

STANDARD
& POOR'S



2002 Edition

Global Reinsurance Highlights

Gearing up for 2003



A **Reactions** publication



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&POOR'S

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Don recently left Standard & Poor's to take on a new assignment with a multiline insurer. Standard & Poor's would like to thank Don for his long involvement with this publication and to wish him well in his new position.

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Foreword

Standard & Poor's release of Global Re Highlights marks not only the beginning of the reinsurance underwriting season but a transition point for the changes the industry is undergoing as it rebuilds from a catastrophic year in 2001.

Last year was not kind to the reinsurance industry, as \$31 billion evaporated from reinsurers' capital accounts and the industry reported its worst underwriting results since Standard & Poor's began tracking the industry. The repercussions of Sept. 11, 2001, are broad, as management teams reshuffle, business divisions are placed into run-off, and a new crop of reinsurers struggles to execute their business plans.

On the positive side, the reinsurance industry demonstrated impressive resilience in the face of these losses and proved incorrect the early predictions of "...a broad swath of the industry ...rendered insolvent" by "losses of a magnitude" that few could have foreseen. Capital, a mainstay of the reinsurance industry, proved its worth to those critics who believed that excess capital was at the core of the industry's problems.

Stress arising from World Trade Center losses led Standard & Poor's to downgrade 15 reinsurers and called into question the remaining 'AAA' ratings. Some found opportunities amid the troubles of the industry, as more than \$20 billion flowed back into the insurance industry in the three months following Sept. 11, 2001. Much of this capital replenished depleted coffers, though \$9 billion flowed into new start-up reinsurers formed by a mix of investors seeking venture capital returns. The capital window was open only too briefly, as St. Paul, Gerling, and other transaction sponsors discovered when their offerings failed to find willing capital providers.

In part, the lack of market interest in these companies reflects an investor base that has little appetite for increasing exposure to this segment given the modest and highly volatile returns of the reinsurance industry. Standard & Poor's negative outlook on the industry also factors in concerns heightened by the sustained deterioration in investment portfolios. Low investment returns will raise the underwriting bar that companies must clear to post favorable net results. Although a 103% combined ratio in 1997 yielded a good ROR for the reinsurance industry, the decline in investment returns indicates that reinsurers will have to report combined ratios better than 100% to post similar all-in results.

In fact, the catastrophic losses laid bare systemic pricing and reserving flaws within the reinsurance industry that built up in the long soft market of the 1990s. As shareholders pressured management for growth, market share underwriting became commonplace, even among underwriters that knew better. With the diagnosis clear, implementation of the prescription is well underway as reinsurers tighten terms and conditions, underwriting returns to an excess-of-loss basis, and enterprise risk management tracks a greater range of exposure accumulations. The start-up reinsurers could prove to be the wild card given their fresh capital untainted by the soft market of the past decade. To date, the experience of the new management teams gives Standard & Poor's confidence that the hard market for reinsurance will continue through this renewal season, providing much needed earnings and the prospect for a healthy reinsurance industry.

Sept. 11—The Last Straw for Global Reinsurance?

The toll of terrorism adds to a cloud of woes now besetting the global reinsurance industry, and even the silver lining of higher prices is wearing pretty thin. As the payouts incurred on that fateful day continue creeping higher, the industry is also dealing with inadequate reserves, soured investment portfolios, costly payouts on professional-liability business, and the scramble by diversified companies to void their reinsurance operations, if only they could.

The cracks are beginning to appear even in the mightiest of fortresses. "There's a risk of losing all the 'AAA' ratings in the reinsurance industry if trends are not reversed," said Don Watson, a managing director in Standard & Poor's Financial Services Ratings. The World Trade Center (WTC) catastrophe was a huge factor in Standard & Poor's negative outlook on global reinsurance. "It lopped about \$20 billion in capital from an industry that had a surplus of \$276 billion," Watson added. "That 8% drop in one year took away the cushion for reinsurers."

Although new capital inflows to reinsurance operations since Sept. 11 have exceeded \$20 billion, thereby compensating for the loss on aggregate, \$9 billion of that has gone to startup ventures in Bermuda, leaving the rest of the industry drained. This has a negative implication for ratings when prices are high and reinsurers generate increased premium income that is not matched by a commensurate increase in capital. "Capital adequacy will be strained this year and next," said Watson. "That is why Standard & Poor's is negative on ratings for the industry."

In July 2002, Standard & Poor's put on Credit-Watch its 'AAA' rating on Munich Reinsurance Co., after the world's largest reinsurer said it would shore up reserves at its core subsidiary, American Re-Insurance Co., by \$2 billion. This was on top of a \$1 billion injection in late 2001 to cover liability business. In addition, Munich Re increased its reserves for Sept. 11 losses by \$500 million.

Standard & Poor's also lowered its ratings on Employers Reinsurance Corp., the second-largest U.S. player, to 'AA+' from 'AAA' in May 2002, partly because of deterioration in operating results. In July 2002, Employers Re needed to boost by \$350 million its reserves to cover losses.

Gerling Global Re experienced two Standard & Poor's downgrades in the first half of 2002, to stand at 'A-' as of June 2002 from 'AA-' in February.

These actions follow several other downgrades on reinsurers in the more immediate aftermath of Sept. 11, including Lloyd's (to 'A' from 'A+') and Hannover Re (to 'AA' from 'AA+').

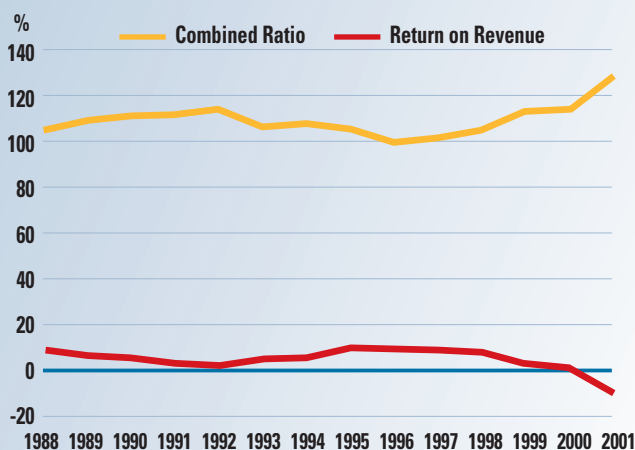
The eventual sum of Sept. 11 payouts remains an elusive number, as companies affected by terrorism continue to tally business interruption costs. Liability payouts, subject to court procedures, are the grayest area of all and could, in some cases, take several years to resolve. Meanwhile, Swiss Reinsurance Co. ('AAA') and WTC leaseholder Larry Silverstein remain embroiled in proceedings to determine whether Silverstein should receive an extra \$3.6 billion in payouts.

It is not surprising, then, that reinsurers are still increasing their estimates of Sept. 11 losses. One recent example is Bermuda-based XL Capital Ltd., which added \$200 million to reserves in the second quarter of 2002 to pay WTC claims.

Higher Prices Afford Meager Benefits

Sept. 11 prompted some eye-popping increases in premium rates while enabling reinsurers to assert much stricter terms and conditions in policies, including terrorism exclusions. At the same time, taught by Sept. 11 that a single event can trigger payouts across multiple lines of business, reinsurers have taken care to disperse risks geographically. Higher pricing has also coincided with a return to policies in which the primary insurer pays out the first layer of losses before the reinsurer is

Reinsurance Industry Combined Ratio Versus Return on Revenue



"We're going to see underwriting performance improve in 2002, but we're not going to see better earnings, as measured by ROR, because investment returns are not there to support it. That means reinsurers can not rebuild capital to the degree they want."

called on (excess-of-loss). Under these conditions, reinsurers tend to outperform primary writers.

But Standard & Poor's analysts are playing down the benefits. "Premiums are approaching adequacy, but not much is making it to the bottom line," said Fred Loeloff, director. "For all the good that's done from the point of view of underwriting, investment losses have negated the benefit for many companies."

Equity market declines, recent record defaults on corporate debt, continued deterioration in credit quality, and very low interest rates on U.S. government debt have all combined to strike hard at an industry that typically relies on significant investment earnings to offset losses on pure underwriting. "We're going to see underwriting performance improve in 2002, but we're not going to see better earnings, as measured by ROR, because investment returns are not there to support it," said Watson. "That means reinsurers can not rebuild capital to the degree they want."

The global reinsurance industry is set to achieve a combined ratio (payouts plus expenses as a proportion of premiums) of about 107% in 2002, a vast improvement on 128.4% in 2001 when a series of other catastrophes compounded the effects of Sept. 11. However, industry performance as measured by ROR will be weak, at about 3%-4%, compared with returns of about 7% in other years when the industry had combined ratios around that level.

According to Christian Dinesen, a director in Standard & Poor's London operation, it will take a con-

certed leadership effort by the top two global reinsurance companies, Munich Re and Swiss Re, to ensure premiums reach and sustain a level that ensures profitability without depending on the uncertain crutch of investment returns.

Yet old habits die hard. "Should the reinsurance industry return to the bad old cyclical ways of the 1990s, this will mean deterioration of financial strength," Dinesen said.

The benefits of higher premiums are also threatened by Bermuda startup ventures. Without any legacy of underpriced business to pay off, and with a clean slate from a reserving point of view, they are more at liberty to undercut established players, and the pressure to do so grows more intense in an environment of very low returns on capital holdings.

"So far, the startups seem very disciplined. They're not out there cutting rates, at least not yet," said Watson. "Sometime in the next few years, there's going to be intense competition for premium dollars because they need to deploy that capital." The timetable for such pressures will probably begin with board meetings at the startups at year-end 2002, followed by marching orders to management teams in the spring of 2003.

Raining on the Reinsurance Parade

Several other corrosive influences are also spoiling the joy for reinsurance companies. The implosion of high-profile corporations and the widespread finger-pointing at top executives have generated a legion of costly

Global Overview

"In today's environment, unless reinsurance operations are truly a core earnings generator of an enterprise, they will be sold, spun off, or shut down eventually."

payouts for insurers on directors' and officers' liability business (D&O). "With the various accounting mis-treatments, D&O is going to be an ugly line this year," said Loeloff.

Furthermore, reinsurers are still climbing out of the hole they dug for themselves in the late 1990s, when they underpriced lines of business that pay claims over an extended period, such as workers' compensation or liability policies affected by asbestos. This means reinsurers are still setting aside additional reserves for claims triggered years ago—a phenomenon known as adverse development.

"It's going to be difficult for reinsurers because in spite of price increases, they have reserve developments," said Grace Osborne, director. "That's going to suck up the cash flow that's coming in."

This zero-sum game could continue, according to Loeloff. "Until reserves are adequately assessed and brought to appropriate or even conservative levels, stable earnings won't occur for some time," he said. "It's a matter of becoming very disciplined, and the industry's not there yet."

Selling the Family Silver

Along with a recent spate of management reshuffles, the oft-thwarted efforts of diversified financial services and insurance companies to divest their reinsurance operations are another indication that reinsurance is no picnic.

"In today's environment, unless reinsurance operations are truly a core earnings generator of an enterprise, they will be sold, spun off, or shut down eventually," said Loeloff.

This trend is also a hangover of the 1990s when, along with underpricing, reinsurers' appetite for market share fueled an acquisition binge.

In October 2001, Zurich Financial Services spun off its reinsurance operations to form the Converium group (A+). Shortly afterwards, the Danish mutual insurer, Alm. Brand, withdrew support for its sub-

"High investment-grade says we think this company is going to be there for the long haul, but the startups are still defining their business plans. A billion dollars of capital doesn't mean the company's shareholders are committed to this business for the long haul. If they can't get the returns from writing reinsurance, the shareholders are going to pull back and the operations will be closed down."

sidiary, The Copenhagen Reinsurance Co. Ltd., which was subsequently put into runoff.

Deutsche Bank is looking to offload its stake in Gerling Global Re, which in turn intends to place its subsidiary, Gerling Global Reinsurance Corp. of America, into runoff as part of the group's restructuring of its reinsurance operations.

In May 2002, Trenwick Group Ltd. announced it sold the renewal rights of subsidiary LaSalle Re Ltd. to Endurance Specialty Insurance Ltd., a Bermuda startup. Standard & Poor's subsequently lowered its rating on LaSalle two notches to 'BBB' from 'A-' and placed it on CreditWatch.

Since then, CNA Financial Corp. announced it was selling CNA Reinsurance Co. Ltd. as a runoff operation. Meanwhile, St. Paul Cos. Inc. has tried in vain to spin off its scaled-back reinsurance operations through an IPO of the newly formed Platinum Underwriters Holdings Ltd.

To cap it all, there is talk that General Electric Co. is looking to split off Employers Re. Although the reinsurer is a good franchise, a good contributor to GE's earnings, and very well balanced between both U.S. and overseas markets and between property/casualty and life business, it also represents a very volatile earnings stream.

"What's going on here?" asked Watson. "Major financial services corporations are saying they don't like the volatility that the reinsurance industry is producing, they don't get paid a decent return, and it takes too much capital. As a result they're looking to unload in a hard market."

Yet there is little interest on the buy side. The investor community, which funneled about \$9 billion into Bermuda startups in the months following Sept. 11 in addition to \$4 billion raised for existing Bermuda players, is now apparently unwilling to commit itself any further to the industry. This is a particularly crucial question for Lloyd's. Now that the group has fulfilled March 2002 funding requirements in the U.S. related to WTC exposure, its future hinges to a large extent on the continued good graces of capital providers.

"The environment is much tougher today than it was in the first quarter of 2002," said Watson. Then, the stock market could support the IPO of Arch Capital Group Ltd., a Bermuda startup operation with very limited business and no track record, but now the window of opportunity has closed for other players.

"Investors were looking for a near-term play in reinsurance, but they put money into a number of plans that did not get off the ground in time," explained Loeloff.

More on the Bermuda Startups

Among the new Bermuda ventures vying for reinsurance business since Sept. 11, time will root out those that have set their foundations in sand. "Of more than a dozen new entities, how many are really viable?" said

"If Sept. 11 were the only injury reinsurers had to contend with, they might be sitting pretty as beneficiaries of high prices and the darlings of investors, but such a paradise is lost amid soured investments and the need to bolster reserves on old business."

Loeloff. "The startups took flight on the wings of new capital, but many did not have fully developed business plans or management teams, and some missed the Jan. 1 renewal season."

Watson argues that Standard & Poor's top ratings are generally out of reach for the new players at this stage: "A high investment-grade rating says that Standard & Poor's believes a company is going to be there for the long term, but the startups are still defining their business plans. A billion dollars of capital doesn't mean the company's shareholders are committed to this business for the long haul. If they can't get the returns from writing reinsurance, shareholders will pull back, and the operations will be closed down."

To date, Standard & Poor's carries a rating on only one Bermuda startup, DaVinci Reinsurance Ltd. ('A'), which benefits from the underwriting expertise of its Bermuda-based sponsor, RenaissanceRe Holdings Ltd.

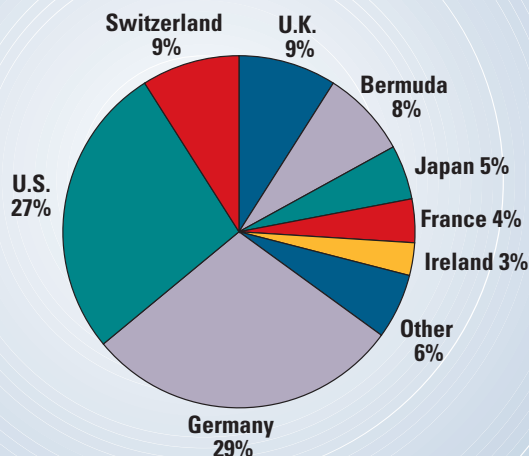
Another impediment for startup ratings is that these companies are picking over business left by the established players, gravitating toward coverages that incur infrequent but severe payouts. This includes terrorism, which the reinsurance industry is now mainly writing as a separate coverage, having excluded it from regular policies.

