



THE COUNCIL
of INSURANCE
AGENTS & BROKERS

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The Council of Insurance Agents & Brokers
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For Immediate Release

Sharp Premium Drops, Looser Underwriting Reported for First Quarter 2007

WASHINGTON – Commercial property/casualty premiums for all sizes of accounts dropped sharply during the first quarter of 2007, with indications that insurance companies are starting to loosen underwriting standards and price aggressively to get business, according to the latest Commercial Property/Casualty Market Index by The Council of Insurance Agents & Brokers

“Once again, underwriting is out the door as the companies fight for growth/premium,” observed an agent from the Southwest.

“All of the carriers want and need new business, and they are willing to do anything to get it,” said another broker.

The Council represents the leading domestic and international commercial insurance brokers who write 80 percent of the premiums annually in the United States and administer billions of dollars in employee benefit accounts. The Council’s market surveys, which have been conducted since the fourth quarter of 1999, ask respondents to compare market conditions and premiums quarter-to-quarter.

One broker from the Northeast, calling the premium drop “dramatic,” said rates in the most recent quarter fell more sharply than during all of 2006.

Seventy-seven percent of the survey respondents said their small account premiums for January through March 2007 were down 1-30 percent, while 94 percent said their medium accounts were down 1-30 percent. Eighty-five percent said their large account premiums were down 1-30 percent.

An analysis of the survey findings by Lehman Brothers placed the average premium decrease for accounts in the first quarter at 11.3 percent. The Lehman analysis said premium changes for all sizes of accounts were at their lowest point since they peaked in the fourth quarter of 2001 following the 9/11 terrorist attacks.

Although the premium rate decreases have been evident in the last several market index surveys, this was the first time that less restrictive underwriting was widely reported. Brokers and agents from every section of the country said carriers were writing and quoting accounts that a year ago they would not consider.

“Underwriters are buying new business in the Midwest,” one broker reported.

“More companies jumping in on each line. It’s going to get more competitive still,” said a broker from the Pacific Northwest.

Coastal property/casualty, wind coverage and California earthquake coverage remained tough to find and expensive, but no worse than previously reported, the agents and brokers said. And many coverages previously placed in the surplus lines market are now moving back to the standard markets, the survey respondents said.

*Founded in 1913, **The Council** is the premier association for commercial insurance and employee benefits intermediaries. The Council represents the leading commercial brokers and agents in the United States and abroad. Council members annually write 80 percent of all commercial property/casualty premiums in the United States and administer billions of dollars in employee benefits accounts.*
www.ciab.com

Commercial Property – Casualty Market Survey

1st Quarter 2007 Released: April 2007

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

NUMBER OF RESPONSES: 106

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%	6%	21%	50%	17%	0%	0%	1%	0%	0%	6%
Medium (\$25K – \$100K)	1%	14%	36%	42%	6%	1%	0%	1%	0%	0%	0%
Large (>\$100K)	3%	17%	38%	30%	6%	0%	0%	0%	1%	0%	6%

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%	7%	26%	45%	16%	3%	1%	0%	0%	0%	2%
Broker E & O	0%	0%	7%	19%	33%	1%	0%	0%	0%	0%	41%
Commercial Auto	0%	7%	31%	51%	9%	1%	0%	0%	0%	0%	1%
Commercial Property	0%	10%	33%	42%	9%	4%	1%	0%	1%	0%	0%
Construction Risks	0%	8%	22%	40%	13%	1%	0%	0%	1%	0%	15%
D & O	0%	3%	25%	44%	20%	1%	0%	0%	0%	0%	8%
Flood Insurance	0%	2%	1%	14%	51%	6%	1%	0%	0%	0%	25%
Employment Practices	0%	2%	17%	44%	27%	0%	0%	0%	0%	0%	9%
General Liability	0%	11%	38%	44%	5%	0%	0%	1%	0%	0%	1%
Medical Malpractice	0%	1%	8%	23%	20%	3%	0%	0%	0%	0%	45%
Surety Bonds	0%	0%	2%	12%	52%	0%	0%	0%	0%	0%	34%
Terrorism	0%	2%	7%	15%	48%	2%	1%	0%	0%	0%	25%
Umbrella	0%	9%	26%	52%	10%	0%	0%	1%	0%	0%	1%
Workers' Compensation	2%	10%	25%	45%	12%	3%	1%	1%	0%	0%	1%

Commercial Property – Casualty Market Survey
1st Quarter 2007 Released: April 2007

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%	4%	11%	57%	21%	0%	0%	0%	0%	0%	7%
Medium (\$25K – \$100K)	0%	14%	29%	54%	4%	0%	0%	0%	0%	0%	0%
Large (>\$100K)	4%	21%	46%	25%	0%	0%	0%	0%	0%	0%	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%	14%	29%	39%	14%	0%	0%	0%	0%	0%	4%
Broker E & O	0%	0%	7%	25%	29%	0%	0%	0%	0%	0%	39%
Commercial Auto	0%	7%	32%	50%	7%	0%	0%	0%	0%	0%	4%
Commercial Property	0%	21%	21%	50%	7%	0%	0%	0%	0%	0%	0%
Construction Risks	0%	14%	18%	36%	18%	4%	0%	0%	0%	0%	11%
D & O	0%	7%	14%	50%	21%	0%	0%	0%	0%	0%	7%
Flood Insurance	0%	4%	4%	18%	57%	4%	0%	0%	0%	0%	14%
Employment Practices	0%	4%	14%	46%	18%	0%	0%	0%	0%	0%	18%
General Liability	0%	11%	32%	50%	4%	0%	0%	0%	0%	0%	4%
Medical Malpractice	0%	0%	7%	21%	29%	0%	0%	0%	0%	0%	43%
Surety Bonds	0%	0%	0%	21%	50%	0%	0%	0%	0%	0%	29%
Terrorism	0%	0%	4%	18%	54%	4%	0%	0%	0%	0%	21%
Umbrella	0%	11%	25%	54%	7%	0%	0%	0%	0%	0%	4%
Worker's Compensation	0%	4%	25%	50%	18%	0%	0%	0%	0%	0%	4%

