Tennessee Comptroller of the Treasury

Workers' Compensation for Local Government Entities in Tennessee

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Introduction

During the 2024 legislative session, the General Assembly passed legislation requiring the Comptroller's Office to conduct a study of the workers' compensation insurance market for local government entities in Tennessee. This report analyzes the process for local government entities to obtain workers' compensation policies, compares rates and rate setting policies between insurance pools and commercial insurance providers, and reviews two key solvency indicators for insurance pools and commercial insurance providers. Enacting language for this report can be found in Appendix A.

Background

For the purposes of this report, a "local government entity" means a county, incorporated city or town, metropolitan government, and the governing body of a local education agency and charter school.

Tennessee's local government entities can obtain workers' compensation in three ways:

- **A commercial insurance provider:** Local government entities may purchase workers' compensation coverage from commercial insurance providers. These are name-brand insurance companies that provide multiple types of insurance coverage to all types of clients, not solely local government entities. For a list of commercial insurance providers that provide workers' compensation in Tennessee, see Appendix B.[A]
- **An insurance pool:** Local government entities may participate in one of three insurance pools that provide workers' compensation in Tennessee. In pools, participating members agree to share the risk, which means that any member's contributions to a risk pool can pay for any other member's claims. Pools are not-for-profit organizations that conduct business solely with local government entities, thus they are essentially taxpayer funded.
- **Self-insurance:** Local government entities can insure themselves instead of buying insurance from a provider or participating in a pool.[B] In these arrangements, the entity provides workers' compensation to its own employees. Entities that pursue self-insurance must meet numerous requirements set forth by the Tennessee Department of Commerce and Insurance (TDCI).[C] This report does not go into further detail on self-insured arrangements.

In 1973, the General Assembly enacted legislation permitting the formation of local government entity insurance pools. *Tennessee Code Annotated* (*TCA)* 29-20-401 provides that any governmental entities may enter into an agreement with one another for joint or cooperative action to pool their financial and administrative resources for the purpose of providing to the participating governmental entities insurance coverages. Fifty years ago, there were few options available to local government entities for workers' compensation.

At present, there are three insurance pools that provide workers' compensation to Tennessee local government entities:

- Local Government Insurance Pool (LGIP), originally and currently associated with the Tennessee County Services Association (TCSA);
- Public Entity Partners (PEP), originally and currently associated with the Tennessee Municipal League (TML); and
- the Tennessee Risk Management Trust (TNRMT), originally associated with the Tennessee School Boards Association but no longer formally associated with a similar organization.

[A] The Comptroller's Office did not review commercial providers in the same fashion it did local government insurance pools. The vast majority of local governments receive workers' compensation coverage from one of the three pools reviewed in this report.
[B] Insurance pooling is a form of collective self-insurance.
[C] Requirements include, but are not limited to, a minimum of $350,000 workers' compensation premium, a minimum security of $500,000, an excess insurance policy, and an actuary's feasibility study.

To participate in one of the pools, a local government entity must sign an interlocal agreement pursuant to the Interlocal Cooperation Act (*TCA* Title 12, Chapter 9). Exhibit A indicates each insurance pool's number of types of entities to which they provide workers' compensation.

Exhibit A: Insurance pool workers' compensation membership by type of entity

Type of local government entity	LGIP	PEP	TNRMT
City	0	160	4
Town	0	138	4
School system or LEA	4	8	96
Utilities boards or districts	1	10	30
Housing authority	0	64	3
Emergency communications districts	2	6	4
County	43	0	33
Highway/Road	28	0	10
Other	4	52	21
Total members	**82**	**438**	**205**

Source: Local Government Insurance Pool, Public Entity Partners, and the Tennessee Risk Management Trust
Note: "Other" category includes airport authorities, fire departments, task forces, councils, and other groups that do not fit neatly into the listed categories.

Commercial providers and insurance pools have different regulatory structures, as explained on page 5. TDCI regulates commercial providers. The state does not regulate insurance pools in the same fashion, but pools are required to submit their audited financial statements to the Comptroller's Office annually and TDCI is authorized to promulgate rules and regulations necessary for pools to maintain reserves in accordance with standards applicable to private insurance companies.[D]

Procurement processes differ between insurance pools and commercial providers

The procurement process through which local government entities obtain workers' compensation and other forms of insurance coverage differs based on the type of insurance provider. Local government entities that wish to obtain workers' compensation coverage from a commercial provider must do so through a competitive bidding process. Per state law, however, local government entities are not required to solicit bids to obtain workers' compensation coverage through an insurance pool. While not required, pool members are permitted to ask for a bid from their insurance pools if they so choose.

TCA 29-20-407 provides that any governmental entity may purchase insurance without public bidding if the insurance is authorized and approved by any organization of governmental entities representing cities and counties.

The three insurance pools offered different statutory interpretations for their exemption from the public bidding process. LGIP cited their association with TCSA as an organization of governmental entities representing cities and counties that approves the insurance plans, while PEP and TNRMT cited the interlocal agreements and other provisions in *TCA* 29-20-401 that establish local governmental entities' ability to pool.

It may be that participation in an interlocal agreement pursuant to the Interlocal Cooperation Act constitutes an organization of governmental entities representing cities and counties. It may also be that association with a sponsoring organization like TCSA and TML constitutes the same, but it is not entirely clear what is sufficient.

[D] *TCA* 29-20-401(d)(2).

Representatives of all three insurance pools told the Comptroller's Office in interviews that a competitive bidding process does not make sense given their business model. In pools, participating members agree to share the risk, which means that any member's contributions to a risk pool can pay for any other member's claims. Insurance pools contend that for local government entities to solicit competitive bids from the pool would be to bid against other members of the pool since the risk is shared.

TCA 12-3-1209(a) specifies that contracts by local government entities for *services* from an insurance producer must not be based upon competitive solicitations but "must be awarded on the basis of recognized competence and integrity." *Services* from an insurance producer differ from *products* from an insurance producer. An insurance *product* is the insurance coverage itself, while *services* include things like identifying risks, recommending ways of reducing risk, and performing analyses to minimize costs while maximizing protection.[E]

Pertaining to commercial insurance providers, local government entities may request services without soliciting a competitive bid. However, if a local government entity wishes to see a proposal for any kind of insurance coverage (product) from a commercial provider, such business must be competitively bid.

There are tradeoffs for local government entities to consider when choosing insurance providers

One such tradeoff is the ease of procurement. It may be easier for local government entities to obtain coverages from insurance pools rather than commercial providers since a bidding process is not required to obtain coverages from pools.

Another tradeoff is price. Unlike commercial providers, pools are not necessarily designed to compete on price. The shared risk environment of pools is designed to cover the cost of expected losses across the pool, which may necessitate higher prices especially for high-risk occupations like medical providers and police and sheriffs' offices. Commercial providers do not have the same shared risk obligations and may be able to offer competitive prices, especially for low-risk entities.

While shared risks could result in higher premiums in a pool environment, those shared risks may also result in more stable premiums over time with fewer substantial rate increases following a claim. Pool coverage is typically tailored specifically to the needs of local government entities.

Some of the specificity of coverage may be attributed to pools' boards of trustees. Pool members may have more of a say in the pool operations via those boards than they do in a commercial environment.

At least two of Tennessee's workers' compensation insurance pools also have dividend programs. In such arrangements, excess surplus is paid back to the pool members.

Loss control services are another factor local government entities may consider when choosing between an insurance pool and a commercial provider. These are services in which insurance pool staff or contracted companies provide safety trainings with the goal of minimizing risk and reducing on-the-job accidents and injuries. Insurance pools provide such loss control services in addition to lines of insurance coverage. Loss control services vary among commercial insurance providers. Some offer such services for free, some that offer loss control services charge for them, and still others do not offer them.

Finally, local government entities may consider what kind of coverage packages competitors provide. Insurance pools typically do not offer single lines of coverage, preferring to write workers' compensation coverage

[E] State of Tennessee Office of the Attorney General, July 25, 2022, Opinion No. 22-10.

along with other coverages, like property and liability. If a pool member receives bids for coverage from a commercial provider and opts to use the commercial provider for workers' compensation but wants to keep other coverages with an insurance pool, the insurance pool may decline to renew the other lines of coverage. Commercial carriers may provide more flexible participation in coverage packages.

On the other hand, pools typically do not have the option to bar qualifying local government entities from participating in the pool when they first request to join. Because of this, pools do not have the initial flexibility that commercial carriers possess to decline to cover particularly high-risk local government entities like police and fire departments.

Rate setting practices and rates vary

Commercial providers and insurance pools engage in different rate setting practices based in part on their different regulatory structures. The contents of this section are intended to provide a basic overview of rate setting practices and the oversight thereof. This section does not contain information about further adjustments that ultimately determine what insurance companies and pools charge in premiums. Pools and commercial carriers make numerous underwriting adjustments beyond the base rates and loss cost multipliers detailed in this section. Such information would likely be considered sensitive business information and not subject to public disclosure.

