

Insurance Industry Focus

Freeman & Co. LLC

Inside this Issue:

Outlook for Carriers	p. 2
Solvency II	p. 3
Insurance-linked Securities Update	p. 4
Insurance BPO Update	P. 5
2010 M&A Activity	p. 7
2010 Private Equity Activity	p. 8
Public Comps	P. 9
Historical Valuation Multiples	p. 10

To Arms, To Arms: The Regulators are Coming!

M&A activity in the US and Europe will continue to increase along with new regulatory capital requirements

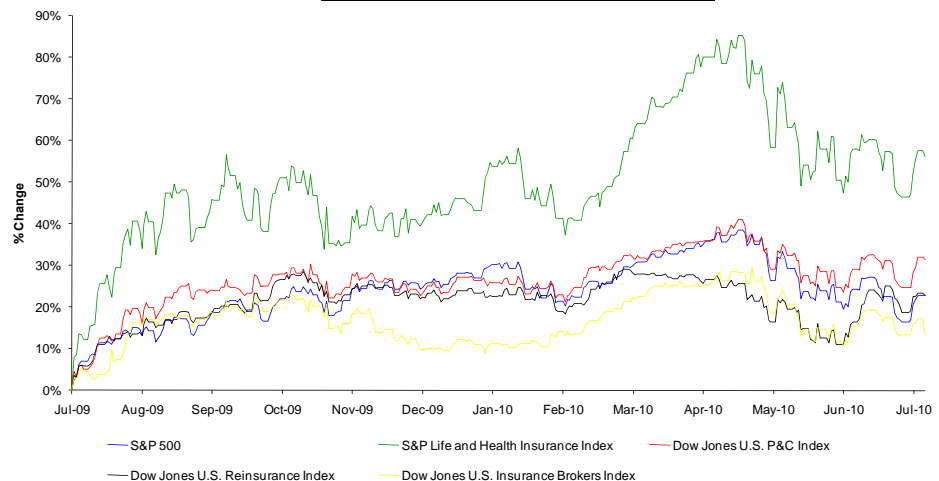
During the first half of 2010, both insurers and reinsurers made serious efforts to reposition their asset portfolios for increased credit quality and liquidity during this extended challenging economic environment. However, additional balance sheet strengthening will be required as the entire financial services industry braces for the arrival of widespread new regulatory capital requirements including Financial Reform, Solvency II and Basel III. While insurance deal activity has picked up in a meaningful way in 2010, valuations have remained fairly low across the board. Today's regulatory environment will drive several key trends in 2010 and 2011, including:

- A continued need for insurers to raise capital to meet both regulatory requirements and maintain financial strength ratings
- Potential for larger and more diversified insurance carriers and reinsurers to pick up smaller and medium-sized niche players facing capital pressures
- Pursuits of closed block run-offs by both offshore Life and P&C reinsurers; and
- Continued M&A and consolidation plays involving insurance asset managers.

Indices at July 12, 2010

Index / Metric	Value
DJIA	10,216
NASDAQ	2,198
S&P 500	1,078
FTSE 100	5,167
10 yr Bond	3.04%
DJ US Select Insurance Index	3,136
USD per GBP	\$1.50
USD per Euro	\$1.25

LTM US Insurer Stock Performance



Eric Solash	Managing Director	+1 (212) 830-6167	esolash@freeman-co.com
Frank Lackner	Managing Director	+1 (212) 830-6189	flackner@freeman-co.com
James G. Hatchley, ACA	Managing Director	+ 44 (0) 207 743 6535	jhatchley@freeman-co.com
Gavin Parks	Associate	+1 (212) 830-6163	gparks@freeman-co.com
Joe Metzger	Senior Analyst	+1 (212) 830-6186	jmetzger@freeman-co.com
David Marciano	Analyst	+1 (212) 830-6172	dmarciano@freeman-co.com

Insurance Carrier Outlook: 2010 and 2011

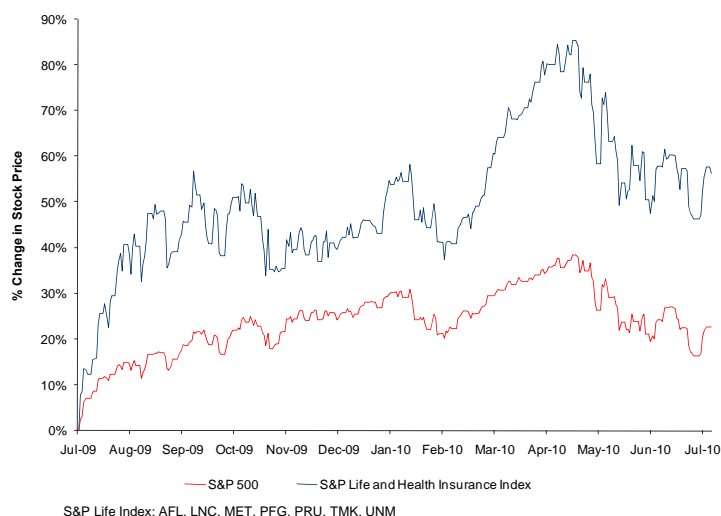
Capital Adequacy Requirements to Drive M&A Activity

As the current soft market continues, insurers and reinsurers will continue to focus on improving their collective balance sheets. In the near term we do not expect a meaningful increase in capital markets transactions involving Life Insurance reserve securitizations, but do expect continued activity in terms of Re-REMIC⁽¹⁾ and certain statutory capital relief strategies. While the industry seems to have passed through the worst of the credit crisis, we believe that insurers will continue to need to raise capital going forward.