Outlook

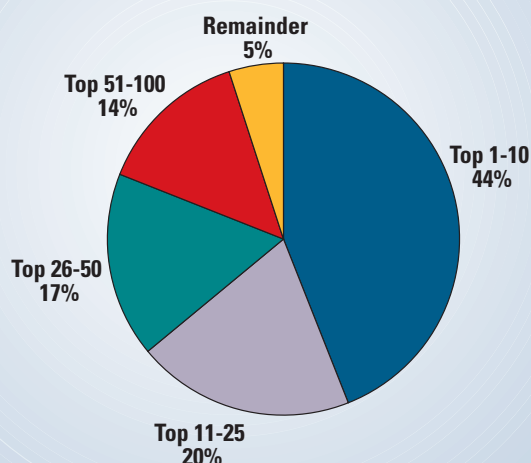
If Sept. 11 were the only injury reinsurers had to contend with, they might be sitting pretty as beneficiaries of high prices and the darlings of investors, but such a paradise is lost amid soured investments and the need to bolster reserves on old business. Unable to increase their capital through organic growth, reinsurers are poorly positioned to increase their volume of business and fully take advantage of the current hard pricing environment. There will likely be further weeding out of the marketplace in the next year or two, with some of the weaker players finding a better return by closing up shop or submerging their business into other companies.

by Ian Reed

2001 Reinsurance Market Share by Country Based on Net Premiums Written



2001 Distribution by Market Share Based on Net Premiums Written



Global Overview

Top 25 Reinsurance Groups Ranked by Net Reinsurance Premiums Written

Rank	Group	Country	Net Reinsurance Premiums Written (Mil. \$)			Adjusted 2001
			2001	2000	Change (%)	
1	Munich Re Group	Germany	16,610.7	15,276.6	8.7	14,920.2
2	Swiss Re Group	Switzerland	15,429.1	14,478.8	6.6	13,505.9
3	Berkshire Hathaway Re Group	U.S.	9,991.0	8,591.0	16.3	29,549.0
4	Employers Re Group	U.S.	7,047.0	7,924.0	(11.1)	6,362.0
5	Hannover Re Group	Germany	6,287.2	4,994.3	25.9	1,481.1
6	Lloyd's	U.K.	5,746.1	3,952.9	45.4	6,140.5
7	Gerling Global Re Group	Germany	4,408.3	4,117.0	7.1	680.1
8	SCOR Re Group	France	3,651.3	2,809.8	30.0	1,167.5
9	Allianz Re Group	Germany	3,118.5	3,726.5	(16.3)	51,886.3
10	AXA Re Group	France	2,489.1	1,424.7	74.7	1,307.8
11	Converium Re Group	Switzerland	2,482.6	1,996.0	24.4	1,570.8
12	Transatlantic Re Group	U.S.	1,905.6	1,658.6	14.9	1,846.0
13	PartnerRe Group	Bermuda	1,825.1	1,380.3	32.2	2,148.1
14	XL Re Group	Bermuda	1,708.2	1,022.2	67.1	2,689.1
15	St. Paul Re Group	U.S.	1,614.5	1,251.5	29.0	5,056.0
16	Everest Re Group	Barbados	1,560.1	1,218.9	28.0	1,720.5
17	Odyssey Re Group	U.S.	985.0	701.3	40.4	821.0
18	Toa Re Group ¹	Japan	950.7	942.4	0.9	1,559.7
19	Korean Re Group	South Korea	930.2	977.5	(4.8)	328.0
20	ACE Tempest Re Group	Bermuda	902.4	699.1	29.1	1,628.5
21	Tokio Marine & Fire Insurance Group ²	Japan	861.6	705.3	22.2	18,343.0
22	Hartford Re Group	U.S.	848.9	825.9	2.8	9,013.0
23	Caisse Centrale de Réassurance Group	France	775.1	754.2	2.8	862.7
24	QBE Re Group ^{2, 3}	Australia	763.0	518.1	47.2	1,339.3
25	CNA Re Group	U.S.	685.0	951.0	(28.0)	6,225.0
	Total		93,576.5	82,897.8	12.9	182,151.1

N.A.—Not available.

N.M.—Not meaningful.

1. The 2001 and 2000 expense ratios are estimated.
2. All figures (except net reinsurance premiums written) include primary and reinsurance businesses.
3. The net reinsurance premiums are estimated.

Shareholders' Funds (Mil. \$)		Expense Ratio		Loss Ratio		Pretax Operating Income (Mil. \$)			Return on Revenue (%)	
	Change (%)	2001	2000	2001	2000	2001	2000	Change (%)	2001	2000
19,437.0	(23.2)	30.6	30.3	104.5	85.0	(1,783.9)	529.8	(436.7)	(8.6)	2.8
14,139.4	(4.5)	29.0	29.0	95.0	88.0	(1,654.9)	(384.7)	N.M.	(8.8)	(2.3)
39,580.0	(25.3)	21.0	17.7	117.0	93.0	N.A.	N.A.	N.A.	N.A.	N.A.
6,025.0	5.6	35.8	31.4	103.5	84.4	(983.0)	(11.0)	N.M.	(11.2)	(0.1)
1,481.5	0.0	18.6	20.8	89.2	85.8	10.2	224.9	(95.5)	0.2	4.0
8,268.4	(25.7)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1,452.3	(53.2)	25.0	26.3	106.5	86.4	(895.2)	(62.8)	N.M.	(18.4)	(1.3)
1,212.8	(3.7)	30.0	31.0	94.0	90.0	(461.7)	(287.5)	N.M.	(11.6)	(9.9)
53,414.3	(2.9)	34.3	32.9	93.0	76.0	(764.8)	185.7	(511.8)	(25.6)	4.6
1,628.2	(19.7)	29.6	40.4	97.5	80.2	(511.8)	(51.6)	N.M.	(18.4)	(3.1)
1,088.4	44.3	29.7	29.8	100.2	86.2	(518.9)	(132.5)	N.M.	(20.6)	(6.4)
1,856.4	(0.6)	27.7	26.5	87.2	73.4	(33.9)	234.9	(114.4)	(1.7)	12.6
2,086.0	3.0	29.8	32.3	100.4	70.2	(277.8)	161.3	(272.2)	(14.7)	10.6
2,894.9	(7.1)	21.9	35.9	122.6	74.3	(493.1)	213.5	(331.0)	(24.5)	16.8
7,178.0	(29.6)	26.1	34.8	117.5	79.2	N.A.	N.A.	N.A.	N.A.	N.A.
1,583.4	8.7	31.1	27.6	82.4	75.3	112.7	230.9	(51.2)	6.2	15.6
957.9	(14.3)	34.8	36.9	80.6	73.9	(29.0)	57.0	(150.9)	(2.8)	7.0
2,204.0	(29.2)	31.0	34.9	59.4	69.4	(89.9)	25.8	(448.3)	(7.6)	2.2
323.4	1.4	27.8	21.4	66.2	76.4	73.5	34.0	116.0	7.9	3.4
1,281.6	27.1	31.6	33.2	70.2	49.1	48.3	156.4	(69.1)	5.3	24.9
20,432.2	(10.2)	7.2	6.9	86.5	103.7	587.0	455.9	28.8	43.9	29.9
7,464.0	20.8	29.7	31.7	114.2	77.1	N.A.	N.A.	N.A.	N.A.	N.A.
1,131.4	(23.7)	9.1	12.5	67.8	75.6	143.5	178.6	(19.7)	16.3	19.4
810.3	65.3	30.7	32.0	76.6	70.4	(57.3)	82.6	(169.3)	(2.3)	4.6
8,373.0	(25.7)	34.9	27.3	227.9	81.6	(1,102.0)	89.0	(1338.2)	N.A.	6.9
206,303.8	(11.7)	27.9	28.0	100.4	83.6	(8,682.0)	1,930.2	(549.8)	(9.7)	2.4

Hardening Asia Pacific Reinsurance Market Somewhat Eroded by Other Factors

Australia and New Zealand

Although largely isolated from the impact of Sept. 11, 2001, terrorist attacks on the U.S., the Australian reinsurance sector still benefited from the associated increase in premium rates after years of underpricing and was affected by some constrained capacity in certain classes. The market remains dominated by overseas interests and has consolidated to a degree, with a number of smaller companies exiting the market and a flight to higher-rated reinsurers.

Market conditions improve

With the exception of QBE Insurance Group Ltd., the local market had limited underwriting exposure to Sept. 11, though investment earnings did suffer. Capacity, however, has become more selective, with the focus on technically correct pricing and repricing premiums to more appropriate levels to improve returns. There have been dramatic increases in premium rates of about 30% and anecdotal evidence suggesting up to 300% in certain classes. There have also been some reduced coverage provided, especially in liability classes, and more restrictive underwriting criteria.

The reinsurance sector has surged ahead, with strong growth in gross premium income of 21.5% in the past two years to A\$2.02 billion as of June 30, 2001 (see table). This compares with direct sector nonlife gross premium revenue, which grew a nominal 1% in the same period to A\$15.23 billion as of June 30, 2001.

A further increase in reinsurance revenue is expected through June 30, 2002, though this will be offset in part by higher retentions in the direct insurance market. Higher retentions result from the greater capacity of merged insurance participants and the desire to offset the higher premium rates, especially in lower excess-of-loss layers. Reinsurance ceded by the direct insurers has grown by 3.7% to 26.2% of gross premiums (A\$3.99 billion); this figure does not yet reflect direct insurers' increasing retentions. An increase of 3.2% to 50.7% is placed locally, and the balance is placed offshore. Reinsurers showed an underwriting loss of A\$294 million, a considerable improvement on the previous year's loss of A\$667 million, as higher premium rates and tighter underwriting practices flowed through.

Participants in the Australian reinsurance market are essentially branch and subsidiary operations of major global reinsurance groups servicing both Australia and New Zealand. The local operations of Swiss Re, Munich Re, and General Cologne Re remain the three major participants. The Australian market is highly developed, with sophisticated underwriting skills and a high degree of reinsurance usage.

Terrorism coverage is excluded from many classes of insurance when policies come up for renewal, which will reduce reinsurers' risk. Contract wording has been changed to reduce the coverage granted to avoid unmanageable exposures in the future.

Selected Australian Statistics from the Australian Prudential Regulation Authority

(Mil. A\$)	—Year ended June 30—		
	2001	2000	1999
Reinsurance gross premium revenue	2,022	1,706	1,664
Direct reinsurance ceded	3,989	3,595	3,024
Reinsurance placed locally (%)	50.7	47.5	55.0
Reinsurance underwriting result	(294)	(667)	(229)
Net profit after tax	(9)	(684)	52
Loss ratio (%)	95	135	91

“Reinsurers doing business in Japan face the conflicting forces of a hardening global reinsurance market since the Sept. 11 terrorist attacks in and a trend toward cost-cutting in the Japanese nonlife insurance sector following a wave of consolidations.”

Stronger operating dynamics.

Although solid capacity remains in the market, shareholders' demands for higher returns on capital have resulted in the implementation of stronger underwriting practices, with business being priced more accurately to achieve acceptable profitability.

The market was hardening prior to Sept. 11 as reinsurers tried to recoup the underwriting losses of the past few years. Previously, reinsurers exercised poor pricing discipline because of the competitive culture. However, they have now adopted a more technical approach to underwriting by quantifying and pricing risks adequately. Rates firmed further following Sept. 11, as international reinsurers moved quickly to claw back losses from the terrorist attacks and offset the reduced investment earnings.

Although underwriting performance has improved, Australia did endure some natural disasters in the Christmas bushfire season, resulting in additional losses of A\$70 million. Added to this was the fallout from the HIH Insurance Ltd. crisis, Sept. 11, an increase in claims frequency for a number of insurance classes, an adverse development in legal settlements, and deteriorating trends in liability claims and workers' compensation.

Favorable outlook to continue.

The new, more robust regulatory risk-based solvency standard requirements introduced on July 1, 2002, by the Australian Prudential Regulation Authority will provide a consistent basis for determining capital requirements. The need to hold more capital could drive further consolidation in the primary insurance industry and could lead to additional reinsurance being required to meet the harsher capital guidelines.

Reinsurers are less willing to offer proportional reinsurance and will instead favor nonproportional excess-of-loss and facultative reinsurance, reflecting the desire for greater control over underwriting and pricing. In a soft market, it made sense for insurance companies to purchase additional proportional reinsurance cover opportunistically because rates were so low. Now, with a hardening market, there has been a move back to excess-of-loss coverage. In addition, the multi-year deals of years past have dried up, and contract renewals have returned to a yearly basis.

Depending on unforeseen catastrophe, 2002 and 2003 should see good earnings based on sustained rate increases. The renewed focus on the bottom line through tighter capacity and disciplined capital management should continue to enhance earnings performance.

Japan

Reinsurers doing business in Japan face the conflicting forces of a hardening global reinsurance market since the Sept. 11 terrorist attacks and a trend toward cost-cutting in the Japanese nonlife insurance sector following a wave of consolidations. Most major global reinsurers are actively involved in reinsurance transactions with Japanese nonlife insurers, given the significant size of the market and the high demand for reinsurance on certain catastrophic risks. Among domestic players, Toa Reinsurance Co. remains the preferred reinsurer, supported by its strong and established ties with most domestic direct underwriters. Standard & Poor's believes that given rising premiums and the continuing demand for reinsurance coverage, especially for catastrophic risks, reinsurers doing business in Japan should enjoy improved earnings in coming years.

As is the case elsewhere, players are experiencing a hardening of the reinsurance market in Japan, characterized by rising premiums, tightening reinsurance conditions, and reduced reinsurance capacity. So far in 2002, Japanese nonlife insurers have on average experienced rate increases of 20%-30% for the reinsurance of catastrophic risks, such as floods and earthquakes, while the total volume of reinsurance has remained relatively unchanged compared with previous years.

At the same time, however, a trend toward post-merger cost-cutting among domestic nonlife insurers—the main source of reinsurance demand in Japan—could offset the benefits of rising premiums. After a number of large-scale mergers and tie-ups in the past two years, Japan's nonlife insurance industry is now dominated by five major groups: the Millea Insurance Group (consisting of Tokio Marine & Fire Insurance Co. Ltd., Nichido Fire & Marine Insurance Co. Ltd., and Kyoei Mutual Fire & Marine Insurance Co.), Sompo Japan Insurance Co. Ltd, Mitsui Sumitomo Insurance Co. Ltd., NipponKoa Insurance Co.

Asia/Pacific Review

"The market for life reinsurance in Japan, though still very small, continues to grow, backed by deregulation and the weakened financial profiles of local life insurers. Although all major Japanese life insurers have large-scale businesses that are sufficient to absorb ordinary insurance risks, major players nonetheless are showing interest in using reinsurance to diversify their risk-transfer mechanisms."

Ltd., and Aioi Insurance Co. Ltd. These five groups, which account for about 90% of premiums in the industry, are all reviewing their reinsurance strategies. In fiscal 2001 (ended March 31, 2002), total reinsurance premiums paid by all domestic direct underwriters declined slightly. In addition, the profitability of proportional reinsurance should decline along with a competition-driven reduction of direct underwriting rates in the domestic nonlife sector.

