

AUTO INSURANCE REPORT

The Authority on Insuring Personal and Commercial Vehicles

Everything Is to Blame as Personal Auto Results Continue to Fall Liability, Physical Damage, Big States and Small, No-Fault and Tort Are All in Trouble

Often, happy markets are all alike and every unhappy market is unhappy in its own way. But today's unhappy personal auto insurance market breaks the mold.

In a remarkable statistical performance, just about every segment of the business is unhappily alike, with the loss ratio worsening by roughly four points.

The total personal auto incurred loss ratio in 2016 rose 3.7 points to 72% in 2016. The liability loss ratio rose 3.6 points to 74.4%. The physical damage loss ratio rose 3.8 points to 68.4%.

For no-fault personal injury protection policies nationwide, the liability loss ratio rose 4.4 points to 81.8%, and for tort policies the liability loss ratio rose 3.5 points to 73.4%.

How about this: the top 10 states by premium, representing 56% of the market, saw their combined loss ratio rise 3.5 points to 73%. The remaining 41 markets, representing 44% of U.S. personal auto insurance premium, saw their combined loss ratio rise 3.8 points to 70.7%.

In other words, it all stinks.

To lighten the mood, allow us to highlight the few bright spots before embracing the sadness. For starters, seven of the 51 markets actually improved: **Maine, Massachusetts, Oklahoma, Pennsylvania, Rhode Island, South Dakota and Vermont**. True, only Pennsylvania and Massachusetts are among the 30 largest states, but beggars can't be choosers when looking for good news in this market.

Among the big states, **Ohio** enjoyed the lowest loss ratio at 63%, which was helped along by a strong performance in physical damage (58.9%), although liability was also solid (66.3%).

Pennsylvania not only improved 1.3 points to 65.5%, but it also had the second lowest loss ratio among the top 10. The 2.2 point improvement in Massachusetts to 63.6%

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was also encouraging for a market working to sustain stability after decades of turmoil.

Indeed, New England in general is setting the profitability pace, all boosted by physical damage results. Vermont paced the nation with a low 56.6% personal auto loss ratio, followed by Maine at 59.7% and **New Hampshire** at 60.4%.

Alas, the New England profit spell is broken by **Connecticut** at 66.9% and Rhode Island, with a modestly "improved" 71%.

The only other good news is the continued stable profitability of **Hawaii**, a fortunate run of good weather in **Oklahoma** and continued success of the liability market in **West Virginia**.

So where are the stinkers?

Let's start with **Louisiana**, where the 92.4% loss ratio is the worst in the nation. There is no good news there, other than saying it is not quite as bad

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State Personal Auto Insurance Markets Loss Ratios 2012-2016

