

Insurtech company tops list of fastest-growing US insurers

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By Tim Zawacki

It seems fitting that a year full of speculation about how insurtech start-ups might revolutionize the insurance business culminated with a company that employs a novel, data-driven approach to underwriting and pricing auto coverage ranking as the property and casualty industry's fastest-growing carrier.

Pay-per-mile personal auto insurer Metromile Insurance Co. generated growth in direct premiums written of 1,061% in 2017. It topped the list of U.S. domiciled P&C groups and standalone entities that generated growth of at least 33% in direct and net premiums written during the year from a base of at least \$1 million in 2016 premium. Allied Trust Insurance Co., a Texas-domiciled writer of homeowners, auto, flood and umbrella coverage, ranked second based on the same set of criteria with growth of 742.3% in direct premiums written, and it led the industry with 685.7% expansion in net premiums written.

While rising private-passenger auto rates helped drive year-over-year increases in P&C direct and net premiums written in excess of 4.5% in 2017, growth was harder to come by in the life and annuity business. Several companies were able to produce outsized expansion nevertheless, even as direct first-year and single premiums plunged by 6.9% in 2017.

LifeShield National Insurance Co. and **Investors Preferred Life Insurance Co. emerged as the fastest-growing entities** on the basis of total-filed direct premiums and considerations. Our criteria included growth rates of at least 15% in both direct and net premiums and considerations, and 25% in direct first-year and single premiums from a baseline of at least \$1 million in those three categories in 2016.

LifeShield is an Oklahoma City-based writer of life and supplemental health insurance. **Investors Preferred, based in Rapid City, S.D., focuses on the sale of variable life and annuity products in the high-net-worth private placement space.**

A plethora of

Fastest-growing US P&C insurers

Top 10 ranked by 2017 growth in direct premiums written*

P&C group/top-tier entity	Primary domicile	Primary focus	2017 direct premiums written	
			(\$000)	YOY growth (%)
Metromile Insurance Co.	Delaware	Personal lines	52,781	1,060.96
Allied Trust Insurance Co.	Texas	Personal lines	23,313	742.32
Indemnity National Insurance Co.	Mississippi	Commercial financial	11,314	517.26
Excalibur National Insurance Co.	Louisiana	Personal lines	12,721	294.87
County Hall Insurance Co. Inc. a RRG	North Carolina	Commercial property	15,379	261.13
MAKE Transportation Insurance Inc.	Delaware	Commercial property	4,855	201.60
Woodlands Insurance Co.	Texas	Personal lines	47,157	200.39
Frontier - Mt Carroll Mutual Insurance Co.	Illinois	Personal lines	12,836	195.34
Avatar P&C Insurance Co.	Florida	Personal lines	91,811	182.37
Validus Holdings Ltd.	New Hampshire	Commercial lines	874,878	170.68
US P&C industry total			642,317,258	4.72

Top 10 ranked by 2017 growth in net premiums written*

P&C group/top-tier entity	Primary domicile	Primary focus	2017 net premiums written	
			(\$000)	YOY growth (%)
Allied Trust Insurance Co.	Texas	Personal lines	15,550	685.72
Indemnity National Insurance Co.	Mississippi	Commercial financial	10,301	670.48
Metromile Insurance Co.	Delaware	Personal lines	33,478	636.37
Frontier - Mt Carroll Mutual Insurance Co.	Illinois	Personal lines	10,384	286.28
Excalibur National Insurance Co.	Louisiana	Personal lines	8,934	284.57
County Hall Insurance Co. Inc. a RRG	North Carolina	Commercial property	12,918	261.13
Woodlands Insurance Co.	Texas	Personal lines	5,319	209.37
Avatar P&C Insurance Co.	Florida	Personal lines	58,900	195.93
Cherokee Guarantee Co. Inc. A RRG	Arizona	Medical malpractice	9,633	174.77
Commercial Hirecar Insurance Co. RRG	Tennessee	Commercial property	4,072	164.14
US P&C industry total			558,292,694	4.55

Data compiled May 18, 2018.

RRG = risk-retention group

Results are limited to entities that filed 2017 annual statements with the NAIC. Group consolidations present the entity as it currently exists, including the impact of completed M&A.

