



# Doing Our Part



**HOW INSURANCE IMPACTS  
TEXAS AND TEXANS**



# DOING OUR PART: HOW INSURANCE IMPACTS TEXAS AND TEXANS

Inside Front  
Cover In the Fight to End COVID

## Working for Texas

- 3 Insurance Throughout History
- 4 Executive Summary

## Protecting Texans

- 6 Property/Casualty Insurance
- 7 Catastrophes
- 10 Health Insurance
- 11 Life Insurance and Annuities
- 12 Long-Term Care, Supplemental  
and Disability Insurance
- 13 The Role of Insurance Agents

## Investing in Texas

- 14 A Leading Employer
- 14 Providing Economic Stability  
and Opportunity
- 15 Funding Texas

## Supporting Texans

- 16 Giving Back
- 18 Supporting Texas Communities
- 19 Insurance Council of Texas  
Education Foundation
- 21 More Than Just Your Insurer

Back Cover Doing Our Part

## IN THE FIGHT TO END COVID

**D**uring the pandemic, insurers have gone beyond their traditional roles and policy obligations to help individuals, businesses and communities navigate this unprecedented time. Insurers have stepped up, committing billions of dollars to relief efforts. From providing auto premium rebates to eliminating patient cost sharing for COVID testing and treatment, from suspending billing for small businesses to expanding telehealth services to cover mental and behavioral health care, insurers are altering normal business practices to support those affected.

Insurers have established a fund of up to \$100 million to support families of frontline healthcare heroes in their darkest hours. The fund will provide basic and continuing financial support for critical needs such as funeral costs, medical care, food, educational expenses, mortgage or rent payments and immediate living expenses.

A growing number of insurers are providing significant financial support for charitable and community organizations working in COVID relief, including those focused on feeding children and older Americans. Others are donating respirators, providing parking lots for drive-through testing, and providing direct support to community programs.

Insurers are in the fight to end COVID, and they will continue to be vital and engaged partners until we are safe.

The insurance industry touches the lives of every resident in the Lone Star State by:



Protecting families and businesses from financial risk



Providing hundreds of thousands of jobs for Texans



Investing billions in financing for infrastructure projects and other initiatives

The following pages detail the many ways in which the insurance industry underwrites our state's economic well-being and provides financial stability that preserves the quality of life Texans enjoy.

## INSURANCE THROUGHOUT HISTORY

Although it may look very different today than in ancient times, insurance in some form of risk-sharing has existed to give people peace of mind almost since humans first began gathering in society. Ancient China, Babylon, Persia, Greece, Rome, and more all had forms of insurance, many designed to protect merchants in the event their goods were stolen or lost at sea.

Those early forms of insurance developed throughout the Medieval and Enlightenment Eras and beyond, driven by the common concerns, risks, and events of the time. For instance, the Great Fire of London in 1666 gave rise to property insurance. London's status as a trade center increased demand for business-related insurance. And rising injuries and fatalities on the railway system in the late 19th century led to accident insurance.

The earliest insurance companies in what would become the United States, one of which was founded by Benjamin Franklin in 1752, protected colonists' property from fires and natural disasters and issued some of the earliest life insurance policies on record.

Since its prehistoric beginnings, insurance has allowed people to move forward with grand ideas and plans without fear of loss. Innovation and progress have happened in large part thanks to the sense of security insurance has provided, as well as the investments insurance companies make in infrastructure, stocks, schools, hospitals, and more.

It's as true today as ever: Insurance bolsters economies, and it helps individuals and families achieve their biggest dreams and recover from their most devastating losses. It's there for us when we need it most, and it will continue to be there as we dream bigger and bolder.

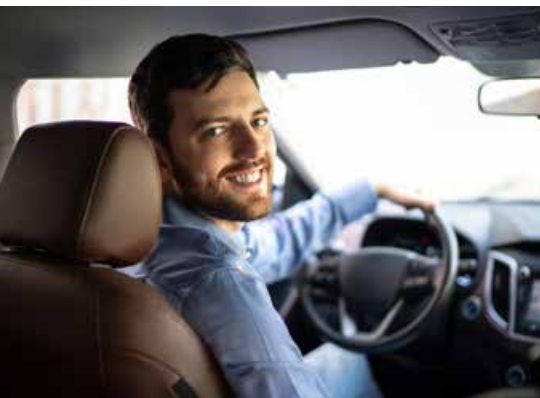
## EXECUTIVE SUMMARY

**I**nsurance provides Texans peace of mind during the most significant moments of their lives. It soothes financial anxieties as people embark on new business ventures, face unexpected health challenges, purchase homes, and lose loved ones.

