

Ward Group Names 100 Top Performing Insurers

by Editor

Performing well financially in this economic environment is a pretty big success. The past 18 months have been a volatile period for the insurance industry affecting companies in many different ways, according to Ward Group.

"Volatility in the investment portfolios, economy and competitive landscape has forced companies to evaluate many of their business strategies," says Jeff Rieder, president of Ward Group. "In selecting the Ward's 50, we identify companies that pass financial stability requirements and measure their ability to grow while maintaining strong capital positions and underwriting results."

Ward Group annually analyzes the financial performance of more than 3,100 property/casualty insurance companies and more than 800 life/health insurance companies in the United States, and identifies the top 50 performers in each segment.

Each Ward's 50 company has passed all safety and consistency screens, and achieved superior performance over the five years analyzed.

The Ward's 50 property/casualty group of insurance companies produced a 14.4% return on average equity from 2004 to 2008 compared to 9.9% for the property/casualty industry overall.

The Ward's 50 life/health group of insurance companies produced a 13.5% return on average equity from 2004 to 2008 compared to 6.4% for the life-health industry overall.

Safety and Consistency Tests

Insurance companies are evaluated and must pass minimum thresholds to be considered for the Ward's 50 designation. Each company must pass the following primary safety and consistency tests:

- Surplus and premiums of at least \$50 million for each of the five years analyzed

- Net income in at least four of the last five years (property/casualty)

- Adjusted net income in at least four of the last five years (life/health)

- Risk-based capital ratio of at least 100% (property/casualty) or 150% (life/health) for each of the five years analyzed

- Compound annual growth in premiums between -10% and 40%

Companies that pass the safety and consistency tests are measured and scored on the following elements:

- Five-year average return on average equity

- Five-year average return on average assets

- Five-year average return on total revenue

- Five-year growth in revenue

- Five-year improvement in surplus to written premium (property/casualty)

- Five-year average combined ratio (property/casualty)

- Five-year growth in surplus (life/health)

Managing Growth and Profitability

An important objective of the Ward's 50 is to compare their performance as a group with the rest of the industry. Compared to the industry as a whole, the benchmarks set by the Ward's 50 life/health group of companies were nearly three times more for total surplus growth and two times more for premium income growth. The Ward's 50 property/casualty group compared seven points lower for the five-year combined ratio and two times greater for surplus growth than the industry average. Net premiums written grew 10.1% compared to the industry's 1.8%.

"The results for the Ward's 50 benchmarks indicate that companies are able to grow the business profitably in changing market conditions," Rieder says.

Although the largest risks for insurers are losses resulting from the investment portfolio and claims, it is important for companies to stay focused on managing the ongoing risk that exists within the day-to-day operations, according to Ward Group. Its research consistently finds top-performing companies operate with fewer resources without deteriorating the customer experience. In 2008, expenses relative to revenue were 5.5% lower for the Ward's 50 property/casualty group of companies and 8.5% lower for the Ward's 50 life/health group. ©2009 Insurance Networking News and SourceMedia, Inc. All rights reserved.

