

The State of the Insurance Market in Louisiana Ten Years Post-Hurricanes Katrina and Rita

August 11, 2015

Property Insurance Market Overview

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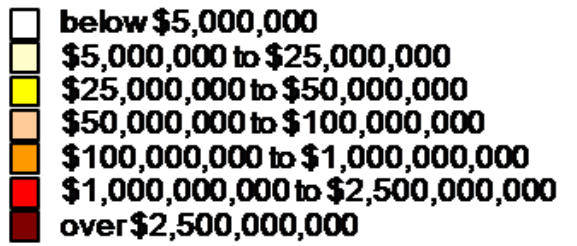




Reported Claims and Insured Losses (Excluding Flood)

| Hurricane | Losses Paid ¹ | Reported Claim Count |
|---|--------------------------|----------------------|
| Hurricane Katrina (August 29, 2005) | \$25,500,000,000 | 725,000 |
| Hurricane Rita (September 24, 2005) | \$3,500,000,000 | 205,000 |
| Hurricanes Katrina and Rita Combined | \$29,000,000,000 | 930,000 |

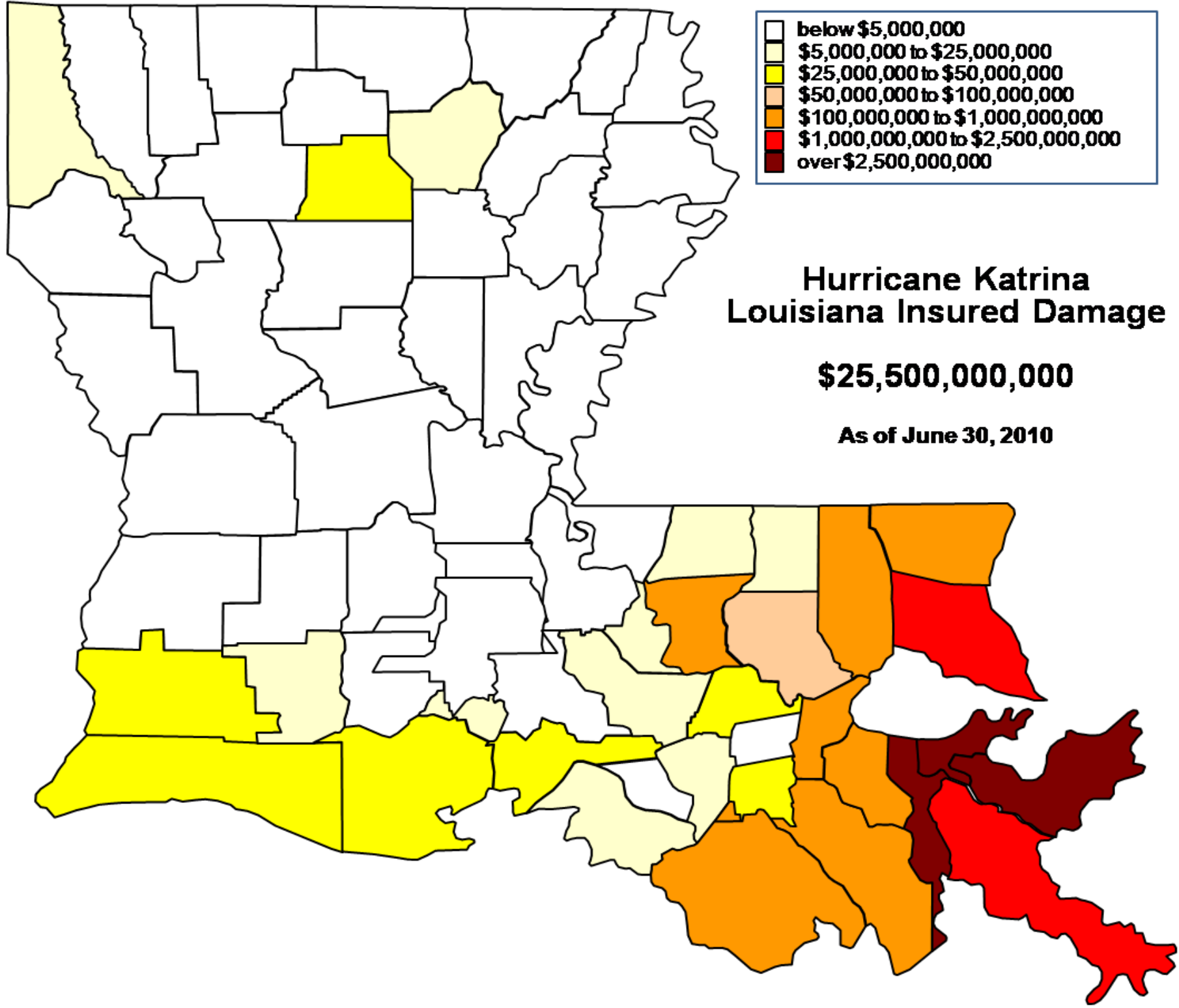
¹ LDI estimate; no adjustment for inflation.

