



NEWS RELEASE – Monday, April 21, 2008

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For Immediate Release

The Council's Survey Shows Soft Market Even Softer in First Quarter 2008

WASHINGTON – The soft cycle for commercial property/casualty insurance got even softer in the first quarter of 2008, according to the latest Commercial Market Index Survey by The Council of Insurance Agents & Brokers, with three-fourths of the agents and brokers reporting that renewal premiums for their small and medium accounts were down 1-20 percent compared with fourth quarter 2007.

Renewal premiums for large commercial accounts, those generating more than \$100,000 in commissions and fees, faced an even steeper decline. Six in 10 brokers reported renewal premiums for their largest accounts were down 1-20 percent, and 24 percent of the brokers said those accounts were down 20-30 percent compared with the previous quarter.

An analysis of The Council's survey data by Lehman Brothers showed the average premium decline for all commercial accounts regardless of size was 13.5 percent during the first quarter 2008. The average premium for small accounts was down 10 percent, for medium accounts down 14.7 percent and for large accounts down 15.7 percent, according to the Lehman data.

The same declines were mirrored in the various commercial lines included in the survey. About one-third of the brokers reported no change in renewal premiums for flood insurance, surety bonds and terrorism insurance, the vast majority said rates were down 1-20 percent for virtually every other commercial line. Twenty-two percent of the brokers and agents reported that their commercial property accounts were renewing at 20-30 percent lower than fourth quarter 2007.

Brokers and agents responding to open-ended questions about market conditions reported that price competition was dominating the market, with looser underwriting standards and more options regarding coverage and deductibles common as carriers seek to retain the business they have and bring in new customers.

“Some carriers are now throwing loss runs out the window, and some are developing appetite for risks they have not written before. It’s a ‘whatever it takes to write’ mentality for many carriers right now,” said a broker from the Southeast.

“I had a market take an account with a new \$800,000 loss, and they still took it. It’s a bit scary,” a Midwest broker reported.

Here are some other observations from brokers around the country:

- “(Carriers) will quote with less information and will quote quickly. Carriers are hungry for new business and eager to lock in renewals early with favorable terms.”
- “Much more flexibility with carriers in terms of expansion of classes they want to write.
- “It is all about price.”
- “We continue to see accounts previously written by surplus lines carriers now being written by standard markets.”

Although coverage for coastal properties was still problematic, there was more capacity available and rates were down in most areas. Even in the hard-to-write Florida market, brokers reported wind coverage was more easily obtainable, either in the voluntary marketplace or from the state insurer of last resort, Citizens.

*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

First Quarter 2008 Released: April 2008

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

NUMBER OF RESPONSES: 119

1. On average, how have premium rates changed over the last three months (Jan. 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%	33%	45%	8%	0%		0%	0%	0%	9%
Medium (\$25K – \$100K)	2%	18%	45%	29%	3%	0%		0%	0%	0%	3%
Large (>\$100K)	6%	24%	39%	23%	2%	0%		0%	0%	0%	8%

2. How much have premium rates changed over the last three months (Jan. 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%	8%	34%	33%	14%	0%		0%		0%	11%
Broker E & O	0%	1%	9%	20%	15%	1%		0%		0%	54%
Commercial Auto	1%	12%	32%	41%	8%	0%		0%		0%	7%
Commercial Property	3%	22%	40%	28%	4%	0%		0%		0%	3%
Construction Risks	2%	10%	34%	27%	8%	0%		0%		0%	19%
D & O	0%	4%	29%	39%	10%	0%		0%		0%	18%
Flood Insurance	0%	0%	7%	20%	35%	2%		0%		0%	36%
Employment Practices	0%	3%	29%	35%	15%	0%		0%		0%	18%
General Liability	4%	14%	36%	36%	6%	0%		0%		0%	3%
Marine	3%	7%	29%	28%	9%	0%		0%		1%	23%
Medical Malpractice	1%	2%	13%	20%	13%	1%		0%		0%	50%
Surety Bonds	0%	0%	7%	12%	33%	1%		0%		0%	48%
Terrorism	0%	2%	11%	19%	37%	2%		0%		0%	29%
Umbrella	3%	14%	39%	34%	6%	0%		0%		0%	4%
Workers' Compensation	0%	18%	35%	29%	9%	0%		0%		0%	9%

Commercial Property – Casualty Market Survey

First Quarter 2008 Released: April 2008

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 three months (Jan. 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%		29%	54%	11%	0%	0%	0% 0%	0% 0%	7%	
Medium (\$25K – \$100K)	0% 11%		46%	36%	4%	0%	0%	0% 0%	0% 0%	4%	
Large (>\$100K)	7% 18%		36%	32%	0%	0%	0%	0% 0%	0% 0%	7%	