TDCI authorizes commercial providers to do business in Tennessee and, as such, commercial providers are subject to TDCI's rules and regulations. TDCI sets the loss cost multiplier (LCM) for every insurance company that operates in the state.

To understand the LCM, it is helpful to first understand loss costs. Loss costs are the total amount of money an insurer must pay to cover claims. To calculate loss costs, insurance underwriters typically use statistical models and historical data from their business and the entire industry.

For commercial providers and TDCI, the National Council on Compensation Insurance (NCCI) serves as an industry standard professional resource for determining state-specific loss costs. NCCI is an insurance rating and data collection bureau that collects loss history data from commercial providers throughout Tennessee and the nation and uses the data to set base rates based on loss costs for commercial providers. NCCI develops base rates for workers' compensation while TDCI maintains review and approval authority for commercial rates in Tennessee. A commercial carrier that does not agree with NCCI's base rates may submit a proposed rate to TDCI for review and possible approval.

The LCM is an adjustment to the loss cost that accounts for business expenses and profits. The LCM is used to set premiums to charge for coverage. TDCI sets the LCM for all commercial providers. The LCM varies by commercial insurer based on each insurer's specific factors and circumstances. Commercial insurers may start with the same base rate published by NCCI, but their individual loss cost multipliers will vary.

Insurance pools are not subject to the same regulations. State law provides that an insurance pool shall not be considered an insurance company.[F] Insurance pools create their own loss cost multipliers with the assistance of either internal or external actuaries. Additionally, insurance pools are less reliant on NCCI for base rates. Of the three pools, TNRMT and LGIP use NCCI base rates to some extent. LGIP did not use NCCI base rates for nine years following the 2014 Workers' Compensation Reform Act before using them again. Still, insurance pools do not report loss history data to NCCI and maintain that NCCI base rates do not reflect the loss histories of local government entities that participate in an insurance pool.

[F] *TCA* 29-20-401(d)(1).

The Comptroller's Office analyzed base rates for several occupations for which all three insurance pools provide workers' compensation coverage. The analysis is not subject to public disclosure since it contains sensitive business information. Overall, the base rate trends for Tennessee's local government entity insurance pools do not follow commercial carrier trends. Generally, commercial base rates have fallen more steadily than pool base rates.

Solvency review

To review the solvency of insurance pools and commercial insurance providers, the Comptroller's Office obtained 12 years of actuarial-related data from the three insurance pools and current year commercial market analyses from the TDCI.

The analysis in this section relies on data contained within the insurance pools' audit reports filed annually with the Comptroller's Office. The Comptroller's Office also reviewed each insurance pool's actuarial data, but that data is not subject to public disclosure. The Comptroller's Office did not perform a reserve study or analyses of investment health as part of this solvency review, nor did it incorporate each insurance pool's reinsurance purchasing policies and procedures. This section does not exhaust all measures of pools' solvency.

For the purposes of this report, the Comptroller's Office focused on two key solvency-related metrics:

- **Unrestricted net position:** The unrestricted net position represents the portion of assets that has no related liabilities or restrictions for use. An entity with a declining or negative unrestricted net position has less, or no, ability to pay for any unexpected expenses that may arise. The following analysis categorizes trends in unrestricted net position as *critical* and *cautionary* outlooks. An insurance pool with a *critical outlook* has a zero or negative unrestricted net position or a rapidly declining trend defined as a decline of more than 20 percent over a three-year period. A *cautionary outlook* applies to pools with a decline in unrestricted net position of more than 1 percent year-to-year or a decline between 10 and 20 percent over a three-year period.
- **Operating income:** An entity whose operating expenses exceed its operating income has a negative operating income, which indicates the entity's core business operations are not profitable. Since insurance pools are non-profit organizations, a negative operating income suggests that a pool fell short of the goal to at least break even on its operations.

Local Government Insurance Pool

In the Local Government Insurance Pool (LGIP), the workers' compensation fund's unrestricted net position was positive in all of the years of data the Comptroller's Office examined. Based on the unrestricted net position criterion of a rapidly declining trend of more than 20 percent over a three-year period, LGIP had critical outlooks in 2013 and 2014. Its unrestricted net position increased in all subsequent years analyzed (up to 2024).

LGIP experienced a negative operating income four times between 2011 and 2023.[G]

Public Entity Partners

The audit filings of Public Entity Partners (PEP) do not separate their workers' compensation fund from other lines of business such as property and liability. Thus, the following analysis of PEP is not limited to the pool's workers' compensation fund. The analysis of the other two pools is limited to their workers' compensation funds.

PEP's unrestricted net position was positive in all of the years of data the Comptroller's Office examined (2011-2023). Based on single-year unrestricted net position criterion, PEP had a cautionary outlook in 2013.

[G] These were years 2012, 2013, 2014, and 2018.

Based on multi-year trending unrestricted net position criteria, PEP had critical outlooks in 2022 and 2023.

Between 2021 and 2022, PEP's unrestricted net position dropped by nearly 34 percent ($51 million).

Public Entity Partners experienced a negative operating income five times between 2011 and 2023.[H]

Tennessee Risk Management Trust

The unrestricted net position of Tennessee Risk Management Trust (TNRMT) was positive in all years, except 2013-14. However, its unrestricted net positive was volatile. Based on multi-year unrestricted net position criteria, TNRMT had critical outlooks in 2014, 2015, 2022 and 2023. TNRMT's unrestricted net position declined by nearly 118 percent (nearly $14 million) in 2014 and by over 53 percent in 2022 (over $14 million).

TNRMT experienced a negative operating income four times between 2011 and 2023.[I]

Commercial providers

There are nearly 450 commercial insurance providers that write workers' compensation coverage in Tennessee. Due to capacity constraints, the Comptroller's Office could not conduct the same solvency review for each commercial insurance provider as was done for the three insurance pools. However, the Comptroller's Office obtained the pure direct loss ratios for each commercial workers' compensation carrier as of December 31, 2023. Pure direct loss ratios under 100 percent indicate an insurance company is underwriting profitably. Pure direct loss ratios do not factor in administrative expenses.

TDCI is responsible for monitoring the solvency of commercial insurance providers. The Commissioner can take action against a company's Certificate of Authority to operate in Tennessee when a company violates TDCI solvency rules.

Conclusions

The three insurance pools offer different interpretations of statute for their exemption from the public bidding process

State law provides that any local government entity may purchase insurance without going through the public bidding process if the plan is authorized and approved by any organization of governmental entities representing cities and counties. The Local Government Insurance Pool and Public Entity Partners provide insurance plans authorized by the Tennessee County Services Association and the Tennessee Municipal League, respectively.

The three insurance pools offered different interpretations of statute for their exemption from the public bidding process. LGIP cited its association with TCSA as an organization of governmental entities representing cities and counties that approves insurance plans, while PEP and TNRMT cited their interlocal agreements and other provisions in *TCA* 29-20-401 that establish local government entities' ability to pool.

It may be that participation in an interlocal agreement pursuant to the Interlocal Cooperation Act constitutes an organization of governmental entities representing cities and counties. It may also be that association with a sponsoring organization like TCSA and TML constitutes the same, but it is not entirely clear what is sufficient.

[H] These were years 2011, 2012, 2014, 2016, and 2020.

[I] These were years 2011, 2012, 2014, and 2016.

In general, commercial workers' compensation rates have fallen more steadily than those of insurance pools.

The rate analysis conducted for this study is not subject to public disclosure because it contains sensitive business information. Insurance pools set their own base rates and adjustments with oversight from their boards of trustees, while TDCI reviews and approves those for commercial carriers.

All three insurance pools showed mixed performance on two key solvency-related metrics over the past decade.

In this report, the Comptroller's Office detailed two key performance metrics for insurance pools: unrestricted net position and operating income. A positive unrestricted net position allows for the appropriate handling of unforeseen expenses, while a negative unrestricted net position leaves little to no room to do so. A negative unrestricted net position or a decline of more than 20 percent over a three-year period placed a pool in the *critical outlook* category. A decline of more than 1 percent year-to-year or between a 10 and 20 percent decline over a three-year period placed a pool in the *cautionary outlook* category.

The Local Government Insurance Pool's unrestricted net position for their workers' compensation line of business was positive in each year examined and trended upwards every year since 2013 after critical outlooks in 2013 and 2014.

The audit reports of Public Entity Partners do not differentiate between their workers' compensation and other lines of business. PEP's entire unrestricted net position for all lines of business received a cautionary outlook in 2013 and critical outlooks in 2022 and 2023. PEP's unrestricted net position declined by nearly 34 percent ($51 million) between 2021 and 2022.

The Tennessee Risk Management Trust's unrestricted net position was positive in all years examined except in 2013-2014. However, its unrestricted net position was volatile. TNRMT had critical outlooks in 2104, 2015, 2022, and 2023. The pool's unrestricted net position decreased by over 53 percent ($14 million) in 2022.

An entity whose operating expenses exceed its operating income has a negative operating income, which indicates the entity's core business operations are not profitable. Since insurance pools are not-for-profit organizations, a negative operating income suggests that a pool fell short of the goal to at least break even on its operations.

