

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

July 29, 2015

Ms. Marty Garrity
Director
Bureau of Legislative Research
State Capitol, Room 315
Little Rock, AR 72201

RE: Annual Fire Loss Report

Dear Ms. Garrity:

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 2014.

If you have any questions regarding this report, please contact Compliance Manager Bill Lacy at (501) 371-2801 or bill.lacy@arkansas.gov.

Sincerely,

A handwritten signature in black ink, appearing to be "A. Kerr", with a long horizontal flourish extending to the right.

Allen W. Kerr
Insurance Commissioner

cc: The Honorable Asa Hutchinson, C/O Carlton Saffa, Regulatory Liaison, Office of the Governor
Carol Stapleton, Legislative Council Liaison, Bureau of Legislative Research (3 copies)
Russ Galbraith, Chief Deputy Commissioner
Bill Lacy, Compliance Division Manager
Ryan James, Communications Director

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: Bill Lacy, Deputy Commissioner, Compliance
Arkansas Insurance Department

Approved by: Allen Kerr, State Insurance Commissioner

Date Submitted: August 1, 2015

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 2014, 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 2014 vary by county and by insurer, but overall pure loss ratios from fire were approximately 20.75% for homeowner related coverages and 36.94% 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 2014 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	11497	9394885	1780050	18.95%	\$154.83	1906	3234702	5287579	163.46%	\$2,774.18
Ashley	8259	6651112	1147019	17.25%	\$138.88	896	1546378	9960	0.64%	\$11.12
Baxter	22814	15773950	3149750	19.97%	\$138.06	2223	3014475	762892	25.31%	\$343.18
Benton	98046	71919749	7816990	10.87%	\$79.73	9912	15735296	1971182	12.53%	\$198.87
Boone	17035	12310768	2800014	22.74%	\$164.37	1825	2716125	27705244	1020.03%	\$15,180.96
Bradley	10265	11376986	2006741	17.64%	\$195.49	498	931517	43082	4.62%	\$86.51
Calhoun	2155	1392926	916568	65.80%	\$425.32	178	295322	1500	0.51%	\$8.43
Carroll	12763	11443626	1811709	15.83%	\$141.95	1830	3251599	751035	23.10%	\$410.40
Chicot	4790	4612824	1343857	29.13%	\$280.55	645	1352017	93255	6.90%	\$144.58
Clark	9500	6460907	623366	9.65%	\$65.62	1058	2417853	3901234	161.35%	\$3,687.37
Clay	9753	6333962	1109478	17.52%	\$113.76	758	1620307	215881	13.32%	\$284.80
Cleburne	16272	12077439	2802632	23.21%	\$172.24	1407	2797181	66949	2.39%	\$47.58
Cleveland	3890	2727031	973251	35.69%	\$250.19	272	470330	0	0.00%	\$0.00
Columbia	10404	6646961	667354	10.04%	\$64.14	1092	1822797	76867	4.22%	\$70.39
Conway	10428	7562714	1460768	19.32%	\$140.08	1068	1544133	171747	11.12%	\$160.81
Craighead	40287	29971100	6656572	22.21%	\$165.23	5399	9813668	1264492	12.89%	\$234.21
Crawford	25193	17098353	3616287	21.15%	\$143.54	2169	4406264	786487	17.85%	\$362.60
Crittenden	20333	15531473	3428912	22.08%	\$168.64	1837	3500660	10320089	294.80%	\$5,617.90
Cross	8133	6884107	1969640	28.61%	\$242.18	901	2314757	152852	6.60%	\$169.65
Dallas	3291	2084850	597299	28.65%	\$181.49	354	602120	42574	7.07%	\$120.27
Desha	5156	4956152	1259054	25.40%	\$244.19	770	1810215	189464	10.47%	\$246.06
Drew	7551	5276384	1377959	26.12%	\$182.49	852	1500447	417788	27.84%	\$490.36
Faulkner	44260	33401248	6209936	18.59%	\$140.31	4821	7602877	2151903	28.30%	\$446.36
Franklin	8428	5672373	1307459	23.05%	\$155.13	776	1419041	53568	3.77%	\$69.03
Fulton	5833	3539508	1528503	43.18%	\$262.04	470	542478	42592	7.85%	\$90.62
Garland	50928	37321707	5788789	15.51%	\$113.67	4631	8958505	1066457	11.90%	\$230.29
Grant	7792	5575944	673456	12.08%	\$86.43	617	1063300	0	0.00%	\$0.00
Greene	19975	12315710	2497209	20.28%	\$125.02	2088	3022906	2684899	88.82%	\$1,285.87
Hempstead	8483	5830886	792522	13.59%	\$93.42	980	1638230	536445	32.75%	\$547.39
Hot Springs	13422	9059765	2130099	23.51%	\$158.70	918	2594645	581326	22.40%	\$633.25