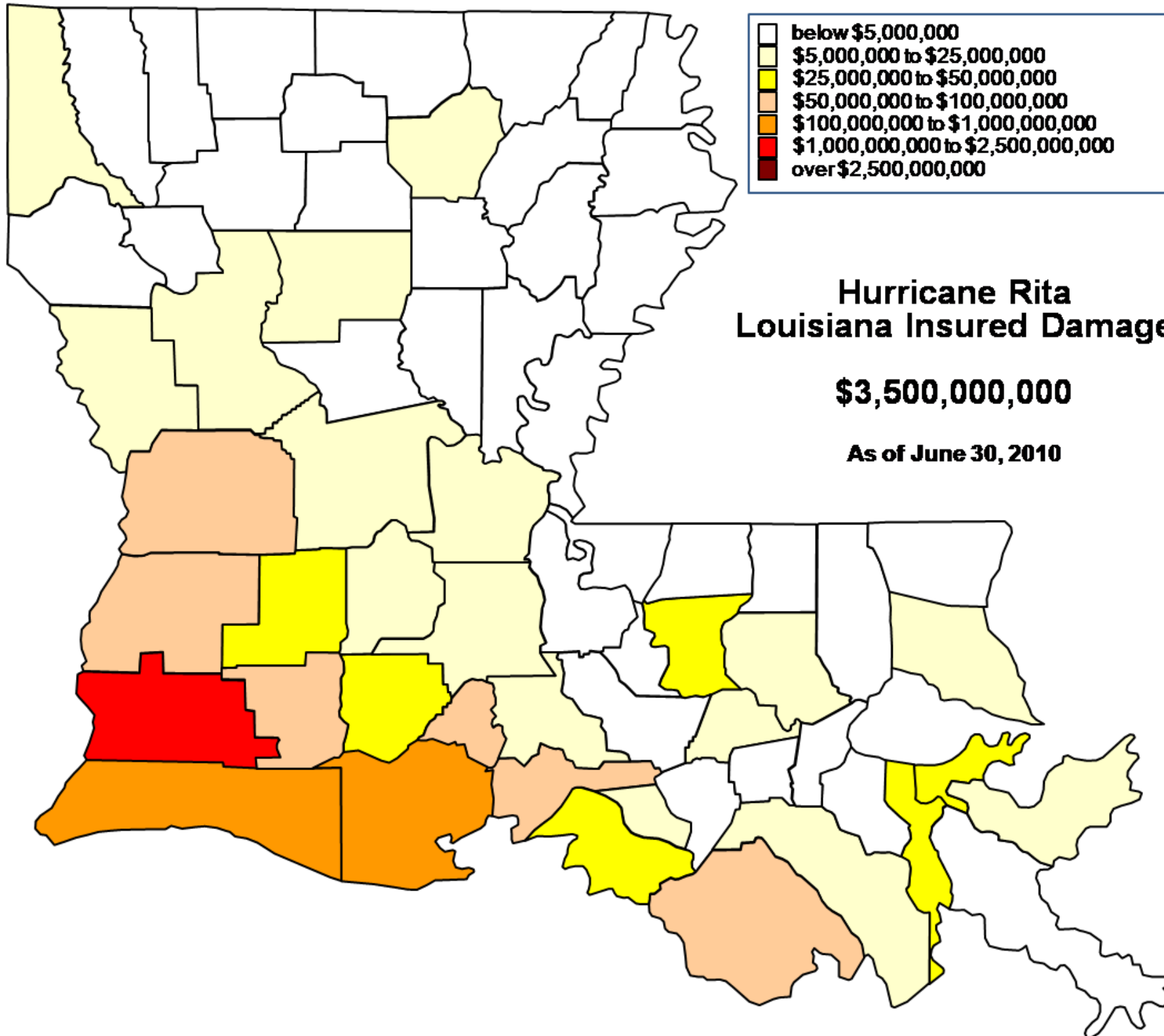


**Hurricane Katrina
Louisiana Insured Damage**

\$25,500,000,000

As of June 30, 2010







Louisiana Homeowners Observations

25 YEARS¹ OF HOMEOWNER WRITTEN PREMIUMS:

\$ 13 BILLION

25 YEARS¹ OF HOMEOWNER PROFITS FROM OPERATIONS²:

Less than \$ 1 BILLION

HURRICANE KATRINA HOMEOWNER PAID LOSS³:

\$ 8 BILLION

¹ 25 year figures are ending with year-end 2005; 1981-1985 WP estimated by Louisiana Department of Insurance.

² Estimated by Louisiana Department of Insurance and based on NAIC's "Total Profit on Operations" in Louisiana.

³ Estimated by Louisiana Department of Insurance.



Post-Katrina/Rita Louisiana Insurance Company Insolvencies

ZERO !

Top 10 Most Costly Hurricanes in the United States

(\$ Millions)

| Rank | Date | Location | Hurricane | Estimated Insured Loss ¹ | |
|------|------------------|--|-----------|-------------------------------------|------------------------------|
| | | | | Dollars when Occurred | In 2014 Dollars ² |
| 1 | Aug. 25-30, 2005 | AL, FL, GA, LA, MS, TN | Katrina | \$41,100 | \$48,400 |
| 2 | Aug. 24-26, 1992 | FL, LA | Andrew | \$15,500 | \$23,800 |
| 3 | Oct. 28-31, 2012 | CN, DC, DE, FL, GA, KY, MA, MD, ME, MI, NC, NH, NJ, NY, OH, PA, RI, SC, TN, VA, VT, WV | Sandy | \$18,750 | \$19,300 |
| 4 | Sep. 12-14, 2008 | AR, IL, IN, KY, LA, MO, OH, PA, TX | Ike | \$12,500 | \$13,500 |
| 5 | Oct. 24, 2005 | FL | Wilma | \$10,300 | \$12,100 |
| 6 | Aug. 13-14, 2004 | FL, NC, SC | Charley | \$7,475 | \$9,100 |
| 7 | Sep. 15-21, 2004 | AL, DE, FL, GA, LA, MD, MS, NJ, NY, NC, OH, PA, TN, VA, WV | Ivan | \$7,110 | \$8,600 |
| 8 | Sep. 17-22, 1989 | GA, NC, PR, SC, VA, U.S. Virgin Island | Hugo | \$4,195 | \$7,100 |
| 9 | Sep. 20-26, 2005 | AL, AR, FL, LA, MS, TN, TX | Rita | \$5,627 | \$6,600 |
| 10 | Sep. 3-9, 2004 | FL, GA, NC, NY, SC | Frances | \$4,595 | \$5,600 |