State	2016 Premium Earned (000)	2016 Loss Incurred (000)	Loss Ratio	2015 Premium Earned (000)	----- Loss Ratio -----			
					2015	2014	2013	2012
Alabama	\$2,953,883	\$2,121,305	71.8%	\$2,744,915	69.5%	66.0%	64.3%	63.3%
Alaska	\$453,157	\$282,047	62.2%	\$450,559	61.3%	55.1%	54.3%	56.3%
Arizona	\$4,244,607	\$3,114,558	73.4%	\$3,921,579	68.2%	64.1%	65.2%	62.6%
Arkansas	\$1,745,120	\$1,323,696	75.9%	\$1,653,602	67.9%	61.7%	60.9%	59.8%
California	\$24,600,945	\$17,927,979	72.9%	\$22,749,007	67.6%	63.2%	63.1%	62.9%
Colorado	\$3,906,941	\$3,318,979	85.0%	\$3,528,263	75.4%	83.1%	71.9%	68.8%
Connecticut	\$2,750,845	\$1,840,869	66.9%	\$2,626,998	65.5%	66.3%	67.8%	63.1%
Delaware	\$792,852	\$572,078	72.2%	\$754,481	67.4%	65.6%	58.2%	65.5%
Dist of Columbia	\$319,050	\$232,832	73.0%	\$300,655	70.4%	61.7%	54.5%	57.4%
Florida	\$16,905,449	\$12,077,915	71.4%	\$15,324,678	70.8%	68.2%	61.6%	62.2%
Georgia	\$7,329,040	\$5,695,136	77.7%	\$6,679,525	74.0%	69.9%	71.5%	65.4%
Hawaii	\$714,488	\$439,835	61.6%	\$682,892	60.4%	54.4%	53.2%	50.6%
Idaho	\$832,463	\$556,799	66.9%	\$766,753	64.2%	60.2%	61.0%	57.5%
Illinois	\$6,901,726	\$4,580,330	66.4%	\$6,536,187	64.2%	63.8%	62.3%	60.6%
Indiana	\$3,421,618	\$2,284,174	66.8%	\$3,214,837	65.7%	63.5%	63.1%	63.0%
Iowa	\$1,616,900	\$1,009,159	62.4%	\$1,535,695	61.0%	64.8%	61.5%	56.1%
Kansas	\$1,699,233	\$1,133,681	66.7%	\$1,631,910	61.3%	60.8%	63.6%	61.3%
Kentucky	\$2,743,552	\$1,987,454	72.4%	\$2,591,015	69.2%	64.5%	62.4%	71.0%
Louisiana	\$4,045,923	\$3,739,453	92.4%	\$3,743,889	72.0%	68.1%	71.9%	67.3%
Maine	\$682,541	\$407,149	59.7%	\$639,962	60.3%	64.7%	59.1%	54.5%
Maryland	\$4,527,522	\$3,314,939	73.2%	\$4,230,119	71.5%	66.4%	60.7%	64.4%
Massachusetts	\$4,801,345	\$3,052,973	63.6%	\$4,571,358	65.8%	63.2%	62.4%	60.3%
Michigan	\$8,325,113	\$7,421,957	89.2%	\$7,991,276	80.8%	88.0%	115.2%	127.1%
Minnesota	\$3,358,620	\$2,085,305	62.1%	\$3,192,565	59.5%	59.3%	62.7%	57.9%
Mississippi	\$1,730,303	\$1,175,771	68.0%	\$1,635,116	65.6%	64.3%	79.0%	61.1%
Missouri	\$3,519,333	\$2,560,012	72.7%	\$3,282,254	67.9%	65.4%	60.8%	69.2%
National Totals	\$209,116,163	\$150,547,449	72.0%	\$195,566,064	68.3%	66.1%	65.7%	66.4%

Source: **SNL Financial and the Auto Insurance Report Database**

Loss ratio does not include dividends or loss adjustment expense and is calculated as loss incurred as a percentage of premium earned.

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State Personal Auto Insurance Markets Loss Ratios 2012-2016