But insurance doesn't just ease life transitions for individuals; it also bolsters the economy as a whole. Studies have shown that worldwide, insurance promotes positive economic growth. And at a time when the COVID-19 pandemic is driving economic woes that impact nearly every industry in the state, insurance's role is all the more important.

Insurance companies' impact happens on three levels. Insurance allows people to take risks and innovate in ways that propel our world forward. Insurance companies themselves invest in the Texas economy by funding municipal bonds, enabling infrastructure projects, and supporting technological innovations. And last, insurance companies employ hundreds of thousands of individuals in Texas alone.

Together, the role of insurance in supporting Texas and Texans is undeniable. In some way or another, the insurance industry impacts every single person by protecting individuals and families, preserving communities and promoting economic growth.







## Property/Casualty Insurance

**I**n 2019, property and casualty insurers in the state protected Texans by covering property losses for cars, homes, farms and businesses totaling \$36.6 billion in that year alone.



## Health Insurance

**I**n 2019, 82% of Texas' population enjoyed health coverage, with more than 15 million Texans covered by private insurance, mostly through their employers.



## Life Insurance

**N**ot only do life insurance products provide financial security, the assets of life insurance providers are a particularly valuable source of long-term capital for communities, families and businesses in Texas. In 2019, Texas insurers provided financial stability to Texans by paying them \$13.8 billion in the form of death benefits and annuities.



## Investments

**E**very year, insurance companies invest billions in the Texas economy through the purchase of municipal bonds, funding the construction of local schools, water systems, roads and other public works projects. They also invest in stocks, raising capital and helping businesses grow, and in mortgage and real estate loans that enable families to purchase the home of their dreams.



## Taxes

**T**exas insurance companies supported the state's government and infrastructure by paying \$2.6 billion in taxes on gross premium receipts during the state's 2019 fiscal year. That made taxes on insurers the sixth-largest source of revenue for the state during that year.



## Employment

**A**ccording to the Insurance Information Institute, there were 347,820 insurance-related jobs in Texas in 2019, including more than 33,000 agents assisting individuals, families and businesses in managing their insurance needs. The collective payroll of insurers reached \$22 billion.



# PROPERTY/CASUALTY INSURANCE



**\$36.6 billion paid to Texans for property and casualty losses in 2019.**

**P**roperty and casualty insurance offers protection against unforeseen expenses resulting from property damage or injuries. Specifically, property insurance protects homes, cars, businesses, and other property from loss, while casualty insurance provides liability coverage for individuals and businesses in the event of personal injury or damage to someone else's property.

There are many types of property and casualty insurance, including homeowners' insurance, renters' insurance, condo insurance, car insurance, employer liability insurance, workers' compensation insurance, and others.

These types of insurance are crucial for individuals and companies of all sizes, any of which could be devastated by loss or damage. Fire, theft, hail, vandalism, auto accidents, or any number of other unexpected events can change people's lives in a single moment. Property and casualty insurance provide reassurance that when the unexpected happens, everything people have spent their lives working toward and building won't be taken away.

There is also a ripple effect that benefits those not directly affected by a loss, including supporting businesses that repair damaged vehicles and homes. They, in turn, also contribute to the economy by paying taxes and keeping people employed.

Premiums collected provide the means for insurers to pay claims. State regulations require insurers to maintain reserves to cover losses over the short- and long-term, and as history is showing, catastrophes in the form of hurricanes, tornados and wildfires are becoming increasingly more common. The frequency of large, destructive loss events is placing added importance on insurers' solvency and their ability to protect Texans from devastation.

Insurance companies have used their reserves to become the largest purchasers of bonds issued by cities, counties and school districts in the state, providing funding for construction of public buildings, roads, bridges, and most importantly schools. As a result of the laws and regulations requiring insurers to maintain very conservative investment portfolios, the rate of return on equity for certain insurance sectors is well below the average for all industries. According to Fortune magazine, the average rate of return on net worth covering the period of 2009-2018 for all industries was 13.7%. The rate of return for the property and casualty insurance sector during that same period was 5.7% nationally. For P&C insurers in Texas, that rate was 6%.

## Property/Casualty Insurance Premiums 2019

Private Passenger Automobile Liability + Coll./Comp.	\$23.2 billion
Homeowners Multi-Peril	\$10.1 billion
Other Liability	\$6.1 billion
Fire and Allied Lines	\$2.5 billion
Other*	\$4.2 billion
Workers' Compensation + Excess WC	\$2.6 billion
Commercial Multi-Peril	\$3.1 billion
Commercial Automobile Liability + Coll./Comp.	\$4.6 billion
Inland Marine	\$2.5 billion
Crop Multi-Peril	\$929 million
Crop Private	\$64 million
Medical Professional Liability	\$343 million
Products Liability	\$371 million
<b>TOTAL</b>	<b>\$60.8 BILLION</b>

Farmowners, ocean marine, surety, fidelity, burglary & theft, boiler & machinery, financial guaranty, aircraft, earthquake, federal flood, credit, warranty, accident & health, mortgage guaranty, misc.

