

2011 Cost Containment Annual Report to the Illinois General Assembly



Pat Quinn
Governor

Michael T. McRaith
Director of Insurance



Illinois Department of Insurance

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Governor

MICHAEL T. McRAITH
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 2011. It contains significant information from a national and Illinois perspective regarding the current conditions of the property and casualty insurance industry.

Sincerely,

Michael T. McRaith
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 Malpractice
- Other Liability
- Workers Compensation

One aspect of each line of business monitored by the Department is market concentration. The Herfindahl/Hirschmann Index or (HHI) is a measure of the size of companies and is widely accepted as an accurate indicator of the amount of competition among individual companies in any given marketplace. The HHI is calculated by the summation of the squares of each company's individual market share. Generally, an HHI of 1800 or above is an indication that the given market may be highly concentrated and may 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 malpractice line continues to be considered highly concentrated in Illinois. This situation is not new and continues to be monitored by the Department.

Section 3: RESIDUAL MARKET MECHANISMS

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

The residual markets (FAIR Plan, Auto Plan, and Workers Compensation Assigned Risk Pool) all have very small shares of the market which indicates healthy competition. The Workers Compensation market share is the largest at 2.8 percent but notably has been declining since 2003.

In addition to residual market mechanisms Section 3 details recent activities of the surplus lines market. Illinois consumers unable to obtain coverage in either the voluntary market or the residual market mechanisms may be able to obtain coverage in

the surplus lines market. The report reflects nothing of concern with the Surplus lines market mechanisms however the Department has little regulatory control regarding coverage placed in the Surplus lines market.

Section 4: OVERALL MARKETPLACE CONDITIONS

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

SECTION 1: OVERALL PROPERTY / CASUALTY INDUSTRY SUMMARY

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

Direct written premium in Illinois totaled \$19.3 billion in 2009, representing 5.4 percent of the total written premium nationwide. For the first time in three years Property / Casualty losses in dropped in Illinois. As reflected below the overall loss ratio dropped from 66.7 percent in 2008 to 66.1 percent in 2009.

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

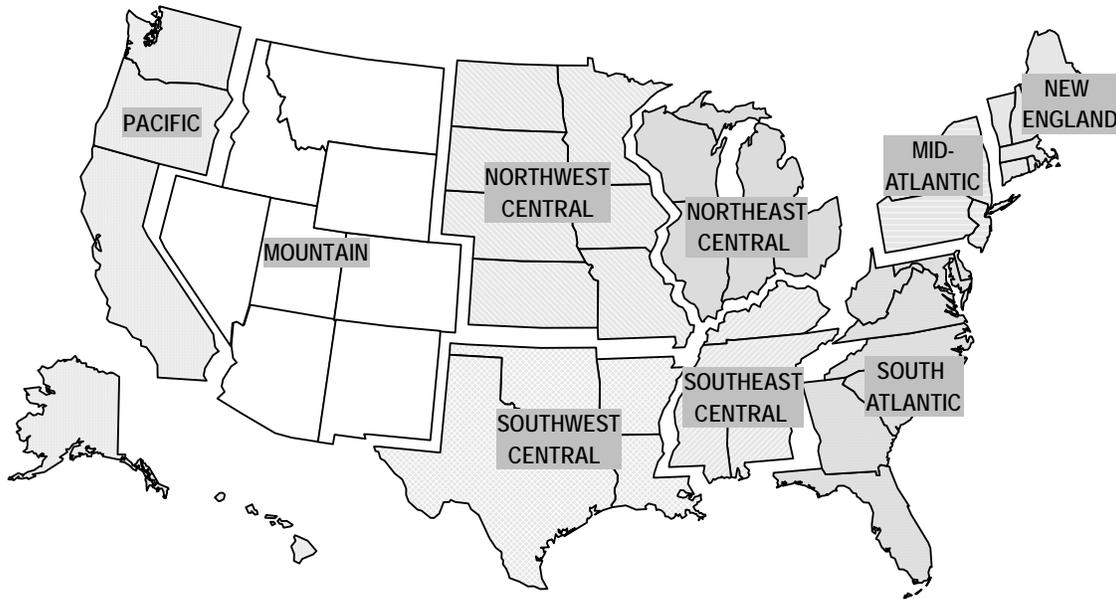
State Distribution and Loss Experience

Rank	State	% of Total DPW					*Direct Pure Loss Ratio (%)					5 Yr. Avg.	
		2009 DPW	2009	2008	2007	2006	2005	2009	2008	2007	2006		2005
1	California	38,763	10.8	10.9	12.1	12.6	13.1	52.4	59.7	52.7	46.0	51.8	52.5
2	New York	25,574	7.1	7.1	7.3	7.2	7.1	75.6	113.3	60.6	52.4	54.3	71.2
3	Florida	22,830	6.4	6.7	8.3	7.8	7.3	58.8	59.8	43.5	46.0	87.9	59.2
4	Illinois	19,278	5.4	5.3	4.1	4.2	4.2	66.1	66.7	58.0	56.3	56.5	60.7
5	Texas	18,971	5.3	5.3	7.1	6.9	6.7	60.4	91.9	53.0	49.8	63.4	63.7
6	Penn.	15,966	4.5	4.4	3.9	4.0	4.0	57.4	62.3	59.8	54.3	58.7	58.5
7	Ohio	11,048	3.1	3.0	2.6	2.7	2.8	58.9	64.2	52.8	48.6	53.2	55.5
8	Georgia	10,476	2.9	2.9	2.7	2.8	2.7	80.8	71.6	58.9	54.3	59.5	65.0
9	New Jersey	10,221	2.8	2.8	3.4	3.5	3.5	60.9	61.1	55.3	56.4	60.4	58.8
10	Michigan	10,205	2.8	2.9	2.9	3.1	3.3	79.5	74.0	61.9	57.4	64.0	67.4
11	N. Carolina	9,647	2.7	2.7	2.4	2.3	2.3	56.6	55.8	52.2	52.9	52.7	54.0
12	Virginia	8,891	2.5	2.5	2.1	2.1	2.1	58.2	58.3	52.9	51.8	47.7	53.8
13	Missouri	7,660	2.1	2.1	1.8	1.8	1.8	58.5	65.6	52.6	70.8	54.5	60.4
14	Maryland	7,475	2.1	2.1	1.8	1.8	1.8	63.7	60.0	52.8	51.3	52.6	56.1
15	Minnesota	7,388	2.1	2.1	1.7	1.7	1.8	59.4	82.1	68.7	52.8	59.8	64.6
16	Wisconsin	6,901	1.9	1.9	1.6	n/a	n/a	58.7	63.3	n/a	n/a	n/a	61.0
17	Indiana	6,816	1.9	1.9	1.7	n/a	n/a	59.7	73.8	n/a	n/a	n/a	66.8
18	Washington	6,783	1.9	1.9	1.8	1.8	1.8	62.1	55.3	53.6	56.5	48.7	55.2
19	Colorado	6,782	1.9	1.9	1.6	n/a	n/a	74.9	58.0	n/a	n/a	n/a	66.5
20	Louisiana	6,324	1.8	n/a	n/a	n/a	n/a	47.1	n/a	n/a	n/a	n/a	47.1
	All other	<u>100,751</u>	<u>28.1</u>	<u>27.9</u>	<u>26.4</u>	<u>26.2</u>	<u>25.8</u>	<u>58.9</u>	<u>65.1</u>	<u>53.2</u>	<u>52.0</u>	<u>90.2</u>	<u>63.9%</u>
	Total	<u>358,751</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>61.3</u>	<u>68.8</u>	<u>53.8</u>	<u>51.8</u>	<u>66.9</u>	<u>60.5%</u>

* 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 2009 as well as the 5-year average.

Distribution of Direct Written Premium & Loss Ratios by Region



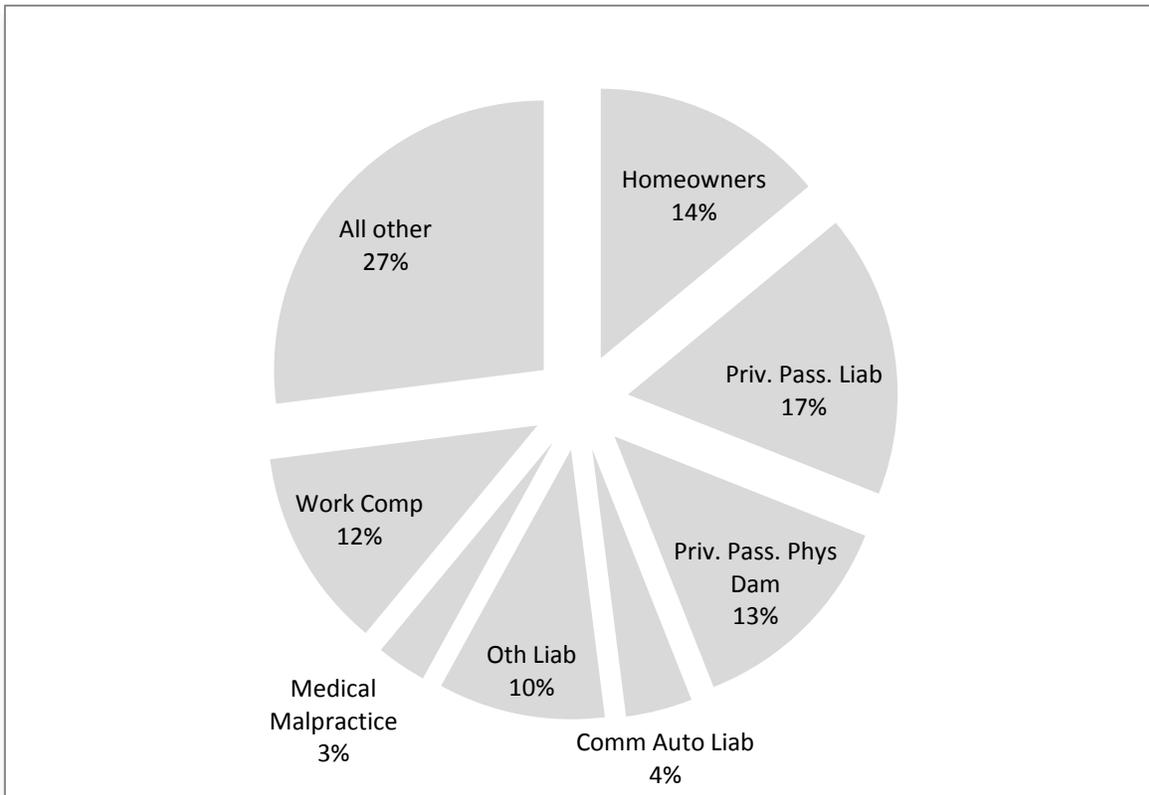
2009	Pacific	Mountain	Northwest Central	Southwest Central	Northeast Central	Southeast Central	Mid-Atlantic	South Atlantic	New England	Other*	Total All Regions
% Total DPW	14.4%	6.8%	8.2%	9.0%	15.1%	5.1%	14.4%	19.5%	4.4%	1.2%	100.0%
Direct Loss Ratio	53.5%	63.3%	58.6%	60.9%	65.5%	62.1%	67.1%	63.1%	51.9%	62.2%	61.5%
Loss Ratio – 5 year average	53.0%	56.9%	60.3%	75.5%	61.6%	68.9%	64.8%	58.3%	51.9%	52.9%	60.6%

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

A review of the loss data by region continues to show a higher than average loss ratio in the Southwest Central and Southeast Central regions. The higher ratios are generally attributed to the severity and frequency of hurricane and severe storm season in these regions.

The following graph reflects the distribution of all Illinois property / casualty insurance premiums written during 2009. 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, up from 41 percent in 2008; of the overall property / casualty insurance written in the state of Illinois.

Percent of All Property/Casualty Premiums Written in Illinois by line (2009)



SECTION 2: INDIVIDUAL LINE OF COVERAGE ANALYSIS

HOMEOWNERS

The following table compares homeowners' insurance written in Illinois to the nationwide market. The data indicates that written premiums rose both nationally and in Illinois during 2009. The Illinois market had a larger increase at almost 7 percent versus an increase of 4.1 percent nationally during the period.

