



NEWS RELEASE – Oct. 20, 2004

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THIRD QUARTER COMMERCIAL P/C PREMIUMS CONTINUE TO DROP

WASHINGTON – Commercial property/casualty insurance premiums continued to decline significantly during the third quarter of this year, with two-thirds of all large and medium accounts experiencing drops of up to 20 percent and an additional 11 percent of large accounts seeing premiums down between 20-30 percent.

According to the third quarter Commercial Market Index Survey released today by The Council of Insurance Agents & Brokers, small accounts also saw premiums decrease in the last quarter but not to the extent of medium and large accounts. The survey showed premiums for 25 percent of small accounts remained unchanged, while 34 percent dropped 1-10 percent, and 11 percent declined 10-20 percent from the previous quarter.

The survey, which traced premium trends from July through September, showed that the average premium for commercial accounts declined 5.9 percent in the third quarter. Large accounts dropped by an average of 8.3 percent in the third quarter; the average medium account premium was down 6.4 percent; and the average small account was paying premiums 3.1 percent less than during the previous quarter.

“Price competition has definitely returned to the marketplace, although more so for new business than renewal business,” said Ken A. Crerar, president of The Council. “But terms and conditions are still tight. Underwriters appear to be more willing to negotiate on price than on coverage.”

The Council represents the top tier of commercial insurance brokers in the country who annually write 80 percent of the commercial property/casualty premiums and administer billions of dollars of employee benefits accounts.

Brokers responding to the survey said the premium prices are stabilizing or dropping for most commercial lines, with property premiums leading the way. The survey said 39 percent of the commercial property accounts saw premiums drop by 1-10 percent, while an additional 34 percent of accounts were down 10-20 percent. General liability, umbrella, business interruption insurance and directors and officers premiums were also among the lines that also showed larger drops in premium rates.

But some isolated trouble spots remain in the market, the survey showed, chief among them construction risks, workers' compensation and medical malpractice.

Asked what their top market concern was, the brokers overwhelmingly listed the return of price competition and its potential implications on insurer solvency. Tort reform was a distant second followed by an act of terrorism in the United States and natural catastrophes.

The brokers also were asked about the impact of the four hurricanes that have struck Florida so far this season.

“Relative to Florida and our recent storm events, carriers are now considering large windstorm deductibles on larger property accounts in the middle of the state,” one broker reported.

Before the storms, another agreed, the large wind and hail deductibles were assessed only on locations within 10 miles of the coast, but many inland properties now are finding their deductibles increasing.

Although the storms have yet to significantly impact rates, the commercial brokers said they expect the property market in catastrophe-exposed areas to stabilize, and the ultimate impact may be to slow the rate of property premium decreases in Florida.

The analysis of Council survey data to get the average rate increases and the attached charts based on The Council survey data were prepared by Lehman Brothers.

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 Insurance Market Index Survey Third Quarter 2004 Released: October 2004

Below are the survey results for: ALL REGIONS

NUMBER OF RESPONSES: 113

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

	1 Down 30 - 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 - 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Small (<\$25K Comm. & Fees)	0%	1%	11%	34%	25%	17%	1%	0%	0%	0%	12%
Medium (\$25K - \$100K)	0%	1%	27%	39%	14%	11%	1%	0%	1%	0%	6%
Large (>\$100K)	0%	11%	27%	40%	9%	3%	2%	0%	1%	0%	9%

	1 Down 30 - 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 1-10%	5 No Change	6 Up 1 - 10%	7 Up 10 - 20%	8 Up 20 - 30 %	9 Up 30 - 50%	10 Up 50- 100%	N/A
Business Interruption	0%	2%	17%	40%	25%	5%	1%	0%	0%	0%	10%
Broker E & O	1%	0%	0%	3%	21%	25%	11%	4%	1%	0%	35%
Commercial Auto	0%	2%	11%	33%	25%	20%	2%	0%	1%	0%	7%
Commercial Property	1%	11%	34%	39%	7%	5%	1%	1%	0%	0%	2%
Construction Risks	0%	1%	8%	21%	27%	19%	7%	1%	1%	0%	15%
D & O	1%	2%	15%	24%	28%	18%	2%	0%	0%	0%	11%
Employment Practices	1%	1%	12%	23%	35%	13%	4%	0%	0%	0%	13%
General Liability	0%	1%	21%	40%	19%	14%	1%	1%	0%	0%	5%
Medical Malpractice	0%	1%	1%	5%	10%	14%	14%	7%	1%	2%	46%
Surety Bonds	0%	1%	2%	4%	45%	6%	5%	0%	1%	0%	38%
Terrorism	1%	1%	6%	17%	53%	7%	1%	1%	0%	0%	13%
Umbrella	0%	1%	14%	38%	25%	14%	2%	1%	0%	0%	6%
Workers' Compensation	1%	2%	9%	29%	27%	23%	0%	1%	0%	0%	8%

Commercial Insurance Market Index Survey Third Quarter 2004 Released: October 2004

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 for the following accounts?
Please check N/A if you don't know or don't handle the type of account**

	1 Down 30 – 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 – 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Small (<\$25K Comm. & Fees)	0%	0%	13%	28%	25%	19%	0%	0%	0%	0%	16%
Medium (\$25K – \$100K)	0%	0%	22%	47%	16%	9%	0%	0%	0%	0%	6%
Large (>\$100K)	0%	3%	41%	38%	9%	6%	0%	0%	0%	0%	3%

**2. How much have premium rates changed over the last 3 months for the following lines? Please
check N/A if you don't know or don't handle the line.**

	1 Down 30 – 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 – 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Business Interruption	0%	3%	19%	38%	22%	9%	0%	0%	0%	0%	9%
Broker E & O	3%	0%	0%	0%	22%	22%	13%	3%	0%	0%	38%
Commercial Auto	0%	3%	22%	22%	28%	16%	3%	0%	0%	0%	6%
Commercial Property	0%	16%	38%	31%	13%	3%	0%	0%	0%	0%	0%
Construction Risks	0%	3%	3%	25%	19%	22%	9%	0%	0%	0%	19%
D & O	3%	0%	16%	22%	25%	22%	0%	0%	0%	0%	13%
Employment Practices	3%	0%	6%	13%	31%	28%	0%	0%	0%	0%	19%
General Liability	0%	0%	28%	22%	28%	13%	0%	0%	0%	0%	9%
Medical Malpractice	0%	3%	0%	3%	0%	16%	19%	3%	3%	3%	50%
Surety Bonds	0%	3%	0%	0%	28%	9%	9%	0%	0%	0%	50%
Terrorism	0%	3%	6%	6%	50%	13%	3%	0%	0%	0%	19%
Umbrella	0%	0%	13%	28%	31%	16%	0%	3%	0%	0%	9%
Worker's Compensation	3%	0%	6%	13%	28%	38%	0%	3%	0%	0%	9%

Commercial Insurance Market Index Survey Third Quarter 2004 Released: October 2004

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 for the following accounts?
Please check N/A if you don't know or don't handle the type of account**

	1 Down 30 - 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 - 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Small (<\$25K Comm. & Fees)	0%	0%	8%	25%	29%	21%	4%	0%	0%	0%	13%
Medium (\$25K - \$100K)	0%	0%	21%	33%	25%	8%	0%	0%	4%	0%	8%
Large (>\$100K)	0%	17%	21%	42%	8%	0%	0%	0%	4%	0%	8%

