

# BIG I | MISSISSIPPI

INDEPENDENT INSURANCE AGENTS OF MISSISSIPPI

VOLUME 43 • NUMBER 4 • FALL 2023

2022 MISSISSIPPI  
PROPERTY-CASUALTY  
**MARKETPLACE  
SUMMARY**



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# BIG I | MISSISSIPPI

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## DEPARTMENTS

Chairman's Message .....4

From the Commissioner.....7

## FEATURES

IIAM - PAC Fall Golf Outing .....8

Young Agent Conference 2023 .....11

2022 Mississippi Marketplace Summary.....12

Young Agents Sponsored Skeet Shoot .....17

Lessons Learned.....28

# BIG I | MISSISSIPPI

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# CHAIRMAN'S MESSAGE

by Gwen Jolly

**T**he months are flying by! Our association has been busy and working hard with a new membership drive. So, if you know of any independent insurance agents in your community or town who are not a member of our association, please encourage them to get in touch with Sara at the Big I office.

We recently had a board meeting in August, where we met with Insurance Commissioner Mike Chaney and several representatives from the insurance department. As independent insurance agents, we are dealing with very hard markets and major rate increases to property. I believe these meetings are vital for our association and would like to see our board continue hosting these meetings.

Our association has held many events recently to encourage networking and creating new relationships. One is our annual Young Agents Conference, which was held in Biloxi this year. We had a great attendance, with around 135 agents and 130 company representatives. To follow that in September, we hosted the Young Agent Skeet Shoot which was a huge success with perfect weather. Lastly, we just wrapped up our annual IIAM-PAC Golf Tournament to support our state PAC. Over 80 golfers joined us at Dancing Rabbit for a round of golf and dinner.

It is an honor to serve as your Chairman. If you have any suggestions at all, please let me hear from you.

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# FROM THE COMMISSIONER

by Mike Chaney  
INSURANCE  
COMMISSIONER

**R**ecently, my office has seen an increase in calls about Property & Casualty rate increases – specifically homeowners. Agents should be explaining rates and increases to clients in a fair

and factual way. I've heard of some instances where agents are passing the buck – improperly blaming companies and my office for increases.

There's a good deal of misinformation about increases. People commonly think that insurance companies raise their rates purely out of greed. That is not the case. Rate increases are not arbitrary. They are based on careful analysis of risk and actuarial data. Insurance companies need to balance the cost of providing coverage with the need to remain financially stable and able to pay claims. Inflation has also played a big part in current rates. As agents you should be explaining that to your customers.

I sympathize with people who are seeing increases or are receiving non-renewal notices. For some homeowners there are other, lower-cost options that may be available. I encourage you to work diligently with clients to find the best rates and coverage for each situation.

The Mississippi Insurance Department (MID) is recruiting companies that want to do business in Mississippi. Thus far, in 2023, we have licensed 21 new companies. Six of those sell homeowners insurance. MID has also added several non-admitted insurers to our eligible non-admitted list.

I am also actively exploring the implementation of mitigation programs designed to make Mississippi communities more resilient following catastrophic events. It is my hope that these mitigation efforts will generate premium discounts and help to attract more insurers, thus bringing greater stability to Mississippi's property markets.

We've just wrapped up Life Insurance Awareness Month in September. The NAIC Life Insurance Policy Locator has helped more than 3,500 Mississippi consumers claim more than \$72 million in benefits since its inception in November 2016. From August 1, 2022 – August 1, 2023, nearly 1,500 Mississippians have used the tool. Those who were successful

in locating a life insurance policy found more than \$36 million in that 12-month span. The life locator is a free tool that helps us meet our goal of protecting consumers and connecting them with lost policies and possibly money that they're owed.

As you're aware, there is a major unwinding of Medicaid rolls this year. Up to 18 million people are projected to lose Medicaid coverage now that the continuous enrollment requirement put in place under the public health emergency has ended. The Families First Coronavirus Response Act prevented state Medicaid agencies from disenrolling people during the pandemic. There are currently more than 2.7 million insured Mississippians and about a quarter of a million that are uninsured.

Something I'm constantly asked about is the crisis in healthcare. More than 130 rural hospitals in the U.S. have closed over the past decade, and over 600 additional rural hospitals — more than 30% of all rural hospitals in the country — are at risk of closing in the near future. Rural hospitals are at risk of closure because they lose money while delivering services to patients.

In the past, many hospitals have received grants, local tax revenues, or subsidies from other businesses that offset these losses, but there is no guarantee that these funds will continue to be available or sufficient to cover the higher costs hospitals are experiencing. Millions of people could be directly harmed if these hospitals close.

In closing, with the fall season here, it's a good time to inspect your home and make improvements. Encourage your clients to create a home inventory. A free tool to do this is the NAIC Home Inventory App. It can be downloaded from the App Store and Google Play.

I am proud of the work my staff continues to do for their fellow Mississippians. If I can help you, please call my office.

# IIAM - PAC

# Fall Golf Outing

## *Held at Dancing Rabbit*

On October 18th, agents and associate members from all over the state gathered to participate in the IIAM-PAC Golf Outing. This annual event is held to support the state PAC, and it was a beautiful fall day filled with excitement and great sportsmanship. The event was sponsored by FCCI Insurance Group, who generously made it all possible.

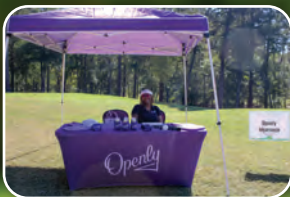
The golfers teed off at noon, generously provided with boxed lunches from Liberty Mutual and Safeco. The event was highly competitive, with 85 golfers competing for the top spot. After a long day of golf, a four-man scramble team consisting of Greg Jones, Tanner Tate, Jeremy Jones, and Jarrett Johnson emerged as the winners, and they were awarded gift cards for their achievement. The golfers also competed for the closest to the pin

prize, which was won Chet Shonk, who won three out of the four holes and J Beasley.

The day ended with the 19th Hole Celebration at the Golden Moon Casino. The IIAM would like to extend heartfelt thanks Mathison Insurance Partners, Beasley General Agency, and Berkley Southeast Insurance Group, along with all the hole sponsors who helped make this event possible! The evening was capped off with prizes provided by the company friends, which everyone enjoyed.

Thank you for the enthusiastic participation of all the attendees. IIAM looks forward to hosting this event again next year and continuing to raise funds for the state PAC.





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# CLINT HANSON

young agent chairman

## QUESTIONS

### HOW DID YOU GET INTO THE INSURANCE INDUSTRY?

About 13 years ago someone had suggested, and I had shown interest in getting into the insurance business. I have an aunt that has been in our agency for many years and knowing everyone at our agency it just seemed like the perfect fit.

### WHAT LED YOU TO GET INVOLVED IN OUR YOUNG AGENT COMMITTEE?

After being in the business about a year our office manager and agency owners at the time thought it would be good for me to start attending Young Agent events. Shortly after that I was asked to be on the Young Agents Committee.

### WHAT ADVICE WOULD YOU GIVE TO YOUNG AGENTS TO HELP THEM GET MORE INVOLVED IN THE ASSOCIATION? AND WHY?

I would not be where I am today in my business and my career without my involvement in Young Agents and the Big I. I have made so many lifelong friends, had numerous mentors, and created a network of colleagues that is wonderful.



## WHAT DO YOU FIND MOST REWARDING ABOUT YOUR JOB?

It would have to be when you can take a customer's situation and create a solution for them to be successful in moving forward.

