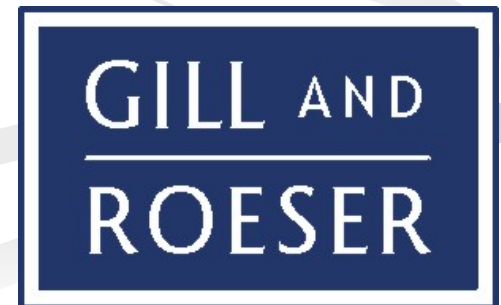


Gill and Roeser, Inc.

535 Fifth Avenue
New York, New York 10017
(212) 972 4880 Phone
(212) 972 4885 Fax
www.gillroeser.com



Overview and Outlook **for the Insurance and Reinsurance Markets**

Nuevos Retos, Nuevos Horizontes
XVI Convencion Industria de Seguros
9:00 - 12:00 Noon
June 25, 2005
Hotel Westin Rio Mar Beach Resort & Golf Club
Rio Grande, Puerto Rico



Long and Winding Road
or
Help!

**Presented by Steven K. Bolland, President
and Herbert E. Goodfriend, Senior Vice President
Gill and Roeser, Inc.
535 Fifth Avenue
New York, New York 10017**



Presentation Outline

■ Pertinent Economic Trends

- Global
- U.S.
- Puerto Rico

■ Outlook for Reinsurance and Insurance Sectors

■ Capital Markets

- Capital Markets
- Valuation
- Mergers, Acquisitions and Divestitures

■ What Lies Ahead

- Challenges and Opportunities
- Distribution
- Regulation

Pertinent Economic Trends

- Global
- U.S.
- Puerto Rico – Hispanic Latino Market

Global Economy

- China, India & Emerging Markets More Robust Than U.S. Economy
- Europe & Japan Tepid
- Euro Weakening – Discord Reigns in World Trade Markets

U.S. Economy

■ Economic Forecast

- Moderate Inflationary Pressures
- Monetary Restraint
- Business Profits Up But At Lower Pace
- Dollar Stable

■ Interest Rates

- Reserve Board to Boost Interest Rates 2-3 Times
- Upturn in Corporate Bond Market
- Long-term Bond Market Skeptical About Inflation

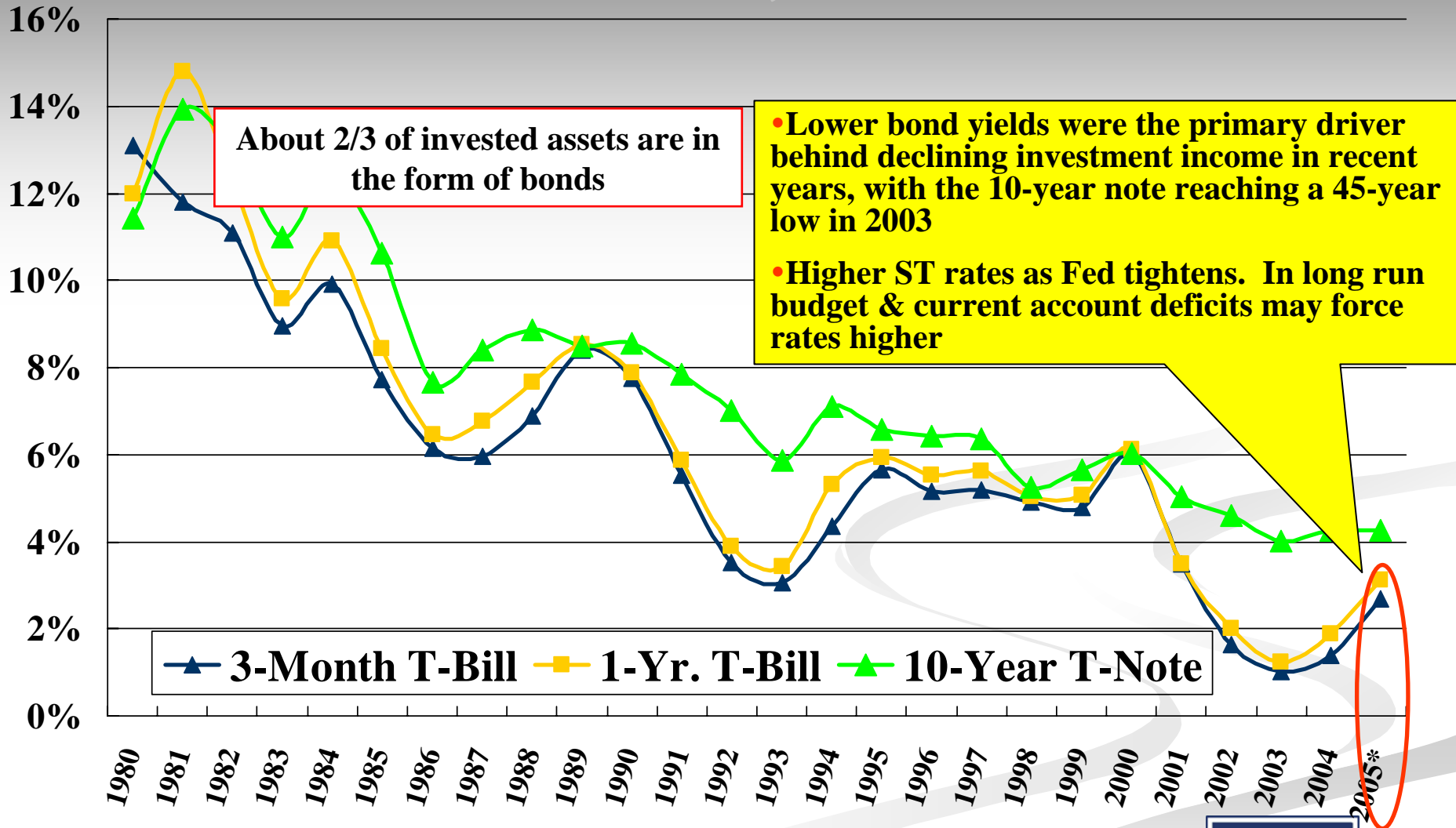
Economic Forecast

As of April 1, 2005

Source: Silvercrest Asset Management Report

	2003	2004	Estimated 2005	Projected 2006
Real GDP (Ann. % of Change)	3.0%	4.4%	3.7%	5.0%
Real Consumption Expenditures	3.3%	3.8%	3.3%	2.8%
Business Fixed Investment	3.3%	10.6%	9.8%	3.0%
Inventory Investment (Billions)	(\$0.7)	\$46.6	\$46.0	\$38.0
Residential Construction (Billions)	\$511.2	\$560.2	\$576.0	\$570.0
Government Spending (Billions) (a)	\$1909.5	\$1,946.8	\$1975.0	\$2013.0
Trade Balance-Goods & Services	(\$496.5)	(\$617.1)	(\$650.0)	(\$610.0)
Federal Budget*: Unified (Billions)	(\$374.3)	(\$412.8)	(\$409.0)	(\$415.0)
GDP Deflator	1.8%	2.2%	2.2%	2.3%
Producer Price Index	3.2%	3.6%	3.5%	2.2%
Consumer Price Index	2.3%	2.7%	2.8%	2.6%
Industrial Production	0.0%	4.1%	4.2%	3.8%
Real Disposable Income	1.8%	3.5%	3.6%	3.5%
Hourly Compensation	4.0%	4.4%	4.4%	4.2%
Unit Labor Cost (Non-Farm)	(0.4%)	0.3%	2.2%	2.0%
Productivity Growth (% Change)	4.4%	4.0%	2.2%	2.0%
Personal Savings Rate (% DPI)	1.3%	1.2%	1.2%	1.8%
Capacity Utilization – Total Industry	75.5%	78.0%	79.5%	80.2%
Trade Weighted \$ Exchange Rate (b)	(12.2%)	(8.2%)	(8.9%)	(4.6%)
Vehicle Sales (Million Units)	16.6	16.8	16.4	16.4
Housing Start (Million Units)	1,852	1,952	1,830	1,760
Civilian Employment (Millions)	137,736	139.3	141.85	143.6
Civilian Unemployment Rate	6.0%	5.5%	5.2%	5.0%
Corporate Profits – AT - NIPA	16.3%	11.2%	8.6%	4.8%
S&P-500 Earnings-Reported	\$48.74	\$59.46	\$66.50	\$72.00
S&P-500 Earnings-Operated	\$55.54	\$67.09	\$73.00(c)	\$77.00(c)
S&P-500 Dividends	\$17.60	\$19.25	\$21.00	\$22.25
90 Day U.S. Treasuries-Yield (%)	1.40-0.75	0.86-2.25	2.49-3.50	3.40-4.50
10-Year U.S. Treasuries-Yield (%)	3.17-4.55	3.68-4.87	3.55-5.15	4.80-5.60

Interest Rates: Lower Than They've Been in Decades, But...



Source: Board of Governors, Federal Reserve System; Insurance Info. Institute *As of 2/25/05.



Puerto Rico - Hispanic Latino Market

- 40 Million Population
- Disposable Income Estimated \$1 Trillion by 2010
- Entrepreneurs
 - 22 Went Public Last 20 Years
 - Biggest – Hottest:
 - Molina Healthcare - California
 - Doral Financial - Puerto Rico and New York
- Young Buyers
 - 34.4% Under 18 vs. 22.8% In U.S.
 - Only 5% Over 65 vs. 12% U.S. Population
- Lingering, Irrefutable Negative - The Rating Agencies
 - Geographic Concentration
 - Catastrophe Sensitivity
 - U.S. Sneezes – Puerto Rico Catches A Cold
- Hispanic-Latino Market Largest Minority Group In U.S.

Outlook

- Reinsurance
- Insurance Sectors
 - Property and Casualty
 - Life and Health
 - Med Mal
 - Long-Term Care

Reinsurance

- Property and Casualty
 - Catastrophe/Hurricane Losses
- Life Health
- Finite Re

Property and Casualty Re

- Consolidation
 - 26 Companies Reporting Results to RAA Year End 2004
 - 29 in 2001
 - 74 in 1989
 - 149 in 1982
- Statutory Results
- Policy Holder Surplus
- Combined Ratio (P-C)
 - 111% in 2004
 - 93.9% 1st Quarter 2005

RAA

RAA Statutory Reinsurance Underwriting Report (In Thousands)