**2. How much have premium rates changed over the last 3 months for the following lines? Please
check N/A if you don't know or don't handle the line.**

	1 Down 30 - 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 - 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Business Interruption	0%	0%	17%	33%	25%	4%	4%	0%	0%	0%	17%
Broker E & O	0%	0%	0%	0%	17%	29%	13%	0%	4%	0%	38%
Commercial Auto	0%	4%	0%	42%	13%	25%	0%	0%	4%	0%	13%
Commercial Property	4%	4%	29%	38%	8%	4%	0%	4%	0%	0%	8%
Construction Risks	0%	0%	8%	25%	25%	17%	0%	4%	4%	0%	17%
D & O	0%	4%	17%	21%	38%	4%	0%	0%	0%	0%	17%
Employment Practices	0%	0%	8%	25%	38%	13%	0%	0%	0%	0%	17%
General Liability	0%	0%	21%	38%	21%	13%	0%	4%	0%	0%	4%
Medical Malpractice	0%	0%	4%	4%	8%	13%	21%	4%	0%	4%	42%
Surety Bonds	0%	0%	0%	4%	50%	8%	0%	0%	0%	0%	38%
Terrorism	0%	0%	4%	13%	67%	0%	0%	0%	0%	0%	17%
Umbrella	0%	4%	8%	33%	33%	8%	0%	0%	0%	0%	13%
Worker's Compensation	0%	0%	17%	17%	50%	8%	0%	0%	0%	0%	8%

Commercial Insurance Market Index Survey Third Quarter 2004 Released: October 2004

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

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

	1 Down 30 - 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 - 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Small (<\$25K Comm. & Fees)	0%	0%	8%	35%	35%	12%	0%	0%	0%	0%	12%
Medium (\$25K - \$100K)	0%	0%	15%	50%	12%	12%	4%	0%	0%	0%	8%
Large (>\$100K)	0%	12%	12%	50%	4%	4%	8%	0%	0%	0%	12%

**2. How much have premium rates changed over the last 3 months for the following lines? Please
check N/A if you don't know or don't handle the line.**

	1 Down 30 - 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 - 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Business Interruption	0%	0%	8%	50%	27%	0%	0%	0%	0%	0%	15%
Broker E & O	0%	0%	0%	12%	19%	19%	12%	8%	0%	0%	31%
Commercial Auto	0%	0%	8%	35%	15%	27%	4%	0%	0%	0%	12%
Commercial Property	0%	12%	31%	46%	0%	4%	0%	0%	0%	0%	8%
Construction Risks	0%	0%	8%	19%	27%	15%	8%	0%	0%	0%	23%
D & O	0%	4%	12%	19%	19%	23%	8%	0%	0%	0%	15%
Employment Practices	0%	4%	19%	15%	31%	4%	12%	0%	0%	0%	15%
General Liability	0%	4%	15%	38%	12%	15%	4%	0%	0%	0%	12%
Medical Malpractice	0%	0%	0%	0%	19%	12%	8%	19%	0%	0%	42%
Surety Bonds	0%	0%	4%	4%	42%	4%	8%	0%	0%	0%	38%
Terrorism	0%	0%	4%	31%	38%	8%	0%	4%	0%	0%	15%
Umbrella	0%	0%	19%	46%	8%	15%	4%	0%	0%	0%	8%
Worker's Compensation	0%	4%	12%	23%	12%	31%	0%	0%	0%	0%	19%

Commercial Insurance Market Index Survey Third Quarter 2004 Released: October 2004

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 for the following accounts?
Please check N/A if you don't know or don't handle the type of account**

	1 Down 30 – 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 – 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Small (<\$25K Comm. & Fees)	0%	8%	8%	33%	25%	25%	0%	0%	0%	0%	0%
Medium (\$25K – \$100K)	0%	0%	25%	42%	8%	25%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	8%	17%	50%	17%	0%	0%	0%	0%	0%	8%

**2. How much have premium rates changed over the last 3 months for the following lines? Please
check N/A if you don't know or don't handle the line.**

	1 Down 30 – 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 – 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Business Interruption	0%	0%	17%	42%	33%	8%	0%	0%	0%	0%	0%
Broker E & O	0%	0%	0%	0%	17%	33%	17%	0%	0%	0%	33%
Commercial Auto	0%	0%	8%	42%	42%	8%	0%	0%	0%	0%	0%
Commercial Property	0%	8%	25%	58%	0%	8%	0%	0%	0%	0%	0%
Construction Risks	0%	0%	8%	17%	42%	17%	0%	0%	0%	0%	17%
D & O	0%	0%	0%	17%	33%	25%	0%	0%	0%	0%	25%
Employment Practices	0%	0%	17%	25%	50%	0%	0%	0%	0%	0%	8%
General Liability	0%	8%	0%	58%	17%	17%	0%	0%	0%	0%	0%
Medical Malpractice	0%	0%	0%	0%	0%	17%	17%	0%	0%	0%	67%
Surety Bonds	0%	0%	0%	0%	67%	0%	0%	0%	0%	0%	33%
Terrorism	8%	0%	0%	8%	58%	0%	0%	0%	0%	0%	25%
Umbrella	0%	0%	0%	67%	17%	17%	0%	0%	0%	0%	0%
Worker's Compensation	0%	8%	0%	67%	0%	17%	0%	0%	0%	0%	8%

Commercial Insurance Market Index Survey Third Quarter 2004 Released: October 2004

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 for the following accounts?
Please check N/A if you don't know or don't handle the type of account**

	1 Down 30 - 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 - 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Small (<\$25K Comm. & Fees)	0%	0%	16%	53%	5%	11%	0%	0%	0%	0%	16%
Medium (\$25K - \$100K)	0%	5%	47%	21%	11%	11%	0%	0%	0%	0%	5%
Large (>\$100K)	0%	16%	37%	21%	11%	0%	0%	0%	0%	0%	16%

**2. How much have premium rates changed over the last 3 months for the following lines? Please
check N/A if you don't know or don't handle the line.**