State	2016 Premium Earned (000)	2016 Loss Incurred (000)	Loss Ratio	2015 Premium Earned (000)	----- Loss Ratio -----			
					2015	2014	2013	2012
Montana	\$652,601	\$495,846	76.0%	\$621,923	66.8%	67.7%	58.2%	52.9%
Nebraska	\$1,145,058	\$755,188	66.0%	\$1,077,194	62.0%	76.6%	69.3%	61.2%
Nevada	\$2,076,265	\$1,604,443	77.3%	\$1,912,135	73.1%	66.2%	66.4%	65.1%
New Hampshire	\$796,280	\$481,237	60.4%	\$750,230	59.6%	62.1%	61.7%	59.1%
New Jersey	\$7,275,043	\$4,866,771	66.9%	\$7,042,586	65.3%	63.7%	64.1%	67.4%
New Mexico	\$1,262,650	\$864,395	68.5%	\$1,201,519	65.9%	60.6%	64.0%	63.7%
New York	\$12,450,370	\$8,587,462	69.0%	\$11,766,592	68.5%	66.0%	62.7%	73.8%
North Carolina	\$5,421,300	\$3,824,149	70.5%	\$5,069,269	66.5%	63.7%	61.1%	64.2%
North Dakota	\$452,814	\$308,189	68.1%	\$447,331	56.7%	54.0%	57.5%	54.4%
Ohio	\$6,197,573	\$3,904,974	63.0%	\$5,894,641	61.8%	60.3%	60.1%	60.9%
Oklahoma	\$2,487,175	\$1,536,205	61.8%	\$2,379,334	63.4%	57.5%	73.5%	65.9%
Oregon	\$2,564,236	\$1,750,300	68.3%	\$2,359,914	67.7%	61.0%	62.8%	63.4%
Pennsylvania	\$8,118,122	\$5,320,110	65.5%	\$7,738,939	66.8%	69.2%	62.8%	62.5%
Rhode Island	\$845,819	\$600,539	71.0%	\$786,774	71.8%	68.3%	70.6%	65.5%
South Carolina	\$3,478,644	\$2,694,363	77.5%	\$3,193,604	73.5%	71.7%	66.3%	64.5%
South Dakota	\$499,705	\$326,285	65.3%	\$473,746	68.3%	82.5%	78.7%	61.8%
Tennessee	\$3,691,995	\$2,492,018	67.5%	\$3,485,906	63.7%	60.3%	59.8%	66.1%
Texas	\$18,601,602	\$14,835,106	79.8%	\$17,086,000	72.1%	65.6%	64.3%	65.6%
Utah	\$1,670,702	\$1,200,233	71.8%	\$1,540,852	68.7%	64.0%	65.7%	60.5%
Vermont	\$355,279	\$201,232	56.6%	\$340,897	58.3%	70.8%	59.6%	54.8%
Virginia	\$5,025,547	\$3,491,531	69.5%	\$4,813,403	65.0%	62.7%	60.6%	64.3%
Washington	\$4,660,143	\$3,292,454	70.7%	\$4,325,735	69.1%	64.9%	63.2%	62.2%
West Virginia	\$1,200,245	\$730,345	60.8%	\$1,179,376	58.0%	54.3%	49.7%	56.1%
Wisconsin	\$2,892,654	\$1,857,748	64.2%	\$2,735,216	62.9%	66.8%	65.6%	63.5%
Wyoming	\$371,772	\$269,941	72.6%	\$362,858	58.2%	63.3%	61.9%	52.4%
National Totals	\$209,116,163	\$150,547,449	72.0%	\$195,566,064	68.3%	66.1%	65.7%	66.4%

Source: SNL Financial and the Auto Insurance Report Database

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State Personal Auto Liability Insurance Markets Loss Ratios 2012-2016

