



THE
COUNCIL
OF INSURANCE
AGENTS &
BROKERS

NEWS RELEASE – July 20, 2005

Contact: Cheryl Arvidson
Assistant Director, Strategic Communications
202-783-4400
cheryl.arvidson@ciab.com

For Immediate Release

**COMMERCIAL P/C MARKET SOFTENS MORE IN SECOND QUARTER,
COUNCIL SURVEY SHOWS**

WASHINGTON – The commercial property/casualty market continued to soften during the second quarter of 2005, with commercial insurance brokers reporting that insurers are aggressively competing for new business and fighting hard to keep their renewals.

According to the Commercial Property/Casualty Market Index sponsored by The Council of Insurance Agents & Brokers, the vast majority of small, medium and large accounts saw their premium rates drop during the second quarter.

The Council represents the nation's leading commercial insurance brokers who annually write 80 percent of the property/casualty premiums in the United States and administer billions of dollars in employee benefits accounts.

Brokers responding to the survey said 49 percent of the small accounts experienced premium decreases of 1-10 percent, with an additional 16 percent down 10-20 percent. For medium and large accounts, the decreases were more dramatic, with 41 percent of medium accounts down 1-10 percent, and 44 percent down 10-20 percent, and 34 percent of large accounts down 1-10 percent, 39 percent down 10-20 percent and 12 percent down between 20-30 percent.

An analysis of The Council survey data by Lehman Brothers showed premiums for the average commercial account declined 9.7 percent during the quarter. The average small commercial account experienced a 5.6 percent decrease in rates; the average mid-sized account premium was down 11.4 percent; and the average large account premium decreased by 12 percent.

The same decrease in premium rates was apparent across most lines of commercial insurance during the second quarter, although brokers said they still were experiencing some difficulty with surety bonds as well as director's and officer's insurance, medical malpractice coverage and habitational risks such as residential construction.

“Do whatever it takes to keep your renewals’ is the message underwriters are getting from management and passing it onto us,” a broker in the Southwest reported. “On business they have an appetite for, they work very hard to keep – reducing the rate, eliminating deductibles, easing loss control issues, etc.”

“Many accounts that had a hard time finding a home have multiple insurers wanting them,” agreed a broker from the Southeast.

Brokers from all regions of the country reported a heightened appetite for new business, and several of the responses suggested that less-than-optimal financial figures from the first quarter could be prompting carriers to go after market share more aggressively.

“With many experiencing anemic first quarter premium growth, competition on price has accelerated,” said a broker in the Northeast.

Several brokers said regional markets are being particularly aggressive, especially on middle market business.

The survey also showed a slight increase in the take-up of terrorism insurance during the second quarter for medium and large accounts although the total number of customers buying the insurance remains relatively small. The brokers responding to the survey said the main reasons their customers do not buy terrorism coverage are the belief they are not likely targets of an attack and the cost of the coverage.

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 leading commercial insurance agencies and brokerage firms. Only the top one percent of all agents and brokers meet membership qualifications. 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 Second Quarter 2005 Released: July 2005

Below are the survey results for: **ALL REGIONS**

NUMBER OF RESPONSES: 131

1. On average, how have premium rates changed over the last three months (April 1 - June 30) 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%	2%	16%	49%	19%	2%	2%	0%	0%	0%	10%
Medium (\$25K – \$100K)	1%	4%	44%	41%	5%	2%	2%	0%	0%	0%	2%
Large (>\$100K)	2%	12%	39%	34%	4%	2%	2%	0%	0%	0%	7%

2. How much have premium rates changed over the last three months (April 1 - June 30) 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%	4%	21%	43%	16%	2%	2%	0%	0%	0%	12%
Broker E & O	0%	0%	3%	10%	21%	13%	7%	2%	0%	0%	45%
Commercial Auto	0%	2%	19%	53%	17%	7%	2%	0%	0%	0%	2%
Commercial Property	2%	12%	46%	33%	4%	2%	2%	0%	0%	0%	0%
Construction Risks	0%	1%	16%	36%	18%	7%	4%	2%	0%	0%	16%
D & O	0%	2%	12%	39%	26%	7%	3%	1%	0%	0%	9%
Employment Practices	0%	2%	10%	41%	28%	4%	2%	0%	0%	0%	13%
General Liability	0%	4%	33%	45%	10%	5%	2%	0%	0%	0%	2%
Medical Malpractice	0%	0%	2%	10%	14%	11%	6%	1%	2%	0%	54%
Surety Bonds	0%	0%	3%	6%	45%	6%	1%	0%	0%	0%	39%
Terrorism	0%	0%	6%	13%	54%	4%	2%	0%	0%	0%	22%
Umbrella	0%	3%	20%	48%	22%	4%	2%	0%	0%	0%	2%
Workers' Compensation	2%	6%	21%	38%	22%	6%	1%	1%	0%	0%	4%

Commercial Property – Casualty Market Survey Second Quarter 2005 Released: July 2005

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 (April 1 - June 30) 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%	60%	20%	0%	3%	0%	0%	0%	5%
Medium (\$25K – \$100K)	0%	8%	28%	55%	3%	5%	3%	0%	0%	0%	0%
Large (>\$100K)	3%	8%	45%	30%	3%	3%	3%	0%	0%	0%	8%

