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## Property and Casualty Insurers Post 29% Jump in Net Income in First Quarter 2005

*Industry's Underwriting Gain Rises 26%; Investment Gain Up 18%*

JUPITER, Fla., September 19, 2005 – The nation's property and casualty insurers reported profits of \$17.6 billion in the first quarter of 2005, representing a \$4 billion, or 29 percent, increase over the \$13.6 billion earned in the same period last year, according to Weiss Ratings, Inc., the nation's leading independent provider of ratings and analyses of financial services companies, mutual funds, and stocks.

Property and casualty insurers reporting the largest year-over-year increases in net income include:

Company	Headquarters	Weiss Safety Rating	Capital & Surplus (\$Bil)	Net Income (Loss) (\$Mil)		
				1 <sup>st</sup> Qtr 2005	1 <sup>st</sup> Qtr 2004	\$ Change
Columbia Ins. Co.	Omaha, Neb.	B-	8.18	2,795.4	151.3	2,644.1
Continental Casualty Co.	Chicago, Ill.	C	6.95	517.8	123.5	394.3
Employers Reinsurance Corp.	Jefferson City, Mo.	C	6.00	511.5	123.9	387.6
General Reinsurance Corp.	Stamford, Conn.	B-	7.32	441.4	117.9	323.5
West American Insurance Co.	Indianapolis, Ind.	C+	.23	209.9	19.2	190.7

Weiss Safety Rating: A=Excellent; B=Good; C=Fair; D=Weak; E=Very Weak; F=Failed; U=Unrated

“Industry profits continue to grow in the wake of last year's disastrous hurricane season,” said Melissa Gannon, vice president of Weiss Ratings, Inc. “Although we won't know the full extent of insured damages from Hurricane Katrina for some time, companies are generally prepared to handle significant losses; nonetheless, consumers should brace themselves for another round of rate hikes.”

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## Industry Reports Underwriting Gain of \$7 Billion

Continued underwriting strength contributed to the industry's profitability as property and casualty insurers reported a first-quarter underwriting gain for the second consecutive year, earning a net underwriting gain of \$7.0 billion, which represents a \$1.4 billion, or 26.2 percent, increase compared to the \$5.5 billion gain posted in the first quarter of 2004.

Insurers reporting the largest year-over-year improvements in underwriting performance include:

Company	Headquarters	Weiss Safety Rating	Capital & Surplus (\$Bil)	Underwriting Gain (Loss) (\$Mil)		
				1 <sup>st</sup> Qtr 2005	1 <sup>st</sup> Qtr 2004	\$ Change
St. Paul Fire & Marine Ins Co	St. Paul, Minn.	B-	5.7	206.9	(15.5)	222.4
Auto-Owners Ins. Co.	Lansing, Mich.	A	3.7	135.5	(17.7)	153.2
Erie Ins. Exchange	Erie, Pa.	B	2.9	136.1	(5.9)	141.9
State Farm Fire & Cas. Co.	Bloomington, Ill.	B-	7.0	535.7	398.6	137.1
American Family Mut. Ins. Co.	Madison, Wis.	B	3.5	239.0	106.9	132.1

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## Investment Gain Grows 18%

Property and casualty insurers also enjoyed a \$2.3 billion, or 17.6 percent, increase in net investment gain during the first three months of 2005, to \$15.3 billion from \$13.0 billion during the same period in 2004.

## Notable Upgrades and Downgrades

Among the 2,275 property and casualty insurers reviewed by Weiss, four companies were upgraded, while 15 were downgraded. Notable upgrades include:

- Amcomp Assurance Corp. (North Palm Beach, Fla.) from D+ to C-
- Tower Hill Prime Ins. Co. (Gainesville, Fla.) from E+ to D-
- Westchester Surplus Line Ins. Co. (Atlanta, Ga.) from D+ to C-

Notable downgrades include:

- Radian Guaranty Inc. (Philadelphia, Pa.) from A- to B+
- Commonwealth Mortgage Asr. Co. of Texas (Philadelphia, Pa.) from B- to C+
- Farmers Mutual Hail Ins. Co. of Iowa (Des Moines, Iowa) from C+ to C

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The Weiss Safety Ratings are based on an analysis of a company's risk-adjusted capital, five-year historical profitability, quality of investments, liquidity, and stability. The latter category combines a series of factors including asset growth, premium growth, strength of affiliate companies and risk diversification.

Weiss Ratings, Inc. reviews more than 8,000 stocks daily, including all those traded on the New York Stock Exchange, the American Stock Exchange, and Nasdaq. Weiss also issues investment ratings on more than 12,000 mutual funds, covering equity, fixed-income, and closed-end funds, and provides financial safety ratings on more than 15,000 financial institutions, including banks and insurance companies. It is the only major rating agency that receives no direct or indirect compensation from the companies it rates. Ratings and analyses are available through [www.weissratings.com](http://www.weissratings.com) or by calling 800-289-9222.

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**Note to editors:** [National and state listings](#) of strongest and weakest property and casualty insurers are available.