PROPERTY INSURANCE REPORT

The Authority on Insuring Homes and Commercial Property

Vol. 26#19/619 **March 16, 2020**

INSIDE

THE GRAPEVINE

NAIC: Homeowners Premium Rose About 5% in 2019

Homeowners insurers grew their written premium about 5.1% in 2019, better than the 4.8% growth in 2018, according to a preliminary report by the **National Association of Insurance Commissioners.**

The projected loss ratio of 58.2% in 2019 is a dramatic improvement from the 72.4% in 2018 and 73.5% in 2017, thanks largely to the absence of the large **California** fire losses that plagued those years.

The report, available on the NAIC website, captures data from 97.7% of company filings, and includes premium written by U.S. carriers in Canada and U.S. territories, but it is very close to what

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Three Trends to Contemplate While You Wash Your Hands

Editor's Note: Last November Property Insurance Report *Editor Brian Sullivan delivered his popular 20 Trends to our annual conference. With nearly six months behind us and six more to go before the next meeting, we thought we would offer up some mid-term trends to consider while you decide what to do about the coronavirus.*

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People Aren't Moving, Making Conquests Harder

The best time to convince homeowners to change insurers is when they change homes. This is especially true if they are also changing cities and have to change agents.

But the American homeowner is showing an increasing residential stability, reducing those opportunities. Data from online real estate broker **Redfin** and real estate data giant **CoreLogic** show that in 2019 people were staying in their homes for 13 years, up from eight years in 2010. That's an enormous jump in just a decade.

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Kansas Storms Remind All Why Homeowners Rates Are So High

After an unusually quiet 2018, Kansas property insurers saw a resurgence in storm losses last year, with the largest total since 2013. Still, 2019 was better than average, creating what one insurance representative described as a false sense of security.

According to the **Kansas Department of Insurance**, there were 60,140 storm damage claims in the state last year, totaling nearly $276.6 million. That's up substantially 37,719 storm damage claims totaling about $72.2 million in 2018, and the highest in recent years.

The last time storm damage losses exceeded $200 million was in 2013, when they were $284.6 million – which was still lower than the average annual loss of $341.2 million for the decade ended in 2018. The worst year, by far,

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Last month, Redfin reported that prices for U.S. home sales increased 6.7% year over year in January to a median of $306,400. The big increase was driven largely by the fact that inventory was extremely low by historical standards. Why was inventory low? Because no one was moving. There is some slim hope in the market that the higher prices will help dislodge some sellers. But anyone trading up knows that rising prices make bigger homes harder to afford even with a higher price for the one they are selling.

Higher prices are great, however, for downsizing baby boomers, who can cash out of their big house and buy a smaller home or maybe an apartment in the city. The problem with boomers swapping their big houses with millennials moving out of their starter homes is that insurers are running in place, just swapping around one low-value homeowner's policy and one high-value homeowner's policy. In the past, when homeowners of all types were moving around, superior insurers had a better chance of growing their market share.

> ***The current push to work from home will create an infrastructure that will outlast the short-term medical panic.***

Adding fuel to the stability equation is the rising trend of working from home. As companies allow even senior staffers to stay put when they take a new job – often staying in the same place is the only way someone will accept a new position – there are fewer corporate moves, reducing the movement among the most valuable homeowners insurance customers of all.

In the near term, the work-from-home trend is getting an enormous boost by the coronavirus. Companies around the world are building out the infrastructure to help them better integrate staffers working from home. Aware that the coronavirus isn't going away anytime soon – and that the arrival of other pandemics has always been a matter of when, not if – there will be significant investment in finding ways to maximize more distributed operations. This infrastructure will remain in place long after the current panic abates and people realize they can't hide in their homes forever. We're not saying that people will never again move around, just that in the near term, we can't see a factor that will change the current trajectory toward a more geographically stable population.