## WHO/WHAT HAS BEEN THE GREATEST RESOURCE TO YOU?

The first few years in the insurance business are the hardest. I would have never made it through those years without my cheering section. I wish I could name them all but I'm happy to have them in my corner still cheering me on.

## WHAT DO YOU SEE AS THE MOST COMPELLING TREND WITHIN THE INDUSTRY RIGHT NOW?

With inflation and hard markets affecting our industry, agencies are having to adapt their business. I think instead of having that out with the old and in with the new mentality, we're creating a pathway going forward that is specifically tailored to our own agency.



## LIGHTNING ROUND:

### WHAT IS ONE UNIQUE THING PEOPLE WOULD BE SURPRISED TO KNOW ABOUT YOU?

I don't do as much as I used to, but I am a Race Official. I officiate for a few different auto racing sanctioning groups across the southeast.

### IF YOU HAD TO CHOOSE ONE FOOD TO EAT FOR THE REST OF YOUR LIFE, WHAT WOULD YOU CHOOSE?

It would have to be a toss up between pizza and steak.

### WHAT'S THE LAST THING YOU BINGE-WATCHED ON NETFLIX?

Suits

### WHAT'S THE BEST VACATION YOU'VE EVER TAKEN?

The Island of Roatan

### DO YOU HAVE ANY HIDDEN TALENTS?

Most people would agree that I can play the heck out of some Air Guitar.





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# YOUNG AGENTS

## conference 2023



The Independent Insurance Agents of Mississippi and the Independent Insurance Agents and Brokers of Louisiana recently hosted their annual Young Agents Conference, held from August 24-26 at the Beau Rivage in Biloxi, Mississippi. The conference was a great success, offering young insurance agents three days of professional education, networking, and fun.

Thursday's events kicked off with the inaugural Agents Alley Bowling tournament, setting a fun and competitive tone for the rest of the conference. Friday's seminar, led by Luke Nurnberger, provided valuable insights on how to discover oneself and become an effective leader. The day concluded with an opening reception, where attendees had the opportunity to make professional connections while enjoying great food and cocktails.

Saturday's events began with a brunch, followed by discussions on the independent agents ultimate tech stack, presented by Aubie Knight and Jack Wingate. The afternoon was filled with networking opportunities around the pool and the conference closed with a cocktail reception in the evening.

The Young Agents Conference is a great opportunity for young insurance agents to learn from industry experts, network with peers, and have fun. Both IIAM and IIABL would like to thank everyone who attended and supported the conference. We can't wait for next year's event and the chance to help young agents develop and excel in their careers.

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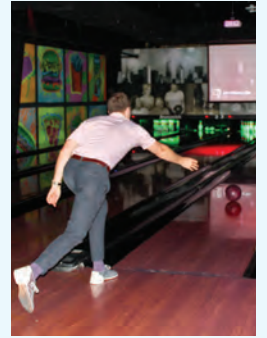


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2022 Mississippi

# MARKETPLACE SUMMARY

Are you curious about how much of the P&C marketplace is captured by insurers using independent agents in Mississippi? Do you want to know how fast premiums are growing in Mississippi, or what the impact of surplus lines is? What changes will independent agents see with the Commercial Multi-Peril line of business in 2023? Do you need a better understanding of the details on the most important line(s) of business in your agency, or how Mississippi compares to other states and the United States? These questions and much more are answered for you in the *2023 Mississippi Annual P&C Marketplace Summary*.

The full Summary provides in-depth details how Mississippi compares to the United States on the 26 lines of business most important to independent agents, along with marketplace trends that are most important to your agency. We can look at the data in the full *Summary* and make some predictions, to show how having these details can be useful to a Mississippi independent agent.

As Big I Mississippi members, you have access to not only the complete Mississippi *Summary* but also the United States *Summary*. Watch for full access to these Summaries in the upcoming member bulletin.



Figure 1

Below are some insights the 2023 *Mississippi Annual P&C Marketplace Summary* brings to light:

- **MISSISSIPPI vs the UNITED STATES:**

The Mississippi P&C insurance marketplace represents almost 1% of the entire United States marketplace of \$861 billion. That is, as shown in Figure 1, \$6.9 billion in P&C premiums or \$2,337 for every person in Mississippi. That puts Mississippi 36<sup>th</sup> out of 51 states in total premiums. Mississippi “punches a bit above its weight-class” in per capita ranking, 10 spots higher at 26<sup>th</sup>.

- **PREMIUM CHANGE:**

Mississippi P&C premiums have grown slightly slower than P&C premiums in the United States overall. This is greatly influenced

by the slower than average rate of premium growth within the largest premium line of business in Mississippi, Private Passenger Auto.

- **LOSSES:**

The 2022 average loss ratio across all lines of business in Mississippi was 61%. That is very close to the 5-year average of 60%. Mississippi’s average loss ratio compares favorably to the United States, as do the loss ratios on most of the largest premium lines of business.

- **DISTRIBUTION:**

In the *Summary*, insurers are classified as to how they distribute their insurance policies. In Figure 1 above you can see that of the \$6.9 billion total premiums, \$3.9 billion are written through independent agents. That is, in Mississippi, independent insurance agents

write 57% of P&C premiums, while the average for the United States is higher at 62%. Notably, independent agent penetrations are growing both in Mississippi and in the United States.

- **SURPLUS LINES (E&S):**

Surplus lines utilization in Mississippi is growing, as it is in the United States. Mississippi’s utilization rate of 8.6% is close to the United States utilization rate of 9.0%.

- **COMMERCIAL MULTI-PERIL:**

Mississippi premiums for Commercial Multi-Peril increased faster than for the rest of the United States, yet the loss ratio on this line of business is lower in Mississippi than for the rest of the United States.

# MISSISSIPPI P-C PREMIUMS

## P&C Premiums: Mississippi vs. United States

Figure 2, *Mississippi: Direct Written P&C Premiums*, shows the direct written P&C premiums in Mississippi for all distribution styles and all lines of business combined. This is compared to the United States which is shown in Figure 3, *United States: Direct Written P&C Premiums*. Although the growth rate increased last year in Mississippi, premiums have grown more slowly in Mississippi than in the United States, both last year and over the preceding 5 years.

## MISSISSIPPI DIRECT WRITTEN P-C PREMIUM

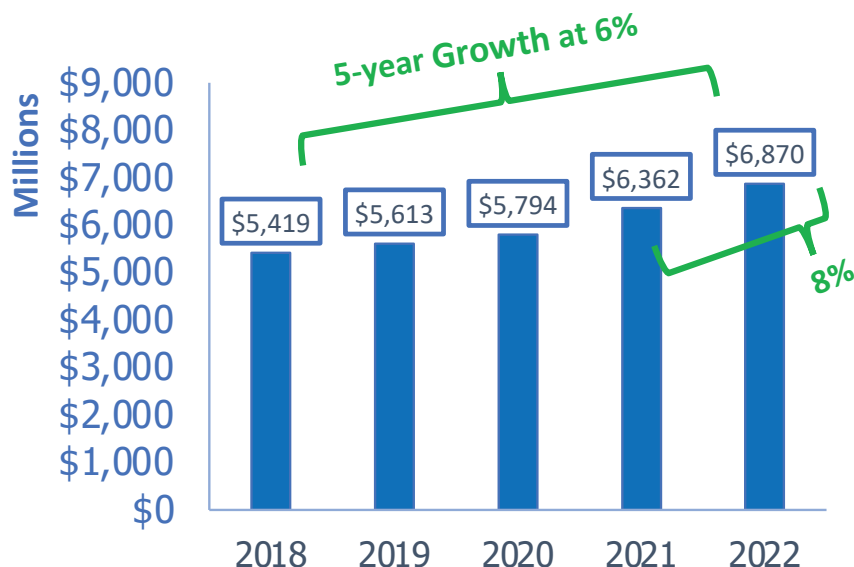


Figure 2

## U.S. DIRECT WRITTEN P-C PREMIUM



Figure 3

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## P&C PREMIUMS: LINES OF BUSINESS GROWTH

Figure 4 below, titled *2022–Mississippi vs. United States: Premium Growth Rates by Line*, shows average growth rates by individual lines of business for Mississippi, as compared to the United States. The lines of business are presented in alphabetical order. From 2021 to 2022 the lines of business that stand out as growing the fastest in Mississippi are Multi-Peril Crop and Other Liability (Claims-made). The lines of business growing the slowest actually did not grow at all, these lines shrank in premiums. That includes negative premium growth in both Fidelity and Federal Flood. The latter is of particular interest, as it is part of a marketplace shift of flood premiums from the Federal Flood line of business, to the Private Flood line of business.

