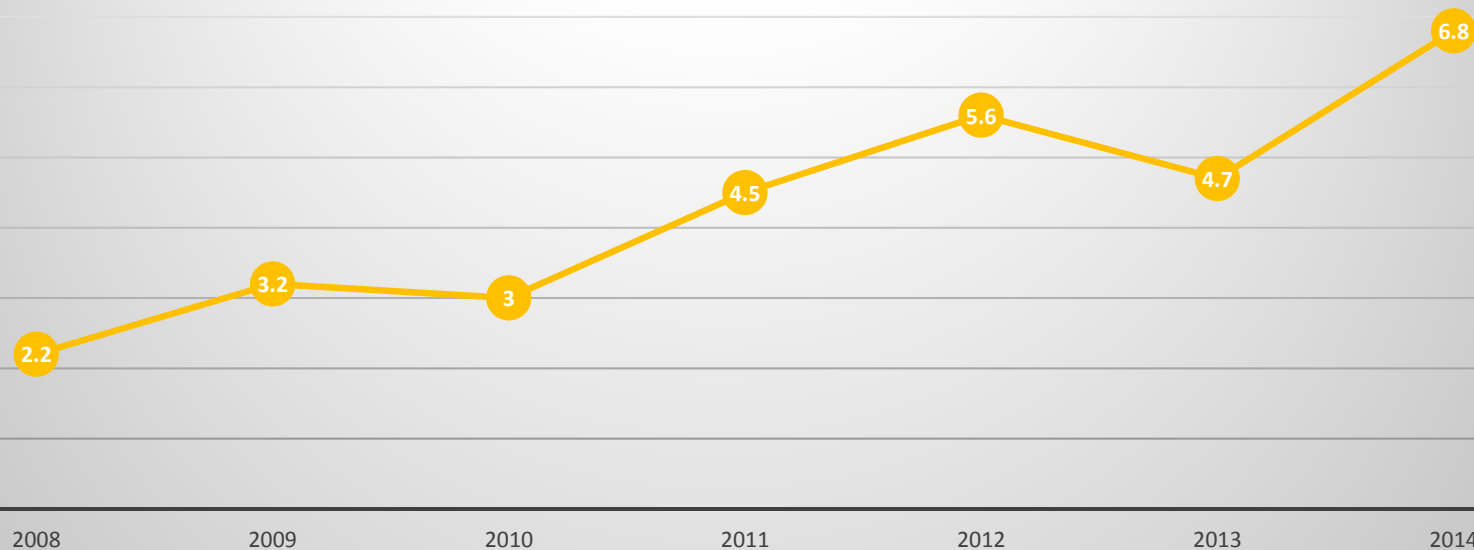


The homeowners insurance market experienced another year of gains, adding nearly \$6 billion in premium and experiencing a nearly a 7% growth, likely due to the rebound of the housing market. And again, the national IA carriers saw exceptional growth.

	Direct Written Premium/Billions	%Share	% Premium Growth 2013 to 2014
National	12.8B	15%	23.08%
Regional	24.8B	28.70%	7.83%
Exclusive	43.3	50.10%	1.88%
Direct	5.3B	6.20%	8.16%
Total	86.2B	100%	6.82%