2. How much have premium rates changed over the last 3 months (April 1 - June 30) 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%	25%	38%	23%	0%	3%	0%	0%	0%	8%
Broker E & O	0%	0%	5%	13%	20%	13%	13%	0%	0%	0%	38%
Commercial Auto	0%	3%	18%	50%	20%	10%	0%	0%	0%	0%	0%
Commercial Property	3%	10%	38%	43%	3%	0%	3%	0%	0%	0%	3%
Construction Risks	0%	3%	18%	30%	18%	10%	3%	3%	0%	0%	18%
D & O	0%	5%	13%	40%	23%	8%	5%	3%	0%	0%	5%
Employment Practices	0%	3%	8%	40%	25%	3%	8%	0%	0%	0%	15%
General Liability	0%	8%	28%	35%	18%	8%	3%	0%	0%	0%	3%
Medical Malpractice	0%	0%	0%	13%	15%	15%	8%	3%	3%	0%	45%
Surety Bonds	0%	0%	3%	5%	35%	8%	5%	0%	0%	0%	45%
Terrorism	0%	0%	5%	15%	55%	8%	0%	0%	0%	0%	18%
Umbrella	0%	3%	18%	38%	23%	10%	3%	0%	0%	0%	8%
Workers' Compensation	0%	0%	10%	33%	35%	8%	0%	3%	0%	0%	13%

Commercial Property – Casualty Market Survey Second Quarter 2005 Released: July 2005

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 (April 1 - June 30) 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%	9%	17%	26%	26%	4%	0%	0%	0%	0%	17%
Medium (\$25K – \$100K)	0%	0%	0%	4%	13%	13%	4%	9%	0%	0%	57%
Large (>\$100K)	0%	13%	39%	39%	4%	0%	4%	0%	0%	0%	0%

2. How much have premium rates changed over the last 3 months (April 1 - June 30) 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%	13%	9%	39%	13%	4%	4%	0%	0%	0%	17%
Broker E & O	0%	0%	0%	4%	13%	13%	4%	9%	0%	0%	57%
Commercial Auto	0%	4%	22%	43%	17%	4%	9%	0%	0%	0%	0%
Commercial Property	0%	22%	48%	17%	4%	4%	4%	0%	0%	0%	0%
Construction Risks	0%	0%	22%	43%	9%	9%	4%	4%	0%	0%	9%
D & O	0%	4%	17%	43%	13%	9%	4%	0%	0%	0%	9%
Employment Practices	0%	0%	17%	43%	22%	9%	0%	0%	0%	0%	9%
General Liability	0%	4%	43%	30%	13%	4%	4%	0%	0%	0%	0%
Medical Malpractice	0%	0%	4%	13%	4%	4%	4%	0%	0%	0%	70%
Surety Bonds	0%	0%	9%	0%	52%	4%	0%	0%	0%	0%	35%
Terrorism	0%	0%	4%	13%	52%	4%	0%	0%	0%	0%	26%
Umbrella	0%	9%	22%	35%	26%	4%	0%	0%	0%	0%	4%
Workers' Compensation	0%	4%	35%	26%	22%	13%	0%	0%	0%	0%	0%

Commercial Property – Casualty Market Survey Second Quarter 2005 Released: July 2005

Below are the survey results for: **MIDWEST**

(AR, IL, IN, IA, KS, MI, MO, MN, NE, ND, SD, OH, WI)

1. On average, how have premium rates changed over the last 3 months (April 1 - June 30) 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%	32%	41%	18%	0%	0%	0%	0%	0%	9%
Medium (\$25K – \$100K)	0%	0%	55%	36%	9%	0%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	9%	32%	32%	9%	0%	0%	0%	0%	0%	18%

2. How much have premium rates changed over the last 3 months (April 1 - June 30) 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%	27%	41%	14%	5%	0%	0%	0%	0%	14%
Broker E & O	0%	0%	5%	0%	41%	14%	5%	0%	0%	0%	36%
Commercial Auto	0%	0%	14%	59%	18%	0%	0%	0%	0%	0%	9%
Commercial Property	5%	0%	55%	41%	0%	0%	0%	0%	0%	0%	0%
Construction Risks	0%	0%	9%	45%	9%	9%	0%	0%	0%	0%	27%
D & O	0%	0%	5%	55%	27%	5%	0%	0%	0%	0%	9%
Employment Practices	0%	0%	5%	45%	36%	0%	0%	0%	0%	0%	14%
General Liability	0%	0%	27%	55%	9%	5%	0%	0%	0%	0%	5%
Medical Malpractice	0%	0%	5%	5%	14%	23%	9%	0%	5%	0%	41%
Surety Bonds	0%	0%	5%	9%	55%	14%	0%	0%	0%	0%	18%
Terrorism	0%	0%	9%	9%	68%	0%	5%	0%	0%	0%	9%
Umbrella	0%	0%	9%	64%	23%	0%	0%	0%	0%	0%	5%
Workers' Compensation	0%	0%	9%	55%	18%	9%	0%	0%	0%	0%	9%

Commercial Property – Casualty Market Survey Second Quarter 2005 Released: July 2005

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 (April 1 - June 30) 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%	42%	17%	8%	4%	0%	0%	0%	17%
Medium (\$25K – \$100K)	4%	4%	38%	33%	13%	4%	0%	0%	0%	0%	4%
Large (>\$100K)	4%	13%	33%	38%	4%	4%	0%	0%	0%	0%	4%

2. How much have premium rates changed over the last 3 months (April 1 - June 30) 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%	21%	42%	29%	4%	0%	0%	0%	0%	4%
Broker E & O	0%	0%	4%	29%	17%	13%	0%	0%	0%	0%	38%
Commercial Auto	0%	0%	17%	50%	17%	17%	0%	0%	0%	0%	0%
Commercial Property	0%	13%	50%	25%	4%	4%	4%	0%	0%	0%	0%
Construction Risks	0%	0%	8%	33%	33%	4%	4%	4%	0%	0%	13%
D & O	0%	0%	17%	33%	38%	8%	4%	0%	0%	0%	0%
Employment Practices	0%	0%	13%	42%	33%	4%	0%	0%	0%	0%	8%
General Liability	0%	4%	21%	58%	13%	4%	0%	0%	0%	0%	0%
Medical Malpractice	0%	0%	0%	8%	21%	8%	0%	0%	0%	0%	63%
Surety Bonds	0%	0%	0%	8%	54%	0%	0%	0%	0%	0%	38%
Terrorism	0%	0%	4%	8%	63%	4%	0%	0%	0%	0%	21%
Umbrella	0%	4%	25%	46%	21%	0%	4%	0%	0%	0%	0%
Workers' Compensation	8%	13%	21%	29%	21%	0%	4%	0%	0%	0%	4%