Twelve Months Ended December 31, 2004
Prepared March 8, 2005

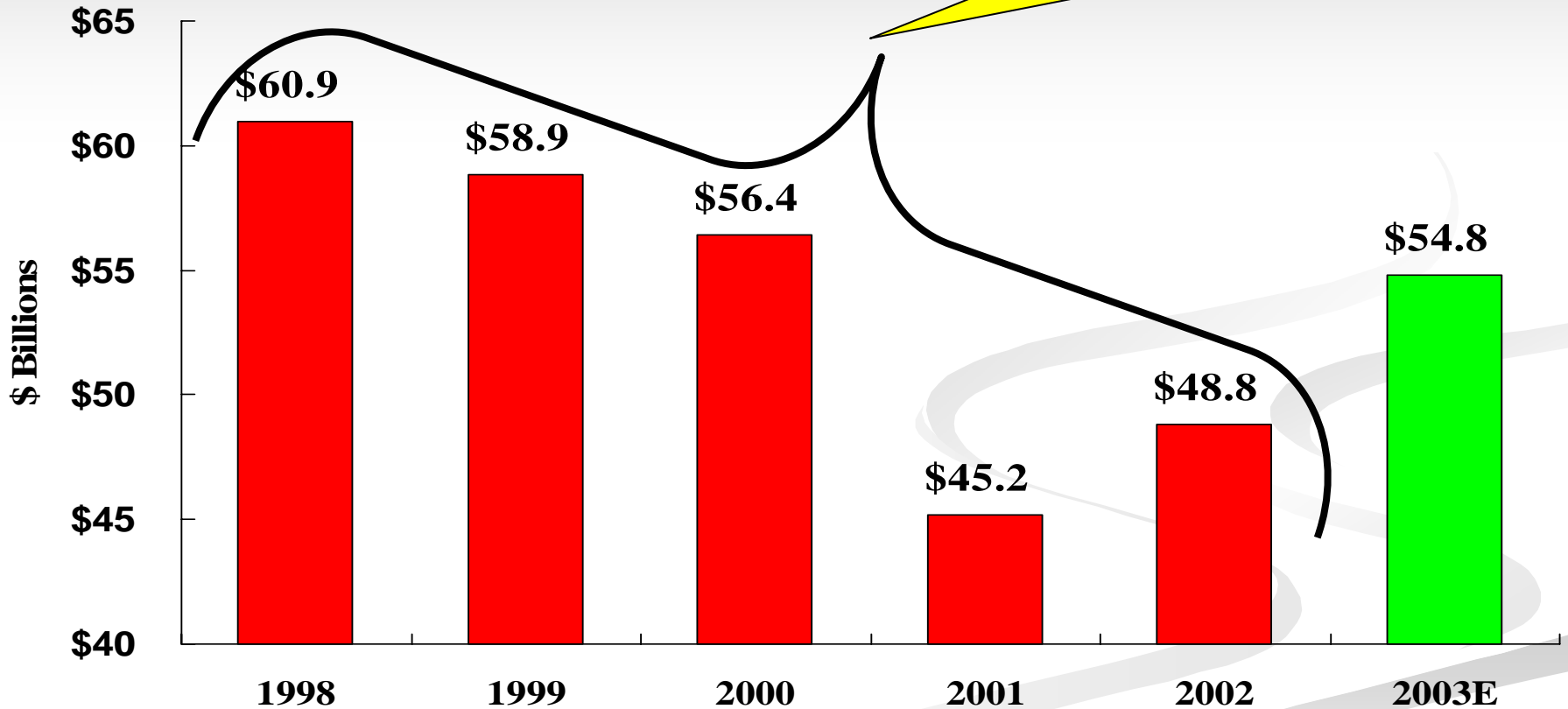
Reinsurer	Gross Premiums Written Dec-04	Direct Premiums Written Dec-04	Net Premiums Written Dec-04	Net Premiums Written Dec-03	Net Premiums Earned Dec-04	Losses & Loss Adj. Expenses Dec-04	Loss Ratio	Commission and Brokerage Dec-04	Other Underwriting Expenses Dec-04	Expense Ratio	Combined Ratio	Net Underwriting Gain/(Loss) Dec-04	Investment Income Dec-04	Net Realized Capital Gain/(Loss) Dec-04	Other Income (Loss) Dec-04	Pre-Tax Income Dec-04	Federal and Foreign Income Tax (Benefit) Dec-04	Net Income (Loss) Dec-04	Policyholder's Surplus Dec-04
American Agricultural Insurance Company	734,668	14,402	484,560	492,791	462,560	356,373	77.0%	103,229	12,104	23.8%	100.8%	(9,145)	22,972	4,511	0	18,338	6,840	11,499	331,898
American Re-Insurance Corp (1)	4,206,071	659,982	1,849,985	1,583,531	1,803,034	1,713,395	95.0%	211,295	315,414	28.5%	123.5%	(437,070)	494,478	314,696	(190,434)	181,670	(86,275)	267,945	3,386,035
Axis Reinsurance Company (2)	569,514	233,527	218,600	113,077	151,598	120,376	79.4%	33,858	20,530	24.9%	104.3%	(23,166)	16,397	594	0	(6,175)	7,782	(13,957)	517,040
Berkley Insurance Company	1,706,895	460	1,599,717	1,396,715	1,570,802	1,123,217	71.5%	348,094	58,189	25.4%	96.9%	41,302	158,616	22,146	(487)	221,577	66,780	154,797	1,511,628
Converium Reinsurance (North America) Inc.	573,136	0	348,311	763,897	569,810	816,000	143.6%	47,264	60,864	31.0%	174.6%	(356,318)	82,604	14,306	(37,020)	(296,428)	59,270	(355,698)	349,255
EMC Reinsurance Company (3)	97,637	0	97,637	90,058	95,444	53,365	55.9%	25,976	1,118	27.8%	83.7%	14,984	9,158	1,108	0	25,251	7,748	17,503	69,572
Endurance Reinsurance Corporation of America	725,518	0	339,102	423,688	311,899	239,565	76.8%	91,652	43,911	40.0%	116.8%	(63,229)	21,210	950	0	(41,069)	0	(41,069)	504,465
Everest Reinsurance Company	3,694,479	5,032	2,800,503	2,964,501	2,709,095	2,096,762	77.4%	602,111	41,765	23.0%	100.4%	(31,542)	323,986	47,316	(20,355)	319,404	143,582	175,821	2,093,152
Farmers Mutual Hail Insurance Company of Iowa	25,946	0	22,215	53,406	30,261	21,414	70.8%	2,432	2,097	20.4%	91.2%	4,318	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Folksamerica Reinsurance Company	1,484,537	6,194	993,083	889,177	934,188	712,940	76.3%	236,258	36,114	27.4%	103.7%	(51,125)	53,460	14,762	(9,942)	7,155	8,113	(959)	917,404
GE Insurance Solutions (4)	3,938,212	343,812	3,585,684	3,490,841	3,664,446	3,941,257	107.6%	667,956	272,185	26.2%	133.8%	(1,216,952)	578,186	87,768	27,760	(523,238)	(303,168)	(220,070)	6,202,238
General Re Group (5)	2,836,970	556,364	2,746,950	3,440,123	3,011,817	2,103,808	69.9%	562,321	334,576	32.7%	102.6%	11,112	766,009	89,955	0	867,076	256,641	610,435	7,176,417
Insurance Corporation of Hannover	320,208	318,951	67,931	(48,774)	90,125	48,630	54.0%	7,780	22,209	44.1%	98.1%	11,506	8,525	(616)	2,059	21,474	2,079	19,395	179,851
Mapfre Reinsurance Corporation	108,627	0	76,288	54,955	70,407	54,813	77.9%	18,394	3,863	29.2%	107.1%	(6,663)	5,876	46	(224)	(966)	0	(966)	151,279
National Indemnity Company	2,966,374	231,368	2,808,601	2,740,860	2,702,241	1,347,644	49.9%	367,466	37,685	14.4%	64.3%	949,446	1,175,653	893,167	101,921	3,120,188	934,189	2,185,999	27,224,759
Odyssey America Re/Odyssey Reinsurance (6)	2,416,782	419,394	2,131,351	1,911,168	2,079,625	1,517,349	72.9%	477,776	114,094	27.8%	100.7%	(29,594)	145,474	172,969	(19,791)	269,058	154,885	114,173	1,675,858
Partner Re U.S. (7)	1,132,737	0	875,947	1,040,578	874,703	692,001	79.1%	207,291	58,020	30.3%	109.4%	(82,609)	61,169	42,457	15,183	36,200	22,224	13,976	586,543
Platinum Underwriting Reinsurance, Inc.	1,301,664	0	715,432	667,516	658,972	299,243	45.4%	323,390	45,629	51.6%	97.0%	(9,291)	35,709	(518)	24,636	50,536	29,962	20,574	403,121
PXRE Reinsurance Company (8)	83,630	0	45,511	79,411	46,243	43,207	93.4%	2,023	14,147	35.5%	128.9%	(13,134)	17,508	1,143	(12,854)	(7,336)	(10,543)	3,206	224,826
QBE Reinsurance Corporation	796,017	2,736	449,410	389,652	433,296	260,501	60.1%	126,915	23,716	33.5%	93.6%	22,164	8,746	1,338	11,412	43,660	15,097	28,564	435,588
SCOR U.S. Group/SCOR Reinsurance Company	233,254	24,311	136,235	347,854	169,115	205,672	121.6%	34,370	29,891	47.2%	168.8%	(100,817)	44,796	10,545	9,735	(35,741)	0	(35,741)	505,761
Swiss Reinsurance America Corporation (9)	4,733,747	0	2,139,071	1,988,501	2,002,899	1,899,103	94.8%	316,589	143,667	21.5%	116.3%	(356,460)	324,145	22,162	(92,242)	(102,395)	(2,144)	(100,251)	2,647,733
The Toa Reinsurance Company of America	326,543	0	282,964	278,673	278,170	251,324	90.3%	58,977	11,167	24.8%	115.1%	(43,298)	33,363	18,166	(849)	7,382	4,066	3,316	330,037
Transatlantic/Putnam Reinsurance Co.	3,780,261	0	3,393,309	3,100,365	3,305,125	2,478,708	75.0%	836,718	67,703	26.7%	101.7%	(78,004)	271,958	21,835	(1,364)	214,425	76,616	137,809	1,944,450
Trenwick America Reinsurance Corporation (10)	7,833	407	4,668	103,082	21,852	16,652	76.2%	916	1,778	57.7%	133.9%	2,507	18,761	6,725	(17,761)	10,232	0	10,232	62,378
XL Reinsurance America (11)	4,362,792	19,988	546,020	427,045	509,583	365,942	71.8%	(148,642)	243,534	17.4%	89.2%	48,750	81,491	11,412	(8,730)	132,923	(2,045)	134,968	1,775,407
Total Reinsurers	42,603,083	2,836,521	28,406,106	30,630,787 (12)	27,965,648	21,946,609	78.5%	5,514,229	1,953,328	26.3%	104.8%	(1,448,517)	4,658,885	1,777,912	(164,566)	4,819,397	1,332,429	3,486,967	60,795,162
Total Companies in Runoff	580,969	407	352,979	635,998	591,662	834,652	141.1%	48,180	62,642	31.4%	172.5%	(353,811)	101,365	21,031	(54,781)	(286,196)	59,270	(345,466)	411,633
Total Results	43,184,052	2,836,928	28,759,085	30,630,787 (12)	28,557,310	22,781,261	79.8%	5,562,409	2,015,970	26.4%	106.2%	(1,802,328)	4,760,250	1,798,943	(219,347)	4,533,201	1,391,699	3,141,501	61,206,795

- (1) Includes the combined results of American Re-Insurance Company, American Alternative Insurance Corporation, and The Princeton Excess & Surplus Lines Insurance Company.
 - (2) Excludes reinsurance business of Axis Capital Holdings Ltd. written in Bermuda.
 - (3) All insurance issued in the name of Employers Mutual Casualty Company.
 - (4) Includes the combined results of Employers Reinsurance Corporation and GE Reinsurance Corporation.
 - (5) All data presented for the North American Property/Casualty segment of the General Re Group. Includes certain intercompany and other adjustments. Excludes other affiliates of the Berkshire Hathaway Group.
 - (6) Includes combined results of Odyssey America Reinsurance Corporation, Clearwater Insurance Company, Hudson Insurance Company, Hudson Specialty Insurance Company and Clearwater Select Insurance Company (formerly Overseas Partners US Reinsurance Company).
 - (7) Includes the combined results of Partner Reinsurance Company of the U.S. and its subsidiary PartnerRe Insurance Company of New York.
 - (8) Represents the statutory results of the U.S. reinsurance operations. Excludes reinsurance business of PXRE Reinsurance Ltd. written in Bermuda.
 - (9) Represents only part of Swiss Re Group's business and includes a number of impacts including cessions to the parent.
 - (10) Represents U.S. reinsurance operations only, which are currently in runoff.
 - (11) XL Reinsurance America's net underwriting results consist of its net pooled share of the combined underwriting results of the XL America Group Pool. All pool members are wholly-owned subsidiaries of XL Reinsurance America.
- (12) Total premiums written shown for December 2003 are those reported in the December 2003 Reinsurance Underwriting Report.



US Reinsurers: Change in Policyholder Surplus (\$ Billions)

Reinsurer PHS fell 20% from 1998-2002. Capacity today similar to 1998. Same story globally.



2004 - \$60.8

Source: A.M. Best; Insurance Information Institute

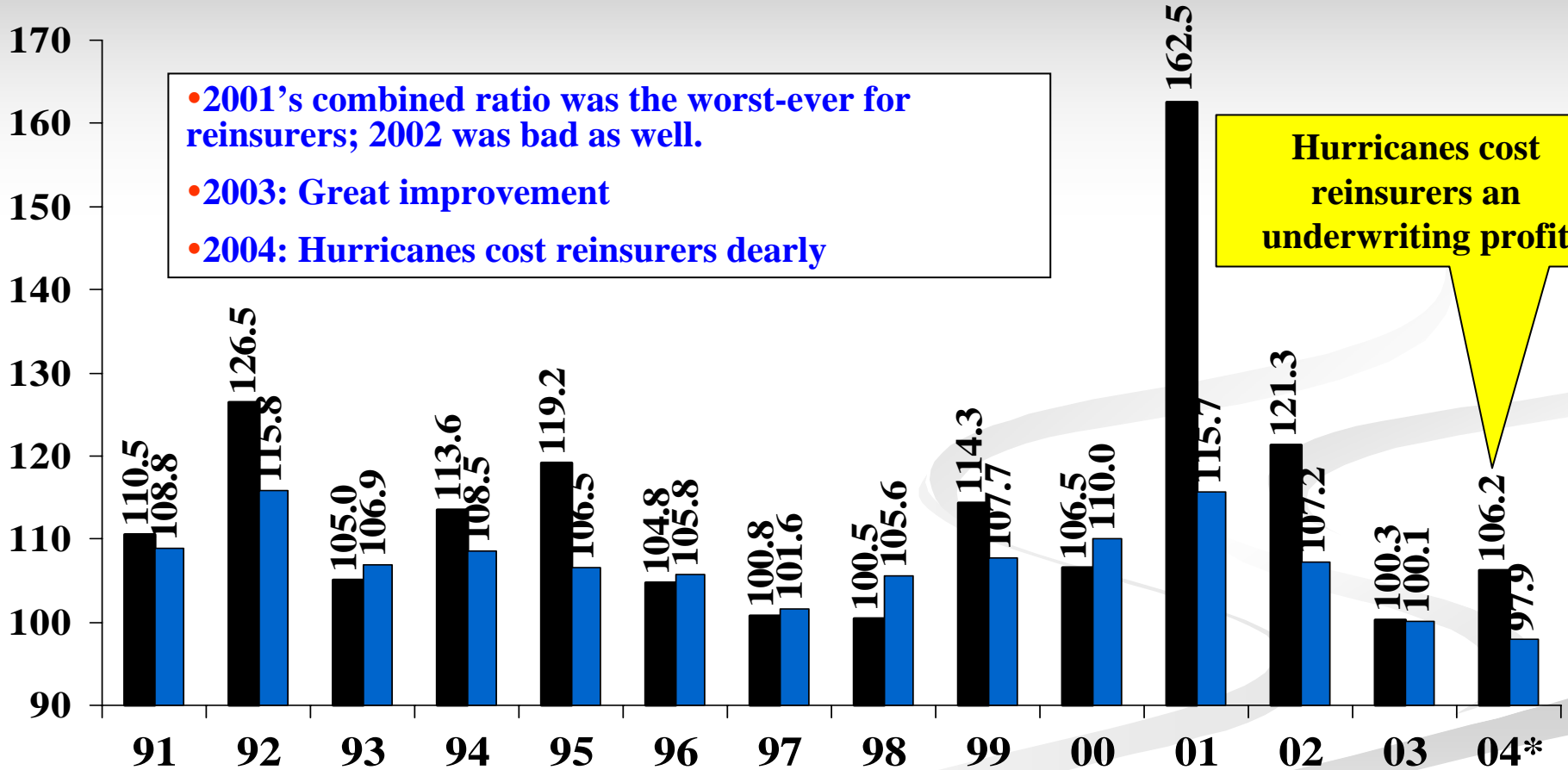


Combined Ratio: Reinsurance vs. P/C Industry

■ Reinsurance ■ All Lines Combined Ratio

- 2001's combined ratio was the worst-ever for reinsurers; 2002 was bad as well.
- 2003: Great improvement
- 2004: Hurricanes cost reinsurers dearly

Hurricanes cost reinsurers an underwriting profit



*Reinsurance figure for 2004 from RAA. A.M. Best for all other years.