Homeowners History

A look at annual premium growth in the homeowners market since the recession

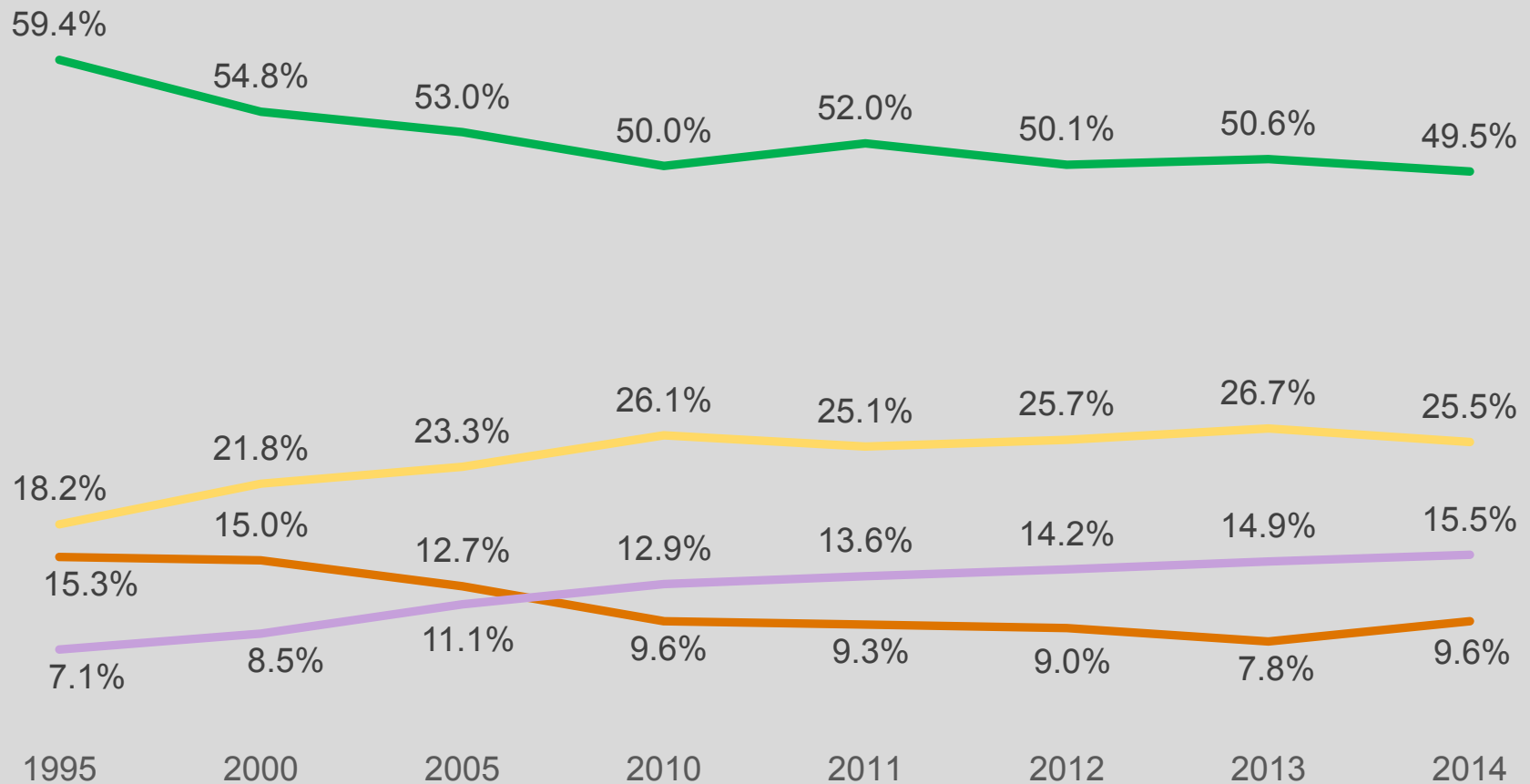


The growth in the homeowners market has increased the shares held by the national, regional and direct carriers, while reducing the share held by the captive carriers by nearly 3%. As in other lines, the national carriers saw a huge surge at 23% growth over 2013.

