California Workers' Compensation Institute

BULLETIN

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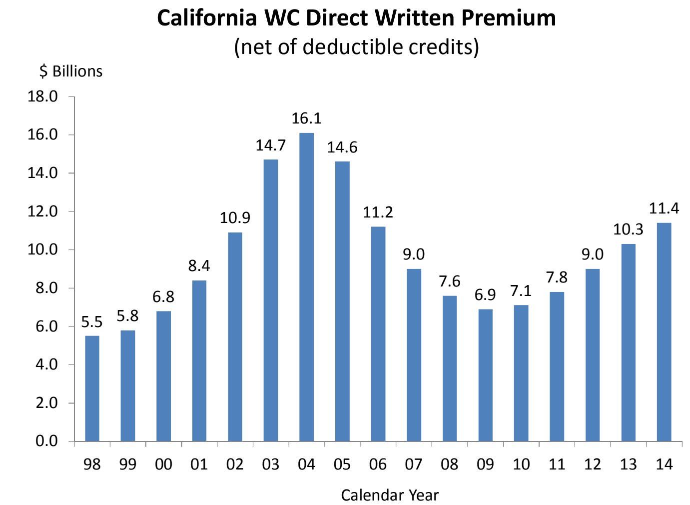
For the fifth year in a row, California workers' compensation total direct written premium (DWP) increased in 2014, climbing 10.7 percent to more than $11.4 billion -- up $4.5 billion from the 10-year low noted in 2009, but still $4.7 billion below the record high of $16.1 billion noted in 2004.

Market data compiled by the National Association of Insurance Commissioners and posted by the Department of Insurance show California workers' compensation insurers' aggregate premium increased by $1.1 billion in calendar year 2014, reflecting continued growth in average premium rates, as well as in covered payroll. After falling by more than $9 billion in the aftermath of the 2004 reforms, total DWP has climbed steadily from the post-reform low of $6.9 billion, increasing more than $1 billion in each of the last three years.



With the state's economy expanding and average premium rates rising, most of the largest insurers in California appear to have been content to stay the course, as evidenced by the relative stability in the rankings of the top 10 insurers in 2014. State Compensation Insurance Fund retained the top spot, increasing its premium volume by $416 million, or 37.4%, to more than $1.5 billion, pushing its market share up to 13.4%. Berkshire Hathaway nailed down the second spot, increasing its total premium by $319 million (+16.4%) giving it a 9.9% stake in the market, while Travelers held on to the third position after reducing its premium volume by less than 1%, keeping it just ahead of AmTrust NGH Group, which added nearly $257 million in DWP in 2014, up nearly 58% from 2013, giving it a 6.1% market share and moving it up 3 spots in the rankings to number 4 – the biggest move in the top 10 rankings. Hartford Fire & Casualty reduced its total DWP by 6%, registering the biggest decline among the top 10 carriers, but with $622 million in premium, it still accounted for 5.4% of the market and ranked fifth overall.

2014 Top 10 Calif Workers' Comp Insurer Groups by Premium Volume	**2013 Rank**	**2014 DWP $(000s)**	**13-14 % Change**	**% Market Share**	
				13	**14**
1. State Compensation Insurance Fund	1	$ 1,528,879	+37.4	10.8	13.4
2. Berkshire Hathaway Group	2	$ 1,135,946	+16.4	9.5	9.9
3. Travelers Group	3	$ 708,669	-0.7	6.9	6.2
4. AmTrust NGH Group	7	$ 700,510	+57.9	4.3	6.1
5. Hartford Fire & Casualty Group	4	$ 622,063	- 6.0	6.4	5.4
6. Zurich Insurance Group	5	$ 590,838	+ 3.6	5.5	5.2
7. American International Group	6	$ 570,919	+14.2	4.9	5.0
8. American Assets Group	8	$ 533,859	+21.2	4.3	4.7
9. Fairfax Financial Group	9	$ 425,616	- 1.5	4.2	3.7
10. Employers Holdings Group	10	$ 414,552	+1.1	4.0	3.6
All Groups		$ 11,425,340	+11.0		

Zurich increased its total premium by 3.6 percent over the 2013 level, but that was below the 11.0% increase noted for all groups, so its market share dipped from 5.5% to 5.2%, ranking it just ahead of American International Group, which wrote $71 million more in DWP in 2014 to account for 5% of the market, and American Assets Group, which added $93.6 million to its premium total, ranking 8th with a 4.7% market share. Rounding out the top 10 workers' compensation insurers for 2014 were Fairfax Financial, which showed a slight decline in total premium (-1.5%) but still accounted for 3.7% of the market, and Employers Holdings, which increased its premium volume 1.1%, though that pushed its market share down to 3.6%.

The California market was slightly more concentrated at the top in 2014, as the 10 leading underwriting groups accounted for 63.3% of statewide DWP last year, up from 60.8% for the top 10 writers in 2013. With the big increases in premium volume by State Compensation Insurance Fund, Berkshire Hathaway, and AmTrust NGH Group, the market share for the top 5 companies was also up, increasing from 39.1% in 2013 to 41.1% last year. A total of 79 insurer groups wrote workers' compensation in California last year (vs. 80 in 2013), and 23 of those had at least a 1% market share, indicating continued competitiveness in the market. Among those 23 groups, 17 wrote more premium in 2014 than in 2013, with 13 of those registering double-digit percentage increases. In addition to the top 10 writers, the following insurers accounted for at least 1% of the market in 2014:

Other Insurer Groups w/at least 1% of Total 2014 California WC DWP	2013 Rank	2014 DWP $(000s)	2013-2014 % Change	% Market Share 2013	2014
11. Everest Reinsurance Holdings Group	11	331,704	+1.3	3.2	2.9
12. American Financial Group	13	309,886	+18.0	2.6	2.7
13. Liberty Mutual Group	12	278,600	- 14.0	3.1	2.4
14. Chubb Insurance Group	14	273,311	+8.1	2.5	2.4
15. Farmers Insurance Group	16	254,690	+18.5	2.1	2.2
16. Old Republic Group	18	249,374	+29.1	1.9	2.2
17. Ace Ltd. Group	21	245,269	+63.0	1.5	2.1
18. Meadowbrook Insurance Group	15	182,101	-20.4	2.2	1.6
19. WR Berkley Corp Group	19	180,017	+11.4	1.6	1.6
20. Enstar Group*	17	165,950	- 18.2	2.0	1.5
21. Delek Group	20	162,012	+ 1.8	1.5	1.4
22. Arch Insurance Group	26	129,451	+83.4	0.7	1.1
23. The Hanover Insurance Group	24	113,684	+18.4	0.9	1.0

* Companion Property & Casualty Insurance and Torus Insurance were recently acquired by Enstar. In 2013, DWP for Companion was included as premium for Blue Cross Blue Shield of South Carolina, and DWP for Torus was reported as premium for Torus Insurance Group. The 2013 premium for those groups was used to calculate the change in DWP and market share for Enstar, which acquired them.

The California Department of Insurance has posted the latest 2014 market share reports for California workers' compensation online at http://www.insurance.ca.gov/01-consumers/120-company/04-mrktshare/.

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