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Dividend Policy and Signaling by Insurance Companies

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ABSTRACT

Given their unique characteristics, insurers that adjust their dividends may create a unique signal. An event study methodology is used to measure the share price response of insurers to dividend increases, and matched control samples of banks and industrial firms are similarly assessed. The share price response for insurers is positive and significant. The magnitude of the response for life insurers is smaller than that of other types of insurers or industrial companies but is greater than that of banks. This result may be due to the relatively low level of capital maintained by life insurers. A cross-sectional analysis suggests that the share price responses across insurers are not related to firm-specific characteristics other than firms' main line of insurance business.

Introduction

Insurers exhibit some operating and financial characteristics resembling industrial firms, other characteristics resembling depository institutions, and unique characteristics of their own. Like industrial firms and depository institutions, insurers may have inside information about their future cash flows that is not known by investors. However, since their financial characteristics vary from those of industrial firms and depository institutions, they may have a different level of asymmetric information. Our objective is to measure their level of asymmetric information contained within announcements of increased dividends.

Because of the nature of their product, insurers tend to accumulate relatively large amounts of cash, cash equivalents, and investments in order to pay future claims and avoid financial ruin. A portion of these reserves ultimately becomes the property of policyholders. In the case of stockholder-owned firms, a large portion of these assets implicitly belongs to policyholders. In the case of

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mutually owned firms, virtually all of these assets are the property of the policyholders. In this respect, insurers may be considered pseudo-depository institutions that hold and invest funds belonging to others.

Insurers are subject to different regulations than commercial banks or savings and loan associations. In fact, regulations even vary among insurers, depending on their line of business and their location. Property-liability insurers are subject to price regulations, while life insurers and commercial banks are not. Some states impose more stringent solvency regulations than others. As custodians of a portion of society's wealth, insurers are under a tacit obligation to protect the safety of this wealth. Such an unspoken mandate may cause society to be particularly sensitive to the financial soundness and viability of insurers. Failures of large insurers can affect healthy companies and can endanger guaranty fund protection (see Randall and Kopcke, 1992). Any hint or signal of impending financial trouble may elicit a particularly strong reaction from financial markets.

While insurers report the market values of their bonds in their 10-K reports, they typically do not report unrealized capital gains and losses on their bond portfolios. Innovations such as securitization and financial reinsurance, along with the flexibility of booking underwriting profits and setting loss reserves, can reduce the reliability of financial statements (see Randall and Kopcke, 1992). This implies that the public is somewhat insulated from the true economic condition of an insurer at any particular point in time, which allows for the possibility of asymmetric information. Furthermore, accounting procedures frequently hide major changes in the market values of real estate holdings. This lack of complete information may add to uncertainty and, consequently, lead to increases in stock price volatility. To counteract this information asymmetry argument, Foster (1977) contends that the market imputes unrealized capital gains and losses into non-life insurer share prices.

Since financial statements of insurers do not disclose complete information about the market value of some assets, investors may rely heavily on other signals of changes in financial condition. One such signal is a change in dividend policy. In general, many firms try to avoid unnecessary changes in dividend policy, perhaps because of signaling consequences. Consequently, dividend policy changes may be perceived by the financial markets as important signals and thus may invoke strong reactions.

Because of their unique structure and role in society, publicly traded stock of insurers may behave differently from industrial firms or conventional depository institutions such as banks or savings and loan associations. Thus, a unique response may be triggered by insurer dividend policy changes. Furthermore, the degree of response would likely depend on the structure and financial condition of individual firms.

First, previous studies on dividend policy are reviewed. Next, possible reasons why insurer dividend policy changes may elicit a unique response are examined. Then the sample selection, data sources, and methodology are delineated. Finally, results are presented and implications offered for researchers and insurance industry practitioners.

Research on Dividend Policy

Researchers have proposed many theories concerning dividend policy for industrial firms, banks, and insurers. Pettit (1972) and Watts (1973) found clear evidence to support the theory that the market uses dividend announcements as information in the assessment of security values. Aharony and Swary (1980) found that unexpected dividend changes seem to provide useful information beyond that of the earnings component. More recent studies by Asquith and Mullins (1983), Divecha and Morse (1983), Fehrs, Benesh, and Peterson (1988), Venkatesh (1989), and Bajaj and Vijh (1990) have confirmed that dividend revisions by industrial firms contain a signal and therefore reflect asymmetric information.

