

State Insurance Regulation: Key Facts and Market Trends

Vermont / 2020

NAIC NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS



Overview of the 2020 Insurance Market in Vermont

- Vermont has **1,306** total domestic and licensed foreign insurers.
- Vermont has **502** captive insurance companies with **\$27,723,258,803** in total captive premiums.
- Vermont ranks **20th** in earthquake premiums as reported on NAIC annual statement filings.
- Total direct premiums written in-state have increased every year since 2014.
- Insurance carriers and related activities make up **58.04%** of the gross domestic product (GDP) for financial institutions.

State Insurance Regulation: Key Facts and Market Trends

The mission of the National Association of Insurance Commissioners (NAIC) is to assist state insurance regulators, individually and collectively, in serving the public interest and achieving the following fundamental insurance regulatory goals in a responsive, efficient and cost effective manner, consistent with the wishes of its members. As part of this mission, the NAIC compiles meaningful data about the insurance regulatory community, as well as the insurance industry.

Number of Insurance Companies

The number of insurance companies is provided by state insurance regulators and is compiled annually by the NAIC. Depending on the type of insurance companies provided, they are classified either as property/casualty, life and fraternal, health, or title insurers. Insurers with primary corporate headquarters located in a particular state are called domestic insurers. The insurance regulator in the insurer's state of domicile is the primary regulator of that insurer. Foreign insurers are those that are allowed to sell insurance in a state but have a primary legal residence in another state. The state rank represents the rank relative to the state with the largest number of insurers among all states.

U.S. Premiums by NAIC Financial Statement Type

The premium volume from the NAIC financial filing database is direct written premium derived from insurer annual financial statement filings provided to the NAIC. The total is comprised of aggregate premium and deposits generated without any adjustments for reinsurance. This data is grouped according to insurer financial statement filing type (i.e., property/casualty; life, accident and health/fraternal; health; and title). Data in one financial statement type could contain data that seemingly fits better under

another line of business. For example, traditional health data may be filed by an insurer using the filing type of life, accident and health. Depending on the regulatory requirements in the state of domicile, captives and risk retention groups are not always required to file with the NAIC and, consequently, this data may not be considered complete. Not all state funds are required to file with the NAIC. State fund data contained herein is reported separately and added to the premium volume during composition of this report. Some categories are modified to more closely align with the structure of the NAIC financial statement filings and may not be comparable to data reported in prior years. The state rank represents the rank relative to the state with the largest premium volume among all states.

U.S. Premiums by IDRR Premium Type

The premium volume from the *Insurance Department Resources Report* (IDRR) is comprised of direct written premium that the states report to the NAIC in compiling the IDRR. This data is grouped by type of business and will not match up with data grouped by NAIC financial statement type. This data includes total direct written premium reported by each state insurance department and does not include premiums from captives or surplus lines business. It was requested that each state include state funds in its premium volume reported. Some companies may report premium data to the state insurance department that are not required to report to the NAIC due to sales volume or other regulatory requirements of their domiciliary state.

Insurance Department Data

The insurance department data is provided by state insurance regulators and is compiled annually by the NAIC. Total taxes include premium, retaliatory, franchise and income taxes paid by insurers. Total revenue includes other

sources of revenue, such as licensing fees and fines and assessments, as well as total taxes. Total budget represents the annual operating budget of the state insurance department. Total employment is the number of full-time state insurance department employees. The state rank represents the rank relative to the state with the largest respective number among all states.

Cost of Regulation

The cost of regulation is calculated from data supplied by state insurance regulators and collected from insurers' financial filings. It is a ratio that compares the insurance department budget to total premium written in the state. For state-specific details on the figures used, please refer to the IDRR technical notes.

Property/Casualty Premium by Line of Business

The premiums are from the annual financial statement information that property/casualty insurers file with the NAIC. Property/casualty premium is subdivided into several categories. This data includes information on state funds reported separately and added to the premium volume during composition of this report. The state rank represents the rank relative to the state with the largest respective premium by line of business among all states.