Each insurance pool demonstrated negative operating incomes in their audit filings at least once over the past 10 years. The Local Government Insurance Pool and Tennessee Risk Management Trust each experienced four years of negative operating income, and Public Entity Partners experienced five years of negative operating income.

The Comptroller's Office did not perform a reserve study or analyses of investment health as part of this solvency review, nor did it incorporate each insurance pool's reinsurance purchasing policies and procedures. This study does not exhaust all measures of pools' solvency.

Policy considerations

The General Assembly may wish to clarify insurance pools' exemption from the public bidding process.

Given the different justifications of how each pool qualifies for the public bidding exemption and uncertainty of how each pool fits exactly into the statutory language of an organization of governmental entities representing cities and counties, the General Assembly may wish to clarify in statute what exempts a local government entity insurance pool from the public bidding process.

The General Assembly may wish to have a state presence on insurance pools' boards of trustees.

The General Assembly could revise state law so there is state representation on local government entity insurance pools' boards of trustees.

The General Assembly may wish to grant the Department of Commerce and Insurance rate review authority over insurance pools.

State law currently provides that local government insurance pools shall not be considered insurance companies, thus they do not fall under the under the Tennessee Department of Commerce and Insurance's purview.[J]

Insurance pools set their own base rates and adjustments with oversight only from their boards of trustees, while TDCI reviews and approves those for commercial carriers.

Should the General Assembly wish for TDCI to have more authority over insurance pools, TDCI could do any combination of the following: impose NCCI's base rates on insurance pools, set adjustments the same way the department provides loss cost multipliers for commercial providers, or approve or deny pools' self-defined base rates and/or adjustments.

The Department of Commerce and Insurance should evaluate local government insurance pools' reserves.

All three insurance pools showed mixed performance on two key solvency-related metrics over the past decade, which merits further investigation. As noted earlier, the Comptroller's Office did not perform a reserve study as part of this solvency review, but TDCI is authorized to promulgate rules and regulations necessary for pools to maintain adequate reserves in accordance with standards applicable to private insurance companies. *TCA* 29-20-401(d)(2) provides that "there shall be maintained in any special fund created pursuant to this section such an amount of reserve funds as is deemed adequate by the department in accordance with reserve standards applicable to private insurance companies pursuant to title 56. The department of commerce and insurance is authorized to charge reasonable fees to cover expenses incurred in the course of investigations and audits conducted for the purpose of making this determination, and is authorized to promulgate such rules and regulations necessary to accomplish the purposes of this subsection (d)."

[J] *TCA* 29-20-401(d)(1).

Appendix A: Enacting language

Senate Commerce and Labor 1

Amendment No. 1 to SB2378

Bailey
Signature of Sponsor

AMEND Senate Bill No. 2378 House Bill No. 2010*

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 1, Part 4, is amended by adding the following as a new section:

(a) The comptroller of the treasury shall conduct a study of all insurers, including insurance pools, that provide policies of workers' compensation coverage to local governmental entities, including a review of each insurer's solvency, a comparative rate study, and an analysis of the process to bid out, procure, or otherwise obtain such a policy.

(b) The comptroller shall report the findings of the study conducted under subsection (a) to the speakers of the senate and the house of representatives no later than January 1, 2025.

(c) As used in this section, "local governmental entity" means a county, incorporated city or town, metropolitan government, and the governing body of a local education agency and charter school.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.

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Appendix B: List of commercial insurance providers offering workers' compensation in Tennessee and their pure direct loss ratios (as of December 31, 2023)

Pure direct loss ratios are calculated by dividing direct losses by direct premiums earned. A pure direct loss ratio below 100 percent indicates the company is underwriting insurance profitably. The pure direct loss ratios listed below may not be limited to workers' compensation funds or lines of business.

The table below is organized by market share from greatest to least to prioritize describing businesses that have larger operations in Tennessee.

Companies with a 0 percent loss ratio did not write new workers' compensation coverages in 2023. Companies with negative percentages are likely in a pooling agreement whereby they cede business upstream to an affiliate.

Company name	Domicile	Market share	Pure direct loss ratio
Accident Fund Gen Ins Co	MI	3.7%	43.9%
Bridgefield Cas Ins Co	FL	3.3%	49.1%
Zurich Amer Ins Co	NY	3.0%	46.1%
Accident Fund Ins Co of Amer	MI	2.5%	29.4%
Builders Mut Ins Co	NC	2.4%	21.2%
Travelers Prop Cas Co Of Amer	CT	2.0%	55.0%
Indemnity Ins Co Of North Amer	PA	1.9%	21.8%
Travelers Commercial Cas Co	CT	1.9%	62.0%
Ace Amer Ins Co	PA	1.7%	97.2%
LM Ins Corp	IL	1.6%	14.3%
Farmington Cas Co	CT	1.5%	42.7%
Carolina Cas Ins Co	IA	1.4%	39.3%
American Zurich Ins Co	IL	1.3%	93.2%
Amguard Ins Co	NE	1.3%	63.2%
Businessfirst Ins Co	FL	1.1%	62.6%
Technology Ins Co Inc	DE	1.1%	29.2%
Travelers Cas & Surety Co	CT	1.1%	32.5%
Flagship City Ins Co	PA	1.1%	36.9%
Erie Ins Exch	PA	1.0%	61.0%
Employers Ins Co of Wausau	WI	1.0%	86.9%
Twin City Fire Ins Co Co	IN	1.0%	27.4%
Arch Ins Co	MO	0.9%	28.6%
Old Republic Ins Co	PA	0.9%	45.6%
Great Amer Alliance Ins Co	OH	0.9%	25.6%

Company name	Domicile	Market share	Pure direct loss ratio
National Liab & Fire Ins Co	CT	0.9%	45.5%
Pinnaclepoint Ins Co	WV	0.9%	67.0%
Travelers Ind Co	CT	0.9%	-14.9%
Hartford Underwriters Ins Co	CT	0.8%	23.8%
Employers Preferred Ins Co	FL	0.8%	32.2%
Hartford Accident & Ind Co	CT	0.8%	33.1%
Liberty Ins Corp	IL	0.7%	25.1%
Benchmark Ins Co	KS	0.7%	51.5%
Amerisure Mut Ins Co	MI	0.7%	25.7%
The Cincinnati Ind Co	OH	0.7%	42.9%
AIU Ins Co	NY	0.7%	53.0%
American Interstate Ins Co	NE	0.7%	11.4%
Safety Natl Cas Corp	MO	0.7%	14.6%
Travelers Ind Co Of CT	CT	0.7%	15.7%
Wesco Ins Co	DE	0.7%	3.1%
Builders Premier Ins Co	NC	0.7%	51.2%
XL Specialty Ins Co	DE	0.7%	29.5%
Acuity A Mut Ins Co	WI	0.6%	51.3%
MidSouth Mut Ins Co	TN	0.6%	29.5%
Accident Fund Natl Ins Co	MI	0.6%	59.8%
Wellfleet NY Ins Co	NY	0.6%	73.7%
Insurance Co Of The West	CA	0.6%	33.3%
Berkley Cas Co	IA	0.6%	58.3%
Amerisure Ins Co	MI	0.6%	21.6%
Auto Owners Ins Co	MI	0.6%	12.9%
Liberty Mut Fire Ins Co	WI	0.6%	-140.1%
Starr Ind & Liab Co	TX	0.6%	5.4%
Ohio Security Ins Co	NH	0.5%	38.4%
Frankenmuth Ins Co	MI	0.5%	11.7%
State Farm Fire & Cas Co	IL	0.5%	-34.9%
American Cas Co Of Reading PA	PA	0.5%	-72.5%
Manufacturers Alliance Ins Co	PA	0.5%	21.6%
Federated Mut Ins Co	MN	0.5%	29.0%
United WI Ins Co	WI	0.5%	28.1%
Phoenix Ins Co	CT	0.5%	24.7%
Federal Ins Co	IN	0.5%	22.9%
Sentry Ins Co	WI	0.5%	-74.3%
Hartford Ins Co Of The Midwest	IN	0.5%	63.6%

