

STANDARD
& POOR'S



2001 Edition

Global Reinsurance Highlights

Gearing up
for 2002



Reactions

A **Reactions** publication

**STANDARD
& POOR'S**

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Global Reinsurance Highlights

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Reinsurers — Between a Rock and a Hard Place

What are reinsurers to do? On one hand, their shareholders are demanding better returns. On the other hand, their primary insurers are demanding that they maintain the highest ratings. Unfortunately, maintaining the ratings and using their capital levels efficiently seem to be mutually exclusive goals.



Robert Mebus
*Managing Director,
New York*

As the world moves increasingly toward more transparent accounting practices, shareholders of reinsurance companies are beginning to realize they are getting a woefully low rate of return on investment. What, then, should reinsurers' priorities be? Can they have it both ways? Clearly not, and the result could be that 'AAA' reinsurance ratings will become increasingly untenable.

No longer able either to submerge operating results in the context of group membership or to benefit from parent companies' support, reinsurance companies are now being seen as nonstrategic (in effect, second-rate) investments. Most recently, Standard & Poor's has seen this from European-based holding companies such as Winterthur, Groupama, and Mutual de Mans, which have largely disposed of their reinsurance divisions. Next might be the reinsurance units of the Zurich Financial Services Group or CNA Financial. Earlier this year, Zurich Financial announced its intention to de-merge Zurich Re in Switzerland, Zurich Ruckversicherung (Köln) AG, and Zurich Reinsurance (North America) Inc.

Marginal returns in good years and three years of underwriting losses have some multi-line insurers reconsidering their support for a line of business that does not behave in the steady growth mode demanded by global equity investors.

Reinsurers might find that maintaining historically high ratings is not only impossible but also unnecessary. Primary insurers (which are, on average, rated at least one category below their respective reinsurers) place great emphasis on selecting reinsurers rated 'AA' or 'AAA'. Alternately, they defer to such simplistic benchmarks as the reinsurer maintaining a \$1 billion minimum level of capital and surplus.

Standard & Poor's places a company with a 'BBB' rating or better in its secure range, meaning it has a good or better probability of paying its claims according to the terms of its

policies. The vulnerable range is 'BB' and lower, an assessment that has been vindicated by historical default data, which suddenly spikes at this level. The easiest solution to the reinsurers' dilemma might also be the best solution: Stop paying a higher premium for the higher capital strength and rating and accept lower-rated security. Indeed, excess capitalization can even mask shortfalls in operating performance by drawing down reserves or harvesting capital gains, allowing reinsurers to set prices at unsustainable levels.

Insurers should not be so dazzled by the high levels of capitalization needed to maintain top ratings that they overlook what is a reinsurer's most valuable asset: a strong and growing earnings base. Such an earnings base is characterized by consistency and predictability. It generates sufficient cash flow to compensate investors, maintain policyholders' confidence, and finance the company's own future capital needs.

Reinsurers have resorted to some quick fixes to respond to the competing pressures they face. For example, they have structured reinsurance subsidiaries with different ratings for different markets. They have also sought tax-advantaged domiciles, and they have increased their appetite for investment risk. However, these are all temporary stopgaps that merely postpone the inevitable day of reckoning. Ultimately, insufficient profits from underwriting lead to ratings downgrades.

The choice is clear: Reinsurers can charge primary insurers higher rates for the cachet of 'AA' or 'AAA' coverage or they can accept some healthy downward drift in ratings. The nonlife sector has already seen a steady downward rating trend over the last 10 years, and the management of most companies has not just survived but has actually enjoyed the freedom that comes from looser capital requirements — because maximum capital optimization also brings better operating performance. Higher risk will be rewarded with higher returns.

Global Reinsurance Industry Begins To Reap the Benefits of a Hardening Market

Donald S. Watson
Director, New York



It is still too early to celebrate, but the cycle has clearly turned. Underwriting is making an impact, and better times should begin to roll, particularly if the rates hold through next January.

The Rendez-Vous du Septembre 2001 in Monte Carlo promises to be much more lively for reinsurers than it was a year ago because of the improved direction of accident-year loss ratios.

Premiums written rose modestly (9%) in 2000 and set the stage for recovery from the soft market of the past decade. Some companies hit bottom in 2000, as the global reinsurance industry posted its worst result since Hurricane Andrew ripped across Florida in 1992. Although results in 2001 will not be the boon many had hoped for, rate increases continue across the board for reinsurers, with industry net premiums written expected to mount double-digit increases for the full year.

The change in market psychology is significant, and even the emerging fears of another round of asbestos-related charges will not derail the prospects for improving earnings over the next couple of years. Of course, the cost to the reinsurance industry has been high, as underwriting losses and reserve strengthening in 2000 recognized the soft market conditions of recent years. Weak pricing and adverse loss development on the 1997-1999 underwriting years threatened ratings as companies cannibalized strong balance sheets to shore up their positions. Standard & Poor's outlook on the global reinsurance industry is improving though still negative, as still more reinsurers come to terms with the excesses of the past few years.

Unlike low points of the underwriting cycle over the past decade, catastrophe losses are not the principal cause of the industry's woes today and, unlike then, the reinsurance industry is unlikely to see the three years of rate increases that property writers experienced following the catastrophe losses of a decade ago. In fact, one might point to increased property catastrophe rates in 1992 as sowing the seeds of the current down cycle. Market forces moved efficiently to provide reinsurance capacity as capital flowed into several start-up catastrophe reinsurers between 1992 and 1994, and catastrophe bonds became a reality a few years later. Proving the cycle is

▶ 12

Transitions in the Global Reinsurance Industry

Rob Jones, Director

Much has been made of the transition from proportional to nonproportional reinsurance in recent years. Standard & Poor's believes this underlying trend is accelerating across Europe once again. Whereas proportional reinsurance was a strategic protection typical of many insurers in the past, it has now become more opportunistic, as it benefits from cheap reinsurance capacity.

Following the lead of the U.S., nonproportional reinsurance first took hold in the U.K., the Nordic region, and Benelux, whereas the rest of Europe retained a preference for proportional risk covers. This remains the case, but nonproportional now features highly in France and Italy, too. Proportional business lives on most prominently in Germany, where the previously highly regulated motor insurance business protected the existence of large numbers of small insurers. In a recently deregulated market, German insurers are beginning to seek more excess-of-loss protection. This is a trend that Standard & Poor's expects to continue as consolidation occurs. Some of the historically proportional relationships, which have often been highly profitable for the large continental reinsurers, are moving to new markets. Some insurers are even making the leap directly to alternative risk transfer-type protections. Proportional reinsurance still forms a strategic part of reinsurance protection in Central and Eastern Europe where companies are typically less well capitalized.

The more opportunistic approach to proportional protection is evident in the U.K., where nonproportional protections have long featured most prominently in reinsurance programs. There has been rapid growth in proportional business in the U.K. over the last two years, as motor business rates have risen dramatically and therefore have stretched premium-based measures of capital adequacy. However, this does not represent a strategic shift, nor does it signal new long-term reinsurance relationships. Rather, it represents opportunism. These protections will disappear as quickly as they arrived as reinsurance capacity becomes more scarce.

One conundrum facing highly rated reinsurers is the pricing of their product. Ultimately, 'AAA' rated reinsurers must achieve superior earnings, which



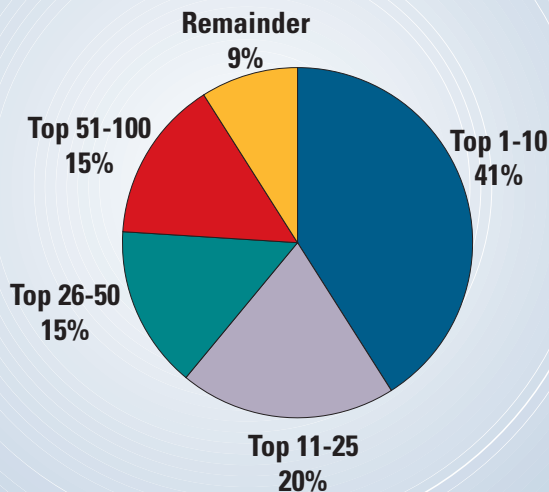
requires that their customers pay 'AAA' prices to support 'AAA' capital bases. Unlike capital markets, which price transactions very precisely for all aspects of risk, this logical step eludes the reinsurance market. Unless this changes, sustainability of 'AAA' ratings over the next five to 10 years will be challenging, as subpar financial results translate to weaker capital adequacy and financial flexibility.

The banking world has successfully navigated this transition. Where legions of 'AAA' rated banks existed 15 years ago with ROEs of less than 10%, banks have aggressively cut costs, improved processes, and focused on more efficient utilization of capital. Today, only one bank — Rabobank Nederland — retains a 'AAA' rating. The major global banks have learned to operate effectively with lower levels of financial strength, with 'A' and 'BBB' rated banks widely sought after.

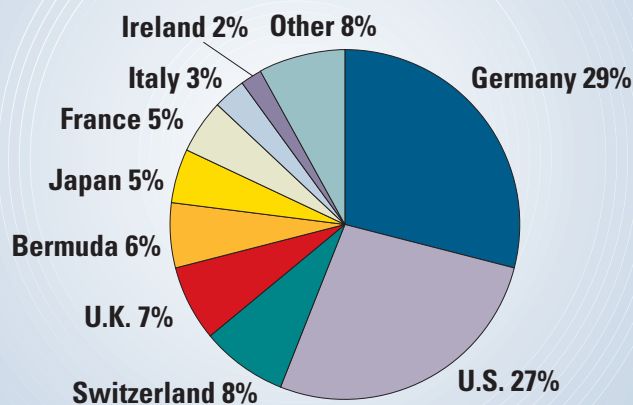
Similar to the banking industry, much of the underlying business of reinsurers does not require 'AAA' levels of protection. For example, proportional protection provided to motor insurers is not a particularly risky class of business, and it cannot be expected to generate 'AAA' earnings over cycles. Similarly, insurers may consider 'AAA' protection unnecessary for this short-tail class, particularly if the market were to price for the cost of credit quality. Swiss Reinsurance Co. seems to have recognized this by effectively retroceding its German motor underwriting risk to the capital markets for 2001. By this and a myriad of other means, reinsurers will ultimately be the major risk transformers in the industry's future.

Global Overview

**Global Net Written Premiums in 2000
by Insurer Rank**



**Market Share of Reinsurance Industry Based
on Net Premiums Written in 2000**



still alive, the extraordinary returns produced by catastrophe writers brought in more capacity, driving rates down once again.

Capital grew across the industry through 1998 as catastrophe losses remained a manageable factor and investment returns were strong for the remainder of the decade. Shareholder pressure to maximize returns on capital and competitive forces in general had reinsurers scrambling to maintain premium levels in a declining rate environment. In U.S. dollar terms, the global reinsurance industry's net written premium was flat or declined over much of the last five years, while exposure frequently increased. The growth of pro rata covers, workers' compensation carve out, and program business provided large premium volume to offset rate declines — but at substantially higher loss and expense costs, as demonstrated by the deterioration in the industry's combined ratio.

The consequence of cheap capacity is perhaps best illustrated by the industry's performance since 1997. Combined ratios were more than 113% globally and much worse in selected markets. Operating margins, as defined by return on revenue, have also been hard hit, with many reinsurers dipping into a fast-disappearing pool of long-term gains to offset large underwriting losses. In many cases, premium growth occurred at the expense of nonproportional covers, as insurers took advantage of cheap reinsurance capacity. Despite the substantial advances made by underwriting tools, many primary insurers found it easier and cheaper in the late 1990s to reinsure the risk with proportional covers. The French and Danish storms at the end of 1999 and the proliferation of program business in the U.S. illustrated the difficulty reinsurers had in pricing this risk.

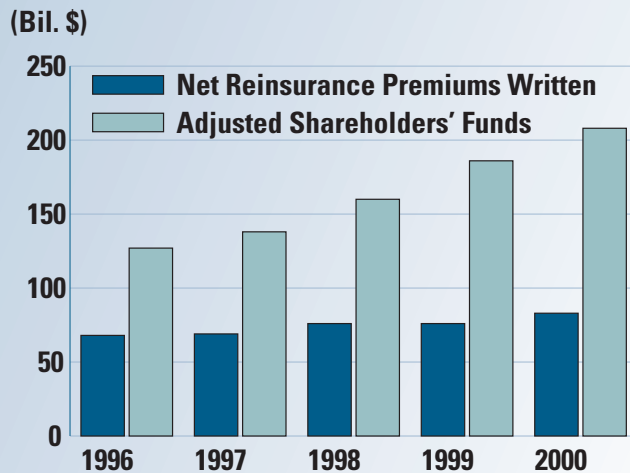
Difficult Times for Casualty Reinsurance

Although the property cycle soared following Hurricane Andrew and the Northridge earthquake, casualty reinsurance has faced unrelenting downward pressure in the 1990s, with little relief. Casualty rates fell steadily from the peak set at the end of the 1980s, as some underwriters concluded that new policy forms and exclusions would better protect insurers. Loss development appeared to support some of these underwriters, as many companies justifiably took back into earnings casualty reserves that were favorably developing. Unfortunately, this favorable development helped to create a rising sense of infallibility by underwriters that even now is not fully addressed.

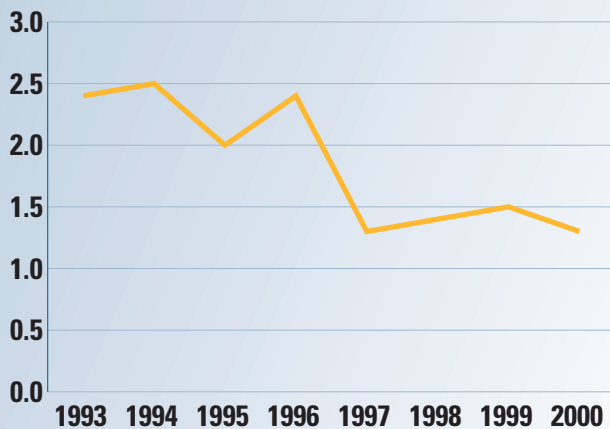
A series of court judgments in the late 1980s and early 1990s mandated an unprecedented reserve charge for exposures to asbestos and environmental exposures in 1995 and 1996. The good bank structure came to the insurance industry as Lloyd's, CIGNA Corp., and then others created newly chartered entities to manage run-off exposures. Although environ-

Global Overview

Net Reinsurance Premiums Written and Adjusted Shareholders' Funds for Top 25 Reinsurance Groups



Net Technical Reserves to Adjusted Shareholders' Funds for Reinsurance Industry



Although environmental losses continue to perform at or better than expectations, the rise of a new class of asbestos claims is keeping the clouds on the horizon, as demonstrated by the mid-year reserve strengthening of Equitas Holdings Ltd. and CNA Financial Corp. Standard & Poor's estimates that insurers will need to strengthen asbestos reserves another \$5 billion-\$10 billion in 2001 to adequately address the rising risk of liability from manufacturers. Globally, reinsurers hold a substantial share of this exposure, providing a further drag on earnings over the next few years.

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Calendar Year Versus Accident Year

Beyond shareholders' pressures for growth and insurers' demand for cheaper coverage, the role of accounting decisions in the deteriorating industry results cannot be understated. Many factors led to the growing confidence of underwriting as quantitative techniques — from property catastrophe modeling to dynamic financial analysis — improved the ability of underwriters to assess risk. In fact, reinsurance industry underwriting performance (as measured by the combined ratio) and operating margins (as measured by return on revenue) improved from 1992 through 1997. Reserve strengthening in the mid 1990s allowed reinsurers to manage posted results as they took down redundant reserves in the latter half of the decade. However beneficial the reserve take-downs were for the bottom line, underwriters and their clients could point to these results and persuasively argue for additional rate cutting and contract changes.

The focus of many turned to the calendar-year combined ratio, which is more easily manipulated by accounting decisions. The more favorable calendar-year loss ratios obscured a steadily deteriorating accident-year combined ratio. By 2000, most reinsurers had exhausted their redundancies from prior years, causing a more dramatic effect on financial statements as reinsurers recognized the inadequate pricing over the 1997-1999 period with additional reserve strengthening.

Outlook

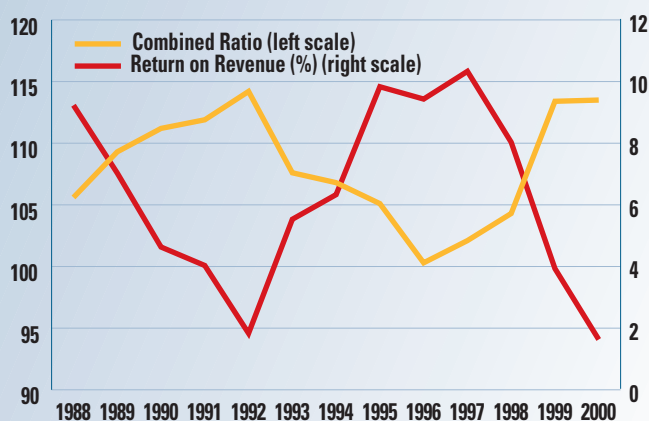
Not surprisingly, reinsurance capacity began to shrink in late 1999 as underwriting results led to real reductions in capital, and the number of active reinsurers declined by 18 to 197 in Standard & Poor's 2001 Global Listing of Reinsurers. Property/casualty reinsurance earnings proved that cyclical earnings could remain in the trough far longer than some shareholders could tolerate. Of note were the divestments made by primary insurers, Kemper Insurance Companies, Winterthur Swiss Insurance Co., Les Mutuelles du Mans Assurances IARD, and Caisse Centrale des Assurances Mutuelles Agricoles (GROUPAMA) as well as the proposed spin-off of CNA Reinsurance Co. Ltd. Large, multi-line institutions began to divest nonstrategic reinsurance

operations in search of greater focus on their core businesses. Poor operating results and newly available nonstrategic operations created opportunity for consolidating companies, as ACE Ltd., PartnerRe Ltd., and XL Capital Ltd. all jumped in Standard & Poor's rankings of the Top 25 Global Reinsurance Groups in 2000.

