



## **NEWS RELEASE – April 19, 2006**

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*For Immediate Release*

### **COMMERCIAL PC RATES HOLD FLAT OR DROP SLIGHTLY FOR FIRST QUARTER 2006 RENEWALS, COUNCIL SURVEY SHOWS**

WASHINGTON – Commercial property/casualty rates were flat or fell slightly during the first quarter of 2006, with renewal premiums for half of all account sizes holding steady or dropping between 1 and 10 percent in the first three months of the year.

In the latest commercial p/c market survey by The Council of Insurance Agents & Brokers, 15 percent of the brokers responding said small accounts received premium quotes at renewal that were between 10 and 20 percent lower than similar quotes received during fourth quarter 2005. And 22 percent and 24 percent of the brokers, respectively, said medium and large accounts were down between 10 and 20 percent from the previous quarter.

The Council represents the leading commercial insurance agents and brokers in the United States and around the world. Council members write more than 80 percent of the commercial property/casualty premiums in the United States and administer billions of dollars in employee benefit accounts.

The Council's Commercial Property/Casualty Market Index Survey is the longest running market survey in the industry, dating back to the fourth quarter 1999.

According to an analysis of The Council data by Lehman Brothers Equity Research, the average commercial p/c account renewing in the first quarter of 2006 experienced a rate decline of 2.7 percent.

The Lehman analysis and broker responses to open-ended questions in The Council survey suggested that the rate of decline in premium prices is slowing and in some cases, premiums may be stabilizing. The exception is in the coastal regions of the country where both commercial property capacity and wind coverage are problematic.

“Suddenly, after January 1, carriers wanted a flat (rate) or rate increase on renewal. This was in contrast to the rate reductions we saw prior to year-end. It came with no warning,” said a surveyed broker from the Southwest.

The pattern of stable to slightly reduced premiums on renewal accounts was evident across virtually all commercial p/c lines. The commercial p/c accounts most likely to experience premium rate increases at renewal, albeit relatively modest increases of between 1 and 10 percent, were commercial property, commercial auto, business interruption, medical malpractice, terrorism and broker E & O accounts.

“Overall rates are down EXCEPT for property cat exposures (which are) up more than 25 percent,” said a broker from the Midwest.

In responding to open-ended questions, brokers said as the next hurricane season rapidly approaches, Florida property capacity is limited, and coastal wind capacity is quickly diminishing.

“In personal lines, we are just about non-existent except for the state-run Citizens Insurance Co. The majority of the market has pulled out or is on standby getting decisions from management or reinsureds as to proposed action,” said one broker. “In regard to commercial, we are seeing increased property rates as a result of the continued multiple storms that occurred in Florida in 2004 and 2005.”

“Limited wind capacity,” said another respondent from the Southeast. “It takes 10 carriers now to do what two did last year on layered programs.”

For complete regional and national data charts, go to <http://www.ciab.com/marketsurveyQ106>.

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*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](http://www.ciab.com)*

# Commercial Property – Casualty Market Survey

## First Quarter 2006 Released: April 2006

Below are the survey results for: ALL REGIONS

NUMBER OF RESPONSES: 105

1. On average, how have premium rates changed over the last three months (January 1 - March 31) 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%	15%	37%	16%	8%	4%	3%	1%	1%	13%
Medium (\$25K – \$100K)	0%	5%	22%	45%	10%	4%	1%	2%	3%	2%	7%
Large (>\$100K)	2%	3%	24%	40%	9%	1%	5%	1%	5%	1%	9%

2. How much have premium rates changed over the last three months (January 1 - March 31) 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%	1%	10%	33%	15%	13%	7%	4%	1%	2%	14%
Broker E & O	0%	0%	2%	11%	18%	14%	3%	1%	0%	0%	50%
Commercial Auto	0%	3%	13%	43%	21%	10%	1%	0%	0%	0%	9%
Commercial Property	1%	2%	15%	34%	15%	10%	4%	6%	4%	4%	5%
Construction Risks	0% 0	3% 3	3% 3	29% 30	28% 29	10% 10	3% 3	0% 0	1% 1	1% 1	24% 25
D & O	0%	1%	10%	34%	23%	7%	1%	1%	0%	0%	23%
Employment Practices	0%	0%	10%	39%	23%	5%	0%	1%	0%	0%	22%
General Liability	1%	5%	16%	48%	17%	6%	1%	1%	0%	0%	6%
Medical Malpractice	0%	0%	3%	11%	23%	10%	0%	0%	0%	0%	53%
Surety Bonds	0%	0%	1%	8%	33%	8%	0%	0%	0%	0%	50%
Terrorism	0%	0%	4%	15%	43%	10%	2%	0%	0%	0%	27%
Umbrella	0%	2%	16%	50%	16%	9%	2%	0%	0%	0%	6%
Workers' Compensation	5%	4%	19%	40%	17%	6%	0%	0%	0%	0%	10%

**Commercial Property – Casualty Market Survey  
First Quarter 2006 Released: April 2006**

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 (January 1 - March 31) 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%	26%	39%	17%	4%	0%	0%	0%	0%	13%
Medium (\$25K – \$100K)	0%	4%	26%	30%	17%	0%	0%	0%	0%	0%	22%
Large (>\$100K)	0%	9%	26%	39%	4%	0%	4%	4%	0%	0%	13%

**2. How much have premium rates changed over the last 3 months (January 1 - March 31) 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%	35%	9%	13%	4%	9%	0%	0%	13%
Broker E & O	0%	0%	0%	4%	30%	13%	9%	0%	0%	0%	43%
Commercial Auto	0%	4%	13%	48%	17%	4%	0%	0%	0%	0%	13%
Commercial Property	0%	0%	17%	30%	17%	13%	0%	13%	0%	0%	9%
Construction Risks	0%	0%	0%	39%	26%	4%	0%	0%	0%	0%	30%
D & O	0%	0%	9%	43%	22%	13%	0%	0%	0%	0%	13%
Employment Practices	0%	0%	17%	39%	13%	13%	0%	0%	0%	0%	17%
General Liability	0%	4%	17%	39%	26%	0%	0%	0%	0%	0%	13%
Medical Malpractice	0%	0%	0%	4%	30%	9%	0%	0%	0%	0%	57%
Surety Bonds	0%	0%	0%	4%	39%	13%	0%	0%	0%	0%	43%
Terrorism	0%	0%	0%	9%	52%	17%	4%	0%	0%	0%	17%
Umbrella	0%	0%	17%	39%	17%	9%	0%	0%	0%	0%	17%
Worker's Compensation	0%	0%	17%	22%	35%	13%	0%	0%	0%	0%	13%

