

STANDARD
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Global Reinsurance Highlights

Gearing up for 2001

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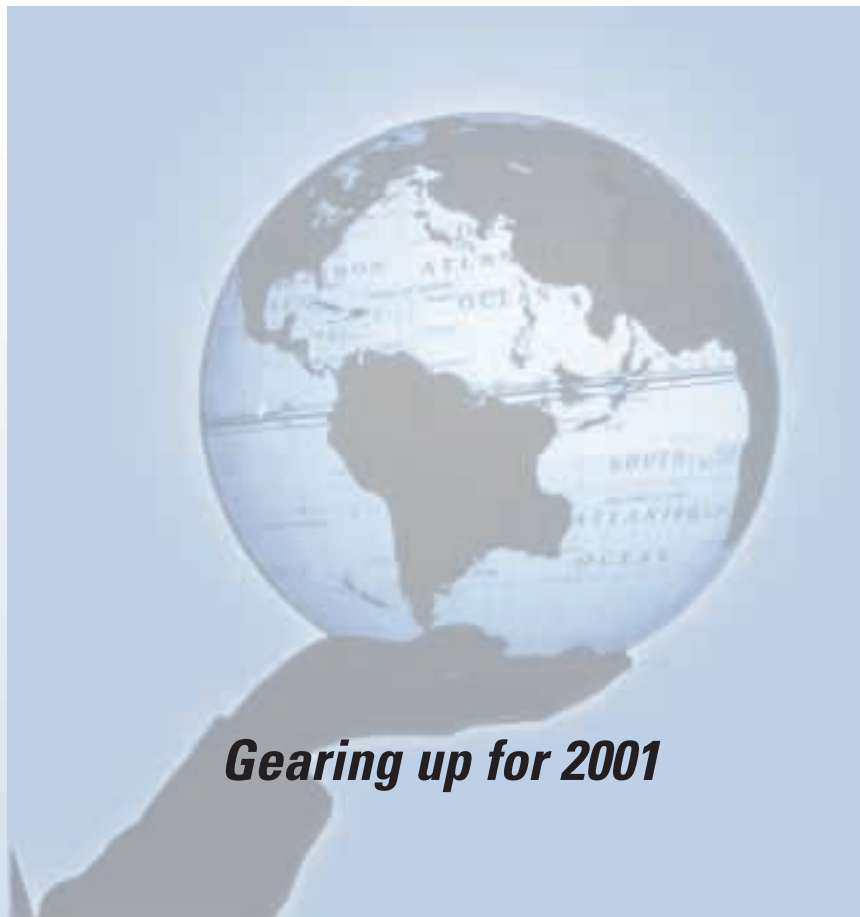


2000 Edition

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The Hard Climb Back to the Top

After significant pain and a difficult catastrophe year, the reinsurance world is saying enough bleeding is enough, and rates are beginning to firm. So what is new? The market cycle has always been there and, perhaps, it is turning now. One change, though, is that the decade-long slump in premium rates indicates that the down periods can last longer than the up periods. The industry's experience of late highlights its inability to influence significantly, much less control, its own destiny. Lately, scale has favored the buyers of reinsurance with the mega mergers in the primary insurance industry continuing unabated. Japan is experiencing a redefinition of size, with significant mergers underway, further shifting the balance to primary companies that are able to retain more risk through improved diversification and large capital bases. Alternatively, the formation of highly capitalized start ups in the reinsurance industry indicate little reduction in supply despite flat to declining demand for reinsurance. Although some profit recovery can be seen for the next few years for some companies, it is too little too late. This is especially so for certain moderate-sized European companies buffeted by the larger players in Germany and Switzerland.

This year's edition of Global Reinsurance Highlights reports that few markets had anything to cheer about in 1999, with everyone from Munich to Bermuda reporting sharply higher losses because of severe winter storms in Europe, earthquakes in Turkey, and windstorms in Asia. The meltdown of the struggling Australian reinsurers is chronicled by Ian Thompson, while Fred Loeloff discusses the weak results in Bermuda. Clouds remain on the horizon, with concerns on reserve adequacy highlighted by Grace Osborne in her review of U.S. reinsurers and Rob Jones in his review of European price trends. Although markets in general performed poorly in 1999, Donald Watson's coverage of Standard & Poor's Top 150 reinsurers indicates that individual companies were able to report excellent results through a combination of underwriting, creative reinsurance programs, and luck.

Not surprisingly, the events of 1999 produced more rating downgrades and accelerated the acquisitions of weakened reinsurers. Although reducing supply will be a key component of a sustainable improvement in rates, the demise of capacity can be painfully slow. The reinsurance industry finds itself in a difficult squeeze. Their clients, the primary insurers, demand strong balance sheets and, in many cases, stronger insurer financial strength ratings than their own. Unfortunately, some are not willing to pay a premium for this costly protection. The "Pac-Man" theory suggests that reinsurers have to get bigger to offset consolidation of their clients. Of course, it would be a fallacy to suggest that big is better and that anything else will follow the dinosaurs. There is no single key to long-term success, but large companies can usually afford to take risks and make the investments required, while small companies must refresh their focus in a market that constantly changes.

Robert Mebus

Managing Director, New York

Discipline Makes a Comeback

Unfortunately, it is a bit early to bring out the champagne glasses to celebrate a market turn because weak pricing power on the part of reinsurers continues to bedevil the industry.

In 1999, severe property losses hit the property/casualty industry, with as much as \$27 billion of insured losses globally, resulting in the worst underwriting performance for the insurance industry since Hurricane Andrew leveled Homestead, Florida in 1992. Coupled with a more challenging global investment climate than witnessed in the past five years, reinsurers lost capital in 1999. Nevertheless, the silver lining for reinsurers is the prospect for rate improvement that could begin the long-sought market turn as early as 2001.

Consolidation within the primary insurance industry and a low rate of inflation has limited demand for reinsurance, worsening the shift in the balance of power among the players. Of course, the reinsurers have responded with mergers, and larger combinations are inevitable. Another factor contributing to consolidation is the convergence of financial institutions as reinsurers emphasize providing multiple solutions and centers of excellence to meet the growing needs of the primary insurers. The downside of the industry's focus on size is profitability, which generally suffers in the aftermath of an acquisition.

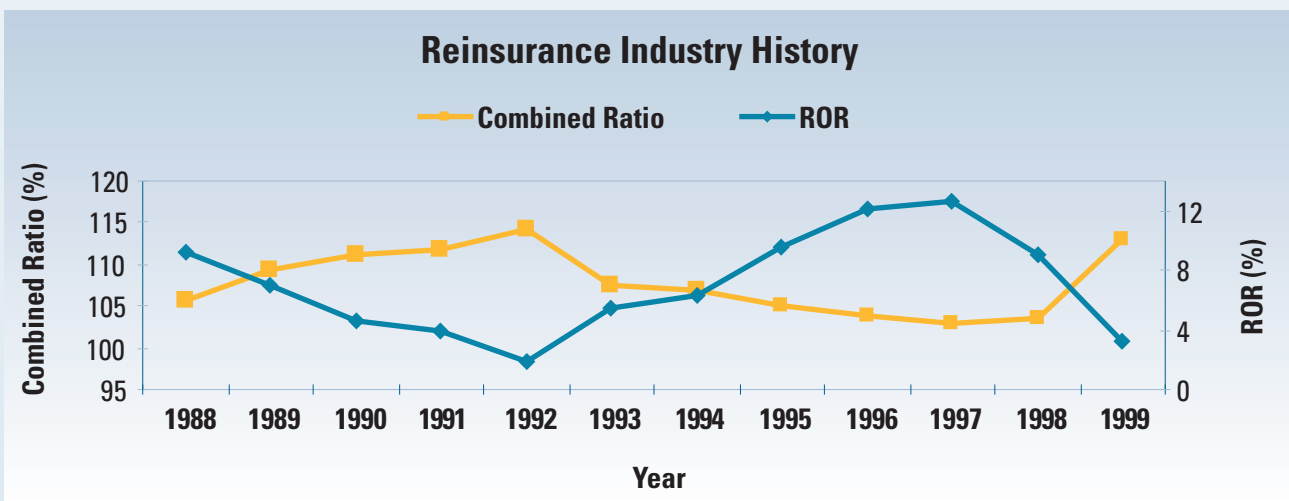
Underwriting, which seems to have taken a back seat to the search for growth, is a factor that management can control. In 1999, discipline was notably

absent as competitive pressures to retain clients led to an increased use of proportional covers, causing reinsurers to underperform the primary insurance industry for the first time in a decade. Excess of loss treaties demonstrate a superior ability to align the interests of the primary company with that of the reinsurer, and the shift back to proportional covers is yet another example of soft market conditions.

For 1999, Standard & Poor's top 150 reinsurers accounted for nearly 95% of global reinsurance premium written, with considerable shifting in positions as a result of acquisitions. Total net reinsurance premiums written were essentially flat at slightly more than \$87 billion for both 1998 and 1999, marking the third consecutive year of declines in industry premium, down from its peak in 1996.

Despite ongoing consolidation, concentration at the individual company level has remained static, with the largest 25 reinsurance companies accounting for 60% of global reinsurance premiums. The largest 10 reinsurers saw a modest 5% decline in net premiums written (NPW) compared with five years ago, and the next 40 reinsurance companies added 21% to NPW in the same period. The growth in the second tier of reinsurers is not unexpected given consolidation among the primary industry and the need to compete with the large, first tier reinsurers.

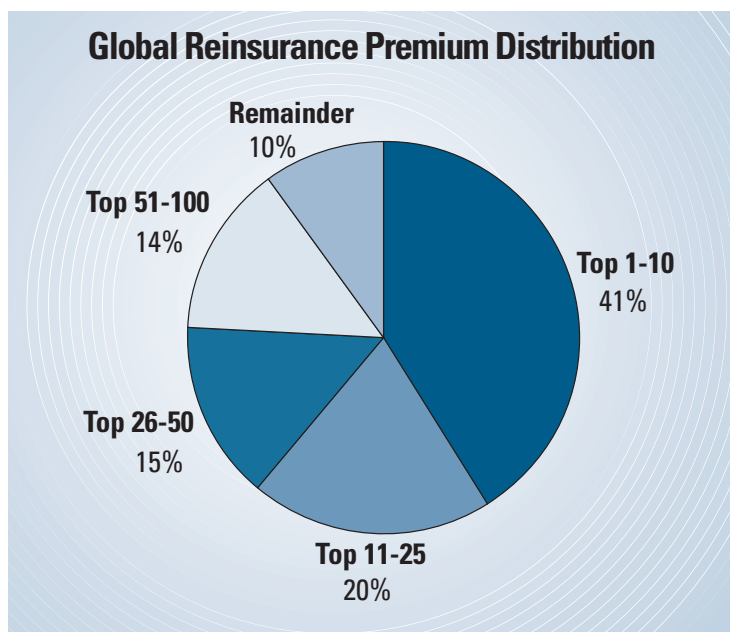
Premium growth is difficult in soft markets, and acquisition-related growth explains Partner Re's position as No. 1 and No. 2 in premium growth for 1999 at its U.S. and Bermuda operations, respectively. Partner Re's acquisition of Winterthur's reinsurance division in late 1998 helped to bulk up Partner Re's reported figures. Partner Re's and fellow Bermudian, XL Capital's acquisitions catapult these two relative newcomers into



the top 25 reinsurance groups in 1999. Of course, in a soft market, reinsurers are expected to begin cutting back writings in response to declining prices. Curiously, the largest decline in NPW is also related to an acquisition as NAC Re's precipitous fall to No. 123 in Standard & Poor's rankings and its 77% drop in NPW occur following its acquisition by XL Capital and a new retrocessional agreement with an affiliate.

Because market pricing remained soft, in 1999, which tends to demonstrate a lack of underwriting discipline, poor operating performance crossed all boundaries affecting new and old, large and small reinsurers. In the last 10 years, the largest reinsurers showed an ability to better select risk; although the soft market has indicated that risk selection becomes especially difficult if prices are inadequate across the board. The largest 10 reinsurers produced a combined ratio of 115.6% in 1999, 10 points worse than their five-year average of 105%.

Risk selection and effective portfolio management would appear to be a principal factor in the exceptional performance, as measured by combined ratio, of Renaissance Re in 1999. Specialty property catastrophe writer Renaissance Re produced an impressive 58.5% combined ratio despite worldwide property losses estimated at \$27 billion in 1999. Also performing well were Dow's captive operation, Dorinco Re, and the finite reinsurance at Royal Bank of Canada's Barbados operation. Not performing well was ARIG Re of Bahrain, which ended up shuttering its U.K. operations because of poor underwriting results. General Re, which has experienced



Standard & Poor's views ROR, which includes investment income before capital gains, as the best indicator of sustainable profit for property/casualty reinsurers as it is relatively unaffected by financial leverage and short-term capital gains that can distort return on equity.

Five Highest 1999 Combined Ratios

Top 150 Ranking	Ratings as of Aug. 4, 2000	Company	Country	Combined Ratio 1999 (%)
129	A- ●	ARIG Reinsurance Co. BSC	BAHRAIN	213.1
99	AAA ●	General Re Europe Ltd.	UNITED KINGDOM	173.0
149	A+ ●	PXRE Reinsurance Co.	UNITED STATES	169.9
59	A- ●	Rhine Re	SWITZERLAND	168.5
112	A ●	Unionamerica Insurance Co. Ltd.	UNITED KINGDOM	165.8

Five Lowest 1999 Combined Ratios

Top 150 Ranking	Ratings as of Aug. 4, 2000	Company	Country	Combined Ratio 1999 (%)
88	A ●	Renaissance Reinsurance Ltd.	BERMUDA	58.5
61	Api	Dorinco Reinsurance Co.	UNITED STATES	73.2
57	AA- ●	Royal Bank of Canada	BARBADOS	74.9
127	Api	New Jersey Re-Insurance Co.	UNITED STATES	80.8
58	AA ●	Zurich Rückversicherungs (Koln) AG	GERMANY	87.4

● Security Circle Insurer.

Global Overview

Not surprisingly, disciplined underwriting tends to produce good underwriting margins, with Renaissance Re leading the list.

its worst two years since its inception, hit further bumps with its U.K. arm that produced a 173% combined ratio for the 1999. PXRE Re also seems to have run into a wall with property cat losses pushing results down in 1999 and through the second quarter of 2000. Rhine Re's losses arose on its bad experience with the marine market and the European storms that hit many companies in 1999.

The global reinsurance industry saw return on revenue (ROR) decline to 3.3% for 1999, and that may provide one explanation for why reinsurance stocks remain depressed. Standard & Poor's views ROR, which includes investment income before capital gains, as the best indicator of sustainable profit for property/casualty reinsurers as it is relatively unaffected by financial leverage and short-term capital gains that can distort return on equity. Looking back over the previous 12 years, ROR and the combined ratio clearly define the industry cycle. The industry tends to perform above the mean for four years and then fall below mean performance for five years before repeating the cycle. If this cycle repeats itself in the next few years, the champagne glasses should be put back on the shelf as the industry will remain below mean performance through 2002.

Not surprisingly, disciplined underwriting tends to produce good underwriting margins, with Renaissance Re leading the list. Property catastrophe reinsurance can be exceptionally profitable if it can avoid the big

losses. XL Mid Ocean, which is also a large property cat writer, produced an excellent ROR given its well-diversified portfolio of risk that tends to hold down total returns. Rounding out the top five reinsurers is up-and-coming Sirius International, which, lately, has successfully spread its wings, including its acquisition of Kemper Re's Belgium operation.

Property losses were the primary factor for the worst performing reinsurers in 1999, with National Indemnity reporting an operating loss of \$581 million — one more piece of bad news for the Berkshire-Hathaway Group. ARIG, Compagnie Transcontinentale de Reassurance (CTR), and Rhine Re all demonstrated (along with the now defunct Australian reinsurers) that writing property cover is not without risk. Property cat writers, Tempest Re and Partner Re, along with Renaissance and XL Mid Ocean, were able to produce exceptional returns in 1999, demonstrating that selecting risk can still make a difference despite soft market conditions. Finally, adding to the list of worst performers in 1999, U.S. accident and health pricing depleted the coffers of many reinsurers, including Union America and ESG Re.

Outlook

For many property/casualty reinsurers, 2000 is shaping up as a bust despite the absence of significant Y2K or unusual catastrophe losses. The winter storms in Europe, the loss spiral of Unicovert's workers'

Top Five Percentage Increases in 1999 Net Reinsurance Premiums Written

Top 150 Ranking	Ratings as of Aug. 4, 2000	Company	1999 NPW (US\$000s)	1998 NPW (US\$000s)	Change (%)
77	A+ ●	Partner Reinsurance Co. of the US	240,263	82,528	191.1
39	AA ●	Partner Reinsurance Co. Ltd.	467,023	161,617	189.0
92	AA- ●	Scandinavian Reinsurance Co. Ltd.	200,298	84,322	137.5
23	AA- ●	Gerling Global Reinsurance Corp. of America	878,463	418,952	109.7
97	AAA ●	Cologne Reinsurance Co. Ltd.	180,260	87,363	106.3

Top Five Percentage Decreases in 1999 Net Reinsurance Premiums Written

Top 150 Ranking	Ratings as of Aug. 4, 2000	Company	1999 NPW (US\$000s)	1998 NPW (US\$000s)	Change (%)
123	AA ●	NAC Reinsurance Corp.	111,522	481,340	-76.8
35	AAA ●	New Reinsurance Co.	490,876	1,111,524	-55.8
129	A- ●	ARIG Reinsurance Co. BSC	103,679	175,915	-41.1
21	AA+ ●	Zurich Versicherung AG	894,000	1,390,380	-35.7
83	A- ●	Le Mans Re	220,737	332,100	-33.5

● Security Circle Insurer.

compensation lines, and soaring prescription drug prices have all contributed to a strengthening of resolve to focus on underwriting and, in many cases, a willingness to exit unprofitable lines. Reserves represent a wild card for the industry, with some managers finding that claims inflation picked up and that the strengthening of reserves for the 1997-1999 books was necessary. As Equitas and a few other reinsurers have reported, even the older asbestos liabilities are showing some signs of inflation. The smart money is for additional reserve strengthening to occur in 2000 as reinsurers take advantage of weak year-to-date results and try to set up 2001 for a comeback.

Despite the cycle indicated by operating performance, several factors are arguing for a change. Supply, as indicated by industry capital, shrank in 1999 following the shuttering of several operations and the losses incurred by many companies. Although not a sufficient reduction in supply by itself, many of the largest reinsurers will further reduce capacity by limiting their appetite for risk at current pricing. Employers Re announced its withdrawal from the property facultative market, Swiss Re announced its plans for a 20% reduction in property cat writings, and others have quietly reduced capacity at current pricing levels.

Property losses and poorly priced risk also led to a complete withdrawal of capacity from ReAC, New Cap Re, GIO Insurance Ltd. of Australia, Sphere Drake,

CTR, and Risk Capital Re. At the same time, Rhine Re and Imperial Re sought relief by combining their operations and injecting capital. Others, such as Odyssey Re, Veritas, and ESG Re, will struggle with new business plans because of weakened financial strength.

