



THE
COUNCIL
OF INSURANCE
AGENTS &
BROKERS

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NEWS RELEASE

For Immediate Release

THIRD QUARTER MARKS RETURN TO COMPETITION FOR SOME COMMERCIAL INSURANCE LINES, FLATTENING OF PREMIUMS FOR COMMERCIAL PROPERTY ACCOUNTS

WASHINGTON – The commercial insurance marketplace witnessed a return to competitive pricing for a number of lines during the third quarter of 2003 and flattening or decreasing premiums for commercial property coverage, according to the latest commercial market index released today by The Council of Insurance Agents and Brokers.

“Although it is not surprising that rates are softening somewhat, there are a number of factors still present in the marketplace that make it unlikely that we will be seeing any rapid decline or a retreat to soft market conditions in the near future,” said Ken A. Crerar, president of The Council.

Among the factors likely to moderate any declines in the general commercial market are a still-weak economy, low yields on investments and the continuing need for insurers to build reserves and strengthen their overall financial condition, Crerar said.

Nevertheless, the 3rd quarter survey showed a marked easing of prices for all sizes of accounts in all sections of the country. Nearly one third of the small and large accounts and 27 percent of the medium-sized accounts experienced no change in premiums or a drop of up to 10 percent for renewals and new business in the 3rd quarter.

The survey also showed that premiums for more than 40 percent of all sizes of accounts increased only marginally – between 1 and 10 percent. Although 12 percent of small accounts, 20 percent of medium accounts and 17 percent of large accounts still experienced premium increases of 10-20 percent, only a handful of brokers reported premium increases exceeding 20 percent for the survey period.

The Council represents the nation’s top insurance brokers who write 80 percent of the commercial premiums and administer billions of dollars of employee benefits accounts each year.

Fifty percent of the brokers responding to the survey reported that commercial property premiums have either held steady or decreased by up to 10 percent in the August-September period, a drop-off in costs equaled only by 54 percent of the terrorism coverage accounts.

Although the survey showed that premiums for business interruption insurance (44 percent), general liability (30 percent), surety bonds (28 percent) umbrella coverage (23 percent) and workers' compensation (27 percent) either held steady or retreated slightly during the 3rd quarter, those lines were not softening as consistently as commercial property.

For example, 42 percent of business interruption accounts, 63 percent of general liability accounts, 52 percent of workers' compensation accounts and 60 percent of umbrella accounts experienced premium increases in the 1-20 percent range. And for some lines including broker errors and omission policies, construction risks, directors and officers insurance, medical malpractice and general liability coverage, premiums were still up sharply.

In general, while premiums may be flattening and competition may be increasing somewhat for new business, the brokers said insurance underwriters are still insisting on tighter terms and conditions when writing renewals.

“Although lines are profitable, underwriters state they are under pressure to continue raising rates. Interestingly, they are charging more for renewals than on new business so that they can meet their charge to raise renewal rates,” said a broker in the Pacific Northwest.

In an open-ended question about challenges in the marketplace, the brokers most often listed consistency in capacity and pricing and carrier solvency as their greatest concerns.

“Maintaining consistent, stable prices,” said one broker from the Northeast.

“Carrier solvency,” replied another broker. “We’ve lost several this year due to downgrades and expect several more to fall before things improve.”

“Determining which carriers will be left standing three-to-five years from now,” said a broker from the Northeast.

The Council of Insurance Agents & Brokers is the voice of the market leaders and the premier association for commercial insurance and employee benefits intermediaries in the United States and abroad. From its headquarters in Washington, DC – with programs conducted throughout the nation and world – The Council represents the largest, most productive, and most profitable of all commercial insurance agencies and brokerage firms. Only the top one percent of all agents and brokers qualify. The Council's members in more than 3,000 locations, place 80 percent — well over \$90 billion — of all U.S. insurance products and services protecting business, industry, government and the public at-large, and they administer billions of dollars in employee benefits. Since 1913, The Council of Insurance Agents & Brokers has worked in the best interests of its members, securing innovative solutions and creating new market opportunities at home and abroad. Web site: www.ciab.com

Commercial Property – Casualty Market Survey

Third Quarter 2003 Released: October 2003

Below are the survey results for: ALL REGIONS

NUMBER OF RESPONSES: 132

1. On average, how have premium rates changed over the last 3 months (July 1- Sept. 30) for the following accounts. Please check N/A if you don't know or don't handle the type of account

	1 Down 20 – 30%	2 Down 10 - 20%	3 Down 1 - 10%	4 No Change	5 Up 1 – 10%	6 Up 10 – 20%	7 Up 20 - 30%	8 Up 30 - 50%	9 Up 50 - 100%	10 Up >100 %	N/A
Small (<\$25K Comm. & Fees)	1%	3%	5%	25%	44%	12%	4%	0%	0%	0%	5%
Medium (\$25K – \$100K)	0%	1%	9%	18%	48%	20%	2%	0%	0%	0%	2%
Large (>\$100K)	0%	3%	15%	16%	41%	17%	1%	0%	0%	0%	7%

2. How much have premium rates changed over the last 3 months (July 1 - Sept. 30) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 20 – 30%	2 Down 10 - 20%	3 Down 1 -10%	4 No Change	5 Up 1 - 10%	6 Up 10 – 20%	7 Up 20 - 30%	8 Up 30 - 50 %	9 Up 50 - 100%	10 Up >100%	N/A
Business Interruption	0%	2%	11%	33%	34%	8%	2%	0%	0%	0%	10%
Broker E & O	0%	1%	0%	5%	14%	23%	9%	10%	4%	0%	34%
Commercial Auto	0%	0%	12%	14%	42%	30%	0%	0%	0%	0%	3%
Commercial Property	4%	4%	24%	26%	28%	9%	2%	1%	0%	0%	2%
Construction Risks	0%	1%	3%	16%	26%	23%	13%	2%	2%	1%	14%
D & O	0%	0%	0%	10%	22%	34%	16%	7%	2%	0%	9%
Employment Practices	0%	0%	2%	15%	30%	31%	10%	4%	1%	0%	8%
General Liability	0%	1%	9%	21%	39%	24%	4%	1%	1%	0%	1%
Medical Malpractice	0%	0%	0%	2%	7%	9%	19%	10%	2%	2%	48%
Surety Bonds	0%	0%	0%	28%	18%	9%	4%	2%	0%	0%	38%
Terrorism	2%	1%	6%	48%	15%	5%	1%	1%	0%	0%	22%
Umbrella	0%	0%	6%	17%	27%	33%	11%	4%	0%	0%	2%
Worker's Compensation	0%	1%	10%	17%	31%	21%	8%	2%	2%	1%	6%

