



Property-Casualty Net Income Plummet 68% in 2008

P-C price increases expected in 2009

The nation's top 100 Property and Casualty (P-C) insurers closed 2008 with the lowest net income levels in seven years. According to the Highline Data Top 100 Performance Monitor, the last time P-C insurers showed income drops this large was in 2001, when losses occurred from the September 11 attacks and multiple hurricanes. Net income for the country's top 100 P-C insurers was just \$15.8 billion in 2008, compared to \$48.8 billion in 2007.

Equally troubling was a report from A.M. Best that its U.S. P-C Insurance Index fell by 24.2% in 2008. Only twice since 1933 has the A.M. Best P-C Index fallen by a larger percentage. A.M. Best also reported that global insurance stocks, as measured by its Global Insurance Composite Stock Index, dropped 47.2%, while the Dow

Jones Industrial Average (DJIA) fell 33.8%. Traditionally, property/casualty and life/health insurance stocks have outperformed the DJIA.

Hard market to return

With heavy financial losses and plummeting income, the traditional insurance market will have little choice but to impose rate increases on property-casualty customers.

According to a report from security analysts at Sander O'Neill banking, the industry will see the return of a hard market by the middle of 2009. Their report stated that many P-C insurers will not start to look at price increases until they have calculated their year-end 2008 statutory statements, which are typically compiled in March.

Free safety talk webinars

Improve your loss performance and you'll probably see a decrease in insurance costs. For captive members, better loss performance provides even greater benefits. Please join us for a series of online informational webinars designed to reinforce a culture of safety. All webinars are conducted by risk control professionals. Programs are offered at 10am and 2pm Central Time, run from 45-60 minutes, and include time for Q&A. Registration is required. For more information or to sign up for a webinar, please email info@altriskresources.com or call 262-754-9100.

"This was a great use of my time. The presenter was well-informed and engaging."
– Comment from past attendee

WEBINAR DATES & TOPICS

April 7 – Practical Ergonomics	August 4 – Fall Prevention
May 12 – Hot Weather Safety	September 8 – Industrial Hygiene 101
June 2 – Fleet Safety for Non-DOT Fleets	October 6 – Hazard Communication
July 7 – Accident/Near Miss/Incident Investigation	November 3 – Cold Weather Safety
	December 1 – Lockout/Tagout

Captive insurance can stabilize costs

2009 Captive Information Seminars

In these volatile times, knowing all your options is just smart business. Please join us for a two-hour captive information session that will explain how captive insurance works, including how it can remove the unpredictability from your insurance expenses, lower your premiums, and return underwriting profits and investment income back to your company.

For more information or to sign up for a seminar, please call 262-754-9100 or go to our website at www.altriskresources.com.

DATES & LOCATIONS

Wednesday, May 20
FOX VALLEY, WI

Wednesday, June 10
MINNEAPOLIS, MN

Wednesday, June 24
MILWAUKEE, WI

Wednesday, September 23
WAUSAU, WI

Thursday, November 12
SCHAUMBURG, IL

QUARTERLY RISK TIP

The value of regular (short) safety meetings

Research shows that 90 percent of workplace accidents are the result of employees committing unsafe acts, while only 10 percent are the result of equipment or work area hazards. Clearly, any accident prevention program must place the highest priority on raising employee safety awareness and modifying behavior accordingly – in other words, thinking and acting safely.

A great way to do this is by establishing weekly five-minute Safety Talk forums with employees to discuss safety concerns. Once the main topic is covered, additional meeting time can be spent, if needed, on job-specific issues, task hazard assessments, job safety pre-planning, and more.

In order to fully engage employees in the discussion, customize the talk to your company's specific operations and be prepared enough to present and discuss the information without having to read it aloud. Plan the meeting a week in advance so you have time to become familiar with the topic you want to discuss. Be sure to gather handouts or other relevant materials and, whenever possible, use actual equipment to illustrate your points.

Begin each meeting by recognizing the staff for some positive good work and don't forget to ask for suggestions for improving safety. Encourage participation in the discussion without letting the meeting turn into a gripe session about unrelated topics.

By combining workplace inspections to ensure safe working conditions, with Safety Talks to encourage employees to think and act safely, you will help reduce the number of accidents in your organization. You'll find a little behavior modification goes a long way.

INDUSTRY FOCUS

Manufacturing contracts show surprise increase

Activity rises for second month

Production rose in the U.S. manufacturing sector in February for the second month in a row, following eleven straight months of decline, according to the Institute of Supply Management (ISM). Despite economists' predictions of new lows, the manufacturing index rose to 35.8 in February from a 28-year low of 32.9 in December.

Notwithstanding the gain, the numbers still indicate an industry in contraction. Index readings above 50 typically indicate growth, while levels below 50 show manufacturing activity is shrinking.

"Everyone is so pessimistic from first-quarter reports that, even when we see a modest gain, it's a glimmer of hope," said **Sam Bullard**, an economist at Wachovia in an article for CNNMoney.

Bullard predicted the index will remain at similar levels for the next four to five months, then begin moving upward for the remainder of 2009. "As inventories are used up, manufacturers won't have a choice," he said. "We'll likely first see the pickup in durable goods like appliances and electrical equipment."

The ISM report is a national monthly survey of purchasing managers in the manufacturing sector that tracks new orders, production, employment, supplier deliveries, inventories, customers' inventories, backlog of orders, prices, new export orders, imports and buying policy. All 18 of the manufacturing industries surveyed reported continued contraction in February, although the levels were improved over previous months.

◆ Source – CNNMoney.com

FREE MEMBERSHIP IN THE NATIONAL SAFETY COUNCIL

When you join a captive through Alternative Risk Resources, you also get free membership in both the National Safety Council and your local chapter. This great perk provides the following benefits:

- ◆ A subscription to Safety+Health® Magazine
- ◆ A members-only website where you can receive the latest safety and health information, and where you can submit questions to Council emergency care trainers; driver improvement instructors; and safety, health and environmental experts.
- ◆ Weekly news alerts and bi-monthly industry newsletters
- ◆ Substantial registration discounts for national and local conferences
- ◆ Division networking groups to connect with your peers on topics such as research findings, new concepts, trends, and solutions to problems.
- ◆ Up to 30% savings on Council products; services; and driver improvement, emergency care, and occupational safety and health training.
- ◆ Receive Injury Facts®, the Council's annual statistical report on unintentional injuries

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ALTERNATIVE RISK RESOURCES

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