

Insurance Times: Acadia Exits Personal Lines

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Acknowledging that personal lines business never became a viable part of its product offerings, Acadia Insurance Co. announced it will stop selling personal lines in northern New England to concentrate on its commercial and specialty insurance products.

The withdrawal from personal lines is across the board for Acadia and the other regional companies owned by W.R. Berkley effective January 1, 2002.

Company officials said that rising reinsurance costs for homeowners in the wake of the September 11 attacks and the need for investments in technology factored into the decision.

The company had small market share in northern New England: three percent in Maine, 1.5 percent in New Hampshire and one percent in Vermont.

In a letter to Acadia agents, Acadia President Bill Thornton explained the decision. "We have struggled with our position in personal lines and how to make it a viable part of our organization. In spite of our efforts, personal lines continues to overburden our resources and we lack the scale to justify needed investment in technology."

The company was contemplating the necessary investment in technology when the September 11th attacks occurred.

After that, reinsurers told Acadia that increases in renewal would be "significant," said Thornton.

"When our results are marginal, the reinsurance costs proved to be the straw that broke the camel's back," he said.

Agents maintain that there are companies to absorb Acadia's risks.

"There are adequate markets in Maine to absorb their business," said Dan O'Halloran, president, Boothby & Bartlett .

"We've already had several carriers calling us wanting to take over our block of Acadia business in its entirety.

However, it makes a lot of extra hard work for agents."

Neal Fox, Guy Wilson Agency agreed. "Not only are there ample markets, but they are vying with each other for the business," Fox said.