As a result, insurers that want to grow will need to redouble their efforts to convince more homeowners to shop their existing policies even when they're not moving.

And of course, the most recent reduction in the deductibility of state taxes may have spurred some relocations. The Tax Cuts and Jobs Act of 2017 brought a significant tax increase for residents of **California**, **New York** and other high-tax states. **Washington State**, **Texas**, **Florida** and other states with little or no state tax – which were already among the fastest growing states – are all enjoying an influx of new residents, a target-rich environment for home insurers that want to grow. (And have an appetite for Florida hurricane, Washington earthquake, and every conceivable risk in Texas.)

The counterweight to this stability is that in preliminary data we've seen from **LexisNexis** and **Jornaya**, there are signs that consumers are showing a greater willingness to shop their existing homeowners even when they don't move. We'll be digging more deeply into this trend in the coming weeks. There is some exciting new insurance shopping data in development.

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Renters Growth Returns to Trend

We've been reporting for years that the number of renter households has been growing rapidly in the United States, and along with it the number of renters insurance policies sold. From

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***TRENDS** Continued from Page 2*

2008 to 2017, the number of renters policies written on the HO-4 policy form rose 92.1% to 16.6 million, or an average of 9.2% a year.

But the 2016 renters policy count from the **National Association of Insurance Commissioners** showed growth of just 2.3%, which had us wondering if a slowdown was coming. This concern was underscored by data showing that the number of total rental households in the United State actually declined slightly in 2017, dropping a few hundred thousand to about 43 million, according to the **Joint Center for Housing Studies of Harvard University**.

A month after the conference closed last November, the 2017 data came out and the policy count was shown to once again be on the rise, surging 13.7%. That makes us think the 2016 number was a statistical outlier since the NAIC data is from a data call, and not nearly as robust as the data in annual reports. The 2017 data feels like it was just catching up, since the longer term trends now continue to hold.

Rental policies as a percentage of rental households has been rising for several years as property owners increasingly demand that their renters buy insurance. The willingness to buy insurance is something of an underwriting tactic for landlords, showing a level of fiscal responsibility that speaks to less trouble down the road.

Tenants with homeowners insurance also have another place to turn to if a pipe bursts or a neighbor's apartment has a smoky fire, events that often result in landlords writing checks or offering rent rebates.

The total premium from renters insurance has increased in lockstep with rising policy count because the average premium hasn't moved at all. In 2017, the NAIC reported a national average renters premium of $180, which is down from the peak of $190 in 2014 and barely higher than the $176 of 2008. Total renters premium captured in the NAIC report was about $3.0 billion in 2017, compared to $75.1 billion written on homeowners policy forms, which is 80% of the industry total of $94.2 billion.

The homeowners policy count captured in the NAIC report has actually fallen 4.5% from 64.2 million in 2008 to 61.3 million in 2017. So the renters policy count as a percentage of the homeowners policy count has risen from 13.4% in 2008 to 27.1% in 2017

The bottom line here: renters remains a business with very little premium or profit, but it continues to grow in importance as the entry point for insurers looking to sell products into newly forming households, with homeownership being delayed compared to prior generations.

See PIR 3/18/19 for our last deep dive into the renters insurance market.

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Political Will Is Lacking for Big Flood Insurance Change, And That's Good

Last fall, faced with a self-imposed deadline on setting new flood insurance rates, the **Federal Emergency Management Agency** and its **National Flood Insurance Program** (NFIP) chose to put off any change for one year. That was a good thing. The federal government already has too many irons in the fire to tackle something so delicate and important. We would bet on yet another delay – at least for significant change – due to the presidential election in November.

True, this slows down the emergence of the very much needed private flood insurance market because you can't sell rationally priced private insurance in the face of deeply discounted government coverage.

But in this case slow is everyone's friend.

Eventually, the NFIP will need to change not only because the government can't continue to rack up tens of billions of dollars of red ink, but also because those discounted rates are encouraging people to live in areas where they should not, because of danger to themselves and their eventual rescuers, and because of the financial cost to society.