Research on dividend policy by life insurers has been quite limited. Lee and Forbes (1980) studied the impact of dividend policy on the market value of equity for property-liability insurers. They found that dividend policy was important in determining stock price behavior when using income measures that included unrealized capital gains and losses.

Harrington (1981) suggested that most life insurers change dividends slowly in relation to earnings changes, because growth in assets and surplus provided an extra margin of safety. Furthermore, management personnel of life insurers have a strong preference for stable dividends and a reluctance to increase dividends to levels that possibly could not be maintained. Chen (1990)—looking at dividend policy from a different perspective—investigated how taxes may affect insurers' investments in common stocks. Chen's model predicts that life insurers prefer higher dividend yields than property-liability insurers at any given systematic risk level. This preference differential becomes more pronounced at higher levels of systematic risk.

Signaling by Financial Intermediaries

Empirical evidence suggests that signals are contained within some other policy announcements by financial intermediaries. Grammatikos and Saunders (1990) show a significant revaluation of commercial banks that add to their loan-loss reserves. Polonchek, Slovin, and Sushka (1989) document a significant revaluation of commercial banks that engage in new security offerings. The revaluation of bank share prices reflects perceived information contained within the announced policy that was not publicly known.

Similarly, dividend policies could reflect asymmetric information and therefore elicit a revaluation of share prices. Given that growth prospects and minimum capital standards of these financial intermediaries are subject to regulation, the information contained within the announcement to increase dividends is tempered. That is, the motivation behind the dividend boost by financial intermediaries is less likely to indicate a surprise improvement in cash flows, given the regulatory constraints. Investors may perceive the increased dividends as a residual (what is remaining after the earnings received are distributed for useful expenditures) rather than a favorable signal. Regulatory constraints were also cited by Poloncheck, Slovin, and Sushka as a reason why

the information contained within announced security offerings by banks was perceived to be less than that of announced offerings by industrial firms.

Some empirical evidence supports the view that dividend changes by commercial banks contain less information than dividend changes by industrial firms. Filbeck and Mullineaux (forthcoming) found that commercial banks experienced a 0.39 percent two-day abnormal return on average upon increasing their dividends. Madura, McDaniel, and Wiant (forthcoming) found that the two-day abnormal returns to large bank holding companies boosting their dividends was about 0.4 percent. They state that, while the 0.4 percent abnormal return is significant, it is less than the abnormal returns derived from other studies for industrial firms that had increased dividends. The average abnormal return of industrial firms boosting their dividends was found to be more than double the 0.4 percent level for large bank holding companies.

While insurers have some characteristics similar to commercial banks, they also exhibit unique characteristics that could cause their dividend revisions to create a different signal.

Signaling by Insurers Versus Banks

Financial intermediaries such as commercial banks and insurers issue financial claims and use the funds to take creditor or equity positions in various assets. When intermediaries adjust their dividend policy, the signal contained should reflect the degree of asymmetric information. Financial intermediaries are more likely to emit a signal via dividend policy if their market value is more uncertain, since there is potentially more asymmetric information. Kopcke (1992) states that "assessing the specific values of insurers' assets and liabilities or their inherent risks and returns is difficult for customers and regulators alike" (p. 45). Given the uncertainty associated with valuation, the market may rely partially on dividend revisions when revaluing share prices of insurance companies.

However, one could argue that the values of asset portfolios of commercial banks are also difficult to assess, because they reflect the processing of private information about corporate borrowers (see Diamond, 1984). Since many commercial loans are not standardized, they are not usually traded in a secondary market, which further complicates the loan valuation process (see Slovin, Sushka, and Polonchek, 1991). Randall (1989) found that the market is often unable to accurately assess the asset quality of commercial banks.

Given the characteristics described earlier that could cause asymmetric information between insurance company managers and investors, there is reason to believe that investors may respond to announced dividend changes. Since insurance company managers have more information about the firm's financial condition and future claims than investors, dividend adjustments may contain some of this asymmetric information. The asymmetric information contained within insurers' dividend policy announcements is compared to that of commercial banks and to that of nonregulated industrial firms.