Commercial Property – Casualty Market Survey Third Quarter 2003 Released: October 2003

Below are the survey results for: **NORTHEAST (CT,DE,DC,MA,ME,MD,NH,NJ,NY,PA,RI)**

1. On average, how have premium rates changed over the last 3 months (July 1- Sept. 30) for the following accounts? Please check N/A if you don't know or don't handle the type of account

	1 Down 20 – 30%	2 Down 10 - 20%	3 Down 1 - 10%	4 No Change	5 Up 1 - 10%	6 Up 10 – 20%	7 Up 20 - 30%	8 Up 30 - 50%	9 Up 50 - 100%	10 Up >100 %	N/A
Small (<\$25K Comm. & Fees)	3%	0%	3%	25%	31%	19%	6%	0%	0%	0%	13%
Medium (\$25K – \$100K)	0%	0%	6%	19%	41%	28%	3%	0%	0%	0%	3%
Large (>\$100K)	0%	0%	16%	22%	31%	25%	0%	0%	0%	0%	6%

2. How much have premium rates changed over the last 3 months (July 1 - Sept. 30) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 20 – 30%	2 Down 10 - 20%	3 Down 1 -10%	4 No Change	5 Up 1 - 10%	6 Up 10 – 20%	7 Up 20 - 30%	8 Up 30 - 50 %	9 Up 50 - 100%	10 Up >100 %	N/A
Business Interruption	0%	3%	13%	44%	19%	13%	3%	0%	0%	0%	6%
Broker E & O	0%	3%	0%	6%	22%	19%	9%	6%	3%	0%	31%
Commercial Auto	0%	0%	13%	16%	38%	31%	0%	0%	0%	0%	3%
Commercial Property	6%	0%	22%	34%	19%	3%	6%	0%	0%	0%	9%
Construction Risks	0%	0%	3%	22%	19%	25%	6%	3%	0%	3%	19%
D & O	0%	0%	0%	19%	13%	31%	16%	16%	0%	0%	6%
Employment Practices	0%	0%	0%	22%	22%	38%	9%	3%	0%	0%	6%
General Liability	0%	6%	9%	19%	25%	25%	9%	3%	3%	0%	0%
Medical Malpractice	0%	0%	0%	6%	6%	6%	16%	6%	0%	3%	56%
Surety Bonds	0%	0%	0%	22%	16%	3%	3%	3%	0%	0%	53%
Terrorism	6%	0%	6%	53%	9%	0%	0%	0%	0%	0%	25%
Umbrella	0%	0%	6%	22%	19%	28%	19%	3%	0%	0%	3%
Worker's Compensation	0%	0%	6%	16%	31%	41%	3%	0%	0%	0%	3%

Commercial Property – Casualty Market Survey Third Quarter 2003 Released: October 2003

Below are the survey results for: **SOUTHEAST (AL,FL,GA,KY,LA,MS,NC,SC,TN,VA,WV)**

1. On average, how have premium rates changed over the last 3 months (July 1- Sept. 30) for the following accounts. Please check N/A if you don't know or don't handle the type of account

	1 Down 20 – 30%	2 Down 10 – 20%	3 Down 1 - 10%	4 No Change	5 Up 1 – 10%	6 Up 10 – 20%	7 Up 20 – 30%	8 Up 30 – 50%	9 Up 50 – 100%	10 Up >100 %	N/A
Small (<\$25K Comm. & Fees)	0%	3%	9%	12%	56%	9%	6%	0%	0%	0%	6%
Medium (\$25K – \$100K)	0%	3%	15%	9%	41%	24%	3%	0%	0%	0%	6%
Large (>\$100K)	0%	6%	9%	15%	35%	24%	0%	0%	0%	0%	12%

2. How much have premium rates changed over the last 3 months (July 1 - Sept. 30) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 20 – 30%	2 Down 10 – 20%	3 Down 1 -10%	4 No Change	5 Up 1 - 10%	6 Up 10 – 20%	7 Up 20 – 30%	8 Up 30 – 50 %	9 Up 50 – 100%	10 Up >100%	N/A
Business Interruption	0%	3%	15%	24%	35%	9%	0%	0%	0%	0%	15%
Broker E & O	0%	0%	3%	6%	9%	29%	9%	6%	0%	0%	38%
Commercial Auto	0%	0%	6%	12%	38%	35%	0%	0%	0%	0%	9%
Commercial Property	3%	6%	26%	21%	24%	12%	0%	3%	0%	0%	6%
Construction Risks	0%	3%	6%	18%	26%	24%	6%	0%	0%	0%	18%
D & O	0%	0%	0%	12%	18%	29%	21%	3%	0%	0%	18%
Employment Practices	0%	0%	0%	15%	29%	21%	12%	0%	0%	0%	24%
General Liability	0%	0%	12%	12%	56%	15%	3%	0%	0%	0%	3%
Medical Malpractice	0%	0%	0%	3%	3%	15%	12%	15%	0%	0%	53%
Surety Bonds	0%	0%	0%	32%	12%	15%	6%	0%	0%	0%	35%
Terrorism	0%	3%	6%	53%	9%	6%	0%	0%	0%	0%	24%
Umbrella	0%	0%	6%	15%	26%	35%	6%	3%	0%	0%	9%
Worker's Compensation	0%	3%	18%	18%	35%	12%	3%	0%	0%	0%	12%