The reinsurance industry began to recover in 2001. Results are likely to be mixed, with most reinsurers demonstrating improvement. Significantly improved results will probably have to wait until next year, as further reserve strengthening and property losses will keep loss ratios high. Offsetting better underwriting results, investment returns are likely to be down, with some reinsurers posting losses on investments that will depress total returns. Rate improvements were strongest in the U.S., but the rest of the world has also responded to tightened underwriting terms, with further rate improvement likely into next year. Globally, Standard & Poor's expects combined ratios to average about 108%, with operating margins still below appropriate return levels.

It is still too early to celebrate, but the cycle has clearly turned. Underwriting is making an impact, and better times should begin to roll, particularly if the rates hold through next January.

Reinsurance Industry Combined Ratio Versus Return on Revenue



Reinsurers with Highest 2000 Combined Ratio

Top 150 Ranking	Rating as of Aug. 10, 2001	Company	Country	Combined Ratio
148	BBB+	ARIG Reinsurance Co. B.S.C.	Bahrain	198.3
37	N.R.	Overseas Partners Ltd.	Bermuda	182.2
67	AA-	Underwriters Reinsurance Co.	U.S.	178.2
103	AA	NAC Reinsurance Corp.	U.S.	173.3
47	AA-	SCOR Reinsurance Co.	U.S.	160.0
N.R. Not rated				

Reinsurers with Lowest 2000 Combined Ratio

Top 150 Ranking	Rating as of Aug. 10, 2001	Company	Country	Combined Ratio
147	AAA	ACE Guaranty Reinsurance Inc.	U.S.	46.0
46	BBBpi	Japan Earthquake Reinsurance Co. Ltd.	Japan	48.2
140	N.R.	Great Lakes Insurance Co.	U.S.	56.1
146	AAA	Enhance Reinsurance Co.	U.S.	62.7
70	A+	Renaissance Reinsurance Ltd.	Bermuda	66.6
N.R. Not rated				

Global Overview

Top 25 Reinsurance Groups Ranked by Net Reinsurance Premiums Written

Rank	Company ¹	Net Reinsurance Premiums Written (Mil. \$)			Adjusted Shareholders'	
		2000	1999	Change (%)	2000	1999
1	Munich Reinsurance Group	15,276.6	13,553.9	12.7	19,437.0	16,517.5
2	Swiss Reinsurance Group	14,478.8	12,853.2	12.6	14,139.4	11,123.8
3	Berkshire Hathaway Reinsurance Group ²	8,574.7	9,452.5	(9.3)	40,140.0	39,580.0
4	Employers Reinsurance Group	7,924.0	6,921.0	14.5	6,025.0	5,575.0
5	Hannover Reinsurance Group	4,994.3	4,171.9	19.7	1,481.5	1,240.8
6	Gerling Global Reinsurance Group	4,117.0	3,921.9	5.0	1,388.4	1,333.9
7	Lloyd's	3,952.9	3,807.8	3.8	8,268.4	9,093.1
8	Allianz Reinsurance Group	3,726.5	3,295.9	13.1	53,414.1	45,376.3
9	SCOR Reinsurance Group	2,809.8	2,718.1	3.4	1,267.4	1,241.1
10	Zurich Reinsurance Group	2,485.0	1,878.0	32.3	1,541.6	1,503.8
11	Transatlantic Holdings Inc.	1,658.6	1,498.5	10.7	1,856.4	1,642.5
12	AXA Reinsurance Group ³	1,424.7	1,137.6	25.2	1,628.2	1,268.0
13	PartnerRe Ltd.	1,380.3	1,326.4	4.1	2,086.0	1,840.7
14	St. Paul Reinsurance Group	1,251.5	1,056.4	18.5	7,178.0	6,448.0
15	Everest Reinsurance Group Ltd.	1,218.9	1,095.6	11.3	1,583.4	1,327.5
16	XL Re Group	1,022.2	970.0	5.4	5,573.7	5,577.1
17	Korean Reinsurance Co.	977.5	755.5	29.4	323.4	262.1
18	CNA Reinsurance Group	951.0	1,275.0	(25.4)	8,387.0	8,679.0
19	Toa Reinsurance Co. Ltd.	942.4	1,101.8	(14.5)	2,204.0	2,933.3
20	Hartford Reinsurance Co.	825.9	703.0	17.5	5,668.0	6,897.8
21	Tokio Marine & Fire Insurance Co. Ltd. ³	705.3	843.2	(16.4)	20,432.2	13,061.9
22	Odyssey Reinsurance Group	701.3	502.6	39.5	957.9	806.3
23	ACE Tempest Reinsurance Ltd.	699.1	145.7	379.9	1,281.6	1,151.4
24	Caisse Centrale de Reassurance S.A.	694.9	792.5	(12.3)	1,131.4	1,018.0
25	Sirius International Insurance Group	599.1	435.7	37.5	849.7	800.5
	Total	83,392.1	76,213.7	9.4	208,243.7	186,299.4

N.A. Not available.

N.M. Not meaningful.

1 Assicurazioni Generali Group (Italy) declined to provide data; Standard & Poor's estimates the Group would have ranked eighth on this year's list.

2 Expense and loss ratios for 2000 and 1999 are estimated.

3 All figures (except net reinsurance premiums written) include primary and reinsurance businesses.

Funds (Mil. \$) Change (%)	Loss Ratio		Expense Ratio		Pretax Operating Income			Return on Revenue (%)	
	2000	1999	2000	1999	2000	1999	Change (%)	2000	1999
17.7	85.0	88.2	30.3	30.7	529.8	375.0	41.3	2.8	2.2
27.1	88.0	85.0	29.0	31.0	(384.7)	217.7	(276.7)	(2.3)	1.5
1.4	94.8	94.7	16.8	22.7	N.A.	1,177.8	N.A.	N.A.	13.4
8.1	84.4	77.8	31.4	34.1	(11.0)	245.0	(104.5)	(0.1)	2.9
19.4	85.8	71.1	20.8	24.8	116.4	113.1	2.9	2.1	2.4
4.1	86.4	87.0	25.7	25.4	(43.6)	(74.2)	N.M.	(1.0)	(1.8)
(9.1)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
17.7	76.0	74.4	32.9	33.0	185.7	250.0	(25.7)	4.6	6.8
2.1	88.0	80.7	32.0	29.0	71.6	128.5	(44.3)	2.5	4.5
2.5	83.1	82.6	22.6	21.9	42.8	276.7	(84.5)	1.6	12.7
13.0	73.4	77.4	26.5	27.8	234.9	153.3	53.2	12.6	8.9
28.4	80.2	93.0	37.5	28.0	(51.6)	10.8	(577.6)	(3.1)	0.9
13.3	70.2	77.1	32.3	32.7	161.3	66.9	141.3	10.2	4.1
11.3	79.2	69.3	34.8	31.2	N.A.	N.A.	N.A.	N.A.	N.A.
19.3	75.3	72.0	27.6	31.5	230.9	213.3	8.2	15.6	16.1
(0.1)	74.3	65.6	35.9	36.0	213.5	N.A.	N.A.	16.8	N.A.
23.4	76.4	75.2	21.4	23.4	34.0	34.4	(1.2)	3.4	4.2
(3.4)	81.6	84.9	27.3	31.5	89.0	(28.0)	N.M.	6.9	(2.1)
(24.9)	69.4	74.8	N.A.	37.0	25.8	(22.4)	N.M.	2.5	(2.1)
(17.8)	77.1	74.5	31.7	32.7	N.A.	N.A.	N.A.	N.A.	N.A.
56.4	60.3	62.1	36.0	36.4	440.2	1,264.0	(65.2)	3.1	7.1
18.8	73.9	75.5	36.9	35.9	57.0	74.8	(23.8)	7.0	11.7
11.3	49.0	69.2	33.0	24.4	156.4	57.2	173.4	23.6	28.4
11.1	75.6	98.7	12.5	22.5	178.6	(68.0)	N.M.	22.7	(8.6)
6.2	80.0	N.A.	23.0	N.A.	67.6	125.0	(45.9)	9.1	21.8
11.8	84.7	83.3	27.4	29.4	2,344.5	4,590.9	(48.9)	2.5	4.8

Natural Perils and Weak Underwriting Spell Tough Times for Asian Reinsurance Industry

Reinsurers across Asia and Australia have suffered greatly over the past few years. The entire Asian nonlife market — from Australia to Japan, including the Philippines, Indonesia, Taiwan, and China — is exposed to significant natural catastrophic perils from earthquakes, typhoons, and hail. Natural perils and weak underwriting over the past decade have led the domestic reinsurance industry into its current morass.

Australia

The Australian reinsurance industry has been hampered by billion-dollar losses from GIO Insurance Ltd.'s reinsurance operations and the failures of New Cap Reinsurance Corp. Ltd. and Reinsurance Australia Corp. Ltd. Remaining participants are essentially branch and subsidiary operations of major global reinsurance groups, with QBE Reinsurance Ltd. surviving as the last Australian-owned material participant. Despite these setbacks, the Australian market remains highly developed, with sophisticated underwriting skills, new and alternative forms of reinsurance cover, and a high level of reinsurance usage.

Premium rate increases boost returns.

Although direct-sector nonlife gross premium revenue has grown at an average annual rate of 8% in the past four years — to A\$15.95 billion in the year to June 30, 2000 — the reinsurance sector has lagged, with average annual growth of 4% for the past four years to A\$1.70 billion in the year to June 30, 2000. Reinsurance ceded by the direct insurers has remained strong at A\$3.59 billion (22.5%), though only 47% is placed locally, with

the balance placed offshore. Premium growth is expected, however, with evidence of reinsurance rate increases in line with global trends.

The last time the Australian reinsurance sector returned an underwriting profit was in 1996 (A\$81 million). Since then, losses have deteriorated annually, to an underwriting loss of A\$667 million in the year to June 30, 2000. This is disproportionately high compared with the direct sector's losses of A\$1.13 billion for the same period. Results reported for full-year 2000 are showing consistent improvement, with the three major participants — Swiss Re Australia Ltd., Munich Reinsurance Co. of Australasia Ltd., and GeneralCologne Re Australia Ltd. — reporting improved underwriting performance (albeit still underwriting losses) and a return to net profitability. Many losses in the year to June 30, 2000, had stemmed from long-tail classes of public and product liability, professional indemnity, workers' compensation, and compulsory third-party insurance. With the exception of workers' compensation, with a loss ratio of 92.3%, the remaining long-tail classes all reported loss ratios of more than 100% for the direct sector after reinsurance, with the reinsurance sector bearing substantial losses from these lines.

Standard & Poor's expects the general insurance industry in Australia to improve. Shareholders are demanding enhanced returns, premium rate increases are entrenched, stronger underwriting practices are being implemented, and cost benefits from consolidation are flowing through. All of these factors should have a positive flow-through benefit to the reinsurance sector. Although the life sector has good growth dynamics and solid financial characteristics, Standard & Poor's expects continued downward pressure on capitalization, challenges in achieving a sustainable market position, and an ongoing squeeze on operating margins from competition.

Acquisition activity abundant in 2001.

The life insurance sector was rife with merger and acquisition activity in 2000. However, in 2001, the general insurance industry became the focus of attention. The collapse of HIH Insurance enabled Allianz Australia Insurance Ltd. to acquire renewal rights to the personal lines business, QBE the corporate business, and NRMA Insurance Ltd. the workers' compensa-

tion business. Following these events, AMP Ltd. has recently announced the sale of its AMP/GIO general insurance operations to Suncorp Metway Insurance Ltd., while Fortis Insurance Ltd. has sold its Australian operations to CGU Insurance Australia Ltd. These consolidation initiatives have enhanced the scale of the major players, with the top eight already controlling 90% of the market. Benefits should arise from geographic and product diversity, economies of scale, and implementation of premium rate increases to better reflect risk.

Singapore

Singapore has positioned itself as a regional reinsurance center for Asia. There were 45 professional reinsurers in Singapore at the end of 2000, of which 35 wrote nonlife reinsurance business, two wrote life reinsurance, and eight wrote both life and nonlife reinsurance. Of the 43 companies writing general reinsurance business, only one is an ongoing indigenous company, and two are locally incorporated subsidiaries of foreign groups. Most of the remainder are branches of foreign reinsurers, but there are two other local companies, and two foreign subsidiaries are in run-off. Life reinsurers are all foreign-owned.

Reinsurance premiums in the Singapore Insurance Fund (SIF), which represents the primary domestic sector, grew 9.3% in 2000, mirroring the domestic-sector growth. Premiums in the Offshore Insurance Fund (OIF), which represents nondomestic business, grew 33.1% in 2000. Retention ratios of the primary domestic sector (SIF) fell to 66.5% in 2000 from 71.4% in 1997. For the offshore direct business, the retention ratio is a little higher at 69.3%. Underwriting and technical skills are generally quite high, benefiting from the high degree of foreign representation in the market.

Malaysia

The Malaysian reinsurance market is significant in South Asia, but Malaysia's strategy to retain as much premium as possible within the country means that the proportion of gross direct premium ceded abroad is quite low at 10%. The level of reinsurance premium placed outside Malaysia has been steadily falling, while retention ratios for direct insurers have increased over the past five years, which is consistent with this strategy. The increase in retention ratios also reflects the recently sluggish growth in the direct market and companies' desire to grow the premium base and leverage increased capital strength, which has arisen following the introduction of stronger regulatory capital requirements.

Following Bank Negara Malaysia's decision to issue new licenses to professional life reinsurers, there are now two reinsurers conducting life reinsurance business in Malaysia — one local and one foreign. Up to five licenses remain to be issued to eligible applicants.

Entry to the World Trade Organization (WTO) is the main concern of the Chinese market this year. The insurance market access issues have formed one of the last hurdles of the high-level discussions. Most of the global reinsurance players have set up their representative offices in China for the widely expected opening market.

China

The insurance operating environment in China has improved in the past few years, especially following the formation of the China Insurance Regulatory Commission (CIRC) in 1998. The CIRC is the supervisory body formed as a consequence of the China Insurance Law, which was implemented in 1995. This legal framework has strengthened the Chinese insurance market for the increasing number of domestic and foreign participants

The Chinese insurance market has reported 60 billion yuan of premium for the general insurance market and ¥100 billion total premium for the life business. Both sectors experienced about 14% growth last year, though this is lower than experienced in the early to mid 1990s. China's insurance penetration (premium to GDP) in 2000 was about 1.7%, which is very low compared with other developing (about 3%-5%) and developed (more than 5%) countries. In view of this, China is widely expected to be one of the foremost countries with insurance growth potential in the coming decades.

Until the late 1980s, the Chinese market was monopolized by the state-owned insurance company, PICC (People's Insurance Company of China). However, PICC has been restructured in recent years. The ex-PICC group is now divided into four state-owned companies: PICC, China Life, China Reinsurance (China Re), and China Insurance Holdings. PICC and China Life still have more than a two-thirds share of the nonlife and life markets.

China Re is the sole reinsurance company in China. It wrote ¥14 billion (US\$1.7 billion) of premium in 2000, an increase of nearly 18% compared with 1999. Under China Insurance Law, insurance companies must cede 20% of their business to China Re. However, under the coming liberalization of the market, the compulsory cession is planned to be dissolved in the medium term.

Entry to the World Trade Organization (WTO) is the main concern of the Chinese market this year. The insurance market access issues have formed one of the last hurdles of the high-level discussions. Most of the global reinsurance players have set up their representative offices in China for the widely expected opening of the market.

Reinsurance business outside the compulsory cession will first be ceded within the national markets. Under the law, business can be ceded out of the coun-

According to the Hong Kong Insurance Authority's statistics in 1999, only about 18% of the inward business is in treaty form. The rest of the inward business is believed to be facultative and is written by the direct companies. In other words, the professional reinsurers in Hong Kong are competing not just with each other but also with direct companies.

try only if the conditions and terms from overseas providers are better than from the locals. The Chinese insurance market will move to become a more transparent and regulated market to compete with the entry of foreign competition.

Hong Kong

As an open market, the Hong Kong reinsurance market is congested, with about 25 authorized professional reinsurers. The top 10 reinsurers have 95% of the market share, which is 45% of the domestic inward reinsurance business. In 2000, direct companies have ceded 4,555 million Hong Kong dollars of domestic business, with about 75% (HK\$3,427 million) ceded within the local market.

