California Workers' Compensation Institute

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BULLETIN

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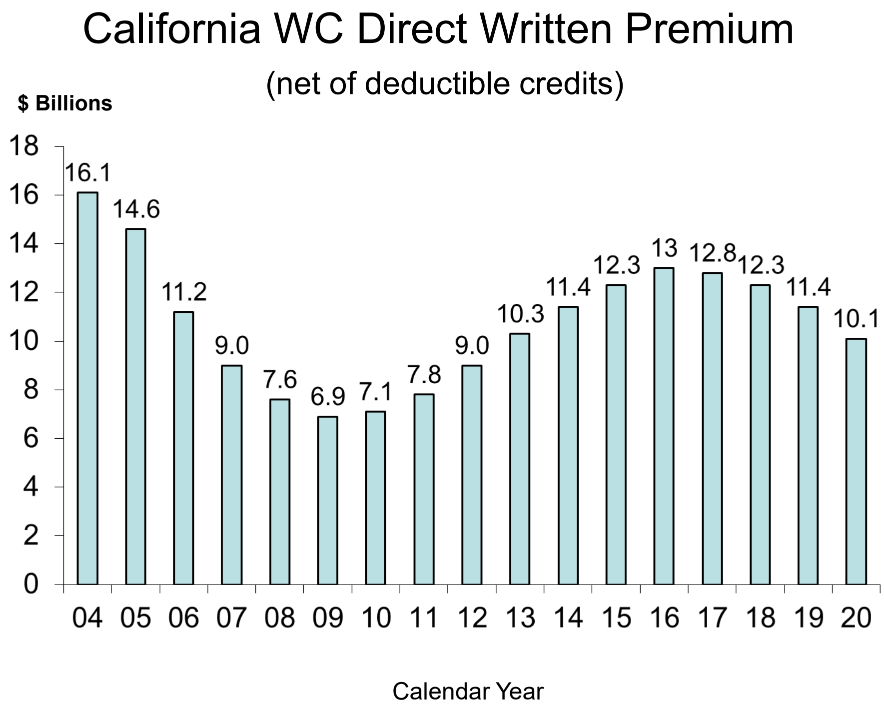
Driven by the ongoing decline in insurers' average charged rates and relatively flat payroll levels, total direct written premium (DWP) in the California workers' compensation system fell by 11.4 percent in 2020, dropping to an 8-year low of $10.11 billion, as all but two of the state's 25 largest insurer groups collected less premium in 2020 than in 2019.

The calendar year 2020 market share report compiled by the National Association of Insurance Commissioners (NAIC) and released by the California Department of Insurance (CDI) shows that as premium rates continued to decline between 2019 and 2020, California workers' compensation insurers' total DWP fell by more than $1.3 billion. The Workers' Compensation Insurance Rating Bureau's May 13 report on insured experience through the end of last year shows that insurers' average charged rate per $100 of covered payroll for California workers' comp policies incepting in 2020 fell to $1.77, down 9.2 percent from $1.95 in 2019, and 40.4 percent below the 2014 peak of $2.97. Insurers' charged rates have continued to decline since enactment of SB 863 reforms, and since 2015 the WCIRB Governing Board has recommended a string of 11 reductions in the advisory pure premium rates used by insurers as a benchmark in setting their rates, though in an April 29 rate filing, the WCIRB proposed a 2.7 percent increase in the average advisory rates for new and renewal policies that take effect on or after September 1, and the Department of Insurance has scheduled a virtual public hearing on that filing for June 7 at 10 a.m.