The market for life reinsurance in Japan, though still very small, continues to grow, backed by deregulation and the weakened financial profiles of local life insurers. Although all major Japanese life insurers have large-scale businesses that are sufficient to absorb ordinary insurance risks, major players nonetheless are showing interest in using reinsurance to diversify their risk-transfer mechanisms.

Singapore

Singapore has positioned itself as a regional reinsurance center for Asia. As of June 2002, there are 41 professional reinsurers in Singapore, of which 32 write nonlife reinsurance business, one writes life reinsurance, and eight write both life and nonlife reinsurance. Of the 40 companies writing general reinsurance business, only one is an ongoing indigenous company, and two are locally incorporated subsidiaries of foreign groups. For the most part, the remainder are branches of foreign insurers. The life reinsurers are all foreign owned.

Reinsurance premiums in the Singapore Insurance Fund (SIF), which represents the primary domestic sector, grew 9.3% in 2000, mirroring the growth in the domestic sector. Premiums in the Offshore Insurance Fund (OIF), which represents nondomestic business, grew 33.1% in 2000.

Retention ratios of the primary domestic sector (SIF) fell to 66.5% in 2000 from 71.4% in 1997. The retention ratio for the offshore direct business is a little higher at 69.3%. Underwriting and technical skills are generally good, benefiting from the high degree of foreign representation in the market.

Malaysia

The Malaysian reinsurance market is significant in South East Asia, but Malaysia's strategy to retain as much premium as possible within the country means that the proportion of gross direct premium ceded

abroad is low. The level of reinsurance premium placed outside Malaysia has been trending downward and was 9% at year-end 2001. Retention ratios for direct insurers have increased in the past five years (averaging 82.8%), which is consistent with this strategy. The increase reflects direct insurers' desire to grow their premium bases and leverage their increased capital strength following the implementation of a stronger regulatory capital framework by Bank Negara Malaysia, the country's de facto central bank.

Malaysia's reinsurance market is made up of 11 players; nine professional reinsurers undertake general insurance business, and two conduct life reinsurance businesses.

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Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written

The Top 150 Global Reinsurers

To bring you the Global Reinsurance Highlights 2002 edition, Standard & Poor's surveyed 232 reinsurance organizations, which included 32 groups and 200 operating companies from 38 countries. Only a few operating companies did not respond to the survey; those companies' 2001 data has been estimated based on the average growth rate of their respective countries.

Three sources have been used to compile the data for this year's publication: Standard & Poor's internal insurance statutory database for U.S. operating companies, Standard & Poor's global insurance database to supplement any missing data, and GAAP figures from surveys that were completed by reinsurers for the global groups and non-U.S. operating companies.

Standard & Poor's recognizes that many insurance professionals depend on Global Reinsurance Highlights to provide them with a reliable and thorough overview of the reinsurance industry. Therefore, to ensure quality and accuracy, Standard & Poor's sent the companies a glossary of definitions and formulas along with the questionnaires.

One of the challenges has been to convince some entities to separate the reinsurance numbers from the rest of their business, especially when the rein-

Rank	Rating as of Aug. 1, 2002	Company	Country	Net Reinsurance Premiums Written (Mil. \$)		
				2001	2000	1999
1	AAA	Munich Re Co.	Germany	12,158.5	10,641.1	9,638.5
2	AAA	Swiss Re Co.	Switzerland	6,822.5	5,289.8	4,603.3
3	A	Lloyd's	U.K.	5,746.1	3,952.9	3,807.8
4	AAA	General Re Corp.	U.S.	3,684.4	3,260.8	2,574.9
5	AA+	Allianz AG	Germany	3,118.5	3,726.5	3,295.9
6	AAA	American Re Co.	U.S.	2,761.6	3,165.5	2,821.3
7	AA	Hannover Rück AG	Germany	2,539.2	2,595.7	2,210.4
8	A-	Gerling-Konzern Globale Rück AG	Germany	2,321.2	2,015.2	2,117.5
9	AAA	Kölnische Rück Ges AG ¹	Germany	1,980.2	2,075.3	2,155.7
10	AA+	Employers Re Corp.	U.S.	1,920.3	2,227.1	1,888.6
11	AA	Transatlantic Re Co.	U.S.	1,675.9	1,456.7	1,322.2
12	AAA	Swiss Re America Corp.	U.S.	1,647.2	1,758.7	1,046.4
13	AA	AXA Corporate Solutions	France	1,636.8	913.0	N.A.
14	AA+	GE Frankona Rück AG	Germany	1,577.5	1,530.4	1,902.7
15	AAA	Swiss Re Germany AG	Germany	1,525.9	1,245.2	1,207.3
16	AA-	Everest Re Co.	U.S.	1,380.1	1,211.8	1,108.1
17	A+	St. Paul Re Co.	U.S.	1,309.7	976.6	826.7

insurance business is a division within a company and not a distinct operating entity that files its own financial results. For instance, the Japanese reinsurers only provided the net reinsurance premiums written for their reinsurance operations and the rest of their financial data comprehends their total business. Some of the entities included in this year's publication write a small portion of life reinsurance, but the vast majority are categorized as property/casualty reinsurers. In such cases, the footnotes at the bottom of each table explicitly clarify the reported numbers.

To ensure the uniformity of the data received from the reinsurers, Standard & Poor's requested that foreign companies report their financial figures in their respective local currencies. Then, Standard & Poor's converted the data at the average exchange rate of the last day of their respective fiscal years.

Because of the strengthening of the U.S. dollar in 2001, American companies are presumed to have benefited in the ranking.

Taoufik Gharib

Data Manager

New York

Combined Ratio			Net Technical Reserves (Mil. \$)			Adjusted Shareholders' Funds (Mil. \$)			Net Technical Reserves to Adjusted Shareholders' Funds		
2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
127.4	115.7	120.6	32,632.2	29,964.2	29,671.9	38,890.5	46,105.9	41,387.6	0.8	0.6	0.7
133.8	124.1	118.4	16,549.7	13,520.7	12,798.1	6,541.4	4,243.6	4,431.9	2.5	3.2	2.9
N.A.	N.A.	N.A.	25,571.7	19,367.1	17,133.9	6,140.5	8,268.4	9,093.1	4.2	2.3	1.9
181.5	113.4	117.4	11,991.1	8,547.4	7,388.4	3,737.8	4,436.5	4,642.3	3.2	1.9	1.6
127.3	108.9	107.4	11,994.6	11,763.1	11,577.4	51,886.3	53,414.3	45,376.3	0.2	0.2	0.3
148.3	117.2	115.3	6,731.4	5,623.4	5,335.4	2,643.1	2,165.4	2,146.1	2.5	2.6	2.5
112.8	108.2	111.4	6,371.3	5,813.4	5,435.8	1,704.8	1,834.2	1,921.5	3.7	3.2	2.8
142.6	115.2	111.2	5,942.2	5,464.6	5,679.0	615.0	1,243.4	942.5	9.7	4.4	6.0
123.7	110.7	114.7	5,696.7	5,751.5	4,627.0	994.6	1,230.0	1,801.2	5.7	4.7	2.6
145.1	117.1	116.2	4,642.7	4,661.9	4,729.2	4,857.9	4,050.1	4,269.7	1.0	1.2	1.1
116.0	100.5	106.4	2,601.4	2,331.9	2,444.6	1,401.1	1,531.9	1,442.6	1.9	1.5	1.7
141.4	121.3	109.5	4,658.7	3,077.2	2,273.9	2,267.4	1,537.0	1,244.0	2.1	2.0	1.8
125.5	117.8	N.A.	3,417.1	2,783.3	N.A.	891.8	1,317.0	N.A.	3.8	2.1	N.A.
143.2	118.2	124.1	4,521.4	4,242.3	4,813.0	714.8	982.6	1,189.6	6.3	4.3	4.0
112.8	106.8	106.1	3,165.0	3,178.7	3,225.4	1,582.0	1,909.7	2,128.8	2.0	1.7	1.5
115.8	103.6	103.3	2,868.8	2,856.2	2,947.2	1,293.8	1,272.7	1,147.6	2.2	2.2	2.6
138.2	111.9	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written

Rank	Rating as of Aug. 1, 2002	Company	Country	Net Reinsurance Premiums Written (Mil. \$)		
				2001	2000	1999
18	A	Inter-Ocean Re Co. Ltd.	Bermuda	1,255.6	218.9	180.0
19	A+	Converium AG	Switzerland	1,185.0	818.3	797.3
20	AA	XL Re Ltd.	Bermuda	1,111.1	454.2	395.6
21	AA	E+S Rück AG	Germany	961.4	869.9	726.0
22	AA	Hannover Re (Ireland) Ltd.	Ireland	935.0	588.9	331.4
23	BBB-	Korean Re Co.	South Korea	930.2	977.5	755.5
24	A+	GE Re Corp.	U.S.	906.6	1,096.4	1,081.1
25	AAA	National Indemnity Co.	U.S.	905.4	683.6	881.9
26	A+	ACE Tempest Re Ltd.	Bermuda	902.4	699.1	145.7
27	AA-	Tokio Marine & Fire Insurance Co. Ltd. ²	Japan	861.6	705.3	843.2
28	AA	Hartford Re Co.	U.S.	848.9	825.9	703.0
29	A+	Converium Re North America Inc.	U.S.	839.1	959.8	967.3
30	A-	Odyssey America Re Co.	U.S.	836.5	515.3	295.6
31	AA	Partner Re Co. Ltd.	Bermuda	797.3	503.3	467.0
32	AAA	Caisse Centrale de Réassurance S.A.	France	775.1	754.2	792.5
33	AA-	Toa Re Co. Ltd.	Japan	748.8	799.5	979.2
34	A-	Gerling Global Re Corp. of America	U.S.	737.1	870.6	878.5
35	AA-	Mitsui Sumitomo Insurance Co. Ltd. ²	Japan	645.0	595.9	N.A.
36	AA-	Centre Solutions (Bermuda) Ltd.	Bermuda	644.4	580.8	374.5
37	A+	Commercial Risk Re Co. Ltd.	Bermuda	642.0	441.8	379.4
38	A	Aioi Insurance Co. Ltd. ²	Japan	605.4	627.4	N.A.
39	N.R.	Max Re Capital Ltd.	Bermuda	594.1	401.8	N.A.
40	BBB-	CNA Re	U.S.	546.3	473.4	647.1
41	A+	R+V Versicherung AG	Germany	542.8	455.3	429.6
42	AAA	New Re Co.	Switzerland	542.3	433.8	491.4
43	AA	PartnerRe S.A.	France	528.1	425.5	469.5
44	A-	Gerling Global International Re Co. Ltd.	Barbados	514.0	353.1	N.A.
45	AA	Partner Re Co. of the U.S.	U.S.	498.8	369.7	240.3
46	AA-	Yasuda Fire & Marine Insurance Co. Ltd. ²	Japan	489.6	482.9	560.9
47	N.R.	London Life and Casualty Re Corp.	Barbados	466.9	549.9	263.0
48	AA-	HDI Re (Ireland) Ltd.	Ireland	465.8	177.1	201.9
49	N.R.	Imagine Insurance Co. Ltd.	Bermuda	459.1	N.A.	N.A.
50	A-	Folksamerica Re Co.	U.S.	458.2	332.7	214.6
51	A+	Berkley Insurance Co.	U.S.	436.3	444.7	399.4
52	A+	Royal & Sun Alliance Re Ltd.	U.K.	433.9	184.7	195.4
53	A+	SCOR Re Co.	U.S.	417.5	414.1	654.0
54	BBBpi	Japan Earthquake Re Co. Ltd.	Japan	383.4	416.7	457.4
55	AAA	Swiss Re Ireland	Ireland	382.9	549.4	379.8
56	A+	Mapfre Re Compania De Reasegueros S.A.	Spain	377.5	367.2	363.3
57	A	PMA Capital Insurance Co.	U.S.	370.3	236.4	260.1
58	AA	AXA Corp. Solutions Re Co.	U.S.	359.5	275.8	134.7

Combined Ratio			Net Technical Reserves (Mil. \$)			Adjusted Shareholders' Funds (Mil. \$)			Net Technical Reserves to Adjusted Shareholders' Funds		
2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
108.8	110.9	106.3	2,230.2	603.6	406.1	62.1	52.6	46.4	35.9	11.5	8.7
123.1	103.3	93.3	N.A.	N.A.	3,183.6	N.A.	N.A.	632.3	N.A.	N.A.	5.0
133.3	95.0	93.4	1,691.4	713.9	736.1	2,193.5	2,162.1	2,009.0	0.8	0.3	0.4
112.0	113.7	109.4	2,615.0	2,394.6	2,381.8	484.0	616.6	729.1	5.4	3.9	3.3
114.3	112.0	105.3	2,445.5	1,407.4	841.9	169.9	168.4	172.5	14.4	8.4	4.9
94.0	97.8	98.6	480.0	508.7	419.1	328.0	323.4	262.1	1.5	1.6	1.6
129.8	104.6	116.3	1,167.3	1,243.5	1,551.7	735.0	773.0	754.7	1.6	1.6	2.1
116.1	106.9	122.9	4,702.2	3,982.8	3,878.4	14,802.9	25,119.6	27,563.9	0.3	0.2	0.1
101.8	82.3	93.6	1,160.2	521.4	199.5	1,628.5	1,281.6	1,151.4	0.7	0.4	0.2
93.7	110.6	98.5	32,133.9	34,077.0	41,114.6	18,343.0	20,432.2	13,061.9	1.8	1.7	3.1
143.9	108.8	107.2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
170.6	116.7	107.6	1,720.4	1,647.5	1,716.6	627.4	858.7	906.2	2.7	1.9	1.9
116.0	104.8	129.8	973.5	832.1	987.1	819.5	853.0	855.8	1.2	1.0	1.2
146.1	71.9	90.0	2,114.4	1,633.0	1,926.1	1,414.2	1,447.6	1,246.6	1.5	1.1	1.5
76.9	88.1	121.2	1,831.2	1,809.7	1,651.2	862.7	1,131.4	1,018.0	2.1	1.6	1.6
96.3	107.5	114.4	1,751.2	1,711.0	2,197.8	1,488.5	2,175.4	2,844.4	1.2	0.8	0.8
130.9	114.9	105.2	1,217.8	1,182.4	1,079.5	522.7	487.9	562.2	2.3	2.4	1.9
94.2	95.7	N.A.	34,021.3	36,529.9	N.A.	12,737.1	15,186.1	N.A.	2.7	2.4	N.A.
128.3	135.2	149.3	2,473.8	2,543.8	2,304.7	1,069.3	1,107.4	1,063.3	2.3	2.3	2.2
110.4	108.5	104.0	1,096.7	882.6	580.6	285.3	250.0	213.4	3.8	3.5	2.7
N.A.	N.A.	N.A.	16,905.0	17,557.7	N.A.	4,164.5	6,008.2	N.A.	4.1	2.9	N.A.
113.5	107.8	N.A.	1,340.2	413.3	N.A.	699.7	514.6	N.A.	1.9	0.8	N.A.
N.A.	N.A.	138.0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
105.4	99.3	104.6	787.6	694.8	708.0	1,736.9	1,599.8	1,582.1	0.5	0.4	0.4
109.9	119.5	113.1	1,301.4	1,193.6	1,135.7	268.9	311.6	325.3	4.8	3.8	3.5
112.8	125.7	123.7	1,296.3	1,191.5	1,319.7	361.7	221.4	532.6	3.6	5.4	2.5
122.7	114.4	104.0	1,509.7	1,105.7	550.4	239.7	221.1	205.7	6.3	5.0	2.7
122.8	118.7	117.1	438.5	280.6	150.6	373.5	356.1	335.2	1.2	0.8	0.4
93.7	94.5	96.2	26,359.1	27,673.0	29,942.8	8,604.2	9,942.2	12,350.3	3.1	2.8	2.4
126.0	113.0	115.3	1,394.9	914.1	475.7	287.9	334.3	332.7	4.8	2.7	1.4
111.2	102.3	98.5	922.1	441.9	369.4	145.2	145.5	173.1	6.3	3.0	2.1
106.8	N.A.	N.A.	477.6	N.A.	N.A.	209.5	N.A.	N.A.	2.3	N.A.	N.A.
125.4	126.2	120.3	862.8	921.1	644.7	804.8	443.9	338.5	1.1	2.1	1.9
148.9	108.1	108.5	1,020.9	854.3	530.7	623.1	615.4	250.7	1.6	1.4	2.1
139.5	106.0	97.7	1,170.7	971.3	1,105.0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
148.7	160.0	113.8	1,395.7	1,301.8	1,179.2	364.2	336.5	401.4	3.8	3.9	2.9
78.6	48.2	42.9	2,721.1	2,735.7	2,969.8	11.8	12.0	14.1	229.9	227.4	211.2
110.1	108.5	128.8	745.1	1,152.2	1,144.0	262.5	275.8	310.5	2.8	4.2	3.7
109.6	106.7	109.2	402.6	369.9	377.4	186.6	197.2	181.0	2.2	1.9	2.1
122.1	124.9	101.6	577.5	582.9	602.6	559.6	529.6	287.6	1.0	1.1	2.1
129.8	107.9	116.2	445.5	351.6	328.1	252.9	285.8	249.1	1.8	1.2	1.3