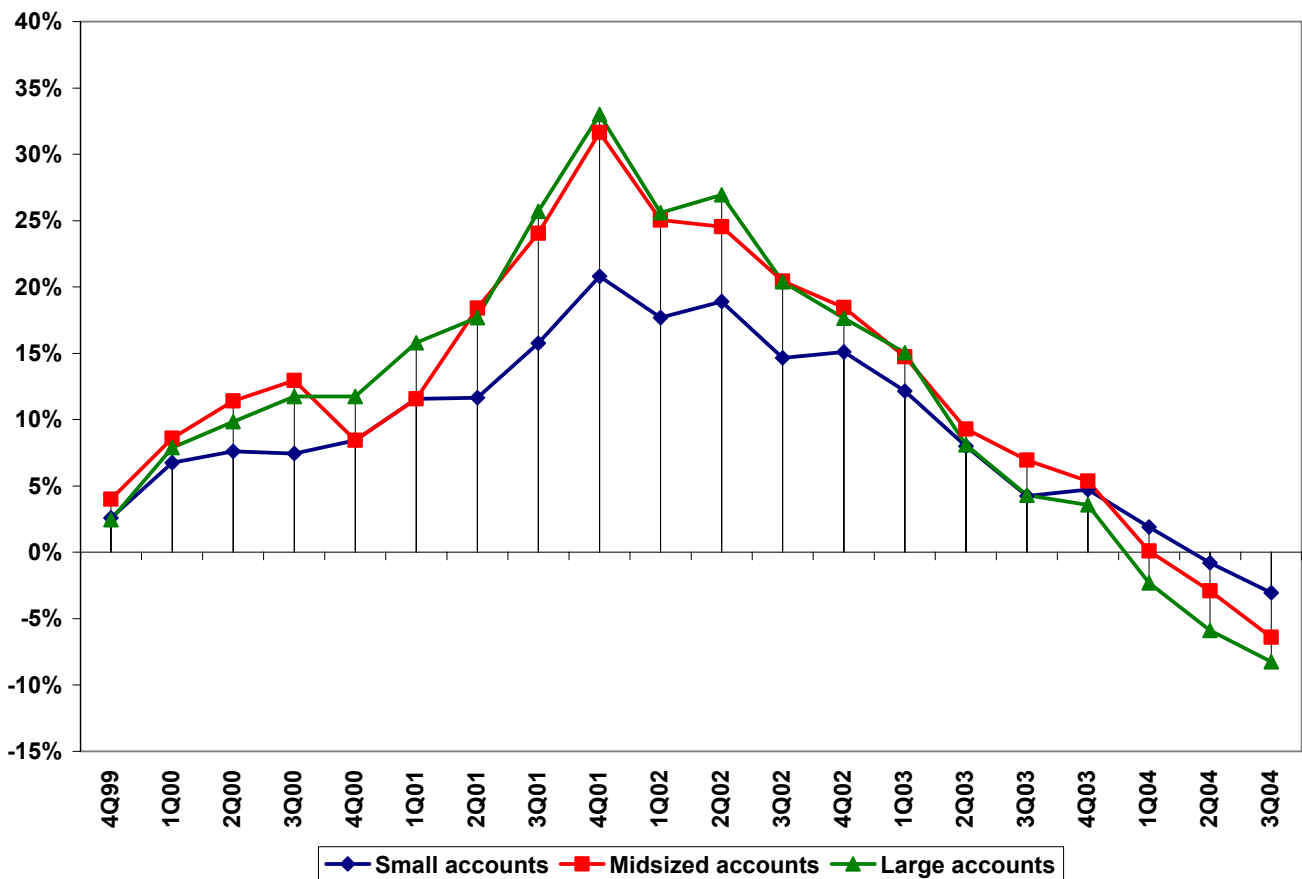
	1 Down 30 - 40%	2 Down 20 - 30%	3 Down 10 - 20%	4 Down 1-10%	5 No Change	6 Up 1 - 10%	7 Up 10 - 20%	8 Up 20 - 30%	9 Up 30 - 50%	10 Up 50- 100 %	N/A
Business Interruption	0%	5%	26%	37%	21%	5%	0%	0%	0%	0%	5%
Broker E & O	0%	0%	0%	0%	37%	21%	5%	5%	0%	0%	32%
Commercial Auto	0%	0%	16%	26%	37%	16%	0%	0%	0%	0%	5%
Commercial Property	0%	11%	42%	26%	11%	5%	5%	0%	0%	0%	0%
Construction Risks	0%	0%	16%	21%	21%	16%	11%	0%	0%	0%	16%
D & O	0%	0%	21%	32%	21%	5%	0%	0%	0%	0%	21%
Employment Practices	0%	0%	11%	42%	26%	5%	5%	0%	0%	0%	11%
General Liability	0%	0%	26%	53%	11%	11%	0%	0%	0%	0%	0%
Medical Malpractice	0%	0%	0%	16%	21%	11%	0%	0%	0%	0%	53%
Surety Bonds	0%	0%	5%	11%	42%	5%	5%	0%	0%	0%	32%
Terrorism	0%	0%	11%	21%	42%	5%	0%	0%	0%	0%	21%
Umbrella	0%	0%	21%	16%	42%	11%	0%	0%	0%	0%	11%
Worker's Compensation	0%	0%	11%	47%	26%	5%	0%	0%	0%	0%	11%

Average 3Q04 Commercial Rates Decreased 5.9%

Average Rate Declined 5.9% in 3Q04				
	Small	Mid	Large	Avg
3Q04	-3.1%	-6.4%	-8.3%	-5.9%
2Q04	-0.8%	-2.9%	-5.9%	-3.2%
1Q04	1.9%	0.1%	-2.3%	-0.1%
4Q03	4.7%	5.4%	3.6%	4.6%
3Q03	4.3%	7.0%	4.3%	5.2%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low (3Q04)	-3.1%	-6.4%	-8.3%	-5.9%

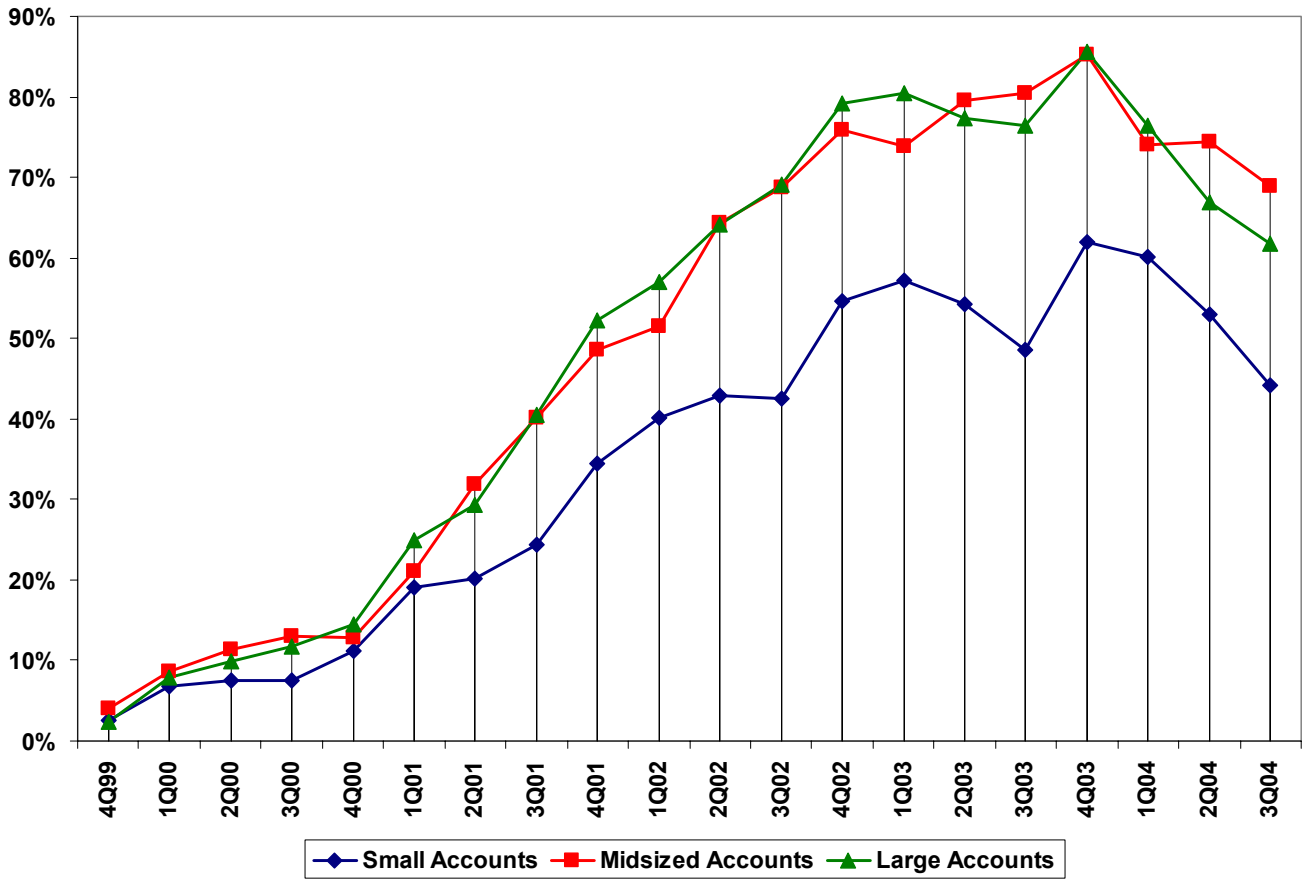
Source: Council of Insurance Agents and Brokers. Table prepared by Lehman Brothers Equity Research

