

Arizona
Department
Of Insurance

2002

MOTOR VEHICLE LIABILITY INSURANCE
REPORT OF THE DIRECTOR OF INSURANCE



Jane Dee Hull
Governor

Charles R. Cohen
Director of Insurance



STATE OF ARIZONA
DEPARTMENT OF INSURANCE

JANE DEE HULL
Governor

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CHARLES R. COHEN
Director of Insurance

October 2002

The Honorable Jane Dee Hull
Governor of Arizona
and
The Members of the Arizona Legislature
Arizona State Capitol
1700 West Washington
Phoenix, AZ 85007

Dear Governor Hull and Members of the Legislature:

I am please to submit to you the Motor Vehicle Insurance Annual Report based upon 2001 results, as required by Arizona Revised Statutes, Section 20-154.01.

The purpose of this Report is to provide you with a summary of relevant information regarding the level of competition among insurers writing motor vehicle liability insurance in the Sate of Arizona.

I wish to commend Assistant Director, Deloris Williamson, and her staff, particularly Bonita Perry and Jack Sneathen for the fine job they have done assembling this report.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Chas. R. Cohen".

Charles R. Cohen
Director of Insurance

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ABBREVIATIONS USED IN THIS PUBLICATION:

"AC" means "ASSURANCE COMPANY"

"CO" means "COMPANY"

"IC" means "INSURANCE COMPANY"

"INS" means "INSURANCE"

"P & C" means "PROPERTY & CASUALTY"

"YR" means "YEAR"

REPORT OF THE DIRECTOR
2001 MOTOR VEHICLE LIABILITY INSURANCE

In accordance with Arizona Revised Statutes, Section 20-154.01, the Director of the Arizona Department of Insurance (ADOI or Department) submits this annual report to the Governor and the Legislature regarding motor vehicle liability insurance in Arizona.

I. The Report:

The purpose of this Motor Vehicle Liability Insurance Report (Report) is to provide information and an analysis concerning the level of competition in the private passenger automobile¹ (PPA) market.

Arizona has an "open competition" rating law (see **Appendix A** for explanation) for most property and casualty insurance products, including PPA. This law relies upon market forces to control excessive rates and presumes that no rate is excessive as long as competition among insurers exists. A crucial component of the system is that the ADOI monitor the PPA marketplace to determine whether a reasonable degree of price competition currently exists.

This Report relates to insurance transactions occurring during Calendar Year 2001. However, the ADOI has also included herein, where practical, pertinent information from prior years to enable the reader to identify material changes and to make meaningful comparisons. For example, **Exhibit 1** provides, in a side-by-side format, the most recent three years' data to assist in identifying:

- Shifts in market share among market leaders,
- Insurers entering and exiting the marketplace, and
- Insurers that maintain a consistent presence in the Arizona PPA insurance market.

II. The 2001 Arizona PPA Market:

An overview of the 2001 Arizona PPA Market reflects the following:

- A.** The indications of the Department's research and market monitoring efforts are that Arizona continues to have a viable, competitive PPA market as evidenced by the following:
1. The number of insurers actively engaged in writing PPA insurance; the presence of latent insurers; and, the ease of entry into the market.

Indicators of a healthy market include, but are not limited to, the number of insurers actively engaged in the market and the number of insurers possessing the capability of becoming active, but which are, for whatever reason, presently latent. A "latent" insurer is an insurer that has a Certificate

¹ "Private passenger automobile" as used in this Report means those PPAs subject to the provisions of Title 20, Arizona Revised Statutes, Section 20-117(2).

of Authority (license) issued by the Director to transact motor vehicle insurance in Arizona, but which, for reasons of its own, is not currently writing to any extent. The number of latent insurers is particularly important because they have the potential to quickly meet consumer demand should an attractive new market niche arise.

In 2001, a total of 784 insurers were licensed to write PPA insurance in Arizona. While 292 of these insurers reported in their annual statements filed with the Department that they wrote some PPA in 2001, only 124 actively solicited new business and could be considered "active" (**Exhibit 2**). The remaining 660 insurers are considered latent because they have a license to write PPA and may have written some business, but they are not aggressively seeking new applicants. Typically, more insurers possess a license to transact insurance than actually transact it.

The particular insurers actively engaged in writing PPA annually change as different insurers enter and exit the market.

Overall, the number of active insurers has declined primarily due to acquisitions, mergers, and consolidations. Large company groups often consolidate business by merging existing or newly acquired insurers into subsidiaries thereby reducing the number of available competitors in the market.² While the number of insurers in the market has decreased, insurers continue to enter the market. During 2001, the ADOI issued 37 new licenses to insurers to transact PPA. This indicates that it is relatively easy for insurers to gain entry to the state and that they view Arizona as an attractive market in which to transact PPA.

Given the number of active and latent insurers and the number of insurers seeking a license to transact PPA, it is apparent that insurers view the Arizona PPA insurance market as viable.

2. The existence of rate differentials.

Another indicator of competition is the variation in PPA premiums charged by different insurers. In preparing this Report, the Department asked insurers to provide price quotations for a number of different hypotheticals. Results evidence that premiums widely vary among insurers for risks of substantially similar nature and that rate differentials exist (**Exhibit 3**).

For example, the ADOI asked surveyed insurers to provide a premium quotation for a hypothetical married couple, ages 78 and 79, living in Phoenix, and driving a 2002 Ford Taurus LX for limited use. Price quotations ranged from \$375 to \$3,352 for the same coverage. This remarkable difference in

2

Although some insurers may have been included in the market share of the Top 25 Exhibit as insurers actively writing insurance coverage in 2001, the same insurers as of this date may no longer be writing new business.

price for the same risk illustrates the advantage a consumer can gain by comparison shopping for insurance.

Under Arizona's "open competition" law, insurers may use their rates immediately as long as they file the rates with the ADOI (**Exhibit 4**) within the following 30 days. Almost all filed rates of insurers differ; and, because they differ, the rates can, of their own accord, stimulate competition. While insurers also compete on coverage and service, price is the predominant stimulus of competition and is often the primary consumer consideration.

The Department's current analysis of the Arizona PPA market indicates that wide rate differentials exist and the market is competitive.

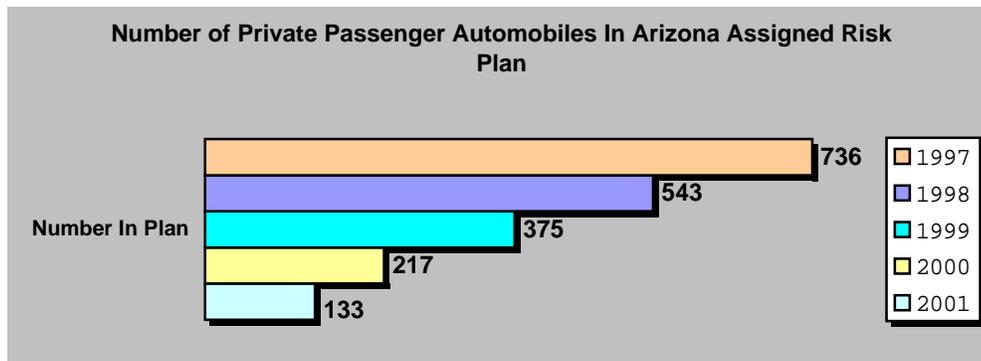
3. The availability of PPA insurance, an active non-standard PPA market segment and few risks in the Arizona Assigned Risk Plan.

The activity taking place in the "involuntary" as well as the "voluntary" PPA market can indicate market conditions and suggest either a competitive or noncompetitive market. (See **Appendix B** for definitions and market descriptions.)

In 2001, 124 insurers actively solicited new PPA business in the voluntary market, signifying an available and plentiful coverage supply to meet consumer demand. By competing in a healthy market, these insurers provide consumers with a variety of PPA insurance options and choices, and their committed presence ensures the availability and affordability of PPA insurance in this state.

The non-standard automobile market in Arizona also remained active although the number of participating insurers decreased in 2001 after a decade of having consistently increased. However, 27 insurers are still actively engaged in this segment of the market. The presence of a non-standard automobile market is particularly important as its absence would mean that risks with driving records or loss histories unacceptable to other insurers would be forced into the involuntary market which has the highest rates and the most restrictive coverage of any market. The non-standard market provides a reasonable alternative to the involuntary market. Nationally, in 2000, some 140 insurers specialized in nonstandard PPA.³ Direct premiums written in the nonstandard PPA market grew 26.0% from 1995 to 2000, faster than the 15.6% growth in the total PPA market during those years.

The Arizona Assigned Risk Plan (ARP), administered by the Western Association of Automobile Insurance Plans, constitutes the involuntary market in this state. In 2001, there were only 133 motor vehicles in the ARP. This figure is consistent with a steady decline in the number of risks insured by the ARP over a period of years as shown in the following graph:



When compared to other states' assigned risk plans, Arizona's ARP is in an enviable position. In 2000,⁴ when Arizona ARP's written premium was only \$121,000, other states, having significantly more vehicles in their respective plans, generated premiums as follows: Massachusetts, \$577,889,000; North Carolina, \$516,222,000; New York, \$399,097,000; New Jersey, \$226,551,000 and Maryland, \$102,686,000.⁵ The aforementioned states have the highest number of vehicles within their assigned risk plans in the nation.

The ADOI believes that the number of risks within the ARP will continue to decrease as the results of the Department's most current survey of insurers indicate that any of the hypothetical drivers could have found coverage in the voluntary market (**Exhibit 5**).

The willingness of insurers to accept applicants in the voluntary market, the limited number of motor vehicles in the ARP, and the active non-standard market segment also suggest that Arizona has a competitive PPA market.

4. Absence of market concentration in one insurer.

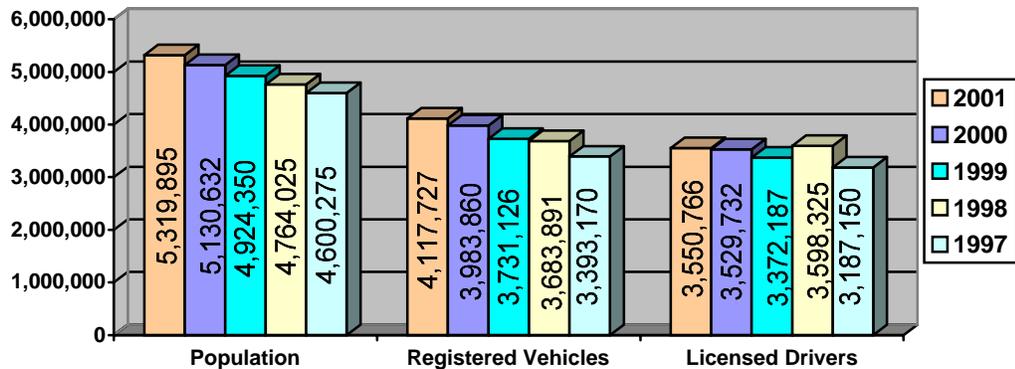
No one insurer has absolute market power or controls a preponderance of the market. The combined market share of the top three insurers writing PPA liability in Arizona in 2001 was 35.16%. The top 25 insurers had a combined market share of 75.52%. The remaining insurers wrote 24.48% of the market (**Exhibit 6**).

⁴ The most current available numbers for states other than Arizona.

⁵ AIPSO FACTS 2001/2002, AIPSO, p20.