Company name	Domicile	Market share	Pure direct loss ratio
Norguard Ins Co	NE	0.5%	65.1%
Hartford Fire Ins Co	CT	0.5%	-20.7%
BrickStreet Mut Ins Co	WV	0.4%	69.7%
Charter Oak Fire Ins Co	CT	0.4%	24.6%
BITCO Gen Ins Corp	IA	0.4%	97.3%
Premier Grp Ins Co Inc	TN	0.4%	38.8%
Continental Cas Co	IL	0.4%	137.6%
SUNZ Ins Co	FL	0.4%	23.9%
Sentinel Ins Co Ltd	CT	0.4%	33.9%
Cherokee Ins Co	MI	0.4%	16.3%
Great West Cas Co	NE	0.4%	5.7%
Travelers Ind Co Of Amer	CT	0.4%	127.4%
Allied Eastern Ind Co	PA	0.4%	44.0%
Key Risk Ins Co	IA	0.4%	81.0%
ClearPath Ins Co	MD	0.4%	208.7%
Northstone Ins Co	WV	0.4%	34.3%
Security Natl Ins Company	DE	0.4%	79.5%
Hartford Ins Co Of The Southeast	CT	0.4%	297.5%
Hartford Cas Ins Co	IN	0.4%	188.3%
Trumbull Ins Co	CT	0.4%	-82.8%
Property & Cas Ins Co Of Hartford	IN	0.4%	35.4%
Safety First Ins Co	IL	0.4%	69.0%
Owners Ins Co	OH	0.4%	11.0%
Znat Ins Co	CA	0.4%	17.4%
American Builders Ins Co	DE	0.4%	28.8%
Federated Rural Electric Ins Exch	KS	0.4%	100.1%
SteadPoint Ins Co	TN	0.4%	11.6%
Berkshire Hathaway Direct Ins Co	NE	0.4%	66.2%
Markel Ins Co	IL	0.4%	42.7%
West Bend Mut Ins Co	WI	0.4%	29.4%
Tri State Ins Co Of MN	IA	0.3%	62.5%
LUBA Cas Ins Co	LA	0.3%	40.9%
Nutmeg Ins Co	CT	0.3%	183.0%
Milford Cas Ins Co	DE	0.3%	58.9%
Starr Specialty Ins Co	TX	0.3%	51.3%
Stonewood Ins Co	NC	0.3%	79.9%
Stonetrust Commercial Ins Co	NE	0.3%	70.7%
Chubb Ind Ins Co	NY	0.3%	44.5%

Company name	Domicile	Market share	Pure direct loss ratio
Sentry Cas Co	WI	0.3%	423.7%
Firstcomp Ins Co	NE	0.3%	51.7%
Church Mut Ins Co S I	WI	0.3%	13.3%
Praetorian Ins Co	PA	0.3%	22.6%
Sompo Amer Ins Co	NY	0.3%	13.5%
Forestry Mut Ins Co	NC	0.3%	75.2%
QBE Ins Corp	PA	0.3%	6.0%
Bridgefield Employers Ins Co	FL	0.3%	57.3%
XL Ins Amer Inc	DE	0.3%	42.8%
Triumphe Cas Co	OH	0.3%	53.2%
Transportation Ins Co	IL	0.3%	-79.3%
First Liberty Ins Corp	IL	0.3%	37.2%
AmTrust Ins Co	DE	0.3%	44.1%
Berkshire Hathaway Homestate Ins Co	NE	0.3%	-2.4%
Pennsylvania Manufacturers Assoc Ins	PA	0.3%	97.4%
SiriusPoint Amer Ins Co	NY	0.2%	43.4%
FFVA Mut Ins Co	FL	0.2%	16.2%
Argonaut Ins Co	IL	0.2%	8.1%
National Specialty Ins Co	TX	0.2%	287.2%
Service Amer Ind Co	OK	0.2%	36.4%
FCCI Ins Co	FL	0.2%	-16.8%
Valley Forge Ins Co	PA	0.2%	-142.1%
Hartford Ins Co Of IL	IL	0.2%	49.2%
Arch Ind Ins Co	MO	0.2%	227.5%
Hanover Amer Ins Co	NH	0.2%	12.4%
National Union Fire Ins Co of Pittsb	PA	0.2%	-159.5%
Erie Ins Prop & Cas Co	PA	0.2%	55.8%
Monroe Guar Ins Co	IN	0.2%	52.5%
National Fire Ins Co Of Hartford	IL	0.2%	-150.6%
Erie Ins Co Of NY	NY	0.2%	43.0%
Sequoia Ins Co	CA	0.2%	422.8%
Accredited Surety & Cas Co Inc	FL	0.2%	35.7%
New Hampshire Ins Co	IL	0.2%	-329.0%
Society Ins a Mut Co	WI	0.2%	38.8%
Selective Ins Co Of Amer	NJ	0.2%	10.0%
Midwest Employers Cas Co	DE	0.2%	43.1%
Southern Ins Co	TX	0.2%	34.4%
Allmerica Fin Benefit Ins Co	MI	0.2%	108.2%

Company name	Domicile	Market share	Pure direct loss ratio
Protective Ins Co	IN	0.2%	35.9%
Brotherhood Mut Ins Co	IN	0.2%	-21.2%
Selective Ins Co Of The Southeast	IN	0.2%	40.1%
Mitsui Sumitomo Ins USA Inc	NY	0.2%	52.4%
Federated Reserve Ins Co	MN	0.2%	22.1%
Summitpoint Ins Co	WV	0.2%	-0.5%
Continental Ins Co	PA	0.2%	85.2%
CorePointe Ins Co	DE	0.2%	121.6%
Everest Natl Ins Co	DE	0.2%	32.6%
Zurich Amer Ins Co Of IL	IL	0.2%	61.4%
Starnet Ins Co	IA	0.2%	39.5%
The Cincinnati Cas Co	OH	0.2%	30.9%
Citizens Ins Co Of Amer	MI	0.2%	-18.8%
Eastern Alliance Ins Co	PA	0.2%	7.7%
Clear Spring Prop & Cas Co	IN	0.2%	75.4%
Frank Winston Crum Ins Co	FL	0.1%	-20.1%
Previsor Ins Co	CO	0.1%	67.8%
American Compensation Ins Co	MN	0.1%	47.1%
Hanover Ins Co	NH	0.1%	-32.5%
Granite State Ins Co	IL	0.1%	78.7%
OBI Natl Ins Co	PA	0.1%	0.5%
Employers Assur Co	FL	0.1%	26.8%
Pennsylvania Natl Mut Cas Ins Co	PA	0.1%	52.3%
Explorer Ins Co	CA	0.1%	37.6%
Middlesex Ins Co	WI	0.1%	-3.0%
FFVA Select Ins Co	FL	0.1%	113.9%
AmFed Cas Ins Co	MS	0.1%	60.9%
New York Marine & Gen Ins Co	NY	0.1%	54.0%
AmFed Natl Ins Co	MS	0.1%	139.2%
Vanliner Ins Co	OH	0.1%	90.7%
Prescient Natl Ins Co	NC	0.1%	-2.1%
Allmerica Fin Alliance Ins Co	NH	0.1%	-10.5%
Massachusetts Bay Ins Co	NH	0.1%	-25.6%
Selective Ins Co Of SC	IN	0.1%	-9.3%
Bankers Standard Ins Co	PA	0.1%	44.7%
Work First Cas Co	DE	0.1%	3.1%
Markel Amer Ins Co	VA	0.1%	24.7%
Fire Ins Exch	CA	0.1%	2.1%

Company name	Domicile	Market share	Pure direct loss ratio
National Builders Ins Co	DE	0.1%	102.0%
Ansur Amer Ins	MI	0.1%	37.4%
Mitsui Sumitomo Ins Co of Amer	NY	0.1%	18.1%
StarStone Natl Ins Co	DE	0.1%	-16.1%
Everest Premier Ins Co	DE	0.1%	110.0%
LUBA Ind Ins Co	LA	0.1%	56.7%
State Automobile Mut Ins Co	OH	0.1%	54.0%
Carolina Mut Ins Inc	NC	0.1%	177.5%
Grange Ins Co	OH	0.1%	30.3%
Eastern Advantage Assur Co	PA	0.1%	138.9%
North River Ins Co	NJ	0.1%	15.5%
The Pie Ins Co	OH	0.1%	39.6%
Nationwide Mut Ins Co	OH	0.1%	-35.8%
Sentry Select Ins Co	WI	0.1%	18.1%
MEMIC Ind Co	NH	0.1%	85.3%
Firemans Fund Ins Co	IL	0.1%	48.6%
Everest Denali Ins Co	DE	0.1%	35.2%
Chubb Natl Ins Co	IN	0.1%	27.4%
Tokio Marine Amer Ins Co	NY	0.1%	50.9%
Continental Ind Co	NM	0.1%	83.7%
Sompo Amer Fire & Mar Ins Co Amer	NY	0.1%	43.4%
Incline Cas Co	TX	0.1%	14.4%
Sagamore Ins Co	IN	0.1%	54.6%
National Cas Co	OH	0.1%	5.0%
Meridian Security Ins Co	IN	0.1%	55.8%
Employers Compensation Ins Co	CA	0.1%	4.6%
Federated Serv Ins Co	MN	0.1%	82.4%
Midwest Ins Co	IL	0.1%	28.3%
The Cincinnati Ins Co	OH	0.1%	-318.1%
Zenith Ins Co	CA	0.1%	-28.8%
Redwood Fire & Cas Ins Co	NE	0.1%	42.1%
Intrepid Ins Co	IA	0.1%	105.5%
Crestbrook Ins Co	OH	0.1%	21.0%
Continental Western Ins Co	IA	0.1%	27.9%
Union Ins Co	IA	0.1%	19.5%
National Trust Ins Co	IN	0.1%	-36.9%
Vigilant Ins Co	NY	0.1%	9.3%
Central Mut Ins Co	OH	0.1%	22.6%