Homeowners' Underwriting Results (2009)

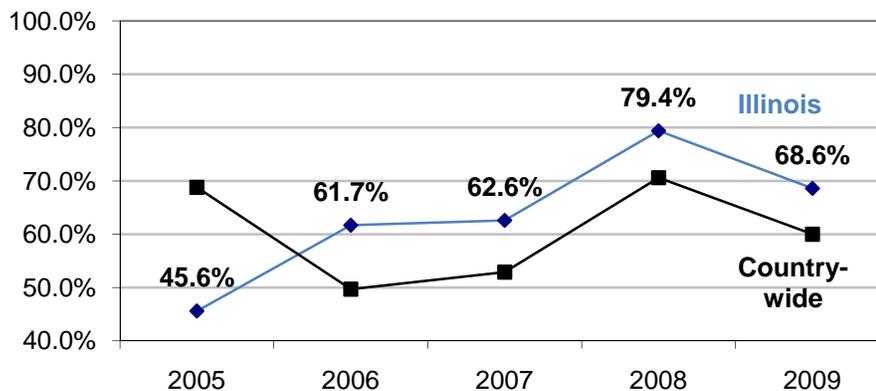
Homeowners (\$000 omitted)	Illinois*	Nationwide**
Direct written premiums	2,593,403	48,962,059
Direct earned premiums	2,495,453	47,633,764
Expenses (% premium)		
Incurred losses	68.6%	60.0%
Def. & cost cont. exp. Incurred	1.3%	1.6%
Comm./brokerage	13.0%	13.1%
Taxes, licenses & fees	1.3%	2.4%

* NAIC State Data Network, 2009 Illinois State Page Exhibit

** NAIC State Data Network 2009 Insurance Expense Exhibit Part III

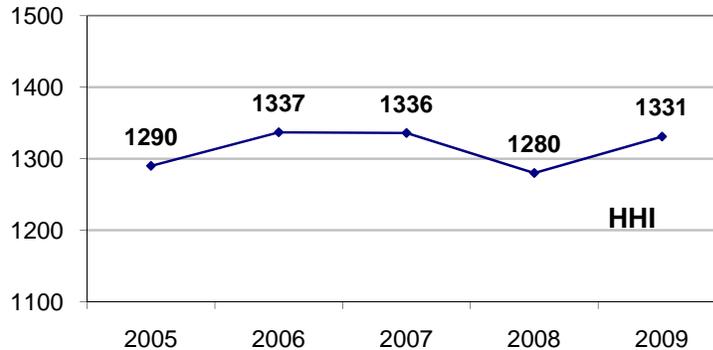
The following chart provides a comparison of incurred losses for homeowners' insurance over the past 5 years. As indicated below, the loss ratio for both the Illinois and nationwide markets experienced a significant decrease during 2009. Incurred losses in Illinois decreased approximately 10.8 percent during 2009 while nationally incurred losses decreased by 10.6 percent during the same period.

Homeowners' Losses as a percent of Earned Premiums (2005 - 2009)



The following graph reflects the HHI for Illinois homeowners' insurance from 2005 through 2009. 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, the system for cost containment appears to be appropriate for Illinois consumers.

Illinois Homeowners' Insurance Market Concentration



The following table identifies the top ten writers of homeowners' insurance in Illinois based on written premium in 2009. In summary, the ten companies identified wrote over 1.8 billion dollars in written premium and combined for a total of 70 percent of the total Illinois market share in 2009.

Top 10 Homeowners' Insurers in Illinois

<i>Company</i>	<i>2009 Written Premium</i>	<i>2008 Written Premium</i>	<i>2009 Market Share</i>	<i>2008 Market Share</i>	<i>2009 Loss Ratio</i>	<i>2008 Loss Ratio</i>
State Farm Fire & Casualty Co	856,482,534	789,927,515	33.0%	32.57%	69.47%	85.87%
Allstate Indemnity Co	230,990,825	236,412,772	8.9%	9.75%	66.32%	87.61%
Country Mutual Ins Co	214,495,434	198,100,793	8.3%	8.17%	74.85%	78.64%
Allstate Ins Co	136,711,287	137,859,342	5.3%	5.68%	48.24%	56.75%
American Family Mutual Ins Co	129,829,019	123,151,754	5.0%	5.08%	77.26%	91.72%
Illinois Farmers Ins Co	75,396,104	85,859,170	2.9%	3.54%	50.50%	71.56%
Farmers Ins Exchange	71,054,994	61,668,242	2.7%	2.54%	64.89%	77.95%
Liberty Mutual Fire Ins Co	41,231,529	39,448,600	1.6%	1.63%	53.91%	68.99%
Travelers Home & Marine Ins Co	37,389,751	19,729,147	1.4%	0.53%	64.67%	79.63%
Memberselect Ins Co	33,492,408	28,835,607	1.3%	1.11%	75.87%	117.31%

In addition to statewide data, the Department collects homeowners' data based on the geographical location of the insured pursuant to Title 50 Illinois Administrative Code Part 4203 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 2009 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>Downstate</u>
State Farm Fire & Casualty Co	32.39%	33.40%	31.23%
Allstate Indemnity Co	9.06%	14.49%	7.62%
Country Mutual Ins Co	7.79%	0.90%	10.02%
Allstate Ins Co	5.42%	10.28%	4.26%
American Family Mutual Ins Co	5.03%	5.76%	4.74%
Illinois Farmers Ins Co	3.07%	2.75%	3.04%
Farmers Ins Exchange	2.89%	2.95%	2.79%
Liberty Mutual Fire Ins Co	1.61%	1.65%	1.56%
Travelers Home & Marine Ins Co	1.50%	1.46%	1.46%
Membersselect Ins Co	1.32%	.85%	1.39%

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 2009 for each of the coverage types identified above.

Type of coverage	2009 Illinois Premium	Market Share
HO-1	23,577,183	0.97%
HO-2	70,460,436	2.91%
HO-3	1,077,443,033	44.51%
HO-4	64,262,628	2.65%
HO-5	1,044,770,821	43.16%
HO-6	128,593,721	5.31%
HO-8	11,378,373	0.47%
TOTAL	2,420,486,195	

PRIVATE PASSENGER AUTOMOBILE LIABILITY

The following table compares underwriting results for Private Passenger Auto Liability insurance written in Illinois with that written countrywide during 2009. The private passenger automobile liability markets experienced modest growth in both the Illinois market (3.4 percent increase) and national market (1.4 percent increase) compared to 2008 written premium totals.

PPAL Underwriting Results (2009)

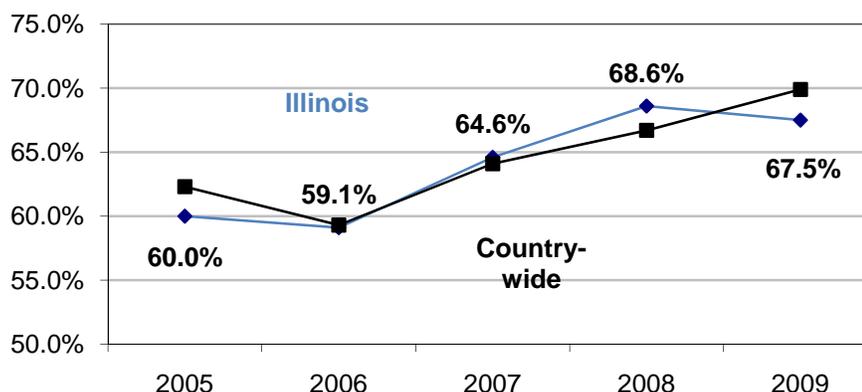
PPAL(\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	3,183,893	73,564,676
Direct earned premiums	3,149,853	73,239,248
Expenses (% premium)		
Incurred losses	67.5%	69.9%
Def. & cost cont. exp. Incurred	3.8%	4.1%
Comm./brokerage	10.7%	8.7%
Taxes, licenses & fees	1.0%	2.3%

* NAIC State Data Network, 2009 Illinois State Page Exhibit

** NAIC State Data Network 2009 Insurance Expense Exhibit Part III

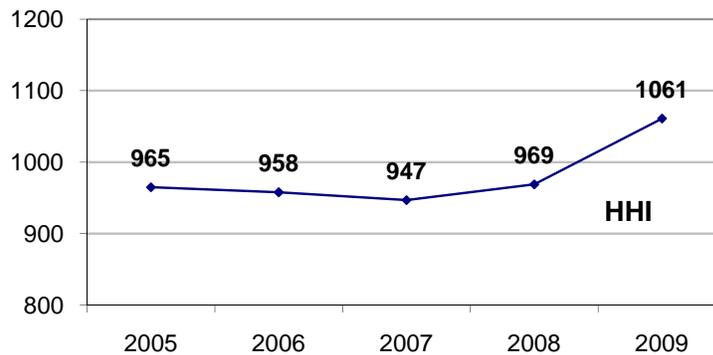
As reflected in the following chart, the loss ratio for private passenger automobile liability insurance in Illinois has continued to remain essentially identical to the countrywide ratio for each of the past five years.

Private Passenger Auto Liability Losses as a percent of Earned Premiums (2005 -2009)



As previously mentioned, an HHI of 1800 or above can be an indication of a highly concentrated and possibly anti-competitive market. As reflected below, consumers of private passenger automobile liability insurance in Illinois continue to enjoy a stable, highly competitive market. 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 2009. In summary, the ten companies identified wrote a total of over 1.94 billion dollars in written premium and combined for a total of 61 percent of the total Illinois market share in 2009.

Top 10 Private Passenger Automobile Liability Insurers in Illinois

<i>Company</i>	<i>2009 Written Premium</i>	<i>2008 Written Premium</i>	<i>2009 Market Share</i>	<i>2008 Market Share</i>	<i>2009 Loss Ratio</i>	<i>2008 Loss Ratio</i>
State Farm Mutual Auto Ins Co	968,383,855	880,167,389	30.41%	28.59%	80.85%	85.85%
American Family Mutual Ins Co	151,248,740	149,538,696	4.75%	4.86%	63.89%	64.98%
Illinois Farmers Ins Co	135,912,438	153,373,829	4.27%	4.89%	49.15%	59.57%
Country Mutual Ins Co	131,602,092	139,818,701	4.13%	4.54%	64.65%	58.08%
Country Preferred Ins Co	119,456,228	105,592,795	3.75%	3.43%	61.80%	61.91%
Allstate Fire & Casualty Ins Co	114,588,752	106,432,401	3.60%	3.46%	59.06%	63.71%
Allstate Ins Co	103,305,206	114,081,520	3.24%	3.71%	65.74%	69.89%
Allstate Prop & Casualty Ins Co	92,206,041	112,159,188	2.90%	3.64%	53.58%	53.00%
Geico General Ins Co	61,301,223	51,853,565	1.93%	1.68%	62.71%	81.78%
State Farm Fire & Casualty Co	60,575,090	56,670,222	1.90%	1.84%	78.87%	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 2009 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>Downstate</u>
State Farm Mutual Auto Ins Co	30.19%	32.07%	29.88%
American Family Mutual Ins Co	4.76%	5.32%	4.85%
Illinois Farmers Ins Co	4.33%	4.24%	4.44%
Country Mutual Ins Co	4.17%	0.17%	4.82%
Country Preferred Ins Co	3.79%	0.31%	4.36%
Allstate Fire & Casualty Ins Co	3.61%	5.32%	3.33%
Allstate Ins Co	3.27%	4.33%	3.09%
Allstate Prop & Casualty Ins Co	2.87%	3.62%	2.75%
Progressive Northern Insurance Co	2.13%	1.42%	2.24%
Geico General Ins Co	1.94%	3.54%	1.68%

PRIVATE PASSENGER AUTOMOBILE PHYSICAL DAMAGE

The following table compares underwriting results for Private Passenger Physical Damage insurance written in Illinois with that written countrywide during 2009. For the second year in a row written premiums for private passenger automobile physical damage coverage written in Illinois decreased slightly. Written premiums in Illinois decreased by approximately 33 million dollars or 1.3 percent during 2009. In comparison, the decrease nationwide was approximately 850 million dollars or 1.7 percent.