Average Commercial Rate Changes by Account Size



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

Cumulative Quarterly Rate Increases by Account Size Over 5 Years



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

By-Line 3Q04 Rate Changes Ranged From -10.7% to -2.5%

By-Line 3Q04 Rate Changes Ranged From -10.7% to -2.5%						
	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
3Q04	-2.5%	-2.7%	-10.7%	-5.3%	-3.6%	-5.0%
2Q04	0.5%	1.0%	-9.3%	-1.1%	-1.3%	-2.1%
1Q04	3.1%	4.3%	-6.0%	2.6%	3.9%	1.6%
4Q03	7.9%	8.8%	-0.7%	6.3%	10.9%	6.6%
3Q03	7.5%	10.0%	1.2%	8.1%	11.5%	7.6%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-2.5%	-2.7%	-10.7%	-5.3%	-3.6%	-5.0%

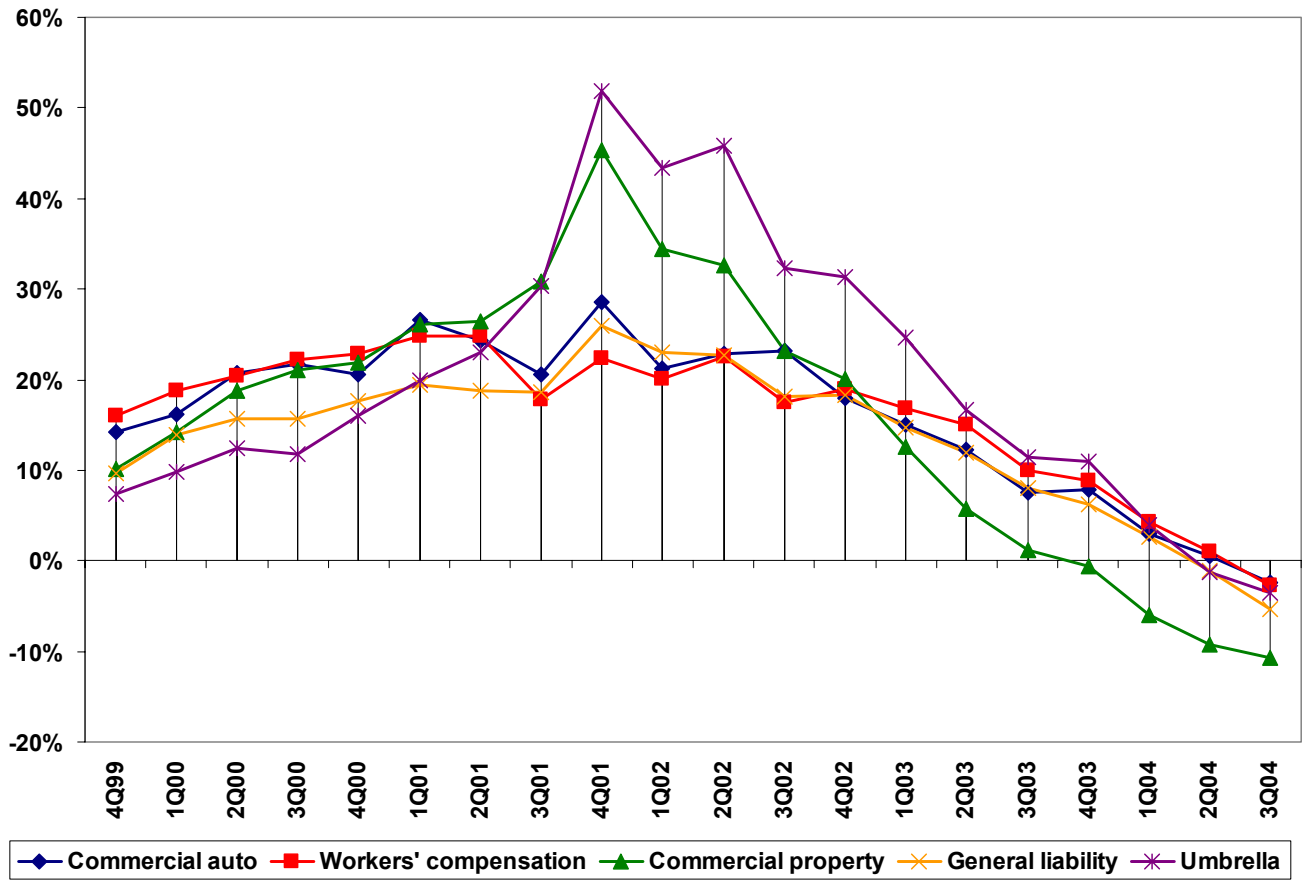
Source: Council of Insurance Agents and Brokers. Table prepared by Lehman Brothers Equity Research

Rate Changes in Other Lines

3Q04 Rate Changes in Other Lines			
	3Q04	High	Low
Business interruption	-5.4%	28.8%	-5.4%
Construction	0.1%	38.7%	0.1%
D&O liability	-3.7%	32.4%	-3.7%
Employment practices	-2.7%	21.9%	-2.7%
Medical malpractice	6.2%	32.5%	6.2%
Surety bonds	0.9%	11.2%	0.9%