2. How much have premium rates changed over the last three months (Jan. 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%	11% 25%		39% 14%	14%	0% 0%		0% 0%		0%	11%
Broker E & O	0% 0%		7%	14%	18%	0% 0%		0% 0%		0%	61%
Commercial Auto	0% 7%		36%	29%	14%	0% 0%		0% 0%		0%	14%
Commercial Property	0% 21%		29%	43%	0%	0% 0%		0% 0%		0%	7%
Construction Risks	0% 4%		29%	29%	14%	0% 0%		0% 0%		0%	25%
D & O	0% 0%		29%	32%	14%	0% 0%		0% 0%		0%	25%
Flood Insurance	0% 0%		7%	21%	36%	0% 0%		0% 0%		0%	36%
Employment Practices	0% 0%		25%	29%	18%	0% 0%		0% 0%		0%	29%
General Liability	4% 11%		29%	46%	4%	0% 0%		0% 0%		0%	7%
Marine	7% 4%		21%	29%	14%	0% 0%		0% 0%		4%	21%
Medical Malpractice	0% 0%		11%	14%	7%	4% 4%		0% 0%		0%	61%
Surety Bonds	0% 0%		0%	18%	25%	0% 0%		0% 0%		0%	57%
Terrorism	0% 0%		21%	18%	29%	0% 0%		0% 0%		0%	32%
Umbrella	4% 4%		43%	39%	4%	0% 0%		0% 0%		0%	7%
Worker's Compensation	0%	11% 21%		36% 14%	14%	0% 0%		0% 0%		0%	18%

Commercial Property – Casualty Market Survey First Quarter 2008

Released: April 2008

Below are the survey results for:

Commercial Property – Casualty Market Survey

First Quarter 2008 Released: April 2008

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 three months (Jan. 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%	3%	44%	31%	6%	0%	0%	0%	0%	0%	16%
Medium (\$25K – \$100K)	0%	22%	38%	28%	3%	0%	0%	0%	0%	0% 9%	
Large (>\$100K)	0%	16%	41%	25%	6%	0%	0%	0%	0%	0%	13%

2. How much have premium rates changed over the last three months (Jan. 1 - March 31) for the following lines?

	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%	44%	34%	3%	0%	0%	0%	0%	0%	13%
Broker E & O	0%	0%	19%	28%	13%	0%	0%	0%	0%	0%	41%
Commercial Auto	0%	16%	22%	53%	6%	0%	0%	0%	0%	0%	3%
Commercial Property	0%	22%	47%	22%	6%	0%	0%	0%	0%	0%	3%
Construction Risks	0%	13%	28%	28%	9%	0%	0%	0%	0%	0%	22%
D & O	0%	3%	31%	41%	9%	0%	0%	0%	0%	0%	16%
Flood Insurance	0%	0%	6%	28%	19%	0%	0%	0%	0%	0%	47%
Employment Practices	0%	0%	44%	38%	9%	0%	0%	0%	0%	0%	9%
General Liability	0%	16%	31%	47%	6%	0%	0%	0%	0%	0%	0%
Marine	0%	13%	34%	22%	6%	0%	0%	0%	0%	0%	25%
Medical Malpractice	0%	3%	16%	38%	6%	0%	0%	0%	0%	0%	38%
Surety Bonds	0%	0%	16%	13%	34%	0%	0%	0%	0%	0%	38%
Terrorism	0%	0%	9%	25%	31%	6%	0%	0%	0%	0%	28%
Umbrella	0%	16%	44%	31%	6%	0%	0%	0%	0%	0%	3%
Workers' Compensation	0%	13%	34%	38%	9%	0%	0%	0%	0%	0%	6%

Please check N/A if you don't know or don't handle the line.

Commercial Property – Casualty Market Survey

First Quarter 2008 Released: April 2008

Below are the survey results for: **SOUTHWEST (So. CA, AZ, NM, OK, TX)**

1. On average, how have premium rates changed over the last three months (Jan. 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% 7%		43%	29%	14%	0%	0%	0% 0%	0% 7%		
Medium (\$25K – \$100K)	7% 21%		29%	36%	7%	0%	0%	0% 0%	0% 0%		
Large (>\$100K)	14% 14%		36%	21%	0%	0%	0%	0% 0%	0%		14%

2. How much have premium rates changed over the last three months (Jan. 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%		36%	21%	21%	0% 0%		0% 0%		0%	21%
Broker E & O	0%	7%	7% 21%	7%		0% 0%		0% 0%		0%	57%
Commercial Auto	0% 7%		29%	43%	7%	0% 0%		0% 0%		0%	14%
Commercial Property	7% 14%		36%	29%	7%	0% 0%		0% 0%		0%	7%
Construction Risks	7% 14%		14%	21%	7%	0% 0%		0% 0%		0%	36%
D & O	0% 0%		29%	43%	7%	0% 0%		0% 0%		0%	21%
Flood Insurance	0%	0% 0%	0%		29%	0% 0%		0% 0%		0%	71%
Employment Practices	0% 7%		29%	29%	14%	0% 0%		0% 0%		0%	21%
General Liability	14% 7%	36%		21%	14%	0% 0%		0% 0%		0%	7%
Marine	0% 0%		29%	29%	7%	0% 0%		0% 0%		0%	36%
Medical Malpractice	7% 7%		14%	21%	0%	0% 0%		0% 0%		0%	50%
Surety Bonds	0%	0% 0%	0%		21%	7% 0%		0% 0%		0%	71%
Terrorism	0%	0% 7%	7%		43%	0% 0%		0% 0%		0%	43%
Umbrella	0%	21% 29%		29% 14%		0% 0%		0% 0%		0%	7%
Workers' Compensation	0% 29%		57%	0%	7%	0% 0%		0% 0%		0%	7%

Commercial Property – Casualty Market Survey

First Quarter 2008 Released: April 2008

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 three months (Jan. 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%	11%	67%	11%	0%	0%	0%	0%	0%	6%
Medium (\$25K – \$100K)	0%	6%	44%	50%	0%	0%	0%	0%	0%	0%	0%
Large (>\$100K)	0%	17%	39%	39%	0%	0%	0%	0%	0%	0%	6%

2. How much have premium rates changed over the last three months (Jan. 1 - March 31) for the following lines? Please check N/A if you don't know or don't handle the line.

