

# Workers' Compensation

## Direct Premiums Written Drop for Top 50 Workers' Comp Insurers

By Joseph L. Petrelli

As of March 2011, the unemployment rate in the United States was reported to

be 8.8 percent, a marked improvement from the 10.1 percent rate reported in October 2009. The gross domestic product (GDP) has increased for six straight quarters, culmi-

nating in fourth quarter 2010 growth of 3.1 percent. Despite these improving economic conditions, the top 50 workers' compensation companies had an average 2.7 percent

### Top 50 Workers' Compensation Insurers

Results Based on Insurers' Premiums Year-End 2010 versus Year-End 2009

RANK	COMPANY NAME	GROUP NAME	DPW \$ 12/31/2010	DPW \$ 12/31/2009	DPW \$ CHANGE	DPW % CHANGE
1	Zurich American Insurance Co.	Zurich Insurance Group	1,122,813,741	1,184,375,683	-61,561,942	-5.2%
2	New Hampshire Insurance Co.	American International Group	1,099,763,508	1,201,500,059	-101,736,551	-8.5%
3	Liberty Insurance Corp.	Liberty Mutual Insurance Group	884,627,586	1,034,931,776	-150,304,190	-14.5%
4	Insurance Co. of The State of PA	American International Group	867,211,936	722,604,207	144,607,729	20.0%
5	Travelers Property Casualty Co.	Travelers Group	753,999,018	419,119,088	334,879,930	79.9%
6	American Zurich Insurance Co.	Zurich Insurance Group	723,004,974	695,269,048	27,735,926	4.0%
7	Twin City Fire Insurance Co.	Hartford Fire & Casualty Group	653,434,558	665,831,655	-12,397,097	-1.9%
8	National Union Fire Insurance Co. of Pittsburgh	American International Group	598,166,540	811,258,027	-213,091,487	-26.3%
9	Texas Mutual Insurance Co.	N/A	596,191,245	634,389,226	-38,197,981	-6.0%
10	Ace American Insurance Co.	ACE LTD Group	543,468,186	603,711,924	-60,243,738	-10.0%
11	Wausau Underwriters Insurance Co.	Liberty Mutual Insurance Group	514,633,237	505,860,391	8,772,846	1.7%
12	Hartford Insurance Co. of the Midwest	Hartford Fire & Casualty Group	460,858,949	433,068,338	27,790,611	6.4%
13	Commerce & Industry Insurance Co.	American International Group	446,205,660	516,840,376	-70,634,716	-13.7%
14	Liberty Mutual Fire Insurance	Liberty Mutual Insurance Group	421,580,060	514,191,357	-92,611,297	-18.0%
15	Hartford Underwriters Insurance Co.	Hartford Fire & Casualty Group	399,790,979	385,366,583	14,424,396	3.7%
16	Zenith Insurance Co.	Fairfax Financial Group	380,358,199	405,469,483	-25,111,284	-6.2%
17	Federal Insurance Co.	Chubb & Son Inc Group	370,646,818	410,192,744	-39,545,926	-9.6%
18	Travelers Indemnity Co.	Travelers Group	343,634,291	355,323,661	-11,689,370	-3.3%
19	New Jersey Manufacturers Insurance Co.	New Jersey Manufacturers Group	328,937,729	345,897,853	-16,960,124	-4.9%
20	SAIF Corp.	N/A	327,373,483	312,907,874	14,465,609	4.6%
21	Travelers Indemnity Co. of America	Travelers Group	326,180,064	322,830,182	3,349,882	1.0%
22	Accident Fund Insurance Co. of America	Blue Cross & Blue Shield Of MI Group	316,015,556	355,667,231	-39,651,675	-11.1%
23	Illinois National Insurance Co.	American International Group	309,542,524	208,018,231	101,524,293	48.8%
24	Indemnity Insurance Co. of North America	ACE LTD Group	300,217,701	304,255,747	-4,038,046	-1.3%
25	Hartford Casualty Insurance Co.	Hartford Fire & Casualty Group	293,415,161	246,006,496	47,408,665	19.3%
26	Hartford Accident & Indemnity Co.	Hartford Fire & Casualty Group	277,520,040	179,257,172	98,262,868	54.8%
27	Pennsylvania Manufacturers ASN Insurance	Old Republic Group	277,000,232	288,906,028	-11,905,796	-4.1%
28	Hartford Fire Insurance Co.	Hartford Fire & Casualty Group	273,618,530	332,534,467	-58,915,937	-17.7%
29	Star Insurance Co.	Meadowbrook Insurance Group	266,435,168	200,606,767	65,828,401	32.8%
30	The Netherlands Insurance Co.	Liberty Mutual Insurance Group	262,497,730	232,295,780	30,201,950	13.0%
31	Bridgefield Casualty Insurance Co.	Liberty Mutual Insurance Group	260,638,996	279,478,782	-18,839,786	-6.7%
32	Technology Insurance Co. Inc.	Amtrust GMACI Maiden Group	256,632,383	255,521,086	1,111,297	0.4%
33	Seabright Insurance Co.	N/A	256,625,315	281,349,700	-24,724,385	-8.8%
34	Everest National Insurance Co.	Everest Reinsurance Holdings Group	247,630,731	260,823,579	-13,192,848	-5.1%
35	State Farm Fire and Casualty Co.	State Farm Group	243,784,203	259,634,213	-15,850,010	-6.1%
36	Valley Forge Insurance Co.	CNA Insurance Group	241,406,386	272,026,739	-30,620,353	-11.3%
37	LM Insurance Corp.	Liberty Mutual Insurance Group	240,770,286	271,008,198	-30,237,912	-11.2%
38	Brickstreet Mutual Insurance Co.	N/A	239,951,129	310,622,200	-70,671,071	-22.8%
39	Sentinel Insurance Co. LTD	Hartford Fire & Casualty Group	226,254,901	204,795,577	21,459,324	10.5%
40	Travelers Indemnity Co. of CT	Travelers Group	223,921,093	401,031,625	-177,110,532	-44.2%
41	Companion Property & Casualty Insurance Co.	BCBS Of SC Group	222,514,041	170,889,157	51,624,884	30.2%
42	American Interstate Insurance Co.	Amerisafe Group	221,952,177	247,444,725	-25,492,548	-10.3%
43	Arch Insurance Co.	Arch Capital Group	221,188,206	211,835,883	9,352,323	4.4%
44	Charter Oak Fire Insurance Co.	Travelers Group	218,351,013	200,340,211	18,010,802	9.0%
45	Travelers Casualty & Surety Co.	Travelers Group	209,418,095	257,387,139	-47,969,044	-18.6%
46	Wausau Business Insurance Co.	Liberty Mutual Insurance Group	208,927,936	224,296,492	-15,368,556	-6.9%
47	Employers Compensation Insurance Co.	Employers Holdings Group	202,614,685	213,296,946	-10,682,261	-5.0%
48	Bridgefield Employers Insurance Co.	Liberty Mutual Insurance Group	199,492,154	223,349,010	-23,856,856	-10.7%
49	Phoenix Insurance Co.	Travelers Group	197,582,953	204,424,441	-6,841,488	-3.3%
50	Employers Insurance of Wausau	Liberty Mutual Insurance Group	190,691,562	221,181,985	-30,490,423	-13.8%
		<b>TOP 50 SUBTOTAL</b>	<b>19,269,491,648</b>	<b>19,799,225,142</b>	<b>-529,733,494</b>	<b>-2.7%</b>
		<b>ALL OTHERS</b>	<b>17,173,570,174</b>	<b>17,400,519,666</b>	<b>-226,949,492</b>	<b>-1.3%</b>
		<b>TOTAL</b>	<b>36,443,061,822</b>	<b>37,199,744,808</b>	<b>-756,682,986</b>	<b>-2.0%</b>