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written

Rank	Rating as of Aug. 1, 2002	Company	Country	Net Reinsurance Premiums Written (Mil. \$)		
				2001	2000	1999
59	A	Insurance Corp. of Hannover	U.S.	350.1	213.7	164.7
60	A+	QBE International Insurance Ltd. ³	U.K.	346.1	333.3	271.7
61	N.R.	AMB Generali Holding AG	Germany	332.4	240.1	194.8
62	BBpi	IRB-Brasil Resseguros S.A.	Brazil	332.2	338.6	365.3
63	N.R.	Wüstenrot & Württembergische AG	Germany	331.5	346.6	287.9
64	A+	NipponKoa Insurance Co. Ltd.	Japan	328.9	331.5	N.A.
65	A+	St. Paul Re Co. Ltd. ⁴	U.K.	326.3	209.9	246.8
66	A	Uniqa Versicherungen AG	Austria	320.9	298.5	N.A.
67	A+	Renaissance Re Ltd.	Bermuda	313.0	287.9	205.2
68	Api	American Agricultural Insurance Co.	U.S.	299.0	304.3	223.7
69	AAA	Münchener Rück Italia SpA ⁵	Italy	296.2	313.0	281.0
70	AA	E+S Re (Ireland) Ltd.	Ireland	293.6	168.0	140.5
71	A+	Le Mans Re	France	292.3	248.0	220.0
72	A-	Trenwick America Re Corp.	U.S.	288.0	187.4	143.6
73	AAA	Swiss Re Italia SpA ⁶	Italy	283.5	349.9	470.2
74	BBB+	Central Re Corp.	Taiwan	279.2	378.3	203.5
75	Api	Generali Holding Vienna AG	Austria	272.2	309.7	313.1
76	AA+	GE Frankona Re A/S	Denmark	272.0	242.8	335.2
77	A	Sirius International Insurance Corp.	Sweden	267.3	253.3	274.6
78	A+	Converium Rück (Deutschland) AG	Germany	257.8	218.6	281.6
79	AAA	Swiss Re Co (UK) Ltd.	U.K.	251.5	130.9	263.3
80	AA+	GE Frankona Re Ltd.	U.K.	247.8	381.5	168.3
81	BBB+	Gothaer Rück AG ⁵	Germany	247.7	231.7	226.6
82	Api	Dorinco Re Co.	U.S.	245.8	181.3	293.4
83	A-	Gerling Globale Rück AG	Switzerland	239.1	251.1	138.8
84	A+	QBE Re Corp.	U.S.	236.6	168.6	145.1
85	AA	XL Re America Inc.	U.S.	228.4	181.6	111.5
86	AA-	Nichido Fire & Marine Insurance Co. Ltd.	Japan	221.8	211.8	246.7
87	AA-	Nissan Fire & Marine Insurance Co. Ltd. ²	Japan	207.8	213.4	272.2
88	AA-	Toa-Re Insurance Co. of America	U.S.	201.8	157.3	125.8
89	A+	Liberty Mutual Insurance Co. (UK) Ltd.	U.K.	194.3	218.4	N.A.
90	Api	Deutsche Rück AG ⁵	Germany	194.3	190.9	220.3
91	A-	SECURA Société de Réassurance	Belgium	186.6	163.1	141.7
92	AA+	Luxembourg European Re S.A.	Luxembourg	181.5	235.8	211.3
93	A-	Continental Re Corp.	U.S.	181.5	6.5	5.4
94	AAA	General Cologne Re UK Ltd.	U.K.	180.2	193.5	172.5
95	AA-	Nissay Dowa Fire & Marine Insurance Co. Ltd.	Japan	175.4	144.6	171.7
96	N.R.	Mutuelle Centrale de Réassurance	France	173.0	163.1	162.4
97	AAA	Faraday Re Co. Ltd.	U.K.	172.3	135.3	180.7
98	A+	General Security National Insurance Co.	U.S.	170.9	196.0	157.8
99	N.R.	General & Cologne Re Cia de Reasgueros S.A.	Argentina	169.2	238.4	202.9

Combined Ratio			Net Technical Reserves (Mil. \$)			Adjusted Shareholders' Funds (Mil. \$)			Net Technical Reserves to Adjusted Shareholders' Funds		
2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
113.8	112.1	103.9	226.0	170.2	146.9	160.8	187.2	212.5	1.4	0.9	0.7
168.7	131.1	113.8	723.4	495.9	372.3	477.9	390.6	283.8	1.5	1.3	1.3
103.2	106.5	105.6	559.9	412.6	388.2	6,099.9	5,205.6	5,252.8	0.1	0.1	0.1
N.A.	117.4	118.6	N.A.	572.5	560.9	379.1	410.5	421.3	N.A.	1.4	1.3
106.7	106.1	100.1	657.4	655.3	372.0	1,484.4	1,769.6	1,885.2	0.4	0.4	0.2
97.0	99.1	N.A.	18,404.0	20,164.1	N.A.	5,635.1	6,656.3	N.A.	3.3	3.0	N.A.
169.8	129.9	114.9	701.3	530.7	700.9	301.1	348.5	326.2	2.3	1.5	2.1
107.9	112.1	N.A.	344.0	306.2	N.A.	1,426.8	1,474.9	N.A.	0.2	0.2	N.A.
68.4	66.6	58.5	593.3	390.1	435.1	800.0	700.0	622.5	0.7	0.6	0.7
111.4	95.8	114.0	310.8	274.3	247.2	281.4	293.9	288.5	1.1	0.9	0.9
N.A.	112.6	101.3	725.8	762.3	433.5	205.2	218.1	328.2	3.5	3.5	1.3
129.0	122.4	109.0	950.2	570.0	470.1	129.2	134.1	166.4	7.4	4.3	2.8
128.0	110.0	140.0	547.9	435.1	662.5	251.6	272.0	212.6	2.2	1.6	3.1
113.7	131.1	135.7	370.4	319.3	315.3	374.8	224.5	275.7	1.0	1.4	1.1
104.5	125.0	165.4	1,197.9	1,321.6	2,060.0	231.2	229.7	182.3	N.A.	N.A.	11.3
96.4	95.6	97.7	292.6	279.2	183.0	102.1	118.7	142.5	2.9	2.4	1.3
101.9	101.8	109.5	558.4	603.2	643.1	1,720.2	2,180.5	2,525.0	0.3	0.3	0.3
106.5	132.3	102.3	552.5	628.6	705.0	254.6	286.7	329.1	2.2	2.2	2.1
119.4	101.0	104.5	512.0	521.1	490.0	591.0	730.7	740.8	0.9	0.7	0.7
133.7	135.0	116.8	N.A.	N.A.	536.6	N.A.	N.A.	217.1	N.A.	N.A.	2.5
226.0	137.9	134.5	951.4	530.5	775.5	290.5	226.9	234.9	3.3	2.3	3.3
165.2	104.9	76.8	1,124.5	1,385.6	482.2	669.1	762.9	203.2	1.7	1.8	2.4
112.5	113.5	108.1	480.0	449.1	446.5	175.6	222.0	266.5	2.7	2.0	1.7
120.4	121.5	73.2	806.6	685.6	716.3	320.0	357.8	591.8	2.5	1.9	1.2
106.8	105.1	111.3	490.6	489.3	315.0	73.3	79.0	34.0	6.7	6.2	9.3
107.6	106.5	107.8	202.5	191.5	166.2	201.5	151.1	152.6	1.0	1.3	1.1
161.0	173.3	146.6	819.4	903.3	986.7	639.4	575.6	440.1	1.3	1.6	2.2
109.3	108.8	107.8	9,758.9	10,594.7	13,167.7	4,963.2	5,771.2	3,902.8	2.0	1.8	3.4
N.A.	N.A.	N.A.	5,913.8	6,076.9	7,567.3	1,581.3	3,039.9	4,050.0	3.7	2.0	1.9
124.8	110.9	111.9	426.7	327.4	297.2	238.9	260.8	266.6	1.8	1.3	1.1
282.7	104.4	N.A.	652.3	325.3	N.A.	187.7	347.8	N.A.	3.5	0.9	N.A.
94.0	103.7	106.5	249.1	273.2	293.6	253.6	273.8	313.3	1.0	1.0	0.9
120.3	128.6	115.9	405.1	375.2	352.9	132.6	103.2	144.0	3.1	3.6	2.5
108.7	110.9	66.3	490.9	472.8	422.6	110.3	121.3	125.0	4.5	3.9	3.4
123.7	112.0	124.8	155.8	13.0	15.9	54.6	232.8	224.8	2.9	0.1	0.1
179.0	111.0	173.9	740.7	597.9	548.3	192.4	243.3	274.6	3.8	2.5	2.0
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
N.A.	N.A.	111.7	474.9	473.8	496.0	151.9	161.7	163.5	3.1	2.9	3.0
116.9	120.6	115.6	484.1	460.7	487.4	66.5	69.6	71.2	7.3	6.6	6.8
124.0	120.2	135.1	299.2	336.2	263.2	100.1	142.3	162.7	3.0	2.4	1.6
96.5	N.A.	102.7	N.A.	N.A.	312.0	2.4	N.A.	30.7	N.A.	N.A.	10.2

Standard & Poor's Top 150 Global Reinsurers

Ranked by Net Reinsurance Premiums Written

Rank	Rating as of Aug. 1, 2002	Company	Country	Net Reinsurance Premiums Written (Mil. \$)		
				2001	2000	1999
100	AA-	Everest Re (Bermuda) Ltd.	Bermuda	164.5	496.4	N.A.
101	BBpi	Hannover Re Group Africa (Pty) Ltd. ¹	South Africa	157.3	167.0	165.1
102	BBB-	Terra Nova Insurance Co. Ltd.	U.K.	155.7	98.4	105.8
103	N.R.	Versicherungskammer Bayern Konzern-Ruck	Germany	155.5	157.0	N.A.
104	AAA	Swiss Re Australia Ltd.	Australia	152.8	105.2	103.7
105	B-pi	Milli Reasurans T.A.S.	Turkey	148.0	225.1	158.5
106	N.R.	Europa Rück AG	Germany	141.7	123.6	116.5
107	AA	Trans Re Zurich	Switzerland	141.5	127.8	100.0
108	BBB	Fuji Fire & Marine Insurance Co.	Japan	139.9	150.9	175.5
109	BBB-	CNA Re Co. Ltd.	U.K.	138.7	477.6	526.1
110	A-	Alea Europe Ltd.	Switzerland	138.4	87.5	N.A.
111	N.R.	Mitsui Marine & Fire Insurance Co.	U.S.	131.2	49.5	64.7
112	A+	IPCR Ltd.	Bermuda	128.6	88.9	93.3
113	AA	Houston Casualty Co.	U.S.	128.4	95.8	90.7
114	A	Nacional De Reasegueros S.A.	Spain	126.7	128.1	126.7
115	A+	QBE Re (Europe) Ltd. ³	Ireland	126.6	188.9	131.9
116	AA	XL LA Re Ltd.	Bermuda	126.1	116.9	33.2
117	A-	Alea (Bermuda) Ltd.	Bermuda	124.8	155.3	158.8
118	AA-	Gulf Insurance Co.	U.S.	117.7	365.2	275.1
119	BBpi	Société Centrale de Réassurance	Morocco	115.9	122.2	111.9
120	A-	Gerling Global General & Re Co. Ltd.	U.K.	115.2	82.6	85.2
121	AA-	Tokio Marine Global Re Ltd.	Ireland	114.4	113.8	N.A.
122	BBB-	Kyoei Mutual Fire & Marine Insurance Co. ²	Japan	101.6	105.6	126.3
123	AA	SPS Réassurance S.A.	France	100.2	67.0	62.0
124	A+	Commercial Risk Re Co.	U.S.	98.6	87.0	58.7
125	BBB	LaSalle Re Ltd.	Bermuda	95.1	98.5	110.8
126	AAA	Munich Re Co of Australasia Ltd.	Australia	94.6	81.2	67.3
127	BB-	ESG Re (Ireland) Ltd. ⁵	Ireland	89.3	141.8	N.A.
128	AAA	Cologne Re Co. (Dublin) Ltd.	Ireland	89.3	95.4	41.7
129	AAA	ACE Guaranty Re Inc.	U.S.	87.7	79.5	53.7
130	A	PXRE Re Co.	U.S.	86.3	93.3	69.5
131	BBB+	China International Re Co. Ltd.	Hong Kong	85.8	68.7	62.2
132	N.R.	Great Lakes Insurance Co.	U.S.	83.6	86.3	85.1
133	N.R.	Overseas Partners US Re Co.	U.S.	82.7	3.3	24.0
134	AAA	Enhance Re Co.	U.S.	82.5	80.6	60.6
135	A-	Gerling Global Re Co. of Australia Pty Ltd.	Australia	81.4	86.1	79.5
136	A-	Trenwick International Ltd.	U.K.	78.8	89.3	N.A.
137	BBB-	Nisshin Fire & Marine Insurance Co. Ltd.	Japan	78.1	85.5	107.4
138	BBB	African Re Corp.	Nigeria	75.5	71.7	65.9
139	A+	Insurance Co. of North America	U.S.	74.8	65.7	N.A.
140	N.R.	Citicorp Assurance Co.	U.S.	73.4	88.3	107.9

