

Ward Group Recognizes Top Performing Insurers



Annually, Ward Group analyzes the financial performance of over 2,700 property-casualty insurance companies domiciled in the United States and identifies the top performers. This group is called the Ward's 50. 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 insurance companies produced a 17.8% return on average equity from 2002 to 2006 compared to 12.3% for the property-casualty industry overall.

Changes in the insurance industry relating to market conditions, technology and customer demands have required companies to transform certain aspects of their operations. "Most companies understand the importance of remaining competitive and efficient in this changing environment," explains Jeff Rieder, President of Ward Group. "The best companies identify what is important to the organization and customers and focus on meeting these needs." Results from the Ward Group Benchmarking Programs confirm these findings and identify best practices that set the top performing companies apart from the rest of the industry.

Organizational Focus

Insurers can be successful regardless of business mix, ownership structure, distribution channel, size or geography. The best companies achieve organizational focus through certain key strategies:

- Identify product strengths/market niches
- Achieve scale to support the business
- Achieve distribution system efficiency
- Meet key customer service points

By focusing on these strategies, companies can be organized to operate more efficiently and reduce expenses. The average Ward's 50 company has 17% fewer employees and maintains a 6% lower expense ratio. "Top performers focus on performing every activity in a cost efficient manner", observed Mr. Rieder. For example, top performers

maintain 14% less square feet per employee, on average. The difference in space translates into savings of nearly \$1,400 per employee. For the typical insurance company, this amounts to a 0.20% reduction on the expense ratio.

Customer Focus

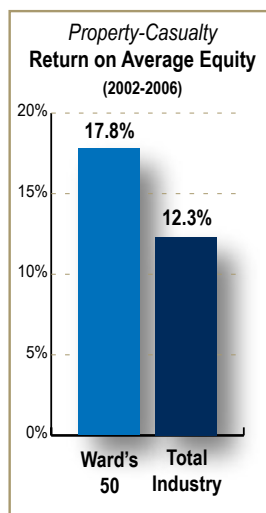
It is important to identify target customers and develop appropriate service levels.

Customer focus helps companies design products and develop organizational capabilities to meet demands. Companies often make decisions to meet customer demands without fully evaluating the long-term impact of the decision. Business may suffer as focus shifts to new services that do not fit core strengths or meet critical customer needs. Top performers judiciously service all customers, including policyholders, claimants, agents, employees and outside service partners.

Superior customer service and ease of doing business significantly improve customer loyalty and retention. Policy retention for the Ward's 50 outperforms the rest of the benchmark by over 5%, on average.

Results Focus

Defining a good strategy is important, but companies must also execute the strategic plan and stay committed to achieving successful results. It is important to define goals that advance the organization and measure performance throughout the process. Measuring performance determines if expected results are achieved and helps a company react appropriately when it falls short of goals. "Best practice performance requires every department to understand their contribution to the bottom line and focus on achieving common goals," added Mr. Rieder.



2007 Ward's 50 Property-Casualty Companies (listed alphabetically)

Acuity
Allstate Insurance Company
American Modern Insurance Group
Amerisure Companies
Assurant Group
ANPAC
Automobile Club of Southern California
Auto-Owners Insurance Group *
Central Mutual of Ohio Group
Chubb Group
Church Mutual Insurance Company
Cincinnati Insurance Group *
Columbia Insurance Group
Crum & Forster Insurance Company
The Commerce Group, Inc.
Donegal Insurance Group
EMC Insurance Companies
Farm Bureau of Michigan Group
Federated Mutual Group
FM Global
GEICO *
GMAC Insurance Group
Great American Insurance Companies
The Hartford Fire Group
Hastings Mutual Insurance Company
IDS Property Casualty Insurance Company
Kentucky Farm Bureau Mutual Insurance Co.
Louisiana Workers' Compensation Corporation
Markel Corporation Group
Mercury Casualty Group
Metropolitan Property and Casualty Insur. Co.
North Star Mutual Insurance Company
Old Republic Insurance Group
Pekin Insurance Group
Pennsylvania Lumbermens Mutual Insur. Co.
Philadelphia Insurance Companies
ProAssurance
Progressive Casualty Insurance Company
Protective Insurance Group
RLI Insurance Group *
SAFECO Insurance
Safety Insurance Group
SECURA Insurance Companies
Selective Insurance Company of America
United Fire & Casualty Group
USAA Group *
Utica National Insurance Group
West Bend Mutual
Western National Mutual Insurance Group
W.R. Berkley Corporation Group
*17-year recipient (1991-2007)

The Ward's 50 benchmarks are available in *Ward's Results*, an insurance industry financial reference series. To learn more about *Ward's Results* or Ward Group's consulting and benchmarking services visit www.wardinc.com or contact Ward Group at (513) 791-0303.



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