State	2016 Premium Earned (000)	2016 Loss Incurred (000)	Loss Ratio	2015 Premium Earned (000)	----- Loss Ratio -----			
					2015	2014	2013	2012
Alabama	\$1,605,961	\$1,247,230	77.7%	\$1,483,810	73.3%	67.2%	65.0%	64.7%
Alaska	\$273,819	\$173,561	63.4%	\$274,912	65.3%	57.8%	55.2%	57.6%
Arizona	\$2,538,820	\$1,948,337	76.7%	\$2,337,549	69.5%	66.8%	68.3%	65.9%
Arkansas	\$938,247	\$711,458	75.8%	\$890,215	67.5%	61.6%	64.0%	63.0%
California	\$13,808,606	\$10,783,913	78.1%	\$12,877,550	70.7%	64.6%	65.5%	66.4%
Colorado	\$2,344,148	\$1,868,288	79.7%	\$2,115,355	76.1%	74.7%	75.3%	70.2%
Connecticut	\$1,710,795	\$1,229,823	71.9%	\$1,625,944	69.5%	71.6%	73.1%	65.7%
Delaware	\$545,900	\$410,329	75.2%	\$525,667	68.3%	62.6%	55.5%	67.2%
Dist of Columbia	\$171,714	\$135,793	79.1%	\$157,908	79.6%	68.6%	57.6%	63.1%
Florida	\$12,250,346	\$8,802,127	71.9%	\$11,222,914	71.5%	68.5%	60.6%	62.0%
Georgia	\$4,565,849	\$3,893,070	85.3%	\$4,086,834	81.8%	77.6%	77.8%	75.2%
Hawaii	\$419,860	\$258,896	61.7%	\$409,246	62.3%	53.4%	51.6%	50.9%
Idaho	\$483,743	\$325,326	67.3%	\$449,659	63.9%	58.9%	61.0%	57.9%
Illinois	\$3,838,630	\$2,653,029	69.1%	\$3,634,368	66.0%	63.4%	62.5%	58.0%
Indiana	\$1,954,504	\$1,340,113	68.6%	\$1,836,198	66.7%	61.9%	61.4%	59.4%
Iowa	\$792,127	\$525,004	66.3%	\$758,460	63.1%	59.9%	59.6%	56.3%
Kansas	\$861,672	\$587,891	68.2%	\$827,540	64.1%	62.9%	60.7%	61.4%
Kentucky	\$1,790,595	\$1,335,581	74.6%	\$1,706,089	69.5%	64.7%	63.1%	63.4%
Louisiana	\$2,551,447	\$2,090,920	82.0%	\$2,333,789	76.7%	73.1%	71.7%	69.5%
Maine	\$371,137	\$235,208	63.4%	\$350,256	60.2%	70.3%	61.3%	55.9%
Maryland	\$2,705,089	\$2,060,185	76.2%	\$2,532,329	74.9%	68.0%	60.5%	66.4%
Massachusetts	\$2,723,832	\$1,819,606	66.8%	\$2,612,988	65.1%	65.8%	64.7%	61.4%
Michigan	\$5,239,965	\$5,423,694	103.5%	\$5,151,734	89.7%	95.8%	141.9%	165.4%
Minnesota	\$1,913,311	\$1,192,164	62.3%	\$1,829,146	59.3%	58.9%	58.9%	57.1%
Mississippi	\$940,868	\$673,847	71.6%	\$900,127	68.7%	64.7%	64.9%	63.5%
Missouri	\$1,941,729	\$1,481,282	76.3%	\$1,808,078	69.6%	65.8%	63.6%	62.6%
National Totals	\$125,003,163	\$93,016,827	74.4%	\$117,457,861	70.8%	67.4%	67.9%	67.6%

Source: SNL Financial

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State Personal Auto Liability Insurance Markets Loss Ratios 2012-2016

