

NEWS RELEASE – Monday, July 23, 2007

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For Immediate Release

COMMERCIAL P/C PREMIUMS CONTINUE FREE-FALL IN 2nd QUARTER

WASHINGTON – Commercial property-casualty insurance rates continued their free-fall during the 2nd quarter of 2007 in a marketplace environment described as "totally unpredictable" in terms of pricing and underwriting, according to the latest commercial market index survey by The Council of Insurance Agents & Brokers.

Although brokers and agents handling earthquake insurance in California or wind coverage in the Gulf Coast, Florida and up the Atlantic coast were still experiencing firm market conditions, premiums for the vast majority of commercial accounts of all sizes were down significantly from the 1st quarter 2007.

The Council represents the largest domestic and international commercial insurance agents and brokers who annually place more than 80 percent of the commercial property/casualty premiums in the United States and administer billions of dollars in employee benefits accounts.

Seventy-nine percent of the respondents to the 2nd quarter commercial market survey said premium rates for their small account renewals were down between 1 and 30 percent compared with similar business in the 1st quarter of the year. The largest group (44 percent) reported premium rates down in the 1-10 percent range for small accounts.

Ninety-two percent of the respondents said their medium account premium rates were down between 1 and 30 percent, with 40 percent reporting rate decreases in the 10-20 percent range. For large accounts, 83 percent of respondents said the rates were down from 1 to 30 percent, with the largest group, 40 percent, also in the 10-20 percent range.

A Lehman Brothers analysis of The Council's market survey data said the average drop in premium rates for all sizes of accounts was 11.8 percent in the 2nd quarter. Small account premium rates were down by an average of 8.3 percent, medium account rates were down by an average of 12.6 percent, and large account rates were down by 14.5 percent in the quarter, according to the Lehman analysis.

The same premium rate trends were evident in most commercial lines, with the exceptions being broker Errors & Omission policies, flood insurance, surety bonds, terrorism and medical malpractice coverage, which were generally holding steady or down slightly.

"Softest market and most relaxed underwriting I've seen since the early 1980s," said a broker from the Southeast.

"Night and day. Totally unpredictable market," said a broker from the Northeast.

In some cases, the participants reported, carriers were trying to preserve premium by offering lower deductibles, additional coverage and increased limits. Others were aggressively seeking new business, including underwriting with little information on the account and quoting without loss runs.

"Broader appetite for something unusual about the account that might have made it a decline in the past," said a Midwestern agent. "More willing to max rate credits and overlook loss history."

Head to California. Florida or the Gulf Coast, and it was a considerably different story.

"Katrina still makes it tough to place property, builder's risk, etc., in parts of Mississippi," said one broker.

"Commercial earthquake in California still up over 70 percent from two years ago, although some slight decreases of late," another reported.

"In New Orleans, it's every man for himself! We have seen increases from 10 to 400 percent," a Louisiana broker commented.

"Most carriers are ridiculously conservative considering areas that rarely are affected by wind in coastal areas," said another.

*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 place 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 2nd Quarter 2007 Released: July 2007

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

NUMBER OF RESPONSES: 121

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%	5%	30%	44%	11%	1%	0%	1%	0%	1%	8%
Medium (\$25K – \$100K)	0%	16%	40%	36%	5%	0%	0%	2%	0%	0%	2%
Large (>\$100K)	6%	17%	40%	26%	4%	0%	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	2%	7%	26%	43%	14%	1%	0%	1%	0%	1%	7%
Broker E & O	0%	1%	7%	20%	23%	4%	2%	2%	0%	0%	42%
Commercial Auto	1%	6%	41%	37%	7%	1%	0%	0%	0%	0%	7%
Commercial Property	2%	12%	39%	39%	2%	3%	0%	1%	0%	1%	1%
Construction Risks	0%	11%	31%	30%	11%	0%	1%	0%	0%	0%	17%
D & O	0%	7%	25%	42%	10%	2%	0%	0%	0%	0%	14%
Flood Insurance	0%	2%	8%	13%	47%	6%	0%	1%	0%	0%	22%
Employment Practices	0%	2%	21%	36%	22%	2%	0%	0%	0%	0%	15%
General Liability	2%	11%	39%	36%	9%	0%	0%	0%	0%	0%	3%
Medical Malpractice	1%	2%	9%	16%	17%	3%	1%	0%	0%	0%	50%
Surety Bonds	0%	1%	2%	15%	37%	2%	0%	0%	0%	0%	43%
Terrorism	0%	3%	12%	13%	44%	1%	0%	0%	0%	0%	27%
Umbrella	1%	7%	35%	37%	12%	2%	0%	0%	0%	0%	6%
Workers' Compensation	2%	16%	32%	29%	13%	2%	0%	0%	0%	0%	6%