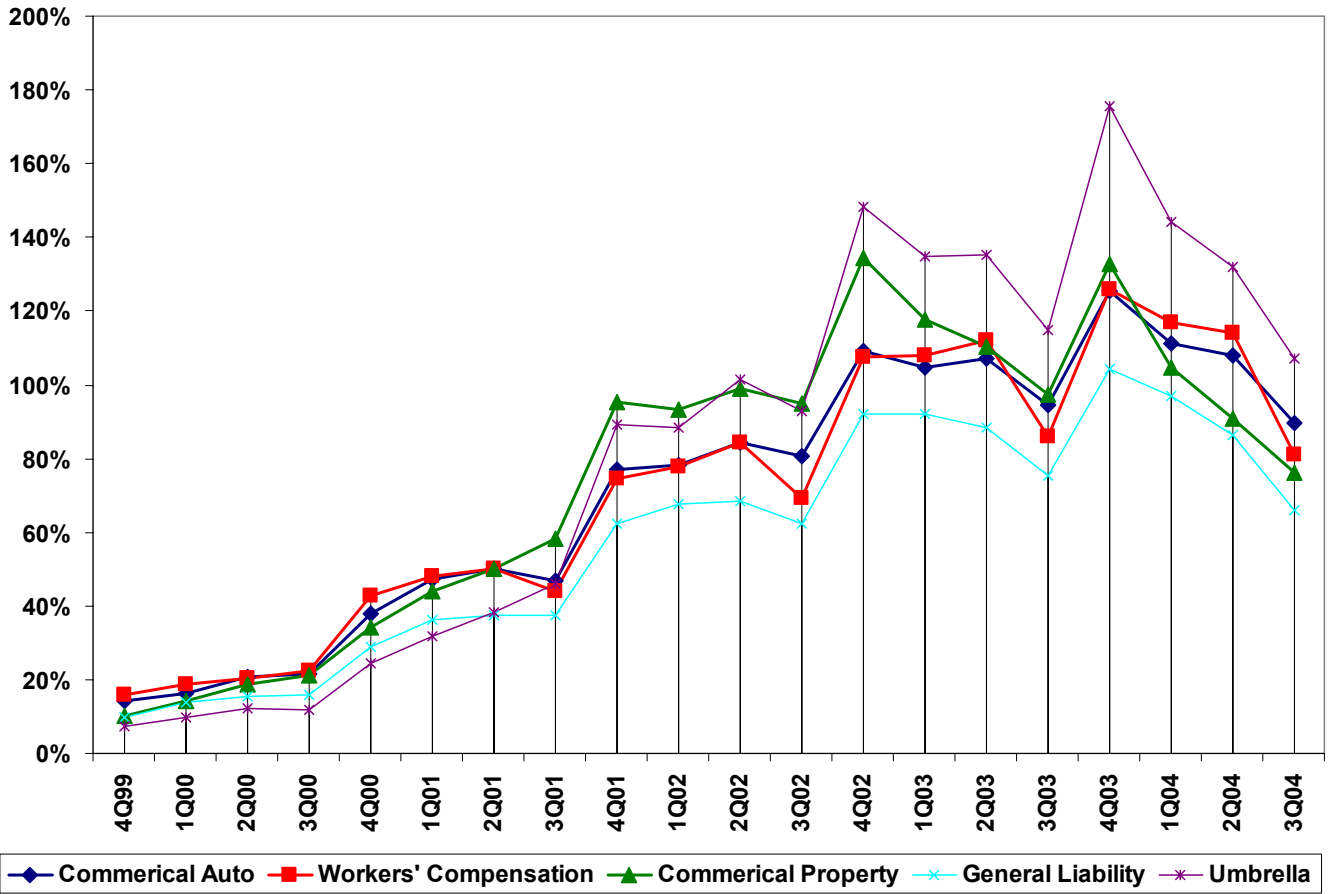
Source: Council of Insurance Agents and Brokers. Table prepared by Lehman Brothers Equity Research

Average 3Q04 Commercial Rate Increases by Line



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

Cumulative Quarterly Rate Increases by Line Over 5 Years

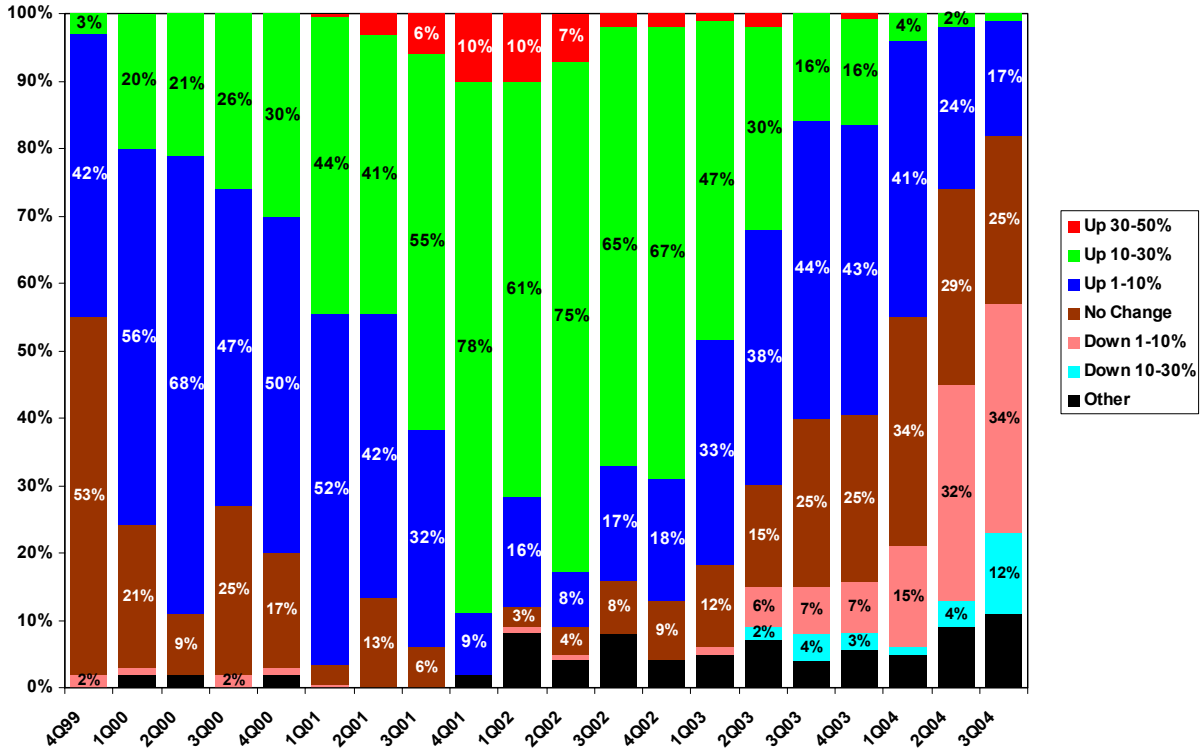


Source: Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

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)