State	2016 Premium Earned (000)	2016 Loss Incurred (000)	Loss Ratio	2015 Premium Earned (000)	----- Loss Ratio -----			
					2015	2014	2013	2012
Montana	\$347,315	\$214,437	61.7%	\$336,426	66.6%	55.7%	55.5%	52.7%
Nebraska	\$608,835	\$405,724	66.6%	\$571,014	68.2%	65.7%	64.5%	59.7%
Nevada	\$1,432,196	\$1,157,723	80.8%	\$1,314,000	76.3%	68.7%	70.4%	69.5%
New Hampshire	\$407,225	\$263,150	64.6%	\$387,951	61.5%	66.8%	66.6%	61.9%
New Jersey	\$4,985,736	\$3,520,739	70.6%	\$4,845,979	68.3%	66.3%	69.0%	61.9%
New Mexico	\$790,225	\$540,697	68.4%	\$760,204	62.6%	59.6%	67.7%	68.8%
New York	\$8,001,713	\$5,755,341	71.9%	\$7,645,849	69.3%	65.0%	63.1%	60.5%
North Carolina	\$2,858,690	\$2,166,746	75.8%	\$2,749,427	73.1%	67.9%	64.8%	68.3%
North Dakota	\$204,626	\$121,190	59.2%	\$204,504	56.0%	52.3%	60.3%	61.3%
Ohio	\$3,454,349	\$2,288,516	66.3%	\$3,306,327	62.8%	59.7%	60.7%	60.7%
Oklahoma	\$1,365,223	\$887,150	65.0%	\$1,313,730	62.3%	59.8%	63.3%	62.7%
Oregon	\$1,778,588	\$1,205,309	67.8%	\$1,636,897	68.9%	60.0%	63.4%	64.9%
Pennsylvania	\$4,560,801	\$3,024,086	66.3%	\$4,409,717	67.3%	64.9%	61.9%	62.1%
Rhode Island	\$559,589	\$417,611	74.6%	\$522,357	73.5%	70.1%	73.3%	67.6%
South Carolina	\$2,139,277	\$1,751,661	81.9%	\$1,958,472	76.4%	72.1%	69.6%	66.2%
South Dakota	\$234,667	\$162,952	69.4%	\$226,754	58.8%	59.6%	60.9%	58.8%
Tennessee	\$2,040,859	\$1,428,194	70.0%	\$1,938,410	64.9%	61.5%	61.4%	61.2%
Texas	\$10,342,743	\$7,842,103	75.8%	\$9,455,845	73.5%	67.8%	65.5%	64.6%
Utah	\$1,044,307	\$768,470	73.6%	\$964,515	71.3%	66.3%	67.1%	62.5%
Vermont	\$176,892	\$105,563	59.7%	\$172,558	61.2%	61.8%	61.1%	55.2%
Virginia	\$2,836,116	\$1,991,630	70.2%	\$2,731,360	68.2%	64.5%	61.7%	65.5%
Washington	\$3,089,557	\$2,279,310	73.8%	\$2,888,794	72.5%	67.5%	66.3%	65.1%
West Virginia	\$676,323	\$373,778	55.3%	\$670,569	57.9%	52.2%	44.7%	54.7%
Wisconsin	\$1,610,866	\$1,037,223	64.4%	\$1,535,181	64.0%	69.2%	66.9%	67.2%
Wyoming	\$173,731	\$100,849	58.0%	\$172,356	55.7%	55.9%	53.1%	51.1%
National Totals	\$125,003,163	\$93,016,827	74.4%	\$117,457,861	70.8%	67.4%	67.9%	67.6%

Source: SNL Financial

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State Personal Auto Physical Damage Insurance Markets Loss Ratios 2012-2016

State	2016 Premium Earned (000)	2016 Loss Incurred (000)	Loss Ratio	2015 Premium Earned (000)	----- Loss Ratio -----			
					2015	2014	2013	2012
Alabama	\$1,347,922	\$874,076	64.8%	\$1,261,105	64.9%	64.5%	63.6%	61.7%
Alaska	\$179,338	\$108,486	60.5%	\$175,647	55.0%	50.7%	52.8%	54.1%
Arizona	\$1,705,788	\$1,166,221	68.4%	\$1,584,029	66.4%	60.0%	60.5%	57.8%
Arkansas	\$806,873	\$612,237	75.9%	\$763,387	68.3%	61.9%	57.3%	55.8%
California	\$10,792,339	\$7,144,066	66.2%	\$9,871,457	63.7%	61.3%	60.0%	58.4%
Colorado	\$1,562,793	\$1,450,690	92.8%	\$1,412,908	74.4%	95.9%	66.8%	66.7%
Connecticut	\$1,040,051	\$611,047	58.8%	\$1,001,054	59.0%	57.5%	58.7%	58.7%
Delaware	\$246,952	\$161,748	65.5%	\$228,813	65.2%	72.9%	64.7%	61.5%
Dist of Columbia	\$147,336	\$97,039	65.9%	\$142,747	60.1%	54.0%	51.0%	50.6%
Florida	\$4,655,103	\$3,275,789	70.4%	\$4,101,764	69.0%	67.3%	64.9%	63.0%
Georgia	\$2,763,190	\$1,802,067	65.2%	\$2,592,691	61.7%	58.1%	62.3%	51.8%
Hawaii	\$294,628	\$180,939	61.4%	\$273,646	57.6%	56.0%	55.9%	50.1%
Idaho	\$348,720	\$231,473	66.4%	\$317,093	64.7%	62.0%	61.0%	56.7%
Illinois	\$3,063,095	\$1,927,301	62.9%	\$2,901,819	62.0%	64.3%	62.1%	64.1%
Indiana	\$1,467,114	\$944,062	64.3%	\$1,378,638	64.3%	65.7%	65.4%	68.0%
Iowa	\$824,774	\$484,155	58.7%	\$777,235	58.8%	69.7%	63.4%	55.8%
Kansas	\$837,561	\$545,790	65.2%	\$804,370	58.4%	58.6%	66.7%	61.2%
Kentucky	\$952,957	\$651,873	68.4%	\$884,926	68.6%	64.1%	61.0%	86.8%
Louisiana	\$1,494,475	\$1,648,533	110.3%	\$1,410,100	64.0%	59.6%	72.2%	63.8%
Maine	\$311,404	\$171,941	55.2%	\$289,706	60.5%	57.9%	56.1%	52.8%
Maryland	\$1,822,432	\$1,254,755	68.9%	\$1,697,790	66.3%	63.8%	60.9%	61.2%
Massachusetts	\$2,077,512	\$1,233,368	59.4%	\$1,958,370	66.8%	59.7%	59.1%	58.7%
Michigan	\$3,085,148	\$1,998,263	64.8%	\$2,839,543	64.6%	73.2%	67.0%	65.1%
Minnesota	\$1,445,309	\$893,141	61.8%	\$1,363,419	59.8%	59.9%	68.0%	59.0%
Mississippi	\$789,435	\$501,924	63.6%	\$734,990	61.8%	63.8%	96.9%	58.2%
Missouri	\$1,577,605	\$1,078,730	68.4%	\$1,474,176	65.9%	64.9%	57.3%	77.9%
National Totals	\$84,113,004	\$57,530,624	68.4%	\$78,108,198	64.6%	64.1%	62.3%	64.5%