Commercial Property – Casualty Market Survey

2nd Quarter 2007 Released: July 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 (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%	13%	20%	47%	13%	0%	0%	0%	0%	0%	7%
Medium (\$25K – \$100K)	0%	30%	23%	40%	3%	0%	0%	0%	0%	0%	3%
Large (>\$100K)	10%	23%	33%	33%	0%	0%	0%	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	7%	10%	20%	50%	7%	3%	0%	0%	0%	0%	3%
Broker E & O	0%	0%	7%	17%	23%	0%	3%	0%	0%	0%	50%
Commercial Auto	3%	10%	33%	37%	7%	0%	0%	0%	0%	0%	10%
Commercial Property	10%	17%	37%	37%	0%	0%	0%	0%	0%	0%	0%
Construction Risks	0%	17%	30%	27%	13%	0%	0%	0%	0%	0%	13%
D & O	0%	7%	27%	40%	10%	0%	0%	0%	0%	0%	17%
Flood Insurance	0%	3%	13%	20%	37%	0%	0%	0%	0%	0%	27%
Employment Practices	0%	3%	20%	30%	20%	3%	0%	0%	0%	0%	23%
General Liability	3%	20%	30%	40%	3%	0%	0%	0%	0%	0%	3%
Medical Malpractice	0%	3%	10%	10%	17%	7%	0%	0%	0%	0%	53%
Surety Bonds	0%	0%	3%	17%	33%	3%	0%	0%	0%	0%	43%
Terrorism	0%	3%	10%	27%	33%	3%	0%	0%	0%	0%	23%
Umbrella	0%	10%	37%	37%	10%	3%	0%	0%	0%	0%	3%
Worker's Compensation	0%	17%	23%	30%	20%	0%	0%	0%	0%	0%	10%

Commercial Property – Casualty Market Survey 2nd Quarter 2007 Released: July 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 (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%	4%	37%	33%	11%	0%	0%	4%	0%	4%	7%
Medium (\$25K – \$100K)	0%	11%	44%	33%	4%	0%	0%	7%	0%	0%	0%
Large (>\$100K)	4%	11%	48%	19%	4%	0%	7%	0%	0%	0%	7%

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

Commercial Property – Casualty Market Survey

2nd Quarter 2007 Released: July 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 (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%	5%	38%	43%	10%	0%	0%	0%	0%	0%	5%
Medium (\$25K – \$100K)	0%	24%	38%	24%	14%	0%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	29%	24%	19%	14%	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%	10%	24%	43%	14%	0%	0%	0%	0%	0%	10%
Broker E & O	0%	0%	0%	33%	33%	0%	0%	0%	0%	0%	33%
Commercial Auto	0%	5%	57%	33%	5%	0%	0%	0%	0%	0%	0%
Commercial Property	0%	19%	29%	48%	5%	0%	0%	0%	0%	0%	0%
Construction Risks	0%	10%	52%	19%	5%	0%	0%	0%	0%	0%	14%
D & O	0%	10%	10%	57%	10%	0%	0%	0%	0%	0%	14%
Flood Insurance	0%	0%	5%	14%	48%	5%	0%	0%	0%	0%	29%
Employment Practices	0%	5%	14%	33%	29%	0%	0%	0%	0%	0%	19%
General Liability	0%	14%	52%	24%	10%	0%	0%	0%	0%	0%	0%
Medical Malpractice	5%	0%	10%	29%	14%	5%	0%	0%	0%	0%	38%
Surety Bonds	0%	5%	5%	14%	38%	0%	0%	0%	0%	0%	38%
Terrorism	0%	0%	10%	10%	52%	0%	0%	0%	0%	0%	29%
Umbrella	5%	10%	33%	38%	10%	0%	0%	0%	0%	0%	5%
Worker's Compensation	0%	19%	24%	33%	14%	5%	0%	0%	0%	0%	5%

Commercial Property – Casualty Market Survey 2nd Quarter 2007 Released: July 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 (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%	21%	63%	5%	5%	0%	0%	0%	0%	5%
Medium (\$25K – \$100K)	0%	0%	42%	47%	5%	0%	0%	0%	0%	0%	5%
Large (>\$100K)	0%	11%	47%	37%	5%	0%	0%	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%	0%	21%	63%	11%	0%	0%	0%	0%	0%	5%
Broker E & O	0%	5%	16%	16%	32%	5%	0%	0%	0%	0%	26%
Commercial Auto	0%	0%	42%	42%	0%	5%	0%	0%	0%	0%	11%
Commercial Property	0%	0%	42%	47%	0%	5%	0%	0%	0%	0%	5%
Construction Risks	0%	16%	26%	32%	21%	0%	0%	0%	0%	0%	5%
D & O	0%	5%	26%	47%	11%	0%	0%	0%	0%	0%	11%
Flood Insurance	0%	0%	11%	26%	47%	5%	0%	0%	0%	0%	11%
Employment Practices	0%	0%	37%	37%	16%	0%	0%	0%	0%	0%	11%
General Liability	0%	5%	37%	47%	5%	0%	0%	0%	0%	0%	5%
Medical Malpractice	0%	5%	16%	11%	11%	0%	0%	0%	0%	0%	58%
Surety Bonds	0%	0%	5%	16%	47%	0%	0%	0%	0%	0%	32%
Terrorism	0%	5%	11%	11%	53%	0%	0%	0%	0%	0%	21%
Umbrella	0%	0%	37%	47%	11%	0%	0%	0%	0%	0%	5%
Worker's Compensation	5%	11%	42%	21%	16%	0%	0%	0%	0%	0%	5%

Commercial Property – Casualty Market Survey

2nd Quarter 2007 Released: July 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 (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%	33%	38%	13%	0%	0%	0%	0%	0%	17%
Medium (\$25K – \$100K)	0%	8%	54%	38%	0%	0%	0%	0%	0%	0%	0%
Large (>\$100K)	13%	8%	46%	21%	0%	0%	0%	0%	0%	0%	13%

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.