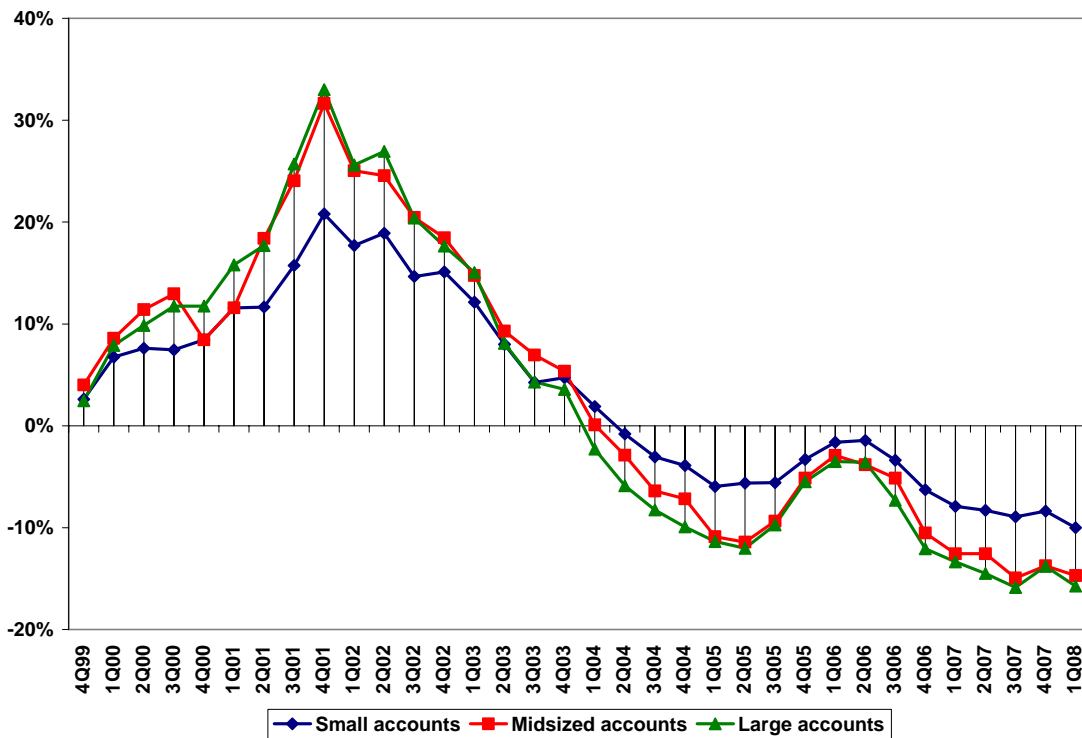
	1 Down 30-40%	2 Down 20-30%	3 Down 10-20%	4 Down 1-10%	5 No Change	6 Up 1-10%	7 Up 10- 20%	8 Up 20- 30%	9 Up 30- 50%	10 Up 50- 100%	N/A
Business Interruption	0%	6%	11%	50%	28%	0%	0%	0%	0%	0%	6%
Broker E & O	0%	0%	6%	28%	17%	0%	0%	0%	0%	0%	50%
Commercial Auto	0%	6%	22%	67%	6%	0%	0%	0%	0%	0%	0%
Commercial Property	0%	2%	28%	44%	6%	0%	0%	0%	0%	0%	0%
Construction Risks	0%	6%	33%	44%	6%	0%	0%	0%	0%	0%	11%
D & O	0%	11%	28%	44%	11%	0%	0%	0%	0%	0%	6%
Flood Insurance	0%	0%	6%	17%	56%	0%	0%	0%	0%	0%	22%
Employment Practices	0%	0%	17%	50%	22%	0%	0%	0%	0%	0%	11%
General Liability	0%	6%	39%	50%	6%	0%	0%	0%	0%	0%	0%
Medical Malpractice	0%	6%	28%	33%	17%	0%	0%	0%	0%	0%	17%
Surety Bonds	0%	0%	0%	17%	28%	0%	0%	0%	0%	0%	56%
Terrorism	0%	0%	0%	17%	56%	0%	0%	0%	0%	0%	28%
Umbrella	0%	6%	0%	33%	39%	0%	0%	0%	0%	0%	22%
Workers' Compensation	0%	6%	39%	44%	11%	0%	0%	0%	0%	0%	0%

Average 1Q08 Commercial Rates Decreased 13.5%

Average Rate Declined 13.5% in 1Q08				
	Small	Mid	Large	Avg
1Q08	-10.0%	-14.7%	-15.7%	-13.5%
4Q07	-8.4%	-13.8%	-13.8%	-12.0%
3Q07	-8.9%	-15.0%	-15.9%	-13.3%
2Q07	-8.3%	-12.6%	-14.5%	-11.8%
1Q07	-7.9%	-12.6%	-13.4%	-11.3%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low (3Q07)	-10.0%	-15.0%	-15.9%	-13.3%