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Kansas
Homeowners Multiperil Insurers

Groups Ranked by Total 2018 Direct Premium Written (000)

Group Name	2018 Premium	Mkt share 2018	Loss Ratio 2018	2017 Premium	Mkt share 2017	Loss Ratio 2017	2016 Premium	Mkt share 2016	Loss Ratio 2016
State Farm Mutual	$258,637	21.5%	38.3%	$249,800	21.5%	57.2%	$246,380	21.8%	47.9%
American Family Insurance Group	$184,306	15.3%	33.0%	$176,719	15.2%	53.2%	$170,009	15.0%	45.5%
Farm Bureau Financial Services	$94,886	7.9%	41.3%	$95,956	8.3%	59.1%	$97,897	8.7%	41.9%
Farmers Insurance Group	$92,869	7.7%	26.4%	$93,512	8.1%	36.3%	$94,974	8.4%	36.9%
Travelers Companies Inc.	$76,045	6.3%	45.7%	$68,335	5.9%	56.8%	$59,530	5.3%	39.0%
Allstate Corp.	$69,934	5.8%	39.4%	$64,724	5.6%	53.6%	$61,804	5.5%	47.0%
USAA Insurance Group	$61,926	5.1%	44.9%	$58,041	5.0%	63.3%	$54,545	4.8%	55.2%
Nationwide Mutual Group	$57,377	4.8%	60.6%	$58,954	5.1%	84.9%	$58,583	5.2%	55.5%
Liberty Mutual	$52,936	4.4%	28.9%	$57,316	4.9%	36.5%	$60,154	5.3%	42.9%
Shelter Insurance	$29,118	2.4%	42.6%	$28,188	2.4%	50.7%	$28,040	2.5%	67.0%
Chubb Ltd.	$16,234	1.4%	122.9%	$16,363	1.4%	59.0%	$16,373	1.5%	79.5%
Marysville Mutual Insurance Co	$15,499	1.3%	34.4%	$14,764	1.3%	63.6%	$14,127	1.3%	53.7%
MetLife Inc.	$14,732	1.2%	39.9%	$12,687	1.1%	55.9%	$11,290	1.0%	67.3%
Farmers Alliance Cos.	$13,021	1.1%	51.5%	$12,489	1.1%	66.6%	$12,121	1.1%	52.2%
Munich Re/American Modern Ins Group	$12,347	1.0%	50.3%	$11,062	1.0%	66.3%	$9,345	0.8%	70.4%
Auto Club Exchange Group (SoCal)	$12,311	1.0%	36.5%	$11,871	1.0%	77.0%	$11,932	1.1%	41.8%
Bremen Farmers Mutual Ins Co.	$12,250	1.0%	51.1%	$12,306	1.1%	54.6%	$12,516	1.1%	52.9%
Auto-Owners Insurance	$11,585	1.0%	39.5%	$8,161	0.7%	51.9%	$4,893	0.4%	38.5%
Progressive Corp.	$11,270	0.9%	42.6%	$3,168	0.3%	26.9%	$306	0.0%	1.8%
State Auto Insurance Companies	$9,600	0.8%	37.8%	$8,913	0.8%	69.0%	$8,560	0.8%	52.6%
Upland Mutual Insurance Inc.	$8,216	0.7%	46.3%	$8,076	0.7%	54.7%	$8,121	0.7%	42.5%
Hartford Financial Services	$7,463	0.6%	22.6%	$8,224	0.7%	70.2%	$9,270	0.8%	48.1%
CSAA Insurance Exchange (NorCal)	$7,127	0.6%	55.1%	$8,475	0.7%	35.4%	$8,624	0.8%	81.0%
Goodville & German Mutual Group	$6,915	0.6%	39.9%	$6,750	0.6%	54.6%	$6,577	0.6%	53.9%
Cincinnati Financial Corp.	$6,844	0.6%	81.1%	$6,866	0.6%	52.0%	$6,916	0.6%	59.0%
Lititz Mutual	$6,471	0.5%	56.6%	$6,258	0.5%	65.7%	$6,185	0.6%	58.7%
Country Financial	$5,408	0.5%	29.8%	$5,327	0.5%	51.8%	$5,310	0.5%	39.3%
Acuity Mutual Insurance	$5,154	0.4%	53.1%	$4,618	0.4%	63.5%	$4,184	0.4%	42.0%
Kansas Mutual Insurance Co.	$4,202	0.4%	28.9%	$4,401	0.4%	44.7%	$4,679	0.4%	44.3%
Kemper Corp.	$3,965	0.3%	40.8%	$3,653	0.3%	63.6%	$4,375	0.4%	57.9%
Assurant	$3,864	0.3%	46.3%	$3,558	0.3%	52.7%	$3,315	0.3%	44.5%
American International Group	$3,533	0.3%	81.2%	$2,515	0.2%	52.5%	$1,914	0.2%	35.9%
EMC Insurance	$3,505	0.3%	54.8%	$3,614	0.3%	94.8%	$3,886	0.3%	36.6%
QBE Insurance Group Ltd.	$3,322	0.3%	189.8%	$3,098	0.3%	67.7%	$3,038	0.3%	95.0%
Amica Mutual Insurance	$3,253	0.3%	47.2%	$2,970	0.3%	54.4%	$2,590	0.2%	29.4%
American National	$3,025	0.3%	42.8%	$2,897	0.3%	51.8%	$2,754	0.2%	44.2%
Buckeye Insurance	$2,883	0.2%	88.3%	$2,919	0.3%	77.5%	$2,949	0.3%	84.8%
Armed Forces Insurance Exchange	$2,515	0.2%	48.0%	$2,521	0.2%	73.1%	$2,538	0.2%	56.8%
MutualAid eXchange	$1,887	0.2%	32.5%	$1,902	0.2%	91.9%	$1,855	0.2%	47.7%
Horace Mann Educators Corp.	$1,315	0.1%	27.4%	$1,235	0.1%	24.3%	$1,196	0.1%	41.6%
Statewide Totals	$1,205,261		41.1%	$1,160,955		55.9%	$1,131,064		48.0%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.
Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