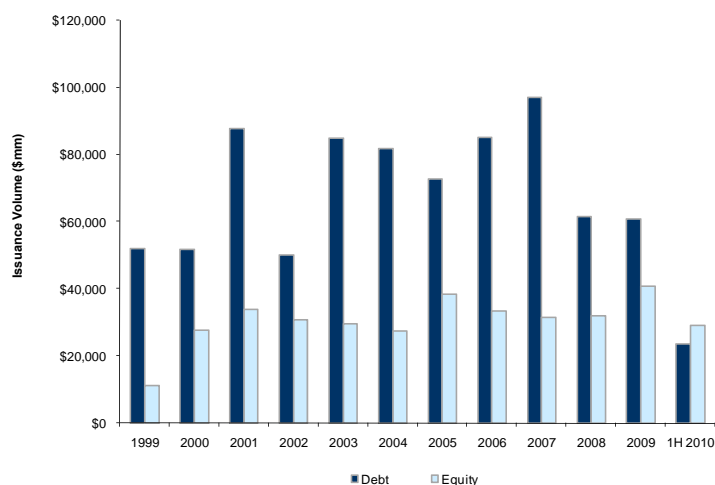
While larger and more diversified institutions will have access to the public debt and equity markets, smaller and middle-market players will need to divest non-core assets or sell closed blocks of business in order to become adequately capitalized. Private equity sponsors are expected to continue their support for their offshore reinsurance portfolio companies, which will have a significant supply of block transactions to target for the next 12-18 months.

Additionally, we have previously written about the potential for insurance asset management divisions to be divested by carriers. This is clearly beginning to happen, as evidenced by Swiss Re's sale of Conning Asset Management and Lincoln's sale of Delaware Investments. We continue to believe that several carriers will seek to divest asset management divisions that have either experienced relatively poor performance, are subscale, or have become "non-core" to their parent company's core business.

LTM S&P Life Insurance Index Performance



Insurance Carrier Capital Raising



Select Life Insurer-affiliated Asset Managers

Asset Manager	Parent Insurer	Current AUM (\$ bn)	Investment Product Focus
40/86 Advisors	Conseco	21.9	Fixed Income
Babson Capital Management	MassMutual	129.0	Fixed Income, Alternatives
Dwight Asset Management	Old Mutual	64.3	Fixed Income
Fort Washington Investment Advisors	Western & Southern	32.1	Fixed Income
Hartford Investment Management	Hartford Financial	147.1	Equities, Fixed Income, Alternatives
MacKay Shields	New York Life	45.7	Equities, Fixed Income
MFS Investment Management	Sun Life	131.9	Equities, Fixed Income, Alternatives
Opus Investment Management	Hanover	6.5	Fixed Income
Principal Global Investors	Principal Financial	211.5	Equities, Fixed Income, Alternatives
Prudential Financial	Prudential Insurance	693.0	Fixed Income, Alternatives
Rydex SGI	Security Benefit	13.9	Equities, Fixed Income, Alternatives, ETFs
Sentinel Investments	National Life of Vermont	21.8	Equities, Fixed Income
Transamerica Investment Management/ Transamerica Asset Management	AEGON	61.8	Equities, Fixed Income

Note: Alternatives include leveraged loans, real estate, private equity, and CDOs

Source: SEC Filings, Company Websites, Nelson's, Bloomberg

1) Resecuritization of Real Estate Mortgage Investment Conduit; Refers to the process by which RMBS bonds are transferred into new trusts and re-tranched. Typically, such transactions are effected for regulatory, tax, and ratings-related reasons.

Solvency II

Implications for Insurance Carriers

Solvency II will undoubtedly have far reaching implications for several types of insurance companies including European insurers, US insurers with European operations and US insurers that are part of European groups. During the first half of 2010, many of our clients have asked questions centered on the proper product mix needed in the future in order to optimize Solvency capital requirements (“SCRs”). The information on the proposed Framework Directive from the European Commission has thus far been general in nature, so at this point, we have only minimal knowledge of product level impacts on capital requirements.

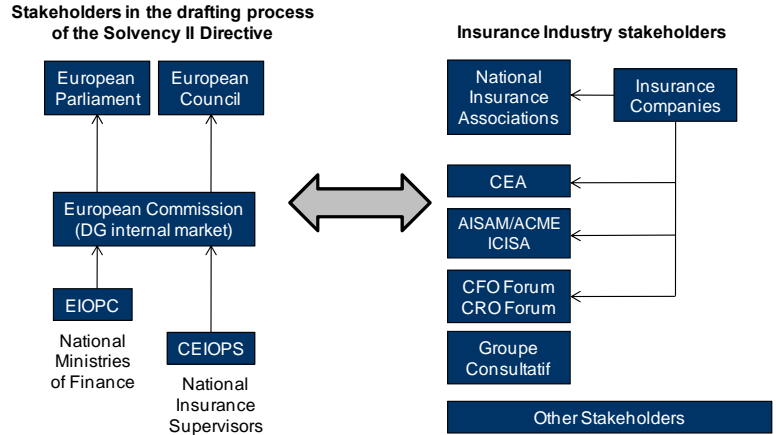
As part of this report we outline the regulatory bodies which are involved in formulating the Solvency II requirements, discuss the key components of SCRs and describe certain risks that factor in to setting SCRs. *Business Insurance* recently wrote that “Solvency II establishes a risk-based approach to setting regulatory capital, requiring new levels of risk management, governance and transparency for insurers operating in the European Economic Area starting December 31, 2012.”

