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Workers' Compensation

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Workers' Compensation Update

Dear Clients,

Hope all is well with your business. As a heads up, we wanted to share with you an article from the latest Insurance Journal talking about the deterioration of the Workers' Compensation market. Hopefully the business climate changes in a positive direction soon so workers' compensation rates do not start rising. Right now, the industry is losing money in this line. Luckily, Leuter has many markets to assure you the best price. Please give us a call with any questions. Thanks! Leuter Insurance Group

From Insurance Journal, October 5, 2010:

The nation's workers' compensation insurance industry's underwriting performance has continued to weaken as the composite combined ratio deteriorated 8.8 percentage points to 120.0 in 2009, representing the highest combined ratio posted by the composite since it recorded a 118.6 in 2002, according to A.M. Best Co.

The calendar year composite combined ratio of 111.2 in 2009 was up nearly seven percentage points from 104.6 posted in 2008.

The deterioration is being driven primarily by the downward spiral in premium volume as the economy continues to take its toll on exposure levels and competitive pricing remains widespread, A.M. Best said.

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The composite's net income plunged 61 percent to \$0.3 billion in 2009, representing the fourth consecutive year of deteriorating operating results.

The report is consistent with findings from the National Council on Compensation Insurance (NCCI), annual report that also painted 2009 as a difficult year for workers' compensation providers.

A.M. Best said its workers' compensation composite's net premiums written (NPW) plunged 14.6 percent to \$12.3 billion in 2009, its lowest level since 1999. The composite's top line has fallen for five straight years, decreasing approximately 41 percent since reaching 4s high of \$21.0 billion in 2004.

A.M. Best data show that workers' compensation new written premium fell for the fourth consecutive year in 2009, declining 11.6 percent to \$36.2 billion from \$41.0 billion in 2008.

As the economy moves slowly from recession to recovery, A.M. Best said the industry anticipates a jobless recovery; and therefore, sluggish premium growth, meaning the workers' compensation segment's underwriting performance is not expected to rebound over the near term

Leuter Insurance Group, 414 Townsend, Midland, MI 48640
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