

## **California Workers' Compensation**

DWC 19<sup>th</sup> Annual Educational Conference

Los Angeles February 23 & 24, Oakland March 5 & 6, 2012



### **Insurance Commissioner – CA Department of Insurance Rate Regulation Branch – Rate Filing Bureaus**

- In California, workers' compensation is a "file-and-use" line of insurance; it is not covered under Proposition 103 as a "prior approval" line of insurance. (e.g. personal auto & homeowners, numerous comm'l lines)
- For WC, every insurer must file with the Commissioner all rates and supplementary rate information that are to be used in California.
- The WC rates and supplementary rate information must be filed not later than 30 days prior to the proposed effective date.
- If a WC filing is considered to be complete and in compliance with the filing requirements on the 30<sup>th</sup> day after filing receipt, the company can use or apply the information contained in the filing.
- In 2011, CDI received 491 WC filings from 202 different WC companies.

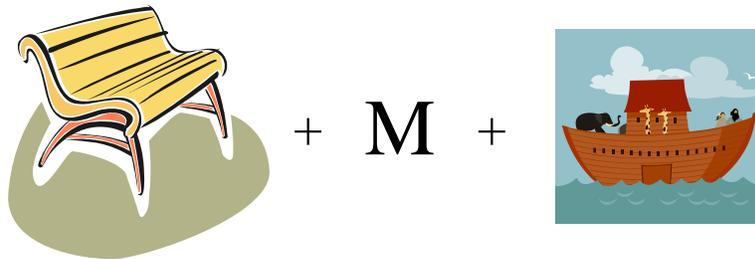
**Pure Premium Rates**  
**A Very Brief, General, Simplified Overview**

- One component of a WC insurance company rate filing is the *pure premium rates* that the company will be using.
- In the workers' compensation system, *pure premium rates* are developed to cover the cost of benefits (losses – medical & indemnity) and the cost of adjusting and settling the claims for those benefits (loss adjustment expense or LAE).
- Each August, the WCIRB submits a filing to the CDI that contains proposed advisory *pure premium rates* covering nearly 500 different standard classifications.
- The CDI Commissioner, after conducting a public hearing, decides whether to approve, disapprove, or modify the WCIRB's proposed advisory *pure premium rates*.

**Pure Premium Rates**  
**A Very Brief, General, Simplified Overview**

- The set of advisory *pure premium rates* approved under the Commissioner's Decision and Order (November) take effect January 1<sup>st</sup> of each year.
- California's open rating law allows each WC insurer to adopt the Commissioner's approved advisory *pure premium rates* or to choose to deviate from the approved *pure premium rates*.
- There is no January 1<sup>st</sup> filing requirement for WC insurers, in fact they submit filings throughout the year. But when they submit a rate filing companies must identify the *pure premium rates*, inclusive of any deviations, the company is filing to use.
- Each insurer also factors in its own underwriting expense and profit loadings to its filed *pure premium rates* to arrive at its filed manual rates.

*The password is...*



### **Leading up to the Insurance Commissioner's Decision**

(File Number REG-2011-00022, November 4, 2011)

- November 2010, Commissioner's Decision and Order (REG-2010-00014) provided that future WCIRB advisory *Workers' Compensation Claims Cost Benchmark and Pure Premium Rates* (Benchmark) be based upon insurers' actual filed pure premium rates. This direction was made to better inform the public and insurers regarding workers' comp pure premium rates being utilized in the marketplace.
- The impact of all Benchmarks up to 1/1/2011 were related/linked to the previously approved Benchmark which provided no relevance to actual market conditions.
- June 2011, Commissioner directed WCIRB to submit its advisory Benchmark filing indexed to current industry average filed pure premium rates so that focus is on relationship to current market conditions.
- August 2011, CDI received WCIRB's filing of the *proposed* revision to the Benchmark to take effect January 1, 2012. Per the WCIRB filing, the industry average filed pure premium rate as of July 1, 2011 = \$2.37 per \$100 of payroll, and the *proposed* advisory Benchmark average for January 1, 2012 = \$2.33 ( $\approx -1.8\%$ ).

### **Leading up to the Insurance Commissioner's Decision**

(File Number REG-2011-00022, November 4, 2011)

- **Public Hearing on September 27, 2011 per CIC §11750(b) with conclusion of the period to receive written comment/additional documentation on October 5, 2011.**
- **Commissioner has 30 days from the conclusion of the hearing (including additional documentation period) to approve, disapprove, or modify the proposed Benchmark.**
- **Commissioner's latest Decision and Order (REG-2011-00022) is an approval of an average advisory Benchmark rate of \$2.30 per \$100 of payroll, as ordered on November 4, 2011. Compared to the industry average filed pure premium rate as of July 1, 2011 of \$2.37 per \$100 of payroll, the approved advisory Benchmark  $\approx$  -3%.**
- **As of year end 2011, for the top 100 insurers (96.7% of market based on 2010 DWP), the filed overall average change in pure premium rates is estimated to be an increase of 2.8%. This implies that the industry average filed pure premium rate as of January 1, 2012  $\approx$  \$2.43 or \$2.44 per \$100 of payroll.**

### **Aggregate Filed Manual Rate Changes for the CA Workers' Compensation Industry**

(Cumulative Post Reform Filed Manual Rate Changes: 1/1/2004 through 1/1/2012)

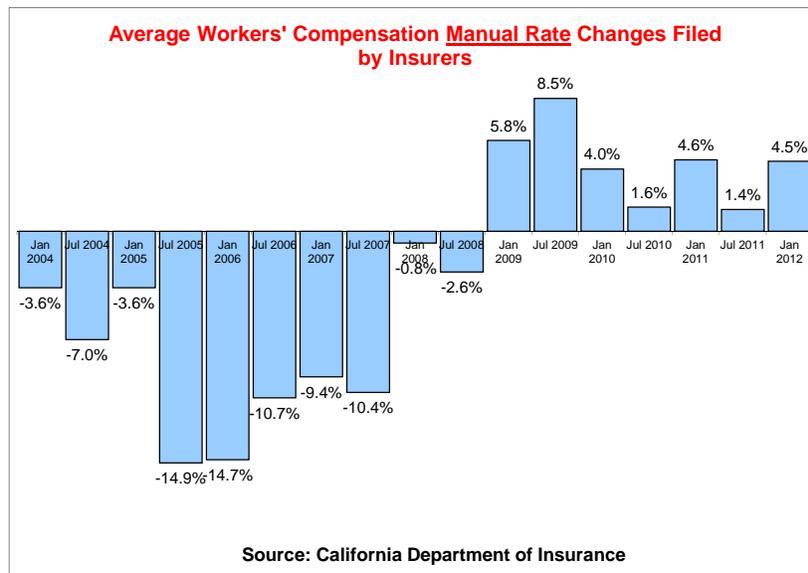
- **State Compensation Insurance Fund  
Cumulative Filed Manual Rate Change -40.3%**
- **CA Workers' Comp. Industry  
Cumulative Filed Manual Rate Reductions -40.9%**

### Aggregate Filed Manual Rate Changes - Top 10 Groups

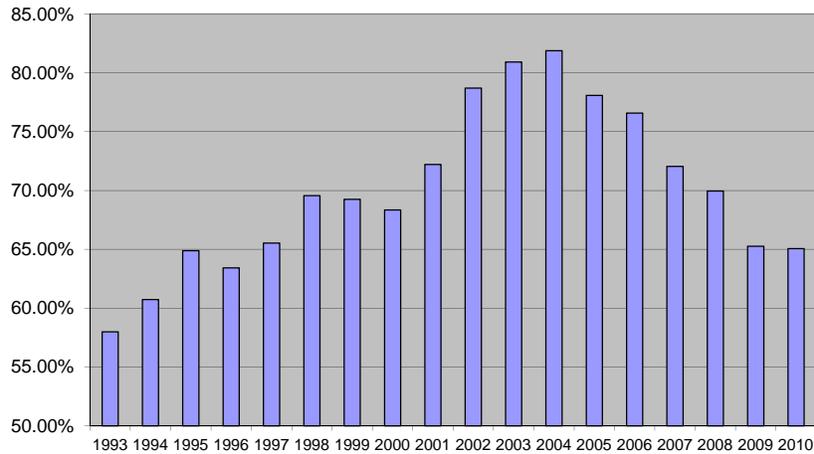
(Cumulative Post Reform Filed Manual Rate Changes: 1/1/2004 through 1/1/2012)

COMPANY/GROUP	MARKET SHARE (2010)	CUMULATIVE RATE CHANGE
• State Fund	16.0%	-40.3%
• Zurich/Farmers	8.6%	-47.0%
• Travelers Group	7.7%	-52.2%
• AIG Group	6.5%	-42.1%
• The Hartford Grp.	6.4%	-59.8%
• Fairfax (Zenith)	5.1%	-28.3%
• Liberty Mutual	4.6%	-58.2%
• Berkshire Hath.	4.3%	-52.0%
• Everest National	3.0%	-47.1%
• Ace Capital Group	2.8%	-57.8%

### Average Workers' Compensation Manual Rate Changes Filed by Insurers



**California Workers' Compensation Market Share  
Top 10 Companies/Groups**



Source: California Department of Insurance

**Newly Authorized Workers' Compensation Insurers since AB 227,  
SB 228, SB 899**

(Determined by Initial Rate Filing or Certificate of Authority Application, as of 1/1/2012)

COMPANY / GROUP NAME	DATE OF ADMISSION
• 1. Norguard Group	2/2/04
• 2. Employers Reinsurance Corp.	7/28/04
• 3. National Liability & Fire Insurance Co	9/24/04
• 4. Compwest Insurance Company	10/4/04
• 5. Farmers Reinsurance Company	11/16/04
• 6. California Insurance Company	12/23/04
• 7. Berkley Regional Insurance Company	1/13/05
• 8. TNUS Insurance Company	1/14/05
• 9. Partner Reinsurance Company	2/15/05
• 10. SUA Insurance Company	5/9/05
• 11. Western United Insurance Company	7/29/05
• 12. Insurance Corporation of Hannover	8/30/05
• 13. Midwest Employers Casualty Company	12/30/05
• 14. Endurance Reinsurance Corp. of America	1/6/06
• 15. Great Divide Insurance Company	2/16/06

**Newly Authorized Workers' Compensation Insurers since AB 227,  
SB 228, SB 899**

(Determined by Initial Rate Filing or Certificate of Authority Application, as of 1/1/2012)

COMPANY / GROUP NAME	DATE OF ADMISSION
• 16. Financial Pacific Insurance Company	5/25/06
• 17. Nova Casualty Company	8/16/06
• 18. Sompo Japan Fire & Marine Ins Co	9/5/06
• 19. Advantage Workers' Comp Ins Co	9/6/06
• 20. Lincoln General Insurance Company	3/21/07
• 21. North American Elite Insurance Co	5/29/07
• 22. Tower Insurance Company of New York	9/21/07
• 23. Sparta Insurance Company	10/3/07
• 24. New York Marine & General Ins Co	10/12/07
• 25. XL Insurance America, Inc.	3/6/08
• 26. Washington International Insurance Co	3/13/08
• 27. Southern Insurance Company	4/23/08
• 28. Sentry Casualty Company	5/28/08
• 29. Memic Indemnity Company	7/7/08
• 30. Security National Insurance Company	8/26/08

**Newly Authorized Workers' Compensation Insurers since AB 227,  
SB 228, SB 899**

(Determined by Initial Rate Filing or Certificate of Authority Application, as of 1/1/2012)

COMPANY / GROUP NAME	DATE OF ADMISSION
• 31. Preserver Insurance Company	12/30/08
• 32. Peerless Indemnity Insurance Co	4/7/09
• 33. Peerless Insurance Company	4/7/09
• 34. Accident Fund Insurance Company	4/17/09
• 35. United Wisconsin Insurance Company	4/20/09
• 36. Netherlands Insurance Company (The)	5/19/09
• 37. Companion Property & Casualty Ins Co	11/30/09
• 38. Sequoia Insurance Company	12/12/09
• 39. Seneca Insurance Company, Inc.	1/26/10
• 40. Sentinel Insurance Company, Ltd.	3/4/10
• 41. National Casualty Company	5/18/10
• 42. Massachusetts Bay Insurance Company	6/17/10
• 43. Allmerica Financial Benefit Insurance Co	7/20/10
• 44. Citizens Insurance Company of America	7/20/10
• 45. Starnet Insurance Company	7/21/10

**Newly Authorized Workers' Compensation Insurers since AB 227,  
SB 228, SB 899**

(Determined by Initial Rate Filing or Certificate of Authority Application, as of 1/1/2012)

