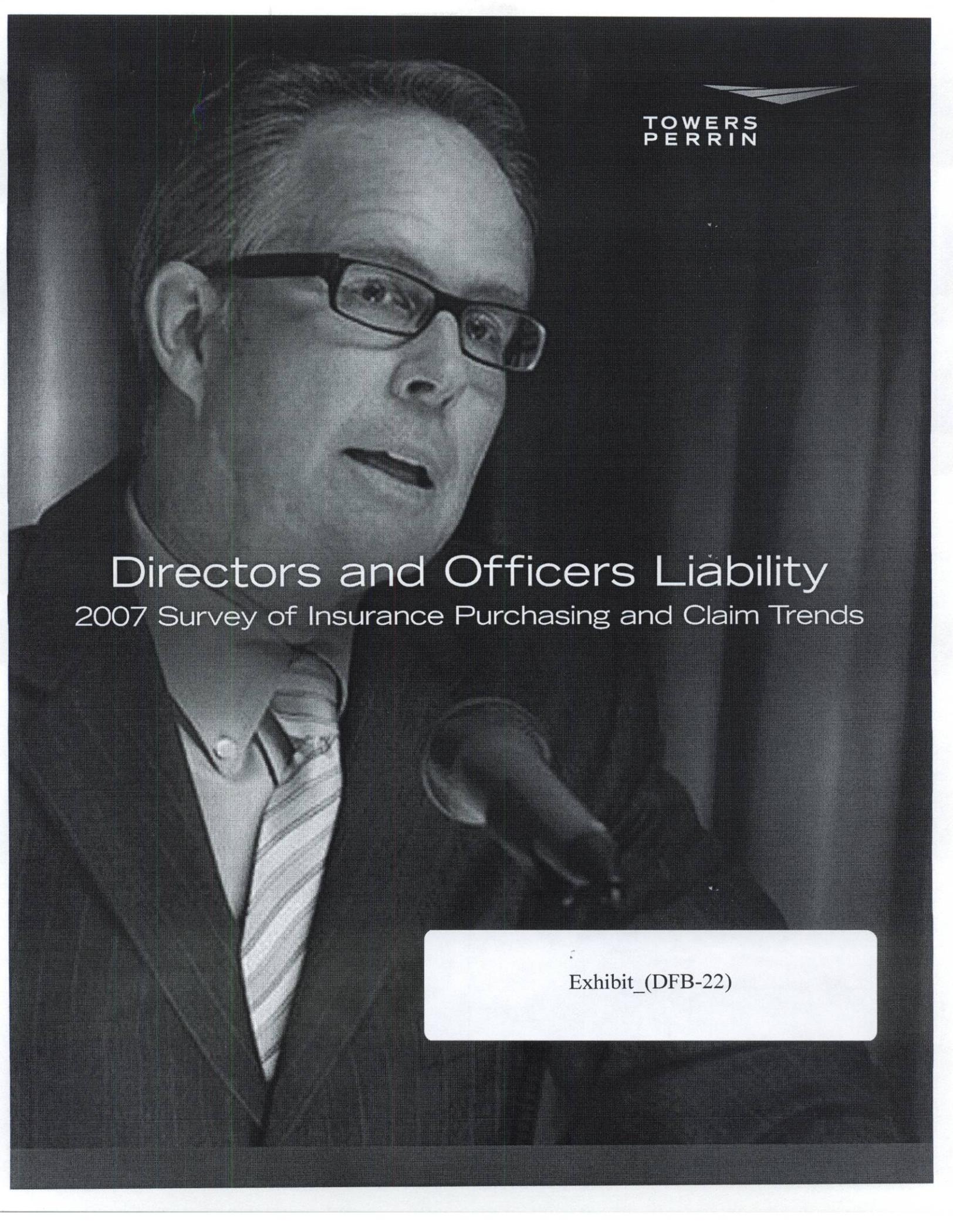




TOWERS
PERRIN



Directors and Officers Liability

2007 Survey of Insurance Purchasing and Claim Trends

Exhibit_(DFB-22)

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ABOUT TOWERS PERRIN

Towers Perrin is a global professional services firm that helps organizations improve performance through effective people, risk and financial management. The firm provides innovative solutions in the areas of human capital strategy, program design and management, and in the areas of risk and capital management, insurance and reinsurance intermediary services and actuarial consulting.

Towers Perrin has offices and alliance partners in the world's major markets. More information about Towers Perrin is available at www.towersperrin.com.

PREFACE

This survey is the 30th in a series of studies conducted by Towers Perrin on Directors and Officers (D&O) liability insurance purchasing and claim trends. The primary objectives of our survey are to:

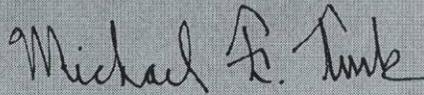
- provide information to organizations about the structure and cost of D&O insurance programs for various sizes and types of organizations
- report on the size, frequency, type, allegation and other characteristics of D&O claims.