State Market Focus: KANSAS

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was 2011 with nearly $1.1 billion in losses.

The estimated losses consist of weather-related property claims, including damage from windstorms, tornadoes and hail, but they do not include flood damage. Kansas, as well as other states along the Missouri River, experienced historic flooding last year, resulting in $3.8 million in flood insurance claims, according to news reports.

"Short-term, Kansans have been lucky," said one company representative, noting that most hailstorms have occurred in relatively unpopulated areas. The larger concern, he said, is uncertainty over the long term about where rates should be, particularly with the unpredictable effects of climate change. "When the next big storm happens, not if, but when, I think that's when you're going to see some upward pressure on rates."

Kansas homeowners already pay high premiums for homeowners insurance. In 2017, the last year for which the **National Association of Insurance Commissioners** has data, the average homeowners multiperil premium was $1,584, the fifth highest in the country.

The high premiums in Kansas pay for less coverage, given lower-than-average insured home values. For example, 6.5% of Kansas homes were insured for less than $100,000 in 2017, compared with 2% nationwide; 42.1% were insured for between $100,000 and $200,000, compared with 28.5% nationwide; and 51.4% were insured for more than $200,000, compared with 69.5% nationwide.

In 2017, Kansas ranked eighth on our HURT Index, which ranks average homeowners insurance premiums as a percentage of average household income as a gauge of affordability.