In the aftermath of substantial unrealized and realized losses sustained by many US insurers during the credit crisis, it is easy to understand why the European insurance regulator endorses a rigorous set of regulatory requirements. While a worthy goal, the SCRs under Solvency II will likely cause a new wave of consolidation across the industry as companies struggle to meet the new regulatory standards. Larger insurers will move to acquire small to middle market niche players that lack the product diversification needed to shoulder the new capital requirements.

According to Munich Re, 1,412 insurance companies participated in the fourth Quantitative Impact Study (QIS4). Solvency II focuses on a three-pillar approach that uses quantitative requirements pertaining to ALM and capital, supervisory reviews aimed at internal controls and risk management and disclosure requirements relating to risk and capital levels. In some ways Basel III is easier to digest for banks since being considered “well capitalized” can be based in part on Tier 1 capital, while insurers who write certain business lines do not have specific RBC targets to meet.

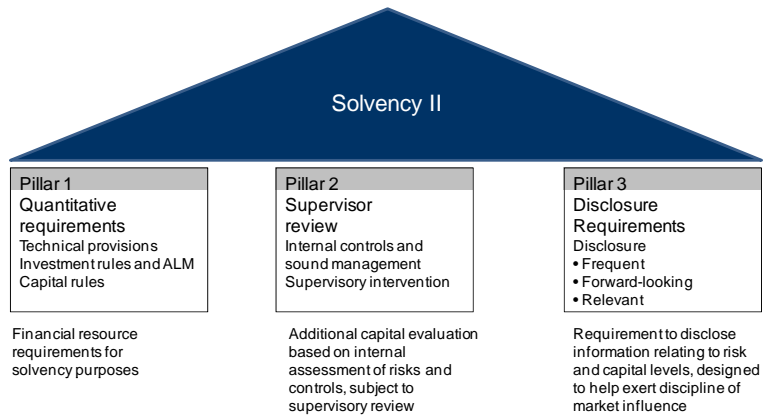
Both life and P&C insurers now have many market risk factors as significant drivers determining their Solvency capital requirements. The Solvency II approach will have capital requirements that are determined separately for an insurer’s interest rate risk, equity risk, real estate risk, spread risk, currency risk and concentration risk. The SCRs are then combined to ultimately determine a carrier’s SCR-market risk. Again, this is a bit of a moving target and we are expecting additional information provided by QIS5 in the August-November 2010 timeframe.

Solvency II Stakeholders⁽¹⁾



- ACME** Association of the European Cooperative and Mutual Insurers
- AISAM** Association Internationale des Societes d'Assurance Mutuelles
- CEIOPS** Committee of European Insurance and Occupational Pensions Supervisors
- CFO Forum** Chief Financial Officer Forum
- CRO Forum** Chief Risk Officer Forum
- EIOPC** European Insurance and Occupational Pensions Committee
- ESF** European Securitisation Forum
- Groupe Consultatif** European Actuarial Association

Three Pillar Approach⁽¹⁾



1) www.solvency-2.com, Munich Re

Source: www.solvency-2.com, Munich Re

Feds to Expand Reach into ILS Market

Progress Towards a Federal Catastrophe Insurance Pool?

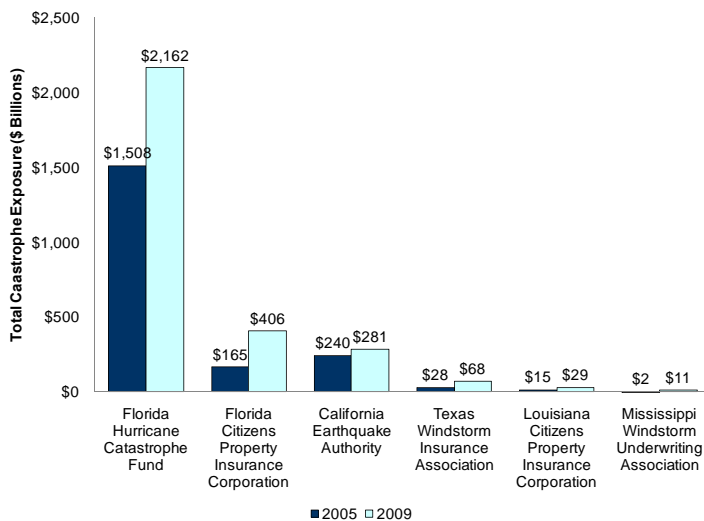
In May 2010, the Government Accountability Office (“GAO”) released a report on 10 state-sponsored insurance programs designed to provide coverage to property owners who are unable to obtain coverage from the private market due to their region’s risk profile. While states designed these programs to mitigate the costs of high-risk insurance for policyholders, the report found that not all states have adequately managed their exposure to catastrophic events. In fact, most states do not hedge their exposure via reinsurance or insurance-linked securities (“ILS”), but instead fund catastrophe claims via bonds and general revenues, potentially leaving taxpayers on the hook in the case of a high-cost event. Additionally, most states have seen their loss exposure skyrocket in the past five years, largely due to a lack of private market participants in high-risk areas. The GAO expressed concern that some states might be unable to pay claims in the event of a catastrophe, and identified potential roles for the federal government as “insurer of last resort.”