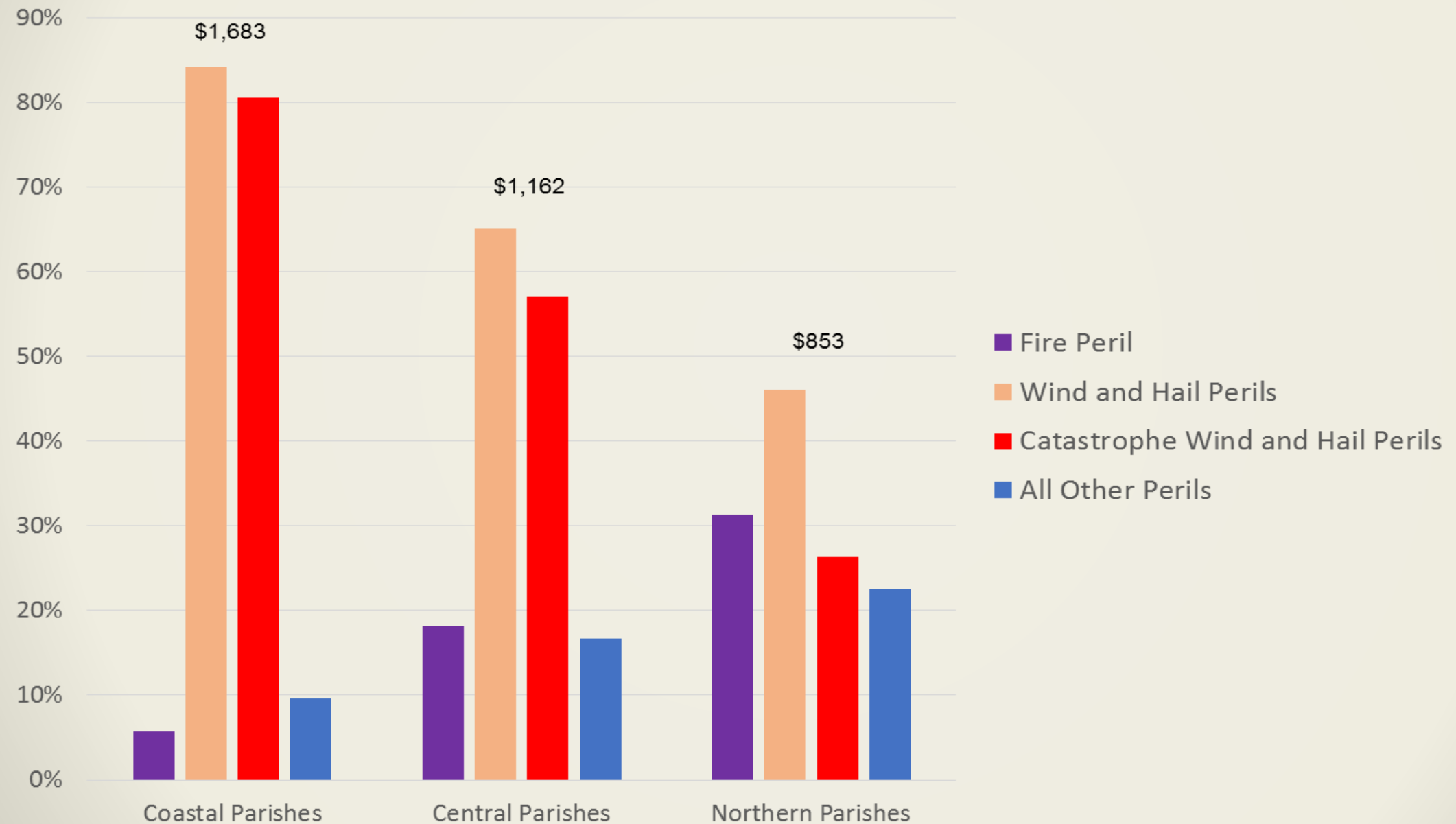
¹ Property coverage only. Does not include flood damage covered by the federally administered National Flood Insurance Program.

² Adjusted to 2014 dollars.

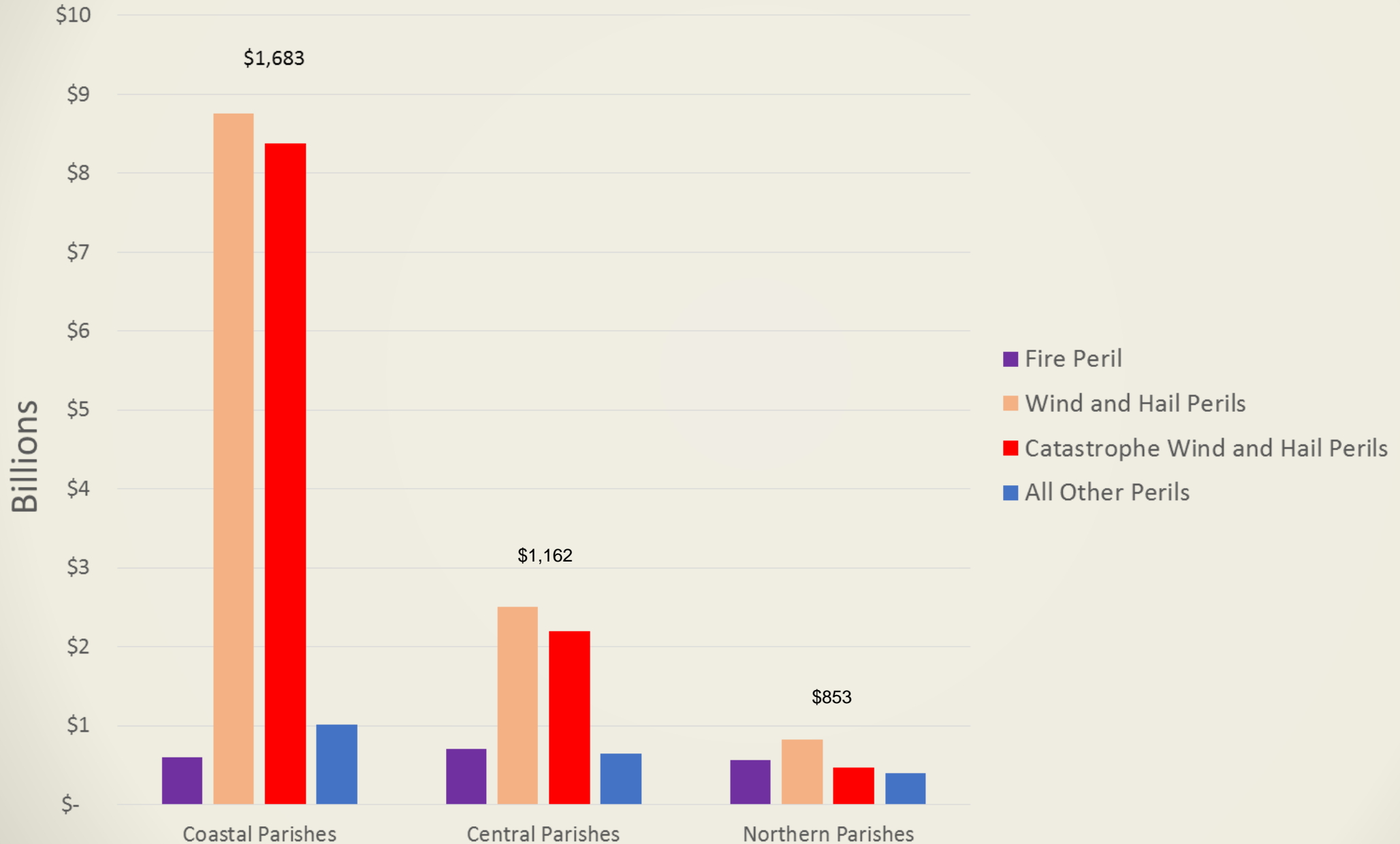
Coastal Parishes Most Frequently Hit by Hurricanes 1960 - 2008