Insurance Industry Employment

The U.S. Bureau of Labor Statistics (BLS) produces the Quarterly Census of Employment and Wages (QCEW). The QCEW is derived from quarterly unemployment insurance tax reports submitted by employers to state workforce agencies. The reports are subject to state unemployment insurance laws, as well as to the Unemployment Compensation for Federal Employees (UCFE) program. According to the BLS, the QCEW program publishes a quarterly count of employment and wages covering 98% of U.S. jobs, available by industry in the county,

metropolitan statistical area (MSA), state and national levels. Employment is the total number of persons employed full-time or part-time in non-farm establishments during a specified payroll period. Temporary employees are included. In general, data refer to persons who worked during, or received pay for, any part of the pay period that includes the 12th of the month, which is standard for all federal agencies collecting employment data from business establishments. Insurance carriers include employees of direct insurers from all insurance types and reinsurers. Agencies, brokerages and other insurance-related activities include insurance agents and brokers, independent claims adjusters, third-party administrators of insurance and pension funds, and other insurance-related activities.

Consumer Complaints

Complaints include all formal complaints lodged with the insurance department.

Consumer Inquiries

Inquiries include all requests for information about insurance-related issues made by any medium, including phone calls, written letters, emails, etc. Requests for brochures are included, as are incidents where a complaint is voiced, but is not formally lodged.

Gross Domestic Product

The U.S. Bureau of Economic Analysis (BEA) produces the gross domestic product (GDP). The BEA defines GDP by state as the most comprehensive measure of overall economic activity in the individual states. Per the BEA, GDP by state is calculated as the sum of incomes earned by labor and capital and the costs incurred in the production of goods and services. It includes workers' wages and salaries; income earned by sole proprietorships, partnerships and corporations; and business taxes (such as sales, property, and federal excise taxes) that count as a business expense.

State Insurance Regulation: Key Facts and Market Trends

The primary goal of state regulation is to protect insurance consumers, while recognizing that consumers as well as companies are well served by efficient, market-oriented regulation of the business of insurance.

OVERVIEW OF THE UNITED STATES INSURANCE MARKET 2020

Insurance Group	Direct Premium Written*	% of Total Premium
UNITEDHEALTH GRP	\$177,819,055,855	6.90%
METROPOLITAN GRP	\$113,982,557,420	4.43%
ANTHEM INC GRP	\$81,362,191,587	3.16%
CENTENE CORP GRP	\$75,056,739,842	2.91%
HUMANA INC	\$73,987,722,348	2.87%
Top 5 Total	\$522,208,267,052	

*Includes Deposit Type Funds and premium written in U.S. territories from Property, Life, Fraternal, Title, and Health Annual Statements.

Source: National Association of Insurance Commissioners

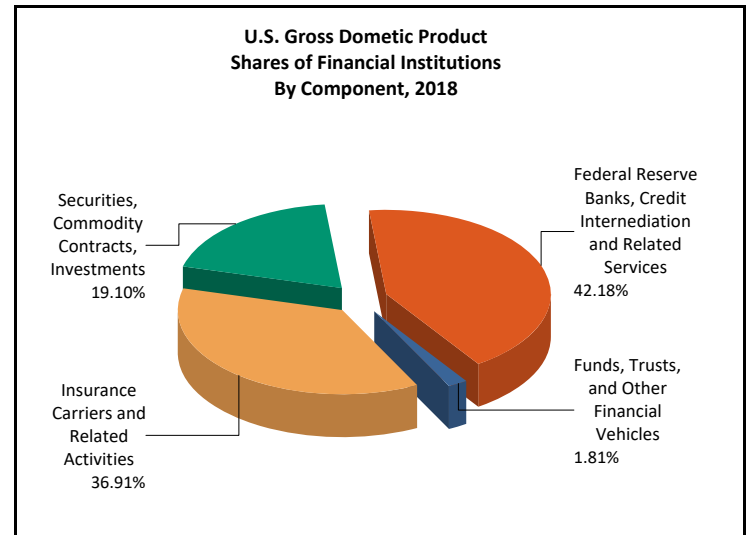
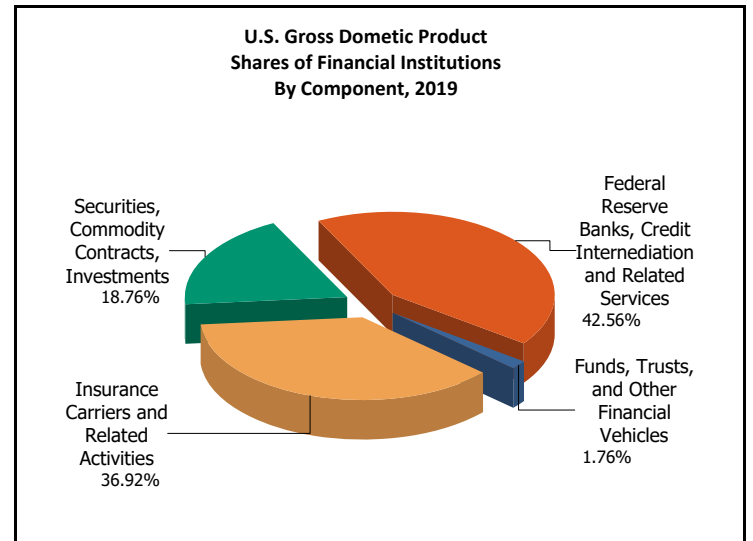
	2019	2020
Funds, trusts, and other financial vehicles	29,401	N/A
Insurance carriers and related activities	615,010	N/A
Securities, commodity contracts, and other financial investments and related activities	312,481	N/A
Monetary Authorities- central bank, credit intermediation, and related services	708,906	N/A
Finance and insurance	1,665,797	1,727,087