This year we have expanded our report to include an exhibit on participants' interest in and purchase of independent director liability (IDL) insurance policies, as well as five new exhibits on fiduciary liability insurance purchasing practices. As we did last year, we made this year's full survey available at no charge on www.towersperrin.com. We believe that these changes will continue to enhance the survey's value as an information resource and benchmarking guide.

The 2007 survey included 2,927 participants, another record level of participation in the history of the survey. Participants in this survey submitted data either on paper or electronically during the third quarter of 2007.

Considerable effort was made to ensure survey accuracy and completeness. We contacted a number of participants to clarify responses that were incomplete, unclear or appeared to be outside normal expectations. Some responses were changed as a result of our inquiries and our validation with internal and external databases. For confidentiality, we did not show breakdowns of data in exhibits when the number of participants was less than five.

We sincerely thank everyone who participated in this survey. Your support enables us once again to provide a unique report on D&O liability.



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STATISTICAL TERMS USED IN THIS REPORT

In several sections of this report, a distribution of values is described by giving the first quartile, median and third quartile values in addition to the mean, or average, value. Distributions are given for some subsets of the data to enhance interpretations of the survey results. A mean value by itself can be misleading if the underlying distribution is skewed to the low or high side. We report key percentiles to more fully describe some distributions; such values are calculated in accordance with standard statistical formulas.

The median is the middle value of a distribution, so that half the observations are less than or equal to this value, and the other half are greater than or equal to the median. About one-quarter of the observations are at or below the first quartile value. Similarly, the third quartile value has about three-quarters of the observations at or below it. The range between the first and third quartiles contains values for the middle half of the data.

A non-probability sample is one in which respondents choose — or are selected — to participate. Such a sample is therefore not random. Because not all potential respondents are equally likely to participate, survey biases must be considered when interpreting results.

2007 SURVEY HIGHLIGHTS

Similar to last year, the 2007 results are generally consistent with a continuing soft insurance market for D&O liability insurance. The stock option backdating scandal received a great deal of publicity in 2006, but had no widespread D&O insurance market effect. The subprime and associated credit crisis may have a more significant impact on the D&O insurance market. Outside of a few specific industries, however, the subprime crisis has not yet had a material effect on the overall D&O market in terms of pricing, capacity or scope of coverage.

Increased Survey Participation —

This year's survey included responses from a record 2,927 participants, a 2% increase over the 2006 survey. Participation by survey respondents with assets less than \$6 million increased 6%. This same group grew by 33% last year. Conversely, participation by respondents with assets greater than \$400 million declined by 34%.

International D&O Coverage Provided by Global U.S. Policies —

Forty-three percent of survey participants reported having international operations. Of these participants, over 97% were relying on global coverage being extended from D&O policies purchased for U.S. exposures. Less than 3% had purchased separate D&O policies for other individual countries. Given the growing international D&O exposure and the number of countries that do

not permit non-admitted D&O insurance policies, we expect that this may be changing dramatically in the future.

Mixed Results Regarding D&O Policy

Limits — Eighteen percent of participants reported decreasing their limits, compared to only 4% last year. Repeat survey participants, however, reported an average 13% increase in limits. The average limit purchased across all participants was \$9.86 million, compared to \$11.55 million the previous year. The business classes with the highest percentage of participants reporting decreases in limits were Personal & Business Services, Health Services and Merchandising. However, organizations with assets greater than \$5 billion reported increased limits.

Decline in Side A Only Coverage —

Side A only D&O policies cover individual directors and officers when not indemnified by their organizations. While Side A had been growing in popularity in recent years, 2007 saw a decline, even by repeat participants. Only 9% of all participants reported purchasing a Side A only D&O policy, compared to 14% in 2006. Among repeat participants, Side A only declined 40% for nonprofits, 35% for private companies and 7% for public companies. Two percent of all participants reported only purchasing Side A coverage. We were surprised by the decline in Side A only purchases, especially among repeat participants. This may reflect buyers' dissatisfaction with the premium credit offered by insurers for the reduced

scope of coverage versus the traditional A, B and C policy.

Interest in IDL Coverage — While most participants reported they had not purchased independent directors liability (IDL) policies, 30% of private companies and 21% of public companies said they were considering it. Interest in IDL policies was strongest for companies with assets up to \$400 million; interest falls off for companies with assets over \$400 million. We continue to believe that interest in IDL coverage will ultimately result in more purchases as independent directors enhance their understanding of the benefits of this type of coverage. Coverage may come from stand-alone policies, or from enhancements to other policies that either provide additional coverage or limit reinstatements for just the outside board members.