These actions are a necessary precursor for a market turn; but, maintaining this discipline will be difficult as many underwriters are seeing premium rate increases for the first time. Inflation has begun to filter into the economy, with many primary companies discovering some ability to raise rates, which although at a lag, will eventually filter down to the reinsurers. Although those reinsurers with a more flexible approach to risk will inevitably pick up some of the business, primary companies will be forced to accept reduced financial strength backing those reinsurers or pay up for access to top tier credit.

Donald Watson

Director, New York

**Odyssey Re,
Veritas, and ESG
Re will struggle
with new
business plans
because of
weakened
financial
strength.**

Five Highest Return on Revenue

Top 150 Ranking	Ratings as of Aug. 4, 2000	Company	Country	Return on Revenue 1999 (%)
88	A ●	Renaissance Reinsurance Ltd.	BERMUDA	53.0
127	Api	New Jersey Re-Insurance Co.	UNITED STATES	44.5
93	N.R.	AMB Aachener und Münchener Bet AG	GERMANY	40.8
46	AA ●	XL Mid Ocean Reinsurance Ltd.	BERMUDA	31.4
68	AA- ●	Sirius International Insurance Corp.	SWEDEN	28.6
N.R. Not rated.				

Five Lowest Return on Revenue

Top 150 Ranking	Ratings as of Aug. 4, 2000	Company	Country	Return on Revenue 1999 (%)
22	AAA ●	National Indemnity Co.	UNITED STATES	-112.2
129	A- ●	ARIG Reinsurance Co. BSC	BAHRAIN	-53.7
94	BBB+ ●	Cie. Transcontinentale de Reassurance	FRANCE	-52.1
59	A- ●	Rhine Re	SWITZERLAND	-47.8
112	A ●	Unionamerica Insurance Co. Ltd.	UNITED KINGDOM	-45.0

● Security Circle Insurer.

Global Overview

Top 25 Groups (Ranked by Net Reinsurance Premiums Written — US\$000s)

	Company	Ratings as of Aug. 4, 2000 ¹	Net Reinsurance Premiums Written ²			Adjusted 1999
			1999	1998	Change (%)	
1	Munich Reinsurance Group	AAA ●	13,566,142	14,647,149	-7.4	20,682,412
2	Swiss Reinsurance Group	AAA ●	12,838,750	11,839,855	8.4	11,111,250
3	Berkshire Hathaway Reinsurance Group	AAA ●	9,452,500	7,069,000	33.7	47,502,775
4	Employers Reinsurance Group	AAA ●	6,921,061	5,799,730	19.3	5,575,000
5	Gerling Global Reinsurance Group	AA- ●	3,937,862	3,259,141	20.8	1,429,728
6	Lloyd's	A+ ●	3,799,211	3,571,667	6.4	9,072,581
7	Assicurazioni Generali Group	AA ●	3,533,442	4,334,054	-18.5	19,176,618
8	Allianz Reinsurance Group AG	AAA ●	3,299,013	3,500,191	-5.7	45,727,553
9	SCOR Reinsurance Group	AA- ●	2,720,603	2,412,791	12.8	1,242,211
10	Hannover Rückversicherung Group	AA+ ●	2,564,375	4,517,966	-43.2	1,241,940
11	Zurich Reinsurance Group	AA+ ●	1,878,040	1,661,152	13.1	23,783,000
12	Transatlantic Holdings	AA ●	1,498,524	1,393,700	7.5	1,642,517
13	AXA Reinsurance Group	AA ●	1,141,575	1,212,558	-5.9	1,272,463
14	PartnerRe Ltd.	AA ●	1,326,410	687,025	93.1	1,840,711
15	CNA Reinsurance Group	A ●	1,275,000	908,000	40.4	8,679,000
16	Everest Reinsurance Group	AA- ●	1,095,569	1,016,599	7.8	1,327,482
17	St. Paul Reinsurance Group	AA ●	1,056,401	1,056,229	0.0	6,448,000
18	XL Capital Reinsurance Group	AA ●	970,000	688,000	41.0	5,577,078
19	Toa Reinsurance Co. Ltd.	AA- ●	965,507	917,793	5.2	2,570,507
20	Korean Reinsurance Co.	BBB-	837,056	627,277	33.4	290,356
21	Tokio Marine & Fire Insurance Group	AAA ●	831,794	683,506	21.7	28,214,012
22	Overseas Partners Ltd.	N.R.	819,683	908,995	-9.8	2,547,383
23	Caisse Centrale de Reassurance	Api	793,284	636,790	24.6	1,018,986
24	Hartford Reinsurance Co.	AA ●	702,961	710,577	-1.1	6,897,841
25	QBE Insurance Group	A+ ●	587,500	487,715	20.5	382,194
	Totals		78,412,262	74,547,459	5.2	255,253,596

¹ Ratings apply only to some members of these groups. Other group members may have lower or higher Insurer Financial Strength ratings.

² Standard & Poor's has made every effort to capture reinsurance premium only for the companies included in the ranking.

³ Reported adjusted shareholders' funds includes both primary and reinsurance operations.

N.R. Not rated.

N.A. Not available.

N.M. Not meaningful.

● Security Circle Insurer.

Shareholders' Funds ³			Loss Ratio (%)		Expense Ratio (%)		Pretax Operating Income			Return on Revenue (%)	
1998	Change (%)		1999	1998	1999	1998	1999	1998	Change (%)	1999	1998
21,367,442	-3.2		88.2	75.8	30.7	29.9	1,098	1,651	-33.5	0.0	0.0
9,427,536	17.9		85.0	80.0	31.0	34.0	217,500	183,333	18.6	1.5	1.3
40,113,169	18.4		92.1	71.2	24.2	31.3	1,177,804	1,154,710	2.0	13.4	13.4
6,020,000	-7.4		78.2	69.7	35.8	32.2	140,052	572,941	-75.6	1.7	8.8
1,543,234	-7.4		87.0	84.0	25.4	23.7	(74,508)	129,292	-157.6	-1.8	3.5
10,475,000	-13.4		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
10,387,224	84.6		79.8	80.7	28.9	29.6	9,157,227	(670,976)	N.M.	N.A.	-1.5
46,553,730	-1.8		74.4	71.6	33.0	24.4	124,926	496,316	-74.8	3.4	11.5
1,432,558	-13.3		80.7	75.7	29.0	32.0	145,729	169,767	-14.2	5.1	6.3
1,305,071	-4.8		71.1	74.0	24.8	27.5	100,496	156,541	-35.8	2.1	3.3
23,511,000	1.2		81.1	77.3	6.2	7.1	276,428	235,786	17.2	12.4	11.7
1,610,139	2.0		77.4	73.9	27.8	27.4	153,304	202,452	-24.3	8.9	12.6
1,350,834	-5.8		93.0	86.0	28.0	29.0	139,130	181,568	-23.4	10.9	12.2
2,113,434	-12.9		77.1	56.9	32.7	28.6	66,851	253,402	-73.6	4.1	28.8
7,593,000	14.3		84.9	74.9	31.5	31.7	(28,000)	95,000	-129.5	-2.1	8.5
1,479,204	-10.3		72.0	72.9	31.5	30.3	213,342	213,441	0.0	16.1	16.2
6,621,000	-2.6		69.0	65.9	31.2	32.8	N.A.	N.A.	N.A.	N.A.	N.A.
5,612,603	-0.6		65.6	60.0	36.0	33.8	N.A.	N.A.	N.A.	N.A.	N.A.
1,897,628	35.5		74.8	65.3	N.A.	N.A.	33,007	36,325	-9.1	3.5	3.7
216,358	34.2		75.2	73.5	23.4	27.2	38,160	3,738	921.0	4.1	0.6
20,773,995	35.8		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2,524,669	0.9		94.0	54.1	14.9	13.4	9,402	320,473	-97.1	0.8	29.6
1,259,360	-19.1		98.7	92.2	22.5	28.3	68,105	13,027	422.8	8.6	1.7
8,516,181	-19.0		74.5	78.1	33.8	27.4	N.A.	N.A.	N.A.	N.A.	N.A.
328,961	16.2		73.4	65.0	31.5	29.2	43,422	77,188	-43.7	6.8	15.5
234,033,331	9.1		80.3	73.0	27.9	27.8	12,003,474	3,825,974	213.7	5.2	9.4

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written (US\$000s)

Rank	Ratings as of Aug. 4, 2000	Security Circle	Company	Country	Net Reinsurance		
					1999	1998	1997
1	AAA	●	Munich Reinsurance Co.	GERMANY	9,677,745	10,273,867	9,500,431
2	AAA	●	Swiss Reinsurance Co.	SWITZERLAND	4,598,125	5,202,174	4,282,877
3	A+	●	Lloyd's	UNITED KINGDOM	3,799,211	3,571,667	3,620,000
4	AAA	●	Allianz AG ³	GERMANY	3,299,013	3,459,730	3,323,291
5	AAA	●	American Re-Insurance Co.	UNITED STATES	2,821,261	2,276,153	2,491,723
6	AAA	●	General Reinsurance Corp.	UNITED STATES	2,574,930	2,335,550	2,541,050
7	AA+	●	Hannover Rückversicherungs AG	GERMANY	2,212,544	2,223,073	2,052,660
8	AAA	●	Kölnische Rückversicherung ¹	GERMANY	2,157,618	2,299,298	2,274,647
9	AA-	●	Gerling-Konzern Globale Rückversicherungs AG	GERMANY	2,126,164	1,949,151	2,028,582
10	AA	●	Assicurazioni Generali SpA	ITALY	1,906,367	2,685,361	2,550,839
11	AAA	●	Employers Reinsurance Corp.	UNITED STATES	1,888,579	1,862,217	1,466,700
12	AAA	●	ERC Frankona Rückversicherungs AG	GERMANY	1,655,700	1,637,616	1,389,420
13	AA	●	Transatlantic Reinsurance Co.	UNITED STATES	1,322,208	1,194,465	1,063,397
14	AAA	●	Bayerische Rückversicherung AG	GERMANY	1,212,266	1,378,705	1,366,833
15	AAA	●	European Reinsurance Co. of Zurich	SWITZERLAND	1,184,813	930,580	338,493
16	AA-	●	Everest Reinsurance Co.	UNITED STATES	1,108,070	1,017,766	1,281,774
17	A+	●	GE Reinsurance Corp. ²	UNITED STATES	1,081,061	586,030	641,907
18	AAA	●	Swiss Reinsurance America Corp.	UNITED STATES	1,046,400	728,044	772,624
19	AA	●	Zurich Reinsurance North America	UNITED STATES	967,313	852,503	1,066,902
20	AA-	●	Toa Reinsurance Co. Ltd.	JAPAN	965,507	917,795	833,663
21	AA+	●	Zurich Versicherung AG	SWITZERLAND	894,000	1,390,380	1,257,603
22	AAA	●	National Indemnity Co.	UNITED STATES	881,917	679,694	860,114
23	AA-	●	Gerling Global Reinsurance Corp. of America ⁴	UNITED STATES	878,463	418,952	438,278
24	BBB-	●	Korean Reinsurance Co.	SOUTH KOREA	837,056	627,277	523,875
25	AAA	●	Tokio Marine & Fire Insurance Co. Ltd.	JAPAN	831,794	683,507	818,910
26	AA	●	St. Paul Reinsurance Co. Ltd.	UNITED STATES	826,698	858,064	744,793
27	N.R.	●	Overseas Partners Ltd.	BERMUDA	819,683	908,995	720,084
28	Api	●	Caisse Centrale de Reassurance SA	FRANCE	793,284	639,195	626,542
29	AA+	●	E+S Rückversicherungs AG	GERMANY	726,667	871,716	825,674
30	AA	●	Hartford Reinsurance Co.	UNITED STATES	702,961	710,577	687,877
31	A	●	CNA Reinsurance Operations (US)	UNITED STATES	647,100	390,500	590,607
32	A+	●	QBE Insurance Ltd.	AUSTRALIA	587,500	487,736	422,042
33	A	●	CNA Reinsurance Co. Ltd.	UNITED KINGDOM	519,855	381,405	382,168
34	AA+	●	Yasuda Fire & Marine Insurance Co. Ltd.	JAPAN	491,561	470,293	517,230
35	AAA	●	New Reinsurance Co.	SWITZERLAND	490,876	1,111,524	458,280
36	AAA	●	ERC Frankona Reinsurance A/S	DENMARK	484,200	426,826	300,422
37	AAA	●	Swiss Re Italia SpA	ITALY	471,929	555,750	499,800
38	AA	●	SAFR Partner Re	FRANCE	469,943	489,650	499,953
39	AA	●	Partner Reinsurance Co. Ltd.	BERMUDA	467,023	161,617	192,856
40	AA-	●	Chiyoda Fire & Marine Insurance Co. Ltd.	JAPAN	454,527	366,975	371,753
41	AA-	●	R+V Versicherung AG	GERMANY	431,344	393,354	332,374
42	AA-	●	Underwriters Reinsurance Co.	UNITED STATES	429,259	384,223	368,999
43	AAA	●	Münchener Rückversicherung Italia SpA ¹	ITALY	419,813	243,348	159,679

Premiums Written		Average Growth Rate (%) 1995-1999	Combined Ratio (%)					Weighted Average (%) 1995-1999	Net Technical Reserves 1999	Technical Reserves/ Adjusted Shareholders' Funds 1999
1996	1995		1999	1998	1997	1996	1995			
9,271,639	10,637,506	-1.9	120.6	102.7	102.0	100.2	101.4	105.3	29,792,771	4.4
4,372,388	4,483,478	0.5	119.9	110.7	107.6	108.0	103.1	109.8	12,783,750	2.9
4,131,622	4,410,769	-2.9	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	17,095,161	1.9
3,944,685	4,253,909	-5.0	107.4	104.0	100.8	99.2	100.7	102.2	11,588,352	0.3
1,908,209	1,611,509	11.9	115.3	103.9	104.0	96.7	121.0	108.1	5,335,353	2.5
2,717,817	2,731,754	-1.2	117.4	100.0	99.4	99.0	99.3	103.0	7,388,398	1.6
1,831,185	1,934,103	2.7	111.4	102.9	103.7	102.0	98.1	103.9	5,441,007	2.8
2,482,353	2,335,499	-1.6	115.3	112.5	100.9	101.1	101.0	106.0	4,643,037	N.A.
2,076,564	2,220,909	-0.9	117.4	105.2	104.9	104.8	107.3	108.0	5,702,093	6.0
2,785,861	2,573,742	-5.8	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1,449,585	2,015,076	-1.3	116.2	104.9	104.3	105.3	104.2	107.1	4,729,175	1.1
1,463,725	1,774,820	-1.4	107.1	107.1	102.9	102.6	97.8	103.4	6,066,000	4.6
1,011,466	1,021,131	5.3	106.4	101.5	99.9	101.2	101.8	102.4	2,444,616	1.7
1,559,456	1,649,100	-6.0	106.1	105.9	100.8	101.3	101.8	103.0	3,238,563	1.5
351,866	448,870	21.4	112.2	112.6	110.7	117.8	121.6	114.1	3,444,375	N.A.
898,853	667,697	10.7	103.3	103.4	101.3	102.9	131.1	106.3	2,947,177	2.6
534,714	441,833	19.6	116.3	145.4	106.7	164.5	106.6	126.4	1,551,685	2.1
693,613	869,105	3.8	109.5	106.2	103.1	103.9	201.2	125.5	2,273,932	1.8
729,278	602,269	9.9	107.6	113.3	109.2	103.6	106.5	108.4	1,716,596	1.9
916,830	1,237,219	-4.8	N.A.	N.A.	98.1	101.0	101.0	N.A.	N.A.	0.6
1,734,254	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
718,078	776,089	2.6	122.9	91.0	74.7	91.0	88.5	94.3	3,878,378	0.1
531,352	558,610	9.5	105.2	109.2	107.1	103.8	111.3	107.1	1,079,461	1.9
683,807	658,036	4.9	98.6	100.7	113.9	105.0	97.0	102.4	464,353	1.6
954,586	1,325,468	-8.9	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
N.A.	N.A.	N.A.	95.6	95.8	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
560,561	500,652	10.4	108.9	69.3	65.3	56.6	50.7	73.7	1,348,946	0.5
744,979	697,814	2.6	121.2	120.5	96.9	108.9	110.3	111.7	1,652,713	1.6
798,025	927,133	-4.8	109.4	106.5	106.2	109.0	102.6	106.6	2,384,029	2.8
570,612	483,639	7.8	107.2	105.7	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
440,672	297,058	16.8	138.0	108.8	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
283,839	275,086	16.4	104.9	94.2	93.1	95.0	94.0	97.3	1,235,351	3.2
550,837	691,874	-5.6	105.8	109.8	103.9	106.9	97.2	104.2	1,297,521	4.2
583,374	827,411	-9.9	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
305,599	311,031	9.6	114.8	100.9	100.9	103.3	105.6	104.3	1,134,404	3.5
518,701	543,739	-2.3	92.1	103.2	118.5	113.3	N.A.	N.A.	1,203,200	3.8
656,016	637,555	-5.8	165.4	134.9	134.9	109.5	105.1	127.2	2,067,691	11.3
622,086	693,014	-7.5	123.7	105.5	104.9	105.6	105.6	109.7	1,320,953	2.5
N.A.	N.A.	N.A.	90.0	12.0	16.4	25.6	39.7	49.7	1,926,070	1.5
421,577	542,502	-3.5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
306,140	311,204	6.7	104.6	105.3	100.5	96.8	102.7	102.3	710,866	0.4
334,989	275,728	9.3	102.2	102.4	102.2	102.3	103.4	102.4	866,075	1.7
178,379	N.A.	N.A.	117.4	109.4	114.4	111.7	N.A.	N.A.	459,532	1.0

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written (US\$000s)