| Parish/County | State | Number of Hurricanes | Percent Change in Population, 1960-2008 |
|--------------------|----------------|----------------------|---|
| Monroe County | Florida | 15 | 51% |
| Lafourche Parish | Louisiana | 14 | 67% |
| Carteret County | North Carolina | 14 | 104% |
| Dare County | North Carolina | 13 | 466% |
| Hyde County | North Carolina | 13 | 10% |
| Jefferson Parish | Louisiana | 12 | 109% |
| Palm Beach County | Florida | 12 | 455% |
| Miami-Dade County | Florida | 11 | 157% |
| St. Bernard Parish | Louisiana | 11 | 17% |
| Cameron Parish | Louisiana | 11 | 5% |
| Terrebonne Parish | Louisiana | 11 | 79% |

Louisiana Residential Property Distribution of Loss by Peril (2004 – 2014)

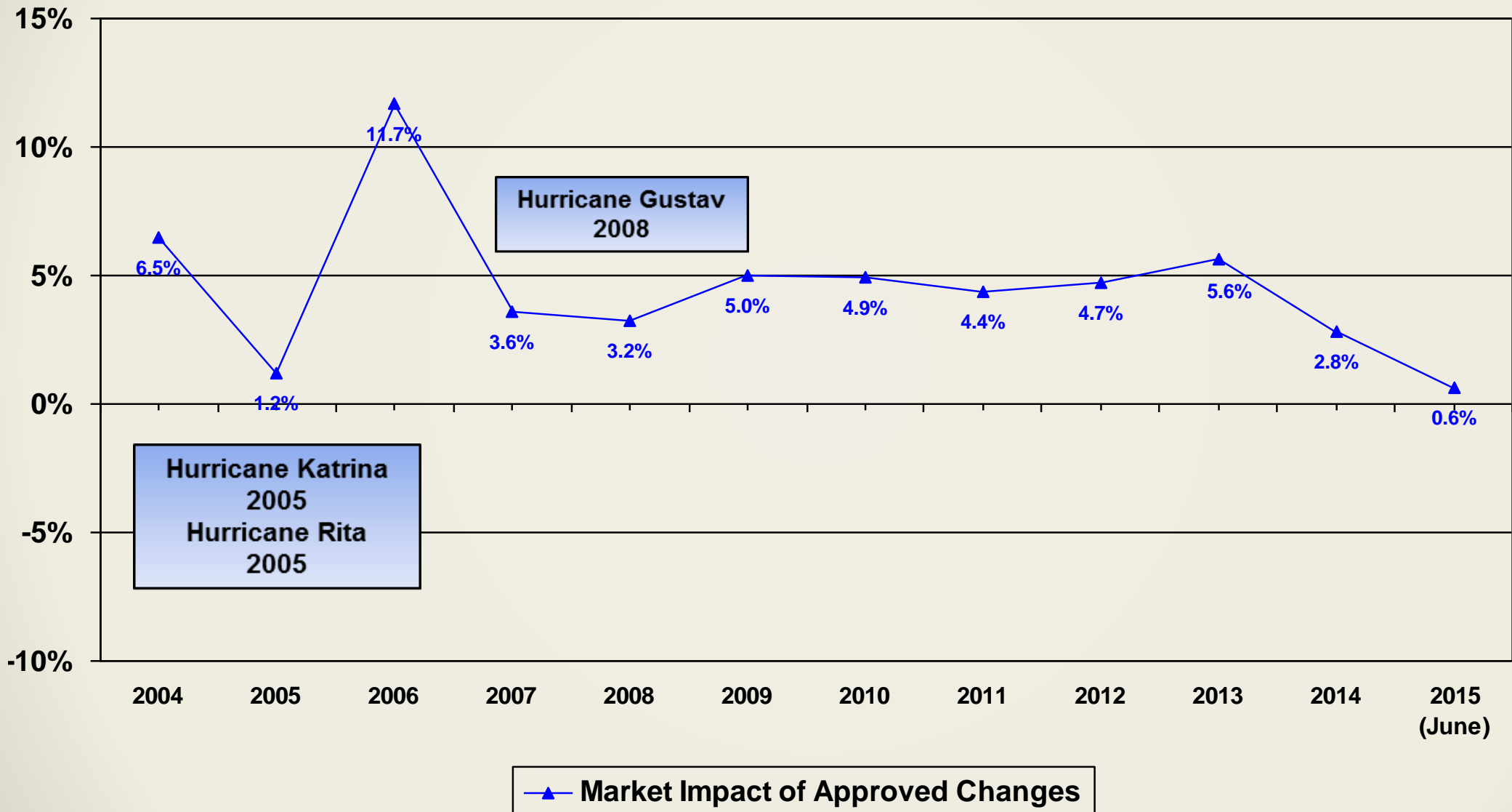


Louisiana Residential Property Distribution of Loss by Peril (2004 – 2014)



