

Arkansas Insurance Department

Mike Beebe
Governor



Jay Bradford
Commissioner

August 2, 2012

Via E-Mail and Messenger

Mr. David Ferguson
Director
Bureau of Legislative Research
State Capitol, Room 315
Little Rock, AR 72201

RE: Annual Fire Loss Report

Dear Mr. Ferguson:

Ark. Code Ann. § 23-88-402 requires the Commissioner to annually report insurance company losses related to fire in an aggregate form to the Legislative Council and the Chairs of the Senate and House Insurance and Commerce Committees. In compliance with the Code, please see the enclosed report for the year ending 2011.

If you have any questions regarding this report, please contact Insurance Deputy Commissioner Dan Honey at (501) 371-2766 or dan.honey@arkansas.gov.

Sincerely,


Jay Bradford
Insurance Commissioner

JB:sc

cc: The Honorable Mike Beebe, C/O Mr. James Miller, Regulatory Liaison
Ms. Carol Stapleton, Legislative Liaison, Bureau of Legislative Research (3 Copies)
Ms. Lenita Blasingame, Insurance Chief Deputy Commissioner
Mr. Dan Honey, Insurance Deputy Commissioner
Ms. Alice Jones, Public Information Manager

**A REPORT TO THE LEGISLATIVE COUNCIL
AND THE SENATE AND HOUSE COMMITTEES
ON INSURANCE AND COMMERCE OF THE
ARKANSAS GENERAL ASSEMBLY
(AS REQUIRED BY ACT 1345 OF 2003)**

**ANNUAL FIRE LOSS REPORT
BY ARKANSAS COUNTY**



**Prepared by: Dan Honey, Deputy Commissioner, Compliance
Arkansas Insurance Department**

Approved by: Jay Bradford, State Insurance Commissioner

Date Submitted: August 1, 2012

ANNUAL REPORT REGARDING THE FIRE LOSS REPORTING ACT (Act 1345 of 2003)

Act 1345 of 2003 (Ark. Code Ann. § 23-88-401 *et seq.*) made the following determination:

It is found and determined by the General Assembly of the State of Arkansas that fire is the leading cause of insurance loss in the state; that the number of deaths due to fire are a major economic burden to the citizens and counties of this state; and that specific county by county fire loss data will help the counties better evaluate the preparedness and effectiveness of their fire fighting capabilities.

Attached hereto and incorporated herein by reference is the annual data compilation for calendar year 2011, required by the Act (Exhibit A).

Fire loss is one of many different kinds of losses a homeowner or business owner could suffer that would be covered by one of a variety of property coverages offered by insurers in our State. Results for 2011 vary by county and by insurer, but overall pure loss ratios from fire were approximately 32.6% for homeowner related coverages and 36.3% for commercial coverages. There are many other types of losses NOT included in this report that may be covered by the various property policies and include:

- | | |
|--|--|
| 1 Debris Removal | 16 Riot or Civil Commotion |
| 2 Reasonable Repairs | 17 Aircraft |
| 3 Trees, Shrubs and Other Plants | 18 Vehicles |
| 4 Fire Department Service Charge | 19 Smoke |
| 5 Property Removed | 20 Vandalism or Malicious Mischief |
| 6 Credit Card, Electronic Fund Transfer, Forgery | 21 Theft |
| 7 Loss Assessment | 22 Falling Objects |
| 8 Collapse | 23 Weight of Ice, Snow or Sleet |
| 9 Glass or Safety Glazing Material | 24 Accidental Discharge or Overflow of Water or Steam |
| 10 Landlord's Furnishings | 25 Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging |
| 11 Ordinance or Law | 26 Freezing |
| 12 Grave Markers | 27 Sudden and Accidental Damage from Artificially Generated Electrical Current |
| 13 Lightning | 28 Volcanic Eruption |
| 14 Windstorm or Hail | 29 Liability |
| 15 Explosion | |

The data in the aggregate¹ indicates that there is no apparent significant connection between fire losses and either the number of residences (policies written) or the number of businesses (policies written) contained in the county.