Source: SNL Financial

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State Personal Auto Physical Damage Insurance Markets Loss Ratios 2012-2016

State	2016 Premium Earned (000)	2016 Loss Incurred (000)	Loss Ratio	2015 Premium Earned (000)	----- Loss Ratio -----			
					2015	2014	2013	2012
Montana	\$305,286	\$281,409	92.2%	\$285,497	67.0%	82.3%	61.6%	53.2%
Nebraska	\$536,223	\$349,464	65.2%	\$506,179	55.0%	89.1%	75.0%	63.1%
Nevada	\$644,069	\$446,720	69.4%	\$598,136	66.3%	60.6%	57.7%	55.8%
New Hampshire	\$389,056	\$218,087	56.1%	\$362,279	57.7%	56.9%	56.1%	55.7%
New Jersey	\$2,289,308	\$1,346,032	58.8%	\$2,196,607	58.5%	57.7%	52.7%	80.2%
New Mexico	\$472,426	\$323,698	68.5%	\$441,314	71.6%	62.5%	57.6%	55.2%
New York	\$4,448,658	\$2,832,121	63.7%	\$4,120,743	67.0%	68.2%	61.7%	101.2%
North Carolina	\$2,562,610	\$1,657,403	64.7%	\$2,319,842	58.6%	58.4%	56.3%	58.4%
North Dakota	\$248,188	\$186,998	75.3%	\$242,827	57.2%	55.5%	55.1%	48.3%
Ohio	\$2,743,223	\$1,616,457	58.9%	\$2,588,314	60.6%	61.1%	59.3%	61.2%
Oklahoma	\$1,121,952	\$649,055	57.9%	\$1,065,604	64.8%	54.7%	87.0%	70.2%
Oregon	\$785,649	\$544,991	69.4%	\$723,016	64.9%	63.5%	61.6%	59.9%
Pennsylvania	\$3,557,321	\$2,296,023	64.5%	\$3,329,222	66.2%	75.2%	64.0%	63.1%
Rhode Island	\$286,230	\$182,928	63.9%	\$264,417	68.5%	64.6%	64.9%	61.0%
South Carolina	\$1,339,367	\$942,702	70.4%	\$1,235,132	68.9%	71.0%	60.7%	61.6%
South Dakota	\$265,038	\$163,333	61.6%	\$246,992	77.1%	104.0%	95.8%	64.7%
Tennessee	\$1,651,136	\$1,063,823	64.4%	\$1,547,496	62.3%	58.9%	57.8%	72.7%
Texas	\$8,258,859	\$6,993,003	84.7%	\$7,630,155	70.3%	62.9%	62.6%	66.8%
Utah	\$626,395	\$431,763	68.9%	\$576,337	64.4%	60.1%	63.3%	57.2%
Vermont	\$178,387	\$95,669	53.6%	\$168,338	55.2%	80.5%	57.9%	54.4%
Virginia	\$2,189,431	\$1,499,901	68.5%	\$2,082,043	60.7%	60.4%	59.1%	62.5%
Washington	\$1,570,586	\$1,013,144	64.5%	\$1,436,941	62.3%	59.6%	56.8%	56.4%
West Virginia	\$523,923	\$356,567	68.1%	\$508,807	58.1%	57.2%	56.7%	58.1%
Wisconsin	\$1,281,788	\$820,526	64.0%	\$1,200,034	61.6%	63.7%	63.9%	58.3%
Wyoming	\$198,041	\$169,093	85.4%	\$190,503	60.5%	70.4%	70.3%	53.6%
National Totals	\$84,113,004	\$57,530,624	68.4%	\$78,108,198	64.6%	64.1%	62.3%	64.5%