Coverage Enhancements Still Being

Obtained — Sixty-one percent of participants reported an increase in coverage enhancements, compared to only 31% last year; 34% also reported decreased policy exclusions, compared to 8% the year before. New claim experiences often identify areas where buyers need to enhance the policy language, such as the recent endorsements dealing with partial loss settlements by primary insurers and their effect on triggering access to the excess policies.

On the whole, fewer participants bought entity (Side C) coverage. Participants also reported a reduction

in the purchase of stand-alone employment practices liability (EPL) insurance. However, there was a slight increase in the number of participants that bought this coverage through their D&O policy. Public companies tended to buy more stand-alone EPL, while more nonprofits reported buying no EPL. These changes may reflect organizations' desires to obtain more cost-effective EPL coverage.

Fiduciary Liability Purchases Split Between D&O and Stand-Alone Policies —

Thirty-seven percent of participants reported purchasing fiduciary coverage. Roughly half bought shared limits with their D&O policy while the other half bought a stand-alone policy. Sixty-three percent did not buy fiduciary coverage, with one-third listing high cost as the reason for not buying. The average limit purchased was \$10 million, but participants with assets greater than \$2 billion reported much higher limits.

D&O Inquiries Soften Except at

Nonprofits — D&O inquiries by potential board members were down for all asset size participants except those with assets from \$6 million to \$10 million and those with assets from \$50 million to \$100 million. We also looked at D&O inquiries by potential board members, by ownership. Compared to last year, public companies were the same; private company inquiries were down, and nonprofit participant inquiries were higher. Indeed, 67% of nonprofits reported D&O inquiries, compared to 32% the previous year. Participants

of all asset classes except one (\$2 billion to \$5 billion) reported changes to their D&O programs at the request of directors and officers. The board reviewed D&O coverages in the last year at 85% of survey participants.

Retentions Declining — Repeat participants reported a 14% reduction in retentions compared to 2006. Average retention among all participants was \$287,000, compared to \$426,000 for the previous year.

D&O Premiums Remain Soft —

Premiums continued to slide during 2007. Repeat participants reported an average decline in premiums of 14%, compared to 4% last year. Repeat participants with assets over \$10 billion reported a dramatic 41% decline. The Towers Perrin premium index was down by only 2.7% in 2007, compared to 18% in 2006. However, it should be noted that the 2007 decline may be understated, just as the 2006 decline may have been overstated. On average, fewer participants experienced an increase in premiums compared to 2006.

The banking industry saw premiums rise 57% among repeat participants. This may have been an early indicator of what they probably experienced with year-end renewals as a result of subprime credit issues. Note, however, that the banking business class also reported the greatest increase in average limits (46%), which may better explain the increase in premiums.

PARTICIPANT PROFILES

The D&O Liability Survey is a self-selecting, non-probability sample of insurance purchasing and claim trends. This year's report includes responses from a record 2,927 U.S. participants, a 2% increase over the 2006 survey.

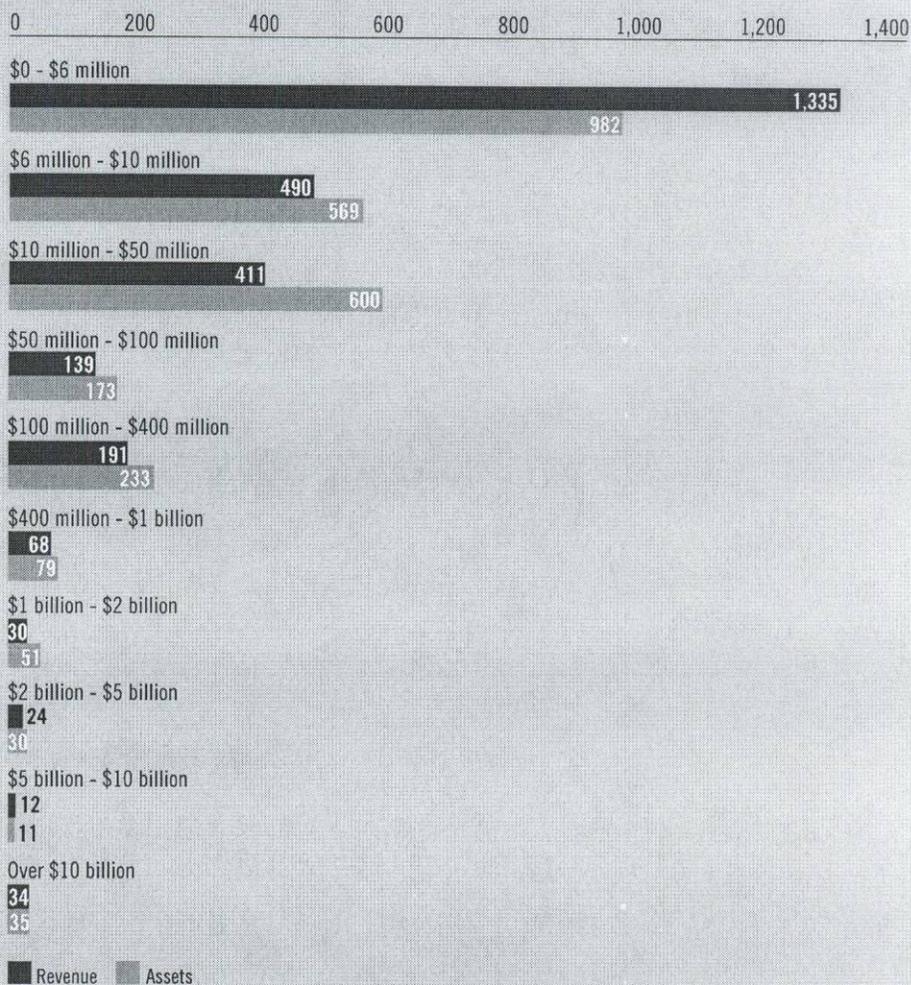
Participants are profiled on the basis of several exposure characteristics, including:

- size, as represented by total assets and revenue
- business class
- ownership
- number of full-time employees
- number of board members
- international operations.

Participation in the 2007 survey by participants with assets less than \$6 million increased 6%. Conversely, participation by those with assets greater than \$400 million declined by 34%.

EXHIBIT 1

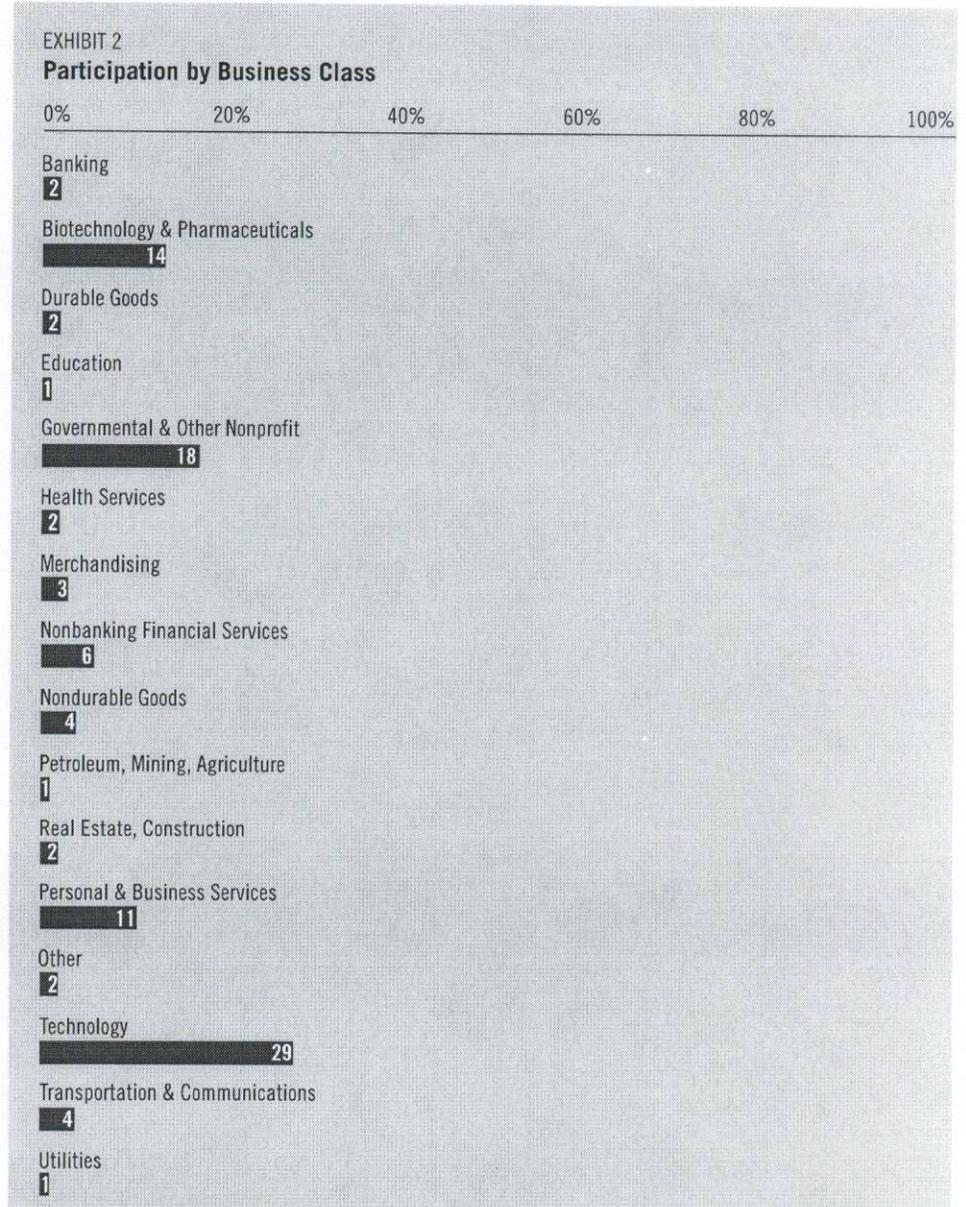
Participation by Size



As in 2006, the three largest participants by business class are Technology (29%), Governmental & Other Nonprofit (18%) and Biotechnology & Pharmaceuticals (14%). Together, these three business classes represent nearly two-thirds of respondents.