<b>COMPANY / GROUP NAME</b>	<b>DATE OF ADMISSION</b>
• 46. Hanover American Insurance Company	9/21/10
• 47. Pharmacists Mutual Insurance Company	11/19/10
• 48. Republic Underwriters Insurance Co	12/16/10
• 49. Berkley National Insurance Company	1/3/11
• 50. Sparta American Insurance Company	1/19/11
• 51. Dentists Insurance Company (The)	1/26/11
• 52. RLI Insurance Company	3/25/11
• 53. Wesco Insurance Company	3/25/11
• 54. Technology Insurance Company, Inc.	3/30/11
• 55. Crum & Forster Indemnity Company	11/1/11
• 56. State National Insurance Company, Inc.	11/1/11
• 57. Starr Indemnity & Liability Company	11/14/11
• 58. North Pointe Insurance Company	11/14/11
• 59. QBE Insurance Corporation	11/14/11

**Pending Applications for New Workers' Compensation Insurers  
since passage of AB 227, SB 228, SB 899**

(Determined by Initial Rate Filing or Certificate of Authority Application, as of 1/1/2012)

<b>COMPANY NAME</b>	<b>DATE OF APPLICATION</b>
• 1. HDI-Gerling America Insurance Company	6/8/11
• 2. Plaza Insurance Company	8/11/11
• 3. Stonington Insurance Company	12/2/11

## **Summary of Steps to Better Review, Analyze, and Inform the Public and Insurers Regarding Workers' Compensation Costs and Rates**

- **CDI provides WCIRB with the version of the Benchmark filed or adopted by each individual insurer. Together with any company filed Benchmark deviations, industry average filed *pure premium rate* level is calculated and a relation to the next proposed Benchmark established.**
- **CDI also provides WCIRB the with Loss Cost Multiplier (loading for underwriting expenses and profit) filed by each individual insurer. A company's LCM applied to its filed *pure premium rates* results in a company's filed manual rates. Industry average filed manual rate levels can then be calculated as well as industry average LCM.**
- **WCIRB provides comparisons by classification and overall of the proposed pure premium rates to the industry average filed pure premium rates.**

## **Comparison Shop on the Internet**

- **Comparison Shop on the Internet**
  - **www.insurance.ca.gov - Click on "Consumers", "Compare Premiums", "Information on the CA Workers' Compensation Rate Comparison", and click on the range of class codes that contains your governing class code. Use the bookmarks and Class Code Search feature to help navigate to specific class codes.**
  - **Click on the Back button and go back to the Cal WC Rate Comparison main page, and click on "Check your insurance company's profile" link to obtain profile information about the company. Request a premium quote from the company, or for an authorized agent/broker that may provide a quote. If the quote is too high, select another company from the list. Check company licenses and agent/broker licenses. Check financial stability ratings.**
  - **Many companies have their own websites and can provide on-line quotes.**

CALIFORNIA WORKERS' COMPENSATION																
MANUAL BASE RATES - RATE IMPACT OF FILINGS FROM 01/01/2004 THROUGH 01/01/2012																
List Current As Of 01/01/2012																
Sorted by Group Premium Volume & Group Market Share																
ANNUAL RANK	COMPANY NAME	GROUP NAME	Group Market Share	1/1/12 File #	1/1/11 File #	7/1/10 File #	01/01/2004 Cumulative % Rate Change	01/01/2012 % Rate Change	01/01/2011 % Rate Change	07/01/2010 % Rate Change	Date Most Recent Filing Recd.	2010 Direct Written Premium (after deductible credits)	01/01/2012 Group Rate Impact	01/01/2011 Group Rate Impact	07/01/2010 Group Rate Impact	
1	1	1	STATE COMPENSATION INSURANCE FUND	16.02%	11-8830	10-7967	10-3091	-40.34%	-1.07	5.20	10/27/2011	\$1,140,202,785	\$1,128,002,615	\$1,199,493,330	\$1,140,202,785	
												\$1,140,202,785	-1.07%	5.20%	0.00%	
2	2	3	AMERICAN GUARANTEE AND LIABILITY INS CO		11-9785	10-8562	n/a	-59.66%	6.50	10.00	12/1/2011	\$26,987,898	\$28,742,111	\$29,686,688	\$26,987,898	
			AMERICAN ZURICH INSURANCE COMPANY		11-9786	10-8563	n/a	-61.34%	6.50	10.00	12/1/2011	\$145,450,706	\$154,905,002	\$159,995,777	\$145,450,706	
			ASSURANCE COMPANY OF AMERICA		11-10318	10-7692	n/a	-46.87%	8.50	11.00	12/22/2011	\$9,064,030	\$9,834,473	\$10,061,073	\$9,064,030	
			FIDELITY AND DEPOSIT COMPANY OF MARYLAND		11-9787	10-8564	n/a	-52.69%	6.50	10.00	12/1/2011	\$1,572	\$1,674	\$1,729	\$1,572	
			MARYLAND CASUALTY COMPANY		11-10319	10-7693	n/a	-43.34%	8.50	11.00	12/22/2011	\$7,464,053	\$8,098,498	\$8,285,099	\$7,464,053	
			NORTHERN INSURANCE COMPANY OF NEW YORK		11-10320	10-7694	n/a	-53.74%	8.50	11.00	12/22/2011	\$20,773,656	\$22,539,417	\$23,058,758	\$20,773,656	
			ZURICH AMERICAN INSURANCE COMPANY		11-9788	10-8565	n/a	-49.62%	6.50	10.00	12/1/2011	\$204,671,648	\$217,975,305	\$225,138,611	\$204,671,648	
			ZURICH AMERICAN INSURANCE COMPANY OF IL		11-9789	10-8566	n/a	-37.93%	6.50	10.00	12/1/2011	\$5,858,628	\$6,239,439	\$6,444,491	\$5,858,628	
			CIVIC PROPERTY AND CASUALTY COMPANY		11-6189	10-7923	10-3127	-39.96%	4.00	6.00	7/28/2011	\$937,326	\$975,339	\$994,096	\$926,934	
			EXACT PROPERTY AND CASUALTY COMPANY		11-6190	10-7924	10-3128	-33.88%	4.00	6.00	7/28/2011	\$623,968	\$648,927	\$661,406	\$605,633	
			FARMERS INSURANCE EXCHANGE		11-6191	10-7925	10-3129	-33.30%	4.00	6.00	7/28/2011	\$30,156,202	\$31,362,450	\$31,965,574	\$29,462,609	
			MID-CENTURY INSURANCE COMPANY		11-6192	10-7926	10-3130	-51.61%	4.00	6.00	7/28/2011	\$55,192,110	\$57,399,794	\$58,503,637	\$54,474,613	
			NEIGHBORHOOD SPIRIT PROPERTY AND CAS CO		11-6193	10-7927	10-3131	-52.26%	4.00	6.00	7/28/2011	\$872,565	\$907,468	\$924,819	\$871,992	
			TRUCK INSURANCE EXCHANGE		11-6194	10-7928	10-3132	-39.91%	4.00	6.00	7/28/2011	\$103,058,158	\$107,180,484	\$109,241,647	\$102,748,984	
				8.59%								\$611,113,020	5.84%	8.81%	-0.29%	
3	4	5	UNITED STATES FIDELITY AND GUARANTY CO		11-5518	10-4703	n/a	-55.72%	9.20	-0.40	6/29/2011	\$33,255,995	\$36,315,547	\$33,122,971	\$33,255,995	
			FIDELITY AND GUARANTY INSURANCE CO		11-5516	10-4701	n/a	-57.07%	9.20	-0.40	6/29/2011	\$8,237,622	\$8,995,483	\$20,424,672	\$8,237,622	
			DISCOVER PROPERTY & CASUALTY INS CO		11-5515	10-4700	n/a	-56.52%	9.20	-0.40	6/29/2011	\$729,114	\$796,194	\$726,199	\$729,114	
			FIDELITY AND GUARANTY INS UNDERWRITERS		11-5517	10-4702	n/a	19.19%	9.20	-0.40	6/29/2011	\$379,395	\$414,299	\$379,877	\$379,395	
			TRAVELERS PROPERTY CAS CO OF AMERICA		11-10177	10-8747	10-4073	-41.28%	9.10	5.10	-0.60	12/15/2011	\$432,358,885	\$471,703,544	\$454,409,188	\$429,764,732
			ST. PAUL FIRE AND MARINE INSURANCE CO				n/a	-61.82%			12/12/2007	\$0	\$0	\$0	\$0	
			TRAVELERS INDEMNITY CO OF CT (THE)				10-4072	-53.37%			-0.60	6/1/2010	\$971,851	\$971,851	\$971,851	\$966,020
			ST. PAUL MERCURY INSURANCE COMPANY				n/a	-60.48%			12/12/2007	\$0	\$0	\$0	\$0	
			ST. PAUL GUARDIAN INSURANCE COMPANY				n/a	-60.02%			12/12/2007	\$0	\$0	\$0	\$0	
			ST. PAUL PROTECTIVE INSURANCE COMPANY				n/a	-61.60%			12/12/2007	\$0	\$0	\$0	\$0	
			TRAVELERS CASUALTY INS CO OF AMERICA				10-4071	-54.68%			-0.60	6/1/2010	\$975,101	\$975,101	\$975,101	\$969,250
			NIPPONKOA INSURANCE COMPANY, LIMITED		11-10238	10-8744	10-4353	-47.24%	6.20	6.70	2.10	12/20/2011	\$6,155,365	\$6,536,998	\$6,567,774	\$6,284,628
			TRAVELERS CASUALTY AND SURETY CO				10-4069	-55.35%			-0.60	6/1/2010	\$65,086,762	\$65,086,762	\$65,086,762	\$64,696,241
			TRAVELERS CASUALTY COMPANY OF CT				10-4070	-54.19%			-0.60	6/1/2010	\$99,811	\$99,811	\$99,811	\$99,212
			ATHENA ASSURANCE COMPANY				n/a	-61.52%			12/12/2007	\$0	\$0	\$0	\$0	
			FARMINGTON CASUALTY COMPANY				10-4067	-24.08%			-0.60	6/1/2010	\$0	\$0	\$0	\$0
			STANDARD FIRE INSURANCE COMPANY		11-10176	10-8746	10-4068	-19.72%	9.10	-2.30	-0.60	12/15/2011	\$5,035,590	\$5,493,829	\$4,919,771	\$5,005,376
				7.74%								\$553,285,492	7.97%	4.01%	-0.52%	
4	3	2	AMERICAN HOME ASSURANCE COMPANY		11-9372	10-8384	n/a	-41.82%	5.30	8.00	11/15/2011	\$15,723,776	\$16,557,136	\$16,981,678	\$15,723,776	
			NATIONAL UNION FIRE INS CO OF PITTSBURGH, PA		11-9377	10-8389	n/a	-41.82%	5.30	8.00	11/15/2011	\$213,631,744	\$224,954,226	\$230,722,284	\$213,631,744	
			COMMERCE AND INDUSTRY INSURANCE CO		11-9374	10-8386	n/a	-41.82%	5.30	8.00	11/15/2011	\$36,250,937	\$38,172,237	\$39,151,012	\$36,250,937	
			GRANITE STATE INSURANCE COMPANY		11-9375	10-8387	n/a	-45.21%	8.56	8.00	11/15/2011	\$80,405,960	\$87,288,710	\$86,838,437	\$80,405,960	
			INSURANCE CO OF THE STATE OF PA (THE)		11-9376	10-8388	n/a	-41.82%	5.30	8.00	11/15/2011	\$67,086,511	\$70,642,096	\$72,453,432	\$67,086,511	
			NEW HAMPSHIRE INSURANCE COMPANY		11-9379	10-8390	n/a	-41.82%	5.30	8.00	11/15/2011	\$50,514,004	\$53,191,246	\$54,555,124	\$50,514,004	
			AIU INSURANCE COMPANY				n/a	-44.82%			11/28/2006	\$0	\$0	\$0	\$0	
			CHARTIS PROPERTY CASUALTY COMPANY		11-9373	10-8385	n/a	-41.82%	5.30	8.00	11/15/2011	\$1,722,916	\$1,814,231	\$1,860,749	\$1,722,916	
				6.54%								\$465,335,848	5.86%	8.00%	0.00%	
5	6	8	HARTFORD ACCIDENT AND INDEMNITY CO		11-10301	10-7052	n/a	-66.35%	5.30	2.30	12/21/2011	\$90,145,182	\$94,922,877	\$92,218,521	\$90,145,182	
			HARTFORD CASUALTY INSURANCE COMPANY		11-10302	10-7053	n/a	-59.25%	5.30	2.30	12/21/2011	\$21,971,788	\$23,136,293	\$22,477,139	\$21,971,788	
			HARTFORD FIRE INSURANCE COMPANY		11-10303	10-7054	n/a	-59.29%	5.30	2.30	12/21/2011	\$69,747,038	\$73,443,631	\$71,351,220	\$69,747,038	
			HARTFORD INSURANCE CO OF THE MIDWEST		11-10304	10-7055	n/a	-61.06%	5.30	2.30	12/21/2011	\$103,546,938	\$109,034,926	\$105,928,518	\$103,546,938	
			HARTFORD UNDERWRITERS INSURANCE CO		11-10305	10-7056	n/a	-59.25%	5.30	2.30	12/21/2011	\$84,228,226	\$88,692,322	\$86,165,475	\$84,228,226	
			PROPERTY AND CASUALTY INS CO OF HARTFORD		11-10306	10-7057	n/a	-58.20%	5.30	2.30	12/21/2011	\$5,850	\$6,160	\$5,985	\$5,850	
			SENTINEL INSURANCE COMPANY		11-10307	10-7058	n/a	7.72%	5.30	2.30	12/21/2011	\$5,606,641	\$5,903,793	\$5,735,594	\$5,606,641	
			TWIN CITY FIRE INSURANCE COMPANY		11-10308	10-7059	n/a	-59.25%	5.30	2.30	12/21/2011	\$77,393,523	\$81,495,380	\$79,173,574	\$77,393,523	
				6.36%								\$452,645,186	5.30%	2.30%	0.00%	
6	24	24	UNITED STATES FIRE INSURANCE COMPANY		11-9438	10-8488	n/a	-42.07%	15.60	8.90	11/18/2011	\$81,406,632	\$94,106,067	\$88,651,822	\$81,406,632	
			NORTH RIVER INSURANCE COMPANY (THE)		11-9437	10-8487	n/a	-42.54%	16.70	7.00	11/18/2011	\$16,099,790	\$18,788,455	\$17,225,775	\$16,099,790	
			TIG INSURANCE COMPANY				n/a	-62.62%			6/4/2007	\$1,301,493	\$1,301,493	\$1,301,493	\$1,301,493	
		7	ZENITH INSURANCE COMPANY		11-8865	10-8356	10-3634	-25.97%	5.20	2.90	0.00	10/27/2011	\$212,171,093	\$223,203,990	\$218,324,055	\$212,171,093
			ZNAT INSURANCE COMPANY		11-8866	10-8357	10-3635	-32.66%	5.20	2.90	0.00	10/27/2011	\$53,166,499	\$55,931,157	\$54,708,327	\$53,166,499
				5.12%								\$364,145,507	8.01%	4.41%	0.00%	