Commercial Property – Casualty Market Survey Second Quarter 2005 Released: July 2005

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 (April 1 - June 30) 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%	9%	64%	9%	0%	0%	0%	0%	0%	18%
Medium (\$25K – \$100K)	0%	0%	64%	32%	0%	0%	0%	0%	0%	0%	5%
Large (>\$100K)	0%	14%	45%	27%	0%	0%	0%	0%	0%	0%	14%

2. How much have premium rates changed over the last 3 months (April 1 - June 30) 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%	23%	55%	5%	0%	0%	0%	0%	0%	18%
Broker E & O	0%	0%	0%	9%	27%	9%	9%	0%	0%	0%	45%
Commercial Auto	0%	0%	27%	64%	9%	0%	0%	0%	0%	0%	0%
Commercial Property	0%	14%	36%	41%	9%	0%	0%	0%	0%	0%	0%
Construction Risks	0%	0%	23%	32%	18%	0%	9%	0%	0%	0%	18%
D & O	0%	0%	14%	32%	27%	5%	0%	0%	0%	0%	23%
Employment Practices	0%	5%	9%	32%	27%	5%	0%	0%	0%	0%	23%
General Liability	0%	0%	50%	50%	0%	0%	0%	0%	0%	0%	0%
Medical Malpractice	0%	0%	0%	9%	14%	0%	9%	0%	0%	0%	68%
Surety Bonds	0%	0%	0%	9%	32%	5%	0%	0%	0%	0%	55%
Terrorism	0%	0%	5%	18%	23%	0%	0%	0%	0%	0%	55%
Umbrella	0%	0%	27%	55%	18%	0%	0%	0%	0%	0%	0%
Workers' Compensation	0%	18%	36%	45%	0%	0%	0%	0%	0%	0%	0%

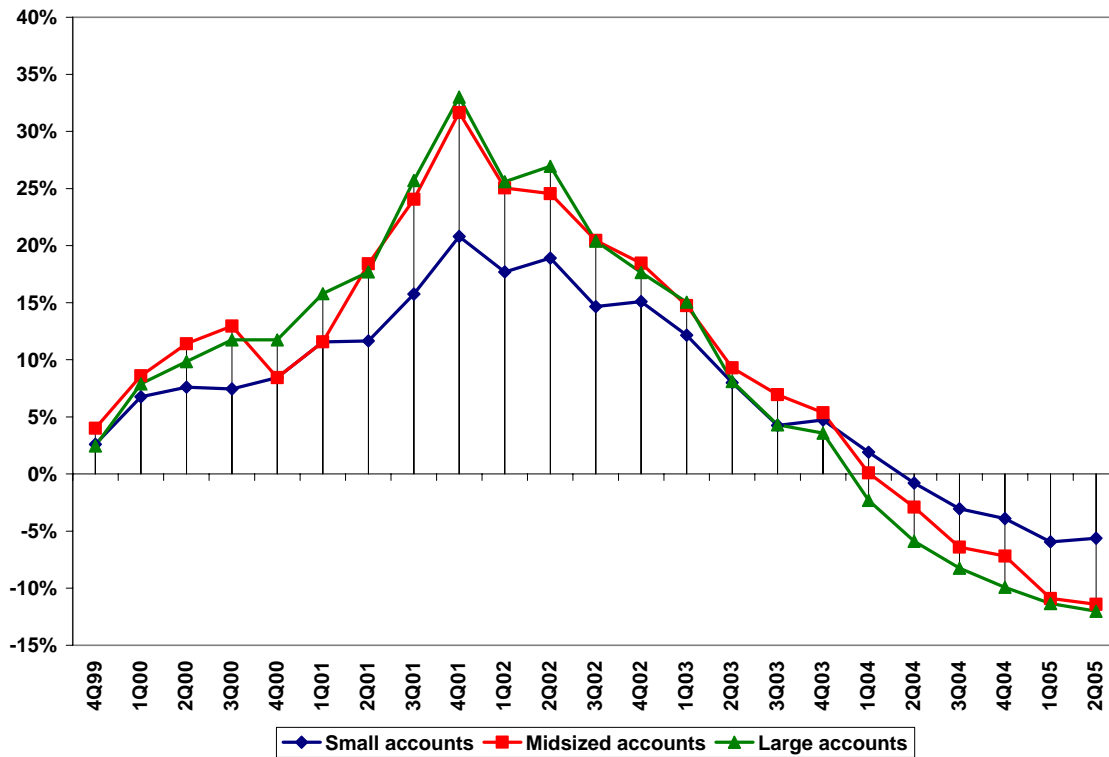
Average 2Q05 Commercial Rates Decreased 9.7%

Average Rate Declined 9.7% in 2Q05				
	Small	Mid	Large	Avg
2Q05	-5.6%	-11.4%	-12.0%	-9.7%
1Q05	-6.0%	-10.9%	-11.4%	-9.4%
4Q04	-3.9%	-7.2%	-9.9%	-7.0%
3Q04	-3.1%	-6.4%	-8.3%	-5.9%
2Q04	-0.8%	-2.9%	-5.9%	-3.2%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low	-6.0% (1Q05)	-11.4% (2Q05)	-12.0% (2Q05)	-9.8%

Note: Hi and low are calculated since 4Q99.

