

Ward Group Identifies Top Performing P&C Insurers



Annually, Ward Group analyzes the financial performance of over 3,100 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 14.4% return on average equity from 2004 to 2008 compared to 9.9% for the property-casualty industry overall.

The past 18 months have been a volatile period for the insurance industry affecting companies in many different ways.

"Volatility in the investment portfolios, economy and competitive landscape has forced companies to evaluate many of their business strategies."

explains Jeff Rieder, President of Ward Group. "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

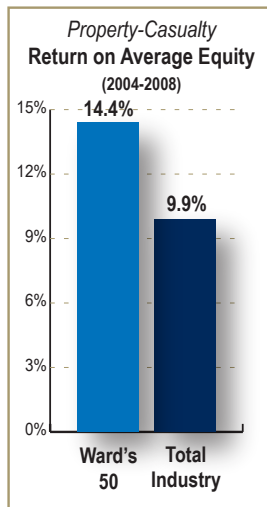
Companies that pass the safety and consistency tests are measured and scored on the following elements:

- 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

Managing Growth and Profitability

An important objective of the Ward's 50 is to compare their performance as a group with the rest of the industry. Compared

to the industry as a whole, the benchmarks set by the Ward's 50 property-casualty group of companies were seven points lower for the five year combined ratio and two times greater for surplus growth. Net premiums written grew 10.1% compared to the industry's 1.8%. "The results for the Ward's 50 benchmarks indicate that companies are able to grow the business profitably in changing market conditions." Mr. Rieder observed.



Although the largest risks for insurance companies are losses resulting from the investment portfolio and claims, it is important for companies to stay focused on managing the ongoing risk that exists within the day to day operations. Ward Group's research consistently finds top performing companies operate with fewer resources without deteriorating the customer experience. "Top performers understand that efficient operations result in pricing advantages passed on to the consumer and keep the customer at the center of every key business decision." In 2008, expenses relative to revenue were 5.5% lower for the Ward's 50 property-casualty group of companies.

2009 Ward's 50

Property-Casualty Companies (listed alphabetically)

Acuity
 American Modern Insurance Group
 Amerisafe
 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
 Central Insurance Companies
 Chubb Group
 Cincinnati Insurance Group*
 The Commerce Group, Inc.
 The Doctors Company
 Donegal Insurance Group
 Erie Insurance Group
 Farmers Mutual Insurance of Nebraska
 Federated Mutual Group
 Fireman's Fund Insurance Group
 First Insurance Company of Hawaii, LTD
 FM Global
 GEICO*
 Great American Insurance Companies
 Hastings Mutual Insurance Company
 HCC Insurance Holdings Group
 ICW Group Insurance Companies
 Island Insurance Companies Group
 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
 RLI Insurance Group*
 Rural Mutual Insurance Company
 Safety Insurance Group
 Selective Insurance Company of America
 Shelter Insurance Group
 Tennessee Farmers Mutual Insurance Co.
 Travelers Insurance Group
 United Fire & Casualty Group
 USAA Group*
 Utica National Insurance Group
 Vermont Mutual Insurance Company
 Virginia Farm Bureau
 W.R. Berkley Corporation Group
 Western National Insurance Group
 *19-year recipient (1991-2009)

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 for more information.

