MEADOWBROOK
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for stand-alone excess workers
comp insurance are further nar-
rowed because the underwriters
that provide it have differing appetites for the business classes they accept," Mr. Czubinski said.

Additional insurers provide excess workers comp coverage, but typically only for national cus-
tomers buying their other products. Mr. Niedringhaus, who tracks excess work comp insurer premium
volume, estimates that Meadowbrook writes about 10% of the stand-alone coverage pur-
chased by most self-insured employers. That amount totaled about $68 million in 2011 premiums.

"Anytime a carrier that is on our
risks drops below an A rating, we
immediately react on behalf of
the customer, take a deep breath and
then figure out a strategic plan of
how to work with the situation," Mr. Poland said.

Because self-insured employers typically purchase excess coverage with $500,000 or $1 million
attachment points, the urgency to
move will not be as great as if the coverage were on a single dollar.

Meadowbrook, meanwhile, hopes established relations with its distributors and policyholders,
along with a new arrangement allowing it to use A-rated policies provided by a fronting insurer,
will limit any loss of business, said Robert S. Czubinski, Meadowbrook's
CEO.

Excess workers comp insurers are facing a challenging
line to underwrite because it guarantees the
payment of catastrophic worker claims that
depend on adequate capacities.

But it's precisely for that reason that self-insured employers want to purchase the excess coverage
from an insurer that will be around for decades to come, experts say. It's also why few underwrit-
ers offer the insurance as a stand-alone product.

The line's challenges were underscored when A.M. Best, in February, disclosed in its 2012 Securities and Exchange Commission
ing that it had ceased writing stand-alone excess workers comp cover because of its extremely
tall and risks that make it "one of the most challenging classes of business to reserve for." Issues that escalate costs — such as obesity,
opioid pain medication usage and Medicare set-
aside requirements — have pushed excess work-
ners comp underwriters to raise their prices
and demand that clients assume greater retentions.

With the recent word that Meadowbrook Insur-
ance Group Inc. has lost its "A" rating, "It just fur-
nishes the need (for excess workers comp
insurers) to get rates and re-
tractions and when they have to pay the bills on
these cat losses," said Duke Niedringhaus, an excess workers comp specialist at broker J.W. Terrill Inc. in
Chesterfield, Mo.

Mr. Czubinski said he is pulling

"Hopefully, they get their A rating back and get it again,
behind them," Mr. Czubinski said.