Source: Insurance Information Institute

Property/Casualty Insurance Losses (Paid) 2019	
Private Passenger Automobile	\$14.3 billion
Homeowners	\$5.9 billion
Commercial	\$1.5 billion
Other	\$14.9 billion
<b>TOTAL</b>	<b>\$36.6 BILLION</b>

Source: TDI Summary of Premiums, Losses, and Dividends for All Companies Doing Business in Texas 2019, page 6

## CATASTROPHES



**\$7.2 billion paid to Texans for catastrophic-related claims in 2019.**

**C**atastrophic insurance is a type of property insurance that covers owners of businesses or residences in the event of a low-probability but high-cost natural or man-made disaster. To be considered a catastrophe, the event — such as a hurricane, hailstorm, or even a terrorist attack — must cause damage resulting in at least \$25 million in claims.

Unfortunately, this threshold is reached in Texas all too frequently. The state leads the nation in severe weather reports and is especially prone to hurricanes and tropical storms along its extensive coastline. According to the Texas Department of Insurance, 2017's Hurricane Harvey alone has resulted in claim payments of approximately \$20 billion.

But as many Texans have learned, wind-related storms aren't the only threat, with Texas leading the nation in the number of major hailstorm events. In 2019, Texas recorded a nation-leading 872 severe weather reports involving hail. That year, insurers processed more than 190,000 claims related to hail damage.

Catastrophic insurance provides peace of mind to Texans who depend on property for income, from farmers to landlords to brick-and-mortar business owners, as well as to homeowners from the hurricane-vulnerable Gulf Coast all the way to the tornado-prone Texas Panhandle.

Insured Catastrophic Losses 2019		
State	Losses	Claims
1. Texas	\$7.2 billion	583,050
2. Illinois	\$1.7 billion	168,100
3. Colorado	\$1.4 billion	127,450
4. Ohio	\$1.3 billion	106,950
5. California	\$1.3 billion	71,450
6. Minnesota	\$1.2 billion	115,350
7. Pennsylvania	\$1.1 billion	149,150
8. Nebraska	\$864 million	71,950
9. Oklahoma	\$599 million	57,100
10. Montana	\$594 million	36,300

Source: Insurance Information Institute

### Insured Coastal Property Vulnerable to Hurricanes 2018 (\$ in billions)

State	Estimated Value
1. New York	\$3,751
2. Florida	\$3,595
3. Texas	\$1,585
4. Massachusetts	\$1,082
5. New Jersey	\$888

Source: AIR Worldwide

### Top 10 States Ranked By Number of Hail Loss Claims 2017-2019

State	Claims
1. Texas	637,977
2. Colorado	380,066
3. Nebraska	161,374
4. Minnesota	150,673
5. Illinois	150,416
6. Kansas	147,793
7. Missouri	133,704
8. Iowa	113,139
9. Indiana	63,892
10. North Carolina	58,342

Source: National Insurance Crime Bureau

### Severe Weather Reports 2019

State	Total	Tornado	Hail	Wind
Texas	<b>1985</b>	188	872	925
Kansas	<b>1405</b>	127	538	740
Virginia	<b>1199</b>	24	66	1109
Pennsylvania	<b>1064</b>	34	152	878
North Carolina	<b>966</b>	59	102	805
Missouri	<b>907</b>	98	222	587
Ohio	<b>833</b>	59	108	666
Georgia	<b>811</b>	60	56	695
Oklahoma	<b>799</b>	99	278	422
Nebraska	<b>779</b>	44	430	305

Source: NOAA National Weather Service

### Top 10 Texas Loss Events Since 1983

Date	Storm	Original Amount	2020 Dollars	Location
8/25/2017	Hurricane Harvey	\$19 billion	\$20.1 billion	Middle and Upper Texas Coast
9/13/2008	Hurricane Ike	\$13.2 billion	\$15.9 billion	Galveston and Inland Areas
6/8/2001	Tropical Storm Allison	\$4.8 billion	\$7 billion	Houston
8/1/1983	Hurricane Alicia	\$1.9 billion	\$4.9 billion	Galveston
9/24/2005	Hurricane Rita	\$3.4 billion	\$4.5 billion	Sabine Pass
5/5/1995	Hail	\$1.7 billion	\$2.9 billion	North Texas
4/1/1992	Hail	\$1.2 billion	\$2.2 billion	Ft. Worth/Waco
4/5/2003	Hail	\$1.2 billion	\$1.7 billion	North Texas
10/20/2019	Tornado	\$1.5 billion	\$1.5 billion	Dallas/Richardson
4/12/2016	Hail	\$1.4 billion	\$1.5 billion	San Antonio