### 2022 MISSISSIPPI VS UNITED STATES PREMIUM GROWTH RATES BY LINE

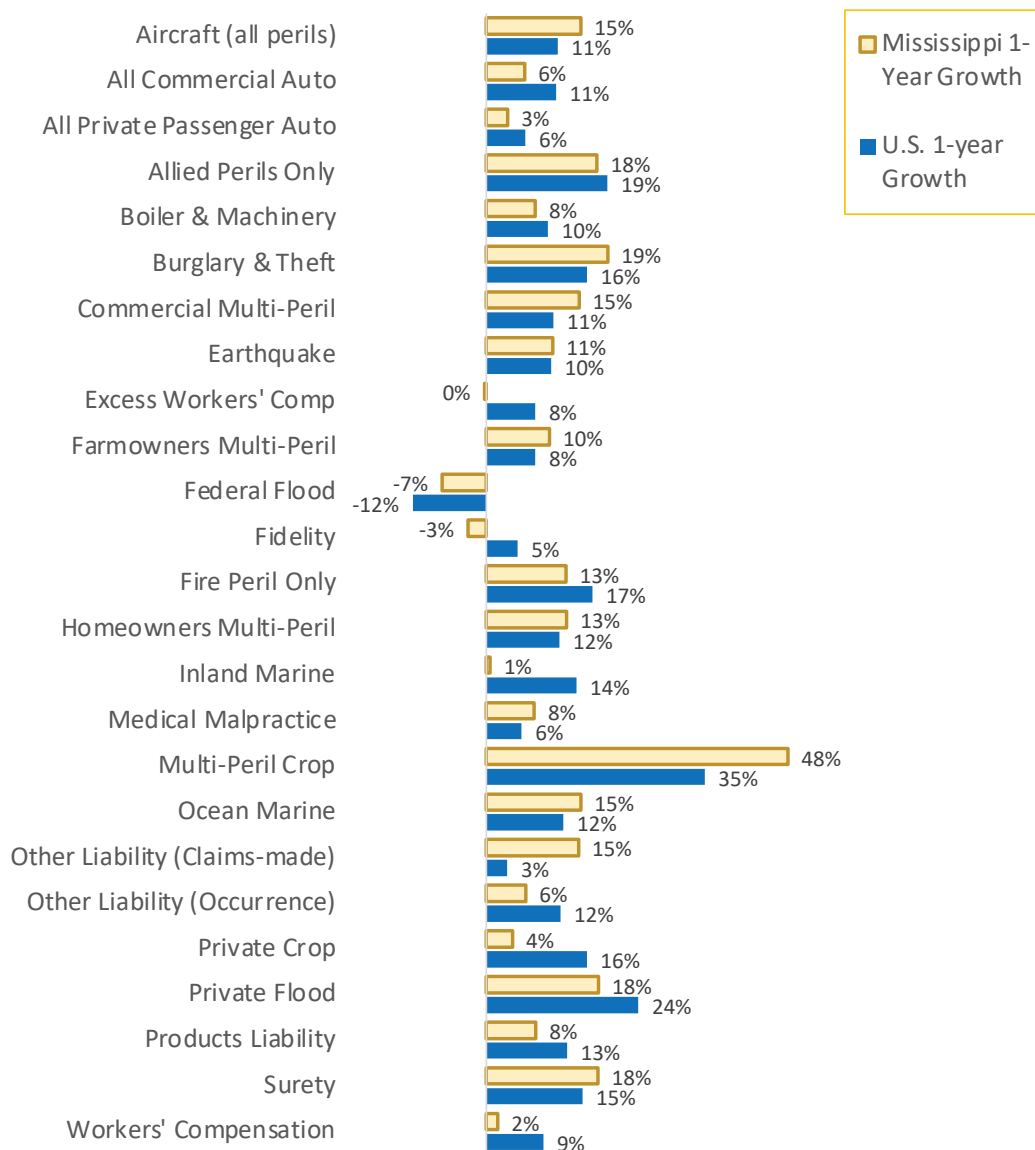


Figure 4

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# MISSISSIPPI P-C PREMIUMS (CONTINUED)

## P&C PREMIUMS: THE LARGEST LINES OF BUSINESS

Figure 5, 2022 – Mississippi: Total Premium For All Lines of Business, shows premiums for all 32 lines of business reported on by insurers, with the 26 lines of business that independent agents work with the most highlighted by an asterisk (\*). In Mississippi, by far the largest line of business is Private Passenger Auto at \$2.25 billion in premiums, followed by Homeowners Multi-Peril at \$1.3 billion. That is not unusual, and the United States overall has these two lines as the largest premium lines of business as well. A note related to the previous section is on Federal Flood and Private Flood total premiums in Mississippi. Private Flood is growing and Federal Flood is shrinking but the premiums totals below make clear that Private Flood is not yet the marketplace factor in Mississippi that it has become in other states. For example, the ratio of Private to Federal Flood is about \$1 to \$4 in premium in Mississippi. In the United States is close to twice that ratio at \$1 in Private Flood to \$2 in Federal Flood premiums. In fact, one large state last year actually saw Private Flood premiums exceed Federal Flood premiums (Michigan).

