



**Division of Insurance**  
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Executive  
Director

## 2008 Colorado Insurance Industry Statistical Report

It is my pleasure to present the 2008 Colorado Insurance Industry Statistical Report. This report is prepared annually by the Colorado Division of Insurance, and is meant to serve as a guide for consumers and industry personnel.

Above everything else, the mission of the Division of Insurance is consumer protection. This is our focus as we regulate companies as well as those individuals engaged in the transaction of insurance in Colorado. Each year the Division undertakes efforts to increase consumer education and conduct effective enforcement activities. The Division performs market conduct and financial examinations, and issues corporate and producer licenses. We also conduct in-depth analyses of insurance companies and ensure legislative compliance of insurers doing business in Colorado. Additionally, the Division received and responded to over 26,000 consumer inquiries during 2008.

The primary purpose of this report is to document the financial status of companies engaged in the business of insurance in Colorado. It includes commercial insurers, health maintenance organizations, non-profit organizations, captives and self-insurance pools. With the exception of a few non-traditional companies who have alternative fiscal year-ends, data contained in this report represents figures as of December 31, 2008, the last complete year for which data is available. All figures quoted are extracted from information filed by each company with the Division of Insurance, and much of the data is filed electronically with the National Association of Insurance Commissioners (NAIC). This greatly simplifies our data-gathering process. During 2008, Colorado citizens paid over 28 billion dollars in premium to approximately 1400 companies, with 26 companies accounting for over 50% of that total.

The Statistical Report is also used to determine which lines of business account for the largest payments of premium by consumers. As the summary table on page 303 indicates, accident and health insurance premiums accounted for the largest insurance expenditure, representing 33% of the total insurance premiums paid in Colorado. The second largest premium volume was for annuities, with 16%. The premium volume for other major lines of business are as follows: private passenger automobile insurance, 10%; deposit-type funds (such as guaranteed investment contracts), 10%; life insurance, 7%; other considerations (such as annuity contracts with a mortality component), 4%; homeowners, 4%; other liability, 3%; workers' compensation, 3%; commercial multiple peril, 2%; and commercial auto, 1%. These percentages together account for more than **93%** of the total insurance premiums in Colorado.



This report also provides the market share percentages and the loss ratios for individual companies. Loss ratios are calculated using premiums earned and losses incurred.

**Premiums earned** are those premiums allocated to the specific period for which insurance is provided.

**Losses incurred** are the amounts necessary to pay or provide covered financial losses or other policy benefits resulting from an event for which the company was responsible, and are allocated to the specific period for which insurance is provided.

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. A higher loss ratio means that more of the premium dollar went towards claims and benefits, and less to 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%.

Please keep in mind, however, that 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 also 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."

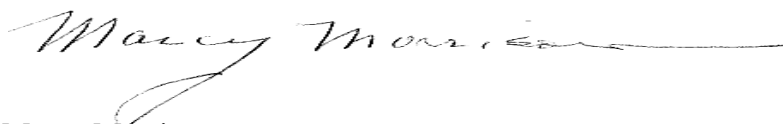
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I hope this publication is of service to you. If you have any questions regarding this report, please contact Carol O'Bryan by e-mail at [carol.obryan@dora.state.co.us](mailto:carol.obryan@dora.state.co.us), or by phone at 303-894-2198.

Sincerely,



Marcy Morrison  
Commissioner of Insurance