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## RLI REVS UP MONOLINE COMMERCIAL AUTO; RATES IN REVERSE

Expect commercial auto rates to remain flat or dip slightly again this year, after rates in most states dropped as much as 5 percent during the middle of last year. **RLI Transportation**, backed by its parent company **RLI Insurance**, adds agents and targets the $5 billion monoline market, along with **Safeco**, **Ohio Casualty** and **Progressive.** The carriers tout the flexibility inherent in monoline policies, which allow insureds to shop for the best auto coverage regardless of where their worker's compensation or other insurance packages are written. The flexibility is particularly important to those whose other lines are written with surplus carriers, as insureds can grab an admitted product to satisfy clientele.

RLI Transportation's monoline commercial auto insurance unit provides liability and physical damage coverage for fleet owners who generate premiums of at least $75,000. RLI estimated that the entire commercial auto segment is valued at $20 billion annually. Most of the coverage is bundled, however, and with its new unit, RLI targets the roughly $5 billion portion of the standalone market. The new unit targets commercial auto businesses within certain classes, including contractors, public entities, communication-related firms, utilities, financial institutions, wholesalers, manufactures, healthcare, service organizations and other groups. Exclusions include firms that transport agricultural products, raw steel, sand and gravel, and hazardous waste.

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## ST. PAUL TRAVELERS WINS BIG WITH INDIAN NATION CASINOS MARKET

Only a small number of carriers specialize in covering Indian nations and their casino operations, an expanding market despite its limitation to 562 federally recognized tribal governments. This relatively stable line of coverage sees steady gains due to the continued opening of new casinos, growth of existing ones, and expansion of casinos to include additional gambling options, hotels, restaurants, convention centers, gift shops, entertainment and other commercial enterprises. **St. Paul Travelers** is a leading carrier in this class, writing around $30 million in premiums for tribal governments. About half of its Indian nation accounts and around $15 million to $20 million of its premium volume for this book comes from coverage of casinos and related operations. Other carriers that write the coverage include **Lexington, Hudson, Great American and Zurich.**

While the Indian nation business landscape is dominated by casinos and related enterprises, the carriers, wholesalers and agents that focus on this market typically provide coverage for tribal risks like tourism activities, retail operations, fishing and farming, and government operations. Expect the financial wealth that casinos have brought Indian nations to continue trickling down to insurers, who find side opportunities in growing Indian nation government services including law enforcement, schools, airports and hospitals. Geographically, business clumps where the tribes are, with heavier concentrations in western states like California and Arizona, the upper Midwest including Minnesota and Wisconsin, and the southeast including Florida and Oklahoma. Liability limits for casinos are generally stipulated in contracts with the states in which the casinos are located. The rural locations of many tribal casinos can also compound the unique risks they face. Rates for the coverage are fairly steady with some softening and small increases.

Pre-merger Travelers began covering Indian tribal governments more than 30 years ago and around 10 years ago developed a unit dedicated to those risks. The business, which is now housed in the public sector division of St. Paul Travelers, provides coverage for around 100 tribal entities. Risks covered include gaming and related enterprises, a smaller number of other types of businesses and governmental activities.

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## GREAT AMERICAN, MARKEL, AMERICAN RELIABLE SADDLE UP FOR EQUINE RISKS

Carriers have been spooked by the equine market in recent years, with many of them exiting the business or reining in their coverage significantly. Larger losses drive rate increases for mid-to high-end thoroughbred cover, and demand for capacity grows as fewer companies offer it. Rates are stable for other areas of equine coverage, such as commercial equine operations that board or train horses or offer riding lessons. While some carriers shy away from offering the cover due to risks like trail ride injuries, a handful of carriers see strong gains. **Great American**, which brings in more than $66 million in premium volume for equine mortality, has seen its premium volume for the class double over the last five years. Other carriers that still ride in this market include **Markel, St. Paul Travelers, American Reliable, The Hartford, United National Group, Prime Insurance Syndicate, General Fire & Casualty** and **XL Specialty**.

**The Equestrian Group**, part of the **Brent Allen**'s **Allen Financial Group**, provides millions of dollars in coverage for equine risks, most of it on an admitted basis. The MGA often taps St. Paul Travelers and American Reliable. The exodus of carriers from the equine market has led to strong growth for the company, which is forecasting expansion in premium and account volume of 20 percent to 25 percent this year. Covered equine risks include commercial and hobby horse farms, horse boarding and training facilities, trail riding and riding clubs. The Equestrian Group targets all kinds of risks, from horse boarders and trainers to horse shows. Coverages include a farm and ranch insurance package, commercial equine liability and horse mortality. Accounts range from riding instructors who pay premiums of as little as $600 up to large equestrian facilities paying premiums of around $60,000 to $70,000. Limits can be written up to $10 million on St. Paul Travelers paper with Equestrian Group looking to the facultative market for coverage beyond that.