

# Ward Group Identifies Top Performing L&H Insurers



Annually, Ward Group analyzes the financial performance of over 800 life-health insurance companies domiciled in the United States and identifies the top performers. This group is called the Ward's 50 for the year. Each Ward's 50 company has passed all safety and consistency screens and achieved superior performance over the five years analyzed. The Ward's 50 life-health group of insurance companies produced a 13.5% return on average equity from 2004 to 2008 compared to 6.4% for the life-health industry overall.

The past 18 months have been a volatile period for the insurance industry affecting companies in many different ways. "Volatility in the investment portfolios, economy and competitive landscape has forced companies to evaluate many of their business strategies," explains Jeff Rieder, President of Ward Group. "In selecting the Ward's 50, we identify companies that pass financial stability requirements and measure their ability to grow while maintaining strong capital positions and underwriting results."

## Safety and Consistency Tests

Insurance companies are evaluated and must pass minimum thresholds to be considered for the Ward's 50 designation. Each company must pass the following primary safety and consistency tests:

- Surplus and premiums of at least \$50 million for each of the five years analyzed
- Adjusted net income in at least 4 of the last 5 years.
- Risk-based capital ratio of at least 150% for each of the five years analyzed
- Compound annual growth in premiums between -10% and +40%

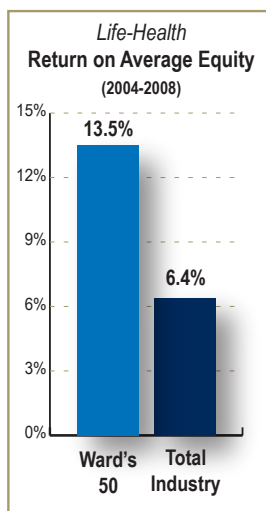
## Performance Measurements

Companies that pass the safety and consistency tests are measured and scored on the following elements:

- Five year average Return on Average Equity
- Five year average Return on Average Assets
- Five year average Return on Total Revenue
- Five year growth in Revenue
- Five year growth in Surplus

## Managing Growth and Profitability

An important objective of the Ward's 50 is to compare their performance as a group with the rest of the industry. Compared to the industry as a whole, the benchmarks set by the Ward's 50 life-health group of companies were nearly three times more for total surplus growth and two times more for premium income growth. "The results for the Ward's 50 benchmarks indicate that companies are able to grow the business profitably in changing market conditions." Mr. Rieder observed.



Although the largest risks for insurance companies are losses resulting from the investment portfolio and claims, it is important for companies to stay focused on managing the ongoing risk that exists within the day to day operations. Ward Group's research consistently finds top performing companies operate with fewer resources without deteriorating the customer experience. "Top performers understand that efficient operations result in pricing advantages passed on to the consumer and keep the customer at the center of every key business decision." In 2008, expenses relative to revenue were 8.5% lower for the Ward's 50 life-health group.

## 2009 Ward's 50 Life-Health Companies (listed alphabetically)

Aetna Life Insurance Company  
 AFLAC  
 American Family Life Insurance Company  
 American Fidelity Assurance Company  
 American Republic Insurance Company  
 Amica Life Insurance Company  
 Anthem Blue Cross Life & Health Insurance Co.  
 Auto-Owners Life Insurance Company  
 Baltimore Life Insurance Company  
 Berkshire Life Insurance Company of America  
 BlueCross BlueShield of Kansas  
 Centurion Life Insurance Company  
 CIGNA Group  
 Farm Bureau Life Insurance Company of MI  
 Federated Life Insurance Company  
 Fidelity Investments Life Insurance Company  
 Fidelity Security Life Insurance Company  
 General Re Life Insurance Corporation  
 Gerber Life Insurance Company  
 Health Net Life Insurance Company  
 HM Life Insurance Company  
 Homesteaders Life Company  
 HumanaDental Insurance Company  
 Liberty National Life Insurance Company  
 Metropolitan Life Insurance Company  
 Midland National Life Insurance Company  
 National Guardian Life Insurance Company  
 National Life Insurance Company  
 New York Life Insurance Company  
 Ohio National Life Insurance Company  
 Ozark National Life Insurance Company  
 Pacific Guardian Life Insurance Company  
 Pekin Life Insurance Company  
 Physicians Mutual Insurance Company  
 Reliance Standard Life Insurance Company  
 Sentry Life Insurance Company  
 Shelter Life Insurance Company  
 Southern Farm Bureau Life Insurance Co.  
 Standard Insurance Company  
 State Farm Life Insurance Company  
 Symetra Life Insurance Company  
 Tennessee Farmers Life Insurance Company  
 Thrivent Financial for Lutherans  
 TIAA-CREF  
 United Healthcare Insurance Company  
 United Life Insurance Company  
 Unum Life Insurance Company of America  
 USAA Life Insurance Company  
 USABLE Life Insurance Company  
 Western & Southern Life Insurance Company

An important objective of the Ward's 50 is to compare their performance as a group with the rest of the industry. Comparisons based on benchmarks set by the Ward's 50 group of companies are available for individual companies and the total industry. Visit [www.wardinc.com](http://www.wardinc.com) for more information.