When profiled by ownership, privately owned companies represent 58% of the participants, while public companies account for 23% and nonprofits account for 19%. Participation among private companies increased slightly, while participation among public companies and nonprofits declined slightly.

Sixty-six percent of all participants had less than 100 employees, up from 61% in 2006. Only 1% had more than 25,000 employees.



As in previous years, organizations with larger assets generally had more board members than those with fewer assets. Companies with over \$10 billion in assets increased their average number of board members from 11.6 in 2006 to 13.2 in 2007.

Although 42.9% of participants reported having international operations, it should be noted that only 7.2% of nonprofits had international operations.

EXHIBIT 3
Participation by Ownership

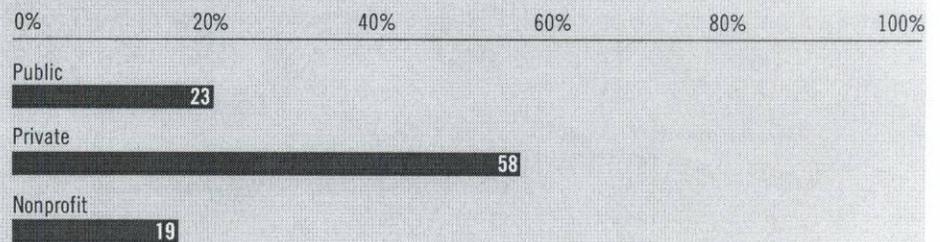


EXHIBIT 4
Participants by Business Class and Ownership

Principal Business Class	Ownership		
	Public	Private	Nonprofit
Banking	22	21	2
Biotechnology & Pharmaceuticals	138	280	5
Durable Goods	30	34	0
Education	2	7	9
Governmental & Other Nonprofit	2	25	492
Health Services	13	26	13
Merchandising	20	52	3
Nonbanking Financial Services	29	142	1
Nondurable Goods	51	61	2
Petroleum, Mining, Agriculture	16	15	2
Real Estate, Construction	9	39	6
Personal & Business Services	83	222	6
Technology	200	651	2
Transportation & Communications	34	73	2
Utilities	8	10	0
Other	12	48	7
All Business Classes	669	1,706	552