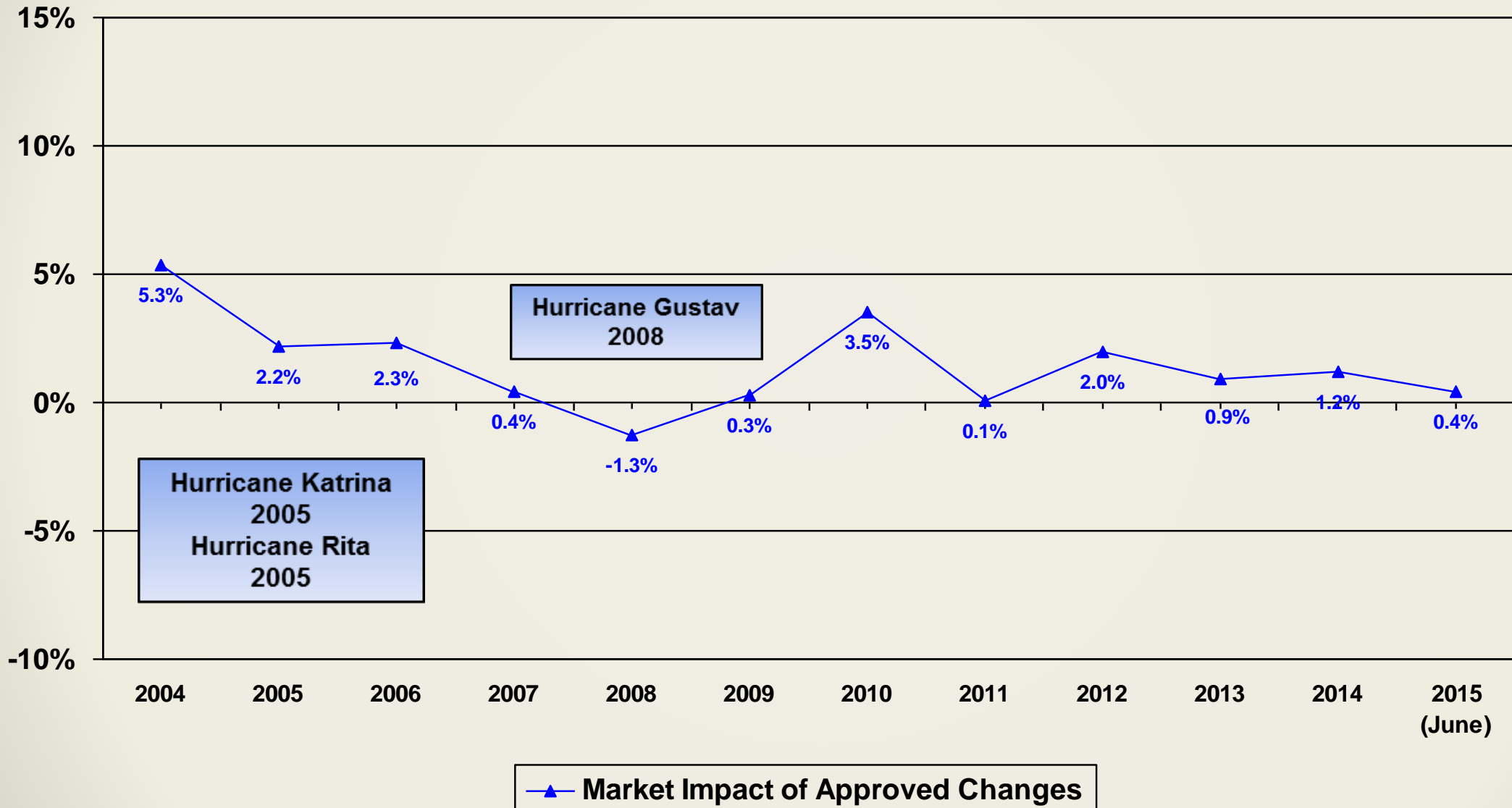
Market Impact of Approved Rate Changes

Homeowners



Market Impact of Approved Rate Changes

Commercial Multi-Peril



Insurance is a business!

...and like ANY business, this equation must hold...

Dollars IN

=

Dollars OUT

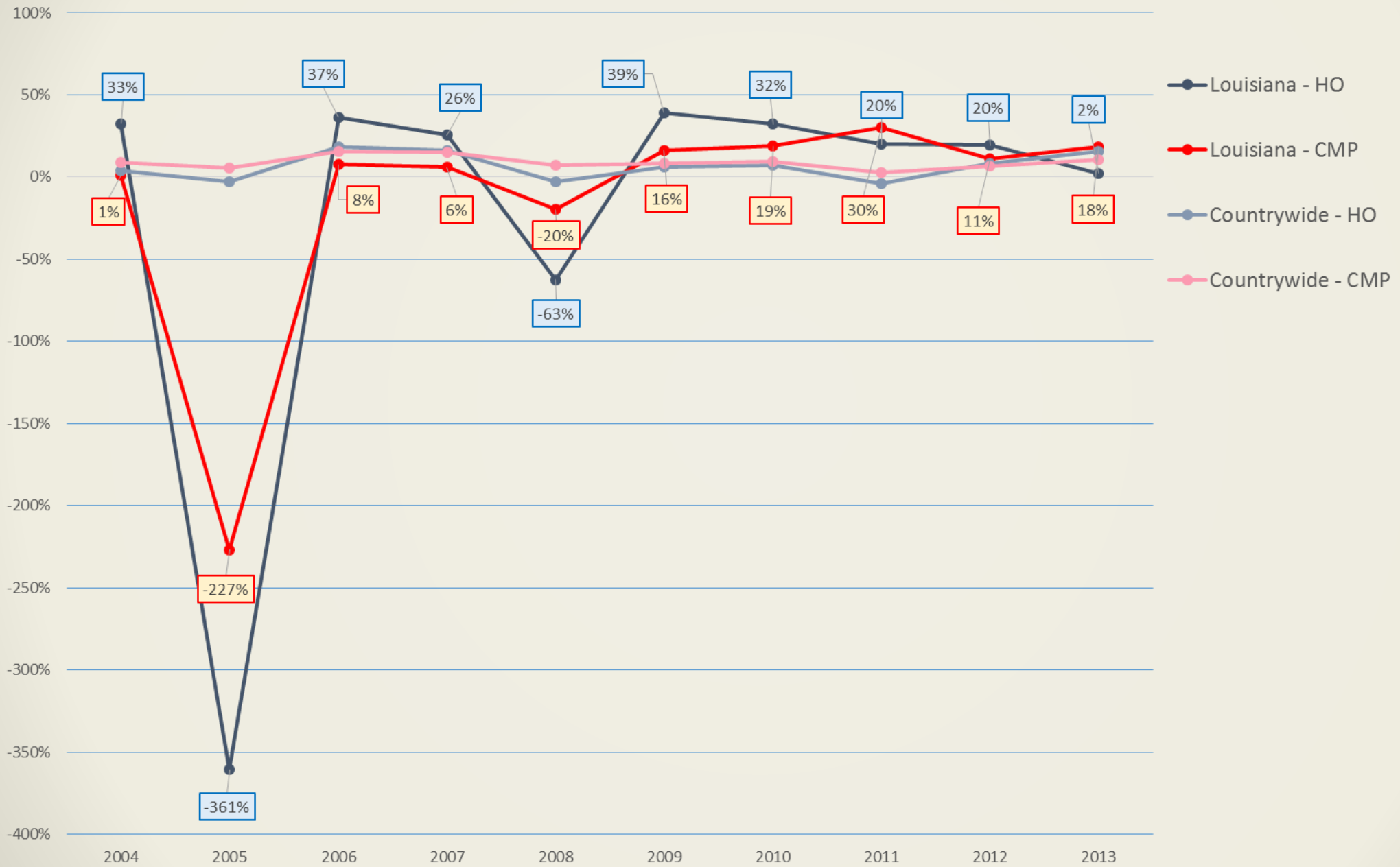
**Premium Collected
Fees Collected
Investment Income**