PPAPD Underwriting Results (2009)

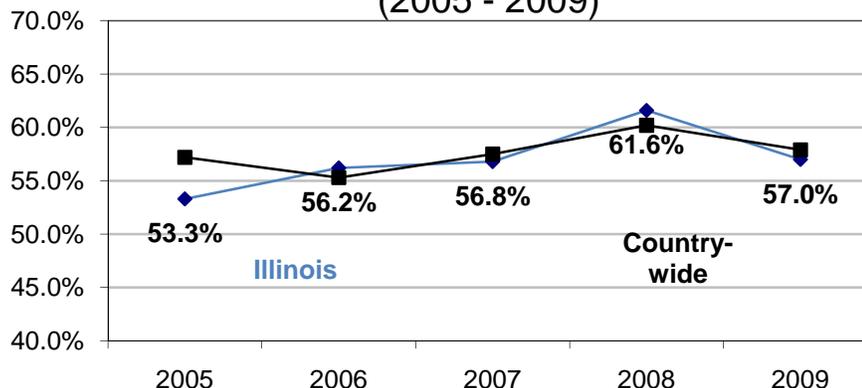
PPAPD(\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	2,434,931	49,105,251
Direct earned premiums	2,446,965	49,357,047
Expenses (% premium)		
Incurred losses	57.0%	57.9%
Def. & cost cont. exp. Incurred	0.5%	0.3%
Comm./brokerage	10.3%	8.7%
Taxes, licenses & fees	1.0%	2.2%

* NAIC State Data Network, 2009 Illinois State Page Exhibit

** NAIC State Data Network 2009 Insurance Expense Exhibit Part III

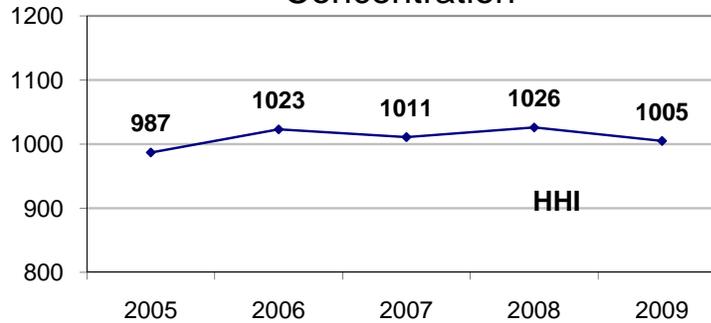
As with private passenger liability insurance, the loss ratio for private passenger physical damage coverage experienced by Illinois consumers continues to be essentially identical to the loss ratio experienced by consumers nationwide.

Private Passenger Auto Physical Damage Losses as a percent of Earned Premiums (2005 - 2009)



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

Illinois Private Passenger Auto Physical Damage Insurance Market Concentration



The following table identifies the top ten writers of private passenger physical damage insurance in Illinois based on written premium in 2009. In summary, the ten companies identified wrote a total of over 1.54 billion dollars in premium and combined for a total of 63 percent of the total Illinois market share in 2009.

Top 10 Private Passenger Automobile Physical Damage Insurers in Illinois

<i>Company</i>	<i>2009 Written Premium</i>	<i>2008 Written Premium</i>	<i>2009 Market Share</i>	<i>2008 Market Share</i>	<i>2009 Loss Ratio</i>	<i>2008 Loss Ratio</i>
State Farm Mutual Auto Ins Co	702,700,839	716,715,966	28.86%	29.04%	67.02%	72.43%
Allstate Ins Co	164,471,131	177,746,437	6.75%	7.20%	25.26%	31.58%
American Family Mutual Ins Co	121,595,499	122,842,004	4.99%	4.98%	57.39%	64.45%
Country Mutual Ins Co	102,281,839	108,192,506	4.20%	4.38%	60.57%	61.59%
Allstate Fire & Casualty Ins Co	97,235,980	96,091,279	3.99%	3.89%	48.38%	57.18%
Illinois Farmers Ins Co	92,371,685	103,597,223	3.79%	4.20%	57.91%	61.86%
Allstate Prop & Casualty Ins Co	83,873,437	100,715,220	3.44%	4.08%	41.49%	50.71%
Country Preferred Ins Co	82,698,969	73,854,438	3.40%	2.99%	60.39%	65.73%
Geico General Ins Co	55,087,079	49,034,399	2.26%	1.99%	57.17%	65.24%
State Farm Fire & Casualty Co	39,271,032	41,489,470	1.61%	1.68%	77.65%	84.97%

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 2009 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>Downstate</u>
State Farm Mutual Auto Ins Co	28.46%	30.74%	28.03%
Allstate Ins Co	6.72%	7.69%	6.53%
American Family Mutual Ins Co	4.77%	4.55%	4.81%
Country Mutual Ins Co	4.29%	0.17%	5.06%
Allstate Fire & Casualty Ins Co	3.88%	5.43%	3.59%
Illinois Farmers Ins Co	3.82%	3.18%	3.93%
Country Preferred Ins Co	3.48%	0.29%	4.06%
Allstate Prop & Casualty Ins Co	3.23%	3.78%	3.13%
Geico General Ins Co	2.34%	4.68%	1.91%
Progressive Northern Insurance Co	1.63%	1.28%	1.70%

COMMERCIAL AUTOMOBILE LIABILITY

The following table compares underwriting results for commercial automobile liability insurance written in Illinois with that written countrywide during 2009. Written premiums for commercial automobile liability coverage in Illinois continued to experience a decrease during 2009. The Illinois market experienced a drop of approximately 89 million dollars or 11.5 percent during the period. Nationally, written premiums for the market decreased by 1.5 billion or 9.5 percent during 2009.

Commercial Auto Liability Underwriting Results (2009)

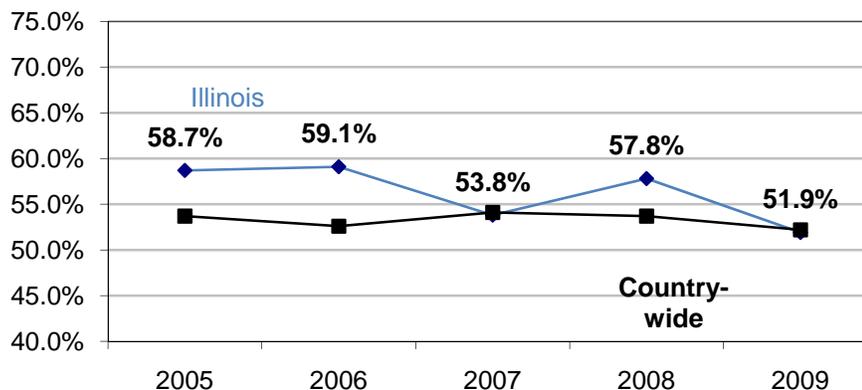
Commercial Auto Liability (\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	681,976	14,795,785
Direct earned premiums	716,502	15,312,372
Expenses (% premium)		
Incurred losses	51.9%	52.2%
Def. & cost cont. exp. Incurred	6.2%	5.8%
Comm./brokerage	14.6%	14.6%
Taxes, licenses & fees	1.5%	2.6%

* NAIC State Data Network, 2009 Illinois State Page Exhibit

** NAIC State Data Network 2009 Insurance Expense Exhibit Part III

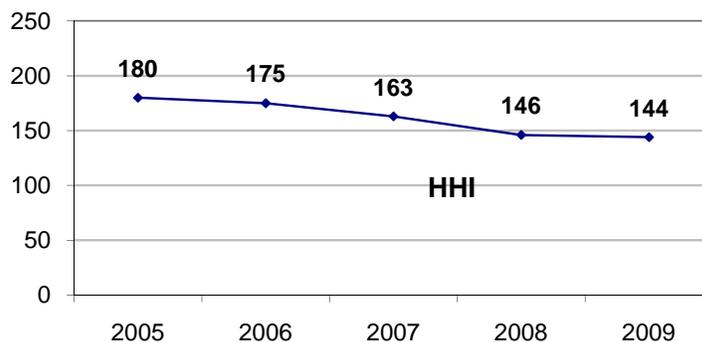
As reported with other lines of insurance examined in this report and summarized below, the loss ratio experienced by Illinois consumers in the commercial automobile liability market does not appear to be significantly different from similar markets throughout the nation.

Commercial Auto Liability Losses as a percent of Earned Premiums (2005 - 2009)



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

Illinois Commerical 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 2009. In summary, the ten companies identified wrote a total of approximately 201 million dollars in premium and combined for a total of 29 percent of the total Illinois market share in 2009.

Top 10 Commercial Automobile Liability Insurers in Illinois

<i>Company</i>	<i>2009 Written Premium</i>	<i>2008 Written Premium</i>	<i>2009 Market Share</i>	<i>2008 Market Share</i>	<i>2009 Loss Ratio</i>	<i>2008 Loss Ratio</i>
Illinois National Ins Co	32,089,304	34,353,291	4.70%	4.46%	36.79%	23.57%
Great West Casualty Co	24,386,642	27,335,270	3.57%	3.55%	63.78%	69.16%
Cincinnati Ins Co	21,687,721	23,328,989	3.17%	3.03%	53.93%	53.56%
Transguard Ins Co of America	21,283,104	25,981,555	3.11%	3.37%	30.28%	44.43%
Zurich American Ins Co	20,244,212	25,980,719	2.96%	3.37%	37.09%	50.25%
American Service Ins Co	18,668,086	19,850,155	2.73%	2.57%	73.64%	49.59%
Northland Ins Co	18,441,299	20,699,164	2.70%	2.68%	32.87%	67.91%
Pekin Ins Co	17,399,176	17,155,646	2.55%	2.23%	42.77%	62.64%
Empire Fire & Marine Ins Co	13,881,197	16,943,533	2.03%	2.20%	22.50%	51.84%
Acuity, A Mutual Ins Co	13,798,594	17,090,709	2.02%	2.22%	32.27%	52.70%

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 2009.

<u>Truck Tractor Trailer</u>	<u>Market Share</u>
Vanliner Ins Co	16.76%
Sparta Ins Co	10.56%
Continental Western Ins Co	10.39%
Great American Assurance Co	10.32%
Star Ins Co	6.80%
Sentry Select Ins Co	6.18%
National American Ins Co	5.99%
Occidental Fire & Casualty Co of NC	5.95%
Frankenmuth Mutual Ins Co	5.94%
Safeway Ins Co	2.22%

<u>Taxi / Limousine</u>	<u>Market Share</u>
American Service Ins Co	60.84%
Lancer Ins Co	8.46%
Allied Property & Casualty Ins Co	5.69%
Rockford Mutual Ins Co	4.77%
Sentry Select Ins Co	4.08%
Selective Ins Co of SC	3.06%
American Country Ins Co	2.77%
Northland Ins Co	1.70%
Empire Fire & Marine Ins Co	1.67%
Sentinel Ins Co Ltd	1.23%

MEDICAL MALPRACTICE LIABILITY

The following table compares underwriting results for medical malpractice liability coverage written in Illinois with that written countrywide during 2009. As with several of the previous lines, the medical malpractice markets continued to see reduction in premium volume during 2009. The reduction in written premium for the Illinois market was just over 37 million dollars or approximately 7 percent from 2008. Countrywide, the reductions totaled approximately 138.8 million or 3 percent from 2008 totals.

Medical Malpractice Liability Underwriting Results (2009)

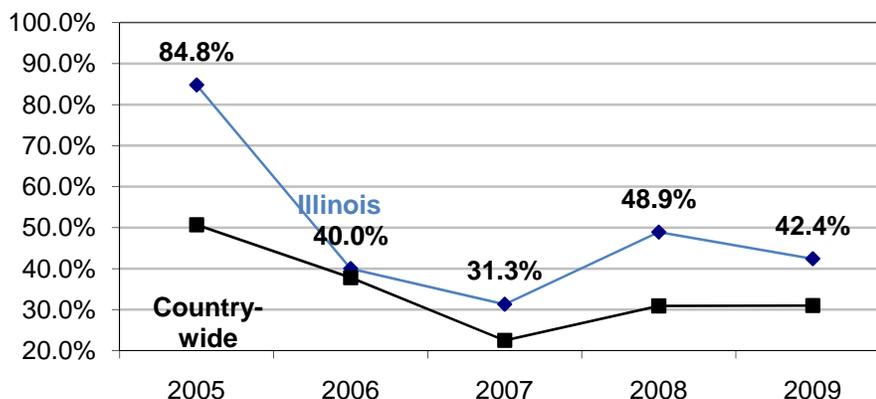
Medical Malpractice Liability (\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	494,943	4,435,116
Direct earned premiums	496,656	4,471,642
Expenses (% premium)		
Incurred losses	42.4%	31.0%
Def. & cost cont. exp. Incurred	25.3%	19.7%
Comm./brokerage	7.9%	9.7%
Taxes, licenses & fees	1.5%	2.0%

* NAIC State Data Network, 2009 Illinois State Page Exhibit

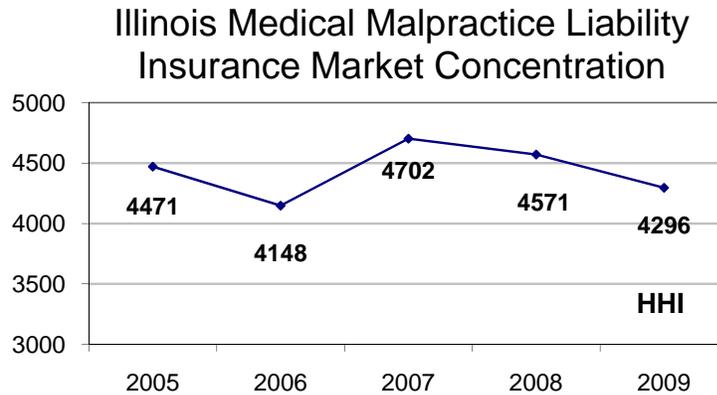
** NAIC State Data Network 2009 Insurance Expense Exhibit Part III

The significant reduction in loss expenses during 2006 are generally attributed to enactment of Public Act 94-677 in 2005. As reflected in the chart below, the medical malpractice market in Illinois has generally been able to maintain that reduction in the subsequent years. The Department will monitor insurers' results in future years in light of the Illinois Supreme Court decision in *Lebron v. Gottlieb*, No.'s 105741 and 105745, which held Public Act 94-677 unconstitutional.