¹ Act 1345 requires that the data submitted by the insurers be reported by the Commissioner in the aggregate, Ark. Code Ann. § 23-88-402(b) and that the individual reports of the insurers be held confidential by the Commissioner, Ark. Code Ann. § 23-88-403.

Exhibit A
Act1345 Report for 2011 by County

County*	Personal Policies	Personal Premiums	Personal Losses	Fire Pure Loss Ratio	Average Pure Loss Per Policy	Commercial Policies	Commercial Premiums	Commercial Losses	Fire Pure Loss Ratio	Average Pure Loss Per Policy
Arkansas	11,336	8,566,586.00	2,462,196.00	28.74%	\$217.20	2,150	3,104,350.00	1,364,889.00	43.97%	\$634.83
Ashley	8,589	5,893,243.00	1,700,474.00	28.85%	\$197.98	884	1,384,322.00	751,615.00	54.29%	\$850.24
Baxter	23,278	13,977,277.00	3,876,528.00	27.73%	\$166.53	2,535	3,045,335.00	86,405.00	2.84%	\$34.08
Benton	88,482	59,651,961.00	16,053,713.00	26.91%	\$181.43	9,932	15,765,047.00	3,772,299.00	23.93%	\$379.81
Boone	15,815	10,458,637.00	1,419,565.00	13.57%	\$89.76	1,890	2,318,769.00	344,629.00	14.86%	\$182.34
Bradley	4,941	3,139,449.00	1,309,778.00	41.72%	\$265.08	519	766,092.00	70,459.00	9.20%	\$135.75
Calhoun	1,955	1,190,586.00	174,925.00	14.59%	\$89.48	199	364,710.00	8,492.00	2.33%	\$42.67
Carroll	11,050	8,273,651.00	1,629,175.00	19.69%	\$147.44	1,687	2,731,072.00	2,223,135.00	81.40%	\$1,317.80
Chicot	4,970	4,183,980.00	1,520,616.00	36.34%	\$305.96	555	937,395.00	212,386.00	22.66%	\$382.68
Clark	9,321	5,466,894.00	1,580,923.00	28.92%	\$169.61	1,095	2,005,992.00	162,870.00	8.12%	\$148.74
Clay	5,520	4,407,160.00	2,952,928.00	67.00%	\$534.95	688	1,101,723.00	499,159.00	45.31%	\$725.52
Cleburne	16,104	10,373,416.00	2,974,852.00	28.68%	\$184.73	1,395	1,735,657.00	313,962.00	18.09%	\$225.06
Cleveland	3,782	2,331,958.00	249,249.00	10.69%	\$65.90	243	300,161.00	6,881.00	2.29%	\$28.32
Columbia	9,809	6,200,559.00	2,081,606.00	33.57%	\$212.21	1,094	1,972,943.00	266,814.00	13.52%	\$243.89
Conway	9,935	6,320,998.00	2,049,906.00	32.43%	\$206.33	1,010	1,590,289.00	383,559.00	24.12%	\$379.76
Craighead	33,999	25,245,346.00	3,602,825.00	14.27%	\$105.97	5,155	7,933,511.00	2,916,088.00	36.76%	\$565.68
Crawford	22,467	14,686,145.00	6,436,723.00	43.83%	\$286.50	2,290	4,307,946.00	970,592.00	22.53%	\$423.84
Crittenden	16,759	12,185,772.00	3,318,488.00	27.23%	\$198.01	2,095	3,331,064.00	3,224,055.00	96.79%	\$1,538.93
Cross	6,618	5,527,525.00	1,700,678.00	30.77%	\$256.98	969	1,386,291.00	12,597,190.00	908.70%	\$13,000.20
Dallas	3,379	1,957,065.00	323,513.00	16.53%	\$95.74	347	558,423.00	11,823.00	2.12%	\$34.07
Desha	5,016	4,278,975.00	1,216,638.00	28.43%	\$242.55	764	1,416,974.00	604,653.00	42.67%	\$791.43
Drew	7,491	4,490,031.00	1,286,893.00	28.66%	\$171.79	804	1,607,501.00	1,415,381.00	88.05%	\$1,760.42