*Figure is an estimate.

Source: US Department of Commerce, Bureau of Economic Analysis

	2018	2019	2020
Insurance Carriers and Related Activities	2,356,244	2,411,263	2,419,845
Insurance Carriers	1,178,085	1,211,490	1,216,922
Direct Life and Health Insurance Carriers	607,511	625,050	641,994
Direct Life Insurance Carriers	226,350	241,580	240,024
Direct Health and Medical Insurance Carriers	376,934	391,350	403,979
Direct Insurers (except Life and Health)	511,142	516,102	514,994
Direct Property and Casualty Insurers	460,038	466,170	463,586
Direct Title Insurance Carriers	58,718	58,063	59,556
Other Direct Insurance Carriers	13,272	15,971	15,957
Reinsurance Carriers	21,658	21,455	19,571
Insurance Agencies and Brokerages	1,178,159	1,199,778	1,202,923
Other Insurance Related Activities	346,519	352,782	351,072
Claims Adjusting	60,499	56,891	56,707
Third Party Administration of Insurance Funds	200,063	207,013	205,640
All Other Insurance Related Activities	85,162	88,867	88,725

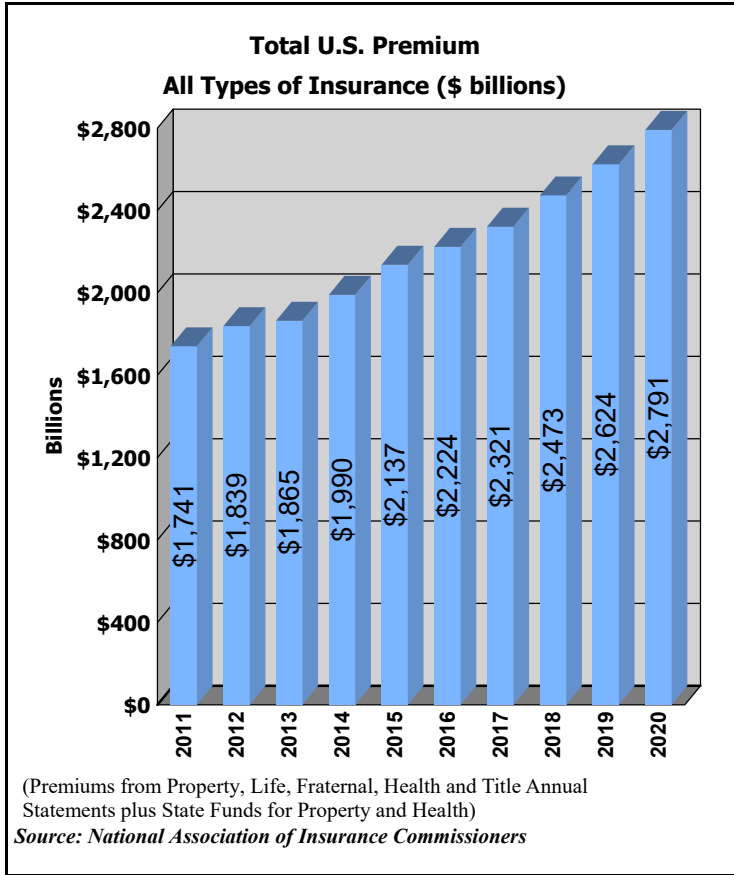
Source: U.S. Department of Labor, Bureau of Labor Statistics