Medical Malpractice Liability Losses as a Percent of Earned Premiums (2005 – 2009)



The following graph highlights the market concentration for medical malpractice carriers in Illinois between 2005 and 2009. Consistent with most states, the largest writer of medical malpractice insurance in Illinois remains a physician-affiliated company. In Illinois that provider is ISMIE Mutual Insurance Company, which wrote 64.7 percent of the medical malpractice coverage in 2009. The second largest medical malpractice insurer, by direct written premium, was American Physicians Assurance Corp., which wrote only 6.8 percent of the Illinois market. Although reduced in each of the last two years, the HHI for the Illinois medical malpractice Insurance market continues to indicate a highly concentrated and potentially anti-competitive market.



The following table identifies the top ten writers of medical malpractice insurance in Illinois based on written premium in 2009. In summary, the ten companies identified wrote a total of approximately 443.6 million dollars in premium and combined for a total of 90 percent of the total Illinois market share in 2009.

Top 10 Medical Malpractice Insurers in Illinois

<i>Company</i>	<i>2009 Written Premium</i>	<i>2008 Written Premium</i>	<i>2009 Market Share</i>	<i>2008 Market Share</i>	<i>2009 Loss Ratio</i>	<i>2008 Loss Ratio</i>
ISMIE Mutual Ins Co	320,261,708	355,890,320	64.71%	66.88%	40.96%	41.16%
American Physicians Assurance Corp	33,768,787	33,704,015	6.82%	6.33%	-13.80%	-6.93%
Medical Protective Co	25,436,135	25,218,668	5.14%	4.74%	53.50%	42.61%
ProAssurance Casualty Co	19,326,871	17,999,254	3.90%	3.38%	55.28%	40.51%
Professional Liability Ins Co of America	10,998,274	17,165,810	2.22%	3.23%	40.09%	53.87%
Medical Alliance Ins Co	10,350,018	12,017,582	2.09%	2.26%	39.45%	36.51%
American Casualty Co of Reading PA	7,041,143	7,064,488	1.42%	1.33%	85.52%	65.58%
Podiatry Ins Co of America	5,632,867	5,756,888	1.14%	1.08%	79.57%	70.92%
National Union Fire Ins Co of Pittsburgh	5,447,410	5,555,508	1.10%	1.04%	119.98%	76.00%
Columbia Casualty Co	5,370,313	3,483,054	1.09%	0.65%	-108.04%	123.52%

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

<u>Medical / Surgery</u>	<u>Market Share</u>
ISMIE Mutual Ins Co	76.04%
American Physicians Assurance Corp	7.66%
Medical Protective Co	5.50%
ProAssurance Casualty Co	3.28%
Doctors Direct Ins Inc	1.64%
Medical Alliance Ins Co	1.51%
OMS National Ins, Risk Retention Group	1.05%
First Professionals Ins Co	0.66%
Fortress Ins Co	0.61%
Preferred Professional Ins Co	0.60%

<u>Medical/Non-surgery</u>	<u>Market Share</u>
ISMIE Mutual Ins Co	80.81%
American Physicians Assurance Corp	7.38%
ProAssurance Casualty Co	5.78%
Medical Protective Co	5.07%
Medical Alliance Ins Co	0.87%
First Professionals Ins Co	0.09%

<u>Other / Not classified</u>	<u>Market Share</u>
ISMIE Mutual Ins Co	76.18%
American Physicians Assurance Corp	7.07%
Medical Protective Co	6.47%
ProAssurance Casualty Co	4.05%
Continental Casualty Co	1.64%
Medical Alliance Ins Co	1.57%
National Union Fire Ins Co Of Pitts	1.20%
Darwin National Assurance Co	0.56%
Preferred Professional Ins Co	0.46%
Dentists Ins Co	0.26%

OTHER LIABILITY

The following table compares underwriting results for other liability written in Illinois with that written countrywide during 2009. Written premiums for other liability coverage in Illinois experienced an increase of over 60 million dollars or 3.3 percent during 2009. Nationally, written premiums for the market decreased by 1.97 billion or 5.4 percent during 2009.

Other Liability Underwriting Results (2009)

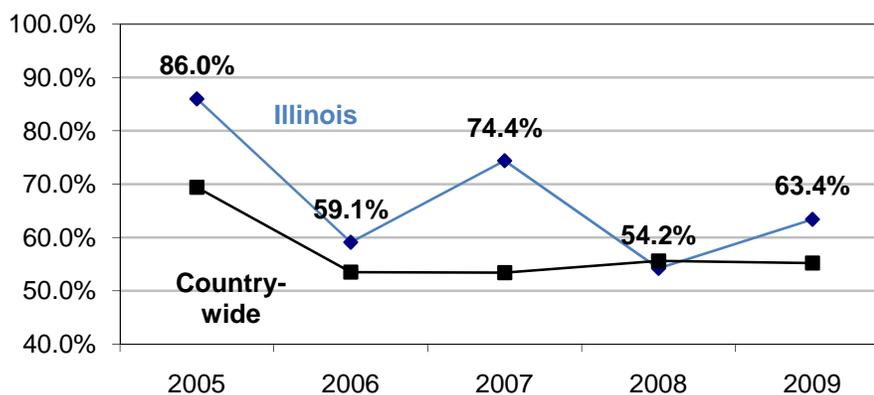
Other Liability (\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	1,897,459	34,272,418
Direct earned premiums	2,225,827	35,388,378
Expenses (% premium)		
Incurred losses	63.4%	55.2%
Def. & cost cont. exp. Incurred	9.4%	12.5%
Comm./brokerage	11.4%	12.9%
Taxes, licenses & fees	1.3%	-2.3%

* NAIC State Data Network, 2009 Illinois State Page Exhibit

** NAIC State Data Network 2009 Insurance Expense Exhibit Part III

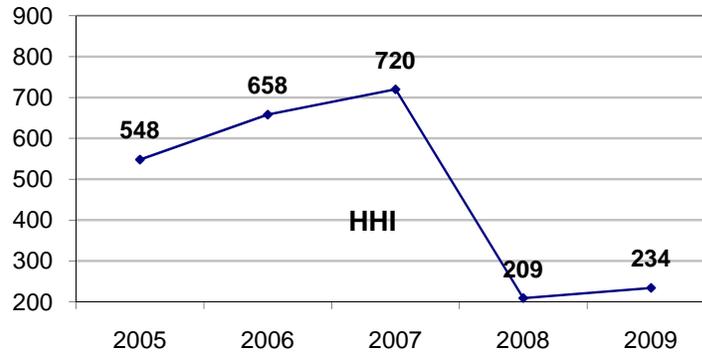
As illustrated in the following chart the loss ratio for other liability insurance written in Illinois has continued to fluctuate at a level slightly above the overall national loss ratio. In consideration of the increase in written premium the small increase in the loss ratio does not appear to be an issue of concern at this time.

Other Liability Losses as a percent of Earned Premiums (2005 - 2009)



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 2009. In summary, the ten companies participating in the other liability market wrote a total of approximately 753 million dollars in premium and combined for a total of 40 percent of the total Illinois market share in 2009.

Top 10 Other Liability Insurers in Illinois

<i>Company</i>	<i>2009 Written Premium</i>	<i>2008 Written Premium</i>	<i>2009 Market Share</i>	<i>2008 Market Share</i>	<i>2009 Loss Ratio</i>	<i>2008 Loss Ratio</i>
Illinois National Ins Co	142,609,302	94,572,326	7.52%	5.15%	88.54%	69.07%
Federal Ins Co	127,906,853	127,634,682	6.74%	6.95%	26.20%	27.18%
Zurich American Ins Co	93,841,517	68,257,657	4.95%	3.72%	53.90%	25.19%
Continental Casualty Co	72,115,300	76,825,822	3.80%	4.18%	110.68%	148.73%
Heritage Casualty Ins Co	61,054,217	53,372,709	3.22%	2.91%	95.52%	105.97%
State Farm Fire & Casualty Co	60,914,250	55,890,374	3.21%	3.04%	86.67%	75.32%
Underwriters At Lloyds London	56,000,670	59,826,824	2.95%	3.26%	0.60%	91.08%
Ace American Ins Co	55,995,666	52,251,302	2.95%	2.84%	50.01%	65.06%
National Union Fire Ins Co Of Pittsburg	44,838,207	67,481,787	2.36%	3.67%	143.97%	7.35%
American Home Assurance Co	38,656,285	33,902,915	2.04%	1.8%	68.81%	3.47%

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	24.90%
Underwriters At Lloyds London	18.82%
Founders Ins Co	11.26%
Badger Mutual Ins Co	10.58%
US Ins Co of American	7.27%
RSUI Indemnity Co	4.71%
Constitutional Casualty Co	4.49%
Capitol Indemnity Corp	3.00%
North Pointe Ins Co	1.50%
Great American Alliance Ins Co	1.22%

<u>Lawyers Professional Liability</u>	<u>Market Share</u>
Continental Casualty Co	34.64%
Chicago Ins Co	20.73%
Underwriters At Lloyds London	15.02%
Axis Ins Co	5.80%
American Zurich Ins Co	4.28%
Greenwich Ins Co	3.31%
Great Divide Ins Co	2.67%
Professionals Direct Ins Co	2.63%
Medmarc Casualty Ins Co	1.57%
Executive Risk Indemnity Inc	1.50%

<u>Commercial Day Care Liability</u>	<u>Market Share</u>
West Bend Mutual Ins Co	45.13%
Capitol Indemnity Corp	12.51%
Riverport Ins Co	11.28%
Philadelphia Indemnity Ins Co	5.70%
Church Mutual Ins Co	4.61%
Cincinnati Ins Co	3.62%
Markel Ins Co	3.51%
Stonington Ins Co	2.02%
Brotherhood Mutual Ins Co	1.82%
Guideone Mutual Ins Co	1.35%

WORKERS COMPENSATION INSURANCE

The following table compares underwriting results for workers compensation coverage written in Illinois with that written countrywide during 2009. 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 10.1 percent while nationally the decrease was 8.9 percent in written premium.

Workers Compensation Insurance Underwriting Results (2009)

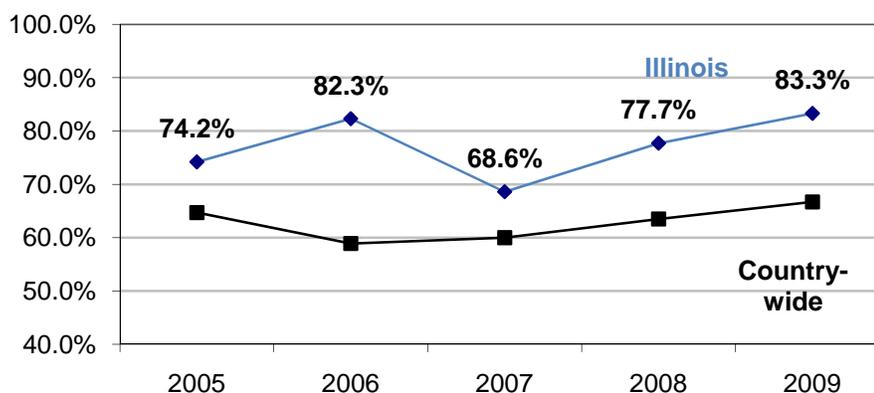
Workers Compensation(\$000 omitted)	Illinois*	Countrywide**
Direct written premiums	2,283,983	28,651,733
Direct earned premiums	2,340,688	29,171,876
Expenses (% premium)		
Incurring losses	83.3%	66.7%
Def. & cost cont. exp. Incurred	8.1%	7.8%
Comm./brokerage	7.4%	7.7%
Taxes, licenses & fees	2.4%	4.3%

* NAIC State Data Network, 2009 Illinois State Page Exhibit

** NAIC State Data Network 2009 Insurance Expense Exhibit Part III

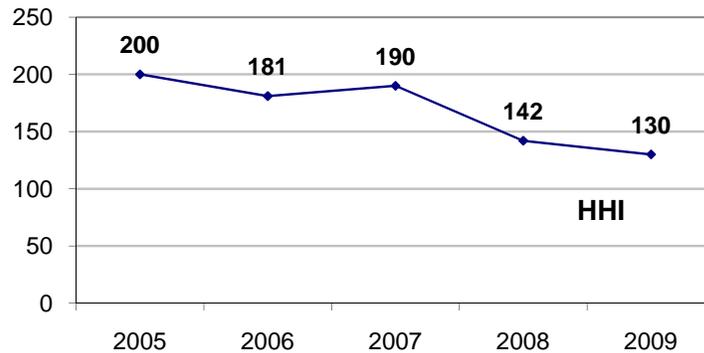
As illustrated below, the loss ratio related to workers compensation activity in Illinois continues to remain higher than the national average. It should also be noted that the Illinois loss ratio has increased 14.7 percent in the last two years compared to 6.7 percent nationally.