## 2022 - MISSISSIPPI: TOTAL PREMIUM FOR ALL LINES OF BUSINESS (\$6,869,771,000)

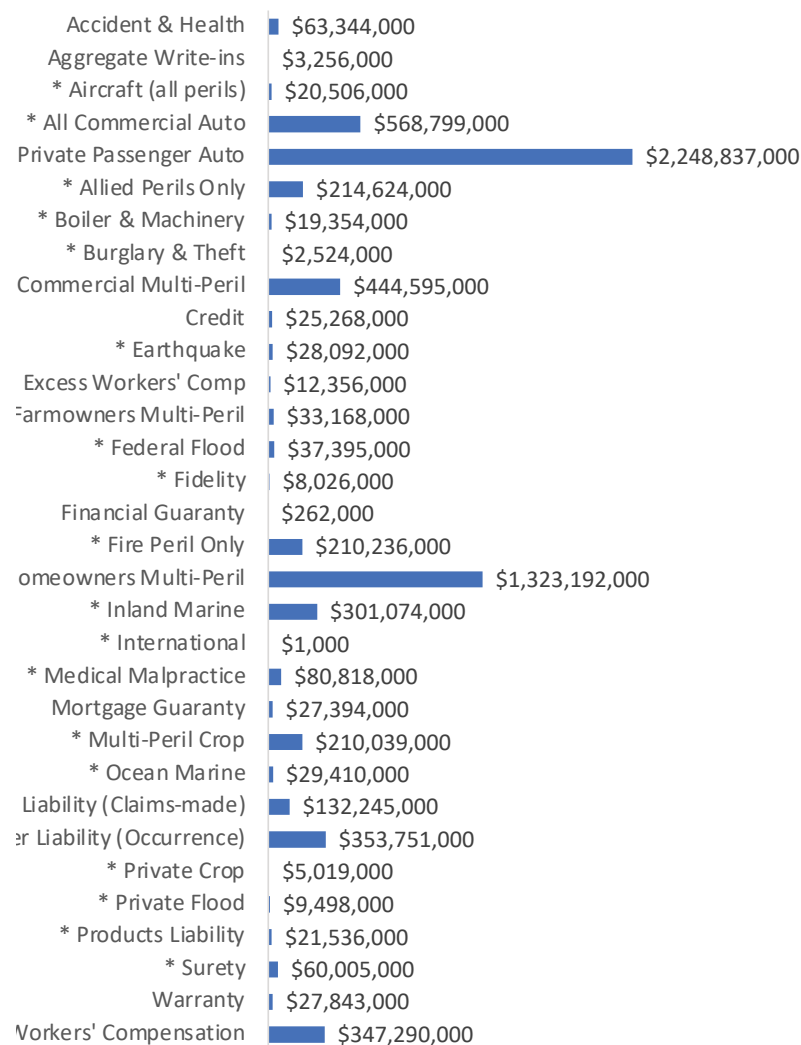


Figure 5

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## P&C PREMIUMS: ALL DISTRIBUTION STYLES VS. INDEPENDENT AGENTS

Figure 6, 2022–Mississippi: *All Distribution Styles*, and Figure 7, 2022–Mississippi: *Independent Agent Distribution* compares line of business premiums. The side-by-side view below shows that Private Passenger Auto and Homeowners Multi-Peril are proportionately less important to independent agents compared to other distribution styles. Specifically, independent agents write less Private Passenger Auto and Homeowners Multi-Peril than do other distribution styles, but independent agents write more commercial and specialty lines, like Commercial Multi-Peril, Commercial Auto, Workers' Compensation, Other Liability (Occurrence), and Inland Marine.

### 2022 - MISSISSIPPI: ALL DISTRIBUTION STYLES

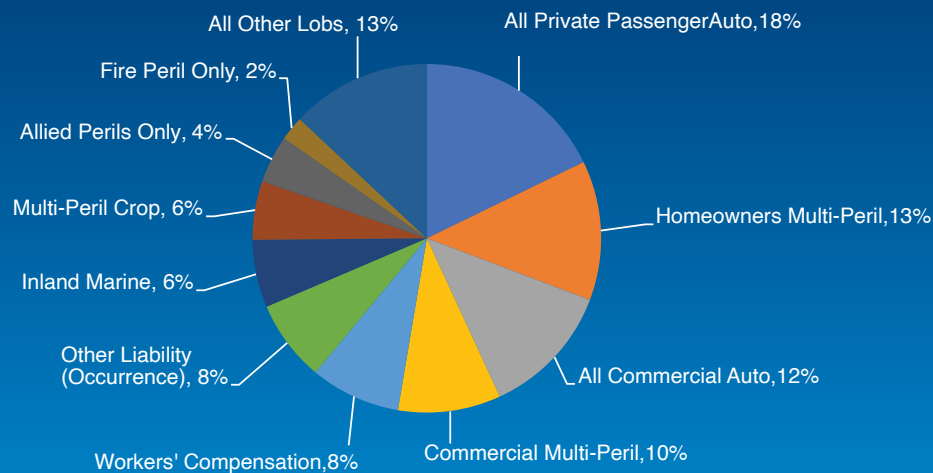


Figure 6

### 2022 - MISSISSIPPI: INDEPENDENT AGENT DISTRIBUTION

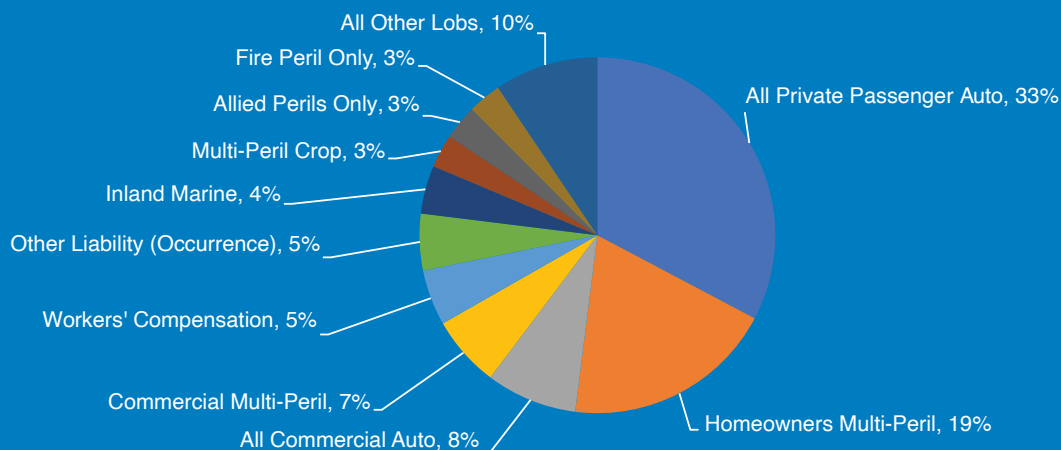


Figure 7

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# MISSISSIPPI LOSS RATIOS

## LOSS RATIOS: MISSISSIPPI VS. UNITED STATES

Figure 8, *Mississippi: Loss Ratio All P&C Lines*, shows 2022 loss ratios of 61%, and on average for the last 5 years, at 60%. As can be seen in Figure 9, *United States: Loss Ratio All P&C Lines*, Mississippi's loss ratio has been more favorable in 2022, and more favorable in 4 of the last 5 years resulting in an average for the last 5 years of 3 percentage points lower in Mississippi vs. the U.S. (60% vs. 63%).