State Insurance Regulation: Key Facts and Market Trends

OVERVIEW OF THE UNITED STATES INSURANCE MARKET

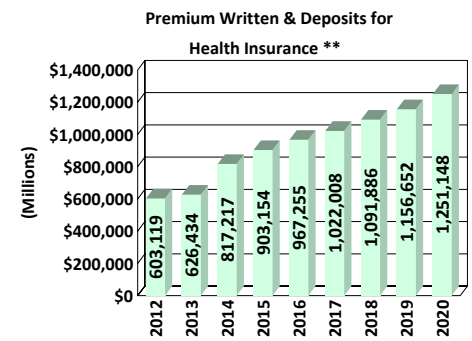
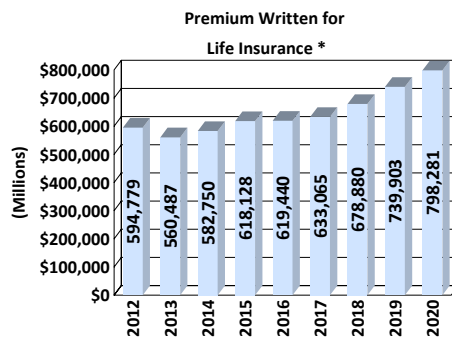
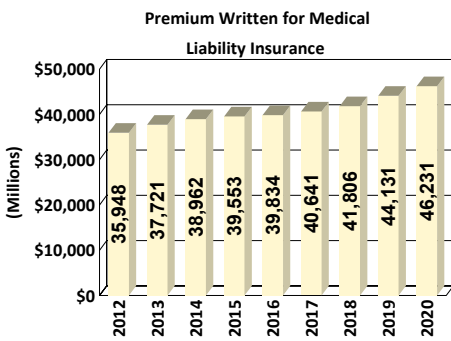
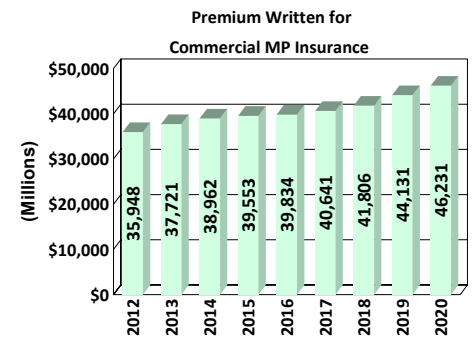
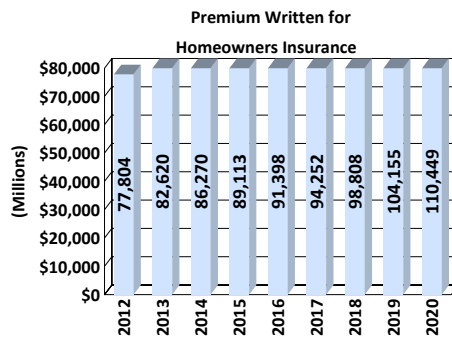
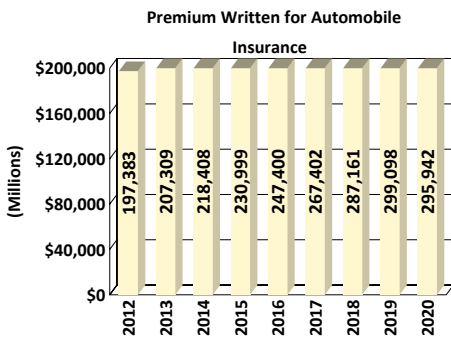
2020