Sorted by Group Premium

7	5	4	LIBERTY MUTUAL FIRE INSURANCE COMPANY	Liberty Mutual Group		11-9344	10-8557	n/a	-54.64%	0.00	0.00			11/15/2011	\$61,025,684	\$61,025,684	\$61,025,684	\$61,025,684
			LIBERTY MUTUAL INSURANCE COMPANY	Liberty Mutual Group		11-9345	10-8558	n/a	-43.30%	0.00	0.00			11/15/2011	\$5,844,205	\$5,844,205	\$5,844,205	\$5,844,205
			EMPLOYERS INSURANCE CO OF WAUSAU	Liberty Mutual Group		11-9341	10-8554	n/a	-66.17%	0.00	0.00			11/15/2011	\$19,026,983	\$19,026,983	\$19,026,983	\$19,026,983
			LIBERTY NORTHWEST INSURANCE CORP	Liberty Mutual Group		11-9790	10-8534	n/a	-50.74%	14.00	-5.10			12/1/2011	\$13,304,156	\$15,166,738	\$12,625,644	\$13,304,156
			WAUSAU UNDERWRITERS INSURANCE CO	Liberty Mutual Group		11-9348	10-8561	n/a	-64.56%	0.00	0.00			11/15/2011	\$88,272,595	\$88,272,595	\$88,272,595	\$88,272,595
			LIBERTY INSURANCE CORPORATION	Liberty Mutual Group		11-9343	10-8556	n/a	-63.73%	0.00	0.00			11/15/2011	\$75,747,878	\$75,747,878	\$75,747,878	\$75,747,878
			LM INSURANCE CORPORATION	Liberty Mutual Group		11-9346	10-8559	n/a	-66.40%	0.00	0.00			11/15/2011	\$5,570,302	\$5,570,302	\$5,570,302	\$5,570,302
			FIRST LIBERTY INSURANCE CORP (THE)	Liberty Mutual Group		11-9342	10-8555	n/a	-47.48%	0.00	0.00			11/15/2011	\$878,668	\$878,668	\$878,668	\$878,668
			WAUSAU BUSINESS INSURANCE COMPANY	Liberty Mutual Group		11-9347	10-8560	n/a	-61.93%	0.00	0.00			11/15/2011	\$21,623,663	\$21,623,663	\$21,623,663	\$21,623,663
			AMERICAN ECONOMY INSURANCE CO	Liberty Mutual Group		11-7907	10-8148	n/a	-47.07%	2.80	4.80			9/15/2011	\$3,061,978	\$3,147,713	\$3,208,953	\$3,061,978
			AMERICAN STATES INSURANCE COMPANY	Liberty Mutual Group		11-7908	10-8149	n/a	-47.12%	2.80	4.80			9/15/2011	\$5,526,237	\$5,680,972	\$5,791,496	\$5,526,237
			AMERICAN STATES INSURANCE CO OF TEXAS	Liberty Mutual Group		11-7909	10-8150	n/a	-47.79%	2.80	4.80			9/15/2011	\$3,178,887	\$3,267,896	\$3,331,474	\$3,178,887
			FIRST NATIONAL INSURANCE CO OF AMERICA	Liberty Mutual Group		11-7910	10-8151	n/a	-47.07%	2.80	4.80			9/15/2011	\$5,271,376	\$5,418,975	\$5,524,402	\$5,271,376
			NETHERLANDS INSURANCE COMPANY	Liberty Mutual Group		11-7724	10-8145	09-4079	15.45%	3.20	1.70	10.00		9/9/2011	\$3,866,253	\$3,989,973	\$3,931,979	
			PEERLESS INDEMNITY INSURANCE COMPANY	Liberty Mutual Group		11-7722	10-8146	09-4080	15.45%	3.20	1.70	10.00		9/9/2011	\$8,255,310	\$8,519,480	\$8,395,650	
			PEERLESS INSURANCE COMPANY	Liberty Mutual Group		11-7723	10-8147	09-4081	15.45%	3.20	1.70	10.00		9/9/2011	\$5,381,371	\$5,553,575	\$5,472,854	
					4.59%										<b>\$325,835,546</b>	<b>0.89%</b>	<b>0.13%</b>	<b>-5.37%</b>
8	8	6	NATIONAL LIABILITY & FIRE INSURANCE CO	BERKSHIRE HATHAWAY				n/a	-44.70%					11/8/2006	\$219,313	\$219,313	\$219,313	\$219,313
			REDWOOD FIRE & CASUALTY INSURANCE CO	BERKSHIRE HATHAWAY				n/a	-65.27%					11/27/2007	\$0	\$0	\$0	\$0
			CALIFORNIA INSURANCE COMPANY	BERKSHIRE HATHAWAY			10-8171	n/a	-38.43%	5.00				11/15/2010	\$68,549,734	\$68,549,734	\$71,977,221	\$68,549,734
			CYPRESS INSURANCE COMPANY	BERKSHIRE HATHAWAY		11-9219	10-7555	10-3004	-53.21%	8.68	1.10	2.00		11/7/2011	\$152,052,933	\$165,251,128	\$153,725,515	\$155,093,992
			OAK RIVER INSURANCE COMPANY	BERKSHIRE HATHAWAY		11-9220	10-7556	10-3005	-73.24%	2.20	-1.80	1.20		11/7/2011	\$84,600,217	\$86,461,422	\$83,077,413	\$85,615,420
					4.29%										<b>\$305,422,197</b>	<b>4.93%</b>	<b>1.17%</b>	<b>1.33%</b>
9	9	14	EVEREST NATIONAL INSURANCE COMPANY	Everest Re Group	2.99%	11-9167	10-7646	10-2842	-47.10%	9.70	5.50	5.00		11/7/2011	\$212,903,324	\$233,554,946	\$224,613,007	\$223,548,490
															<b>\$212,903,324</b>	<b>9.70%</b>	<b>5.50%</b>	<b>5.00%</b>
10	12	13	ACE AMERICAN INSURANCE COMPANY	Ace Capital Group		11-10231	10-8710	10-987	-71.95%	21.45	9.34	-0.50		12/20/2011	\$138,592,547	\$168,320,648	\$151,537,091	\$137,899,584
			ACE FIRE UNDERWRITERS INSURANCE CO	Ace Capital Group		11-10192	10-8787	10-3636	-45.91%	16.29	9.10	8.25		12/16/2011	\$24,306,137	\$28,265,607	\$26,517,995	\$26,311,393
			WESTCHESTER FIRE INSURANCE COMPANY	Ace Capital Group		11-10235	10-8711	10-988	-58.35%	21.45	-0.60	-0.50		12/20/2011	\$0	\$0	\$0	\$0
			ACE PROPERTY AND CASUALTY INSURANCE CO	Ace Capital Group		11-10183	10-8788	10-3637	-44.34%	16.29	9.10	8.25		12/16/2011	\$20,704,959	\$24,077,797	\$22,589,110	\$22,413,118
			BANKERS STANDARD INSURANCE COMPANY	Ace Capital Group		11-10194	10-8789	10-3638	-38.36%	16.29	9.10	8.25		12/16/2011	\$3,543,437	\$4,120,663	\$3,865,890	\$3,825,771
			INDEMNITY INSURANCE CO OF NORTH AMERICA	Ace Capital Group		11-10233	10-8712	10-989	-63.69%	21.45	9.34	-0.50		12/20/2011	\$5,370,123	\$6,522,014	\$5,871,692	\$5,343,272
			INSURANCE COMPANY OF NORTH AMERICA	Ace Capital Group		11-10234	10-8713	10-990	-58.35%	21.45	-0.60	-0.50		12/20/2011	\$0	\$0	\$0	\$0
			PACIFIC EMPLOYERS INSURANCE COMPANY	Ace Capital Group		11-10197	10-8790	10-3639	-35.03%	16.29	9.10	8.25		12/16/2011	\$7,069,473	\$8,221,090	\$7,712,795	\$7,652,705
					2.81%										<b>\$199,586,676</b>	<b>20.01%</b>	<b>9.27%</b>	<b>1.94%</b>
11	18	56	PROCENTURY INSURANCE COMPANY	MEADOWBROOK INS GRP		11-9585	10-8535	10-2005	30.00%	0.30				11/21/2011	\$0	\$0	\$0	\$0
			STAR INSURANCE COMPANY	MEADOWBROOK INS GRP		11-9586	10-8535	10-2005	-45.05%	12.90	7.60	7.96		11/21/2011	\$175,334,049	\$197,952,141	\$188,659,437	\$189,290,639
			WILLIAMSBURG NATIONAL INSURANCE CO	MEADOWBROOK INS GRP		11-9587	10-8536	10-2006	-45.65%	17.00	8.80	8.38		11/21/2011	\$14,685,475	\$17,182,006	\$15,977,797	\$15,916,118
					2.67%										<b>\$190,019,524</b>	<b>13.22%</b>	<b>7.69%</b>	<b>7.99%</b>
12	10	10	EMPLOYERS COMPENSATION INSURANCE CO	Employers Insurance Gro	2.53%	11-5713	10-8911	n/a	-50.04%	3.90	2.45			7/1/2011	\$179,844,329	\$186,858,258	\$184,250,515	\$179,844,329
															<b>\$179,844,329</b>	<b>3.90%</b>	<b>2.45%</b>	<b>0.00%</b>
13	14	12	INSURANCE COMPANY OF THE WEST	ICW GROUP		11-9584	10-8347	n/a	-39.85%	18.80	10.00			11/18/2011	\$140,457,693	\$166,863,739	\$154,503,462	\$140,457,693
			EXPLORER INSURANCE COMPANY	ICW GROUP		11-9583	10-8346	n/a	-39.91%	18.80	10.00			11/18/2011	\$13,642,296	\$16,207,048	\$15,006,526	\$13,642,296
					2.17%										<b>\$154,099,989</b>	<b>18.80%</b>	<b>10.00%</b>	<b>0.00%</b>
14	13	11	GREAT AMERICAN INSURANCE CO OF NEW YORK	American Financial Group			10-8921	n/a	-60.82%		4.40			12/14/2010	\$2,219,606	\$2,219,606	\$2,317,269	\$2,219,606
			GREAT AMERICAN ALLIANCE INSURANCE CO	American Financial Group			10-8918	n/a	-65.21%		3.40			12/14/2010	\$2,068,337	\$2,068,337	\$2,138,660	\$2,068,337
			GREAT AMERICAN ASSURANCE COMPANY	American Financial Group			10-8919	n/a	-67.26%		-0.50			12/14/2010	\$564,433	\$564,433	\$561,611	\$564,433
			GREAT AMERICAN INSURANCE COMPANY	American Financial Group			10-8920	n/a	-57.01%		0.00			12/14/2010	\$0	\$0	\$0	\$0
			REPUBLIC INDEMNITY COMPANY OF CALIFORNIA	American Financial Group		11-9652	10-8329	n/a	-51.61%	5.70	5.10			11/23/2011	\$67,347,291	\$71,186,087	\$70,782,003	\$67,347,291
			REPUBLIC INDEMNITY COMPANY OF AMERICA	American Financial Group		11-9651	10-8328	n/a	-50.28%	5.70	5.10			11/23/2011	\$49,345,334	\$52,158,018	\$51,861,946	\$49,345,334
			NATIONAL INTERSTATE INSURANCE COMPANY	American Financial Group		11-10420	10-8433	n/a	-72.73%	2.24	-0.20			12/27/2011	\$17,245,250	\$17,631,544	\$17,210,760	\$17,245,250
			VANLINER INSURANCE COMPANY	American Financial Group		11-10140	10-8853	n/a	-38.10%	41.30	-16.30			12/23/2011	\$7,704,383	\$10,886,293	\$6,448,569	\$7,704,383
					2.06%										<b>\$146,494,634</b>	<b>6.98%</b>	<b>3.29%</b>	<b>0.00%</b>
15	11	36	SOUTHERN INSURANCE COMPANY	DELEK GROUP	1.99%		10-8492	10-2415	65.62%		10.40	13.50		11/30/2010	\$141,975,924	\$141,975,924	\$156,741,420	\$161,142,674
															<b>\$141,975,924</b>	<b>0.00%</b>	<b>13.50%</b>	
16	15	18	SEABRIGHT INSURANCE COMPANY	SeaBright	1.85%	11-9257	10-8349	10-5340	-35.24%	10.90	0.00	15.10		11/10/2011	\$131,332,160	\$145,647,365	\$131,332,160	\$151,163,316
															<b>\$131,332,160</b>	<b>10.90%</b>	<b>0.00%</b>	<b>15.10%</b>
17	16	15	FEDERAL INSURANCE COMPANY	Chubb Group		11-9680	10-9020	n/a	-48.91%	1.10	-0.70			11/28/2011	\$88,192,034	\$89,162,146	\$87,574,690	\$88,192,034
			PACIFIC INDEMNITY COMPANY	Chubb Group		11-9683	10-9023	n/a	-48.91%	1.10	-0.70			11/28/2011	\$19,608,126	\$19,823,815	\$19,470,869	\$19,608,126
			VIGILANT INSURANCE COMPANY	Chubb Group		11-9684	10-9024	n/a	-48.91%	1.10	-0.70			11/28/2011	\$6,613,422	\$6,686,170	\$6,567,128	\$6,613,422