Commercial Property – Casualty Market Survey Third Quarter 2003 Released: October 2003

Below are the survey results for: **MIDWEST**
(AR, IL, IN, IO, KS, MI, MO, MN, NE, ND, SD, OH, WI)

1. On average, how have premium rates changed over the last 3 months (July 1- Sept. 30) for the following accounts. Please check N/A if you don't know or don't handle the type of account

	1 Down 20 – 30%	2 Down 10 – 20%	3 Down 1 - 10%	4 No Change	5 Up 1 – 10%	6 Up 10 – 20%	7 Up 20 - 30%	8 Up 30 - 50%	9 Up 50 - 100%	10 Up >100 %	N/A
Small (<\$25K Comm. & Fees)	0%	6%	6%	31%	40%	11%	3%	0%	0%	0%	3%
Medium (\$25K – \$100K)	0%	0%	9%	23%	49%	14%	3%	0%	0%	0%	3%
Large (>\$100K)	0%	3%	20%	14%	37%	14%	3%	0%	0%	0%	9%

2. How much have premium rates changed over the last 3 months (July 1 - Sept. 30) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 20 – 30%	2 Down 10 - 20%	3 Down 1 -10%	4 No Change	5 Up 1 - 10%	6 Up 10 – 20%	7 Up 20 - 30%	8 Up 30 - 50 %	9 Up 50 - 100%	10 Up >100 %	N/A
Business Interruption	0%	3%	9%	40%	23%	6%	6%	0%	0%	0%	14%
Broker E & O	0%	0%	0%	3%	11%	20%	6%	14%	6%	0%	40%
Commercial Auto	0%	0%	23%	0%	40%	31%	0%	0%	0%	0%	6%
Commercial Property	3%	6%	17%	26%	29%	9%	3%	0%	0%	0%	9%
Construction Risks	0%	0%	3%	11%	26%	20%	14%	0%	3%	0%	23%
D & O	0%	0%	0%	3%	29%	37%	11%	9%	3%	0%	9%
Employment Practices	0%	0%	3%	6%	40%	20%	11%	9%	0%	0%	11%
General Liability	0%	0%	11%	26%	40%	17%	0%	0%	0%	0%	6%
Medical Malpractice	0%	0%	0%	0%	9%	6%	23%	11%	6%	0%	46%
Surety Bonds	0%	0%	0%	29%	20%	9%	3%	3%	0%	0%	37%
Terrorism	0%	0%	0%	40%	17%	0%	0%	3%	0%	0%	40%
Umbrella	0%	0%	9%	9%	31%	34%	3%	6%	0%	0%	9%
Worker's Compensation	0%	0%	11%	11%	26%	26%	11%	0%	0%	0%	14%

Commercial Property – Casualty Market Survey Third Quarter 2003 Released: October 2003

Below are the survey results for: **PACIFIC NW**
(No. CA, AK, CO, HI, ID, MT, NV, OR, UT, WA, WY)

1. On average, how have premium rates changed over the last 3 months (July 1- Sept. 30) for the following accounts. Please check N/A if you don't know or don't handle the type of account

	1 Down 20 – 30%	2 Down 10 – 20%	3 Down 1 - 10%	4 No Change	5 Up 1 – 10%	6 Up 10 – 20%	7 Up 20 – 30%	8 Up 30 – 50%	9 Up 50 – 100%	10 Up >100 %	N/A
Small (<\$25K Comm. & Fees)	0%	0%	0%	36%	50%	7%	0%	0%	0%	0%	7%
Medium (\$25K – \$100K)	0%	0%	0%	7%	79%	14%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	0%	7%	7%	64%	14%	0%	0%	0%	0%	7%

2. How much have premium rates changed over the last 3 months (July 1 - Sept. 30) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 20 – 30%	2 Down 10 – 20%	3 Down 1 -10%	4 No Change	5 Up 1 - 10%	6 Up 10 – 20%	7 Up 20 – 30%	8 Up 30 – 50 %	9 Up 50 – 100%	10 Up >100 %	N/A
Business Interruption	0%	0%	0%	14%	71%	0%	0%	0%	0%	0%	14%
Broker E & O	0%	0%	0%	0%	14%	14%	7%	14%	7%	0%	43%
Commercial Auto	0%	0%	0%	0%	79%	21%	0%	0%	0%	0%	0%
Commercial Property	0%	0%	14%	21%	50%	7%	0%	0%	0%	0%	7%
Construction Risks	0%	0%	0%	7%	14%	43%	29%	0%	7%	0%	0%
D & O	0%	0%	0%	7%	43%	43%	0%	0%	0%	0%	7%
Employment Practices	0%	0%	7%	7%	36%	36%	7%	0%	0%	0%	7%
General Liability	0%	0%	0%	0%	43%	57%	0%	0%	0%	0%	0%
Medical Malpractice	0%	0%	0%	0%	0%	14%	36%	0%	0%	14%	36%
Surety Bonds	0%	0%	0%	36%	21%	14%	0%	0%	0%	0%	29%
Terrorism	0%	0%	0%	36%	29%	7%	0%	0%	0%	0%	29%
Umbrella	0%	0%	0%	14%	29%	36%	21%	0%	0%	0%	0%
Worker's Compensation	0%	0%	0%	14%	36%	7%	7%	14%	7%	14%	0%

Commercial Property – Casualty Market Survey Third Quarter 2003 Released: October 2003

