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BULLETIN

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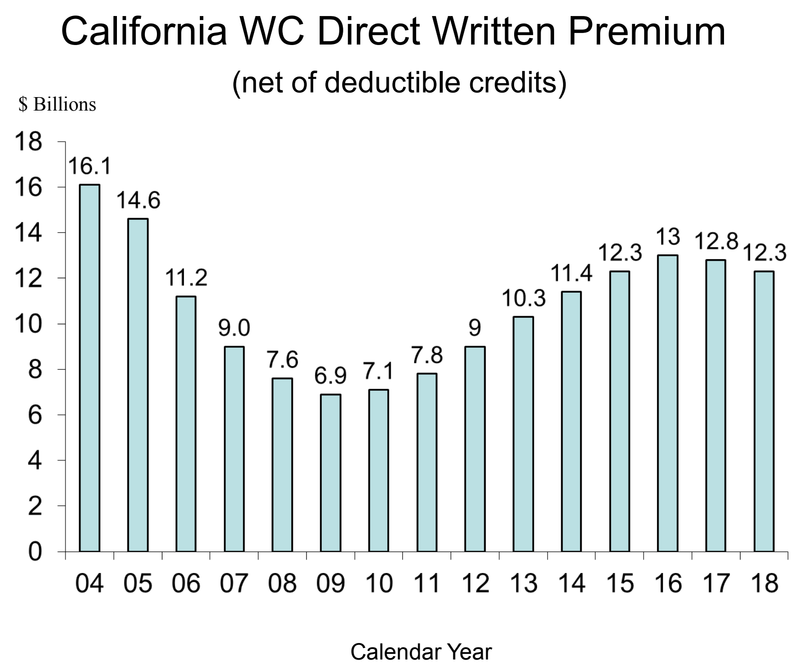
For the second year in a row, total direct written premium (DWP) in the California workers' compensation system fell in 2018, declining 3.8 percent to less than $12.3 billion as 9 of the 10 largest insurer groups in the state wrote less premium in 2018 than they did in 2017.



Market data compiled by the National Association of Insurance Commissioners (NAIC) and posted by the Department of Insurance (CDI) show California workers' compensation insurers' aggregate premium dropped by nearly $489 million in calendar year 2018, as declining premium rates more than offset the increase in covered payroll. The WCIRB reported last month that insurers' average charged rate for California workers' compensation policies incepting in 2018 fell to $2.25 per $100 of payroll, down 11 percent from 2017. Charged rates have declined steadily since the enactment of SB 863, as the WCIRB Governing Committee has recommended a steady string of reductions in the advisory pure premium rates used by insurers as a benchmark in setting their rates, primarily spurred by declining medical losses under the reforms. But last month the Committee voted against recommending that Insurance Commissioner Lara reduce the advisory rates further via a mid-year rate decrease. The Committee noted that the 4 percent decrease indicated by recent loss experience didn't merit a mid-year filing and expressed some concern about the initial 2018 loss data – citing potential distortions in loss development related to recent reductions in prescription drug costs.

In addition to the aggregate premium data, the latest NAIC report also reveals the rankings of the top 10 insurer groups by premium volume. As in 2017, Berkshire Hathaway Group topped the list, even though its premium volume declined by nearly $82 million (5.7 percent), which pushed its market share down from 11.2 to 10.9 percent. State Compensation Insurance Fund retained the second spot, with total premium of nearly $1.34 billion, 1.6 percent less than in 2017, but that was far less than the industrywide decline of 3.8 percent, so its market share increased to 10.9 percent.