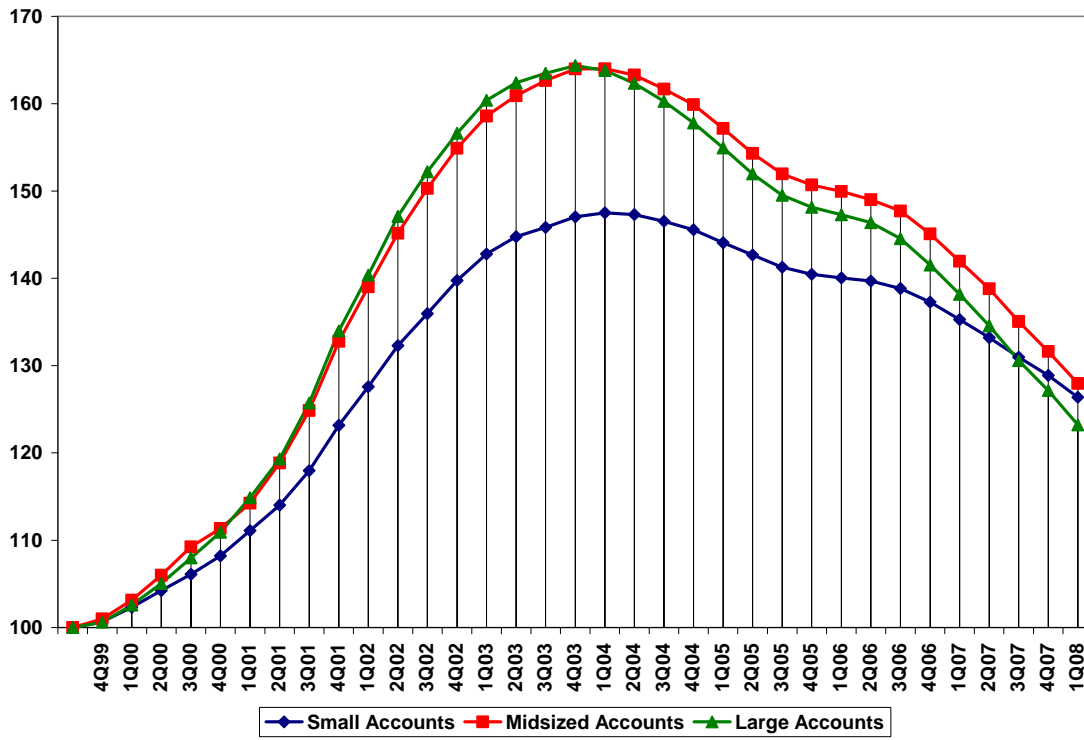
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

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 1Q08 Rate Changes Ranged From -14.8% to -11.0%

By-Line 1Q08 Rate Changes Ranged From -14.8% to -11.0%						
	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
1Q08	-11.0%	-12.1%	-14.8%	-13.6%	-13.5%	-13.0%
4Q07	-11.0%	-11.9%	-13.0%	-13.0%	-11.1%	-12.0%
3Q07	-10.7%	-11.2%	-15.0%	-12.7%	-11.9%	-12.3%
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%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.1%	-15.0%	-13.6%	-13.5%	-13.1%

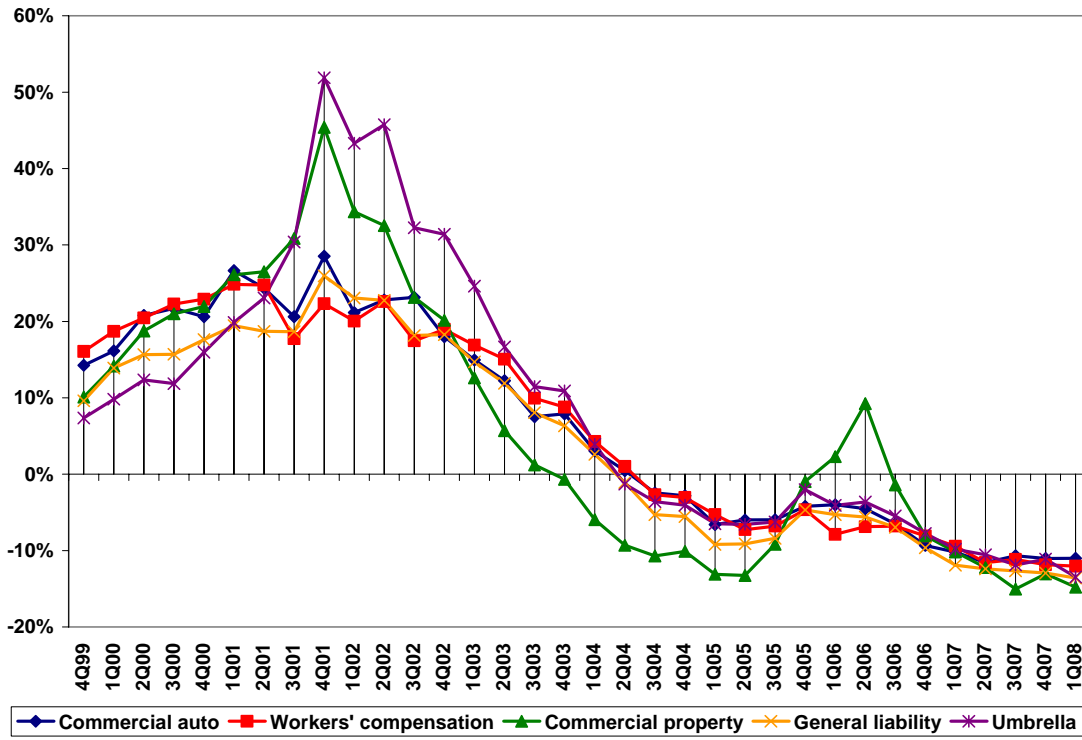
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Rate Changes in Other Lines