**Commercial Property – Casualty Market Survey  
First Quarter 2006 Released: April 2006**

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 (January 1 - March 31) 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%	4%	25%	21%	17%	8%	8%	4%	4%	8%
Medium (\$25K – \$100K)	0%	4%	8%	46%	4%	13%	0%	8%	8%	8%	0%
Large (>\$100K)	4%	0%	13%	38%	8%	0%	13%	0%	17%	4%	4%

**2. How much have premium rates changed over the last 3 months (January 1 - March 31) 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%	0%	25%	4%	17%	17%	8%	4%	4%	17%
Broker E & O	0%	0%	4%	4%	17%	13%	4%	0%	0%	0%	58%
Commercial Auto	0%	4%	4%	33%	29%	17%	4%	0%	0%	0%	8%
Commercial Property	0%	0%	4%	38%	8%	4%	8%	8%	13%	13%	4%
Construction Risks	0%	4%	0%	17%	29%	13%	8%	0%	4%	4%	21%
D & O	0%	0%	17%	33%	13%	8%	0%	4%	0%	0%	25%
Employment Practices	0%	0%	13%	33%	21%	0%	0%	4%	0%	0%	29%
General Liability	0%	8%	8%	42%	17%	8%	4%	4%	0%	0%	8%
Medical Malpractice	0%	0%	4%	13%	21%	13%	0%	0%	0%	0%	50%
Surety Bonds	0%	0%	4%	4%	17%	13%	0%	0%	0%	0%	63%
Terrorism	0%	0%	4%	17%	33%	21%	0%	0%	0%	0%	25%
Umbrella	0%	0%	13%	50%	8%	17%	4%	0%	0%	0%	8%
Worker's Compensation	0%	0%	21%	46%	8%	8%	0%	0%	0%	0%	17%

**Commercial Property – Casualty Market Survey**  
**First Quarter 2006 Released: April 2006**

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 (January 1 - March 31) 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%	25%	45%	10%	5%	0%	0%	0%	0%	15%
Medium (\$25K – \$100K)	0%	5%	20%	60%	10%	5%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	5%	20%	55%	5%	5%	0%	0%	0%	0%	10%

**2. How much have premium rates changed over the last 3 months (January 1 - March 31) 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%	5%	50%	10%	15%	0%	0%	0%	0%	20%
Broker E & O	0%	0%	0%	5%	20%	15%	0%	0%	0%	0%	60%
Commercial Auto	0%	0%	20%	45%	15%	10%	0%	0%	0%	0%	10%
Commercial Property	0%	5%	20%	55%	5%	10%	0%	0%	5%	0%	0%
Construction Risks	0%	0%	10%	30%	20%	15%	0%	0%	0%	0%	25%
D & O	0%	5%	10%	20%	30%	5%	0%	0%	0%	0%	30%
Employment Practices	0%	0%	5%	35%	30%	0%	0%	0%	0%	0%	30%
General Liability	0%	5%	20%	60%	5%	5%	0%	0%	0%	0%	5%
Medical Malpractice	0%	0%	0%	20%	10%	15%	0%	0%	0%	0%	55%
Surety Bonds	0%	0%	0%	5%	35%	10%	0%	0%	0%	0%	50%
Terrorism	0%	0%	5%	10%	55%	0%	0%	0%	0%	0%	30%
Umbrella	0%	0%	25%	50%	15%	5%	0%	0%	0%	0%	5%
Worker's Compensation	0%	0%	15%	55%	15%	5%	0%	0%	0%	0%	10%

## Commercial Property – Casualty Market Survey First Quarter 2006      Released: April 2006

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 (January 1 - March 31) 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%	15%	54%	0%	15%	8%	0%	0%	0%	8%
Medium (\$25K – \$100K)	0%	0%	38%	38%	15%	0%	0%	0%	0%	0%	8%
Large (>\$100K)	0%	8%	38%	31%	15%	0%	0%	0%	0%	0%	8%

**2. How much have premium rates changed over the last 3 months (January 1 - March 31) 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%	15%	23%	31%	23%	0%	0%	0%	0%	8%
Broker E & O	0%	0%	8%	23%	0%	8%	0%	0%	0%	0%	62%
Commercial Auto	0%	0%	23%	54%	8%	8%	0%	0%	0%	0%	8%
Commercial Property	0%	8%	8%	31%	23%	23%	0%	0%	0%	0%	8%
Construction Risks	0%	0%	0%	38%	31%	8%	0%	0%	0%	0%	23%
D & O	0%	0%	8%	62%	15%	0%	0%	0%	0%	0%	15%
Employment Practices	0%	0%	8%	62%	15%	0%	0%	0%	0%	0%	15%
General Liability	0%	0%	23%	62%	15%	0%	0%	0%	0%	0%	0%
Medical Malpractice	0%	0%	8%	8%	23%	0%	0%	0%	0%	0%	62%
Surety Bonds	0%	0%	0%	8%	38%	0%	0%	0%	0%	0%	54%
Terrorism	0%	0%	8%	31%	31%	8%	0%	0%	0%	0%	23%
Umbrella	0%	0%	15%	54%	23%	8%	0%	0%	0%	0%	0%
Worker's Compensation	15%	8%	38%	15%	23%	0%	0%	0%	0%	0%	0%

## Commercial Property – Casualty Market Survey First Quarter 2006      Released: April 2006

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 (January 1 - March 31) 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%	32%	24%	0%	4%	4%	0%	0%	20%
Medium (\$25K – \$100K)	0%	8%	24%	52%	4%	0%	4%	0%	4%	0%	4%
Large (>\$100K)	4%	4%	28%	40%	8%	0%	4%	0%	4%	0%	8%