Source: Insurance Information Institute



### Top 10 Costliest Natural Catastrophes, United States\* (\$ in millions)

Rank	Year	Peril	Original Amount	In 2020 Dollars**
1	2005	Hurricane Katrina	\$65,000	\$85,570
2	2012	Hurricane Sandy	\$30,000	\$33,530
3	2017	Hurricane Harvey	\$30,000	\$31,590
4	2017	Hurricane Irma	\$29,900	\$31,320
5	2017	Hurricane Maria	\$29,670	\$31,100
6	1992	Hurricane Andrew	\$16,000	\$29,360
7	1994	Northridge Earthquake	\$15,300	\$27,060
8	2008	Hurricane Ike	\$18,200	\$21,510
9	2012	Drought loss	\$14,390	\$16,420
10	2005	Hurricane Wilma	\$10,670	\$13,840

Source: Insurance Information Institute – AON

\* Natural disasters that cause at least \$25 million in insured losses; or 10 deaths; or 50 people injured; or 2,000 filed claims or homes and structures damaged. Includes Puerto Rico and the U.S. Virgin Islands. Includes losses sustained by private insurers and government-sponsored programs such as the National Flood Insurance Program. Subject to change as loss estimates are further developed. As of November 25, 2020.

\*\* Adjusted for inflation by Aon using the U.S. Consumer Price Index.

## Texas Windstorm Insurance Association

**T**he Texas Windstorm Insurance Association (TWIA) is a nonprofit insurance organization that was established in 1971 as an insurer of last resort. The association offers wind and hail coverage, serving applicants in coastal counties and parts of Harris County who are unable to obtain such insurance in the private market. TWIA is governed by a board of directors, appointed by the commissioner of insurance, and operates as an insurance company by issuing policies, collecting premiums and paying losses. TWIA is regulated by the Texas Department of Insurance and is subject to applicable laws under the Texas Insurance Code.

TWIA's program for funding losses is outlined in the Insurance Code and includes a mixture of reserve funds, pre- and post-event public securities and other debt instruments totaling

up to \$1 billion, property and casualty insurer assessments of up to \$1 billion, and reinsurance purchased by TWIA. TWIA is required by law to maintain a funding program to cover losses up to a statutorily required one in 100-year loss possibility.

TWIA is not the predominant wind and hail insurer on the Texas coast. As of December 31, 2019, TWIA writes approximately 41% of the wind and hail liability in the applicable counties, 44% of the wind and hail policies, and 33% of the written premium. The remainder of the coverage, and the majority in each category, is provided by private insurers.



TEXAS WINDSTORM  
INSURANCE ASSOCIATION

# HEALTH INSURANCE



More than 15 million Texans had private health insurance coverage in 2019.

**T**exans with health insurance coverage have undeniably better health outcomes than those without. Those with health insurance are much more likely to see a doctor regularly for both health concerns and routine care, keeping them happy and productive. The access to care also means they're able to discover potentially debilitating diseases earlier, when they're more treatable, increasing the chances of returning to a normal, healthy life.

Health insurance does save lives. It also saves families from potentially devastating medical bills. The COVID-19 pandemic has underscored health insurance's role in doing both this year, as hundreds of thousands of Texans have required care or hospitalization to recover from the virus. For many, the cost of this vital care would put it out of reach without insurance, and many more would have lost their lives.

Here in Texas, more than 15 million people have private health insurance, most of them through an employer. Another 8 million have public health coverage through Medicare, Medicaid and military health plans.

Despite this coverage, Texas has the highest number of uninsured children and adults of the 50 states. While expanding Medicaid coverage would provide immediate health care benefits to more than 2 million Texans, the economic benefits to the state would also be significant, creating health care jobs, increasing wages for health care workers, expanding local tax revenues and boosting demand for related goods and services. A report by the Commonwealth Fund showed that Medicaid expansion would also reduce the share of uncompensated hospital care, "which totaled \$6.8 billion in 2016."

According to the Perryman Group, for every dollar spent by the state to expand coverage in Texas, total net spending in the economy would increase by \$69.11.

## Health Insurance Workforce in Texas 2019

Employees	36,404
Payroll	\$2.4 billion

Source: America's Health Insurance Plans (AHIP)

## Health Insurance Lives Covered/Uninsured 2019

Employer-based	13,461,200
Individual	1,603,200
Medicare	3,069,700
Medicaid	4,490,000
Military	455,100
Uninsured	5,207,000
<b>TOTAL</b>	<b>28,286,200</b>

Source: Kaiser Family Foundation

## Health Insurance Coverage of Texas Residents 2019

Employer-based	47%
Individual	6%
Medicare	11%
Medicaid	16%
Military	2%
Uninsured	18%

Source: Kaiser Family Foundation

# LIFE INSURANCE AND ANNUITIES



Life insurers paid Texans \$35 billion in life insurance proceeds and annuity payments in 2019.