Table 1
Description of Sample

	Number of Firms that Increased Dividends			
Year	*Life Insurers*	*Property-Liability Insurers*	*Other Insurers*	*Total*
1969	0	1	2	3
1970	1	0	1	2
1971	2	0	1	3
1972	3	3	7	13
1973	4	4	6	14
1974	4	2	2	8
1975	2	0	1	3
1976	4	4	3	11
1977	5	4	6	15
1978	5	4	6	15
1979	6	4	4	14
1980	6	3	4	13
1981	5	4	5	14
1982	5	4	2	11
1983	4	4	1	9
1984	3	3	2	8
1985	4	3	2	9
1986	4	3	2	9
1987	9	4	3	16
1988	8	4	3	15
1989	10	4	3	17
1990	11	4	3	18
1991	8	3	2	13
Total	113	69	71	253

Data

Given the possible information disparity contained within dividend announcements, we measure the information contained in the announcement of increased dividends by three types of insurers. The information contained in the announcements of increased dividends by commercial banks and by industrial firms is also measured. This allows for a cleaner comparison of insurers to these two control samples, since comparisons to findings from previous studies may be subject to distortions because of differing methodologies.

In order to measure the market reaction to the announcement of increased dividends, we identified all quarterly dividend increases by insurers in the Center for Research in Security Prices (CRSP) monthly master tape from 1969 through 1991. Elements in the sample for which there are insufficient CRSP data were eliminated. Table 1 summarizes the 253 dividend increase announce-

ments by insurers that ultimately appear in the sample.[1] Dividend announcements that occurred concurrently with earnings, stock dividend, or stock split announcements are excluded in order to avoid confounding effects. Fehrs, Benesh, and Peterson (1988) utilized a similar approach in their assessment of dividend announcement effects.

Insurers that increased their dividends between 1969 and 1991 are assessed in this study and are identified in the Appendix. Insurers that increased their dividends more than once were assessed multiple times. Such a procedure is common among dividend studies, including those by Divecha and Morse and by Madura, McDaniel, and Wiant. However, multiple dividend increases by a given insurer in any single year are eliminated, because the intensity of the signal resulting from a dividend announcement is likely to be reduced when the dividend policy is changed so often.

Event Study Methodology

If a dividend revision was not anticipated by the market, it may convey valuable information. To measure the market's expected dividend, we use the naive dividend expectations model, in which the previous dividend serves as a forecast of the future dividend. Aharony and Swary (1980) and Fehrs, Benesh, and Peterson (1988) also used the naive model.

An event study methodology recently used by Karafiath and Spencer (1991) and Salinger (1992) is applied to measure the prediction error that occurred as a result of increased dividends. The prediction error measures the abnormal share price response of each insurer to the revised dividend policy. The event day here (referred to as day t_0) represents the dividend declaration date. If there is no share price response to the announcement of increased dividends, the actual returns should be equal to the expected returns on average, causing the abnormal return to be zero. However, if there is a favorable share price response, the actual returns should exceed the expected returns, resulting in positive prediction errors. Specific details of the event study methodology are provided below.

The dummy variable model described in Karafiath (1988), Karafiath and Spencer (1991), and Salinger (1992) to generate prediction errors can be expressed as follows:

$$R_{jt} = \alpha_j + \beta_j R_{mt} + \sum_{n=t+1}^{T+N_j} \delta_{nj} D_{nt} + \varepsilon_{jt} \qquad (1)$$

$$(t = 1, \ldots, T+N_j)$$

[1] This sample is restricted to publicly traded insurers. However, this is consistent with other dividend policy studies on industrial firms, as the focus is on the share price response (which requires publicly traded share price information) to the policy. Thus, the implications of this study are applicable to publicly-held insurers and to the investors and regulators who monitor these companies.

where T = length of estimation period,
N_j = length of firm-specific multiperiod event window,
R_{mt} = market return on day t,
D_{nt} = dummy variable which takes a value of 1 for time period n and zero otherwise,
δ_{jn} = estimated coefficient on dummy variable D_{nt}, and
$\varepsilon_{j,t}$ = error term.

Equation (1) is estimated by ordinary least squares for each firm j using a period from t_{-136} to t_{+3}. The coefficient of the dummy variable represents the prediction error. The t-statistic is used to test whether the cumulative prediction error (CPE) for each firm equals zero. A z-value is computed by aggregating these firm-specific t-statistics across a portfolio of J firms as follows:

$$z = \sum_{j=1}^{J} TSTAT_j/\sqrt{J}\,. \tag{2}$$

The z-value is used to test the null hypothesis that the CPE is equal to zero. The dummy variables are set equal to one over a two-day period beginning the day of the dividend adjustment. Then, the analysis was redone using a four-day period to capture any delayed market response, which is documented by Divecha and Morse (1983) for dividend adjustments by industrial firms.