Source: A.M. Best, ISO, Reinsurance Association of America, Insurance Information Institute

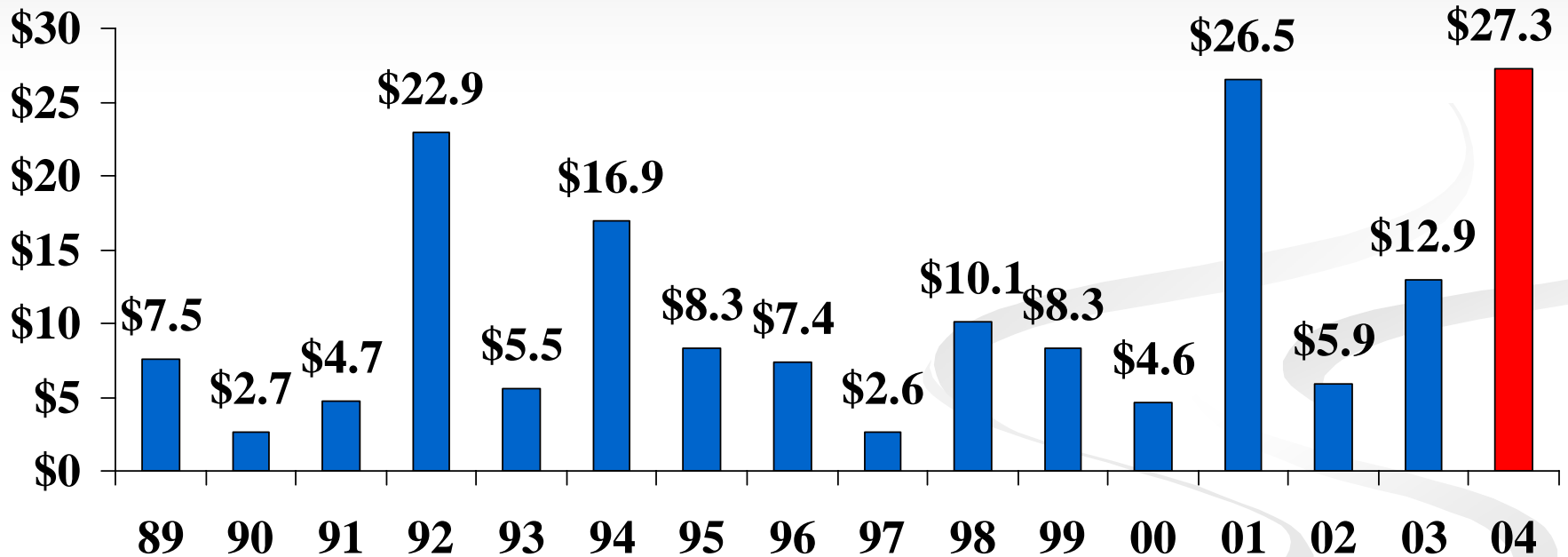


Hurricane Losses

- 2004 Was The Second Worst Year Ever For Hurricanes In The U.S.
- Four Of The Top 10 Hurricanes In U.S. History Occurred In 2004
- 79% Of Losses Originated In Florida

U.S. Insured Catastrophe Losses (\$ Billions)

2004 was the second worst year ever for natural disaster losses in the US after adjusting for inflation. About 79% of those losses originated in Florida.



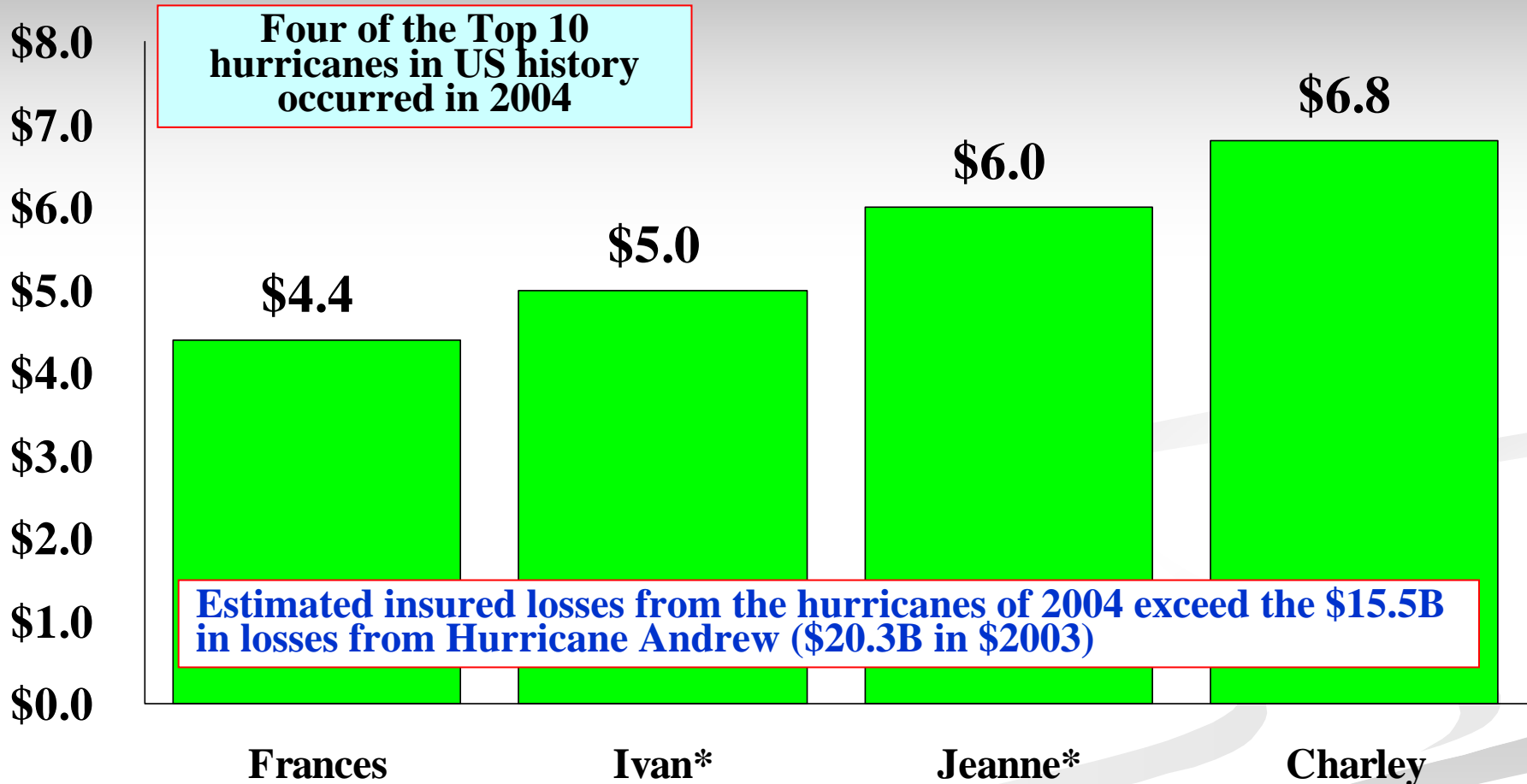
Note: 2001 figure includes \$20.3B for 9/11 losses reported through 12/31/01. Includes only business and personal property claims, business interruption and auto claims.

Source: Property Claims Service/ISO; Insurance Information Institute



Losses from Hurricanes of 2004

\$ Billions

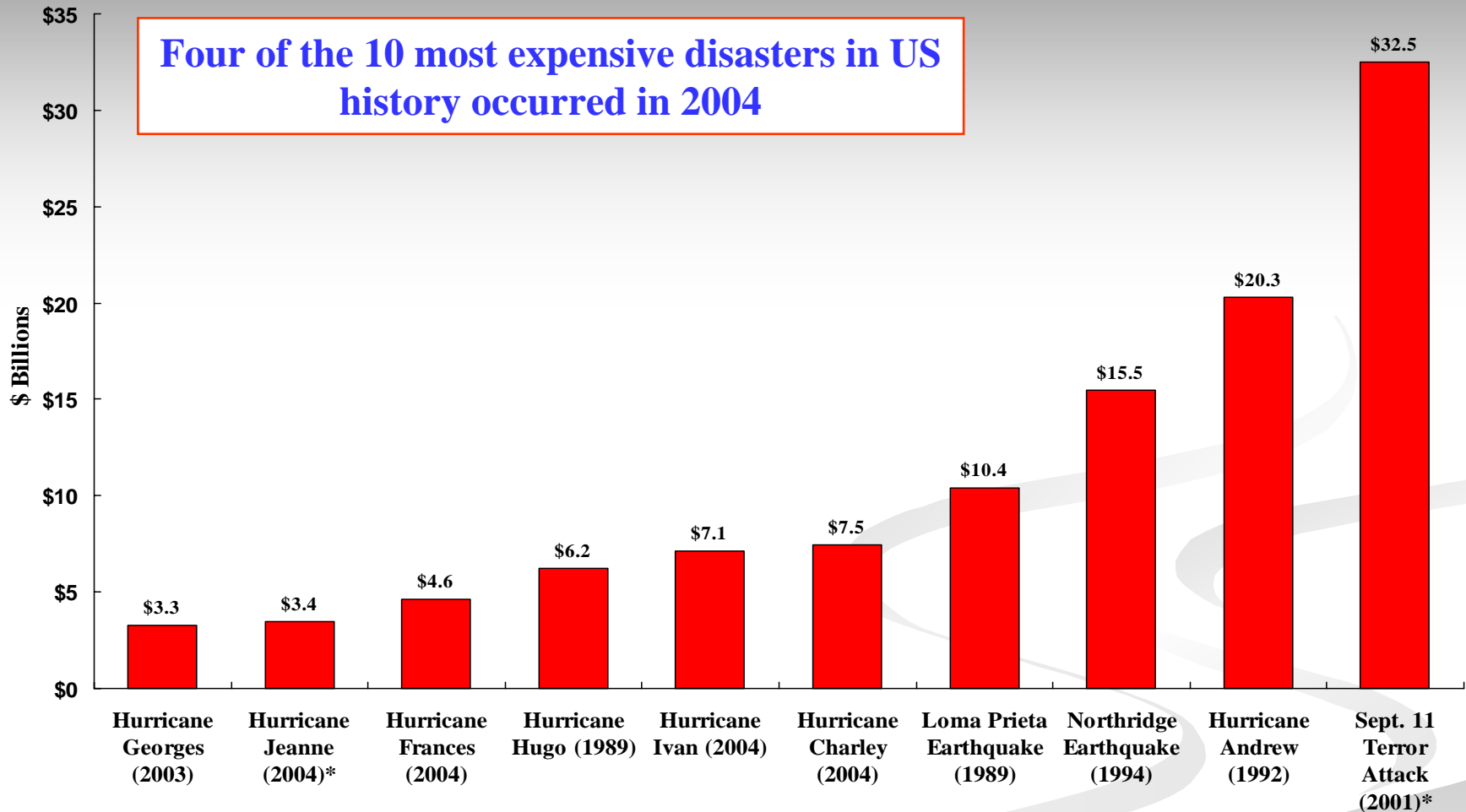


*III estimates as of 9/29/04

Source: ISO/PCS; Insurance Information Institute



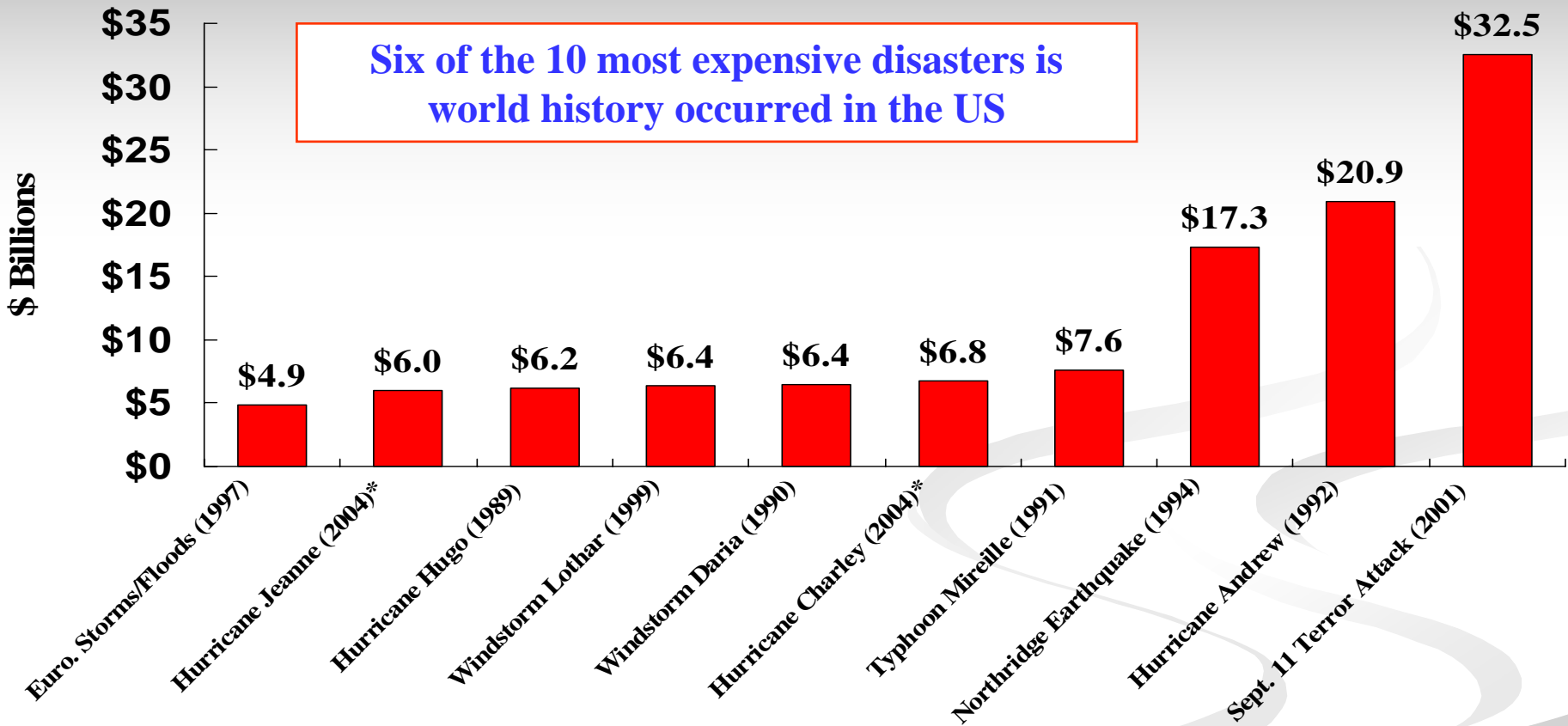
Top 10 Insured Losses in U.S. History, 1980-2004 (\$2003)



*Insurance Information Institute estimate; Hurricane Charley figure is from ISO/PCS. Both in 2004 \$.