**2. How much have premium rates changed over the last 3 months (January 1 - March 31) 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%	12%	32%	28%	4%	8%	0%	0%	4%	12%
Broker E & O	0%	0%	0%	24%	16%	20%	0%	4%	0%	0%	36%
Commercial Auto	0%	4%	12%	40%	28%	12%	0%	0%	0%	0%	4%
Commercial Property	4%	0%	24%	20%	24%	8%	8%	4%	0%	4%	4%
Construction Risks	0%	8%	4%	20%	32%	8%	4%	0%	0%	0%	24%
D & O	0%	0%	8%	24%	32%	4%	4%	0%	0%	0%	28%
Employment Practices	0%	0%	8%	36%	32%	8%	0%	0%	0%	0%	16%
General Liability	4%	4%	16%	44%	16%	12%	0%	0%	0%	0%	4%
Medical Malpractice	0%	0%	4%	12%	28%	8%	0%	0%	0%	0%	48%
Surety Bonds	0%	0%	0%	16%	36%	0%	0%	0%	0%	0%	48%
Terrorism	0%	0%	4%	16%	40%	0%	4%	0%	0%	0%	36%
Umbrella	0%	8%	8%	52%	20%	4%	4%	0%	0%	0%	4%
Worker's Compensation	12%	12%	12%	48%	8%	0%	0%	0%	0%	0%	8%

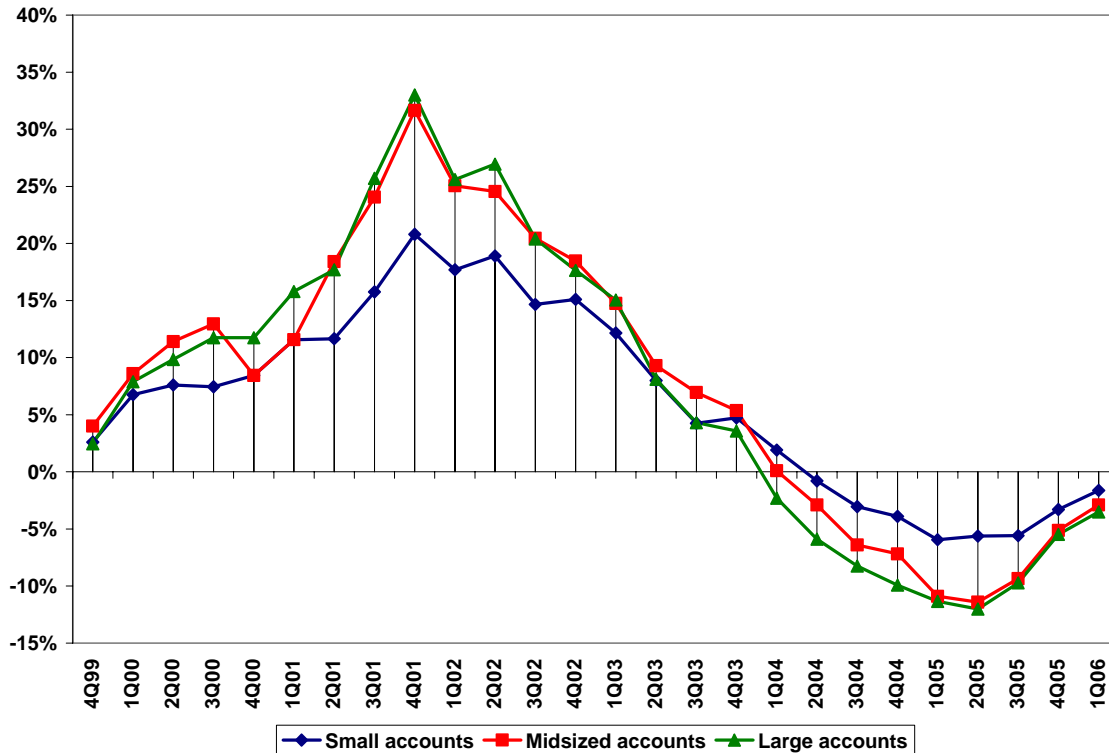


# Average 1Q06 Commercial Rates Decreased 2.7%

Average Rate Declined 2.7% in 1Q06				
	Small	Mid	Large	Avg
1Q06	-1.6%	-2.9%	-3.5%	-2.7%
4Q05	-3.3%	-5.1%	-5.5%	-4.6%
3Q05	-5.6%	-9.4%	-9.7%	-8.2%
2Q05	-5.6%	-11.4%	-12.0%	-9.7%
1Q05	-6.0%	-10.9%	-11.4%	-9.4%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low	-6.0% (1Q05)	-11.4% (2Q05)	-12.0% (2Q05)	-9.8%