Workers Compensation Losses as a percent of Earned Premiums (2005 - 2009)



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 contains 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 2009. In summary, the ten companies identified wrote a total of approximately 611 million dollars in premium and combined for a total of 26.7 percent of the total Illinois workers compensation market in 2009.

Top 10 Workers Compensation Insurers in Illinois

<i>Company</i>	<i>2009 Written Premium</i>	<i>2008 Written Premium</i>	<i>2009 Market Share</i>	<i>2008 Market Share</i>	<i>2009 Loss Ratio</i>	<i>2008 Loss Ratio</i>
Zurich American Ins Co	115,710,532	133,964,815	5.06%	5.28%	134.11%	81.26%
Illinois National Ins Co	73,401,094	64,246,844	3.21%	2.53%	108.13%	91.22%
Liberty Ins Corp	71,264,259	100,103,467	3.12%	3.94%	96.88%	63.42%
National Union Fire Ins Co of Pittsburg	64,735,583	66,547,781	2.83%	2.62%	85.87%	67.44%
Travelers Property Casualty Co of America	51,226,944	56,970,604	2.24%	2.24%	87.76%	72.33%
New Hampshire Ins Co	50,449,932	83,403,457	2.21%	3.28%	96.01%	83.34%
Twin City Fire Ins Co	48,721,144	56,035,479	2.13%	2.21%	70.46%	53.92%
Country Mutual Ins Co	46,649,229	52,758,274	2.04%	2.08%	66.53%	51.24%
Accident Fund Ins Co of America	44,904,900	51,868,244	1.96%	2.04%	72.64%	102.14%
American Zurich Ins Co	43,835,733	43,634,689	1.92%	1.71%	84.34%	88.82%

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 three lines of insurance: property, automobile, and workers' compensation.

PROPERTY

The Illinois FAIR Plan Association (FAIR Plan)

Fire and homeowners' insurance are 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 2005 through 2009. As reflected in the data, the consistently low market share reflects a very healthy & competitive primary insurance market.

Written Premiums for Illinois FAIR Plan (2005-2009)

	Amount of Written Premiums	As % of Total Written Premiums
2005	\$9,073,367	0.37%
2006	\$7,018,505	0.28%
2007	\$6,047,739	0.23%
2008	\$5,258,275	0.19%
2009	\$5,193,870	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 2005 through 2009 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 (2005-2009)

	2005	2006	2007	2008	2009
Illinois	0.04%	0.03%	0.02%	0.01%	0.01%
Nationwide	1.24%	1.12%	1.00%	.89%	0.86%

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 2005 and 2009. As reflected by the downward trend in premiums written through the pool, the Illinois workers compensation market continues to remain competitive.

Percent of Illinois Workers' Compensation Written Through the Pool (2005-2009)

	2005	2006	2007	2008	2009
Percent of Total	6.2%	4.7%	4.0%	3.7%	2.8%

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 2008 and 2009.

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 2008 and 2009

Year	Total Number of Policies Approved	Approved Credit
2008	7,272	\$45,097,266
2009	5,974	\$28,584,489

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. New to the top ten this year include: Firefighters & Drivers – Volunteer and Taxicab Co: All other Employees & Drivers.

Illinois Residual Market Top Ten Classification Codes by Premium Volume for 2009

Rank	Code	Description	Total State Premium	% of Premium
1	5645	Carpentry-detached One or Two Family Dwellings	\$3,909,822	6.03%
2	7228	Trucking-local Hauling Only-& Drivers	\$3,322,311	5.13%
3	8835	Nursing-home Health Public and Traveling-all Employees	\$2,362,971	3.65%
4	5551	Roofing-all Kinds & Drivers	\$1,948,014	3.01%
5	7711	Firefighters & Drivers – Volunteer	\$1,765,230	2.72%
6	5606	Contractor – Project Manager Construction Executive Construction Manager	\$1,617,693	2.50%
7	5474	Painting or Paperhanging NOC & Shop Operations	\$1,546,236	2.39%
8	7229	Truck-long Distance Hauling-& Drivers	\$1,481,408	2.30%
9	7370	Taxicab Co: All Other Employees & Drivers	\$1,481,408	2.29%
10	8864	Social Service Organization – All Employees & Salespersons Drivers	\$1,424,931	2.20%

Source: National Council on Compensation Insurance (NCCI)

SURPLUS LINES ASSOCIATION

Insurance placed in the Surplus lines market is written by a non-admitted (unlicensed) insurer through a licensed surplus lines producer. The licensed producer must exercise due diligence in protecting the insured since the Department has little jurisdiction over

unlicensed companies and the Illinois Insurance Guaranty Fund provides no protection for the consumer. 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 2005 through 2009 by surplus lines producers for homeowners', private passenger auto liability and physical damage, commercial auto liability, medical malpractice, and other liability coverage. The dramatic increase in policies written in the surplus lines market reported in 2009 can be linked directly to a new automobile liability product 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.

As indicated above, the Department has little 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 (2005 - 2009)

Line of Business	2005 Illinois Policy Count	2006 Illinois Policy Count	2007 Illinois Policy Count	2008 Illinois Policy Count	2009 Illinois Policy Count
Homeowners'	535	352	357	385	644
PPA Liability	189	124	157	129	22,572
PPA Physical Damage	7,426	5,722	7,049	4,348	5,865
Commercial Auto Liability	77	148	121	149	166
Medical Malpractice	892	940	1,160	1,084	979
Other Liability	26,137	25,696	29,001	26,414	26,157
Grand Total -all policies-	65,738	61,935	67,738	62,622	86,378

Source: Surplus Lines Association of Illinois

SECTION 4: OVERALL MARKET PROFITABILITY & FINANCIAL REGULATION

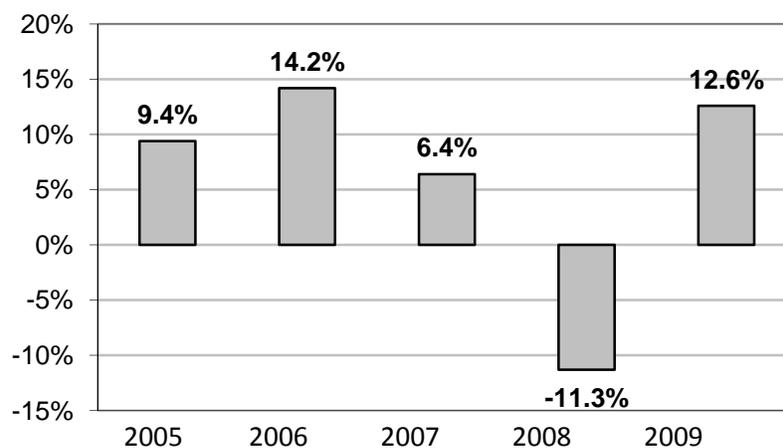
Businesses that provide a financial service must be financially sound. An insurance contract has little value to the insured if there is no guarantee that the insurance company will have the money to pay claims when needed. In determining whether the overall marketplace is viable the Department has considered 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 they must be paid from reserve funds. If the trend continues, reserve funds run out causing the business to collapse. Therefore, it is imperative that insurance companies manage income and expenses to assure profitability and survival. When the majority of insurers in the market are competitive and profitable, the market is considered to be financially strong. As with the economy as a whole; various indicators throughout this section appear to indicate some level of recovery in 2009.

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
(2005 – 2009)**

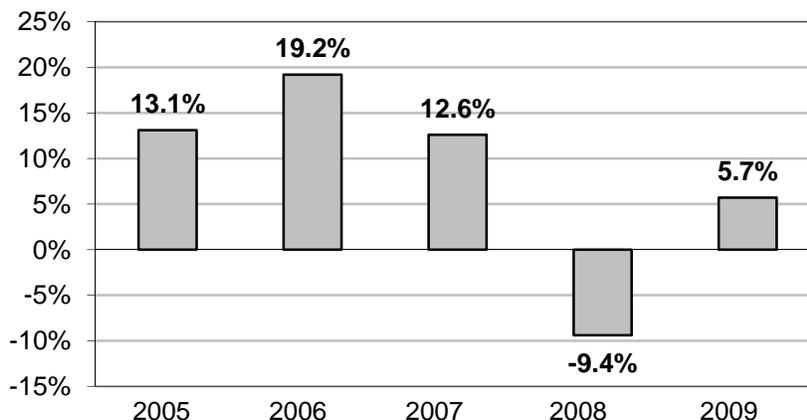


Source: NAIC State Data Network

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

The following chart summarizes the aggregate return on policyholders' surplus from 2005 through 2009 for the overall Illinois-licensed property/casualty industry. As previously identified, the substantial losses in unrealized capital gains resulting from the market conditions during 2008 had dramatic effects on policyholder surplus for the overall insurance industry.

**Return on Policyholders' Surplus
(2005 – 2009)**



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 2005 to 2009 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)**

	2005	2006	2007	2008	2009
Net Investment gain	\$53,915	\$53,434	\$59,558	\$32,268	\$36,798
Net Income	39,675	61,230	56,685	6,578	28,520
Unrealized Capital Gains/Losses	4,096	28,677	8,131	(53,876)	28,925
Policyholders' Surplus	441,620	498,408	531,200	470,670	529,402

Source: NAIC State Data Network

UNDERWRITING EXPERIENCE

The following table identifies the aggregate underwriting gain/loss for Illinois-licensed insurers from 2005 - 2009. 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)

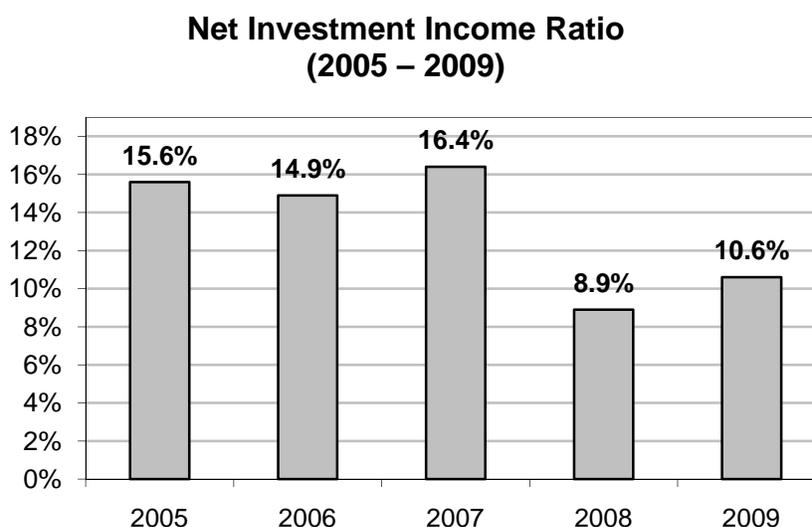
	2005	2006	2007	2008	2009
Premiums earned	\$344,913	\$359,332	\$362,387	\$361,832	\$348,552
Losses incurred	213,774	191,391	205,225	241,197	211,845
Loss expenses incurred	45,351	42,950	42,990	41,872	43,006
Other underwriting expenses Incurred	90,570	96,724	98,687	98,441	96,373
Dividends to policyholders	<u>1,040</u>	<u>2,540</u>	<u>1,359</u>	<u>1,146</u>	<u>1,375</u>
Net underwriting gain/loss	<u>(5,822)</u>	<u>25,727</u>	<u>14,126</u>	<u>(\$20,824)</u>	<u>(\$4,047)</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.