Results

Results from applying the event study methodology are shown in Table 2. The two-day and four-day CPEs for the sample of all insurers are 0.8870 percent and 1.2755 percent, respectively, both significant at the $p < 0.01$ level. The four-day CPE is more pronounced than the two-day CPE for dividend increases by all insurers. This is somewhat similar to other studies on dividend policy (such as Divecha and Morse) that found a portion of the share price response to be lagged a few days.

The insurance sample is partitioned into subsamples according to type of business, and the methodology is replicated separately for each subsample.[2] Results for the subsamples are also provided in Table 2. For the subsample of property-liability companies, the mean two-day CPE is 1.1963 percent, while the four-day CPE is 1.4656 percent. Both CPEs are significant. Fifty-two of these companies experienced a positive four-day CPE, versus only 17 companies with a negative four-day CPE. The subsample of life insurers experienced positive but insignificant two-day and four-day CPEs.

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[2] Given the overlap in insurance lines of business, it is difficult to perfectly partition insurers by type of business. We used the COMPUSTAT data base classification system to separate the sample into three subsamples: life insurers (SIC code 6311), property-liability insurers (SIC code 6331), and other insurers (SIC codes 6321, 6351, 6361, and 6399). The subsample of "other" insurers focuses on health insurance, surety insurance, title insurance, or some combination.

Table 2 - entry
Share Price Response to Dividend Increases by Insurers (1969-1991)

Firm Type	*Number of Dividend Increases*	*Two-Day CPE*	*Two-Day z-Statistic*	*Positive CPE: Negative CPE*	*Four-Day CPE*	*Four-Day z-Statistic*	*Four-Day Positive CPE: Negative CPE*
All Insurers	253	0.8870%	6.3865***	155:98	1.2755%	6.1557***	164: 89
Property-Liability Insurers	69	1.1963	4.8360***	45:24	1.4656	4.2229***	52: 17
Life Insurers	113	0.3573	1.6647*	66:47	0.5233	1.6376	65: 48
Other Insurers	71	1.4293	5.1882***	44:27	2.2879	5.3912***	47: 24
Banks[a]	253	0.5781	4.9502***	154:99	0.2448	1.3930	136:117
Industrial Firms[a]	253	1.1324	6.7025***	156:97	1.3151	5.2740***	151:102

Note: CPE = cumulative prediction error.
[a] The sample is matched with life insurers by the month and year of the dividend announcement, and the dividend yield.

*** $p < 0.01$ ** $p < 0.05$ * $p < 0.10$

The difference in the share price response between the life insurers and the property-liability insurers could be caused by differing degrees of information asymmetry within these two segments of the insurance industry. This could result from either differences in financial disclosure or differences in financial characteristics.

Life insurers and property-liability insurers are subject to statutory reporting requirements, which typically are designed to primarily monitor firm solvency and maintain firm and industry stability. Pritchett (1980) suggested that profits should be measured on the basis of Generally Accepted Accounting Principles (GAAP) rather than by far less revealing statutory income statements. Beyond the minimum statutory reporting requirements, however, stock insurance firms are required to disseminate GAAP statements and 10-K reports. Since the GAAP statements emanating from these two segments of the insurance industry are not substantially different with respect to the extent of disclosure, the difference in degrees of information asymmetry is not likely attributable to disclosure differences.

An alternative explanation for the difference in the degree of information asymmetry is based on differences in financial characteristics between types of insurers. Life insurers are far less capitalized than their property-liability counterparts. Typically, life insurers maintain levels of capital and surplus that represent about 5 percent of assets, while property-liability firms' capital and surplus often exceeds 20 percent of assets (Kopcke, 1992). Thus, when a life insurer announces a dividend increase, investors may have mixed or offsetting reactions, because a dividend increase reflects a smaller contribution to capital. While a life insurer's dividend increase may reflect management's favorable view of future cash flows, it has the potential to adversely affect capital and surplus levels. That is, the favorable signal about cash flows is tempered by an unfavorable signal about capital adequacy.

Because property-liability insurers maintain much higher levels of capital and surplus, which could act as a buffer, investors may discount the potential negative impact on capital or surplus levels and focus on the positive implications of a dividend increase. Thus, the market reaction to announcements of dividend increases is more pronounced for property-liability firms than for life insurance firms.