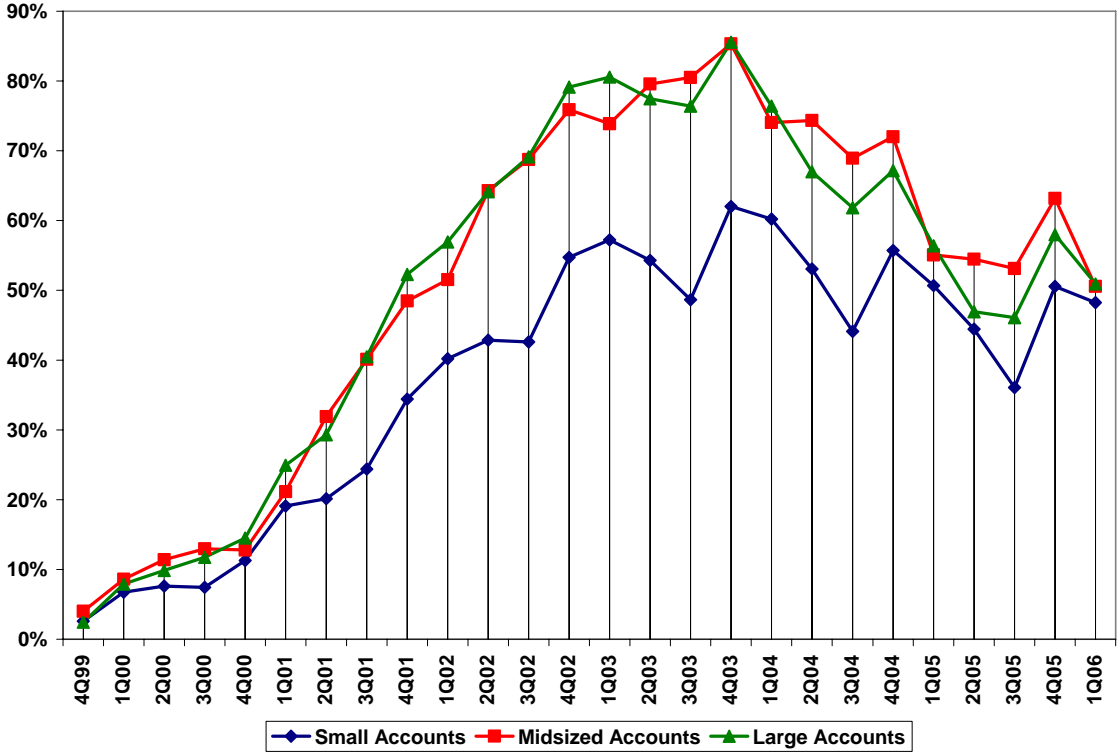
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

## Average Commercial Premium 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



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

### **By-Line 1Q06 Rate Changes Ranged From -7.9% to +2.3%**

<b>By-Line 1Q06 Rate Changes Ranged From -7.9% to +2.3%</b>						
	<b>Comm'l Auto</b>	<b>Workers' Comp</b>	<b>Comm'l Property</b>	<b>Gen'l Liability</b>	<b>Umbrella</b>	<b>Average</b>
<b>1Q06</b>	-4.0%	-7.9%	2.3%	-5.3%	-4.1%	-3.8%
<b>4Q05</b>	-4.2%	-4.6%	-1.0%	-4.7%	-2.0%	-3.3%
<b>3Q05</b>	-6.0%	-6.8%	-9.2%	-8.4%	-6.3%	-7.3%
<b>2Q05</b>	-6.0%	-7.3%	-13.3%	-9.1%	-6.6%	-8.4%
<b>1Q05</b>	-6.6%	-5.3%	-13.1%	-9.2%	-6.5%	-8.1%
<b>High</b>	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
<b>Low</b>	-6.6%	-7.9%	-13.3%	-9.2%	-6.6%	-8.7%

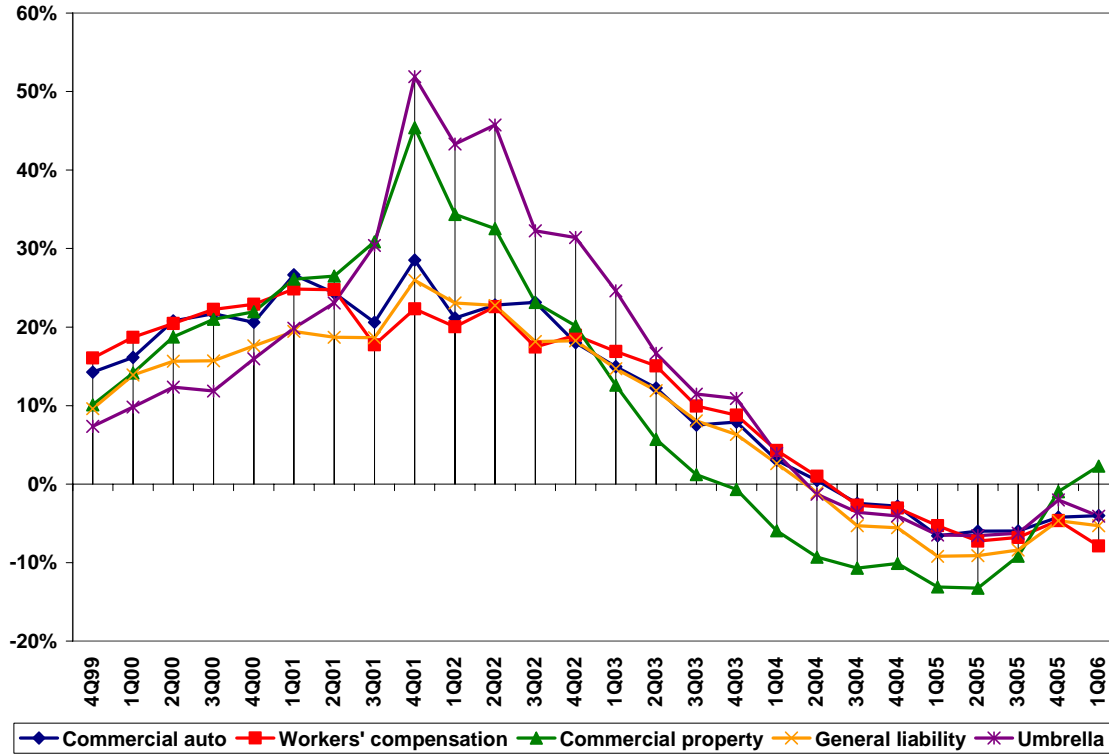
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

### **Rate Changes in Other Lines**

<b>1Q06 Rate Changes in Other Lines</b>			
	<b>1Q06</b>	<b>High</b>	<b>Low</b>
<b>Business interruption</b>	1.4%	28.8%	-8.1%
<b>Construction</b>	0.3%	38.7%	-3.6%
<b>D&amp;O liability</b>	-2.6%	32.4%	-4.8%
<b>Employment practices</b>	-3.7%	21.9%	-4.4%
<b>Medical malpractice</b>	-0.6%	32.5%	-0.6%
<b>Surety bonds</b>	-0.2%	11.2%	-0.5%