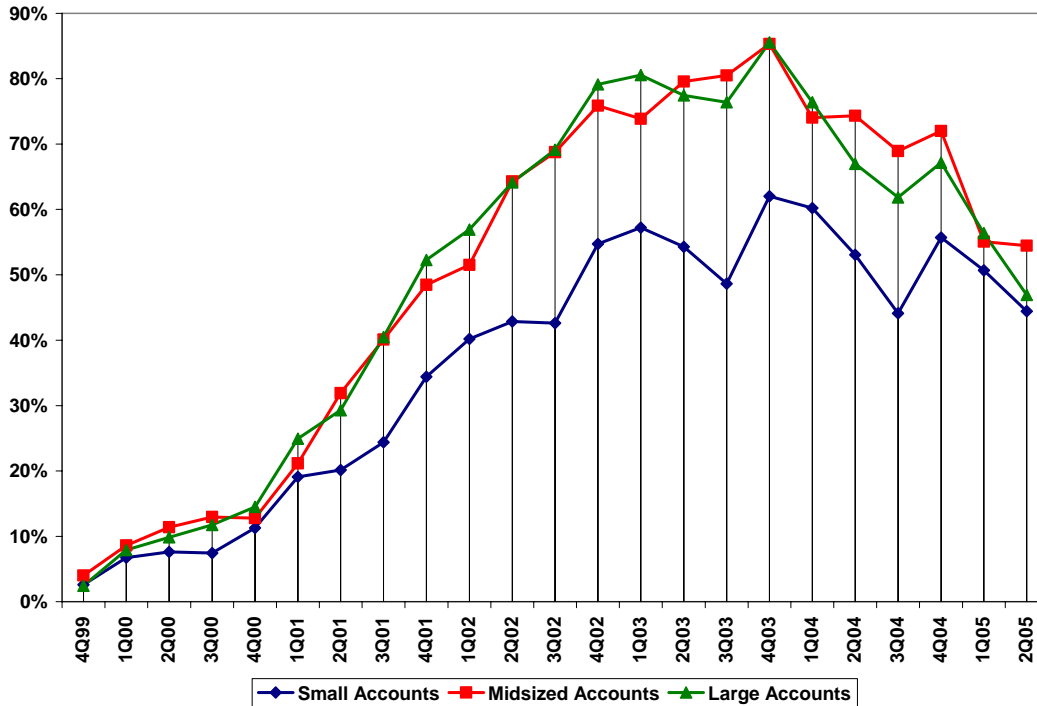
Source: The Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Average Commercial Premium Rate Changes By Account Size



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

Cumulative Quarterly Rate Increases By Account Size Over 5 Years



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

By-Line 2Q05 Rate Changes Ranged From -13.3% to -6.0%

By-Line 2Q05 Rate Changes Ranged From -13.3% to -6.0%						
	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
2Q05	-6.0%	-7.3%	-13.3%	-9.1%	-6.6%	-8.4%
1Q05	-6.6%	-5.3%	-13.1%	-9.2%	-6.5%	-8.1%
4Q04	-2.8%	-3.1%	-10.1%	-5.6%	-4.1%	-5.1%
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%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-6.6%	-7.3%	-13.3%	-9.2%	-6.6%	-8.6%

Note: Hi and low are calculated since 4Q99.

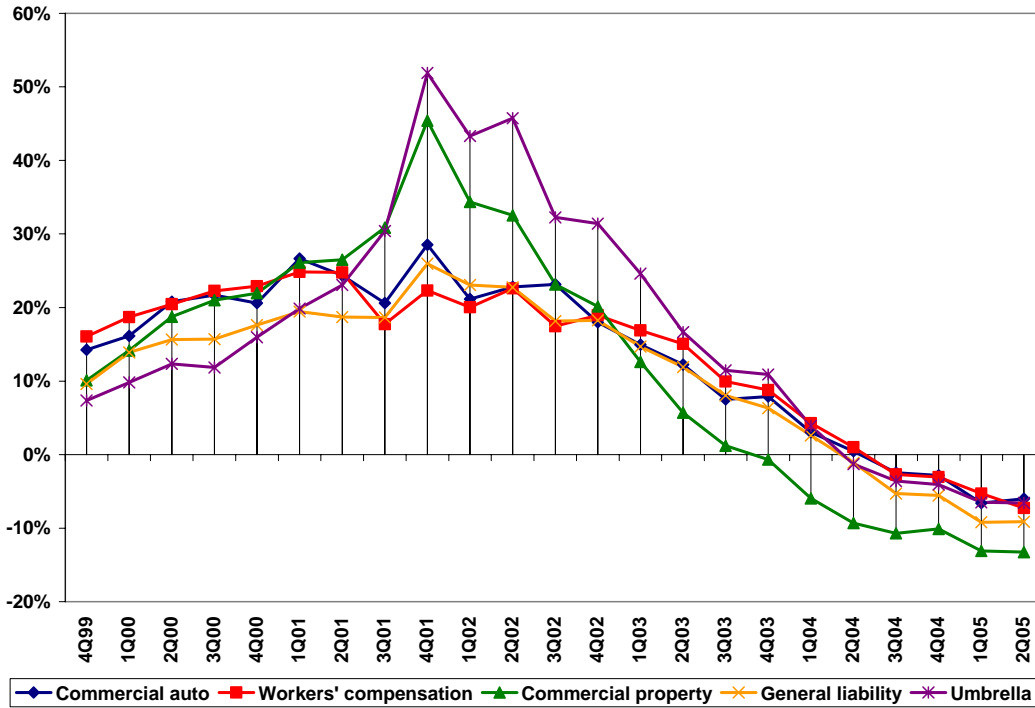
Source: The Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Rate Changes In Other Lines

2Q05 Rate Changes in Other Lines			
	1Q05	High	Low
Business interruption	-6.8%	28.8%	-8.1%
Construction	-3.6%	38.7%	-3.6%
D&O liability	-3.8%	32.4%	-4.8%
Employment practices	-3.8%	21.9%	-4.4%
Medical malpractice	1.8%	32.5%	1.5%
Surety bonds	-0.5%	11.2%	-0.5%