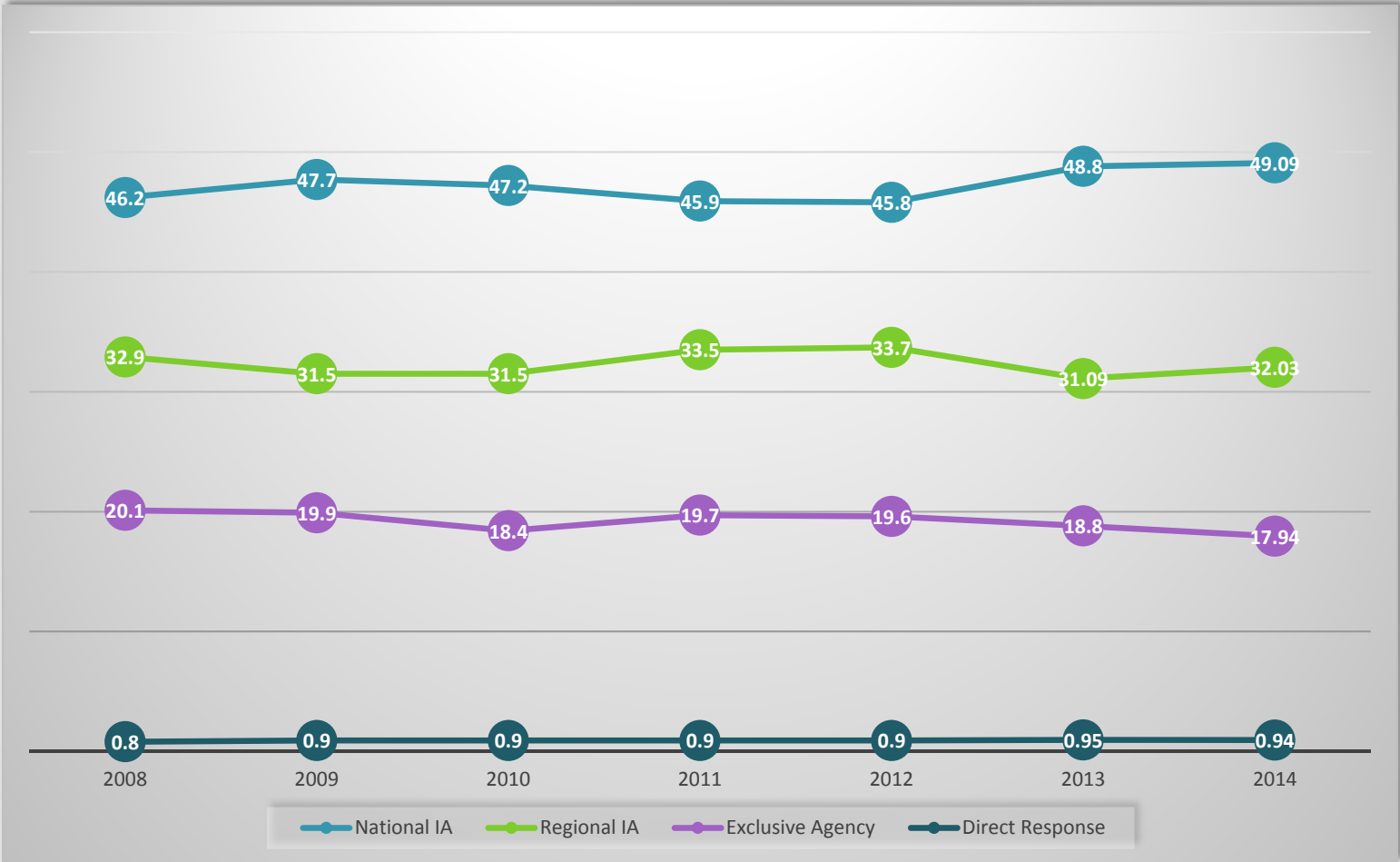
Historical Personal Lines Market Share

Personal Lines Market Share: 1995 - 2014

— National IA — Regional IA — Exclusive Agency — Direct Response

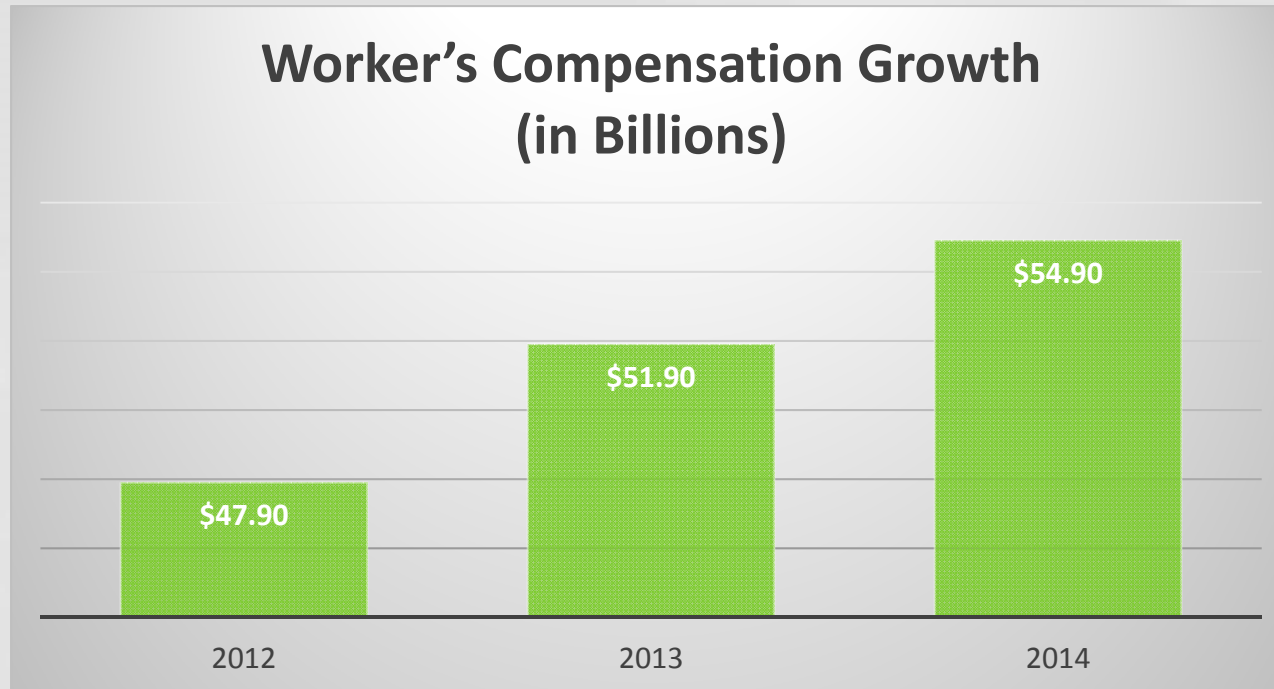


Commercial Lines Share 2008-2014



The nearly \$10 billion in premium growth in the commercial market remained in the regional and national IAs shares. Their total DWP was almost \$224 billion of the \$276 billion produced in 2014.