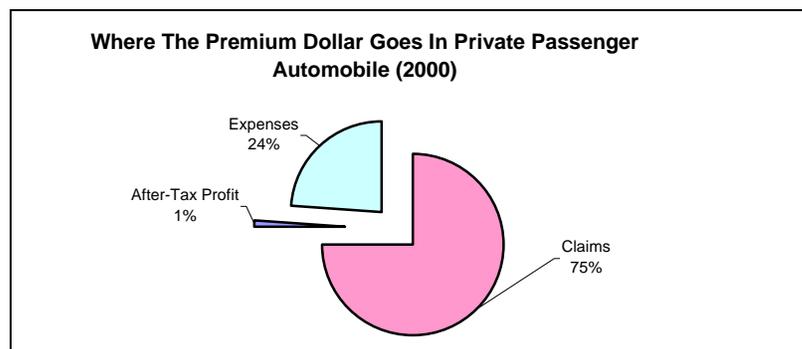
5. Arizona, as a growth state, fosters a competitive PPA market.

Arizona's population increased from 5,130,632 in 2000 to an estimated 5,319,895 in 2001.⁶ This growth was, in turn, reflected in an increase in registered vehicles (4,117,727) and an increase in the number of licensed drivers (3,550,766) during the same period.⁷ As a result, insurers view Arizona as a state in which an expanding population base will also increase the PPA insurance market and provide them with an opportunity to compete for more market share (**Exhibit 7**).



B. Insurers experienced increasing loss ratios.

Based on the following national information provided by the Insurance Information Institute, most of the premium dollar paid to an insurer is consumed by claims:⁸



6 "Fall/Winter 2001/02 July 1, 2001 Population Estimates for Arizona's Counties, Incorporated Places and Balance of County," Arizona Department of Economic Security.

7 "Arizona Motor Vehicle Crash Facts 2001," Arizona Department of Transportation, Traffic Engineering Group, Traffic Records Section.

8 The III Fact Book 2002, Insurance Information Institute, p 38.

The following information provided by the Insurance Information Institute indicates where the premium went in 2000, the most current figures available:⁹

WHERE THE PREMIUM DOLLAR GOES, PRIVATE PASSENGER AUTO INSURANCE, 2000		
Claims:		
Payments To Injured Persons		
Medical		\$10
Wage loss & other economic payments		\$ 2
Pain & suffering		\$ 7
Lawyers' fees		\$12
Other costs to settle claims		<u>\$ 3</u>
Subtotal:		\$34
Payments For Damage		
Property damage liability		\$18
Collision Claims		\$19
Comprehensive Claims		\$ 9
Other costs to settle claims		<u>\$ 3</u>
Subtotal:		\$49
Total Claims:		\$ 83
Expenses:		
Commissions & other selling expenses	\$ 17	
General expenses (company operations)		\$ 6
State taxes		\$ 2
Policyholder dividends		<u>\$ 1</u>
Total Expenses:		\$ 26
Claims & expense total:		<u>\$109</u>
Bottom Line:		
Investment gain		\$10
Pre-tax income (\$100-\$109 + \$10)		\$ 1
Federal taxes		<u>\$ 0</u>
After-tax Profit		\$ 1

Insurers want to participate in markets composed of prospective policyholders having favorable safety and loss records that will enable the insurers to keep their loss ratios low. Although the overall PPA liability incurred loss ratio¹⁰ for all insurers writing PPA insurance in Arizona increased in 2001 to 68.31% as compared to 67.52% for 2000,¹¹ this loss ratio remains considerably lower than for other lines of insurance and lower than the national average. The national PPA average liability loss ratio increased from 75.2% in 2000 to 76.9% in 2001¹² while the overall PPA loss ratio decreased from 73.1% in 2000 to 72.5% in 2001.¹³

⁹ The III Fact Book 2002, Insurance Information Institute, p 38.

¹⁰ An "incurred loss ratio" is the ratio of paid losses as well as those losses that are reported and reserved, but not yet paid to premiums earned.

¹¹ Figures between this Report and the "Annual Report of the Director of Insurance" for the Top 25 Insurers may differ due to rounding.

¹² "Best's Review," August 2002, p 50.

¹³ NAIC figures as of September 11, 2002.

The economic costs of traffic accidents, including, but not limited to, wage and productivity losses, medical expenses, administrative expenses, motor vehicle damage, and employer costs are normally higher when fatalities and incapacitating injuries are involved. In Maricopa County alone the estimated economic cost of fatalities in 2001 was \$512,720,000. **(Exhibit 8)**.

A number of other factors can impact an insurer's loss ratio including, but not limited to, vehicle thefts. For example, after decreasing for eight consecutive years, in 2000 motor vehicle thefts in the United States increased by 13,500 or 1.2% to 1,165,559 over 1999. Further, the value of stolen passenger vehicles in 2000 was almost \$7.8 billion, up 11.4% from 1999.

The ten most popular models¹⁴ among car thieves in 2001 were:

	Year	Model
1	1999	Toyota Camry
2	1989	Toyota Camry
3	1990	Toyota Camry
4	2000	Honda Civic SI
5	1994	Chevrolet C1500 4X2
6	1995	Honda Accord EX
7	1994	Honda Accord LX
8	1994	Honda Accord EX
9	1988	Toyota Camry
10	1996	Honda Accord LX

Phoenix and Tucson, as shown in the following chart, rank in the Top 10 cities in the country for car theft.¹⁵ Phoenix has the most car thefts in the nation. The same study, released in April 2002 by the National Insurance Crime Bureau, stated that all of the top ten United States metropolitan areas for vehicle theft are in or near ports or communities with easy access to Mexican or Canadian borders, as shown below in the same chart:¹⁶

1	Phoenix, AZ	6	Tucson, AZ
2	Miami, FL	7	Tacoma, WA
3	Fresno, CA	8	Stockton, CA
4	Detroit, MI	9	Seattle, WA
5	Sacramento, CA	10	Jersey City, NJ

14 "Hot Topics and Insurance Issues," Auto Theft, Insurance Information Institute, June, 2002.

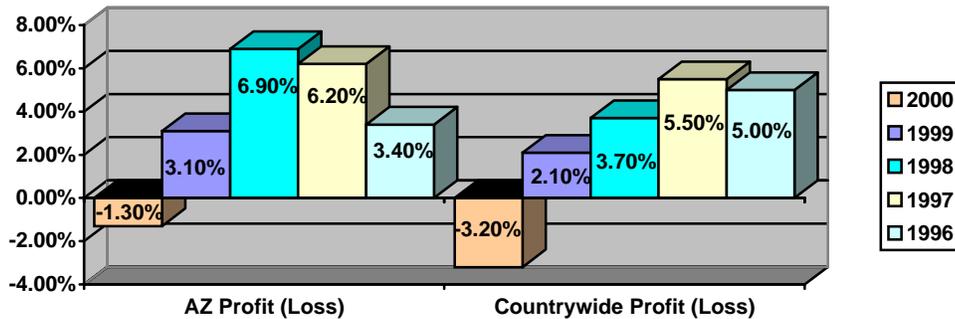
15 *Ibid.*

16 *Ibid.*

C. Overall, insurers in Arizona, as well as nationally, did not earn a profit in 2001.

The National Association of Insurance Commissioners (NAIC) reports that in 2000 (the most current figures available) insurers failed to achieve a profit on their PPA insurance transactions in Arizona and suffered a loss of 1.3% in comparison to a loss of 3.2% on a countrywide basis.¹⁷

To give some basis of comparison, the following chart¹⁸ provides the same information for 2000 and the immediate prior four years:



Year	AZ Profit (Loss)	AZ Earned Premium	Countrywide Profit (Loss)	Countrywide Earned Premium
2000	(1.3%)	\$2,306,141,000	(3.2%)	\$120,587,059,000
1999	3.1%	\$2,184,561,000	2.1%	\$117,764,369,000
1998	6.9%	\$2,184,561,000	3.7%	\$116,248,310,000
1997	6.2%	\$2,085,714,000	5.5%	\$113,131,246,000
1996	3.4%	\$1,939,679,000	5.0%	\$107,549,838,000

III. Summary:

Current indications are that competition exists in the PPA liability market in Arizona and that the market is healthy. Insurers are actively engaged in the market and offer a range of products and services to consumers. Coverage is both affordable and available. Insurers are voluntarily accepting all risks except risks with the very highest exposure to loss which, by default, are being written in the ARP. Insurers continue to enter the market.

¹⁷ Profit on insurance transactions is equal to insurers' underwriting profits plus investment gain on insurance transactions minus estimated related federal income taxes. "Profitability by Line By State In 2000," NAIC, p 5.

¹⁸ "Profitability By Line By State In 2000," NAIC, published November, 2001. Most current figures available.

IV. Recommendations:

In accordance with A.R.S. § 20-154.01, the Director recommends the following ways to improve the dissemination of information to the public and to increase public awareness of PPA insurance rates to ensure competition among insurers:

- The Department should continue to expand and enhance its web site at <http://www.state.az.us/id> with user-friendly information that will permit the public to readily access, download, and retrieve timely and useful information relative to automobile insurance. The ADOI periodically updates all automobile data on its web site to ensure the most current information is available;
- The Department should continually update its automobile premium comparison publications by including relevant hypothetical situations that reflect current state demographics;
- The Department should continue to publish its automobile premium comparison biannually;
- The Department should continue to include complaint ratios for personal lines in its automobile premium comparison to enable consumers to compare service as well as price; and,
- The Department should enhance its automobile consumer-information brochures to assist consumers in purchasing insurance and in making them aware of Arizona's strong noncancellation law.

VI. The ADOI:

In addition to the annual publication of this Report and numerous consumer publications, the ADOI works to assist and protect consumers and to encourage competition among PPA liability insurers and other insurers in a number of ways including, but not limited to, the following:

- **Financial Oversight:** The ADOI issues Certificates of Authority to qualified insurers to enable them to lawfully transact insurance in Arizona. The ADOI has adopted the Uniform Certificate of Authority Application used by most state insurance regulators to issue Certificates of Authority and has streamlined its application process by eliminating non-uniform, state-specific application requirements and procedures. These measures have contributed to reduced cycle time for an insurer to obtain a Certificate of Authority and support the ADOI's mission to encourage competition in the Arizona marketplace. During 2001, the ADOI issued 37 new licenses to insurers to transact PPA insurance business in the state of Arizona. During that same period, 14 insurers either withdrew their Certificates of Authority or merged with other insurers. Additionally, 11 PPA insurer's Certificates of Authority were suspended and nine PPA insurers were placed in liquidation.

- **Market Practices Oversight:** A competitive market is encouraged when insurance regulators assure that consumers receive fair treatment and quality service, that parties transacting insurance business comply with the law, and that insurers can rely upon a "level playing field." The ADOI is actively engaged in market practices oversight to protect Arizona insurance consumers from unfair and illegal market practices. Its efforts in this area include, but are not limited to:
 - Consumer Assistance. The primary point of contact with the Department for consumers is the Consumer Assistance Section. It provides insurance-related information and assistance to help consumers receive the benefits to which they are entitled, as well as quality service. In 2001, the Department answered 65,105 consumer-related telephone inquiries, assisted 4,240 consumers in person, and received 6,615 written consumer complaints.
 - Fraud Investigations. The Fraud Unit investigates allegations of fraud or misrepresentation in claims, premium sales and other stages of the insurance transaction. Investigations are forwarded for prosecution to the Office of the Attorney General. In 2001, the Fraud Unit conducted 107 investigations involving automobile theft, 19 of which were submitted for prosecution. In 2001, members of the Fraud Unit became certified peace officers.
 - Other Investigations. The Investigation Section investigates allegations of unauthorized insurance activity and violations of the Insurance Code by professional service licensees and refers apparent violations for appropriate enforcement action to the Office of the Attorney General. In 2001, the Department referred 49 cases to the Office of the Attorney General for administrative and/or judicial proceedings.
 - Market Conduct Examinations. The Market Conduct Section performs surveillance and examinations of insurance companies to ensure that claims, marketing, underwriting and rating practices comply with the insurance law. Examinations are targeted to specific areas of insurer operations based on analyses of market information derived from internal and external Department sources. In particular, the Department strives to identify unfair trade or claim settlement practices. In 2001, the Department assessed \$1,563,800 in civil penalties against insurers; initiated 42 market conduct examinations; filed 131 market conduct examination reports; and prompted insurers to make \$2,024,703.10 in restitution, including interest, to Arizona policyholders and claimants.
 - Rate And Form Review. The ADOI reviews PPA insurance policy forms to ensure that automobile policies are not deceptive, misleading, or ambiguous. It also reviews rate filings on a targeted basis to ensure that inadequate rates, which could generate adverse competition and predatory pricing, are not used. Although PPA rates do not require approval under Arizona law, the ADOI targets for review certain rate filings based on potential marketplace impact. To assist with the targeting effort, the Department closely monitors the marketplace by conducting surveys of insurers on the level of competition in major lines of insurance, including PPA.