The Hong Kong reinsurance market is dominated by foreign companies, with eight out of the top 10 incorporated outside of the territory. The largest domestic player, China International Reinsurance Co., holds only about 20% of the market for domestic inwards business. The other two big players are Munich Re and Swiss Re, which also have similar market shares.

Promoted as a reinsurance center since the mid-1990s, Hong Kong became unable to attract more reinsurance participants because of a perceived saturated operating environment. The local reinsurance market operates in a cooperative manner among competitors. For example, the reinsurance forum has increased the communication among the market players. The top foreign players are the main providers of expertise for local companies.

According to the Hong Kong Insurance Authority's statistics in 1999, only about 18% of the inward business is in treaty form. The rest of the inward business is believed to be facultative and is written by the direct companies. In other words, the professional reinsurers in Hong Kong are competing not just with each other but also with direct companies.

The growth and performance of the reinsurance market mirrors the underlying direct market. In the past few years, the direct market has been very competitive because of over-capacity and a poor trading environment. This poor performance has also been reflected in the reinsurers' books in the past few years. The reinsurance market recorded a peak loss in 2000 of HK\$559 million compared with losses of HK\$225 million and HK\$210 million in 1999 and 1998, respectively. There is, however, optimism about the future, as

the market hardened during the 2001 renewal season, and rate increases were generally seen.

The escalated claims cost in liability classes, such as employees' compensation, has aroused the reinsurance market's concern about the inadequacy of reserving throughout the Hong Kong insurance market. Two of the top reinsurers have explicitly expressed their concerns and warned the market about their possible withdrawal from workers' compensation business.

Hong Kong has been treated as a stepping stone to access the mainland Chinese insurance and reinsurance markets. Now approaching the final stage of China's entry to the WTO, many reinsurers have already moved a step further by setting up representative offices on the mainland and employing mainly local staff. As the local workforce becomes more experienced and technical, it is envisaged that more of the frontline responsibility will be passed from the Hong Kong offices.

Taiwan

The Taiwanese insurance market is undergoing a deregulation process that includes the relaxation of the fire tariff and privatization of state-owned companies, allowing more foreign competition. The Taiwanese market in 2000 was split between written premium of 96 billion Taiwan dollars (new) for nonlife business and NT\$626 billion for life business. The general insurance companies ceded about 53% (NT\$51 billion) of their gross premium in 2000.

The domestic reinsurance market is monopolized by the state-owned reinsurer Central Reinsurance Corp. (CRC), which was set up in 1968. This company is undergoing privatization, with the government's share reduced to 71.27% in 2000. The government intends to lower its share holding further to 40% in the near future.

Although there is no other reinsurer in the market, about five professional reinsurers are represented locally, with liaison offices in Taipei. Under state regulations, there is a 15% compulsory cession to CRC for fire and marine business and a 10% compulsory cession for motor.

The entry to the WTO will require Taiwan to open the insurance market, which will bring the sole reinsurer and direct companies more foreign competition. However, it should be noted that they are still operating very much as a closed market, with 97% of the business in the hands of the domestic insurers. On the life side, the domestic players dominate the market as well, with a 90% share of total premium.

The market is preparing for deregulation, and consolidation or rationalizing (or both) of reinsurance operations should be expected.

Japan

Like the rest of the world, reinsurance rates are firming in Japan. Toa Re remains the preferred reinsurer of the industry, but the landscape is gradually changing

because of industry consolidation and the increased capacity of the merged insurers. Toa Re is pursuing a diversification strategy and has been reasonably successful expanding into life reinsurance since 1997.

In fiscal 1999, the estimated size of life reinsurance trading in the Japanese market (on a risk premium basis) was approximately ¥45 billion, although this includes about ¥10 billion of intercompany transactions.

Major domestic life insurers include Dai-ichi Mutual Life and Meiji Mutual Life. (Kyoei Life, which was established as the sole domestic life reinsurer in Japan, had a sizable life reinsurance business until it collapsed in 2000.) Foreign reinsurers include Swiss Re, Munich Re, RGA, General & Cologne Re, Hannover Re, and ERC Frankona (of GE group). Kyoei Life and Lincoln Reinsurance Services formed a joint venture that modernized underwriting and product standards for the industry.

Local/foreign involvement.

Apart from the major domestic life insurers, Toa Re, whose main business is in the nonlife sector, has been actively dealing with the life subsidiaries of domestic nonlife insurers since 1997, benefiting from strong relations with the parents. Swiss Re and Munich Re are the two leading foreign life reinsurers in Japan. They seem to be dealing with most of the life insurers and actively expanding business with new market entrants.

Foreign reinsurers continue to enter the market (e.g., Gerling), given the increasing needs of reinsurance in the Japanese life sector, where pricing based on risk segmentation is becoming very critical to be competitive. In addition, since 1999, an increasing number of foreign reinsurers have been offering reinsurance consulting services and related information to Japanese life insurers (e.g., Munich Re Japan Services Co. Ltd., Swiss Re Services Co. Ltd., Hannover Re Services Co. Ltd., and SCOR Services Co. Ltd.).

The current level of retention is very low. In terms of contingency premiums, less than 1% seem to be subject to the life reinsurance in Japan to date. However, potential demand for life reinsurance in the market is significant. Stagnant business growth, coupled with intensifying competition in the Japanese life industry, is causing life insurers to cut ceded reinsurance premiums through increased retentions.

Summary

Reinsurance is a truly global business where ideas, capital, and problems rapidly cross jurisdictional boundaries. Globally, reinsurers have experienced deteriorating financial statements as competitive pricing and excess capacity led the industry to its worst performance in a decade. Improving underwriting discipline and the withdrawal of capacity has led to some firming of the rate environment. Diversification efforts have led to life reinsurance becoming

a larger part of the reinsurer's business as companies seek the greater stability that it offers. In addition to traditional life reinsurance, demand for so-called financial reinsurance has also been notable. To date, financial reinsurance has been utilized mainly as a means of enhancing the solvency margin ratio, but there will be demand for more usage of financial reinsurance for balance-sheet restructuring, most likely related to demutualization and mergers in the longer term.

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Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written

The Top 150 Global Reinsurers

In gathering data for this year's edition of *Global Reinsurance Highlights*, Standard & Poor's surveyed 229 reinsurers (32 groups and 197 operating companies) from 40 countries. Standard & Poor's estimated the 2000 figures for only five operating companies. These estimates were based on each country's reinsurance industry average growth.

In this year's publication, three main data sources have been used. For the U.S. operating companies, the numbers were retrieved from Standard & Poor's internal insurance statutory database. For the global groups and the non-U.S. operating companies, Standard & Poor's mostly relied on GAAP figures from surveys that were completed by these entities. In addition, Standard & Poor's global insurance database—which is called CLASSIC—supplemented any missing data.

To ensure uniformity and comparability of the reported figures, Standard & Poor's provided the companies with a glossary of definitions and formulas that accompanied the questionnaires. One of the challenges has been to convince some entities to separate their reinsurance numbers from the rest of their business. This was not a simple task, especially when some

Rank	Rating as of Aug. 8, 2001	Company	Country	Net Reinsurance Premiums		
				2000	1999	1998
1	AAA	Munich Reinsurance Co.	Germany	10,641.1	9,638.5	9,490.7
2	AAA	Swiss Reinsurance Co.	Switzerland	5,289.8	4,603.3	5,205.9
3	A+	Lloyd's	U.K.	3,952.9	3,807.8	3,554.5
4	AA+	Allianz AG	Germany	3,726.5	3,295.9	3,486.0
5	AAA	General Reinsurance Corp.	U.S.	3,260.8	2,574.9	2,335.6
6	AAA	American Reinsurance Co.	U.S.	3,165.5	2,821.2	2,276.2
7	AA+	Hannover Rückvers. AG	Germany	2,595.7	2,210.4	2,214.1
8	AAA	Employers Reinsurance Corp.	U.S.	2,227.1	1,888.6	1,862.2
9	AA-	Gerling-Konzern Globale Rückvers. AG	Germany	2,027.1	2,117.5	2,208.0
10	AAA	Kölnische Rückvers. Ges. AG	Germany	1,976.1	2,155.7	2,307.3
11	AAA	Swiss Reinsurance America Corp.	U.S.	1,758.7	1,046.4	728.0
12	AAA	GE Frankona Rückvers. AG	Germany	1,529.8	1,902.7	1,631.0
13	AA	Transatlantic Reinsurance Co.	U.S.	1,456.7	1,322.2	1,194.5
14	AAA	Bayerische Rückvers. AG	Germany	1,245.2	1,207.3	1,373.1
15	AA-	Everest Reinsurance Co.	U.S.	1,211.8	1,108.1	1,017.8
16	A+	GE Reinsurance Corp.	U.S.	1,096.4	1,081.1	586.0
17	AAA	European Reinsurance Co. of Zurich	Switzerland	993.0	1,186.1	931.3

reinsurers do not separate their revenues or measure their performance by lines of business. For example, the Japanese reinsurers only provided the net reinsurance premiums written of their reinsurance operations. The rest of their financial data encompasses their total business. In such cases, Standard & Poor's explicitly clarified the reported numbers in the footnotes that appear at the bottom of each table.

For consistency and impartiality, Standard & Poor's requested that foreign companies report their financial figures in their respective local currencies. Standard & Poor's then converted the data at the average exchange rate of the last day of their respective fiscal years. Because of the strengthening of the U.S. dollar versus the rest of the foreign currencies, American companies are presumed to have benefited in the ranking. In this year's Global Reinsurance Highlights,

the reinsurers' ranking was based on the 2000 net reinsurance premiums written.

Standard & Poor's has made every effort to capture the reinsurance business of the companies included in this publication. Some of these entities write a small portion of life reinsurance, but the vast majority are categorized as property/casualty reinsurers.

Taoufik Gharib

Data Manager, New York

Written (Mil. \$)			Combined Ratio						Net Technical Reserves (Mil. \$) 2000	Net Technical Reserves to Adjusted Shareholders' Funds 2000
1997	1996	Average Growth Rate (1996-2000) (%)	2000	1999	1998	1997	1996	Weighted Average (1996-2000)		
9,865.6	10,567.7	0.4	115.7	120.6	102.7	102.0	100.2	108.9	29,964.1	0.6
4,293.5	4,342.6	5.9	126.4	118.4	110.7	107.6	108.0	114.8	13,520.7	2.8
3,583.0	4,141.4	(0.8)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	19,367.1	2.3
3,353.5	3,937.9	(0.8)	108.9	107.4	104.0	100.8	99.3	104.3	11,763.1	0.2
2,541.1	2,717.8	5.6	113.4	117.4	100.0	99.4	99.0	106.2	8,547.4	1.9
2,491.7	1,908.2	14.5	117.2	115.3	103.9	104.0	96.7	108.8	5,623.4	2.6
2,050.4	1,815.5	9.5	108.2	111.4	102.9	103.8	102.0	106.2	5,813.3	3.2
1,466.7	1,449.6	11.9	117.1	116.2	104.9	104.3	105.3	110.3	4,661.9	1.2
2,025.1	2,067.6	(0.3)	101.6	111.2	111.3	104.9	104.8	106.8	5,463.9	6.1
2,272.1	2,461.1	(5.3)	110.7	114.7	112.5	100.9	101.1	106.2	4,495.9	2.4
772.6	693.6	29.4	121.3	109.5	106.2	103.1	103.9	111.0	3,077.2	2.0
1,387.9	1,432.3	2.9	120.6	124.1	107.1	102.9	102.7	110.1	4,242.3	4.3
1,063.4	1,011.5	9.6	100.5	106.4	101.5	99.9	101.2	102.0	2,331.9	1.5
1,365.3	1,546.1	(5.0)	106.8	106.1	106.0	100.8	101.2	104.2	3,178.7	1.7
1,281.8	898.9	10.1	103.6	103.3	103.4	101.3	102.9	102.8	2,856.2	2.2
641.9	534.7	24.3	104.6	116.3	145.4	106.7	164.5	122.4	1,243.5	1.6
339.3	349.5	45.7	120.9	112.4	112.7	110.7	117.8	115.2	3,937.7	4.2

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written

Rank	Rating as of Aug. 8, 2001	Company	Country	Net Reinsurance Premiums		
				2000	1999	1998
18	BBB-	Korean Reinsurance Co.	South Korea	977.5	755.5	553.7
19	AA	St. Paul Reinsurance Co.	U.S.	976.6	826.7	818.3
20	AA	Zurich Reinsurance North America	U.S.	959.8	967.3	852.5
21	AA-	Gerling Global Reinsurance Corp. of America	U.S.	870.6	878.5	419.0
22	AA+	E+S Rückvers. AG	Germany	869.9	726.0	868.2
23	AA	Hartford Reinsurance Co.	U.S.	825.9	703.0	710.6
24	AA+	Zurich Versicherung AG	Switzerland	812.0	797.3	714.0
25	AA-	Toa Reinsurance Co. Ltd.	Japan	799.5	979.2	920.4
26	AA	XL Mid Ocean Reinsurance Ltd. ¹	Bermuda	758.4	395.6	444.1
27	AA+	Tokio Marine & Fire Insurance Co. Ltd. ²	Japan	705.3	843.2	764.4
28	A+	ACE Tempest Reinsurance Ltd.	Bermuda	699.1	145.7	92.8
29	AAA	Caisse Centrale de Reassurance S.A.	France	694.9	792.5	639.0
30	AAA	National Indemnity Co.	U.S.	683.6	881.9	680.0
31	AA+	Hannover Reinsurance (Ireland) Ltd.	Ireland	588.9	331.4	247.6
32	AA	Centre Solutions (Bermuda) Ltd.	Bermuda	580.8	374.5	338.5
33	N.R.	London Life and Casualty Reinsurance Corp.	Barbados	549.9	263.0	221.2
34	AAA	Bavarian Reinsurance Ireland Ltd.	Ireland	549.4	379.8	417.4
35	A-	Odyssey America Reinsurance Co.	U.S.	515.3	295.6	395.6
36	AA	Partner Reinsurance Co. Ltd.	Bermuda	503.3	467.0	161.6
37	N.R.	Overseas Partners Ltd.	Bermuda	500.7	819.7	909.0
38	AA-	Everest Reinsurance (Bermuda) Ltd.	Bermuda	496.4	N.A.	N.A.
39	AA	Yasuda Fire & Marine Insurance Co. Ltd. ²	Japan	482.9	560.9	525.8
40	A	CNA Reinsurance Co.	U.S.	473.4	647.1	390.5
41	AA-	R+V Versicherung AG	Germany	455.3	429.6	391.8
42	BBB-	CNA Reinsurance Co. Ltd.	U.K.	448.1	526.1	475.3
43	A+	Berkley Insurance Co.	U.S.	444.7	399.4	351.0
44	AA-	Commercial Risk Reinsurance Co. Ltd.	Bermuda	441.8	379.4	268.5
45	AAA	New Reinsurance Co.	Switzerland	433.8	491.4	1,112.3
46	BBBpi	Japan Earthquake Reinsurance Co. Ltd.	Japan	416.7	457.4	373.5
47	AA-	SCOR Reinsurance Co.	U.S.	414.1	654.0	698.4
48	AA	PartnerRe S.A.	France	397.4	469.5	489.5
49	AAA	GE Frankona Reinsurance Ltd.	U.K.	381.5	168.3	179.5
50	AA	Zurich Rückvers. (Koln) AG	Germany	374.0	281.6	252.4
51	A+	Partner Reinsurance Co. of The U.S.	U.S.	369.7	240.3	82.5
52	AA-	Royal Bank of Canada Insurance Co. Ltd.	Barbados	368.4	305.7	173.1
53	AA-	Mapfre Re Compania De Reaseguros S.A.	Spain	367.2	363.3	322.8