Commercial Property – Casualty Market Survey

1st Quarter 2007 Released: April 2007

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%	15%	30%	37%	11%	0%	0%	4%	0%	0%	4%
Medium (\$25K – \$100K)	4%	19%	37%	30%	7%	0%	0%	4%	0%	0%	0%
Large (>\$100K)	0%	30%	26%	19%	15%	0%	0%	0%	4%	0%	7%

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%	7%	30%	48%	7%	4%	4%	0%	0%	0%	0%
Broker E & O	0%	0%	4%	11%	37%	0%	0%	0%	0%	0%	48%
Commercial Auto	0%	7%	44%	37%	7%	4%	0%	0%	0%	0%	0%
Commercial Property	0%	11%	41%	26%	11%	7%	0%	0%	4%	0%	0%
Construction Risks	0%	11%	26%	37%	19%	0%	0%	0%	4%	0%	4%
D & O	0%	0%	26%	44%	19%	4%	0%	0%	0%	0%	7%
Flood Insurance	0%	0%	0%	11%	59%	0%	0%	0%	0%	0%	30%
Employment Practices	0%	4%	15%	56%	26%	0%	0%	0%	0%	0%	0%
General Liability	0%	22%	37%	30%	7%	0%	0%	4%	0%	0%	0%
Medical Malpractice	0%	4%	7%	11%	26%	4%	0%	0%	0%	0%	48%
Surety Bonds	0%	0%	0%	15%	52%	0%	0%	0%	0%	0%	33%
Terrorism	0%	4%	4%	7%	56%	0%	4%	0%	0%	0%	26%
Umbrella	0%	15%	26%	44%	11%	0%	0%	4%	0%	0%	0%
Worker's Compensation	0%	4%	30%	41%	15%	4%	4%	4%	0%	0%	0%

Commercial Property – Casualty Market Survey
1st Quarter 2007 Released: April 2007

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%	6%	44%	44%	6%	0%	0%	0%	0%	0%	0%
Medium (\$25K – \$100K)	0%	17%	39%	44%	0%	0%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	11%	33%	44%	0%	0%	0%	0%	0%	0%	11%

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%	6%	17%	67%	11%	0%	0%	0%	0%	0%	0%
Broker E & O	0%	0%	6%	17%	39%	0%	0%	0%	0%	0%	39%
Commercial Auto	0%	11%	22%	61%	6%	0%	0%	0%	0%	0%	0%
Commercial Property	0%	6%	39%	56%	0%	0%	0%	0%	0%	0%	0%
Construction Risks	0%	11%	22%	39%	6%	0%	0%	0%	0%	0%	22%
D & O	0%	6%	22%	44%	22%	0%	0%	0%	0%	0%	6%
Flood Insurance	0%	6%	0%	11%	44%	6%	6%	0%	0%	0%	28%
Employment Practices	0%	0%	22%	39%	28%	0%	0%	0%	0%	0%	11%
General Liability	0%	11%	33%	56%	0%	0%	0%	0%	0%	0%	0%
Medical Malpractice	0%	0%	11%	39%	6%	6%	0%	0%	0%	0%	39%
Surety Bonds	0%	0%	6%	11%	56%	0%	0%	0%	0%	0%	28%
Terrorism	0%	6%	11%	17%	44%	6%	0%	0%	0%	0%	17%
Umbrella	0%	17%	11%	67%	6%	0%	0%	0%	0%	0%	0%
Worker's Compensation	6%	11%	11%	50%	17%	6%	0%	0%	0%	0%	0%

Commercial Property – Casualty Market Survey 1st Quarter 2007 Released: April 2007

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%	9%	64%	18%	0%	0%	0%	0%	0%	9%
Medium (\$25K – \$100K)	0%	0%	27%	73%	0%	0%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	9%	45%	45%	0%	0%	0%	0%	0%	0%	0%

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%	18%	45%	27%	9%	0%	0%	0%	0%	0%
Broker E & O	0%	0%	9%	27%	36%	9%	0%	0%	0%	0%	18%
Commercial Auto	0%	0%	18%	64%	18%	0%	0%	0%	0%	0%	0%
Commercial Property	0%	0%	36%	45%	9%	0%	9%	0%	0%	0%	0%
Construction Risks	0%	0%	18%	64%	9%	0%	0%	0%	0%	0%	9%
D & O	0%	0%	36%	36%	18%	0%	0%	0%	0%	0%	9%
Flood Insurance	0%	0%	0%	9%	45%	9%	0%	0%	0%	0%	36%
Employment Practices	0%	0%	18%	18%	45%	0%	0%	0%	0%	0%	18%
General Liability	0%	0%	36%	64%	0%	0%	0%	0%	0%	0%	0%
Medical Malpractice	0%	0%	9%	45%	9%	9%	0%	0%	0%	0%	27%
Surety Bonds	0%	0%	0%	0%	73%	0%	0%	0%	0%	0%	27%
Terrorism	0%	0%	0%	45%	27%	0%	0%	0%	0%	0%	27%
Umbrella	0%	0%	36%	55%	9%	0%	0%	0%	0%	0%	0%
Worker's Compensation	0%	27%	55%	9%	9%	0%	0%	0%	0%	0%	0%

Commercial Property – Casualty Market Survey
1st Quarter 2007 Released: April 2007

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%	0%	14%	50%	27%	0%	0%	0%	0%	0%	9%
Medium (\$25K – \$100K)	0%	14%	41%	27%	14%	5%	0%	0%	0%	0%	0%
Large (>\$100K)	9%	5%	45%	27%	9%	0%	0%	0%	0%	0%	5%

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.

