

Premium Growth: Top 25 Premium Gainers Q1 2009 Versus Q1 2008



Petrelli

By Joseph L. Petrelli

Roy H. Williams is an author and marketing consultant. He is known for his Wizard of Ads trilogy. He founded the Wizard Academy Institute. Although he is credited with saying “Consequently, a young business often grows by large percentages. Mature businesses rarely do,” it is unlikely that he was describing the Top 25 writers of property/casualty insurance when he spoke these words.

In fact, when measuring direct written premium as of March 31, 2009, versus March 31, 2008, the more mature P/C companies, consisting of the Top 25 writers of P/C insurance, increased their direct premium written by more than 10 percent over the first quarter of 2008. This represented an increase of \$2.2 billion in premium. In contrast, the more

than 2,000 insurers comprising the remainder of the industry did not fare as well. Their quarter-to-quarter direct written premium declined nearly 6 percent, down \$5.6 billion. Industrywide, direct premium written was down nearly \$3.5 billion. Details are shown in the chart below.

In an impressive display of growth, financial stability and marketing acumen, the Top 25 carriers wrote 20 percent of the P/C insurance industry’s direct written premium. Read it again because that was correct; 1 percent of the industry by count wrote 20 percent of its direct written premium in the first quarter of 2009. Although the pricing cycle in the P/C insurance marketplace continues to be characterized as soft, the aggressive growth by the Top 25 leads me to the observation that the softest part of the cycle might have come and gone. In other words, it seems unlikely

to me that the companies comprising the Top 25 would need to be particularly competitive on price to obtain growth.

If this assumption is true and pricing cycle has reached the bottom, firmer prices should begin to assist all participants in the P/C insurance industry and demonstrate quarter-to-quarter premium growth. Until that happens, I suspect that the Top 25 will continue to lead the industry in premium growth — on a percentage basis as well as actual dollars of growth. ■

Petrelli is the president and founder of Demotech Inc, a Columbus, Ohio-based financial analysis and actuarial services company that provides services to regional insurance companies, title underwriters and specialty insurance markets. The National Association of Insurance Commissioners, Kansas City, Mo., or Highline Data, endorses any analysis or conclusion based upon the use of its data.

Top 25 P/C Companies in Premium Growth

Based Upon Dollar Amount of Direct Premium Written Growth; Quarter Ending March 31, 2009, Versus March 31, 2008

Rank	Company Name	DPW \$ 3/31/2009	DPW \$ 3/31/2008	DPW \$ Change	DPW % Change
1	Insurance Co. of The State of PA	724,209,635	464,360,322	259,849,313	55.96%
2	New Hampshire Insurance Co.	568,970,230	354,978,022	213,992,208	60.28%
3	Allstate Fire and Cas Insurance Co.	678,939,811	524,345,474	154,594,337	29.48%
4	GEICO Indemnity Co.	995,755,667	843,221,043	152,534,624	18.09%
5	State Farm Fire and Casualty Co.	3,464,534,406	3,320,346,351	144,188,055	4.34%
6	State Farm Mutual Auto Insurance Co.	7,423,106,707	7,287,755,000	135,351,707	1.86%
7	National Union Fire Insurance Co. of Pittsburgh, PA	1,432,295,416	1,312,409,831	119,885,585	9.13%
8	Travelers Home & Marine Insurance Co.	394,839,565	283,052,538	111,787,027	39.49%
9	GEICO General Insurance Co.	1,369,109,567	1,282,161,860	86,947,707	6.78%
10	Ace American Insurance Co.	916,637,431	849,233,389	67,404,042	7.94%
11	Meritplan Insurance Co.	160,643,083	94,313,223	66,329,860	70.33%
12	USAA	1,324,434,099	1,259,389,294	65,044,805	5.16%
13	Doctors Co. An Interinsurance Exchange	201,841,251	141,183,776	60,657,475	42.96%
14	Peerless Indemnity Insurance Co.	107,048,930	48,620,780	58,428,150	120.17%
15	Government Employees Insurance Co.	1,007,841,147	950,939,678	56,901,469	5.98%
16	Travelers Casualty Insurance Co. of America	98,816,713	45,082,486	53,734,227	119.19%
17	Charter Oak Fire Insurance Co.	326,182,781	277,037,081	49,145,700	17.74%
18	Mid-Century Insurance Co.	635,667,625	587,160,519	48,507,106	8.26%
19	Electric Insurance Co.	282,946,510	235,456,334	47,490,176	20.17%
20	Factory Mutual Insurance Co.	592,103,400	545,603,049	46,500,351	8.52%
21	Depositors Insurance Co.	104,992,467	60,183,434	44,809,033	74.45%
22	American Security Insurance Co.	408,339,841	365,662,445	42,677,396	11.67%
23	US Specialty Insurance Co.	140,991,323	99,764,781	41,226,542	41.32%
24	Sentinel Insurance Co. Ltd.	207,244,341	166,348,662	40,895,679	24.58%
25	Progressive Direct Insurance Co.	448,143,535	407,304,836	40,838,699	10.03%
	Top 25 Subtotal	24,015,635,481	21,805,914,208	2,209,721,273	10.13%
	All Others	94,454,846,788	100,108,976,812	-5,654,130,024	-5.65%
	Total	118,470,482,269	121,914,891,020	-3,444,408,751	-2.83%

Data source: The National Association of Insurance Commissioners, Kansas City, Mo., by permission. Information derived from a Highline Data product. The NAIC and Highline Data do not endorse any analysis or conclusion based up on the use of its data.