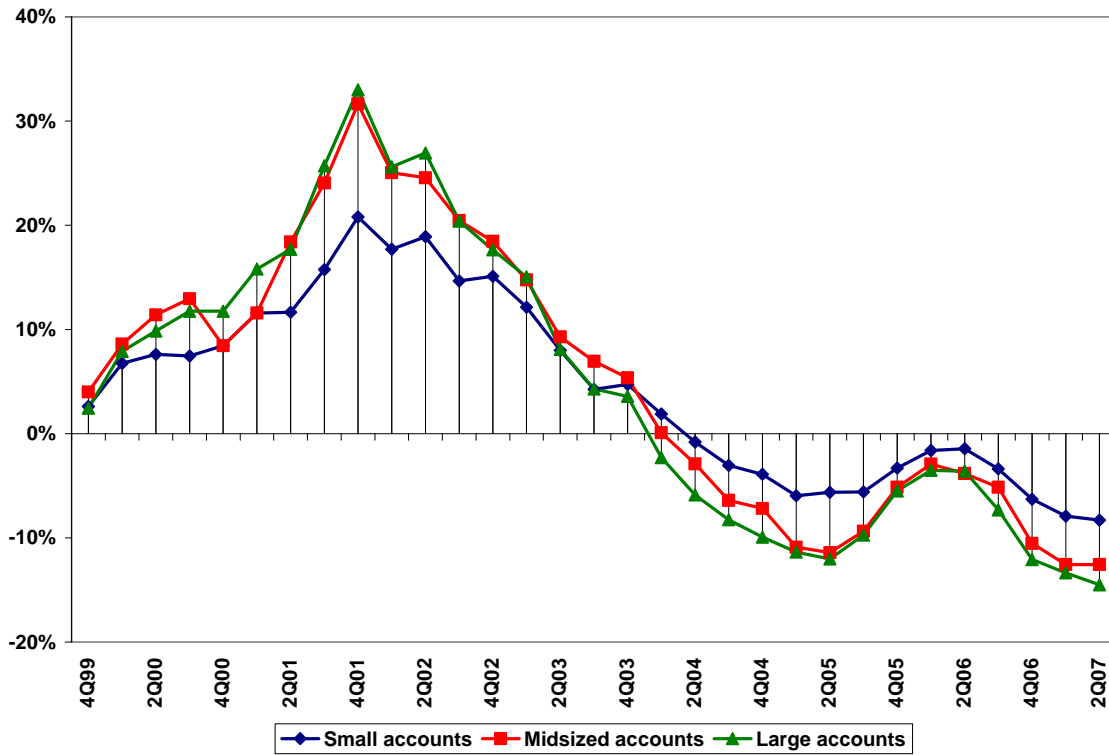
	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10- 20%	8 Up 20- 30%	9 Up 30- 50%	10 Up 50- 100%	N/A
Business Interruption	0%	8%	17%	29%	29%	0%	0%	0%	0%	0%	17%
Broker E & O	0%	0%	8%	17%	17%	8%	0%	0%	0%	0%	50%
Commercial Auto	0%	0%	38%	50%	0%	0%	0%	0%	0%	0%	13%
Commercial Property	0%	13%	46%	38%	0%	4%	0%	0%	0%	0%	0%
Construction Risks	0%	4%	29%	33%	4%	0%	0%	0%	0%	0%	29%
D & O	0%	8%	25%	38%	4%	0%	0%	0%	0%	0%	25%
Flood Insurance	0%	4%	8%	8%	46%	8%	0%	0%	0%	0%	25%
Employment Practices	0%	0%	29%	33%	21%	4%	0%	0%	0%	0%	13%
General Liability	4%	4%	38%	33%	13%	0%	0%	0%	0%	0%	8%
Medical Malpractice	0%	0%	0%	13%	21%	0%	4%	0%	0%	0%	63%
Surety Bonds	0%	0%	0%	8%	33%	4%	0%	0%	0%	0%	54%
Terrorism	0%	4%	21%	8%	38%	0%	0%	0%	0%	0%	29%
Umbrella	0%	8%	29%	38%	13%	0%	0%	0%	0%	0%	13%
Worker's Compensation	4%	25%	33%	25%	4%	0%	0%	0%	0%	0%	8%

Average 2Q07 Commercial Rates Decreased 11.8%

Average Rate Declined 11.8% in 2Q07				
	Small	Mid	Large	Avg
2Q07	-8.3%	-12.6%	-14.5%	-11.8%
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%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low (2Q07)	-8.3%	-12.6%	-14.5%	-11.8%

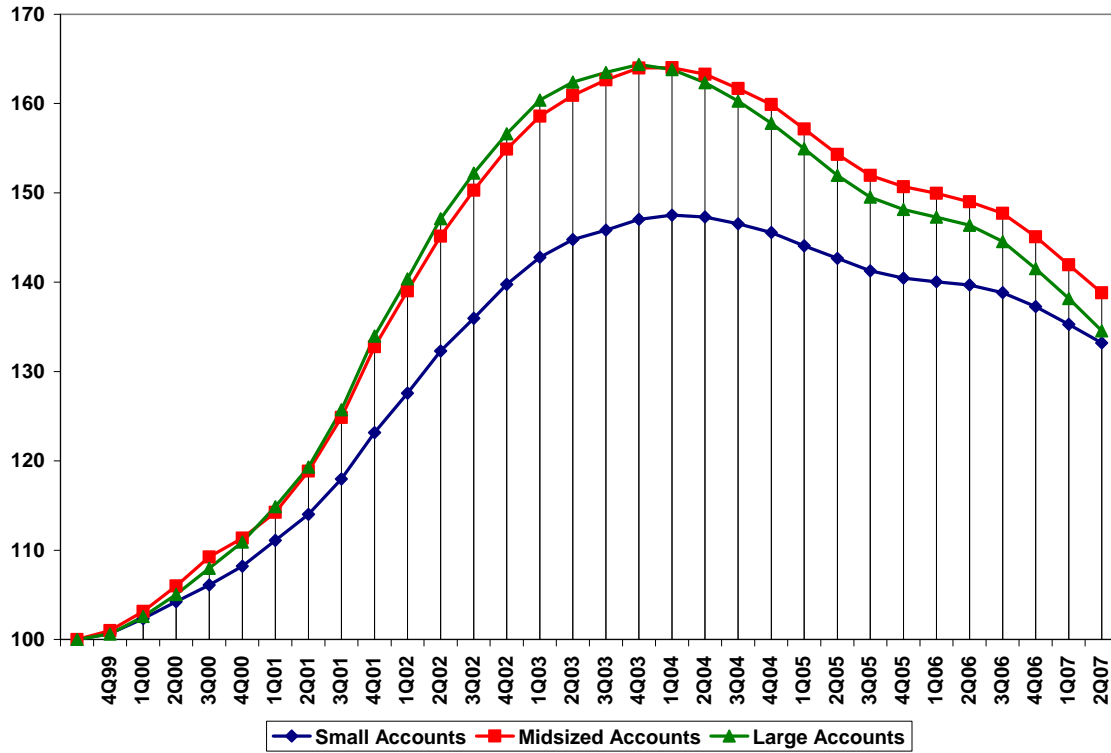
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