The GAO identified four proposals, all the subject of pending legislation, that would increase the federal government’s role in, and exposure to, the catastrophe insurance market:

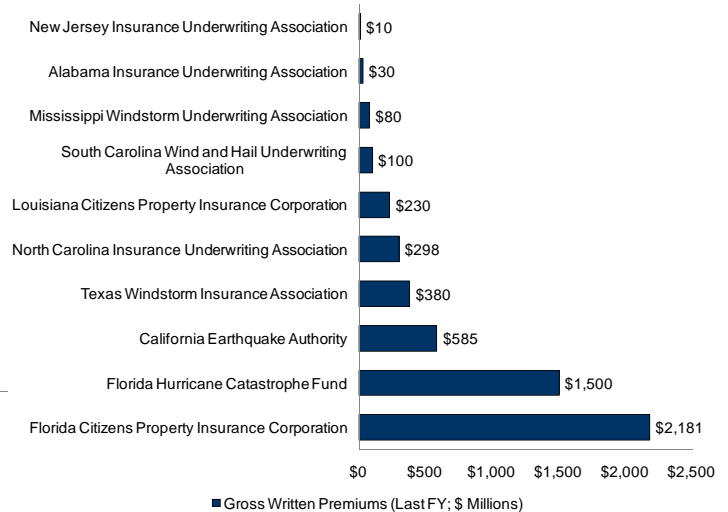
- Create a federal program to facilitate reinsurance via the capital markets. Such a program would encourage states to use reinsurance or ILS to offload their risks to catastrophe market participants, such as hedge funds, by standardizing the state risk data that is made available. Most states did not express a favorable opinion on this proposal because they found the issuance of revenue bonds less expensive than the issuance of ILS
- Provide federal guarantees of pre or post-event state bonds. As this program would have the effect of reducing the credit risk on state bonds to that of Treasury bonds, it might encourage states to issue bonds with rates that do not fully reflect the underlying risk. It also might encourage development in higher-risk regions
- Create a federal lending facility to make loans available to states with capital shortfalls due to catastrophe losses. As these loans would be offered at low interest rates, long durations and without pledged collateral, it is unclear how failure to repay these loans would be handled. This proposal would ultimately shift the burden of a catastrophe from state taxpayers to federal taxpayers
- Create a federal reinsurance program to allow states to access reinsurance at lower cost than the private market would bear. States would be required to pay premiums to back the policies issued by the federal reinsurance fund.

While none of the above proposals have been codified into law, it appears inevitable that the federal government will become a major player in the catastrophe reinsurance market. Legislators should be cautious, however, that any federal intervention will likely crowd out private reinsurance market participants, who may not be able to operate profitably in an environment where the high costs of insuring high risks are subsidized by the American taxpayers.

State Insurance Fund Catastrophe Exposure Growth



State Insurance Fund Gross Written Premiums (FY 2009)