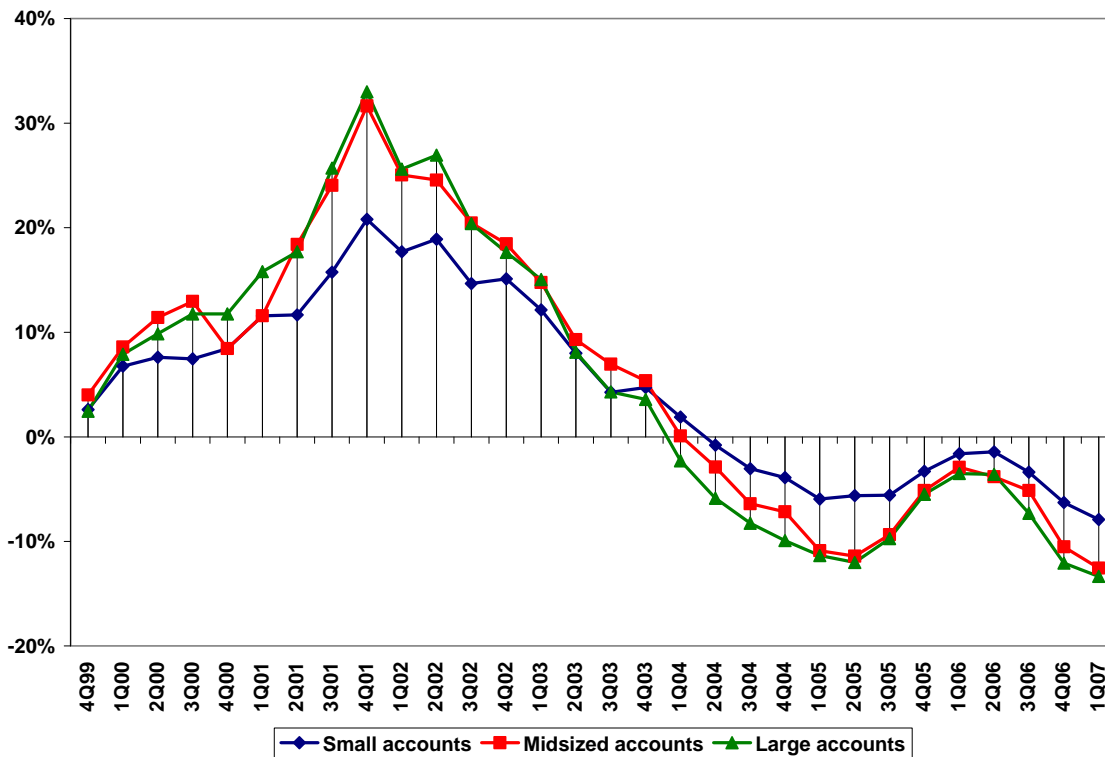
	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10- 20%	8 Up 20- 30%	9 Up 30- 50%	10 Up 50- 100%	N/A
Business Interruption	0%	0%	32%	32%	27%	5%	0%	0%	0%	0%	5%
Broker E & O	0%	0%	9%	18%	27%	0%	0%	0%	0%	0%	45%
Commercial Auto	0%	5%	27%	55%	14%	0%	0%	0%	0%	0%	0%
Commercial Property	0%	5%	32%	36%	18%	9%	0%	0%	0%	0%	0%
Construction Risks	0%	0%	23%	36%	9%	0%	0%	0%	0%	0%	32%
D & O	0%	0%	32%	41%	18%	0%	0%	0%	0%	0%	9%
Flood Insurance	0%	0%	0%	18%	41%	14%	0%	0%	0%	0%	27%
Employment Practices	0%	0%	18%	45%	32%	0%	0%	0%	0%	0%	5%
General Liability	0%	5%	50%	36%	9%	0%	0%	0%	0%	0%	0%
Medical Malpractice	0%	0%	9%	14%	18%	0%	0%	0%	0%	0%	59%
Surety Bonds	0%	0%	5%	5%	41%	0%	0%	0%	0%	0%	50%
Terrorism	0%	0%	14%	5%	45%	0%	0%	0%	0%	0%	36%
Umbrella	0%	0%	36%	45%	18%	0%	0%	0%	0%	0%	0%
Worker's Compensation	5%	23%	36%	36%	0%	0%	0%	0%	0%	0%	0%

Average 1Q07 Commercial Rates Decreased 11.3%

Average Rate Declined 11.3% in 1Q07				
	Small	Mid	Large	Avg
1Q07	-7.9%	-12.6%	-13.4%	-11.3%
4Q06	-6.3%	-10.5%	-12.1%	-9.6%
3Q06	-3.4%	-5.1%	-7.3%	-5.3%
2Q06	-1.4%	-3.8%	-3.6%	-3.0%
1Q06	-1.6%	-2.9%	-3.5%	-2.7%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low (1Q07)	-7.9%	-12.6%	-13.4%	-11.3%