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 2Q07 Rate Changes Ranged From -10.5% to -12.4%

By-Line 2Q07 Rate Changes Ranged From -10.5% to -12.4%						
	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
2Q07	-11.6%	-11.6%	-12.2%	-12.4%	-10.5%	-11.7%
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%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-11.6%	-13.3%	-12.4%	-10.5%	-11.9%

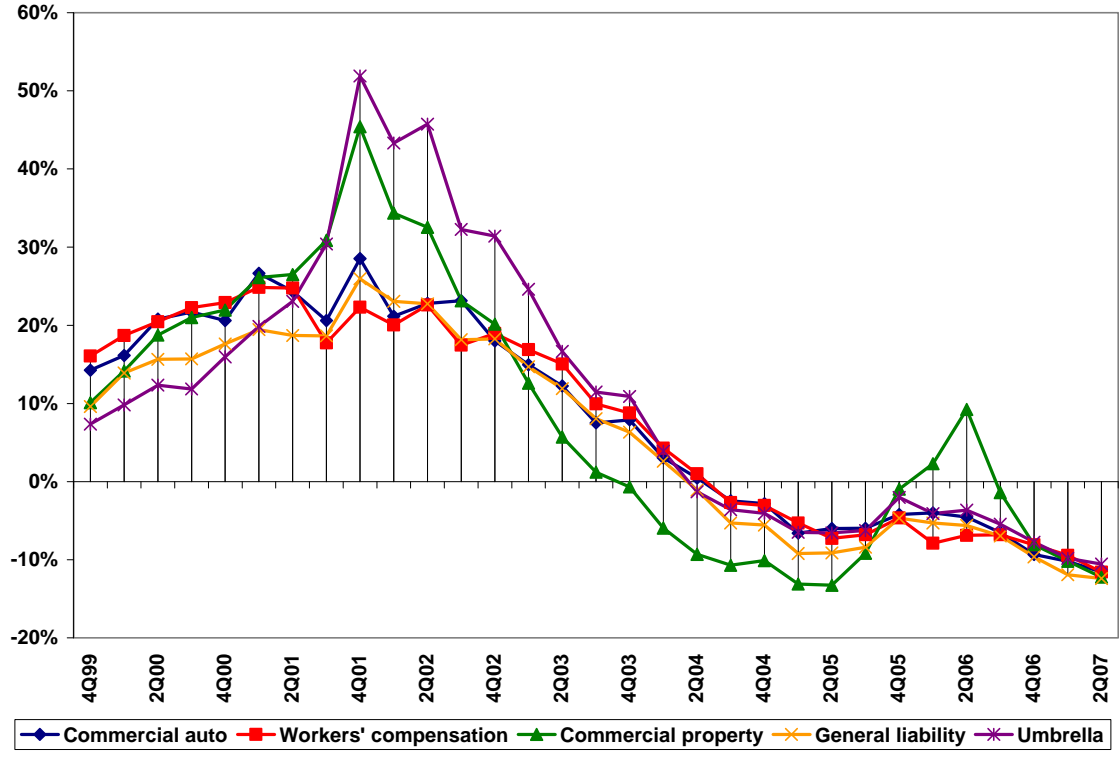
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Rate Changes in Other Lines

2Q07 Rate Changes in Other Lines			
	2Q07	High	Low
Business interruption	-8.4%	28.8%	-8.8%
Construction	-9.8%	38.7%	-9.8%
D&O liability	-8.5%	32.4%	-8.5%
Employment practices	-6.5%	21.9%	-6.5%
Medical malpractice	-3.1%	32.5%	-3.1%
Surety bonds	-1.3%	11.2%	-1.3%