### MISSISSIPPI: LOSS RATIO ALL P&C LINES

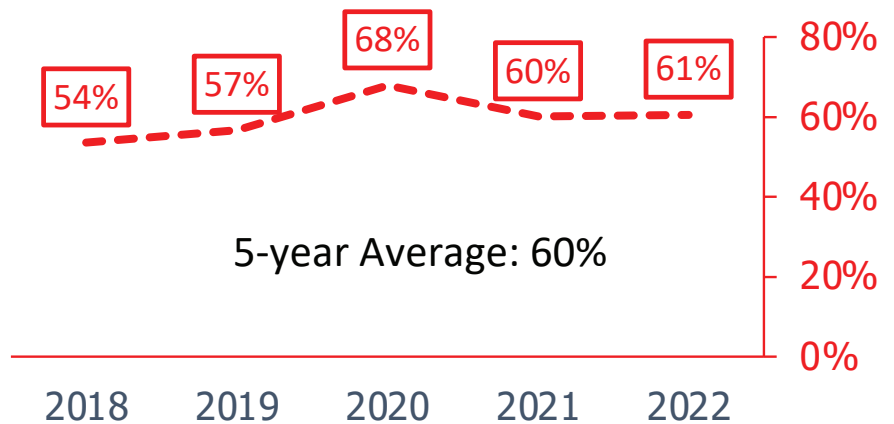


Figure 8

### UNITED STATES: LOSS RATIOS ALL P&C LINES

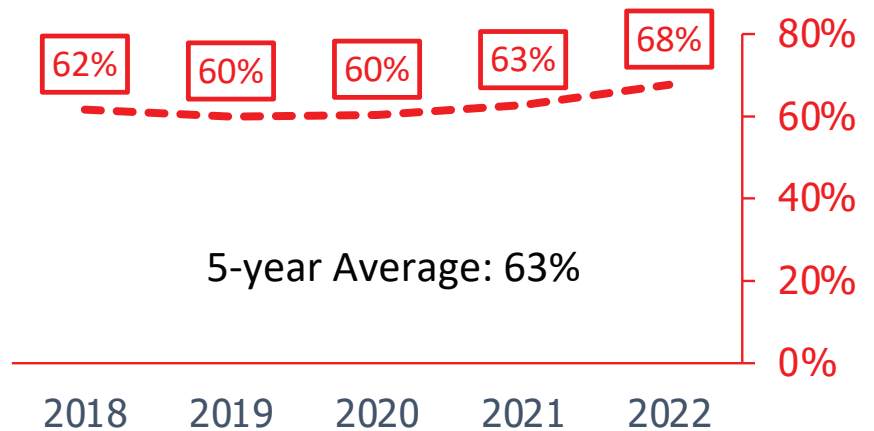


Figure 9

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## LOSS RATIOS: LINES OF BUSINESS

Figure 10, 2022—*Mississippi vs. United States: Loss Ratios*, shows the loss ratios for the 26 lines of business independent agents focus on the most, as compared to the United States. Notably, loss ratios for several of the largest premium lines of business in Mississippi are lower than the United States: Private Passenger Auto, Homeowners, Commercial Auto, and Commercial Multi-Peril.

### 2022 - MISSISSIPPI VS UNITED STATES: LOSS RATIOS

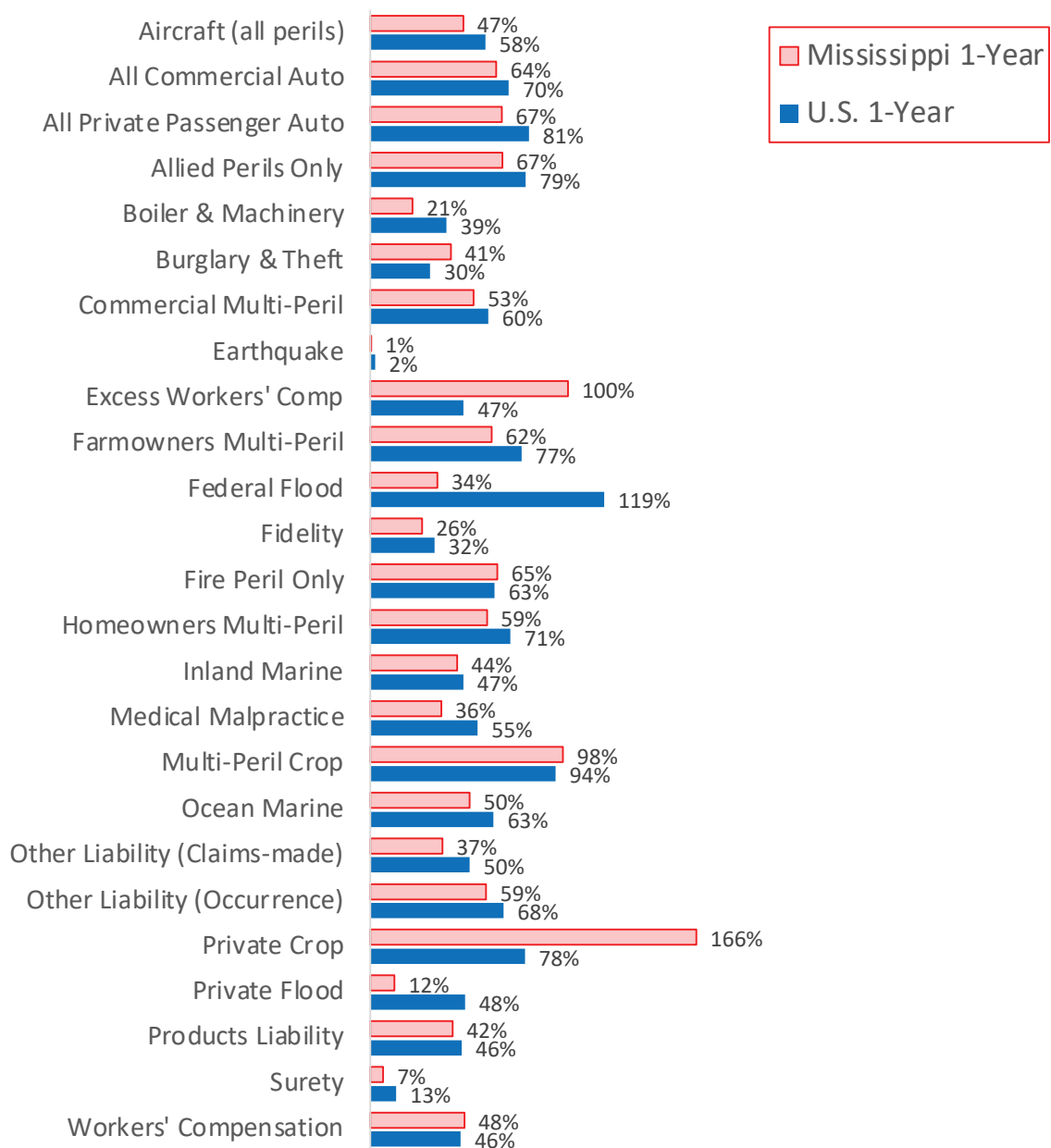


Figure 10

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# MISSISSIPPI PENETRATION RATES

## PENETRATION BY TOP LINES OF BUSINESS

Figure 11, *Mississippi Penetration: Top Independent Agent Lines of Business*, shows Mississippi's independent agent penetration rates for the largest premium lines of business. As can be seen, penetration rates are lower in Private Passenger Auto and Homeowner Multi-Peril, but much higher in commercial and specialty lines. For agent-focused lines of business combined, in Mississippi, the average is 57% and growing.

Figure 12, *Mississippi: Penetration Rates of Total (All Lines)* and Figure 13, *United States: Penetration Rates of Total (All Lines)* provides added perspective. The United States average penetration rate is higher at 62%, but the Mississippi penetration rate has also grown, and by more percentage points than the United States overall.

## MISSISSIPPI PENETRATION: TOP INDEPENDENT AGENT LINES OF BUSINESS

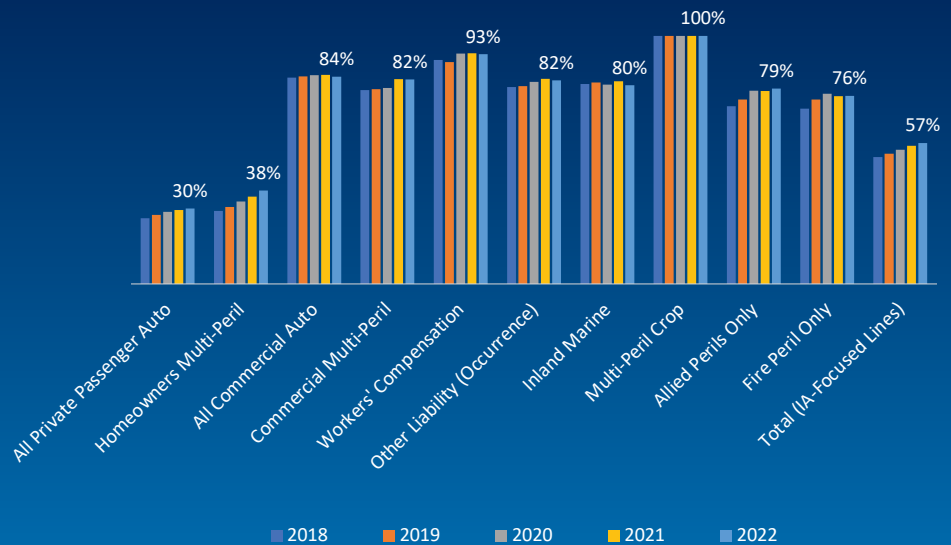


Figure 11

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## PENETRATION TRENDS OVER TIME