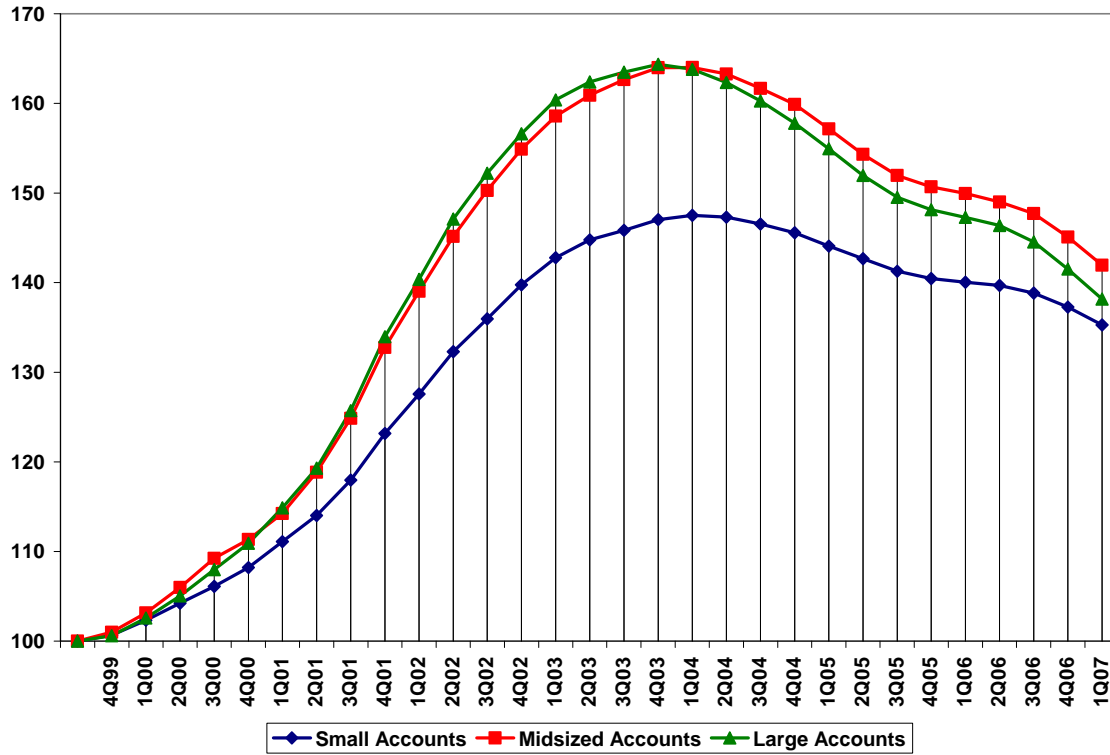
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

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 1Q07 Rate Changes Ranged From -9.4% to -11.9%

By-Line 1Q07 Rate Changes Ranged From -9.4% to -11.9%						
	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
1Q07	-10.2%	-9.4%	-10.2%	-11.9%	-9.8%	-10.3%
4Q06	-9.3%	-8.1%	-8.1%	-9.6%	-7.7%	-8.6%
3Q06	-6.5%	-6.8%	-1.4%	-6.9%	-5.5%	-5.4%
2Q06	-4.5%	-6.9%	9.3%	-5.6%	-3.6%	-2.3%
1Q06	-4.0%	-7.9%	2.3%	-5.3%	-4.1%	-3.8%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-10.2%	-9.4%	-13.3%	-11.9%	-9.8%	-10.9%

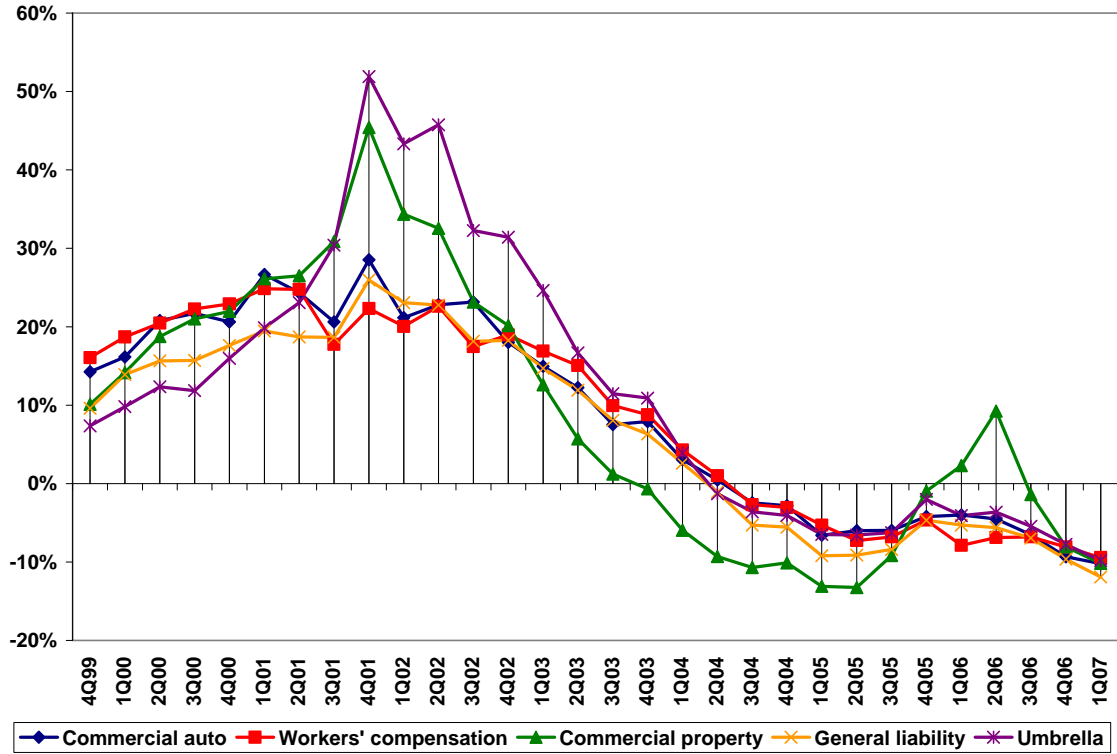
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Rate Changes in Other Lines

1Q07 Rate Changes in Other Lines			
	1Q07	High	Low
Business interruption	-8.8%	28.8%	-8.8%
Construction	-7.7%	38.7%	-7.7%
D&O liability	-7.7%	32.4%	-7.7%
Employment practices	-6.0%	21.9%	-6.0%
Medical malpractice	-2.7%	32.5%	-2.7%
Surety bonds	-1.0%	11.2%	-1.0%

