

Top Workers' Comp Writers

Top 25 Workers' Compensation Insurers Grow Premium 29.8% Based on June 30, 2012 Results Versus June 30, 2011

Demotech's review of second quarter 2012 data, as reported by insurers to the National Association of Insurance Commissioners, shows that industry workers' compensation direct written premiums continued to grow. The question remains, however, whether those increases are enough to improve profitability given adverse loss



By Steven J. Groeschen

cost trends and low investment returns.

Workers' compensation insurers reported a 9.1 percent increase in direct premiums written during the first six months of 2012 versus the same period in 2011. Coupled with the 9.6 percent increase observed last year, premium writings are significantly higher than in 2010, yet have recovered only half of the decline from their peak in 2006.

The top 25 workers' compensation insurers, ranked by the highest direct premium growth, reported a 29.8 percent increase dur-

ing the first six months of 2012 versus the same period in 2011.

As noted in an article published in the June 8 issue of *Insurance Journal*, premium growth for Texas Mutual Insurance Co. was driven by the financially strong Texas economy. AmTrust Financial Group's acquisition of workers' compensation business that had formerly been written by Majestic Insurance Co. resulted in premium growth for Technology Insurance Co., Wesco Insurance Co. and Security National Insurance Co.

Top 25 Workers' Compensation Insurers Ranked by Direct Written Premium Growth

Rank	Company Name	Group Name	Year to Date 6/30/2012	Year to Date 6/30/2011	Growth	% Change
1	Travelers Property Casualty Co. of America	Travelers Group	\$623,480,079	\$503,360,005	\$120,120,074	23.9%
2	Texas Mutual Insurance Co.	N/A	\$442,536,227	\$349,569,833	\$92,966,394	26.6%
3	LM Insurance Corp.	Liberty Mutual Group	\$247,212,259	\$173,242,766	\$73,969,493	42.7%
4	Technology Insurance Co.	AmTrust Financial Services Group	\$218,381,034	\$150,564,013	\$67,817,021	45.0%
5	Wesco Insurance Co.	AmTrust Financial Services Group	\$77,811,615	\$14,990,115	\$62,821,500	419.1%
6	Cypress Insurance Co.	Berkshire Hathaway Group	\$139,666,166	\$84,996,866	\$54,669,300	64.3%
7	Employers Compensation Insurance Co.	Employers Insurance Group	\$178,061,957	\$127,628,898	\$50,433,059	39.5%
8	Federal Insurance Co.	Chubb & Son Inc. Group	\$282,518,955	\$233,982,708	\$48,536,247	20.7%
9	American Zurich Insurance Co.	Zurich Insurance Group	\$414,560,881	\$366,534,437	\$48,026,444	13.1%
10	Markel Insurance Co.	Markel Corp. Group	\$73,810,453	\$26,417,002	\$47,393,451	179.4%
11	Insurance Co. of the West	ICW Group	\$131,540,372	\$86,154,357	\$45,386,015	52.7%
12	Accident Fund General Insurance Co.	BCBS of Michigan Group	\$76,596,240	\$32,129,016	\$44,467,224	138.4%
13	QBE Insurance Corp.	QBE Insurance Group	\$51,456,569	\$7,747,911	\$43,708,658	564.1%
14	Liberty Mutual Fire Insurance Co.	Liberty Mutual Group	\$240,085,748	\$196,803,588	\$43,282,160	22.0%
15	Phoenix Insurance Co.	Travelers Group	\$163,155,230	\$124,156,575	\$38,998,655	31.4%
16	ACE American Insurance Co.	Ace Ltd. Group	\$302,091,359	\$263,137,319	\$38,954,040	14.8%
17	Riverport Insurance Co.	WR Berkley Corp. Group	\$94,419,315	\$55,531,884	\$38,887,431	70.0%
18	Hartford Underwriters Insurance Co.	Hartford Fire & Casualty Group	\$290,999,251	\$254,208,811	\$36,790,440	14.5%
19	Chubb Indemnity Insurance Co.	Chubb & Son Inc. Group	\$137,233,248	\$100,712,529	\$36,520,719	36.3%
20	Zenith Insurance Co.	Fairfax Financial Group	\$251,620,493	\$216,593,947	\$35,026,546	16.2%
21	Commerce and Industry Insurance Co.	American International Group	\$388,448,860	\$354,721,828	\$33,727,032	9.5%
22	Companion P&C Insurance Co.	BCBS of South Carolina Group	\$193,398,341	\$160,964,608	\$32,433,733	20.1%
23	Berkshire Hathaway Homestate Insurance Co.	Berkshire Hathaway Group	\$65,910,918	\$33,856,255	\$32,054,663	94.7%
24	Travelers Indemnity Co.	Travelers Group	\$198,596,665	\$167,169,862	\$31,426,803	18.8%
25	Security National Insurance Co.	AmTrust Financial Services Group	\$67,402,505	\$36,736,981	\$30,665,524	83.5%
		Top 25	\$5,350,994,740	\$4,121,912,114	\$1,229,082,626	29.8%
		All others	\$17,317,938,902	\$16,652,513,466	\$665,425,436	4.0%
		Total	\$22,668,933,642	\$20,774,425,580	\$1,894,508,062	9.1%

Data Source: The National Association of Insurance Commissioners (NAIC), Kansas City, Mo., by permission. Information derived from an SNL Financial product. The NAIC and SNL Financial do not endorse any analysis or conclusion based upon the use of this data. This exhibit is based upon the initial reporting of second quarter 2012 data, estimated to be in excess of 95 percent of the market.