The average homeowners insurance rate changes for the top 10 home insurers were just 1.9% in 2019, down from increases averaging around 2.5% in the previous three years and

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Kansas
Property Insurance Profit Margins
10-Year Summary, % of Direct Premiums Earned, With National Averages

Line of Business	2018 Total Profit	2017 Total Profit	2016 Total Profit	2015 Total Profit	2014 Total Profit	2013 Total Profit	2012 Total Profit	2011 Total Profit	2010 Total Profit	2009 Total Profit	Avg Total Profit
State Homeowner	26.2	11.1	15.7	22.3	21.2	10.2	10.7	-48.6	8.1	-2.6	7.4
Nat'l Homeowner	-2.0	-2.6	11.8	14.0	13.9	16.5	8.1	-3.8	7.2	5.7	6.9
State Fire	-58.3	20.1	20.2	30.2	-2.9	1.5	10.6	18.9	20.8	25.5	8.7
Nat'l Fire	4.8	4.7	11.0	24.2	21.4	26.9	24.7	24.8	27.6	24.5	20.2
State Comm MP	14.9	15.3	16.6	9.0	23.2	3.8	11.3	-12.2	15.3	-13.9	8.3
Nat'l Comm MP	4.1	0.6	9.8	14.5	12.4	14.9	9.0	4.1	13.2	11.0	9.4
State Allied	15.4	24.0	31.9	24.2	-5.4	-13.5	-57.8	-18.8	43.6	18.6	6.2
Nat'l Allied	2.2	-37.6	10.6	19.2	15.7	6.3	-19.4	5.7	28.5	21.2	5.2

Note: Profit calculations are by *Property Insurance Report* using data from the National Association of Insurance Commissioners. Calculations are estimates, some based on national averages.

State Market Focus: KANSAS

Kansas

Commercial Multiperil Nonliability Insurers

Groups Ranked by 2018 Premiums Written (000)

Group Name	2018 Premiums	Mkt share	Loss Ratio
Nationwide Mutual Group	$32,835	11.5%	31.1%
Travelers Companies Inc.	$21,541	7.5%	32.0%
Hartford Financial Services	$15,661	5.5%	73.9%
Chubb Ltd.	$15,471	5.4%	84.9%
State Farm Mutual	$13,782	4.8%	31.7%
The Cincinnati Insurance Cos.	$13,642	4.8%	56.8%
Farm Bureau Financial Services	$11,514	4.0%	54.7%
Farmers Insurance Group	$10,255	3.6%	37.9%
Auto-Owners Insurance	$10,094	3.5%	50.7%
American Family Insurance	$9,044	3.2%	48.6%
Markel Corp.	$9,015	3.1%	43.8%
W. R. Berkley Corp.	$8,739	3.1%	33.1%
Brotherhood Mutual Insurance Co.	$8,370	2.9%	59.1%
Liberty Mutual	$8,343	2.9%	37.7%
Triangle Insurance Co.	$8,261	2.9%	76.4%
Tokio Marine	$7,737	2.7%	24.0%
CNA Financial Corp.	$6,463	2.3%	89.2%
Berkshire Hathaway Inc.	$4,882	1.7%	82.3%
GuideOne Insurance	$4,767	1.7%	109.2%
State Auto Insurance Companies	$4,432	1.6%	30.0%
Church Mutual	$4,410	1.5%	95.0%
American International Group	$4,351	1.5%	43.1%
EMC Insurance	$4,191	1.5%	9.3%
Columbia Insurance	$4,137	1.4%	38.4%
Zurich Insurance Group	$3,921	1.4%	124.0%
QBE	$2,998	1.1%	34.3%
Shelter Insurance	$2,769	1.0%	40.3%
Allianz Group	$2,604	0.9%	-4.1%
Farmers Alliance Cos.	$2,410	0.8%	39.8%
HAI Group	$2,155	0.8%	18.0%
Allstate Corp.	$2,154	0.8%	32.6%
Acuity Mutual Insurance	$1,779	0.6%	17.2%
Federated Insurance	$1,610	0.6%	52.4%
Munich Re	$1,508	0.5%	20.9%
Goodville & German Mutual Group	$1,421	0.5%	57.6%
United Fire Group Inc.	$1,394	0.5%	330.9%
Hanover Insurance Group	$1,359	0.5%	65.2%
OneBeacon Insurance	$1,163	0.4%	13.7%
Midwest Family	$1,014	0.4%	136.9%
Fairfax Financial	$939	0.3%	3.4%
Global Indemnity	$911	0.3%	12.8%
Statewide Totals	$286,695		50.8%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.
Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