Sources: Swiss Re, "Natural Catastrophes and Man-Made Disasters in 2003," *Sigma*, no. 1, 2004; except Sept. 11 estimate from Hartwig, Robert P., *2004 Mid-Year Property/Casualty Insurance Update*, Insurance Information Institute. Figure is stated in 2001 dollars.

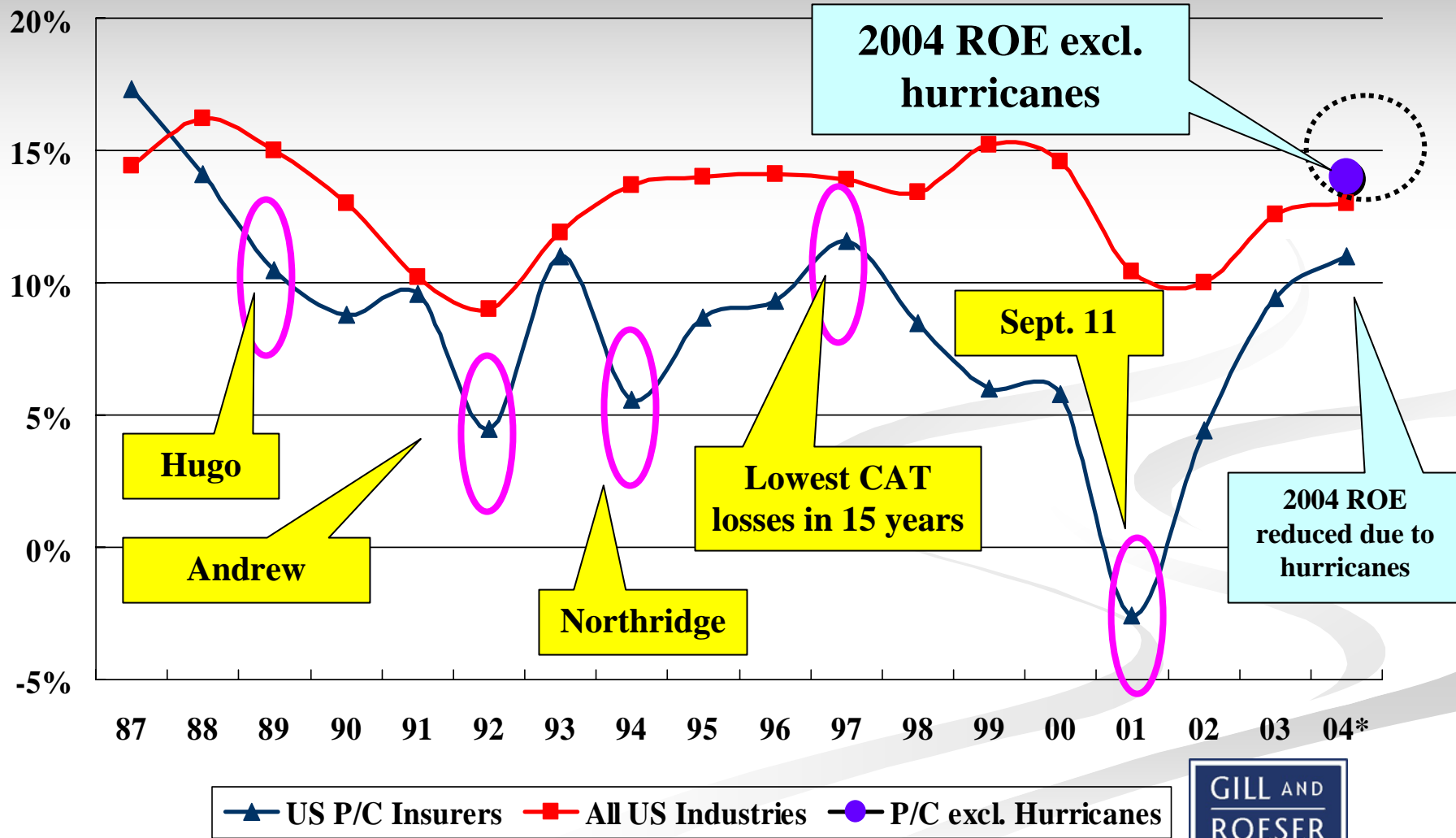
Top 10 Insured Losses Worldwide, 1970-2004 (\$2003)



*Insurance Information Institute estimate; Hurricane Charley figure is from ISO/PCS. Both in 2004 \$.

Sources: Swiss Re, "Natural Catastrophes and Man-Made Disasters in 2003," *Sigma*, no. 1, 2004; except Sept. 11 estimate from Hartwig, Robert P., 2004 *Mid-Year Property/Casualty Insurance Update*, Insurance Information Institute. Figure is stated in 2001 dollars.

Effect of Disasters on P/C Insurer ROEs v. All Industries, 1987–2004E*



*2004 p/c estimate based on first 9 months data.
 Source: Insurance Information Institute; *Fortune*

Life Health Re

■ Consolidation

- 5 Players have $\frac{3}{4}$ of In-Force Traditional Life Re
- Long-Term: Barely 1 Dozen Meaningful Life Reinsurance Companies
 - 6-8 Large Global Reinsurers
 - 6-8 Regional U.S. - Elsewhere

■ Capacity Lessened

■ New Emerging Markets

- Wilton Re (MMC) \$600 Mill PP
- Scottish Re Bought ING Re (for \$560+\$230 Mill New Cap For Individual Life)
- AEGON USA Bought Global PFD Re for \$57 Mill

Leading Life Reinsurers by Amount In Force, Nonaffiliated Business - 2003

<u>Company</u>	<u>AMB #</u>	<u>Amount In Force</u> <u>Year End 2003</u>
Swiss Re Life & Health America	07283	\$1,063,128,400,000
RGA Reins Co	09080	757,691,976,137
Security Life of Denver Ins Co	07029	551,258,166,201
Lincoln Nat'l Life Ins Co	06664	548,893,944,503
Manulife Reins Ltd	57397	516,739,471,577
Munich American Reassurance Co	06746	480,134,748,400
Employers Reassurance Corp	06976	366,812,587,726
European Reins Co of Zurich	*	299,664,000,000
Allianz Life Ins Co N America	06830	271,873,155,256
Transamerica Occidental Life	06848	224,407,545,857

*Company not followed by A.M. Best

Source: A.M. Best Co.



Leading Life Reinsurers

By Premium, Nonaffiliated Business - 2003

<u>Company</u>	<u>AMB #</u>	<u>Amount In Force</u> <u>Year End 2003</u>
Federal Kemper Life Assur (1)	06376	\$3,383,093,186
Swiss Re Life & Health America	07283	2,505,159,676
RGA Reins Co	09080	2,419,914,576
European Reins Co of Zurich	*	2,253,311,440
Lincoln Nat'l Life Ins Co	06664	2,023,538,783
Munich American Reassurance Co	06746	1,259,470,288
Security Life of Denver Ins Co	07029	1,248,607,562
Manulife Reins Ltd	57397	1,161,828,897
Metropolitan Life Ins Co	06704	1,057,815,784
Security Life of Denver Intl Ltd	*	952,680,302

*Company not followed by A.M. Best

(1) Reflects coinsurance agreement with Kemper Investors Life Ins Co as part of Bank One's acquisition of a significant portion of Zurich Life companies.

Source: A.M. Best Co.



Leading Health Reinsurers

By Premium, Nonaffiliated Business - 2003

<u>Company</u>	<u>AMB #</u>	<u>Amount In Force</u> <u>Year End 2003</u>
London Life Reins Co	07947	\$1,336,500,624
General Re Life Corp	06234	671,628,422
Guardian Life Ins Co of Amer	06508	521,243,261
Employers Reins Corp	00347	370,833,482
Allianz Risk Transfer (Bermuda) Ltd	*	369,176,802
Manufacturers Life Ins (USA)	06681	344,976,833
Employers Reassurance Corp	06976	342,478,513
Centre Solutions (U.S.) Ltd	86961	308,425,514
Hannover Life Reassurance Amer	68031	278,393,971
Everest Reins Co	03519	275,484,227

*Company not followed by A.M. Best
Source: A.M. Best Co.

Finite Re

- Product Under Intense Scrutiny On Several Fronts
- Finite's A Tough Sell: Does It Have A Future?

Polling Questions

- Is consolidation driving your marketing efforts - or vice versa?
- How many of you have considered moving into new, allied Hispanic-Latino markets such as Florida, California, Southwest, Chicago and Northeast?
- Are changes in compensation affecting your agency's overall profitability – and, if so, in what ways?

Insurance Sectors

- Property and Casualty
- Life and Health

Property and Casualty

- Income
- Capacity
- Combined Ratio
- Policy Holders Surplus
- Net Investment Income
- Underwriting Profits in 2005 But Expected Downturn in 2006
- Rating Downgrades Slow
- Med Mal Lines Emerging from Crisis

PROPERTY/CASUALTY INDUSTRY INCOME STATEMENT

(\$ Amounts in millions)	<u>2001</u>	<u>% Change</u>	<u>2002</u>	<u>% Change</u>	<u>2003</u>	<u>% Change</u>	<u>2004</u>	<u>% Change</u>	<u>2005E</u>	<u>% Change</u>
Written Premiums	323,977	8.1	371,000	14.5	415,300	11.9	434,700	4.7	440,000	3.0
Earned Premiums	312,368	6.2	340,000	8.8	397,100	16.8	423,800	6.7	441,000	3.0
Incurred Losses (incl. LAE)	276,120	15.6	268,941	(2.6)	295,700	9.9	307,600	4.0	330,000	5.5
Other Underwriting Expenses	87,863	6.5	95,682	8.9	102,500	7.1	108,000	5.4	109,000	4.7
Policyholder Dividends	1,574	(60.0)	1,102	(30.0)	2,000	81.5	1,922	(3.9)	2,200	5.0
Underwriting Gain (Loss)	(53,189)	70.5	(25,725)	(51.6)	(3,100)	87.9	6,278	(302.5)	(200)	(103.2)
Investment Income	37,066	(8.9)	35,027	(5.5)	40,300	15.1	41,000	1.7	45,800	11.7
Pretax Operating Income	(16,123)	(269.5)	9,302	(157.7)	37,200	299.9	47,278	27.1	45,600	(3.5)
Ratios (%)										
Loss & LAE	88.4		79.1		74.5		72.6		74.8	
Loss & LAE Ratio	27.1		25.8		24.7		24.8		24.8	
Underwriting Expense Ratio	0.5		0.3		0.5		0.5		0.5	
Policyholder Dividends	116.0		105.2		99.6		97.9		100.1	
Combined Ratio										

Sources: A.M. Best Co., Insurance Information Institute, and ISO. Projections by Herbert E. Goodfriend (212) 972-4880.