EXHIBIT 5

Participation by Full-Time Employees

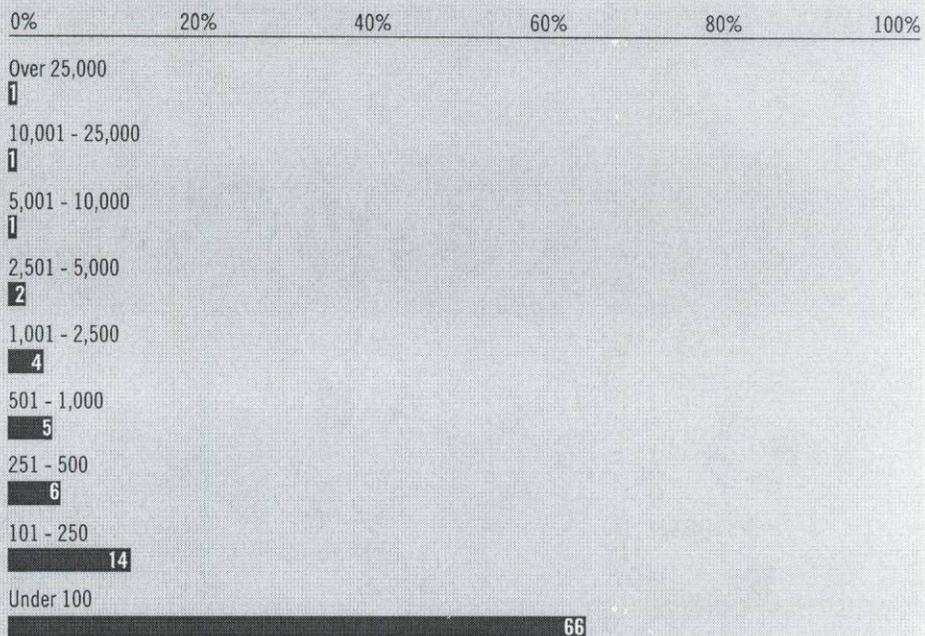


EXHIBIT 6

Average Number of Board Members — by Asset Size

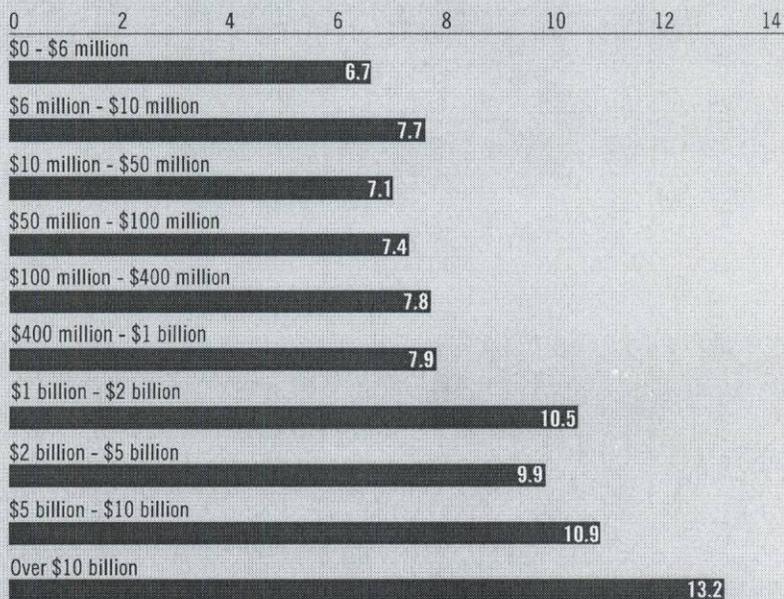


EXHIBIT 7

Total International Operation Counts by Ownership

	Yes	No
Nonprofit	7.2%	92.2%
Private	52.0%	47.0%
Public	49.3%	50.7%
All Groups	42.9%	56.3%

POLICY LIMITS

Survey participant policy limits ranged from \$500,000 to \$490 million. This year's survey results saw a significant increase in the number of participants that decreased their policy limits. Eighteen percent of survey participants reported decreasing their limits, compared to only 4% last year. The business classes with the highest percentage of participants reporting decreases in limits were Personal & Business Services, Health Services and Merchandising.

The average limit purchased across all participants was \$9.86 million, compared to \$11.55 million the previous year. However, organizations with assets greater than \$5 billion reported increased limits. Organizations with assets greater than \$10 billion increased limits from \$128 million in 2006 to \$146 million in 2007.

EXHIBIT 8
Changes in Limits by Business Class

	Increased	Decreased	Same
Banking	38%	26%	35%
Biotechnology & Pharmaceuticals	24%	8%	68%
Durable Goods	24%	28%	48%
Education	8%	15%	77%
Governmental & Other Nonprofit	7%	7%	86%
Health Services	8%	39%	53%
Merchandising	20%	30%	50%
Nonbanking Financial Services	20%	12%	68%
Nondurable Goods	23%	17%	60%
Personal & Business Services	18%	35%	48%
Petroleum, Mining, Agriculture	18%	12%	71%
Real Estate, Construction	13%	28%	60%
Technology	17%	13%	71%
Transportation & Communications	18%	30%	52%
Utilities	8%	23%	69%
Other	25%	45%	30%
All Business Classes	16%	18%	66%

EXHIBIT 9
Total Limits by Asset Size (in millions)

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 - \$6 million	968	\$ 1.00	\$ 1.00	\$ 3.00	\$ 3.08
\$6 million - \$10 million	565	1.00	2.00	3.00	3.05
\$10 million - \$50 million	597	2.00	5.00	10.00	6.94
\$50 million - \$100 million	173	5.00	10.00	20.00	13.07
\$100 million - \$400 million	233	10.00	16.00	25.00	17.92
\$400 million - \$1 billion	79	10.00	25.00	35.00	26.57
\$1 billion - \$2 billion	51	15.00	30.00	40.00	34.67
\$2 billion - \$5 billion	30	23.75	50.00	71.25	53.98
\$5 billion - \$10 billion	11	40.00	100.00	150.00	102.73
Over \$10 billion	35	45.00	150.00	225.00	146.36
All Size Groups	2,742	\$ 1.00	\$ 3.00	\$ 10.00	\$ 9.86

Limits purchased also increased among repeat survey participants, which reported an average 9% increase from \$8.72 million in 2006 to \$9.52 million in 2007.

Publicly traded companies (not limited to repeat participants) reported reduced average limits from \$35.46 million in 2006 to \$30.73 million in 2007.