Written (Mil. \$)			Combined Ratio						Net Technical Reserves (Mil. \$) 2000	Net Technical Reserves to Adjusted Shareholders' Funds 2000
1997	1996	Average Growth Rate (1996-2000) (%)	2000	1999	1998	1997	1996	Weighted Average (1996-2000)		
809.3	784.2	9.4	97.8	98.6	100.7	113.9	105.2	102.4	508.7	1.6
921.3	N.A.	N.A.	111.9	95.6	95.7	101.4	N.A.	N.A.	N.A.	N.A.
1,066.9	729.3	9.7	116.7	107.6	113.3	109.2	103.6	110.4	1,647.5	1.9
438.3	531.4	21.7	114.9	105.2	109.2	107.1	103.8	108.6	1,182.4	2.4
824.8	791.2	3.2	113.7	109.4	106.5	106.2	109.1	109.2	2,394.6	3.9
687.9	570.6	10.1	108.8	107.2	105.7	102.6	102.1	105.6	N.A.	N.A.
1,260.7	1,722.4	(14.2)	N.A.	93.3	80.9	N.A.	N.A.	N.A.	N.A.	N.A.
835,815	916.1	(2.7)	107.5	114.4	105.4	98.1	96.4	104.0	1,711.0	0.8
362.3	431.3	21.8	100.5	93.4	71.4	73.0	73.0	84.6	1,448.4	0.7
821.0	953.8	(6.7)	96.3	98.5	95.4	89.8	87.5	93.0	34,077.0	1.7
111.3	137.8	100.3	82.0	93.6	60.0	26.1	26.5	67.8	521.4	0.4
625.5	740.2	(0.4)	88.1	121.2	120.5	96.8	108.9	106.7	1,809.7	1.6
860.1	718.1	1.5	106.9	122.9	91.0	74.7	91.0	97.7	3,982.8	0.2
168.2	137.0	45.4	112.0	105.3	109.0	111.7	93.3	108.8	1,407.4	8.4
332.7	470.6	9.5	135.2	149.3	148.8	131.4	96.9	131.0	2,543.8	2.3
260.7	252.5	29.0	113.0	115.3	108.1	104.0	98.1	109.0	914.1	2.7
311.9	298.6	18.5	108.5	128.8	116.3	119.3	117.4	115.8	1,152.2	4.2
515.3	547.9	5.0	104.8	129.8	107.3	131.6	102.6	114.6	832.1	1.0
192.9	206.0	43.5	78.4	90.0	18.1	16.3	25.6	60.5	1,722.3	1.2
720.1	560.6	1.5	182.2	108.9	67.5	63.5	55.2	95.2	1,718.3	1.0
N.A.	N.A.	N.A.	100.2	N.A.	N.A.	N.A.	N.A.	N.A.	698.6	2.6
518.6	582.9	(4.2)	94.5	96.2	94.7	89.4	90.0	92.8	27,673.0	2.8
590.6	440.7	9.8	N.A.	138.0	108.8	N.A.	N.A.	N.A.	N.A.	N.A.
332.0	303.5	10.8	99.3	104.6	102.4	100.5	96.8	101.0	694.8	0.4
385.7	566.8	(3.2)	151.9	105.8	108.6	105.0	103.4	115.5	1,336.3	5.9
275,072	264.4	14.2	108.1	108.5	107.0	104.2	103.5	106.7	854.3	1.4
141.4	74.1	59.6	108.5	104.0	103.7	103.3	93.5	105.0	882.6	3.5
459.4	303.5	31.5	119.5	113.1	103.4	102.1	104.2	107.9	1,193.6	3.8
338.7	364.6	4.2	48.2	42.9	44.7	44.6	41.4	44.3	2,735,724	227.4
645.8	429.9	3.8	160.0	113.8	112.4	104.5	99.8	118.5	1,301.8	3.9
499.1	618.1	(10.2)	126.7	123.7	105.5	104.9	105.6	113.3	1,206.3	3.1
132.8	76.0	57.6	104.9	76.8	88.1	111.7	103.0	98.0	1,385.6	1.8
249.8	281.7	8.5	N.A.	116.8	114.9	107.5	105.0	N.A.	N.A.	N.A.
53.1	39.7	83.5	118.7	117.1	113.2	103.7	103.3	115.7	280.6	0.8
182.2	129.5	33.2	70.8	74.9	79.0	80.0	85.2	76.0	46.4	0.1
251.0	253.9	10.3	106.7	109.2	102.6	101.2	102.1	105.1	369.9	1.9

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written

Rank	Rating as of Aug. 8, 2001	Company	Country	Net Reinsurance Premiums		
				2000	1999	1998
54	AA-	Scandinavian Reinsurance Co. Ltd.	Bermuda	366.1	200.3	84.3
55	AA-	Gerling Global International Reinsurance Co. Ltd.	Barbados	353.1	N.A.	N.A.
56	A+	Chiyoda Fire & Marine Insurance Co. Ltd. ^{3 4}	Japan	350.1	469.9	395.1
57	Api	Wüstenrot & Württembergische AG	Germany	346.6	287.9	317.5
58	BBpi	IRB-Brasil Resseguros S.A.	Brazil	338.6	365.3	554.7
59	A+	QBE International Insurance Ltd. ⁵	U.K.	333.3	271.7	168.9
60	A-	Folksamerica Reinsurance Co.	U.S.	332.7	214.6	212.6
61	N.R.	Stockton Reinsurance Ltd.	Bermuda	331.7	157.0	202.8
62	AAA	Swiss Re Italia SpA	Italy	324.6	470.2	553.4
63	AA	Mitsui Marine & Fire Insurance Co. Ltd.	Japan	317.2	363.6	394.0
64	Api	Victoria Rückvers. AG	Germany	315.1	282.6	305.0
65	Api	Generali Holding Vienna AG	Austria	309.7	313.1	299.8
66	A	Copenhagen Reinsurance Co. Ltd.	Denmark	309.6	279.5	250.0
67	AA-	Underwriters Reinsurance Co.	U.S.	308.4	429.3	384.2
68	Api	American Agricultural Insurance Co.	U.S.	304.3	223.7	168.3
69	AAA	Münchener Rückvers. Italia SpA	Italy	291.3	281.0	250.0
70	A+	Renaissance Reinsurance Ltd.	Bermuda	287.9	205.2	167.2
71	A+	Dai-Tokyo Fire & Marine Insurance Co. Ltd. ^{3 4}	Japan	280.3	318.8	265.8
72	AA	Sumitomo Marine & Fire Insurance Co. Ltd. ⁴	Japan	278.6	359.9	345.4
73	A	SOREMA S.A.	France	277.3	288.1	287.1
74	AA	AXA Corp. Solutions Reinsurance Co.	U.S.	275.8	134.7	148.1
75	BBBpi	Republic Western Insurance Co.	U.S.	257.2	178.4	153.6
76	AA-	Sirius International Insurance Corp.	Sweden	253.3	274.6	272.1
77	A-	Le Mans Re	France	248.0	220.0	332.0
78	AAA	GE Frankona Reinsurance A/S	Denmark	242.8	335.2	426.3
79	N.R.	AMB Aachener und Münchener Beteiligungs AG	Germany	240.1	194.8	257.1
80	N.R.	General & Cologne Re Cia de Reasgueros S.A.	Argentina	238.4	202.9	72.2
81	A	PMA Capital Insurance Co.	U.S.	236.4	260.1	231.9
82	BBB+	Central Reinsurance Corp.	Taiwan	232.6	203.5	167.8
83	BBB+	Gothaer Rückvers. AG	Germany	232.5	226.6	289.3
84	A-	Lincoln National Hlth & Cas Insurance Co.	U.S.	229.3	238.6	141.5
85	AAA	Luxembourg European Reinsurance S.A.	Luxembourg	226.2	211.3	215.1
86	AA-	Gerling Global Reinsurance Co. Ltd.	Switzerland	226.0	138.8	140.8
87	B-pi	Milli Reasurans T.A.S.	Turkey	225.1	158.5	159.6
88	A	Inter-Ocean Reinsurance Co. Ltd.	Bermuda	218.9	180.0	178.5
89	BBBpi	Grinnell Mutual Reinsurance Co.	U.S.	216.3	203.3	213.2

Written (Mil. \$)			Combined Ratio						Net Technical Reserves (Mil. \$) 2000	Net Technical Reserves to Adjusted Shareholders' Funds 2000
1997	1996	Average Growth Rate (1996-2000) (%)	2000	1999	1998	1997	1996	Weighted Average (1996-2000)		
39.9	41.3	82.1	105.2	96.4	87.6	75.9	82.3	97.6	1,236.3	3.8
N.A.	N.A.	N.A.	114.9	104.0	N.A.	N.A.	N.A.	N.A.	651.2	3.0
N.A.	N.A.	N.A.	103.9	99.4	98.2	N.A.	N.A.	N.A.	7,631.1	2.9
311.0	321.6	2.5	106.1	100.1	100.2	99.3	98.4	100.5	655.3	0.4
538,786	512.8	(8.4)	117.4	118.6	104.5	120.3	110.9	114.4	572.5	1.4
178.9	86.6	46.1	131.1	113.8	115.7	104.8	94.5	117.0	495.9	1.3
273.8	157.9	26.7	126.2	120.3	108.0	97.9	99.5	112.1	921.1	2.1
166.9	25.2	168.3	123.3	118.8	110.3	103.6	111.2	117.0	1,759.5	2.8
499.3	656.9	(14.8)	N.A.	165.4	134.9	134.9	109.5	N.A.	N.A.	N.A.
405.2	470.2	(9.3)	98.1	100.6	97.2	94.5	93.6	96.4	17,570.3	2.3
243.3	291.5	3.2	106.7	106.3	102.5	103.5	102.8	104.5	634.5	1.3
331.1	316.5	(0.4)	101.8	109.5	99.1	103.0	102.3	103.3	603.2	0.3
201.2	160.3	18.1	115.1	135.1	119.8	94.7	87.6	114.3	548.5	2.5
369.0	335.0	(0.5)	178.2	102.2	102.4	102.2	102.3	115.7	1,078.3	2.3
155.7	171.3	17.0	95.8	114.0	104.4	83.4	106.0	100.8	274.3	0.9
159.5	178.6	15.5	112.6	101.3	113.2	114.4	111.7	110.4	656.5	3.0
189.6	250.5	6.7	66.6	58.5	53.0	46.2	50.6	55.4	390.1	0.6
N.A.	N.A.	N.A.	99.3	98.0	96.0	N.A.	N.A.	N.A.	9,141.8	2.6
346.6	387.6	(7.3)	93.0	93.6	95.4	92.3	92.0	93.2	18,959.6	2.5
291.2	372.7	(6.7)	133.7	150.4	119.3	108.4	103.7	123.1	694.9	2.3
144.3	161.9	21.9	107.9	116.2	100.4	102.3	98.8	104.8	351.6	1.2
156.1	144.4	16.7	126.9	111.6	111.6	120.3	107.9	116.5	288.1	2.5
296.1	330.7	(6.4)	101.0	104.5	98.0	N.A.	N.A.	N.A.	521.1	0.7
312.2	369.6	(7.6)	110.0	140.0	75.6	N.A.	N.A.	N.A.	435.1	1.6
300.6	514.6	(12.2)	132.3	102.3	103.2	118.5	113.3	112.8	628.6	2.2
185.1	N.A.	N.A.	106.5	105.6	106.2	100.3	N.A.	N.A.	412.6	0.1
N.A.	N.A.	N.A.	N.A.	102.7	102.6	N.A.	N.A.	N.A.	N.A.	N.A.
178.2	164.1	10.5	124.9	101.6	104.3	103.8	104.4	108.0	582.9	1.1
188.6	192.0	5.7	99.1	97.7	99.8	104.3	101.1	100.2	220.3	1.4
324.7	424.0	(13.3)	112.6	108.1	107.2	105.6	102.8	106.8	434.3	1.9
122.9	94.5	27.5	117.3	153.7	115.2	243.9	98.8	144.2	317.0	3.4
198.8	201.3	3.1	109.0	66.3	56.0	58.7	57.1	72.2	472.8	4.0
118.7	129.6	17.9	106.3	111.3	108.2	109.6	108.4	108.4	506.9	11.0
156.7	140.1	13.8	91.6	103.0	100.5	97.7	97.7	95.8	113.2	1.8
92.8	66.6	38.6	110.9	106.3	104.4	108.1	114.4	108.0	603.6	11.5
222.7	214.0	0.4	102.9	100.2	102.7	104.5	111.9	104.5	138.0	1.0

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written

Rank	Rating as of Aug. 8, 2001	Company	Country	Net Reinsurance Premiums		
				2000	1999	1998
90	A	Insurance Corp. of Hannover	U.S.	213.7	164.7	149.6
91	A+	Nissan Fire & Marine Insurance Co. Ltd. ⁴	Japan	213.4	272.2	249.6
92	N.R.	ESG Re Ltd. ⁶	Bermuda	211.9	313.2	195.6
93	AA	Nichido Fire & Marine Insurance Co. Ltd.	Japan	211.8	246.7	222.3
94	AA	St. Paul Reinsurance Co. Ltd. ⁷	U.K.	209.9	246.8	201.9
95	A+	Nippon Fire & Marine Insurance Co. Ltd. ^{8,4}	Japan	207.1	263.6	259.0
96	A	Sorema North America Reinsurance Co.	U.S.	196.0	157.8	143.3
97	AAA	General Cologne Re UK Ltd.	U.K.	193.5	172.5	158.7
98	A+	QBE Insurance and Reinsurance (Europe) Ltd. ⁵	Ireland	188.9	131.9	140.2
99	AAA	Irish European Reinsurance Co. Ltd.	Ireland	188.3	62.4	105.0
100	A+	Trenwick America Reinsurance Corp.	U.S.	187.4	143.6	169.1
101	BBBpi	Deutsche Rückvers. AG	Germany	186.0	220.3	256.7
102	AA-	Royal & Sun Alliance Reinsurance Ltd.	U.K.	184.7	195.4	235.1
103	AA	NAC Reinsurance Corp.	U.S.	181.6	111.5	481.3
104	Api	Dorinco Reinsurance Co.	U.S.	181.3	293.4	205.0
105	AA-	HDI Reinsurance (Ireland) Ltd.	Ireland	177.1	202.0	175.1
106	A+	QBE Reinsurance Corp.	U.S.	168.6	145.1	110.0
107	AA+	E+S Reinsurance (Ireland) Ltd.	Ireland	168.0	140.5	180.0
108	BBpi	Hannover Reinsurance Group Africa (Pty) Ltd.	South Africa	167.0	165.1	99.6
109	A-	SECURA Societe de Reassurance	Belgium	163.1	141.7	148.5
110	BBBpi	Mutuelle Centrale de Reassurance	France	163.1	162.4	197.3
111	AA-	Toa-Re Insurance Co of America	U.S.	157.3	125.8	100.5
112	BBBpi	Swiss Re Mexico S.A.	Mexico	149.8	75.3	42.3
113	BBB	Fuji Fire & Marine Insurance Co.	Japan	147.5	175.5	165.2
114	BBBpi	Folksam International Ins Co.	Sweden	146.5	139.8	111.3
115	AA-	Nissay Dowa Fire & Marine Insurance Co. Ltd.	Japan	144.6	171.7	165.1
116	AAA	Faraday Reinsurance Co. Ltd.	U.K.	135.3	180.7	86.9
117	AAA	Swiss Reinsurance Co. (UK) Ltd.	U.K.	130.9	263.3	174.0
118	AA	Trans Re Zurich	Switzerland	128.2	100.0	144.3
119	A	Nacional De Reasegueros S.A.	Spain	128.1	126.7	129.6
120	A+	Koa Fire & Marine Insurance Co. Ltd. ^{8 2}	Japan	124.4	150.9	149.7
121	Api	Europa Rückvers. AG	Germany	123.6	116.5	116.9
122	A-	Latin American Reinsurance Co. Ltd.	Bermuda	116.9	33.2	18.4
123	BBpi	Societe Centrale de Reassurance ⁹	Morocco	107.0	111.9	122.6
124	BBB-	Kyoei Mutual Fire & Marine Insurance Co. ²	Japan	105.6	126.3	117.5
125	AAA	Swiss Reinsurance Australia Ltd.	Australia	105.2	103.7	78.5

Written (Mil. \$)			Combined Ratio						Net Technical Reserves (Mil. \$) 2000	Net Technical Reserves to Adjusted Shareholders' Funds 2000
1997	1996	Average Growth Rate (1996-2000) (%)	2000	1999	1998	1997	1996	Weighted Average (1996-2000)		
127.4	97.9	21.9	112.1	103.9	102.8	100.4	102.0	105.1	170.2	0.9
174.3	222.2	2.3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	6,084.8	2.0
25.4	N.A.	N.A.	112.3	106.5	89.1	90.5	N.A.	N.A.	327.7	2.9
219.7	252.0	(3.7)	108.8	107.8	110.2	102.9	95.3	104.6	10,594.7	1.8
220.1	N.A.	N.A.	124.1	114.9	108.0	142.7	N.A.	N.A.	565.9	1.7
271.7	318.6	(9.8)	99.6	99.8	98.9	93.7	93.7	96.7	11,930.6	2.7
140.3	140.0	9.2	120.2	135.1	109.1	106.3	101.6	115.2	336.2	2.4
172.4	193.7	0.5	112.9	173.9	117.1	88.7	47.3	104.9	610.2	2.2
147.3	41.2	72.5	110.5	104.9	99.5	96.1	111.7	103.7	382.2	1.6
165.9	86.9	53.9	96.0	91.2	97.4	92.3	95.1	94.3	75.3	0.3
195.2	226.4	(2.9)	131.1	135.7	102.3	95.9	95.7	110.7	319.3	1.4
265.3	295.7	(10.8)	103.7	106.5	98.5	93.7	99.6	100.2	N.A.	N.A.
N.A.	N.A.	N.A.	106.0	97.7	101.5	N.A.	N.A.	N.A.	971.3	N.A.
528.4	514.3	(5.0)	173.3	146.6	103.0	102.8	101.2	115.1	903.3	1.6
264.6	147.6	15.4	121.5	73.2	100.7	118.5	118.1	103.0	685.6	1.9
159.1	165.7	2.3	102.3	98.5	100.2	105.1	97.5	100.7	441.9	3.0
86.7	71.2	24.2	106.5	107.8	100.3	99.9	100.5	103.8	191.5	1.3
133.7	132.6	8.3	122.4	109.0	109.7	111.1	98.7	112.0	570.0	4.3
117.5	81.1	24.1	74.0	74.0	66.0	N.A.	N.A.	N.A.	122.8	3.0
128.3	135.6	5.2	128.6	115.9	114.5	112.7	114.9	118.1	375.2	3.6
228.2	303.5	(13.9)	110.5	111.7	114.4	112.0	110.0	111.6	473.8	2.9
88.8	32.6	58.9	110.9	111.9	104.6	104.7	106.8	108.4	327.4	1.3
49.7	39.3	47.1	N.A.	127.6	N.A.	99.3	105.6	N.A.	N.A.	N.A.
166.7	195.9	(6.4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
83.8	71.6	20.1	142.4	109.7	108.9	108.6	117.6	120.1	239.6	2.4
172.0	199.1	(7.3)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
61.4	68.6	28.5	120.6	115.6	111.9	113.7	119.0	116.8	460.7	6.6
206.9	259.3	(8.8)	137.9	134.5	123.0	112.0	103.0	121.1	530.5	2.3
171.2	145.8	(0.2)	112.8	111.9	106.5	104.1	107.0	108.2	253.6	5.1
113.9	122.3	1.4	105.7	106.2	108.5	109.8	110.5	108.0	219.8	3.5
148.0	176.4	(7.9)	98.2	95.8	96.8	93.3	92.3	95.0	8,233.4	3.7
109.2	107.2	3.7	115.2	105.2	104.6	95.1	89.7	100.9	165.7	1.7
N.A.	N.A.	N.A.	115.5	117.7	144.0	N.A.	N.A.	N.A.	113.8	1.2
109.1	110.7	(0.5)	N.A.	N.A.	111.4	114.4	110.0	N.A.	N.A.	N.A.
114.9	136.9	(5.7)	96.4	97.4	98.5	95.9	92.8	96.0	5,012.2	8.3
78.0	115.7	0.4	116.6	133.3	111.2	95.2	107.5	113.7	197.2	1.0