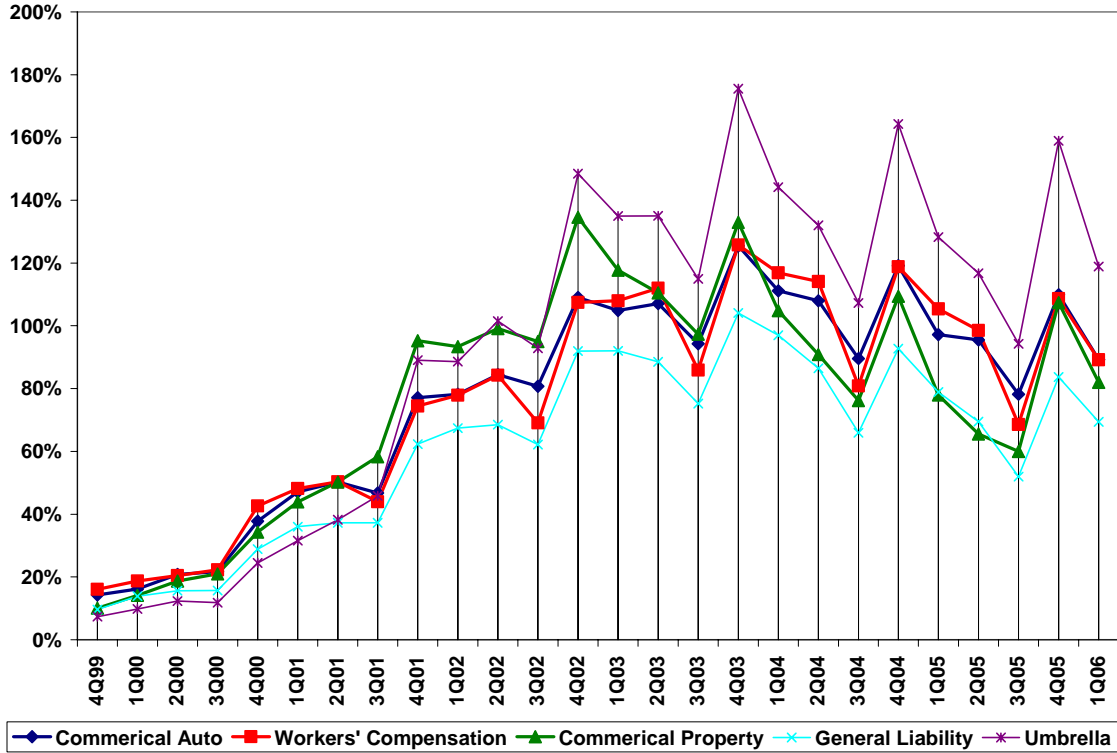
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