* Rankings are limited to P&C groups or top-tier P&C entities that meet the following criteria: 1) 2016 direct and net premiums written of at least \$1 million; 2) 2017 direct premiums written growth of at least 33%; and 3) 2017 net premiums written growth of at least 33%.

Source: S&P Global Market Intelligence

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personal lines writers

Metromile was purchased as a clean shell in August 2016 as part of a strategic shift by a similarly named managing general agency that previously had been writing business on a third party's paper, which provided it with a substantial base from which to expand.

The MGA commenced operations in 2011 with a business model dependent upon the policyholder's use of a telematics device to track mileage. It had amassed nearly 28,000 in-force policies in seven states just prior to entering the acquisition agreement, with an intention to migrate them onto the affiliated carrier's books.

Metromile said in its 2017 annual statement that it was writing policies in the same seven states that the MGA had previously entered, producing \$52.8 million in direct premiums written,

overall. It generated premiums from an eighth state, Arizona, during the first quarter of 2018 as direct premiums written for that period rose to \$19.1 million from \$10.4 million a year earlier.

Peer startups like Root Insurance Co. and Lemonade Insurance Co. grew at even more rapid clips in 2017, ending the year with direct premiums written of \$4 million and \$9 million, respectively. Though they did not produce sufficient business in 2016 to qualify for inclusion based on the aforementioned criteria, their exponential growth in the first quarter of 2018 positions them well for future consideration.

Recently formed carriers focused on coastal property insurance business have frequently appeared among the rankings of fastest-growing P&C carriers over the years, and 2017 was no exception.

Allied Trust generated all of its direct premiums written in 2017 from the homeowners line in Texas and, to a lesser extent, Louisiana. Excalibur National Insurance Co., a Slidell, La.-based writer of homeowners, dwelling fire, commercial multiperil, allied lines, inland marine and other liability insurance, and Avatar Property & Casualty Insurance Co., primarily a Florida homeowners insurer, both generated growth well in excess of 100% in direct and net premiums written during 2017.

M&A activity served as one of the drivers of Avatar's 2017 expansion, and it also contributed to the rates of expansion achieved by certain other carriers that ranked among the P&C industry's fastest growing. Elements Property Insurance Co. merged with Avatar in May 2017. Elements' MGA contributed \$65.2 million of the \$91.8 million in direct premiums

written reported by Avatar in 2017. Business generated by the company's affiliated MGA Avatar Management LLC fell to \$26.6 million from \$32.5 million in 2016. As such, it is not likely that Avatar would have generated sufficient expansion had its 2016 financials been restated to include results originally reported by Elements.

A comparable scenario landed an Illinois company among the fastest growing P&C insurers. A 2017 transaction that resulted in the formation of Frontier - Mt Carroll Mutual Insurance Co. had Frontier Mutual Insurance, an Illinois farm mutual whose results were outside of the scope of the annual statutory data, merge with Mt Carroll Mutual Insurance Co. While the combined company reported restated pro forma financials for 2016, limitations on the scope of that data means that S&P Global Market Intelligence continues to report on Mt Carroll Mutual as a standalone entity prior to the merger. On that basis, its net premiums written growth rate of 286.3% vastly exceeds the pro forma expansion of 11.9%.

A pending merger is likely to make one P&C group's inclusion among the fastest-growing companies a short-lived experience. Validus Holdings Ltd., which is selling to American International Group Inc., benefited from a direct premiums written perspective from the 2017 acquisition of the crop insurance business of agricultural conglomerate Archer Daniels Midland Co. Validus' growth is largely attributable to the shift of the ADM crop business from an ADM subsidiary's paper to that of the group headed by Western World Insurance Co. Retained crop business also contributed \$56.3 million to the Validus U.S. P&C group's \$228.7 million in net premiums written.