Sorted by Group Premium

		GREAT NORTHERN INSURANCE COMPANY	Chubb Group		11-9681	10-9021	n/a	-48.91%	1.10	-0.70		11/28/2011	\$2,498,860	\$2,526,347	\$2,481,368	\$2,498,860
		NORTHWESTERN PACIFIC INDEMNITY COMPANY	Chubb Group		11-9682	10-9022	n/a	-48.91%	1.10	-0.70		11/28/2011	\$46	\$47	\$46	\$46
		CHUBB INDEMNITY INSURANCE COMPANY	Chubb Group		11-9679	10-9019	n/a	-48.91%	1.10	-0.70		11/28/2011	\$11,791,810	\$11,921,520	\$11,709,267	\$11,791,810
		SAMSUNG FIRE & MARINE INS CO LTD. (US BRNCH)	Chubb Group			n/a	n/a	-49.11%				11/19/2009	\$0	\$0	\$0	\$0
				1.81%									<b>\$128,704,298</b>	<b>1.10%</b>	<b>-0.70%</b>	<b>0.00%</b>
18	23	23	OLD REPUBLIC GENERAL INSURANCE CORP	OLD REPUBLIC GROUP	11-3113	n/a	n/a	-49.19%	8.30			3/31/2011	\$51,426,436	\$55,694,830	\$51,426,436	\$51,426,436
			OLD REPUBLIC INSURANCE COMPANY	OLD REPUBLIC GROUP	11-9624	10-8491	n/a	-63.54%	29.78	-4.10		11/23/2011	\$26,351,205	\$34,198,594	\$25,270,806	\$26,351,205
			GREAT WEST CASUALTY COMPANY	OLD REPUBLIC GROUP	11-9793	n/a	n/a	-41.98%	4.50			12/1/2011	\$376,127	\$393,053	\$376,127	\$376,127
			BITUMINOUS CASUALTY CORPORATION	OLD REPUBLIC GROUP		n/a	n/a	-63.80%				7/16/2007	\$0	\$0	\$0	\$0
		27	29	PA MANUFACTURERS ASSN INS	OLD REPUBLIC GROUP	11-4193	n/a	10-1877	-38.56%	10.10	0.00	5/6/2011	\$27,272,490	\$30,027,011	\$27,272,490	\$27,272,490
				MANUFACTURERS ALLIANCE INSURANCE CO	OLD REPUBLIC GROUP	11-4192	n/a	10-1876	-38.63%	10.10	0.00	5/6/2011	\$18,863,514	\$20,768,729	\$18,863,514	\$18,863,514
				PENNSYLVANIA MANUFACTURERS INDEMNITY CO	OLD REPUBLIC GROUP	11-4194	n/a	10-1878	-38.62%	10.10	0.00	5/6/2011	\$3,218,864	\$3,543,969	\$3,218,864	\$3,218,864
				1.79%									<b>\$127,508,636</b>	<b>13.42%</b>	<b>-0.85%</b>	<b>0.00%</b>
19	22	20	TOWER INSURANCE COMPANY OF NY	TOWER GROUP	11-9979	10-8016	10-2592	17.92%	15.00	9.00	7.70	12/7/2011	\$64,996,233	\$74,745,668	\$70,845,894	\$70,000,943
			PRESERVER INSURANCE COMPANY	TOWER GROUP	11-9978	10-8015	10-2591	41.75%	15.00	9.00	7.70	12/7/2011	\$21,230,533	\$24,415,113	\$23,141,281	\$22,865,284
			CASTLEPOINT NATIONAL INSURANCE COMPANY	TOWER GROUP	11-10215	10-8856	10-3845	-19.80%	15.00	10.00	2.40	12/19/2011	\$37,678,480	\$43,330,252	\$41,446,328	\$38,582,764
				1.74%									<b>\$123,905,246</b>	<b>15.00%</b>	<b>9.30%</b>	<b>6.09%</b>
20	17	16	COMPWEST INSURANCE COMPANY	COMPWEST	11-8691	10-8486	10-6286	-38.34%	12.00	7.00	8.00	10/18/2011	\$90,029,401	\$100,832,929	\$96,331,459	\$97,231,753
													<b>\$90,029,401</b>	<b>12.00%</b>	<b>7.00%</b>	<b>8.00%</b>
21	21	26	AMERICAN CASUALTY CO OF READING, PA	C.N.A. INSURANCE GROUP	11-9593	10-8350	10-4014	-47.48%	15.10	0.20	8.00	11/22/2011	\$26,289,589	\$30,259,317	\$26,342,168	\$28,392,756
			CONTINENTAL CASUALTY COMPANY	C.N.A. INSURANCE GROUP	11-9594	10-8351	10-4015	-47.19%	15.10	0.20	8.00	11/22/2011	\$4,802,897	\$5,528,134	\$4,812,503	\$5,187,129
			CONTINENTAL INSURANCE COMPANY	C.N.A. INSURANCE GROUP	11-9595	10-8352	10-4016	-13.61%	15.10	0.20	8.00	11/22/2011	\$1,846,196	\$2,124,972	\$1,849,888	\$1,993,829
			NATIONAL FIRE INSURANCE CO OF HARTFORD	C.N.A. INSURANCE GROUP	11-9596	10-8353	10-4017	-47.19%	15.10	0.20	8.00	11/22/2011	\$10,482,232	\$12,065,049	\$10,503,196	\$11,320,811
			TRANSCONTINENTAL INSURANCE COMPANY	C.N.A. INSURANCE GROUP		n/a	n/a	-53.24%				12/4/2006	\$0	\$0	\$0	\$0
			TRANSPORTATION INSURANCE COMPANY	C.N.A. INSURANCE GROUP	11-9597	10-8354	10-4018	-47.19%	15.10	0.20	8.00	11/22/2011	\$7,775,278	\$8,949,345	\$7,790,829	\$8,397,300
			VALLEY FORGE INSURANCE COMPANY	C.N.A. INSURANCE GROUP	11-9598	10-8355	10-4019	-47.19%	15.10	0.20	8.00	11/22/2011	\$34,930,549	\$40,205,062	\$35,000,410	\$37,724,993
				1.21%									<b>\$86,128,741</b>	<b>15.10%</b>	<b>0.20%</b>	<b>0.00%</b>
22	26	25	PREFERRED EMPLOYERS INSURANCE COMPANY	WR Berkley Group	11-9401	10-8205	n/a	-46.94%	5.85	1.10		11/16/2011	\$61,794,524	\$65,409,504	\$62,474,264	\$61,794,524
			GREAT DIVIDE INSURANCE COMPANY	WR Berkley Group	n/a	n/a	n/a	-34.60%				7/8/2009	\$10,522,067	\$10,522,067	\$10,522,067	\$10,522,067
			MIDWEST EMPLOYERS CASUALTY COMPANY	WR Berkley Group	n/a	n/a	10-2408	-32.34%			0.00	3/26/2010	\$41,108	\$41,108	\$41,108	\$41,108
				1.03%									<b>\$72,357,699</b>	<b>5.00%</b>	<b>0.94%</b>	<b>0.00%</b>
23	19	17	MAJESTIC INSURANCE COMPANY		n/a	n/a	10-3404	-52.30%			10.10	5/10/2010	\$69,050,062	\$69,050,062	\$69,050,062	\$76,024,118
				0.93%	11-9599	10-8545	n/a	-23.94%	0.00	4.00		11/22/2011	\$66,115,206	\$66,115,206	\$68,759,814	\$66,115,206
													<b>\$66,115,206</b>	<b>0.00%</b>	<b>4.00%</b>	<b>0.00%</b>
25	28	28	AMERICAN AUTOMOBILE INSURANCE COMPANY	Allianz/Fireman's Fund Group	11-10511	10-8680	n/a	-52.78%	2.00	7.00		12/28/2011	\$18,590,854	\$18,962,671	\$19,892,214	\$18,590,854
			AMERICAN INSURANCE COMPANY (THE)	Allianz/Fireman's Fund Group	n/a	10-8681	n/a	-54.22%		7.00		12/3/2010	\$14,333,643	\$14,333,643	\$15,336,998	\$14,333,643
			ASSOCIATED INDEMNITY CORPORATION	Allianz/Fireman's Fund Group	n/a	10-8682	n/a	-47.31%		7.00		12/3/2010	\$558,693	\$558,693	\$597,802	\$558,693
			FIREMAN'S FUND INSURANCE COMPANY	Allianz/Fireman's Fund Group	n/a	10-8683	n/a	-62.31%		7.00		12/3/2010	\$9,688,625	\$9,688,625	\$10,366,829	\$9,688,625
			NATIONAL SURETY CORPORATION	Allianz/Fireman's Fund Group	n/a	10-8684	n/a	-56.93%		7.00		12/3/2010	\$22,427,589	\$22,427,589	\$23,997,520	\$22,427,589
				0.92%									<b>\$65,599,404</b>	<b>0.57%</b>	<b>7.00%</b>	<b>0.00%</b>
26	20	19	IMPERIUM INSURANCE COMPANY	LIGHTYEAR DELOS GR	n/a	10-5845	10-1535	43.30%		15.00	1.40	8/12/2010	\$61,770,556	\$61,770,556	\$71,036,139	\$62,635,344
													<b>\$61,770,556</b>	<b>0.00%</b>	<b>15.00%</b>	<b>1.40%</b>
27	42	46	ULICO CASUALTY COMPANY	UNION LABOR GROUP	11-2821		10-11	-34.57%	4.90		-1.70	3/22/2011	\$59,472,841	\$62,387,010	\$59,472,841	\$58,461,803
													<b>\$59,472,841</b>	<b>4.90%</b>	<b>0.00%</b>	<b>-1.70%</b>
28	-	-	COMPANION PROPERTY & CASUALTY INS CO				11-1099	0.00%		0.00		1/27/2011	\$47,515,863	\$47,515,863	\$47,515,863	\$47,515,863
				0.67%									<b>\$47,515,863</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
29	34	39	NORGUARD INSURANCE COMPANY	Guard Insurance Group	11-5342	10-9206	n/a	-45.95%	4.50	6.96		6/21/2011	\$25,620,209	\$26,773,118	\$27,403,376	\$25,620,209
			AMGUARD INSURANCE COMPANY	Guard Insurance Group	11-5340	10-9204	n/a	-41.06%	4.50	6.96		6/21/2011	\$16,847,229	\$17,605,354	\$18,019,796	\$16,847,229
			EASTGUARD INSURANCE COMPANY	Guard Insurance Group	11-5341	10-9205	n/a	-41.91%	4.50	6.96		6/21/2011	\$1,751,393	\$1,830,206	\$1,873,290	\$1,751,393
				0.62%									<b>\$44,218,831</b>	<b>4.50%</b>	<b>6.96%</b>	<b>0.00%</b>
30	31	48	SPARTA INSURANCE COMPANY	Sparta Group	11-9985	10-9530	n/a	71.73%	22.79	9.50		12/7/2011	\$41,050,507	\$50,405,918	\$44,950,305	\$41,050,507
													<b>\$41,050,507</b>	<b>22.79%</b>	<b>9.50%</b>	<b>0.00%</b>
31	-	-	SEQUOIA INSURANCE COMPANY	JP Morgan Chase	11-2486	10-6960	n/a	12.32%	7.90	4.10		3/10/2011	\$38,650,138	\$41,703,499	\$40,234,794	\$38,650,138
				0.54%									<b>\$38,650,138</b>	<b>7.90%</b>	<b>4.10%</b>	<b>0.00%</b>