Source: Government Accountability Office

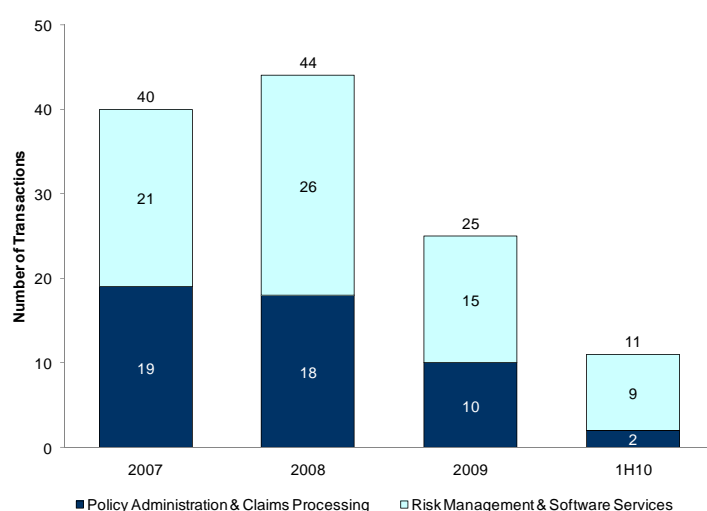
Insurance BPO Review

Insurance BPO Providers Key to Margin Improvement among Carriers

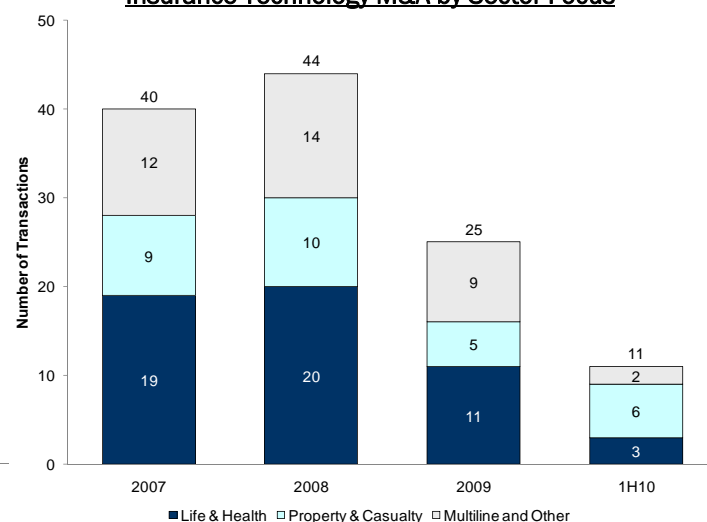
As previously mentioned, new regulatory capital requirements will fuel consolidation among small and middle-market carriers and will accelerate divestitures of non-core divisions like asset management subsidiaries. Certainly, the credit crisis has brought the debate straight to offices of many CEOs as to whether insurance companies should also function as bond managers or whether general account asset management functions should be outsourced.

Capital markets solutions to raise equity, debt or securitize reserves will be embraced by many of the larger insurers in 2010 and 2011. However, the industry as a whole is expected to continue focusing on cost cutting and expense saving initiatives for the next several years. Both life and P&C carriers will continue to review the effectiveness of their back office functions including everything from call centers to claims processing to nurse case management. Several smaller and middle-market companies, in both the Life and P&C business, have worked on building the valuable combination of efficient work flows, cutting edge technology platforms, and a cultural focus on executing for third party clients across various insurance product segments. BPO/TPA platforms will continue to expand their marketing efforts through 2011, which will result in both increased business volumes and new client relationships.

Insurance Technology M&A by Type of Company



Insurance Technology M&A by Sector Focus



Select Recent Insurance Technology Transactions

Announced Date	Target	Target Insurance Sector	Acquirer	Deal Value (\$ mm)	Amount Acquired	Entity Value (\$ mm)
5/20/2010	Connective Technologies, Inc.	Property & Casualty	Ebix, Inc.	NA	100%	NA
4/12/2010	Moore Stephens Business Solutions, LLC	Property & Casualty	Cover-All Technologies	\$3	100%	\$3
12/31/2009	Verify Solutions	Life & Health	HMS Holdings Corp.	\$14	100%	\$14
11/12/2009	McCamish Systems	Multiline	Infosys Technologies Limited	\$58	100%	\$58
10/30/2009	Technical Loss Adjustment and Appraisal LLC	Property & Casualty	Crawford & Company	NA	100%	NA
8/24/2009	CyberComp	Property & Casualty	AmTrust Financial Services	\$6	100%	\$6
8/12/2009	AIG Systems Solutions	Multiline	Hewlett-Packard Company	NA	100%	NA
7/24/2009	TierMed Systems	Brokerage	Verisk Analytics	\$14	100%	\$14

Source: SNL

Insurance BPO Review

Stock Performance of Selected Insurance Technology Providers



Trading Multiples of Selected Insurance Technology Providers

	7/12/2010		Price / Revenue		EV / EBITDA		PE Ratio	
	Stock Price	Market Cap	LTM	2010E	LTM	2010E	LTM	2010E
	Corvel	\$35.89	\$428	1.3 x	NA	7.5 x	NA	17.3 x
Cover-All Technologies	\$1.30	\$32	2.1 x	NA	5.8 x	NA	8.7 x	NA
Crawford & Co.	\$3.03	\$142	0.1 x	0.1 x	1.3 x	NA	5.6 x	7.2 x
EBIX	\$15.96	\$559	5.1 x	4.4 x	12.2 x	10.0 x	14.3 x	12.9 x
ExlService Holdings	\$17.86	\$521	2.5 x	2.2 x	9.8 x	9.8 x	35.0 x	23.8 x
Genpact	\$15.58	\$3,409	3.0 x	2.6 x	11.7 x	11.5 x	10.1 x	20.2 x
WNS Holdings	\$10.00	\$424	0.7 x	1.1 x	NM	6.5 x	NM	8.7 x
	HIGH		5.1 x	4.4 x	16.9 x	11.5 x	35.0 x	23.8 x
	AVERAGE		2.1 x	2.1 x	8.1 x	9.4 x	15.2 x	14.6 x
	MEDIAN		2.1 x	2.2 x	8.7 x	9.9 x	12.2 x	12.9 x
	LOW		0.1 x	0.1 x	1.3 x	6.5 x	5.6 x	7.2 x

Selected Private Policy Administration & Claims Processing Providers

Private Company	Employees
AQS	180
Camilion Solutions	200
Duck Creek Technologies	250
IDMI Systems	N/A
se ²	480

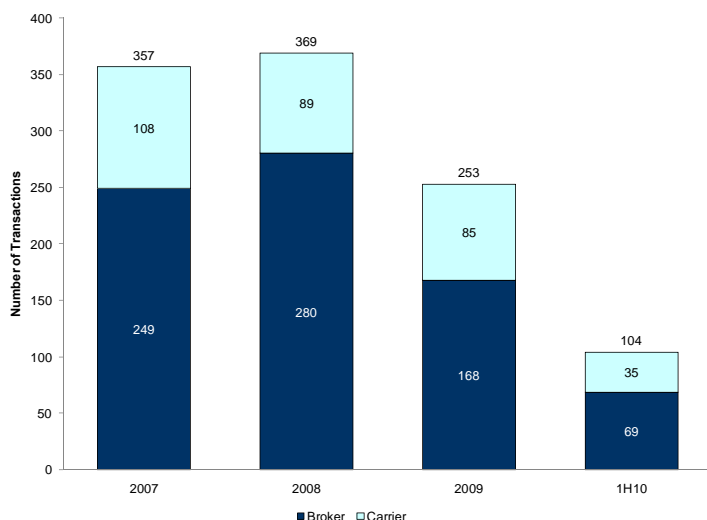
Selected Private Risk Management & Software Services Providers