Below are the survey results for: **SOUTHWEST (So. CA, AZ, NM, OK, TX)**

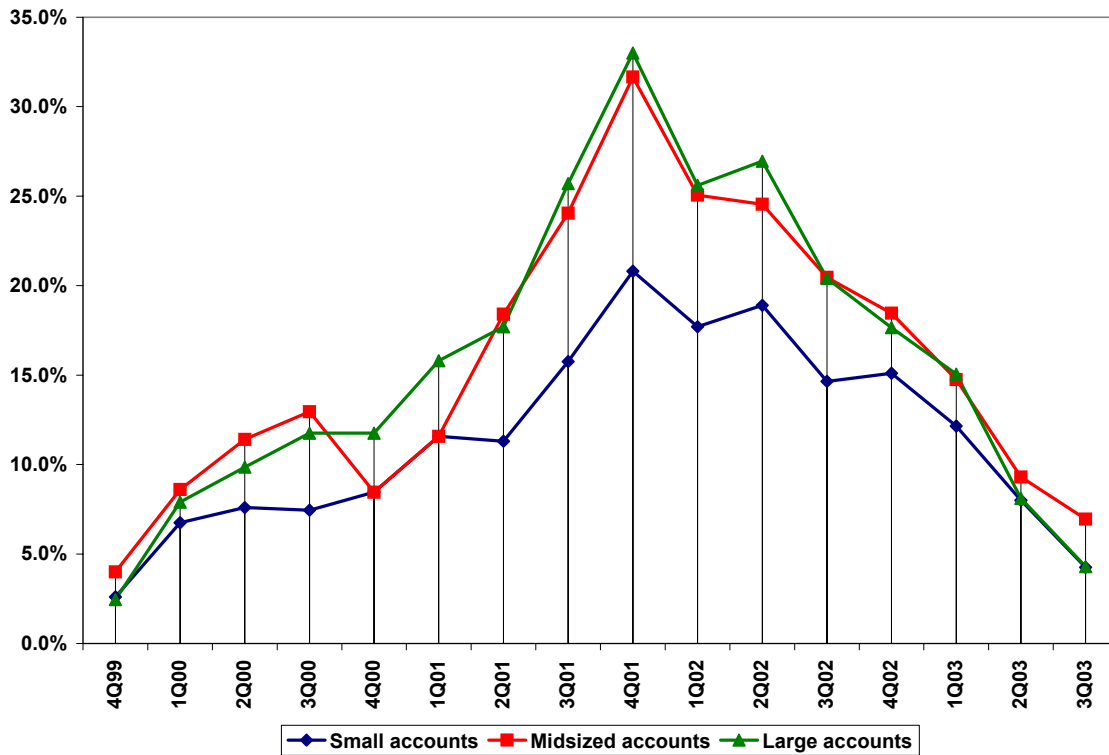
1. On average, how have premium rates changed over the last 3 months (July 1- Sept. 30) for the following accounts. Please check N/A if you don't know or don't handle the type of account

	1 Down 20 – 30%	2 Down 10 - 20%	3 Down 1 - 10%	4 No Change	5 Up 1 – 10%	6 Up 10 – 20%	7 Up 20 - 30%	8 Up 30 - 50%	9 Up 50 - 100%	10 Up >100 %	N/A
Small (<\$25K Comm. & Fees)	0%	6%	6%	31%	38%	13%	0%	0%	0%	0%	6%
Medium (\$25K – \$100K)	0%	0%	6%	38%	50%	6%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	19%	31%	38%	0%	0%	0%	0%	0%	0%	13%

2. How much have premium rates changed over the last 3 months (July 1 - Sept. 30) for the following lines? Please check N/A if you don't know or don't handle the line.

	1 Down 20 – 30%	2 Down 10 - 20%	3 Down 1 -10%	4 No Change	5 Up 1 - 10%	6 Up 10 – 20%	7 Up 20 - 30%	8 Up 30 - 50 %	9 Up 50 - 100%	10 Up >100 %	N/A
Business Interruption	0%	0%	13%	31%	50%	0%	0%	0%	0%	0%	6%
Broker E & O	0%	0%	0%	6%	13%	19%	6%	13%	6%	0%	38%
Commercial Auto	0%	0%	13%	44%	25%	19%	0%	0%	0%	0%	0%
Commercial Property	0%	6%	31%	19%	38%	6%	0%	0%	0%	0%	0%
Construction Risks	0%	0%	0%	44%	13%	13%	6%	13%	0%	0%	13%
D & O	0%	0%	0%	13%	19%	25%	6%	6%	13%	0%	19%
Employment Practices	0%	0%	6%	31%	13%	19%	0%	13%	6%	0%	13%
General Liability	0%	0%	0%	50%	38%	6%	6%	0%	0%	0%	0%
Medical Malpractice	0%	0%	0%	0%	13%	0%	0%	6%	6%	6%	69%
Surety Bonds	0%	0%	0%	13%	13%	0%	6%	6%	0%	0%	63%
Terrorism	0%	0%	19%	38%	19%	19%	0%	0%	0%	0%	6%
Umbrella	0%	0%	6%	25%	25%	31%	6%	6%	0%	0%	0%
Worker's Compensation	0%	0%	6%	25%	25%	6%	19%	0%	13%	0%	6%