=

**Claim Costs
Operating Costs
Reasonable Profit**

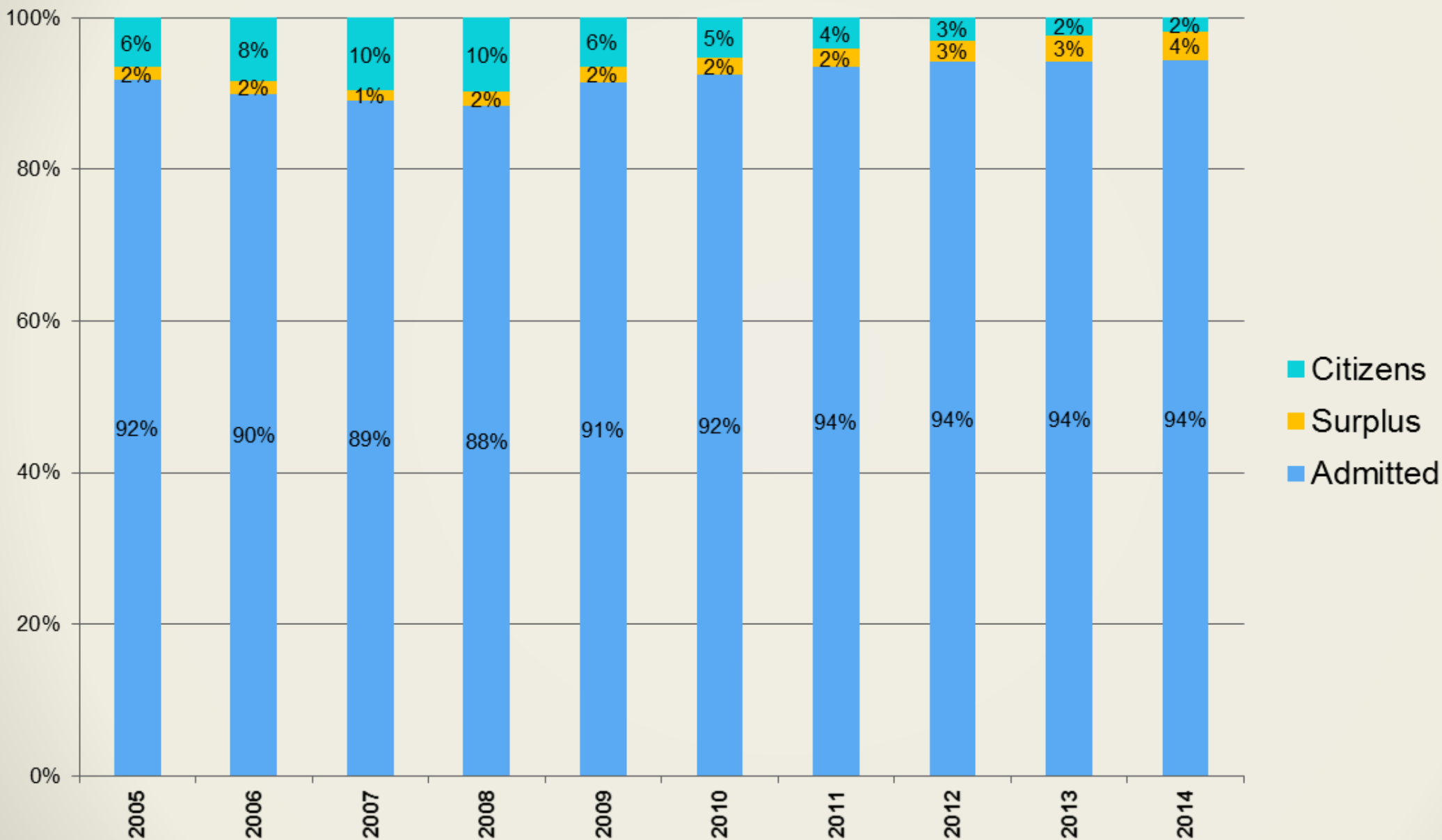
Return on Net Worth

2004 - 2013



Market Share by Company Type

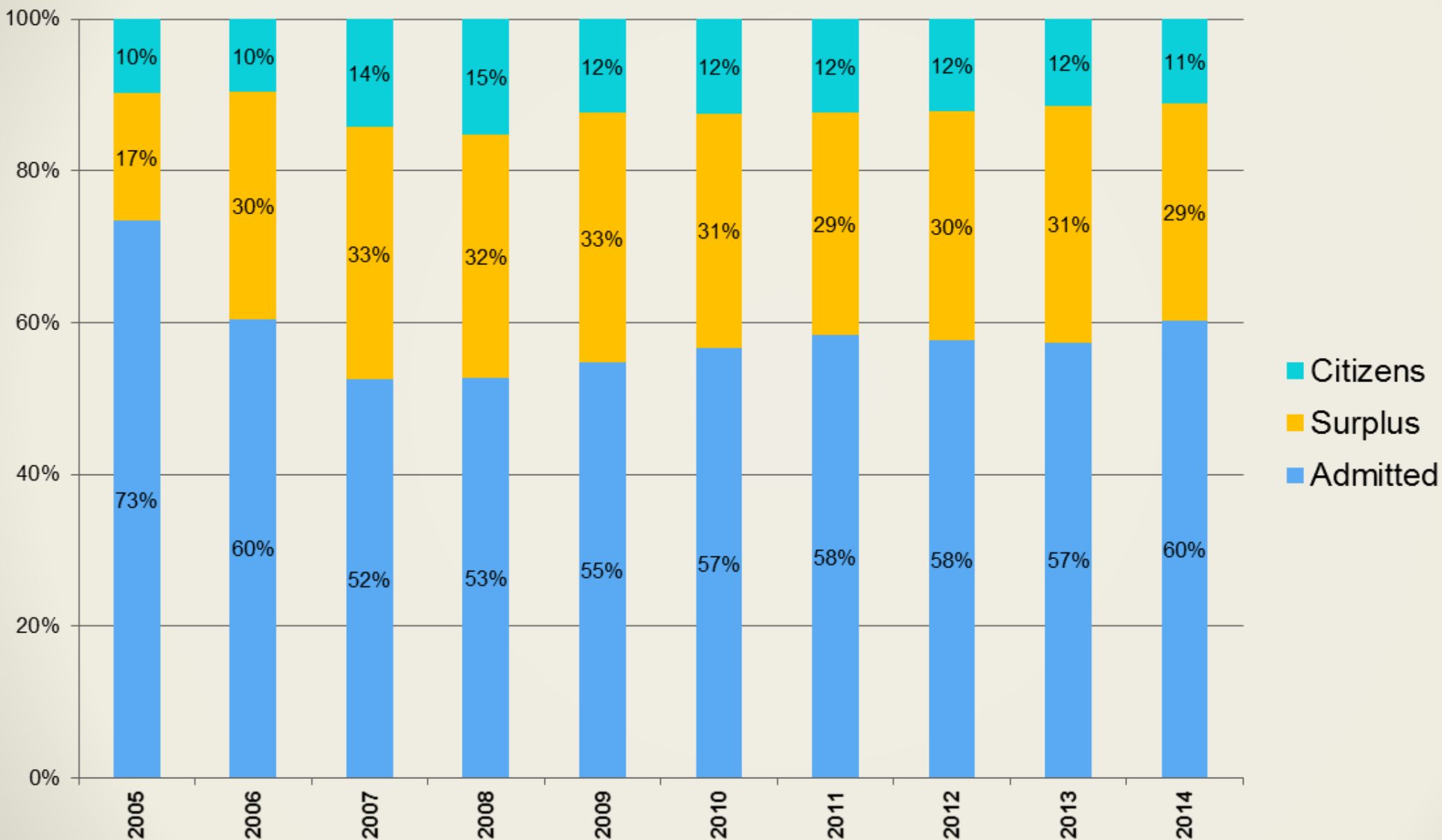
Homeowners¹



¹ Homeowners is annual statement line 4 only.
source: LDI – annual statement, state page

Market Share by Company Type

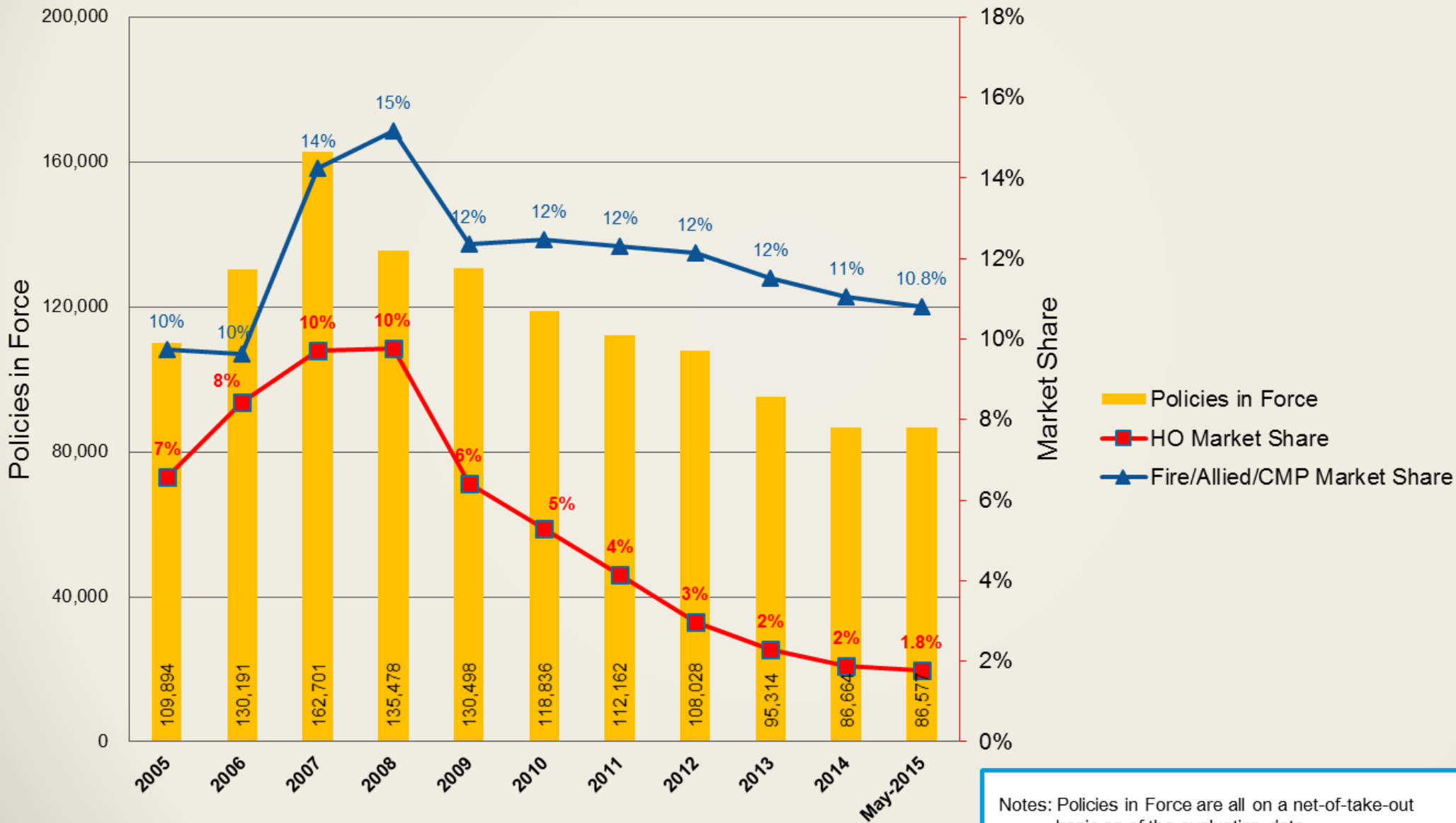
Fire/Allied/CMP Combined¹



¹ Fire/Allied/CMP is annual statement lines 1, 2.1 and 5.1 combined.
source: LDI – annual statement, state page.

Louisiana Citizens Property Insurance Corporation

Policies in Force with Market Share



Notes: Policies in Force are all on a net-of-take-out basis as of the evaluation date.
Market share is based on written premium.