Products offered by insurance companies not only provide protection from property loss, injury and health care expenses, but they can also be an important financial tool offering stability during unexpected life events as well as guaranteeing retirement security for those who plan ahead.

## Life Insurance

Life insurance offers much-needed security and stability to people during some of their most difficult moments following the loss of a loved one. This type of insurance allows people to grieve for their lost family member without the added burden of worrying about financial challenges that may follow.

Funds from a life insurance policy can be used for funeral expenses, living expenses for survivors, paying off a mortgage, credit card debt or loans, health care expenses the deceased may have accrued, or starting a savings or investment account for survivors, to name just a few. In 2019, \$29 billion was paid to Texas residents in the form of death benefits, matured endowments, policy dividends, surrender values, and other payments.

But the way life insurance helps both consumers and communities does not end with benefits to survivors. The reserves insurers are required to maintain to pay future claims also fund communities and provide economic opportunities well beyond the families of policyholders. In 2019, life insurers invested \$507 billion in the Texas economy, including \$401 billion in stocks and bonds that help finance business development and job creation.

### Life Insurance In-Force 2019 (Texas)

Individual	\$1.6 trillion
Group	\$1.0 trillion
Credit	\$11.1 billion
<b>TOTAL</b>	<b>\$2.6 TRILLION</b>

### Life Insurance Premiums 2019 (Texas)

Life	\$12.9 billion
------	----------------

### Life Insurance Payments 2019 (Texas)

Death Benefits	\$7.8 billion
----------------	---------------

Source: American Council of Life Insurers (ACLI)

## Annuities

With many Americans living 20 to 30 years after they retire, the importance of not outliving your savings takes on added significance. Annuities are the only financial product that provides a guaranteed stream of income for a lifetime or a specified period of time, helping ensure a solid financial plan is in place for the years after retirement.

Annuities help ensure that an individual's money grows and will last as long as it is needed while allowing the owner to defer paying taxes on the annuity's income or investment gains until money is withdrawn. Some annuities include features that allow payments to be made to a beneficiary if the annuity owner dies before payments begin. In 2019, insurers made annuity payments to Texans totaling \$6.0 billion.

### Annuity Payments 2019 (Texas)

Annuity Benefits	\$6.0 billion
------------------	---------------

# LONG-TERM CARE, SUPPLEMENTAL AND DISABILITY INSURANCE

## Long-Term Care Insurance

**A**pproximately 12% of Texans are 65 or older, and that number is growing quickly, which makes long-term care insurance more important than ever. Long-term care insurance covers nursing homes, assisted living facilities, home health care, and other types of care for adults who need assistance with bathing, eating, getting dressed and other daily tasks. Typically, a person who needs help with these tasks will need that help every day, if not around the clock, for the rest of their lives.

As a result, long-term care services are expensive and without insurance can be devastating for a family. Many families end up either caring for loved ones at home, or spending their life savings and potentially going into debt to pay for these essential services. The strain this creates can be enormous. Long-term care insurance helps families avoid the disruption and toll becoming the primary caregiver to a parent or other family member can create. If we're not able to care for our parents, we all want them to receive the best care possible, and long-term care insurance helps families afford and manage the expenses for that care. Long-term care insurance can make it easier to transition loved ones to another setting of care, allowing family members to rest easy knowing that their loved one is getting the care they need.

## Disability Insurance

**T**exans are hardworking people, but when injury or illness prevents a worker from doing their job for 90 days or longer, disability insurance helps ensure they can still provide for their family and put a roof over their head. This vital insurance service pays employees a percentage of their regular income until they're able to safely return to work.

Without disability insurance, workers who are unable to work can quickly exhaust their savings and easily find themselves in debt paying for basic living expenses. It may take them years to recover from this financial burden even once they return to regular work. No one knows when a devastating accident will happen or illness could be diagnosed, but disability insurance provides peace of mind to anyone who relies on a paycheck to meet their needs. Life insurers pay about \$19 billion in disability income insurance benefits annually.

## Supplemental Insurance

**E**ven for those Texans who are thoroughly insured against all of life's unpredictable moments, there are still out-of-pocket expenses to take into consideration, and types of coverage that a particular policy may not include. No one policy is the perfect fit for everyone, and that's where supplemental insurance comes in.