Private Company	Employees
FINEOS	300
INTEC	70
One Shield	200
Patriot Risk Management	150
Vertafore	1,100

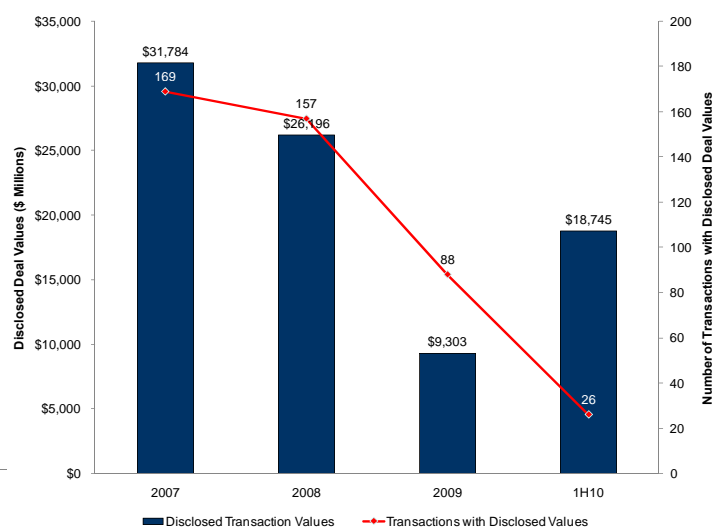
Source: SNL, Bloomberg

Recent Insurance Carrier and Broker M&A Activity

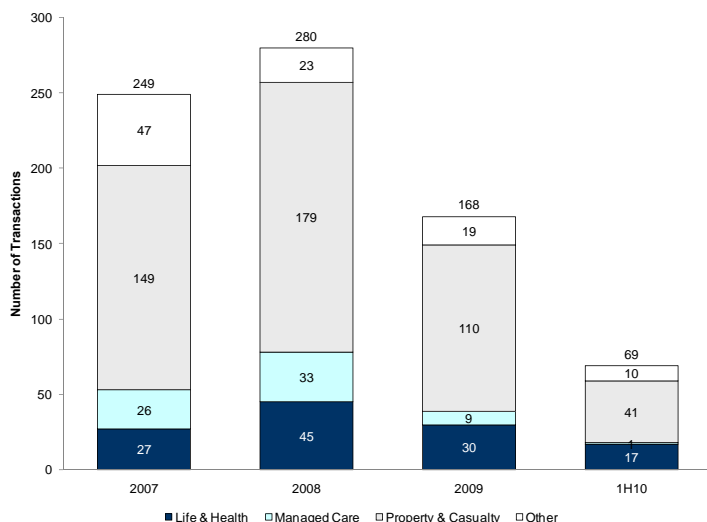
Total Number of Insurance Transactions



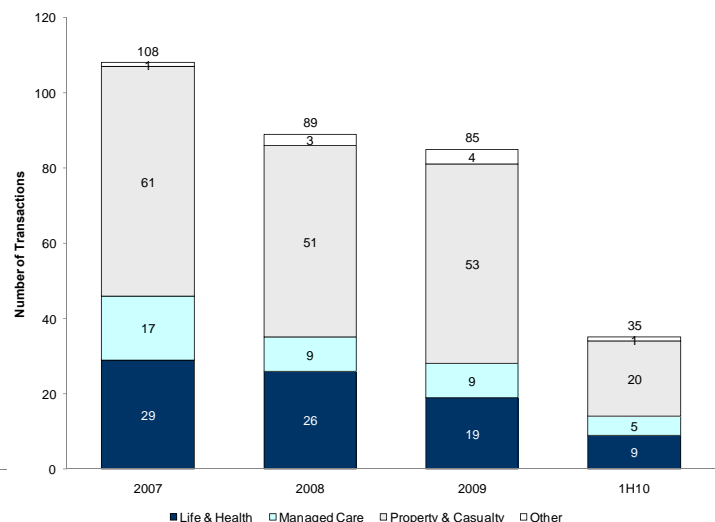
Insurance Transactions with Disclosed Deal Values



Insurance Carrier Transactions by Type



Insurance Broker Transactions by Type



Notable Insurance Transactions: 1H10

Announce Date	Target	Target Type	Acquirer	Deal Value (\$mm)	Amount Acquired	Entity Value (\$mm)
6/9/2010	PMA Capital Corporation	Property & Casualty	Old Republic International Corporation	\$228	100%	\$228
4/28/2010	American-Amicable Holding Inc.	Life & Health	Industrial Alliance Insurance	\$145	100%	\$145
4/14/2010	MetLife Taiwan Insurance Company Limited	Life & Health	Waterland Financial Holdings	\$114	100%	\$114
3/7/2010	American Life Insurance Company	Life & Health	MetLife, Inc.	\$15,545	100%	\$15,545
2/17/2010	Zenith National Insurance Corp.	Property & Casualty	Fairfax Financial Holdings Limited	\$1,319	92%	\$1,439
2/4/2010	FFG Insurance Company	Property & Casualty	Aspen Insurance Holdings Limited	\$165	100%	\$165
2/2/2010	OneBeacon's personal lines division	Property & Casualty	Tower Group, Inc.	\$180	100%	\$180
1/5/2010	Munich Re's Sunbelt General Agency	Property & Casualty	Johnson & Johnson Agency	NA	100%	NA

