

# Ward Group Announces Top Performing P&C Insurers



Annually, Ward Group analyzes the financial performance of over 3,000 property-casualty insurance companies domiciled in the United States and identifies the top performers. This group is called the Ward's 50 for the year. 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 14.3% return on average equity from 2005 to 2009 compared to 9.2% for the property-casualty industry overall. This is the 20th year Ward Group has conducted the analysis.

"Most companies now understand the current economic situation and its impact on their business. However, the scars from the last two years are still affecting business decisions," explains Jeff Rieder, President of Ward Group. "It is important for companies to maintain a long-term vision throughout difficult business cycles. 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."

## 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
- Risk-based capital ratio of at least 100% for each of the five years analyzed
- Compound annual growth in premiums between -10% and +40%

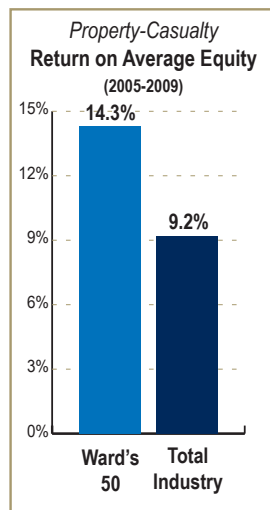
## Performance Measurements

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
- Five year average Combined Ratio

## Key Performance Benchmarks

An important objective of the Ward's 50 is to compare their performance as a group with the rest of the industry. In addition to achieving greater levels of income returns, the Ward's 50 benchmarks also outperformed in other key performance benchmarks. The Ward's 50 property-casualty group compared 7.3 points lower for the five year combined ratio (91.4% compared to 98.7%) and grew policyholder surplus by 31.6% compared to 19.1% for the industry since 2005. Net premiums written for the Ward's



50 property-casualty group grew 3.2% compared to the industry's 3.1% decline.

A recurring theme with the Ward's 50 companies is achieving greater levels of efficiency compared to peer companies. "Although we do not directly use expenses as a factor in the Ward's 50 evaluation, a common attribute of the top performing segment is the ability to operate at lower expense ratios," says Mr. Rieder. In 2009, expenses relative to revenue were 8.1% lower for the Ward's 50 property-casualty group of companies. "Our research consistently finds the top companies achieve a proper balance between managing expenses and making prudent investments in systems or processes to meet customer needs and corporate goals."

## 2010 Ward's 50® Property-Casualty Companies (listed alphabetically)

Acuity  
 Alleghany Group  
 Allstate Insurance Company  
 American Modern Insurance Group  
 Amerisafe  
 Amica Mutual Insurance Group  
 Andover Companies  
 Assurant Group  
 Auto-Owners Insurance Group\*  
 Balboa Insurance Company  
 Bear River Mutual Insurance Company  
 Brethren Mutual Insurance Company  
 Brotherhood Mutual Insurance Company  
 Capital Insurance Group  
 Chubb Group  
 Cincinnati Insurance Group\*  
 CSE Insurance Group  
 The Commerce Group, Inc.  
 The Doctors Company  
 Donegal Insurance Group  
 Erie Insurance Group  
 Federated Mutual Group  
 Fireman's Fund Insurance Group  
 First Insurance Company of Hawaii, LTD  
 FM Global  
 Franklin Mutual Insurance Group  
 GEICO\*  
 Goodville Mutual Casualty Company  
 Great American Insurance Companies  
 HCC Insurance Holdings Group  
 Island Insurance Companies Group  
 Kentucky Employers' Mutual Insurance  
 Louisiana Workers' Compensation Corporation  
 Metropolitan Property and Casualty Insur. Co.  
 North Star Mutual Insurance Company  
 Ohio Mutual Insurance Group  
 Old Republic Insurance Group  
 Philadelphia Insurance Companies  
 ProAssurance  
 Progressive Casualty Insurance Company  
 ProMutual Group  
 RLI Insurance Group\*  
 Rural Mutual Insurance Company  
 Safety Insurance Group  
 Travelers Insurance Group  
 USAA Group\*  
 Vermont Mutual Insurance Company  
 Virginia Farm Bureau  
 W.R. Berkley Corporation Group  
 Western National Insurance Group  
 \*20-year recipient (1991-2010)

An important objective of the Ward's 50 is to compare their performance as a group with the rest of the industry. Comparisons based on benchmarks set by the Ward's 50 group of companies are available for individual companies and the total industry. Visit [www.wardinc.com](http://www.wardinc.com) for more information.



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