U.S. Property & Casualty Premium by Line of Business

Line of Business	2019	2020
Accident & Health	6,966,360,015	6,511,262,859
Allied lines	14,137,210,360	16,370,476,903
Federal flood	2,970,377,652	3,045,672,853
Crop	1,105,780,223	1,115,706,189
Private Flood	542,833,945	706,915,943
Farm	14,359,900,050	14,957,355,307
Homeowners multiple peril	104,155,071,743	110,449,213,603
Commercial multi peril	44,130,896,556	46,231,089,795
Mortgage guaranty	5,555,055,740	5,746,469,924
Ocean & Inland Marine	29,405,670,052	29,065,052,981
Financial guaranty	307,329,816	421,674,643
Fire	13,813,880,368	15,770,907,517
Earthquake	2,788,990,925	3,374,432,634
Workers' compensation	59,379,283,482	54,298,958,889
Products liability	4,104,892,610	4,151,767,945
Automobile	299,097,518,563	295,942,458,093
Aircraft (all perils)	1,797,322,105	2,088,209,783
Fidelity	1,271,354,699	1,300,008,503
Surety	6,918,285,172	6,860,629,236
Burglary and theft	435,666,762	449,661,025
Boiler and machinery	1,727,828,695	1,923,898,944
Credit	1,957,658,745	2,065,539,405
Other	80,588,457,901	90,243,852,530
Medical professional liability	9,784,570,243	10,155,286,657
Total	707,303,784,127	723,246,793,516

Source: National Association of Insurance Commissioners
(Premiums from Property Annual Statements plus State Funds)



* Figures include Life, Annuities, Deposit Type Funds, and Other Considerations from the NAIC Life, and Fraternal financial statements.

** Figures includes Health data from the NAIC Health, Life, and Fraternal financial statements and California Insurance data.

Figures include data from State Funds where applicable.

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**OVERVIEW OF THE UNITED STATES INSURANCE MARKET
2020**

Data Year	U.S. Premiums by NAIC Financial Statement Type					Total
	Property & Casualty*	Life	Health**	Fraternal Organizations***	Title	
2011	\$492,349,099,927	\$712,609,032,627	\$516,536,275,295	\$10,059,456,275	\$9,163,679,405	\$1,740,717,543,529
2012	\$515,045,289,525	\$755,487,272,383	\$546,693,895,445	\$10,309,568,441	\$11,129,648,863	\$1,838,665,674,657
2013	\$542,844,596,048	\$728,885,499,018	\$570,421,066,202	\$10,215,714,936	\$12,452,031,563	\$1,864,818,907,767
2014	\$567,105,061,580	\$737,379,318,021	\$664,352,095,084	\$10,458,718,577	\$11,060,055,329	\$1,990,355,248,591
2015	\$589,667,150,148	\$777,515,604,867	\$745,595,481,868	\$10,867,996,702	\$12,885,170,798	\$2,136,531,404,383
2016	\$611,195,728,207	\$785,304,558,898	\$802,132,413,342	\$11,028,741,281	\$14,030,332,178	\$2,223,691,773,906
2017	\$639,878,165,766	\$810,086,066,759	\$846,780,935,013	\$10,222,142,527	\$14,506,091,538	\$2,321,473,401,603
2018	\$674,190,146,476	\$869,600,291,092	\$904,474,399,538	\$10,303,786,208	\$14,631,346,937	\$2,473,199,970,251
2019	\$707,303,784,088	\$942,312,241,837	\$958,805,424,749	\$0	\$15,650,177,336	\$2,624,071,628,010
2020	\$723,246,793,358	\$1,006,632,235,604	\$1,042,037,040,935	\$0	\$19,243,045,980	\$2,791,159,115,877

*Starting in 2004, Property/Casualty premiums include Supplemental State Funds.
 ** Starting in 2007, Health premiums include data filed with the California Department of Insurance.
 *** Starting in 2019, the Fraternal Organizations financial statement was combined with the Life financial statement.
Source: National Association of Insurance Commissioners

2020 U.S. Premiums by NAIC IDRR Premium Category						
Total	Life / Annuities	Property / Casualty	Health	Title	Risk Retention Group	All Other
\$2,716,245,892,252	\$821,933,169,100	\$672,974,288,479	\$1,192,153,210,777	\$18,131,342,639	\$4,089,244,868	\$6,964,636,389

Source: NAIC Insurance Department Resources Report

2020 U.S. Insurance Industry Information					
Domestic Premium	Num of Domestic	Domestic Mean Premium	Captive Premium	Num of Captives	Captive Mean Premium
\$2,716,245,892,252	5,929	\$458,128,840	\$36,301,411,643	4,126	\$8,798,209

Source: NAIC Insurance Department Resources Report

2020 U.S. Insurance Department Information for All States					
Total Revenue	Total State Tax Revenue	Total Budget	Total Employment	Consumer Inquiries	Consumer Complaints
\$29,004,767,912	\$23,972,734,234	\$1,607,590,396	10,857	1,322,358	246,900

