



## ICW Group CEO maintains strong vision for company's future

By REBECCA GO,  
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Those who know and work with Kevin Prior pull from the same list of adjectives when asked to describe him: young, intelligent, driven, visionary.

The president and chief executive of San Diego-based insurance company ICW Group stepped into his position in 2003 at the age of 37 and has been a key force in engineering new focus, expanding the work force and almost doubling revenue during his tenure.

ICW Group was a solid insurance company before Prior took the helm, said John Novak, senior vice president of reinsurance broker Guy Carpenter.

However, Prior has "injected a real invigorating, fresh view of where they need to go," Novak said in a recent phone interview. "I've watched them transform over the last six years, and it started with him."

ICW Group operates three insurance companies -- Insurance Company of the West, Explorer Insurance Company and Independence Casualty and Surety Company -- and sells its products and services through agents and brokers, who market to those seeking insurance.

The company mainly handles four lines of business, underwriting largely for California companies in the areas of workers' compensation, earthquake insurance, surety bonds and automobile insurance.

The company employs around 700 and writes more than \$450 million in premiums; in 2002, the company employed 460 and wrote \$234 million in premiums.

Prior came to ICW Group in 1990, shortly after he moved to the area from his native Ohio. Having worked as a stock trader prior to the move, Prior initially imagined himself managing an insurance company's stock portfolio.



*Kevin Prior is president and chief executive of San Diego-based insurance company ICW Group.  
Photo: J. Kat Woronowicz*

ICW Group didn't have an investment position available but decided to put Prior's finance background to use elsewhere: justifying the company's rate structure to the state insurance regulator, which had recently decided to regulate insurance pricing.

"That put me right in the middle of our operation. I had to figure out what we did (and) why we did it," Prior said. "I think that put me on the path to someday become CEO of the company because from the inside out, I was involved in the business plan."

Prior proceeded to found the company's actuarial unit, which analyzes the financial impact of risk, and then rapidly worked his way up through the various divisions of ICW Group.

When he stepped into the chief position in 2004, Prior set in motion his plan to build a brand of service and collaboration. He sought to hire a team of people who were passionate and innovative and excited about contributing to the company's mission.

"I was immediately captivated by his vision of what he wanted an insurance company to be," said David Hoppen, a 25-year insurance industry veteran who joined ICW Group in 2005 as its chief operating officer. "It absolutely aligned with mine."

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The company's brand now centers around "elevating" its agents by equipping them with the tools to become trusted advisers for their clients.

For ICW Group, this involves a substantial investment in developing sophisticated technology platforms and analytical algorithms, an approach many in the insurance industry call "forward-thinking."

"Truth be told, it's not about us; it's about our agents," Prior said. "If we do a good job of impressing the insured, then the agent will get credit for recommending ICW as the carrier of choice."

Alan Lux, a retail insurance agent who has worked with ICW Group for years, described ICW Group as having the feel of a family business.

"You're not doing business with a mascot on a letterhead; you're doing business with actual people," said Lux, who attributes his business's growth to his partnership with ICW Group. "How many businesses do you know where you're personal friends with the president?"

While some insurance companies look at a customer's history of accidents to determine the risk premium, ICW Group instead uses "predictive analytics" and takes into account future indicators of risk.

For example, in writing workers' compensation, ICW Group looks for work-force stability, the strength of a company's culture of safety, the presence of training programs, etc., to determine whether the company would outperform or under-perform its peer group in terms of risk.

"The industry considers what we (as an industry) do to be an art," Prior said. "What we've challenged ourselves to do is turn this art into a science."

The company has found that its scientific method has served to streamline processes, reduce claims, and make the pricing process far more predictable and explainable.

As a result, ICW Group keeps its rates constant and touts its stability in an industry that historically gears toward "rollercoaster business plans," as Prior put it: Insurers drop prices to beat the competition, inadequately price risk and end up putting themselves out of business.

Prior admits the price war can put a strain on the company's strategy, particularly during a downturn.

To compensate, the company worked to double the number of quotes from the year before, expanding its agent base and product focus and also implementing technology that allows it to turn around quotes quickly without relying on additional labor.

The company has also opted to lengthen the timeline of its technology investment strategy, laying off 46 employees in October as it postpones certain projects.

Still, ICW Group hails from a position of financial strength in the insurance industry. The company was named to the Ward Group's Top 50 Performing Insurance Companies for the year in July.

In September, industry credit ratings organization A.M. Best gave ICW Group a financial strength rating of A-, or excellent, and said the company had a "stable outlook."

By 2013, the company hopes to hit \$1 billion in revenue and \$100 million in operating income -- up from \$45 million this year.

"We have, by and large, a culture of innovation and a culture of people who reinvent themselves every day ... when you work with high performers like that, it becomes a groundswell," COO Hoppen said. "Instead of being ICW Group, that sleepy regional carrier, we now have a reputation outside of San Diego and in the country."

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