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written

Rank	Rating as of Aug. 8, 2001	Company	Country	Net Reinsurance Premiums		
				2000	1999	1998
126	AA	NAC Reinsurance International Ltd.	U.K.	104.7	78.5	46.2
127	BBBpi	Munich Reinsurance Co. of Africa Ltd.	South Africa	100.2	90.0	89.7
128	A+	LaSalle Reinsurance Ltd.	Bermuda	98.5	110.8	147.5
129	BBBpi	Taisei Fire & Marine Insurance Co. Ltd.	Japan	96.5	127.8	112.2
130	AA	Houston Casualty Co.	U.S.	95.8	90.7	80.0
131	BBBpi	Malaysian National Reinsurance Bhd	Malaysia	95.6	110.9	127.2
132	AAA	Cologne Reinsurance Co. (Dublin) Ltd.	Ireland	95.4	41.7	131.7
133	A-	Terra Nova Insurance Co. Ltd.	U.K.	93.4	105.8	N.A.
134	A	PXRE Reinsurance Co.	U.S.	93.3	69.5	69.6
135	A-	Odyssey Reinsurance Corp.	U.S.	92.2	254.7	208.9
136	A+	Trenwick International Ltd.	U.K.	89.3	N.A.	N.A.
137	A+	IPCRe Ltd.	Bermuda	88.9	93.3	111.3
138	BBBpi	Nisshin Fire & Marine Insurance Co. Ltd.	Japan	88.0	107.4	102.8
139	AA-	Commercial Risk Re-Insurance Co.	U.S.	87.0	58.7	63.2
140	N.R.	Great Lakes Insurance Co.	U.S.	86.3	85.1	81.1
141	N.R.	London Life & General Reinsurance Co. ⁹	Ireland	86.2	80.8	56.1
142	AA-	Gerling Global Reinsurance Co. of Australia Pty. Ltd.	Australia	86.1	79.5	49.7
143	AA-	Gerling Global General & Reinsurance Co. Ltd.	U.K.	82.6	85.2	53.2
144	AAA	Munich Reinsurance Co. of Australasia Ltd. ¹⁰	Australia	81.2	67.3	60.2
145	AA-	SCOR Canada Reinsurance Co.	Canada	81.2	75.8	61.2
146	AAA	Enhance Reinsurance Co.	U.S.	80.6	60.6	78.3
147	AAA	ACE Guaranty Reinsurance Inc.	U.S.	79.5	53.7	75.1
148	BBB+	ARIG Reinsurance Co. B.S.C.	Bahrain	76.6	103.7	175.9
149	AAA	Swiss Reinsurance Co. Canada	Canada	75.8	82.3	71.6
150	BBB	African Reinsurance Corp.	Nigeria	71.7	65.9	62.4
		Total		87,616.3	80,241.8	76,582.4

Assicurazioni Generali SpA (Italy), AXA Re (France), and SCOR Re (France) did not respond Standard & Poor's survey. Therefore, they are not included in this year's list.

N.R. Not rated.

N.A. Not available.

- (1) In January 2001, XL Mid Ocean Reinsurance Ltd. changed its name to XL Re Ltd. Shareholders' equity excludes investments in LA Re and NAC Re Intl.
- (2) All figures (except net reinsurance premiums written) include primary and reinsurance businesses.
- (3) In April 2001, Chiyoda Fire & Marine Insurance Co. Ltd. and Dai-Tokyo Fire & Marine Insurance Co. Ltd. merged to form Aioi Insurance Co. Ltd.
- (4) All figures (except net reinsurance premiums written) include primary and reinsurance businesses.
- (5) Figures include primary and reinsurance businesses.

Written (Mil. \$)			Combined Ratio						Net Technical Reserves (Mil. \$) 2000	Net Technical Reserves to Adjusted Shareholders' Funds 2000
1997	1996	Average Growth Rate (1996-2000) (%)	2000	1999	1998	1997	1996	Weighted Average (1996-2000)		
53.6	57.7	20.6	119.3	132.8	111.8	108.1	106.2	117.7	215.0	1.8
107.3	93.6	2.5	108.6	109.7	113.6	109.0	106.6	109.7	106.7	1.5
163.7	190.2	(14.9)	106.5	130.1	82.6	43.7	46.5	76.2	197.5	0.4
104.5	116.5	(3.4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
74.4	82.5	4.2	108.8	137.3	83.9	70.0	72.0	96.3	128.0	0.6
106.7	134.5	(7.0)	98.8	87.4	89.6	90.8	87.0	90.7	184.9	1.6
236.3	271.7	0.8	92.3	91.7	107.2	102.5	100.6	100.8	588.2	2.9
N.A.	150.2	N.A.	140.2	130.3	N.A.	N.A.	N.A.	N.A.	466.0	2.5
83.4	66.3	10.8	133.1	169.9	104.6	44.3	49.7	99.3	89.8	0.3
195.6	200.8	(9.4)	120.5	112.7	107.9	106.1	111.1	111.3	748.1	2.0
N.A.	N.A.	N.A.	108.4	N.A.	N.A.	N.A.	N.A.	N.A.	391.2	3.5
117.1	111.6	(5.2)	81.8	159.3	73.5	31.6	45.1	75.3	80.4	0.1
102.1	112.0	(5.4)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
40.6	16.9	59.2	123.4	113.2	113.6	120.8	122.4	118.4	129.1	3.2
99.4	62.6	11.7	56.1	46.5	50.9	58.5	50.7	52.9	5.2	0.0
56.3	76.3	6.0	N.A.	115.1	102.9	100.4	98.6	N.A.	N.A.	N.A.
N.A.	N.A.	N.A.	99.2	95.9	100.3	N.A.	N.A.	N.A.	113.2	4.2
30.8	27.1	35.9	118.1	115.7	120.7	128.5	135.5	120.5	443.5	6.3
63.1	84.1	0.7	118.0	148.0	142.0	118.0	105.4	125.7	160.8	1.5
62.4	67.5	5.3	105.0	105.5	107.0	98.3	106.7	104.5	136.7	2.9
53.7	57.6	12.4	62.7	57.2	41.5	42.0	34.6	48.6	18.7	0.1
55.1	44.3	20.0	46.0	79.7	93.5	54.0	63.7	67.1	15.0	0.0
238.0	225.9	(22.0)	198.3	213.1	110.3	105.9	93.3	130.2	446.0	3.0
89.6	85.2	(2.0)	105.9	108.2	109.8	108.4	118.1	110.2	234.1	2.0
58.0	54.1	7.3	95.3	101.3	92.7	92.2	88.0	94.4	69.5	1.4
73,313.0	73,585.8	4.5	113.5	113.4	104.3	102.1	100.3	107.1	357,676.7	1.3

- (6) Group data: Accent Europe Insurance Co. Ltd., European Specialty Re (Ireland) Ltd., European Specialty Re (Bermuda) Ltd., and European Specialty Rückvers. AG.
- (7) In 2000, the financial year end of the company changed from September 30 to December 31. Therefore, the 2000 figures are for 15 months.
- (8) In April 2001, Nippon Fire & Marine Insurance Co. Ltd. and Koa Fire & Marine Insurance Co. Ltd. merged to form NipponKoa Insurance Co. Ltd.
- (9) Standard & Poor's has estimated the 2000 data for these companies.
- (10) The figures include life and nonlife operations of Australia and New Zealand (MRA).



Global Reinsurance List by Country

Rating as of Aug. 10, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
ALGERIA				
N.R.	Cie. Centrale de Reassurance	14.4	17.3	(16.6)
	Total	14.4	17.3	(16.6)
ARGENTINA				
N.R.	General & Cologne Re Cia de Reasgueros S.A.	238.4	202.9	17.5
	Total	238.4	202.9	17.5
AUSTRALIA				
AAA	Swiss Reinsurance Australia Ltd.	105.2	103.7	1.5
AA-	Gerling Global Reinsurance Co. of Australia Pty. Ltd.	86.1	79.5	8.3
AAA	Munich Reinsurance Co. of Australasia Ltd. ¹	81.2	67.3	20.6
A+	Sydney Reinsurance Co. Ltd.	27.4	46.5	(41.1)
	Total	299.9	297.0	1.0
AUSTRIA				
Api	Generali Holding Vienna AG	309.7	313.1	(1.1)
AAA	Generalcologne Re Rückvers. - AG, Wien	62.6	64.3	(2.6)
BBBpi	Generali Rückvers. AG	41.6	33.9	22.7
	Total	414.0	411.3	0.6
BAHRAIN				
BBB+	Arig Reinsurance Co. B.S.C.	76.6	103.7	(26.1)
	Total	76.6	103.7	(26.1)
BARBADOS				
N.R.	London Life and Casualty Reinsurance Corp.	549.9	263.0	109.1
AA-	Royal Bank of Canada Insurance Co. Ltd.	368.4	305.7	20.5
AA-	Gerling Global International Reinsurance Co. Ltd.	353.1	N.A.	N.A.
N.R.	European International Reinsurance Co. Ltd.	65.9	28.0	135.3
	Total	1,337.3	596.7	124.1
BELGIUM				
A-	SECURA Societe de Reassurance	163.1	141.7	15.1
	Total	163.1	141.7	15.1

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
6.2	8.0	(22.8)	61.3	33.1	39.0	41.6	(6.2)	106.3	71.7
6.2	8.0	(22.8)	61.3	33.1	39.0	41.6	(6.2)	106.3	71.7
N.A.	6.7	N.A.	N.A.	102.7	N.A.	30.7	N.A.	N.A.	3.2
N.A.	6.7	N.A.	N.A.	102.7	N.A.	30.7	N.A.	N.A.	3.2
2.6	(0.2)	N.M.	116.6	133.3	198.6	250.6	(20.7)	1.8	(0.2)
3.7	1.9	91.5	99.2	95.9	26.9	31.3	(13.9)	4.4	2.5
9.8	(23.4)	N.M.	118.0	148.0	107.7	85.9	25.4	11.0	(30.6)
11.6	0.2	5,455.3	91.0	111.1	388.1	375.1	3.5	25.4	0.4
27.7	(21.4)	N.M.	109.3	123.4	721.4	742.8	(2.9)	7.5	(6.3)
17.0	63.7	(73.8)	101.8	109.5	2,180.5	2,525.0	(13.6)	4.0	17.0
(14.0)	(2.3)	N.M.	132.3	110.8	36.2	28.9	25.4	(20.0)	(3.3)
4.2	3.8	9.2	111.1	106.1	125.0	132.3	(5.5)	8.0	8.8
6.8	65.2	(89.5)	107.3	109.4	2,341.7	2,686.2	(12.8)	1.3	13.4
(77.1)	(100.7)	N.M.	198.3	213.1	146.7	212.0	(30.8)	(66.5)	(59.9)
(77.1)	(100.7)	N.M.	198.3	213.1	146.7	212.0	(30.8)	(66.5)	(59.9)
35.3	48.7	(27.5)	113.0	115.3	334.3	332.7	0.5	5.4	13.8
132.5	93.0	42.5	70.8	74.9	379.0	286.4	32.3	33.7	29.6
23.8	29.8	(20.2)	114.9	104.0	220.1	205.7	7.0	5.4	4.7
(20.5)	(14.4)	N.M.	163.3	364.4	399.7	485.3	(17.6)	(17.4)	(17.7)
171.1	157.1	8.9	101.9	102.6	1,333.1	1,310.2	1.8	12.1	13.2
(27.2)	(1.6)	N.M.	128.6	115.9	103.2	144.0	(28.3)	(15.8)	(1.0)
(27.2)	(1.6)	N.M.	128.6	115.9	103.2	144.0	(28.3)	(15.8)	(1.0)

Global Reinsurance List by Country

Rating as of Aug. 10, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
BERMUDA				
AA	XL Mid Ocean Reinsurance Ltd ²	758.4	395.6	91.7
A+	Ace Tempest Reinsurance Ltd.	699.1	145.7	379.9
AA	Centre Solutions (Bermuda) Ltd.	580.8	374.5	55.1
AA	Partner Reinsurance Co. Ltd.	503.3	467.0	7.8
N.R.	Overseas Partners Ltd.	500.7	819.7	(38.9)
AA-	Everest Reinsurance (Bermuda) Ltd.	496.4	N.A.	N.A.
AA-	Commercial Risk Reinsurance Co. Ltd.	441.8	379.4	16.4
AA-	Scandinavian Reinsurance Co. Ltd.	366.1	200.3	82.8
N.R.	Stockton Reinsurance Ltd.	331.7	157.0	111.2
A+	Renaissance Reinsurance Ltd.	287.9	205.2	40.3
A	Inter-Ocean Reinsurance Co. Ltd.	218.9	180.0	21.7
N.R.	ESG Re Ltd. ³	211.9	313.2	(32.4)
A-	Latin American Reinsurance Co. Ltd.	116.9	33.2	252.1
A+	Lasalle Reinsurance Ltd.	98.5	110.8	(11.1)
A+	IPCR Ltd.	88.9	93.3	(4.7)
N.R.	Harrington International Insurance Ltd.	1.0	3.1	(66.1)
	Total	5,702.5	3,878.0	47.0
BRAZIL				
BBpi	Irb-Brasil Resseguros S.A.	338.6	365.3	(7.3)
	Total	338.6	365.3	(7.3)
CANADA				
AA-	SCOR Canada Reinsurance Co.	81.2	75.8	7.1
AAA	Swiss Reinsurance Co. Canada	75.8	82.3	(7.9)
AAA	Munich Reinsurance Co. of Canada	58.6	69.3	(15.3)
AA-	Gerling Global Reinsurance Co. of Canada	39.7	23.6	68.5
	Total	255.3	250.9	1.8
DENMARK				
A	Copenhagen Reinsurance Co. Ltd.	309.6	279.5	10.8
AAA	GE Frankona Reinsurance A/S	242.8	335.2	(27.6)
A-	Tryg-Baltica International Insurance Co. Ltd.	34.6	29.7	16.4
BBB	KaB International	5.1	6.0	(15.2)
	Total	592.1	650.4	(9.0)
EGYPT				
BBBpi	Egyptian Reinsurance Co.	70.3	81.4	(13.6)
	Total	70.3	81.4	(13.6)