## Average Commercial Rate Increases by Line



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

## Cumulative Quarterly Rate Increases by Line

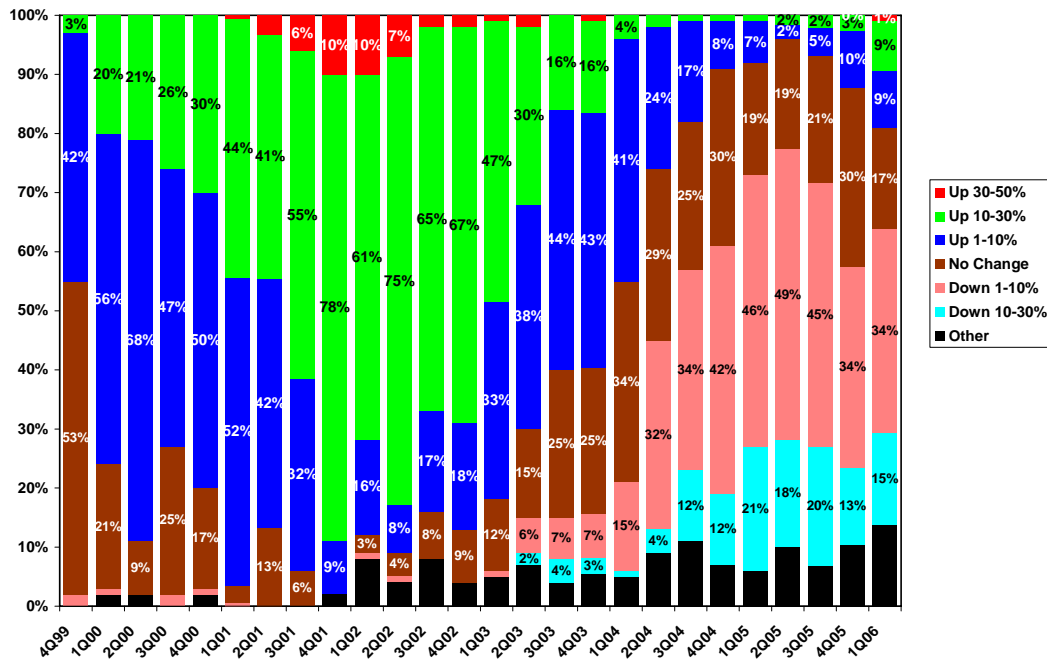


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

## Insurance Rate Changes, Small Commercial Accounts\*

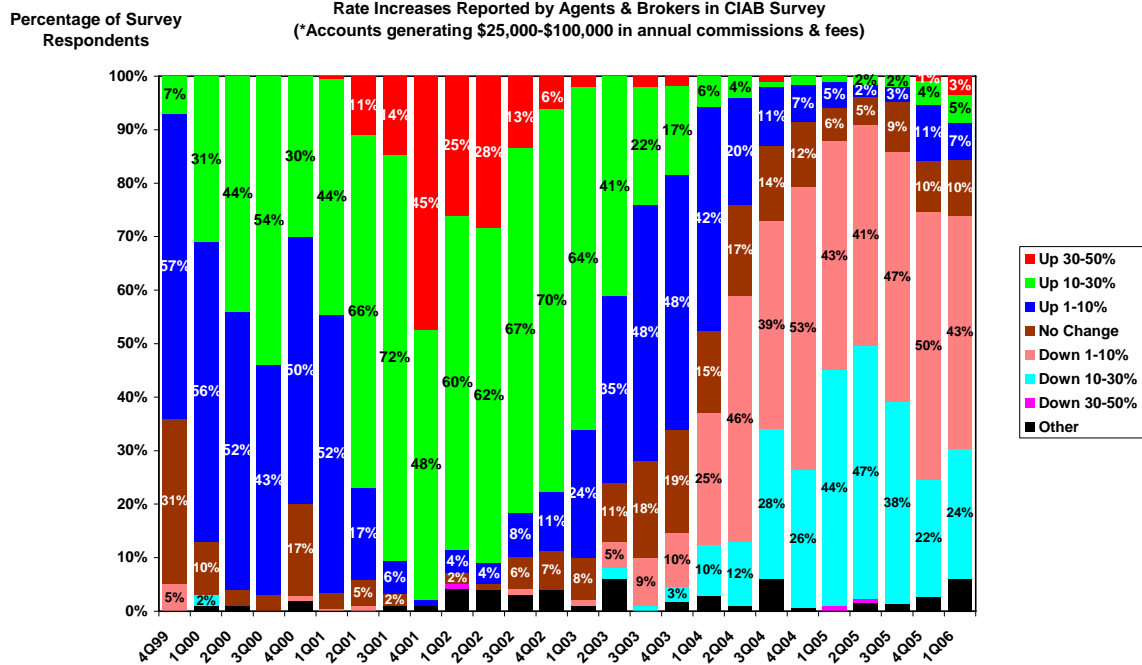
Percentage of Survey Respondents

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



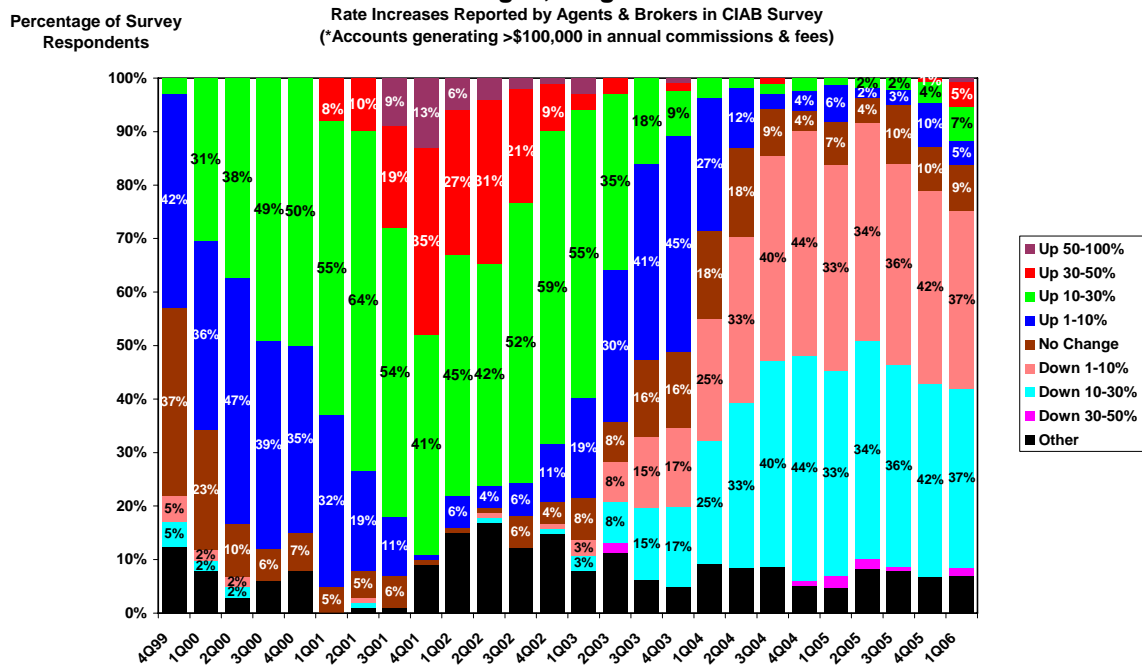
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

### Insurance Rate Changes, Medium Commercial Accounts\*



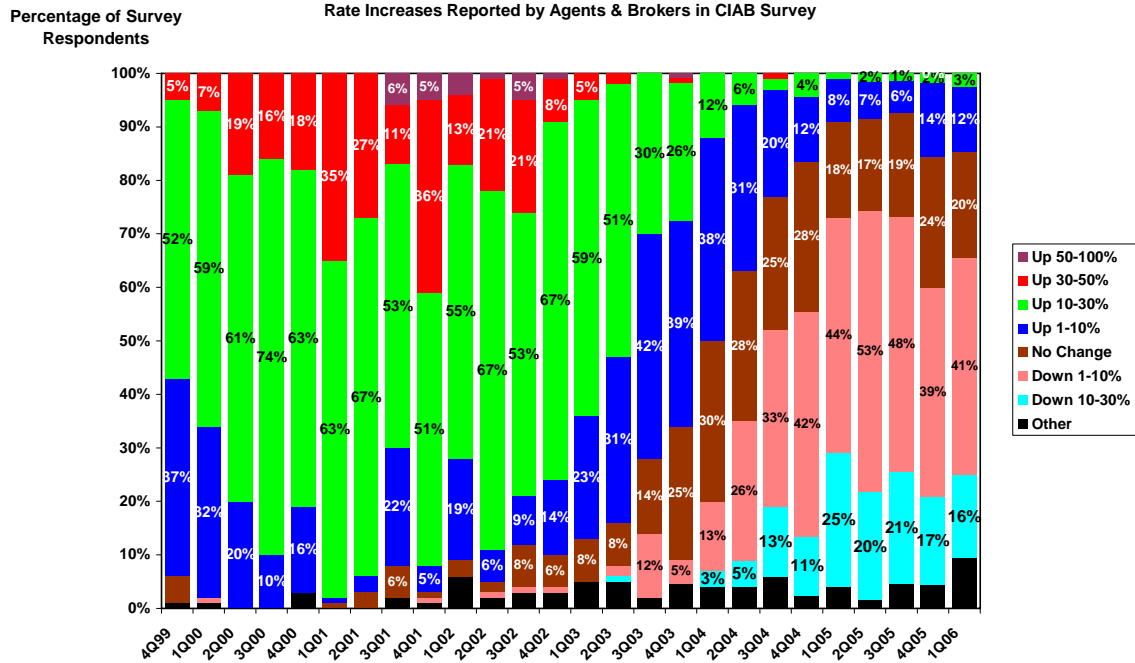
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