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5.8% in 2015.

The low average increase last year was helped by a 2.2% rate decrease by No. 1 **State Farm**, which writes 21.5% of statewide premium. But some companies have been taking rather substantial increases.

Vicki Schmidt
Kansas
Insurance Commissioner

Last month, regulators approved rate increases for **Allstate** that average 7.8% on a groupwide basis. In 2019, the insurer kept rates flat last year after increasing them 4.8% in 2018. Last year, **Travelers** had the largest groupwide increase at 10.9%, followed by **USAA** at 8.9% and **Nationwide** at 7.7%.

Allstate, Travelers and USAA experienced the fastest growth among groups in the top 10 in 2018, though the most noteworthy growth came from **Progressive**, which entered the Kansas market in 2016 and catapulted to the 19th largest writer in 2018.

Rates, thus far, have not been directly affected by a decision by the **Kansas Supreme Court** to throw out the state's caps on non-economic damages. The court ruled last June that the caps violated the right to a trial by jury in the state Constitution. While industry advocates predict the ruling in the case of *Hilburn v. Enerpipe* will drive virtually all insurance rates up, the court's decision will have a greater impact on personal injury claims, including auto insurance and umbrella claims.

Kansas Insurance Commissioner **Vicki Schmidt** has settled smoothly into her new role, where she's taken a hands-off stance regarding industry initiatives in the state legislature and

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State Market Focus: KANSAS

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will assume a leadership role with the NAIC.

"I spent over 40 years as a pharmacist before becoming insurance commissioner," she said in an emailed response to questions. "Meeting the needs of my customers and advocating on their behalf was my top priority, and I have brought that same approach to the Insurance Department."

Schmidt, who was sworn in as commissioner in January 2019, is no stranger to the industry, having spent 14 years in the state Senate prior to assuming her current role. "We have worked with Commissioner Schmidt for many years, while she was in the state Senate," said **Marlee Carpenter**, lobbyist for the **Kansas Association of Property and Casualty Insurance Companies**. "The commissioner and her staff have been very good to work with, and [she] has been willing to listen to and work with companies in the state," Carpenter said.

Schmidt was recently appointed by the NAIC to chair the Property and Casualty Committee. (Its spring meeting – Schmidt's first as chair – was changed to a "virtual meeting" held by conference call because of the coronavirus.)

In the meantime, the department is working with the legislature to pass several bills focusing on administrative processes that are intended primarily to bring Kansas up to parity with other

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Kansas 2017 Insured Home Values (HO3 Policy Form)

Home Value	Kansas	National Average
<$50K	0.8%	0.2%
$50-75K	1.5%	0.4%
$75-100K	4.2%	1.4%
$100-125K	8.1%	3.8%
$125-150K	10.7%	6.4%
$150-175K	11.9%	8.8%
$175-200K	11.4%	9.5%
$200-300K	30.3%	32.8%
$300-400K	12.2%	18.2%
$400-500K	4.1%	8.1%
>$500K	4.3%	9.8%
Total exposures	440,569	48,523,436

Source: NAIC, *Property Insurance Report*

Kansas
Fire Insurers
Groups Ranked by 2018 Premiums Written (000)

