

Top Writers Show Premium Growth Despite Tough Marketplace

P&C Premium Growth – 2nd Quarter 2009 Vs. 2nd Quarter 2008



Petrelli

By Joseph L. Petrelli

Henry Wheeler Shaw published under the open name of Josh Billings. Had he not co-existed with a contemporary known as Mark Twain, Billings would be more famous. When I looked at the success of the top 25 writers of property/casualty insurance premium, I thought of his quote: There is nothing so easy to learn as experience and nothing so hard to apply.

Over the period June 30, 2009 versus June 30, 2008, the companies comprising the top 25 writers of P/C insurance applied their experience and, despite a difficult marketplace, increased their direct premium written by nearly 10 percent over the second quarter of 2008. This represented an increase of \$4 billion in premium.

In contrast, more than 2,000 insurers comprising the remainder of the industry did

not fare as well. Their June 30 to June 30 direct written premium declined more than 7 percent, down nearly \$15 billion. In total, direct premium written was down nearly \$11 billion. Details are in the chart below.

In an impressive display of growth, financial stability and the application of experience, the top 25 carriers wrote more than 19 percent of the P/C insurance industry's direct written premium. In other words, 1 percent of the count wrote nearly 20 percent of its direct written premium in the first half of 2009.

Although the pricing cycle in the P/C insurance marketplace continues to be characterized as soft, the aggressive growth exhibited by the top 25 leads me to believe that the softest part of the cycle is behind us. It seems unlikely that the world class companies comprising the top 25 would

need to be particularly competitive to grow.

If this is correct, the pricing cycle has reached the bottom. Firmer prices should begin to assist all participants in the P/C insurance industry report period-to-period premium growth. However, until a hard market is the reality, I expect the top 25 to lead the industry in premium growth on both percentage and actual dollars bases. **■**

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Top Twenty-Five Companies

Based Upon Dollar Amount of Direct Premium Written Growth 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	State Farm Fire and Casualty Co	7,753,585,102	7,439,045,198	314,539,904	4.23%
2	Allstate Fire and Cas Ins Co	1,358,103,493	1,063,032,610	295,070,883	27.76%
3	New Hampshire Insurance Company	1,140,153,115	865,827,069	274,326,046	31.68%
4	Geico Indemnity Company	1,923,938,651	1,651,928,584	272,010,067	16.47%
5	Qbe Specialty Ins Co	278,090,972	21,502,038	256,588,934	1193.32%
6	State Farm Mutual Auto Ins Co	14,733,797,175	14,482,172,311	251,624,864	1.74%
7	Insurance Co of The State of PA	1,047,373,113	815,062,986	232,310,127	28.50%
8	Travelers Home & Marine Insurance Co	838,560,892	607,470,577	231,090,315	38.04%
9	GEICO General Insurance Co	2,675,923,060	2,490,361,444	185,561,616	7.45%
10	Factory Mut Ins Co	1,314,197,519	1,145,826,431	168,371,088	14.69%
11	Usaa	2,742,620,961	2,583,944,925	158,676,036	6.14%
12	Meritplan Insurance Company	311,991,641	183,955,127	128,036,514	69.60%
13	Ironshore Specialty Ins Co	131,315,480	4,327,146	126,988,334	2934.69%
14	Peerless Ind Ins Co	232,476,150	118,241,004	114,235,146	96.61%
15	Government Employees Insurance Co	1,962,779,762	1,848,915,564	113,864,198	6.16%
16	Travelers Cas Ins Co of America	216,312,819	107,261,869	109,050,950	101.67%
17	National Union Fire Ins Co of Pitts	3,112,096,219	3,007,961,433	104,134,786	3.46%
18	Philadelphia Indemnity Insurance Co	925,939,909	837,248,003	88,691,906	10.59%
19	Sentinel Ins Co Ltd	434,180,499	346,450,627	87,729,872	25.32%
20	Depositors Insurance Company	214,505,636	127,267,538	87,238,098	68.55%
21	Charter Oak Fire Insurance Co	629,182,551	545,085,018	84,097,533	15.43%
22	Dorinco Reinsurance Co	85,456,654	2,110,000	83,346,654	3950.08%
23	USAA Casualty Insurance Co	1,630,023,519	1,548,130,550	81,892,969	5.29%
24	Sparta Ins Co	90,548,824	8,765,135	81,783,689	933.06%
25	Texas Farm Bureau Cas Ins Co	80,398,414	0	80,398,414	N/A
	Top 25 Subtotal	45,863,552,130	41,851,893,187	4,011,658,943	9.59%
	All Others	190,894,912,694	205,868,071,046	-14,973,158,352	-7.27%
	Total	236,758,464,824	247,719,964,233	-10,961,499,409	-4.42%

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