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
230.5	192.6	19.7	100.5	93.4	2,120.0	2,009.0	5.5	25.4	31.4
156.4	57.2	173.4	82.0	93.6	1,281.6	1,151.4	11.3	23.6	28.4
(51.0)	11.5	(543.6)	135.2	149.3	1,107.4	1,063.3	4.1	(6.4)	2.5
241.6	131.4	83.8	78.4	90.0	1,447.6	1,246.6	16.1	39.1	20.8
(465.0)	9.4	(5,045.3)	182.2	108.9	1,778.0	2,547.4	(30.2)	(48.9)	0.8
6.4	N.A.	N.A.	100.2	N.A.	272.7	N.A.	N.A.	1.2	N.A.
24.2	28.1	(13.7)	108.5	104.0	250.0	213.4	17.2	4.6	7.3
8.0	33.3	(75.9)	105.2	96.4	327.6	312.7	4.8	2.1	16.0
-33.8	45.3	(174.5)	123.3	118.8	631.8	665.1	(5.0)	(8.2)	23.2
157.9	130.9	20.6	66.6	58.5	700.0	622.5	12.4	47.5	53.0
4.4	5.3	(17.1)	110.9	106.3	52.6	46.4	13.3	1.8	2.5
-54.1	(26.4)	N.M.	112.3	106.5	113.6	176.8	(35.8)	(21.7)	(10.1)
2.3	1.2	95.1	115.5	117.7	98.7	100.3	(1.5)	4.2	3.4
25.8	(6.3)	N.M.	106.5	130.1	464.1	382.2	21.4	17.7	(3.9)
44.6	(26.5)	N.M.	81.8	159.3	561.4	506.2	10.9	37.8	(21.1)
N.A.	N.A.	N.A.	N.M.	154.4	70.0	133.1	(47.4)	N.A.	N.A.
298.2	587.0	(49.2)	110.7	105.7	11,277.1	11,176.3	0.9	4.3	12.0
96.5	248.9	(61.3)	117.4	118.6	410.5	421.3	(2.6)	20.1	36.6
96.5	248.9	(61.3)	117.4	118.6	410.5	421.3	(2.6)	20.1	36.6
8.8	7.5	17.0	105.0	105.5	46.5	43.1	7.8	10.2	9.4
11.9	7.2	65.3	105.9	108.2	115.5	109.0	6.0	13.5	7.4
8.4	13.0	(35.1)	109.6	102.4	92.6	92.3	0.4	11.1	15.1
1.8	3.1	(43.9)	105.5	104.2	36.0	36.7	(2.0)	4.3	11.3
30.9	30.8	0.2	106.5	105.4	290.5	281.0	3.4	10.6	10.6
(8.5)	(43.7)	N.M.	115.1	135.1	218.8	217.2	0.7	(2.6)	(14.7)
24.1	44.2	(45.4)	132.3	102.3	286.7	329.1	(12.9)	8.3	11.5
1.9	(0.5)	N.M.	99.6	116.6	88.7	43.3	104.6	5.0	(1.4)
0.4	0.7	(39.2)	120.6	112.2	25.8	24.5	5.3	5.9	8.9
17.9	0.7	2,519.5	121.2	117.0	619.9	614.1	1.0	2.7	0.1
28.7	29.2	(1.6)	123.1	96.5	197.7	179.4	10.2	22.3	21.0
28.7	29.2	(1.6)	123.1	96.5	197.7	179.4	10.2	22.3	21.0

Global Reinsurance List by Country

Rating as of Aug. 10, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
FRANCE				
AAA	Caisse Centrale de Reassurance S.A.	694.9	792.5	(12.3)
AA	Partnerre S.A.	397.4	469.5	(15.4)
A	SOREMA S.A.	277.3	288.1	(3.7)
A-	Le Mans Re	248.0	220.0	12.7
BBBpi	Mutuelle Centrale de Reassurance	163.1	162.4	0.4
AA	SPS Reassurance S.A.	67.0	62.0	7.9
N.R.	Corifrance	11.4	13.2	(13.7)
	Total⁴	4,681.8	4,454.6	5.1
GERMANY				
AAA	Munich Reinsurance Co.	10,641.1	9,638.5	10.4
AA+	Allianz AG	3,726.5	3,295.9	13.1
AA+	Hannover Rückvers. AG	2,595.7	2,210.4	17.4
AA-	Gerling-Konzern Globale Rückvers. AG	2,027.1	2,117.5	(4.3)
AAA	Kölnische Rückvers. Ges. AG	1,976.1	2,155.7	(8.3)
AAA	Ge Frankona Rückvers. AG	1,529.8	1,902.7	(19.6)
AAA	Swiss Re Germany AG	1,245.2	1,207.3	3.1
AA+	E+S Rückvers. AG	869.9	726.0	19.8
AA-	R+V Versicherung AG	455.3	429.6	6.0
Api	Wüstenrot & Württembergische AG	346.6	287.9	20.4
Api	Victoria Rückvers. AG	315.1	282.6	11.5
AA	Zurich Rückvers. (Köln) AG	374.0	281.6	32.8
N.R.	AMB Aachener Und Münchener Beteiligungs AG	240.1	194.8	23.3
BBB+	Gothaer Rückvers. AG	232.5	226.6	2.6
BBBpi	Deutsche Rückvers. AG	186.0	220.3	(15.6)
Api	Europa Rückvers. AG	123.6	116.5	6.1
N.R.	Mannheimer AG Holding	40.7	43.1	(5.6)
BBpi	Union AG Für Versicherung ⁵	37.4	36.7	2.0
BBBpi	Hanseatica Rückvers. AG ⁵	28.6	27.7	3.2
BBBpi	Delvag Rückvers. AG	20.6	21.9	(5.9)
	Total	27,011.7	25,423.5	6.2
HONG KONG				
BBB+	China International Reinsurance Co. Ltd.	68.7	62.2	10.4
	Total	68.7	62.2	10.4
INDONESIA				
N.R.	Pt. Reasuransi Nasional Indonesia (Reindo)	11.1	11.9	(6.7)
	Total	11.1	11.9	(6.7)

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
178.6	(68.0)	N.M.	88.1	121.2	1,131.4	1,018.0	11.1	22.7	(8.6)
(53.6)	(37.8)	N.M.	126.7	123.7	383.3	532.6	(28.0)	(11.9)	(6.3)
(78.8)	(96.7)	N.M.	133.7	150.4	308.4	356.8	(13.6)	(20.9)	(31.6)
(10.9)	4.3	(353.8)	110.0	140.0	272.0	212.6	27.9	(4.1)	1.5
8.9	10.0	(11.2)	110.5	111.7	161.7	163.5	(1.1)	4.6	5.0
6.0	4.3	39.9	104.5	99.1	100.6	103.7	(3.0)	7.3	8.7
(0.8)	0.0	N.M.	136.8	135.0	37.1	39.6	(6.4)	(5.4)	0.0
49.3	(184.1)	N.M.	109.4	126.9	2,394.6	2,426.9	(1.3)	2.3	(8.2)
291.7	(21.0)	N.M.	115.7	120.6	46,105.7	41,387.6	11.4	2.5	(0.2)
185.7	250.0	(25.7)	108.9	107.4	53,414.1	45,376.3	17.7	4.6	6.8
(24.6)	(16.1)	N.M.	108.2	111.4	1,834.1	1,921.5	(4.5)	(0.9)	(0.7)
(83.6)	8.6	(1,068.7)	101.6	111.2	902.4	942.5	(4.3)	(3.4)	0.4
70.5	(68.8)	N.M.	110.7	114.7	1,850.6	1,801.2	2.7	3.2	(2.8)
(137.9)	(280.2)	N.M.	120.6	124.1	982.6	1,189.6	(17.4)	(8.4)	(13.4)
16.2	72.8	(77.7)	106.8	106.1	1,909.7	2,128.8	(10.3)	1.2	5.4
(14.2)	7.9	(281.0)	113.7	109.4	616.6	729.1	(15.4)	(1.4)	0.9
208.5	34.7	500.3	99.3	104.6	1,599.8	1,582.1	1.1	30.3	7.0
124.1	106.0	17.1	106.1	100.1	1,769.6	1,885.2	(6.1)	27.2	26.9
21.0	23.8	(11.9)	106.7	106.3	504.1	475.2	6.1	5.9	7.7
22.0	(16.7)	N.M.	N.A.	116.8	N.A.	217.1	N.A.	N.A.	(5.3)
169.9	172.3	(1.4)	106.5	105.6	5,205.6	5,252.8	(0.9)	36.5	45.6
(6.9)	8.7	(179.9)	112.6	108.1	223.4	266.5	(16.2)	(2.7)	3.4
13.7	9.6	43.0	103.7	106.5	279.5	313.3	(10.8)	6.3	4.0
0.4	8.4	(95.8)	115.2	105.2	96.9	110.2	(12.1)	0.3	6.6
29.6	30.9	(4.3)	90.8	84.2	1,105.1	636.3	73.7	44.3	46.8
N.A.	1.1	N.A.	N.A.	100.5	N.A.	10.9	N.A.	N.A.	2.7
N.A.	(0.1)	N.A.	N.A.	101.6	N.A.	33.4	N.A.	N.A.	(0.3)
(0.4)	(0.9)	N.M.	114.5	109.6	7.9	9.4	(16.3)	(1.9)	(3.5)
885.5	331.0	167.5	111.4	114.5	118,407.7	106,269.1	11.4	3.0	1.8
20.5	13.3	54.4	109.2	94.7	111.7	66.1	68.9	20.0	17.2
20.5	13.3	54.4	109.2	94.7	111.7	66.1	68.9	20.0	17.2
0.9	0.7	24.9	99.4	85.0	8.3	8.6	(3.5)	8.1	7.0
0.9	0.7	24.9	99.4	85.0	8.3	8.6	(3.5)	8.1	7.0

Global Reinsurance List by Country

Rating as of Aug. 10, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
IRELAND				
AA+	Hannover Reinsurance (Ireland) Ltd.	588.9	331.4	77.7
AAA	Bavarian Reinsurance Ireland Ltd.	549.4	379.8	44.7
A+	QBE Insurance and Reinsurance (Europe) Ltd. ⁶	188.9	131.9	43.2
AAA	Irish European Reinsurance Co. Ltd.	188.3	62.4	201.8
AA-	HDI Reinsurance (Ireland) Ltd.	177.1	201.9	(12.3)
AA+	E+S Reinsurance (Ireland) Ltd.	168.0	140.5	19.6
AAA	Cologne Reinsurance Co. (Dublin) Ltd.	95.4	41.7	128.7
N.R.	London Life & General Reinsurance Co. ⁵	86.2	80.8	6.6
AA	Sumitomo Marine Reinsurance (Europe) Co. Ltd.	6.1	0.5	1119.1
	Total	2,048.3	1,370.9	49.4
ITALY				
AAA	Swiss Re Italia Spa	324.6	470.2	(31.0)
AAA	Münchener Rückvers. Italia Spa	291.3	281.0	3.7
	Total⁷	2,575.1	2,650.4	(2.8)
JAPAN				
AA-	Toa Reinsurance Co. Ltd.	799.5	979.2	(18.4)
AA+	Tokio Marine & Fire Insurance Co. Ltd. ⁸	705.3	843.2	(16.4)
AA	Yasuda Fire & Marine Insurance Co. Ltd. ⁸	482.9	560.9	(13.9)
BBBpi	Japan Earthquake Reinsurance Co. Ltd.	416.7	457.4	(8.9)
A+	Chiyoda Fire & Marine Insurance Co. Ltd. ^{9,8}	350.1	469.9	(25.5)
AA	Mitsui Marine & Fire Insurance Co. Ltd.	317.2	363.6	(12.8)
A+	Dai-Tokyo Fire & Marine Insurance Co. Ltd. ^{9,8}	280.3	318.8	(12.1)
AA	Sumitomo Marine & Fire Insurance Co. Ltd. ⁸	278.6	359.9	(22.6)
A+	Nissan Fire & Marine Insurance Co. Ltd. ^{9,8}	213.4	272.2	(21.6)
AA	Nichido Fire & Marine Insurance Co. Ltd.	211.8	246.7	(14.2)
A+	Nippon Fire & Marine Insurance Co. Ltd. ^{10,8}	207.1	263.6	(21.5)
BBB	Fuji Fire & Marine Insurance Co.	147.5	175.5	(16.0)
AA-	Nissay Dowa Fire & Marine Insurance Co. Ltd.	144.6	171.7	(15.8)
A+	Koa Fire & Marine Insurance Co. Ltd. ^{10,8}	124.4	150.9	(17.6)
BBB-	Kyoei Mutual Fire & Marine Insurance Co. ⁸	105.6	126.3	(16.4)
BBBpi	Taisei Fire & Marine Insurance Co. Ltd.	96.5	127.8	(24.5)
BBBpi	Nisshin Fire & Marine Insurance Co. Ltd.	88.0	107.4	(18.0)
	Total	4,969.6	5,995.1	(17.1)
KUWAIT				
BBBpi	Kuwait Reinsurance Co. KSC	5.4	5.2	4.4
	Total	5.4	5.2	4.4

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
35.8	35.9	(0.3)	112.0	105.3	168.4	172.5	(2.4)	5.2	9.5
35.6	30.6	16.4	108.5	128.8	275.8	310.5	(11.2)	5.5	10.2
(5.4)	6.9	(178.3)	110.5	104.9	245.4	156.5	56.9	(2.9)	4.6
23.1	20.1	15.0	96.0	91.2	286.7	57.8	396.0	11.4	24.6
28.6	25.9	10.8	102.3	98.5	145.5	173.1	(16.0)	13.4	11.5
9.9	13.3	(26.0)	122.4	109.0	134.1	166.4	(19.4)	4.6	8.2
33.4	41.4	(19.5)	92.3	91.7	203.9	202.4	0.7	27.1	51.1
N.A.	0.4	N.A.	N.A.	115.1	N.A.	102.5	N.A.	N.A.	0.4
0.0	0.0	N.M.	101.9	96.3	7.2	7.5	(5.0)	0.0	0.0
160.9	174.6	(7.8)	109.5	106.9	1,467.0	1,349.2	8.7	6.9	11.0
N.A.	(64.0)	N.A.	N.A.	165.4	N.A.	182.3	N.A.	N.A.	(11.6)
24.6	(7.0)	N.M.	112.6	101.3	219.8	328.2	(33.0)	N.A.	(3.4)
24.6	(71.0)	N.M.	112.6	144.5	219.8	510.5	(57.0)	N.A.	(9.4)
9.9	(32.4)	N.M.	107.5	114.4	2,175.4	2,844.4	(23.5)	1.1	(2.9)
440.2	1,264.0	(65.2)	96.3	98.5	20,432.2	13,061.9	56.4	3.1	7.1
259.6	600.9	(56.8)	94.5	96.2	9,942.2	12,350.3	(19.5)	22.7	40.6
(1.2)	19.0	(106.5)	48.2	42.9	N.A.	N.A.	N.A.	(1.0)	12.1
(186.3)	(241.7)	N.M.	103.9	99.4	2,654.7	2,610.4	1.7	(205.4)	(317.1)
70.2	47.6	47.4	98.1	100.6	7,635.0	5,011.9	52.3	0.9	0.5
15.0	106.2	(85.8)	99.3	98.0	3,470.3	3,370.6	3.0	7.3	56.7
224.4	273.9	(18.1)	93.0	93.6	7,551.1	4,818.0	56.7	N.A.	N.A.
N.A.	4.5	N.A.	N.A.	N.A.	3,039.9	4,050.0	(24.9)	N.A.	N.A.
101.2	159.2	(36.4)	108.8	107.8	5,771.3	3,902.8	47.9	31.9	36.1
61.3	39.5	55.1	99.6	99.8	4,440.3	3,465.0	28.1	1.2	0.6
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
70.6	14.0	405.0	98.2	95.8	2,216.0	2,059.8	7.6	2.0	0.3
32.5	91.8	(64.6)	96.4	97.4	601.1	672.7	(10.6)	1.4	3.0
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1,097.4	2,346.4	(53.2)	100.6	106.0	69,929.5	58,217.7	20.1	2.5	4.6
2.2	3.9	(43.6)	159.9	123.7	74.9	44.5	68.1	20.8	39.2
2.2	3.9	(43.6)	159.9	123.7	74.9	44.5	68.1	20.8	39.2

Global Reinsurance List by Country

Rating as of Aug. 10, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
LEBANON				
B+pi	Arab Reinsurance Co.	10.5	12.2	(13.7)
	Total	10.5	12.2	(13.7)
LUXEMBOURG				
AAA	Luxembourg European Reinsurance S.A.	226.2	211.3	7.0
AA-	Namur Re S.A.	45.4	40.3	12.7
	Total	271.6	251.6	7.9
MALAYSIA				
BBBpi	Malaysian National Reinsurance Bhd.	95.6	110.9	(13.8)
	Total	95.6	110.9	(13.8)
MALTA				
BBBpi	Middle Sea Insurance PLC	5.1	4.8	8.3
	Total	5.1	4.8	8.3
MEXICO				
BBBpi	Swiss Re Mexico S.A.	149.8	75.3	99.1
N.R.	Reaseguradora Patria S.A.	37.8	N.A.	N.A.
	Total	187.7	75.3	149.4
MOROCCO				
BBpi	Societe Centrale de Reassurance ⁵	107.0	111.9	(4.4)
	Total	107.0	111.9	(4.4)
NIGERIA				
BBB	African Reinsurance Corp.	71.7	65.9	8.9
	Total	71.7	65.9	8.9
POLAND				
N.R.	Polish Reinsurance Co.	39.0	30.9	26.3
	Total	39.0	30.9	26.3