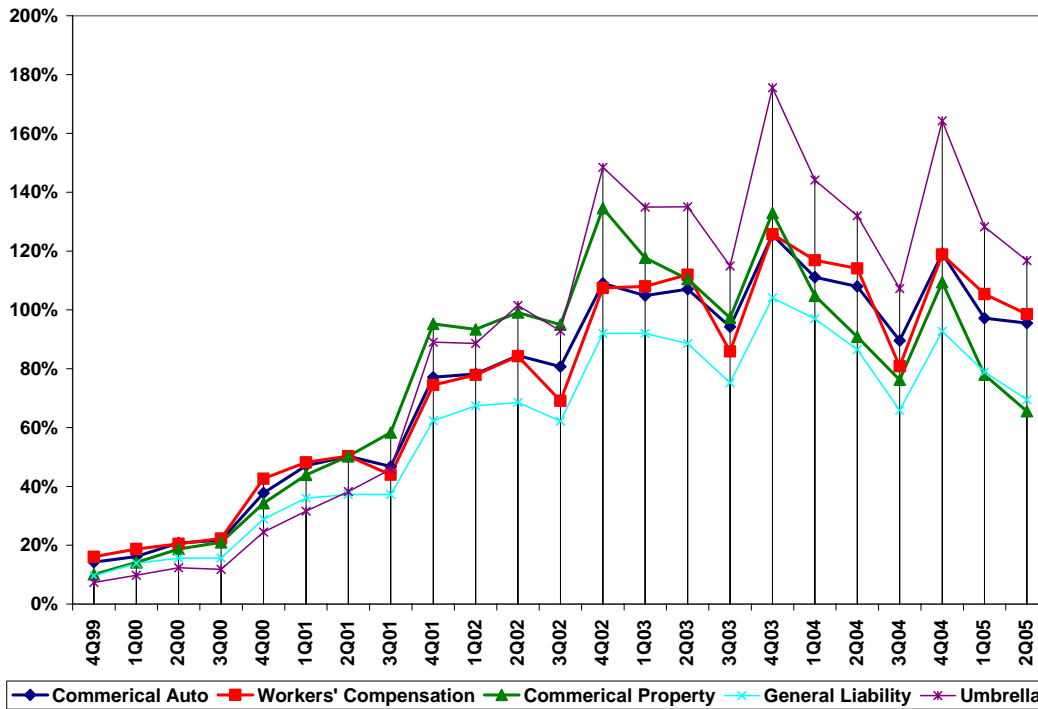
Source: The Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Average Commercial Rate Increases By Line



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

Cumulative Quarterly Rate Increases By Line Over 5 Years

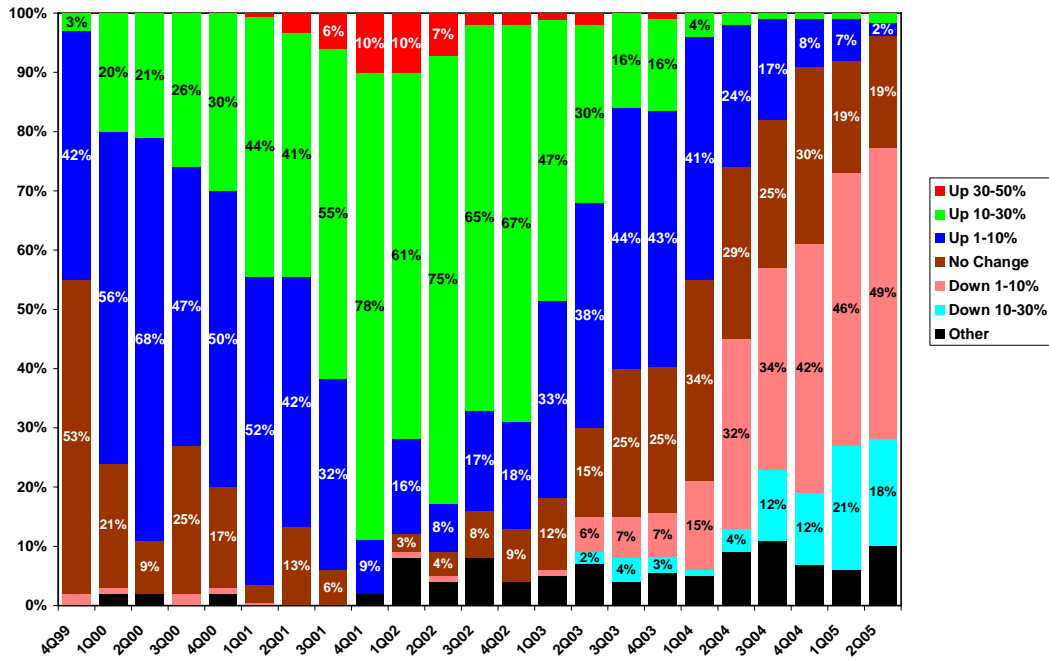


Source: The Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

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)