Average Commercial Premium Rate Changes by Account Size

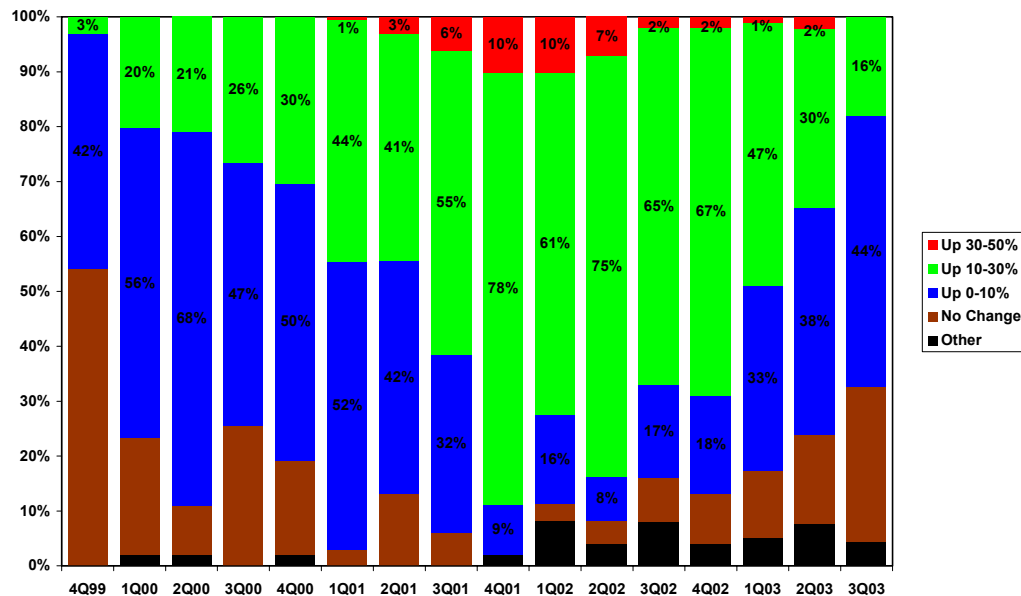


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Insurance Rate Changes, Small Commercial Accounts*

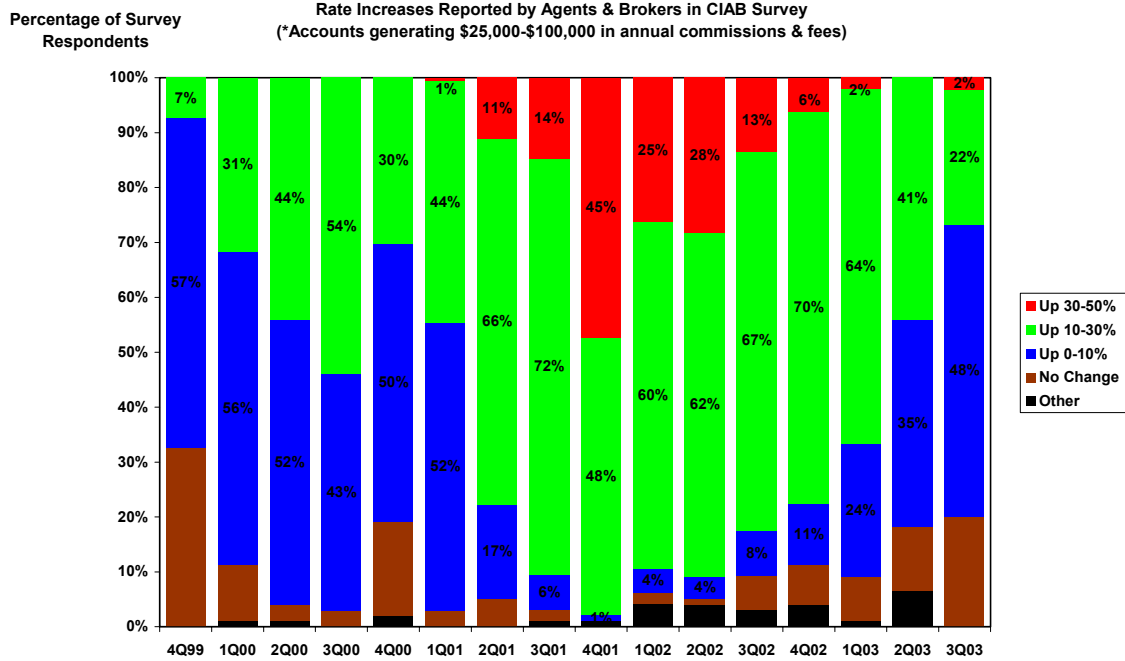
Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey
(*Accounts generating <\$25,000 in annual commissions & fees)



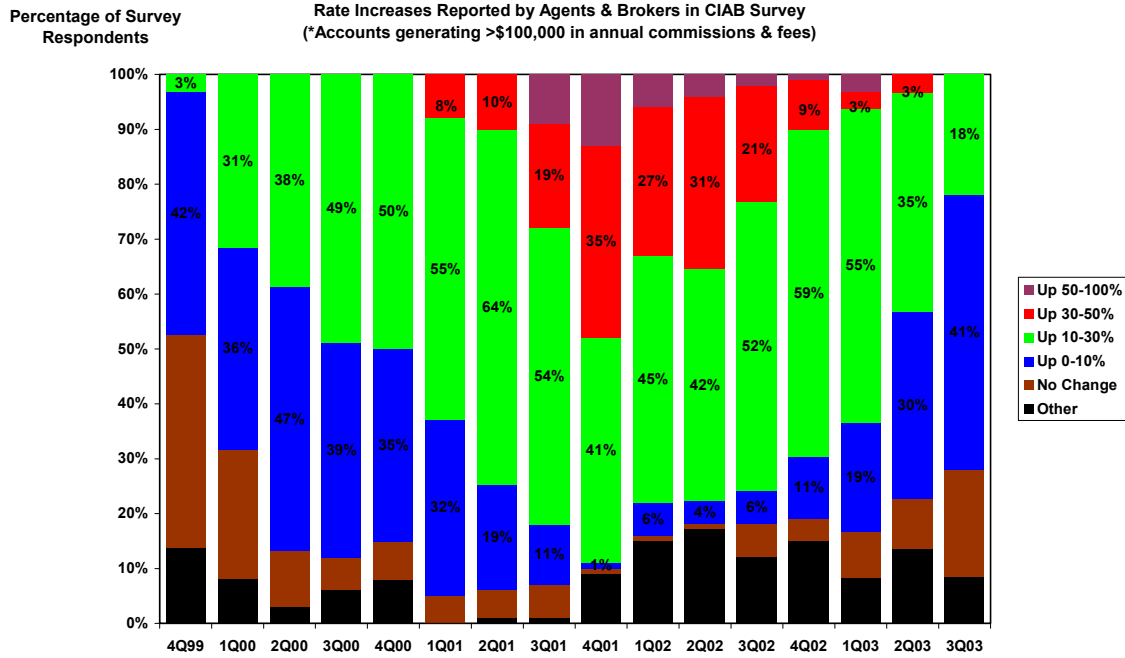
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Insurance Rate Changes, Medium Commercial Accounts*