The two-day and four-day CPEs for the subsample of "other" insurance firms were positive and significant. Furthermore, the four-day CPEs were larger than the two-day CPEs (2.2879 percent versus 1.4293 percent), indicating a partially lagged market response to the dividend adjustment. These CPEs for "other" insurers are larger than those of the property-liability or life insurers.

To test for significant differences across insurer subsamples, we conducted t-tests on the mean CPEs for each pair of subsamples. The two-day CPE for life insurers was significantly less than that for property-liability insurers (t-statistic = -2.25) and "other" insurers (t-statistic = -2.32). The four-day CPE of life insurers was significantly lower than that of property-liability insurers (t-statistic = -1.96) and "other" insurers (t-statistic = -3.03). The difference in

CPEs between property-liability versus other insurance company subsamples was not significant, whether using a two-day or four-day window.

A comparison of these results for insurers to results from other studies on other types of firms can be distorted because of differences in the methodology used to measure the share price response across studies. Thus, a more direct approach is to replicate our methodology using samples of other types of firms that increased their dividends. Samples of commercial banks and industrial firms that increased their dividends were created and matched with the sample of insurers by the month and year of dividend adjustment and size of dividend yield.

To test whether the share price response to dividend increases was the same for both insurers and noninsurance firms, we compared paired differentials in CPEs. The top panel of Table 3 illustrates the results of the two-day CPE comparisons; the results of the four-day CPE comparisons are disclosed in the lower panel. A review of the top panel suggests that the property-liability and "other" insurers experience a share price response to dividend increases that is not significantly different from banks or industrial firms. However, the life insurers experience a less favorable response to the announcement of increased dividends than industrial firms. This suggests that dividend increases by life insurers convey less asymmetric information than dividend increases by industrial firms. A review of the lower panel of Table 3 suggests that the "other" insurers experienced a more favorable share price response to dividend increases than the corresponding banks. The share price response of life insurers was not significantly different from that of banks.

The share price response of life insurers to dividend adjustments is less than that found in other studies and less than the other subsamples of insurers. This may be attributed to the regulation of life insurers, which could force more public disclosure of information than is available from industrial firms. To the extent that more public disclosure results in less asymmetric information, dividend increases by life insurers may convey less information.

Tests for Risk Shifts

Asymmetric information contained in dividend announcements by insurers may reflect a change in their perceived risk. To test whether dividend adjustments increase risk, the model specified in equation (1) was modified to capture a risk-shift component, as shown below:

$$R_{jt} = \alpha_j + \beta_j R_{mt} + \sum_{n=T+1}^{T+N_j} \delta_{jn} D_{nt} + \gamma_j R_{mt} D + \varepsilon_{jt} \qquad (3)$$

where D = a dummy variable that equals 1 for the period t = 0, + 136, and equals 0 for the period t = -136, -1.

The γ coefficient measures the shift in systematic risk following the announced dividend adjustment. This model was applied to each of the 253 insurers.

Table 3
Comparison of Cumulative Prediction Errors (CPEs)
Between Insurers and the Control Groups

			Comparison to Banks			Comparison to Industrial Firms		
	Number in Sample	Mean Two-Day CPE of Insurers	Mean Two-Day CPE of Banks	Mean Two-Day CPE Differential	t-value	Mean Two-Day CPE of Industrial Firms	Mean Two-Day CPE Differential	t-value
Two-Day Comparison								
All Insurers	253	0.89%	0.58%	0.31%	1.19	1.13%	-0.24%	-0.83
Property-Liability Insurers	69	1.20	0.44	0.76	1.65	1.28	-0.09	-0.13
Life Insurers	113	0.35	0.36	-0.01	-0.01	1.25	-0.89	-2.37**
Other Insurers	71	1.43	1.05	0.37	0.71	0.80	0.63	1.09
Four-Day CPE Comparison								
All Insurers	253	1.28%	0.25%	1.03%	3.13***	1.32%	-0.04%	-0.12
Property-Liability Insurers	69	1.47	0.37	1.09	1.82*	1.66	-0.19	-0.27
Life Insurers	113	0.52	-0.18	0.71	1.51	1.43	-0.90	-1.85*
Other Insurers	71	2.29	0.81	1.48	2.12**	0.81	1.48	2.49**

Note: CPE = cumulative prediction error.
*** $p < 0.01$ ** $p < 0.05$ * $p < 0.10$

The mean risk shift (as measured by γ) for the 253 dividend increases was –0.1485. One hundred nineteen insurers (47 percent) exhibited a positive γ coefficient, and 14 of these coefficients were significant at the $p < 0.05$ level. One hundred thirty-four insurers (53 percent) exhibited a negative γ, 12 of which were significant at the $p < 0.05$ level. A t-test was used to determine whether the mean risk shift was significantly different from zero. The t-value was estimated to be -0.6319, which suggests that the risk shifts on average were not significant. A z-statistic was estimated based on individual t-statistics derived from the γ coefficients for the 253 insurance companies. The z-value was -0.1251. Apparently, the asymmetric information contained in dividend announcements does not cause a uniform shift in the systematic risk of insurance companies.