Company name	Domicile	Market share	Pure direct loss ratio
Pennsylvania Manufacturers Ind Co	PA	0.1%	75.3%
United States Fire Ins Co	DE	0.1%	11.4%
State Natl Ins Co Inc	TX	0.1%	10.1%
Acadia Ins Co	IA	0.1%	-29.6%
Plaza Ins Co	IA	0.1%	45.9%
Westfield Natl Ins Co	OH	0.1%	22.0%
Great Amer Assur Co	OH	0.1%	-2.9%
Sutton National Ins Co	OK	0.1%	218.8%
Star Ins Co	MI	0.1%	198.9%
Normandy Ins Co	FL	0.1%	100.7%
Wellfleet Ins Co	IN	0.1%	57.7%
Trustgard Ins Co	OH	0.1%	111.6%
Atlantic Specialty Ins Co	NY	0.1%	31.9%
Westfield Ins Co	OH	0.1%	-41.2%
Pacific Ind Co	WI	0.1%	25.5%
Nationwide Assur Co	OH	0.1%	137.4%
State Auto Prop & Cas Ins Co	IA	0.1%	58.7%
West Amer Ins Co	IN	0.1%	16.9%
Silver Oak Cas Inc	NE	0.1%	1.3%
SFM Mut Ins Co	MN	0.1%	129.5%
Nationwide Prop & Cas Ins Co	OH	0.0%	-3.6%
Firemens Ins Co Of Washington DC	DE	0.0%	-6.8%
Commerce & Industry Ins Co	NY	0.0%	1504.4%
American Automobile Ins Co	MO	0.0%	30.6%
Amco Ins Co	IA	0.0%	24.8%
American Natl Prop & Cas Co	MO	0.0%	27.2%
General Cas Co Of WI	WI	0.0%	35.2%
Regent Ins Co	WI	0.0%	-24.2%
Rural Trust Ins Co	TX	0.0%	56.2%
Amerisure Partners Ins Co	MI	0.0%	15.4%
Ohio Cas Ins Co	NH	0.0%	103.4%
Harford Mut Ins Co	MD	0.0%	181.6%
Greenwich Ins Co	DE	0.0%	28.0%
Midwest Builders Cas Mut Co	KS	0.0%	69.2%
Service Lloyds Ins Co	TX	0.0%	52.9%
Ascot Ins Co	CO	0.0%	18.0%
Great Divide Ins Co	ND	0.0%	49.3%
WCF Natl Ins Co	UT	0.0%	13.3%

Company name	Domicile	Market share	Pure direct loss ratio
North Pointe Ins Co	PA	0.0%	51.6%
Atlantic States Ins Co	PA	0.0%	79.6%
Triangle Ins Co Inc	OK	0.0%	-16.2%
Transguard Ins Co Of Amer Inc	IL	0.0%	93.5%
Depositors Ins Co	IA	0.0%	-14.1%
Southern Mut Church Ins Co	SC	0.0%	36.6%
Penn Natl Security Ins Co	PA	0.0%	18.9%
American Interstate Ins Co of TX	TX	0.0%	16.1%
Allied Prop & Cas Ins Co	IA	0.0%	14.4%
National Interstate Ins Co	OH	0.0%	40.9%
Republic Franklin Ins Co	OH	0.0%	24.4%
ACIG Ins Co	IL	0.0%	76.8%
GuideOne Ins Co	IA	0.0%	-90.4%
Main St Amer Assur Co	FL	0.0%	3.1%
Utica Natl Assur Co	NY	0.0%	34.1%
Westfield Superior Ins Co	OH	0.0%	-17.7%
National Summit Ins Co	TX	0.0%	42.6%
American Guar & Liab Ins	NY	0.0%	-70.7%
Electric Ins Co	MA	0.0%	-78.7%
Executive Risk Ind Inc	DE	0.0%	12.8%
AmFed Advantage Ins Co	MS	0.0%	-42.1%
Nationwide Ins Co Of Amer	OH	0.0%	14.3%
National Amer Ins Co	OK	0.0%	4.5%
Pharmacists Mut Ins Co	IA	0.0%	-26.4%
AIG Assur Co	IL	0.0%	316.6%
Southern Ins Co Of VA	VA	0.0%	464.5%
Truck Ins Exch	CA	0.0%	-121.8%
Westfield Premier Ins Co	OH	0.0%	23.4%
MEMIC Cas Co	NH	0.0%	90.0%
HDI Global Ins Co	IL	0.0%	-51.2%
Oak River Ins Co	NE	0.0%	-1906.3%
Harleysville Ins Co	OH	0.0%	14.5%
Donegal Mut Ins Co	PA	0.0%	-22.2%
Bearing Midwest Cas Co	KS	0.0%	423.1%
Berkley Natl Ins Co	IA	0.0%	58.5%
SFM Safe Ins Co	MN	0.0%	0.0%
Graphic Arts Mut Ins Co	NY	0.0%	21.2%
Emcasco Ins Co	IA	0.0%	317.0%

Company name	Domicile	Market share	Pure direct loss ratio
Nationwide Agribusiness Ins Co	IA	0.0%	-2.4%
Great Amer Spirit Ins Co	OH	0.0%	1.2%
Employers Mut Cas Co	IA	0.0%	-4.5%
Utica Natl Ins Co of OH	OH	0.0%	-56.5%
Nova Cas Co	NY	0.0%	36.3%
Utica Mut Ins Co	NY	0.0%	-47.7%
American Fire & Cas Co	NH	0.0%	-24.5%
Nationwide Gen Ins Co	OH	0.0%	5.4%
NGM Ins Co	FL	0.0%	173.9%
American Select Ins Co	OH	0.0%	3.1%
Florists Mut Ins Co	WI	0.0%	-25.9%
Crum & Forster Ind Co	DE	0.0%	31.7%
National Surety Corp	IL	0.0%	940.0%
Farmers Ins Exch	CA	0.0%	-88.9%
Berkley Regional Ins Co	IA	0.0%	541.4%
Old Guard Ins Co	OH	0.0%	12.9%
Bloomington Compensation Ins Co	MN	0.0%	43.7%
Cimarron Ins Co Inc	AZ	0.0%	156.8%
T H E Ins Co	LA	0.0%	-4.6%
Imperium Ins Co	TX	0.0%	144.2%
Ace Prop & Cas Ins Co	PA	0.0%	-120.3%
MAG Mut Ins Co	GA	0.0%	54.8%
Pacific Employers Ins Co	PA	0.0%	1249.0%
Southern States Ins Exch	VA	0.0%	112.2%
Employers Ins Co Of NV	NV	0.0%	-7.9%
Mid Century Ins Co	CA	0.0%	-169.4%
OBI Amer Ins Co	PA	0.0%	99.4%
Stonington Ins Co	PA	0.0%	90.2%
Celina Mut Ins Co	OH	0.0%	4.4%
American Summit Ins Co	TX	0.0%	32.2%
Ace Fire Underwriters Ins Co	PA	0.0%	53.1%
Emc Prop & Cas Ins Co	IA	0.0%	31.1%
Rockwood Cas Ins Co	PA	0.0%	22.3%
RLI Ins Co	IL	0.0%	-45.9%
Association Cas Ins Co	TX	0.0%	-2.7%
WCF Select Ins Co	CA	0.0%	-637.7%
Lion Ins Co	FL	0.0%	0.0%
United Fire & Cas Co	IA	0.0%	-960.7%

Company name	Domicile	Market share	Pure direct loss ratio
Guideone Elite Ins Co	IA	0.0%	-37.9%
Argonaut Midwest Ins Co	IL	0.0%	52.0%
American Liberty Ins Co	UT	0.0%	-38.7%
Falls Lake Natl Ins Co	OH	0.0%	115.4%
Westfield Champion Ins Co	OH	0.0%	23.3%
Stonetrust Premier Cas Ins Co	NE	0.0%	20.5%
Peninsula Ins Co	PA	0.0%	-306.8%
Great Amer Ins Co	OH	0.0%	172.6%
Erie Ins Co	PA	0.0%	-105.9%
Williamsburg Natl Ins Co	MI	0.0%	-154.5%
Eastguard Ins Co	NE	0.0%	-209.5%
Trans Pacific Ins Co	NY	0.0%	-803.5%
GuideOne Specialty Ins Co	IA	0.0%	-37.7%
Union Ins Co Of Providence	IA	0.0%	98.9%
Penn Millers Ins Co	PA	0.0%	-247.7%
Firstline Ins Co	MD	0.0%	-25.5%
Great Northern Ins Co	IN	0.0%	174.4%
Gray Ins Co	LA	0.0%	-47.9%
Pie Cas Ins Co	IL	0.0%	66.0%
Riverport Ins Co	IA	0.0%	6181.5%
Maine Employers Mut Ins Co	ME	0.0%	65.0%
Westfield Touchstone Ins Co	OH	0.0%	88.4%
American Home Assur Co	NY	0.0%	-31101.7%
BITCO Natl Ins Co	IA	0.0%	-187.3%
Samsung Fire & Marine Ins Co Ltd	NY	0.0%	99.7%
Harleysville Preferred Ins Co	OH	0.0%	31.5%
Chiron Ins Co	IA	0.0%	-71.0%
All Amer Ins Co	OH	0.0%	-110.1%
Westchester Fire Ins Co	PA	0.0%	34.7%
Old Dominion Ins Co	FL	0.0%	-1.4%
1842 Ins Co	MD	0.0%	14.3%
AIG Prop Cas Co	IL	0.0%	-3726.5%
Columbia Mut Ins Co	MO	0.0%	-5.8%
Columbia Natl Ins Co	NE	0.0%	-117.3%
Liberty Mut Ins Co	MA	0.0%	-14299.0%
Horizon Midwest Cas Co	KS	0.0%	58.6%
Petroleum Cas Co	TX	0.0%	-3413.0%
First Dakota Ind Co	SD	0.0%	0.0%