Source: NAIC Insurance Department Resources Report

Overview of the 2020 Insurance Market In Vermont

Number of Insurance Companies in Vermont		
Type	Number	State Rank
Domestic	109	19
Total Domestic and Licensed Foreign Insurers	1,306	47
<i>Captives not included.</i>		
<i>Source: NAIC Insurance Department Resources Report</i>		

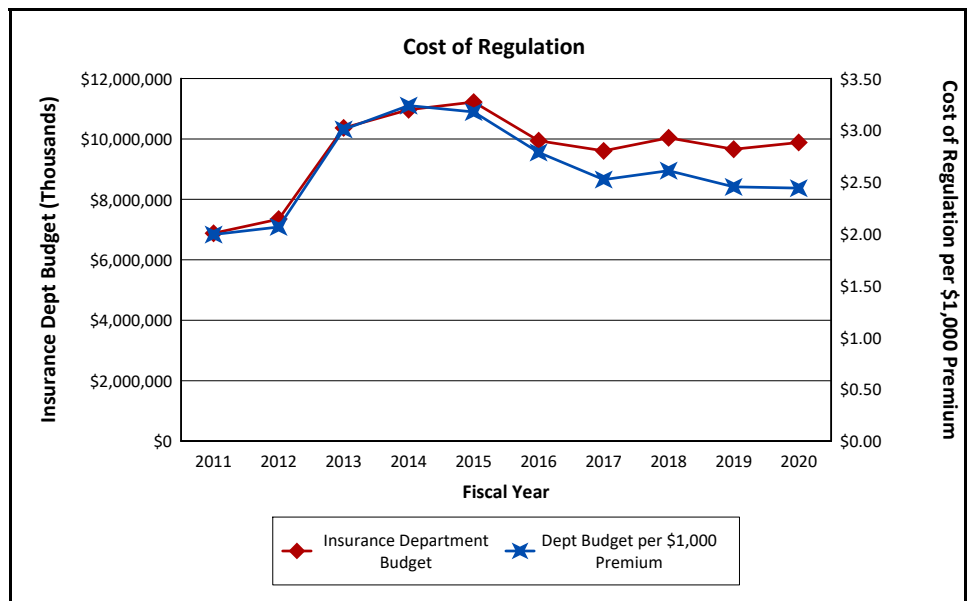
Captive Insurance Companies in Vermont		
Number of Captives	Direct Written Premium	Total Captive Premium
502	\$11,061,576,238	\$27,723,258,803
<i>Source: NAIC Insurance Department Resources Report</i>		

Insurance Department Data for Vermont				
Description	Amount	State Rank	% of U.S.	
Total Taxes:	\$58,893,907	49	0.25%	
Total Revenue:	\$90,843,265	47	0.31%	
Total Budget:	\$9,881,794	44	0.61%	
Total Employment:		62	46	0.57%
Total Inquiries:	2,366	38	0.18%	
Total Complaints:	290	49	0.12%	
<i>Source: NAIC Insurance Department Resources Report</i>				

Premiums & Deposits by Type of Annual Statement Filing in Vermont			
Statement Type	Premium Written	State Rank	% of U.S.
Health	\$957,979,655	51	0.09%
Life, Accident, and Health	\$1,561,967,368	50	0.16%
Property and Casualty	\$1,508,257,242	52	0.21%
Title	\$19,220,717	49	0.10%
Total Vermont	\$4,047,424,982	51	0.15%
<i>Source: National Association of Insurance Commissioners</i>			