Sorted by Group Premium

32	30	31	ARCH INSURANCE COMPANY	Arch Insurance Group	0.51%	n/a	n/a	n/a	-56.13%				9/7/2007	\$36,448,864	\$36,448,864	\$36,448,864	\$36,448,864
														<b>\$36,448,864</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
36	33	30	CARE WEST INSURANCE COMPANY	CARE WEST INSURANC	0.35%	11-9978	10-8602	10-6306	-43.85%	11.00	0.00	12.00	12/1/2011	\$25,044,512	\$27,799,408	\$25,044,512	\$28,049,853
														<b>\$25,044,512</b>	<b>11.00%</b>	<b>0.00%</b>	<b>12.00%</b>
37	36	32	ALASKA NATIONAL INSURANCE COMPANY	ALASKA NATIONAL	0.31%	11-9650	10-8438	n/a	-48.38%	16.50	-2.10		11/23/2011	\$22,383,672	\$26,076,978	\$21,913,615	\$22,383,672
														<b>\$22,383,672</b>	<b>16.50%</b>	<b>-2.10%</b>	<b>0.00%</b>
38	38	33	SENTRY INSURANCE, A MUTUAL COMPANY	SENTRY INSURANCE GROUP		11-365	n/a	n/a	-38.21%	7.60			1/13/2011	\$16,813,696	\$18,091,537	\$16,813,696	\$16,813,696
			SENTRY SELECT INSURANCE COMPANY	SENTRY INSURANCE GROUP		11-366	n/a	n/a	-46.44%	7.60			1/13/2011	\$421,544	\$453,581	\$421,544	\$421,544
			SENTRY CASUALTY COMPANY	SENTRY INSURANCE GROUP		11-364	n/a	n/a	7.60%	7.60			1/13/2011	\$1,438,084	\$1,547,378	\$1,438,084	\$1,438,084
			MIDDLESEX INSURANCE COMPANY	SENTRY INSURANCE GROUP		11-363	n/a	n/a	-23.74%	7.60			1/13/2011	\$3,651,014	\$3,928,491	\$3,651,014	\$3,651,014
					0.31%									<b>\$22,324,338</b>	<b>7.60%</b>	<b>0.00%</b>	<b>0.00%</b>
52	63	27	GENERAL CASUALTY COMPANY OF WISCONSIN	QBE INSURANCE GP		11-9982	n/a	10-3174	-39.51%	-2.11	-0.50	5/3/2010	486065	\$475,809	\$486,065	\$483,635	
			REGENT INSURANCE COMPANY	QBE INSURANCE GP		11-9983	n/a	10-3175	-24.59%	-2.11	17.98	5/3/2010	927570	\$907,998	\$927,570	\$1,094,347	
			REDLAND INSURANCE COMPANY	QBE INSURANCE GP			n/a	n/a	-46.45%			11/24/2009		\$0	\$0	\$0	
			PRAETORIAN INSURANCE COMPANY	QBE INSURANCE GP		11-9254	10-8913	n/a	-15.40%	14.63	3.00	11/10/2011	8619906	\$9,880,998	\$8,878,503	\$8,619,906	
					0.14%									<b>\$10,033,541</b>	<b>12.27%</b>	<b>2.58%</b>	<b>1.64%</b>
59	29	22	PACIFIC COMPENSATION INSURANCE COMPANY (Formerly Employers Direct Insurance Company)	Alleghany Group	0.02%	11-9589	10-7133	n/a	-41.62%	7.50	1.00		11/21/2011	\$1,497,067	\$1,609,347	\$1,512,038	\$1,497,067
														<b>\$1,497,067</b>	<b>7.50%</b>	<b>1.00%</b>	<b>0.00%</b>
			TOTAL		95.75%				Cumulative	Jan-12	Jan-11	Jul-10					
								INSURERS:	-40.9%	5.95	4.59	1.55					

# California Workers' Compensation - New Market Entrant Filing Activity

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As of 1/6/2012

YEAR (# COMPANIES - # GROUPS): 1991 (246-116), 1992 (243-unk), 1993 (235-108), 1994 (237-105), 1995 (238-104), 1996 (234-104), 1997 (241-106), 1998 (249-101), 1999 (246-95), 2000 (244-96), 2001 (235-91), 2002 (230-90), 2003 (225-87)

INSURER NAME	GROUP NAME	NAIC #	GROUP#	TYPE OF FILING:		DATE RATE or C/A FILING RECD.	DATE RATE or C/A FILING ACCEPTED / ISSUED / APPROVED	2010 DIRECT WRITTEN PREMIUM	2009 DIRECT WRITTEN PREMIUM	2008 DIRECT WRITTEN PREMIUM	2007 DIRECT WRITTEN PREMIUM	2006 DIRECT WRITTEN PREMIUM
				RATE, C/A, 700C.	RATE or C/A FILING #							
<b>2004 (214-89)</b>												
1 FARMERS REINSURANCE COMPANY	Zurich Insurance Group	10873	212	C	03-8032	12/2/2003	11/16/2004	\$0	\$0	\$0	\$0	\$0
CASCADE NATIONAL INSURANCE COMPANY	n/a	10175	n/a	R, 700C *	03-8176	12/8/2003	CONSERVED	\$0	\$0	\$0	\$0	\$0
2 AMGUARD, EASTGUARD, NORGUARD INS. COMPANIES	Guard Insurance Companies	42390	0828	R, 700C *	04-37	1/6/2004	2/2/2004	\$44,218,831	\$29,222,874	\$19,870,909	\$13,820,987	\$13,016,664
3 PARTNER REINSURANCE COMPANY OF THE U.S	Winterthur Group	38636	3483	C	04-290	1/16/2004	2/15/2005	\$0	\$0	\$0	\$0	\$0
WESTERN COMPENSATION INSURANCE COMPANY	n/a	n/a	n/a	R, C	04-410, 04-343	1/21/04 & 1/20/04	WD & W/D	\$0	\$0	\$0	\$0	\$0
SELECTIVE INSURANCE COMPANY OF AMERICA	Selective Insurance Group	12572	0242	R, C	04-894, 04-1454	2/4/04 & 2/23/04	N/A & W/D	\$0	\$0	\$0	\$0	\$0
CATERPILLAR INSURANCE COMPANY	n/a	11255	3569	C	04-1675	3/3/2004	W/D	\$0	\$0	\$0	\$0	\$0
<b>SB 899 Chaptered 4/19/04</b>												
4 COMPWEST INSURANCE COMPANY	n/a	12177	n/a	R, C	04-3555, 04-5917	5/12/04 & 8/19/04	6/4/04 & 10/4/04	\$90,029,401	\$109,420,925	\$120,834,283	\$112,265,528	\$100,024,284
IMPERIAL CASUALTY AND INDEMNITY COMPANY	n/a	11487	3499	C	04-4961	7/12/2004	W/D	\$0	\$0	\$0	\$0	\$0
5 EMPLOYERS REINSURANCE CORPORATION (WESTPORT)	Employers Re Corp Group	39845	0350	R *	04-5087	7/16/2004	7/26/2004	\$16,650	\$35,538	\$291,342	\$145,072	\$280,130
REMINGTON INSURANCE COMPANY, LTD.	n/a	n/a	n/a	C	04-6151	8/30/2004	REJECTED	\$0	\$0	\$0	\$0	\$0
WESTERN SELECT INSURANCE COMPANY	Public Service Mutual Group	10997	0853	R, 700C *	04-5281	7/28/2004	W/D	\$0	\$0	\$0	\$0	\$0
6 NATIONAL LIABILITY & FIRE INSURANCE COMPANY	Berkshire Hathaway	20052	0031	R	04-6393	9/3/2004	9/24/2004	\$219,313	\$324,244	\$6,467,323	\$113,149,424	\$399,782,207
7 CALIFORNIA INSURANCE COMPANY	n/a	38865	n/a	R, C	04-7990, 04-7041	11/15/04 & 10/12/04	11/29/04 & 12/23/04	\$68,549,734	\$50,556,348	\$66,318,509	\$98,145,382	\$145,393,714
TEVIS INSURANCE COMPANY	n/a	n/a	n/a	R, C	04-8731, 04-8846	12/1/04 & 12/6/04	W/D & W/D	\$0	\$0	\$0	\$0	\$0
8 TNUIS INSURANCE COMPANY	Millea / Tokio Marine Group	32301	3098	R, C	04-9310 & 04-2418	12/16/04 & 4/7/04	1/14/05 & 09/28/04	\$2,277,377	\$0	\$0	\$0	\$0
9 BERKLEY REGIONAL INSURANCE COMPANY	WR Berkley Corp Group	29580	0098	R	04-9375	12/17/2004	1/13/2005	\$908,552	-\$520,969	-\$1,190,613	-\$145,896	\$785,825
<b>2005 (210-86)</b>												
10 GREAT DIVIDE INS CO	WR Berkley Corp Group	25224	0098	R, C	05-1613 & 05-1296	2/18/05 & 2/9/05	4/5/05 & 2/16/06	\$10,522,067	\$6,469,077	\$7,972,272	\$6,081,742	\$5,541,457
CORNERSTONE COMPENSATION INSURANCE COMPANY	EMB America LLC	n/a	n/a	R, C	05-1860 & 05-1832	3/2/05 & 3/1/05	W/D & W/D	\$0	\$0	\$0	\$0	\$0
11 ADVANTAGE WORKERS' COMPENSATION INSURANCE COMPANY	n/a	40517	n/a	R, C	05-2037 & 06-5039	3/9/05 & 8/7/06	3/29/05 & 9/6/06	\$18,730,991	\$13,384,371	\$6,156,409	\$1,795,564	\$0
12 SUA INSURANCE COMPANY (CASTLEPOINT NAT'L)	n/a	40134	n/a	R, C	05-3334 & 05-2215	5/2/05 & 3/16/05	05/11/05 & 5/9/05	\$37,678,480	\$18,801,306	\$26,008,303	\$23,314,773	\$17,331,480
LINCOLN GENERAL INSURANCE COMPANY	Kingsway	33855	1326	R, C	05-4615 & 05-4207	6/13/05 & 5/31/05	W/D & 3/21/07					Note: Company resubmitted rate filing in 2006, see below
13 MIDWEST EMPLOYERS CASUALTY COMPANY	WR Berkley Corp Group	23612	0098	C	05-5003	6/23/2005	12/30/2005	\$41,108	\$62,864	\$93,156	\$170,505	\$290,953
14 WESTERN UNITED INSURANCE COMPANY	n/a	37770	1278	C	04-3742	5/25/2004	7/29/2005	\$0	\$0	\$0	\$0	\$0
15 ENDURANCE REINSURANCE CORPORATION OF AMERICA	n/a	11551	n/a	R, C	05-5428 & 05-5415	7/11/05 & 7/11/05	8/5/05 & 1/6/06	\$0	\$26,098,709	\$232,827,682	\$262,227,645	\$93,779,433
16 INSURANCE CORP. OF HANNOVER (PRAETORIAN INS.)	Hannover Group	37257	0517	R	05-6191	8/15/2005	8/30/2005	\$8,619,906	-\$4,119,926	\$51,368,087	\$101,150,433	\$33,877,806
17 FINANCIAL PACIFIC INSURANCE COMPANY	Mercer Group	31453	1114	C	05-9919	10/20/2005	5/25/2006	\$0	\$0	\$0	\$0	\$0
<b>2006 (204-81)</b>												
18 NOVA CASUALTY COMPANY	AIX Group	42552	4257	R, C	06-1394 & 06-1248	2/24/06 & 2/17/06	3/8/06 & 8/16/06	\$25,159,669	\$11,905,609	\$13,882,374	\$3,440,820	\$0
MEMIC INDEMNITY COMPANY	n/a	n/a	n/a	R, C	06-1424 & 05-10073	2/27/06 & 12/7/05	W/D & W/D					Note: Company resubmitted rate filing in 2008, see below
SENTRY CASUALTY COMPANY	Sentry Mutual Group	28460	0169	R, C	06-4007 & 06-3840	6/19/06 & 6/12/06	W/D & 12/5/06					Note: Company resubmitted rate filing in 2007, see below
19 LINCOLN GENERAL INSURANCE COMPANY	Kingsway	33855	1326	R, C	06-4936 & 05-4207	8/2/06 & 5/31/05	8/8/06 & 3/21/07	\$0	\$1,190,033	\$14,091,871	\$29,727,863	\$0
20 SOMPO JAPAN FIRE & MARINE INSURANCE COMPANY OF AMERICA	Nissan Insurance Group	38997	3219	R	06-5443	8/18/2006	9/5/2006	\$1,057,646	\$544,487	\$282,499	\$134,754	\$0
21 NEW YORK MARINE AND GENERAL INSURANCE COMPANY	New York Marine & Genl.Grp.	16608	0256	R, C	06-6198 & 06-5405	9/14/06 & 8/18/06	10/11/06 & 10/12/07	\$0	\$0	\$0	\$0	\$0
22 TOWER INSURANCE COMPANY OF NEW YORK	Tower Group Companies	44300	3703	R, C	06-8817 & 07-2629	12/5/06 & 4/5/07	12/29/06 & 9/21/07	\$64,996,233	\$75,077,144	\$94,982,558	\$3,691,169	\$0
PHARMACISTS MUTUAL INSURANCE COMPANY	Pharmacists Mutual Group	13714	0775	C	06-9375	12/1/2006	W/D					Note: Company resubmitted rate filing in 2010, see below
<b>2007 (207-84)</b>												
23 NORTH AMERICAN ELITE INSURANCE COMPANY	North American Reinsurance	29700	0181	R	07-1192	2/13/2007	5/29/2007	\$0	\$0	\$0	\$0	\$0
CRYSTAL MOUNTAIN INSURANCE, INC.	n/a	n/a	0000	R	07-3064	4/25/2007	REJECTED	\$0	\$0	\$0	\$0	\$0
24 WASHINGTON INTERNATIONAL INSURANCE COMPANY	North American Reinsurance	32778	0181	R, C	07-3265 & 07-3056	5/3/2007 & 4/24/07	5/29/07 & 3/13/08	\$0	\$0	\$0	\$0	\$0
25 SOUTHERN INSURANCE COMPANY	Republic Companies Group	19216	3489	R, C	07-4918 & 07-4675	7/24/07 & 7/9/07	7/31/07 & 4/23/08	\$141,975,924	\$174,711,728	\$23,188,876	\$0	\$0
ACCIDENT FUND INSURANCE COMPANY OF AMERICA	n/a	n/a	n/a	R, C	07-5443 & 07-5363	8/22/07 & 8/17/07	W/D & W/D					Note: Company resubmitted rate filing in 2008, see below
15 ENDURANCE REINSURANCE CORPORATION OF AMERICA	n/a	11551	n/a	R, C	08-1173 & 07-6043	1/28/08 & 9/19/07	1/29/08 & 1/30/08					Note: Company redomesticated from NY to DE, see Co # 15 above
26 SPARTA INSURANCE COMPANY	n/a	20613	n/a	R	07-6137	9/28/2007	10/3/2007	\$41,050,507	\$33,521,449	\$10,968,310	\$0	\$0
27 SENTRY CASUALTY COMPANY	Sentry Mutual Group	28460	0169	R	07-6404	10/12/2007	5/28/2008	\$1,438,084	\$783,420	\$197,866	\$0	\$0
CRYSTAL MOUNTAIN INSURANCE, INC.	n/a	n/a	n/a	R	07-6646	10/23/2007	REJECTED	\$0	\$0	\$0	\$0	\$0
<b>2008 (207-85)</b>												
28 MEMIC INDEMNITY COMPANY	Maine Employers	11030	1332	R, C	08-1162 & 08-621	1/28/08 & 1/11/08	2/8/08 & 7/7/08	\$71,435	\$30,770	\$844	\$0	\$0
29 XL INSURANCE AMERICA, INC.	XL AMERICA GROUP	24554	1285	R	08-2471	3/4/2008	3/6/2008	\$653,191	\$217,749	\$310,855	\$0	\$0
30 PRESERVER INSURANCE COMPANY	Preserver Group Inc.	15586	0026	R, C	08-5805 & 08-12661	4/15/08 & 9/17/08	5/13/08 & 12/30/08	\$21,230,533	\$7,504,131	\$0	\$0	\$0
SAFETY FIRST INSURANCE COMPANY	Delphi Financial Group	11123	0074	C	08-9647	6/19/2008	W/D	\$0	\$0	\$0	\$0	\$0
AMERICAN FAMILY HOME INSURANCE COMPANY	Munich Group	23450	0361	R, C	08-11876 & 08-1039	9/3/08 & 7/17/2008	W/D & W/D	\$0	\$0	\$0	\$0	\$0
31 SECURITY NATIONAL INSURANCE COMPANY	Amtrust Group	19879	2538	R	08-11247	8/18/2008	8/26/2008	\$11,796,247	\$1,236,018	\$0	\$0	\$0
IMPERIAL CASUALTY AND INDEMNITY COMPANY	Providence Holdings Inc Gp	11487	3499	R, C	08-11677 & 08-1132	8/29/08 & 8/19/08	9/17/2008 & W/D	\$0	\$0	\$0	\$0	\$0
AMERICAN MODERN HOME INSURANCE COMPANY	n/a	23469	n/a	R, C	08-12149 & 08-1096	9/18/08 & 8/6/08	10/14/08 & W/D	\$0	\$0	\$0	\$0	\$0