- Automobile Premium Comparisons. Biannually, the Department publishes PPA premium comparisons to assist the public in shopping for automobile insurance. Consumers seeking information on automobile insurance premiums often request the automobile premium comparison, the most popular publication of the ADOI. Just since April 2002, 6,226 people have accessed the publication on the Department's website at <http://www.state.az.us/id>. Additionally the ADOI widely distributes the comparisons in a number of ways, to include providing them for further distribution to the media and to the Arizona Department of Transportation (ADOT) which has a link to the ADOI on its ADOT web page. A companion piece to the premium comparisons is the Department's publication, "A Consumer Guide To Automobile Insurance" which provides basic information on PPA insurance coverage to the public.
- Other Public Information. Informed consumers are an important element of a truly competitive marketplace. The Department works to inform the public about the activities of the ADOI, issues press releases concerning matters of interest to consumers, and interfaces with the media on matters related to insurance. Further, the Department maintains a computer web site that is useful to consumers in providing information. In addition to those already mentioned, the Department publishes a number of consumer-information pamphlets including the personal lines complaint ratio. This publication includes ratios representing the number of written personal lines complaints received by the Department during a particular year for each 1,000 exposures an insurer has in force.
- **Regulatory Efficiency:** The ADOI continues its efforts to streamline regulation of insurance products. Its goal is to achieve efficiency improvements that promote competition among insurers and enhance regulatory protection for those consumers that rely upon it. The Department recognizes the effect regulatory delay has on the ability of insurers to compete and that delays affect the ability of products and services to be sufficiently responsive to consumer needs. Our efforts to date include, but are not limited to:
 - *Implementation of the System for Electronic Rate and Form Filing (SERFF).* SERFF is intended to provide efficiency through technology relating to the rate and form filing process. SERFF enables insurers to submit rate and form filings, including PPA filings, electronically to state regulators and enables regulators to facilitate the management, analysis, disposition and storage of filings.
 - *Implementation of standardized checklists and transmittal forms.* The ADOI is working with the NAIC and insurers to develop standardized transmittal forms and standardized checklists that can be used throughout the country to make filings. This permits insurers that file in many different states to have some prior knowledge of filing expectations in every state, including Arizona, and augments the entire speed to market process. The review standards checklists set forth a description of each legal requirement applicable to the filing, the legal authority for each requirement, and pertinent commentary. Insurers use the checklists to prepare their filings.

VI. Availability of Report, Brochures, and Other ADOI Publications:

Anyone may obtain copies of the premium comparisons, the complaint ratio, and other ADOI publications from the ADOI or review the rates of any insurer at the office of the ADOI. The ADOI is open for business between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday. The address and telephone numbers of the ADOI are:

**2910 North 44th Street
Suite 210
Phoenix, Arizona 85018
(602) 912-8444
(800) 325-2548
(520) 628-6370 Tucson**

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APPENDIX A (Open Competition Law)

On July 31, 1980, Arizona enacted an “open competition” rating law¹⁹ applicable to most property and casualty lines of insurance, including PPA insurance. An open competition law differs from a prior approval law in that insurers use their rates without having to first file the rates or receive the Director’s approval, but must file their rates with the Director within 30 days after the rates become effective.

Under Arizona’s law, insurers are prohibited from using excessive, inadequate or unfairly discriminatory rates or using rates that will have the effect of destroying competition or establishing a monopoly.²⁰ It is important to note that the excessive rate standard is defined with reference to “a reasonable degree of price competition.” In other words, as a matter of law a rate cannot be found to be excessive if a reasonable degree of price competition exists at the consumer level. A competitive market is presumed to exist unless the Director, after a public hearing, determines that a reasonable degree of price competition does not exist in the market. In determining whether a reasonable degree of price competition exists, the Director is required to consider relevant tests of competition pertaining to market structure, performance and conduct, including the following:

- The number of insurers actively engaged in the class of business;
- The market share and changes in market share of insurers;
- The existence of a degree of rate differentials in a particular class of business; and,
- The ease of entry and latent competition of insurers capable of easy entry.

If price competition does not exist, then a rate may be found excessive only if it is likely to produce an unreasonably high underwriting profit or if the insurer’s expenses are unreasonably high in relation to services provided.²¹

The objective of an open competition regulatory system is to promote affordable insurance products and quality service through competition. The stimulus to maintaining a truly competitive environment is found in the provision of the law that grants the Director the authority, by order, to revert a noncompetitive market to a prior-approval type system²² if, after a hearing, he finds the particular market is noncompetitive. The order expires after one year unless the Director, following another hearing, finds that there is a continuing lack of reasonable competition in the market. Therefore, the potential of the market being reverted to a prior-approval type system should operate to ensure that unreasonably high prices do not exist in PPA liability.

19 Title 20, Chapter 2, Article 4.1.

20 A.R.S. § 20-383(A).

21 A.R.S. § 20-383(B).

22 A.R.S. § 20-385(F).

APPENDIX B (Market Description)

The “voluntary” PPA insurance market in Arizona consists of market segments commonly referred to as the “preferred,” “standard,” and “non-standard” markets.

These subsets of the PPA insurance market are generally defined as follows:

- The “preferred market” is the largest market segment in terms of numbers of insurers and policyholders. Insurers readily provide insurance to drivers with better-than-average driving records in this market as their risk of loss is considered by insurers to be minimal. Drivers insured by a preferred market insurer pay the lowest premiums for insurance.

- The “standard market” is the insurance market in which insurers provide insurance to drivers with more losses or traffic violations than acceptable to insurers writing in the preferred market. Although drivers provided insurance by an insurer writing in the standard market pay higher insurance premiums than drivers written by an insurer in the preferred market, drivers written in the standard market still pay less for insurance than do drivers insured in the non-standard market.

- The “non-standard market” is the third segment of the voluntary market and has the highest insurance premiums. In this market, insurers provide coverage to drivers having a number of accidents, moving violations or combination thereof or to drivers who may drive high-performance vehicles.

Unlike the voluntary market that permits insurers to decline any applicant for automobile insurance, insurers providing insurance through the “involuntary market” or the “assigned risk plan” are required to accept any driver who cannot obtain insurance in the voluntary market. This market is the market of last resort for drivers who cannot obtain motor vehicle insurance in the voluntary market because insurers will not insure them due to their driving records, loss experience or both.

Insurers providing insurance coverage through the assigned risk plan normally charge a considerably higher premium than when providing insurance in the voluntary market. The reason, of course, is that the possibility of loss is considerably higher in the involuntary market than in the voluntary market. States having an automobile insurance marketplace that is not competitive tend to have large numbers of insureds in their assigned risk plans. These states also tend to have an inactive or nonexistent non-standard voluntary market.

EXHIBITS

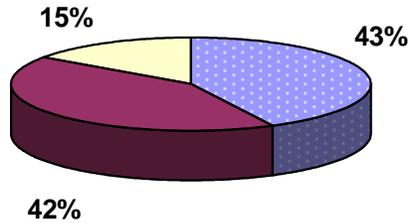
MARKET SHARE OF TOP 25 INSURERS IN ARIZONA BY YEAR

	YEAR 2001	DIRECT \$ PREMIUM WRITTEN	% MAR- KET	YEAR 2000	DIRECT \$ PREMIUM WRITTEN	% MAR- KET	YEAR 1999	DIRECT \$ PREMIUM WRITTEN	% MAR- KET
	Insurer's Name			Insurer's Name			Insurer's Name		
1	State Farm Mutual Auto IC	\$233,257,027	16.59%	State Farm Mutual Auto IC	\$204,170,598	15.59%	State Farm Mutual Auto IC	\$214,987,590	16.39%
2	Farmers IC Of AZ	166,030,075	11.81%	Farmers IC Of AZ	160,287,687	12.24%	Farmers IC Of AZ	160,229,769	12.22%
3	Allstate IC	95,145,259	6.77%	Allstate IC	105,217,355	8.04%	Allstate IC	113,708,365	8.67%
4	American Family Mutual IC	86,706,761	6.17%	American Family Mutual IC	83,029,013	6.34%	American Family Mutual IC	79,489,269	6.06%
5	Mid-Century IC	38,447,376	2.73%	Mid-Century IC	37,748,634	2.88%	Mid-Century IC	39,525,175	3.01%
6	United Services Auto Association	36,556,682	2.60%	Progressive Paloverde IC	31,973,666	2.44%	Progressive Paloverde IC	37,026,919	2.82%
7	American Standard IC Of WI	34,179,463	2.43%	United Services Auto Association	31,935,086	2.44%	Allstate Indemnity Co	34,720,928	2.65%
8	State Farm Fire & Casualty Co	33,601,050	2.39%	American Standard IC Of WI	30,700,847	2.34%	United Services Auto Association	30,608,630	2.33%
9	Progressive Classic IC	31,540,235	2.24%	Hartford IC Of The Midwest	29,788,160	2.27%	American Standard IC Of WI	30,028,037	2.29%
10	GEICO General IC	29,954,876	2.13%	GEICO General IC	28,387,199	2.17%	Hartford IC Of The Midwest	27,358,482	2.09%
11	USAA Casualty IC	29,476,221	2.10%	Allstate Indemnity Company	27,761,068	2.12%	USAA Casualty IC	25,045,266	1.91%
12	Hartford IC Of The Midwest	28,515,893	2.03%	USAA Casualty IC	26,325,113	2.01%	GEICO General IC	22,729,687	1.73%
13	Progressive Paloverde IC	28,186,503	2.00%	Continental IC	19,955,774	1.52%	Continental IC	17,629,736	1.34%
14	Allstate Indemnity Company	22,009,726	1.57%	Progressive Classic IC	19,614,167	1.50%	Country Mutual IC	16,914,223	1.29%
15	Allstate P & C IC	19,464,859	1.38%	Hartford Fire IC	16,784,120	1.28%	Hartford Fire IC	16,164,061	1.23%
16	Continental IC	18,277,791	1.30%	State Farm Fire & Casualty Co	16,467,787	1.26%	Liberty Mutual Fire IC	14,868,427	1.13%
17	Liberty Mutual Fire IC	17,432,269	1.24%	Liberty Mutual Fire IC	15,909,897	1.22%	State Farm Fire And Casualty Co	14,223,866	1.08%
18	Hartford Fire IC	16,443,589	1.17%	Country Mutual IC	15,235,907	1.16%	Progressive Casualty IC	14,037,222	1.07%
19	Government Employees IC	15,807,169	1.12%	Government Employees IC	14,770,514	1.13%	Dairyland IC	13,600,870	1.04%
20	Progressive Casualty IC	15,024,060	1.07%	Prudential P & C IC	14,311,282	1.09%	Prudential P & C IC	13,582,197	1.04%
21	Prudential P & C IC	14,448,153	1.03%	Dairyland IC	13,946,004	1.07%	Government Employees IC	12,952,160	0.99%
22	Titan IC	13,797,430	0.98%	Progressive Casualty IC	12,817,612	0.98%	Titan IC	11,722,135	0.89%
23	Country Mutual IC	13,756,854	0.98%	Titan IC	11,787,855	0.90%	Phoenix Indemnity IC	11,713,899	0.89%
24	Dairyland IC	12,242,378	0.87%	GEICO Indemnity Company	11,215,947	0.86%	Safeway IC	11,090,431	0.85%
25	SAFECO IC of America	11,705,835	0.83%	Travelers Indemnity Co Of America	10,732,566	0.82%	Guaranty National IC	10,797,187	0.82%
	TOTAL (25 COS):	\$1,062,007,534	75.52%	TOTAL (25 COS):	\$990,873,858	75.67%	TOTAL (25 COS):	\$994,754,531	75.85%
	Total (292 COS):	\$1,406,267,345		Total (292 COS):	\$1,309,406,564		Total (276 COS):	\$1,311,424,787	