In addition to the data on statewide DWP, the NAIC report also notes the premium volume for the 79 insurer groups (representing a total of 233 individual companies), that reported California workers' compensation DWP in 2020. State Compensation Insurance Fund, remained at the top of the list with 10.7 percent of the market, even though its total premium declined by $129 million from the 2019 level. Berkshire Hathaway Group held down the second spot, despite writing about a quarter billion dollars less in premium and reducing its market share from 9.4 to 8.1 percent -- the biggest decline in market share last year. ICW Group/Assets Inc Group, Hartford Fire & Casualty Group, and Travelers Group also retained their spots in the top five rankings, though Zurich Insurance Group moved ahead of AmTrust NGH group into the sixth position as its premium volume was only down 2.6 percent, far less than most of the other large insurers, so its market increased from 4.6 to 5.1 percent. Chubb Ltd. Group and Fairfax Financial Group continued as the eighth and ninth largest workers' comp writers in the state, with their DWP volume declining by 8.0 percent and 15.0 percent respectively, while Copperpoint Group was the only insurer group in the top 10 that increased DWP volume in 2020, as it wrote nearly $45 million more in premium last year than in 2019, which pushed its market share up from 2.3 percent to 3.1 percent, and moved it up 5 spots into the number 10 position in the rankings.

2020 Top 10 Calif Workers' Comp Insurer Groups by Premium Volume	2019 Rank	2020 DWP $(000s)	2019-2020 % Change	% Market Share	
				2019	2020
1. State Compensation Insurance Fund	1	$ 1,076,840	- 10.7	10.6	10.7
2. Berkshire Hathaway Group	2	$ 819,915	- 23.5	9.4	8.1
3. ICW Group/Assets Inc Group	3	$ 693,250	- 12.6	6.9	6.9
4. Hartford Fire & Casualty Group	4	$ 553,380	- 14.9	5.7	5.5
5. Travelers Group	5	$ 542,034	- 12.9	5.5	5.4
6. Zurich Insurance Group	7	$ 514,581	- 2.6	4.6	5.1
7. AmTrust NGH Group	6	$ 509,604	- 9.3	4.9	5.0
8. Chubb Ltd Group	8	$ 458,155	- 8.0	4.4	4.5
9. Fairfax Financial Group	9	$ 317,282	- 15.0	3.3	3.1
10. Copperpoint Group	15	$ 311,347	+ 16.8	2.3	3.1
All Groups		$ 10,111,645	- 11.4		

Although 79 insurer groups wrote California workers' compensation DWP in 2020, the $10.1 billion in premium remained heavily concentrated among the 25 largest groups, each of which had at least a 1 percent market share. Together, these 25 groups accounted for 86.1 percent of total DWP in 2020. In addition to the top 10 groups, which together represented 57.4 percent of the total DWP, the following groups also wrote at least 1 percent of statewide premium last year.

Other Insurer Groups w/at least 1% of Calif WC 2020 Premium	2019 Rank	2020 DWP $(000s)	2019-2020 % Change	% Market Share	
				2019	2020
11. Liberty Mutual Group	13	$ 284,784	- 6.8	2.7	2.8
12. Employers Holdings Group	10	$ 255,704	- 24.3	3.0	2.5
13. Everest Reinsurance Holdings Group	11	$ 254,324	- 18.7	2.7	2.5
14. WR Berkley Corp	12	$ 247,227	- 20.1	2.7	2.4
15. American Financial Group	14	$ 237,348	- 13.8	2.4	2.4
16. BCBS of Michigan Group	16	$ 224,225	- 12.8	2.3	2.2
17. Old Republic Group	18	$ 217,198	- 9.9	2.1	2.2
18. American International Group	17	$ 212,367	- 15.2	2.2	2.1
19. Benchmark Holding Group	20	$ 191,733	+ 0.7	1.7	1.9
20. Arch Insurance Group	21	$ 175,634	- 7.1	1.7	1.7
21. Markel Corp Group	19	$ 142,533	- 26.6	1.7	1.4
22. Farmers Insurance Group	22	$ 133,350	- 27.2	1.6	1.3
23. James River Group	23	$ 117,148	- 14.5	1.2	1.2
24. AXA Insurance Group	24	$ 110,916	- 3.6	1.0	1.1
25. Tokio Marine Holdings Inc Group	25	$ 103,952	- 7.1	1.0	1.0

The 2020 market share reports for property & casualty insurers, including workers' compensation groups, are posted here.

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