Company name	Domicile	Market share	Pure direct loss ratio
Travelers Cas Ins Co Of Amer	CT	0.0%	-1839.5%
American Family Home Ins Co	FL	0.0%	0.0%
Preferred Employers Ins Co	CA	0.0%	-119.2%
NHRMA Mut Ins Co	IL	0.0%	0.0%
Illinois Natl Ins Co	IL	0.0%	10919.0%
American Resources Ins Co Inc	OK	0.0%	0.0%
Axis Ins Co	IL	0.0%	0.0%
Motorists Commercial Mut Ins Co	OH	0.0%	0.0%
Trinity Universal Ins Co	TX	0.0%	0.0%
Safeco Ins Co Of Amer	NH	0.0%	0.0%
American Modern Home Ins Co	OH	0.0%	0.0%
Clarendon Natl Ins Co	TX	0.0%	0.0%
St Paul Mercury Ins Co	CT	0.0%	0.0%
Munich Reins Amer Inc	DE	0.0%	0.0%
Point Ins Co	WI	0.0%	0.0%
Fidelity & Deposit Co Of MD	IL	0.0%	-1430.0%
St Paul Fire & Marine Ins Co	CT	0.0%	0.0%
Genesis Ins Co	DE	0.0%	0.0%
St Paul Protective Ins Co	CT	0.0%	0.0%
Colonial Amer Cas & Surety Co	IL	0.0%	0.0%
Accident Ins Co Inc	NM	0.0%	0.0%
Consolidated Ins Co	IN	0.0%	0.0%
TravCo Personal Ins Co	CT	0.0%	0.0%
Builders Alliance Ins Co	NC	0.0%	0.0%
Foremost Signature Ins Co	MI	0.0%	0.0%
Standard Fire Ins Co	CT	0.0%	0.0%
Lafayette Ins Co	LA	0.0%	0.0%
First Natl Ins Co Of Amer	NH	0.0%	0.0%
Pennsylvania Lumbermens Mut Ins	PA	0.0%	0.0%
Healthcare Providers Ins Co	SC	0.0%	0.0%
Pennsylvania Ins Co	NM	0.0%	0.0%
United States Fidelity & Guar Co	CT	0.0%	0.0%
Diamond State Ins Co	IN	0.0%	0.0%
Centre Ins Co	DE	0.0%	0.0%
General Ins Co Of Amer	NH	0.0%	0.0%
Foremost Ins Co Grand Rapids MI	MI	0.0%	0.0%
Travelers Cas Co Of CT	CT	0.0%	0.0%
American States Ins Co	IN	0.0%	0.0%

Company name	Domicile	Market share	Pure direct loss ratio
Geico Gen Ins Co	NE	0.0%	0.0%
Insurance Co of N Amer	PA	0.0%	-107.0%
Yosemite Ins Co	OK	0.0%	0.0%
Indiana Ins Co	IN	0.0%	0.0%
Agri Gen Ins Co	IA	0.0%	-125550.1%
Netherlands Ins Co The	NH	0.0%	0.0%
Peerless Ins Co	NH	0.0%	0.0%
Argonaut Great Central Ins Co	IL	0.0%	0.0%
Great Amer Ins Co of NY	NY	0.0%	0.0%
Wausau Business Ins Co	WI	0.0%	5254.3%
St Paul Guardian Ins Co	CT	0.0%	0.0%
Swiss Re Corp Solutions Amer Ins Co	MO	0.0%	0.0%
Westport Ins Corp	MO	0.0%	0.0%
Berkley Ins Co	DE	0.0%	0.0%
Travelers Cas & Surety Co Of Amer	CT	0.0%	0.0%
Fidelity & Guar Ins Underwriters Inc	WI	0.0%	0.0%
Doctors Co An Interins Exch	CA	0.0%	0.0%
Foremost Prop & Cas Ins Co	MI	0.0%	0.0%
TIG Ins Co	CA	0.0%	0.0%
American Economy Ins Co	IN	0.0%	0.0%
Alea North America Ins Co	NY	0.0%	0.0%
Universal Underwriters Ins Co	IL	0.0%	0.0%
Preferred Professional Ins Co	NE	0.0%	0.0%
21st Century Premier Ins Co	PA	0.0%	0.0%
Century Ind Co	PA	0.0%	0.0%
Southern Pilot Ins Co	WI	0.0%	0.0%
Peerless Ind Ins Co	IL	0.0%	0.0%
Cypress Ins Co	CA	0.0%	0.0%
Transamerica Cas Ins Co	IA	0.0%	0.0%
Wausau Gen Ins Co	WI	0.0%	0.0%
The Travelers Cas Co	CT	0.0%	0.0%
Allstate Ins Co	IL	0.0%	0.0%
Indiana Lumbermens Ins Co	IN	0.0%	0.0%
Progressive Cas Ins Co	OH	0.0%	0.0%
Sparta Ins Co	CT	0.0%	0.0%
US Specialty Ins Co	TX	0.0%	0.0%
Wausau Underwriters Ins Co	WI	0.0%	4797.3%
Fidelity & Guar Ins Co	IA	0.0%	271346.9%

Company name	Domicile	Market share	Pure direct loss ratio
American Alt Ins Corp	DE	0.0%	88822.0%
Dakota Truck Underwriters	SD	0.0%	571.3%
Old Republic Gen Ins Corp	IL	0.0%	12612.0%
Harleysville Worcester Ins Co	OH	0.0%	390.3%
TNUS Ins Co	NY	0.0%	1216.4%
Insurance Co Of The State Of PA	IL	-0.2%	1488.0%

Source: Tennessee Department of Commerce and Insurance.

Appendix C: Insurance pools’ responses to this report

Between December 13 and December 20, 2024, each insurance pool had the opportunity to review a draft of this report and submit comments or clarifications. After carefully considering their feedback, the Comptroller’s Office made several appropriate revisions to the report.

A revised draft was subsequently shared with the insurance pools for further review between December 30, 2024, and January 10, 2025. During this review period, the insurance pools were invited to submit formal written responses to the report. Their response letters are included, absent any attachments or addendums, in the following appendices.

Appendix C1: LGIP response

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January 8, 2025

Russell Moore
Director
Comptroller of the Treasury
Office of Research and Education Accountability
425 Rep. John Lewis Way North
Nashville, TN 37243

Mr. Moore:

In your email sent on December 30, 2024, with the subject line "Final Version of Workers' Compensation Insurance Report from the Comptroller's Office" you stated that, "We incorporated some of your feedback," that the Local Government Insurance Pool (LGIP) submitted. While LGIP appreciates the inclusion of some of its feedback, we also submitted additional details and corrections to the first draft of the study. These comments would have clarified or corrected several questionable sections in the draft. For your convenience, copies of LGIP's initial response are attached. LGIP respectfully requests that this response and the attached documents be included in its entirety as an appendix when the final version of the study mandated by Public Chapter 813 is sent to the General Assembly.

Public Chapter 813 directs a "study of **ALL INSURERS**" that provide workers' compensation insurance to local governmental entities. However, the final version of the study primarily if not totally focuses on insurance pools while omitting comparable information on commercial insurance providers. Including additional data on commercial insurance providers would provide the reader with a more objective comparison of not-for-profit insurance pools versus for-profit commercial insurance providers. Additionally, the "Policy Considerations" section seems to suggest an added regulatory approach to insurance pool operations, without recognizing the fundamental differences between insurance pools and commercial insurance providers in purpose, core values, and operations. Insurance pools exist to reduce risk, enhance public services and make local government work better for taxpayers, not to generate profits like commercial insurance providers.

The study acknowledges that, "LGIP's workers' compensation fund's unrestricted position was positive in all of the years of data the Comptroller's Office examined." However, the study then asserts that LGIP had critical outlooks in 2013 and 2014. The study does not contemplate that, while pools and commercial insurers periodically incur net operating losses (as LGIP did in 2013 and 2014), investment income often offsets these losses. The study would have presented a more comprehensive and objective assessment of LGIP's financial performance had it noted that, over the 10-year review period, LGIP generated more than $8 million in investment income, which fully offset its net operating losses during that time.