Combined Ratio			Net Technical Reserves (Mil. \$)			Adjusted Shareholders' Funds (Mil. \$)			Net Technical Reserves to Adjusted Shareholders' Funds		
2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
100.8	100.2	N.A.	845.8	698.6	N.A.	436.1	272.7	N.A.	1.9	2.6	N.A.
101.0	99.0	74.0	121.7	122.8	131.5	35.3	40.8	48.5	3.5	3.0	2.7
150.7	140.2	130.3	534.8	466.0	548.7	151.6	184.8	204.4	3.5	2.5	2.7
88.3	98.3	N.A.	201.4	203.4	N.A.	78.1	76.0	N.A.	2.6	2.7	N.A.
114.6	116.6	133.3	246.1	197.2	217.7	189.4	198.6	250.6	1.3	1.0	0.9
105.8	91.9	103.0	83.6	113.2	85.7	54.4	62.9	44.8	1.5	1.8	1.9
124.6	115.2	105.2	207.6	165.7	163.6	58.9	96.9	110.2	3.5	1.7	1.5
111.1	112.9	111.9	269.5	253.6	254.9	49.0	49.5	49.0	5.5	5.1	5.2
122.3	121.0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
N.A.	151.9	105.8	N.A.	1,336.3	1,269.2	N.A.	228.1	335.1	N.A.	5.9	3.8
115.7	138.9	N.A.	187.4	220.9	N.A.	70.4	76.0	N.A.	2.7	2.9	N.A.
108.7	97.6	105.3	71.5	33.4	42.4	47.0	65.5	61.5	1.5	0.5	0.7
128.6	81.8	159.3	186.6	80.4	127.8	1,108.3	561.4	506.2	0.2	0.1	0.3
113.6	108.8	137.3	154.0	128.0	155.4	285.4	231.2	250.2	0.5	0.6	0.6
103.9	105.7	106.2	218.4	219.8	215.3	56.5	63.7	67.1	3.9	3.5	3.2
112.9	110.5	104.9	339.2	382.2	276.7	239.9	245.4	156.5	1.4	1.6	1.8
137.0	115.5	117.7	186.7	113.8	34.8	85.8	98.7	100.3	2.2	1.2	0.3
125.1	120.9	158.6	258.2	313.8	328.7	386.0	177.6	41.1	0.7	1.8	8.0
132.1	97.7	90.5	464.2	378.5	321.1	425.3	350.8	345.3	1.1	1.1	0.9
116.6	111.8	N.A.	529.7	503.3	N.A.	46.3	47.1	N.A.	11.4	10.7	N.A.
144.1	115.1	115.7	265.3	211.5	420.0	64.7	67.2	49.0	4.1	3.1	8.6
81.6	69.1	N.A.	99.8	165.2	N.A.	61.4	64.9	N.A.	1.6	2.5	N.A.
95.5	96.4	97.4	4,497.5	5,012.2	6,349.3	533.4	601.1	672.7	8.4	8.3	9.4
111.0	104.5	99.1	123.3	87.9	82.9	85.7	100.6	103.7	1.4	0.9	0.8
119.6	123.4	113.2	166.9	129.1	84.7	46.4	40.1	43.1	3.6	3.2	2.0
159.6	106.5	130.1	250.0	197.5	202.6	437.6	464.1	382.2	0.6	0.4	0.5
114.1	118.0	148.0	171.8	160.8	177.4	101.4	107.7	85.9	1.7	1.5	2.1
99.3	120.2	N.A.	132.0	214.4	N.A.	57.1	53.4	N.A.	2.3	4.0	N.A.
110.6	92.3	91.7	567.0	588.2	554.8	202.4	203.9	202.4	2.8	2.9	2.7
69.2	46.0	79.7	20.5	15.0	16.1	334.0	323.4	295.5	0.1	0.0	0.1
129.4	133.1	169.9	118.2	89.8	96.0	332.0	348.9	399.0	0.4	0.3	0.2
100.0	86.0	94.7	146.8	139.4	154.4	116.8	111.7	66.1	1.3	1.2	2.3
64.5	56.1	46.5	5.6	5.2	5.3	111.8	140.5	117.6	0.1	0.0	0.0
120.6	229.5	131.1	54.0	0.1	29.6	271.9	273.2	28.2	0.2	0.0	1.0
60.7	62.7	57.2	27.6	18.7	9.7	188.6	188.6	214.8	0.1	0.1	0.0
97.7	105.4	95.9	113.7	113.2	99.2	25.8	26.9	31.3	4.4	4.2	3.2
105.3	129.5	N.A.	263.0	206.7	N.A.	82.6	112.0	N.A.	3.2	1.8	N.A.
98.0	101.0	N.A.	3,019.0	3,298.8	N.A.	847.1	1,054.3	N.A.	3.6	3.1	N.A.
91.1	95.3	101.3	75.5	69.5	64.4	51.7	50.3	50.0	1.5	1.4	1.3
102.3	118.4	105.5	74.7	74.6	144.6	61.9	108.6	86.1	1.2	0.7	1.7
14.7	22.9	38.5	4.8	6.5	6.9	191.4	141.8	93.0	0.0	0.0	0.1

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Rank	Rating as of Aug. 1, 2002	Company	Country	Net Reinsurance Premiums Written (Mil. \$)		
				2001	2000	1999
141	AA-	Centre Insurance Co.	U.S.	72.4	32.9	73.4
142	NR	Lincoln General Insurance Co.	U.S.	70.3	36.5	27.5
143	BBBpi	Shelter Re Co.	U.S.	67.3	68.9	43.7
144	BBB+	Tryg-Baltica International Insurance Co. Ltd.	Denmark	66.9	49.2	29.7
145	AAA	GeneralCologne Re Rück AG Wien	Austria	65.6	67.0	64.3
146	AAA	Swiss Re Co. Canada	Canada	65.0	75.8	82.3
147	A-	Alea London Ltd.	U.K.	60.3	50.0	28.9
148	AAA	Munich Re Co. of Canada	Canada	58.9	58.6	69.3
149	BBBpi	Egyptian Re Co.	Egypt	58.8	70.3	81.4
150	BBBpi	Munich Re Co. of Africa Ltd.	South Africa	56.6	100.2	90.0
Total				96,807.7	85,449.4	73,501.8

N.R.—Not rated.

N.A.—Not available.

N.M.—Not meaningful.

1. 2001 combined ratio is based on property/casualty business only, all other figures represent total business written.
2. All figures (except net reinsurance premiums written) include primary and reinsurance businesses.
3. Figures include primary and reinsurance businesses.
4. In 2000, the financial year end of the company changed. The 2000 figures are for 15 months.
5. 2001 figures are estimated.
6. The 2001 combined ratio and net technical reserves are based on property/casualty business only; all other figures represent total business written.

SCOR S.A. France declined to participate in this year's publication, so it is not included among Standard & Poor's Top 150 Global Reinsurers.

The 1999, 2000, and 2001 total combined ratios exclude Lloyd's.

Combined Ratio			Net Technical Reserves (Mil. \$)			Adjusted Shareholders' Funds (Mil. \$)			Net Technical Reserves to Adjusted Shareholders' Funds		
2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
91.4	124.7	117.6	50.1	65.0	80.7	91.8	86.0	75.4	0.5	0.8	1.1
97.8	99.9	117.0	35.8	26.4	32.2	50.2	18.8	16.9	0.7	1.4	1.9
114.5	106.1	120.7	96.1	89.5	79.8	64.2	58.8	58.8	1.5	1.5	1.4
107.5	115.5	116.6	72.4	63.0	44.7	60.0	77.3	43.3	1.2	0.8	1.0
109.8	150.7	110.8	183.5	212.1	117.7	26.7	25.5	28.9	6.9	8.3	4.1
107.0	105.9	108.2	207.2	227.6	243.4	82.1	92.6	108.9	2.5	2.5	2.2
134.7	N.M.	359.4	111.9	120.0	166.0	115.8	89.9	23.6	1.0	1.3	7.0
116.1	109.6	102.4	189.8	188.8	195.9	89.6	92.6	92.3	2.1	2.0	2.1
120.0	122.4	96.5	213.9	232.6	228.8	188.3	197.7	179.4	1.1	1.2	1.3
111.3	108.6	109.7	76.2	106.7	103.7	60.5	70.5	73.8	1.3	1.5	1.4
128.4	113.5	113.4	376,950.7	356,320.0	282,569.6	245,043.4	275,817.0	228,385.2	1.5	1.3	1.2



Global Reinsurance List by Country

Rating as of Aug. 1, 2002	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2001	2000	Change (%)
ALGERIA				
N.R.	Companie Centrale de Réassurance	18.9	14.4	31.0
	Total	18.9	14.4	31.0
ARGENTINA				
N.R.	General & Cologne Re Cia de Reasguos S.A.	169.2	238.4	(29.0)
	Total	169.2	238.4	(29.0)
AUSTRALIA				
AAA	Swiss Re Australia Ltd.	152.8	105.2	45.2
AAA	Munich Re Co. of Australasia Ltd.	94.6	81.2	16.4
A-	Gerling Global Re Co. of Australia Pty Ltd.	81.4	86.1	(5.4)
AAA	GeneralCologne Re Australia Ltd.	49.7	46.3	7.3
N.R.	QBE Re Services Pty Ltd.	13.0	27.4	(52.7)
	Total	391.4	346.2	13.1
AUSTRIA				
A	Uniqa Versicherungen AG	320.9	298.5	7.5
Api	Generali Holding Vienna AG	272.2	309.7	(12.1)
AAA	GeneralCologne Re Rück AG Wien	65.6	67.0	(2.1)
N.R.	Generali Rück AG	51.1	41.6	22.7
	Total	709.7	716.8	(1.0)
BAHRAIN				
N.R.	Trust International Insurance Co.	7.1	4.8	47.1
	Total	7.1	4.8	47.1
BARBADOS				
A-	Gerling Global International Re Co. Ltd.	514.0	353.1	45.6
N.R.	London Life and Casualty Re Corp.	466.9	549.9	(15.1)
N.R.	European International Re Co. Ltd.	40.0	65.9	(39.3)
	Total	1,020.9	968.9	5.4
BELGIUM				
A-	SECURA Société de Réassurance	186.6	163.1	14.4
	Total	186.6	163.1	14.4

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2001	2000	Change (%)	2001	2000	2001	2000	Change (%)	2001	2000
7.5	6.2	20.6	91.1	91.1	40.7	39.0	4.3	24.1	21.0
7.5	6.2	20.6	91.1	91.1	40.7	39.0	4.3	24.1	21.0
28.5	N.A.	N.A.	96.5	N.A.	2.4	N.A.	N.A.	14.8	N.A.
28.5	N.A.	N.A.	96.5	N.A.	2.4	N.A.	N.A.	14.8	N.A.
8.0	14.8	(45.9)	114.6	116.6	189.4	198.6	(4.6)	5.6	10.3
(6.0)	9.8	(161.0)	114.1	118.0	101.4	107.7	(5.9)	(5.8)	11.0
1.5	1.0	42.1	97.7	105.4	25.8	26.9	(4.0)	1.6	1.4
(8.5)	(4.7)	N.M.	145.9	141.2	102.6	184.9	(44.5)	(13.4)	(6.8)
4.3	11.6	(63.1)	127.3	91.0	391.3	388.1	0.8	19.8	25.4
(0.7)	32.6	(102.2)	115.0	115.5	810.5	906.2	(10.6)	(0.3)	7.6
20.9	16.2	28.4	107.9	112.1	1,426.8	1,474.9	(3.3)	5.7	4.8
10.3	16.7	(38.2)	101.9	101.8	1,720.2	2,180.5	(21.1)	2.8	4.0
(0.1)	(27.4)	N.M.	109.8	150.7	26.7	25.5	4.7	(0.1)	(37.0)
1.9	4.2	(55.5)	111.8	111.1	117.7	125.0	(5.9)	3.1	8.0
32.9	9.7	239.5	106.1	111.2	3,291.4	3,805.9	(13.5)	3.0	4.0
1.8	4.2	(56.8)	167.0	183.0	56.9	57.6	(1.2)	21.4	43.5
1.8	4.2	(56.8)	167.0	183.0	56.9	57.6	(1.2)	21.4	43.5
16.3	19.3	(15.5)	122.7	114.4	239.7	221.1	8.4	3.1	5.3
0.6	35.3	(98.3)	126.0	113.0	287.9	334.3	(13.9)	0.1	5.4
(27.5)	(42.4)	N.M.	272.7	162.6	354.8	356.3	(0.4)	(31.5)	(35.8)
(10.6)	12.2	(187.2)	130.4	116.6	882.4	911.8	(3.2)	(0.7)	2.0
(19.1)	(27.2)	N.M.	120.3	128.6	132.6	103.2	28.5	(9.9)	(15.8)
(19.1)	(27.2)	N.M.	120.3	128.6	132.6	103.2	28.5	(9.9)	(15.8)

Global Reinsurance List by Country

Rating as of Aug. 1, 2002	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2001	2000	Change (%)
BERMUDA				
A	Inter-Ocean Re Co. Ltd.	1,255.6	218.9	473.5
AA	XL Re Ltd.	1,111.1	454.2	144.6
A+	ACE Tempest Re Ltd.	902.4	699.1	29.1
AA	Partner Re Co. Ltd.	797.3	503.3	58.4
AA-	Centre Solutions (Bermuda) Ltd.	644.4	580.8	11.0
A+	Commercial Risk Re Co. Ltd.	642.0	441.8	45.3
N.R.	Max Re Capital Ltd.	594.1	401.8	47.9
N.R.	Imagine Insurance Co. Ltd.	459.1	N.A.	N.A.
A+	Renaissance Re Ltd.	313.0	287.9	8.7
AA-	Everest Re (Bermuda) Ltd.	164.5	496.4	(66.9)
A+	IPCR Ltd.	128.6	88.9	44.7
AA	XL LA Re Ltd.	126.1	116.9	7.9
A-	Alea (Bermuda) Ltd.	124.8	155.3	(19.6)
BBB	LaSalle Re Ltd.	95.1	98.5	(3.5)
N.R.	Stockton Re Ltd.	52.3	150.1	(65.2)
N.R.	Axis Specialty Ltd.	26.7	N.A.	N.A.
AA+	Top Layer Re Ltd.	20.7	18.8	10.0
AA-	Tokio Millennium Re Ltd.	17.2	6.6	162.0
	Total⁷	7,475.2	5,586.4	33.8
BRAZIL				
BBpi	IRB-Brasil Resseguros S.A.	332.2	338.6	(1.9)
	Total	332.2	338.6	(1.9)
CANADA				
AAA	Swiss Re Co. Canada	65.0	75.8	(14.2)
AAA	Munich Re Co. of Canada	58.9	58.6	0.4
A-	Gerling Global Re Co. of Canada	46.8	39.7	17.9
N.R.	Swiss Re Co. of Canada P&C Branch	16.2	19.4	(16.9)
	Total	186.9	193.6	(3.5)
DENMARK				
AA+	GE Frankona Re A/S	272.0	242.8	12.0
BBB+	Tryg-Baltica International Insurance Co. Ltd.	66.9	49.2	35.9
N.R.	KaB International	5.4	5.0	6.2
	Total	344.3	297.1	15.9