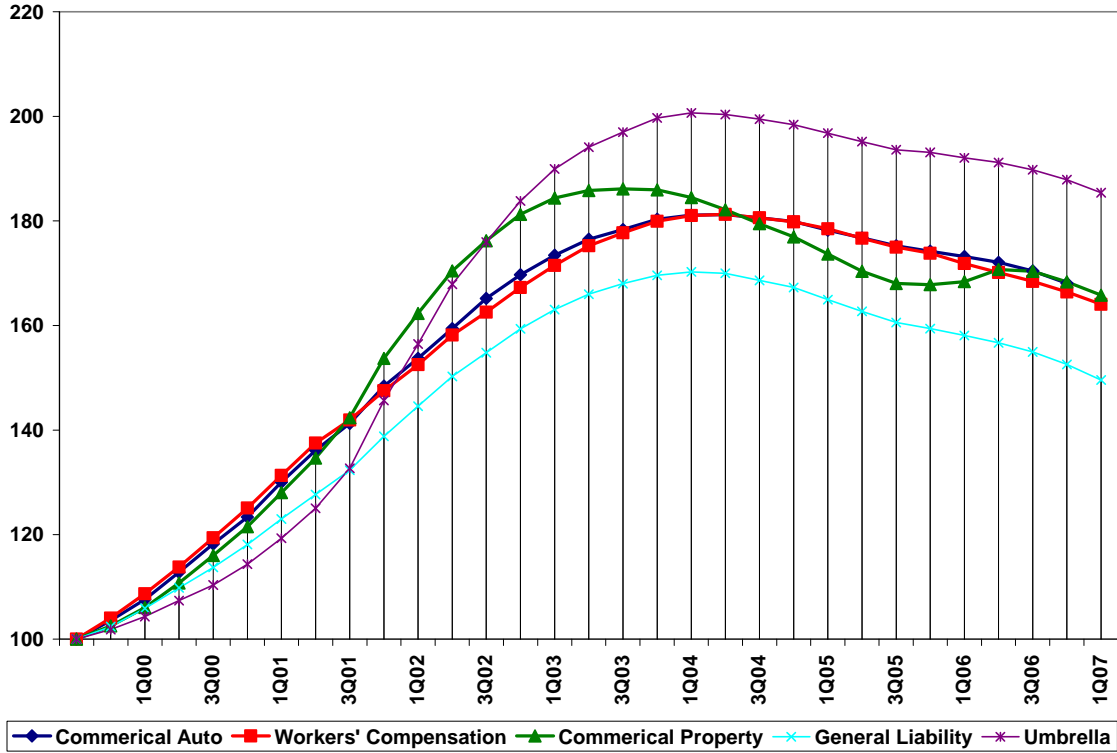
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

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

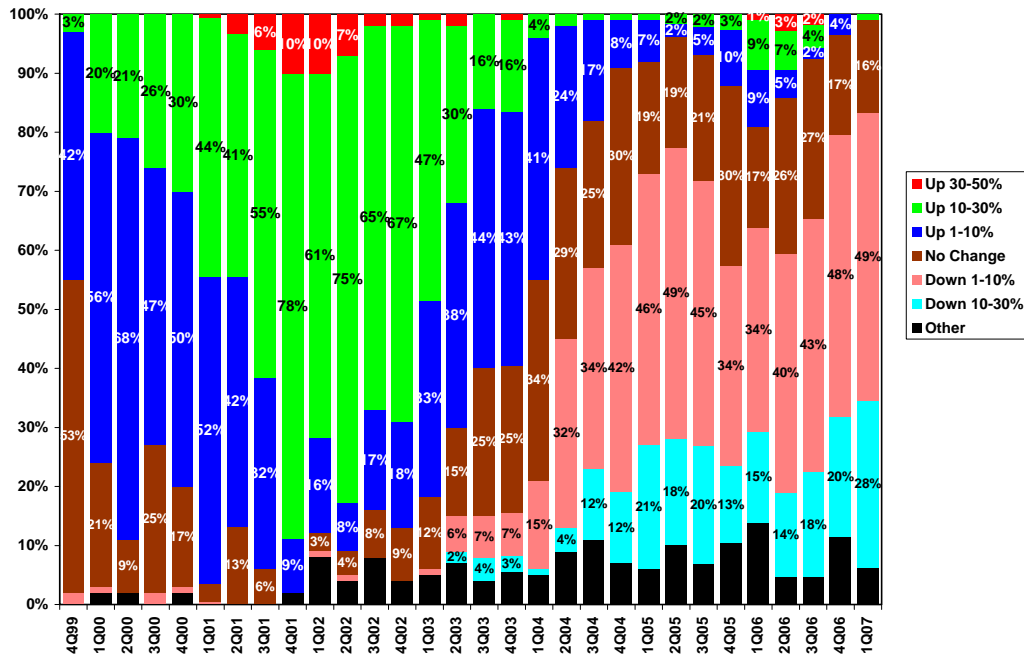


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

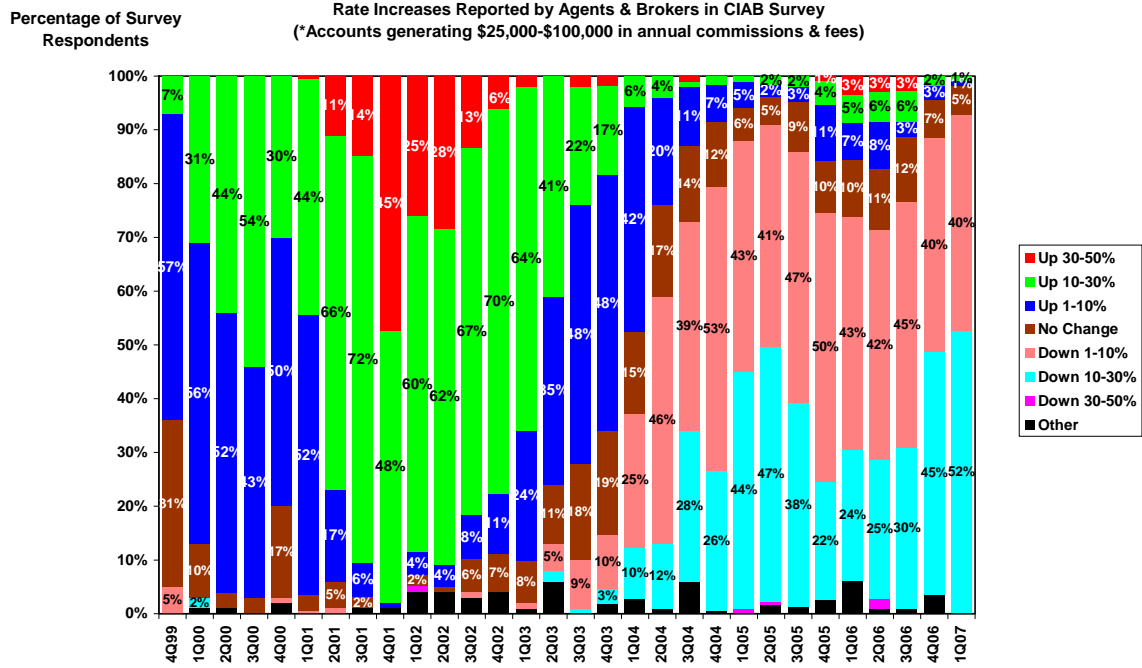
Insurance Rate Changes, Small Commercial Accounts*