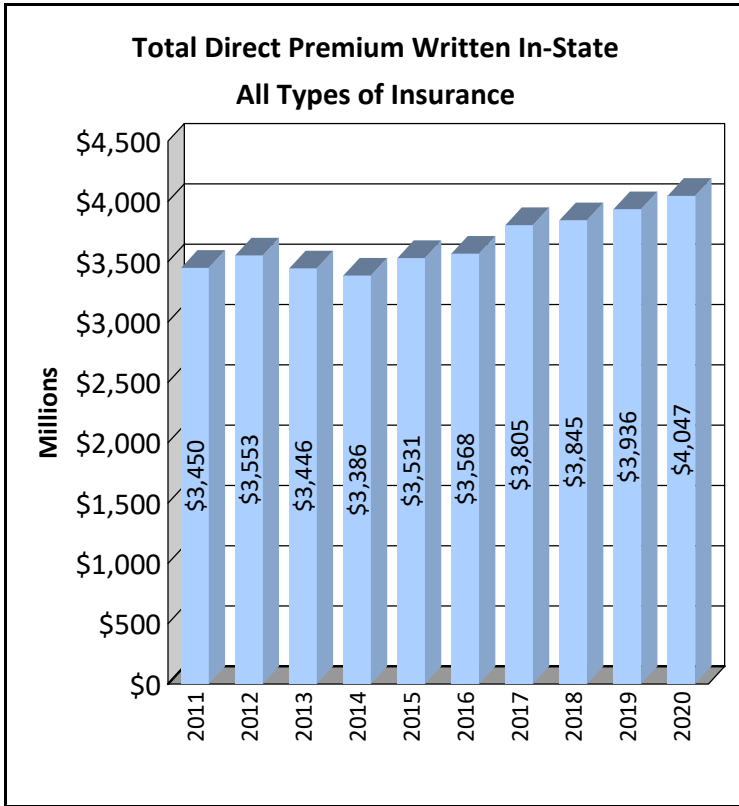
IDRR Premiums by Category in Vermont			
Category Type	Premiums	State Rank	% of U.S.
Property and Casualty	\$1,434,244,755	51	0.21%
Life/Annuities	\$1,143,802,648	50	0.14%
Risk Retention Group	\$5,584,928	43	0.14%
All Other	\$0	18	0.00%
Title	\$19,220,717	48	0.11%
Health	\$1,312,748,032	50	0.11%
Total	\$3,915,601,080	50	0.14%
<i>Source: NAIC Insurance Department Resources Report</i>			

Cost of Regulation in Vermont		
Year	Insurance Department Budget	Dept. Budget Per \$1,000 Premium
2011	\$6,878,667	\$1.99
2012	\$7,345,759	\$2.07
2013	\$10,364,109	\$3.01
2014	\$10,965,174	\$3.24
2015	\$11,218,497	\$3.18
2016	\$9,940,634	\$2.79
2017	\$9,603,806	\$2.52
2018	\$10,035,914	\$2.61
2019	\$9,658,941	\$2.45
2020	\$9,881,794	\$2.44
<i>Source: NAIC Insurance Department Resources Report</i>		



State Insurance Regulation in Vermont: Key Facts and Market Trends

Overview of the 2020 Insurance Market In Vermont

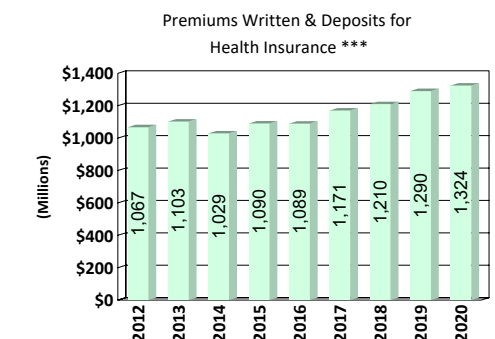
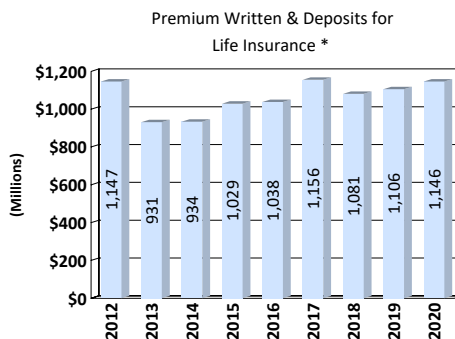
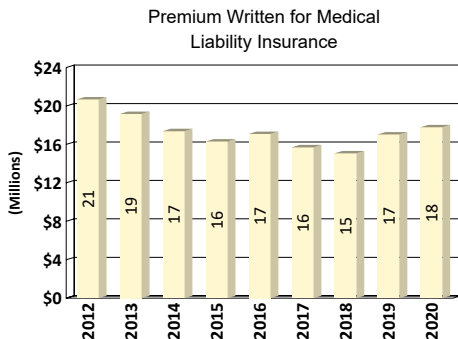
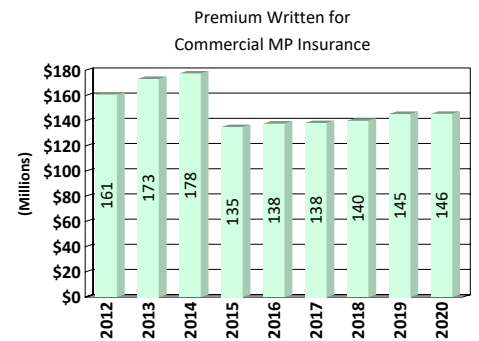
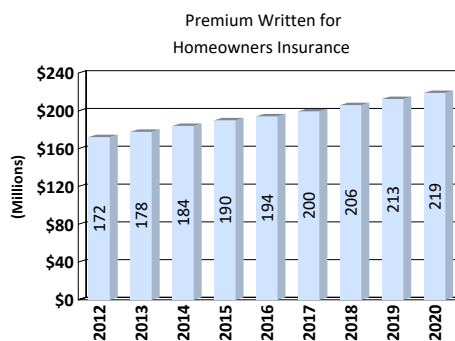
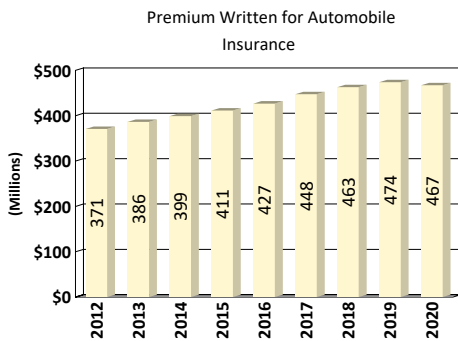