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2001	2000	Change (%)	2001	2000	2001	2000	Change (%)	2001	2000
5.2	4.4	17.6	108.8	110.9	62.1	52.6	18.0	0.8	1.8
(213.0)	269.4	(179.1)	133.3	95.0	2,193.5	2,162.1	1.4	(15.5)	41.2
48.3	156.4	(69.1)	101.8	82.3	1,628.5	1,281.6	27.1	5.3	23.6
(193.7)	241.6	(180.1)	146.1	71.9	1,414.2	1,447.6	(2.3)	(23.6)	43.7
41.3	(51.0)	(181.0)	128.3	135.2	1,069.3	1,107.4	(3.4)	5.8	(6.4)
10.3	24.2	(57.5)	110.4	108.5	285.3	250.0	14.1	1.7	4.6
2.6	11.3	(76.7)	113.5	107.8	699.7	514.6	36.0	0.5	2.5
22.9	N.A.	N.A.	106.8	N.A.	209.5	N.A.	N.A.	4.5	N.A.
169.1	157.9	7.1	68.4	66.6	800.0	700.0	14.3	43.4	47.5
48.8	6.4	660.2	100.8	100.2	436.1	272.7	59.9	22.0	1.2
(3.6)	44.6	(108.2)	128.6	81.8	1,108.3	561.4	97.4	(2.3)	37.8
(23.8)	(2.3)	N.M.	137.0	115.5	85.8	98.7	(13.2)	(24.3)	(4.2)
(12.7)	(19.2)	N.M.	125.1	120.9	386.0	177.6	117.3	(8.0)	(11.3)
(18.8)	25.8	(172.9)	159.6	106.5	437.6	464.1	(5.7)	(13.7)	17.7
(28.9)	(39.9)	N.M.	173.1	190.5	563.6	591.5	(4.7)	(12.5)	(9.1)
3.1	N.A.	N.A.	231.5	N.A.	1,649.6	N.A.	N.A.	43.7	N.A.
18.9	14.5	30.0	20.2	16.9	46.8	42.5	10.3	82.1	82.3
15.4	7.2	112.2	N.A.	N.A.	272.6	132.2	106.1	53.2	55.4
(108.7)	394.3	(127.6)	119.3	112.5	13,348.2	11,962.3	11.6	(1.4)	5.6
N.A.	96.5	N.A.	N.A.	117.4	379.1	410.5	(7.7)	N.A.	20.1
N.A.	96.5	N.A.	N.A.	117.4	379.1	410.5	(7.7)	N.A.	20.1
9.1	11.9	(23.8)	107.0	105.9	82.1	92.6	(11.3)	10.6	13.5
3.0	8.4	(63.9)	116.1	109.6	89.6	92.6	(3.3)	4.4	11.1
0.1	1.8	(95.9)	107.4	109.9	34.8	37.4	(7.0)	0.2	4.8
1.5	(0.2)	N.M.	111.0	121.0	40.2	35.6	12.7	6.8	(1.1)
13.6	21.9	(37.6)	110.2	109.4	246.6	258.2	(4.5)	6.2	9.8
32.9	24.1	36.5	106.5	132.3	254.6	286.7	(11.20)	10.3	8.3
(10.6)	(9.3)	N.M.	107.5	115.5	60.0	77.3	(22.4)	(18.6)	(19.4)
(0.7)	0.4	(271.4)	157.3	120.6	21.7	25.8	(16.0)	(9.5)	5.9
21.6	15.2	42.2	107.5	129.3	336.2	389.8	(13.7)	5.7	4.4

Global Reinsurance List by Country

Rating as of Aug. 1, 2002	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2001	2000	Change (%)
EGYPT				
BBBpi	Egyptian Re Co.	58.8	70.3	(16.4)
	Total	58.8	70.3	(16.4)
FRANCE				
AA	AXA Corporate Solutions	1,636.8	913.0	79.3
AAA	Caisse Centrale de Réassurance S.A.	775.1	754.2	2.8
AA	PartnerRe S.A.	528.1	425.5	24.1
A+	Le Mans Re ⁴	292.3	248.0	17.9
N.R.	Mutuelle Centrale de Réassurance	173.0	163.1	6.1
AA	SPS Réassurance S.A.	100.2	67.0	49.6
N.R.	CORIFRANCE	13.0	11.4	14.7
	Total⁸	3,518.6	3,731.3	(5.7)
GERMANY				
AAA	Munich Re Co.	12,158.5	10,641.1	14.3
AA+	Allianz AG	3,118.5	3,726.5	(16.3)
AA	Hannover Rück AG	2,539.2	2,595.7	(2.2)
A-	Gerling-Konzern Globale Rück AG	2,321.2	2,015.2	15.2
AAA	Kölnische Rück Ges AG ¹	1,980.2	2,075.3	(4.6)
AA+	GE Frankona Rück AG	1,577.5	1,530.4	3.1
AAA	Swiss Re Germany AG	1,525.9	1,245.2	22.5
AA	E+S Rück AG	961.4	869.9	10.5
A+	R+V Versicherung AG	542.8	455.3	19.2
N.R.	AMB Generali Holding AG	332.4	240.1	38.4
N.R.	Wüstenrot & Württembergische AG	331.5	346.6	(4.4)
A+	Converium Rück (Deutscheland) AG	257.8	218.6	17.9
BBB+	Gothaer Rück AG ⁵	247.7	231.7	6.9
Api	Deutsche Rück AG ⁵	194.3	190.9	1.8
N.R.	Versicherungskammer Bayern Konzern-Rück	155.5	157.0	(1.0)
N.R.	Europa Rück AG	141.7	123.6	14.6
BBpi	Delvag Rück AG ⁵	21.0	20.6	2.0
BBpi	Hanseatica Rück AG	9.0	21.6	(58.3)
	Total	28,416.1	26,705.4	6.4
HONG KONG				
BBB+	China International Re Co. Ltd.	85.8	68.7	24.8
	Total	85.8	68.7	24.8

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2001	2000	Change (%)	2001	2000	2001	2000	Change (%)	2001	2000
17.7	28.7	(38.4)	120.0	122.4	188.3	197.7	(4.8)	20.9	22.3
17.7	28.7	(38.4)	120.0	122.4	188.3	197.7	(4.8)	20.9	22.3
(304.2)	86.9	(450.2)	125.5	117.8	891.8	1,317.0	(32.3)	(16.4)	5.2
143.5	178.6	(19.7)	76.9	88.1	862.7	1,131.4	(23.7)	16.3	19.4
(26.8)	(68.4)	N.M.	112.8	125.7	361.7	221.4	63.4	(4.5)	(14.2)
(40.0)	(10.9)	N.M.	128.0	110.0	251.6	272.0	(7.5)	(12.6)	(4.1)
2.6	8.9	(71.0)	N.A.	N.A.	151.9	161.7	(6.1)	1.4	4.6
(10.5)	6.0	(276.5)	111.0	104.5	85.7	100.6	(14.8)	(12.3)	7.3
0.3	(0.8)	N.M.	122.3	136.8	31.2	37.1	(15.8)	2.1	(5.4)
(235.1)	121.4	(293.6)	112.7	112.0	2,636.7	3,549.8	(25.7)	(6.0)	(4.3)
(526.8)	291.7	(280.6)	127.4	115.7	38,890.5	46,105.9	(15.6)	(3.9)	2.5
(764.8)	185.7	(511.8)	127.3	108.9	51,866.3	53,414.3	(2.9)	(25.6)	4.6
(172.2)	(24.6)	N.M.	112.8	108.2	1,704.8	1,834.2	(7.1)	(6.4)	(0.9)
(693.9)	22.9	(3126.2)	142.6	115.2	615.0	1,243.4	(50.5)	(27.9)	0.9
(139.7)	26.5	(628.0)	123.7	110.7	994.6	1,230.0	(19.1)	(6.5)	1.2
(592.7)	(149.3)	N.M.	143.2	118.2	714.8	982.6	(27.3)	(36.7)	(9.1)
(61.9)	16.2	(481.9)	112.8	106.8	1,582.0	1,909.7	(17.2)	(3.9)	1.2
(62.3)	(14.2)	N.M.	112.0	113.7	484.0	616.6	(21.5)	(6.0)	(1.4)
47.4	208.5	(77.3)	105.4	99.3	1,736.9	1,599.8	8.6	7.8	30.3
176.9	169.9	4.1	103.2	106.5	6,099.9	5,205.6	17.2	30.4	36.5
(67.8)	124.1	(154.6)	106.7	106.1	1,484.4	1,769.6	(16.1)	(14.7)	27.2
(61.5)	(48.2)	N.M.	133.7	135.0	N.A.	N.A.	N.A.	N.A.	N.A.
(6.9)	(8.4)	N.M.	112.5	113.5	175.6	222.0	(20.9)	(2.5)	(3.2)
25.0	17.5	42.7	94.0	103.7	253.6	273.8	(7.4)	11.7	8.0
14.0	10.2	37.1	88.3	98.3	78.1	76.0	2.7	8.4	6.0
(7.6)	0.4	(2218.4)	124.6	115.2	58.9	96.9	(39.2)	(5.0)	0.3
(0.8)	(0.4)	N.M.	111.3	114.5	7.2	7.9	(9.1)	(3.9)	(1.9)
(5.4)	(9.8)	N.M.	177.0	144.8	14.2	19.2	(26.1)	(48.6)	(41.0)
(2,901.0)	818.7	(454.4)	125.1	112.7	106,780.8	116,607.6	(8.4)	(9.3)	3.8
8.8	20.5	(56.9)	100.0	86.0	116.8	111.7	4.6	9.0	25.8
8.8	20.5	(56.9)	100.0	86.0	116.8	111.7	4.6	9.0	25.8

Global Reinsurance List by Country

Rating as of Aug. 1, 2002	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2001	2000	Change (%)
INDONESIA				
N.R.	PT. Reasuransi Nasional Indonesia (ReIndo)	11.6	11.1	5.1
	Total	11.6	11.1	5.1
IRELAND				
AA	Hannover Re (Ireland) Ltd.	935.0	588.9	58.8
AA-	HDI Re (Ireland) Ltd.	465.8	177.1	163.1
AAA	Swiss Re Ireland	382.9	549.4	(30.3)
AA	E+S Re (Ireland) Ltd.	293.6	168.0	74.8
A+	QBE Re (Europe) Ltd. ³	126.6	188.9	(33.0)
AA-	Tokio Marine Global Re Ltd.	114.4	113.8	0.5
BB-	ESG Re (Ireland) Ltd. ⁵	89.3	141.8	(37.0)
AAA	Cologne Re Co. (Dublin) Ltd.	89.3	95.4	(6.4)
AA-	Mitsui Sumitomo Re (Europe) Ltd.	15.4	6.1	151.8
	Total	2,512.3	2,029.4	23.8
ITALY				
AAA	Münchener Rück Italia SpA ⁵	296.2	313.0	(5.4)
AAA	Swiss Re Italia SpA ⁶	283.5	349.9	(19.0)
	Total	579.7	662.9	(12.6)
JAPAN				
AA-	Tokio Marine & Fire Insurance Co. Ltd. ²	861.6	705.3	22.2
AA-	Toa Re Co. Ltd.	748.8	799.5	(6.3)
AA-	Mitsui Sumitomo Insurance Co. Ltd. ²	645.0	595.9	8.3
A	Aioi Insurance Co. Ltd. ²	605.4	627.4	(3.5)
AA-	Yasuda Fire & Marine Insurance Co. Ltd. ²	489.6	482.9	1.4
BBBpi	Japan Earthquake Re Co. Ltd.	383.4	416.7	(8.0)
A+	NipponKoa Insurance Co. Ltd.	328.9	331.5	(0.8)
AA-	Nichido Fire & Marine Insurance Co. Ltd.	221.8	211.8	4.7
AA-	Nissan Fire & Marine Insurance Co. Ltd. ²	207.8	213.4	(2.6)
AA-	Nissay Dowa Fire & Marine Insurance Co. Ltd.	175.4	144.6	21.3
BBB	Fuji Fire & Marine Insurance Co.	139.9	150.9	(7.3)
BBB-	Kyoei Mutual Fire & Marine Insurance Co. ²	101.6	105.6	(3.8)
BBB-	Nisshin Fire & Marine Insurance Co. Ltd.	78.1	85.5	(8.7)
	Total⁹	4,987.3	4,967.3	0.4

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2001	2000	Change (%)	2001	2000	2001	2000	Change (%)	2001	2000
0.7	0.9	(18.3)	96.1	102.6	7.7	8.3	(6.5)	5.7	7.0
0.7	0.9	(18.3)	96.1	102.6	7.7	8.3	(6.5)	5.7	7.0
48.3	35.8	35.0	114.3	112.0	169.9	168.4	0.9	4.3	5.2
18.8	28.6	(34.3)	111.2	102.3	145.2	145.5	(0.2)	3.5	13.4
31.3	35.6	(12.0)	110.1	108.5	262.5	275.8	(4.8)	6.9	5.5
17.5	9.9	76.7	129.0	122.4	129.2	134.1	(3.6)	4.5	4.6
5.4	(5.4)	N.M.	112.9	110.5	239.9	245.4	(2.2)	3.2	(2.9)
89.9	(5.5)	N.M.	81.6	69.1	61.4	64.9	(5.4)	86.7	(4.7)
1.3	(28.5)	N.M.	99.3	120.2	57.1	53.4	7.0	1.0	(16.9)
14.0	33.4	(58.0)	110.6	92.3	202.4	203.9	(0.7)	12.3	27.1
0.1	0.1	(5.9)	101.5	101.9	17.8	7.2	148.8	0.6	1.5
226.6	103.9	118.0	112.3	108.2	1,285.5	1,298.6	(1.0)	7.3	5.1
N.A.	9.3	N.A.	N.A.	112.6	205.2	218.1	(5.9)	N.A.	3.1
50.9	4.2	1104.1	104.5	125.0	231.2	229.7	0.6	13.3	1.0
50.9	13.5	276.5	104.5	119.4	436.4	447.8	(2.6)	7.3	1.8
587.0	455.9	28.8	93.7	110.6	18,343.0	20,432.2	(10.2)	43.9	29.9
(75.2)	9.9	(860.2)	96.3	107.5	1,488.5	2,175.4	(31.6)	(8.0)	1.0
472.2	446.8	5.7	94.2	95.7	12,737.1	15,186.1	(16.1)	3.5	3.1
(1,008.4)	(252.1)	N.M.	N.A.	N.A.	4,164.5	6,008.2	(30.7)	N.A.	(117.3)
(26.1)	259.6	(110.1)	93.7	94.5	8,604.2	9,942.2	(13.5)	(2.6)	22.7
1.9	(1.2)	N.M.	78.6	48.2	11.8	12.0	(1.6)	1.7	(1.0)
185.3	143.8	28.8	97.0	99.1	5,635.1	6,656.3	(15.3)	2.3	1.7
171.9	101.2	69.9	109.3	108.8	4,963.2	5,771.2	(14.0)	83.9	31.9
N.A.	N.A.	N.A.	N.A.	N.A.	1,581.3	3,039.9	(48.0)	N.A.	N.A.
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
N.A.	N.A.	N.A.	122.3	121.0	N.A.	N.A.	N.A.	N.A.	N.A.
58.1	32.5	78.8	95.5	96.4	533.4	601.1	(11.3)	2.7	1.4
32.3	90.0	(64.1)	98.0	101.0	847.1	1,054.3	(19.6)	N.A.	N.A.
398.9	1,286.4	(69.0)	95.1	97.7	58,909.3	70,878.9	(16.9)	5.1	4.0

Global Reinsurance List by Country

Rating as of Aug. 1, 2002	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2001	2000	Change (%)
KUWAIT				
BBBpi	Kuwait Re Co. KSC	5.9	5.4	9.4
	Total	5.9	5.4	9.4
LEBANON				
B-pi	Arab Re Co.	11.2	10.5	6.4
	Total	11.2	10.5	6.4
LUXEMBOURG				
AA+	Luxembourg European Re S.A.	181.5	235.8	(23.0)
A+	Namur Re S.A.	50.6	45.4	11.4
	Total	232.1	281.2	(17.5)
MEXICO				
N.R.	Reaseguradora Patria S.A.	54.1	37.8	42.9
	Total	54.1	37.8	42.9
MOROCCO				
BBpi	Société Centrale de Réassurance	115.9	122.2	(5.2)
	Total	115.9	122.2	(5.2)
NIGERIA				
BBB	African Re Corp.	75.5	71.7	5.3
N.R.	Universe Re Co. Ltd.	2.3	1.9	23.1
	Total	77.8	73.6	5.7
POLAND				
N.R.	Polish Re Co.	39.3	39.0	0.7
	Total	39.3	39.0	0.7
RUSSIA				
N.R.	Russian Re Co. Ltd.	6.2	2.3	173.4
	Total	6.2	2.3	173.4