Percentage of Survey Respondents

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

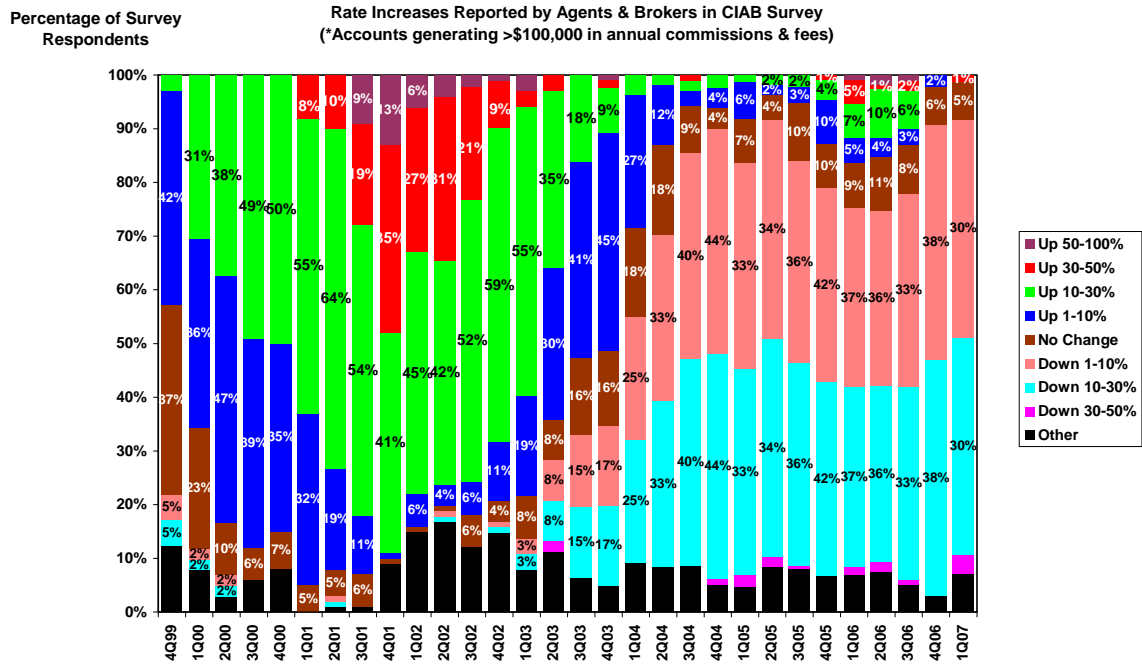


Insurance Rate Changes, Medium Commercial Accounts*



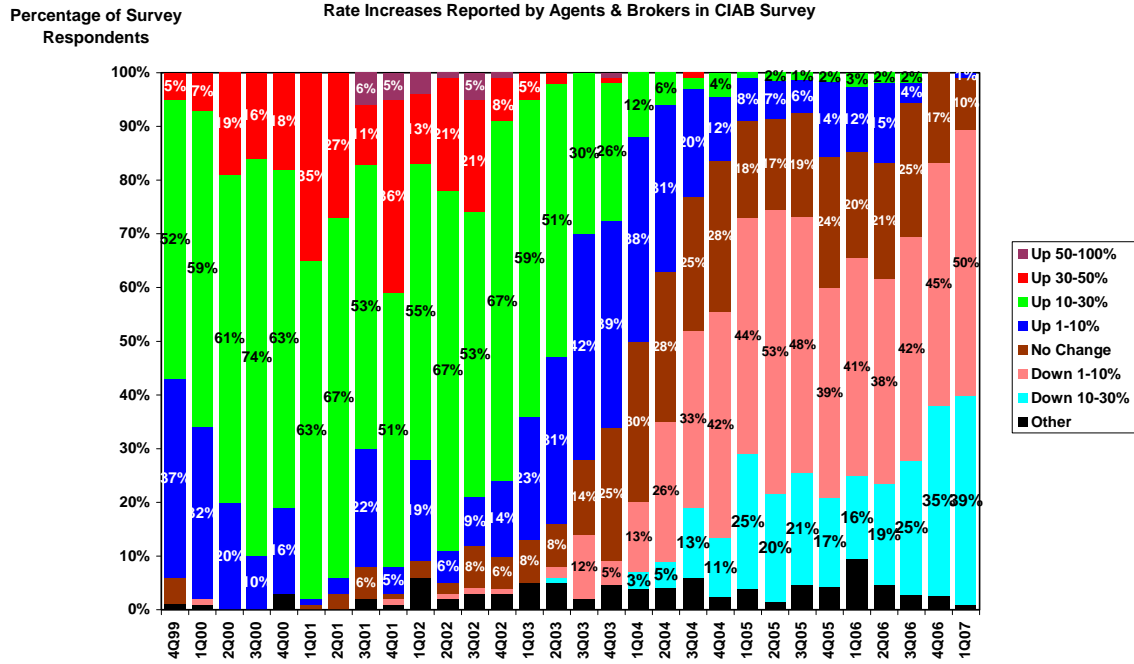
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Insurance Rate Changes, Large Commercial Accounts*