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INSURER NAME	GROUP NAME	NAIC #	GROUP#	TYPE OF FILING:			2010 DIRECT WRITTEN PREMIUM	2009 DIRECT WRITTEN PREMIUM	2008 DIRECT WRITTEN PREMIUM	2007 DIRECT WRITTEN PREMIUM	2006 DIRECT WRITTEN PREMIUM
				RATE, C/A, 700C.	RATE or C/A FILING #	DATE RATE or C/A FILING RECD.					
32 ACCIDENT FUND INSURANCE COMPANY OF AMERICA	n/a	10166	n/a	R, C	08-13193 & 08-1312	10/27/08 & 10/23/08	11/25/2008 & 4/17/2009	\$132,611		\$0	\$0
33 UNITED WISCONSIN INSURANCE COMPANY	Cobalt Corporation Group	29157	0053	R, C	08-13192 & 08-1312	10/27/08 & 10/23/08	11/25/2008 & 4/20/2009	\$108,022	\$100,754	\$0	\$0
<b>2009 (207-85)</b>											
AMERICAN COMPENSATION INSURANCE COMPANY	n/a	45934	n/a	R, C	09-1967 & 09-1755	3/4/09 & 2/26/09	4/1/2009 & W/D	\$0		\$0	
> PLAZA INSURANCE COMPANY	n/a	30945	n/a	R	09-1969		3/4/2009	4/1/2009	\$0		\$0
34 NETHERLANDS INSURANCE COMPANY (THE)	Liberty Mutual Group	24171	0111	R, C	09-2521 & 08-14562	3/24/09 & 12/9/08	4/7/2009 & 5/19/2009	\$3,866,253	\$550,765		
35 PEERLESS INDEMNITY INSURANCE COMPANY	Liberty Mutual Group	18333	0111	R	09-2522		3/24/2009	4/7/2009	\$8,255,310	\$1,486,988	
36 PEERLESS INSURANCE COMPANY	Liberty Mutual Group	24198	0111	R	09-2523		3/24/2009	4/7/2009	\$5,381,371	\$701,778	
37 STARNET INSURANCE COMPANY	WR Berkley Corp Group	40045	0098	R, C	09-5558 & 09-5865	7/15/09 & 7/27/09	7/24/2009 & 7/21/2010	\$0		\$0	
38 ALLMERICA FINANCIAL BENEFIT INSURANCE COMPANY	The Hanover Ins Group	41840	0088	R, C	09-6358 & 09-6486	8/14/09 & 8/25/09	9/15/2009 & 7/20/2010	\$339,055		\$0	
39 MASSACHUSETTS BAY INSURANCE COMPANY	The Hanover Ins Group	22306	0088	R, C	09-6359 & 09-6488	8/14/09 & 8/25/09	9/15/2009 & 6/17/2010	\$143,808		\$0	
40 COMPANION PROPERTY AND CASUALTY INSURANCE CO	n/a	12157	n/a	R, C	09-6998 & 09-4427	9/10/09 & 6/02/09	9/29/2009 & 11/30/2009	\$47,515,863		\$0	
ACCIDENT FUND GENERAL INSURANCE COMPANY	Blue Cross / Shield of MI	12304	n/a	R, C	09-8098 & 09-7826	10/20/09 & 10/09/09	11/12/2009 & W/D	\$0		\$0	
ACCIDENT FUND NATIONAL INSURANCE COMPANY	Blue Cross / Shield of MI	12305	n/a	R, C	09-8099 & 09-7822	10/20/09 & 10/09/09	11/12/2009 & W/D	\$0		\$0	
41 SENECA INSURANCE COMPANY, INC.	Fairfax Financial	10936	0158	R	09-8378		10/30/2009	1/26/2010	\$0		\$0
42 SEQUOIA INSURANCE COMPANY	JP Morgan Chase & Co Grp	22985	0009	R, C	09-8942 & 09-5119	11/20/09 & 7/01/09	12/12/2009 & 10/08/2009	\$38,650,138		\$0	
43 CITIZENS INSURANCE COMPANY OF AMERICA	The Hanover Ins Group	31534	0088	R, C	09-9117 & 09-8843	11/30/09 & 11/18/09	12/24/2009 & 7/20/2010	\$23,335		\$0	
44 HANOVER AMERICAN INSURANCE COMPANY (THE)	The Hanover Ins Group	36064	0088	R, C	09-9118 & 09-8132	11/30/09 & 10/21/09	12/24/2009 & 9/21/2010	\$2,673,168		\$0	
<b>2010 (220-82)</b>											
45 SENTINEL INSURANCE COMPANY, LTD.	n/a	11000	n/a	R	10-1750		2/25/2010	3/4/2010	\$5,606,641		
46 NATIONAL CASUALTY COMPANY	n/a	11991	n/a	R	10-3029		4/26/2010	5/18/2010	\$361,239		
47 PHARMACISTS MUTUAL INSURANCE COMPANY	n/a	13714	n/a	R, C	10-4434 & 09-7692	6/10/10 & 10/06/09	8/1/2010 & 11/19/2010	\$117,693			
48 BERKLEY NATIONAL INSURANCE COMPANY	WR Berkley Corp Group	38911	0098	R, C	10-5035 & 10-5014	7/09/10 & 7/12/10	8/19/2010 & 1/03/2011	\$0			
49 REPUBLIC UNDERWRITERS INSURANCE COMPANY	Delek Group	24538	3489	R, C	10-8548 & 08-10845	12/01/10 & 7/30/08	12/16/2010 & 1/26/2009	\$0		\$0	
50 DENTISTS INSURANCE COMPANY (THE)	n/a	40975	n/a	R, C	10-9202 & 10-8234	12/21/10 & 11/17/10	1/11/2011 & 1/26/2011	\$0		\$0	
51 SPARTA AMERICAN INSURANCE COMPANY	Sparta Group	10079	4702	R	10-9532		12/23/2010	1/19/2011	\$0		
<b>2011 (TBD-TBD)</b>											
52 RLI INSURANCE COMPANY	RLI Insurance Group	13056	0783	R	11-2191		3/3/2011	3/25/2011			
53 WESCO INSURANCE COMPANY	Amtrust Group	25011	2538	R	11-2488		3/11/2011	3/25/2011			
54 TECHNOLOGY INSURANCE COMPANY, INC.	Amtrust Group	42376	2538	R	11-2689		3/16/2011	3/30/2011			
CRUM & FORSTER INDEMNITY COMPANY	Fairfax Financial	31348	0158	R	11-3047		3/30/2011	W/D			
PROCENTURY INSURANCE COMPANY	Meadowbrook Ins Group	21903	0748	R	11-4400		5/13/2011	W/D			
> HDI-GERLING AMERICA INSURANCE COMPANY	Hannover Group	41313	0517	R, C	11-5724 & 11-4927	6/30/11 & 6/8/11	9/20/2011 & PENDING				
55 CRUM & FORSTER INDEMNITY COMPANY	Fairfax Financial	31348	0158	R	11-7391		8/26/2011	11/1/2011			
> PLAZA INSURANCE COMPANY	State Auto Mutual Group	30945	0175	R,C	11-7883 & 11-6725	9/7/11 & 8/11/11	10/10/2011 & PENDING				
56 STATE NATIONAL INSURANCE COMPANY, INC.	State National Group	12831	0093	R	11-8016		9/22/2011	11/1/2011			
57 STARR INDEMNITY & LIABILITY COMPANY	Starr Group	38318	4670	R	11-8713		10/19/2011	11/14/2011			
58 NORTH POINTE INSURANCE COMPANY	QBE Insurance Group Ltd	27740	0796	R	11-8717		10/20/2011	11/14/2011			
59 QBE INSURANCE CORPORATION	QBE Insurance Group Ltd	39217	0796	R	11-8718		10/20/2011	11/14/2011			
> STONINGTON INSURANCE COMPANY	QBE Insurance Group Ltd	10340	0796	R	11-9798		12/2/2011	PENDING			