**Deals
boost
life**

Fastest-growing US life insurers

Ranked by 2017 growth in total-filed life, annuity and accident and health direct premiums and considerations*

Life group/top-tier entity	Primary domicile	Primary focus	2017 first year/single direct premiums		2017 total-filed direct premiums	
			(\$000)	YOY growth (%)	(\$000)	YOY growth (%)
LifeShield National Insurance Co.	Oklahoma	Group accident and health	1,967	90.62	32,458	631.08
Investors Preferred Life Insurance Co.	South Dakota	Individual life	269,860	550.68	269,860	550.68
SNA Capital LLC	North Carolina	Annuity	203,839	913.49	329,830	114.69
Elan Solutions Inc.	U.S. Virgin Islands	Group accident and health	4,219	114.51	4,219	114.51
Puritan Life Insurance	Texas	Life and annuity	15,195	413.79	28,459	62.74
USHEALTH	Texas	Group accident and health	256,626	43.18	449,749	45.68
Athene Holding Ltd.	Delaware	Annuity	7,733,890	42.51	8,122,908	38.96
KUVARE	Iowa	Life and annuity	205,493	37.97	244,977	32.06
Jeff Davis Mortuary Benefit Association	Louisiana	Individual life	2,095	25.04	2,317	29.17
Citizens Security Life Insurance Co.	Kentucky	Specialty accident and health	16,100	56.33	62,222	26.18
Oxford Life	Arizona	Annuity	307,966	38.58	437,311	24.22
American National Insurance	Texas	Annuity	2,038,448	39.68	2,840,077	23.24
Michigan Farm Bureau	Michigan	Life and annuity	88,236	52.60	175,780	21.20
Mutual of America Life Insurance Co.	New York	Annuity	300,326	64.05	2,711,186	19.71
Nationwide Mutual Group	Ohio	Annuity	3,164,583	60.98	18,245,099	19.29
Legal & General Group	Maryland	Annuity	813,774	53.28	1,975,080	18.62
US life industry total			252,646,638	-6.87	691,332,931	1.17

Data compiled May 18, 2018.

Results limited to entities that filed 2017 annual statements with the NAIC. Group consolidations present the entity as it currently exists, including the impact of completed mergers and acquisitions.

* Rankings reflect life groups or top-tier life entities that meet the following criteria: 1) 2016 direct premiums and considerations, net premiums and considerations and direct first-year and single premiums of at least \$1 million, apiece; 2) 2017 direct premiums and considerations growth of at least 15%; 3) 2017 direct first-year and single premiums growth of at least 25%; and 4) growth of at least 15% in net premiums and considerations.

Source: S&P Global Market Intelligence

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insurers

M&A also played a role in shaping the list of 2017's fastest-growing U.S. life insurers.

The life group known as Global Bankers Insurance Group LLC has multiple acquisitions to its credit over the last four years. Another, a deal involving the immediate parent of Lincoln Benefit Life Co., remains pending.

While reinsurance transactions involving the assumption of certain annuities from Bankers Life Insurance Co., Motorists Life Insurance Co. and Grange Life Insurance Co. caused the group's net premiums to surge, Colorado Bankers Life

Insurance Co.'s launch of a new multiyear guaranteed annuity provided a substantial lift to its direct writings. The company said it introduced the new product in November 2017 and generated \$187 million of paid premium by year-end.

"Management intends to increase sales activity in 2018 in an effort to build future profits," Colorado Bankers said in its annual statement.

Kuvare US Holdings Inc., the owners of Guaranty Income Life Insurance Co. by virtue of an October 2016 acquisition, committed additional capital to help support the company's growth. Guaranty Income Life reported \$112.1 million in direct first-year and single premiums in 2017, up from \$41.2 million in 2016. The company said it directed its marketing efforts to support sales of its multiyear guaranteed annuity and annuity/long-term care combination products, and it is eyeing continued strong sales in 2018 thanks in part to the introduction of its first indexed annuity.

Kuvare's growth rate was artificially slowed by S&P Global Market Intelligence's inclusion of United Life Insurance Co., a company it acquired after the end of 2017, in the U.S. life group's historical totals. United Life, as a subsidiary of United Fire Group Inc., reported a year-over-year decline in single-premium whole life production.

The Nationwide Mutual Group was poised to make the rankings of the fastest-growing life entities either with or without the inclusion of Jefferson National Financial Corp., which it acquired in 2017. In fact, when consolidating the target's historical results with those of the acquirer, Nationwide's growth in direct premiums and consideration would have been higher on a standalone basis.

Large cases in the public sector retirement plan and corporate-owned life insurance businesses of Nationwide Life Insurance Co. boosted that company's premium volumes while a 75.8% increase in sales of fixed indexed annuities elevated results at Nationwide Life & Annuity Insurance Co.

An improved environment for annuity sales in 2018 could help make top-line growth less of an exception and more of a rule in 2018.

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