Rank	Ratings as of Aug. 4, 2000	Security Circle	Company	Country	Net Reinsurance		
					1999	1998	1997
44	BBBpi		Japan Earthquake Reinsurance Co. Ltd.	JAPAN	400,806	333,952	337,793
45	A+	●	Signet Star Reinsurance Co.	UNITED STATES	399,372	351,026	275,072
46	AA	●	XL Mid Ocean Reinsurance Ltd.	BERMUDA	395,610	444,111	362,299
47	AAA	●	Bavarian Reinsurance Ireland Ltd.	IRELAND	380,124	415,931	311,887
48	BBpi		IRB Brasil Resseguros S.A.	BRAZIL	374,696	394,090	539,269
49	AA	●	Centre Solutions (Bermuda) Ltd.	BERMUDA	374,483	338,466	332,703
50	AA-	●	Mapfre Re Compania De Reaseguros S.A.	SPAIN	364,698	322,944	251,167
51	N.R.		Hannover Reinsurance Ireland Ltd.	IRELAND	331,665	248,626	168,402
52	AA-	●	Commercial Risk Reinsurance Co. Ltd.	BERMUDA	320,717	205,073	141,380
53	AA	●	Mitsui Marine & Fire Insurance Co. Ltd.	JAPAN	318,638	352,271	404,190
54	AA+	●	Sumitomo Marine & Fire Insurance Co. Ltd.	JAPAN	315,374	308,824	345,690
55	Api		Generali Holding Vienna AG ³	AUSTRIA	314,382	259,049	305,685
56	N.R.		Risk Capital Reinsurance Co.	UNITED STATES	306,726	234,735	144,834
57	AA-	●	Royal Bank of Canada	BARBADOS	305,888	173,381	181,982
58	AA	●	Zurich Rückversicherung (Koln) AG	GERMANY	305,710	271,860	250,064
59	A-	●	Rhine Re	SWITZERLAND	297,690	368,534	316,108
60	BBB+	●	Odyssey American Reinsurance Corp. ⁵	UNITED STATES	295,570	395,608	515,266
61	Api		Dorinco Reinsurance Co.	UNITED STATES	293,381	204,969	264,580
62	BBBpi		Eagle Star Reinsurance Co. Ltd.	UNITED KINGDOM	290,200	132,450	347,363
63	A+	●	SOREMA	FRANCE	289,128	287,181	291,684
64	Api		Wüstenrot & Württembergische AG ³	GERMANY	289,097	318,745	311,341
65	Api		Victoria Rückversicherung AG	GERMANY	284,585	306,265	243,584
66	A	●	Copenhagen Reinsurance Co. Ltd.	DENMARK	279,922	250,385	201,207
67	AA	●	Dai-Tokyo Fire & Marine Insurance Co. Ltd.	JAPAN	279,385	237,633	242,168
68	AA-	●	Sirius International Insurance Corp.	SWEDEN	274,494	274,672	297,509
69	N.R.		UNIQA Verisherungen AG ³	AUSTRIA	274,372	N.A.	N.A.
70	A+	●	QBE International Insurance Ltd.	UNITED KINGDOM	271,069	169,667	133,364
71	B		Veritas Reinsurance Corp. Ltd.	SWITZERLAND	267,108	269,035	163,924
72	N.R.		London Life and Casualty Reinsurance Corp.	BARBADOS	265,320	222,227	261,029
73	AAA	●	Swiss Reinsurance (UK) Ltd.	UNITED KINGDOM	262,885	174,807	205,587
74	A	●	PMA Reinsurance Corp.	UNITED STATES	260,095	231,932	178,212
75	BBB+	●	Odyssey Reinsurance Corp.	UNITED STATES	254,685	208,928	195,563
76	AA	●	St. Paul Reinsurance Co. Ltd.	UNITED KINGDOM	241,853	198,167	220,000
77	A+	●	Partner Reinsurance Co. of the US	UNITED STATES	240,263	82,528	53,111
78	A+	●	Nissan Fire & Marine Insurance Co. Ltd.	JAPAN	238,497	223,154	173,880
79	BBBpi		Deutsche Rückversicherung AG ¹	GERMANY	235,257	257,823	265,092
80	AA-	●	Nippon Fire & Marine Insurance Co. Ltd.	JAPAN	231,030	231,587	271,028
81	BBB+	●	Gothaer Rückversicherung AG	GERMANY	229,381	290,501	325,028
82	Api		American Agricultural Insurance Co.	UNITED STATES	223,746	168,324	155,727
83	A-	●	Le Mans Re ⁶	FRANCE	220,737	332,100	312,671
84	AA	●	Nichido Fire & Marine Insurance Co. Ltd.	JAPAN	216,221	198,728	219,137
85	A-	●	Folksamerica Reinsurance Co.	UNITED STATES	214,552	212,559	273,751
86	BB+		European Specialty Reinsurance (Ireland) Ltd.	IRELAND	214,017	134,076	N.A.

Premiums Written		Average Growth Rate (%)	Combined Ratio (%)					Weighted Average (%)	Net Technical Reserves	Technical Reserves/Adjusted Shareholders' Funds
1996	1995	1995-1999	1999	1998	1997	1996	1995	1995-1999	1999	1999
364,947	413,157	-0.6	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
264,355	263,242	8.7	108.5	107.0	104.2	103.5	99.4	105.2	530,681	2.1
431,322	434,977	-1.9	93.4	71.4	73.0	73.0	71.0	76.6	736,144	0.4
298,648	329,573	2.9	128.8	116.3	119.2	117.4	109.3	117.4	1,145,011	3.7
512,800	579,645	-8.4	N.A.	94.0	106.6	110.9	89.3	N.A.	571,427	1.3
470,580	259,712	7.6	150.3	148.8	131.4	96.9	89.4	122.5	2,304,709	2.2
253,344	222,745	10.4	109.2	102.7	101.1	102.1	97.6	102.9	N.A.	N.A.
138,232	199,816	10.7	106.4	109.0	111.7	93.3	92.6	103.4	843,850	3.7
74,149	65,067	37.6	N.A.	N.A.	103.6	92.5	101.1	N.A.	745,969	3.5
470,576	648,547	-13.2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
387,884	520,215	-9.5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
253,520	251,994	4.5	109.5	99.1	103.0	102.3	107.9	104.5	645,680	0.3
72,532	N.A.	N.A.	129.2	116.4	106.3	106.4	N.A.	N.A.	308,628	1.1
126,709	124,401	19.7	74.9	79.0	80.0	85.2	57.6	75.8	51,624	0.2
284,070	260,289	3.3	87.4	90.5	107.5	105.0	106.0	99.1	716,633	4.7
331,292	332,439	-2.2	168.5	106.9	109.2	106.4	107.0	118.0	705,225	3.5
547,948	510,718	-10.4	129.8	107.3	131.6	102.6	103.6	114.1	987,142	1.2
147,616	148,171	14.6	73.2	100.7	118.5	118.1	121.5	101.9	716,282	1.2
333,585	404,822	-6.4	136.7	187.6	107.7	131.9	100.8	124.4	1,697,600	5.4
375,097	424,257	-7.4	150.4	119.2	108.4	103.7	98.6	113.8	733,257	2.0
324,418	337,659	-3.1	99.9	100.2	99.3	98.4	100.0	99.6	373,543	0.2
294,046	306,922	-1.5	106.3	102.6	103.5	102.7	105.7	104.2	635,914	1.3
161,546	126,482	17.2	135.1	119.7	94.7	87.6	92.3	110.3	576,831	2.7
277,142	382,054	-6.1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
333,343	386,936	-6.6	104.5	98.0	N.A.	N.A.	N.A.	N.A.	489,828	0.7
N.A.	N.A.	N.A.	111.8	N.A.	N.A.	N.A.	N.A.	N.A.	262,716	N.A.
N.A.	N.A.	N.A.	113.8	115.7	N.A.	N.A.	N.A.	N.A.	371,432	1.3
356,149	395,664	-7.6	111.5	101.6	101.6	101.2	106.7	104.8	469,873	5.5
252,655	129,842	15.4	115.3	108.2	103.9	98.1	99.9	105.8	479,964	1.4
258,686	382,700	-7.2	134.5	123.0	112.0	103.0	104.0	113.0	772,805	3.2
164,053	152,760	11.2	101.6	104.3	103.8	104.4	105.5	103.6	602,609	2.1
200,763	105,695	19.2	112.7	107.9	106.1	111.1	211.1	119.8	774,533	2.1
N.A.	N.A.	N.A.	114.9	108.0	91.2	N.A.	N.A.	N.A.	686,837	2.1
39,703	33,492	48.3	117.1	113.2	103.7	103.3	102.5	112.0	150,575	0.4
222,412	320,160	-5.7	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
297,036	317,047	-5.8	96.0	98.5	93.6	99.6	98.2	97.3	292,141	0.9
318,858	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
427,660	440,025	-12.2	109.4	108.3	105.6	102.9	102.7	105.1	453,402	N.A.
171,306	165,955	6.2	114.0	104.4	83.4	106.0	95.6	101.2	247,188	0.9
372,000	388,265	-10.7	140.0	75.6	N.A.	N.A.	N.A.	N.A.	664,823	3.2
252,200	339,946	-8.7	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
157,948	158,447	6.3	120.3	108.0	97.9	99.5	106.3	106.7	644,684	1.9
N.A.	N.A.	N.A.	122.1	98.4	N.A.	N.A.	N.A.	N.A.	204,815	2.5

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written (US\$000s)

Rank	Ratings as of Aug. 4, 2000	Security Circle	Company	Country	Net Reinsurance		
					1999	1998	1997
87	BBpi		Central Reinsurance Corp.	TAIWAN	206,424	177,470	189,418
88	A	●	Renaissance Reinsurance Ltd.	BERMUDA	205,192	167,152	189,563
89	BBBpi		Grinnell Mutual Reinsurance Co.	UNITED STATES	203,260	213,196	222,687
90	N.R.		General & Cologne Re Cia De Reas S.A.	ARGENTINA	202,908	72,247	N.A.
91	N.R.		HDI Reinsurance (Ireland) Ltd.	IRELAND	202,138	175,771	159,258
92	AA-	●	Scandinavian Reinsurance Co. Ltd.	BERMUDA	200,298	84,322	39,907
93	N.R.		AMB Aachener und Münchener Bet AG ³	GERMANY	195,602	258,175	185,297
94	BBB+	●	Cie. Transcontinentale de Reassurance	FRANCE	195,499	208,668	157,796
95	AA-	●	Royal & Sun Alliance Reinsurance Co. Ltd.	UNITED KINGDOM	194,974	236,188	N.A.
96	AAA	●	ERC Frankona Reinsurance Ltd.	UNITED KINGDOM	193,600	180,370	134,142
97	AAA	●	Cologne Reinsurance Co. Ltd.	UNITED KINGDOM	180,260	87,363	61,998
98	BBBpi		Republic Western Insurance Co.	UNITED STATES	178,439	153,557	156,069
99	AAA	●	General Re Europe Ltd.	UNITED KINGDOM	172,115	159,493	174,157
100	A	●	Terra Nova Insurance Co. (UK)	UNITED KINGDOM	170,569	N.A.	N.A.
101	Api		Insurance Corp. of Hannover	UNITED STATES	164,728	149,619	127,423
102	BBBpi		Mutuelle Centrale de Reassurance	FRANCE	162,955	197,374	228,573
103	Bpi		Milli Reasurans T.A.S.	TURKEY	158,485	159,558	156,727
104	BBB-		Fuji Fire & Marine Insurance Co.	JAPAN	158,007	151,354	172,911
105	A+	●	Sorema North America Reinsurance Co.	UNITED STATES	157,813	143,275	140,260
106	N.R.		Stockton Reinsurance Ltd.	BERMUDA	157,020	202,769	166,860
107	AA-	●	Dowa Fire & Marine Insurance Co. Ltd.	JAPAN	150,457	147,608	171,555
108	A+	●	Tempest Reinsurance Co. Ltd.	BERMUDA	145,673	89,855	111,276
109	A+	●	Sydney Reinsurance Corp.	UNITED STATES	145,145	109,967	86,731
110	A+	●	Trenwick America Reinsurance Corp.	UNITED STATES	143,629	169,112	195,230
111	A-	●	SECURA Societe de Reassurances	BELGIUM	142,181	146,412	126,896
112	A	●	Unionamerica Insurance Co. Ltd.	UNITED KINGDOM	141,300	120,992	123,360
113	N.R.		E+S Reinsurance Ireland	IRELAND	140,617	180,688	342,266
114	BBBpi		Folksam International Insurance Co.	SWEDEN	139,730	112,357	84,239
115	AA-	●	Gerling Global Reinsurance Co. Ltd.	SWITZERLAND	138,644	140,713	118,414
116	AA	●	CGRM	FRANCE	134,603	118,499	114,551
117	A+	●	Koa Fire & Marine Insurance Co, Ltd.	JAPAN	132,276	133,873	147,653
118	A+	●	QBE Insurance & Reinsurance Europe Ltd.	IRELAND	131,883	135,983	205,518
119	A	●	Nacional De Reasegueros S.A.	SPAIN	126,014	129,654	113,942
120	AA-	●	Toa Reinsurance Co. of America	UNITED STATES	125,807	100,454	88,804
121	Api		Europa Rückversicherung AG ¹	GERMANY	116,984	117,386	109,280
122	BBpi		Societe Centrale de Reassurance ¹	MOROCCO	113,887	125,348	130,379
123	AA	●	NAC Reinsurance Corp.	UNITED STATES	111,522	481,340	528,361
124	A-	●	LaSalle Reinsurance Ltd.	BERMUDA	110,819	147,501	163,693
125	BBBpi		Kyoei Marine and Fire Insurance Co.	JAPAN	110,158	104,945	114,773
126	BBBpi		Taisei Fire & Marine Insurance Co. Ltd.	JAPAN	109,975	99,227	100,837
127	Api		New Jersey Re-Insurance Co.	UNITED STATES	108,499	135,265	150,274
128	BBBpi		Malaysian National Reinsurance Bhd.	MALAYSIA	106,915	129,825	157,690
129	A-	●	ARIG Reinsurance Co. BSC	BAHRAIN	103,679	175,915	237,986

Premiums Written		Average Growth Rate (%)	Combined Ratio (%)					Weighted Average (%)	Net Technical Reserves	Technical Reserves/ Adjusted Shareholders' Funds
1996	1995	1995-1999	1999	1998	1997	1996	1995	1995-1999	1999	1999
192,156	174,591	3.4	94.9	99.8	104.3	101.0	101.0	100.2	185,680	1.3
250,512	289,928	-6.7	58.5	53.0	46.2	50.6	52.0	51.9	471,609	0.8
213,968	209,930	-0.6	100.2	102.7	104.5	111.9	100.6	104.0	139,066	1.0
N.A.	N.A.	N.A.	102.7	102.6	N.A.	N.A.	N.A.	N.A.	312,005	10.2
167,148	175,610	2.9	98.0	100.2	105.1	97.5	98.5	99.7	371,074	2.1
41,276	34,302	42.3	96.4	87.6	75.9	82.3	82.7	89.2	741,670	2.4
N.A.	N.A.	N.A.	105.6	106.2	100.3	N.A.	N.A.	N.A.	389,792	0.1
437,248	530,002	-18.1	161.8	114.6	116.1	102.2	97.2	112.1	770,110	15.5
N.A.	N.A.	N.A.	97.7	101.5	N.A.	N.A.	N.A.	N.A.	1,102,537	N.A.
75,846	118,332	10.3	105.0	88.1	111.6	103.0	95.2	100.2	658,900	3.2
68,466	82,266	17.0	115.6	115.2	112.0	119.0	114.2	115.3	504,316	7.1
144,407	139,995	5.0	111.6	111.6	120.3	107.9	107.8	111.9	270,121	1.7
193,214	414,682	-16.1	173.0	117.1	88.6	47.3	101.6	101.5	559,494	2.0
N.A.	N.A.	N.A.	130.3	N.A.	N.A.	N.A.	N.A.	N.A.	885,039	2.7
97,893	78,892	15.9	103.9	102.8	100.4	102.0	103.1	102.5	146,896	0.7
305,406	318,919	-12.6	115.2	115.1	113.0	111.5	116.4	114.1	496,938	3.2
140,096	127,473	4.5	103.0	100.5	97.6	97.7	98.3	99.6	85,684	1.9
201,985	227,941	-7.1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
139,999	135,746	3.1	135.1	109.1	106.3	101.6	101.6	111.3	263,235	1.6
25,165	22,548	47.4	118.8	110.3	103.6	111.2	214.9	112.7	1,054,647	1.6
199,230	270,222	-11.1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
137,808	167,331	-2.7	93.6	43.7	26.1	26.5	54.2	49.7	199,519	0.2
71,171	78,420	13.1	107.8	100.3	99.9	100.5	102.4	102.8	166,222	1.1
226,364	197,162	-6.1	135.7	102.3	95.9	95.7	95.6	103.6	315,310	1.1
134,257	108,671	5.5	116.1	113.6	113.0	115.3	115.7	114.8	36,965	0.3
134,069	223,852	-8.8	165.8	106.0	100.4	N.A.	N.A.	N.A.	406,800	5.0
133,740	148,546	-1.1	109.4	109.7	111.1	98.7	93.7	108.0	471,069	2.7
72,182	103,961	6.1	109.7	108.8	108.6	117.6	114.8	111.6	206,788	1.4
130,497	137,190	0.2	111.3	108.2	109.6	108.5	107.9	109.1	314,655	9.3
73,204	69,170	14.2	132.0	117.9	95.0	63.9	72.2	100.2	258,744	14.9
176,525	241,629	-11.4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
41,203	54,731	19.2	106.4	99.8	94.8	111.7	N.A.	N.A.	276,657	1.8
122,075	120,938	0.8	106.1	108.2	109.8	110.5	109.0	108.7	N.A.	N.A.
32,623	27,673	35.4	111.9	104.6	104.7	106.8	106.2	107.3	297,235	1.1
108,137	110,068	1.2	102.5	104.6	95.1	89.7	90.0	96.5	164,293	1.4
111,578	109,683	0.8	N.A.	N.A.	114.4	110.0	122.5	N.A.	521,357	N.A.
514,318	470,647	-25.0	146.6	103.0	102.8	101.2	103.1	108.4	986,735	2.2
190,151	201,916	-11.3	130.1	82.3	43.7	46.5	53.3	67.2	202,590	0.5
137,249	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
112,667	141,740	-4.9	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
155,822	172,317	-8.8	80.8	91.1	89.5	92.3	91.2	89.3	583,161	1.5
131,548	110,066	-0.6	88.3	87.2	90.8	87.1	81.0	87.2	182,549	1.8
225,881	251,604	-16.2	213.1	110.3	106.0	93.3	92.9	114.6	495,732	2.3

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written (US\$000s)

Rank	Ratings as of Aug. 4, 2000	Security Circle	Company	Country	Net Reinsurance		
					1999	1998	1997
130	AAA	●	Swiss Reinsurance Australia Ltd.	AUSTRALIA	100,395	78,632	77,928
131	AA	●	Trans Re Zurich Reinsurance Co.	SWITZERLAND	99,875	144,238	170,767
132	N.R.		D.B.V. Winterthur Rückversicherungs AG	GERMANY	93,960	107,666	107,108
133	A+	●	IPCR Ltd.	BERMUDA	93,346	111,265	117,050
134	BBBpi		Nisshin Fire & Marine Insurance Co. Ltd.	JAPAN	91,287	89,123	102,240
135	AA	●	Houston Casualty Co.	UNITED STATES	90,674	79,965	74,443
136	BBBpi		Munich Reinsurance of Africa	SOUTH AFRICA	90,122	89,410	107,252
137	BB+		European Specialty Reinsurance (Bermuda)	BERMUDA	86,358	55,814	25,392
138	N.R.		Great Lakes Insurance Co.	UNITED STATES	85,061	81,092	99,396
139	AA-	●	Gerling Global General & Reinsurance Ltd.	UNITED KINGDOM	84,471	53,018	30,723
140	AAA	●	Swiss Reinsurance Co. of Canada	CANADA	83,043	71,919	89,669
141	BBBpi		Egyptian Reinsurance Co.	EGYPT	82,004	85,304	79,921
142	N.R.		London Life & General Reinsurance Co.	IRELAND	81,535	56,391	56,383
143	AA	●	NAC Reinsurance International Ltd.	UNITED KINGDOM	78,361	46,440	54,195
144	AAA	●	General & Cologne Reinsurance Co. South Africa	SOUTH AFRICA	76,402	54,277	28,870
145	BBBpi		Swiss Re Mexico S.A.	MEXICO	75,222	42,442	49,246
146	N.R.		Swiss Re Southern Africa Ltd.	SOUTH AFRICA	71,879	144,908	72,890
147	AAA	●	Munich Reinsurance Co. of Canada	CANADA	69,889	73,025	75,830
148	AA	●	Putnam Reinsurance Co.	UNITED STATES	69,590	62,867	55,968
149	A+	●	PXRE Reinsurance Co.	UNITED STATES	69,502	69,575	83,364
150	AAA	●	Munich Reinsurance Co. of Australia	AUSTRALIA	68,064	60,315	63,050
			Total		82,937,500	80,258,756	76,286,493

- Standard & Poor's has provided estimates for these companies.
 - GE Reinsurance was formed in 1999 as a result of the merger between Kemper Re and First Excess & Reinsurance. Prior year results reflect those of Kemper Re.
 - Company results contain a portion of primary operations.
 - Gerling Global Re Corp. of America was merged with Constitution Re in 1999. Prior year results reflect those of Constitution Re.
 - Odyssey American Re, formerly known as TIG Re, was formed in 1999. Prior year results reflect those of TIG Re.
 - Le Mans Re was formed in 1999 as a joint venture between XL Capital and Les Mutuelles du Mans Assurances (MMA). Prior year results reflect those of former MMA reinsurance operation La Mutuelles du Mans Assurances (IARD).
- N.A. Not available.
N.R. Not rated.