### MISSISSIPPI: PENETRATION RATES OF TOTAL (ALL LINES)

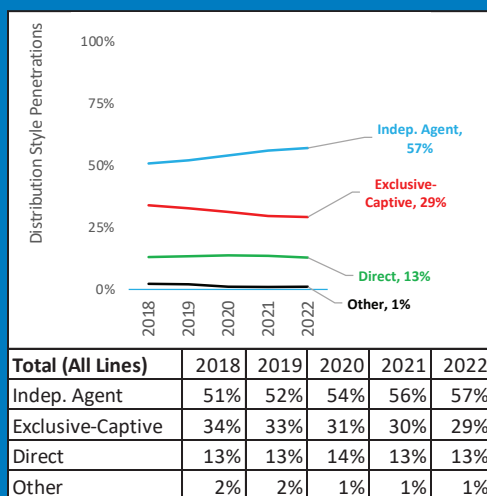


Figure 12

### UNITED STATES: PENETRATION RATES OF TOTAL (ALL LINES)

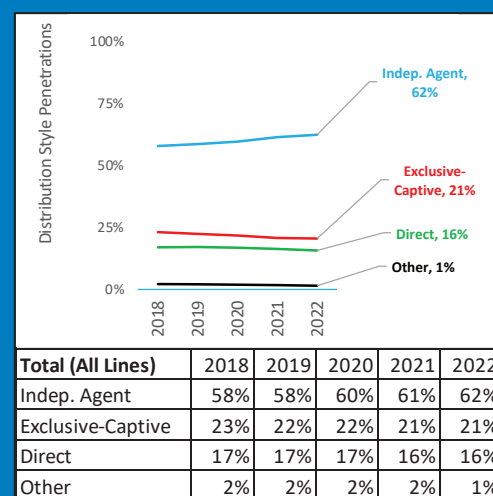


Figure 13

# MISSISSIPPI SURPLUS LINES

## 2022 - MISSISSIPPI: SURPLUS LINES AND LINES OF BUSINESS

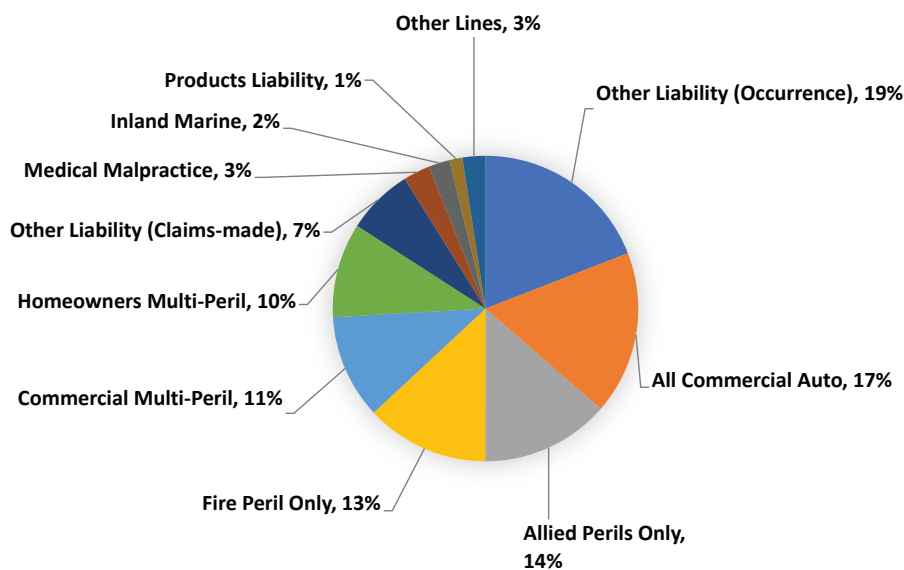


Figure 14

## 2022 - MISSISSIPPI SURPLUS LINES PREMIUM TREND

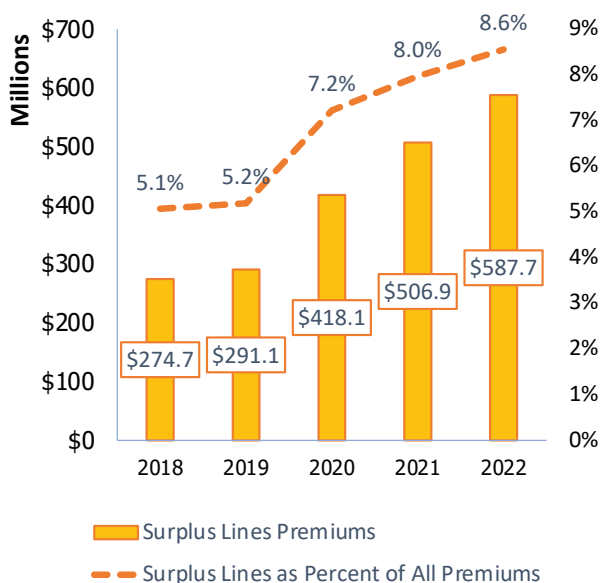


Figure 15

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Figure 14, 2022 – Mississippi: Surplus Lines and Lines of Business shows the lines of business in Mississippi with the most surplus lines premiums. Notably, for Mississippi, All Commercial Auto, and Homeowners Multi-Peril have more surplus lines premiums than the United States overall. Figure 15, Mississippi: Surplus Lines Premium Trend shows that premiums in surplus lines are growing in total, and as a percentage of all premiums. The growth of surplus lines is not unusual and the United States overall is also experiencing a similar surplus lines growth trend.

In addition to the above, it is useful to have some United States data for Surplus Lines to compare to Mississippi data. Below are selected facts to help make that comparison, taken from the 2023 United States Annual P&C Marketplace Summary:

- 2022 Surplus Lines percent of all premiums is 9.0%. in 2022
- Top lines written in surplus lines are Other liability (Occurrence) at 29%, Other Liability (Claims-Made) at 20%, Fire Peril Only at 10%, Allied Perils Only at 8%, Commercial Multi-Peril at 6%, Commercial Auto at 6%, Medical Malpractice at 4%, and Homeowners Multi-Peril at 4%.

The 2023 United States Annual P&C Marketplace Summary provides a comprehensive look at national surplus lines data, and is available to members via [www.iiaba.net](http://www.iiaba.net).