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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Insurance Information Institute

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National Council on Compensation Insurance (NCCI) Data

Appendix A - F

APPENDIX A – Consolidated Assets of Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2009

ASSETS		Assets Current Year	Non-admitted Assets Current Year	Net Admitted Assets Current Year	Net Admitted Assets Prior Year
1	Bonds	685,202,850,012	208,821,563	684,994,028,449	657,365,039,675
2.1	Preferred stocks (stocks)	17,176,872,034	1,782,997	17,175,089,037	19,479,373,926
2.2	Common stocks (stocks)	306,263,746,478	2,508,561,693	303,755,184,787	268,254,651,615
3.1	First liens - mortgage loans on real estate	3,653,641,928	2,507,755	3,651,134,173	3,763,268,915
3.2	Other than first liens - mortgage loans on real estate	224,354,436	-	224,354,436	238,813,347
4.1	Properties occupied by the company	7,340,868,599	12,631,086	7,328,237,513	7,456,890,826
4.2	Properties held for the production of income	941,576,573	6,064,507	935,512,066	1,008,723,460
4.3	Properties held for sale	223,821,820	308,580	223,513,240	257,098,135
5	Cash, cash equivalents and short-term investments	64,292,384,167	75,412,960	64,216,971,207	73,670,239,048
6	Contract loans	2,003,640	2,003,640	-	-
7	Other invested assets	56,455,534,079	946,762,339	55,508,771,740	52,729,830,073
8	Receivables for securities	908,279,693	5,662,027	902,617,666	2,264,891,933
9	Aggregate write-ins for invested assets	7,695,131,754	3,247,476,388	4,447,655,366	3,826,791,698
10	Subtotals, cash and invested assets	1,150,381,065,204	7,017,995,535	1,143,363,069,673	1,090,315,612,656
11	Title plants less charged off (for title insurers only)	-	-	-	-
12	Investment income due and accrued	8,589,227,625	2,056,728	8,587,170,897	8,771,050,866
13.1	Uncollected premiums and agents' balances in the course of collection	34,647,352,921	2,220,635,021	32,426,717,895	36,841,530,485
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	57,978,150,146	165,140,764	57,813,009,376	57,486,702,765
13.3	Accrued retrospective premiums	7,301,384,701	309,050,887	6,992,333,802	7,153,761,582
14.1	Amounts recoverable from reinsurers	20,545,266,099	13,784,812	20,531,481,286	23,956,774,047
14.2	Funds held by or deposited with reinsured companies	6,170,814,903	24,069,365	6,146,745,537	6,278,643,078
14.3	Other amounts receivable under reinsurance contracts	1,364,194,260	2,428,094	1,361,766,166	1,283,832,639
15	Amounts receivable relating to uninsured plans	56,530,953	51,499	56,479,454	38,210,856
16.1	Current federal and foreign income tax recoverable and interest thereon	6,585,786,574	280,666,436	6,305,120,138	7,334,692,296
16.2	Net deferred tax asset	47,564,266,024	23,714,184,021	23,850,082,001	21,061,085,882
17	Guaranty funds receivable or on deposit	496,799,671	4,155,422	492,644,248	655,976,322
18	Electronic data processing equipment and software	3,903,441,931	2,844,028,768	1,059,413,158	1,251,790,394
19	Furniture and equipment, including health care delivery assets	2,317,910,030	2,316,361,911	1,548,121	1,746,525
20	Net adjustment in assets and liabilities due to foreign exchange rates	13,490,775	-	13,490,775	29,006,330
21	Receivables from parent, subsidiaries and affiliates	11,775,573,347	744,279,432	11,031,293,918	9,534,553,142
22	Health care and other amounts receivable	6,826,694	4,683,957	2,142,737	7,125,578
23	Aggregate write-ins for other than invested assets	27,841,276,212	12,422,326,620	15,418,949,594	17,054,202,366
24	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,387,539,358,074	52,085,899,283	1,335,453,458,782	1,289,056,297,785
25	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	-	-	-	-
26	Totals	1,387,539,358,074	52,085,899,283	1,335,453,458,782	1,289,056,297,785

**APPENDIX B – Consolidated Liabilities, Surplus and Other Funds of Illinois-licensed
Property/Casualty Insurers for the year ending December 31, 2009**

LIABILITIES, SURPLUS and OTHER FUNDS		Current Year	Prior Year
1	Losses	384,060,540,742	389,311,927,003
2	Reinsurance payable on paid losses and loss adjustment expenses	11,225,950,567	13,383,843,464
3	Loss adjustment expenses	80,526,333,655	79,093,243,054
4	Commissions payable, contingent commissions and other similar charges	4,390,573,874	4,540,955,752
5	Other expenses (excluding taxes, licenses and fees)	21,039,139,343	21,606,144,725
6	Taxes, licenses and fees (excluding federal and foreign income taxes)	4,219,978,665	4,726,928,134
7.1	Current federal and foreign income taxes (including \$(1) on realized capital gains (losses))	2,879,828,178	2,676,322,579
7.2	Net deferred tax liability	10,095,163,189	3,900,375,820
8	Borrowed money \$(1) and interest thereon \$(2)	965,155,645	1,743,228,724
9	Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$(1) and including warranty reserves of \$(2))	161,045,318,081	165,391,403,855
10	Advance premium	2,421,737,131	2,417,599,152
11.1	Stockholders (dividends declared and unpaid)	599,176,370	93,410,458
11.2	Policyholders (dividends declared and unpaid)	414,938,351	507,331,849
12	Ceded reinsurance premiums payable (net of ceding commissions)	25,984,613,632	28,107,484,553
13	Funds held by company under reinsurance treaties	25,505,900,318	25,659,604,603
14	Amounts withheld or retained by company for account of others	8,654,419,251	7,555,338,267
15	Remittances and items not allocated	1,423,816,005	1,509,726,323
16	Provision for reinsurance	3,347,711,558	6,304,179,583
17	Net adjustments in assets and liabilities due to foreign exchange rates	191,216,836	595,438,074
18	Drafts outstanding	3,283,950,503	3,096,036,157
19	Payable to parent, subsidiaries and affiliates	8,228,711,459	8,168,485,190
20	Derivatives	1,949,948,645	2,463,630,417
21	Payable for securities	3,103,821	4,146,169
22	Payable for securities lending	-	173,792
23	Liability for amounts held under uninsured plans	43,585,436,144	45,976,770,987
24	Capital notes \$(1) and interest thereon \$(2)	806,042,661,989	818,833,728,672
25	Aggregate write-ins for liabilities	-	-
26	Total liabilities excluding protected cell liabilities	806,042,661,989	818,833,728,672
27	Protected cell liabilities	50,707,869,656	40,143,590,253
28	Total liabilities	4,642,085,952	4,613,391,869
29	Aggregate write-ins for special surplus funds	1,199,198,246	1,200,787,246
30	Common capital stock	54,843,582	70,466,914
31	Preferred capital stock	14,640,218,548	12,978,216,687
32	Aggregate write-ins for other than special surplus funds	178,648,458,510	170,841,771,608
33	Surplus notes	280,841,950,628	241,695,196,389
34	Gross paid in and contributed surplus	1,323,379,285	1,320,988,944
35	Unassigned funds (surplus)	9,129,454	7,180,538
36.1	(1) Shares common (value included in common capital stock \$(2)) (less treasury stock at cost)	529,402,116,385	470,215,251,491
36.2	(2) Shares preferred (value included in preferred capital stock \$(2)) (less treasury stock at cost)	1,335,444,778,375	1,289,048,980,157

APPENDIX C – Consolidated Statement of Income for Illinois-licensed Property/Casualty Insurers for the year ending December 31, 2009

UNDERWRITING INCOME		Current Year	Prior Year
1	Premiums earned	348,552,194,817	361,745,038,593
2	Losses incurred	211,844,963,337	241,145,082,047
3	Loss adjustment expenses incurred	43,006,341,527	41,856,689,087
4	Other underwriting expenses incurred	96,372,859,811	98,409,158,970
5	Aggregate write-ins for underwriting deductions	(2,342,538,296)	(1,363,962,072)
6	Total underwriting deductions	348,881,626,381	380,046,968,022
7	Net income of protected cells	-	-
8	Net underwriting gain (loss)	(329,431,567)	(18,301,929,382)
INVESTMENT INCOME			
9	Net investment income earned	44,750,438,258	48,181,663,786
10	Net realized capital gains (losses) less capital gains tax	(7,952,721,002)	(15,945,881,752)
11	Net investment gain (loss)	36,797,717,254	32,235,782,030
OTHER INCOME			
12	Net gain (loss) from agents' or premium balances charged off	(1,298,226,105)	(1,101,083,388)
13	Finance and service charges not included in premiums	2,178,899,928	2,130,720,528
14	Aggregate write-ins for miscellaneous income	(451,165,144)	(1,169,408,273)
15	Total other income	429,508,686	(139,771,134)
16	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	36,897,794,362	13,794,081,507
17	Dividends to policyholders	1,375,298,498	1,146,288,099
18	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	35,522,495,865	12,647,793,402
19	Federal and foreign income taxes incurred	7,002,105,692	6,093,833,830
20	Net income	28,520,390,183	6,553,959,574
CAPITAL and SURPLUS ACCOUNT			
21	Surplus as regards policyholders, December 31 prior year	470,215,251,585	530,051,476,491
22	Net income	28,520,390,183	6,553,959,574
23	Net transfers (to) from protected cell accounts	-	-
24	Change in net unrealized capital gains or (losses) less capital gains tax	28,925,353,955	(53,858,052,255)
25	Change in net unrealized foreign exchange capital gain (loss)	1,164,125,254	(919,014,435)
26	Change in net deferred income tax	(3,357,071,310)	8,622,451,525
27	Change in nonadmitted assets	3,643,288,000	(12,492,092,671)
28	Change in provision for reinsurance	2,957,635,853	(1,453,589,893)
29	Change in surplus notes	1,672,726,166	3,196,919,710
30	Surplus (contributed to) withdrawn from protected cells	-	-
31	Cumulative effect of changes in accounting principles	227,692,216	148,454,817
32.1	Capital changes paid in	24,352,414	823,642,990
32.2	Capital changes transferred from surplus (stock dividend)	3,590,001	2,092,777
32.3	Capital changes transferred to surplus	(837,350)	(2,046,910)
33.1	Surplus adjustments paid in	7,693,691,609	14,931,257,305
33.2	Surplus adjustments transferred to capital (stock dividend)	(3,700,000)	11,745,220
33.3	Surplus adjustments transferred from capital	(372,160)	(1,259,118,670)
34	Net remittances from or (to) home office	(122,181,942)	(24,344,250)
35	Dividends to stockholders	(20,536,706,812)	(27,176,261,319)
36	Change in treasury stock	(4,339,257)	(6,473,333)
37	Aggregate write-ins for gains and losses in surplus	8,379,228,052	3,064,244,918
38	Change in surplus as regards policyholders for the year	59,186,864,854	(59,836,224,905)
39	Surplus as regards policyholders, December 31 current year	529,402,116,447	470,215,251,580

APPENDIX D – Consolidated Exhibit of Premiums and Losses in the State of Illinois for All Illinois-licensed Proper/Casualty Insurers during 2009