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
2.9	3.1	(4.6)	117.0	114.0	30.5	27.6	10.3	17.3	16.7
2.9	3.1	(4.6)	117.0	114.0	30.5	27.6	10.3	17.3	16.7
5.4	2.3	136.8	109.0	66.3	117.2	125.0	(6.2)	2.1	1.0
0.1	0.1	(21.9)	69.1	85.9	33.2	22.5	47.4	0.3	0.4
5.5	2.4	126.9	77.4	81.3	150.5	147.5	2.0	0.7	0.5
20.5	36.6	(44.0)	98.8	87.4	117.1	99.5	17.7	17.9	27.3
20.5	36.6	(44.0)	98.8	87.4	117.1	99.5	17.7	17.9	27.3
5.7	5.8	(1.8)	209.0	210.0	53.5	45.8	16.7	100.0	100.0
5.7	5.8	(1.8)	209.0	210.0	53.5	45.8	16.7	100.0	100.0
0	(22.7)	N.M.	0.0	127.6	N.A.	22.1	N.A.	N.A.	(29.7)
N.A.	N.A.	N.A.	N.A.	N.A.	58.8	N.A.	N.A.	N.A.	N.A.
0	(22.7)	N.M.	N.A.	127.6	58.8	22.1	165.3	N.A.	(29.7)
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4.6	4.2	10.5	95.3	101.3	50.3	50.0	0.6	6.4	5.6
4.6	4.2	10.5	95.3	101.3	50.3	50.0	0.6	6.4	5.6
(4.6)	(4.5)	N.M.	111.0	119.5	24.6	28.7	(14.0)	(11.5)	(15.4)
(4.6)	(4.5)	N.M.	111.0	119.5	24.6	28.7	(14.0)	(11.5)	(15.4)

Global Reinsurance List by Country

Rating as of Aug. 10, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
SINGAPORE				
Api	Singapore Reinsurance Corp. Ltd.	25.3	24.1	4.8
	Total	25.3	24.1	4.8
SOUTH AFRICA				
BBpi	Hannover Reinsurance Group Africa (Pty) Ltd.	167.0	165.0	1.2
BBBpi	Munich Reinsurance Co. of Africa Ltd.	100.2	90.0	11.4
BBBpi	Swiss Re Southern Africa Ltd.	68.1	71.7	(5.1)
AAA	General & Cologne Re. Co. South Africa Ltd.	38.7	76.3	(49.2)
AA-	Gerling Global Reinsurance Co. of South Africa Ltd.	38.0	43.3	(12.4)
	Total	411.9	446.3	(7.7)
SOUTH KOREA				
BBB-	Korean Reinsurance Co.	977.5	755.5	29.4
	Total	977.5	755.5	29.4
SPAIN				
AA-	Mapfre Re Compania De Reaseguros S.A.	367.2	363.3	1.1
A	Nacional De Reaseguros S.A.	128.1	126.7	1.1
	Total	495.3	490.0	1.1
SWEDEN				
AA-	Sirius International Insurance Corp.	253.3	274.6	(7.8)
BBBpi	Folksam International Insurance Co.	146.5	139.8	4.8
	Total	399.8	414.4	(3.5)
SWITZERLAND				
AAA	Swiss Reinsurance Co.	5,289.8	4,603.3	14.9
AAA	European Reinsurance Co. of Zurich	993.0	1,186.1	(16.3)
AA+	Zurich Versicherung AG	812.0	797.3	1.8
AAA	New Reinsurance Co.	433.8	491.4	(11.7)
AA-	Gerling Global Reinsurance Co. Ltd.	226.0	138.8	62.8
AA	Trans Re Zurich	128.2	100.0	28.2
N.R.	A.G. Re Cie. de Reas. General	23.2	25.0	(7.1)
	Total	7,905.9	7,342.0	7.7

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
6.0	8.0	(25.8)	95.5	105.4	76.3	77.6	(1.6)	19.5	25.7
6.0	8.0	(25.8)	95.5	105.4	76.3	77.6	(1.6)	19.5	25.7
3.4	(6.6)	N.M.	74.0	74.0	40.8	48.5	(15.9)	1.9	(3.5)
7.00	6.1	15.7	108.6	109.7	72.1	73.8	(2.3)	6.7	6.2
11.2	(4.3)	N.M.	84.2	137.1	94.9	100.0	(5.0)	12.9	(4.1)
8.1	9.9	(17.3)	111.8	114.9	38.0	44.3	(14.2)	16.4	12.5
(1.5)	0.2	(796.8)	112.2	106.8	14.3	18.7	(23.6)	(3.7)	0.5
28.2	5.2	444.5	90.4	101.9	260.1	285.3	(8.8)	6.2	1.0
34.0	34.4	(1.2)	97.8	98.6	323.4	262.1	23.4	3.4	4.2
34.0	34.4	(1.2)	97.8	98.6	323.4	262.1	23.4	3.4	4.2
3.2	(0.2)	N.M.	106.7	109.2	197.2	181.0	8.9	0.8	0.0
7.6	7.2	5.5	105.7	106.2	63.7	67.1	(5.0)	5.6	5.8
10.9	7.0	54.6	106.4	108.5	260.9	248.4	5.2	2.1	1.4
14.3	113.4	(87.4)	101.0	104.5	730.7	740.8	(1.4)	3.9	28.6
(38.1)	(7.0)	N.M.	142.4	109.7	98.4	143.0	(31.2)	(23.4)	(5.2)
(23.8)	106.4	(122.3)	115.8	106.3	829.0	883.8	(6.2)	(4.5)	20.1
(175.6)	807.8	(121.7)	126.4	118.4	4,853.6	4,431.9	9.5	(3.0)	13.3
(24.4)	53.4	(145.7)	120.9	112.4	932.6	713.6	30.7	(2.1)	3.8
29.0	196.1	(85.2)	N.A.	93.3	N.A.	632.3	N.A.	N.A.	20.4
(11.0)	(8.4)	N.M.	119.5	113.1	311.6	325.3	(4.2)	(2.2)	(1.5)
2.0	1.6	28.6	106.3	111.3	45.9	34.0	34.9	0.9	1.1
1.8	8.3	(77.8)	112.8	111.9	49.5	49.0	1.0	1.3	6.4
4.8	4.2	14.3	94.2	96.6	45.3	44.6	1.4	18.0	14.8
(173.3)	1,062.9	(116.3)	124.1	114.3	6,238.4	6,230.7	0.1	(2.5)	11.4

Global Reinsurance List by Country

Rating as of Aug. 10, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
TAIWAN				
BBB+	Central Reinsurance Corp.	232.6	203.5	14.3
	Total	232.6	203.5	14.3
THAILAND				
BBpi	Thai Reinsurance Public Co. Ltd.	41.1	44.0	(6.8)
	Total	41.1	44.0	(6.8)
TUNISIA				
BBB-	B.E.S.T. Reinsurance Co.	57.1	23.1	146.8
	Total	57.1	23.1	146.8
TURKEY				
B-pi	Milli Reasurans T.A.S.	225.1	158.5	42.0
	Total	225.1	158.5	42.0
U.K.				
A+	Lloyd's	3,952.9	3,807.8	3.8
BBB-	CNA Reinsurance Co. Ltd.	448.1	526.1	(14.8)
AAA	GE Frankona Reinsurance Ltd.	381.5	168.3	126.7
A+	QBE International Insurance Ltd. ⁶	333.3	271.7	22.7
AA	St. Paul Reinsurance Co. Ltd. ¹¹	209.9	246.8	(15.0)
AA-	Royal & Sun Alliance Reinsurance Ltd.	184.7	195.4	(5.5)
AAA	General Cologne Re UK Ltd.	193.5	172.5	12.2
AAA	Faraday Reinsurance Co. Ltd.	135.3	180.7	(25.1)
AAA	Swiss Reinsurance Co. (UK) Ltd.	130.9	263.3	(50.3)
AA	NAC Reinsurance International Ltd.	104.7	78.5	33.3
A-	Terra Nova Insurance Co. Ltd.	93.4	105.7	(11.7)
A+	Trenwick International Ltd.	89.3	N.A.	N.A.
AA-	Gerling Global General & Reinsurance Co. Ltd.	82.6	85.2	(3.0)
A-	BRIT Insurance Ltd.	37.2	22.9	62.3
AAA	Great Lakes Reinsurance (UK) PLC	31,533	28,193	11.8
AA	AXA Reinsurance UK PLC ⁵	44.9	44.2	1.6
	Total	6,453.7	6,197.4	4.1

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
9.7	7.7	26.1	99.1	97.7	156.7	142.5	10.0	3.7	3.4
9.7	7.7	26.1	99.1	97.7	156.7	142.5	10.0	3.7	3.4
10.6	12.0	(11.5)	79.2	76.8	36.1	43.3	(16.6)	23.4	25.3
10.6	12.0	(11.5)	79.2	76.8	36.1	43.3	(16.6)	23.4	25.3
6.1	2.8	114.4	86.8	89.5	35.1	35.9	(2.1)	10.5	12.2
6.1	2.8	114.4	86.8	89.5	35.1	35.9	(2.1)	10.5	12.
15.7	12.1	29.8	91.6	103.0	62.9	44.8	40.6	7.8	7.3
15.7	12.1	29.8	91.6	103.0	62.9	44.8	40.6	7.8	7.3
N.A.	N.A.	N.A.	N.A.	N.A.	8,268.4	9,093.1	(9.1)	N.A.	N.A.
(211.6)	28.3	(847.7)	151.9	105.8	228.1	335.1	(31.9)	(36.7)	4.9
49.7	18.3	171.9	104.9	76.8	771.9	203.2	279.9	12.0	10.7
(20.6)	(0.6)	N.M.	131.1	113.8	390.6	283.8	37.6	(5.6)	(0.2)
48.3	43.9	9.9	124.1	114.9	340.3	326.2	4.3	13.9	16.9
231.2	241.4	(4.3)	106.0	97.7	N.A.	N.A.	N.A.	N.A.	N.A.
30.6	(66.6)	N.M.	112.9	173.9	272.1	274.6	(0.9)	14.0	(37.4)
1.2	8.8	(85.8)	120.6	115.6	69.6	71.2	(2.3)	0.7	5.8
(15.8)	(31.9)	N.M.	137.9	134.5	226.9	234.9	(3.4)	(7.9)	(12.9)
(3.2)	(11.7)	N.M.	119.3	132.8	119.8	115.9	3.3	(3.2)	(12.7)
(47.6)	(3.2)	N.M.	140.2	130.3	184.8	204.4	(9.6)	(22.3)	(1.2)
(13.0)	N.A.	N.A.	108.4	N.A.	112.0	N.A.	N.A.	(14.2)	N.A.
1.7	0.1	1504.3	118.1	115.7	70.8	49.0	44.3	1.8	0.1
11.5	(8.5)	N.M.	87.2	212.5	89.5	91.6	(2.3)	31.5	(33.9)
7.3	(0.1)	N.M.	108.6	121.0	107.6	111.7	(3.6)	19.9	(0.3)
N.A.	(3.0)	N.A.	N.A.	157.9	N.A.	56.1	N.A.	N.A.	(4.5)
69.8	215.2	(67.6)	128.9	116.2	11,252.3	11,450.8	(1.7)	(1.7)	7.3

Global Reinsurance List by Country

Rating as of Aug. 10, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
U.S.A.				
AAA	General Reinsurance Corp.	3,260.8	2,574.9	26.6
AAA	American Reinsurance Co.	3,165.5	2,821.3	12.2
AAA	Employers Reinsurance Corp.	2,227.1	1,888.6	17.9
AAA	Swiss Reinsurance America Corp.	1,758.7	1,046.4	68.1
AA	Transatlantic Reinsurance Co.	1,456.7	1,322.2	10.2
AA-	Everest Reinsurance Co.	1,211.8	1,108.1	9.4
A+	GE Reinsurance Corp.	1,096.4	1,081.1	1.4
AA	St. Paul Reinsurance Co.	976.6	826.7	18.1
AA	Zurich Reinsurance North America	959.8	967.3	(0.8)
AA-	Gerling Global Reinsurance Corp. of America	870.6	878.5	(0.9)
AA	Hartford Reinsurance Co.	825.9	703.0	17.5
AAA	National Indemnity Co.	683.6	882.0	(22.5)
A-	Odyssey America Reinsurance Co.	515.3	295.6	74.3
A	CNA Reinsurance Co.	473.4	647.1	(26.8)
A+	Berkley Insurance Co.	444.7	399.4	11.3
AA-	SCOR Reinsurance Co.	414.1	654.0	(36.7)
A+	Partner Reinsurance Co. of the U.S.	369.8	240.3	53.9
A-	Folksamerica Reinsurance Co.	332.7	214.6	55.1
AA-	Underwriters Reinsurance Co.	308.4	429.3	(28.2)
Api	American Agricultural Insurance Co.	304.3	223.8	36.0
AA	AXA Corp Solutions Reinsurance Co.	275.8	134.7	104.7
BBBpi	Republic Western Insurance Co.	257.2	178.4	44.1
A	PMA Capital Insurance Co.	236.4	260.1	(9.1)
A-	Lincoln National Hlth & Cas Insurance Co.	229.3	238.6	(3.9)
BBBpi	Grinnell Mutual Reinsurance Co.	216.3	203.3	6.4
A	Insurance Corp. of Hannover	213.7	164.7	29.7
A	Sorema North America Reinsurance Co.	196.0	157.8	24.2
A+	Trenwick America Reinsurance Corp.	187.4	143.6	30.4
AA	NAC Reinsurance Corp.	181.6	111.5	62.9
Api	Dorinco Reinsurance Co.	181.3	293.4	(38.2)
A+	QBE Reinsurance Corp.	168.6	145.1	16.2
AA-	Toa-Re Insurance Co. of America	157.3	125.8	25.0
AA	Houston Casualty Co.	95.8	90.7	5.6
A	PXRE Reinsurance Co.	93.3	69.5	34.3
A-	Odyssey Reinsurance Corp	92.2	254.7	(63.8)
AA-	Commercial Risk Re-Insurance Co.	87.0	58.7	48.1
N.R.	Great Lakes Insurance Co.	86.3	85.1	1.4
AAA	Enhance Reinsurance Co.	80.6	60.6	33.1
AAA	ACE Guaranty Reinsurance Inc.	79.5	53.7	48.0
BBBpi	Shelter Reinsurance Co.	68.9	43.7	57.6

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
291.9	293.5	(0.5)	113.4	117.4	4,436.5	4,642.3	(4.4)	7.5	8.9
(193.6)	(235.9)	N.M.	117.2	115.3	2,165.4	2,146.1	0.9	(5.5)	(7.8)
(26.0)	(11.8)	N.M.	117.1	116.2	4,050.1	4,269.7	(5.1)	(1.0)	(0.6)
(245.8)	29.6	(929.9)	121.3	109.5	1,537.0	1,244.0	23.6	(14.3)	2.7
191.7	103.9	84.5	100.5	106.4	1,531.9	1,442.6	6.2	11.7	7.0
220.2	223.1	(1.3)	103.6	103.3	1,272.7	1,147.6	10.9	15.2	16.5
62.8	(60.3)	N.M.	104.6	116.3	773.0	754.7	2.4	5.3	(5.2)
N.A.	N.A.	N.A.	111.9	95.6	N.A.	N.A.	N.A.	N.A.	N.A.
39.5	116.6	(66.1)	116.7	107.6	858.7	906.2	(5.2)	3.2	9.9
(39.3)	(16.0)	N.M.	114.9	105.2	487.9	562.2	(13.2)	(4.1)	(2.0)
N.A.	N.A.	N.A.	108.8	107.2	N.A.	N.A.	N.A.	N.A.	N.A.
(552.0)	(581.2)	N.M.	106.9	122.9	25,119.6	27,563.9	(8.9)	(310.8)	(112.2)
53.8	5.7	838.9	104.8	129.8	853.0	855.8	(0.3)	9.9	1.3
N.A.	N.A.	N.A.	N.A.	138.0	N.A.	N.A.	N.A.	N.A.	N.A.
12.9	(0.5)	N.M.	108.1	108.5	615.4	250.7	145.5	2.6	(0.1)
(69.9)	(6.1)	N.M.	160.0	113.8	336.5	401.4	(16.2)	(9.7)	(0.8)
(46.9)	(30.8)	N.M.	118.7	117.1	356.2	335.2	6.2	(13.1)	(14.9)
(24.2)	1.2	(2083.5)	126.2	120.3	443.9	338.5	31.2	(6.4)	0.5
(193.4)	49.6	(489.5)	178.2	102.2	464.4	524.6	(11.5)	(51.6)	9.9
30.2	(9.1)	N.M.	95.8	114.0	293.9	288.5	1.9	10.0	(4.1)
(16.9)	10.1	(266.9)	107.9	116.2	285.8	249.1	14.8	(6.9)	6.2
(40.4)	9.9	(505.6)	126.9	111.6	117.4	161.0	(27.1)	(16.3)	5.0
(5.8)	57.0	(110.2)	124.9	101.6	529.6	287.6	84.1	(2.1)	17.2
(10.1)	(103.1)	N.M.	117.3	153.7	93.1	67.8	37.3	(3.9)	(39.2)
14.6	18.3	(19.9)	102.9	100.2	144.1	140.4	2.7	6.2	8.2
(12.6)	7.0	(279.0)	112.1	103.9	187.2	212.5	(11.9)	(5.8)	4.0
(23.2)	(39.3)	N.M.	120.2	135.1	142,284	162.7	(12.6)	(11.1)	(23.4)
(30.9)	(8.4)	N.M.	131.1	135.7	224.5	275.7	(18.6)	(14.7)	(4.4)
(52.7)	50.6	(204.1)	173.3	146.6	575.6	440.1	30.8	(22.4)	13.1
10.4	57.9	(82.0)	121.5	73.2	357.8	591.8	(39.5)	4.3	20.8
(0.3)	1.3	(122.9)	106.5	107.8	151.1	152.6	(1.0)	(0.2)	0.8
10.5	11.8	(10.9)	110.9	111.9	260.8	266.6	(2.2)	6.1	8.0
1.3	(24.4)	N.M.	108.8	137.3	231.2	250.2	(7.6)	1.2	(23.3)
(17.6)	(5.7)	N.M.	133.1	169.9	348.9	399.0	(12.6)	(18.7)	(5.1)
47.1	25.2	86.7	120.5	112.7	378.2	372.7	1.5	21.6	8.7
(7.4)	1.5	(594.9)	123.4	113.2	40.1	43.1	(7.1)	(7.9)	2.4
46.6	54.4	(14.3)	56.1	46.5	140.5	117.6	19.5	49.0	57.9
53.1	57.4	(7.6)	62.7	57.2	188.6	214.8	(12.2)	53.2	62.7
71.8	62.6	14.8	46.0	79.7	323.4	295.5	9.4	66.2	59.5
2.7	(0.7)	N.M.	106.1	120.7	58.8	58.8	(0.1)	3.6	(1.3)

Global Reinsurance List by Country

Rating as of Aug. 10, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
U.S.A. (continued)				
A+	Chartwell Insurance Co.	65.7	54.2	21.4
N.R.	Mitsui Marine & Fire Insurance Co. Ltd.	49.5	64.7	(23.5)
BBpi	EMC Reinsurance Co.	47.5	43.5	9.1
AA-	Travelers Indemnity Co. of IL	42.8	41.7	2.7
Api	Centurion Casualty Co.	34.3	40.5	(15.2)
AAA	National Indemnity Co. of the South	32.7	4.2	681.8
AA-	Associated Indemnity Corp.	31.8	35.1	(9.5)
A+	Nippon Fire & Marine Insurance Co. Ltd. U.S. Branch	29.5	25.3	16.6
BBBpi	Old Lyme Insurance Co. of RI Inc.	28.6	26.4	8.2
AA-	Interstate Indemnity Co.	25.4	19.0	33.6
	Total	25,228.7	22,432.1	12.5
	Global Industry Total	94,116.5	86,164.9	9.2

N.A. Not available.