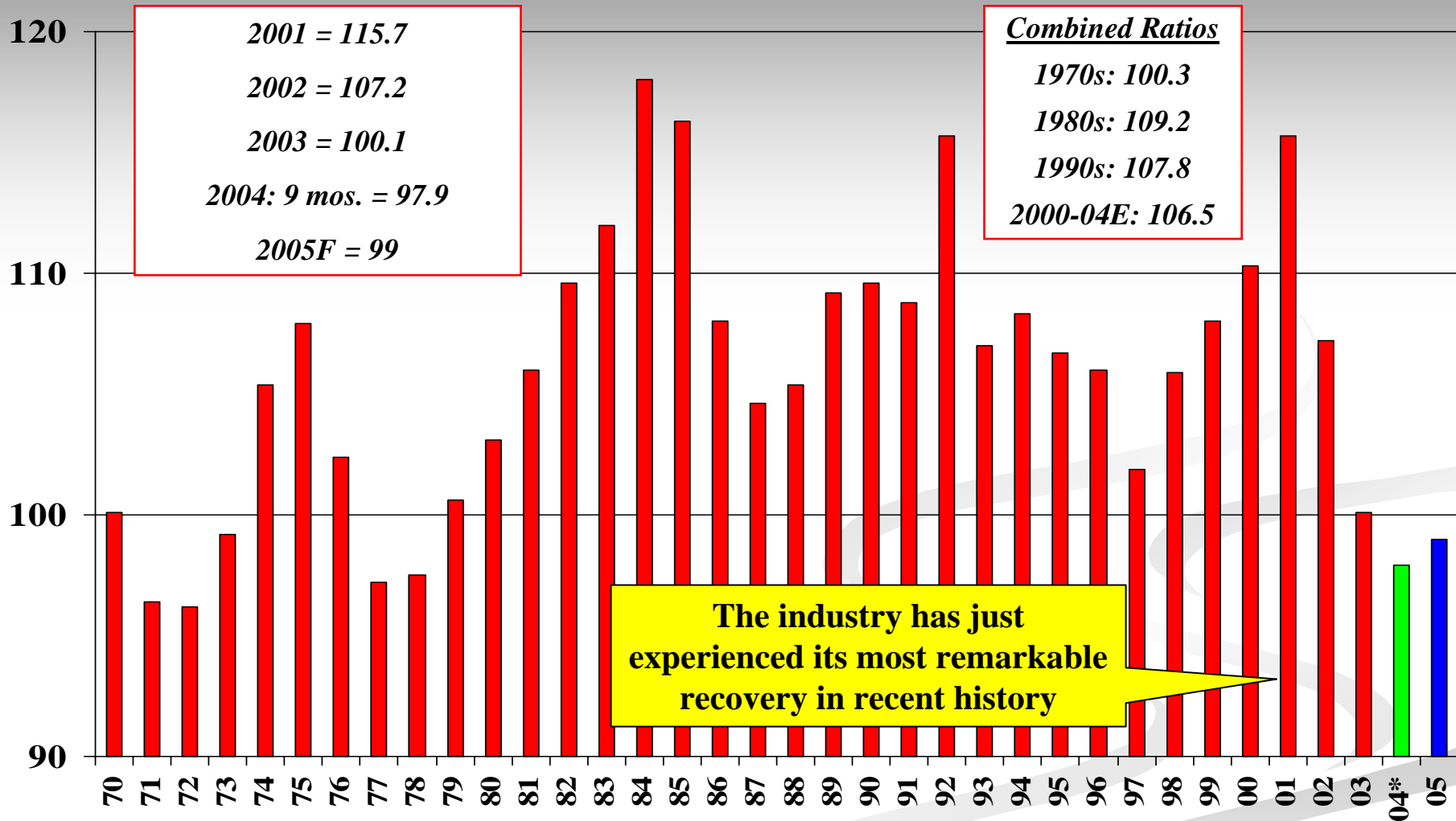
6/13/2005

PROPERTY/CASUALTY INDUSTRY CAPACITY MEASURES

(\$ amounts in millions)												
12 Months Ending	Premiums Written (\$ mill.)	Policyholders Surplus (\$ mill.)	Premiums/Surplus Ratio	Combined Ratio (%)	Total Admitted Assets (\$ mill.)	Common Stock Holdings* (\$ mill.)	Common Stocks		Loss Reserves Relative			
							As % Of Surplus	As % Of Total Assets	Loss Reserves (incl. LAE) (\$ mill.)	Total Assets	Surplus	Written Premiums
2005E	440,000	426,000	1.03	100.1	1,866,617	300,000	70.4	16.07	1,289,000	69.06	3.03	2.93
2004	434,700	401,500	1.08	97.9	1,708,758	,000	68.5	16.09	1,077,000	63.03	2.68	2.48
2003	412,800	353,800	1.17	99.6	1,564,248	241,000	68.1	15.41	900,000	57.54	2.54	2.18
2002	371,000	285,200	1.30	105.2	1,431,960	250,000	87.7	17.46	752,000	52.52	2.64	2.03
2001	323,977	289,600	1.12	116.0	1,310,859	287,105	99.1	21.90	542,640	41.40	1.87	1.67
2000	299,652	317,400	0.94	110.1	1,200,000	300,000	94.5	25.00	420,000	35.00	1.32	1.40
1999	286,934	360,526	0.80	107.8	1,098,516	263,685	73.1	24.00	400,000	36.41	1.11	1.39
1998	280,552	333,500	0.84	105.6	989,358	200,000	60.0	20.22	370,000	37.40	1.11	1.32
1997	276,568	308,500	0.90	101.6	908,868	185,800	60.2	20.44	364,477	40.10	1.18	1.32
1996	268,700	255,527	1.05	105.8	834,926	143,584	56.2	17.20	365,319	43.75	1.43	1.36
1995	258,880	231,728	1.12	106.6	767,000	120,000	51.8	15.65	359,533	46.88	1.55	1.39
1994	250,402	190,600	1.31	108.0	704,600	100,290	52.6	14.23	348,408	49.45	1.83	1.39
1993	240,584	182,275	1.32	106.9	763,636	84,000	46.1	11.00	336,316	44.04	1.85	1.40
1992	227,708	163,100	1.40	115.7	649,500	64,950	39.8	10.00	326,607	50.29	2.00	1.43
1991	223,243	158,658	1.41	108.8	601,400	58,000	36.6	9.64	307,141	51.07	1.94	1.38
1990	218,591	138,401	1.58	109.3	556,300	46,400	33.5	8.34	289,878	52.11	2.09	1.33
1989	208,834	133,700	1.56	108.9	527,000	52,000	38.9	9.87	266,188	50.51	1.99	1.27
1988	202,285	118,200	1.71	105.5	476,929	61,353	51.9	12.86	243,382	51.03	2.06	1.20
1987	193,689	103,996	1.86	104.6	426,711	55,443	53.3	12.99	217,645	51.01	2.09	1.12
1986	176,993	91,900	1.93	108.0	374,088	45,066	49.0	12.05	184,577	49.34	2.01	1.04
1985	143,882	74,878	1.92	116.5	311,365	44,014	58.8	14.14	154,425	49.60	2.06	1.07
1984	118,591	63,398	1.87	117.7	264,735	38,437	60.6	14.52	134,926	50.97	2.13	1.14

Sources: A.M. Best Co., Insurance Information Institute, and ISO. Projections by Herbert E. Goodfriend (212) 972-4880

P/C Industry Combined Ratio

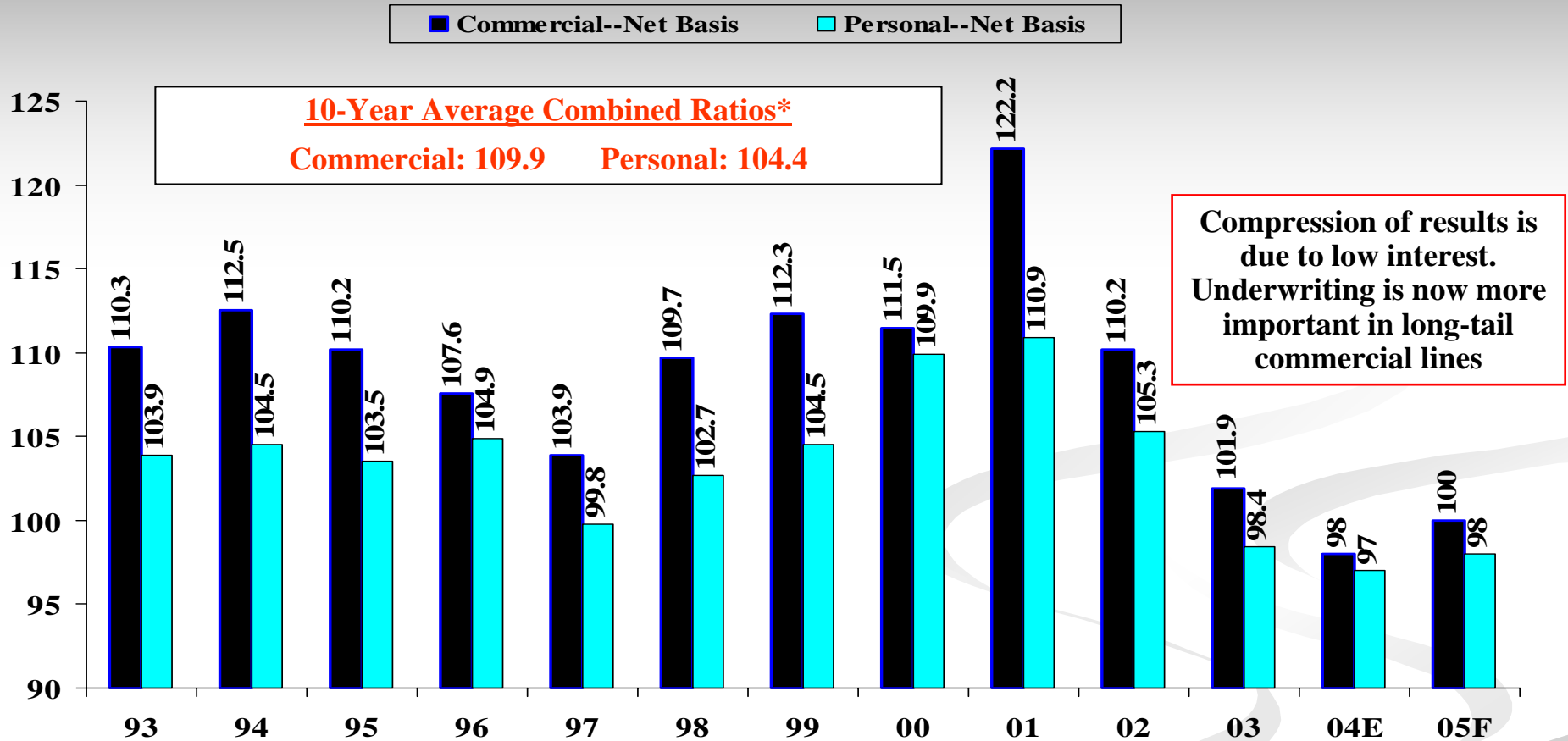


Sources: A.M. Best; ISO, III

*9-month result.



Commercial vs. Personal Lines Combined Ratios

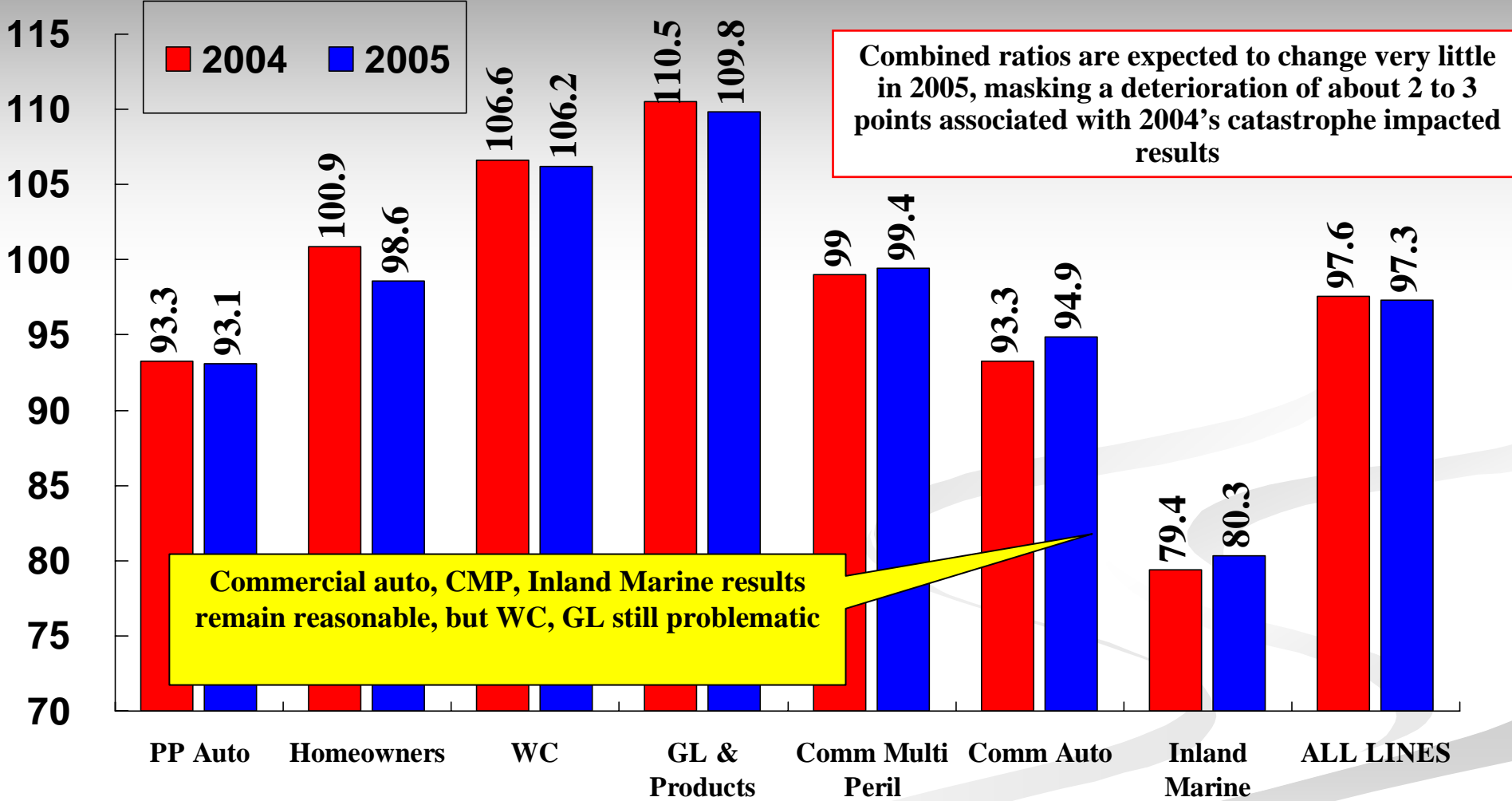


Source: A.M. Best; Insurance Information Institute

*1994-2003 average



Combined Ratios: 2004 vs. 2005E



Combined ratios are expected to change very little in 2005, masking a deterioration of about 2 to 3 points associated with 2004's catastrophe impacted results

Commercial auto, CMP, Inland Marine results remain reasonable, but WC, GL still problematic

Source: A.M. Best Review/Preview, January 2005; Insurance Information Institute.