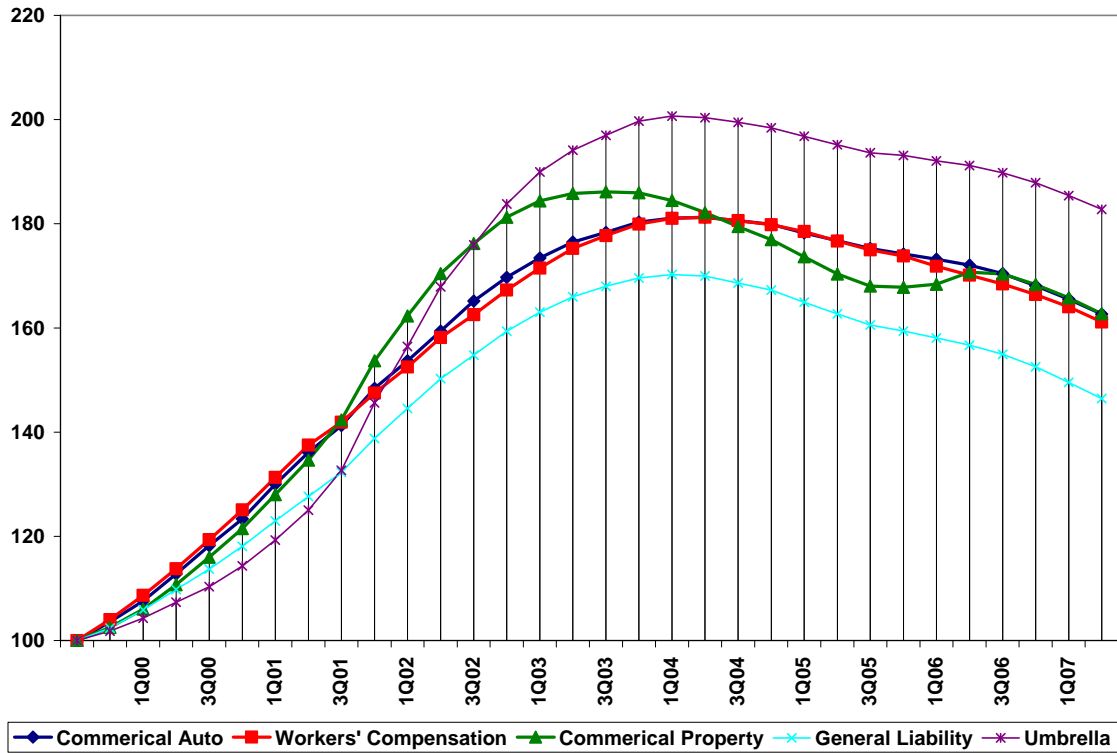
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Average Commercial Rate Increases by Line

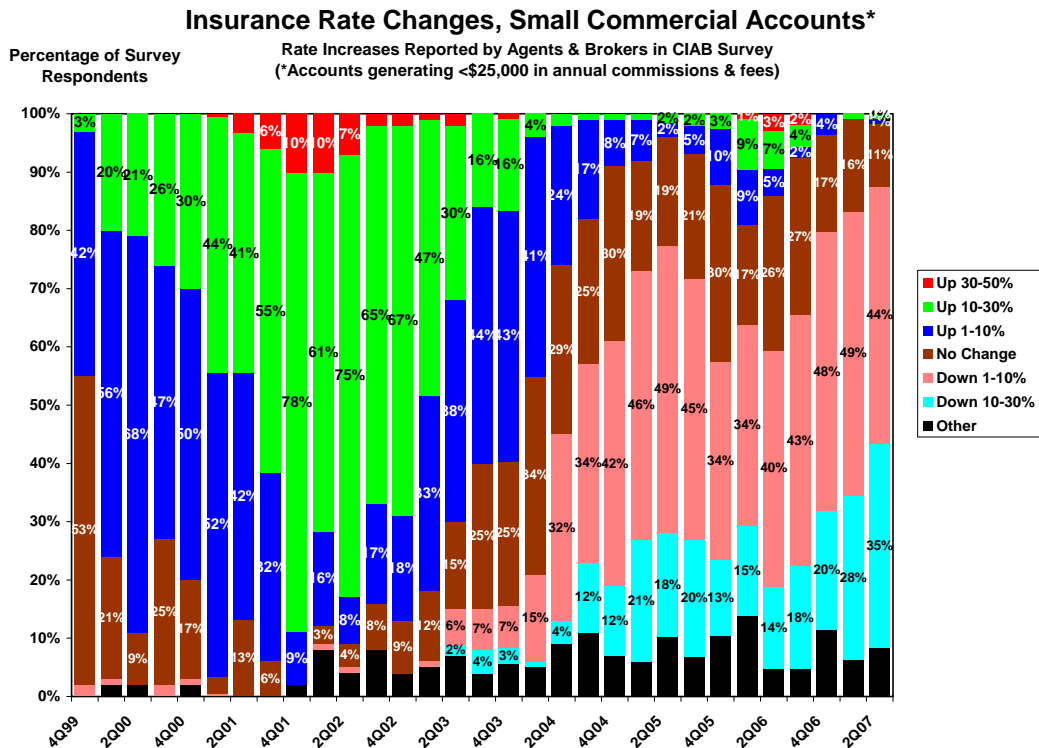


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Cumulative Quarterly Rate Increases by Line