Cross-Sectional Analysis

To determine whether the cumulative prediction errors are influenced by firm-specific factors, a cross-sectional regression model containing eight factors was developed and applied. The only variable found to be significant was a life insurance dummy variable (equal to 1.0 for firms that concentrate in life insurance, and zero otherwise), regardless of whether the two-day or four-day CPE was used as the dependent variable.[3] For each model, the coefficient of this variable was negative, confirming that dividend increases by life insurers convey less information than those by other insurers even after controlling for other characteristics. These cross-sectional results are somewhat similar to those of Fehrs, Benesh, and Peterson (on industrial firm dividend signals) and Madura, McDaniel, and Wiant (on bank dividend signals), in that most of the variation in dividend signals of insurers cannot be explained by firm-specific characteristics.

Summary

Given their unique characteristics, insurers that adjust their dividends may create a unique signal that differs from signals of other firms. The signal to the market can be measured by the share price response to dividend changes. A recently developed methodology is used to measure the share price response of insurers to dividend increases. Subsamples of insurers partitioned by type and matched control samples of banks and industrial firms that increased their dividends are similarly assessed.

The share price response for insurers that increased their dividends was positive and significant. However, the magnitude of the response was smaller

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[3] The other independent variables included in the model were (1) size of the dividend increase stated as a percentage, (2) a dummy variable distinguishing whether the firm's previous dividend was changed within two years of the prevailing change, (3) the firm's return on assets, (4) the firm's capital ratio, (5) the firm's dividend yield, (6) the size of the insurer in assets, and (7) a dummy variable distinguishing firms concentrating on insurance business other than life insurance or property-liability insurance.

for life insurers than for other types of insurers. Life insurers' share price response to dividend increases was also less than industrial companies'. This result may be due to the relatively low level of capital maintained by life insurers.[4] The favorable signal of increased dividends appears to be tempered by a perceived reduction in the contribution to capital. Consequently, the level of favorable asymmetric information is less for life insurers, so the signal resulting from their dividend changes is smaller as well. The cross-sectional analysis suggests that the share price responses across insurers are not related to firm-specific financial characteristics other than their main line of insurance business.

[4] The mean ratio of the book value of capital to assets for the subsample of life insurers is 0.2058, versus a mean of 0.2424 for other insurers. The difference in means is significant at the 0.10 level based on a t-test (t-statistic = 1.7032).

APPENDIX
List of Insurers

	Number of Dividend Increases
Life Insurers	
Aetna Life and Casualty Co.	13
Amwest Insurance Group Inc.	2
AON Corp.	11
Capital Holding Corp. DE	19
Colonial Penn Group Inc.	5
Kemper Corp.	1
Lawrence Insurance Group Inc.	4
Liberty Corp. SC	11
Lincoln National Corp. IN	17
MBIA Inc.	4
NWNL Companies Inc.	1
Orion Capital Corp.	7
Progressive Corp. OH	4
Reliance Group Holdings Inc.	2
SCOR US Corp.	1
Torchmark Corp.	6
UNUM Corp.	4
USLICO	2
Property-Liability Insurers	
American Reliance Group Inc.	1
CSE Corp.	6
Fund American Companies	4
General RE Corp.	11
Hartford Steam Boiler Insp. & Ins.	1
Mission Insurance Group	10
Travelers Corp.	16
USFSG Corp.	18
Zenith National Insurance Corp.	2
"Other" Insurers	
American Family Corp.	12
American General Corp.	15
Atico Financial Corp.	3
CNA Financial Corp.	2
Continental Corp.	10
Far West Financial Corp.	1
Financial Corp. America	3
INA Corp.	6
ISC Financial Corp.	2
National General Corp.	2
RLI Corp.	4
Republic Financial Services	4
Ticor	5
United Guaranty Corp.	2
Total	253

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