N.M. Not meaningful.

N.R. Not rated.

(1) The figures include life and nonlife operations of Australia and New Zealand (MRA).

(2) In January 2001, XL Mid Ocean Reinsurance Ltd. changed its name to XL Re Ltd. Shareholders' equity excludes investments in LA Re and NAC Re Intl.

(3) Group data: Accent Europe Insurance Co. Ltd., European Specialty Re (Ireland) Ltd., European Specialty Re (Bermuda) Ltd., and European Specialty Rückvers. AG.

(4) The country's 1999 and 2000 total net reinsurance premiums written include the estimated data of AXA Re (France) and SCOR Re (France).

(5) Standard & Poor's has estimated the 2000 data for these companies.

(6) Figures include primary and reinsurance businesses.

(7) The country's 1999 and 2000 total net reinsurance premiums written include the estimated data of Assicurazioni Generali SpA (Italy).

(8) All figures (except net reinsurance premiums written) include primary and reinsurance businesses.

(9) In April 2001, Chiyoda Fire & Marine Insurance Co. Ltd. and Dai-Tokyo Fire & Marine Insurance Co. Ltd. merged to form Aioi Insurance Co. Ltd.

(10) In April 2001, Nippon Fire & Marine Insurance Co. Ltd. and Koa Fire & Marine Insurance Co. Ltd. merged to form NipponKoa Insurance Co. Ltd.

(11) In 2000, the financial year end of the company has changed from September 30 to December 31. Therefore, the 2000 figures are for 15 months.

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
16.4	(68.7)	N.M.	103.0	241.3	214.2	183.1	17.0	16.8	(96.9)
6.8	2.2	216.1	97.6	105.3	65.5	61.5	6.6	11.2	3.1
0.5	1.2	(58.8)	115.2	113.7	31.9	35.9	(11.0)	0.9	2.4
9.9	9.0	10.0	104.5	106.3	76.0	74.1	2.5	18.4	17.0
38.3	38.0	(1.4)	19.3	18.7	128.7	107.9	19.3	85.1	84.1
(2.7)	1.4	(288.5)	93.3	96.5	69.7	66.0	5.5	(13.1)	25.4
(1.5)	3.0	(150.3)	122.6	105.3	39.4	40.5	(2.8)	(4.1)	7.7
4.0	8.3	(51.5)	110.4	104.8	47.8	68.1	(29.8)	11.3	23.3
9.1	8.2	10.5	79.4	75.7	33.9	31.1	9.0	28.5	29.6
(3.1)	0.6	(622.7)	122.6	128.7	29.1	31.5	(7.4)	(11.0)	1.8
(369.7)	119.2	(410.2)	114.5	113.1	51,111.2	53,133.3	(3.8)	(1.5)	0.5
2,480.0	5,242.6	(52.7)	113.5	113.4	281,221.9	259,991.3	8.2	1.6	3.9



Bright Future Ahead for Life Reinsurance

The extraordinary growth in life reinsurance business in the past few years, achieved despite the flat performance of the primary market, is set to continue, fueled by demutualization, regulatory capital requirements, and other significant structural changes in the life insurance industry. These include the growing dominance of European players, consolidation, the increasing importance of offshore reinsurers, and the development of innovative risk-transfer alternatives.

U.S. premiums assumed grew 18% in 2000, which marked the sixth consecutive year of double-digit growth. The largest player, Swiss Re Group (Swiss Re), found opportunity for a few large block transactions that led to a doubling of its assumed premium and a 17% increase in its in-force book of life reinsurance. Lincoln Re and RGA Reinsurance Co. (RGA, a member of Metropolitan Life Group) also saw extraordinary growth of their assumed books in 2000.

Demutualization is perhaps the most powerful force behind increasing demand for reinsurance among primary companies in the U.S. Insurers that have recently converted to stock ownership are under greater pressure from shareholders to achieve higher ROEs but are constrained from doing so by their statutory obligation to hold unwieldy levels of capital with relatively low yields. Reinsurance permits primary companies not only to reduce capital and reserve requirements but also to transfer earnings volatility risk and so address shareholder demand for stabilized income.

A downward trend in life reinsurance pricing, predicated on expected improvements in longevity, has also encouraged growth. In the 1990s, reinsurers became increasingly aggressive in pricing mortality-

related products, and the resulting rates were too good for primary insurers to pass up. Life insurers could focus on originating life policies at a lower price without the capital strain of holding reserves. This has had a lasting impact on the use of reinsurance by ceding companies, even as the decline in rates has slowed, by allowing the insurer to report earnings faster and at a higher ROE.

A Win-Win Buy and Sell Decision

Life reinsurance permits insurers to cede risk at a favorable cost, while reinsurers assume this risk on terms favorable to them, creating a win-win outcome. Reinsurers may reap significant economies of scale, compared with primary suppliers, in administering claims processing. With greater breadth of experience to draw on and more scope to be selective of risk, their results are generally stronger over time. Moreover, an increasing number of large transactions involve very little risk transfer and amount to fee income for the reinsurer. Another attraction from the reinsurer's point of view is the relative stability of life business compared with property/casualty coverage.

These factors account for the differing performance of the primary and secondary life insurance markets, where demand in the former is principally driven by demographic factors. Although there has been growth in deposit-accumulation products in the past several years, particularly variable types, term-life policy sales have shown little real growth. Some concerns about pricing adequacy arise as reinsurers take on increasing risk, but the secondary market has entered a very bullish phase in which it makes economic sense for primary life insurance companies to reinsure risk rather than retain it.

Annuity growth in the primary industry also benefits reinsurance, particularly in offshore accounts, which can benefit from innovative structures and more flexible investment options. U.S. annuity and premium consideration grew 19.4% in 2000, despite weak equity markets. The very recent growth in fixed annuities at the expense of variable annuities, which began in late 2000 as investors responded to equity market fears, is another positive development. This reversed the prior decade-old trend and might become entrenched in the context of an aging population looking for safer annuity alternatives. The consequence for life insurers is that they must absorb the risk (and the associated capital requirements) that investors wish to shed. If this pattern continues, it should prove an active area for reinsurance.

Consolidation

In the past few years, the life reinsurance market has been characterized by pervasive consolidation, partly in response to its highly fragmented condition in the U.S., which hampers efficiency. Consolidation generally creates larger companies that are more stable and financially sound. Their advantages include improved expense efficiency, lower volatility of mortality results, and a larger base of lives over which to observe mortality trends.

European reinsurers have typically been on the buy side, motivated either to attain greater scale or to diversify earnings that are too heavily concentrated in property/casualty business, which has been in the low part of its earnings cycle in recent years. Although life reinsurance does not match the margins achieved in a good year for property/casualty reinsurance, it provides the giant European companies with much-needed stability of cash flow. Its mortality risks are generally far more predictable than the catastrophe risks of hurricanes, floods, earthquakes, and the like that are associated with property/casualty coverage. Organizations such as Swiss Re, with very large capital positions, can commit to the very capital-intensive requirements of life reinsurance and can afford to wait decades to achieve a much better average return than the direct players do.

On the sell side, widespread demutualization in the U.S. has not only paved the way for consolidation, which is much easier to achieve in a publicly traded format, but given it additional momentum by forcing insurers to assess which lines are core to

A prime example of European acquisition is Swiss Re's intended purchase of Lincoln Re, announced July 30, 2001, which will likely boost Swiss Re's U.S. market share to almost 30% from about 19%, while allowing Lincoln National Life Insurance Co. to increase its focus on its core life insurance, retail annuity, and asset management lines.

their business and to divest others. Unable to build the massive scale necessary to attain higher ROEs in life reinsurance, U.S. companies have been selling these businesses.

A prime example of European acquisition is Swiss Re's intended purchase of Lincoln Re, announced July 30, 2001, which will likely boost Swiss Re's U.S. market share to almost 30% from about 19%, while allowing Lincoln National Life Insurance Co. to increase its focus on its core life insurance, retail annuity, and asset management lines.

Another key transaction was Munich American Reassurance Co.'s (Munich American) acquisition of the life reinsurance operations of CNA Financial Corp. (CNA) at year-end 2000. Neither of these companies alone had the scale to match the very top companies in the industry, but Munich American's acquisition improved its U.S. market position, while CNA was able to divest a noncore operation. Phoenix Home Life Mutual Insurance Co., which demutualized in June 2000, is also among the ranks of U.S. multiline insurers to have backed away from life reinsurance.

U.S. Life Reinsurance Premium Assumed

(Mil. \$)	Premium Reinsurance Assumed in 2000	Growth in 2000 (%)	Financial Strength Rating on Lead Company (as of Aug. 13, 2001)
Swiss Re Life & Health	5,533.0	99.0	AAA
Lincoln Re	4,611.2	80.9	AA-
RGA	3,334.6	30.2	AA
Transamerica Re/AEGON	1,189.0	(27.0)	AA+
ERC/GE	1,065.0	(20.4)	AAA
ING (ING Re/Reliastar)	897.7	73.4	AA
CIGNA	752.1	12.5	AA
Hannover Re	623.3	89.1	AA+
General & Cologne Life Re/Berkshire Hathaway	379.8	(79.8) ¹	AAA
Munich American Re	364.5	50.9	AAA
Remaining groups	3,804.0	(11.8)	
Total	22,554.1	18.4	

Life Reinsurance

The life reinsurance industry is in the midst of significant and positive change, including building economies of scale as consolidation continues. This trend is driven, on the one hand, by the need of massive European insurers to diversify earnings by buying extra life reinsurance business, and, on the other hand, by the incentive among multiline U.S. insurance companies to divest noncore operations.

Offshore Tax Havens Grow

Along with consolidation, another key development in life reinsurance is the increasingly pivotal role tax-haven reinsurers are playing. Since the advent of Regulation XXX in the U.S., direct life insurers have had to meet very high statutory reserving requirements for term and universal life insurance and have therefore increasingly turned to reinsurance as a means to put business offshore, particularly in Bermuda, where GAAP accounting treatment does not require these reserves. Reinsurers receive the added benefit of accumulating earnings on reserves free of U.S. taxation. In the past year, this so-called reserve arbitrage has been increasing. Among the notable offshore startups are Annuity and Life Reassurance Ltd., ACE Tempest Reinsurance Ltd., Scottish Annuity & Life International Insurance Co. (Cayman) Ltd. (Scottish Re), and Max Re Capital Ltd.

Outlook

The life reinsurance industry is in the midst of significant and positive change, including building economies of scale as consolidation continues. This trend is driven, on the one hand, by the need of massive European insurers to diversify earnings by buying extra life reinsurance business, and, on the other hand, by the incentive among multiline U.S. insurance companies to divest noncore operations.

Further spinoffs are likely, given that a few U.S. companies, such as American United Life Insurance Co. (American United) and Business Men's Assurance Co. of America, continue to write life reinsurance as noncore business. On the buy side, Munich Re, Transamerica Life Insurance & Annuity Co. (of which the ultimate parent is Netherlands-based AEGON N.V.), and ING Re are likely candidates, leading to ever increasing domination by Europeans. With the exception of RGA, which may be the only potential non-European buyer of available capacity, there are no U.S. life reinsurers that are large enough and sufficiently committed to expect much of a domestic life reinsurance business.

Consolidation is not necessarily a bad thing for the smaller life reinsurance players, however, particularly those with low expense structures or other competitive advantages. Examples include Annuity and Life Reassurance Ltd., with its low cost structure and its

Bermuda tax advantage, and American United, with its very strong position in long-term care reinsurance and in accident and health reinsurance (thanks to its acquisition in early 2000 of the personal accident and long-term-care reinsurance business of Duncanson & Holt from UNUMProvident Corp.).

Many primary companies have guidelines that limit exposure to any one reinsurer, or preferences to include several reinsurers on a panel. Consolidation among reinsurers might make room at the table for some smaller entrants, such as Annuity and Life Reassurance Ltd. or Scottish Re, representatives of the growing tax-haven contingent, to break in and improve their small but growing market shares.

Reinsurers are also set to benefit from the innovative risk-transfer mechanisms and capital-market-type products that are becoming increasingly important in the insurance business as a whole. If reinsurers continue to design and implement these types of solutions effectively, they will continue to see strong growth in both revenue and earnings. Widespread securitization of life policies could open up a new realm for life insurance business by providing it with far more capital.

Offshore reinsurers will feature strongly in these developments. Large blocks of life insurance business are already moving offshore, and Standard & Poor's is devoting increasing resources to researching and monitoring this area.

The relationship between insurers and reinsurers continues to change. With wider knowledge of market trends, reinsurers have taken the leading role in determining pricing trends (as noted above with reference to their rapid adoption of lower mortality expectations) and in some cases have taken on a key advisory or even operational role with players in the primary market.

Donald S. Watson

Director, New York

Rodney A. Clark, FSA

Director, New York

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A Standard & Poor's Insurer Financial Strength Rating is a current opinion of the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. Insurer Financial Strength Ratings are also assigned to HMOs and similar health plans with respect to their ability to pay under their policies and contracts in accordance with their terms.

This opinion is not specific to any particular policy or contract, nor does it address the suitability of a particular policy or contract for a specific purpose or purchaser. Furthermore, the opinion does not take into account deductibles, surrender or cancellation penalties, timeliness of payment, nor the likelihood of the use of a defense such as fraud to deny claims. For organizations with cross-border or multinational operations, including those conducted by subsidiaries or branch offices, the ratings do not take into account potential that may exist for foreign exchange restrictions to prevent financial obligations from being met.

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Insurer Financial Strength Ratings

An insurer rated 'BBB' or higher is regarded as having financial security characteristics that outweigh any vulnerabilities, and is highly likely to have the ability to meet financial commitments.

AAA

An insurer rated 'AAA' has EXTREMELY STRONG financial security characteristics. 'AAA' is the highest Insurer Financial Strength Rating assigned by Standard & Poor's.

AA

An insurer rated 'AA' has VERY STRONG financial security characteristics, differing only slightly from those rated higher.

A

An insurer rated 'A' has STRONG financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings.

BBB

An insurer rated 'BBB' has GOOD financial security characteristics, but is more likely to be affected by adverse business conditions than are higher rated insurers.

An insurer rated 'BB' or lower is regarded as having vulnerable characteristics that may outweigh its strengths. 'BB' indicates the least degree of vulnerability within the range; 'CC' the highest.

BB

An insurer rated 'BB' has MARGINAL financial security characteristics. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.

B

An insurer rated 'B' has WEAK financial security characteristics. Adverse business conditions will likely impair its ability to meet financial commitments.

CCC

An insurer rated 'CCC' has VERY WEAK financial security characteristics, and is dependent on favorable business conditions to meet financial commitments.

CC

An insurer rated 'CC' has EXTREMELY WEAK financial security characteristics and is likely not to meet some of its financial commitments.

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An insurer rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others. The rating does not apply to insurers subject only to nonfinancial actions such as market conduct violations.

NR

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Plus (+) or minus (-)

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- Likelihood of payment-capacity and willingness of the insurer to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligations; and
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.



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