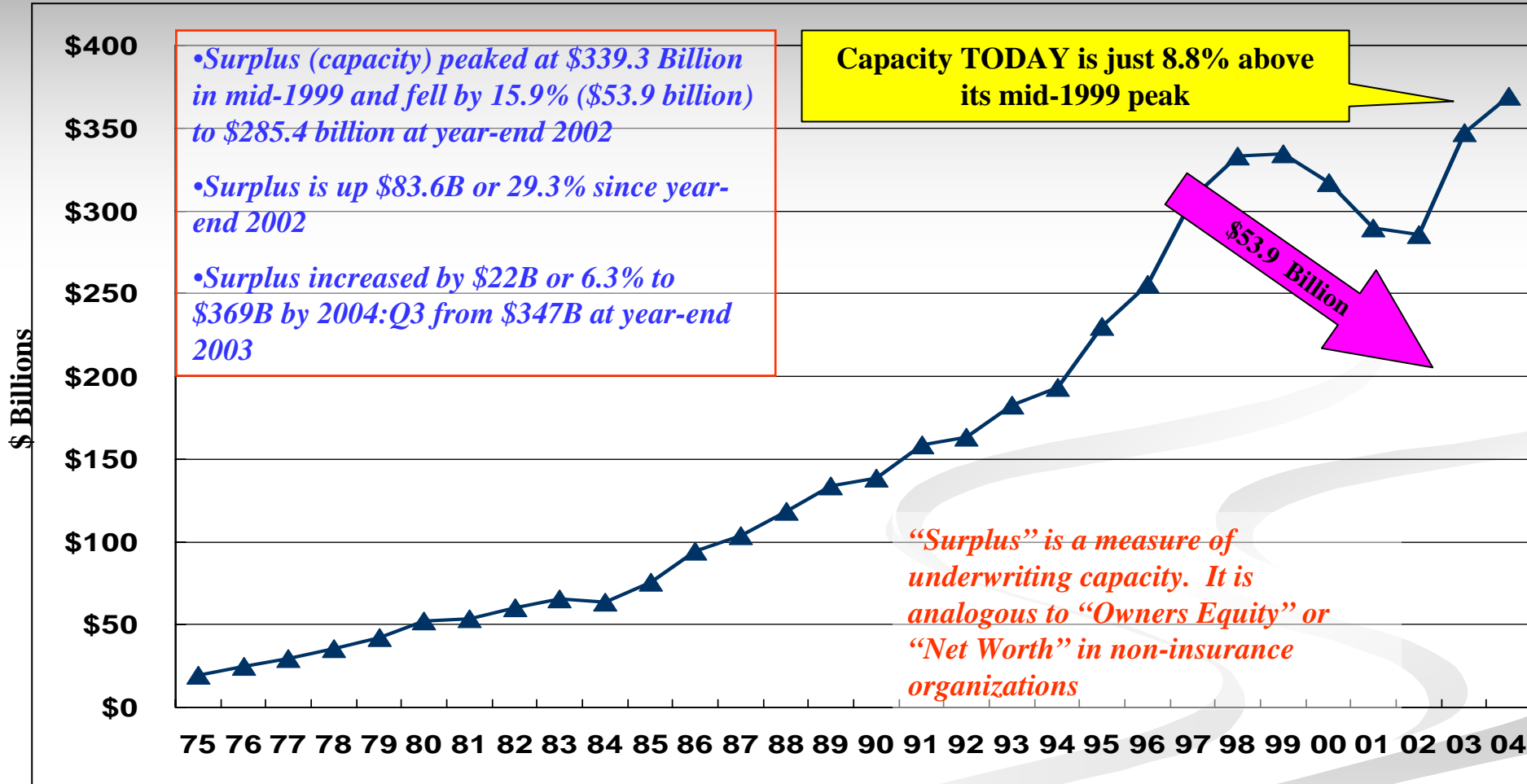


Key Ratios: Comparative Year-to-Date September 2004

Company	Premium/ Equity		Goodwill/ Equity		Debt/Equity		Debt/Capital		EBIT Interest Coverage	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Aetna US Healthcare Inc	1.2	1.3	47.0	55.4	18.3	21.9	15.5	17.9	50.5	12.6
Amerigroup Corp	2.5	4.0	27.1	48.3	-	9.9	-	9.0	105.0	86.0
Anthem Inc	1.8	1.9	53.5	63.2	22.3	28.4	18.3	22.1	12.6	10.0
Centene Corp	2.8	2.7	9.4	7.2	2.7	4.3	2.7	4.1	-	-
Cigna HealthCare Inc	1.8	2.2	43.8	49.4	31.2	35.4	23.8	26.2	11.3	6.8
Coventry Health Care Inc	3.5	3.8	27.8	37.8	15.4	20.0	13.3	16.7	35.9	26.8
Health Net Inc	5.3	5.5	57.8	63.8	29.7	32.5	22.9	24.6	9.8	10.8
Humana Inc	4.7	5.0	42.5	44.2	31.2	36.6	23.8	26.8	23.1	21.4
Molina Healthcare Inc	2.5	2.8	25.6	2.9	-	-	-	-	62.0	49.0
PacifiCare Health Systems Inc	4.2	4.9	57.7	76.0	29.8	49.8	22.9	33.2	12.8	6.9
Sierra Health Services Inc	4.6	4.0	8.2	8.3	68.3	64.6	40.6	39.3	13.7	23.5
UnitedHealth Group	2.2	4.0	32.2	75.1	35.2	36.9	26.1	26.9	33.9	29.9
WellCare Health Plans Inc	4.1	7.7	84.9	172.7	64.9	64.6	39.4	39.3	8.3	6.7
WellChoice Inc	2.4	2.6	-	-	-	-	-	-	-	-
WellPoint Health Networks Inc	2.5	2.8	49.9	62.5	15.5	25.6	13.4	20.4	42.0	30.1
Industry Average	2.3	2.8	42.6	57.1	24.4	28.6	19.6	22.3	23.3	15.6

Source: A.M. Best Co.

U.S. Policyholder Surplus: 1975-2004*

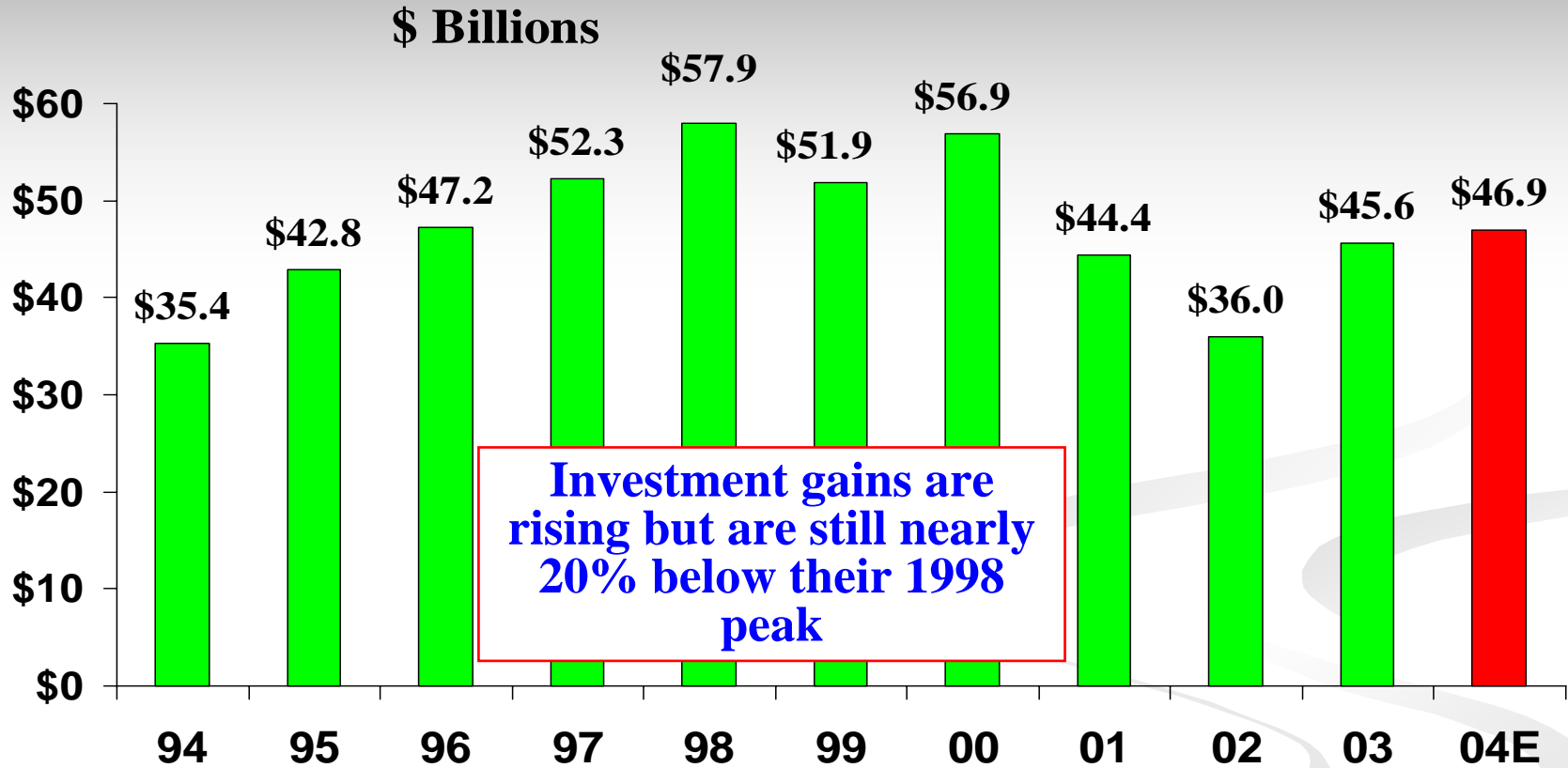


Source: A.M. Best, ISO, Insurance Information Institute

*As of 9/30/04.



Property/Casualty Insurance Industry Investment Gain*

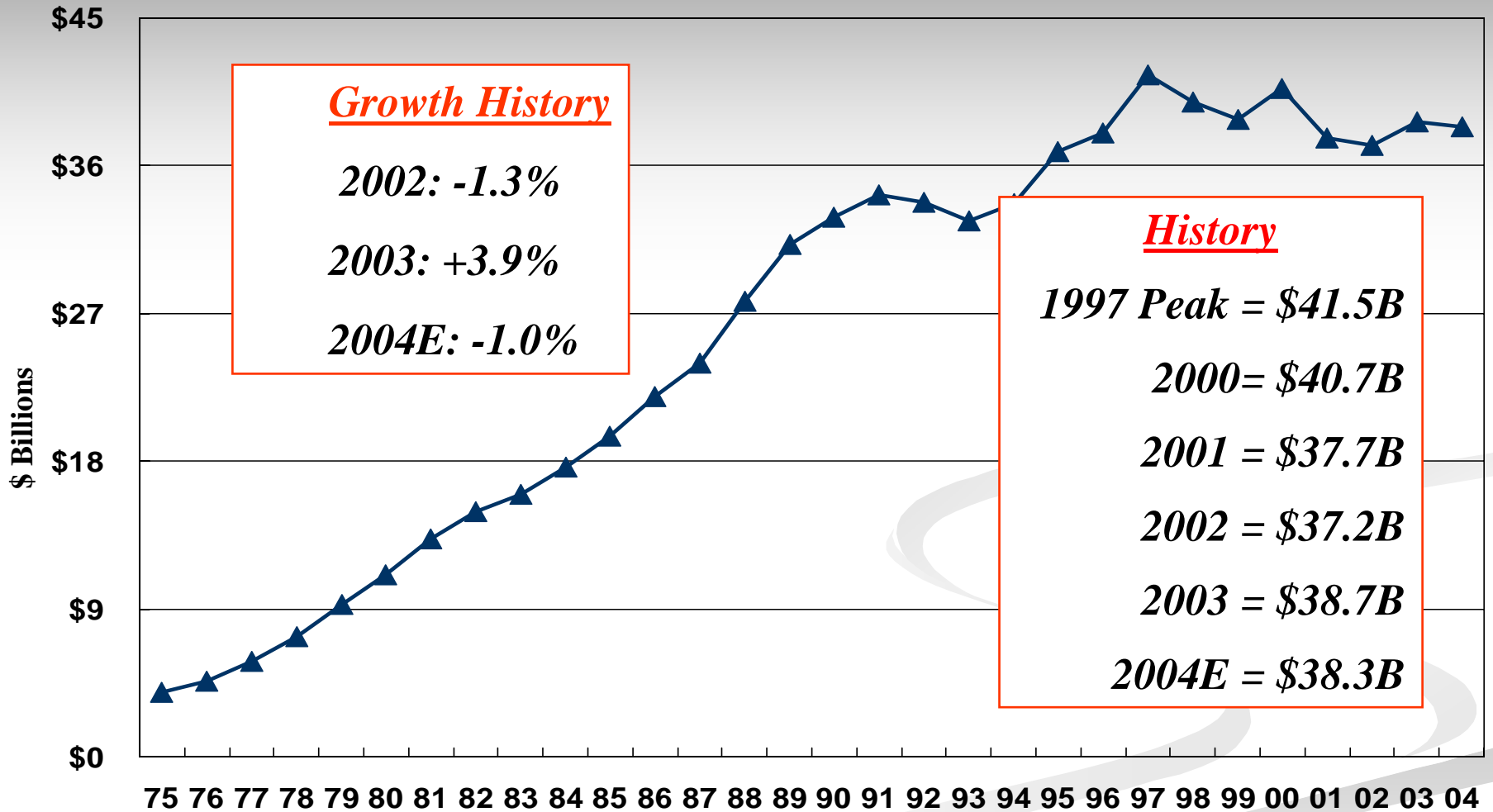


*Investment gains consist primarily of interest, stock dividends and realized capital gains and losses.

2004 estimate is annualized figure based on first 9-months results.

Source: Insurance Services Office; Insurance Information Institute.