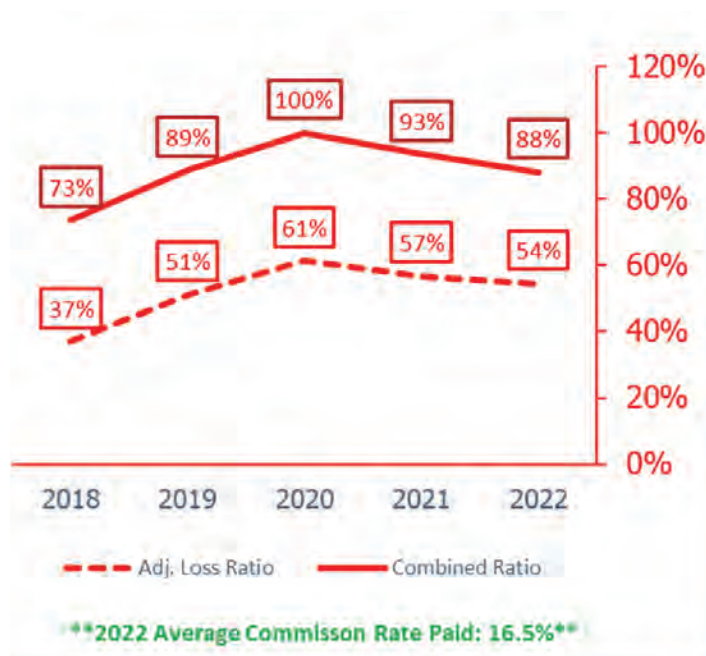
# EXAMPLE LINE OF BUSINESS DETAILS: COMMERCIAL MULTI-PERIL

Much can be learned about the 26 lines of business that independent agents work with most in the product details pages of the *2023 Mississippi Annual P&C Marketplace Summary*. As an example of what can be gleaned from the in-depth data provided in the annual *Summary*, Commercial Multi-Peril is highlighted here and presented in Figure 16, *Commercial Multi-Peril*.

2022 - MISSISSIPPI: COMMERCIAL MULTI-PERIL  
WRITTEN PREMIUM (5 YR. AVE. PENETRATION - 80%)



2022 - MISSISSIPPI: COMMERCIAL MULTI-PERIL  
LOSS/COMBINED RATIO (5 YR. AVE. 53%/89%)



ALL Direct Written Premium (DPW)	Ind. Agent DPW	Excl.-Captive Agents DPW	Direct DPW	Surplus Lines DPW
\$444,595,000	\$366,057,000	\$57,110,000	\$20,239,000	\$64,810,000
Loss and Combined Ratio Data Status	IA+MGA+IA-Mixed Penetration	Excl.-Captive Penetration	Direct Penetration	Surplus Lines Utilization
100%	82%	13%	5%	14.6%
Active Affiliated and Unaffiliated Insurers	IA+MGA+IA-Mixed Insurers	Excl.-Captive Insurers	Direct Insurers	Surplus Lines Insurers
277	239	19	13	62
1-Year / 5-Year Premium Growth: All Premium	1-yr / 5-yr: IA+MGA+IA-Mixed	1-yr / 5-yr: Excl.-Captive	1-yr / 5-yr: Direct	1-yr / 5-yr: Surplus Lines
15% / 8%	15% / 10%	14% / 2%	31% / 9%	30% / 19%
<b>Top 5 Groups or Unaffiliated Single(s)</b>	<b>1-Year DPW</b>	<b>1-Year Adj. Loss Ratio</b>	<b>1-Year Growth Rate</b>	<b>Group Name or ALL L.O.B. DPW</b>
Travelers Group (G)	\$53,858,000	70%	17%	N/A
Liberty Mutual Insurance Companies (G)	\$37,887,000	71%	19%	N/A
Nationwide Group (G)	\$34,849,000	73%	8%	N/A
State Farm Group (G)	\$28,170,000	32%	16%	N/A
Hartford Insurance Group (G)	\$23,390,000	57%	20%	N/A
Total or Average	\$444,930,000	54%	15%	N/A
<b>Top 5 Pure Independent Agent-Broker Policy-Issuing Insurers</b>				
Philadelphia Indemnity Insurance Company	\$16,999,000	39%	8%	Tokio Marine US PC Group
Ohio Security Insurance Company	\$16,869,000	50%	20%	Liberty Mutual Insurance Companies
Brotherhood Mutual Insurance Company	\$14,246,000	74%	16%	...
Travelers Property Casualty Co of Amer	\$13,734,000	35%	7%	Travelers Group
Brierfield Insurance Company	\$11,422,000	30%	-4%	FCCI Insurance Group
<b>Top 3 MGA/Wholesale Policy-Issuing Insurers</b>				
Independent Specialty Insurance Company	\$6,925,000	23%	95%	Markel Corporation Group
Western World Insurance Company	\$3,800,000	59%	3%	American International Group
Maxum Indemnity Company	\$2,253,000	6%	45%	Hartford Insurance Group
<b>Top 3 Exclusive-Captive Policy-Issuing Insurers</b>				
State Farm Fire and Casualty Company	\$28,170,000	32%	16%	State Farm Group
Mississippi Farm Bureau Casualty Ins Co	\$10,546,000	51%	13%	Southern Farm Bureau Casualty Group
Allstate Indemnity Company	\$4,779,000	67%	10%	Allstate Insurance Group
<b>Top 3 Direct Policy-Issuing Insurers</b>				
Alfa Insurance Corporation	\$9,903,000	80%	31%	Alfa Insurance Group
Nationwide General Insurance Company	\$4,266,000	49%	73%	Nationwide Group
Crestbrook Insurance Company	\$1,359,000	43%	66%	Nationwide Group
<b>Top 3 Surplus Lines Policy Issuing Insurers</b>				
Scottsdale Insurance Company	\$7,314,000	43%	-8%	Nationwide Group
Independent Specialty Insurance Company	\$6,925,000	23%	95%	Markel Corporation Group
Fortegra Specialty Insurance Company	\$5,556,000	60%	92500%	Fortegra P&C Group
<b>Top Individual RRG</b>				
\$0				

Figure 16

Source: © A.M. Best Company — Used by Permission.

Using the Commercial Multi-Peril line of business example, complete national data is available to members via the 2023 United States Annual P&C Marketplace Summary at [www.iiaba.net](http://www.iiaba.net).

Below are selected facts for comparison for United States and Commercial Multi-Peril:

- 1/5-year premium growth is 11%/7%
- 1/5-year loss ratio is 60%/59% and the 1/5-year combined ratio is 97%/99%
- 2022's commission is 17.1%
- 1/5-year penetration is 84%/84%
- 2022's surplus lines utilization is 9.0% (this is a coincidence and the same as the United States surplus lines utilization rate overall)
- There are 771 active Commercial Multi Peril insurers in the United States, 632 distribute through independent agents. The largest group is Travelers and the largest IA-focused insurer is Philadelphia Indemnity.

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# MISSISSIPPI COMMERCIAL MULTI-PERIL OBSERVATIONS

From the data available in Figure 16 above and drawing on selected United States data, the following observations can be made about Mississippi Commercial Multi-Peril. These are provided as examples of what you as independent agents might glean from the *Summary's* data on any one of the lines of business important to your agency.

- **INCREASED INSURER COMPETITION**

There are 277 active insurers in this line of business in Mississippi and 239 distribute through independent agents. Commercial Multi-Peril premiums in Mississippi grew at 15% from 2021 to 2022 and averaged 8% over the past 5 years. That is faster growth in Mississippi than in the United States for Commercial Multi-Peril, which grew at 11% (2022) and 7% (5 years). During these same years the Mississippi Commercial Multi-Peril loss ratio was 54% in 2022, and it averaged 53% over the past 5 years. Those loss ratios are more favorable than the United States, which had a 60% loss ratio in 2022, and averaged 59% for past 5 years. **Based on this data one might expect premium increases to slow and competition for individual accounts to increase.**

- **INCREASED AVERAGE COMMISSIONS**

Average Commercial Multi-Peril commissions in Mississippi were 16.5% in 2022. This is below the United States average of 17.1%. Take note that these commissions do include contingency commissions and average commissions generally fall after higher loss years and increase after low loss years. **Based on this, one would expect that in Mississippi average commissions in this line of business would increase in coming years.**

- **LESS SURPLUS LINES**

Surplus lines is a significant factor for agents in Mississippi with the Commercial Multi-Peril line of business, and makes up 14.6% of all premiums for Commercial Multi-Peril. The United States sees 9.0% of Commercial Multi-Peril go to Surplus Lines. **Based on this, one would expect the percentage of Commercial Multi-Peril premiums in surplus lines to fall.**

## P&C Industry Data Analysis

The article and the full *2023 Mississippi Annual P&C Marketplace Summary* provides the reader with both visual and numeric presentations of the Mississippi P&C marketplace data, as a benefit of your membership with the Big I Mississippi. The presentation of data is intended to address the viewpoint of Mississippi's independent insurance agents. The full Summary is a member resource and tool that agents can refer to year-round. Any questions, comments, or need for further analysis, are welcomed at the contact information below.