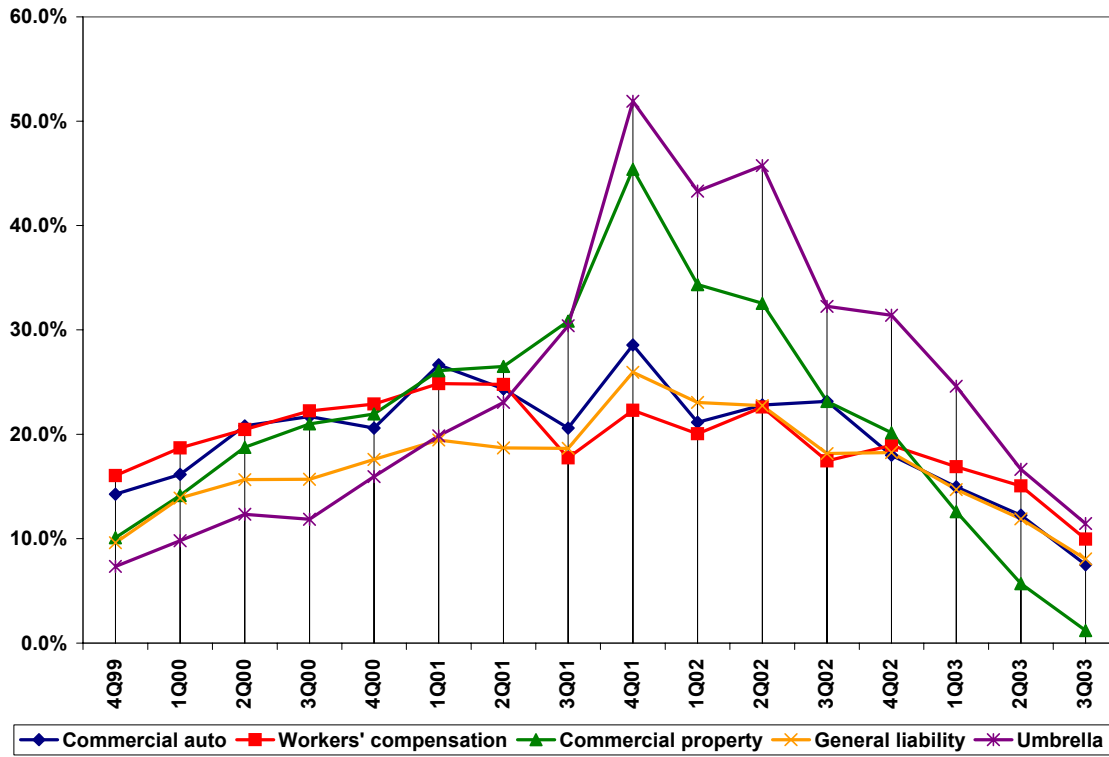
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Insurance Rate Changes, Large Commercial Accounts*



Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Average Premium Rate Changes by Line

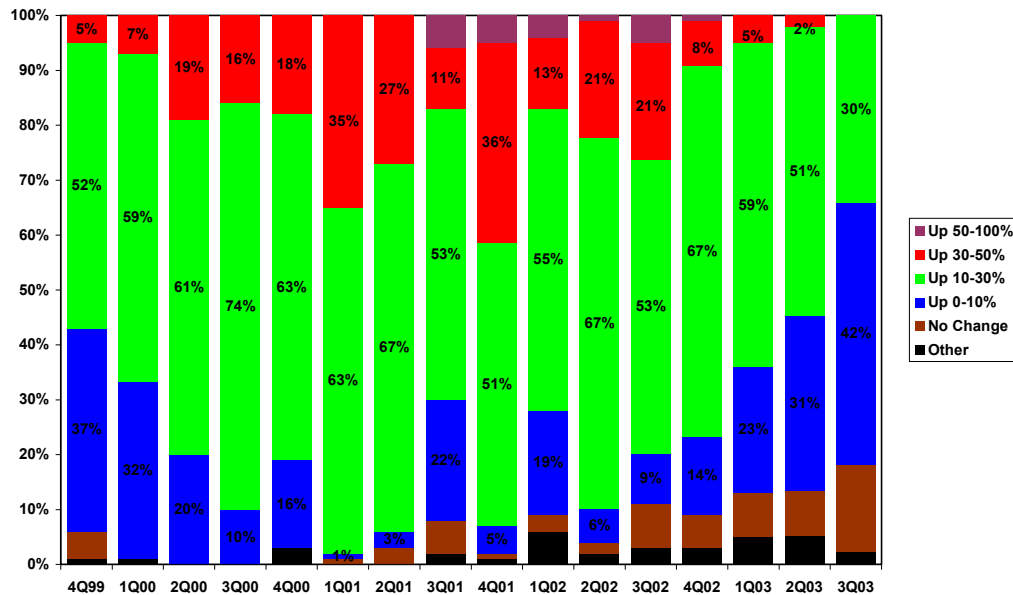


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Commercial Auto Insurance Rate Changes