EXHIBIT OF PREMIUMS AND LOSSES
BUSINESS IN THE STATE OF ILLINOIS DURING THE YEAR 2009

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	308,775,482	298,979,013	273,258	144,505,271	108,384,692	142,411,501	121,771,859	2,761,154	2,968,013	5,774,839	36,492,451	8,351,008
2.1 Allied lines	260,876,261	252,860,994	137,533	96,258,408	173,589,953	113,025,308	60,113,397	3,026,022	2,404,865	4,248,302	30,817,392	5,844,293
2.2 Multiple peril crop	661,232,851	661,437,757	-	12,240,817	488,472,995	211,941,624	168,858,500	1,871,230	961,026	1,491,097	86,892,468	604,065
2.3 Federal flood	30,467,143	31,790,547	-	16,700,639	22,241,457	9,459,183	4,131,962	879,392	781,036	69,860	3,823,955	171,187
3 Farmowners multiple peril	114,387,495	111,937,348	-	45,261,802	90,858,615	91,735,537	33,479,086	1,211,985	1,257,257	3,725,458	17,418,964	1,193,757
4 Homeowners multiple peril	2,593,403,976	2,495,453,811	3,757,179	1,363,806,897	1,806,704,316	1,712,164,424	661,572,764	34,643,018	33,277,205	63,107,462	336,090,443	31,581,957
5.1 Commercial multiple peril (non-liability portion)	901,908,042	897,176,310	128,537	440,537,781	594,622,672	529,718,629	306,174,981	18,074,396	13,563,814	44,797,536	141,807,515	14,960,523
5.2 Commercial multiple peril (liability portion)	496,784,266	507,215,991	82,582	242,443,738	233,647,426	230,260,553	1,043,224,843	107,440,527	103,599,991	379,012,036	79,547,360	6,932,654
6 Mortgage guaranty	259,182,180	265,469,201	-	24,400,828	229,596,803	503,400,441	1,216,884,394	2,863,577	5,499,094	15,976,952	84,545	8,112,220
8 Ocean marine	65,078,491	66,639,585	22,629	18,170,714	38,781,377	37,853,264	75,232,094	4,418,057	3,892,757	5,062,411	9,054,956	1,221,303
9 Inland marine	507,479,505	520,629,983	320,099	153,195,749	275,966,540	275,248,191	115,999,489	4,025,228	3,912,931	9,000,893	77,904,304	10,900,691
10 Financial guaranty	22,821,492	52,979,473	-	382,158,652	267,337,626	320,992,874	17,050,981	768,832	1,510,661	1,181,681	-	2,371,941
11 Medical professional liability	494,943,355	496,655,951	18,194,569	257,772,547	231,785,045	210,409,973	1,568,649,902	121,823,664	125,640,966	472,271,862	39,225,784	7,255,690
12 Earthquake	44,421,645	41,908,461	114,937	22,077,231	129,028	(182,255)	1,010,134	46,838	22,325	63,097	5,334,591	732,027
13 Group accident and health	143,890,286	169,563,501	-	163,721,788	126,423,568	107,446,196	91,138,737	1,053,435	8,937	1,184,261	8,596,050	3,058,194
14 Credit A&H (group and individual)	3,791,598	4,006,240	-	1,241,760	825,026	847,225	1,100,942	183	2,606	6,769	913,769	60,610
15.1 Collectively renewable A&H	1,448	1,555	-	586	-	247	1,712	-	(20)	90	155	4
15.2 Non-cancelable A&H	107,310	137,895	-	415,868	2,381	2,513	146	-	4	4	6,651	2,622
15.3 Guaranteed renewable A&H	75,189,229	46,048,341	-	364,146,389	56,781,616	68,803,569	93,058,058	22,695	(63,362)	337,794	4,453,605	132,056
15.4 Non-renewable for stated reasons only	6,684,689	7,183,284	2,179	2,113,512	6,165,232	5,120,819	5,698,857	81,788	61,648	91,089	550,064	374,932
15.5 Other accident only	5,273,729	5,643,893	-	294,763	2,754,782	2,467,817	631,509	-	(319)	6,940	1,535,177	59,079
15.6 Medicare Title XVIII exempt from state taxes or fees	-	-	-	-	-	(114,426)	(53,990)	-	-	-	-	375
15.7 All other A&H	6,655,568	6,445,059	-	2,051,691	3,055,544	2,961,336	2,850,162	(1,354)	(9,997)	40,675	1,084,359	78,089
15.8 Federal employees health benefits program premium	-	-	-	-	-	-	-	-	-	-	-	-
16 Workers' compensation	2,283,983,148	2,340,687,646	6,909,920	926,802,001	1,748,441,599	1,949,151,526	5,893,867,452	149,392,308	190,079,390	573,132,433	169,309,010	55,146,430
17.1 Other liability - occurrence	1,144,014,434	1,484,374,130	1,338,798	344,359,243	1,499,407,324	1,135,396,034	4,993,253,745	199,088,940	122,957,606	987,291,053	120,249,860	16,657,888
17.2 Other liability - claims-made	747,869,854	737,440,233	1,640,755	465,025,324	249,912,519	312,266,745	1,700,634,414	119,940,154	107,811,821	418,054,131	95,651,506	12,020,816
17.3 Excess workers' compensation	42,313,409	42,667,219	(322)	19,656,312	19,769,450	54,877,164	322,004,451	723,657	2,018,656	10,498,997	3,356,859	841,987
18 Products liability	88,807,629	91,935,872	(1,767)	36,248,115	78,155,242	64,434,897	772,513,006	60,204,252	80,739,040	285,690,780	10,016,422	1,483,875
19.1 Private passenger auto no-fault (personal injury protection)	169,033	173,821	1	(49,295)	2,462,775	3,043,170	7,500,869	168,832	209,126	231,741	(27,149)	117,946
19.2 Other private passenger auto liability	3,183,893,107	3,149,852,953	4,718,582	940,046,160	1,978,060,359	2,127,415,940	2,731,717,033	129,243,490	119,529,390	383,701,538	339,173,829	30,588,484
19.3 Commercial auto no-fault (personal injury protection)	1,365,444	1,513,487	55	253,767	82,186	826,312	1,104,032	7,943	118,381	179,684	339,812	41,424
19.4 Other commercial auto liability	681,975,553	716,501,749	135,438	271,142,561	425,597,637	371,960,821	1,115,581,921	53,236,923	44,275,531	139,723,450	99,710,517	10,839,022
21.1 Private passenger auto physical damage	2,434,931,096	2,446,965,156	3,665,636	705,594,061	1,427,501,148	1,395,094,916	101,468,305	12,217,494	11,539,424	8,140,022	250,269,168	23,972,306
21.2 Commercial auto physical damage	218,687,934	224,850,375	29,080	91,981,585	125,738,777	125,030,829	27,651,001	3,231,171	2,897,021	4,457,979	28,989,834	3,287,886
22 Aircraft (all perils)	58,218,790	62,277,053	-	23,432,813	27,618,839	13,005,921	759,837,725	6,766,870	10,339,104	90,498,126	8,505,111	1,499,957
23 Fidelity	55,860,508	57,690,185	168	34,478,175	25,223,112	28,680,327	57,228,765	1,115,034	1,068,529	8,114,968	6,617,306	1,009,246
24 Surety	174,974,844	174,699,312	22	85,738,603	13,000,987	18,847,756	144,860,800	4,097,035	7,575,803	21,890,433	44,138,176	4,244,236
26 Burglary and theft	8,198,715	7,897,054	9,606	4,378,024	1,104,494	1,162,070	3,802,322	23,384	254,443	934,007	1,115,844	201,479
27 Boiler and machinery	46,944,879	45,701,359	599	23,583,422	7,735,455	7,735,574	9,376,782	295,574	96,167	565,836	4,943,281	785,498
28 Credit	56,819,105	63,751,567	-	26,913,899	42,081,811	42,620,646	28,352,569	478,628	444,289	537,666	13,568,217	1,362,999
30 Warranty	1,014,712,269	563,350,094	-	1,532,243,796	388,743,597	436,629,250	103,639,760	1,523,519	1,517,281	34,115	2,780,769	15,035,598
34 Aggregate write-ins for other lines of business	30,991,402	32,809,001	-	11,218,048	14,850,379	11,308,275	48,864,850	70,256	141,442	4,117,906	5,274,291	1,084,340
35 Totals	19,278,087,195	19,185,302,441	41,480,070	9,296,564,022	12,833,614,382	12,675,462,730	24,411,840,302	1,046,836,112	1,002,876,868	3,945,245,957	2,085,617,229	284,220,676

APPENDIX E – Consolidated Insurance Expense Exhibit Part III for all Illinois-licensed Property/Casualty Insurers for 2009

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	7,899,809	7,812,320	15,290	2,857,494	92,321	187,974	2,567,180	147,848	110,484	3,757,781	1,508,008
2.1	Allied lines	6,442,469	6,355,037	15,103	2,367,861	98,613	272,057	2,610,030	187,329	112,898	2,653,500	1,154,712
2.2	Multiple peril crop	8,100,490	8,230,585	-	5,641,672	10,359	72,832	2,707,656	14,590	24,701	562,158	1,950,435
2.3	Federal flood	2,380,381	2,492,359	-	929,241	25,283	55,938	319,162	5,704	23,480	1,279,304	55,161
3	Farmowners multiple peril	1,396,674	1,363,654	-	839,110	22,722	26,923	443,558	56,206	31,140	660,823	283,559
4	Homeowners multiple peril	48,962,059	47,633,764	248,212	28,585,415	770,215	3,747,540	12,520,088	1,346,807	1,904,162	26,384,358	7,364,337
5.1	Commercial multiple peril (non-liability portion)	17,301,907	17,294,967	10,181	8,898,465	331,221	818,476	6,559,139	1,176,027	592,146	8,349,613	3,889,265
5.2	Commercial multiple peril (liability portion)	9,524,454	9,737,397	5,277	3,459,633	1,610,579	594,527	17,457,865	6,848,953	1,293,553	4,656,179	2,376,192
6	Mortgage guaranty	5,315,368	5,493,229	-	11,814,276	107,443	309,613	23,279,891	281,836	306,981	779,813	238,945
8	Ocean marine	3,423,882	3,504,659	2,500	1,580,469	127,572	153,510	3,347,227	274,150	127,951	1,105,549	1,570,509
9	Inland marine	11,721,704	12,151,358	13,383	5,631,934	79,410	538,905	2,964,249	179,876	208,069	3,532,534	2,200,503
10	Financial guaranty	1,214,419	2,443,947	-	6,010,480	430,250	18,632	7,457,569	(376,069)	4,513	10,509,981	101,338
11	Medical professional liability	4,435,116	4,471,642	65,415	1,385,620	879,720	237,679	10,500,688	3,912,699	511,972	2,120,317	831,153
12	Earthquake	1,250,930	1,231,243	4,273	7,983	787	5,796	109,586	6,473	5,875	612,500	239,893
13	Group A & H	3,838,819	3,831,502	-	2,229,494	26,574	123,295	1,850,609	29,614	129,200	1,629,665	910,104
14	Credit A & H	217,603	211,872	-	34,883	87	9,038	36,376	436	3,782	48,157	12,851
15	Other A & H	3,150,132	2,694,422	30	1,747,445	10,382	129,398	2,032,701	16,899	153,852	6,617,854	498,443
16	Workers' compensation	28,651,733	29,171,876	1,011,568	19,467,614	2,273,913	2,118,139	93,592,684	8,885,813	3,859,373	10,134,565	8,022,857
17.1	Other liability - occurrence	20,828,539	22,021,468	25,616	12,917,371	2,735,174	1,526,666	64,869,815	13,278,720	3,075,996	10,443,983	4,762,933
17.2	Other liability - claims-made	13,443,879	13,366,910	2,156	6,609,718	1,698,745	628,317	28,204,119	6,158,333	1,016,106	7,699,568	2,312,983
17.3	Excess workers' compensation	917,440	926,895	-	486,169	29,837	(15,126)	8,013,323	308,448	125,528	329,583	164,644
18	Products liability	2,195,845	2,257,811	326	721,005	867,152	373,362	11,723,559	4,438,173	734,394	916,015	431,772
19.1	Private passenger auto liability	73,564,676	73,239,248	293,743	51,172,488	2,984,019	7,260,087	68,858,078	8,017,837	5,720,890	21,870,426	10,416,142
19.3	Commercial auto liability	14,795,485	15,312,372	7,869	8,000,485	883,739	947,717	20,585,348	2,585,464	1,040,637	6,702,671	3,651,625
21.1	Private passenger auto physical damage	49,105,251	49,357,047	234,955	28,581,534	156,225	4,562,556	2,298,879	153,856	1,330,389	14,488,258	6,702,228
21.2	Commercial auto physical damage	4,497,960	4,717,420	2,158	2,549,284	49,588	335,748	570,382	100,951	54,463	2,023,803	1,051,207
22	Aircraft (all perils)	1,858,661	1,844,831	-	975,764	147,720	41,593	3,913,320	435,376	53,003	804,784	340,464
23	Fidelity	1,086,033	1,106,913	432	563,659	20,163	53,853	1,101,018	159,034	43,685	616,336	199,697
24	Surety	4,760,944	4,878,971	64,853	930,427	241,369	151,308	3,204,923	652,897	199,375	2,802,572	663,446
26	Burglary and theft	145,806	147,911	30	18,288	3,592	4,189	66,733	16,660	2,963	79,598	30,863
27	Boiler and machinery	1,179,316	1,178,253	82	370,962	8,907	30,373	516,214	28,472	41,421	525,049	302,742
28	Credit	1,593,267	1,830,546	-	1,860,844	31,243	33,589	1,430,921	27,850	20,554	1,292,038	160,186
29	International	27,165	27,769	-	24,510	59	5,687	57,190	48	5,786	6,788	1,678
30	Warranty	2,608,839	2,740,594	-	1,800,624	4,886	30,162	276,929	3,376	7,640	6,056,222	213,381
34	Aggregate write-ins for other lines of business	902,449	974,702	-	520,799	17,051	31,126	1,049,503	40,314	27,208	661,553	51,736
35	Total	358,739,509	362,055,569	2,023,449	221,593,049	16,776,898	25,421,492	407,096,581	59,401,013	22,904,199	162,713,929	64,665,995

APPENDIX E (continued) – Consolidated Insurance Expense Exhibit Part III for all Illinois-licensed Property/Casualty Insurers for 2009