1Q08 Rate Changes in Other Lines			
	1Q08	High	Low
Business interruption	-10.0%	28.8%	-10.2%
Construction	-10.7%	38.7%	-10.7%
D&O liability	-8.4%	32.4%	-8.7%
Employment practices	-8.1%	21.9%	-8.1%
Medical malpractice	-3.9%	32.5%	-4.1%
Surety bonds	-1.9%	11.2%	-2.1%

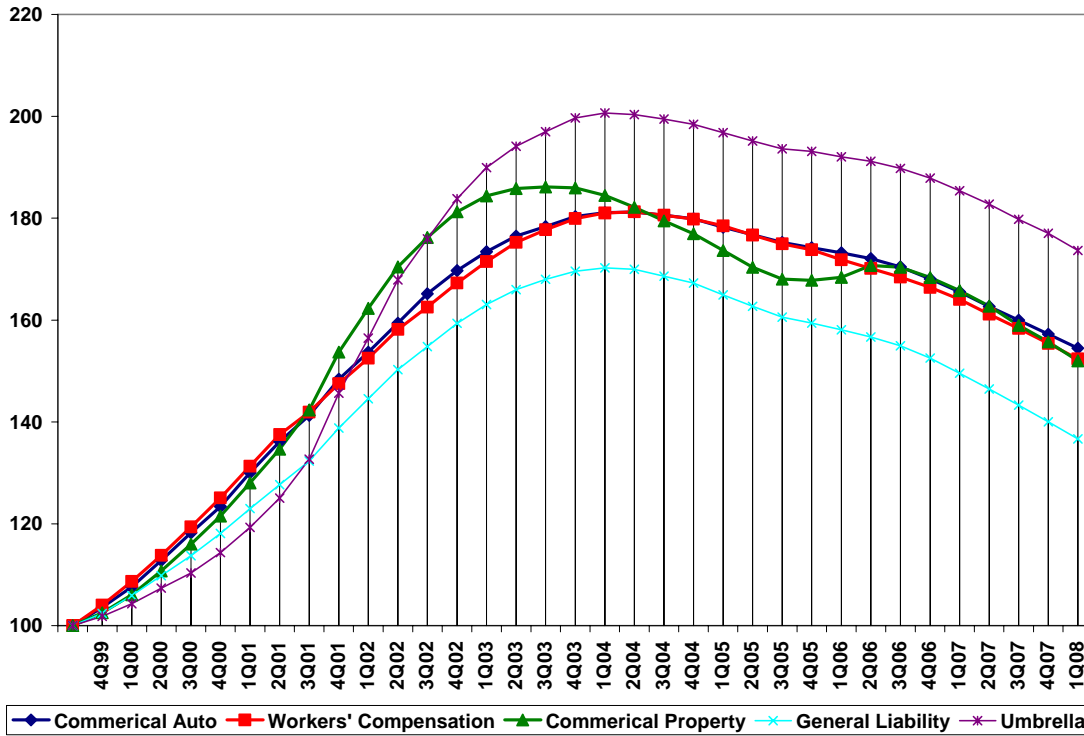
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Average Commercial Rate Increases by Line



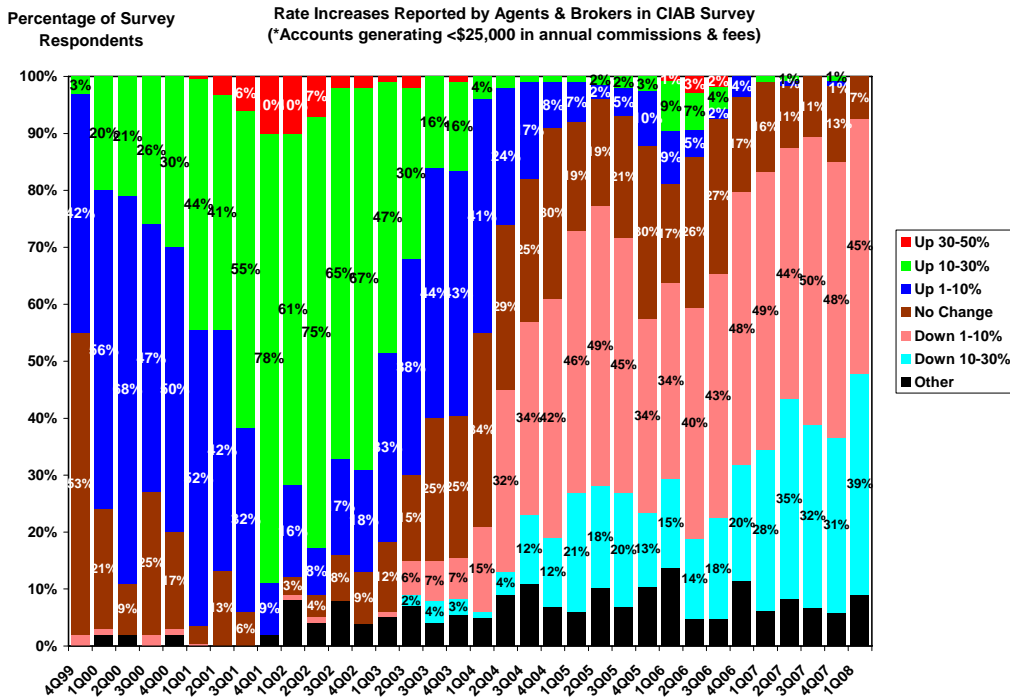
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Cumulative Quarterly Rate Increases by Line