Source: SNL Financial

Loss ratio does not include dividends or loss adjustment expense and is calculated as loss incurred as a percentage of premium earned.

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LOSS RATIOS *Continued from Page 1*

as it looks. The 110.3% physical damage loss ratio, driven by catastrophic flooding, is not likely to be repeated. Louisiana market leader **State Farm** posted a 126.3% physical damage loss ratio in 2016, and while that was the highest of all large insurers, others were not far off. Though that should improve, the 82% liability loss ratio is unlikely to be so rapidly repaired.

Colorado is also worrisome with an 85% loss ratio in 2016 that looks eerily like the 83.1% of 2014. Like Louisiana, physical damage (92.8%) is the big culprit, but a 79.7% liability loss ratio, steadily rising over the past five years, shows few signs of improving markedly.

As the nation's second-largest market, trouble in **Texas** is trouble for everyone, and we consider a 79.8% loss ratio, worsening rapidly from 72.1% in 2015 and 64.3% in 2013, to be big trouble. To be sure, an 84.7% physical damage loss ratio in 2016 feels like a one-off, since record hail losses helped to drive it to its highest level in more than 20 years. But liability, with a 2016 loss ratio of 75.8%, has been worsening more quickly than the national average, and that cannot be good news.

We suppose that as the nation's largest market, **California's** mediocrity, with a 72.9% total loss ratio that is only slightly higher than the 72% national average, isn't terrible news. But it's hardly encouraging.

But we do consider **Florida's** mediocre performance, just slightly better than the national average with a 71.4% loss ratio, as good news. True, results have been worsening rapidly. But we are relieved to see that a market that many present as a burgeoning catastrophe, especially in liability, is turning in average results.

Georgia, the nation's seventh-largest market, is showing alarming trends. Its 77.7% loss ratio, among the nation's highest, is fueled by an 85.3% liability loss ratio that has been deteriorating for some time and shows no signs of improving soon.

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Allow us our continued warning to take care with **Michigan** personal auto insurance liability data. Michigan's unique no-fault system includes unlimited benefits for catastrophic injury, financed through the **Michigan Catastrophic Claims Association**.

To oversimplify a bit, many of the "incurred losses" are eventually reimbursed by the MCCA, and thus the incurred loss ratio insurers report is consistently worse than their actual results.

Better to look at paid loss ratios, which do not show the MCCA distortions:

Michigan Personal Auto Liability Loss Ratios

Year	Incurred	Paid
2016	103.5%	65.3%
2015	89.7%	61.7%
2014	95.8%	59.7%
2013	141.9%	66.2%
2012	165.4%	68.3%

Source: SNL Financial

A distortion so large in such a large market invariably pushes up the national liability loss ratio as much as a point or two each year. **AIR**

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