### Insurance Rate Changes, Large Commercial Accounts\*



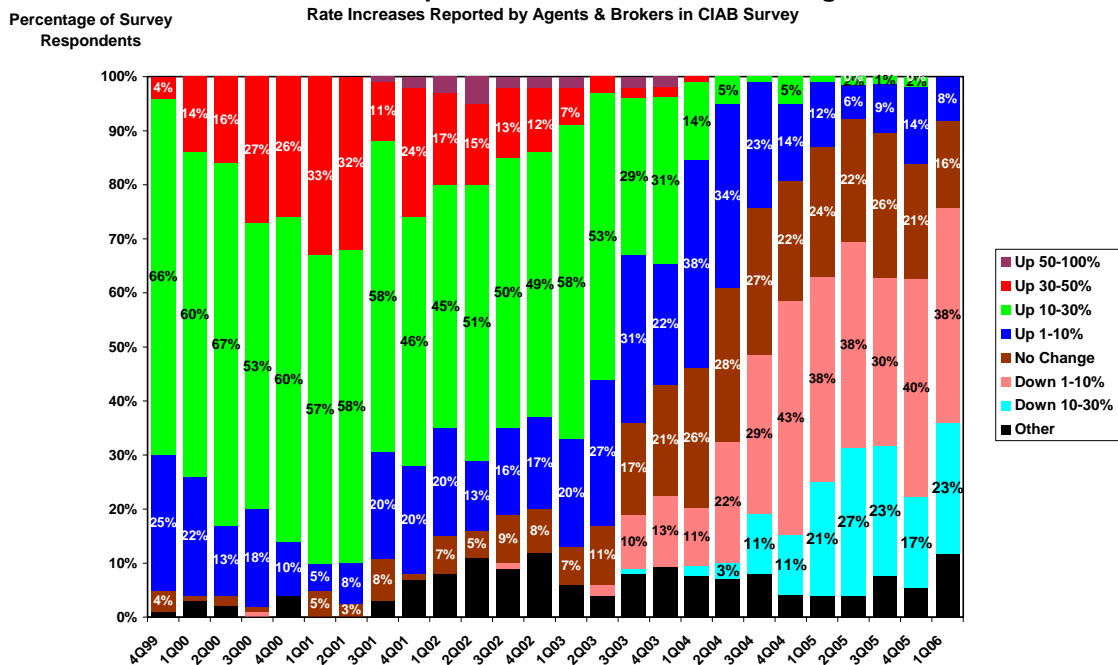
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

## Commercial Auto Insurance Rate Changes



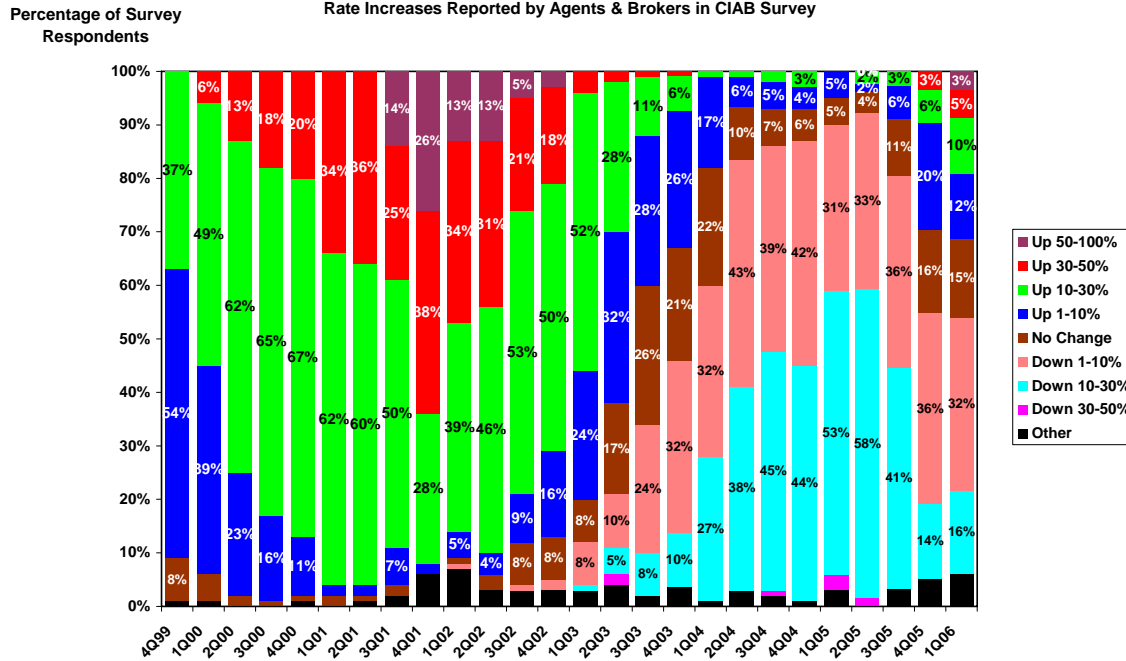
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