**INSURERS IN 2001 HAVING CAPABILITY OF WRITING AUTOMOBILE
INSURANCE & MAKING EASY ENTRY
INTO THE ARIZONA MARKET**

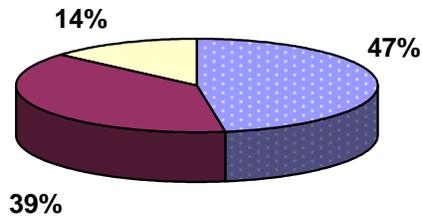
1 Total number of insurers reporting some PPAL activity in AZ: 292	1 Number of insurers having some policies in force in AZ in 2001: 247	1 Total number of insurers reporting some PPAL activity in AZ: 292
2 Number of insurers with some policies in force in AZ: 247	2 Number of insurers actively soliciting new business in AZ: 124	2 Total number of insurers with more than 44% of AZ market: 5
Number of insurers reporting some PPAL activity, but not writing (1 - 2): 45	Number of insurers with policies in force, but not writing new business (1 - 2): 123	% of insurers in AZ with more than 44% of market (2 ÷ 1): 1.71%
	% of insurers actively soliciting new business (124 ÷ 292): 42%	% these 5 insurers constitute of 124 active insurers (5 ÷ 124): 4.03%

2001



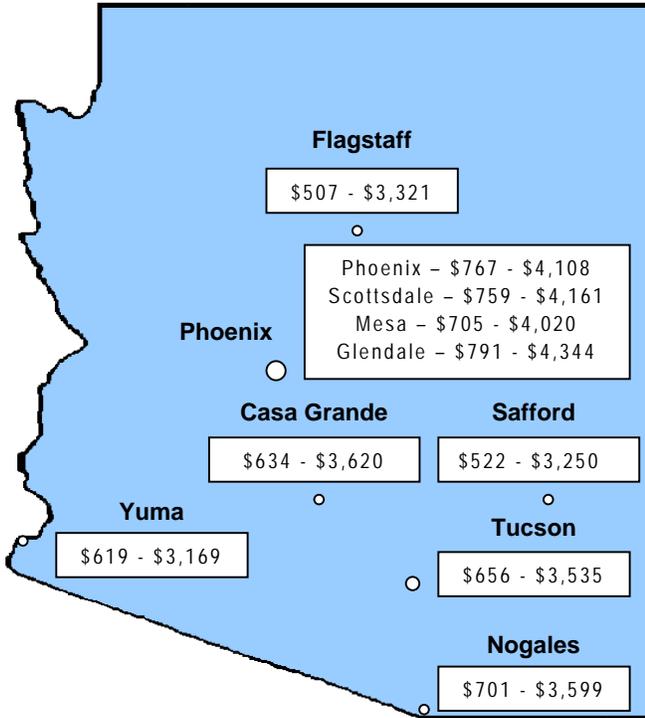
- Insurers soliciting new business in 2001
- Insurers with policies in force not soliciting new business in 2001
- Insurers with no in force policies not writing new business in 2001

2000



- Insurers soliciting new business in 2000
- Insurers with policies in force not soliciting new business in 2000
- Insurers with no in-force policies not writing new business in 2000

Range of premiums for an unmarried male age 21 who drives a 2002 Ford Ranger XLT pickup.

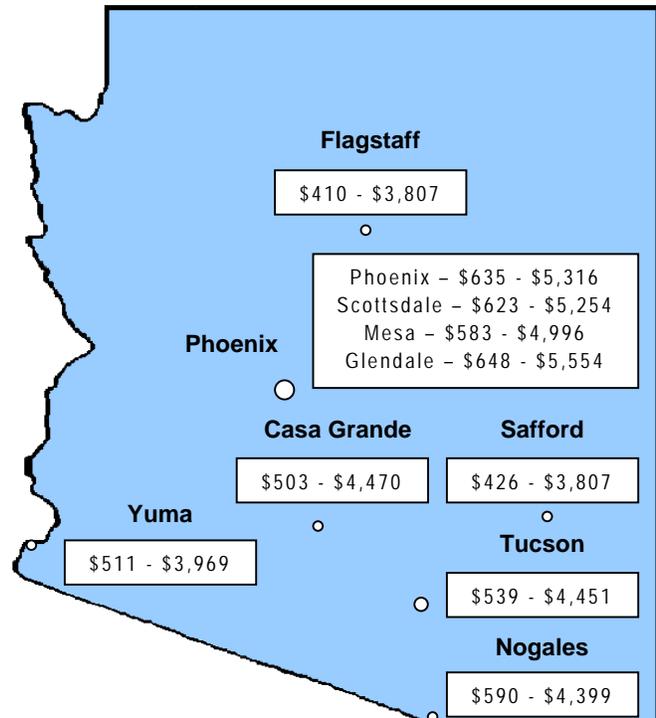


Hypothetical 1

Combined single limit liability of \$40,000 or split limits of \$15,000/\$30,000 bodily injury and \$10,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.

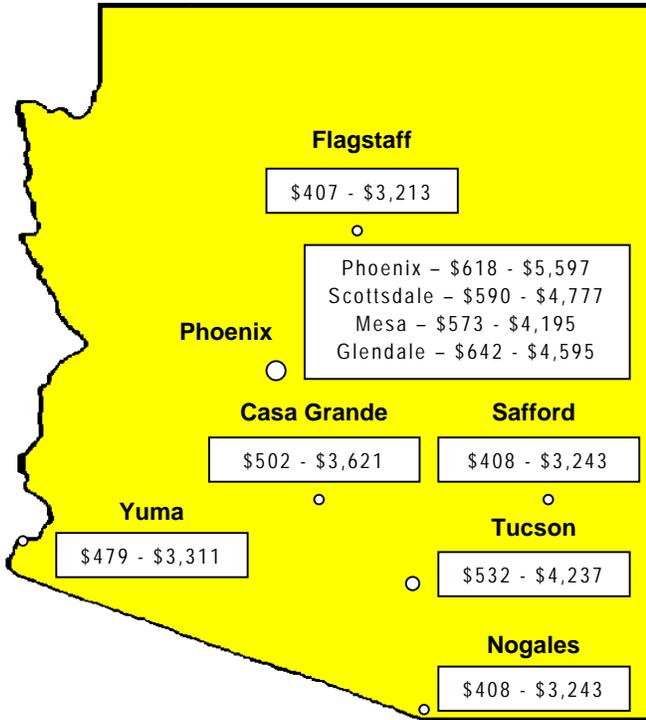
Hypothetical 2

Combined single limit liability of \$300,000 or split limits of \$100,000/\$300,000 bodily injury and \$50,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.



For a complete description of hypothetical and premiums charged by various insurers, refer to the Automobile Premium Comparison Survey available at the ADOL or at <http://www.state.as.us/id> on the Internet.

Range of premiums for a married couple age 48 who drive a 2000 Ford Explorer and a 2002 Ford Taurus.

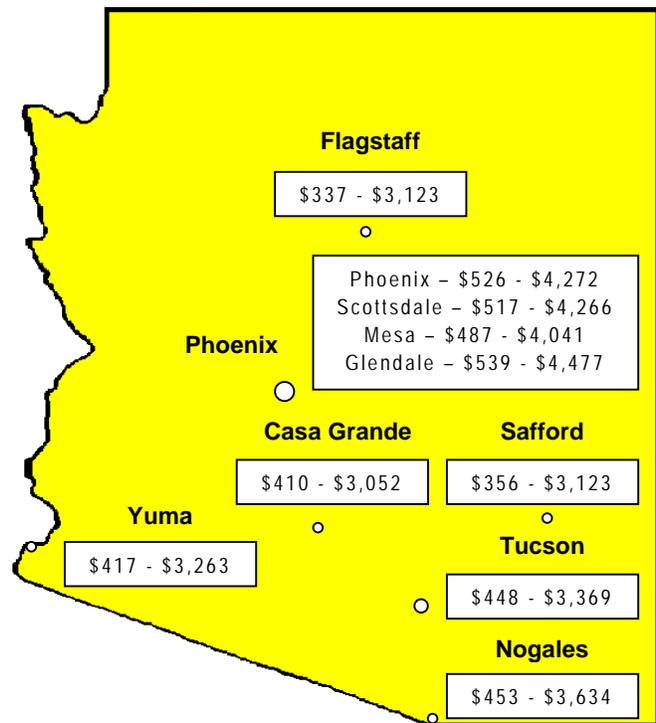


Hypothetical 3

Combined single limit liability of \$40,000 or split limits of \$15,000/\$30,000 bodily injury and \$10,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.

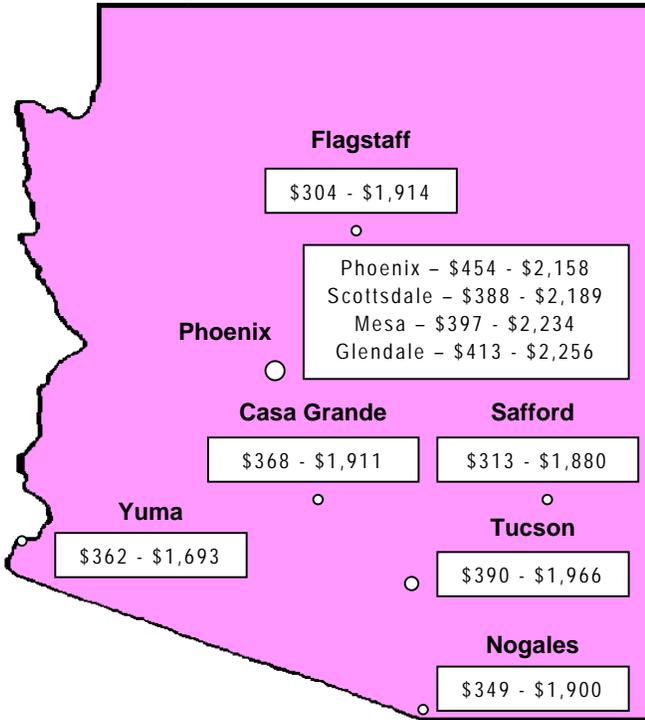
Hypothetical 4

Combined single limit liability of \$300,000 or split limits of \$100,000/\$300,000 bodily injury and \$50,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.



For a complete description of hypothetical and premiums charged by various insurers, refer to the Automobile Premium Comparison Survey available at the ADOT or at <http://www.state.as.us/id> on the Internet.

Range of premiums for an unmarried female age 35 who drives a 2002 Ford Taurus.

