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Property and Casualty Insurers Earn \$41.3 Billion in 2004 *Industry Reports Record Underwriting Profit of \$6.4 Billion*

JUPITER, Fla., August 15, 2005 – Apparently unfazed by last year’s devastating hurricane season, the nation’s property and casualty insurers reported profits of \$41.3 billion in 2004, representing a 28 percent increase over the \$32.3 billion earned in 2003, according to Weiss Ratings, Inc., the nation’s leading independent provider of ratings and analyses of financial services companies, mutual funds, and stocks.

Property and casualty insurers reporting the largest year-over-year increases in net income include:

<u>Company</u>	<u>Headquarters</u>	<u>Weiss Risk Rating</u>	<u>Capital & Surplus (\$Bil)</u>	<u>Net Income (Loss) (\$Mil)</u>		
				<u>2004</u>	<u>2003</u>	<u>\$ Change</u>
Continental Casualty Co.	Chicago, Ill.	C	6.8	521.4	(1,563.2)	2,084.6
State Farm Mutual Auto Ins Co.	Bloomington, Ill.	B+	46.1	3,075.9	1,467.8	1,608.0
State Farm Fire and Casualty Co.	Bloomington, Ill.	B-	6.5	2,031.8	463.7	1,568.1
Allstate Ins. Co.	Northbrook, Ill.	A-	16.8	3,863.5	2,712.5	1,151.0
Employers Reinsurance Co.	Jefferson City, Mo.	C	5.5	(110.3)	(755.4)	645.1

Weiss Risk Rating: A=Excellent; B=Good; C=Fair; D=Weak; E=Very Weak; F=Failed; U=Unrated

“Property and casualty insurers continue to post impressive results,” said Melissa Gannon, vice president of Weiss Ratings, Inc. “The ability to withstand such a horrific hurricane season is an indicator of the industry’s long-term financial strength.”

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Industry Reports Record Underwriting Profit; Capital and Surplus Grows

Contributing to the industry's outstanding performance, underwriting profits reached a record high, surging to \$6.4 billion as of December 31, 2004 compared to a \$2.9 billion loss the previous year. The underwriting gain was primarily due to an increase in earned premiums, which jumped from \$387.7 billion in 2003 to \$414.3 billion in 2004.

Insurers reporting the largest year-over-year increases in underwriting profits include:

Company	Headquarters	Weiss Risk Rating	Capital & Surplus (\$Bil)	Net Underwriting Gain (Loss) (\$Mil)		
				2004	2003	\$ Change
Continental Casualty	Chicago, Ill	C	6.8	(444.7)	(3,275.7)	2,831.0
Allstate Ins	Northbrook, Ill.	A-	16.8	2,464.3	825.0	1,639.4
State Farm Mutual Auto. Ins	Bloomington, Ill.	B+	46.1	1,032.2	(589.1)	1,621.2
State Farm Fire & Cas	Bloomington, Ill.	B-	6.5	1,139.1	(25.6)	1,164.7
Hartford Fire Ins	Hartford, Conn.	B+	9.8	(16.8)	(862.0)	845.3

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Improved underwriting was also responsible for a \$51.5 billion, or 11.6 percent, increase in capital and surplus, which rose from \$444.8 billion at December 31, 2003 to \$496.3 billion at December 31, 2004.

Industry Loss Ratios Continue to Improve

As a result of the improved underwriting, the industry's loss ratio, which represents the percentage of losses paid out compared to earned premium collected, declined further. The overall loss ratio, which does not include loss adjustment expenses or underwriting expenses, fell to 59.8 percent for 2004 from 61.7 percent for 2003.

The industry also improved its combined ratio¹ to less than 98.9 in 2004, which is a 1.9 point improvement over the 100.1 posted in 2003.

The lines of business posting the highest loss ratios for 2004 were products liability and health at 79.9 points and 69.2 points, respectively. Products liability was actually up 5.76 points over last year, while health was down 3.2 points.

¹ Loss and loss expense ratio plus expense ratio.

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Notable Upgrades and Downgrades

Among the 2,534 property and casualty insurers reviewed by Weiss, 90 companies were upgraded, while 87 were downgraded. Notable upgrades include:

- Continental Ins. Co. (Columbia, S.C.) from C- to C
- QBE Insurance Corp. (Wilmington, Del.) from C+ to B-
- OK Farmers Union Mutual Ins Co (Oklahoma City, Okla.) from D+ to C

Notable downgrades include:

- Amerin Guaranty Corp.(Chicago, Ill.) from B+ to B
- Insurance Corp of NY (Jericho City, N.Y.) from D to E-
- Avemco Ins Co (Frederick, Md.) from B+ to B

The Weiss Risk Ratings are based on an analysis of a company's risk-adjusted capital, five-year historical profitability, quality of investments, liquidity, and stability. The latter category combines a series of factors including asset growth, premium growth, strength of affiliate companies and risk diversification.

Weiss Ratings, Inc. reviews more than 8,000 stocks daily, including all those traded on the New York Stock Exchange, the American Stock Exchange, and Nasdaq. Weiss also issues investment ratings on more than 12,000 mutual funds, covering equity, fixed-income, and closed-end funds, and provides financial risk ratings on more than 15,000 financial institutions, including banks and insurance companies. It is the only major rating agency that receives no direct or indirect compensation from the companies it rates. Ratings and analyses are available through www.weissratings.com or by calling 800-289-9222.

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Note to editors: The Weiss Risk Ratings were formerly named the Weiss Safety Ratings. National and state listings of strongest and weakest property and casualty insurers are available.