

Starmount Life's New Headquarters Allows Room for Growth

Starmount Life Insurance Co. has opened a 24,500-square-foot headquarters following 12 months of construction. The building, in Baton Rouge, La., replaces a 13,500-square-foot facility. The privately owned company said it has been admitted to Wyoming, its 48th state, in addition to the District of Columbia.

Starmount and its sister company, AlwaysCare Benefits, offer life, dental, vision and other product lines with a call center, enrollment and claims operations under one roof. The 27-year-old company expanded its previous building three times in eight years, but conditions were still cramped for Starmount's 160 employees, said President Erich Sternberg.

The new structure has a hurricane-resistant profile and is designed to optimize work flow and provide more workspace. The building can be expanded to 90,000 square feet as the company grows, he added.

In 1998, Starmount had only 19 employees and \$4 million in premiums. Last year, it had \$55 million in premiums.

According to BestLink, the company in 2009 had direct written premiums of \$23 million in Louisiana (60% of all of its direct written premiums) and \$7.3 million in Mississippi (18.9%), indicating a high concentration of business in just two states. Texas and Florida account for another 8.2%, while the remaining 12.9% are from other jurisdictions. BestLink provides online access to A.M. Best's Global Insurance & Banking Database.

However, Sternberg said those figures do not tell the whole story. About 10 years ago, Starmount went into partnership with National Guardian Life Insurance Group of Madison, Wis., because it has a Best's Financial Strength Rating of A- (Excellent), while Starmount's is B++ (Good). "So we write quite a bit of our employee benefits on A- paper, and we reinsure that business back from the other carrier," Sternberg said. Of the company's \$14 million of new business last year generated by its 17-person sales force, two thirds was from outside of Louisiana and Mississippi. It doesn't show up in the report because the National Guardian business does not constitute direct premiums, he said. The sales force recruits independent agents, which number in the thousands.

"We worked very hard at diversifying our mix of production, and our geography has become more diverse," Sternberg said.

About 80% of all company sales are through employee benefit plans sold by independent agents, while individual product sales are largely direct response, Sternberg said.

Sternberg estimated the company insures a little more than a half million people. It has an application on file to be admitted to New Hampshire.

(By Ron Panko, senior associate editor, Best's Review: Ronald.Panko@ambest.com)