Source: SNL

Recent Insurance Private Equity Activity

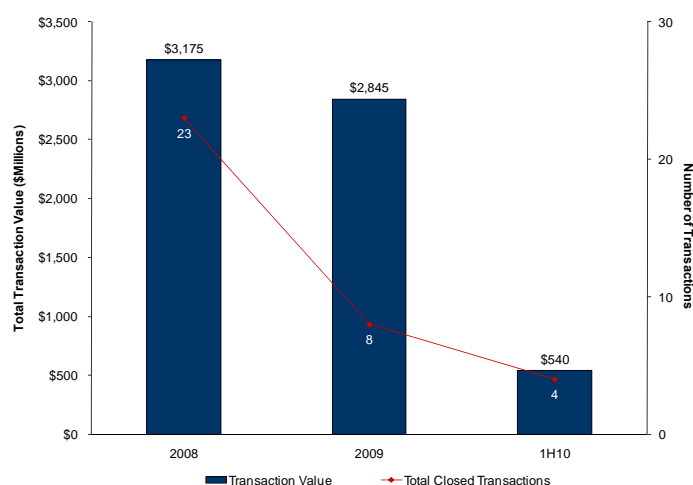
Stagnation Continues

Insurance-related PE activity is picking up as compared to the near halt over the past two years. While the last half of 2009 witnessed an investor group's \$2 billion exit from Paris Re in its sale to PartnerRe, no transactions in the first half of 2010 topped the \$1 billion mark.

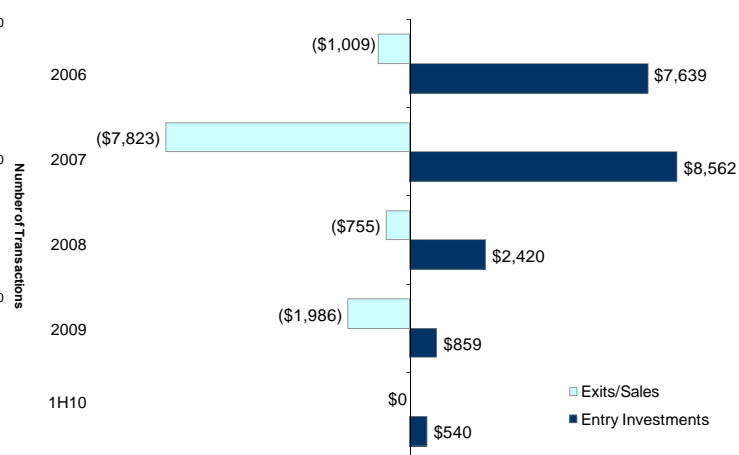
Perhaps the most notable transaction to close in the first half of 2010 was Warburg Pincus' investment in Primerica, a life insurance and financial advisory arm of Citigroup that was IPO'd in April. This was Warburg's second multi-billion dollar insurance deal in recent years, following their 2008 rescue of bond insurer MBIA. Other transactions to close in the first half of 2010 included Genstar's purchase of Granite Global Solutions, a Canadian risk technology provider; Electra's assistance on the MBO of Esure, a UK-based auto insurer; and Greenhill Capital Partners' investment into Acisure, a Michigan-based insurance brokerage. Additionally, Guggenheim Partners' \$400 million investment into, and demutualization of, Security Benefit Life Insurance was announced in February but has not yet closed.

PE firms may be holding out for better opportunities in the dislocated insurance sector as under-capitalized firms are forced to divest healthy insurance businesses in order to shore up their balance sheets. Based on the unusually low number of transactions in recent months, we expect PE firms to be more willing to take advantage of the opportunities presented by cash-hungry insurers seeking to divest their non-balance sheet intensive operations.

Private Equity Transactions in Insurance⁽¹⁾



Private Equity Insurance Entry vs. Exit Deals⁽¹⁾



PE Activity in Insurance: 1H10

Announce Date	Target	Target Type	Acquirer	Deal Value (\$mm)	Amount Acquired	Entity Value (\$mm)
5/31/2010	Granite Global Solutions, Inc.	Insurance Technology	Genstar Capital	NA	NA	NA
4/15/2010	Primerica, Inc.	Life & Health	Warburg Pincus	\$230	23%	\$1,019
2/16/2010	Security Benefit Corporation	Life & Health	Guggenheim Partners	\$400	100%	\$400
2/11/2010	Esure Holdings Limited	Insurance Technology	Electra Private Equity	\$422	70%	\$603
1/29/2010	Acisure LLC	Brokerage	Greenhill Capital Partners	\$20	NA	NA

1) Includes only transactions that have closed

Source: Thomson Financial / Freeman & Co.