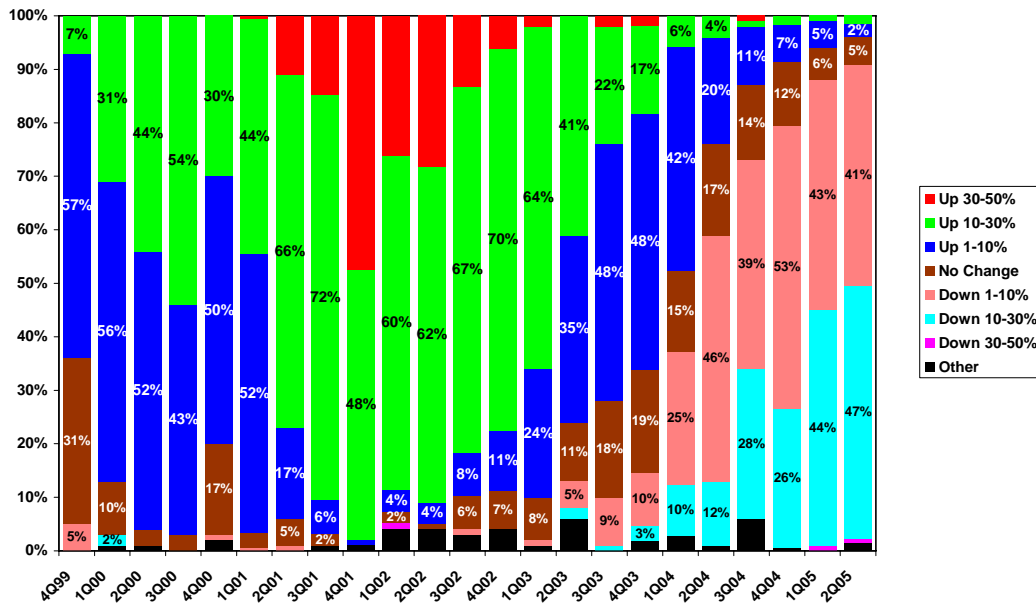


Source: The Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Insurance Rate Changes, Medium Commercial Accounts*

Percentage of Survey Respondents

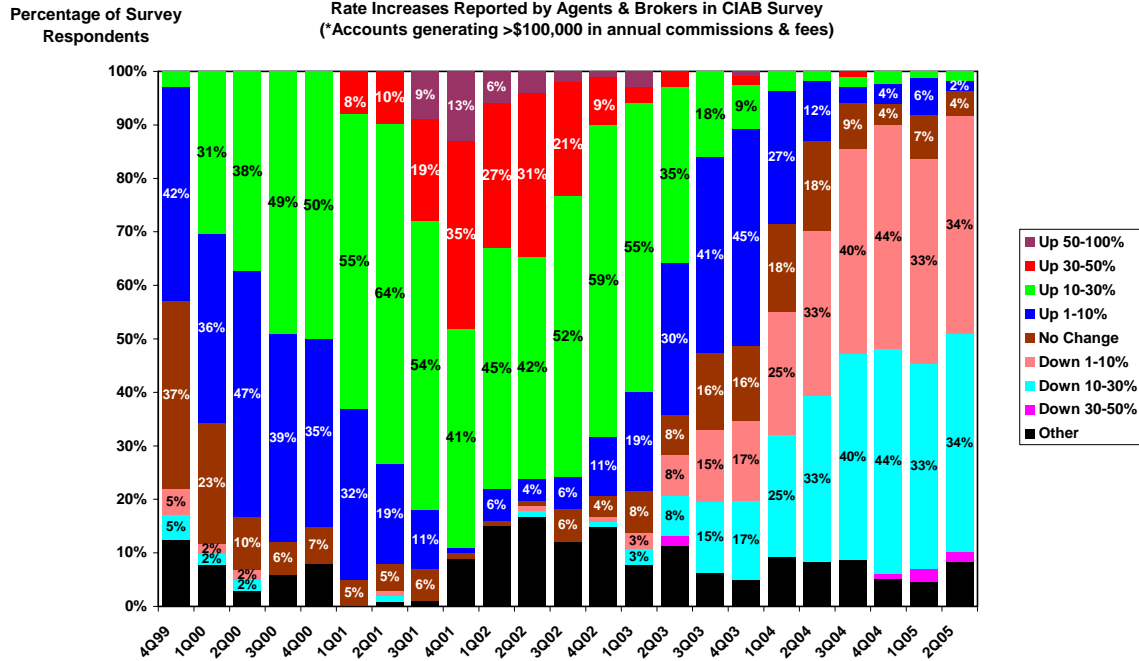
Rate Increases Reported by Agents & Brokers in CIAB Survey
(*Accounts generating \$25,000-\$100,000 in annual commissions & fees)



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

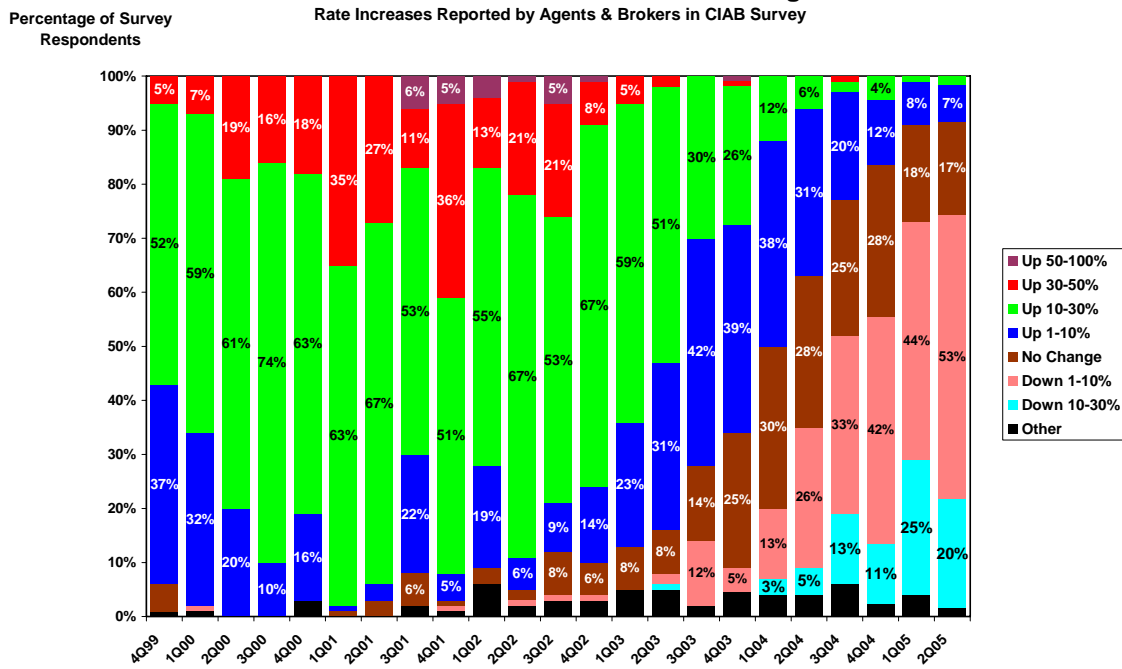
Source:

Insurance Rate Changes, Large Commercial Accounts*



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

Commercial Auto Insurance Rate Changes

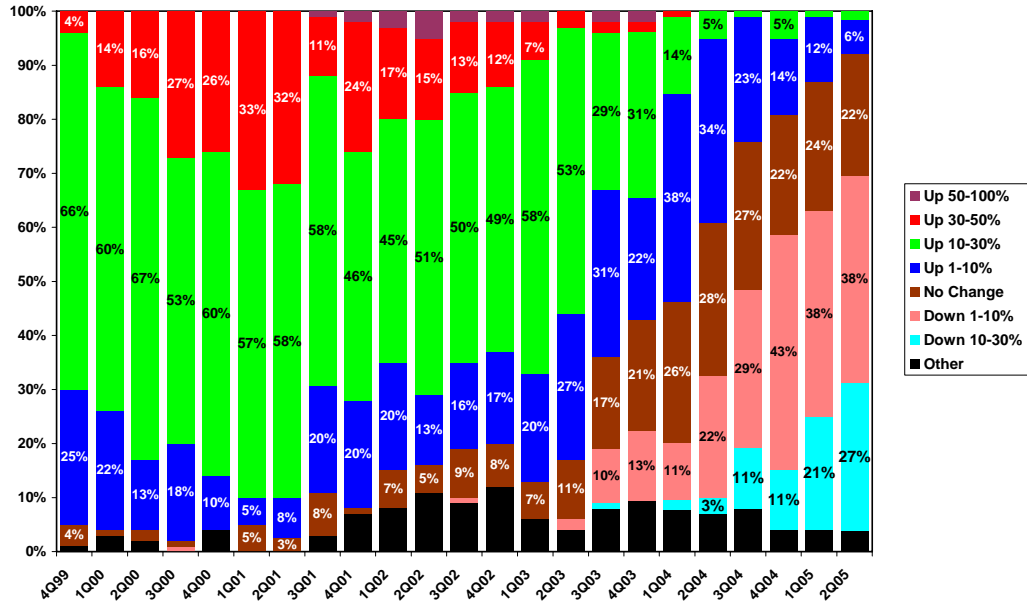


Source: The Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Workers' Compensation Insurance Rate Changes

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey

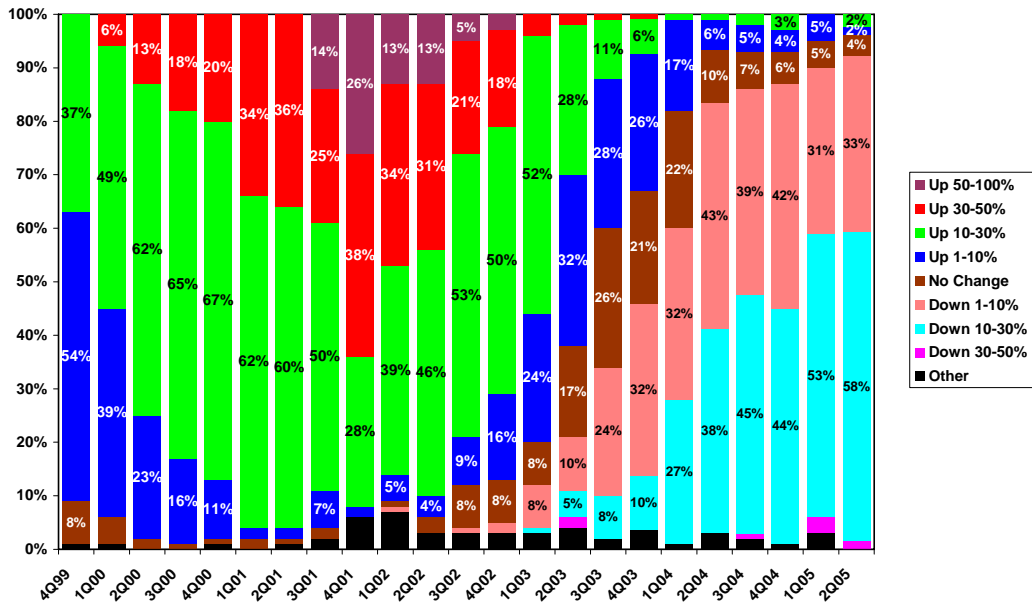


Source: The Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Commerical Property Insurance Rate Changes