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	916,161	209,762	435,733	644,206	(8,490)	2,444,896
2.1 Allied lines	693,720	152,613	356,055	513,835	(12,026)	1,873,136
2.2 Multiple peril crop	688,019	14,129	(57,847)	155,685	(40,111)	1,665,626
2.3 Federal flood	366,494	45,965	23,564	18,144	1,008	1,028,735
3 Farmowners multiple peril	230,220	27,942	93,802	85,167	5,676	43,450
4 Homeowners multiple peril	6,415,180	1,163,500	3,973,858	2,159,429	172,052	742,451
5.1 Commercial multiple peril (non-liability portion)	2,799,389	434,268	1,210,895	1,126,959	(94,130)	1,570,977
5.2 Commercial multiple peril (liability portion)	1,579,926	206,325	681,105	675,607	(49,157)	875,242
6 Mortgage guaranty	4,037	129,188	190,162	672,096	(18,784)	(7,752,375)
8 Ocean marine	484,064	47,026	189,051	230,643	(81,097)	608,736
9 Inland marine	1,544,844	310,737	696,287	939,055	(63,384)	2,333,462
10 Financial guaranty	-	29,336	1,560	600,452	491,023	(4,155,738)
11 Medical professional liability	428,161	87,329	152,327	384,937	(1,938)	848,521
12 Earthquake	142,398	27,594	85,213	69,915	(12,913)	874,382
13 Group A & H	589,055	88,014	190,206	162,705	(149,113)	273,036
14 Credit A & H	55,186	6,077	12,139	17,335	93	77,221
15 Other A & H	426,530	30,667	320,842	268,106	(5,888)	(244,875)
16 Workers' compensation	2,203,033	1,259,947	1,382,492	1,638,211	(657,335)	(2,840,376)
17.1 Other liability - occurrence	2,629,040	466,853	1,624,483	1,603,861	(35,893)	(1,543,501)
17.2 Other liability - claims-made	1,782,977	293,062	762,188	666,277	(192,554)	730,929
17.3 Excess workers' compensation	85,917	19,374	26,888	68,816	(16,134)	208,895
18 Products liability	272,723	44,645	34,764	69,863	(22,380)	(148,408)
19.1 Private passenger auto liability	6,392,370	1,670,293	6,017,903	3,801,366	405,870	(5,947,176)
19.3 Commercial auto liability	2,165,990	392,561	1,119,453	1,197,068	(415,425)	182,068
21.1 Private passenger auto physical damage	4,249,952	1,097,231	3,988,745	2,405,605	223,168	4,303,392
21.2 Commercial auto physical damage	651,637	115,177	282,972	389,960	(6,843)	334,063
22 Aircraft (all perils)	287,733	46,271	70,849	69,978	(48,096)	156,821
23 Fidelity	136,239	25,395	86,007	80,033	(13,357)	127,773
24 Surety	1,108,872	133,668	490,720	357,454	1,407	1,401,689
26 Burglary and theft	20,275	3,913	14,166	8,022	(430)	74,987
27 Boiler and machinery	91,249	28,279	126,835	130,970	(9,632)	380,958
28 Credit	329,857	40,979	56,196	136,682	12,031	(646,809)
29 International	232	377	2,429	10,956	(241)	(16,722)
30 Warranty	127,574	61,707	147,594	139,914	(91,603)	336,529
34 Aggregate write-ins for other lines of business	114,182	28,871	20,222	95,808	24,507	171,141
35 Total	40,013,271	8,739,121	24,809,904	21,595,137	(710,114)	373,138

APPENDIX F - Consolidated Schedule T for all Illinois-licensed Property/Casualty Insurers for 2009
SCHEDULE T – EXHIBIT OF PREMIUMS WRITTEN
Allocated by States and Territories

1	Alabama AL	5,034,047,755	5,109,473,089	14,280,963	3,288,351,424	3,375,210,303	5,185,194,856	35,285,113	19,948,107
2	Alaska AK	1,307,913,073	1,330,469,988	5,366,227	584,454,246	571,412,264	1,250,776,089	5,213,988	2,225,645
3	Arizona AZ	6,251,919,482	6,370,793,609	20,465,659	3,655,614,516	3,789,385,354	5,659,538,107	46,464,507	19,651,692
4	Arkansas AR	2,884,295,669	2,911,386,772	6,190,453	2,009,197,256	1,944,839,864	2,388,248,811	18,206,302	7,433,601
5	California CA	38,762,856,719	39,187,230,907	118,508,113	20,631,468,802	20,520,744,327	47,059,408,048	285,682,742	109,772,810
6	Colorado CO	6,782,139,756	6,844,254,482	25,750,097	4,817,548,057	5,129,683,953	5,734,909,106	43,826,082	19,232,483
7	Connecticut CT	5,591,532,171	5,686,406,395	32,997,920	3,225,262,659	3,198,531,193	7,419,308,705	40,778,185	22,493,139
8	Delaware DE	2,004,729,163	2,049,092,548	3,598,601	1,833,839,521	1,343,872,383	2,545,352,541	8,518,566	11,747,798
9	Dist. Columbia DC	1,360,886,544	1,387,149,328	3,854,891	1,164,935,368	1,587,213,537	2,008,916,099	4,188,173	12,417,139
10	Florida FL	22,830,379,126	23,572,540,702	185,266,747	13,214,730,881	13,863,904,309	25,102,527,551	106,729,706	78,270,659
11	Georgia GA	10,476,219,662	10,574,153,217	39,637,352	7,984,594,163	8,540,244,046	10,070,230,603	70,139,810	28,488,832
12	Hawaii HI	1,253,799,533	1,276,373,317	9,222,946	545,479,191	509,238,399	1,154,436,794	5,349,451	7,172,025
13	Idaho ID	1,330,506,156	1,337,125,823	3,373,595	754,936,378	819,423,088	1,142,363,767	10,942,464	3,439,304
14	Illinois IL	19,278,087,193	19,185,302,447	41,480,070	12,833,614,385	12,675,462,724	24,411,840,306	94,267,637	76,232,651
15	Indiana IN	6,816,225,136	6,817,380,496	7,266,521	4,289,526,489	4,068,413,824	6,080,062,276	46,909,368	14,999,725
16	Iowa IA	4,289,242,737	4,288,081,927	28,217,235	2,998,972,467	2,640,600,001	3,374,849,152	19,907,751	12,911,545
17	Kansas KS	4,008,868,674	4,047,598,302	11,507,521	2,452,309,404	2,497,711,391	2,965,597,311	19,549,795	9,675,635
18	Kentucky KY	4,156,932,199	4,181,571,638	6,908,665	2,903,916,870	2,897,194,373	4,873,951,050	25,550,305	9,393,349
19	Louisiana LA	6,324,451,976	6,369,339,821	13,783,434	3,877,369,422	3,000,121,437	6,475,343,239	33,777,994	22,795,717
20	Maine ME	1,128,565,382	1,118,778,375	4,586,123	599,531,181	569,340,719	1,109,356,373	9,020,374	3,851,301
21	Maryland MD	7,474,963,686	7,542,833,429	28,917,445	4,155,069,932	4,807,215,194	7,492,396,832	46,309,155	34,063,606
22	Massachusetts MA	5,639,623,480	5,689,434,192	24,704,698	3,145,756,460	2,661,041,315	8,138,731,861	26,287,007	43,433,685
23	Michigan MI	10,204,974,332	10,556,810,514	21,405,746	6,931,879,025	8,391,666,128	21,216,826,198	55,349,987	26,742,767
24	Minnesota MN	7,387,855,822	7,355,260,465	17,809,375	4,477,521,352	4,367,370,134	7,524,230,564	31,102,237	16,502,588
25	Mississippi MS	2,945,598,816	2,983,239,792	6,667,743	1,617,363,802	1,497,889,591	2,673,394,052	18,691,393	9,978,799
26	Missouri MO	7,659,569,193	7,692,203,283	11,258,688	4,654,226,544	4,497,527,826	6,695,972,704	47,126,298	15,703,611
27	Montana MT	1,403,856,770	1,427,312,276	3,155,134	788,144,343	911,701,678	1,209,749,701	7,316,172	3,066,401
28	Nebraska NE	3,009,506,546	3,000,749,191	11,424,351	1,825,160,340	1,739,343,095	2,339,820,164	10,626,937	5,867,512
29	Nevada NV	3,242,620,055	3,396,388,826	9,687,536	2,047,279,489	2,109,699,416	3,739,573,787	21,813,016	15,802,099
30	New Hampshire NH	1,375,004,444	1,393,121,411	10,685,489	782,325,029	805,621,502	1,533,269,776	8,757,645	4,796,136
31	New Jersey NJ	10,220,656,831	10,350,561,313	32,492,519	5,824,563,104	6,308,593,584	18,259,517,654	45,244,392	46,312,593
32	New Mexico NM	2,033,037,419	2,040,890,894	7,946,003	1,019,649,629	1,100,716,990	1,678,928,809	14,664,926	4,981,019
33	New York NY	25,574,316,419	25,773,565,498	65,435,298	22,495,343,650	19,486,830,281	44,401,471,167	150,246,625	163,824,212
34	North Carolina NC	9,646,677,778	9,767,924,540	28,468,525	5,265,604,074	5,526,144,551	7,898,035,125	78,706,987	25,040,129
35	North Dakota ND	1,423,176,899	1,403,300,644	1,021,662	875,784,673	647,073,747	654,758,577	3,108,862	1,599,000
36	Ohio OH	11,047,769,645	11,047,513,031	15,243,651	6,856,433,835	6,510,856,284	9,420,748,704	105,910,260	43,649,771
37	Oklahoma OK	4,103,809,425	4,109,557,206	10,844,846	3,113,879,294	3,306,089,714	3,571,800,677	20,832,356	10,369,258
38	Oregon OR	3,456,853,330	3,471,583,229	12,859,030	1,990,852,960	2,037,553,612	3,345,349,979	23,111,173	10,229,815
39	Pennsylvania PA	15,966,297,642	16,091,232,818	41,229,817	9,508,680,923	9,233,822,421	21,346,993,665	121,584,368	44,557,612
40	Rhode Island RI	1,409,709,662	1,428,843,115	18,388,066	738,294,189	753,626,481	1,512,093,311	9,491,149	5,821,921
41	South Carolina SC	5,499,198,242	5,599,143,810	20,077,056	2,817,042,237	2,989,129,163	4,243,012,831	46,602,730	17,068,496
42	South Dakota SD	1,535,109,107	1,537,815,308	3,389,824	918,818,801	784,663,017	1,074,855,440	4,372,773	2,632,822
43	Tennessee TN	6,078,685,529	6,109,166,145	13,423,055	3,709,178,021	3,639,893,184	5,981,212,144	36,476,645	19,679,733

44 Texas TX	18,970,522,533	19,206,189,810	115,951,997	13,595,124,325	11,608,929,541	20,991,598,255	84,082,092	134,606,623
45 Utah UT	2,704,648,688	2,706,452,173	4,761,375	1,389,455,012	1,464,428,362	2,225,400,591	17,425,422	6,530,417
46 Vermont VT	640,298,082	650,415,669	3,023,724	324,474,655	292,349,259	750,822,077	4,862,456	3,227,154
47 Virginia VA	8,891,489,471	8,945,278,962	62,109,315	5,167,944,860	5,206,546,748	7,772,805,319	79,315,984	61,565,822
48 Washington WA	6,783,165,407	6,834,791,359	27,917,323	4,022,239,923	4,244,396,246	5,798,972,788	44,952,704	20,735,884
49 West Virginia WV	1,858,145,135	1,865,917,658	2,803,765	1,124,437,183	1,153,613,815	1,455,539,600	11,331,435	4,314,368
50 Wisconsin WI	6,901,377,185	6,894,279,989	155,225,089	3,888,100,958	4,049,933,934	7,595,082,277	32,783,054	12,050,055
51 Wyoming WY	746,581,756	754,735,112	1,717,648	390,511,511	413,153,959	452,933,005	3,988,110	1,431,783
52 American Samoa AS	114,103	79,236	59	230,002	980,047	775,418	105	-
53 Guam GU	16,180,267	17,106,353	314,968	2,786,388	2,493,740	4,249,248	5,287	1,167
54 Puerto Rico PR	198,399,335	226,201,713	472,833	45,213,008	66,898,826	287,294,629	21,256	159,069
55 U.S. Virgin Islands VI	22,043,514	21,885,613	154,386	14,786,372	8,693,108	13,072,975	42,214	22,276
56 Canada CN	3,927,809,630	3,851,429,110	267,080	2,017,369,545	2,481,599,471	4,830,703,152	6,775,111	320
57 Aggregate other alien OT	6,876,518,380	6,681,253,847	3,937,558	2,351,774,725	3,130,725,933	4,695,751,828	23,129	15,702
58 Totals	358,750,521,145	362,069,951,146	1,377,459,496	223,559,010,754	221,781,457,351	408,840,119,713	2,149,649,713	1,308,537,379
62 Northern Mariana Islands MP	758,539	980,514	3,690	57,903	98,007	164,143	27	-