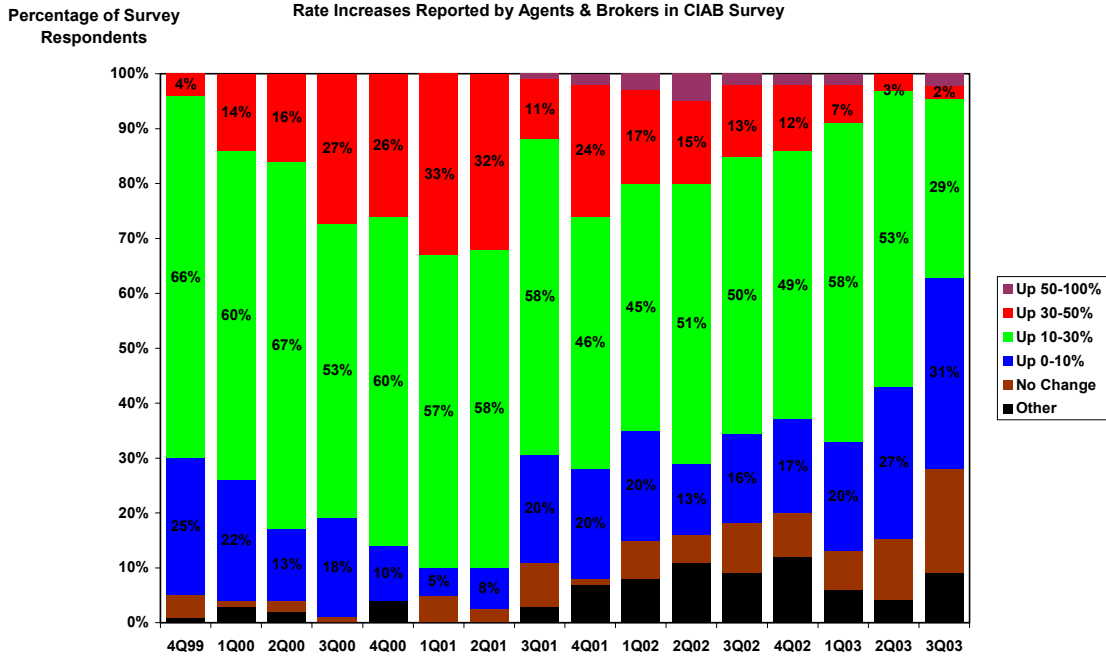
Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey



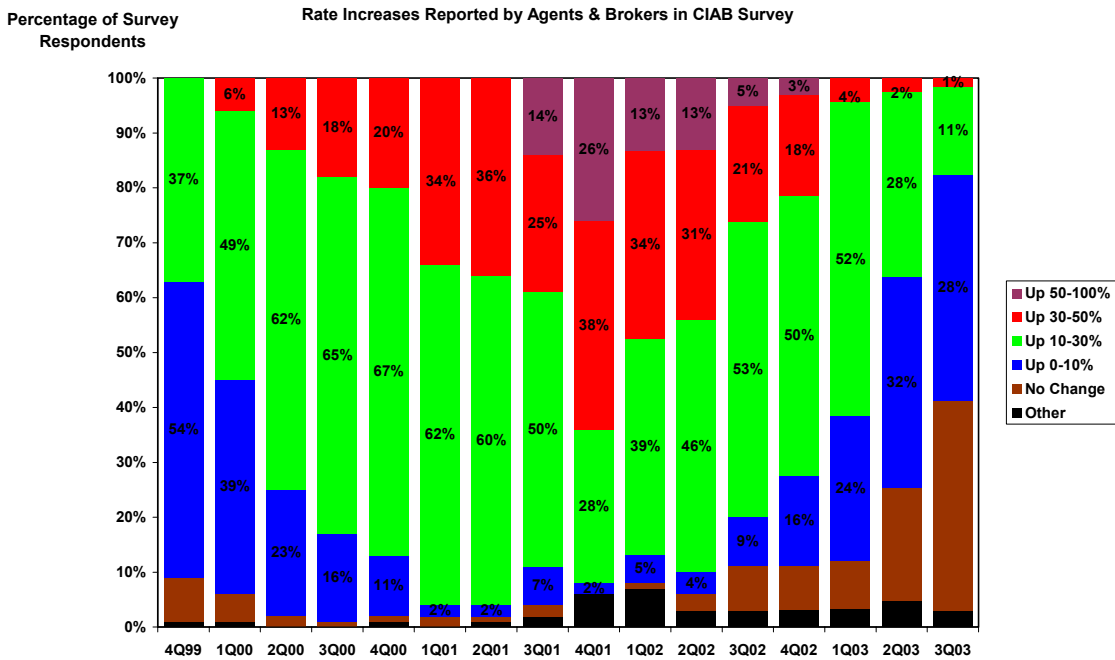
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Workers' Compensation Insurance Rate Changes



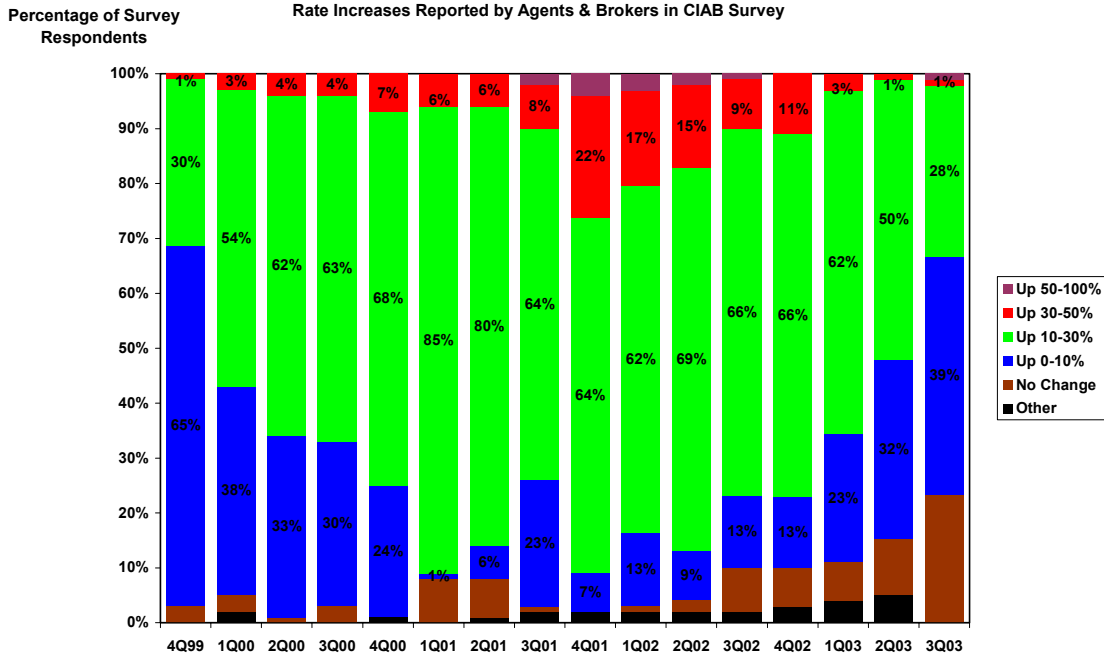
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Commerical Property Insurance Rate Changes