## Workers' Compensation Insurance Rate Changes



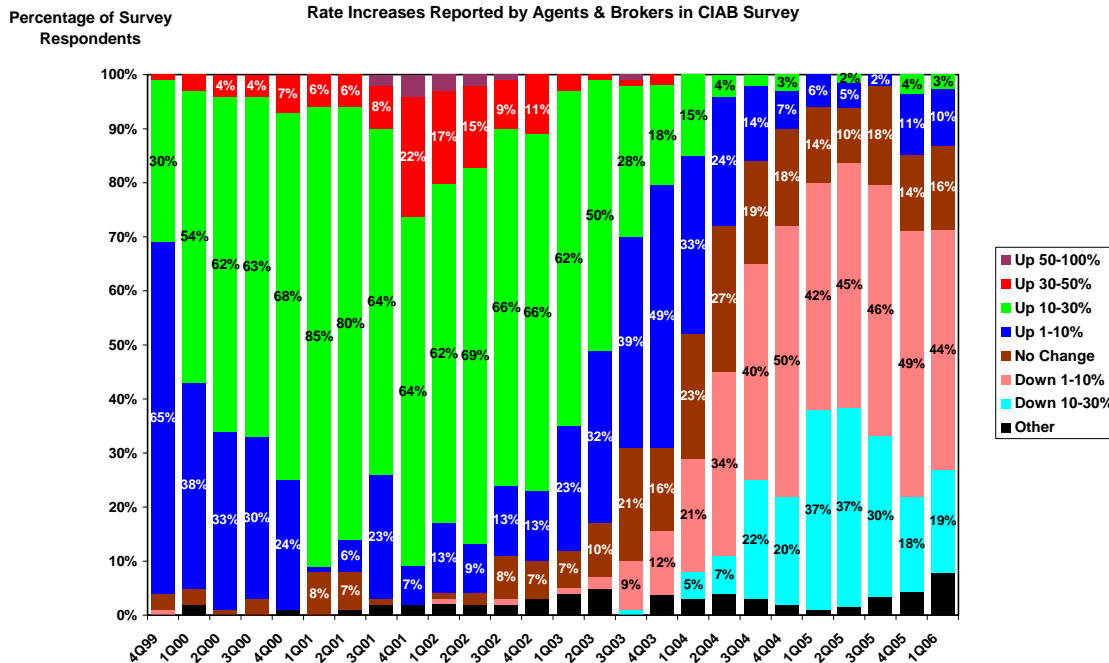
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

## Commercial Property Insurance Rate Changes



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

## Commercial General Liability Insurance Rate Changes

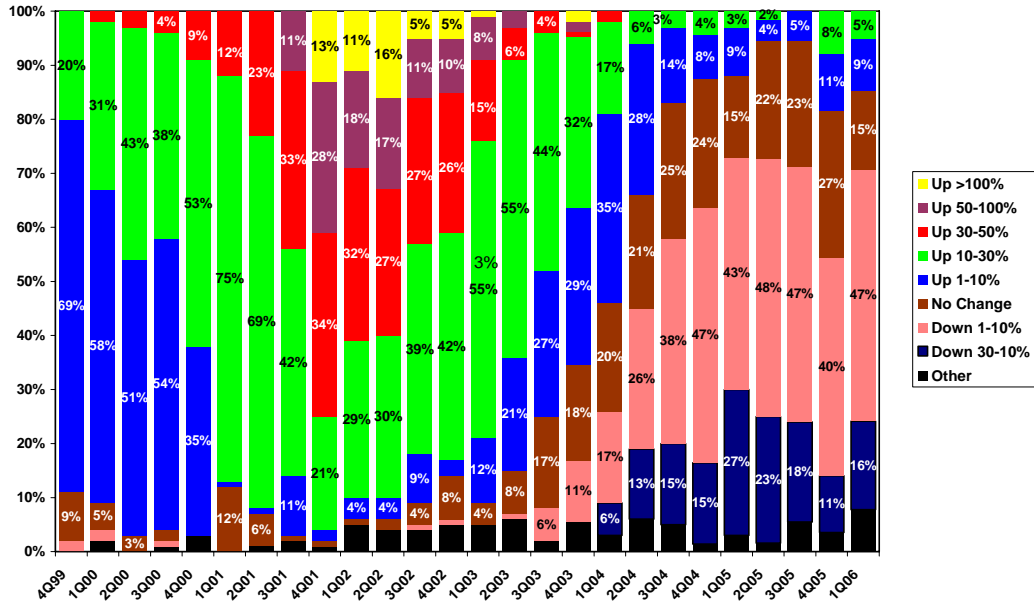


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.



## Umbrella Insurance Rate Changes

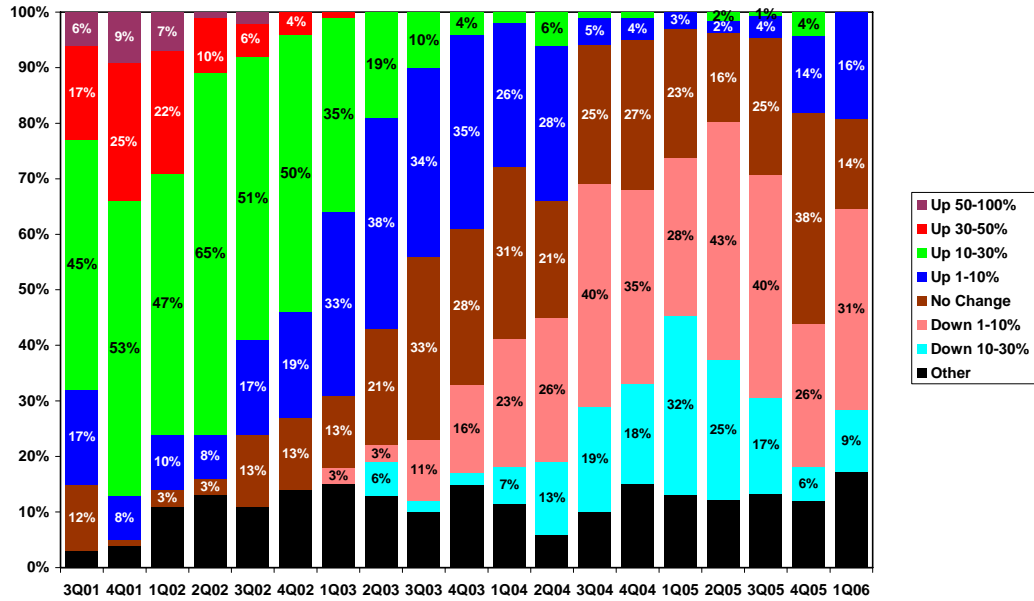
Rate Increases Reported by Agents & Brokers in CIAB Survey  
Percentage of Survey Respondents



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.