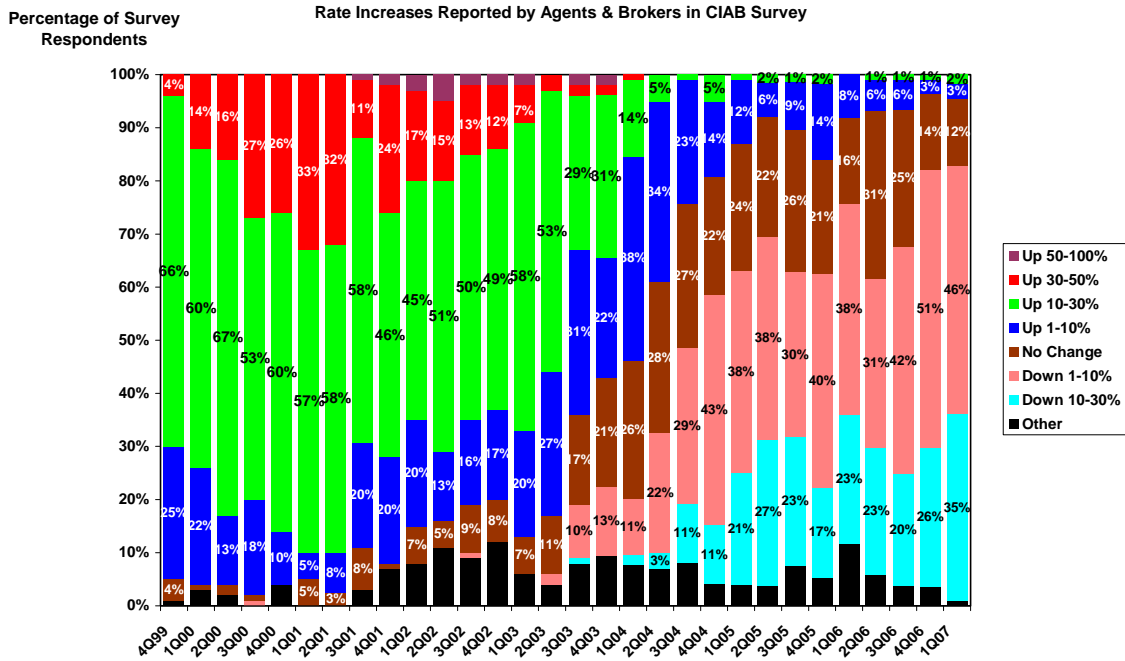
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Commercial Auto Insurance Rate Changes



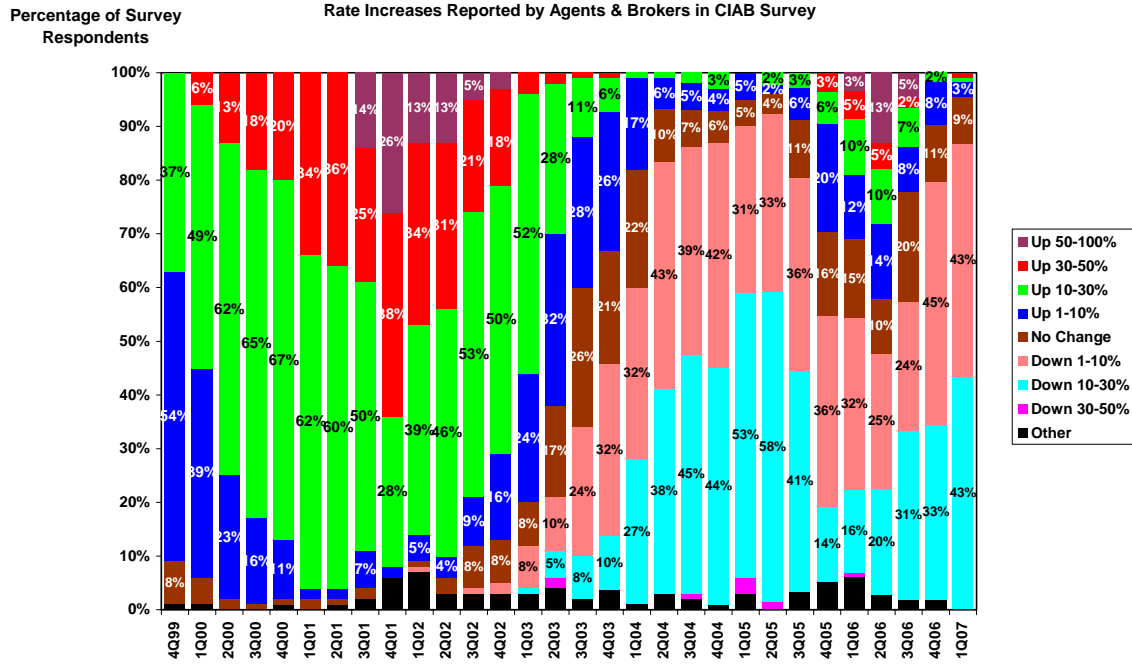
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Workers' Compensation Insurance Rate Changes



