

Top 25 Workers' Comp Insurers Show 36% Increase in Average Direct Premium Written

Results Based on Insurers' Growth June 30, 2009, versus June 30, 2008

By Joseph L. Petrelli



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As I write this article, the unemployment rate in the United States was reported to be 9.4 percent as of the end of July. Gross Domestic Product (GDP) was reported to shrink by 1 percent in the second quarter of 2009. Employers are managing their payrolls to stabilize their corporate earnings and cash flow. Despite these economic conditions, the direct premium written by the insurers reporting growth in their workers' compensation writings, the Top 25 reported an average increase in workers' compensation insurance of an astonishing 36 percent. This occurred for the period June 30, 2009, versus June 30, 2008.

Aggregate reported workers' compensation insurance was nearly \$22.5 billion. Although the fastest growing 25 carriers

comprised only 8 percent of the marketplace on dollar volume, their percentage increase of 36 percent was appreciably superior to the overall decline experienced in the workers' compensation marketplace, a decline of nearly 13 percent.

With an excess of 700 carriers offering workers' compensation to employers within the United States, there is a competitive environment for employers. However, with significant unemployment and declining payrolls, have those comprising the Top 25 in growth found a silver bullet to combat general economic conditions? Have they outperformed their competition? Alternatively, have they written under-priced business during an economic downturn?

If the growth experienced by Top 25 was

successfully underwritten and properly priced, the loss ratio should be acceptable. However, in a long-tail casualty line, such as workers' compensation insurance, the ultimate losses and loss adjustment expense will not be known for several years. In the property/casualty insurance industry, today's winners sometimes become tomorrow's whiners. ■

Petrelli is the president and founder of Demotech Inc. Organized in 1985, Demotech is a Columbus, Ohio-based financial analysis and actuarial services company. Demotech provides services to regional insurance companies, title underwriters and specialty insurance markets. Financial Stability Ratings of A or better are accepted by the secondary mortgage marketplace, virtually all mortgage lenders and an increasing number of umbrella insurance markets.

Top 25 Workers' Compensation Insurers

Based Upon Dollar Amount of Direct Premium Written Growth for Workers' Compensation. Quarter Ending June 30, 2009, versus June 30, 2008

DPW \$ Change Rank	Company Name	DPW \$ 6/30/2009	DPW \$ 6/30/2008	DPW \$ Change	DPW % Change
1	Southern Insurance Co.	94,498,242	20,800,246	73,697,996	354.31%
2	Everest National Insurance Co.	139,878,273	97,141,961	42,736,312	43.99%
3	Sparta Insurance Co.	46,302,748	6,423,930	39,878,818	620.79%
4	Hartford Accident & Indemnity Co.	80,043,663	40,788,807	39,254,856	96.24%
5	Sentinel Insurance Co. Ltd.	107,936,682	71,186,650	36,750,032	51.62%
6	National Union Fire Insurance Co. of Pitts	400,490,061	367,592,792	32,897,269	8.95%
7	Amerisure Insurance Co.	81,415,741	50,208,097	31,207,644	62.16%
8	Illinois National Insurance Co.	73,077,725	47,697,658	25,380,067	53.21%
9	Discover Property & Casualty Insurance Co.	33,199,728	12,150,520	21,049,208	173.24%
10	Benchmark Insurance Co.	43,593,051	23,387,319	20,205,732	86.40%
11	Hartford Fire Insurance Co.	186,614,007	166,596,427	20,017,580	12.02%
12	Star Insurance Co.	75,854,946	56,385,011	19,469,935	34.53%
13	Indemnity Insurance Co. of North America	134,902,526	115,460,705	19,441,821	16.84%
14	Travelers Casualty Insuranc Co. of America	60,549,728	42,109,390	18,440,338	43.79%
15	Standard Fire Insurance Co.	55,764,970	37,997,346	17,767,624	46.76%
16	Great American Alliance Insurance Co.	22,154,405	4,421,829	17,732,576	401.02%
17	Chubb Indemnity Insurance Co.	58,495,304	41,405,453	17,089,851	41.27%
18	Seabright Insurance Co.	146,761,485	129,821,343	16,940,142	13.05%
19	Midwest Employers Casualty Co.	24,595,279	9,421,366	15,173,913	161.06%
20	Arch Insurance Co.	122,969,599	108,123,556	14,846,043	13.73%
21	Electric Insurance Co.	98,389,502	83,846,000	14,543,502	17.35%
22	Farmington Casualty Co.	71,238,764	57,008,319	14,230,445	24.96%
23	Continental Insurance Co.	60,438,633	46,889,485	13,549,148	28.90%
24	Ace Fire Underwriters Insurance Co.	21,273,662	7,862,622	13,411,040	170.57%
25	Rochdale Insurance Co. of New York, NY	51,649,383	39,366,543	12,282,840	31.20%
	Top 25 Subtotal	2,292,088,107	1,684,093,375	607,994,732	36.10%
	All Others	17,338,300,889	20,760,424,954	-3,422,124,065	-16.48%
	Total	19,630,388,996	22,444,518,329	-2,814,129,333	-12.54%

Data source: The National Association of Insurance Commissioners, Kansas City, Missouri, by permission.

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