Premiums Written		Average Growth Rate (%) 1995-1999	Combined Ratio (%)					Weighted Average (%) 1995-1999	Net Technical Reserves 1999	Technical Reserves/ Adjusted Shareholders' Funds 1999
1996	1995		1999	1998	1997	1996	1995			
115,494	107,930	-1.4	133.3	111.2	95.2	108.0	104.0	110.7	220,132	0.9
146,832	169,624	-10.1	111.9	106.5	104.1	106.9	106.6	107.1	N.A.	N.A.
69,981	75,508	4.5	94.7	107.0	102.8	94.8	95.1	99.5	121,995	2.6
111,569	104,096	-2.2	159.3	73.5	31.5	45.1	52.0	69.8	127,805	0.3
107,204	127,126	-6.4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
82,501	82,286	2.0	137.3	83.9	70.0	72.0	77.2	90.2	155,371	0.6
93,692	91,021	-0.2	111.2	118.0	109.0	106.6	101.3	109.4	104,822	1.9
N.A.	N.A.	N.A.	102.5	90.1	90.5	N.A.	N.A.	N.A.	92,419	0.6
62,604	16,601	38.6	46.5	50.9	58.5	50.7	30.3	51.0	5,266	0.0
26,622	53,351	9.6	113.7	116.8	121.9	130.6	115.0	117.5	188,756	3.9
85,199	106,141	-4.8	108.2	109.8	108.5	118.2	104.9	109.8	245,564	2.2
76,545	74,733	1.9	96.5	91.6	121.6	95.6	101.5	101.2	230,479	1.3
76,361	43,908	13.2	113.3	102.9	100.4	98.6	99.1	103.6	98,623	1.0
57,519	45,158	11.7	132.8	111.8	108.1	106.2	112.6	115.9	176,545	1.5
26,734	34,826	17.0	114.9	119.0	117.0	114.0	N.A.	N.A.	73,963	1.7
39,359	44,423	11.1	127.6	N.A.	99.3	105.6	106.5	N.A.	113,918	5.1
118,674	120,001	-9.7	133.3	105.3	111.0	117.5	120.3	118.1	184,705	1.8
93,960	69,424	0.1	100.8	120.0	103.4	103.0	96.7	104.8	197,612	2.1
53,235	-12,350	-241.3	106.4	101.5	99.9	101.2	71.5	97.2	128,664	1.2
66,321	97,529	-6.6	169.9	104.6	44.3	49.7	54.2	81.1	95,995	0.2
83,981	56,193	3.9	148.0	134.9	112.5	110.0	87.0	118.8	179,395	2.1
76,312,770	78,624,004	1.1	115.2	103.8	99.7	99.0	100.3	102.9	192,043,184	2.4



Light at the End of the Tunnel

Better times are forecast for the European reinsurance sector. Rates, terms, and conditions have improved significantly in many classes.

However, the pain endured in 1998 and 1999 has not run its full course, and results in 2000 are expected to be weak. Reflecting this, Standard & Poor's ratings outlook on European reinsurers, first adopted in 1998, remains negative.

In 1999, operating results were down substantially because of a combination of the high frequency of catastrophes, with eight estimated insured losses of \$1 billion or greater and very low reinsurance premium rates. As a result, European reinsurers posted an average combined ratio (net claims incurred plus expenses over premiums) of a massive 130.3% in 1999, up from 107.3% in 1998. The premium-weighted combined ratio averages were 116.4% and 108.0% for 1999 and 1998, respectively. This illustrates the particular difficulties that small reinsurers faced.

The average return on revenues were -12.0% and 7.4% in 1999 and 1998, respectively, with the weighted average figures being -0.7% and 2.6% in 1999 and 1998, respectively.

High frequency of large losses

Two of the largest losses in 1999 were the European storms, Martin and Lothar, with estimated insured losses of \$4.5 billion and \$2.2 billion, respectively. However, in 1999, additional catastrophes struck — more storms hit Europe, an earthquake occurred in Turkey, and the Anatol storm bombarded Northern Europe/Scandinavia. European-based reinsurers also suffered several catastrophes outside Europe. Although no single event approached the destruction caused by Hurricane Andrew in the U.S. in 1992, the large loss frequency in 1999 caught many companies by surprise, leading many reinsurers to purchase additional sideways retrocession cover in 2000.

European losses were greater than had ever been experienced or, indeed, anticipated by many continental writers. In France and Denmark, several insurance companies found that they had significantly under-reinsured and incurred large net losses. For reinsurers, this meant that they were exposed much lower down the risk spectrum than anticipated.

1999 Top 10 European Reinsurance Companies (Ranked by Net Reinsurance Premiums Written)

Ratings as of Aug. 4, 2000	Company	Country	Net Reinsurance Premiums Written (US\$000s) 1999
AAA ●	Munich Reinsurance Co.	GERMANY	9,677,745
AAA ●	Swiss Reinsurance Co.	SWITZERLAND	4,598,125
A+ ●	Lloyd's	UNITED KINGDOM	3,799,211
AAA ●	Allianz AG	GERMANY	3,299,013
AA+ ●	Hannover Rückversicherungs AG	GERMANY	2,212,544
AAA ●	Kölnische Rückversicherung*	GERMANY	2,157,618
AA- ●	Gerling-Konzern Globale Rückversicherungs	GERMANY	2,126,164
AA ●	Assicurazioni Generali SpA	ITALY	1,906,367
AAA ●	ERC Frankona Rückversicherungs	GERMANY	1,655,700
AAA ●	Bayerische Rückversicherung	GERMANY	1,212,266

* Estimated results for 1999.

N.A. Not available.

● Security Circle Insurer.

Where they had expected to be participating at peak exposure levels, gross claims exceeded some programs by more than 100%. Furthermore, original estimates reflected in insurers' and reinsurers' 1999 results have proven to be significantly understated because of the proximity of the loss events to the fiscal year end.

Casualties in 1999

There were a number of European casualties as a result of 1999 losses. Rhine Re required a \$100 million capital injection from its parent, KKR, to restore its balance sheet. This was partly used to acquire Imperial Re, which also suffered large losses in 1999. Veritas failed to find a new parent company, and its losses caused its rating to plunge into the vulnerable range. ARIG's losses included those of its now closed, poorly performing U.K. subsidiary. Finally, Odyssey Re London was also closed to new business.

Outlook

Although retrocession premiums began to improve in 1999, Standard & Poor's believes the effect on profits will be deferred. Recovery in reinsurance earnings will be limited because of the following factors:

- Proportional reinsurance rates reflect underlying insurance rates. In some markets, insurers will be

able to obtain premium increases as a result of natural catastrophe claims. However, continued competition in many markets will temper the level and speed of insurance premium increases.

- The recovery of reinsurance premiums will be hampered by the many multiyear reinsurance contracts with fixed premium terms, which do not expire until the end of 2000.
- The Martin, Lothar, and Anatol storms occurred in December 1999, when many Jan. 1, 2000, renewals had already been negotiated. Accordingly, premium increases will not begin to filter through reinsurers' income statements until 2001. The timing of the winter storms coincided with fiscal year ends, leading some insurers to underestimate claims — indeed, some companies' estimates had doubled.
- Reinsurance capacity, including for large property risks and high concentrations, such as energy risks, remains plentiful. Capital remains strong across the industry, although several companies will seek to replenish capital lost in 1999.
- Rate increases at the Jan. 1, 2001, renewal will be tempered by the availability of alternative risk financing mechanisms.

Therefore, although underwriters will likely see rate improvement in 2000, a return to profitability is likely to be some way off. Some reinsurance buyers have already found costs increasing, including some French and Danish companies that purchased inadequate windstorm protections in 1999. In addition, the retrocession market, in which reinsurers purchase their protection, has experienced increasing rates and capacity reductions. Standard & Poor's expects rates to continue increasing in 2001 as many multiyear protections expire. However, the continued supply of capital and availability of alternative protection methods, including capital market mechanisms, will temper both the speed and degree of rate increases. The next renewal, which is likely to be the most interesting one in many years, has begun particularly early, with some Jan. 1, 2001, discussions starting in June 2000.

Rob Jones

Director, London

Christian Dinesen

Director, London

Combined Ratio (%)	Return on Revenue (%)	Adjusted Shareholders' Funds (US\$000s)
1999	1999	1999
120.6	-0.2	6,809,471
119.9	13.3	4,426,875
N.A.	N.A.	9,072,581
107.4	3.4	45,727,553
111.4	-0.7	1,923,283
115.3	N.A.	1,615,040
117.4	-2.1	946,382
N.A.	N.A.	N.A.
107.1	8.3	1,319,200
106.1	5.4	2,137,499

Making the Transition

Historically, reinsurers, because of their risk selection and improved portfolio diversification practices, have generated higher returns than primary insurance companies.

Reinsurers have been able to attract capital and technical expertise, which has enhanced the value and resources they bring to the insurance market. In 1999, for the first time in more than a decade, these benefits did not translate into better returns as evidenced by returns on revenue (RORs) of 0.6% and 5.7% for reinsurers and primary insurers, respectively.

Years of soft market conditions, exacerbated by excess capacity and growing competition, have weakened the profit potential of top-line growth. The degree to which pricing power has declined is forcing companies to raise loss expectations for more current accident years, to release reserve redundancies accumulated from earlier accident years, and to plan for higher levels of paid losses that will depress their ability to increase investment income. These fundamentals foreshadow shrinking capital levels and signal partial capacity withdrawal.

The U.S. reinsurance industry's statutory surplus decreased 3.7% in 1999 to \$54.2 billion from \$56.3 billion in 1998, the second decline experienced by U.S. professional non-life reinsurers in the last decade. Underwriting losses coupled with lower re-investable rates for new premium and higher levels of paid losses undermined generally stable investment returns. Capitalization remains very strong for reinsurers in the secure range of Standard & Poor's insurer financial strength ratings.

Despite tough market conditions, the U.S. reinsurance market continues to be a formidable force in the global non-life reinsurance market, with gross written premiums of \$27.5 billion, representing 24.4% of worldwide premiums. Large reinsurance writers dominate the market, in which the top 25 U.S. property/casualty reinsurers generated \$20.5 billion in net written premiums, representing 91% of the U.S. reinsurance market in 1999. Continued merger and acquisition activity is expected to increase industry concentration.

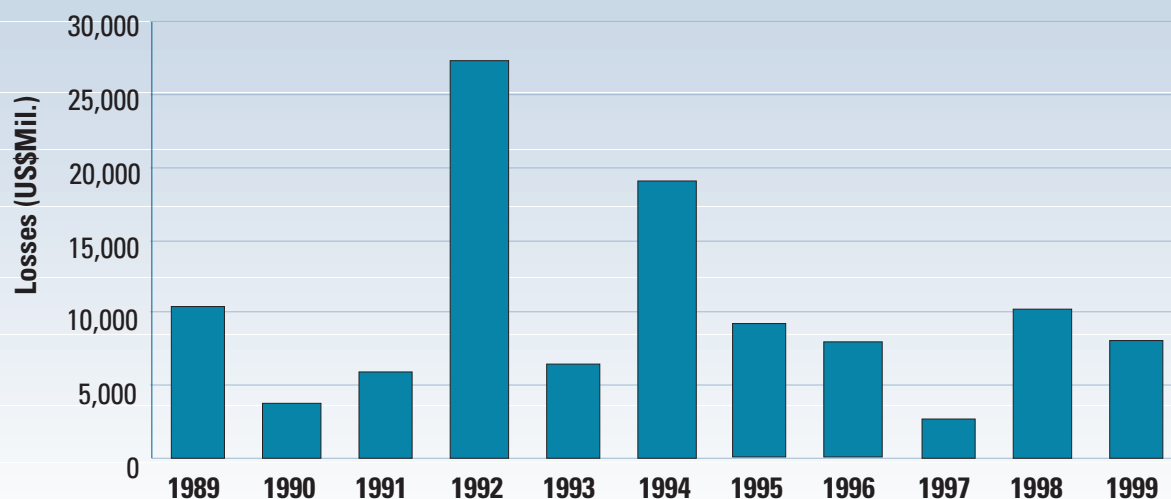
With the exception of 1998, a year in which net written premiums dropped 3.1% to \$21 billion, the last five years have seen fairly dramatic growth, with net written premiums growing to \$22.5 billion in 1999. Despite reinsurers' preference to write excess of loss contracts, in which, generally, the lower premium compensates for the lower probability of loss, the growth in the business has been with traditional, first-dollar protection.

1999 Top 10 U.S. Reinsurance Companies (Ranked by Net Reinsurance Premiums Written)

Ratings as of Aug. 4, 2000	Company	Net Reinsurance Premiums Written (US\$000s) 1999
AAA ●	American Re-Insurance Co.	2,821,261
AAA ●	General Reinsurance Corp.	2,574,930
AAA ●	Employers Reinsurance Corp.	1,888,579
AA ●	Transatlantic Reinsurance Co.	1,322,208
AA- ●	Everest Reinsurance Co.	1,108,070
A+ ●	GE Reinsurance Corp.	1,081,061
AAA ●	Swiss Reinsurance America Corp.	1,046,400
AA ●	Zurich Reinsurance North America	967,313
AAA ●	National Indemnity Co.	881,917
AA- ●	Gerling Global Reinsurance Corp. of America	878,463

● Security Circle Insurer.

Estimated Catastrophe Losses for U.S. P/C Industry (Amounts Adjusted for Inflation)



In the last five years (see U.S. Reinsurers Net Premiums Written), excess of loss premium levels have been fairly stable at \$9 billion. Financial risk, although a small component at about \$300 million, has demonstrated consistent growth during this period. The real growth has been in pro rata accounts, in which ceding companies, confronted with the need to maintain premium volume within a low inflation environment and escalating cost pressures, need loss protection. Reinsurers, faced with excess capacity,

have been more willing to assume a loss-generating, risk-taking position.

About one third of the pro rata accounts written in 1999 were in commercial long-tailed lines; not surprising, given the primary insurance market's weak ability to remedy inadequate pricing quickly. The largest lines of business in 1999 (see Major Product Lines on p. 34), representing more than 50% of net written premiums in the aggregate, were other liability, private passenger auto liability, commercial multiperil, workers' compensation, and group accident and health. The inclusion of group accident and health is interesting in its own right, given the startling rate of growth from a very modest base of \$220 million in 1995. This trend suggests that the recent adoption of NAIC risk-based capital formulas for health companies may have heightened their evaluation of net risk retained at the health organizations and a willingness to tap the reinsurance market.

Marine, multiperil for homeowners and farmowners, and international product lines have seen stagnant growth or even contraction, at least in part because of underlying shrinkage in demand and inadequate pricing rates.

Top-line growth did not translate into underwriting profitability in 1999. The combined ratio for reinsurers domiciled in the U.S. was 112.3%, a 9.2 point deterioration from the previous year. The year 1999 has demonstrated the cumulative effect of uncompensated, increased risk exposures. These were partially offset by reserve releases related to earlier accident years, unlike other years in which significant loss events could be identified as the underlying factors. One-year reserve development for 1997 and 1998 accident years exceeded \$1.4 billion, compared with the

Top-line growth did not translate into underwriting profitability in 1999. The combined ratio for reinsurers domiciled in the U.S. was 112.3%, a 9.2 point deterioration from the previous year.

Combined Ratio (%)	Return on Revenue (%)	Adjusted Shareholders' Funds (US\$000s)
1999	1999	1999
115.3	-7.8	2,146,112
117.4	8.9	4,642,334
116.2	-0.6	4,269,714
106.4	7.0	1,442,571
103.3	16.5	1,147,579
116.3	-5.2	754,728
109.5	2.7	1,243,991
107.6	9.9	906,193
122.9	-112.2	27,563,909
105.2	-2.0	562,152

U.S. Review

Flat reserve levels continue to raise concerns about the prospective adequacy of loss reserves for the property/casualty reinsurance industry.

annual pro rata premium of about \$10 billion. The release of \$850 million in reserves redundancies built up in 1996 and prior accident years softened the effect of these losses, resulting in a net loss development of only \$600 million for the reinsurance industry in 1999. This demonstrates that the vast majority of the industry did reduce reserve redundancies built up over many years to offset loss development in current years. It is also safe to assume that, given the losses that were reported in 1999, the level of reserves redundancies have been severely depleted. Earnings deterioration from prior years is likely to add one to two points to combined ratios for the next two years.