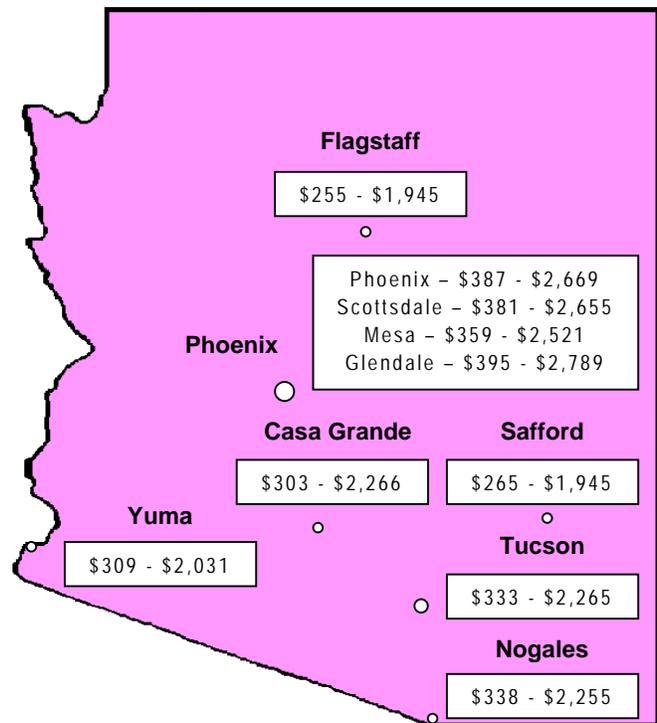


Hypothetical 5

Combined single limit liability of \$40,000 or split limits of \$15,000/\$30,000 bodily injury and \$10,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.

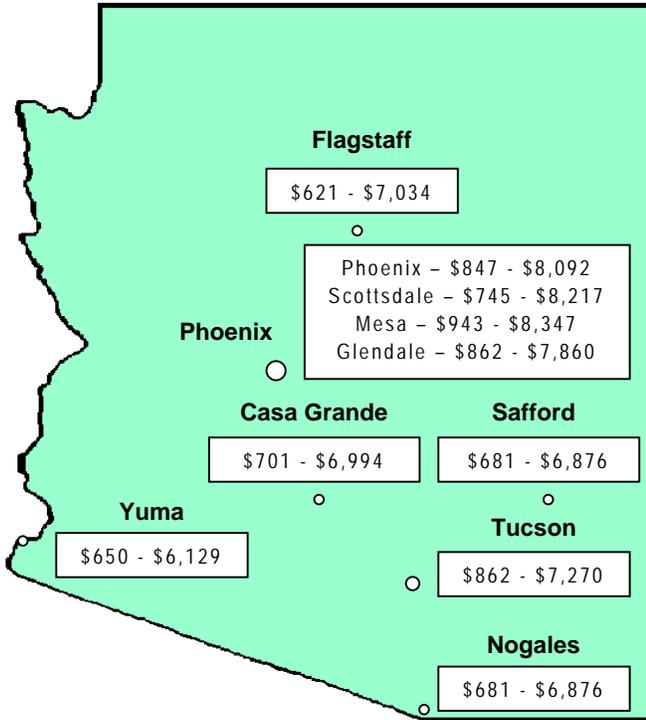
Hypothetical 6

Combined single limit liability of \$300,000 or split limits of \$100,000/\$300,000 bodily injury and \$50,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.



For a complete description of hypothetical and premiums charged by various insurers, refer to the Automobile Premium Comparison Survey available at the ADOT or at <http://www.state.as.us/id> on the Internet.

Range of premiums for an unmarried female age 43 with a 16 year old son who drive a 2002 Ford Taurus.

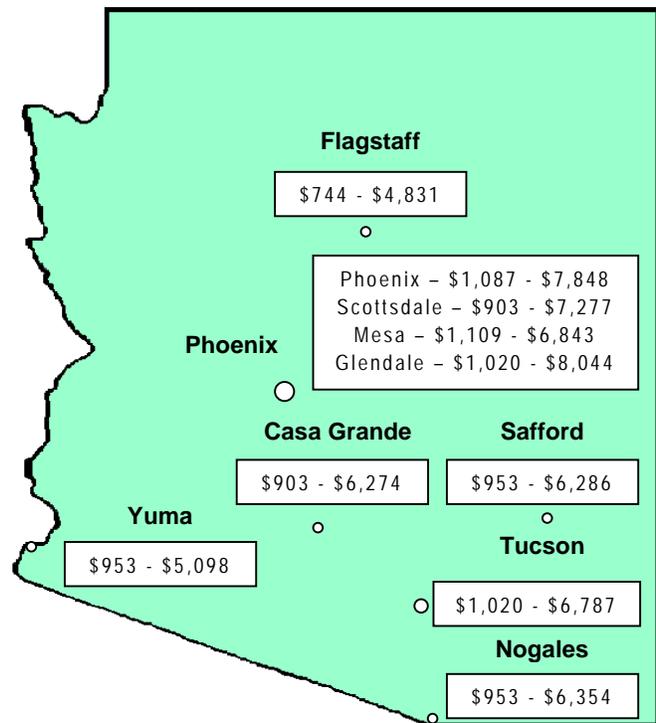


Hypothetical 7

Combined single limit liability of \$40,000 or split limits of \$15,000/\$30,000 bodily injury and \$10,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.

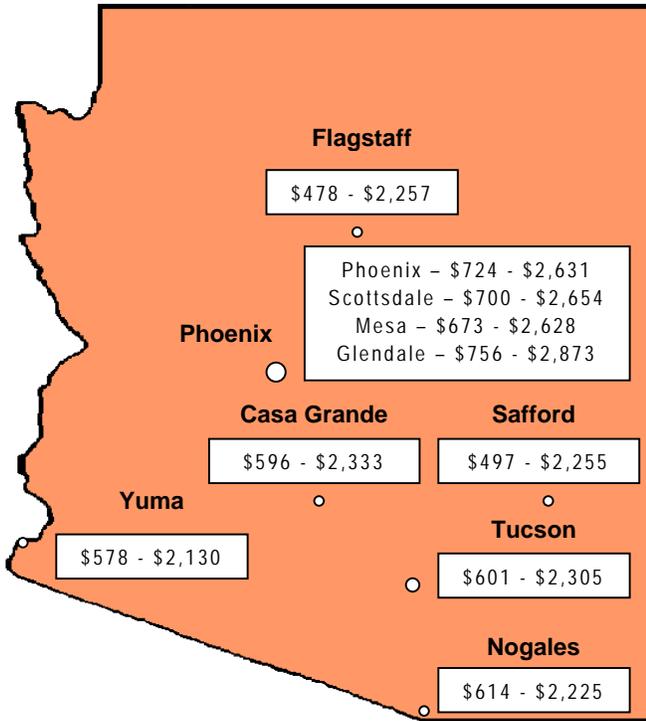
Hypothetical 8

Combined single limit liability of \$300,000 or split limits of \$100,000/\$300,000 bodily injury and \$50,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.



For a complete description of hypothetical and premiums charged by various insurers, refer to the Automobile Premium Comparison Survey available at the ADOI or at <http://www.state.as.us/id> on the Internet.

Range of premiums for a married male age 43 with an at-fault accident who drives a 2002 Ford Expedition.

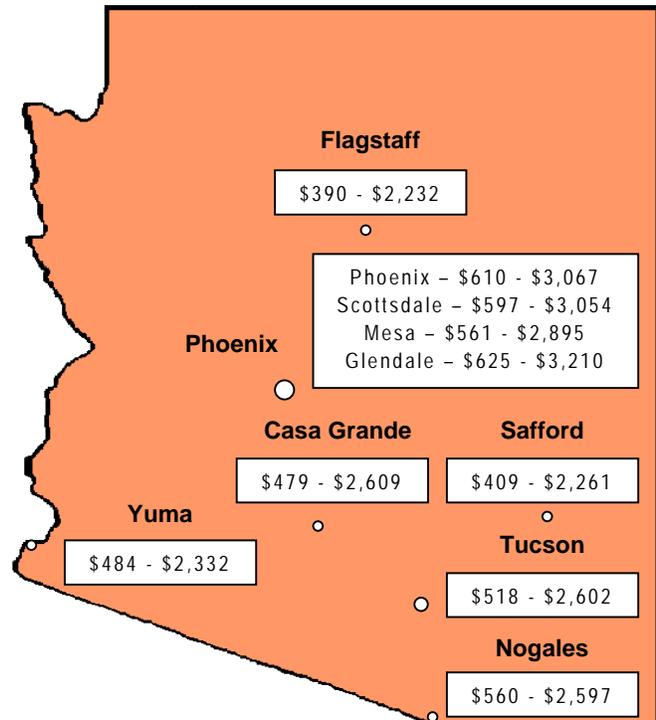


Hypothetical 9

Combined single limit liability of \$40,000 or split limits of \$15,000/\$30,000 bodily injury and \$10,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.

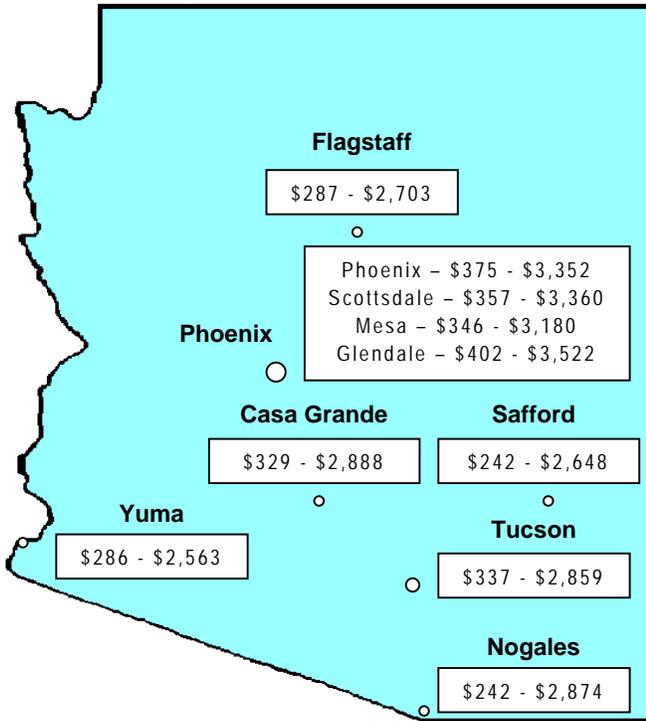
Hypothetical 10

Combined single limit liability of \$300,000 or split limits of \$100,000/\$300,000 bodily injury and \$50,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.



For a complete description of hypothetical and premiums charged by various insurers, refer to the Automobile Premium Comparison Survey available at the ADOL or at <http://www.state.as.us/id> on the Internet.

Range of premiums for a married couple - male age 79 and female age 78 - who drive a 2002 Ford Taurus.

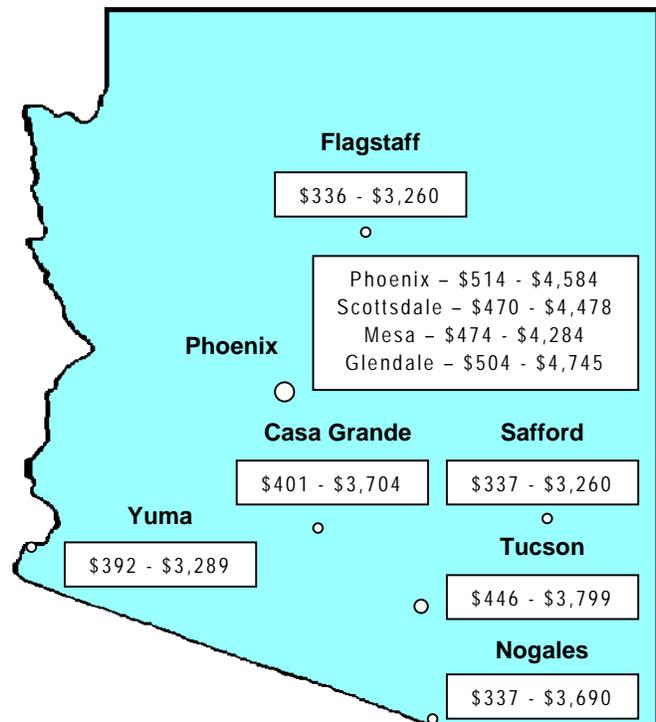


Hypothetical 11

Combined single limit liability of \$40,000 or split limits of \$15,000/\$30,000 bodily injury and \$10,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.