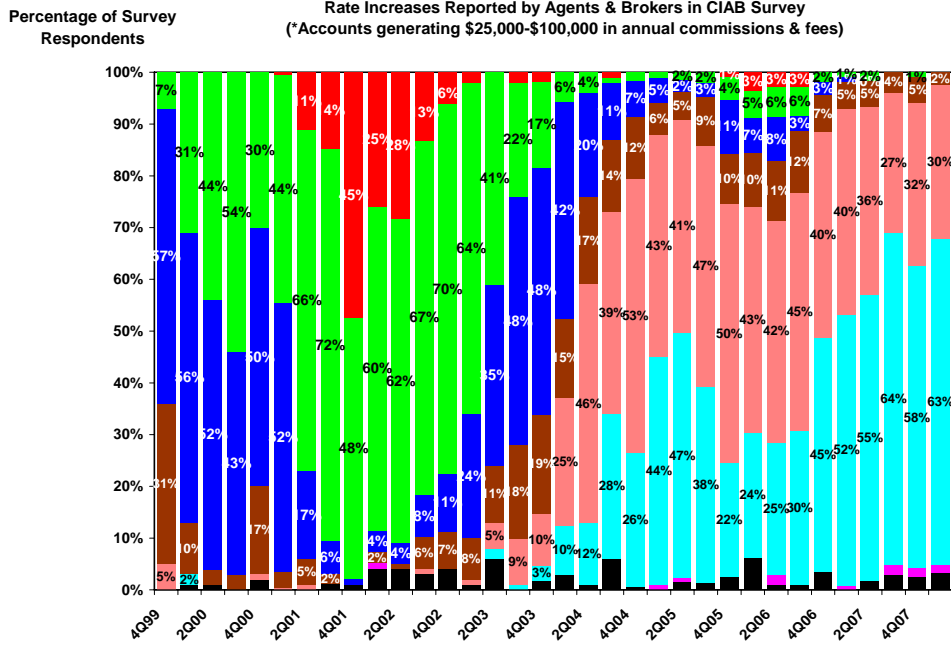
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Insurance Rate Changes, Small Commercial Accounts*



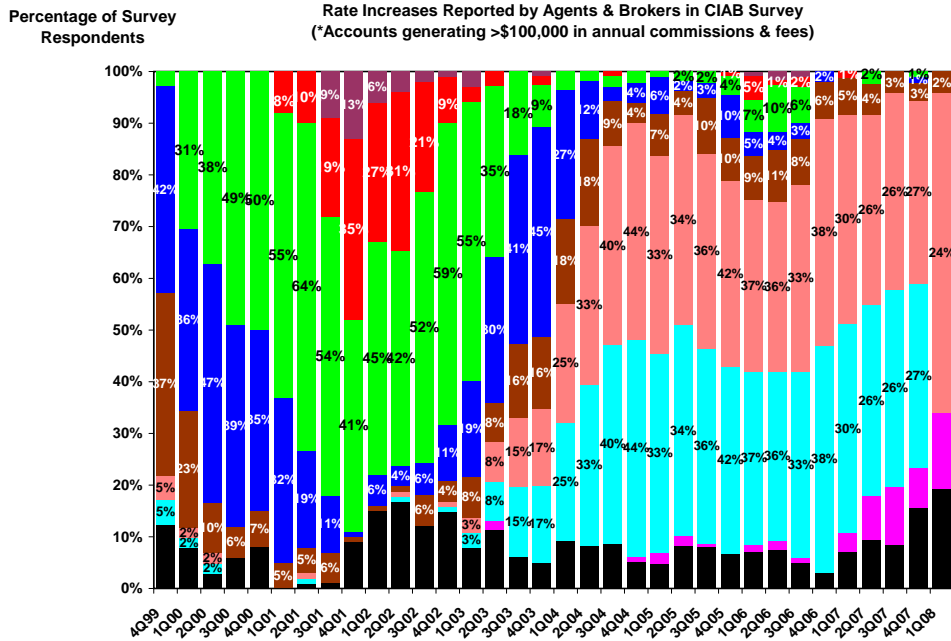
Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