In 1999, the top 10 professional reinsurers (representing 83% of the U.S. market) generated 64% of net premium volume, leveraging from a strong capital base. Capital rich and large-capacity providers did not escape the ravages of increasing risk exposures without improving premium rates. These large-capacity providers averaged a combined ratio of 112%, driving the market average, suggesting that they may have been too eager to put their capital to work and susceptible to unfavorable market conditions. The direct writers were hit the hardest, generally, with combined ratios of 115.3%, 117.4%, 116.2%, and 109.5% for American Re-Insurance Co., General Reinsurance Corp., Employers Reinsurance Corp., and Swiss Reinsurance America Corp., respectively. The large broker reinsurers, Transatlantic Reinsurance and Everest Reinsurance Co., fared extremely well, with combined ratios of 106.4% and 103.3%, respectively. High losses can threaten survival as evidenced by Capital Reinsurance

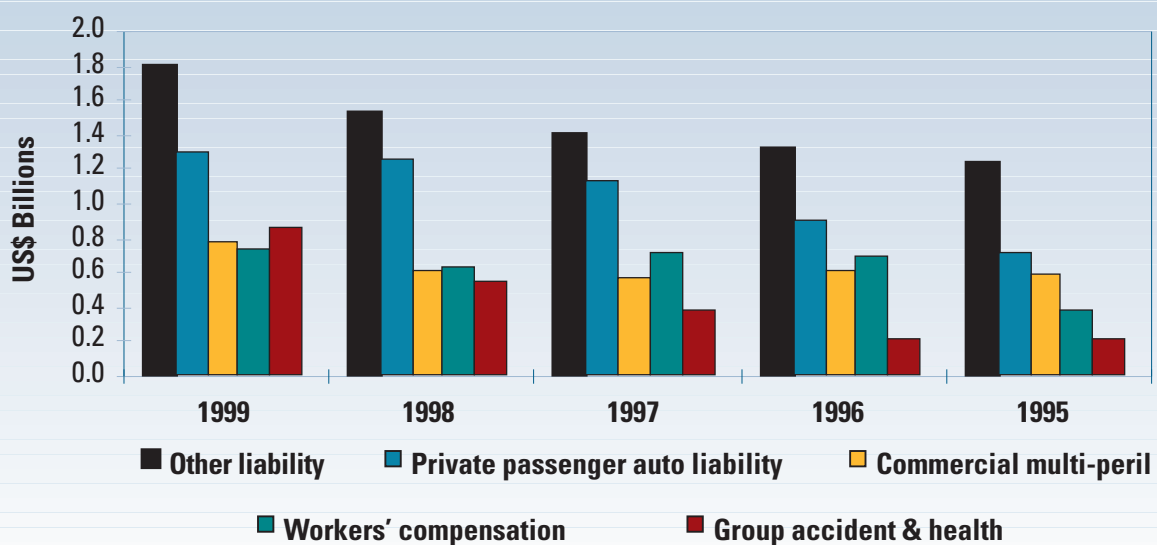
Co.'s financial guaranty losses that forced it to find a strong parent as it successfully did with ACE to form ACE Guaranty Re Inc.

Although inadequate pricing and uncompensated expansion of terms and conditions for risks written in recent accident years are accountable for underwriting losses, one-time property loss events continue to plague the industry's results. The frequency and severity of property damage is estimated to produce insured losses of approximately \$8 billion in 1999.

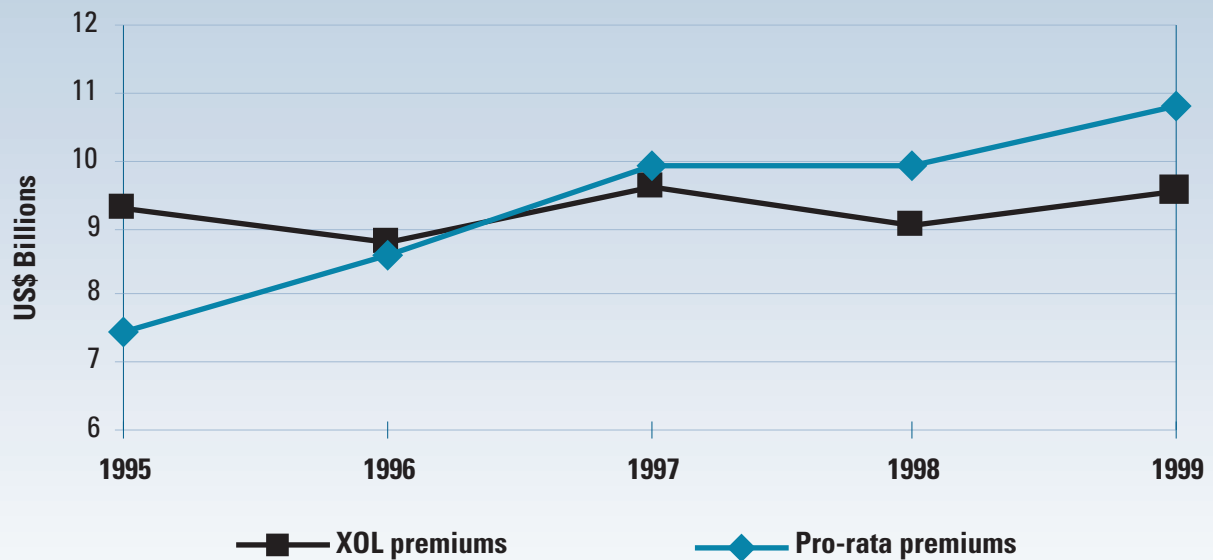
Flat reserve levels continue to raise concerns about the prospective adequacy of loss reserves for the property/casualty reinsurance industry. The level of loss and loss adjustment reserves compared with earned premiums has decreased modestly to 2.1 times (x) in 1999 and has consistently hovered around 2.2x in the last five years. In light of premium rates under pressure and expanded terms and conditions, the amount of risk assumed for any given premium dollar has increased with no measurable increase in loss reserves.

No part of the income statement was spared the financial pressures associated with writing reinsurance in a highly competitive market. Net investment income decreased 4.2% in 1999 to \$4.3 billion from \$4.5 billion in 1998. Total assets grew modestly by 1.1% in 1999, and invested assets remain a significant component of total assets at 90%. The expected positive correlation of top-line growth and an increasing invested asset base was offset largely by \$16.4 billion in net losses paid in 1999, a 22% increase from 1998 levels, and a 128% increase from levels reached five years earlier. A low

Major Product Lines by Net Premiums Written



U.S. Reinsurers Net Premiums Written



Excludes premiums generated from reinsurance divisions of primary insurance companies.

interest rate environment in the latter half of the 1990s has limited reinsurers' ability to invest new cash flow at attractive yields. Standard & Poor's believes it is reasonable to expect continuing high levels of losses to be paid in light of the greater percentage of working layer risks being reinsured, which constrains the role growth investment returns can play in the growth of capital.

Reinsurance recoveries on paid losses increased to \$1 billion in 1999, with 20% related to accounts due more than 120 days. The percentage of noncurrent reinsurance recoverables, in light of increasing reinsurance utilization, may become a matter of concern if the increase is related to credit risks and not to timing patterns.

Pretax operating income, excluding capital gains (losses), plummeted 96% in 1999 to \$142 million, largely as a result of lackluster underwriting and investment returns. ROR (defined as pretax operating income divided by total revenue, excluding capital gains) for U.S.-domiciled reinsurers declined to 0.6% in 1999 from 13.4% in 1998 and is significantly lower than the 10.3% five-year average ROR.

Outlook

Standard & Poor's believes the combination of weak pricing in the 1997-1999 period and less rigorous reserve levels will continue to depress earnings at levels that cannot be completely offset by the purported price increases of 5%-10% for risks written in 2000. Standard & Poor's expects further combined ratio deterioration, and net investment income stagnation could lead to rating downgrades as the level of capital

adequacy declines. As the new millenium unfolds, the challenge for reinsurers will not only be to meet the new and changing demands of the future, but to be accountable for the sins of the past.

Grace Osborne
Director, New York

Global Reinsurance List (By Country – US\$000s)

Ratings as of Aug. 4, 2000	Security Circle	Company	Net Reinsurance Premiums Written		
			1999	1998	Change (%)
ALGERIA					
N.R.		Cie. Centrale de Reassurance ¹	17,442	20,234	-13.8
		Total	17,442	20,234	-13.8
ARGENTINA					
N.R.		General & Cologne Re Cia De Reas S.A.	202,908	72,247	180.9
		Total	202,908	72,247	180.9
AUSTRALIA					
AAA	●	Munich Reinsurance Co. of Australia	68,064	60,315	12.8
A+	●	QBE Insurance Ltd.	587,500	487,736	20.5
AAA	●	Swiss Reinsurance Australia Ltd.	100,395	78,632	27.7
A+	●	Sydney Reinsurance Co. Ltd.	46,274	50,753	-8.8
		Total	802,232	677,436	18.4
AUSTRIA					
Api		Generali Holding Vienna AG ⁴	314,382	259,049	21.4
BBBpi		Generali Rückversicherung AG	34,058	42,550	-20.0
A	●	Kölnische Rück Wien Rückversicherungs AG	64,539	58,869	9.6
N.R.		UNIQA Versicherungen AG ⁴	274,372	N.A.	N.A.
		Total	687,350	360,468	90.7
BAHRAIN					
A-	●	ARIG Reinsurance Co. BSC	103,679	175,915	-41.1
		Total	103,679	175,915	-41.1
BARBADOS					
N.R.		European International Reinsurance Co. Ltd.	28,009	12,221	129.2
N.R.		London Life and Casualty Reinsurance Corp.	265,320	222,227	19.4
AA-	●	Royal Bank of Canada	305,888	173,381	76.4
		Total	599,218	407,829	46.9
BELGIUM					
A-	●	SECURA Societe de Reassurances	142,181	146,412	-2.9
		Total	142,181	146,412	-2.9

Adjusted Shareholders' Funds Change (%)			Combined Ratio (%)		Pretax Operating Income Change (%)			Return on Revenue (%)	
1999	1998		1999	1998	1999	1998		1999	1998
N.A.	N.A.	N.A.	N.A.	88.0	N.A.	7,213	N.A.	N.A.	21.3
N.A.	N.A.	N.A.	N.A.	88.0	N.A.	7,213	N.A.	N.A.	21.3
30,705	22,802	34.7	102.7	102.6	6,664	4,426	50.6	3.2	5.6
30,705	22,802	34.7	102.7	102.6	6,664	4,426	50.6	3.2	5.6
86,838	89,514	-3.0	148.0	134.9	(21,485)	(6,824)	N.M.	-27.9	-8.2
382,194	328,975	16.2	104.9	94.2	43,422	77,192	-43.7	6.8	15.5
253,355	253,035	0.1	133.3	111.2	(197)	29,475	-100.7	-0.2	25.2
373,307	322,613	15.7	111.1	104.5	209	5,799	-96.4	0.4	9.7
1,095,693	994,137	10.2	112.4	100.9	21,949	105,642	-79.2	-5.2	10.5
2,535,066	2,456,456	3.2	109.5	99.1	63,916	70,477	-9.3	17.0	21.5
132,819	148,381	-10.5	106.1	103.5	3,837	5,903	-35.0	8.8	12.3
28,992	39,802	-27.2	110.8	108.2	(2,322)	1,889	-222.9	-3.3	3.1
1,596,215	N.A.	N.A.	111.8	N.A.	(2,130)	N.A.	N.A.	-0.7	N.A.
4,293,092	2,644,639	62.3	110.4	101.0	63,301	78,269	-19.1	5.5	12.3
211,975	323,765	-34.5	213.1	110.3	(100,690)	11,229	-996.7	-53.7	5.1
211,975	323,765	-34.5	213.1	110.3	(100,690)	11,229	-996.7	-53.7	5.1
485,319	521,856	-7.0	341.8	798.7	(14,413)	(11,330)	N.M.	-17.7	-0.4
335,649	367,156	-8.6	115.3	108.2	49,142	39,594	24.1	13.8	14.1
286,637	152,862	87.5	74.9	79.0	89,284	44,937	98.7	28.4	24.7
1,107,604	1,041,874	6.3	104.5	116.5	124,014	73,201	69.4	8.2	12.8
146,353	171,846	-14.8	116.1	113.6	(1,594)	(723)	N.M.	-1.0	-0.4
146,353	171,846	-14.8	116.1	113.6	(1,594)	(723)	N.M.	-1.0	-0.4

Global Reinsurance List (By Country – US\$000s)

Ratings as of Aug. 4, 2000	Security Circle	Company	Net Reinsurance Premiums Written		
			1999	1998	Change (%)
BERMUDA					
AA	●	Centre Solutions (Bermuda) Ltd.	374,483	338,466	10.6
AA-	●	Commercial Risk Reinsurance Co. Ltd.	320,717	205,073	56.4
BB+		European Specialty Reinsurance (Bermuda)	86,358	55,814	54.7
A+	●	IPCRe Ltd.	93,346	111,265	-16.1
A-	●	LaSalle Reinsurance Ltd.	110,819	147,501	-24.9
A-	●	Latin American Reinsurance Co. Ltd.	33,208	18,402	80.5
N.R.		Odyssey Re (Bermuda) Ltd.	65,535	69,652	-5.9
N.R.		Overseas Partners Ltd.	819,683	908,995	-9.8
AA	●	Partner Reinsurance Co. Ltd.	467,023	161,617	189.0
A	●	Renaissance Reinsurance Ltd.	205,192	167,152	22.8
AA-	●	Scandinavian Reinsurance Co. Ltd.	200,298	84,322	137.5
N.R.		Stockton Reinsurance Ltd.	157,020	202,769	-22.6
A+	●	Tempest Reinsurance Co. Ltd.	145,673	89,855	62.1
BBB	●	Terra Nova (Bermuda) Insurance Co. Ltd.	49,676	201,724	-75.4
AA	●	XL Mid Ocean Reinsurance Ltd.	395,610	444,111	-10.9
		Total	3,524,641	3,206,718	9.9
BRAZIL					
BBpi		IRB Brasil Resseguros S.A.	374,696	394,090	-4.9
		Total	374,696	394,090	-4.9
CANADA					
AA-	●	Gerling Global Reinsurance Co. of Canada	23,790	18,834	26.3
AAA	●	Munich Reinsurance Co. of Canada ¹	69,889	73,025	-4.3
AAA	●	Swiss Reinsurance Co. of Canada	83,043	71,919	15.5
		Total	176,722	163,778	7.9
CHILE					
N.R.		Caja Reaseguradora de Chile S.A. ¹	30,292	34,234	-11.5
		Total	30,292	34,234	-11.5
COLOMBIA					
N.R.		Reaseguradora de Colombia S.A.	21,958	28,275	-22.3
		Total	21,958	28,275	-22.3
DENMARK					
A	●	Copenhagen Reinsurance Co. Ltd.	279,922	250,385	11.8
AAA	●	ERC Frankona Reinsurance A/S	484,200	426,826	13.4
BBBpi		Tryg-Baltica International	29,743	29,671	0.2
		Total	793,865	706,883	12.3

Adjusted Shareholders' Funds Change (%)			Combined Ratio (%)		Pretax Operating Income Change (%)			Return on Revenue (%)	
1999	1998	(%)	1999	1998	1999	1998	(%)	1999	1998
1,063,305	1,196,842	-11.2	150.3	148.8	11,500	11,091	3.7	2.5	2.7
210,904	227,868	-7.4	N.A.	N.A.	27,504	20,846	31.9	8.5	11.1
148,078	148,774	-0.5	102.5	90.1	903	6,529	-86.2	1.3	17.6
506,221	566,708	-10.7	159.3	73.5	(26,463)	61,516	-143.0	-21.1	41.0
382,197	430,053	-11.1	130.1	82.3	(5,679)	65,232	-108.7	-3.5	34.5
100,269	103,412	-3.0	117.7	144.0	1,155	(1,417)	N.M.	3.4	N.A.
120,221	155,664	-22.8	133.0	119.8	(16,097)	(5,144)	N.M.	-16.8	-6.2
2,547,383	2,524,669	0.9	108.9	69.3	9,402	332,268	-97.2	0.8	26.4
1,246,582	1,273,204	-2.1	90.0	12.0	131,447	218,457	-39.8	20.8	86.0
622,500	612,500	1.6	58.5	53.0	130,875	127,732	2.5	53.0	58.6
312,656	312,343	0.1	96.4	87.6	33,301	25,987	28.1	16.0	22.8
665,093	504,810	31.8	118.8	110.3	45,283	81,123	-44.2	23.2	32.7
1,151,406	1,466,751	-21.5	93.6	43.7	57,189	111,747	-48.8	28.4	62.6
177,039	333,897	-47.0	72.9	94.7	56,033	46,400	20.8	50.7	19.4
2,009,019	1,907,385	5.3	93.4	71.4	192,594	249,053	-22.7	31.4	40.5
11,262,873	11,764,880	-4.3	105.8	78.9	648,947	1,351,420	-52.0	13.2	32.1
426,467	378,435	12.7	N.A.	94.0	76,401	124,155	-38.5	11.4	25.5
426,467	378,435	12.7	N.A.	94.0	76,401	124,155	-38.5	11.4	25.5
37,028	36,377	1.8	105.1	109.1	3,231	2,055	57.2	11.8	9.2
94,921	81,216	16.9	100.8	120.0	13,085	(2,718)	N.M.	15.1	-3.2
109,910	104,891	4.8	108.2	109.8	7,281	8,999	-19.1	7.4	9.3
241,860	222,484	8.7	104.8	114.1	23,596	8,336	183.0	11.4	5.1
N.A.	53,608	N.A.	136.0	131.0	N.A.	1,119	N.A.	N.A.	2.1
N.A.	53,608	N.A.	136.0	131.0	N.A.	1,119	N.A.	N.A.	2.1
50,493	249,107	-79.7	102.6	110.2	5,149	103,966	-95.0	12.6	77.0
50,493	249,107	-79.7	102.6	110.2	5,149	103,966	-95.0	12.6	77.0
217,458	286,794	-24.2	135.1	119.7	(43,733)	(14,620)	N.M.	-14.7	-5.1
315,400	357,936	-11.9	92.1	103.2	85,400	53,808	58.7	16.3	11.2
43,405	52,879	-17.9	116.6	111.5	(486)	1,659	-129.3	-1.4	4.8
576,263	697,610	-17.4	108.0	109.6	41,180	40,847	0.8	0.1	3.6

Global Reinsurance List (By Country – US\$000s)

Ratings as of Aug. 4, 2000	Security Circle	Company	Net Reinsurance Premiums Written		
			1999	1998	Change (%)
EGYPT					
BBBpi		Egyptian Reinsurance Co.	82,004	85,304	-3.9
		Total	82,004	85,304	-3.9
FRANCE					
Api		Caisse Centrale de Reassurance S.A.	793,284	639,195	24.1
AA	●	CGRM	134,603	118,499	13.6
BBB+	●	Cie. Transcontinentale de Reassurance	195,499	208,668	-6.3
BBB-		CORIFRANCE	13,220	14,016	-5.7
A-	●	Le Mans Re ³	220,737	332,100	-33.5
BBBpi		Mutuelle Centrale de Reassurance	162,955	197,374	-17.4
AA	●	SAFR Partner Re	469,943	489,650	-4.0
A+	●	SOREMA	289,128	287,181	0.7
AA	●	SPS Reassurance S.A.	62,264	58,612	6.2
		Total	4,191,168	4,059,495	3.2
GERMANY					
AAA	●	Allianz AG ⁴	3,299,013	3,459,730	-4.6
N.R.		Alte Leipziger Rückversicherung AG	40,726	36,011	13.1
N.R.		AMB Aachener und Münchener Bet AG ⁴	195,602	258,175	-24.2
AAA	●	Bayerische Rückversicherung AG	1,212,266	1,378,705	-12.1
N.R.		D.B.V. Winterthur Rückversicherungs AG	93,960	107,666	-12.7
BBBpi		Delvag Rückversicherungs-AG	20,550	24,194	-15.1
BBBpi		Deutsche Rückversicherung AG ¹	235,257	257,823	-8.8
AA+	●	E+S Rückversicherungs AG	726,667	871,716	-16.6
AAA	●	ERC Frankona Rückversicherungs AG	1,655,700	1,637,616	1.1
Api		Europa Rückversicherung AG ¹	116,984	117,386	-0.3
BB+		European Specialty Rückversicherung AG	9,813	6,332	55.0
AA-	●	Gerling-Konzern Globale Rückversicherung ⁹	2,126,164	1,949,151	9.1
BBB+	●	Gothaer Rückversicherung AG	229,381	290,501	-21.0
AA+	●	Hannover Rückversicherungs AG	2,212,544	2,223,073	-0.5
BBBpi		Hanseatica Rückversicherung AG	27,729	28,483	-2.6
AAA	●	Kölnische Rückversicherung ¹	2,157,618	2,299,298	-6.2
N.R.		Mannheimer AG Holding ⁴	43,319	30,937	40.0
AAA	●	Munich Reinsurance Co. ^{1,9}	9,677,745	10,273,867	-5.8
AA-	●	R+V Versicherung AG	431,344	393,354	9.7
N.R.		Union AG für Versicherung	36,808	21,313	72.7
Api		Victoria Rückversicherung AG	284,585	306,265	-7.1
Api		Wüstenrot & Württembergische AG ⁴	289,097	318,745	-9.3
AA	●	Zurich Rückversicherung (Koln) AG	305,710	271,860	12.5
		Total	25,428,585	26,562,204	-4.3