Hypothetical 12

Combined single limit liability of \$300,000 or split limits of \$100,000/\$300,000 bodily injury and \$50,000 property damage, medical payments of \$5,000, uninsured motorist limits same as liability, \$100 deductible comprehensive and \$200 deductible collision.



For a complete description of hypothetical and premiums charged by various insurers, refer to the Automobile Premium Comparison Survey available at the ADOL or at <http://www.state.as.us/id> on the Internet.

2001 PERSONAL AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE RATE ACTIVITY

<u>INSURER</u>	2001		<u>Effective Date</u>	<u>Rate Change</u>	<u>Effective Date</u>	<u>Rate Change</u>	<u>Total Rate Change</u>
	<u>Written Premium</u>	<u>Market Share</u>					
1. Acceptance IC	\$28,674	0.00%	07/30/01	12.16%			12.2%
2. AIG National IC, Inc.	\$583,073	0.02%	05/01/01	26.70%			26.7%
3. AIU IC	\$245,036	0.01%	05/21/01	0.00%	11/05/01	6.20%	6.2%
4. All America IC	\$3,180,666	0.12%	12/01/01	-1.70%			-1.7%
5. Allegiance IC	\$232,544	0.01%	06/01/01	2.60%			2.6%
6. Allied P & C IC	\$662,316	0.03%	01/01/01	-1.60%			-1.6%
7. Allstate Indemnity Co	\$42,724,537	1.67%	07/23/01	9.90%			9.9%
8. Allstate IC	\$186,569,846	7.30%	07/23/01	5.10%			5.1%
9. Allstate P & C IC	\$37,365,248	1.46%	07/23/01	5.10%			5.1%
10. AMCO IC	\$2,474,202	0.10%	01/01/01	-0.60%			-0.6%
11. American Automobile IC	\$0	0.00%	08/01/01	2.70%			2.7%
12. American Commerce IC	\$17,991,427	0.70%	02/01/01	-1.10%			-1.1%
13. American Deposit IC	\$1,660,650	0.06%	04/25/01	10.80%			10.8%
14. American Family Mutual IC	\$181,676,958	7.11%	03/17/01	-0.10%			-0.1%
15. American Home AC	\$6,879,062	0.27%	05/21/01	0.00%	11/05/01	5.20%	5.2%
16. American International IC	\$8,001,458	0.31%	05/21/01	0.00%	11/05/01	5.90%	5.9%
17. American International South IC	\$7,544,087	0.30%	07/01/01	9.40%			9.4%
18. American National General IC	\$1,182,710	0.05%	11/10/01	5.20%			5.2%
19. American National P & C Co	\$11,784,306	0.46%	11/10/01	8.00%			8.0%
20. American Premier IC	\$1,642,048	0.06%	09/21/01	17.50%			17.5%
21. American Spirit IC	\$786,171	0.03%	09/14/01	9.20%			9.2%
22. American States IC	\$1,115,990	0.04%	10/22/01	0.20%			0.2%
23. AMEX AC	\$8,166,557	0.32%	01/22/01	-5.60%	08/24/01	3.20%	-2.6%
24. AMEX AC	See Above		12/17/01	4.10%			4.1%
25. Amica Mutual IC	\$10,537,041	0.41%	09/01/01	3.00%			3.0%
26. Associated Indemnity Corporation	\$0	0.00%	08/01/01	2.70%			2.7%
27. Atlanta Casualty Co	\$4,402,774	0.17%	02/20/01	2.20%	10/26/01	4.20%	6.5%
28. Auto-Owners IC	\$380,155	0.01%	05/15/01	4.00%			4.0%
29. Benchmark IC	\$3,236,380	0.13%	09/24/01	27.90%			27.9%
30. Central Mutual IC	\$642,253	0.03%	12/01/01	-1.70%			-1.7%
31. Charter Oak Fire IC	\$3,570,727	0.14%	12/15/01	9.60%			9.6%
32. Chicago IC	\$944,925	0.04%	03/01/01	12.50%			12.5%
33. Civil Service Employees IC	\$3,566,049	0.14%	04/15/01	6.10%	10/15/01	7.00%	13.5%
34. Clarendon National IC	\$3,031,110	0.12%	03/01/01	20.00%			20.0%
35. Colonial Penn Franklin IC	\$3,428,664	0.13%	06/15/01	2.10%	11/13/01	3.10%	5.3%
36. Colonial Penn IC	\$5,464,102	0.21%	06/15/01	2.00%	11/13/01	4.40%	6.5%
37. Colonial Penn Madison IC	\$8,321,974	0.33%	06/15/01	2.00%	11/13/01	3.00%	5.1%
38. Continental IC	\$31,693,876	1.24%	08/15/01	3.00%			3.0%
39. Country Casualty IC	\$1,329,326	0.05%	08/01/01	5.70%			5.7%
40. Country Mutual IC	\$24,741,533	0.97%	08/01/01	5.20%			5.2%
41. Country Preferred IC	\$7,727,330	0.30%	08/01/01	6.70%			6.7%
42. CSE Safeguard IC	\$3,959,827	0.15%	04/15/01	6.10%	10/15/01	7.40%	14.0%
43. Dairyland IC	\$19,660,288	0.77%	02/26/01	3.10%	06/28/01	15.30%	18.9%
44. Deerbrook IC	\$548,297	0.02%	03/05/01	-2.50%	08/20/01	-2.80%	-5.2%
45. Depositors IC	\$478,064	0.02%	01/01/01	-1.10%			-1.1%
46. Eagle American IC	\$907,326	0.04%	10/17/01	12.60%			12.6%
47. Electric IC	\$448,475	0.02%	11/15/01	-0.20%			-0.2%
48. EMCASCO IC	\$675,131	0.03%	04/01/01	0.80%			0.8%
49. Employers Mutual Casualty Co	\$5,191	0.00%	04/01/01	0.80%			0.8%
50. Farmers IC of AZ	\$324,786,983	12.71%	07/01/01	2.90%			2.9%
51. Federal IC	\$1,717,169	0.07%	09/10/01	-1.30%			-1.3%
52. Fidelity & Casualty Co of NY	\$5,336,601	0.21%	08/15/01	3.00%			3.0%
53. Fireman's Fund IC	\$2,198,204	0.09%	08/01/01	2.70%			2.7%
54. First Liberty Ins Corporation	\$289,148	0.01%	11/12/01	4.50%			4.5%
55. First National IC of America	\$1,926,994	0.08%	04/26/01	3.60%			3.6%
56. Foundation Reserve IC, Inc.	\$12,606,277	0.49%	05/01/01	9.60%	11/01/01	8.10%	18.5%
57. GE Auto & Home AC	\$4,449,267	0.17%	10/26/01	3.80%			3.8%
58. GEICO Casualty IC	\$12,499,575	0.49%	03/19/01	3.00%			3.0%
59. GEICO General IC	\$53,506,547	2.09%	03/19/01	2.30%			2.3%

2001 PERSONAL AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE RATE ACTIVITY

INSURER	2001						Total Rate Change
	Written Premium	Market Share	Effective Date	Rate Change	Effective Date	Rate Change	
60. GEICO Indemnity Co	\$20,133,084	0.79%	03/19/01	3.10%			3.1%
61. General IC of America	\$1,419,149	0.06%	04/26/01	2.10%			2.1%
62. Glens Falls IC	\$1,974,810	0.08%	08/15/01	3.00%			3.0%
63. Government Employees IC	\$28,646,135	1.12%	03/19/01	2.30%			2.3%
64. Grain Dealers Mutual IC	\$23,869	0.00%	07/15/01	10.12%			10.1%
65. Granite State IC	\$2,030,290	0.08%	07/01/01	8.00%			8.0%
66. Great American Alliance IC	\$884,293	0.03%	09/14/01	2.30%			2.3%
67. Great American AC	\$933,337	0.04%	09/14/01	5.00%			5.0%
68. Great American IC	\$891,972	0.03%	09/14/01	8.90%			8.9%
69. Great American IC of NY	\$573,658	0.02%	09/14/01	10.00%			10.0%
70. Great Northern IC	\$279,629	0.01%	09/10/01	-1.30%			-1.3%
71. Guaranty National IC	\$11,311,476	0.44%	04/02/01	7.30%	12/03/01	8.30%	16.2%
72. Hartford Accident and Indemnity Co	\$6,006,552	0.24%	01/01/01	3.00%	08/01/01	6.10%	9.3%
73. Hartford Casualty IC	\$127,727	0.00%	11/01/01	10.00%			10.0%
74. Hartford Fire IC	\$29,947,140	1.17%	11/01/01	10.00%			10.0%
75. Hartford IC of the Midwest	\$50,113,127	1.96%	08/01/01	1.20%			1.2%
76. Hartford Underwriters IC	\$10,752,107	0.42%	01/15/01	-2.00%	08/15/01	1.60%	-0.4%
77. Horace Mann IC	\$1,621,507	0.06%	06/01/01	2.60%			2.6%
78. IDS Property Casualty IC	\$743,938	0.03%	08/24/01	3.00%	01/22/01	-6.00%	-3.2%
79. IDS Property Casualty IC	See Above		12/17/01	3.60%			3.6%
80. Illinois National IC	\$5,971,705	0.23%	07/01/01	9.40%			9.4%
81. Infinity IC	\$174,602	0.01%	12/10/01	4.23%			4.2%
82. Infinity Select IC	\$633,633	0.02%	12/10/01	8.07%			8.1%
83. Integon Indemnity Corporation	\$4,613,656	0.18%	03/15/01	7.18%	12/12/01	7.90%	15.6%
84. Interinsurance Exchange of the Automobile Club	\$10,935,209	0.43%	06/10/01	7.40%			7.4%
85. Interstate Indemnity Co	\$191,521	0.01%	12/01/01	16.50%			16.5%
86. Jefferson IC	\$201,309	0.01%	09/01/01	24.30%			24.3%
87. Kemper Auto & Home IC	\$995,439	0.04%	04/05/01	4.00%	09/14/01	4.90%	9.1%
88. Kemper Independence IC	\$118,710	0.00%	04/05/01	4.00%	09/14/01	4.90%	9.1%
89. Leader IC	\$688,392	0.03%	12/01/01	7.60%			7.6%
90. Liberty Ins Corporation	\$1,430,654	0.06%	11/12/01	4.50%			4.5%
91. Liberty Mutual Fire IC	\$32,339,189	1.27%	11/12/01	4.50%			4.5%
92. Mapfre Reinsurance Corporation	\$443,074	0.02%	09/01/01	9.00%			9.0%
93. Merastar IC	\$2,077,133	0.08%	12/01/01	5.67%			5.7%
94. Metropolitan Casualty IC	\$2,454,528	0.10%	10/31/01	8.10%			8.1%
95. Metropolitan Direct P & C IC	\$4,489,113	0.18%	10/31/01	8.10%			8.1%
96. Metropolitan General IC	\$4,805,959	0.19%	07/15/01	9.70%			9.7%
97. Metropolitan Group P & C IC	\$16,245,569	0.64%	05/15/01	1.60%	11/15/01	2.20%	3.8%
98. Metropolitan P & C IC	\$336,315	0.01%	10/31/01	8.10%			8.1%
99. Mid-Century IC	\$59,250,164	2.32%	07/01/01	1.10%			1.1%
100. Mountain West Farm Bureau Mutual IC	\$1,237,183	0.05%	05/15/01	-29.50%			-29.5%
101. National Alliance IC	\$3,543,360	0.14%	10/24/01	-0.04%			0.0%
102. National American IC of CA	\$863,607	0.03%	07/01/01	11.40%			11.4%
103. National Surety Corporation	\$0	0.00%	08/01/01	2.70%			2.7%
104. Nationwide Mutual Fire IC	\$6,914,204	0.27%	06/10/01	0.40%			0.4%
105. Nationwide Mutual IC	\$15,917,575	0.62%	06/10/01	0.40%	01/01/01	-0.90%	-0.5%
106. Nationwide P & C IC	\$3,217,597	0.13%	06/10/01	0.40%			0.4%
107. Occidental Fire & Casualty Co of NC	\$595,275	0.02%	09/07/01	7.40%			7.4%
108. Owners IC	\$681,040	0.03%	05/15/01	-9.10%			-9.1%
109. Pacific Indemnity Co	\$4,124,750	0.16%	09/10/01	-1.30%			-1.3%
110. Phoenix Indemnity IC	\$15,979,284	0.63%	10/20/01	12.00%			12.0%
111. Phoenix IC	\$240,848	0.01%	12/15/01	9.60%			9.6%
112. Progressive Casualty IC	\$27,264,354	1.07%	07/02/01	0.00%			0.0%
113. Progressive Classic IC	\$51,931,629	2.03%	07/02/01	0.00%	09/21/01	1.60%	1.6%
114. Progressive Paloverde IC	\$47,381,297	1.85%	07/02/01	0.00%			0.0%
115. Prudential General IC	\$3,794,376	0.15%	07/27/01	-8.80%			-8.8%
116. QBE Ins Corporation	\$1,262,298	0.05%	09/01/01	8.60%	02/15/01	25.00%	35.8%
117. Regal IC	\$4,675,723	0.18%	04/25/01	9.60%			9.6%
118. Reliance IC	\$0	0.00%	03/10/01	16.60%			16.6%