Additionally, the study should recognize that the "critical outlooks" cited for 2013 and 2014 occurred before workers' compensation reforms took effect. This impacted both insurance pools and commercial insurers operating in that negative environment. Omitting this full context could imply poor management or oversight by the insurance pools, which was clearly not the case. LGIP respectfully submits that neither "state representation" on the LGIP's board nor a rate review would have altered the challenging workers' compensation insurance climate at that time.

Regarding the insurance pools' reserves, the study fails to acknowledge that LGIP annually provides TDCI with independent audits, financial statements, and actuarial information. These documents should be sufficient for TDCI to assess the adequacy of LGIP's reserves. If the information LGIP has supplied to TDCI over the years raised any concerns, TDCI would have likely made appropriate inquiries. Additionally, TDCI already has the legislative authority to examine any aspect of LGIP's operations and ensure compliance with relevant insurance policies and procedures. Furthermore, there is no record of LGIP failing to provide TDCI with any additional information they have requested about LGIP's operations.

Insurance pools embody the ideal of local control by tailoring coverage to the specific needs of their public entity members. Unlike the commercial insurance industry, which prioritizes profits, insurance pools focus solely on serving their membership through comprehensive services, coverage, and risk management tools. Insurance pools are governed by boards composed of representatives from their members, ensuring that every participant has a voice and a stake in the outcome. The policy consideration regarding state representation on insurance pool boards lacks a clear rationale or explanation of how such representation would benefit the pools' management and operations.

LGIP strongly recommends inclusion of a historical perspective regarding the legislative initiative that created local government pooling. There are few current members of the General Assembly or current local government officials that recall the public risk coverage crisis of the 1970’s and 1980’s, when most commercial insurance providers abandoned the public entity market. The market is no different today. Multiple commercial insurance providers were available during that era, but they chose not to write or renew high risk business, or they priced prohibitively rendering it unaffordable for public entities. As the public entity market became less profitable, insurance pools emerged as the stabilizing force needed in the public sector. In the ever-changing insurance landscape, insurance pools are just as important today as they were then and for the same reasons.

Respectfully submitted,

Bob Wormsley
LGIP President/CEO

Appendix C2: PEP response

Mr. Russell Moore

Director, Office of Research and Education Accountability

Office of the Comptroller of the Treasury

January 10, 2025

Mr. Moore,

Thank you for the opportunity to review the final version of the workers' compensation report and provide additional feedback.

While we appreciate that some of our previously requested changes were incorporated, we remain significantly concerned that several sections still contain inaccurate, incomplete or misleading information. As noted in our earlier communications — and outlined in our feedback below — it is critical that this document, which will be shared with the Tennessee General Assembly and the public, includes complete and accurate information to avoid substantial reputational and financial risks to Public Entity Partners (PEP).

As an organization serving nearly 500 public entity members across Tennessee, these risks are deeply concerning to PEP. For more than 45 years, we have demonstrated an unwavering commitment to our members, going beyond providing insurance coverage. Instead, we prioritize their safety, well-being and long-term success through value-added services such as training, education, best practices and risk liability tools to strengthen their organizations.

Our mission of prioritizing our members' best interests benefits our member partners directly, rather than external stockholders or shareholders. Since our inception, we have distributed more than $136 million in dividends to members through credits applied to renewal invoices of qualifying members. Additionally, PEP reinvests surplus funds into products and services that directly support our members. These include training and education programs, grants, scholarships, and other vital resources to enhance risk management and loss prevention efforts.

PEP's strong financial position reflects our effective partnerships and the robust capital adequacy policy adopted by our board to ensure financial stability and protection for our members.

Below is a summary of our concerns with the final draft of the workers' compensation report. However, attached also is a detailed response to select sections of the draft final report. The content in the attached response was previously provided on December 19, 2024.

Concerns Regarding Financial Data Reporting

The report should unequivocally require commercial insurance companies providing workers' compensation coverage to local government entities in Tennessee to submit the same financial data as insurance pools. Without consistent data, the conclusions reached are inherently flawed and incomplete.

Commercial insurers represent a significant portion of the workers' compensation market for local government entities. The absence of commercial carriers' solvency data and operating performance obscures a full understanding of the workers' compensation landscape in Tennessee. To present a balanced and accurate comparison, the Comptroller's Office must demand the same level of transparency and reporting from commercial providers as it does from pools.

Misrepresentation of Insurance Pools' Financial Condition

The reference to "critical" financial conditions is misleading and should be removed. PEP, along with other pools, has consistently met its financial obligations to local government entities, claimants and taxpayers. The assertion of "critical" conditions, based on selectively applied metrics, is unfounded and harmful to the reputation of PEP and the pooling model. Furthermore, the use of terms such as "critical" or "cautionary" must be contextualized and justified with clear benchmarks or comparisons to commercial insurers.

If the report's intent is to evaluate pools' financial health, it must do so in the broader context of the entire workers' compensation market. Evaluating pools in isolation, without parallel data from commercial insurers, paints an incomplete picture. To ensure fairness and transparency, all insurers — pools and commercial carriers alike — should be subjected to equivalent scrutiny and held to identical reporting standards.

Incompleteness of the Study

The legislative mandate required a study of "...all insurers, including insurance pools, that provide policies of workers' compensation coverage to local governmental entities..." However, this report focuses disproportionately on pools while largely excluding commercial insurers. This selective analysis is a deviation from the legislative intent and creates an unjust comparison.

Incorporating sparse and inconsistent data from commercial providers — while presenting extensive financial analysis of pools — skews perceptions and risks causing reputational harm to PEP and similar organizations. Any conclusions derived from such an imbalanced report lack credibility and fail to provide meaningful insights to legislators, local governments or stakeholders.

It is also important to note that commercial carriers can enter and exit the Tennessee marketplace at their discretion. Governmental pools, on the other hand, are not-for-profit entities created solely to serve Tennessee's governmental entities. The standards for member retention used by commercial carriers differ significantly from those of a pool. As a pool, we work collaboratively with our members to overcome adversity, rather than simply canceling a policy when it is not profitable.

Recommendations for Amendments to the Report

1. Mandate that commercial insurers submit the same financial data as pools to allow for an equitable comparison of solvency and financial health.
2. Strike any mention of "critical" or "cautionary" financial conditions unless substantiated with consistent and comparative data from all workers' compensation providers.

3. Acknowledge the incompleteness of the current study and commit to an expanded and balanced analysis before drawing definitive conclusions.
4. Clearly define the benchmarks used to assess financial health and apply these uniformly to both pools and commercial insurers.

In conclusion, the current report fails to meet its legislative directive, compromises fairness and risks reputational harm to pools such as PEP. Revisions must ensure comprehensive and equitable analysis across all workers' compensation providers to serve the interests of Tennessee's local governments and taxpayers effectively.

Sincerely,

Michael G. Fann, ARM-P, MBA
President/Chief Encouragement Officer
Public Entity Partners

Attached: PEP Report Addendum

Appendix C3: TNRMT response

TNRMT

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January 7, 2025

Russell Moore

Director

Comptroller of the Treasury

Office of Research and Education Accountability

425 Rep. John Lewis Way N | Nashville, TN 37243

Dear Director Moore,

Thank you for the opportunity to respond again to the Workers Compensation (WC) study required of you by legislative act. You were given a very difficult task where some elements were impossible to complete as noted in your report. To understand the operation and function of a pool in Tennessee requires understanding that the business of risk-taking, spread of risk and predicting the unknown requires tremendous expertise that pools have worked a lifetime to do well. TNRMT would appreciate the opportunity to meet with designated members of the Comptroller's staff to promote better understanding of the significance of pools and their tremendous addition to Tennessee government operations.

We could write volumes on each topic touched on in your report. The information was largely provided to your staff earlier. We reiterate our comments below for purposes of appendix. To simplify our response, we will discuss the report by commenting on each of your headings.

"Background"

The information under this heading implies that a local government, if not participating in a pool or purchasing commercial insurance, may only pursue self-insured status by working through Commerce and Insurance-Division of Self Insurance. There are actually five ways for local governments to cover employee injuries; only two of which are regulated by C&I.

The report states that "Fifty years ago, there were few options available to local government entities for workers compensation." This remains so today. To our knowledge, only two Berkley insurance companies are currently willing to voluntarily write WC for Tennessee local governments out of the 450 companies listed in the report. Commercial companies, by definition, are profit driven. There is no long-term profit in writing WC while competing against non-profit pools in Tennessee. Commercial companies have discovered this and exited this section of the market one-by-one over the past 50 years.

"Procurement processes differ between insurance pools and commercial providers"

Under TCA 29-20-407, pools are excluded from bidding statutes for many valid reasons. Avoiding for-profit bidding exactly follows the premise and purpose of the pooling law established in 1973. Perhaps the best way to exemplify this is as follows: Let's say you own a business that sells and services Ford automobiles and you need a Ford automobile for your own use. Would you buy the Ford automobile and subsequent service from yourself at your wholesale cost or go down the street to another Ford dealer to buy a similar or identical Ford? Would you expect to pay the other dealer's profit? Would you expect the same measure of service you could get from yourself? Since the participants in a pool own the non-profit company providing a needed product/service, why would they wish to bid against themselves to pay someone else's profit?