Group Name	2018 Premiums	Mkt share	Loss Ratio
American International Group	$7,747	7.4%	518.4%
EMC Insurance	$7,551	7.2%	45.2%
Travelers Companies Inc.	$7,108	6.8%	22.2%
Munich Re	$6,407	6.1%	23.0%
Liberty Mutual	$5,975	5.7%	10.7%
Zurich Insurance Group	$5,154	4.9%	793.3%
FM Global	$4,360	4.2%	570.8%
Allianz Group	$3,429	3.3%	5.5%
AXA / XL	$3,064	2.9%	95.3%
Shelter Insurance	$2,740	2.6%	75.4%
Chubb Ltd.	$2,724	2.6%	200.8%
Berkshire Hathaway Inc.	$2,722	2.6%	29.7%
Nationwide Mutual Group	$2,335	2.2%	40.4%
Alleghany Corp.	$2,266	2.2%	-7.8%
STARR Cos.	$2,175	2.1%	5.9%
Auto-Owners Insurance	$1,910	1.8%	23.3%
Farmers Insurance Group	$1,839	1.8%	61.9%
HDI V.a.G	$1,658	1.6%	-29.8%
Swiss Re	$1,610	1.5%	42.1%
Assurant	$1,472	1.4%	60.3%
SCOR	$1,400	1.3%	121.4%
Fairfax Financial	$1,373	1.3%	20.1%
United Fire Group Inc.	$1,354	1.3%	40.6%
Upland Mutual Insurance Inc.	$1,313	1.3%	65.6%
Marysville Mutual Insurance Co	$1,284	1.2%	30.7%
CNA Financial Corp.	$1,264	1.2%	44.5%
State Auto	$1,248	1.2%	26.3%
Bremen Farmers Mutual Ins Co.	$1,194	1.1%	89.2%
Lititz Mutual	$1,186	1.1%	31.4%
AXIS	$1,180	1.1%	-3.5%
Federated Insurance	$1,147	1.1%	251.3%
Statewide Totals	$105,105		143.2%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.
Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

***TRENDS** Continued from Page 3*

The solution will require a willingness to both state the real price of insurance, and then create an extended period in which the real prices are phased in. The federal government has tried before to implement actuarially sound pricing overnight, but it was forced to retreat because the impact was just too severe for the homeowners and the economies of the affected regions.

As accurate pricing is phased in, the private market will be able to grow gradually, using greater skill to pick out the superior risks, and slowly building an alternative that can manage the volume currently handled by the federal government. This will take finesse, and finesse is currently in short supply in Washington.

Meanwhile, the federal government will likely continue to lean on municipalities to use federal funds to buy out homeowners living in the most severe flood plains. When that doesn't work, the current administration is pressuring municipalities to make use of eminent domain to get people out of harm's way. It isn't pretty – as we mentioned, finesse is in short supply – but if a gradual approach can be applied, then more Americans will move out of harm's way, private insurers can bring smart capital to bear, and property owners will start making smarter decisions on where to build. PIR

State Market Focus: KANSAS

Kansas

Allied Lines Insurers

Groups Ranked by 2018 Premiums Written (000)

Group Name	2018 Premiums	Mkt share	Loss Ratio
EMC Insurance	$27,809	17.6%	46.1%
Travelers Companies Inc.	$9,674	6.1%	33.6%
Shelter Insurance	$9,438	6.0%	47.0%
Liberty Mutual	$7,665	4.9%	48.6%
FM Global	$6,310	4.0%	-1.7%
USAA Insurance Group	$5,491	3.5%	48.9%
Nationwide Mutual Group	$5,452	3.5%	59.1%
Zurich Insurance Group	$5,446	3.5%	44.3%
Marysville Mutual Insurance Co.	$4,341	2.8%	30.9%
Bremen Farmers Mutual Ins Co.	$4,306	2.7%	47.5%
United Fire Group Inc.	$3,986	2.5%	45.6%
Munich Re	$3,649	2.3%	84.6%
Alleghany Corp.	$3,572	2.3%	57.7%
West Bend Mutual Insurance Co.	$3,406	2.2%	24.8%
Assurant	$3,361	2.1%	56.6%
Federated Insurance	$3,014	1.9%	41.6%
American International Group	$2,981	1.9%	172.2%
State Auto Insurance Companies	$2,745	1.7%	40.3%
Farmers Insurance Group	$2,693	1.7%	1.3%
Upland Mutual Insurance Inc.	$2,633	1.7%	34.8%
CNA Financial Corp.	$2,596	1.7%	5.0%
Statewide Totals	$157,674		48.1%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.
Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