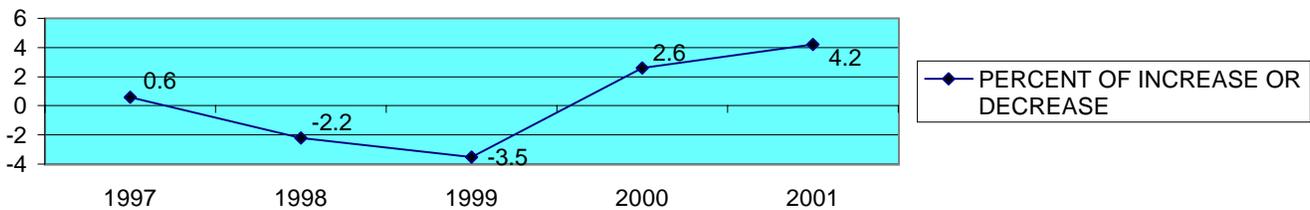
2001 PERSONAL AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE RATE ACTIVITY

<u>INSURER</u>	2001		<u>Effective Date</u>	<u>Rate Change</u>	<u>Effective Date</u>	<u>Rate Change</u>	<u>Total Rate Change</u>
	<u>Written Premium</u>	<u>Market Share</u>					
119. Reliance National IC	\$0	0.00%	03/10/01	16.60%			16.6%
120. SAFECO IC of America	\$21,195,592	0.83%	04/26/01	2.10%			2.1%
121. SAFECO National IC	\$2,024,145	0.08%	04/26/01	5.80%			5.8%
122. Safeway IC	\$18,177,554	0.71%	05/01/01	3.74%			3.7%
123. Sentry Insurance A Mutual Co	\$4,335,406	0.17%	08/30/01	10.20%			10.2%
124. Southern IC	\$1,093,628	0.04%	08/01/01	10.40%			10.4%
125. StarNet IC	\$5,854,446	0.23%	01/01/01	7.40%	07/01/01	8.30%	16.3%
126. State Farm Fire and Casualty Co	\$58,843,170	2.30%	03/15/01	6.60%			6.6%
127. State Farm Mutual Automobile IC	\$409,481,926	16.03%	03/15/01	5.90%			5.9%
128. State National IC, Inc.	\$21,759,714	0.85%	09/15/01	1.34%	10/22/01	14.80%	16.3%
129. Superior IC	\$1,004,026	0.04%	06/04/01	17.70%	12/17/01	0.30%	18.1%
130. 21st Century IC of Arizona	\$12,769,700	0.50%	09/01/01	16.40%	10/15/01	0.10%	16.5%
131. Teachers IC	\$2,202,065	0.09%	06/01/01	2.60%			2.6%
132. TIG Premier IC	\$159,262	0.01%	12/10/01	24.30%			24.3%
133. TIG Specialty IC	\$70,368	0.00%	11/01/01	12.20%			12.2%
134. Titan IC	\$22,520,464	0.88%	03/05/01	2.50%	09/10/01	5.40%	8.0%
135. Travelers Indemnity Co	\$101,498	0.00%	12/15/01	9.60%			9.6%
136. Travelers Indemnity Co of America	\$14,956,027	0.59%	12/15/01	9.60%			9.6%
137. Travelers Indemnity Co of CT	\$546,467	0.02%	12/15/01	9.60%			9.6%
138. Travelers Indemnity Co of IL	\$8,033,858	0.31%	12/15/01	9.60%			9.6%
139. Twin City Fire IC	\$4,945,875	0.19%	03/26/01	12.06%	10/29/01	5.97%	18.7%
140. Union IC of Providence	\$1,920,648	0.08%	04/01/01	0.80%			0.8%
141. United Service Automobile Association	\$68,690,917	2.69%	07/05/01	5.50%			5.5%
142. USAA Casualty IC	\$55,967,513	2.19%	07/05/01	1.50%			1.5%
143. USAA General Indemnity Co	\$3,018,268	0.12%	07/05/01	0.00%			0.0%
144. Victoria Automobile IC	\$1,639,511	0.06%	08/27/01	5.63%			5.6%
145. Victoria Fire & Casualty Co	\$754,923	0.03%	08/27/01	5.63%			5.6%
146. Victoria Select IC	\$729,284	0.03%	08/27/01	5.63%			5.6%
147. Vigilant IC	\$1,405,272	0.06%	09/10/01	-1.30%			-1.3%
148. Viking IC of Wisconsin	\$1,710,570	0.07%	04/02/01	-5.00%	12/03/01	5.40%	0.1%
149. Warner IC	\$1,660,994	0.07%	07/02/01	6.20%			6.2%
150. Wilshire IC	\$1,503,071	0.06%	09/07/01	7.30%			7.3%
151. Windsor IC	\$2,891,230	0.11%	04/25/01	11.40%			11.4%
152. Worldwide IC	\$1,646,827	0.06%	11/30/01	9.90%			9.9%
153. Yasuda Fire & Marine IC of America	\$4,543	0.00%	07/01/01	-2.60%			-2.6%
Total 151 Insurers	\$2,341,567,985	91.65%					
Market Share Weighted Average Total Rate Change							4.6%
Total 307 Insurers	\$2,554,939,100	100.00%					
Market Share Weighted Average Total Rate Change							4.2%

NOTE:

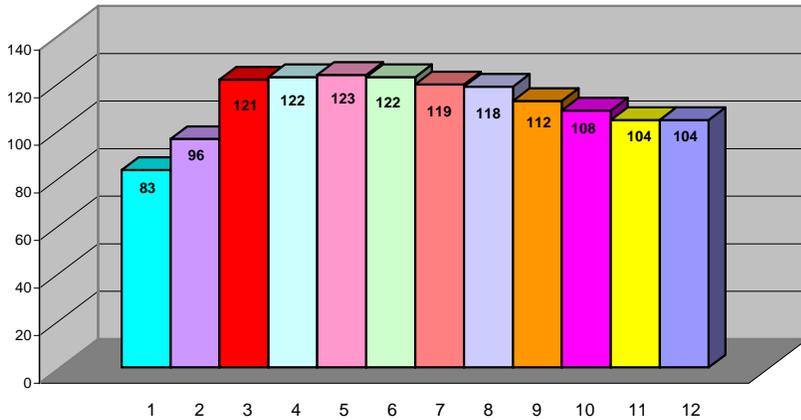
- "Written Premium" includes both liability and physical damage premiums as reported by the insurer for 2000.
- Zero premium could indicate that the insurer is merely adjusting rates in a particular company in which it presently writes no automobile insurance in an effort to keep current with the rates of a sister company within a company group should the insurer at some future date decide to write automobile insurance within that particular insurer.

5 YEAR MARKET SHARE WEIGHTED AVERAGE TOTAL RATE CHANGE



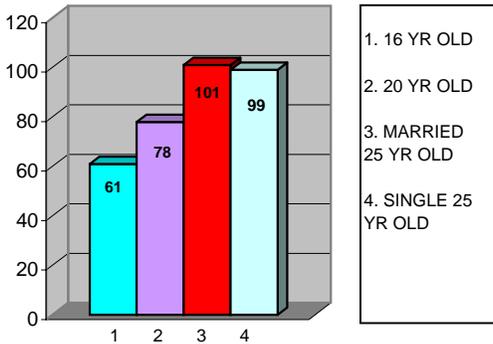
**NUMBER OF INSURERS' RESPONSES TO
"WOULD YOUR COMPANY WRITE THIS RISK IN AZ?"
(CHARTS INDICATE HOW MANY OF 124 ACTIVE INSURERS RESPONDED YES)**

DRIVER WITH NO ACCIDENTS OR MOVING VIOLATIONS



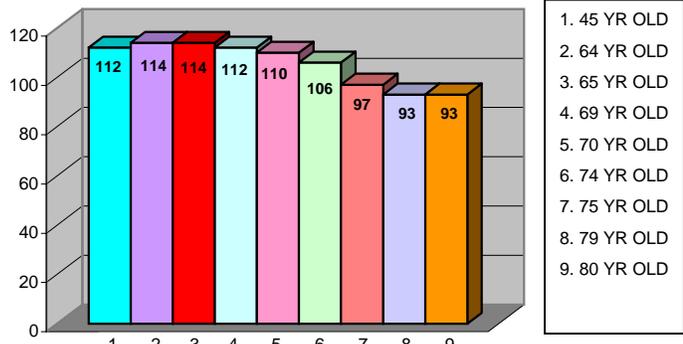
- | | |
|--------------|---------------|
| 1. 16 YR OLD | 7. 69 YR OLD |
| 2. 20 YR OLD | 8. 70 YR OLD |
| 3. 25 YR OLD | 9. 74 YR OLD |
| 4. 45 YR OLD | 10. 75 YR OLD |
| 5. 64 YR OLD | 11. 79 YR OLD |
| 6. 65 YR OLD | 12. 80 YR OLD |