Faulkner	43,221	28,050,391.00	12,610,014.00	44.95%	\$291.76	4,774	5,952,246.00	3,305,482.00	55.53%	\$692.39
Franklin	7,172	4,680,121.00	2,581,493.00	55.16%	\$359.94	731	1,134,825.00	196,846.00	17.35%	\$269.28
Fulton	4,812	2,829,079.00	1,365,851.00	48.28%	\$283.84	383	456,488.00	261,854.00	57.36%	\$683.69
Garland	50,677	32,218,309.00	11,775,570.00	36.55%	\$232.37	5,111	7,670,127.00	1,970,005.00	25.68%	\$385.44
Grant	7,863	4,685,507.00	1,460,693.00	31.17%	\$185.77	589	888,306.00	26,860.00	3.02%	\$45.60
Greene	14,393	9,715,727.00	3,891,456.00	40.05%	\$270.37	1,923	2,674,367.00	608,406.00	22.75%	\$315.36
Hempstead	7,704	5,051,511.00	1,300,895.00	25.75%	\$168.86	924	1,303,053.00	424,566.00	32.58%	\$459.49
Hot Springs	13,369	7,662,753.00	1,972,028.00	25.74%	\$147.51	1,009	2,100,359.00	90,430.00	4.31%	\$89.82
Howard	7,629	5,450,142.00	1,141,888.00	20.95%	\$149.68	665	1,028,323.00	179,458.00	17.45%	\$269.86
Independence	15,683	9,622,723.00	4,593,525.00	47.74%	\$292.90	1,776	2,371,339.00	1,373,814.00	57.93%	\$773.54
Izard	6,998	4,126,204.00	3,321,971.00	80.51%	\$474.70	519	594,270.00	47,881.00	8.06%	\$92.26
Jackson	6,133	4,986,174.00	1,763,196.00	35.36%	\$287.49	845	1,342,581.00	662,125.00	49.32%	\$783.58
Jefferson	26,579	16,999,864.00	4,741,573.00	27.89%	\$178.40	3,062	5,423,529.00	1,569,275.00	28.93%	\$512.50
Johnson	9,040	5,906,851.00	1,529,071.00	25.89%	\$169.15	930	1,312,099.00	1,354,910.00	103.26%	\$1,456.89
Lafayette	2,874	1,916,788.00	394,685.00	20.59%	\$137.33	300	345,580.00	855.00	0.25%	\$2.85
Lawrence	6,388	4,436,280.00	1,761,460.00	39.71%	\$275.75	727	849,970.00	263,742.00	31.03%	\$362.78
Lee	3,313	3,281,920.00	1,564,843.00	47.68%	\$472.33	343	524,976.00	33,769.00	6.43%	\$98.45
Lincoln	4,708	3,358,148.00	2,027,033.00	60.36%	\$430.55	444	683,367.00	61,645.00	9.02%	\$138.84
Little River	5,494	3,582,082.00	896,580.00	25.03%	\$163.19	446	833,968.00	36,864.00	4.42%	\$82.65
Logan	9,257	12,450,446.00	1,549,987.00	12.45%	\$167.44	865	1,124,830.00	169,445.00	15.06%	\$195.89
Lonoke	30,869	20,633,913.00	4,735,672.00	22.95%	\$153.41	2,868	2,769,386.00	750,387.00	27.10%	\$261.64
Madison	5,438	3,804,245.00	756,354.00	19.88%	\$139.09	510	811,758.00	181,230.00	22.33%	\$355.35
Marion	7,846	5,003,304.00	1,767,064.00	35.32%	\$225.22	650	1,002,588.00	53,708.00	5.36%	\$82.63
Miller	15,615	10,704,870.00	4,093,330.00	38.24%	\$262.14	1,395	2,411,903.00	412,060.00	17.08%	\$295.38
Mississippi	14,974	12,956,552.00	6,310,238.00	48.70%	\$421.41	1,759	4,525,806.00	879,920.00	19.44%	\$500.24
Monroe	4,298	3,762,590.00	1,512,386.00	40.20%	\$351.88	457	1,396,297.00	418,304.00	29.96%	\$915.33
Montgomery	4,405	2,754,561.00	1,047,566.00	38.03%	\$237.81	409	634,246.00	5,418.00	0.85%	\$13.25