Percentage of Survey Respondents

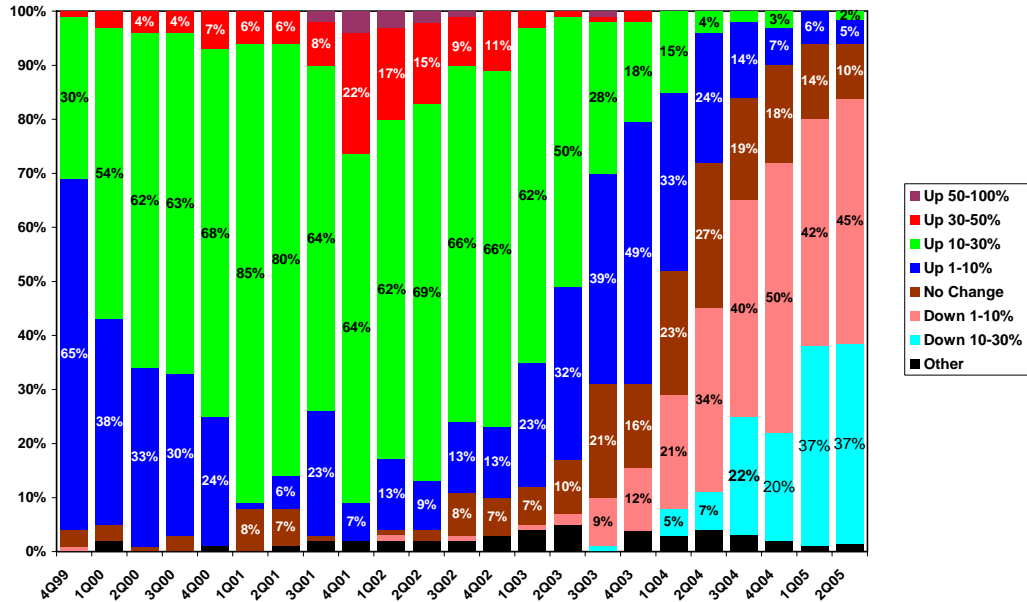
Rate Increases Reported by Agents & Brokers in CIAB Survey



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

Commercial General Liability Insurance Rate Changes

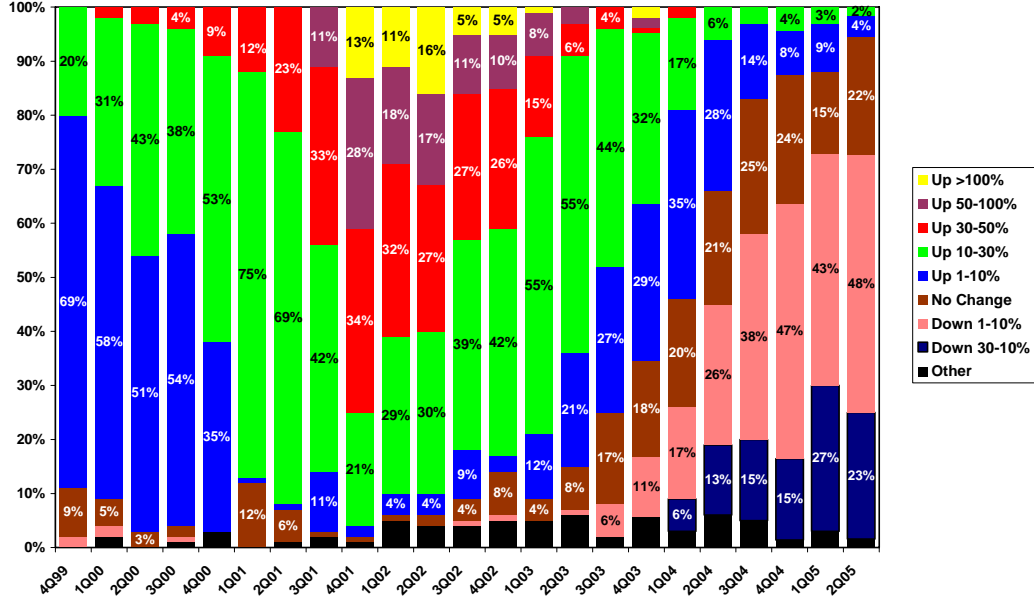
Percentage of Survey Respondents
Rate Increases Reported by Agents & Brokers in CIAB Survey



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

Umbrella Insurance Rate Changes

Percentage of Survey Respondents
Rate Increases Reported by Agents & Brokers in CIAB Survey

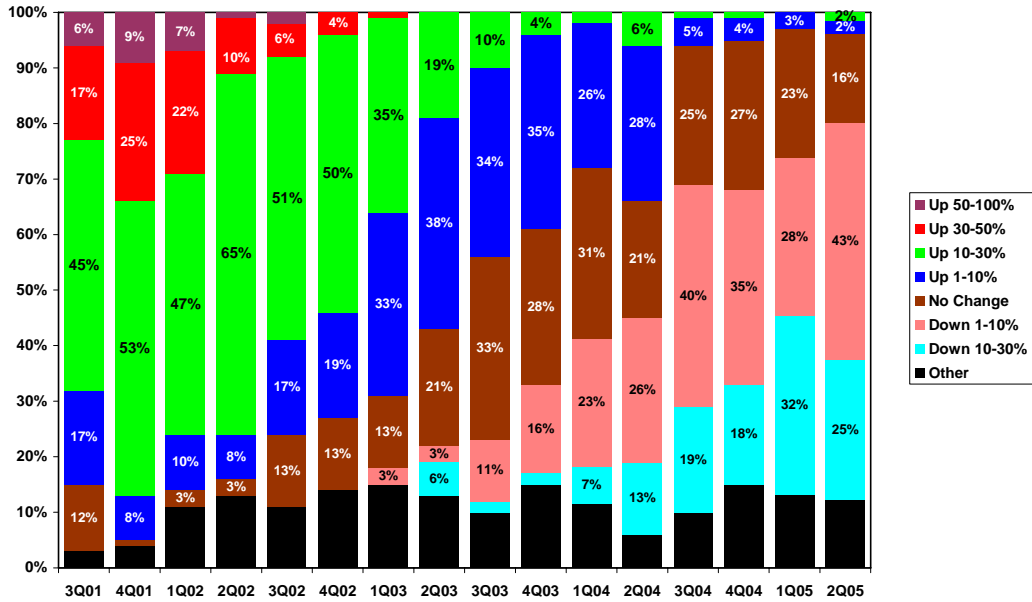


Source: The Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Business Interruption Insurance Rate Changes

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey



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