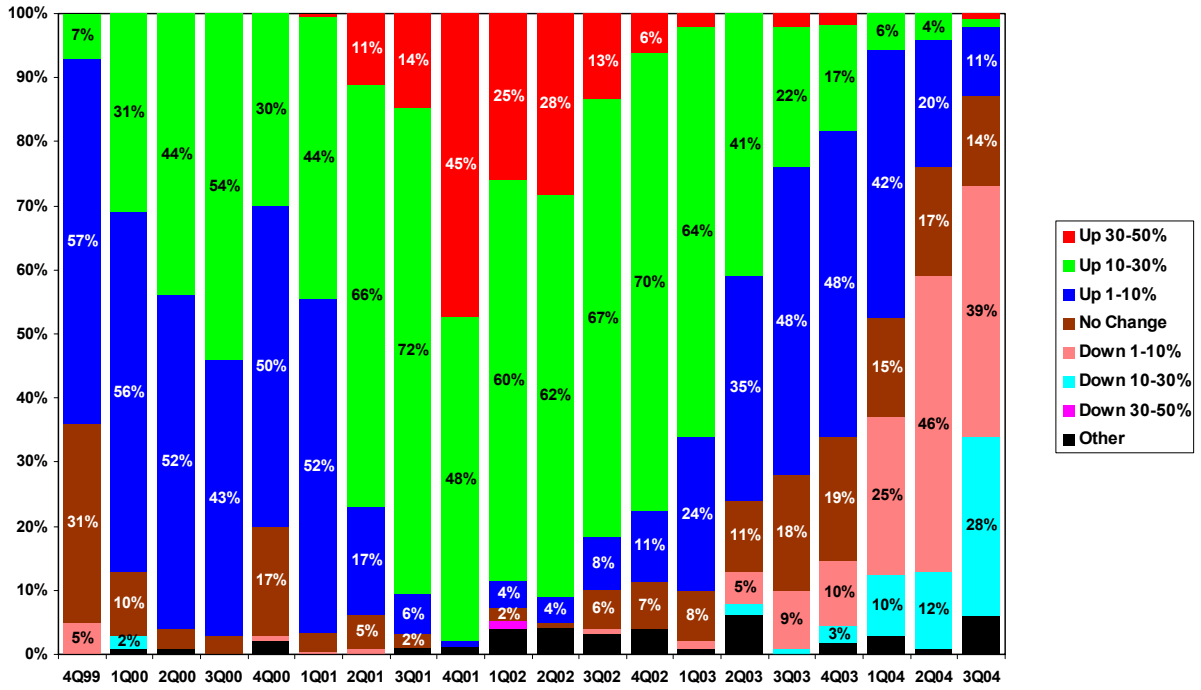


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Insurance Rate Changes, Medium Commercial Accounts*

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey
 (*Accounts generating \$25,000-\$100,000 in annual commissions & fees)

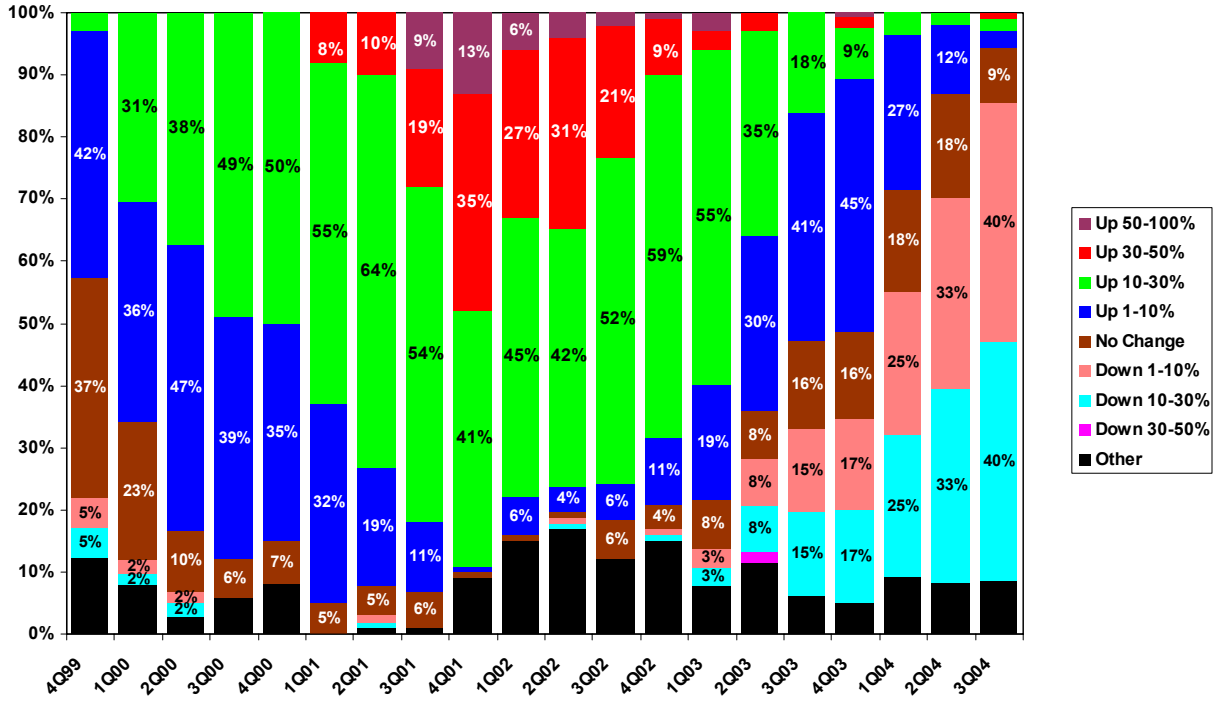


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Insurance Rate Changes, Large Commercial Accounts*

Rate Increases Reported by Agents & Brokers in CIAB Survey
 (*Accounts generating >\$100,000 in annual commissions & fees)

Percentage of Survey Respondents

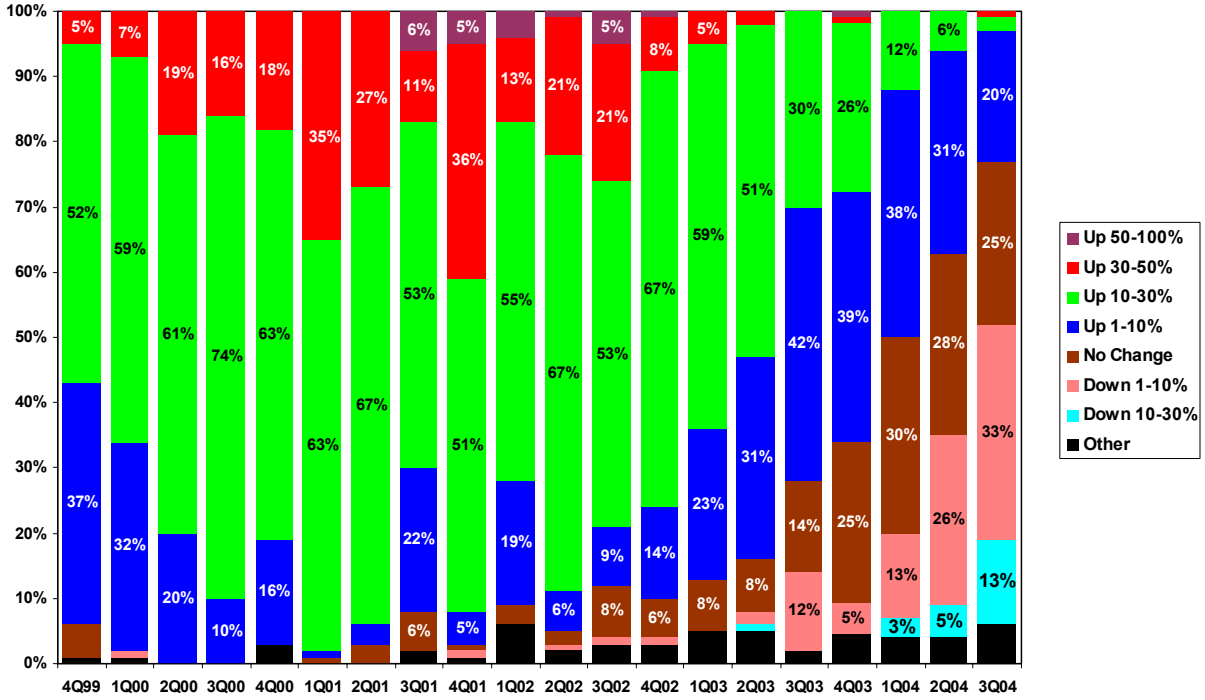


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Commercial Auto Insurance Rate Changes