Supplemental insurance helps smooth out the bumps in the road by augmenting consumers' existing health care coverage, creating a more perfect match between consumers' needs and their coverage. This type of insurance pays for expenses such as co-payments, co-insurance or deductibles; non-medical expenses related to treatment of an illness; dental or vision coverage for those whose health policies don't include them; and more. This type of insurance helps customize coverage so that Texans get exactly what they need for their peace of mind.



## THE ROLE OF INSURANCE AGENTS

**I**nsurance agents are the human face of the industry, the link between the general public and the companies that market and underwrite policies. They bring a deep knowledge of policy options, empathy for their clients and a personal touch to the insurance business.

By meeting the insurance needs of their clients, agents provide financial security and peace of mind through all aspects of life and help meet the challenge of life's most stressful moments.

Agents help clients objectively review their insurance needs, evaluate the services offered by different companies, and find the right level of coverage for their budget. They also educate clients on legal and regulatory requirements, and advocate for those who file claims.

Many insurance agents are small business owners and respected community leaders. They are often active in their neighborhoods, schools, local charities and civic organizations.

As of May 2019, there were **33,290 insurance agents** in Texas.

### On an average day, an insurance agent may:

- Work with young parents to add their new child to life and health insurance policies;
- Help a business owner file a claim to repair a leaking roof on their store;
- Write coverage for a first-time homeowner;
- Provide proof of insurance documents for a plumber or electrician;
- Process a college student's car insurance payment.



## A LEADING EMPLOYER



**347,820 jobs created by insurance companies.**

**M**ore than 347,000 Texans make their living in the insurance industry, collectively earning nearly \$22 billion. The money they spend each year helps support communities and local businesses from retail stores and restaurants to churches and charities in towns and cities all across the state.

Top 5 States Employing Insurance Sector (2019)	
State	Employment
California	372,874
Texas	347,820
Florida	283,586
New York	215,182
Pennsylvania	177,283

Source: Insurance Information Institute

## PROVIDING ECONOMIC STABILITY AND OPPORTUNITY



**\$507 billion invested by life insurers to support the Texas economy.**

**A**ccidents, unforeseen circumstances, and natural disasters can suddenly and without notice threaten the financial security of individuals and families and the businesses they work for and own. By helping them recover from unanticipated financial challenges, insurance companies play a key role in maintaining stability and certainty in the state's economy and in the lives of Texans.

But providing that protection is only half the story.

### Investing in Texas

Insurers use the premiums their customers pay to invest in Texas, doing their part to fuel the state's economy and creating opportunities for those who may seek them. The income from their investment also helps insurers stay financially sound, to ensure they can meet all current and future obligations.



- Life insurance companies have invested \$507 billion in the Texas economy, including \$401 billion in stocks and bonds. By purchasing stock in Texas companies, insurers help them raise capital for expanding their operations, creating jobs and spurring economic growth for the state.
- Life insurers also invest in the mortgages and home improvement loans that let Texas families buy and maintain the home of their dreams. In 2019 alone, life insurance companies invested \$49 billion in mortgage loans to farms, homes and businesses. Insurers also invest directly in real estate.
- Property and casualty insurers generally make short-term investments, such as purchasing municipal bonds. The revenue that local communities raise by selling these bonds is used to build roads and schools, to modernize hospitals and clinics, and to expand and upgrade water and sewer lines.
- Investments by insurers benefit Texas in a wide range of other ways, such as financing construction, supporting nonprofit organizations, and promoting universities and community colleges.

## FUNDING TEXAS



Insurers provide sixth leading source of tax revenue for state.

**L**ike other Texas businesses, insurance companies pay taxes to the state. The primary tax is based on a percentage of the gross premiums paid by their customers.

In fiscal year 2019, the taxes paid by Texas insurance companies accounted for 2.1% of the state's total tax revenue, making the industry the sixth-largest revenue source for state government.

Insurance companies are closely monitored by the Texas Department of Insurance. This supervision protects both the companies and the customers they serve. The Department makes sure that the investments made by the industry are sound, and will generate sufficient revenue to cover any claims filed by their customers. Companies pay targeted fees and taxes to help cover the cost of regulating their industry.

Top Six Revenue Sources – Fiscal Year 2019	
Tax	Amount
Sales Taxes	\$34.0 billion
Motor Vehicle Sales and Rental Taxes	\$5.0 billion
Franchise Tax	\$4.2 billion
Oil Production Tax	\$3.9 billion
Motor Fuel Taxes	\$3.7 billion
Insurance Taxes	\$2.6 billion

Source: Office of the Comptroller, State of Texas

## GIVING BACK

Insurance companies, their employees and agents donate their time and money to a variety of charitable causes that improve the quality of life for all Texans.