Workers Compensation

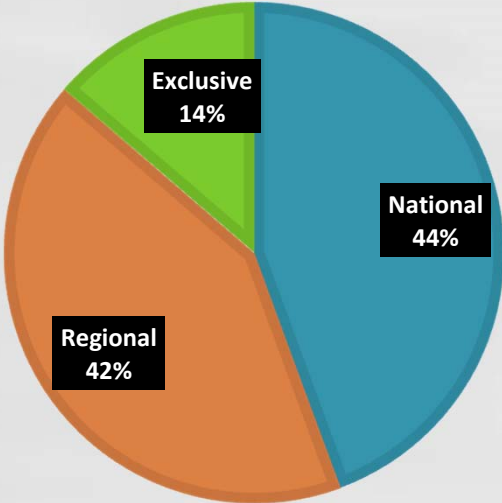


In 2014, the worker's compensation market had another strong year, recording over \$3 billion in growth. At \$54.9 billion, worker's compensation now makes up 19.7% of the overall commercial p-c market. The captive carriers control only 13% of this market, with state and national IAs controlling the remaining 87%.

2014 Commercial Auto

% SHARE OF COMMERCIAL AUTO

■ National ■ Regional ■ Exclusive



	Direct Written Premium
National IAs	\$12.7 Billion
Regional IAs	\$12.1 Billion
Captives	\$3.9 Billion

The commercial automobile insurance market continued to accelerate, growing \$2.3 billion in 2014, eclipsing the \$1.7 billion it grew in 2013. At nearly \$29 billion, the commercial auto constitutes about 10.5% of the overall commercial market. The majority of this market remains in the IA channel. The direct response channel has insignificant share in this space.

State Market Share

States with 5 largest Gains and Losses in IA Personal Market Share 2013 to 2014

	<u>Percent Points Gained</u>		<u>Percent Points Lost</u>
CA	1.34	OR	-0.39
IN	1.34	NH	-0.39
ND	1.17	MA	-0.49
WV	1.12	FL	-0.50
TN	0.96	VT	-0.91
MS	0.95	ME	-1.07

States with 5 largest Gains and Losses in IA Commercial Market Share 2013 to 2014

	<u>Percent Points Gained</u>		<u>Percent Points Lost</u>
ND	2.50	IN	-0.57
SD	2.46	WV	-0.57
TN	2.05	ID	-0.66
DC	1.95	FL	-0.80
MT	1.69	DE	-0.99
SC	1.68	VT	-1.16

Direct response carriers saw no loss of personal lines share in any state for 2014 and posted a small gain (<1%). The captives show miniscule gains in only 7 states and lost about .50% overall. In commercial links, the gains posted in in the IA channel pushed the share held to over 75% in 42 states.

State Share By Range -2014

Number of States with IA Share by Range/Year (Personal Lines)								
Share	2007	2008	2009	2010	2011	2012	2013	2014
More than 50%	4	4	8	2	2	2	2	2
45-50%	4	5	4	5	5	5	5	3
40-45%	8	6	5	7	7	6	7	8
35-40%	4	6	9	5	5	6	5	8
30-35%	11	10	8	10	7	9	8	8
Less than 30%	20	20	17	22	25	23	24	22

Number of States with IA Share by Range (Commercial Lines)										
Share	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
85-90%	6	5	5	4	3	3	3	3	4	3
80-85%	15	19	18	14	16	16	17	16	17	19
75-80%	20	19	18	25	24	23	21	22	18	20
70-75%	4	2	6	4	4	5	6	5	7	3
65-70%	1	2	0	3	3	3	2	2	2	3
60-65%	5	4	4	1	1	0	2	3	3	3
55-60%	0	0	0	0	0	1	0	0	0	0

About the Data

This is the 20th year in which A.M. Best Co. has provided the IIABA with year-end market share data. All data in this report comes from A.M. Best and is printed with its permission. The 2014 calendar-year figures represent the latest year in which segmented data is available from A.M. Best.

In the charts in this report reflect the 2014 share numbers and are the most mature numbers compiled by A.M. Best. When referring to past reports you will note some premium and market share changes, as we have used the new numbers for prior years from the latest data which covers 2013. This occurs as the carriers adjust their reports, which then alters the market share percentages. Most of these are minor, but some may be significant.

Some data in the charts and graphs may not add to 100% due to rounding of minute numbers.

IIABA and A.M. Best work together each year to continually refine the data and make adjustments wherever possible. IIABA comments only on the number provided by A.M. Best.

Comments and questions about this research are welcome. Please contact Madelyn Flannagan, IIABA vice president, agent development, research and education.