

Non-Cancelable DI market shows signs of recovery

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Following a trying decade of losses that caused many insurers to exit this business, the Individual Non-Cancelable Disability Insurance (INCDI) market has shown signs of a sustainable recovery, according to a study by Conning Research & Consulting.

However, Conning's latest analysis of the industry shows two different groups of insurers vying for market share with different strategies.

The Conning Research & Consulting study, "Individual Disability Insurance: Non-Cancelable--Success through Discipline," indicates that the future success or failure of the two types of players in the market can be predicted from their past focus on either growth or profitability.

"While many insurers threw in the towel on INCDI, those that remained made the adjustments we predicted as inevitable in 1993," said Michael Weinstein, director of research at Conning. "Now that the industry has made the changes required to regain profitability and reposition for the long term, the questions remain: Is substantial premium growth possible? And, can profits be sustained?"

The Conning study benchmarks the major aspects of the industry's top players' financial performance between 1998 and 2002, and describes a set of approaches that INCDI insurers should follow to achieve and sustain profitable growth.

"The real long term winners will be the disciplined insurers who focus on pricing adequately," said Weinstein. "Growth for growth's sake is what got this industry into trouble, and that can certainly happen again. However, there is a significant and growing share of this market owned by a more solid group of companies which will carry the day in INCDI."

The company's Web site is at www.conningresearch.com. □