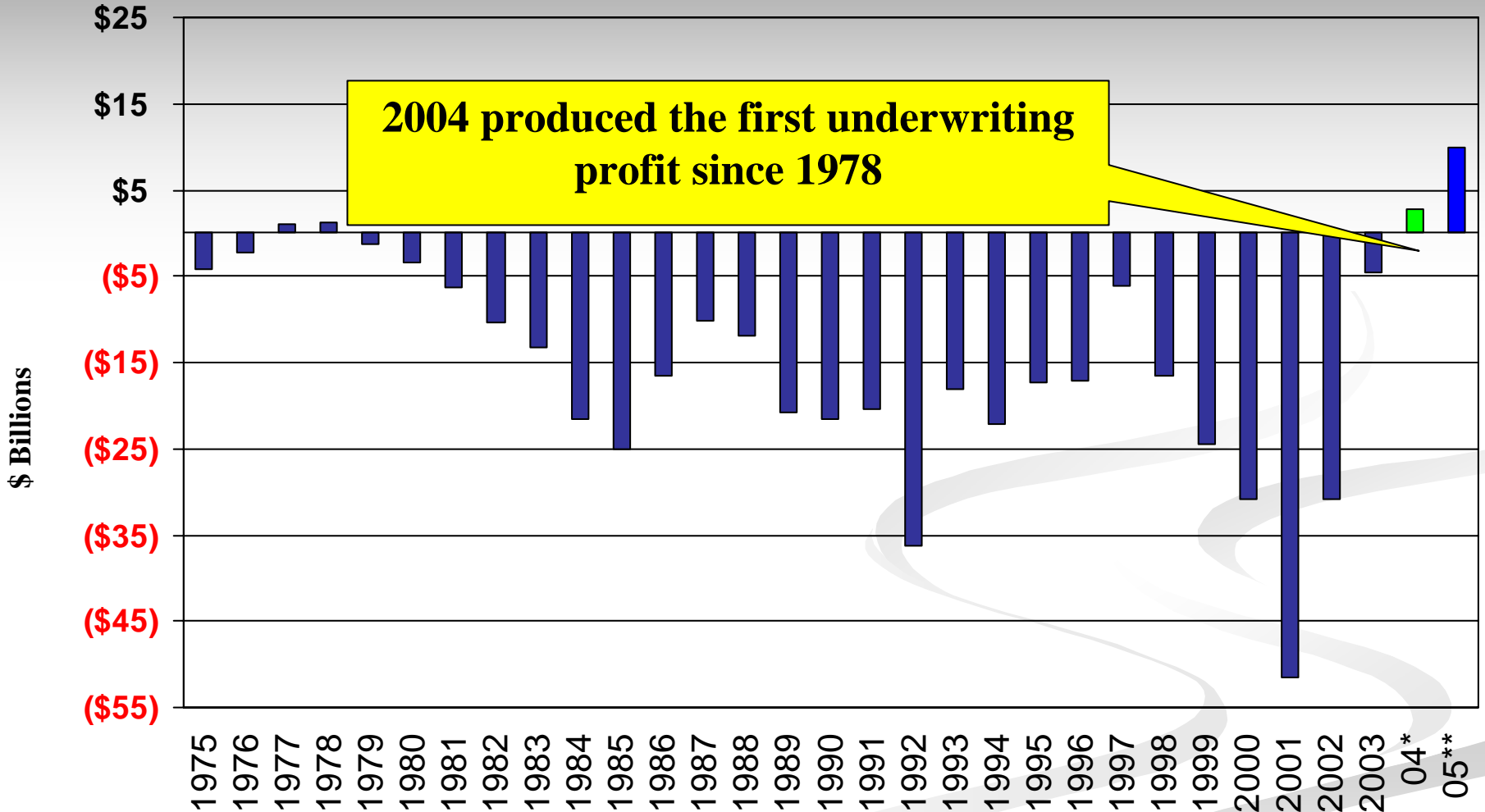
Net Investment Income



Source: A.M. Best, ISO, Insurance Information Institute



Underwriting Gain (Loss) 1975-2004F



*Based on 9-month result.

Source: A.M. Best, Insurance Information Institute

Annual Rating Activity, U.S. Property/Casualty Industry - 2004

	<u>2000(1)</u>		<u>2001</u>		<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>5 Year</u>	
<u>Rating Action</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
Upgrades	80	6	77	5	76	5	57	3	66	4	356	5
Downgrades	77	5	148	10	151	11	188	10	118	7	682	9
Initial Ratings	58	4	59	4	38	3	65	3	55	3	275	3
Other Changes (2)	197	14	73	5	85	6	313	17	234	14	902	11
Rating Changes	412	29	357	25	350	25	623	33	473	27	2,215	28
Letter Rating/FPR	638	45	763	53	743	53	830	44	855	49	3,829	49
NR Ratings (3)	308	22	278	19	247	18	336	18	354	20	1,523	19
Affirmations	946	67	1,041	72	990	71	1,166	62	1,209	70	5,352	68
Under Review	48	3	49	3	59	4	102	5	51	3	309	4
Total Rating Actions (4)	1,406	100	1,447	100	1,399	100	1,891	100	1,733	100	7,876	100

Notes:

1 Year shown represent a 12-month period ending in July of that year.

2 Conversion of A.M. Best's letter or FPR ratings to NR rating status and changes within NR ratings.

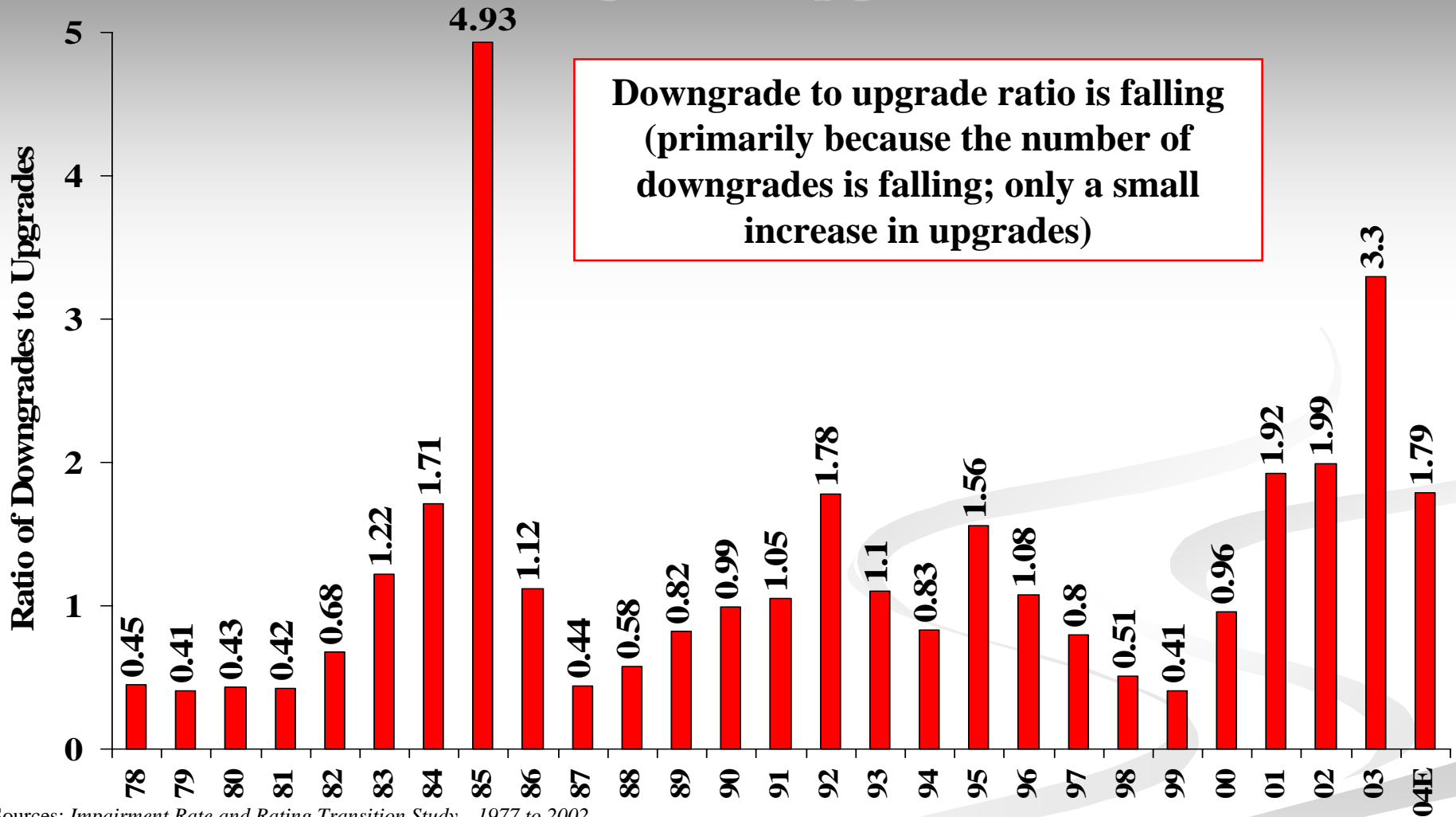
3 Excludes NR-1 ratings but not conversion of NR-1 to NR-5

4 Total actions exceed the number of rated entities as certain company ratings were updated more than once during the year. Also, a moderate number of NR-1 ratings were converted to NR-5 in 2004.

Source: A.M. Best Co.

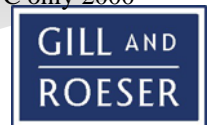


Downgrade/Upgrade Ratio*



Sources: *Impairment Rate and Rating Transition Study—1977 to 2002*, A.M. Best & Co.

*U.S. property/casualty and life/health insurers before 2000; P/C only 2000-2004.



Life and Health

■ Life

- Pricing
- Capacity
- Profitability

■ Health

- Moderating Costs Favorably Impact Health Insurers' Earnings
- Long-Term Care
 - 100 Companies selling LTC In 2005
 - 127 Companies selling LTC In 2001
- 10 Largest Health Insurance Companies Account for 59% of Commercial Membership
- Health Insurance Sector Strengthening

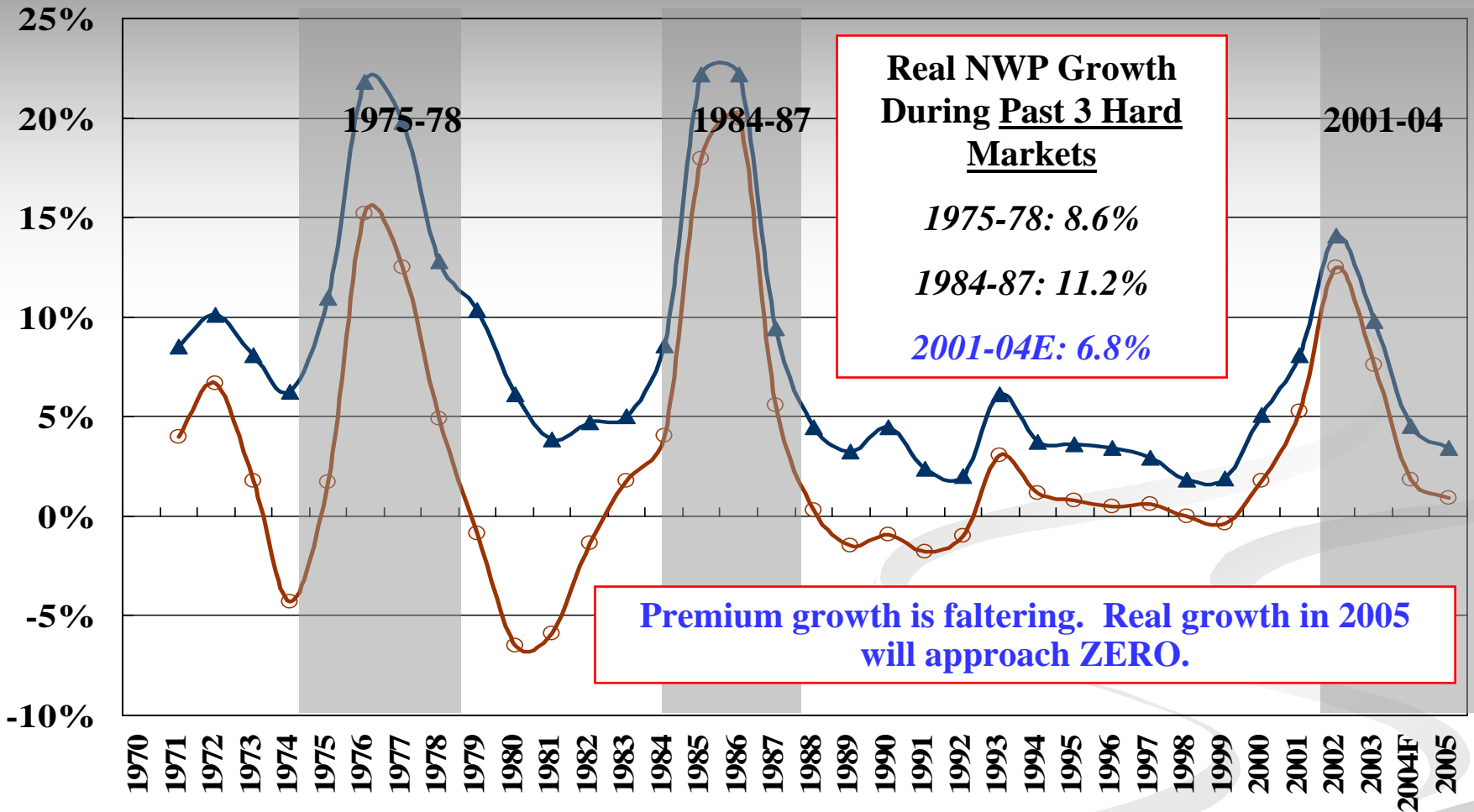
Five-Year Financial Trends, Life/Health Industry, United States-2000-2004E