## SUPPORTING TEXAS COMMUNITIES



**T**he Insurance Industry Charitable Foundation (IICF) is a unique organization that unites the collective strength of the industry, bringing together member companies from across the United States and United Kingdom to provide assistance to those in need through grants, volunteer service and leadership. Having served as the philanthropic voice and foundation of the insurance industry for more than 25 years, IICF has contributed over \$40 million in grants to nonprofit and charitable organizations, along with well over 300,000 hours of volunteer service to the communities where we live and work.

The IICF Southeast Division, launched in 2012 and headquartered and founded in Dallas, includes all of Texas. IICF's Southeast Division has distributed more than \$4.2 million in grants to community nonprofits, focusing primarily on children at risk, education and military veterans and delivering innovative initiatives in our communities.

IICF, through the support of the insurance industry, worked in partnership with Sesame Workshop to develop its early literacy program, Every Day is a Reading and Writing Day. The program is available in both English and Spanish and targets underserved areas of the state.

For the past several years, IICF has hosted large annual volunteer events, supported by dozens of insurance companies, to clean the memorial stones of veterans. In 2019 alone, 700 industry volunteers worked together to clean 75,000 headstones and memorial plaques of those laid to rest at national cemeteries in Dallas and Houston.

In the wake of Hurricanes Harvey and Irma in late 2017, the IICF established its IICF Disaster Relief Fund, providing nearly \$650,000 in community grants to local nonprofits delivering direct relief to affected areas, with thousands in donations coming from insurance company employees themselves.

Other annual events include the Southeast Annual Benefit Dinner, which has raised more than \$2.3 million in the past three years for local nonprofits, and the Women in Insurance Conference Series Regional Forum, which advances diversity and inclusion in the industry. In 2020, IICF hosted the IICF Inclusion in Insurance Virtual Forum, an action-oriented program with renowned speakers addressing a broader definition of inclusion and the future of work in the industry.

Every October since 1998, the IICF hosts its annual Week of Giving, the largest ongoing volunteer initiative in the insurance industry, and a celebration of community volunteerism and charitable service projects by industry volunteers throughout the year. IICF Week of Giving 2020 included eight days of industrywide volunteer projects and service benefiting community nonprofits.

In this unprecedented year of a global pandemic, IICF mobilized immediately with the industry back in March to address the stark needs in our communities, donating about \$280 million in the fight against COVID-19. On April 1, IICF launched

the COVID-19 Crisis: IICF Children’s Relief Fund to benefit children at risk of food insecurity, educational disruption, family homelessness and other circumstances exacerbated by this crisis. To date, IICF has raised more than \$1.3 million in the US and UK, with over 1,200 individual donations from industry professionals. IICF has helped to deliver 1.2 million meals to children and their families in need

through their 14 nonprofit and charitable partners based in the US. With needs unabated, the IICF Children’s Relief Fund will continue into 2021 with a focus on education and food insecurity.

# INSURANCE COUNCIL OF TEXAS EDUCATION FOUNDATION

**T**he Insurance Council of Texas (ICT) seeks to educate the public about critical insurance issues. As part of that mission, the ICT has launched programs to prevent damages from fire and theft and invested in the future of the industry through the Insurance Council of Texas Education Foundation (ICTEF). Since 2002, the ICTEF has funded approximately \$1.2 million in scholarships for hundreds of insurance and risk management

students at 12 Texas universities. Every year, scholarship recipients attend the ICT insurance symposium, where they are recognized and can meet industry executives and professionals from around Texas and across the nation. Through this investment, the ICTEF is helping keep some of the best and brightest young minds in Texas on track to join the industry’s workforce when they graduate.





### **We're Out to Alarm Texas:**

**I**CT works with the State Fire Marshal's Office, First Alert, and local fire departments to install free smoke alarms, without liability, in the homes of senior citizens and low-income residents, who are statistically less likely to have this valuable equipment. Starting with Waco, New Braunfels and Lockhart, the program has expanded to place more than 25,000 alarms in 52 Texas cities where they can help save lives. Nonprofits such as Meals on Wheels and Austin's H.A.N.D. (Helping the Aged, Needy and Disabled, Inc.) have also participated in the program.

### **Hide Take and Lock:**

**S**ince 2005, ICT has worked with local police departments in the posting of thousands of "Hide Take and Lock" signs that encourage people to "Lock your car, take your keys and hide your belongings" when they park. Using funds donated by insurers, ICT produced the signs that are posted by local police in parking lots at malls, hotels, movie theaters, grocery stores and other places where people may park their cars for extended periods. Law enforcement officials report auto thefts and burglaries are reduced by up to 20% in areas where the signs are posted.

