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## 2009 Colorado Insurance Industry Statistical Report

August, 2010

It is my pleasure to present the *2009 Colorado Insurance Industry Statistical Report*. The Division of Insurance prepares this annual report to serve as a guide for consumers and industry representatives who want to know the financial status and market share of companies selling insurance in Colorado. The report includes data from commercial insurers, health maintenance organizations, non-profit organizations, captives and self-insurance pools. With a few exceptions, data represents figures as of December 31, 2009, and comes from information filed with the Division of Insurance or the National Association of Insurance Commissioners (NAIC).

### **What do Colorado consumers purchase?**

During 2009, Colorado citizens paid over 25 billion dollars in premium to approximately 1400 companies, with 29 companies accounting for over 50% of the total premium.

The Report shows in detail which lines of business account for the largest percent of total premiums paid by Colorado consumers. The following lines of business account for **93%** of total insurance premiums:

- Accident and health insurance – 37%
- Annuities - 17%
- Private passenger automobile insurance - 10%
- Life insurance - 8%
- Homeowners - 5%
- Other considerations (such as annuity contracts with a mortality component) - 4%
- Other liability - 3%
- Deposit-type funds (such as guaranteed investment contracts) - 3%
- Workers' compensation - 3%
- Commercial multiple peril - 2%
- Commercial auto - 1%

### **Where do the premium dollars go?**

The report also shows how companies spend premiums by providing the loss ratios for individual companies. A **loss ratio** is the ratio between the premiums paid to an insurance company and the claims settled by the company. It is usually expressed as a percentage of losses incurred to premiums earned. **Premiums earned** are those premiums paid by consumers and allocated to the specific period for which insurance is provided. **Losses incurred** are the amounts paid by companies to cover financial losses or other policy benefits resulting from an event during the specific period for which insurance is provided.

A higher loss ratio means that more of the premium dollar went to claims and benefits, and less overhead and profit. For example:

- If an insurance company reports \$750,000 in incurred losses and \$1 million in premiums earned, their loss ratio would be 75%.
- If a company reports \$250,000 in incurred losses and \$1 million in premiums earned, then their loss ratio would be 25%.

The losses incurred and loss ratios reported in this report do not include **loss adjustment expenses**, which are costs and expenses that are incurred by the company in the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a claim, including court costs, cost of surety and appeal bonds, and post-judgment interest.

*Please note that all dollar amounts are reported in thousands. Due to rounding, a zero in a table could actually represent a value anywhere from -499 to 499 dollars. For this reason, a loss ratio may be printed, even though both the losses incurred and the premiums earned appear to be zero. If the premium earned is exactly zero, the loss ratio will show a value of "n/a."*

**Are more copies of this report available?**

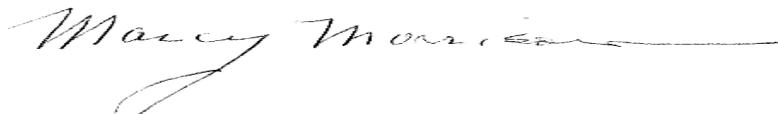
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If you would like a printed copy, the Division may be able to make these available as a special service at a cost of \$25.

I hope you find the report useful. If you have any questions, please contact Kelly Schultz at [kelly.schultz@dora.state.co.us](mailto:kelly.schultz@dora.state.co.us) or 303-894-7481.

The Division's mission is consumer protection. This is our focus as we regulate companies and individuals engaged in Colorado's insurance industry.

Sincerely,



Marcy Morrison  
Commissioner of Insurance