Adjusted Shareholders' Funds Change			Combined Ratio (%)		Pretax Operating Income Change			Return on Revenue (%)	
1999	1998	(%)	1999	1998	1999	1998	(%)	1999	1998
180,685	156,563	15.4	96.5	91.6	29,412	14,650	100.8	21.6	12.0
180,685	156,563	15.4	96.5	91.6	29,412	14,650	100.8	21.6	12.0
1,018,986	1,264,118	-19.4	121.2	120.5	68,105	(13,074)	N.M.	8.6	-1.7
17,348	37,076	-53.2	132.0	117.9	16,127	(11,877)	N.M.	14.4	-10.0
153,394	175,369	-12.5	161.8	114.6	(109,041)	650	-16,870.9	-52.1	0.3
37,688	50,938	-26.0	131.9	119.3	(2)	2,106	-100.1	0.0	10.9
209,217	734,146	-71.5	140.0	75.6	4,301	29,021	-85.2	1.5	7.2
154,771	192,292	-19.5	115.2	115.1	2,676	4,494	-40.5	1.4	1.9
533,086	694,453	-23.2	123.7	105.5	(37,856)	65,990	-157.4	-6.3	11.0
358,082	541,571	-33.9	150.4	119.2	(97,075)	(18,816)	N.M.	-31.6	-5.8
104,046	125,730	-17.2	99.1	74.5	4,268	16,074	-73.4	8.7	29.2
5,196,790	6,687,923	-22.3	130.5	108.7	(148,497)	74,567	-299.1	-6.2	4.8
45,727,553	46,340,781	-1.3	107.4	104.0	124,926	644,802	-80.6	3.4	16.7
20,453	28,523	-28.3	115.3	119.8	(2,553)	(2,033)	N.M.	-5.8	-4.3
5,217,670	6,611,640	-21.1	105.6	106.2	172,975	158,422	9.2	40.8	34.3
2,137,499	2,712,262	-21.2	106.1	105.9	73,070	134,926	-45.8	5.4	8.2
47,765	30,183	58.3	94.7	107.0	20,931	(3,686)	N.M.	19.0	-3.3
8,833	11,040	-20.0	109.6	105.3	(789)	299	-364.0	-3.5	1.1
310,637	325,450	-4.6	96.0	98.5	9,955	30,659	-67.5	4.0	10.8
863,143	805,949	7.1	109.4	106.5	7,875	38,740	-79.7	0.9	3.8
1,319,200	1,097,802	20.2	107.1	107.1	154,900	(8,009)	N.M.	8.3	-0.4
113,402	127,744	-11.2	102.5	104.6	8,505	11,200	-24.1	6.7	8.5
9,449	11,755	-19.6	118.3	157.6	(253)	(123)	N.M.	-2.2	0.0
946,382	1,094,109	-13.5	117.4	105.2	(48,676)	107,416	-145.3	-2.1	5.0
256,147	270,509	-5.3	109.4	108.3	5,567	8,229	-32.3	2.2	2.5
1,923,283	2,097,440	-8.3	111.4	102.9	(16,123)	122,210	-113.2	-0.7	5.0
33,447	36,178	-7.5	101.6	111.4	(80)	(2,181)	N.M.	-0.3	-7.3
1,615,040	1,868,564	-13.6	115.3	112.5	N.A.	(14,731)	N.M.	N.A.	-0.6
638,888	697,113	-8.4	84.2	88.2	31,016	27,458	13.0	46.8	49.6
6,809,471	7,741,317	-12.0	120.6	102.7	(21,038)	311,995	-106.7	-0.2	2.9
1,588,715	1,620,093	-1.9	104.6	105.3	36,476	58,227	-37.4	7.3	12.3
10,903	11,465	-4.9	100.5	97.5	1,056	2,168	-51.3	2.7	9.2
477,139	484,628	-1.5	106.3	102.6	23,912	39,514	-39.5	7.7	11.1
1,893,952	1,387,298	36.5	99.9	100.2	106,408	45,505	133.8	26.7	11.4
153,189	129,642	18.2	87.4	90.5	11,295	19,451	-41.9	3.2	6.0
72,122,160	75,541,485	-4.5	113.7	104.5	699,355	1,730,457	-59.6	7.8	7.9

Global Reinsurance List (By Country – US\$000s)

Ratings as of Aug. 4, 2000	Security Circle	Company	Net Reinsurance Premiums Written		
			1999	1998	Change (%)
HONG KONG					
BBB+	●	China Reinsurance Co. (Hong Kong) Ltd.	62,339	72,991	-14.6
		Total	62,339	72,991	-14.6
INDONESIA					
N.R.		Reasuransi International Indonesia (REINDO) ¹	19,105	17,038	12.1
		Total	19,105	17,038	12.1
IRELAND					
AAA	●	Bavarian Reinsurance Ireland Ltd.	380,124	415,931	-8.6
AAA	●	Cologne Reinsurance Co. (Dublin) Ltd.	41,728	131,671	-68.3
N.R.		E+S Reinsurance Ireland	140,617	180,688	-22.2
BB+		European Specialty Reinsurance (Ireland) Ltd.	214,017	134,076	59.6
N.R.		Hannover Reinsurance Ireland Ltd.	331,665	248,626	33.4
N.R.		HDI Reinsurance (Ireland) Ltd.	202,138	175,771	15.0
N.R.		Hibernian Reinsurance Ltd.	19,438	21,746	-10.6
AAA	●	Irish European Reinsurance Co. Ltd.	62,400	105,000	-40.6
N.R.		London Life & General Reinsurance Co.	81,535	56,391	44.6
A+	●	QBE Insurance & Reinsurance Europe Ltd.	131,883	135,983	-3.0
		Total	1,605,545	1,605,884	0.0
ITALY					
AA	●	Assicurazioni Generali SpA	1,906,367	2,685,361	-29.0
AAA	●	Münchener Rückversicherung Italia SpA ¹	419,813	243,348	72.5
AAA	●	Swiss Re Italia SpA ¹	471,929	555,750	-15.1
		Total	2,798,109	3,484,459	-19.7
JAPAN					
AA-	●	Chiyoda Fire & Marine Insurance Co. Ltd.	454,527	366,975	23.9
AA	●	Dai-Tokyo Fire & Marine Insurance Co. Ltd.	279,385	237,633	17.6
AA-	●	Dowa Fire & Marine Insurance Co. Ltd.	150,457	147,608	1.9
BBB-		Fuji Fire & Marine Insurance Co.	158,007	151,354	4.4
BBBpi		Japan Earthquake Reinsurance Co. Ltd.	400,806	333,952	20.0
A+	●	Koa Fire & Marine Insurance Co. Ltd.	132,276	133,873	-1.2
BBBpi		Kyoei Marine and Fire Insurance Co.	110,158	104,945	5.0
AA	●	Mitsui Marine & Fire Insurance Co. Ltd.	318,638	352,271	-9.5
AA	●	Nichido Fire & Marine Insurance Co. Ltd.	216,221	198,728	8.8
AA-	●	Nippon Fire & Marine Insurance Co. Ltd.	231,030	231,587	-0.2
BBBpi		Nisshin Fire & Marine Insurance Co. Ltd.	91,287	89,123	2.4
A+	●	Nissan Fire & Marine Insurance Co. Ltd.	238,497	223,154	6.9
AA+	●	Sumitomo Marine & Fire Insurance Co. Ltd.	315,374	308,824	2.1

Adjusted Shareholders' Funds			Combined Ratio (%)		Pretax Operating Income			Return on Revenue (%)	
1999	1998	Change (%)	1999	1998	1999	1998	Change (%)	1999	1998
66,231	74,546	-11.2	94.7	95.5	13,324	9,745	36.7	17.2	12.7
66,231	74,546	-11.2	94.7	95.5	13,324	9,745	36.7	17.2	12.7
N.A.	9,276	N.A.	N.A.	143.2	N.A.	420	N.A.	N.A.	N.A.
N.A.	9,276	N.A.	N.A.	143.2	N.A.	420	N.A.	N.A.	N.A.
310,748	350,308	-11.3	128.8	116.3	30,585	(2,279)	N.M.	10.2	-0.5
202,369	202,460	0.0	91.7	107.2	41,440	27,496	50.7	51.1	15.9
171,775	186,375	-7.8	109.4	109.7	13,359	14,614	-8.6	8.2	5.4
81,779	105,167	-22.2	122.1	98.4	(22,936)	4,303	-633.0	-13.1	6.9
226,410	225,335	0.5	106.4	109.0	33,377	27,819	20.0	12.8	11.4
173,256	204,978	-15.5	98.0	100.2	26,571	27,737	-4.2	12.1	14.2
41,496	47,093	-11.9	127.6	93.9	(2,060)	5,651	-136.5	-9.1	21.7
57,800	53,000	9.1	91.2	97.4	20,100	11,000	82.7	24.6	10.4
101,433	103,263	-1.8	113.3	102.9	272	8,134	-96.7	0.3	12.2
156,450	138,093	13.3	106.4	99.8	33,841	11,014	207.3	24.6	9.5
1,523,516	1,616,072	-5.7	110.8	107.7	174,548	135,488	28.8	12.2	10.7
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
462,828	507,441	-8.8	117.4	109.4	4,710	5,164	-8.8	2.3	2.3
182,979	155,174	17.9	165.4	134.9	(64,261)	(43,124)	N.M.	-11.6	N.A.
645,808	662,615	-2.5	148.0	126.7	(59,551)	(37,960)	N.M.	-4.6	2.3
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.
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.
12,326	11,329	8.8	N.A.	N.A.	5,490	8,080	-32.1	0.0	1.7
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.
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.
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.
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.
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Global Reinsurance List (By Country – US\$000s)

Ratings as of Aug. 4, 2000	Security Circle	Company	Net Reinsurance Premiums Written		
			1999	1998	Change (%)
JAPAN (continued)					
BBBpi		Taisei Fire & Marine Insurance Co. Ltd.	109,975	99,227	10.8
AA-	●	Toa Reinsurance Co. Ltd.	965,507	917,795	5.2
AAA	●	Tokio Marine & Fire Insurance Co. Ltd.	831,794	683,507	21.7
AA+	●	Yasuda Fire & Marine Insurance Co. Ltd.	491,561	470,293	4.5
		Total	5,495,498	5,050,852	8.8
LEBANON					
BBpi		Arab Reinsurance Co.	12,166	14,247	-14.6
		Total	12,166	14,247	-14.6
LUXEMBOURG					
AA-	●	Namur Re S.A.	40,470	27,633	46.5
		Total	40,470	27,633	46.5
MALAYSIA					
BBBpi		Malaysian National Reinsurance Bhd.	106,915	129,825	-17.6
		Total	106,915	129,825	-17.6
MEXICO					
N.R.		Reaseguradora Patria S.A. ¹	N.A.	30,891	N.A.
BBBpi		Swiss Re Mexico S.A.	75,222	42,442	77.2
		Total	75,222	73,333	2.6
MOROCCO					
BBpi		Societe Centrale de Reassurance ¹	113,887	125,348	-9.1
		Total	113,887	125,348	-9.1
NIGERIA					
BBB	●	African Reinsurance Corp.	65,879	62,440	5.5
		Total	65,879	62,440	5.5
POLAND					
N.R.		Polish Reinsurance	30,857	23,228	32.8
		Total	30,857	23,228	32.8

Adjusted Shareholders' Funds			Combined Ratio (%)		Pretax Operating Income			Return on Revenue (%)	
1999	1998	Change (%)	1999	1998	1999	1998	Change (%)	1999	1998
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2,570,507	1,897,631	35.5	N.A.	N.A.	33,007	23,129	42.7	3.5	2.5
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.
2,582,832	1,908,960	35.3	N.A.	N.A.	38,497	31,208	23.4	1.8	2.1
27,641	20,411	35.4	114.0	121.9	3,055	2,828	8.0	16.7	12.7
27,641	20,411	35.4	114.0	121.9	3,055	2,828	8.0	16.7	12.7
22,608	16,928	33.6	84.0	94.2	150	2,344	-93.6	0.4	8.2
22,608	16,928	33.6	84.0	94.2	150	2,344	-93.6	0.4	8.2
99,465	89,398	11.3	88.3	87.2	18,132	30,020	-39.6	13.7	20.1
99,465	89,398	11.3	88.3	87.2	18,132	30,020	-39.6	13.7	20.1
N.A.	49,082	N.A.	N.A.	123.3	N.A.	(1,402)	N.M.	N.A.	-4.0
22,133	N.A.	N.A.	127.6	N.A.	(22,663)	N.A.	N.M.	-29.7	N.A.
22,133	49,082	-54.9	127.6	123.3	(22,663)	(1,402)	N.M.	-29.7	-4.0
N.A.	7,667	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
N.A.	7,667	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
49,965	50,442	-0.9	101.3	92.7	4,151	7,182	-42.2	5.7	11.1
49,965	50,442	-0.9	101.3	92.7	4,151	7,182	-42.2	5.7	11.1
28,599	33,755	-15.3	97.5	99.1	(4,449)	(2,594)	N.M.	-15.4	-8.9
28,599	33,755	-15.3	97.5	99.1	(4,449)	(2,594)	N.M.	-15.4	-8.9

Global Reinsurance List (By Country – US\$000s)

Ratings as of Aug. 4, 2000	Security Circle	Company	Net Reinsurance Premiums Written		
			1999	1998	Change (%)
SINGAPORE					
Api		Singapore Reinsurance Corp. Ltd.	24,104	27,615	-12.7
		Total	24,104	27,615	-12.7
SOUTH AFRICA					
AAA	●	General & Cologne Re Co. South Africa	76,402	54,277	40.8
AA-	●	Gerling Global Reinsurance Co. of South Africa Ltd.	43,398	32,480	33.6
BBBpi		Munich Reinsurance of Africa	90,122	89,410	0.8
N.R.		Swiss Re Southern Africa Ltd.	71,879	144,908	-50.4
		Total	281,802	321,075	-12.2
SOUTH KOREA					
BBB-		Korean Reinsurance Co.	837,056	627,277	33.4
		Total	837,056	627,277	33.4
SPAIN					
AA-	●	Mapfre Re Compania De Reaseguros S.A.	364,698	322,944	12.9
A	●	Nacional De Reaseguros S.A.	126,014	129,654	-2.8
		Total	490,712	452,598	8.4
SWEDEN					
BBBpi		Folksam International Insurance Co.	139,730	112,357	24.4
AA-	●	Sirius International Insurance Corp.	274,494	274,672	-0.1
		Total	414,225	387,029	7.0
SWITZERLAND					
N.R.		A.G. Re Cie. de Reass. General	24,274	26,057	-6.8
AAA	●	European Reinsurance Co. of Zurich	1,184,813	930,580	27.3
AA-	●	Gerling Global Reinsurance Co. Ltd.	138,644	140,713	-1.5
AAA	●	New Reinsurance Co.	490,876	1,111,524	-55.8
A-	●	Rhine Re	297,690	368,534	-19.2
AAA	●	Swiss Reinsurance Co.	4,598,125	5,202,174	-11.6
AA	●	Trans Re Zurich Reinsurance Co.	99,875	144,238	-30.8
B		Veritas Reinsurance Corp. Ltd.	267,108	269,035	-0.7
AA+	●	Zurich Versicherung AG	894,000	1,390,380	-35.5
		Total	7,995,405	9,583,234	-16.6
TAIWAN					
BBpi		Central Reinsurance Corp.	206,424	177,470	16.3
		Total	206,424	177,470	16.3

Adjusted Shareholders' Funds Change			Combined Ratio (%)		Pretax Operating Income Change			Return on Revenue (%)	
1999	1998	(%)	1999	1998	1999	1998	(%)	1999	1998
77,486	75,248	3.0	105.0	87.0	8,011	5,365	49.3	25.7	19.4
77,486	75,248	3.0	105.0	87.0	8,011	5,365	49.3	25.7	19.4
44,430	11,870	274.3	114.9	119.0	9,869	341	2,790.3	12.5	0.5
18,726	12,087	54.9	108.1	104.2	216	2,550	-91.5	0.5	7.1
53,932	47,872	12.7	111.2	118.0	5,424	2,504	116.6	5.6	2.4
100,152	69,907	43.3	133.3	105.3	(4,553)	8,298	-154.9	-4.3	9.0
217,240	141,736	53.3	118.4	112.8	10,956	13,694	-20.0	3.6	4.8
290,356	216,358	34.2	98.6	100.7	38,160	3,738	921.0	4.1	0.6
290,356	216,358	34.2	98.6	100.7	38,160	3,738	921.0	4.1	0.6
187,146	134,128	39.5	109.2	102.7	(376)	15,749	-102.4	-0.1	4.8
N.A.	70,009	N.A.	106.1	108.2	N.A.	(393)	N.M.	N.A.	-0.3
187,146	204,137	-8.3	107.7	104.3	(376)	15,357	-102.4	-0.1	2.2
142,931	151,390	-5.6	109.7	108.8	(6,987)	3,462	-301.8	-5.2	2.8
740,597	690,174	7.3	104.5	98.0	113,329	109,193	3.8	28.6	26.4
883,528	841,563	5.0	106.3	101.1	106,342	112,654	-5.6	11.7	14.6
43,319	42,144	2.8	96.6	95.2	4,094	4,410	-7.2	14.8	15.1
712,750	748,522	-4.8	112.2	112.6	53,313	(12,246)	N.M.	3.8	-1.2
34,001	39,241	-13.4	111.3	108.2	1,590	643	147.1	1.1	0.4
324,978	386,658	-16.0	114.8	100.9	(17,214)	(14,257)	N.M.	-3.2	-1.2
202,380	184,161	9.9	168.5	106.9	(151,275)	31,197	-584.9	-47.8	2.0
4,426,875	4,651,449	-4.8	119.9	110.7	806,875	464,493	73.7	13.3	7.5
48,938	51,641	-5.2	111.9	106.5	8,250	11,491	-28.2	7.0	7.0
84,787	248,568	-65.9	111.5	101.6	2,432	28,165	-91.4	0.7	9.3
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5,878,028	6,352,384	-7.5	119.6	109.0	708,065	513,895	37.8	-1.3	4.9
144,511	102,194	41.4	94.9	99.8	7,807	11,879	-34.3	3.4	6.1
144,511	102,194	41.4	94.9	99.8	7,807	11,879	-34.3	3.4	6.1