DRIVER WITH 1 AT FAULT ACCIDENT



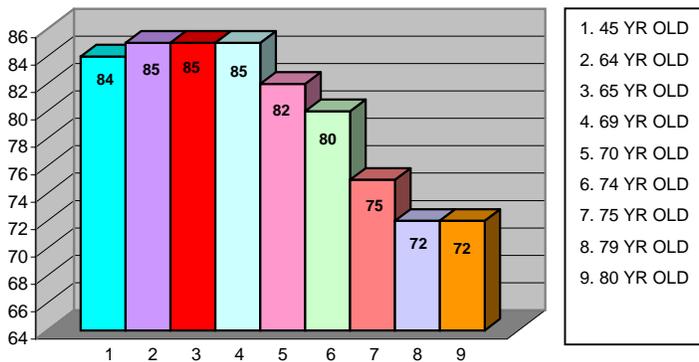
- | |
|-------------------------|
| 1. 16 YR OLD |
| 2. 20 YR OLD |
| 3. MARRIED
25 YR OLD |
| 4. SINGLE 25
YR OLD |

DRIVER WITH 1 MOVING VIOLATION



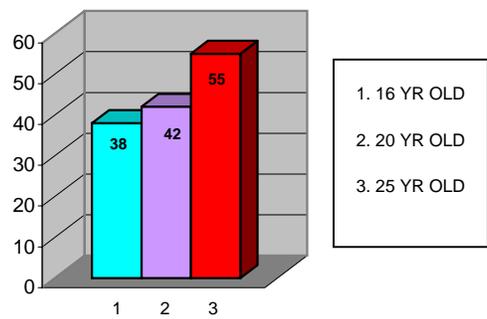
- | |
|--------------|
| 1. 45 YR OLD |
| 2. 64 YR OLD |
| 3. 65 YR OLD |
| 4. 69 YR OLD |
| 5. 70 YR OLD |
| 6. 74 YR OLD |
| 7. 75 YR OLD |
| 8. 79 YR OLD |
| 9. 80 YR OLD |

**DRIVER WITH 1 MOVING VIOLATION
AND 1 AT FAULT ACCIDENT**



- | |
|--------------|
| 1. 45 YR OLD |
| 2. 64 YR OLD |
| 3. 65 YR OLD |
| 4. 69 YR OLD |
| 5. 70 YR OLD |
| 6. 74 YR OLD |
| 7. 75 YR OLD |
| 8. 79 YR OLD |
| 9. 80 YR OLD |

**DRIVER WITH 1 AT FAULT
ACCIDENT AND 1 DRIVING WHILE
INTOXICATED**

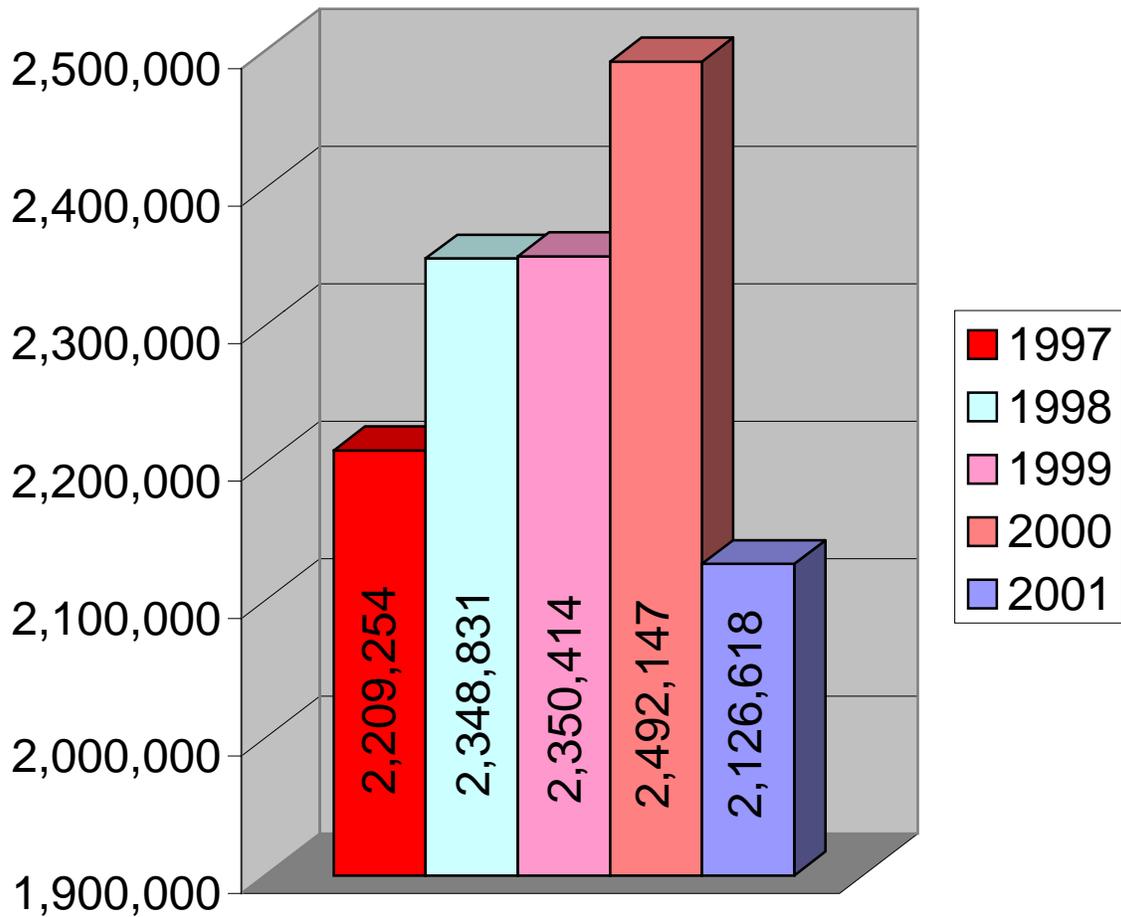


- | |
|--------------|
| 1. 16 YR OLD |
| 2. 20 YR OLD |
| 3. 25 YR OLD |

MOTOR VEHICLE LIABILITY						
2001 ARIZONA INCURRED LOSS RATIOS OF THE TOP 25 2001 INSURERS						
INSURER'S NAME	ARIZONA PREMIUM WRITTEN 1	ARIZONA EARNED PREMIUM 2	ARIZONA LOSSES PAID 3	ARIZONA LOSSES INCURRED 4	INCURRED LOSS RATIO 4 DIVIDED BY 2	MARKET SHARE
1 State Farm Mutual Auto IC	\$233,257,027	\$228,949,932	\$155,275,484	\$153,669,124	67.12%	16.59%
2 Farmers IC Of AZ	166,030,075	166,258,387	105,145,886	104,005,449	62.56%	11.81%
3 Allstate IC	95,145,259	96,282,754	72,422,893	69,845,536	72.54%	6.77%
4 American Family Mutual IC	86,706,761	85,644,387	61,765,850	66,110,920	77.19%	6.17%
5 Mid-Century IC	38,447,376	38,419,401	23,999,368	24,090,503	62.70%	2.73%
6 United Services Auto Association	36,556,682	34,952,099	23,913,214	27,792,383	79.52%	2.60%
7 American Standard IC Of WI	34,179,463	33,294,760	23,194,772	25,516,977	76.64%	2.43%
8 State Farm Fire & Casualty Co	33,601,050	28,867,990	17,750,654	25,807,901	89.40%	2.39%
9 Progressive Classic IC	31,540,235	29,638,647	10,281,911	14,184,527	47.86%	2.24%
10 GEICO General IC	29,954,876	29,724,914	18,595,547	19,592,985	65.91%	2.13%
11 USAA Casualty IC	29,476,221	28,515,230	19,928,026	19,289,162	67.65%	2.10%
12 Hartford IC Of The Midwest	28,515,893	29,228,529	17,791,433	20,133,683	68.88%	2.03%
13 Progressive Paloverde IC	28,186,503	30,882,564	20,219,567	16,848,337	54.56%	2.00%
14 Allstate Indemnity Company	22,009,726	22,783,061	16,774,147	11,103,461	48.74%	1.57%
15 Allstate P & C IC	19,464,859	15,251,984	4,502,887	10,115,979	66.33%	1.38%
16 Continental IC	18,277,791	19,468,524	12,662,879	31,376,285	161.16%	1.30%
17 Liberty Mutual Fire IC	17,432,269	16,791,532	11,226,025	12,103,907	72.08%	1.24%
18 Hartford Fire IC	16,443,589	16,633,251	8,090,719	10,308,265	61.97%	1.17%
19 Government Employees IC	15,807,169	15,607,589	11,393,941	11,671,366	74.78%	1.12%
20 Progressive Casualty IC	15,024,060	14,332,308	6,466,818	6,936,279	48.40%	1.07%
21 Prudential P & C IC	14,448,153	14,550,917	8,115,476	7,390,642	50.79%	1.03%
22 Titan IC	13,797,430	13,398,874	9,207,448	9,792,300	73.08%	0.98%
23 Country Mutual IC	13,756,854	14,000,879	10,496,265	9,022,979	64.45%	0.98%
24 Dairyland IC	12,242,378	12,632,310	7,632,990	7,075,463	56.01%	0.87%
25 SAFECO IC of America	11,705,835	11,769,632	4,772,013	8,030,460	68.23%	0.83%
2001 TOTAL:	\$1,062,007,534	\$1,047,880,455	\$681,626,213	\$721,814,873	68.88%	75.52%
2000 TOTAL:	\$990,873,859	\$998,708,424	\$650,458,400	\$678,108,668	67.90%	75.67%
1999 TOTAL:	\$994,754,531	\$994,755,502	\$614,951,048	\$611,265,934	61.45%	75.85%

SOURCE: ANNUAL REPORTS OF THE DEPARTMENT OF INSURANCE (ARIZONA)

NUMBER OF IN-FORCE AUTO POLICIES FOR ACTIVE INSURERS



ECONOMIC IMPACT OF ARIZONA'S TRAFFIC ACCIDENTS

Estimated Economic Loss by County

Counties	Cost of Traffic Accidents			Total
	Fatalities	Injuries	Property Damage Only	
Apache	\$50,960,000	\$8,834,800	\$3,380,000	63,174,800
Cochise	44,720,000	19,603,200	9,074,000	73,397,200
Coconino	70,720,000	32,581,700	21,833,500	125,135,200
Gila	16,640,000	12,123,700	4,589,000	33,352,700
Graham	9,360,000	4,183,200	1,261,000	14,804,200
Greenlee	0	1,050,800	351,000	1,401,800
La Paz	23,920,000	6,849,300	1,989,000	32,758,300
Maricopa	512,720,000	759,676,200	360,691,500	1,633,087,700
Mohave	45,760,000	29,943,700	11,973,000	87,676,700
Navajo	48,880,000	13,386,500	6,350,500	68,617,000
Pima	119,600,000	205,494,300	86,671,000	411,765,300
Pinal	64,480,000	33,640,100	12,616,500	110,736,600
Santa Cruz	4,160,000	4,541,000	2,723,500	11,424,500
Yavapai	54,080,000	29,299,700	16,133,000	99,512,700
Yuma	22,880,000	38,214,100	9,542,000	70,636,100
TOTALS	\$1,088,880,000	\$1,199,422,300	\$549,178,500	\$2,837,480,800

Cost estimates are based on the 2001 National Safety Council estimates of the average cost of motor vehicle accidents, deaths and injuries. These costs are an estimate of wage and productivity losses, medical expenses, administrative expenses, motor vehicle damage, and employer costs. Effective in 1993, new components were added and new benchmarks and inflation factors adopted. For this reason, the cost estimates for 2001 are not comparable to those published in the past. The following factors were used to approximate the value of the loss for accidents occurring in Arizona.

- | | | |
|----|----------------------------|-------------|
| 1. | Fatality | \$1,040,000 |
| 2. | Incapacitating Injury | 49,500 |
| 3. | Non-incapacitating Injury | 16,500 |
| 4. | Possible Injury | 9,400 |
| 5. | Property Damage Only (PDO) | 6,500 |