Nevada	4,262	2,092,668.00	1,088,527.00	52.02%	\$255.40	328	361,020.00	72,802.00	20.17%	\$221.96
Newton	2,858	1,841,302.00	1,858,764.00	100.95%	\$650.37	262	283,590.00	0.00	0.00%	\$0.00
Ouachita	9,967	6,014,349.00	2,433,226.00	40.46%	\$244.13	1,052	1,766,757.00	19,651.00	1.11%	\$18.68
Perry	4,546	2,685,116.00	517,863.00	19.29%	\$113.92	367	388,594.00	2,092.00	0.54%	\$5.70
Phillips	8,142	6,577,502.00	3,309,685.00	50.32%	\$406.50	980	1,370,814.00	266,091.00	19.41%	\$271.52
Pike	4,700	3,132,691.00	721,666.00	23.04%	\$153.55	425	805,304.00	217,869.00	27.05%	\$512.63
Polk	8,854	8,101,577.00	3,524,499.00	43.50%	\$398.07	1,007	1,352,628.00	408,558.00	30.28%	\$406.71
Pope	9,127	5,935,476.00	2,429,815.00	40.94%	\$266.22	1,029	1,442,489.00	3,282,951.00	227.59%	\$3,190.43
Pope	23,007	14,903,230.00	5,424,620.00	36.40%	\$235.78	3,013	4,118,204.00	1,317,486.00	31.99%	\$437.27
Prairie	4,038	3,030,390.00	1,291,008.00	42.60%	\$319.71	431	455,803.00	107,911.00	23.67%	\$250.37
Pulaski	150,369	111,429,448.00	32,749,718.00	29.39%	\$217.80	20,348	39,821,299.00	9,153,646.00	22.99%	\$449.85
Randolph	5,246	3,575,643.00	1,716,308.00	48.00%	\$327.17	613	812,304.00	139,894.00	17.22%	\$228.21
Saline	39,762	27,047,703.00	7,550,180.00	27.91%	\$189.88	3,254	3,428,106.00	1,694,532.00	49.43%	\$520.75
Scott	6,569	3,687,685.00	1,801,052.00	48.84%	\$274.17	790	1,417,586.00	133,544.00	9.42%	\$169.04
Searcy	3,184	2,069,933.00	448,598.00	21.67%	\$140.89	423	537,942.00	34,802.00	6.47%	\$82.27
Sebastian	41,784	27,223,037.00	11,116,389.00	40.83%	\$266.04	6,127	8,837,802.00	2,323,812.00	26.29%	\$379.27
Sevier	8,947	5,660,717.00	1,686,103.00	29.79%	\$188.45	863	2,843,134.00	66,422.00	2.34%	\$76.97
Sharp	9,117	5,542,055.00	2,470,894.00	44.58%	\$271.02	838	876,980.00	112,594.00	12.84%	\$134.36
St. Francis	7,424	4,647,375.00	1,882,249.00	40.50%	\$253.54	927	1,359,233.00	3,418,677.00	251.52%	\$3,687.89
Stone	5,973	4,879,809.00	1,419,611.00	29.09%	\$237.67	721	799,612.00	31,466.00	3.94%	\$43.64
Union	17,041	10,944,468.00	2,219,145.00	20.28%	\$130.22	1,972	6,171,219.00	499,598.00	8.10%	\$253.35
Van Buren	8,032	5,206,587.00	1,644,227.00	31.58%	\$204.71	935	996,456.00	255,883.00	25.68%	\$273.67
Washington	68,013	46,496,863.00	15,934,114.00	34.27%	\$234.28	9,762	16,286,570.00	2,839,151.00	17.43%	\$290.84
White	29,834	18,579,915.00	6,876,851.00	37.01%	\$230.50	3,765	4,800,121.00	1,774,025.00	36.96%	\$471.19
Woodruff	21,638	2,833,386.00	790,862.00	27.91%	\$35.55	410	643,852.00	2,114,469.00	328.41%	\$5,157.24
Yell	8,364	5,403,547.00	1,879,339.00	34.78%	\$224.69	847	1,236,355.00	231,933.00	18.76%	\$273.83
Totals	1,168,166	788,980,742.00	257,173,907.00	32.60%	\$220.15	134,203	215,045,929.00	78,067,434.00	36.30%	\$581.71