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

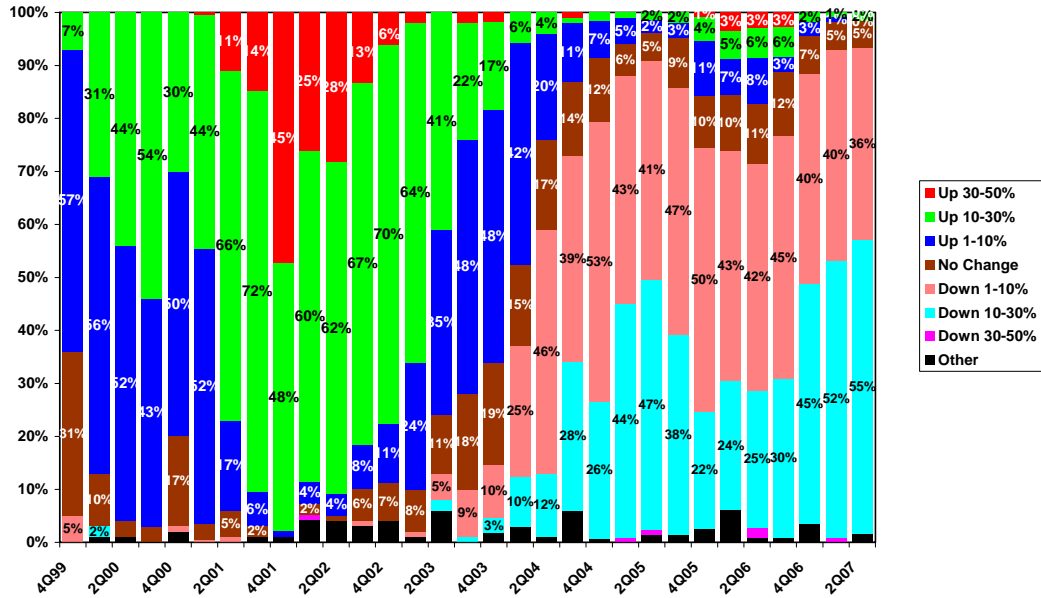


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Insurance Rate Changes, Medium Commercial Accounts*

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

Percentage of Survey Respondents

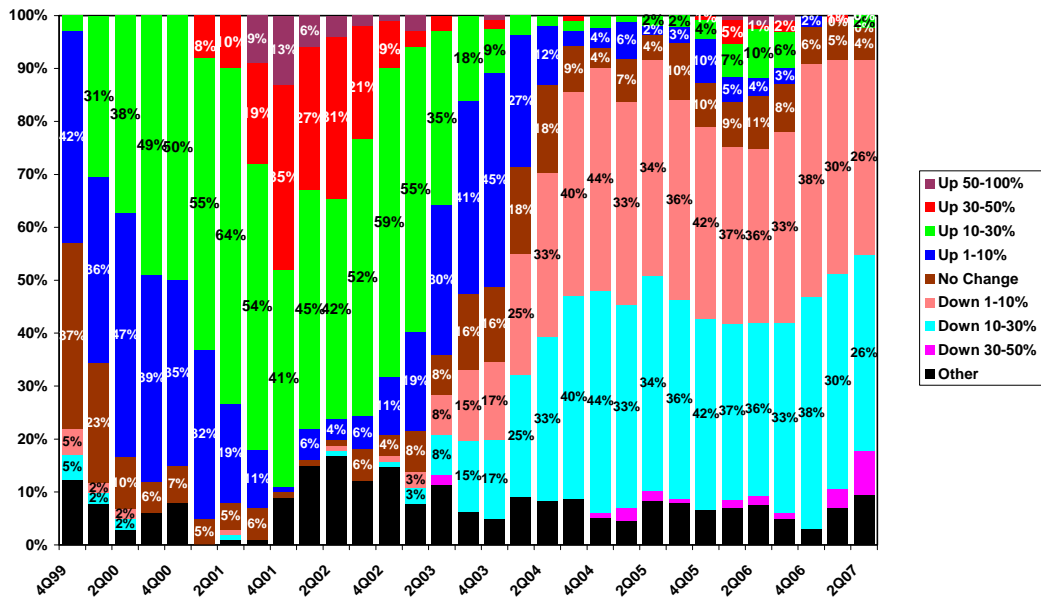


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

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

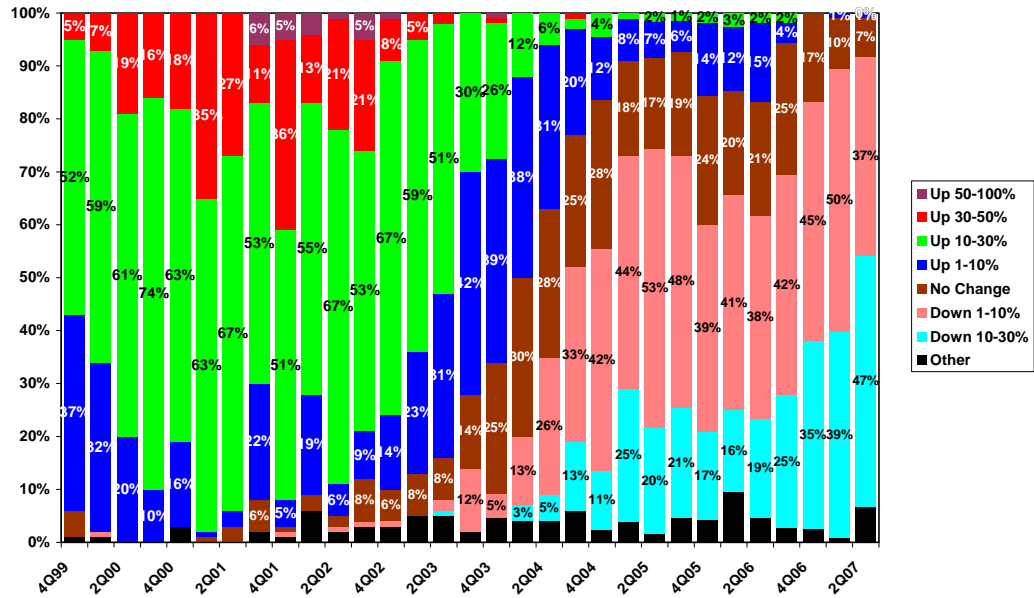


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Commercial Auto Insurance Rate Changes