EXHIBIT 10

Total Limits by Asset Size (in millions) — Repeat Participants for Last Two Years

	Participants Reporting	2006 Average Limits	2007 Average Limits	% Change
\$0 - \$6 million	468	\$ 2.46	\$ 2.58	5%
\$6 million - \$10 million	382	2.34	2.49	6%
\$10 million - \$50 million	295	6.87	7.67	12%
\$50 million - \$100 million	83	11.23	11.82	5%
\$100 million - \$400 million	120	16.67	17.63	6%
\$400 million - \$1 billion	46	24.67	27.66	12%
\$1 billion - \$2 billion	25	30.60	32.71	7%
\$2 billion - \$5 billion	15	44.00	47.00	7%
\$5 billion - \$10 billion	5	98.00	110.00	12%
Over \$10 billion	21	127.57	145.45	14%
All Size Groups	1,460	\$ 8.72	\$ 9.52	9%

EXHIBIT 11

Total Limits by Market Capitalization (public only — in millions)

	Participants Reporting	First Quartile	Median	Third Quartile	Average
Under \$10 million	26	\$ 3.00	\$ 5.00	\$ 20.00	\$ 13.46
\$10 million - \$50 million	82	5.00	10.00	15.00	14.55
\$50 million - \$100 million	55	8.00	10.00	20.00	13.00
\$100 million - \$400 million	192	10.00	15.50	25.00	18.62
\$400 million - \$1 billion	107	20.00	25.00	30.00	26.41
\$1 billion - \$2 billion	49	25.00	32.00	45.00	37.18
\$2 billion - \$5 billion	41	27.50	40.00	60.00	48.78
\$5 billion - \$10 billion	20	35.00	75.00	150.00	96.25
Over \$10 billion	23	100.00	150.00	225.00	168.65
All Size Groups	595	\$ 10.00	\$ 20.00	\$ 30.00	\$ 30.73

Most industries reported declines in average limits for 2007. However, among repeat participants reporting their business class, limits increased by an average 13% over 2006.

Repeat participants in Biotechnology & Pharmaceuticals increased limits 36%; Merchandising, 20%; Transportation & Communications, 15%. Repeat participants from Banking increased limits an average 46% from \$17.29 million in 2006 to \$25.24 million in 2007.

Public organizations, in total, reduced their limits from \$34 million to \$29 million. Limits for private companies remained flat at \$4 million in 2007. Limits for nonprofits were down slightly, from \$3 million in 2006 to \$2.5 million in 2007. These results may be impacted by the increase in smaller survey participants.

EXHIBIT 12

Total Limits by Business Class (in millions)

	Participants Reporting	First Quartile	Median	Third Quartile	Average
Banking	45	\$3.50	\$ 8.00	\$ 17.50	\$21.97
Biotechnology & Pharmaceuticals	421	2.00	3.00	11.50	9.93
Durable Goods	64	2.00	7.00	30.00	31.85
Education	18	1.00	1.00	3.00	2.61
Governmental & Other Nonprofit	511	1.00	1.00	2.00	2.30
Health Services	52	2.00	3.00	10.00	9.70
Merchandising	73	2.00	5.00	15.00	12.15
Nonbanking Financial Services	170	3.00	5.00	10.00	12.48
Nondurable Goods	114	2.00	5.00	20.00	17.31
Personal & Business Services	307	1.00	3.00	7.00	7.91
Petroleum, Mining, Agriculture	33	1.00	5.00	10.00	25.21
Real Estate, Construction	48	1.00	2.00	9.25	8.79
Technology	849	1.00	3.00	6.00	8.02
Transportation & Communications	109	1.00	3.00	10.00	9.78
Utilities	18	1.00	35.00	156.25	81.64
Other	65	1.00	3.00	10.00	8.24
All Business Classes	2,897	\$1.00	\$ 3.00	\$ 10.00	\$ 9.48

EXHIBIT 13

Total Limits by Business Class (in millions) — Repeat Participants for Last Two Years

	Participants Reporting	2006 Average Limits	2007 Average Limits	% Change
Banking	21	\$17.29	\$25.24	46%
Biotechnology & Pharmaceuticals	280	8.95	12.13	36%
Durable Goods	32	38.86	39.86	3%
Education	9	3.00	3.00	0%
Governmental & Other Nonprofit	359	2.18	2.28	5%
Health Services	23	10.74	12.02	12%
Merchandising	41	10.67	12.83	20%
Nonbanking Financial Services	115	10.70	11.56	8%
Nondurable Goods	59	18.15	19.80	9%
Personal & Business Services	121	9.01	10.24	14%
Petroleum, Mining, Agriculture	13	36.00	37.85	5%
Real Estate, Construction	22	8.64	9.36	8%
Technology	554	8.19	8.91	9%
Transportation & Communications	47	13.48	15.46	15%
Utilities	8	93.00	88.06	-5%
All Business Classes	1,706	\$ 9.14	\$10.36	13%