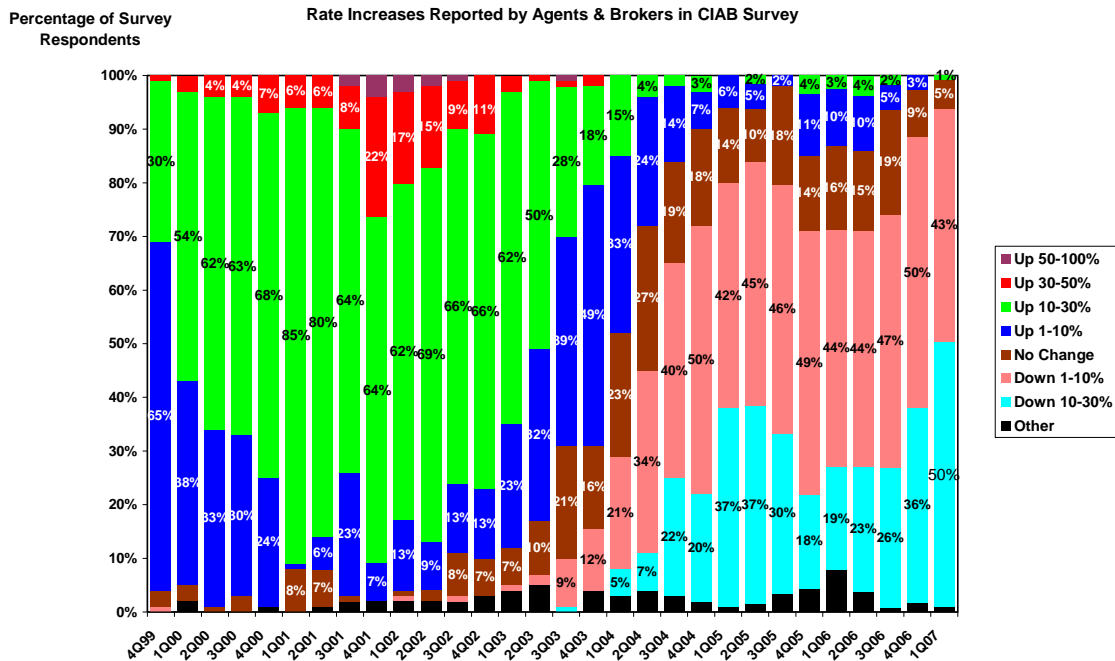
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Commercial Property Insurance Rate Changes



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

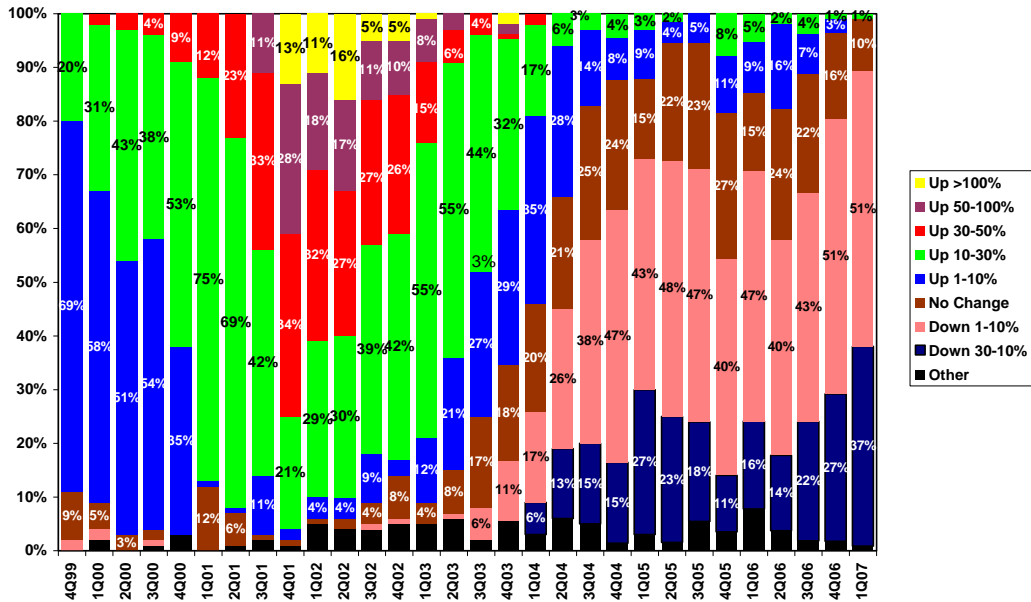
Commercial General Liability Insurance Rate Changes



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

Umbrella Insurance Rate Changes

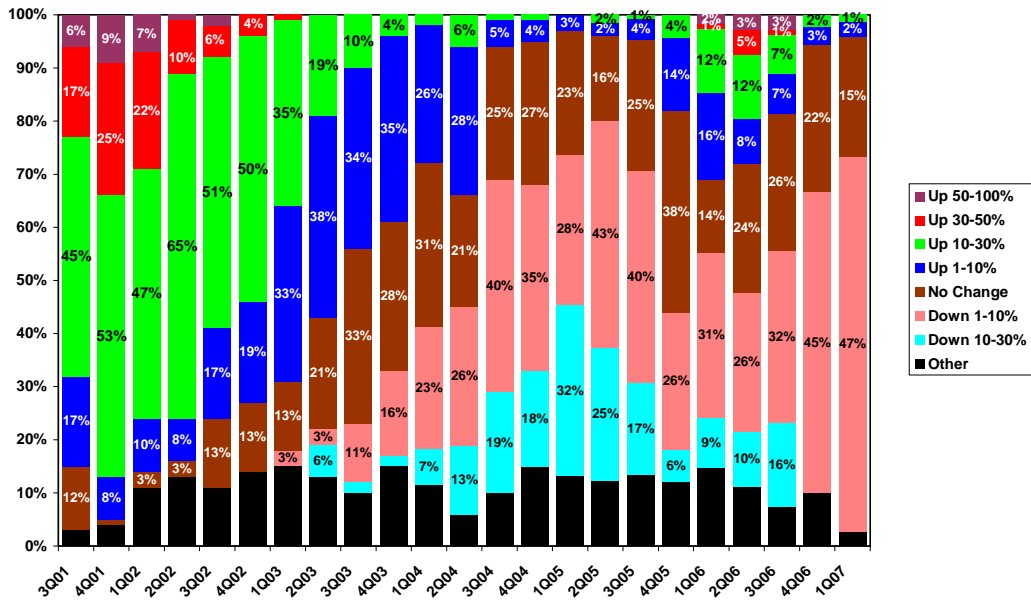
Rate Increases Reported by Agents & Brokers in CIAB Survey
Percentage of Survey Respondents



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.