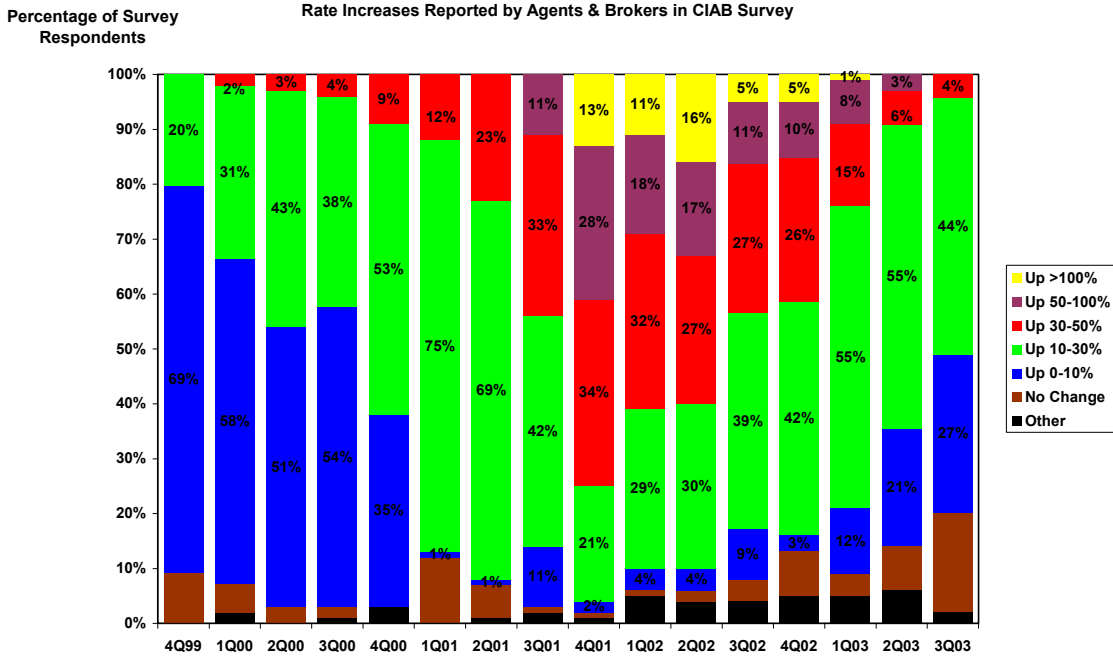
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Commercial General Liability Insurance Rate Changes



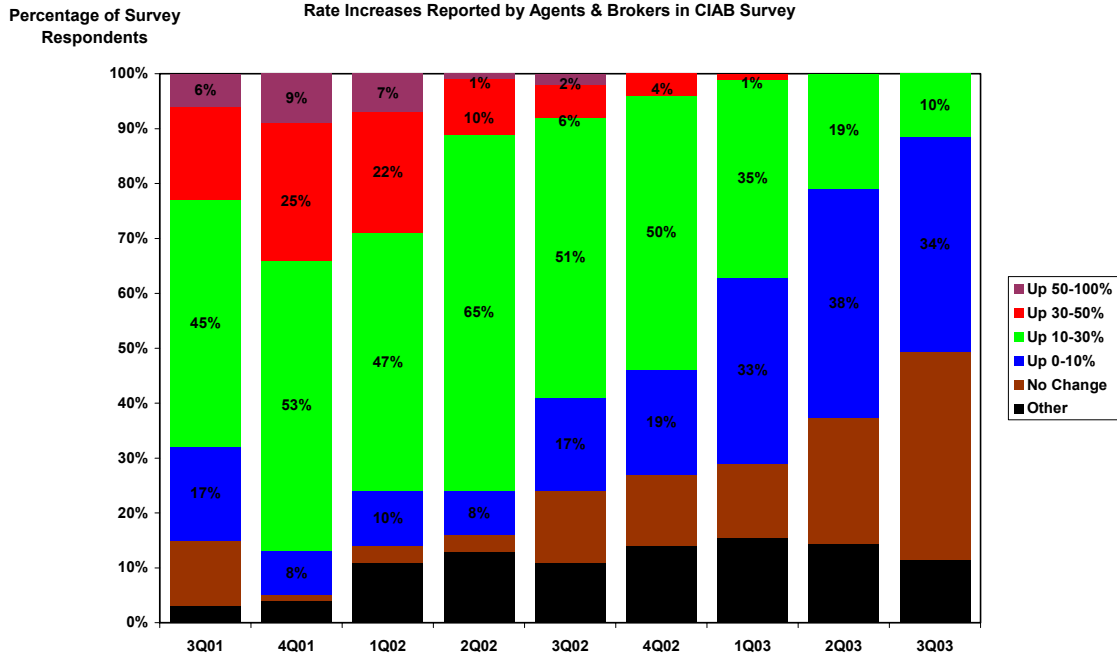
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Umbrella Insurance Rate Changes



Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Business Interruption Insurance Rate Changes



Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research