Continued from Page 7

states. The bills would purportedly make it easier for companies based in Kansas to do business in other states and for companies in other states to do business in Kansas. They are being requested in preparation for the departments' NAIC accreditation, which is scheduled for next year.

On another front, the department has settled a lawsuit filed by former Commissioner **Ken Selzer** to prevent the state from sweeping millions of dollars raised from insurance fees into the general fund. Under the settlement, the state was to return $16 million to the department. So far, two of three scheduled payments have been received, with the final payment of about $5 million scheduled for July 1. The fund now has a balance of about $29 million and is projected to reach $40 million by the end of this fiscal year on June 30.

Also, this year, the department was working with the legislature to try to eliminate a cap on fees for its insurance company examinations. The state currently caps the amount the department can charge insurance companies when it seeks outside consultants. The exams are conducted every four to five years. PIR

GRAPEVINE

Continued from Page 1

the final numbers will be. We will be publishing our more detailed first look at the data in a few weeks when more companies file, but this early glimpse reveals some powerful trends.

The biggest shift in the ranking of homeowners insurers happens at the very top, where preliminary data shows **USAA** growing 9.7% to $6.84 billion to overtake **Liberty Mutual**, which grew just 1.3% to $6.75 billion, to rank third in size by written premium. Liberty had ranked third since overtaking **Farmers Insurance** in 2013. USAA overtook Farmers in 2017. Farmers now ranks fifth, having grown 2.5% to $5.94 billion in 2019.

The largest home insurer, **State Farm**, lost market share for the ninth straight year, possibly dropping below 18% of the U.S. market, the lowest level in decades and a far cry from the 22.6% of 1999.

Going the other way, second-ranked **Allstate** has a chance to add a tiny bit of market share in 2019, which would be the first market share growth for the insurer since 2005. The NAIC report shows a market share of 8.39% in 2019, compared to 8.37% in 2018. A handful of other insurers need to report before the numbers are finalized, so it is possible the gain will be reversed, but having incorrectly predicted Allstate's homeowners growth for several years, we're holding out hope.

We also incorrectly projected that **Progressive** would join the top 10 in 2019, but despite its robust 14.8% growth to $1.65 billion and a 1.58% share of the market, Progressive was unable to unseat either 10th-ranked **Erie**, which grew 4.0% to $1.75 billion and a 1.68% share, or 11th-ranked **Auto-Owners**, which grew 7.9% to $1.71 billion and a 1.68% share.

Only two insurers in the top 20 reported lower premium: 15th-ranked **AIG**, down 4.5%, and 16th-ranked **Hartford**, down 3.3%. PIR

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Insurers Respond to Tennessee Twisters

Tennessee insurers start filing monthly reports this week with the number and value of claims from the powerful tornadoes on March 2 and 3 that killed at least 24 people and devastated parts of metro Nashville. They were the worst tornadoes in Middle Tennessee since the Feb. 5, 2008, Super Tuesday Outbreak. By press time, there were few solid loss estimates. Catastrophe modeler **Karen Clark & Co.'s** preliminary estimate put insured losses at $650 million. **CoreLogic** expects total damage to property to exceed $1 billion. As of March 6, regulators estimated that 852,343 policyholders were affected by the storms. Some 10,815 claims had been filed, more than half of them personal property claims. PIR