Rate Increases Reported by Agents & Brokers in CIAB Survey

Percentage of Survey Respondents

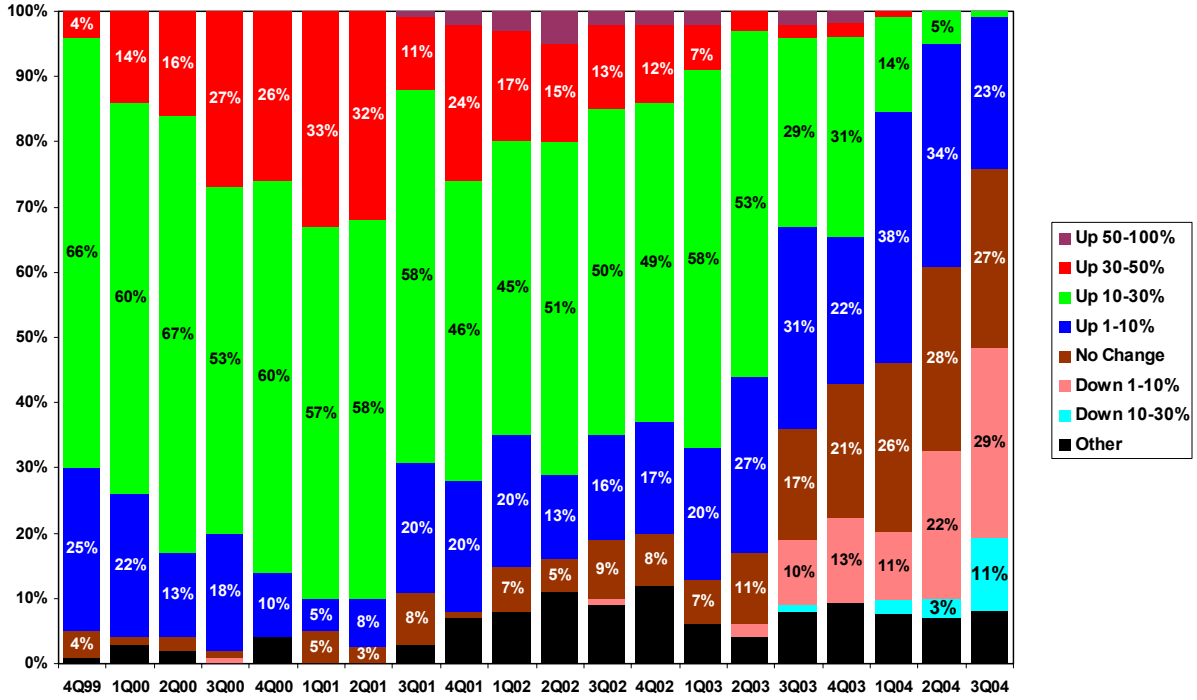


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Workers' Compensation Insurance Rate Changes

Rate Increases Reported by Agents & Brokers in CIAB Survey

Percentage of Survey Respondents

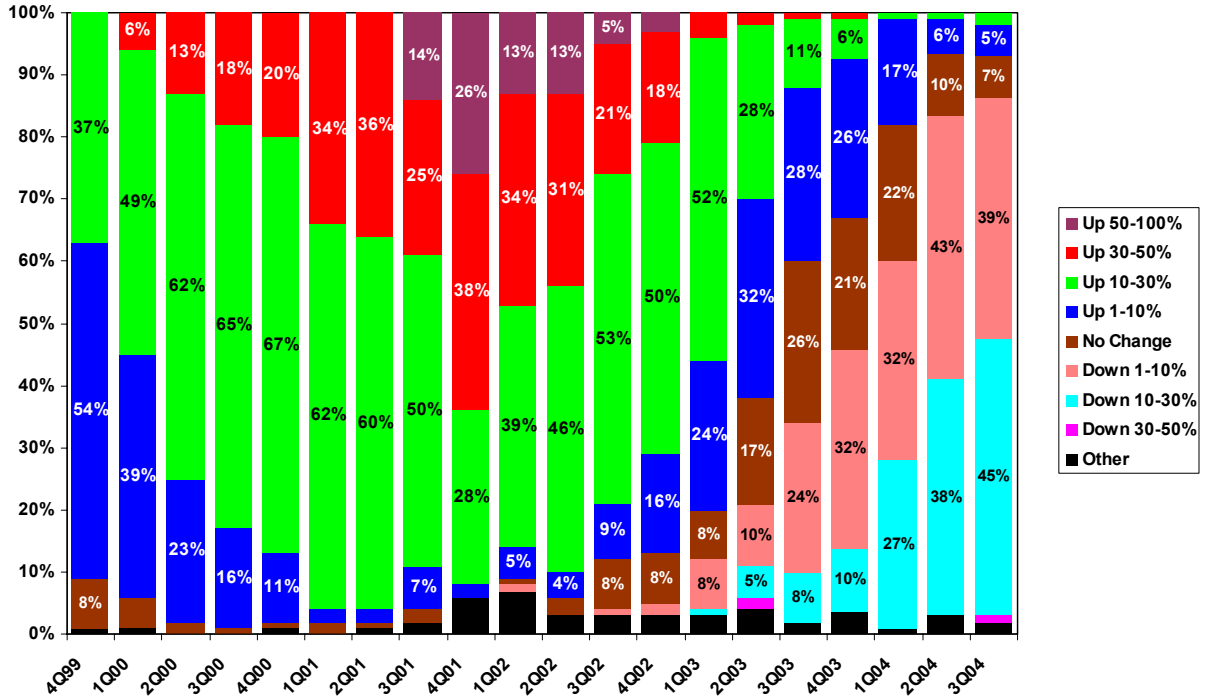


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Commerical Property Insurance Rate Changes