ICW Group/Assets Inc Group was the only group in the top 10 that increased DWP volume in 2018, and although the increase was small (0.8 percent), it was enough to move it up to third place in the rankings, just ahead of AmTrust Financial Services Group, which reduced its total DWP by $134.1 million (14.9 percent), pushing its market share down nearly a full point to 6.2 percent. Hartford Fire & Casualty Group and Travelers group held on to the number 5 and number 6 spots with 5.6 percent and 5.3 percent of statewide DWP respectively, while Chubb Ltd Group and Zurich Insurance Group traded the number 7 and 8 positions after Zurich reduced its total premium by $82.5 million (12.6 percent), while Travelers' premium fell $47.2 million (7.4 percent). Fairfax Financial Group saw its premium drop by $38 million (8.1 percent) but held on to ninth position with 3.5 percent of the market, while Employers rounded out the top 10 list, writing 13.5 million (3.2 percent) less premium in 2018, which left its market share unchanged at 3.3 percent.

2018 Top 10 Calif Workers' Comp Insurer Groups by Premium Volume	2017 Rank	2018 DWP $(000s)	2017-18 % Change	% Market Share	
				2017	2018
1. Berkshire Hathaway Group	1	$ 1,342,984	- 5.7	11.2	10.9
2. State Compensation Insurance Fund	2	$ 1,338,989	- 1.6	10.7	10.9
3. ICW Group/Assets Inc Group	4	$ 771,343	+ 0.8	6.0	6.3
4. AmTrust Financial Services Group	3	$ 767,066	-14.9	7.1	6.2
5. Hartford Fire & Casualty Group	5	$ 688,698	- 4.4	5.6	5.6
6. Travelers Group	6	$ 646,934	- 5.8	5.4	5.3
7. Chubb Ltd Group	8	$ 588,045	- 7.4	5.0	4.8
8. Zurich Insurance Group	7	$ 572,685	-12.6	5.1	4.7
9. Fairfax Financial Group	9	$ 434,577	- 8.1	3.7	3.5
10. Employers Holdings Group	10	$ 406,524	- 3.2	3.3	3.3
All Groups		$ 12,281,630	- 3.8		

A total of 76 insurer groups, encompassing 227 individual companies, reported California workers' compensation direct written premium in 2018, but the majority of statewide DWP was concentrated among the two dozen largest groups, each of which had at least a 1 percent market share. Together, these 24 groups accounted for 88.2 percent of total DWP in 2018. In addition to the top 10 groups, which together represented 61.5 percent of statewide premium, the following insurer groups also wrote at least 1 percent of statewide premium last year.

Other Insurer Groups w/at least 1% of Calif WC 2018 Premium	2017 Rank	2018 DWP $(000s)	2017-18 % Change	% Market Share	
				2017	2018
11. WR Berkley Corp	13	$ 320,327	- 6.6	2.7	2.6
12. American International Group	11	$ 306,871	- 13.1	2.8	2.5
13. American Financial Group	14	$ 301,438	- 3.7	2.5	2.5
14. Liberty Mutual Group	16	$ 291,460	+ 7.6	2.1	2.4
15. Everest Reinsurance Holdings Group	12	$ 289,101	- 17.9	2.8	2.4
16. Old Republic Group	15	$ 287,580	+ 5.0	2.1	2.3
17. Arch Insurance Group	18	$ 219,963	- 5.5	1.8	1.8
18. BCBS of Michigan Group	22	$ 217,581	+30.0	1.3	1.8
19. Farmers Insurance Group	17	$ 210,369	- 13.8	1.9	1.7
20. James River Group	20	$ 192,817	+ 7.7	1.4	1.6
21. Markel Corp Group	19	$ 190,316	+ 6.1	1.4	1.5
22. Copperpoint Group	23	$ 168,563	+ 2.4	1.3	1.4
23. Benchmark Holding Group	25	$ 139,719	+36.5	0.8	1.1
24. AmeriTrust Group Inc Group	21	$ 127,641	- 27.8	1.4	1.0

The California Department of Insurance has posted the 2018 market share reports for property and casualty insurers, including workers' compensation groups, at http://www.insurance.ca.gov/01-consumers/120-company/04-mrktshare/.

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