Global Reinsurance List (By Country – US\$000s)

Ratings as of Aug. 4, 2000	Security Circle	Company	Net Reinsurance Premiums Written		
			1999	1998	Change (%)
THAILAND					
BBpi		Thai Reinsurance Public Co. Ltd.	44,129	43,586	1.2
		Total	44,129	43,586	1.2
TUNISIA					
BBB-		B.E.S.T. Reinsurance Co.	23,125	18,574	24.5
		Total	23,125	18,574	24.5
TURKEY					
Bpi		Milli Reasurans T.A.S.	158,485	159,558	-0.7
		Total	158,485	159,558	-0.7
UNITED KINGDOM					
A-	●	BRIT Insurance Ltd.	22,873	19,395	17.9
A	●	CNA Reinsurance Co. Ltd.	519,855	381,405	36.3
AAA	●	Cologne Reinsurance Co. Ltd.	180,260	87,363	106.3
BBBpi		Eagle Star Reinsurance Co. Ltd.	290,200	132,450	119.1
AAA	●	ERC Frankona Reinsurance Ltd.	193,600	180,370	7.3
AAA	●	ERC Frankona Reinsurance II Ltd.	44,500	50,283	-11.5
AAA	●	General Re Europe Ltd.	172,115	159,493	7.9
AA-	●	Gerling Global General & Reinsurance Co. Ltd.	84,471	53,018	59.3
AAA	●	Great Lakes UK	28,129	19,632	43.3
A+	●	Lloyd's	3,799,211	3,571,667	6.4
AA	●	NAC Reinsurance International Ltd.	78,361	46,440	68.7
A+	●	QBE International Insurance Ltd.	271,069	169,667	59.8
AA-	●	Royal & Sun Alliance Reinsurance Co. Ltd.	194,974	236,188	-17.4
AA	●	St. Paul Reinsurance Co. Ltd.	241,853	198,167	22.0
AAA	●	Swiss Reinsurance (UK) Ltd.	262,885	174,807	50.4
A	●	Terra Nova Insurance Co. (UK)	170,569	N.A.	N.A.
N.R.		Tryg-Baltica International (UK) Ltd.	23,023	25,748	-10.6
A	●	Unionamerica Insurance Co. Ltd.	141,300	120,992	16.8
		Total	6,719,248	5,627,085	19.4

Adjusted Shareholders' Funds Change (%)			Combined Ratio (%)		Pretax Operating Income Change (%)			Return on Revenue (%)	
1999	1998		1999	1998	1999	1998		1999	1998
43,412	35,035	23.9	76.8	80.4	12,026	11,730	2.5	83.0	34.1
43,412	35,035	23.9	76.8	80.4	12,026	11,730	2.5	83.0	34.1
36,043	35,232	2.3	89.5	88.2	N.A.	3,624	N.A.	N.A.	15.3
36,043	35,232	2.3	89.5	88.2	N.A.	3,624	N.A.	N.A.	15.3
44,776	49,242	-9.1	103.0	100.5	12,098	9,101	32.9	7.3	5.8
44,776	49,242	-9.1	103.0	100.5	12,098	9,101	32.9	7.3	5.8
91,521	103,613	-11.7	N.A.	98.0	(9,008)	8,155	-210.5	-37.0	30.1
311,960	328,248	-5.0	105.8	109.8	47,871	15,277	213.4	8.5	2.9
71,032	86,967	-18.3	115.6	115.2	8,765	12,575	-30.3	4.2	11.1
315,800	332,595	-5.0	136.7	187.6	(68,000)	(9,865)	N.M.	-20.9	-4.9
209,100	191,582	9.1	105.0	88.1	14,900	52,067	-71.4	7.8	26.5
122,900	74,675	64.6	132.0	131.0	(9,000)	(1,972)	356.5	N.M.	-3.1
274,816	312,592	-12.1	173.0	117.1	(66,261)	19,552	-438.9	-37.4	9.8
48,044	34,088	40.9	113.7	116.8	(310)	3,945	-107.8	-0.3	6.2
111,442	117,197	-4.9	121.0	80.7	(105)	16,683	-100.6	-0.3	49.3
9,072,581	10,475,000	-13.4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
115,677	147,170	-21.4	132.8	111.8	(11,715)	9,257	-226.6	-12.7	15.0
283,163	201,402	40.6	113.8	115.7	(569)	N.A.	N.A.	-0.2	N.A.
N.A.	N.A.	N.A.	97.7	101.5	240,898	322,267	-25.2	N.A.	N.A.
319,677	292,667	9.2	114.9	108.0	43,065	N.A.	N.A.	16.9	N.A.
240,050	208,278	15.3	134.5	123.0	(31,863)	46,505	-168.5	-12.9	21.0
329,647	N.A.	N.A.	130.3	N.A.	(5,095)	N.A.	N.A.	-1.2	N.A.
69,866	81,573	-14.4	122.0	132.0	2,132	437	388.3	6.4	1.1
82,100	160,492	-48.8	165.8	106.0	(78,100)	16,860	-563.2	-45.0	11.4
12,069,376	13,148,138	-8.2	123.3	114.8	77,605	511,742	-84.8	-8.7	13.6

Global Reinsurance List (By Country – US\$000s)

Ratings as of Aug. 4, 2000	Security Circle	Company	Net Reinsurance Premiums Written		
			1999	1998	Change (%)
UNITED STATES					
Api		American Agricultural Insurance Co.	223,746	168,324	32.9
AAA	●	American Re-Insurance Co.	2,821,261	2,276,153	23.9
AAA	●	Capital Reinsurance Co.	53,709	75,113	-28.5
A+	●	Chartwell Reinsurance Co.	54,154	110,546	-51.0
BBBpi		Chatham Reinsurance Corp.	22,667	32,268	-29.8
A	●	CNA Reinsurance Operations (US)	647,100	390,500	65.7
AA-	●	Commercial Risk Re-Insurance Co.	58,732	63,208	-7.1
BBBpi		Discover Reinsurance Co.	50,216	39,288	27.8
Api		Dorinco Reinsurance Co.	293,381	204,969	43.1
BBBpi		EMC Reinsurance Co.	43,547	39,074	11.4
AAA	●	Employers Reinsurance Corp.	1,888,579	1,862,217	1.4
AAA	●	Enhance Reinsurance Co.	60,567	78,329	-22.7
AA-	●	Everest Reinsurance Co.	1,108,070	1,017,766	8.9
A-	●	Folksamerica Reinsurance Co.	214,552	212,559	0.9
A+	●	GE Reinsurance Corp. ⁵	1,081,061	586,030	84.5
AAA	●	General Reinsurance Corp.	2,574,930	2,335,550	10.2
AA-	●	Gerling Global Reinsurance Corp. of America ⁶	878,463	418,952	109.7
N.R.		Great Lakes Insurance Co.	85,061	81,092	4.9
BBBpi		Grinnell Mutual Reinsurance Co.	203,260	213,196	-4.7
AA	●	Hartford Reinsurance Co.	702,961	710,577	-1.1
AA	●	Houston Casualty Co.	90,674	79,965	13.4
Api		Insurance Corp. of Hannover	164,728	149,619	10.1
N.R.		Mitsui Marine & Fire Insurance Co. of America	64,696	71,491	-9.5
AA	●	NAC Reinsurance Corp.	111,522	481,340	-76.8
AAA	●	National Indemnity Co.	881,917	679,694	29.8
Api		New Jersey Re-Insurance Co.	108,499	135,265	-19.8
BBB+	●	Odyssey American Reinsurance Corp. ⁷	295,570	395,608	-25.3
BBB+	●	Odyssey Reinsurance Corp.	254,685	208,928	21.9
A+	●	Partner Reinsurance Co. of the US	240,263	82,528	191.1
A	●	PMA Reinsurance Corp.	260,095	231,932	12.1
AA	●	Putnam Reinsurance Co.	69,590	62,867	10.7
A+	●	PXRE Reinsurance Co.	69,502	69,575	-0.1
BBBpi		Republic Western Insurance Co.	178,439	153,557	16.2
N.R.		Risk Capital Reinsurance Co.	306,726	234,735	30.7
BBBpi		Shelter Reinsurance Co.	43,726	41,990	4.1
A+	●	Signet Star Reinsurance Co.	399,372	351,026	13.8
A+	●	Sorema North America Reinsurance Co.	157,813	143,275	10.1
AA	●	St. Paul Reinsurance Co. Ltd.	826,698	858,064	-3.7
AAA	●	Swiss Reinsurance America Corp.	1,046,400	728,044	43.7
A+	●	Sydney Reinsurance Corp.	145,145	109,967	32.0
AA-	●	Toa Reinsurance Co. of America	125,807	100,454	25.2
AA	●	Transatlantic Reinsurance Co.	1,322,208	1,194,465	10.7
A+	●	Trenwick America Reinsurance Corp.	143,629	169,112	-15.1

Adjusted Shareholders' Funds			Combined Ratio (%)		Pretax Operating Income			Return on Revenue (%)	
1999	1998	Change (%)	1999	1998	1999	1998	Change (%)	1999	1998
288,543	284,600	1.4	114.0	104.4	(9,122)	18,774	-148.6	-4.1	9.9
2,146,112	2,607,839	-17.7	115.3	103.9	(235,947)	300,149	-178.6	-7.8	11.2
295,541	322,831	-8.5	79.7	93.5	62,567	33,643	86.0	59.5	38.7
183,136	302,871	-39.5	241.3	96.5	(68,731)	27,842	-346.9	-96.9	20.1
19,422	29,774	-34.8	159.6	127.9	(10,909)	(5,230)	N.M.	-39.0	-14.1
N.A.	N.A.	N.A.	138.0	108.8	N.A.	N.A.	N.A.	N.A.	N.A.
43,121	27,947	54.3	113.2	113.6	1,497	(1,301)	N.M.	2.4	-1.9
54,524	48,998	11.3	90.7	88.6	10,459	11,155	-6.2	21.2	25.8
591,795	579,318	2.2	73.2	100.7	57,938	50,389	15.0	20.8	20.0
35,887	36,807	-2.5	113.7	106.5	1,218	4,115	-70.4	2.4	9.0
4,269,714	4,098,556	4.2	116.2	104.9	(11,767)	388,924	-103.0	-0.6	17.5
214,806	225,730	-4.8	57.2	41.5	57,404	66,189	-13.3	62.7	68.5
1,147,579	1,059,429	8.3	103.3	103.4	223,065	227,575	-2.0	16.5	17.2
338,472	328,501	3.0	120.3	108.0	1,221	37,260	-96.7	0.5	13.1
754,728	754,593	0.0	116.3	145.4	(60,286)	(151,050)	N.M.	-5.2	-22.7
4,642,334	5,539,506	-16.2	117.4	100.0	293,500	786,276	-62.7	8.9	25.3
562,152	420,385	33.7	105.2	109.2	(15,963)	34,927	-145.7	-2.0	6.7
117,574	101,152	16.2	46.5	50.9	54,366	47,837	13.6	57.9	53.7
140,355	124,610	12.6	100.2	102.7	18,276	13,121	39.3	8.2	5.6
N.A.	N.A.	N.A.	107.2	105.7	N.A.	N.A.	N.A.	N.A.	N.A.
250,181	262,435	-4.7	137.3	83.9	(24,380)	44,551	-154.7	-23.3	38.7
212,468	209,602	1.4	103.9	102.8	7,030	10,187	-31.0	4.0	6.1
61,457	59,241	3.7	105.3	101.3	2,161	3,626	-40.4	3.1	4.9
440,103	737,114	-40.3	146.6	103.0	50,602	92,405	-45.2	13.1	15.9
27,563,909	26,986,666	2.1	122.9	91.0	(581,177)	250,527	-332.0	-112.2	29.5
388,225	323,472	20.0	80.8	91.1	77,125	63,323	21.8	44.5	33.4
855,835	546,843	56.5	129.8	107.3	5,730	118,637	-95.2	1.3	19.9
372,670	381,564	-2.3	112.7	107.9	25,205	44,793	-43.7	8.7	16.3
335,240	339,308	-1.2	117.1	113.2	(30,811)	920	-3,450.4	-14.9	1.1
287,635	287,466	0.1	101.6	104.3	56,952	41,018	38.8	17.2	14.9
104,317	109,771	-5.0	106.4	101.5	8,787	13,328	-34.1	10.7	17.4
399,007	447,229	-10.8	169.9	104.6	(5,707)	13,945	-140.9	-5.1	15.6
161,014	165,970	-3.0	111.6	111.6	9,949	13,153	-24.4	5.0	7.4
290,082	358,702	-19.1	129.2	116.4	(68,710)	(24,885)	N.M.	-20.7	-11.1
58,838	59,305	-0.8	120.7	101.2	(693)	6,886	-110.1	-1.3	13.8
250,674	257,022	-2.5	108.5	107.0	(532)	4,744	-111.2	-0.1	1.3
162,711	175,930	-7.5	135.1	109.1	(39,300)	7,319	-636.9	-23.4	4.4
N.A.	N.A.	N.A.	95.6	95.8	N.A.	N.A.	N.A.	N.A.	N.A.
1,243,991	1,780,155	-30.1	109.5	106.2	29,619	118,916	-75.1	2.7	13.3
152,649	150,356	1.5	107.8	100.3	1,262	11,823	-89.3	0.8	10.2
266,584	260,697	2.3	111.9	104.6	11,805	21,896	-46.1	8.0	17.7
1,442,571	1,343,659	7.4	106.4	101.5	103,939	170,125	-38.9	7.0	12.4
275,688	330,496	-16.6	135.7	102.3	(8,369)	42,638	-119.6	-4.4	19.5

Global Reinsurance List (By Country – US\$000s)

Ratings as of Aug. 4, 2000	Security Circle	Company	Net Reinsurance Premiums Written		
			1999	1998	Change (%)
UNITED STATES (continued)					
AA-	●	Underwriters Reinsurance Co.	429,259	384,223	11.7
AA	●	Zurich Reinsurance North America	967,313	852,503	13.5
		Total	22,527,438	21,079,068	6.9
		Industry Total	87,465,195	87,504,986	-0.1

1. Standard & Poor's has provided estimates for these companies
 2. Countrywide and industry totals include results from companies that do not appear in this report.
 3. Le Mans Re was formed in 1999 as a joint venture between XL Capital and Les Mutuelles du Mans Assurances (MMA). Prior year results for the entity reflect those of former MMA reinsurance operation La Mutuelles du Mans Assurances IARD.
 4. Company results contain a portion of primary operations.
 5. GE Re was formed in 1999 as a result of the merger between Kemper Re and First Excess & Reinsurance. Prior year results for the company reflect those of Kemper Re.
 6. Gerling Global Re Corp of America was merged with Constitution Re in 1999. Prior year results reflect those of Constitution Re.
 7. Odyssey American Re, formerly known as TIG Re, was formed in 1999. Prior year results reflect those of TIG Re.
 8. United States company results are reported on a statutory basis except, CNA Re, Hartford Re, and St. Paul Re.
 9. Market value adjustments are not included in the adjusted shareholders' funds of these companies.
 10. Combined ratio averages are weighted for company and industry totals by premium earned.
- N.A. Not available.
 N.M. Not meaningful.
 N.R. Not rated.

Adjusted Shareholders' Funds			Combined Ratio (%)		Pretax Operating Income			Return on Revenue (%)	
1999	1998	Change (%)	1999	1998	1999	1998	Change (%)	1999	1998
524,605	602,646	-12.9	102.2	102.4	49,641	48,546	2.3	9.9	11.2
906,193	919,553	-1.5	107.6	113.3	116,601	72,158	61.6	9.9	7.0
54,165,204	56,276,954	-3.8	112.1	103.1	142,330	3,297,758	-95.7	0.6	13.4
175,327,237	181,302,503	-3.3	113.1	103.6	2,636,887	9,210,036	-71.4	3.3	9.1



Trouble in Paradise

For most of Bermuda's reinsurers, 1999 was a harsh year, filled with numerous challenges to underwriting discipline that constantly tested each company's ability to remain competitive.

Expansion opportunities for the previous three years had affected earnings and capital structures, while downward pricing pressures and intense market conditions constrained organic top-line growth. Underwriting profitability, as measured by the combined ratio, topped 100% for most reinsurers, and only a few were able to do better than that. Reflecting the increased volatility of many Bermuda reinsurer risk portfolios, most companies found earnings performance in 1999 well below their historical averages. For 2000, Standard & Poor's believes underwriting pressures will remain, while earnings stability and quality for some Bermuda reinsurers will be questionable as significant loss events occur.

Beginning in 1998, loss event frequency and severity, in combination with the Asian financial market collapse during that year's third quarter, provided Bermuda's reinsurers with the reminder that — like other reinsurers throughout the world — they were not guaranteed strong earnings. This served as a prelude to 1999, when large loss costs associated with property catastrophes, adverse development, and exiting from nonprofitable business lines prompted some management teams to reconsider their strategic alternatives as stand-alone operations.

For some organizations, the "growth through acquisition" strategy prevailed in 1999 as a way to

enhance reinsurance operations, while for others, strategic mergers appeared as the appropriate course of action. In December 1999, ACE Ltd. acquired Capital Re Corp., following a bidding war with XL Capital Ltd. (XLC), to gain an established foothold in the financial guaranty/credit enhancement sectors, and created Intrepid Re, a joint venture with Royal & Sun Alliance US, Inc., to write tailored (re)insurance alternative risk transfer (ART) solutions.

Following its own growth strategy, XLC acquired NAC Re Corp. and its (re)insurance subsidiaries to form a U.S. platform. In addition, XLC's joint venture with La Mutuelle du Mans Reassurance, to form Le Mans Re, solidified a base in Continental Europe, while its acquisition of 96% ownership of Latin American Reinsurance Co. Ltd. provided XLC with a Latin American platform.

Other diversification efforts included Annuity & Life Re (Holdings) Ltd.'s formation of a U.S. holding company and the acquisition of Capitol Bankers Life Insurance Co. in 2000 to establish its U.S. platform. Meanwhile, Overseas Partners Ltd. entered into a strategic venture with Renaissance Reinsurance Ltd. to form OPCAT Ltd., a writer of low layer property catastrophe reinsurance risks, and signed a definitive agreement in June 2000 to acquire Reliance Reinsurance Co.

Rather than pursue the acquisitions trail, some Bermuda reinsurers have opted to merge in order to remain competitive in their respective markets. LaSalle Re Holdings Ltd. announced that it is expected to merge with Trenwick Group Inc. during 2000, while Terra Nova (Bermuda) Holdings Ltd. was acquired by U.S. insurer Markel Corp. in March 2000.

