



John W. Hickenlooper  
Governor

Barbara J. Kelley  
Executive Director

## **2011 Colorado Insurance Industry Statistical Report**

September, 2012

It is my pleasure to present the *2011 Colorado Insurance Industry Statistical Report*. The Colorado Division of Insurance prepares this annual report to serve as a guide for individuals 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, 2011, and comes from information filed with the Division or the National Association of Insurance Commissioners (NAIC).

This year, information for "mini medical" health benefit plans have been made available split out into the Individual, Small Group, and Large Group markets. This allows individuals and industry representatives the ability to examine each market to see which companies offer coverage, and what percentage of the market they hold.

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

During 2011, Colorado citizens spent more than \$27 billion in premium to approximately 1400 companies, with 24 companies accounting for more than 50 percent 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 91.6 percent of total insurance premiums:

- Accident and health insurance – 37.6%
- Annuities – 19.0%
- Private passenger automobile insurance – 10.1%
- Life insurance – 10.1%
- Homeowners – 5.2%
- Other liability – 3.1%
- Workers' compensation – 2.3%
- Commercial multiple peril – 2.1%
- Commercial auto – 1.3%
- Title – 0.8%

## Where are premium dollars spent?

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 percent.
- If a company reports \$350,000 in incurred losses and \$1 million in premiums earned, then their loss ratio would be 35 percent.

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?

This report is available for review in our office at 1560 Broadway, Suite 850, Denver, CO, or online at <http://askdora.colorado.gov> Click on "Division of Insurance", then on "Industry", then on "Statistical Reports".

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.

Sincerely,



Jim Riesberg  
Commissioner of Insurance

The **Colorado Division of Insurance** regulates the insurance industry and assists consumers and other stakeholders with insurance issues.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.