### LEGEND - TYPE OF FILING COLUMN

R = initial rate filing (Rate Filing Bureau)  
C = certificate of authority, or amended certificate of authority filing (Corporate Affairs Bureau-Legal)  
700C = Insurance Code 700(c) Surplus Review & Business Plan for companies already licensed (Financial Analysis Division)  
\* = already licensed & re-entering the market

### LEGEND - OTHER COLUMNS

> = at least one application still pending at time of report (not yet authorized to write WC)  
W/D = WITHDRAWN

\$704,416,386    \$559,298,184    \$694,923,715    \$769,115,765    \$810,103,953

2010                    2009                    2008                    2007                    2006

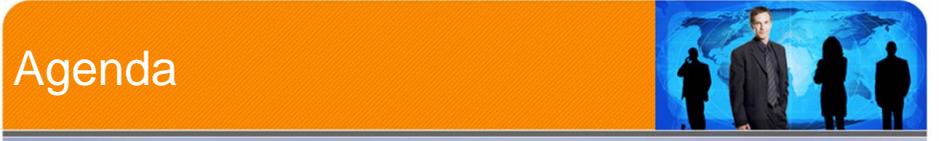


# California Workers' Compensation Insurance Market Update

Presented by:  
Dave Bellusci & Kate Smith  
WCIRB of California

DWC 19<sup>th</sup> Annual Educational Conference  
Los Angeles February 23-24, 2012  
Oakland March 5-6, 2012

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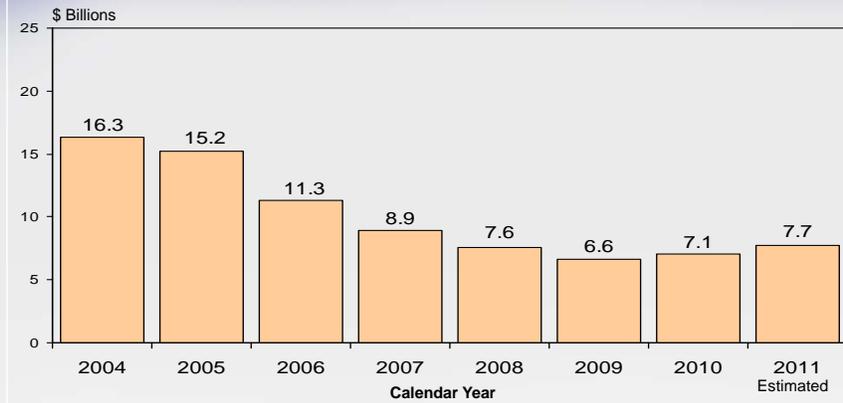


## Agenda

- Insurer Results
- WCIRB Rate Filings
- Experience Rating Plan Changes

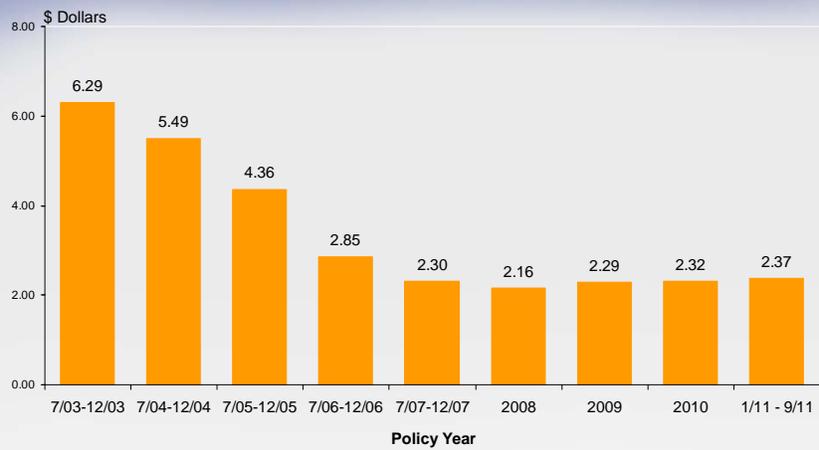
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## Written Premium Net of Deductible Credits



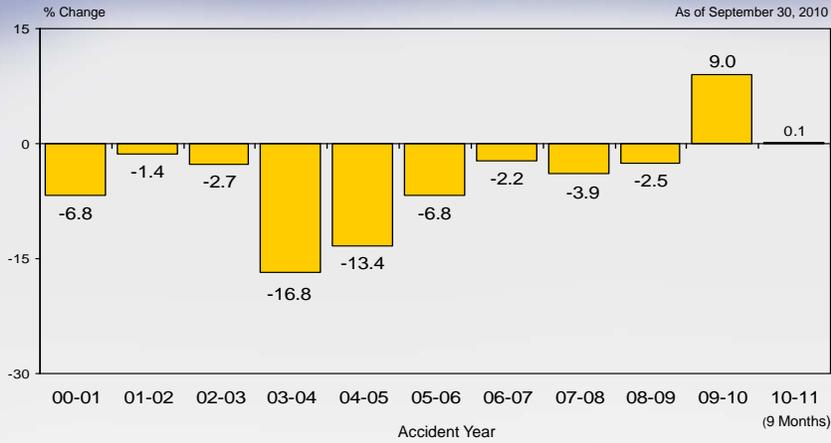
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## Average Insurer Rate per \$100 of Payroll



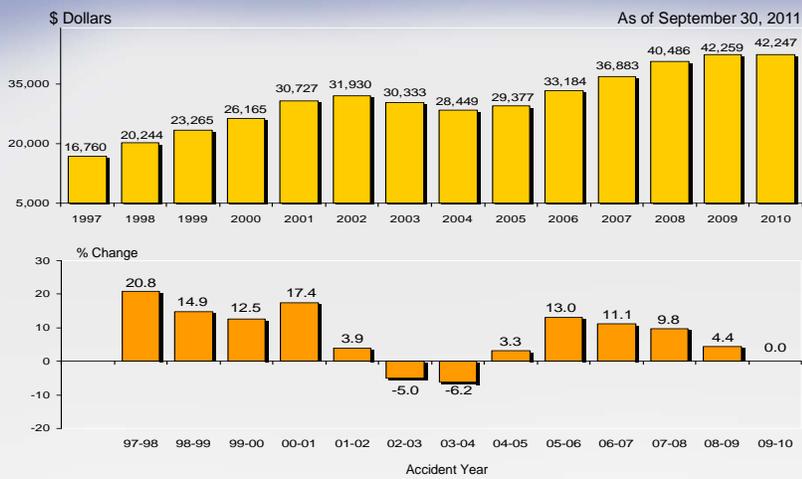
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# Estimated Change in Indemnity Claim Frequency



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# Estimated Medical Loss Per Indemnity Claim



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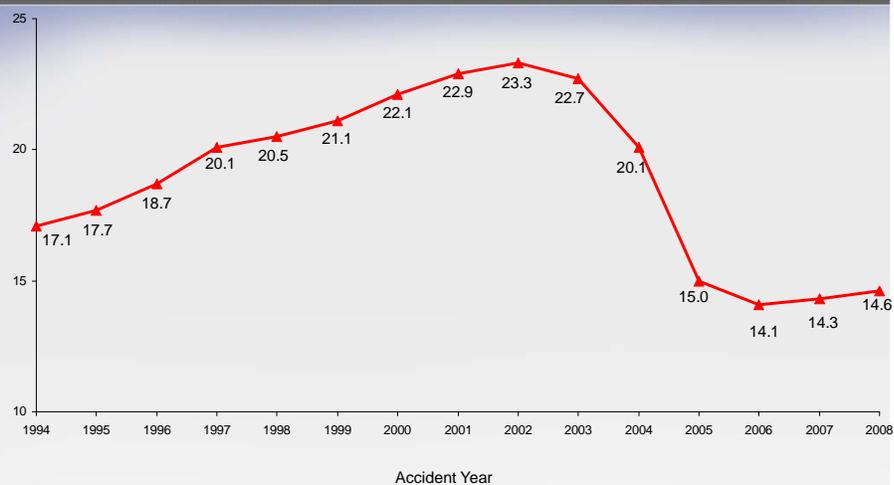
## Permanent Disability Benefits



- California Among the Most Costly States Pre-Reform
- Reforms Reduced PD Benefit Costs by Two-Thirds
- Ogilvie and Almaraz/Guzman Decisions
  - Allow deviation from 2005 Permanent Disability Schedule
  - Increase potential subjectivity & inconsistency
  - WCIRB original estimates 5.8% overall cost estimate
  - Early indication of impact on settlements and average ratings not inconsistent with original estimate

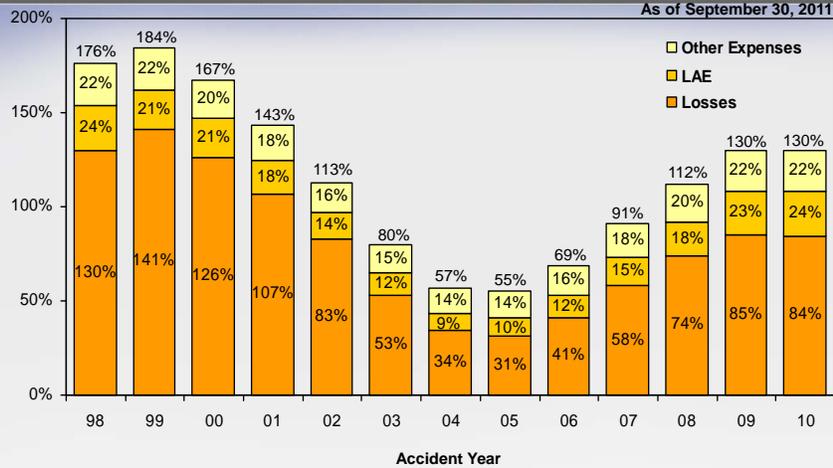
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## Average PD Ratings from USR 2nd Reports



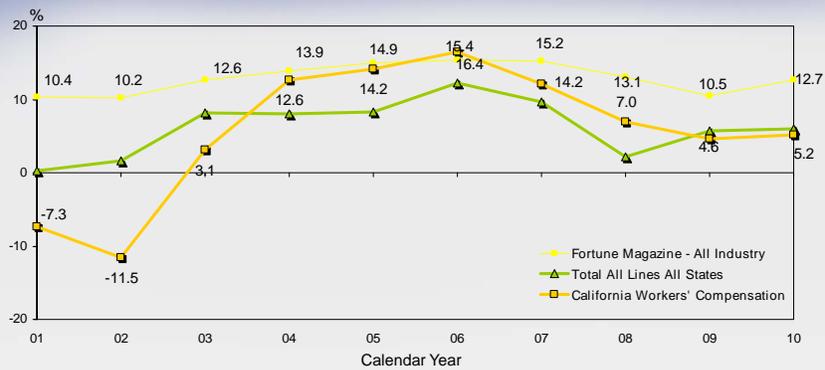
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# Accident Year Combined Loss and Expense Ratios



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# Average Return on Net Worth



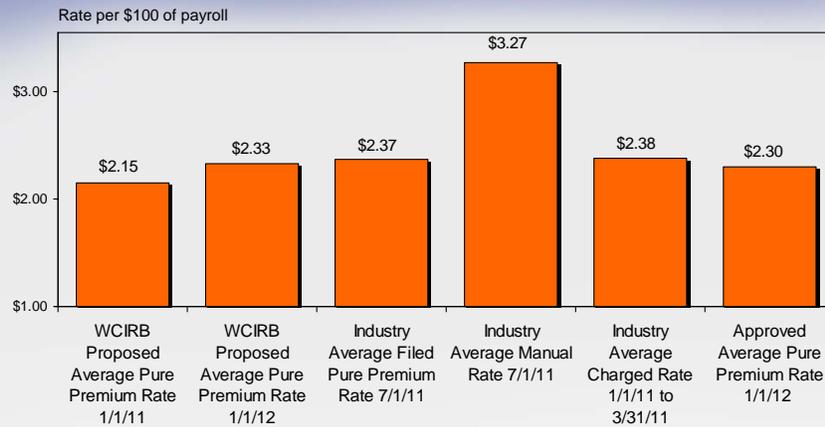
**10-Year Arithmetic Average Return**

California Workers' Compensation	4.6%
Fortune Magazine - All Industry	12.9%
Total P & C All Lines All States	5.62%

Source: NAIC Report on Profitability in 2010

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## WCIRB Filing - Average Rates Per \$100 of Payroll



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## Experience Rating Plan Changes



- 2010 Changes
  - New primary/excess split
  - New B and W values
- 2011 Changes
  - “No Loss Rating” shown on each rate sheet
  - Explanatory summary with each rate sheet
- 2012 Changes
  - New formula & rate sheet format
- 2013 Changes
  - Updated credibility values and threshold

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## Tom Clark Chief Operating Officer

1

## Making Workers' Compensation Profitable Is Unlikely For U.S. Property/Casualty Insurers

STANDARD & POOR'S FINANCIAL SERVICES LLC ("S&PZZ-L") – Making  
**Workers' Compensation** Profitable Is Unlikely - For U.S. Property/Casualty  
**Insurers**, Report Says:

- Continued high unemployment in the U.S., a sluggish economic recovery, potential for higher inflation on future claims payments, adverse reserve developments, and a volatile investment environment with historic low investment yields could add up to many years of unprofitability for the workers' compensation industry.
- The workers' compensation industry's reserves will remain inadequate over the next few years, in our view. We expect many insurers with meaningful concentration in workers' compensation to strengthen their prior year reserves, especially for accident years 2007-2010.