Data Source: The National Association of Insurance Commissioners (NAIC), Kansas, MO, by permission.

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decrease in direct premiums written for 2010, a continuation of the average 8.3 percent decrease observed in 2009.

The top 50 workers' compensation companies wrote 52.9 percent of the 2010 direct premiums written of all companies reporting, leaving 685 other companies 47.1 percent. The top 50 workers' compensation companies had 53.2 percent of 2009's direct premiums written.

Entering the top 50 insurers this year are Hartford Accident and Indemnity Co. and Companion Property and Casualty Insurance Co. Exiting the Top 50 this year are Liberty Mutual Insurance Company and Southern Insurance Co.

Members of insurance groups dominated the top 50 in 2010, as Liberty Mutual Insurance Group had nine companies listed. Hartford Fire & Casualty Group and Travelers Group followed with seven companies each in the top 50.

Only 18 of the top 50 companies reported premium increases in 2010. Companies with

increases greater than 25 percent include Illinois National Insurance Co., Hartford Accident and Indemnity Co., Travelers Property Casualty Co. of America, Star Insurance Co. and

Companion Property and Casualty Insurance Co. The last three companies mentioned — Travelers, Star and Companion — experienced significant growth in California. It will be interesting to see the financial results on these companies in a few years given the indication for a 40 percent pure premium increase recently presented by California's Workers Compensation Insurance Rating Bureau.

Profitability for this line of business is still of concern given current low investment yields, increasing commodity prices and uncertainty about the impact of the federal health care law. Premiums may not increase rapidly due to the (thus far) jobless recovery, but given the overall economic improve-

ment, it appears that the substantial premium decreases reported in recent calendar years may not continue in the future. ■

Petrelli is the president and founder of Demotech Inc., a Columbus, Ohio based financial analysis company.

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**Profitability for the workers' compensation line of business is still of concern.**



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