* See attached "Explanations of Column Headings" for descriptions of the information contained in each column

Red text: Fire Losses ABOVE State Average
Green text: Fire Losses BELOW State Average

Explanation of Column Headings:

County: The political subdivision of the State of Arkansas for which the relative information required by Act 1345 of 2003 was furnished by the reporting insurance companies

Personal Policies: Policies of insurance covering only risks commonly associated with owning or renting a family residence such as those from fire, vandalism, theft, liability and other sudden and accidental events

Personal Premiums: Premiums for personal policy risks

Personal Losses: Losses for personal policy risks that derive only from the risk of fire. A typical loss ratio including all losses for an insurance policy along with the cost to investigate the loss, settle the claim and otherwise administer the policy usually exceed 100% with the excess being offset by investment and marketing considerations. Fire is typically a small portion of that total amount as reflected in the report. Therefore, for purposes of the Act, the following risks typically covered by a personal policy are NOT included in the column "Personal Losses":

- | | |
|--|--|
| 1 Debris Removal | 16 Riot or Civil Commotion |
| 2 Reasonable Repairs | 17 Aircraft |
| 3 Trees, Shrubs and other plants | 18 Vehicles |
| 4 Fire Department Service Charge | 19 Smoke |
| 5 Property Removed | 20 Vandalism or Malicious Mischief |
| 6 Credit Card, Electronic Fund Transfer, Forgery | 21 Theft |
| 7 Loss Assessment | 22 Falling Objects |
| 8 Collapse | 23 Weight of Ice, Snow or Sleet |
| 9 Glass or Safety Glazing Material | 24 Accidental Discharge or Overflow of Water or Steam |
| 10 Landlord's Furnishings | 25 Sudden and Accidental Tearing apart, Cracking, Burning or Bulging |
| 11 Ordinance or Law | 26 Freezing |
| 12 Grave Markers | 27 Sudden and Accidental Damage from Artificially Generated Electrical Current |
| 13 Lightning | 28 Volcanic Eruption |
| 14 Windstorm or Hail | 29 Liability |
| 15 Explosion | |

Fire Pure Loss Ratio: For the Personal portion of the report, this ratio is determined by dividing the "Personal Losses" by "Personal Premiums". For the Commercial portion of the report, this ratio is determined by dividing "Commercial Losses" by "Commercial Premium."

Average Pure Loss Per Policy: For the Personal portion of the report, this ratio is determined by dividing "Personal Losses" by "Personal Policies". For the Commercial portion of the report, this ratio is determined by dividing "Commercial Losses" by "Commercial Policies."

Commercial Policies: Policies of insurance covering only risks commonly associated with the ownership or leasing of property in which a business produces, distributes or sells tangible goods to, or provides a service to its customers

Commercial Premiums: Premiums for commercial policy risks

Commercial Losses: Losses for commercial policy risks that derive only from the risk of fire. A typical loss ratio including all losses for an insurance policy, along with the cost to investigate the loss, settle the claim and otherwise administer the policy, usually exceed 100% with the excess being offset by investment and marketing considerations.

Fire is typically a small portion of that total amount as reflected in the report. Therefore, for purposes of the Act, the following risks typically covered by a commercial policy are NOT included in the column "Commercial Losses":

- | | |
|--|--|
| 1 Debris Removal | 16 Riot or Civil Commotion |
| 2 Reasonable Repairs | 17 Aircraft |
| 3 Trees, Shrubs and other plants | 18 Vehicles |
| 4 Fire Department Service Charge | 19 Smoke |
| 5 Property Removed | 20 Vandalism or Malicious Mischief |
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