Industry Historical Workers' Compensation Direct Premium Written (DPW)

Year	DPW Through 6/30	Growth (Loss)	% Change	DPW Through 12/31	Growth (Loss)	% Change
2003	\$20,733,173,799	\$2,310,466,101	12.5%	\$39,163,619,129	\$3,302,484,629	9.2%
2004	\$22,269,120,294	\$1,535,946,495	7.4%	\$42,315,807,562	\$3,152,188,433	8.0%
2005	\$23,860,086,821	\$1,590,966,527	7.1%	\$45,762,359,867	\$3,446,552,305	8.1%
2006	\$25,214,881,058	\$1,354,794,237	5.7%	\$47,071,457,362	\$1,309,097,495	2.9%
2007	\$24,687,236,743	(\$527,644,315)	-2.1%	\$46,243,683,923	(\$827,773,439)	-1.8%
2008	\$22,394,863,537	(\$2,292,373,206)	-9.3%	\$41,601,440,772	(\$4,642,243,151)	-10.0%
2009	\$19,887,833,327	(\$2,507,030,210)	-11.2%	\$37,354,843,425	(\$4,246,597,347)	-10.2%
2010	\$18,956,981,545	(\$930,851,782)	-4.7%	\$36,599,729,899	(\$755,113,526)	-2.0%
2011	\$20,774,425,580	\$1,817,444,035	9.6%	\$40,145,468,639	\$3,545,738,740	9.7%
2012	\$22,668,933,642	\$1,894,508,062	9.1%			

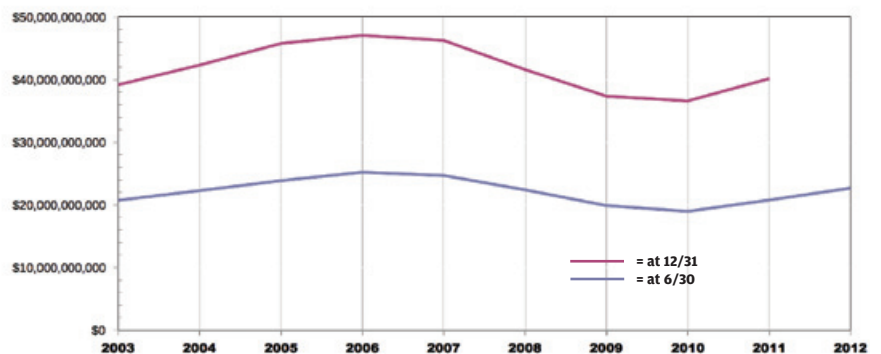
Data Source: The National Association of Insurance Commissioners (NAIC), Kansas City, Mo., by permission. Information derived from an SNL Financial product. The NAIC and SNL Financial do not endorse any analysis or conclusion based upon the use of this data. This exhibit is based upon the initial reporting of second quarter 2012 data, estimated to be in excess of 95 percent of the market.

Several of the top 25 companies — Travelers Property Casualty Co. of America, Cypress Insurance Co., Employers Compensation Insurance Co., Market Insurance Co., Insurance Co. of the West, and Zenith Insurance Co. — wrote the majority of their premium in California, where these companies and their competitors filed for significant rate increases in the past year, in line with bureau loss cost increases. However, the recently passed reform bill creates additional uncertainty about future claim costs and bureau recommendations in California. Most of the other top 25 companies are National or Near National companies that benefited from the rate increases filed in a majority of states in the past year.

The weak economic recovery, less favorable claim frequency trends, increases in medical and pharmaceutical costs, and price reductions to retain renewal business will continue to pressure workers' compensation financial results. Lower interest rates will result in less investment income to offset these unfavorable loss cost trends. ■

Groeschel is chief consulting actuary and risk analyst with Demotech Inc. Founded in 1985, Demotech is 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) in these markets since 1989. The FSR is an indicator of future financial stability and is accepted by mortgage lenders as well as underwriters of umbrella insurance and agents' errors and omissions insurance. Website: www.demotech.com.

Industry Workers' Compensation Direct Written Premium 2003-2012



Agency Ideas®

SALES & MARKETING IDEAS FOR P&C PROFESSIONALS



WOULD YOU BUY IDEAS FROM THIS GUY?

The answer is **yes** for thousands of agencies. They benefit from **Alan Shulman's** creativity to sell more P&C by subscribing to **Agency Ideas® newsletter**. It's packed with imaginative ideas and tools.

Enjoy both print and digital editions *plus* valuable subscriber-only benefits. **Download a free sample issue at www.agencyideas.com.**

(As for the hair, it's a lot shorter and grayer now. But hey, 30 years ago, it seemed like a good idea.)

WWW.AGENCYIDEAS.COM • 1-800-724-1435