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2001	2000	Change (%)	2001	2000	2001	2000	Change (%)	2001	2000
1.4	2.3	(37.3)	180.0	159.9	75.8	74.9	1.2	13.9	21.9
1.4	2.3	(37.3)	180.0	159.9	75.8	74.9	1.2	13.9	21.9
3.0	2.9	1.7	107.0	114.0	29.6	29.6	0.0	18.1	17.3
3.0	2.9	1.7	107.0	114.0	29.6	29.6	0.0	18.1	17.3
(2.7)	(4.9)	N.M.	108.7	110.9	110.3	121.3	(9.1)	(1.5)	(1.9)
0.08	0.12	(35.0)	92.9	69.1	32.8	33.2	(1.2)	0.2	0.3
(2.6)	(4.8)	(44.8)	105.4	104.3	143.1	154.6	(7.4)	0.0	0.0
N.A.	N.A.	N.A.	116.3	N.A.	65.2	58.8	11.0	N.A.	N.A.
N.A.	N.A.	N.A.	116.3	N.A.	65.2	58.8	11.0	N.A.	N.A.
11.5	12.3	(6.8)	116.6	111.8	46.3	47.1	(1.6)	9.4	9.9
11.5	12.3	(6.8)	116.6	111.8	46.3	47.1	(1.6)	9.4	9.9
5.8	4.6	27.0	91.1	95.3	51.7	50.3	2.9	8.2	6.4
0.4	0.3	55.2	92.1	79.7	1.6	1.5	3.9	N.A.	N.A.
6.3	4.9	28.7	91.2	94.8	53.3	51.8	2.9	8.2	6.4
1.1	(4.6)	N.M.	100.9	111.0	26.8	24.9	7.4	2.5	(11.5)
1.1	(4.6)	N.M.	100.9	111.0	26.8	24.9	7.4	2.5	(11.5)
0.4	0.2	95.2	98.0	97.0	1.6	1.1	47.4	7.2	9.0
0.4	0.2	95.2	98.0	97.0	1.6	1.1	47.4	7.2	9.0

Global Reinsurance List by Country

Rating as of Aug. 1, 2002	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2001	2000	Change (%)
SINGAPORE				
BBB+	Singapore Re Corp. Ltd.	26.8	25.3	6.0
	Total	26.8	25.3	6.0
SOUTH AFRICA				
BBpi	Hannover Re Group Africa (Pty) Ltd. ¹	157.3	167.0	(5.8)
BBBpi	Munich Re Co. of Africa Ltd.	56.6	100.2	(43.5)
BBBpi	Swiss Re Southern Africa Ltd.	49.5	68.1	(27.3)
AAA	General & Cologne Re Co. South Africa Ltd.	20.6	38.7	(46.8)
A-	Gerling Global Re Co. of South Africa Ltd. ¹	16.7	38.0	(56.0)
	Total	300.8	411.9	(27.0)
SOUTH KOREA				
BBB-	Korean Re Co.	930.2	977.5	(4.8)
	Total	930.2	977.5	(4.8)
SPAIN				
A+	Mapfre Re Compania De Reaseguros S.A.	377.5	367.2	2.8
A	Nacional De Reaseguros S.A. ¹	126.7	128.1	(1.1)
	Total	504.3	495.3	1.8
SWEDEN				
A	Sirius International Insurance Corp.	267.3	253.3	5.6
	Total	267.3	253.3	5.6
SWITZERLAND				
AAA	Swiss Re Co.	6,822.5	5,289.8	29.0
A+	Converium AG	1,185.0	818.3	44.8
AAA	New Re Co.	542.3	433.8	25.0
A-	Gerling Globale Rück AG	239.1	251.1	(4.8)
AA	Trans Re Zurich	141.5	127.8	10.7
A-	Alea Europe Ltd.	138.4	87.5	58.2
N.R.	A.G. Re Cie de Reas Generales S.A.	22.9	23.2	(1.3)
	Total	9,091.6	7,031.5	29.3

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2001	2000	Change (%)	2001	2000	2001	2000	Change (%)	2001	2000
5.9	6.0	(2.7)	98.4	109.3	78.3	84.4	(7.3)	17.4	18.1
5.9	6.0	(2.7)	98.4	109.3	78.3	84.4	(7.3)	17.4	18.1
8.5	3.4	151.5	101.0	99.0	35.3	40.8	(13.6)	4.9	1.9
6.8	6.5	5.0	111.3	108.6	60.5	70.5	(14.2)	10.6	6.2
12.0	11.2	7.2	28.5	84.2	42.6	94.9	(55.1)	23.8	12.9
8.3	8.1	1.5	118.0	111.8	28.0	38.0	(26.4)	26.2	16.4
0.9	(1.4)	N.M.	111.1	110.0	10.0	14.2	(29.3)	4.3	(3.5)
36.5	27.8	31.4	93.7	100.5	176.4	258.4	(31.7)	10.8	6.1
73.5	34.0	116.0	94.0	97.8	328.0	323.4	1.4	7.9	3.4
73.5	34.0	116.0	94.0	97.8	328.0	323.4	1.4	7.9	3.4
(0.9)	3.2	(127.3)	109.6	106.7	186.6	197.2	(5.3)	(0.2)	0.8
6.0	7.6	(20.8)	103.9	105.7	56.5	63.7	(11.3)	4.4	5.6
5.2	10.9	(52.6)	108.2	106.4	243.1	260.9	(6.8)	0.9	2.1
(51.4)	14.3	(459.2)	119.4	101.0	591.0	730.7	(19.1)	(12.5)	3.9
(51.4)	14.3	(459.2)	119.4	101.0	591.0	730.7	(19.1)	(12.5)	3.9
(878.6)	(175.6)	N.M.	133.8	124.1	6,541.4	4,243.6	54.1	(11.5)	(2.9)
(181.2)	(10.6)	N.M.	123.1	103.3	N.A.	N.A.	N.A.	(16.4)	(1.4)
(29.1)	(9.9)	N.M.	109.9	119.5	268.9	311.6	(13.7)	(5.5)	(2.0)
2.0	4.1	(50.8)	106.8	105.1	73.3	79.0	(7.3)	0.8	1.6
6.5	2.2	192.4	111.1	112.9	49.0	49.5	(0.9)	4.3	1.5
(13.4)	(11.4)	N.M.	115.7	138.9	70.4	76.0	(7.3)	(9.6)	(9.4)
3.8	4.8	(21.1)	95.0	94.2	48.7	45.3	7.7	15.0	18.0
(1,090.0)	(196.4)	N.M.	129.7	120.7	7,051.7	4,804.9	46.8	(10.8)	(2.5)

Global Reinsurance List by Country

Rating as of Aug. 1, 2002	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2001	2000	Change (%)
TAIWAN				
BBB+	Central Re Corp.	279.2	378.3	(26.2)
	Total	279.2	378.3	(26.2)
THAILAND				
BBpi	Thai Re Public Co. Ltd.	42.5	41.1	3.5
	Total	42.5	41.1	3.5
TUNISIA				
BBB-	B.E.S.T. Re Co.	38.8	57.1	(32.1)
N.R.	Société Tunisienne de Réassurance	10.1	9.5	6.1
	Total	48.9	66.6	(26.6)
TURKEY				
B-pi	Milli Reasurans T.A.S.	148.0	225.1	(34.2)
	Total	148.0	225.1	(34.2)
U.K.				
A	Lloyd's	5,746.1	3,952.9	45.4
A+	Royal & Sun Alliance Re Ltd.	433.9	184.7	134.9
A+	QBE International Insurance Ltd. ³	346.1	333.3	3.8
A+	St. Paul Re Co. Ltd. ⁴	326.3	209.9	55.5
AAA	Swiss Re Co. (UK) Ltd.	251.5	130.9	92.1
AA+	GE Frankona Re Ltd.	247.8	381.5	(35.1)
A+	Liberty Mutual Insurance Co. (UK) Ltd.	194.3	218.4	(11.0)
AAA	General Cologne Re UK Ltd.	180.2	193.5	(6.9)
AAA	Faraday Re Co. Ltd.	172.3	135.3	27.3
BBB-	Terra Nova Insurance Co. Ltd.	155.7	98.4	58.2
BBB-	CNA Re Co. Ltd.	138.7	477.6	(71.0)
A-	Gerling Global General & Re Co. Ltd.	115.2	82.6	39.4
BB+	Trenwick International Ltd.	78.8	89.3	(11.8)
A-	Alea London Ltd.	60.3	50.0	20.6
N.R.	BRIT Insurance Ltd.	36.2	37.2	(2.6)
AAA	Great Lakes Re (UK) Plc	31.7	31.5	0.4
A	Lattice Insurance Co. ⁴	19.0	25.4	(25.1)
	Total	8,533.9	6,632.5	28.7

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2001	2000	Change (%)	2001	2000	2001	2000	Change (%)	2001	2000
20.0	15.1	32.6	96.4	95.6	102.1	118.7	(14.0)	7.2	6.2
20.0	15.1	32.6	96.4	95.6	102.1	118.7	(14.0)	7.2	6.2
53.5	51.9	3.1	87.7	84.2	40.7	36.1	12.6	113.6	114.4
53.5	51.9	3.1	87.7	84.2	40.7	36.1	12.6	113.6	114.4
5.2	6.1	(14.4)	81.3	86.8	37.3	35.1	6.4	12.8	10.5
2.9	0.9	237.9	104.7	122.7	21.3	22.6	(5.8)	20.9	6.5
8.1	6.9	16.7	85.9	92.3	58.7	57.7	1.6	15.6	9.5
20.0	15.7	27.4	105.8	91.9	54.4	62.9	(13.6)	13.0	7.8
20.0	15.7	27.4	105.8	91.9	54.4	62.9	(13.6)	13.0	7.8
N.A.	N.A.	N.A.	N.A.	N.A.	6,140.5	8,268.4	(25.7)	N.A.	N.A.
363.8	231.2	57.4	139.5	106.0	N.A.	N.A.	N.A.	N.A.	N.A.
(159.9)	(20.6)	N.M.	168.7	131.1	477.9	390.6	22.3	(45.6)	(5.6)
(191.1)	37.4	(611.0)	169.8	129.9	301.1	348.5	(13.6)	(54.3)	14.3
(294.4)	(15.8)	N.M.	226.0	137.9	290.5	226.9	28.0	(109.3)	(7.9)
(107.4)	55.4	(293.8)	165.2	104.9	669.1	762.9	(12.3)	(29.3)	13.7
(323.9)	21.9	(1578.7)	282.7	104.4	187.7	347.8	(46.0)	(143.6)	8.5
(105.4)	18.1	(680.8)	179.0	111.0	192.4	243.3	(20.9)	(49.4)	8.2
2.7	1.2	118.4	116.9	120.6	66.5	69.6	(4.5)	1.4	0.7
(64.3)	(47.6)	N.M.	150.7	140.2	151.6	184.8	(18.0)	(32.4)	(22.3)
N.A.	(211.6)	N.A.	N.A.	151.9	N.A.	228.1	N.A.	N.A.	(36.7)
(27.0)	2.5	(1166.7)	144.1	115.1	64.7	67.2	(3.8)	(30.5)	3.3
(37.4)	(13.0)	N.M.	105.3	129.5	82.6	112.0	(26.2)	(42.7)	(14.2)
(24.0)	(27.6)	N.M.	134.7	N.M.	115.8	89.9	28.8	(27.9)	(425.6)
(13.7)	9.1	(251.6)	188.2	87.2	102.5	89.7	14.2	(36.1)	25.1
2.4	7.3	(66.7)	108.5	108.6	107.7	107.6	0.1	5.8	19.9
37.4	29.1	28.6	46.3	62.5	173.4	186.9	(7.2)	77.9	61.9
(942.1)	77.1	(1322.0)	170.2	125.3	9,123.8	11,724.3	(22.2)	(32.3)	(1.4)

Global Reinsurance List by Country

Rating as of Aug. 1, 2002	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2001	2000	Change (%)
U.S.				
AAA	General Re Corp.	3,684.4	3,260.8	13.0
AAA	American Re Co.	2,761.6	3,165.5	(12.8)
AA+	Employers Re Corp.	1,920.3	2,227.1	(13.8)
AA	Transatlantic Re Co.	1,675.9	1,456.7	15.0
AAA	Swiss Re America Corp.	1,647.2	1,758.7	(6.3)
A+	St. Paul Re Co.	1,309.7	976.6	34.1
AA-	Everest Re Co.	1,380.1	1,211.8	13.9
A+	GE Re Corp.	906.6	1,096.4	(17.3)
AAA	National Indemnity Co.	905.4	683.6	32.4
AA	Hartford Re Co.	848.9	825.9	2.8
A+	Converium Re North America Inc.	839.1	959.8	(12.6)
A-	Odyssey America Re Co.	836.5	515.3	62.3
BBB	Gerling Global Re Corp. of America	737.1	870.6	(15.3)
BBB-	CNA Re	546.3	473.4	15.4
AA	Partner Re Co. of the U.S.	498.8	369.7	34.9
A-	Folksamerica Re Co.	458.2	332.7	37.7
A+	Berkley Insurance Co.	436.3	444.7	(1.9)
A+	SCOR Re Co.	417.5	414.1	0.8
A	PMA Capital Insurance Co.	370.3	236.4	56.6
AA	AXA Corp. Solutions Re Co.	359.5	275.8	30.4
A	Insurance Corp. of Hannover	350.1	213.7	63.8
Api	American Agricultural Insurance Co.	299.0	304.3	(1.7)
A-	Trenwick America Re Corp.	288.0	187.4	53.7
Api	Dorinco Re Co.	245.8	181.3	35.6
A+	QBE Re Corp.	236.6	168.6	40.3
AA	XL Re America Inc.	228.4	181.6	25.7
AA-	Toa-Re Insurance Co. of America	201.8	157.3	28.3
A-	Continental Re Corp.	181.5	6.5	2,710.0
A+	General Security National Insurance Co.	170.9	196.0	(12.8)
N.R.	Mitsui Marine & Fire Insurance Co.	131.2	49.5	165.3
AA	Houston Casualty Co.	128.4	95.8	34.1
AA-	Gulf Insurance Co.	117.7	365.2	(67.8)
A+	Commercial Risk Re Co.	98.6	87.0	13.3
AAA	ACE Guaranty Re Inc.	87.7	79.5	10.4
A	PXRE Re Co.	86.3	93.3	(7.5)
N.R.	Great Lakes Insurance Co.	83.6	86.3	(3.0)
N.R.	Overseas Partners US Re Co.	82.7	3.3	2,411.6
AAA	Enhance Re Co. ²⁰	82.5	80.6	2.3
A+	Insurance Co. of North America	74.8	65.7	13.8