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*

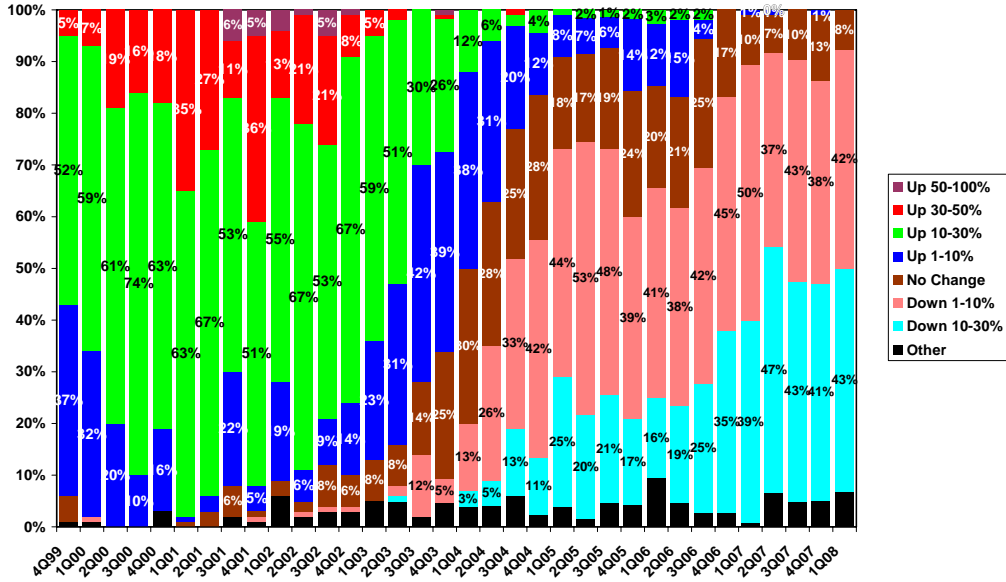


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Commercial Auto Insurance Rate Changes

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey

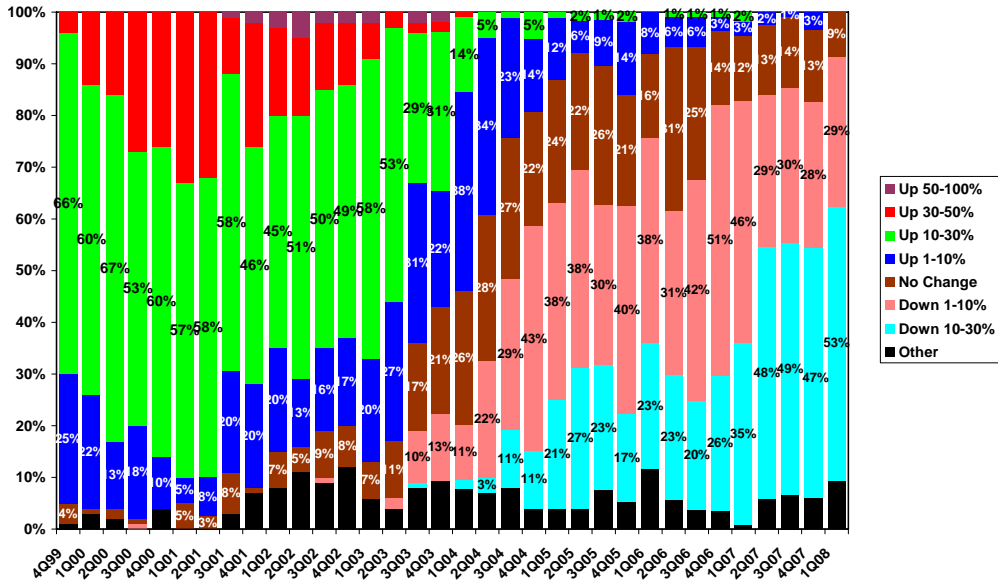


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Workers' Compensation Insurance Rate Changes

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey

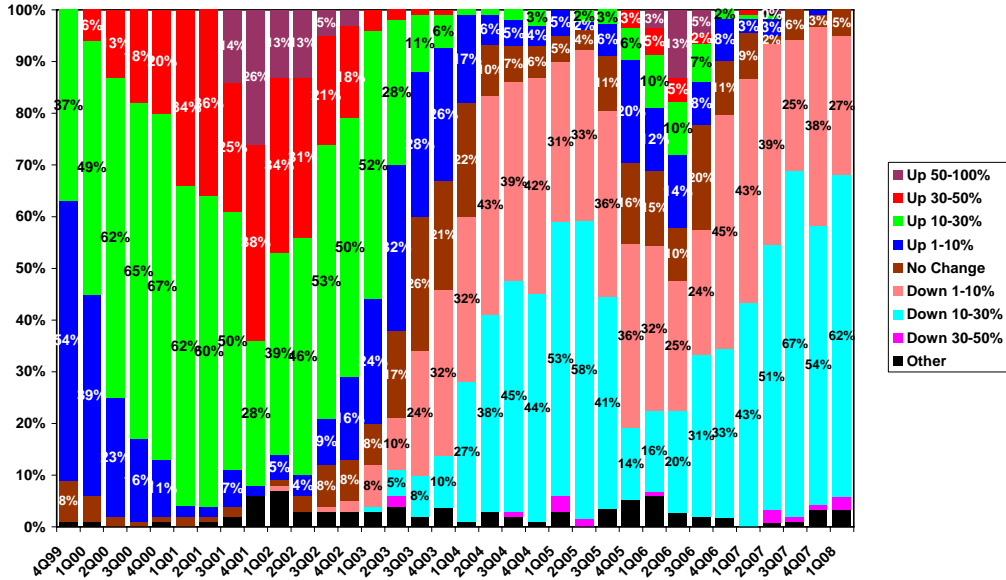


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Commercial Property Insurance Rate Changes