2

## Premium Growth No Panacea

### **New report from KBW expects loss cost trends to negate any growth in premiums.**

*Insurance Networking News, January 24, 2012*

- The soft market has persisted for so long it would be easy to see firming rates as a cure all for the industry's economic woes.
- "We expect loss cost trends to closely follow rate increases, resulting in little improvement in underwriting results. We expect our coverage universe to split into the haves and have-nots. Any rising tide around rates will not benefit everyone equally."

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## CA workers' compensation market update

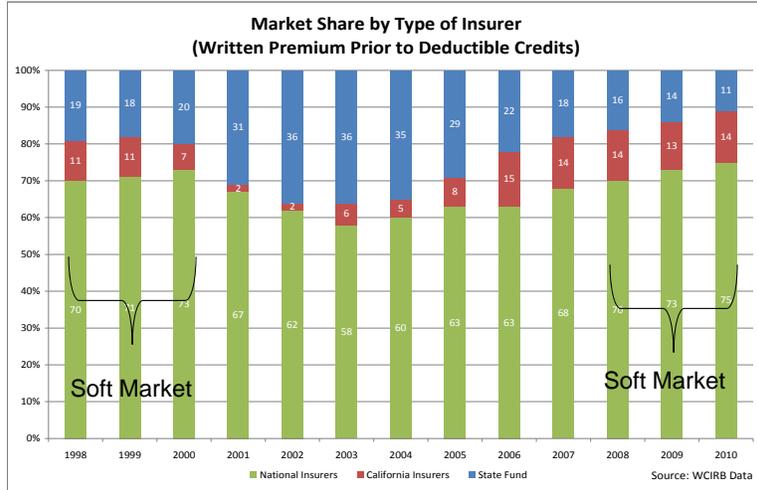
- We continue to believe that the market is underpriced, as increases in loss costs have outpaced pricing changes
- No significant changes in market pricing have been observed, modest upward pressure, but in line with loss cost inflation.
- Either prices will go up, loss costs will go down, or some combination of the two (eventually anyway...)
- In summary current industry results bear similar resemblance to early 2000 results. But investment income is lagging.

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## CALIF WC MARKET SHARE BY TYPE OF INSURER



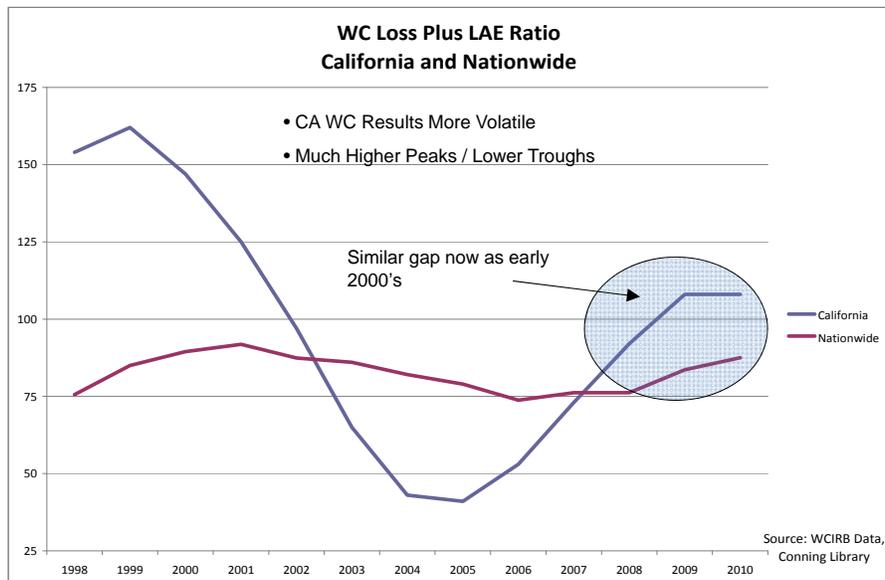
During Soft Market – National Insurers Have 70%+ of Market

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## CALIF VS COUNTRYWIDE WC RESULTS

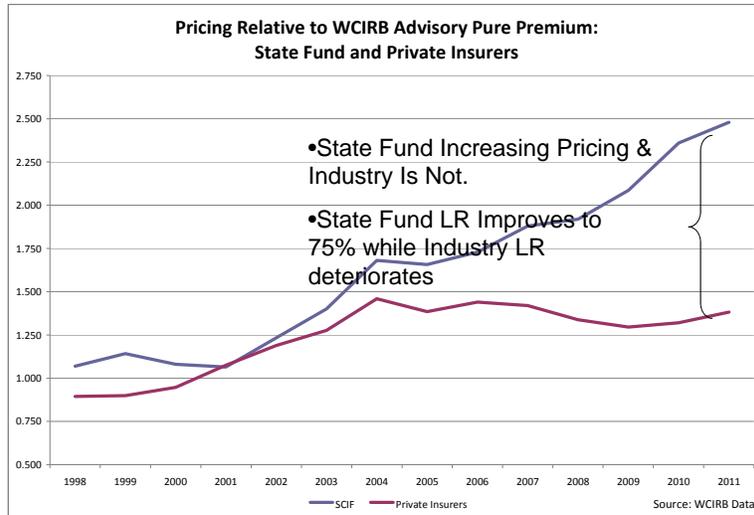


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## CALIF WC PRICING INDUSTRY VS STATE FUND

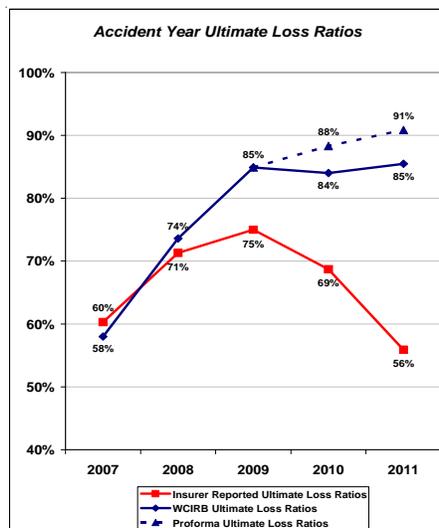


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## Reported Loss Ratios are Underestimated



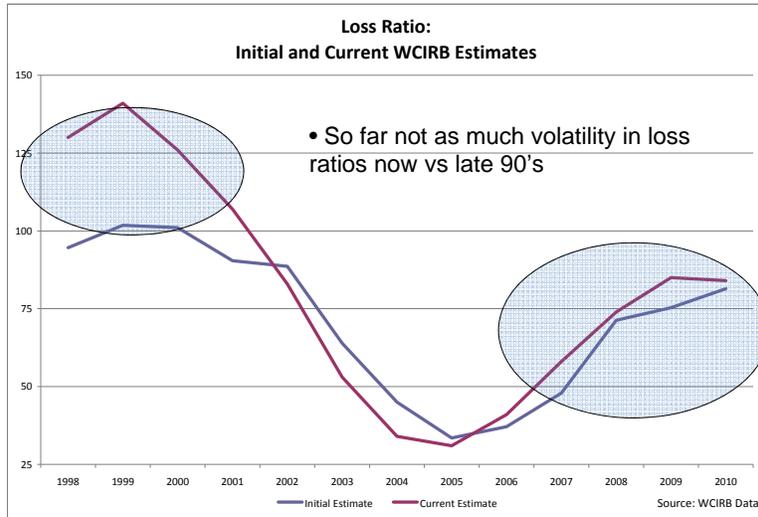
- Proforma ultimate loss ratios based on
  - Assumption that 2009 loss ratio is reasonable
  - Loss costs increased in 2010 and 2011 by 7% per year, while prices plus wage inflation increased by 3% and 4%, thereby deteriorating loss ratio

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## CA WC – UNCERTAINTY OF WCIRB ESTIMATES

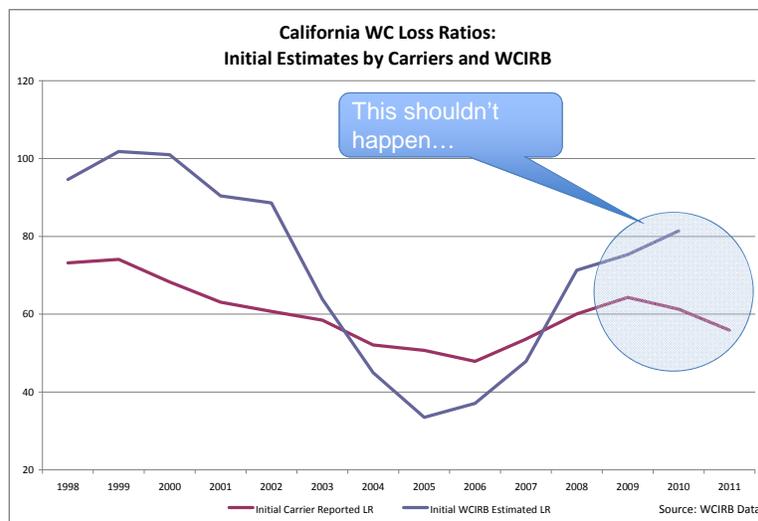


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## CA WC LOSS RATIOS

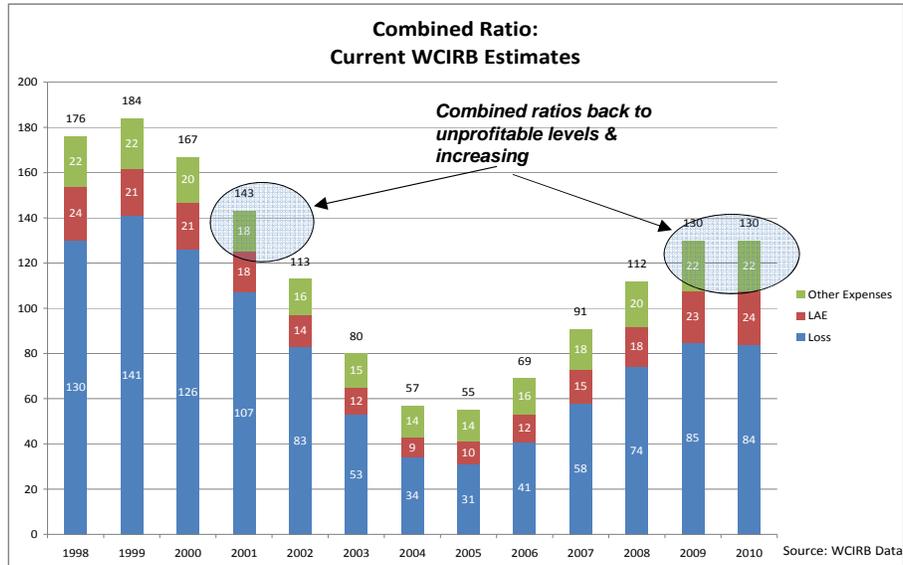


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## CA WC COMBINED RATIOS

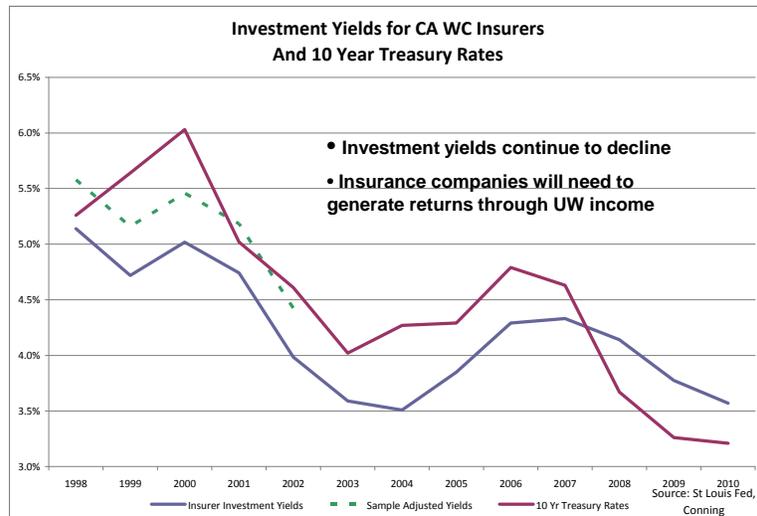


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## CA WC INVESTMENT YIELDS



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