



Southwestern Insurance Information Service

WWW.SIISINFO.ORG

FACT SHEET

Date: June 2011

Source: SIIS

Author: SIIS

SIIS Office: (512) 795-8214

**SIIS Cell: (512) 965-4001 Jerry
(512) 468-6965 Sandra**

QUESTIONS AND ANSWERS ABOUT COUNTY MUTUAL INSURERS IN TEXAS

What is a county mutual insurance company?

In Texas, a county mutual insurance company is a specific form of domestic property and casualty insurance company that is governed by Chapter 17 of the Texas Insurance Code. County mutuals are authorized to write many types of property/casualty insurance. Many county mutuals focus on private passenger and commercial automobile insurance. Their purpose was to provide fire insurance coverage in small areas such as farm communities.

When did county mutuals get started?

The first county mutual insurance company was formed in 1888. In Texas, law established the first county mutual in 1911. In 1955, county mutuals were authorized to write all lines of automobile insurance. During that time, rates were set by the Texas Department of Insurance and were the same for all standard insurers.

What is the historical purpose of a county mutual insurer and who owns them?

By definition, county mutual insurers are mutual insurance companies owned by their policyholders writing auto insurance for drivers. The policyholders elect a Board of Directors, which is ultimately responsible for the operations and management of the company and the performance of the company's Officers and employees. County mutuals provide a unique solution for drivers. This addresses issues of availability and affordability in the Texas marketplace and reduces the number of drivers insured through the Texas Automobile Insurance Plan Association.

Do other states have county mutual insurance companies?

Some other states have county mutual insurance companies but none have evolved into the same form as those in Texas.

Who owns county mutual insurance companies?

For Additional Information:

8303 N Mopac, Ste B-231
Austin, TX 78759

Phone: (512) 795-8214
Fax: (512) 795-9363



Southwestern Insurance Information Service

WWW.SIISINFO.ORG

FACT SHEET

County Mutuals are "mutual" companies, which means that in most cases they are owned by their policyholders (customers).

How many county mutual insurance companies are there in Texas?

The current and maximum number of county mutual insurance companies allowed in Texas is 24 established by the Legislature.

How does Texas regulate county mutual insurance companies?

County mutual insurance companies are subject to many of the same statutes and regulations as other insurers, including prescribed policy forms, prompt payment of claims obligations, solvency regulation, market conduct examinations, unfair discrimination, unfair competition prohibition provisions and penalty provisions enforced by the Texas Department of Insurance.

Are policyholders treated differently by county mutual insurance companies?

County mutual insurance companies are subject to anti-discrimination laws and complaint reporting requirements just as all insurers in Texas. They are also subject to oversight by the Texas Department of Insurance regarding consumer matters and required to use the same policy forms as other insurers.

What happens if there are no county mutual insurance companies in Texas?

If county mutuals ceased to exist, those drivers would have to find coverage elsewhere, not purchase coverage at all or buy insurance through the Texas Automobile Insurance Plan Association.

What is the market share for county mutual insurers in Texas?

Texas County Mutuals made up approximately 39% of the premium value insured in Texas in 2010.

Why do we need county mutual insurance companies?

They serve a niche market for drivers who, without county mutuals, may not choose to purchase auto insurance at all or obtain it through the Texas Automobile Insurance Plan Association. They provide an outlet to individuals who are unable to obtain coverage from a standard company.

What consumers do county mutuals serve?

For Additional Information:

8303 N Mopac, Ste B-231
Austin, TX 78759

Phone: (512) 795-8214
Fax: (512) 795-9363

SIIS

Southwestern Insurance Information Service

WWW.SIISINFO.ORG

FACT SHEET

They serve all types of people from varying social and economic backgrounds who may have poor driving records making it difficult for them to purchase auto insurance from standard companies.

Are rates higher in county mutual insurance companies?

Some rates are higher and some are lower. Rates for higher risk drivers are going to be more expensive in any company while good drivers receive the benefit of lower rates. County Mutual rates are reflective of the risk they insure.

June 2011

For Additional Information:

8303 N Mopac, Ste B-231
Austin, TX 78759

Phone: (512) 795-8214
Fax: (512) 795-9363