In this heading, TCA 29-20-407 and its meaning are discussed at length. After many challenges over the past 50 years, we are again discussing the meaning of, "any governmental entity representing cities and counties". Although we agree that this phrase is not contextually clear, it has been determined many times by many attorneys and State agents/agencies that the phrase is synonymous with "local government entities". The many challenges to this meaning have always originated from for-profit insurance interests, looking for a better way to compete with pools.

For context, consider that there is not now, nor has there ever been a trade organization representing cities AND counties. Moreover, how could one place credibility in such an organization, other than a pool management organization, who was tasked with approving a plan of insurance for local governments? The obvious and logical conclusion is, since this phrase is included in TCA 29-20, it refers to pools of local governments and their governing entities created by TCA 29-20 and TCA 12-9. To attempt a correction of a time-honored understanding after 50 years of successful pooling doesn't appear necessary.

"There are tradeoffs for local government entities to consider when choosing insurance providers"

The term "tradeoffs" used in the report implies something of value is given up by participating in a pool. What is being given up when participating in a pool?

The report states that "pools are not necessarily designed to compete on price". This is clearly a misunderstanding of the function of pools. Pools have a primary objective similar to captive insurance programs that C&I knows well. First, a captive or pool allows the parent to select coverage best suited to the risk. Second, as the name implies, CAPTIVES or pools are designed to CAPTURE the profits that would otherwise go to for-profit insurance companies. A pool or captive may then CAPTURE the profit portion of the premiums to pay potential claims or reduce premiums. Pools are essentially State-authorized captive mechanisms for local governments to allow more efficient use of taxpayer funds.

This section implies that commercial insurance companies can offer more competitive pricing to low-risk entities. Actually, there are no perpetually low-risk governmental entities. All entities have periods of high losses followed by periods of low losses, just as pools do. This makes it impossible for these entities to maintain a stable cost as they encounter the inevitable period of higher loss experience. Entities going into and out of pools to get temporarily lower pricing in times of lower loss history violate the price-stabilizing purpose and premise of pools. It is our experience that these whims to follow the low-ball prices are generally politically driven by officials new on their respective boards who have had little exposure to pooling.

The report correctly states that pools have more say in coverage and pricing through their boards created by interlocal agreements. However, the same section states that commercial insurance may have more flexibility to cover high risk such as police and fire departments. In fact, the opposite is true. Investigation will show that most of the 450 commercial insurance companies listed in the report likely EXCLUDE police and fire WC risk or price it out of the market. Pools **do not** exclude high-risk elements of local government as incorrectly implied by the report.

"Rate setting practices and rates vary"

The "rate study" portion of the report is invalid as it simply compares loss costs. NCCI reported loss costs for local government in Tennessee are not credible as these companies have little or no historical experience in local government class codes in Tennessee. However, loss costs are only the starting point in the underwriting process and make a relatively small contribution toward underwriting success or failure.

The report states that any commercial insurance company on the list of 450 who shows less than 100% loss cost is underwriting profitably. A correct calculation compares total premium to total cost; not just the cost of loss. NCCI reports that the industry AVERAGE overhead and profit budgeted by a workers compensation company in Tennessee is 36%. Therefore, if the AVERAGE company's cost of loss is greater than 64%, they have lost money.

One of the two companies currently writing workers compensation for local governments in Tennessee indicates a cost of loss of 81%. Add the 36% cost of overhead and profit and they are losing 17%!! This company may soon follow in the footsteps of many other WC companies who have ceased marketing to governmental entities in Tennessee. Because of pools' non-profit status and efficiency of pools' operations as well as priority given to loss control, there is little possibility for commercial companies to earn profits when competing against pools.

Commercial insurance companies were not reviewed as to profit and overhead costs in this report. This is the major area where pools save money for taxpayers as pooling expenses are much lower than the 36% NCCI average for commercial local government class codes.

"Solvency review"

We agree with the statement suggesting that pools are not altogether predictable. In fact, the only predictable part is fixed costs. The balance, and certainly the largest expenditure, is the cost of losses. We can only objectively and subjectively determine expected losses that may occur using a variety of tools at our disposal. Even using the best of these tools, pools, like individually insured local governments, will fluctuate in many unpredictable ways. We use the best of our ability to select an expected annual loss cost amount for budgetary purposes. Sometimes we do better than predicted and sometimes worse, with the ultimate goal of breaking even, as we are non-profit. Commercial companies would have shown similar trends if reviewed the same as pool financials. The difference is that commercial companies would measure success as the amount of profit or loss for their Tennessee WC book of business.

"Policy Considerations"

"The General Assembly may wish to clarify insurance pools' exemption from the public bidding process"

The report suggests that the legislature may want to consider changing TCA 29-20-407 to clarify its intent for current commercial insurance producer's confusion after 50 years of understanding of TCA 29-20-407. There is no misunderstanding of this statute's intent among pools. Any inappropriate or incorrect attempt to change or "correct" the language only serves to damage and dilute the intent of the pooling law as contemplated by TCA 29-20-401 and TCA 12-9.

"The General Assembly may wish to have a State presence on insurance pools' boards of trustees"

The report offers no actual or implied justification for this suggestion. Appropriate knowledge, experience or leadership is not determined by whether one works for the State, is elected by the voters, selected by the General Assembly or may be a local official from any State jurisdiction. The TNRMT board, for example, is made up of Tennesseans, each with his/her own interests and expertise. No one from the State has any greater interest in the success of pools than that of our pool boards, managers and employees. Unlike commercial insurance companies, pools cannot simply move to another state if underwriting fails. Our membership base is only in Tennessee. Our boards understand this. They represent a wide array of knowledge comparable to that of our State officials. TNRMT board membership boasts a safety and loss control specialist from a Tennessee utility, a former local auditor from the Comptroller's office, a school plant manager, school board members and county officials. These local officials bring a wealth of explicitly applicable knowledge and expertise to pools while they make sure their own membership interests are being well managed. Our pool management staff has hundreds of years of cumulative experience in accounting, financial management, underwriting, safety education, claims management and commercial actuarial expertise. If collective wisdom suggests additional expertise, please advise what discipline that might be.

"The General Assembly may wish to grant the Department of Commerce and Insurance rate review authority over insurance pools"

The report offers no facts or justification for this suggestion. There was no attempt in the report to compare anything other than loss costs with any commercial insurance company and there was certainly no valid conclusion as to rating or underwriting expertise. The report does not point out any area where pools have failed to meet their objectives or to properly rate WC risk. Making pools mimic commercial insurance companies will only serve to reduce or eliminate the cost and coverage advantage Tennessee local governments and taxpayers have had benefit of for 50 years.

"The Department of Commerce and Insurance should evaluate local government insurance pools' reserves"

The report offers no objective or factual justification for this suggestion. The report cites "mixed performance" as justification for calling for more oversight by Commerce and Insurance. Being labeled as having "mixed results" is actually a compliment to pool management. Suffice it to say that if pools or insurance companies do not have mixed results, they are either not competitive because their prices are too high, or they are out of business because they lost too much money. Pools arrive at a professionally determined budget number for loss costs. Pools hope to be above that number as many times as they are below it by offsetting amounts. All pools met this test in the evaluation done by this report. The professionals in Commerce and Insurance would likely make the same or similar decisions as have been made by pool managers, given the same objectives and circumstances. If they did not make similar decisions, pools would cease to be a viable alternative for the 90% of local governments currently covered by pools, much like 448 of the 450 commercial companies listed in the report. This scenario is precisely what gave rise to pools 50 years ago.

The report states that it did not evaluate the pool's investment policy. However, unlike commercial insurance companies, TNRMTs investment policy is similar to its local government members and invests only in government-backed securities. Meeting this requirement is likely the cause of the report's discussion of losses in some years of TNRMT financials. On an audited financial statement, GASB requires that our government-backed investments must be booked at current market value. Due to operation of the Federal Reserve, the government-backed securities required by Tennessee statute will decline in market value as interest rates increase, creating negative unrealized gains. However, the rate of return is guaranteed if the instrument is held to maturity. As TNRMT holds these securities to maturity, no money is ever lost on these investments.

History tells us that there is no better solution for local government risk management than pools. That is why over 90% of Tennessee governmental entities are insured by pools while the Association of Governmental Risk Pools (AGRiP) tells us that 80% of governmental entities in the entire United States are insured by governmental pools. We would like to see a reciprocal report that would look at all the advantages of 50 years of pooling and the hundreds of millions of dollars saved by the wisdom of TCA 29-20-401.

When TNRMT began operations in July of 1987, the 13 original members boldly joined the pool without going through the bidding process. To our knowledge, the additional 192 members have joined TNRMT as a result of competitive bids.

Going forward, TNRMT will suggest and pursue a forum with various officials and employees of Tennessee State Government to help promote understanding of the positive attributes of pooling and the negative "tradeoffs" when a decision is made to temporarily exit a pool to become insured by a commercial insurance company.

Respectfully offered,

John Evans

TNRMT Program Manager since 1987

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