

# Top Performing P/C Insurers

## Despite Heavy Catastrophe Losses, Top 25 P/C Insurers Report Premium Growth, Net Income Through Third-Quarter 2011

By Douglas A. Powell

Amid the continued difficult economic conditions, a heightened frequency of catastrophic events in 2011 has resulted in nearly \$40 billion of losses to insurers. The losses associated with these catastrophes have been discussed and documented and do not appear to be abating in the near future.

Despite the catastrophes and economic uncertainties that have taken their toll on underwriting profitability, over the nine months ending Sept. 30, 2011, property/casualty insurance companies in total have increased direct premium and reported an overall net income.

### Underwriting Results, Overall Profitability

The effect of the increased storm activity in 2011 is evident in the underwriting results of P/C companies through Sept. 30, 2011. The P/C industry reported a \$33.6 billion loss through the first nine months of 2011. Of that total, the Top 25 writers in terms of direct premium growth accounted for approximately \$4.1 billion in underwriting losses, more than 12 percent of the total.

The remainder of the more than 2,500 P/C writers accounted for more than \$29.5 billion in underwriting losses through the first nine months of 2011.

There is a silver lining in these results though, as the P/C industry was able to

report an overall net income of more than \$10.2 billion through the first nine months of 2011. Of that total, the Top 25 writers in terms of direct premium growth accounted for more than \$1.7 billion in net income, approximately 17 percent, with the remainder of P/C writers accounting for approximately \$8.5 billion in net income over the nine months ending Sept. 30, 2011.

### Direct Premium Growth

P/C companies comprising the Top 25 writers in terms of direct premium growth leveraged their experience and continued to exhibit an impressive display of financial stability and growth. Over the nine months

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## Top 25 Property/Casualty Insurers

Based Upon Dollar Amount of Direct Premium Written (DPW) Growth, Nine Months Ending Sept. 30, 2011 Versus Sept. 30, 2010

DPW Growth Rank	Company Name	DPW 09/30/2011	DPW 09/30/2010	DPW \$ Change	DPW % Change
1	Liberty Mutual Insurance Co.	3,498,751,680	2,926,565,677	572,186,003	19.55%
2	NAU Country Insurance Co.	1,335,377,667	811,371,444	524,006,223	64.58%
3	Rural Community Insurance Co.	1,451,138,714	928,590,741	522,547,973	56.27%
4	ACE Property and Casualty Insurance Co.	1,826,266,948	1,357,285,403	468,981,545	34.55%
5	Great American Insurance Co.	1,599,833,564	1,206,945,280	392,888,284	32.55%
6	AIU Insurance Co.	2,469,705,995	2,086,252,648	383,453,347	18.38%
7	Allstate Fire and Casualty Insurance Co.	3,012,904,317	2,636,697,043	376,207,274	14.27%
8	GEICO General Insurance Co.	4,708,583,100	4,340,505,893	368,077,207	8.48%
9	State Farm Mutual Automobile Insurance Co.	23,036,281,196	22,677,229,040	359,052,156	1.58%
10	National Union Fire Insurance Co. of Pittsburgh, PA	6,065,273,313	5,747,507,130	317,766,183	5.53%
11	Travelers Home and Marine Insurance Co.	2,070,719,382	1,760,616,100	310,103,282	17.61%
12	American Agri-Business Insurance Co.	831,806,622	540,835,184	290,971,438	53.80%
13	Starr Indemnity & Liability Co.	601,234,057	326,922,483	274,311,574	83.91%
14	GEICO Indemnity Co.	3,117,418,506	2,862,652,294	254,766,212	8.90%
15	Producers Agriculture Insurance Co.	634,102,900	389,026,815	245,076,085	63.00%
16	Farmers Mutual Hail Insurance Co. of IA	676,937,988	438,209,916	238,728,072	54.48%
17	Commerce and Industry Insurance Co.	902,655,306	676,452,097	226,203,209	33.44%
18	Fireman's Fund Insurance Co.	1,745,678,107	1,521,069,856	224,608,251	14.77%
19	Travelers Property Casualty Co. of America	2,961,376,643	2,751,402,363	209,974,280	7.63%
20	Occidental Fire and Casualty Co. of NC	336,533,473	134,301,865	202,231,608	150.58%
21	21st Century Centennial Insurance Co.	442,465,968	257,537,951	184,928,017	71.81%
22	Continental Casualty Co.	3,179,142,292	2,995,739,090	183,403,202	6.12%
23	Garrison Property and Casualty Insurance Co.	551,866,267	372,134,954	179,731,313	48.30%
24	Agri General Insurance Co.	460,409,665	291,075,629	169,334,036	58.18%
25	Stonington Insurance Co.	489,750,466	325,806,795	163,943,671	50.32%
<b>Top 25 by DPW Growth</b>		<b>68,006,214,136</b>	<b>60,362,733,691</b>	<b>7,643,480,445</b>	<b>12.66%</b>
<b>All others</b>		<b>308,052,669,465</b>	<b>302,639,521,948</b>	<b>5,413,147,517</b>	<b>1.79%</b>
<b>Total</b>		<b>376,058,883,601</b>	<b>363,002,255,639</b>	<b>13,056,627,962</b>	<b>3.60%</b>

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

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ending Sept. 30, 2011, the Top 25 writers increased their direct premium written by more than 12 percent, over \$7.6 billion. Consequently, the Top 25 wrote more than 18 percent of the total P/C insurance industry's direct written premium during this time period.

In contrast, the remainder of insurers that comprise the industry did not fare as well — their nine month direct written premium increased approximately 1.8 percent, or \$5.4 billion, over the first nine months of last year.

In total, direct premium written for the P/C industry grew more than \$13 billion.

### Good News

It was noted in the second quarter that this growth should be seen as good news and could be used to predict that 2011 will end with increased direct premium written year over year.

Direct premium written has increased period over period for each reporting period in 2011. Notably, 2007 was the last year in which a period over period increase to direct premium written

was observed for each reporting period and was the last time an increase in year over year direct premium written was reported. This indicates that direct premium should increase year over year for 2011.

Despite the catastrophic events and tough economic conditions, financially stable P/C companies will weather these storms and continue to honor meritorious claims. Policyholders should be able to take comfort in this fact while recognizing the importance of the service these companies provide in protecting them from unforeseen events. ■

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Powell is a senior financial analyst with Demotech Inc., a Columbus, Ohio-based financial analysis firm that provides services to regional insurance companies, title underwriters and specialty insurance markets. Demotech has been assigning Financial Stability Ratings® (FSRs) to these markets since 1992. Web site: [www.demotech.com](http://www.demotech.com).