Louisiana

Some Insurance Facts

| | 2005 | 2014 | Percent Change |
|--|-----------------|----------------------|----------------|
| Premium Taxes Paid (all P&C) ¹ | \$ 301 Million | \$ 388 Million | +29% |
| Direct Written Premiums (all P&C) ¹ | \$ 7.8 Billion | \$ 10.8 Billion | +38% |
| Direct Written Premiums (HO) ¹ | \$ 1.1 Billion | \$ 1.8 Billion | +64% |
| Direct Written Premiums (Commercial Property) ¹ | \$ 0.6 Billion | \$ 1.2 Billion | +100% |
| Active HO Insurance Companies ² | 38 | 54 | +42% |
| Active Commercial Insurance Companies ² | 104 | 122 | +22% |
| Value of Insured Coastal Properties | \$224.4 Billion | \$302.3 ³ | +35% |

1 Annual statement, state page.

2 Company Groups with written premium at calendar year end.

3 AIR Worldwide, year end 2013; adjusted 3% to get to 2014.

Homeowners

Change in Market Share 2005 to 2014

Top 25

| Group Name | 2014 Rank | 2005 Market Share | 2014 Market Share | Change in Market Share from 2005 to 2014 |
|-------------------------------------|-----------|-------------------|-------------------|--|
| STATE FARM GRP | 1 | 31.7% | 27.5% | -13% |
| ALLSTATE INS GRP | 2 | 20.0% | 13.4% | -33% |
| LIBERTY MUT GRP (Liberty/Safeco) | 3 | 4.2% | 7.4% | 76% |
| SOUTHERN FARM BUREAU CAS GRP | 4 | 6.8% | 5.8% | -16% |
| UNITED SERV AUTOMOBILE ASSN GRP | 5 | 3.1% | 4.9% | 57% |
| ARX HOLDING CORP GRP (ASI) | 6 | 0.0% | 4.8% | NEW since 2005 |
| LIGHTHOUSE PROP INS CORP | 7 | 0.0% | 2.5% | NEW since 2005 |
| ZURICH INS GRP (Farmers/Foremost) | 8 | 4.1% | 2.0% | -51% |
| LOUISIANA CITIZENS PROP INS CORP | 9 | 6.5% | 1.9% | -71% |
| CENTAURI SPECIALTY INS CO | 10 | 0.0% | 1.5% | NEW since 2005 |
| CHUBB INC GRP | 11 | 1.2% | 1.5% | 26% |
| DELEK GRP (Republic) | 12 | 0.8% | 1.5% | 77% |
| SHELTER INS GRP | 13 | 1.5% | 1.5% | -5% |
| SOUTHERN FIDELITY INS CO INC | 14 | 0.0% | 1.4% | NEW since 2005 |
| AMERICAN NATL FIN GRP | 15 | 2.1% | 1.4% | -35% |
| MUNICH RE GRP (American Modern) | 16 | 1.8% | 1.4% | -25% |
| KINGSWAY GRP (Maison) | 17 | 0.0% | 1.2% | NEW since 2005 |
| GULFSTREAM PROP & CAS INS CO | 18 | 0.0% | 1.2% | NEW since 2005 |
| ASSURANT INC GRP (American Bankers) | 19 | 0.5% | 1.2% | 147% |
| GEOVERA HOLDINGS INC GRP | 20 | 0.0% | 1.1% | NEW since 2005 |
| AMERICAN INTL GRP | 21 | 1.6% | 1.1% | -33% |
| ACCESS HOME INS CO | 22 | 0.0% | 1.1% | NEW since 2005 |
| IAT REINS CO GRP (Occidental) | 23 | 0.0% | 1.1% | NEW since 2005 |
| TRAVELERS GRP | 24 | 3.2% | 1.0% | -69% |
| ALLIANZ INS GRP (Fireman's Fund) | 25 | 1.4% | 0.9% | -32% |

Commercial Property¹

Change in Market Share 2005 to 2014

Top 25

| Group Name | 2014 Rank | 2005 Market Share | 2014 Market Share | Change in Market Share from 2005 to 2014 |
|----------------------------------|-----------|-------------------|-------------------|--|
| LOUISIANA CITIZENS PROP INS CORP | 1 | 9.73% | 11.04% | 13% |
| ZURICH INS GRP | 2 | 6.12% | 8.58% | 40% |
| AMERICAN INTL GRP | 3 | 4.26% | 5.44% | 28% |
| LIBERTY MUT GRP | 4 | 5.00% | 4.34% | -13% |
| NATIONWIDE CORP GRP | 5 | 2.45% | 4.15% | 69% |
| STATE FARM GRP | 6 | 4.96% | 4.11% | -17% |
| ASSURANT INC GRP | 7 | 2.08% | 3.34% | 60% |
| ACE LTD GRP | 8 | 2.77% | 3.31% | 19% |
| TRAVELERS GRP | 9 | 9.10% | 2.73% | -70% |
| FM GLOBAL GRP | 10 | 4.02% | 2.23% | -45% |
| ALLEGHANY GRP | 11 | 2.43% | 2.23% | -8% |
| QBE INS GRP | 12 | 0.24% | 2.18% | 793% |
| SWISS RE GRP | 13 | 0.84% | 2.04% | 142% |
| MUNICH RE GRP | 14 | 2.41% | 1.90% | -21% |
| CNA INS GRP | 15 | 3.77% | 1.84% | -51% |
| GUIDEONE INS GRP | 16 | 1.35% | 1.76% | 30% |
| SOUTHERN FIDELITY INS CO INC | 17 | 0.00% | 1.72% | NEW since 2005 |
| ARCH INS GRP | 18 | 0.55% | 1.71% | 208% |
| ALLIANZ INS GRP | 19 | 2.68% | 1.70% | -37% |
| ACCESS HOME INS CO | 20 | 0.00% | 1.63% | NEW since 2005 |
| LIGHTHOUSE PROP INS CORP | 21 | 0.00% | 1.57% | NEW since 2005 |
| DOW CHEM GRP | 22 | 2.62% | 1.27% | -52% |
| SOUTHERN FARM BUREAU CAS GRP | 23 | 1.83% | 1.26% | -31% |
| CHURCH MUTUAL | 24 | 1.36% | 1.19% | -13% |
| CHUBB INC GRP | 25 | 1.17% | 1.12% | -4% |

¹ Commercial Property includes annual statement lines fire, allied lines, and commercial multi-peril non-liability.

Questions?



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