

Flooding and hail damage are the largest drivers of auto insurance claims in Texas, where insurance companies operate close to a break-even point in the state's auto insurance market.

The table below illustrates the effect of these major catastrophic events, including the [historic hail storms](#) that pounded the state in 2016 and in 2021 when hail damage was the [number one weather-related insurance claim](#) in Texas. The effect of flooding caused by Hurricane Harvey is evident in the 2017 data. While flooded homes are not covered by property and casualty insurance, water-damaged vehicles (by windstorm, flooding, etc.) are covered by auto insurance policies.

The combined loss ratio fell dramatically in 2020 when the COVID-19 pandemic shutdown keep many drivers off the road. Following the pandemic, a variety of factors that include historic inflation, increased material costs, supply chain disruptions, deteriorating driver behavior and sky-high jury awards drove up losses for auto insurers. Those factors, plus high-tech cars that cost more to fix, continue to exert pressure on consumer claims costs.

Year	Direct Premiums Earned (Billions)	Direct Losses Incurred (Billions)	Incurred Loss Ratio (%)	Expense Ratio (%)	Combined Ratio (%)
2011	\$13.50	\$8.50	63.3	33.7	97.4
2012	\$14.00	\$9.20	65.6	34.4	100.4
2013	\$14.90	\$9.60	64.3	34.4	99.1
2014	\$16.00	\$10.50	65.6	34.2	100.3
2015	\$17.10	\$12.30	72.1	33.2	105.8
2016	\$18.60	\$14.80	79.9	34.2	114.4
2017	\$20.60	\$15.70	76.5	32.4	109.3
2018	\$22.30	\$13.20	59.0	30.6	90.0
2019	\$23.10	\$14.90	64.4	30.7	95.7
2020	\$22.60	\$12.60	55.8	31.2	87.0
2021	\$23.30	\$17.10	73.5	30.0	103.9
2022	\$25.30	\$20.70	81.8	30.3	112.4
2023	\$30.50	\$22.70	74.6	26.1	100.9
2024	\$35.00	\$22.90	65.6	25.5	91.1
5-year Total	\$136.70	\$96.00	70.2	28.8	99.0
10-year Total	\$238.40	\$166.90	70.0	30.4	100.4
2011-'24 Total	\$296.80	\$204.70	69.0	31.3	100.2

The incurred loss ratio is the percentage of losses insurers have paid versus what they have collected in premiums. Combined ratios provide another view of the state of the market by combining the incurred loss ratio with an expense ratio, which includes a company's expenses such as agent commissions, loss adjustment expenses, overhead and administrative costs. A combined ratio of 100 is the break-even point; a ratio below 100 indicates an underwriting profit for insurers, while a score above 100 indicates a loss.