

About ICT

ICT is a nonprofit trade association that promotes the property and casualty insurance industry by providing relevant information and resources to its members, the public, regulators, and the media.

We represent 400 member companies and 80 company groups. Our membership represents 86% of the Texas property and casualty market. We are the largest state insurance trade association in the country.



Mission Statement

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Texas P&C at a Glance

Competitive Market

- 1100+ groups and ~3000 companies
- 200 TX domestics
- \$81.5B premiums
 - Up 13% from 2021
- 54M P&C policies
- \$3.3B paid in premium taxes



Texas P&C at a Glance

Facts & Figures

Top 3 lines by policies

- Personal auto – 29.2M
- Inland marine – 9.5M (up 79% since 2019)
- HO multiperil – 8M

Top 3 lines by premiums

- Personal auto - \$26.3B
- HO multiperil - \$13B
- Commercial auto - \$5.8B



Texas & Catastrophes

Texas Ranks High

- 1st in hailstorms
- 2nd in tornadoes
- 3rd in wildfire risk
- Flood risks
 - Texas #4 for flood payments in 2022



Insurance and the Economy

Increasing Catastrophe Events

- Nationally multiple years of \$100B+ losses
- Texas- 2021 Winter Storm Uri
 - \$11.5B losses with 500K+ claims
 - \$3B reinsurance

Texas P&C Market

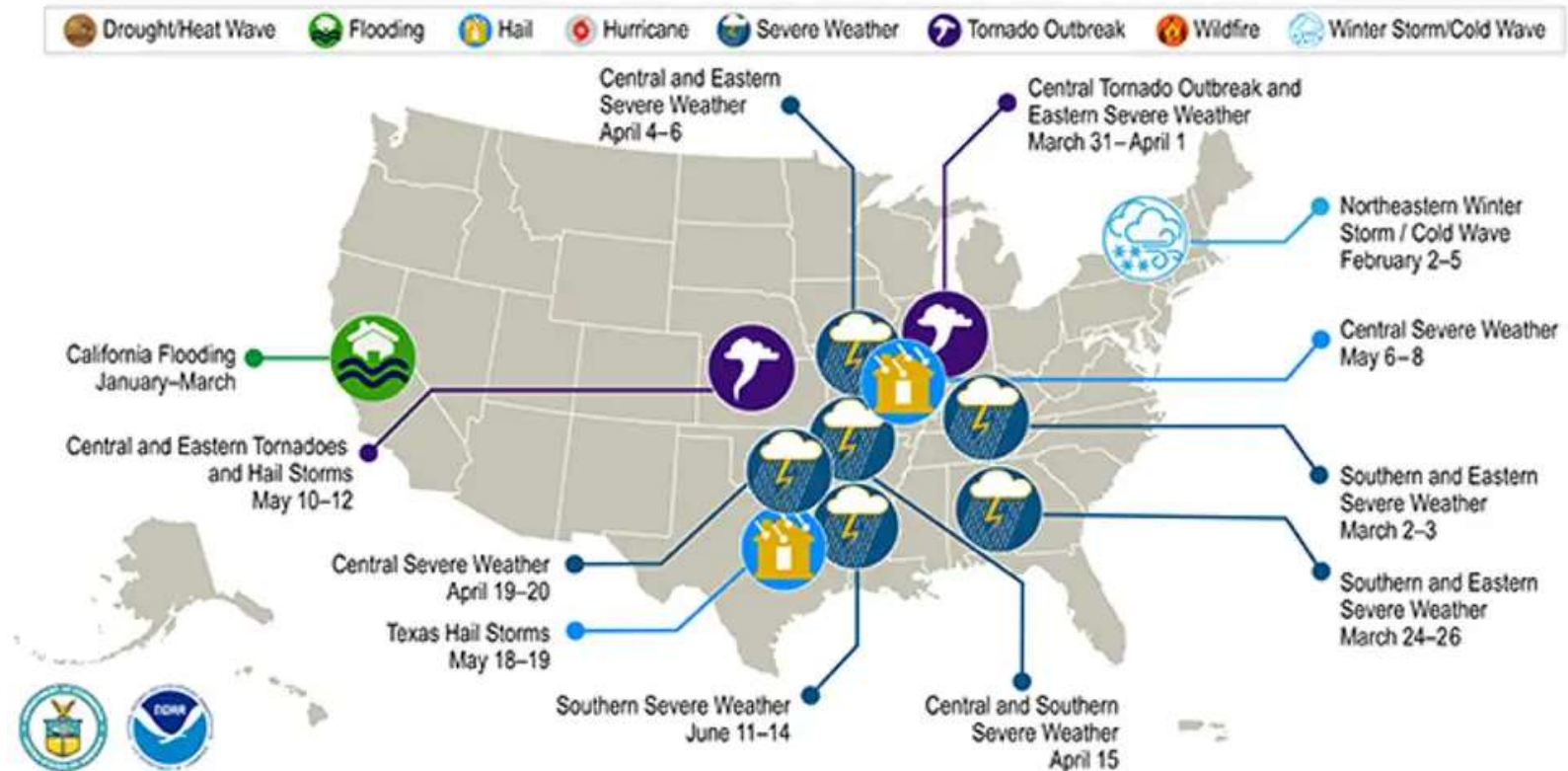
2023 Texas Storms

- May and June 2023 storms
 - Multiple \$1B+ events

Twelve \$1B events in US
(pre-Idalia)



U.S. 2023 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 12 separate billion-dollar weather and climate disasters that impacted the United States through June 2023.