Howard	7275	4970013	2277754	45.83%	\$313.09	699	1112336	458886	41.25%	\$656.49
Independence	16218	10880235	3368477	30.96%	\$207.70	1893	3340246	1214233	36.35%	\$641.43
Izard	7459	4624121	2477003	53.57%	\$332.08	515	798553	114681	14.36%	\$222.68
Jackson	6612	5519186	1875606	33.98%	\$283.67	915	1438720	383669	26.67%	\$419.31
Jefferson	25112	19226091	5412460	28.15%	\$215.53	2629	4742611	1072680	22.62%	\$408.02
Johnson	10777	6797567	1315256	19.35%	\$122.04	884	1708446	171943	10.06%	\$194.51
Lafayette	2899	2026644	554200	27.35%	\$191.17	330	439349	1200	0.27%	\$3.64
Lawrence	8059	5366741	1269988	23.66%	\$157.59	843	1422728	105391	7.41%	\$125.02
Lee	3185	3335112	1037100	31.10%	\$325.62	377	867301	0	0.00%	\$0.00
Lincoln	4680	3745259	940679	25.12%	\$201.00	511	918855	82073	8.93%	\$160.61
Little River	5694	4179937	458920	10.98%	\$80.60	504	1029426	146790	14.26%	\$291.25
Logan	10529	6859689	2003233	29.20%	\$190.26	925	1551024	17797	1.15%	\$19.24
Lonoke	32636	24936957	5998176	24.05%	\$183.79	2557	3169463	736815	23.25%	\$288.16
Madison	5649	4282445	511583	11.95%	\$90.56	579	1033073	27801	2.69%	\$48.02
Marion	7859	5683446	1120129	19.71%	\$142.53	676	1780442	13044	0.73%	\$19.30
Miller	16844	12078547	2167473	17.94%	\$128.68	1378	2923184	219045	7.49%	\$158.96
Mississippi	16949	13551178	3977051	29.35%	\$234.65	1684	5183303	1393280	26.88%	\$827.36
Monroe	4039	4231435	1605179	37.93%	\$397.42	512	1155739	50959	4.41%	\$99.53
Montgomery	4729	3160397	458084	14.49%	\$96.87	401	649899	69850	10.75%	\$174.19
Nevada	3891	2286897	853766	37.33%	\$219.42	337	480979	565146	117.50%	\$1,676.99
Newton	3014	2164488	560108	25.88%	\$185.84	287	320246	40000	12.49%	\$139.37
Ouachita	10909	6866999	1478128	21.53%	\$135.50	953	2543012	65389	2.57%	\$68.61
Perry	4550	3160693	987066	31.23%	\$216.94	429	453563	84360	18.60%	\$196.64
Phillips	7461	7088344	3902262	55.05%	\$523.02	1035	1912016	277685	14.52%	\$268.29
Pike	5471	3730805	664277	17.81%	\$121.42	510	892323	66601	7.46%	\$130.59
Poinsett	10172	8860095	2071201	23.38%	\$203.62	907	1773146	370338	20.89%	\$408.31
Polk	9480	7071475	2590754	36.64%	\$273.29	1046	1718916	191841	11.16%	\$183.40
Pope	24387	18343699	2346526	12.79%	\$96.22	3264	5340587	1129914	21.16%	\$346.17
Prairie	4338	3571346	263563	7.38%	\$60.76	724	636372	237717	37.36%	\$328.34
Pulaski	166744	133625373	28247046	21.14%	\$169.40	18660	39954418	8825913	22.09%	\$472.99
Randolph	9230	5013424	752635	15.01%	\$81.54	619	1017997	1255	0.12%	\$2.03
Saline	42113	32853741	4325903	13.17%	\$102.72	3434	4735039	415316	8.77%	\$120.94
Scott	10511	5513232	1012801	18.37%	\$96.36	609	1228299	140546	11.44%	\$230.78
Searcy	3456	2470933	1530662	61.95%	\$442.90	520	419257	0	0.00%	\$0.00
Sebastian	43702	31944584	3567989	11.17%	\$81.64	5797	10589141	1569449	14.82%	\$270.73
Sevier	10499	7533217	1377135	18.28%	\$131.17	691	1578872	118172	7.48%	\$171.02
Sharp	10116	6502432	2957050	45.48%	\$292.31	812	967407	413132	42.71%	\$508.78
St. Francis	8168	5553435	2251025	40.53%	\$275.59	963	1430594	208199	14.55%	\$216.20
Stone	5924	5588536	1466411	26.24%	\$247.54	667	960876	134438	13.99%	\$201.56
Union	17442	12587748	2124747	16.88%	\$121.82	2001	7051017	1014257	14.38%	\$506.88
Van Buren	8256	6102714	1400801	22.95%	\$169.67	1076	1657651	2630933	158.71%	\$2,445.11
Washington	75377	55694483	7806349	14.02%	\$103.56	9798	17635285	2289560	12.98%	\$233.68
White	32612	22898874	7134398	31.16%	\$218.77	3932	5708515	719514	12.60%	\$182.99
Woodruff	3479	3337839	1070544	32.07%	\$307.72	419	982656	179119	18.23%	\$427.49
Yell	8467	6219765	1868095	30.03%	\$220.63	925	1271288	102500	8.06%	\$110.81
Totals	1,253,909	933,245,571.00	193,682,836.00	20.75%	\$154.46	132,378	242,064,315.00	89,420,774.00	36.94%	\$675.50
* 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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