### **Severe Weather and Hurricane Preparedness:**

**T**raditionally, ICT takes to the road in spring and summer with educational messages for Texans around severe weather. In 2020, in response to the pandemic, ICT invited the National Insurance Crime Bureau (NICB) and the National Flood Insurance Program (NFIP) to partner in virtual press conferences to share information about insurance options, claims processes, how to avoid fraud, and the importance of understanding your insurance before a storm hits. This partnership also provided media outlets with additional resources to share with their audiences and as a result, they reached millions of Texas residents in communities across the state. By sharing the insurance industry's goal of public education and giving back to the community, ICT strives to be a useful resource for industry members, policy makers and, most importantly, insurance consumers across Texas.





## MORE THAN JUST YOUR INSURER

Insurers are **financial first responders**, restoring policyholders quickly and reliably when they face the unexpected.

By promoting knowledge and activities that save lives as well as protect and preserve property, insurers are **risk mitigators**.

As one of the largest investors of capital in the world, insurers are **community builders**.

By allowing entrepreneurs to safely take risks that drive our modern economy, insurers are **innovation catalysts**.

By offering financial security in case of an accident, illness, property damage, an injury at work, or the death of a loved one, insurers are **partners in social policy**, delivering significant societal benefits by helping promote the common good.



**This report is a collaborative effort of state and national insurance trade associations.**

### **Texas Association of Life and Health Insurers (TALHI)**

**T**ALHI is the trade association for life and health insurers doing business in Texas. TALHI exists to support a vibrant life and health insurance market capable of contributing to the financial security and well-being of the citizens of Texas. The organization serves as the voice of its members and the industry, advocating for an economic, legislative and regulatory environment that fosters a life and health insurance market that can effectively serve all Texans.

### **American Property Casualty Insurance Association**

**A**PCIA represents nearly 60% of the U.S. property casualty insurance market and the broadest cross-section of home, auto, and business insurers of any national trade association. APCA members represent all sizes, structures, and regions, protecting families, communities, and businesses in the U.S. and across the globe. APCA advocates for competitive insurance markets to benefit policyholders and companies in all 50 states.

### **Texas Association of Health Plans (TAHP)**

**T**AHP is the statewide trade association representing health insurance providers, health maintenance organizations, and other related health care entities operating in Texas. Our members provide health and supplemental benefits to Texans through employer-sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid. The association was founded in 1987 and is dedicated to promoting affordable health care for all Texans through advocacy and education.

### **American Council of Life Insurers (ACLI)**

**T**he American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. Ninety million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial well-being through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94% of industry assets in the United States. Learn more at [www.acli.com](http://www.acli.com).

### **Association of Fire and Casualty Companies in Texas (AFACT)**

**A**FACT represents Texas property and casualty insurance groups and other insurers with significant business interests in the state. AFACT was founded in 1941 to broaden consumer knowledge of insurance and support legislation to improve the insurance business.

### **National Association of Mutual Insurance Companies (NAMIC)**

**T**he National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade group with a diverse membership of more than 1,400 local, regional, and national member companies, including seven of the top 10 property/casualty insurers in the United States. NAMIC members lead the personal lines sector, representing 66% of the homeowners insurance market and 53% of the auto market.

### **National Association of Insurance and Financial Advisors-Texas (NAIFA-Texas)**

**N**AIFA-Texas protects and promotes the critical role of insurance in a sound financial plan and the essential role provided by its professional agents and advisors. Its mission is to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members.

### **Independent Insurance Agents of Texas (IIAT)**

**I**IAT represents approximately 1,200 agencies and more than 14,000 agents and insurance professionals. IIAT is also affiliated with the Independent Insurance Agents & Brokers of America and works with legislative, regulatory and judicial bodies in Texas on behalf of independent insurance agents across the state.

### **Insurance Council of Texas (ICT)**

**I**CT is a nonprofit trade association that promotes the property and casualty insurance industry by providing relevant information and resources to its members, the public, regulators and the media. ICT represents its members' interests in administrative proceedings and key regulatory matters pending before the Texas Department of Insurance. In addition, ICT monitors the Texas legislature and provides analysis and information on critical initiatives and changes in insurance law. Ultimately, ICT serves as the collective voice of the Texas property and casualty industry.

### **Texas Association of Health Underwriters (TAHU)**

**T**AHU is a state member of the National Association of Health Underwriters (NAHU), a professional organization of agents and insurance company representatives with a mission to inform and protect the consumer by enhancing the professional growth of its members.

## DOING OUR PART



**\$36.6 billion paid to Texans** for property and casualty losses in 2019.



**\$7.2 billion paid to Texans** for catastrophic-related claims in 2019.



More than **15 million Texans** had private health insurance coverage in 2019.



Life insurers **paid Texans \$35 billion** in life insurance proceeds and annuity payments in 2019.



**347,820 jobs created** by insurance companies in 2019.



**\$507 billion invested** by life insurers to support the Texas economy in 2019.



Insurers provide **sixth leading source of tax revenue** for state.