

Top Performing P/C Insurers

Top 25 Carriers' Premium Growth Jumps 11.4% Q1 2011 vs Q1 2010

By Douglas A. Powell

Property/casualty insurance companies have faced tough economic decisions over the last few years. Experts and analysts have expressed concern over soft pricing exhibited in the underwriting cycle. To avoid the consequences of inaction, many insurance companies appear to have responded with price increases in the first quarter of 2011. Unfortunately, many consumers do not understand the nature of these price increases and are voicing frustration over what they deem as unnecessary premium hikes.

For the quarter ending March 31, 2011, the Top 25 writers of P/C insurance in terms of direct premium growth leveraged their experience and, despite a difficult marketplace, increased their direct premium written (DPW) approximately 11.4 percent over the quarter ending March 31, 2010, an increase of approximately \$2.7 billion in

premium. In contrast, the more than 2,500 insurers that comprise the remainder of the industry did not fare as well, as their first quarter to first quarter DPW increased a mere 0.2 percent, or \$209 million. In total, DPW for the industry was up more than \$2.9 billion. See chart for details.

In an impressive display of growth, financial stability and the leveraging of experience, the Top 25 carriers wrote over 22 percent of the P/C insurance industry's DPW in the first quarter of 2011. Consistent with prior periods, less than 1 percent of the company count wrote over 20 percent of the industry's DPW.

The growth in DPW period-over-period for the first quarter is not a result of price increases due to the recent flurry of disasters. The January through March results were reported well before the catastrophes of April, May and June. Although companies increased their rates prior to these disasters, it should be anticipated that

DPW will increase period-over-period for subsequent reporting periods as a result of further price increases relating to the recent catastrophic weather events.

If further price increases associated from these storms reach the consumer, it seems likely that even more consumer scrutiny will occur. All companies are faced with the reality that consumers have a desire for decreasing costs. Companies focused on their financial stability cannot succumb to this pressure. The premium growth exhibited by the Top 25 could be an indicator that the softest part of the cycle is behind us.

If this is correct, the pricing cycle should have reached its bottom and firmer prices should assist the P/C insurance industry in period-to-period premium growth. ■

Powell is a senior financial analyst with Demotech Inc., a Columbus, Ohio-based financial analysis firm. Web site: www.demotech.com.

Top 25 Property/Casualty Companies

Based Upon Dollar Amount of Direct Premium Written (DPW) Growth Quarter Ending March 31, 2011 versus March 31, 2010

DPW Growth Rank	Company Name	DPW 3/31/2011	DPW 3/31/2010	DPW \$ Change	DPW % Change
1	National Union Fire Insurance Co. of Pittsburgh	2,946,619,280	2,268,136,502	678,482,778	29.91%
2	State Farm Mutual Auto Insurance Co.	7,714,670,177	7,534,998,828	179,671,349	2.38%
3	Liberty Mutual Insurance Co.	1,052,683,566	884,425,302	168,258,264	19.02%
4	American Agri Business Insurance Co.	503,013,074	344,410,638	158,602,436	46.05%
5	Allstate Fire and Casualty Insurance Co.	983,240,478	850,324,705	132,915,773	15.63%
6	Travelers Property Casualty Co.	1,020,033,844	894,347,234	125,686,610	14.05%
7	GEICO General Insurance Co.	1,575,414,634	1,460,464,696	114,949,938	7.87%
8	Travelers Home & Marine Insurance Co.	620,711,531	512,234,664	108,476,867	21.18%
9	Liberty Insurance Corp.	527,371,195	421,875,881	105,495,314	25.01%
10	American Home Assurance Co.	388,424,038	297,600,172	90,823,866	30.52%
11	Starr Indemnity & Liability Co.	162,313,634	77,491,405	84,822,229	109.46%
12	Commerce & Industry Insurance Co.	274,585,432	198,480,711	76,104,721	38.34%
13	Lexington Insurance Co.	1,067,230,630	992,943,421	74,287,209	7.48%
14	GEICO Indemnity Co.	1,053,314,155	994,173,589	59,140,566	5.95%
15	Continental Casualty Co.	1,035,450,229	977,480,567	57,969,662	5.93%
16	21st Century Centennial Insurance Co.	133,487,032	76,366,707	57,120,325	74.80%
17	Garrison Property and Casualty Insurance Co.	168,419,878	113,227,111	55,192,767	48.75%
18	USAA General Indemnity Co.	242,228,576	191,361,718	50,866,858	26.58%
19	AGCS Marine Insurance Co.	128,466,409	78,583,958	49,882,451	63.48%
20	Travelers Casualty Insurance Co. of America	188,814,140	138,937,960	49,876,180	35.90%
21	Government Employees Insurance Co.	1,126,162,512	1,076,958,889	49,203,623	4.57%
22	Erie Insurance Exchange	824,716,746	778,747,229	45,969,517	5.90%
23	United Service Automobile Association	1,432,560,523	1,386,916,259	45,644,264	3.29%
24	Zurich American Insurance Co.	1,130,641,080	1,086,621,141	44,019,939	4.05%
25	American Zurich Insurance Co.	232,468,663	189,218,070	43,250,593	22.86%
	Top 25	26,533,041,456	23,826,327,357	2,706,714,099	11.36%
	All Others	94,002,988,639	93,794,409,154	208,579,485	0.22%
	Total	120,536,030,095	117,620,736,511	2,915,293,584	2.48%

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