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2001	2000	Change (%)	2001	2000	2001	2000	Change (%)	2001	2000
(2,134.1)	291.9	(831.0)	181.5	113.4	3,737.8	4,436.5	(15.8)	(50.6)	7.5
(967.3)	(193.6)	399.5	148.3	117.2	2,643.1	2,165.4	22.1	(26.0)	(5.5)
(424.9)	(26.0)	1535.1	145.1	117.1	4,857.9	4,050.1	19.9	(18.5)	(1.0)
(71.9)	191.7	(137.5)	116.0	100.5	1,401.1	1,531.9	(8.5)	(4.0)	11.7
(361.1)	(245.8)	46.9	141.4	121.3	2,267.4	1,537.0	47.5	(18.6)	(14.3)
N.A.	N.A.	N.A.	138.2	111.9	N.A.	N.A.	N.A.	N.A.	N.A.
56.1	220.2	(74.5)	115.8	103.6	1,293.8	1,272.7	1.7	3.5	15.2
(158.0)	62.8	(351.6)	129.8	104.6	735.0	773.0	(4.9)	(14.8)	5.3
(583.3)	(552.0)	5.7	116.1	106.9	14,802.9	25,119.6	(41.1)	(179.9)	(310.8)
N.A.	N.A.	N.A.	143.9	108.8	N.A.	N.A.	N.A.	N.A.	N.A.
(508.4)	39.5	(1385.9)	170.6	116.7	627.4	858.7	(26.9)	(48.5)	3.2
(43.3)	53.8	(180.5)	116.0	104.8	819.5	853.0	(3.9)	(5.1)	9.9
(160.9)	(39.3)	309.8	130.9	114.9	522.7	487.9	7.1	(19.6)	(4.1)
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(82.7)	(46.9)	76.6	122.8	118.7	373.5	356.1	4.9	(17.7)	(13.1)
(61.0)	(24.2)	151.8	125.4	126.2	804.8	443.9	81.3	(12.7)	(6.4)
(139.8)	12.9	(1182.4)	148.9	108.1	623.1	615.4	1.3	(27.1)	2.6
(183.6)	(69.9)	162.5	148.7	160.0	364.2	336.5	8.2	(31.1)	(9.7)
(30.5)	(5.8)	426.4	122.1	124.9	559.6	529.6	5.7	(7.9)	(2.1)
(97.1)	(16.9)	475.2	129.8	107.9	252.9	285.8	(11.5)	(31.9)	(6.9)
(36.2)	(12.6)	187.8	113.8	112.1	160.8	187.2	(14.1)	(11.0)	(5.8)
(11.7)	30.2	(138.9)	111.4	95.8	281.4	293.9	(4.3)	(3.8)	10.0
(22.3)	(30.9)	(27.7)	113.7	131.1	374.8	224.5	66.9	(8.1)	(14.7)
(4.4)	10.4	(142.2)	120.4	121.5	320.0	357.8	(10.6)	(1.5)	4.3
(10.0)	(0.3)	3357.4	107.6	106.5	201.5	151.1	33.4	(4.4)	(0.2)
(57.5)	(52.7)	9.0	161.0	173.3	639.4	575.6	11.1	(21.9)	(22.4)
(17.2)	10.5	(263.2)	124.8	110.9	238.9	260.8	(8.4)	(7.7)	6.1
(24.2)	15.9	(252.4)	123.7	112.0	54.6	232.8	(76.5)	(13.7)	69.2
(30.2)	(23.2)	30.1	124.0	120.2	100.1	142.3	(29.6)	(16.7)	(11.1)
(9.0)	6.8	(231.4)	108.7	97.6	47.0	65.5	(28.3)	(9.0)	11.2
3.1	1.3	137.3	113.6	108.8	285.4	231.2	23.5	2.3	1.2
18.7	44.1	(57.6)	132.1	97.7	425.3	350.8	21.3	7.7	11.5
(1.0)	(7.4)	(86.7)	119.6	123.4	46.4	40.1	16.0	(0.9)	(7.9)
58.2	71.8	(18.9)	69.2	46.0	334.0	323.4	3.3	50.6	66.2
0.9	(17.6)	(104.9)	129.4	133.1	332.0	348.9	(4.8)	0.8	(18.7)
37.8	46.6	(18.8)	64.5	56.1	111.8	140.5	(20.4)	41.2	49.0
(4.1)	1.9	(310.5)	120.6	229.5	271.9	273.2	(0.5)	(4.5)	13.5
54.1	53.1	2.0	60.7	62.7	188.6	188.6	0.0	54.7	53.2
7.7	3.4	126.0	102.3	118.4	61.9	108.6	(43.1)	9.6	4.1

Global Reinsurance List by Country

Rating as of Aug. 1, 2001	Company	Net Reinsurance Premiums Written (Mil. \$)		
		2000	1999	Change (%)
U.S. (CONTINUED)				
N.R.	Citicorp Assurance Co.	73.4	88.3	(16.8)
AA-	Centre Insurance Co.	72.4	32.9	119.7
N.R.	Lincoln General Insurance Co.	70.3	36.5	92.4
BBBpi	Shelter Re Co.	67.3	68.9	(2.3)
AA-	Travelers Indemnity Co. of IL	48.2	42.8	12.5
N.R.	Atrium Insurance Corp.	45.9	34.6	32.5
AA-	Associated Indemnity Corp.	40.7	31.8	28.1
N.R.	Wasatch Crest Insurance Co.	39.4	24.2	63.0
BBBpi	Old Lyme Insurance Co. of RI Inc.	37.2	28.6	30.0
N.R.	First Mercury Insurance Co.	35.4	22.3	58.6
AA-	Interstate Indemnity Co.	32.5	25.4	28.1
	Total	26,278.1	24,595.0	6.8
	Global Industry Total	98,006.8	88,820.3	10.3

N.R.—Not rated.

N.A.—Not available.

N.M.—Not meaningful.

- 2001 combined ratio is based on property/casualty business only, all other figures represent total business written.
- All figures (except net reinsurance premiums written) include primary and reinsurance businesses.
- Figures include primary and reinsurance businesses.
- In 2000, the financial year end of the company changed, therefore the 2000 figures are for 15 months.
- 2001 figures are estimated.
- The 2001 combined ratio and net technical reserves are based on property/casualty business only, all other figures represent total business written.
- The 2000 total includes the data of Overseas Partners Ltd. and Scandinavian Re Co. Ltd.
- The 2000 total includes the data of Sorema S.A., which is currently part of SCOR Re.
- The 2000 total includes the data of Taisei Fire & Marine Insurance Co. Ltd., which filed for bankruptcy because of its exposure to World Trade Center-related losses.

Pretax Operating Income (Mil. \$)			Combined Ratio		Total Adjusted Shareholders' Funds (Mil. \$)			Return on Revenue (%)	
2000	1999	Change (%)	2000	1999	2000	1999	Change (%)	2000	1999
72.9	74.9	(2.7)	14.7	22.9	191.4	141.8	34.9	87.1	78.7
25.5	12.4	105.3	91.4	124.7	91.8	86.0	6.7	30.7	25.5
(1.5)	1.5	(200.6)	97.8	99.9	50.2	18.8	166.7	(2.8)	4.4
(2.4)	2.7	(190.1)	114.5	106.1	64.2	58.8	9.2	(3.4)	3.6
5.8	9.9	(41.5)	110.3	104.5	75.1	76.0	(1.2)	10.2	18.4
38.4	28.7	33.6	25.8	28.3	33.8	28.7	18.0	76.5	74.6
(3.6)	(1.5)	140.2	122.3	122.6	38.9	39.4	(1.3)	(8.0)	(4.1)
(4.8)	(1.5)	215.4	116.9	114.1	3.1	7.8	(60.6)	(11.7)	(5.9)
4.2	9.1	(54.1)	89.0	79.4	34.6	33.9	2.0	11.8	28.5
0.1	1.0	(87.0)	107.5	102.8	23.8	20.3	16.8	0.4	4.7
(4.8)	(3.1)	56.9	122.3	122.6	26.2	29.1	(10.1)	(14.1)	(11.0)
(5,869.5)	(61.9)	N.M.	139.2	113.7	41,795.4	50,690.6	(17.5)	(22.4)	(0.4)
(10,174.9)	2,974.4	(442.1)	128.4	113.5	249,973.8	281,540.6	(11.2)	(8.9)	2.9



Life Reinsurance Faces Mixed Prospects

The state of the North American life reinsurance industry as of mid-year 2002 is a mixed bag. Consolidation is leaving the industry with fewer players, all stronger and more focused than in years past.

Major reinsurers, perceiving the life sector as far less volatile than nonlife, are increasingly focusing their efforts on increasing life market share. However, negative influences—such as difficult investment markets and potential mortality problems—will weigh on the industry over the coming year.

Consolidation

Consolidation is changing the face of the life reinsurance sector in North America. Lincoln National Corp.'s (Lincoln) and American United Life Insurance Co.'s decisions to exit the business have greatly strengthened the positions of Swiss Reinsurance Co. (Swiss Re) and ERC Life Reinsurance Corp., which, respectively, had the largest and sixth largest market shares even before these transactions. Other sales are rumored. Consolidation in the life insurance sector has been largely driven by companies' desire to streamline operations and divest noncore businesses. This phenomenon is likely to lead to more mergers and acquisitions activity in the life reinsurance sector.

The deal that really changed the face of the market was Swiss Re's December 2001 acquisition of Lincoln National Reinsurance Co. Ltd's reinsurance division. This transaction gave Swiss Re a market share of about 30%. Swiss Re is the low-cost market leader in the U.S., while Lincoln's higher-cost organization provided perhaps the best research and development in the fields of underwriting and mortality.

It remains to be seen whether these two very different approaches and cultures will mix, but the results so far appear good. Certainly, the new Swiss Re has the scale to drive the market in large part, particularly in niche areas such as administrative reinsurance and group catastrophe coverage. However, nearly all major life insurers diversify their major reinsurance treaties across pools of four to eight reinsurers. Although Swiss Re and Lincoln claimed to have very little overlap in their key clients, there must be some degree of overlap between the two because of their sheer size. The combination could mean another slot at the table for new offshore entrants (Scottish Annuity & Life Insurance Co. (Cayman) Ltd. or Annuity & Life Reassurance Ltd.) or some of the smaller on-shore

incumbents, such as Gerling Global Reinsurance Co. or the U.S. reinsurance operations of Assicurazioni Generali SpA. (Most of the major U.S. life reinsurers have a European company somewhere in their heritage.)

What will drive future consolidation? Will RGA Reinsurance Co. (RGA), Allianz AG, or Munich Reinsurance Co. (Munich) step up to the plate to acquire smaller competitors and try to maintain a share that will keep them competitive? Or will the parents of these three (and others) decide that their capital is better spent closer to home and closer to core businesses? It seems that some combination of the two alternatives is likely. Munich, for example, is under scrutiny from poor results in its nonlife reinsurance businesses and could choose to follow Swiss Re's lead by moving toward a more even balance between life and nonlife. Meanwhile, plenty of smaller players might be available for acquisition; even if they would not add much size, they would at least make a statement to the marketplace about the parent's commitment.

Although it is difficult to guess which companies will be the acquirers and the acquired through 2002 and 2003, it seems clear that most of the top 12 players in the U.S. market will be participating on one side or the other of the consolidating life reinsurance market.

Mortality

A funny thing happened to RGA on the way to its earnings announcements in 2001: bad mortality. The third largest U.S. life reinsurer had worse-than-expected mortality results in both its first and fourth quarters. Mortality does fluctuate from quarter to quarter, but it was somewhat unusual to see two poor quarters in the same year in addition to the unusual Sept. 11 event in the third quarter. Although it is not always easy to discern U.S. mortality results from the financial reports of the big multinationals, an analysis of the results of a number of direct companies also indicates a worse-than-average year for U.S. insured mortality.

This is potentially significant to the industry. Ten years ago, most life reinsurers set their rates based on recent mortality experience, adjusted for the level of underwriting and other factors. However, through the 1990s, competition was fierce, and rates fell rapidly. As

Life Reinsurance

a result, it became imperative to set rates not only based on the recent experience but also by projections of future improvements in mortality. Without including mortality improvement in the pricing, a reinsurer would have been priced out of the market.

RGA's results seem to have stabilized through the first half of 2002. However, a number of direct companies have reported difficulties. Could this mean that the steady pace of mortality improvement has slowed? Through the 1990s, life insurers could depend on improvement of about 1% per year, with more at certain ages and less at others but with steady improvement on the whole. Now, doubts are being cast about the reliability of future improvements—improvements that are already built into pricing that reinsurers will be forced to live with for many years. If rates of improvement truly have slowed, the industry could see more declines in profitability for life reinsurers and possibly a marketwide shift in the way reinsurance is priced and utilized.

Investments

One of the biggest problems facing life insurers at large in 2002 is the investment climate. Volatile equity markets, corporate bond defaults, and low interest rates are all affecting insurers' ability to earn a profit. The problem could get worse before it gets better, and life reinsurers are certainly not immune.

Financial reinsurance, which can take many forms, is one key area that is hurt by the low-interest-rate environment. In most financial treaties, some amount of money is paid by the reinsurer to the cedent as a ceding commission; that amount is then repaid through the future profits of the business. A sustained period of low interest rates presents a problem: As profitability declines, it takes longer for a reinsurer to be repaid its money on existing treaties. Furthermore, since reinsurers usually prefer to price financial deals with fairly short periods of payback, the low-interest environment makes it difficult to create new treaties that will confidently pay back in the preferred time period. This environment has slowed, but not stopped, the deal making in this area. However, the impact may be significant if rates remain low or even fall further, particularly in Europe, where financial transactions tend to dominate.

An area that would seem less significant, but has hit several life reinsurers in 2002 is equity market declines. In particular, Annuity & Life Reassurance Ltd. sustained large losses in late 2001 and early 2002 on one large annuity contract. The annuities underlying the contract promised the contract holders participation in the equity markets but with a 3% guarantee. The decline in the equity markets means that the underlying investments lost value, creating significant liability relative to the reinsurer.

In a different product, CIGNA Corp. (CIGNA), which exited life reinsurance in 2000, had written a significant number of treaties covering the guaranteed death benefit risk in variable annuity contracts. Again, as the equity markets have fallen, the guarantees are beginning to take a toll. CIGNA has not yet incurred meaningful charges relative to the guarantees but was

up-front with the market about its potential charges if the markets remain depressed or fall further. Although most reinsurers were not as aggressive in this particular line, they probably also have some degree of exposure that might not have been reported yet.

Another risk that has appeared in 2001 and 2002 is currency risk. RGA has taken significant charges through the last year from its Argentinean subsidiary. The company realized \$27 million of losses on Argentinean peso-denominated investments when the government allowed the currency to float freely against the dollar. In addition, higher claims were received related to pension business as a result of the economic turmoil. As European and North American markets become saturated, life reinsurers could look to expand further in the developing world, exposing them to more sovereign-related risks.

The Future

The future of life reinsurance will be interesting. Almost certainly, there will be fewer major players, both in the U.S. and Europe. Meanwhile, large players that have saturated their local markets will continue to look outside. Latin America has so far been a bust for most players in the market because of the volatile economies. However, Brazil is just opening up and has tremendous opportunities, if only because of the size of the market.

Asia, meanwhile, carries great promise. Japan and Korea both have enormous life insurance markets, but life reinsurance has never been heavily used. That could be changing, as major insurers in both markets have been acquired by North American or European companies, and the local companies that remain are substantially smaller and weaker than in the past. Meanwhile, companies in newly opened markets—such as India—are likely to use reinsurance to limit losses and ease capital strain on new operations.

In North America, growth might become more difficult. Reinsurance use in North America has grown rapidly through the 1990s, with now nearly 70% of all new life insurance being reinsured. Clearly there is a natural limit to this number, and that limit could be very near. So far, reinsurers have been effective at creating new uses for reinsurance, including financial transactions of various types. Direct companies' desire to divest noncore businesses might present more opportunity for reinsurers to acquire closed blocks of various types.

Profitability might not be as easy to come by in the next year or two, with the combined influences of difficult investment conditions, volatile mortality results, and—in some cases—investment gone awry in developing markets. However, most companies in the industry are very strong and well-positioned to absorb the volatility that companies are likely to face, particularly as a result of consolidation.

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A

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