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey

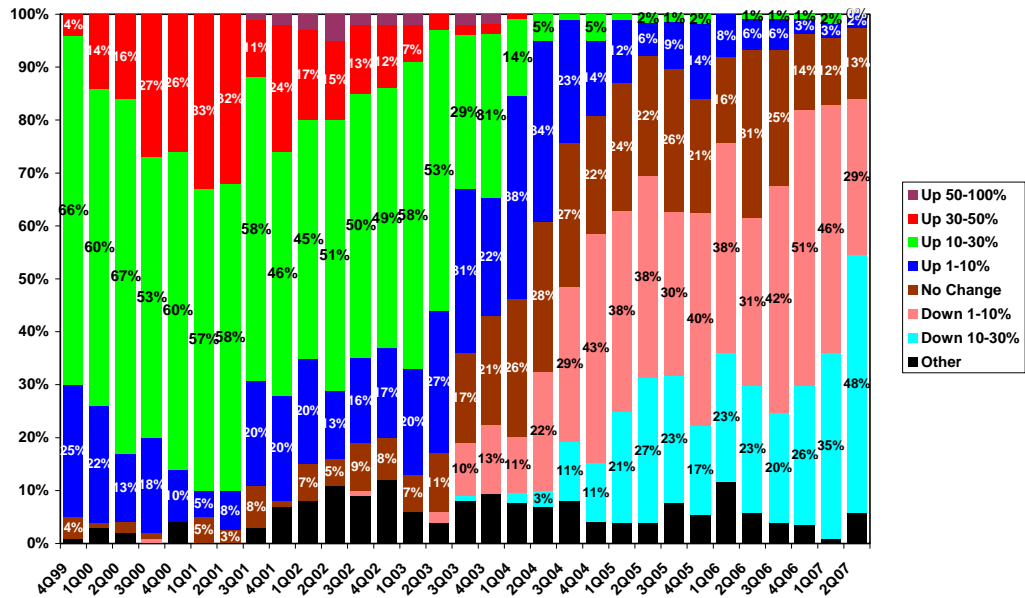


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Workers' Compensation Insurance Rate Changes

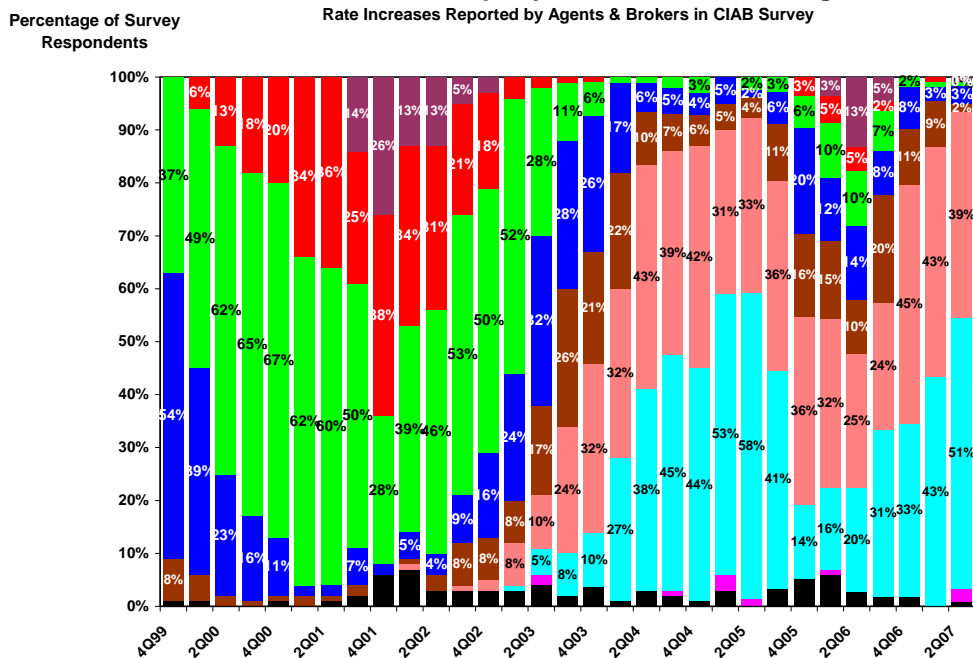
Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey



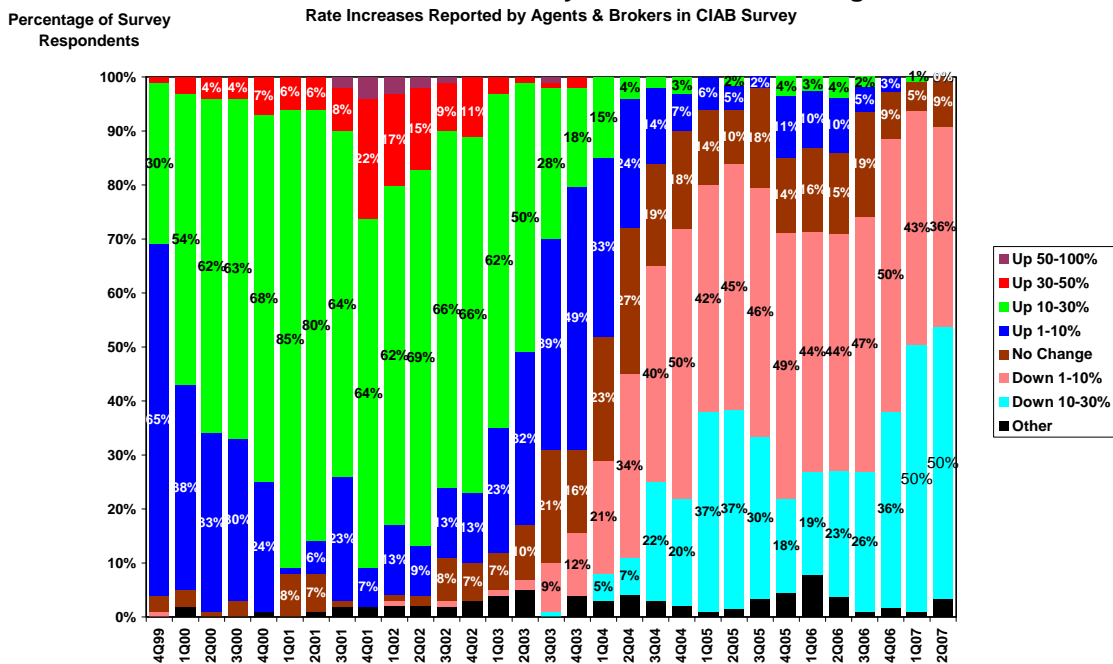
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Commercial Property Insurance Rate Changes



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

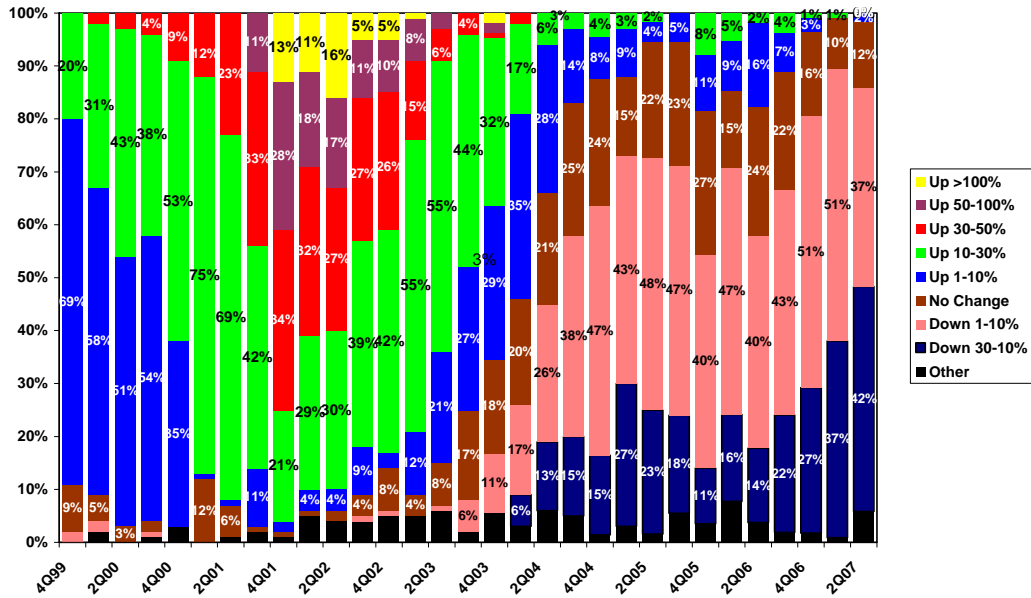
Commercial General Liability Insurance Rate Changes



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

Umbrella Insurance Rate Changes

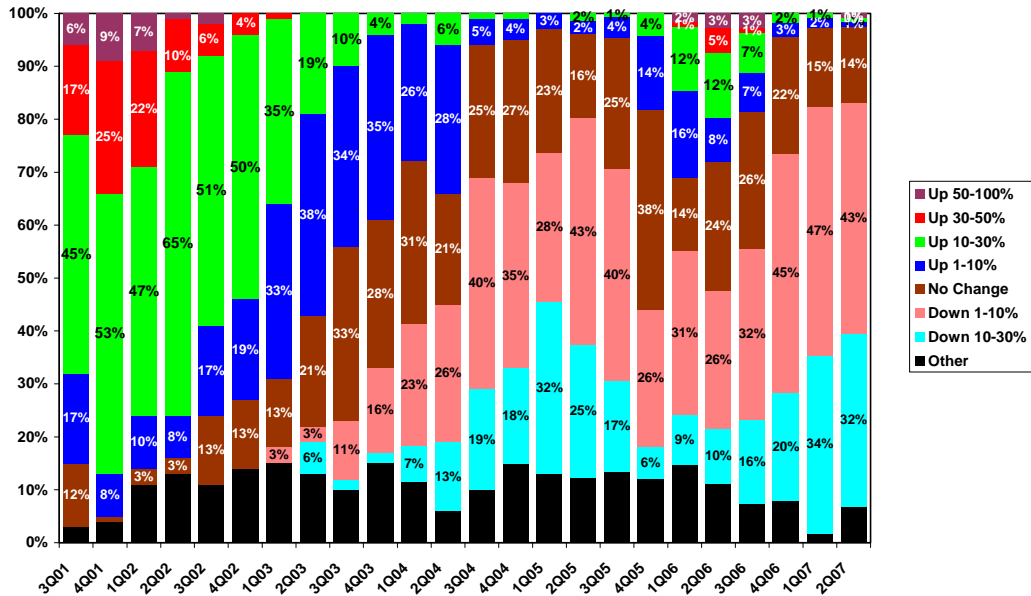
Rate Increases Reported by Agents & Brokers in CIAB Survey
Percentage of Survey Respondents



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.