Rate Increases Reported by Agents & Brokers in CIAB Survey

Percentage of Survey Respondents

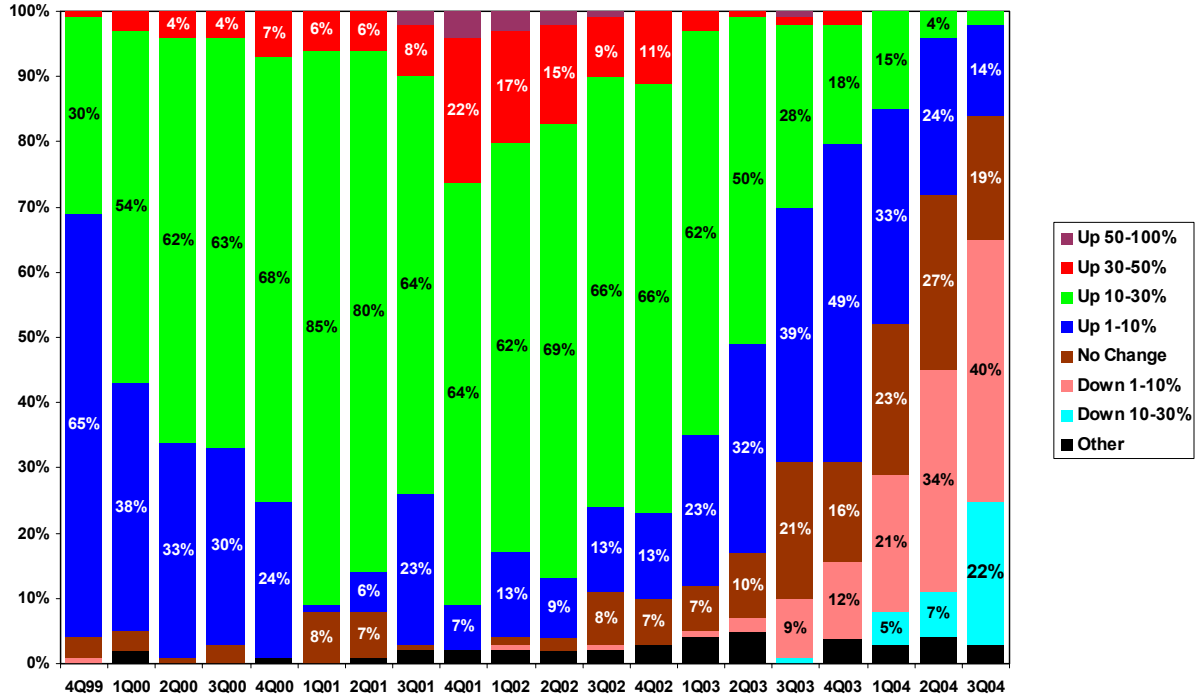


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Commercial General Liability Insurance Rate Changes

Rate Increases Reported by Agents & Brokers in CIAB Survey

Percentage of Survey Respondents

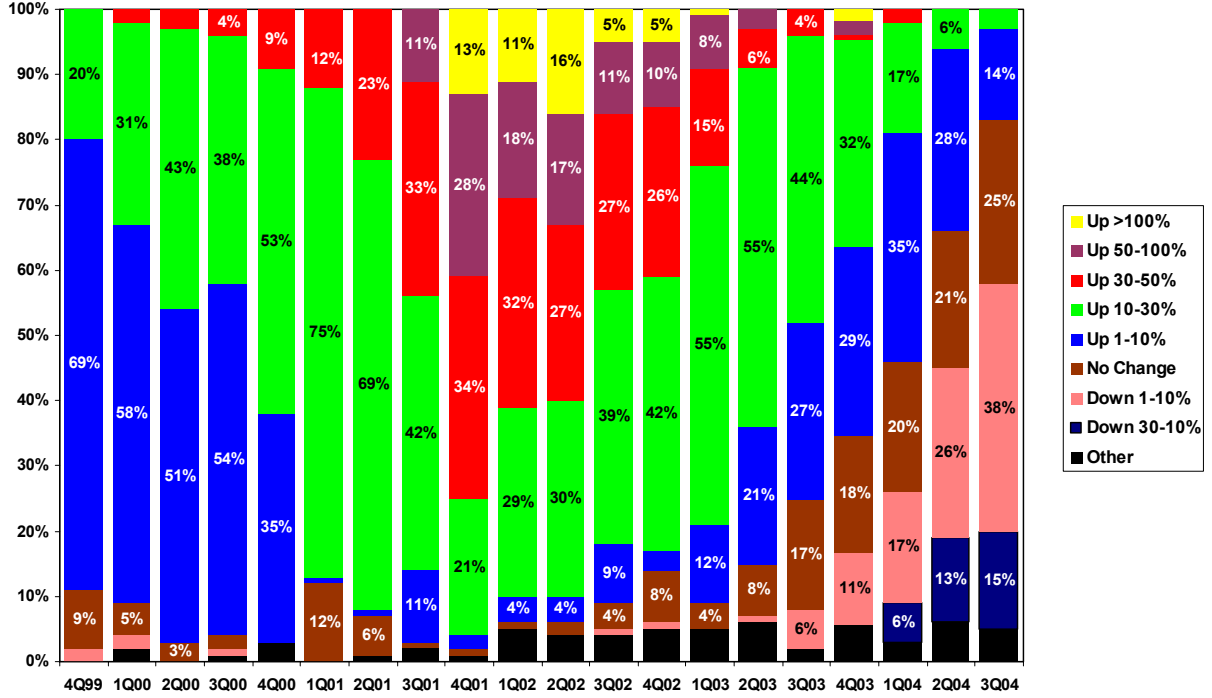


Source: Council of Insurance Agents and Brokers. Chart prepared by Lehman Brothers Equity Research

Umbrella Insurance Rate Changes

Rate Increases Reported by Agents & Brokers in CIAB Survey

Percentage of Survey Respondents

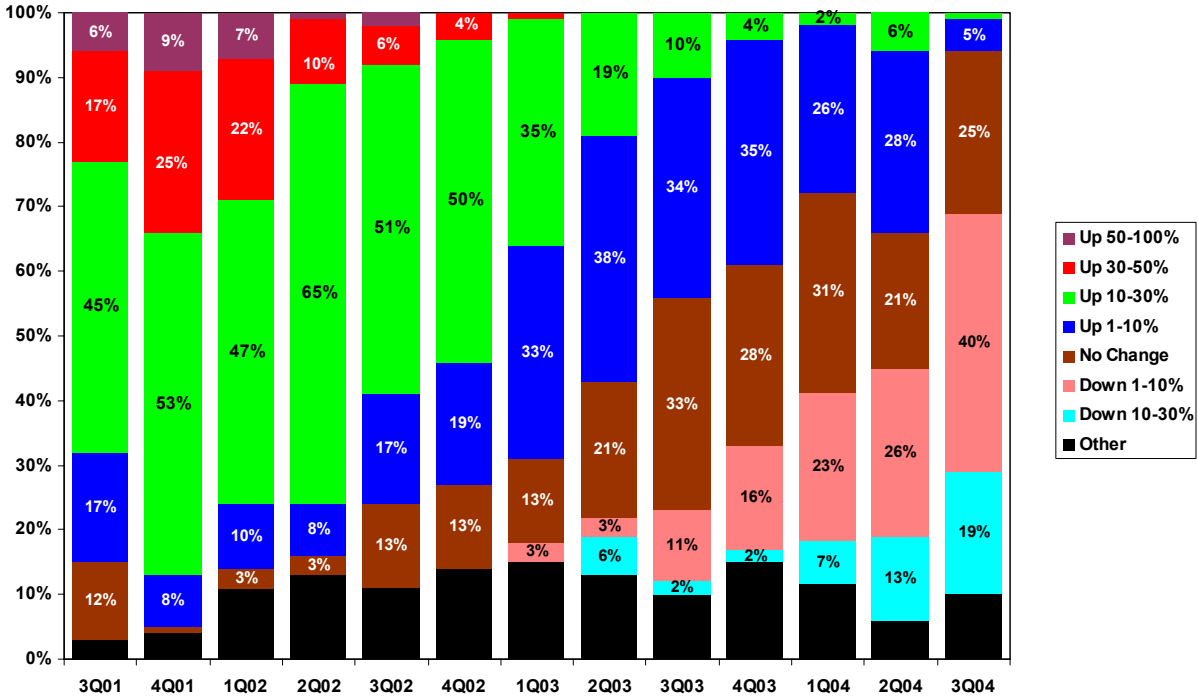


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research

Business Interruption Insurance Rate Changes

Rate Increases Reported by Agents & Brokers in CIAB Survey

Percentage of Survey Respondents



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