Financial Performance	2000	2001	2002	2003	2004E
<i>Profitability</i>					
Return on Assets (%)	0.73	0.49	0.59	0.88	0.85
Return on Equity (%)	12.6	8.4	10.2	15.0	14.3
Change in Net Investment Income (%)	4.4	0.7	1.6	2.3	2.9
<i>Ordinary Life</i>					
Commissions to Direct Premiums Written (%)	36.0	36.1	39.4	42.5	44.2
General Expense to Net Operating gain (%)	228.6	241.3	219.8	209.6	205.2
Comm. & General Expense to NPW & Deposits (%)	29.9	31.0	25.4	29.0	28.8
Pretax Operating Gain (\$ Billions)	\$30.5	20.9	23.7	40.0	42.7
Net Operating Gain (\$ Billions)	\$23.4	16.1	20.3	32.1	34.4
Realized Capital Gains (\$ Billions)	\$1.4	-4.5	-16.0	-4.7	1.0
Unrealized Capital Gains (\$ Billions)	-\$8.0	-11.6	-9.0	9.2	1.2
<i>Leverage</i>					
Change in Adjusted NPW & Deposits (%)	10.9	4.5	5.9	0.2	6.0
Change in Capital and Surplus (%)	5.2	1.3	4.3	12.3	12.6
Adjusted Capital and Surplus/Liabilities (%)	12.3	11.0	9.9	10.4	10.5
Capital and Surplus (\$ Billions)	\$190.9	192.7	201.1	225.7	254.2
<i>Liquidity</i>					
Noninvestment Grade Bonds/C&S (%)	57.4	62.0	75.4	65.1	56.0
Noninvestment Grade Bonds/General Account Assets (%)	5.2	5.3	6.1	5.5	5.0
Noninvestment Grade Bonds/Total Capital (%)	46.9	53.2	66.9	57.2	50.0
Nonperforming Mortgages/Invested Assets (%)	0.3	0.2	0.2	0.1	0.1
Nonperforming Mortgages/C&S (%)	2.9	2.5	1.9	1.3	1.1
Admitted Assets (\$ Billions)	\$3,238.8	3,328.1	3,441.2	3,876.8	4,207.03

Source: Best's Aggregates & Averages Life/Health United States & Canada 2004.



Strength of Recent Hard Markets by NWP Growth*



Note: Shaded areas denote hard market periods.
 Source: A.M. Best, Insurance Information Institute

*2004 based on 1st half results from ISO.
 2005 figure is Ill forecast.



Polling Questions

- Have you seen changes in how Puerto Rican regulators are addressing your issues as a result of the Spitzer investigations in the U.S.?
- Do you advocate Federal regulation vs. state?
- Have you changed your product lines or are you considering changing them – i.e., adding or omitting certain products?

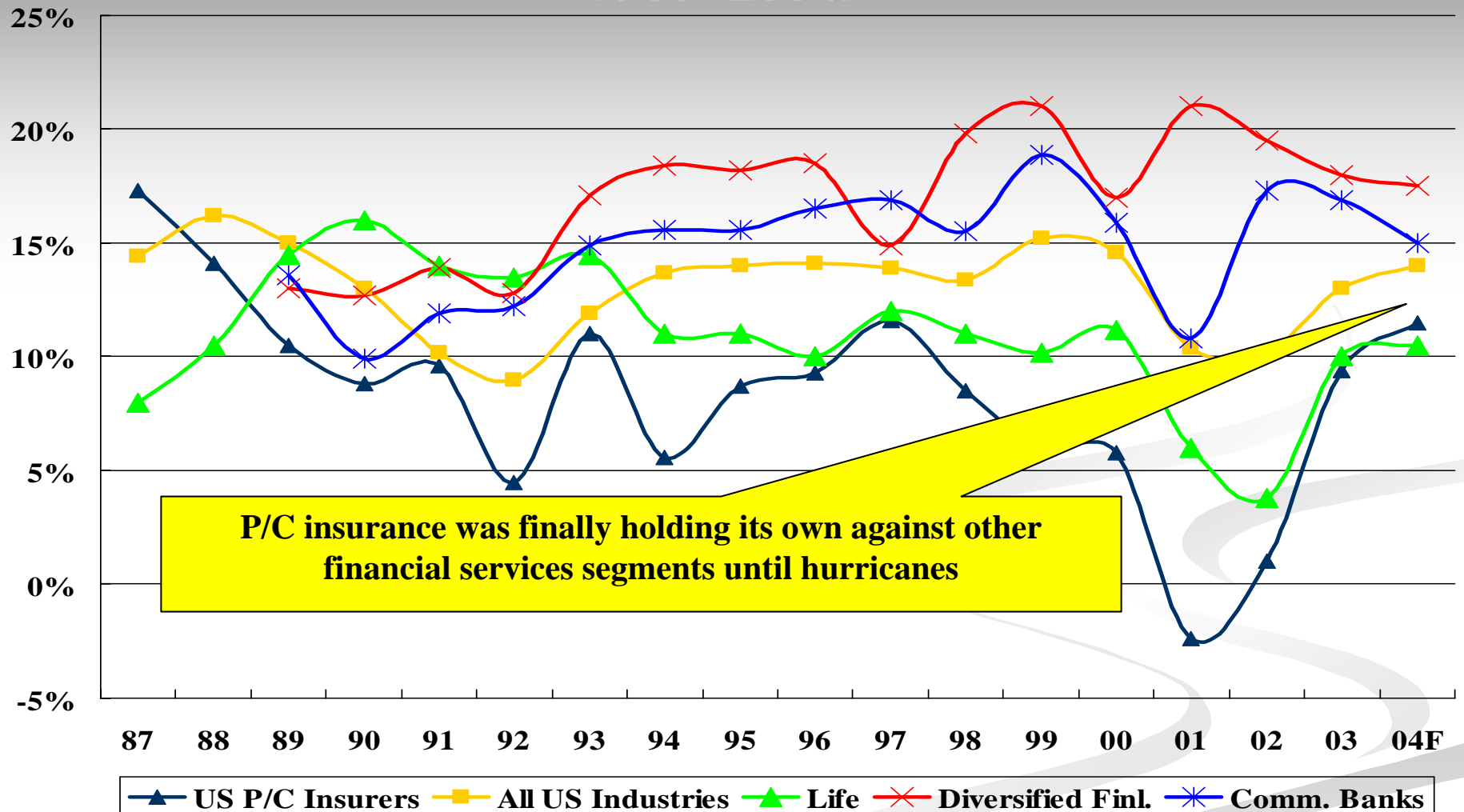
Capital Markets Update

- Capital Markets
- Valuations
- Mergers, Acquisitions and Divestitures

Capital Markets

- Rough Seas Ahead – Capital Market Turmoil Points To Shift In Power Among Big Investors
- Hannover Re 500 Mill Euro Bond
- Stormy Bond Market
- Buyout Funds
- Blind Pools
 - Blackstone Group \$11 Bill
 - Goldman Sachs \$8.5 Bill
 - Carlyle Group \$10.0 Bill

ROE: Financial Services Industry Segments, 1987–2004F



Source: Insurance Information Institute, *Fortune*, *Value Line*.



Gill and Roeser, Inc.

Current Relative Valuation Summary

As of 6/10/05

<i>Insurance Sector</i>	<i>12 Month Change (%)</i>	<i>2004E P/E</i>	<i>2005E P/E</i>	<i>2006E P/E</i>	<i>2004E Relative P/E</i>	<i>2005E Relative P/E</i>	<i>2006E Relative P/E</i>	<i>Yield (%)</i>	<i>Price/ BV</i>	<i>2004E ROE (%)</i>	<i>2005E ROE (%)</i>	<i>2006E ROE (%)</i>
Life		14.2	12.7	11.5	0.72	0.72	0.70	2.0	2.11	14.9	16.5	15.1
Property/Casualty		15.0	10.3	10.0	0.76	0.58	0.60	2.4	1.51	11.2	14.7	16.2
Specialty & Regional		13.6	11.7	10.3	0.69	0.66	0.63	1.7	1.91	14.6	17.0	20.4
Mortgage		11.5	10.8	9.9	0.59	0.61	0.60	0.5	1.40	12.1	13.2	14.2
Special Risk & Reinsurance		14.9	8.0	8.2	0.76	0.45	0.50	1.2	1.37	11.9	17.8	17.3
Brokerage		16.6	14.2	13.3	0.86	0.80	0.80	1.8	6.83	27.1	34.1	22.5
Health/HMOs		18.4	16.4	13.9	0.94	0.92	0.84	0.1	4.19	18.5	21.5	20.8
Medical Malpractice		19.3	12.3	11.7	0.98	0.69	0.71	0.0	1.29	8.0	12.6	13.8
S&P 500		19.6	17.7	16.5	-	-	-	1.6	3.57	18.2	20.1	21.6

2004 M&A Statistics

Source: SNL Financial LC

	<u>Insurance Underwriters:</u>	<u>Insurance Brokers/Agencies</u>
Average Price/Statutory Book	268.99%	NA
Median Price/Statutory Book	199.70%	NA
Average Price/GAAP Book	219.48%	96.06%
Median Price/GAAP Book	149.87%	96.06%
Average Price/GAAP Earnings	18.37x	18.36X
Median Price/GAAP Earnings	15.67x	18.36X

Major Completed Deals 2004

<u>Buyer</u>	<u>Seller</u>	<u>Deal Value</u>
Coventry Health Care	First Health Group	\$1.7 Bill
Ocean Acquisition	Safeco Life & Investments	\$1.4 Bill
Swiss Reinsurance	Valley Forge Life Insurance	\$700 Mill
Pacific Care Health Systems	American Medical Security Corp	\$502 Mill
Humana	CPHP Holdings (Care Plus)	\$408 Mill

Deals 2004-2003

	<u>2004</u>	<u>2003</u>
<u>Total Insurance & Managed Care (ex Brokers & Agencies)</u>	56	86
Dollar Value	\$12.1 Bill	\$58.4 Bill
<u>Managed Care</u>	16	10
Dollar Value	\$8.3 Bill	\$21.8 Bill
<u>Life & Health</u>	23	27
Dollar Value	\$3.4 Bill	\$14.1 Bill
<u>Property & Casualty</u>	17	49
Dollar Value	\$3.54 Bill	\$22.4 Bill
<u>Broker & Agency</u>	223	156
Dollar Value	\$2.8 Bill	\$.738 Bill

Source: SNL Financial



Announced And/Or Completed Deals

2005 Year-to-Date Through May 31

- A Travelers Life & Annuity – Met Life
- A General Electric – ERC Corporation
- C NCRIC – Pro Assurance
- C Chubb – One Beacon Med-Liability Division
- C Berkshire Hathaway – GE Med Protect
- D Marsh & McLennan – Mercer Consulting & Putnam Advisors
- C Illinois Agricultural Association – Cotton States Life
- C AMERIGROUP – Care Plus Health
- A WELL-POINT – LUNENOS (VA)

A – Announced

C – Completed

D – Under Discussion



What Lies Ahead?

- Challenges and Opportunities
- Regulation and Impact of Spitzer
- Distribution and Role of Banks

Challenges

- Sarbanes-Oxley: Driving Force for Consolidation, esp. Section 404
- Industry Suffered Wounds From Combination of:
 - Low Interest Rates
 - Volatile Equity Markets
 - Weakened Credit Environment
 - Impact of Interest-Sensitive Products
 - Fixed Annuities
 - Universal Life
 - Long-Term Care

- Risk of Reinvestment
 - Disintermediation
 - Liquidity
- Non-Traditional
 - Structured Derivatives
 - Alternatives

Spitzer Factor*

- Brokers Lose Substantial Income in Short-Run
- Brokers Look to Replace Revenue, Reduce Expenses
- Distribution System Not Fundamentally Changed
- Look for:
 - More Heads to Roll – Civil, Criminal Indictments
 - Shareholder (D&O) suits; E&O suits
 - Massive Fines, Penalties, Disgorgement of Profits
- Contingent Commissions Gone For Now At Large Brokers But Need Some Form of Incentive Compensation

*(*Not a New York Times Best Selling Fiction Title)*

Opportunities

- Broadening Hispanic & Other Minority Markets
- Technology Boost to Cost Savings
- More Enlightened Regulators
- Access to Capital Markets

Distribution

■ Outlook for Brokers

- Demand Patterns Profoundly Changed
 - Because Broker Commissions Mirror Industry's Premium Growth, Revenues and Earnings Are Growing Slower Than Economy
- Biggest Brokers Offer Global Expertise
- Commercial Buyers Are Increasingly Self-Insuring
- Corporate Buyers Expect Higher Levels of Service
- Clients Prefer Paying Fees Rather Than Commissions

Brokerage Industry Consolidation

- Are Benefits Over-Hyped?
- Analogous Service Business Examples
 - Investment Banking
 - Retail Banking
 - Other Brokerage Deals

LEADING INSURERS, LIFE INSURANCE SALES THROUGH BANKS, 2002-2003 (1)

<u>Rank</u>	<u>Company</u>	<u>2002</u>	<u>2003</u>
1	Hartford	\$17.0	\$33.1
2	Nationwide	38.1	21.0
3	Mass Mutual	2.5	11.9
4	Great West Life	7.8	11.0
5	AIG	9.7	10.9
6	AXA	11.3	8.5
7	CUNA Mutual	15.2	6.3
8	John Hancock	4.2	5.9
9	Sun Life Financial	5.2	5.7
10	Aegon	0.0	4.3

(1) Ranked by 2003 weighted premiums, which discount 90 percent of single premium (one-time payment) products to approximate the expected value of premium flows to life insurance companies each year.

Source: Kenneth Kehrer Associates.

Gill and Roeser, Inc.
535 Fifth Avenue
New York, New York
10017

The logo consists of a dark blue square with a white border. Inside the square, the words "GILL AND" are stacked above a horizontal white line, and "ROESER" is stacked below the line. All text is in white, uppercase, serif font.

GILL AND
ROESER