Replacement Cost

2019-22 Nationally

- HO up 55.5%
- Private Auto up 45.6%
- Commercial Property up 40%

Texas- \$1.3B increase in 2022 (#1 in nation)

- Auto up 13.4% in 2022

Increasing Losses



- \$50B incurred losses
 - 3rd nationally
- \$36.6B direct losses
 - Up 20+% since 2019

Increasing Losses

Combined Ratios over 100

- Nationally, personal auto combined ratios continue to be >100

TX personal auto upward loss trends

- \$2.77B net underwriting loss
- TX commercial auto losses up 63.5% in 2022
- Underwriting losses up 60%



Insurance and the Economy

Auto Losses

- Texas personal auto frequency and severity are generally climbing 4 quarters ending Q4 2022
 - PD - frequency up **10.6%**; severity up **20.1%**
 - BI - frequency up **6.8%**; severity up **9.8%**
 - PIP - frequency up **9.7%**; severity down **9.4%**
 - Collision - frequency up **2.4%**; severity up **18.3%**
 - Comprehensive - frequency down 9.6%; severity down 1.1%

Why is My Auto Insurance Higher?

Auto Prices Up

- Used car prices still above pre-COVID levels, up 44% as of May 2023
- Rental car replacements remain above pre-pandemic levels at 25.7%.
- The average length of car rental has increased
 - In Texas, the average days for Q4 2022 was above the national average at 20.3 days



Inflation



- CPI 8% in 2022
- Insurance CPI
 - Auto insurance 7.9% in 2022
 - 12.5% auto body work (42% since 2013)
 - New cars up 10.4%
 - Used cars up 12.7%

Reinsurance Costs

2023 renewals

- Estimated average 40-60% price increase
- 2024 renewal estimated to not be as severe
- Capital availability and alternative capital
- Slightly lower or stagnant
- Higher retention for insurers



Residual Markets

TWIA funding and growth

- Increased exposure and policy count
 - 20% growth in policies from 2022
 - 36% increase in exposure - \$63B to \$86B
- Funding options
- Efforts to pass along costs to insurers
 - Insurers commit \$1B each year for losses

FAIR Plan

- Efforts to expand for some commercial risks
- First growth in policy count in six years
- 22% exposure growth - \$11B to \$13.5B

Litigation and Social Inflation

Proliferation of Lawsuits and Large Verdicts

- Lawsuit Abuse
- Nuclear verdicts >\$10M
- Commercial Auto
 - Estimated \$4B+ impact (nationally)
- Lawsuit Funding



88th Legislative Session: Ongoing Issues

Auto parts and repair

- OEM mandates and implications

Appraisal processes in HO and personal auto

TWIA funding

- State investment & eliminate debt funding



Regulatory

Rate Filings

- TX file and use

Policy Form Changes

- Coverage changes

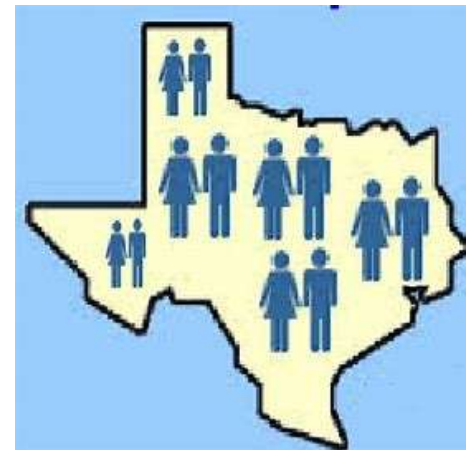
Avoid California-type restrictions

Protect Market Solvency

Texas Continues to Grow

Population growth- 30+M with growth rate over 1.5%

- From 2000 to 2022 gained over 9M residents
- Fastest growing counties:
 - Harris, Collin, Denton, Fort Bend, and Bexar
 - Texas has six counties in the top 10 counties for growth nationally



Texas Job Growth



- 13.98M jobs
- 2022-23 annual growth rate 3% (2% nationwide)
- 4.1% unemployment rate (3.8% nationwide)
 - Austin 3.8%,
 - DFW 4.1%,
 - SA 4.2%, and
 - Houston 4.8%

Texas Economy

- 9th largest economy in the world
 - \$2.355T GDP (#2 in nation)
- #1 for Fortune 500 companies
- Business investing in Texas
 - Samsung
 - \$17B investment, est. 2000 jobs
 - Tesla
 - Texas Instruments
 - \$3.2B investment in semiconductor plant



Insurance Jobs



Adjusters, Examiners, Investigators

- #2 in nation – 26,210 (Florida #1)
- DFW #3 nationally (NY and Phoenix)
- Waco #2 in terms of concentration!

Insurance Jobs

Appraisers, auto damage

- Texas #1 - 1730
- DFW #1 - 740



Insurance Jobs



Underwriters

- Texas #1 – 10,540
- DFW #3 – (NY and Atlanta, 1st and 2nd)

Insurance Jobs

Agents

- Texas #2 – 41,230 (behind California)
- DFW #3 – (NY and LA, 1st and 2nd)
- 2022-32 outlook - 8% growth



Texas in a Nutshell

- Competitive Market
 - Consumers have choices
- Losses Higher
 - Weather & Costs
- Rate Pressures
- Insurer Response and Regulatory Approach
- Residual Markets
- Strong and Growing State Economy