Source: National Association of Insurance Commissioners.

Premium by Line of Business in Vermont

Line of Business	Premium Written	State Rank	% of U.S.
Automobile	\$467,177,667	51	0.16%
Other	\$275,293,662	44	0.31%
Homeowners multiple peril	\$219,090,838	49	0.20%
Workers' compensation	\$167,833,079	49	0.31%
Commercial multi peril	\$145,599,718	49	0.31%
Ocean & Inland Marine	\$51,196,208	52	0.18%
Fire	\$36,491,415	51	0.23%
Earthquake	\$28,731,160	20	0.85%
Farm	\$19,434,071	41	0.13%
Allied lines	\$18,231,223	52	0.11%
Medical professional liability	\$17,781,638	51	0.18%
Accident & Health	\$15,311,571	49	0.24%
Mortgage guaranty	\$12,164,757	50	0.21%
Surety	\$8,327,761	53	0.12%
Products liability	\$6,860,063	49	0.17%
Boiler and machinery	\$4,933,578	52	0.26%
Federal flood	\$4,647,600	45	0.15%
Fidelity	\$3,438,487	47	0.26%
Credit	\$2,419,755	49	0.12%
Aircraft (all perils)	\$1,612,994	52	0.08%
Private Flood	\$1,037,025	50	0.15%
Burglary and theft	\$642,987	51	0.14%
Crop	\$0	43	0.00%
Financial guaranty	\$0	49	0.00%
Total	\$1,508,257,241	52	0.21%

Source: National Association of Insurance Commissioners



* Figures include Life, Annuities, Deposit Type Funds, and Other Considerations from the NAIC Life, and Fraternal financial statements.

** Figures include Health data from the NAIC Health, Life, and Fraternal financial statements and California Insurance data.

Figures include data from State Funds where applicable.

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Insurance Industry Employment in Vermont			
Year	Insurance Carriers and Related Activities	Insurance Carriers	Agents Brokers and Other Related Activities
2013	3,597	1,970	1,627
2014	3,615	2,025	1,590
2015	3,686	2,080	1,606
2016	3,679	2,085	1,595
2017	3,679	1,995	1,684
2018	3,736	1,997	1,739
2019	3,786	2,027	1,760
2020	3,699	2,036	1,664

Source: US Department of Labor, Bureau of Labor Statistics

Gross Domestic Product for Vermont (Millions)				
	2017	2018	2019	2020
Funds, trusts, and other financial vehicles	\$4	\$8	\$10	N/A
Insurance carriers and related activities	\$1,018	\$1,054	\$1,108	N/A
Securities, commodity contracts, and other financial investments and related activities	\$202	\$229	\$238	N/A
Monetary Authorities-central bank, credit intermediation, and related services	\$513	\$539	\$553	N/A
Finance and insurance	\$1,737	\$1,830	\$1,908	\$1,935

Source: US Department of Commerce, Bureau of Economic Analysis