EXHIBIT 14

Total Limits by Asset Size (in millions) — Public Organizations

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 - \$6 million	82	\$ 3.00	\$ 5.00	\$ 15.00	\$ 12.05
\$6 million - \$10 million	34	3.75	5.00	10.50	11.09
\$10 million - \$50 million	145	7.00	10.00	20.00	14.66
\$50 million - \$100 million	95	11.00	16.00	25.00	19.15
\$100 million - \$400 million	157	15.00	20.00	30.00	22.55
\$400 million - \$1 billion	60	20.00	30.00	35.00	29.70
\$1 billion - \$2 billion	30	30.00	35.00	50.00	45.10
\$2 billion - \$5 billion	24	36.25	50.00	70.00	55.35
\$5 billion - \$10 billion	11	40.00	100.00	150.00	102.73
Over \$10 billion	28	81.25	175.00	250.00	174.02
All Size Groups	666	\$ 10.00	\$ 20.00	\$ 30.00	\$ 29.00

EXHIBIT 15

Total Limits by Asset Size (in millions) — Private Organizations

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 - \$6 million	669	\$ 1.00	\$ 2.00	\$ 3.00	\$ 2.51
\$6 million - \$10 million	306	1.00	2.00	3.00	2.78
\$10 million - \$50 million	406	2.00	3.00	5.00	4.55
\$50 million - \$100 million	72	2.25	5.00	10.00	5.72
\$100 million - \$400 million	72	3.00	5.00	10.00	8.58
\$400 million - \$1 billion	16	5.00	12.50	23.73	18.25
\$1 billion - \$2 billion	18	5.00	15.00	21.25	18.33
\$2 billion - \$5 billion	5	10.50	20.00	75.00	38.20
\$5 billion - \$10 billion	—	—	—	—	—
Over \$10 billion	6	2.50	30.00	76.25	41.50
All Size Groups	1,570	\$ 1.00	\$ 2.00	\$ 5.00	\$ 4.12

EXHIBIT 16

Total Limits by Asset Size (in millions) — Nonprofit Organizations

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 - \$6 million	217	\$1.00	\$1.00	\$1.00	\$1.46
\$6 million - \$10 million	225	1.00	1.00	2.00	2.19
\$10 million - \$50 million	46	1.00	3.00	5.00	3.73
\$50 million - \$100 million	6	1.00	4.00	10.00	5.00
\$100 million - \$400 million	4	—	—	—	—
\$400 million - \$1 billion	3	—	—	—	—
\$1 billion - \$2 billion	3	—	—	—	—
\$2 billion - \$5 billion	1	—	—	—	—
\$5 billion - \$10 billion	—	—	—	—	—
Over \$10 billion	1	—	—	—	—
All Size Groups	506	\$1.00	\$1.00	\$ 2.00	\$2.45

SIDE A ONLY COVERAGE

Side A only D&O policies cover individual directors and officers when not indemnified by their organizations.

While Side A had been growing in popularity in recent years, 2007 saw a decline, even by repeat participants. Only 9% of all participants reported purchasing a Side A only D&O policy in their program, compared to 14% in 2006. The percentage of public companies purchasing Side A only in their program dropped to 32%, compared to 38% in 2006.

For repeat survey participants, the percentage purchasing Side A only coverage declined from 12% in 2006 to 10% in 2007, representing an overall reduction of 14%. The largest decrease was among nonprofits, which reported a 40% decline. Private companies reported a 35% decline.

EXHIBIT 17
Side A Only Coverage by Business Class

	Participants Reporting	% in Group With Side A Only Coverage in Their Program	% of Participants With Only Side A Coverage
Banking	45	13%	2%
Biotechnology & Pharmaceuticals	421	5%	0%
Durable Goods	63	25%	3%
Education	18	17%	17%
Governmental & Other Nonprofit	511	5%	5%
Health Services	52	10%	6%
Merchandising	73	15%	0%
Nonbanking Financial Services	170	9%	2%
Nondurable Goods	113	19%	1%
Personal & Business Services	307	12%	1%
Petroleum, Mining, Agriculture	33	12%	6%
Real Estate, Construction	48	17%	10%
Technology	848	8%	0%
Transportation & Communications	109	13%	0%
Utilities	17	29%	6%
All Business Classes	2,828	9%	2%

EXHIBIT 18
Side A Only Coverage by Ownership

	Participants Reporting	% in Group With Side A Only Coverage in Their Program	% of Participants With Only Side A Coverage
Nonprofit	548	5%	5%
Private	1,680	2%	1%
Public	665	32%	1%
All Groups	2,893	9%	2%

EXHIBIT 19
Side A Only Coverage by Ownership — Repeat Participants for Last Two Years

	Participants Reporting	2006 Participants With Side A Only Coverage at Some Point	2006 % With Side A Only Coverage at Some Point	2007 Participants With Side A Only Coverage at Some Point	2007 % With Side A Only Coverage at Some Point	Change
Nonprofit	374	25	7%	15	4%	-40%
Private	998	23	2%	15	2%	-35%
Public	420	132	39%	152	36%	-7%
All Groups	1,792	212	12%	182	10%	-14%