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey

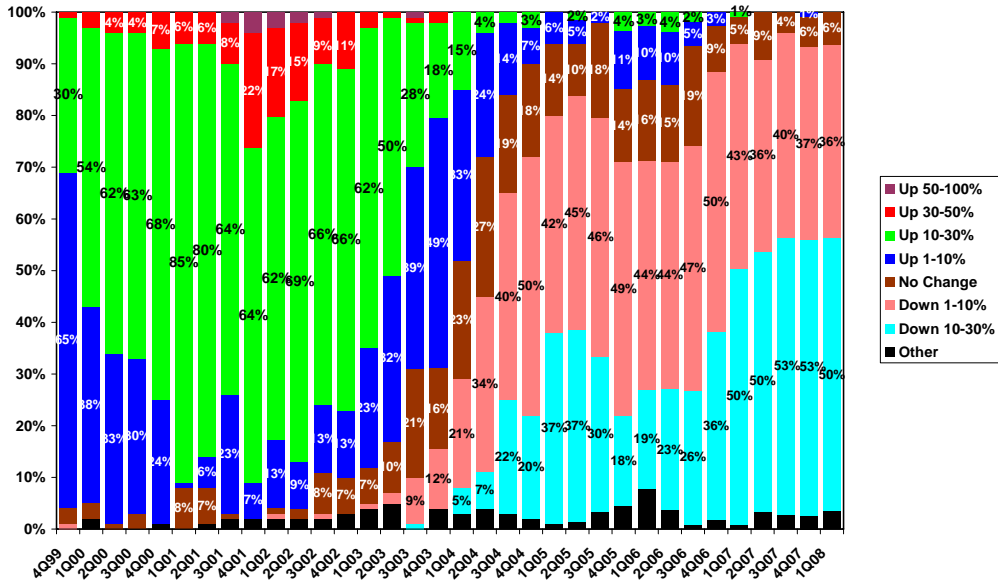


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Commercial General Liability Insurance Rate Changes

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey

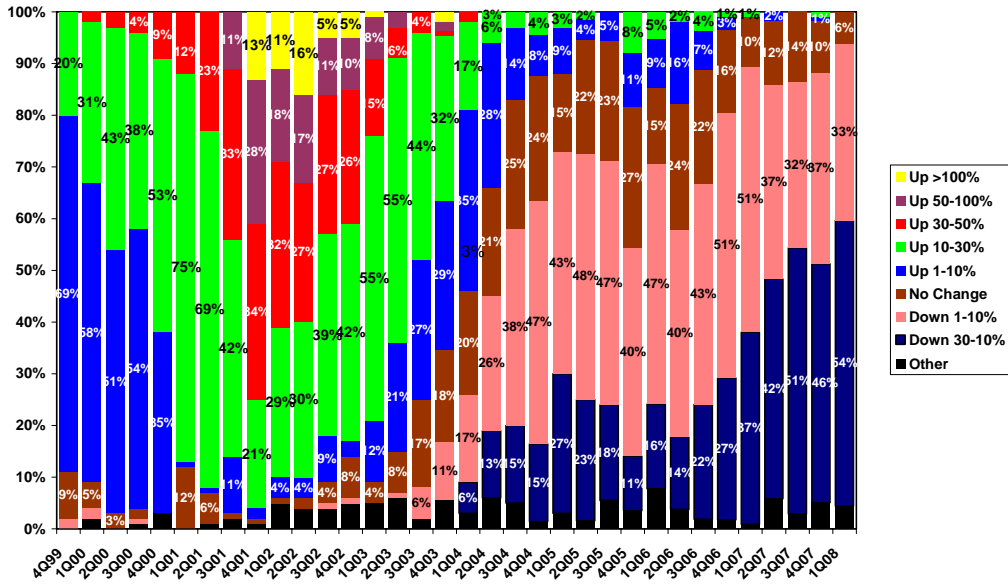


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Umbrella Insurance Rate Changes

Percentage of Survey Respondents

Rate Increases Reported by Agents & Brokers in CIAB Survey

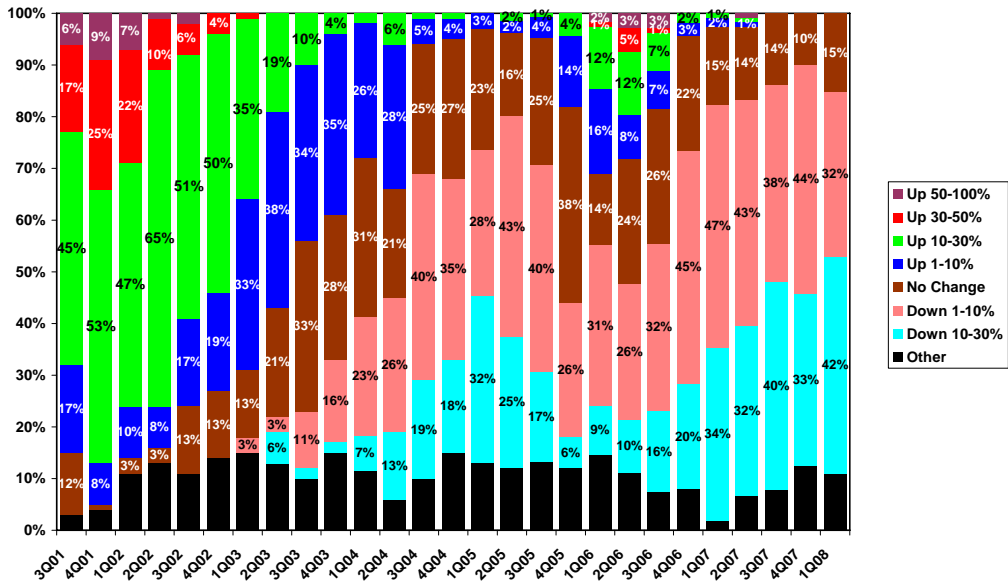


Source: Council of Insurance Agents & Brokers. Chart prepared by Lehman Brothers Equity Research.

Business Interruption 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.