Excluding acquisitions, the capital structures of most Bermuda reinsurers over the last few years have

1999 Top Five Bermuda Reinsurance Companies (Ranked by Net Reinsurance Premiums Written)

Ratings as of Aug. 4, 2000	Company	Net Reinsurance Premiums Written (US\$000s)		
		1999	1998	Change (%)
N.R.	Overseas Partners Ltd.	819,683	908,995	-9.8
AA ●	Partner Reinsurance Co. Ltd.	467,023	161,617	189.0
AA ●	XL Mid Ocean Reinsurance Ltd.	395,610	444,111	-10.9
AA ●	Centre Solutions (Bermuda) Ltd.	374,483	338,466	10.6
AA- ●	Commercial Risk Reinsurance Co. Ltd.	320,717	205,073	56.4

N. A. Not available.
 N.R. Not rated.
 ● Security Circle Insurer.

benefited from strong earnings flows largely derived from investment income and net realized capital gains. With such a strong revenue source, these companies have been able to offset inadequate pricing and poor market conditions without hurting their bottom lines, and have been able to retain excess capital that can be returned to shareholders as dividends. Meanwhile, parent holding companies of property catastrophe underwriters, such as LaSalle Re Limited and IPCRe Limited, had to suspend dividend payments in 1999 because of losses incurred and because of declines in their capital structures. In addition, as earnings fell short of Wall Street expectations, the Street became fickle and disenchanted with some of Bermuda's publicly held reinsurers. Stock currencies for most public Bermudian reinsurers declined 30% to 50% compared with their 1998 valuations. Although some reinsurers had been able to use their own currency for past acquisitions or share repurchases, now debt issuance and bank loans have become the main mechanisms employed to meet liquidity requirements.

To remain competitive, most of Bermuda's large writers have implemented global branding programs to tout their organization's ability to provide reinsurance coverage — and financial products and services — worldwide. In addition, some monoline reinsurers, such as Tempest Reinsurance Co., have announced efforts to develop a broad-based multiline strategy including life reinsurance. This is a product line that is finding a home in Bermuda following the successful formation of Annuity & Life Re.

For 2000, additional competition (and capital) has already emerged as new companies, ACE Capital Re International Ltd, Max Re Ltd., and Tokio Millennium Re Ltd. entered the Bermuda reinsurance arena, each with its own unique operating strategy. More capital flowed to the island in 1999 as some U.S. domestic reinsurers sought to level the playing field by redomesticating to Bermuda and establishing offshore entities to reduce taxation.

The concept of redomestication offers a more favorable corporate structure with the formation and growth of non-U.S.-based reinsurance operations and an enhanced ability to pursue business combinations with non-U.S. entities, including Bermuda companies. Conversely, those Bermuda companies that have a "rooted" presence in the U.S. and have the ability to reinsure business back to their Bermuda affiliate to reduce income taxes should benefit the most. In 1999, the following U.S. organizations redomesticated to Bermuda: White Mountains Insurance Group, Ltd. (parent to Folksamerica Reinsurance Co.); Everest Re Group Ltd. (parent to Everest Reinsurance Co.); and PXRE Group Ltd. (parent to PXRE Reinsurance Co.). Trenwick Group Inc, will redomesticate to Bermuda under Trenwick Group Ltd. in 2000.

For 2000, Standard & Poor's believes additional U.S. entities will continue to weigh the benefits of, and migrate to, Bermuda with chances of a tax ruling appearing to have stalled.

Outlook

Standard & Poor's believes that although 1999 was one of the worst performing years for the Bermuda reinsurance market, it should not be construed as an indicator of the group's overall or prospective earnings performance. Because of past aggressive growth and capital management policies, many are still in the middle of growing pains, and earnings stability will remain a challenge. Capital for the Island's reinsurance industry is considered in excess by Standard & Poor's, although it has become evident that investor pressures are starting to affect some reinsurers' earnings and capital planning processes. Prospectively, Standard & Poor's believes the primary challenge for Bermuda's newly emergent global reinsurers will be the development of stable earnings momentum over the next decade.

Frederick R. Loeloff

Director, New York

Excluding acquisitions, the capital structures of most Bermuda reinsurers over the last few years have benefited from strong earnings flows largely derived from investment income and net realized capital gains.

Combined Ratio (%)		Return on Revenue (%)		Adjusted Shareholders' Funds (US\$000s)		
1999	1998	1999	1998	1999	1998	Change (%)
108.9	69.3	0.8	26.4	2,547,383	2,524,669	0.9
90.0	12.0	20.8	85.9	1,246,582	1,273,204	-2.1
93.4	71.4	31.4	40.5	2,009,019	1,907,385	5.3
150.3	148.8	2.5	2.7	1,063,305	1,196,842	-11.2
N.A.	N.A.	8.5	11.1	210,904	227,868	-7.4

Capacity to Catastrophe: The Australian Reinsurance Debacle

A few years ago, the Sydney insurance market had visions of emerging as a global reinsurance center, with large capacity and high-quality business.

Today, the industry is taking stock in the wake of \$1 billion of losses from GIO's reinsurance operations and the failure of New Cap Re and ReAC. Indeed, with the notable exception of QBE, the current Australian reinsurance market essentially comprises branch and subsidiary operations of major global reinsurance groups.

In reviewing the reasons for this failure, it is helpful to understand why these Australian companies chose this foray into international reinsurance. Two key factors provided the impetus for this expansion into the global reinsurance market:

- Beginning in 1995, the Australian capital market supported the opportunistic public listing of start-up reinsurance and catastrophe risk companies. These were local companies seeking diversification in revenue, business, and risk along with growth opportunities.

- The expansion of the Asian primary insurance markets and their increased requirements for reinsurance.

The outcome was that Australian reinsurers wrote good-quality Asian business, although volumes remained modest — between 6% and 15% of reinsurance books. However, the limited volume of Asian business available could not satisfy the Australian reinsurers' appetite for growth or meet their diversification goals, causing them to seek risks in new markets located much farther away. Not surprisingly, high profile losses emerged from retrocessional protection offered on worldwide accounts.

The failure of the Australian global reinsurance market can be summarized as follows:

- Poor market position and the absence of competitive strengths.
- Adverse selection and inappropriate risk management.
- Uncommitted capital.
- The Sydney broker syndrome.

For the start-up companies, the challenge of establishing a viable business proved too great. Although the

1999 Top Five Asian/Pacific Reinsurance Companies (Ranked by Net Reinsurance Premiums Written)

Ratings as of Aug. 4, 2000	Company	Country	Net Reinsurance Premiums Written (US\$000s)
AA- ●	Toa Reinsurance Co. Ltd.	Japan	965,507
BBB-	Korean Reinsurance Co.	South Korea	837,056
AAA ●	Tokio Marine & Fire Insurance Co. Ltd.	Japan	831,794
A+ ●	QBE Insurance Ltd.	Australia	587,500
AA+ ●	Yasuda Marine & Fire Insurance Co. Ltd.	Japan	491,561

N.A. Not available.
● Security Circle Insurer.

number of global catastrophes was low, Australian reinsurers had to contend with global reinsurance markets awash in new capacity from Bermuda and Lloyds, which brought soft pricing and intense competition for premium volume. Australian reinsurers failed to develop any redeeming competitive strengths and, as such, were destined to occupy a low position on the food chain. To achieve the volume to cover costs, Australian reinsurers accepted poor-quality business in the hope of establishing a franchise or niche and, over time, improving the quality of business sourced.

In the short term, the low frequency nature of property catastrophe and high-excess loss covers can hide poor risk selection. Unfortunately for the Australians, their entry into the global reinsurance market was ill-timed, and they suffered moderate loss frequencies in 1998 and 1999. Although Australia had a relatively cheap employment market, no special regulatory or taxation advantages were part of the picture. The start-up companies lacked major sponsors or long-term committed shareholders and, as a result, failed to achieve credible insurer financial strength ratings, further limiting their access to premiums. Australian reinsurers comprised naïve, opportunistic shareholders with shallow pockets that lacked the resolve to build a reinsurance enterprise.

Managing risks and building a franchise from geographically distant Australia have proven difficult despite recent advances in telecommunications. Sydney-based insurance brokers have tended to be limited to transacting low-quality worldwide reinsurance business. This may well be a function of adverse selection targeting the Australian market, as well as the Sydney-based brokers' poor access to high-quality business.

The risk management practices of a number of the Australian reinsurers proved inadequate because of inadequate retrocessional protection, poor underwriting, and loose control and monitoring of aggregates.

One success for the Australian reinsurance market has been the QBE Insurance Group (insurer financial strength rating of 'A+'). QBE's approach of acquiring and building niches and locating underwriting functions in markets in which they transact business, along with strict central risk management, has proven successful. Having established expertise and credibility in the markets in which it operates, QBE has had greater control over the selection, placement, and conditions of the risks that it underwrites.

Outlook

The Australian market will remain a substantial buyer of reinsurance protection, in that it is one of the largest and most sophisticated insurance markets in the Asia/Pacific region. The market remains receptive to new and alternative forms of reinsurance cover and may work well as a test market and gauge for regional trends. All major global reinsurance groups are represented in Australia and, for some, Australia will be the location of group principal offices in the Asia/Pacific region.

In the final analysis, Australian reinsurers failed to add value to the market and essentially offered a capacity to absorb losses, and the market cruelly took advantage of them. Given the inherent difficulties involved in establishing a successful reinsurance business from Australia and the small number of independent Australian insurance groups remaining, it is highly unlikely that the Sydney reinsurance market will rival the more established reinsurance centers of the world.

Ian Thompson

Managing Director, Melbourne

Combined Ratio (%)	Return on Revenue (%)	Adjusted Shareholders' Funds (US\$000s)
N.A.	3.5	2,570,507
98.6	4.1	290,356
N.A.	N.A.	N.A.
104.9	N.A.	382,194
N.A.	N.A.	N.A.

Tapping the Capital Markets

Insurers are increasingly turning to capital markets for structured finance and derivative solutions to the volatility of both insurance capacity and pricing.

Since the first insurance securitization in 1997, aggregate issuance of insurance transactions is approaching \$6 billion. Although most rated transactions have been based on the probability of occurrence of a specified natural disaster, interest has grown in the securitization of weather exposures, mortality risk, mortgage default insurance, insurance on lease residuals, workers' compensation, and auto liability.

The primary impetus behind this trend has been an historical increase in the loss severity of catastrophic events, which has affected reinsurers' risk appetites and called into question their capital adequacy. In the early 1990s, reinsurers raised premiums sharply and tightened the availability of certain coverage. This forced primary insurers to try to control catastrophe exposures through the use of increased deductibles and coverage limitations, including caps on replacement costs. Insurers also established maximum aggregate insured area limits and, in some high-risk areas, government-sponsored funds stepped in to provide reinsurance. Those entities, such as the Florida Windstorm Underwriting Association and the California Earthquake Authority, are supported by industry assessments.

It continues to benefit insurers to seek additional underwriting capacity from large capital markets. For instance, in a widely hypothesized super catastrophe hurricane, damage to Miami might reach \$100 billion, more than five times the \$18 billion in damage caused by Hurricane Andrew in 1992. This \$100 billion would represent less than one-half of 1% of the market capitalization of the S&P 500, a loss frequently and easily absorbed in the U.S. stock markets on a given day. However, it is difficult for traditional noninsurance company investors to participate in the rewards of insurance underwriting. Only licensed insurers have regulatory authority to underwrite insurance risks, either by writing policies or by entering into reinsurance agreements.

Insurance securitizations provide an effective way for investors to target insurance exposures and for insurers to access the capital markets' risk capital. The key to the transfer lies in the use of a special-purpose, bankruptcy-remote vehicle incorporated to enter into the reinsurance agreement with the cedant.

Each insurance note is collateralized by a high-grade investment portfolio. The portfolio principal is

generally also protected by a highly rated counterparty, which also swaps returns on the portfolio into a floating-rate coupon (usually LIBOR-based), mitigating price volatility. A portion of what appears to be excess spread in the note coupon stems from the nature of the default risk in these securities. Although the probability of default is low, the notes are likely to default without a gradual decline in credit quality and with little warning to investors. Catastrophe notes are structured and rated with regard to the probability of triggering the underlying insurance cover.

The primary source of risk to investors is the potential loss of principal in the event of a catastrophic insured peril. Yet, the appeal of property catastrophe and other natural hazard insurance lines is their low correlation with more typical capital market risks. Because of the low correlation between, for instance, earthquake risk and interest-rate risk, an investment in natural hazard bonds raises a portfolio's Sharpe ratio.

Equity investments in property/casualty reinsurers do not provide much risk diversification away from the market portfolio, according to a 1996 study published in the *Journal of Derivatives*. That study showed that such direct investments were highly correlated with the equity markets, with a beta exceeding 0.80, while the correlations of insurance securitizations with the much larger markets were near zero.

Investors also benefit from the interest of insurers in continuing to diversify their capital sources and to develop a market with deeper capital and greater structural sophistication. Although the reinsurance market has not experienced significant strain in several years, and soft pricing prevails, many reinsurers and primary companies are eager to reduce the capacity and premium gyrations of the past.

Issuers have also found greater flexibility in the terms of coverage, as well as a first perfected security interest in the principal of the collateral account supporting the notes. The use of collateral removes counterparty credit concerns from the reinsurance treaty or retrocessional agreement providing relief to the issuer. By assuming natural hazard risk into their portfolios, traditional capital markets investors receive greater benefits of diversification than property/casualty reinsurers, whose aggregate businesses are already concentrated there. Thus, capital markets investors may require a lower risk premium than reinsurers.

James H. Doona
Director, New York

Jayan Dhru
Director, New York

Credit Wraps and Timely Payment

What do film production and commercial real estate have in common? How about unpaid credit card debt and cruise ship construction?

All of these assets — and many like them — are today playing a role in the rapidly expanding financial enhancement businesses of multiline insurers.

Financial enhancement — the use of an insurer's financial strength to support or enhance the credit rating on bonds that would otherwise be rated lower — includes nearly every asset risk class known to Wall Street. This type of support can turn a range of sometimes risky assets, such as unpaid credit card debt, film production rights, cruise ship construction, and emerging market debt, into investment-grade bonds.

Demand for high-yield, yet highly rated, securities is increasing as strong economies have led to government surpluses and even to the retirement of 30-year treasury bonds. Bankers have stepped in to meet the demand for highly rated securities by securing insurance policies that cover payment default by lower-rated borrowers and structures. Insurers credit-enhance, or wrap, their credit profile onto typically weaker credits, providing investors a higher return with reduced default risk.

However, a problem can develop because investors in the bond market tend to expect performance and payment standards that are different from the standards that prevail for the insurance industry in which payments on policies can be delayed while issues, such as potential fraud, are investigated. In financially enhanced transactions, the willingness of an insurer to make timely payment is crucial.

Timeliness of principal and interest payments are important to investors who depend on careful matching of expected cash inflows to minimize interest-rate risk. Therefore, options to defer (let alone cancel) scheduled principal or interest payments become problematic. A culture clash can occur: the insurers are providing an insurance product, but the investors are buying a capital markets product.

For the investor, the entrance of insurers into capital market products is not without risk. Investors must undertake a time-consuming and complex review of documents to ensure that the policy coverage and enforceability will not lead to legal defenses that could delay or, ultimately, deny claims. For instance, credit insurance might protect against some forms of credit

losses, but what about losses stemming from fraud, negligence, or a natural disaster, such as a flood? Anyone who has ever submitted an auto or health claim can attest that there can sometimes be a difference between being insured and receiving full, let alone timely, payment.

To assist investors in evaluating the willingness and the capacity of insurers to make timely payments on insured investments, Standard & Poor's has introduced insurer financial enhancement ratings. Before it assigns an insurer financial enhancement rating, Standard & Poor's assesses an insurer's willingness to meet its financial commitments in accordance with the terms of the obligation, in addition to its capacity to pay the obligation.

Insured transactions are no different from any other structured security: They require a thorough analysis of why, how, when, and under what circumstances loss to principal can occur. In addition to understanding the potential for a loss, an analysis of the insurance policy is required to demonstrate full coverage of principal and interest on the note on a timely basis.

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Insurer Financial Strength Ratings Definitions

The Standard & Poor's Security Circle® Icon is designed to communicate the following:

- That an insurance company voluntarily underwent Standard & Poor's toughest review and achieved a rating in one of the top four rating categories (BBB, A, AA, AAA – which are called “secure” ratings), and has, therefore, qualified for the icon.
- The icon provides insurance buyers with a simplified, easy-to-understand, and dramatic way of identifying companies that, in Standard & Poor's opinion, are financially sound.

The ● next to a company's rating in the list means that this company is a Standard & Poor's Security Circle insurer and has agreed to cooperate with Standard & Poor's ongoing monitoring of its financial condition.

Secure Ratings:



Standard & Poor's ratings which are based solely on public information are designated with a pi subscript.

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 health maintenance organizations 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.

Insurer Financial Strength Ratings are based on information furnished by rated organizations or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any rating and may on

occasion rely on unaudited financial information. Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of such information or based on other circumstances.

Insurer Financial Strength Ratings do not refer to an organization's ability to meet nonpolicy (i.e. debt) obligations. Assignment of ratings to debt issued by insurers or to debt issues that are fully or partially supported by insurance policies, contracts, or guarantees is a separate process from the determination of Insurer Financial Strength Ratings, and follows procedures consistent with issue credit rating definitions and practices. Insurer Financial Strength Ratings are not a recommendation to purchase or discontinue any policy or contract issued by an insurer or to buy, hold, or sell any security issued by an insurer. A rating is not a guaranty of an insurer's financial strength or security.

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.

R

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.

N.R.

An insurer designated 'N.R.' is NOT RATED, which implies no opinion about the insurer's financial security.

Plus (+) or minus (-)

Ratings from 'AA' to 'CCC' may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

CreditWatch highlights the potential direction of a rating, focusing on identifiable events and short-term trends that cause ratings to be placed under special surveillance by Standard & Poor's. The events may include mergers, recapitalizations, voter referenda, regulatory actions, or anticipated operating developments. Ratings appear on CreditWatch when such an event or a deviation from an expected trend occurs and additional information is needed to evaluate the rating. A listing, however, does not mean a rating change is inevitable, and whenever possible, a range of alternative ratings will be shown. CreditWatch is not intended to include all ratings under review, and rating changes may occur without the ratings having first appeared on CreditWatch. The "positive" designation means that a rating may be raised; "negative" means that a rating may be lowered; "developing" means that a rating may be raised, lowered or affirmed.

Ratings Definitions

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major event that may affect the insurer's financial security occurs. Ratings with a 'pi' subscript are not subject to potential CreditWatch listings.

Ratings with a 'pi' subscript generally are not modified with '+' or '-' designations. However, such designations may be assigned when the insurer's financial strength rating is constrained by sovereign risk or the credit quality of a parent company or affiliated group.

Insurer Financial Enhancement Ratings

A Standard & Poor's Insurer Financial Enhancement Rating is a current opinion of the creditworthiness of an obligor with respect to insurance policies or other financial obligations that are predominantly used as credit enhancement and/or financial guarantees. When assigning an Insurer Financial Enhancement Rating, Standard & Poor's analysis focuses on capital, liquidity and company commitment necessary to support a credit enhancement or financial guaranty business. The Insurer Financial Enhancement Rating is not a recommendation to purchase, sell, or hold a financial obligation, inasmuch as it does not comment as to market price or suitability for a particular investor.

Insurer Financial Enhancement Ratings are based on information furnished by the obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any credit rating and may, on occasion, rely on unaudited financial information. Insurer Financial Enhancement Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information or based on other circumstances. Insurer Financial Enhancement Ratings are based, in varying degrees, on all of the following considerations:

- Likelihood of payment-capacity and willingness of the obligor 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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