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# YOUNG AGENTS

## Skeet Shoot

On the fall morning of September 26, 2023, agents and company representatives gathered at Providence Hill Farms for a day of skeet shooting. Sponsored by the young agents, the skeet shoot is an annual event that has been held each fall for four years now and everyone was thrilled to be back on the prestigious course at Providence Hills.

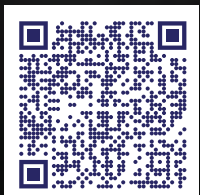
Thanks to Builders Mutual for providing breakfast for all participants. The event saw 12 teams participate, and Breckon Young, Jacob Clark and Hunter Posey, emerged as the top shooters of the day. The winners were rewarded with fantastic prizes provided by Jencap Insurance Services.

It was a day of great fun and relaxation, with participants and volunteers alike having a great time. The event was made possible by the generous sponsorship of AmWins and Imperial PFS, who provided a fantastic lunch for everyone in attendance. We would like to extend our sincere gratitude to all sponsors, volunteers, and participants who made the event a great success. The day was a perfect reminder of the importance of community, camaraderie, and the joys of outdoor activities.





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## LESSONS LEARNED

# ATTENTION TO THE LITTLE THINGS CAN PREVENT E&O CLAIMS

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“Lesson’s Learned” is a recurring article by David A. Barfield based on real errors and omissions cases in Mississippi. David has represented insurance agents for over 30 years. The names of all parties and all case citations have been omitted to preserve anonymity of the parties.

### ALLEGATIONS OF THE INSURED

In October 2003, an insurance agency procured four insurance policies for an insured. One was for the insured’s primary home, another for the insured’s beach house, an automobile policy, and an excess liability policy. The premium was billed under a single account and was payable in four installments. The insurer agreed to direct bill the insured for each premium payment. The insured’s beach house suffered damage as a result of Hurricane Katrina. The insured’s claim was denied. A lawsuit was filed against the insurer and the agency for breach of contract and negligence.

### FACTS GIVING RISE TO THE LITIGATION

In late 2003 and continuing into 2004, the insured contacted the agency several times about changing the billing address. Despite these requests, the billing address never changed. The insured failed to receive billing statements and regularly failed to make timely premium payments. At least eight notices of cancellation were issued and on at least one occasion the policies were temporarily cancelled. Despite these issues, the insured was able to arrange with the agency to pay an amount to keep all policies in force.

The policies renewed in October 2004, and the insured continued to experience billing problems. On two occasions the insurer sent notices of cancellation. After receiving the notices, the insured contacted the agency and asked that it send her the bill so she could avoid cancellation. The agency did so and the premiums were paid before cancellation.

Because the insurer continued to send the bills to the wrong address, the insured again contacted the agency in November 2004 asking to change the “insured address” to an Arkansas address and to cancel the automobile policy. An employee of the insurer interpreted the request as one to change the mailing address, not a request to change the mailing and billing addresses. The mailing address was changed, and the automobile policy was cancelled, however, the billing address remained the same. In mid-January 2005 the insured again requested that the billing address be changed.

The insurer sent the third bill for the 2004-2005 policy year on January 21, 2005. Because the bill was not sent to the Arkansas address, the insured did not receive it. A reminder notice was sent but also not to the Arkansas address and the insured did not receive it. The insured did not pay the premium. In March 2005 the insurer mailed cancellation notices for non-payment of



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premium to the insured at the Arkansas address. The notices stated the amounts due and when the policies would be cancelled. The insured received the notices before the policies were cancelled but did not ask the agency to send her the bill or pay the amount due. A premium refund was mailed on May 4, 2005, but was sent to the wrong address.

In June 2005, the insured contacted the agency about her account and was informed that her policies had been cancelled but the insured did not believe it. The insured claims that the agency employee told her the agency would contact the carrier and that she did not need to make a payment but had a credit coming. In August 2005, the insured contacted the home office of the agency and spoke with someone there. According to the insured, that person told the insured that she was going to help her “take care of this” and asked the insured to tell her exactly what she needed covered. That day, the insured wrote a check to the insurer but did not send it. By letter dated August 18, 2005, an agency employee informed the insured that the beach house policy had been cancelled effective April 6, 2005, and that the agency would make no attempt to have the policy reinstated or replaced without receipt of a written request from the insured. The insured never contacted the agency to seek reinstatement or replacement of the policy.

Hurricane Katrina struck on August 29, 2005, damaging the beach house. On September 15, 2005, the insured overnighted the check written in August and the agency assisted her in filing her claim on the beach house. The claim was denied because the policy had been cancelled before the claim arose.

## WHAT HAPPENED?

The case went to trial. The trial judge dismissed the claims of the insured against the insurer and the agent. The case was then appealed. In the appellate court, the insured argued that her premium credit exceeded the amount owed at the time the policy was cancelled and the carrier had a duty to apply the credit to her outstanding balance. The court found that the insured had failed to produce sufficient evidence that her credit, at the time of cancellation, was sufficient to pay the premium.

The insured also argued that the insurer breached the insurance agreement by failing to send the billing statements to the proper address. The insurer argued that even if it did breach the agreement, the breach was not material and did not excuse the insured from her duty to pay the premium. The Court agreed with the insurer. The Plaintiff admitted receiving the notices of cancellation, she knew how much was owed and what she had to do to prevent cancellation. The insured did not submit sufficient evidence to show that receiving the bill at the correct address was an essential term of the agreement. The insured was never billed at the correct address but still paid her first and second premiums, timely. After she received a notice of cancellation, she arranged to

pay the premium. The failure to send the bill to the correct address did not substantially defeat the contract’s purpose.

The insured made two arguments on appeal regarding the agency. First, it argued that the agency’s failure to correct the billing address was negligent and a cause of her damages. The court disposed of that argument by holding that if the insurer failing to bill the insured at the correct address did not constitute a material breach of the agreement, then the agency’s failure to ensure that the carrier had the proper billing address could not have been a cause of the insured’s damages.

The second argument against the agency on appeal was that the agency was negligent when it failed to reinstate or replace the beach house policy. The court held that there was no sufficient evidence that the agency agreed to reinstate or replace the beach house policy which would have imposed a duty on the agency to do so.

## LESSONS LEARNED:

- All of this could have been avoided had the agency simply documented a request to the insurer to change the billing address.
- Handling the little details correctly and in a timely manner can help avoid errors and omissions claims.
- Make sure the insured address, mailing address and billing address are correct and never assume they are the same.
- Promptly document that any changes requested by the insured were communicated to the insurer. An email request to an insurer for a change is some evidence of the request being made but email delivery is not perfect. It is a good idea to request a “read receipt.” Once the request is documented as having been received by the insurer, the ball is in their court.
- This case could have turned out quite differently for the agent if the facts had been different.

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