Insurance Company Public Comps

Life Insurance Company Multiples

Company Name	Market Data		LTM 3/31/2010			2010E Multiples			2011E Multiples		
	7/12/2010		Price / LTM			Price / Fwd			Price / Fwd		
	Stock Price	Market Cap	BV	Tang. BV	Dil. EPS	BV	Dil. EPS	ROE	BV	Dil. EPS	ROE
AFLAC Inc.	\$47.91	\$22,577	2.5x	2.5x	15.8x	2.1x	8.8x	26.8%	1.8x	8.1x	24.8%
Genworth Financial Inc.	14.46	7,136	0.6x	0.7x	NM	0.5x	12.8x	4.3%	0.5x	8.0x	6.7%
Lincoln National Corp.	25.07	8,053	0.7x	0.9x	17.9x	0.6x	7.3x	9.1%	0.6x	6.4x	9.9%
MetLife, Inc.	39.57	32,888	0.9x	1.1x	NM	0.9x	9.3x	9.9%	0.8x	7.4x	11.8%
Principal Financial Group Inc.	24.61	7,952	0.9x	1.1x	13.6x	0.9x	8.8x	10.3%	0.9x	8.1x	10.5%
Protective Life Corp.	21.29	1,843	0.7x	0.7x	5.6x	0.6x	7.9x	8.3%	0.5x	7.5x	8.4%
	HIGH		2.5x	2.5x	17.9x	2.1x	12.8x	26.8%	1.8x	8.1x	24.8%
	LOW		0.6x	0.7x	5.6x	0.5x	7.3x	4.3%	0.5x	6.4x	6.7%
	MEDIAN		0.8x	1.0x	14.7x	0.8x	8.8x	9.5%	0.7x	7.7x	10.2%
	MEAN		1.0x	1.2x	13.2x	0.9x	9.2x	11.4%	0.9x	7.6x	12.0%

P&C Insurance Company Multiples

Company Name	Market Data		LTM 3/31/2010			2010E Multiples			2011E Multiples		
	7/12/2010		Price / LTM			Price / Fwd			Price / Fwd		
	Stock Price	Market Cap	BV	Tang. BV	Dil. EPS	BV	Dil. EPS	ROE	BV	Dil. EPS	ROE
ACE Limited	\$55.02	\$18,521	0.9x	1.1x	6.8x	0.8x	7.7x	11.6%	0.8x	7.4x	10.9%
Arch Capital Group Ltd.	76.53	3,854	0.9x	0.9x	4.9x	0.9x	9.1x	10.9%	0.9x	8.7x	9.7%
CNA Financial Corporation	26.95	7,308	0.7x	0.7x	7.8x	No Est.	10.5x	7.6%	No Est.	9.8x	No Est.
HCC Insurance Holdings Inc.	25.35	2,943	1.0x	1.3x	8.4x	0.9x	9.0x	10.4%	0.8x	8.4x	10.1%
Progressive Corp.	19.81	13,382	2.2x	2.2x	11.9x	2.0x	13.3x	16.7%	1.9x	12.6x	15.6%
The Travelers Companies	51.12	25,337	1.0x	1.1x	7.8x	0.9x	8.9x	10.5%	0.8x	8.7x	10.0%
White Mountains Insurance	328.18	2,895	0.8x	0.8x	NM	No Est.	23.2x	No Est.	No Est.	16.2x	No Est.
W.R. Berkley Corporation	26.90	4,149	1.1x	1.2x	3.6x	1.1x	10.2x	11.1%	1.0x	10.1x	9.5%
	HIGH		2.2x	2.2x	11.9x	2.0x	23.2x	16.7%	1.9x	16.2x	15.6%
	LOW		0.7x	0.7x	3.6x	0.8x	7.7x	7.6%	0.8x	7.4x	9.5%
	MEDIAN		0.9x	1.1x	7.8x	0.9x	9.6x	10.9%	0.8x	9.3x	10.0%
	MEAN		1.1x	1.2x	7.3x	1.1x	11.5x	11.3%	1.0x	10.2x	11.0%

Reinsurance Company Multiples

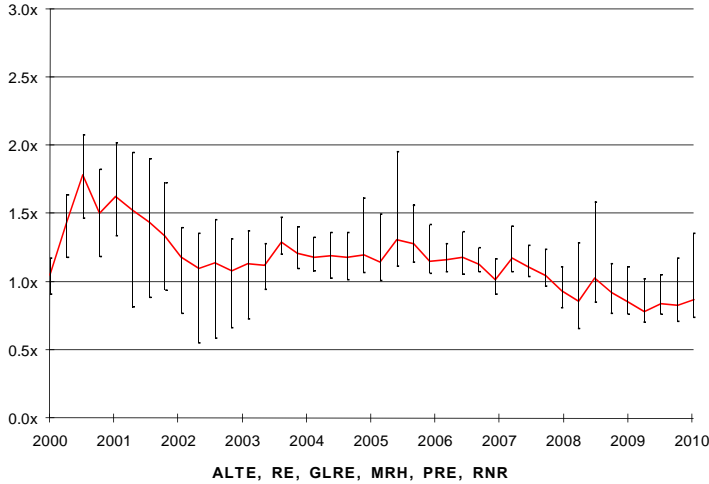
Company Name	Market Data		LTM 3/31/2010			2010E Multiples			2011E Multiples		
	7/12/2010		Price / LTM			Price / Fwd			Price / Fwd		
	Stock Price	Market Cap	BV	Tang. BV	Dil. EPS	BV	Dil. EPS	ROE	BV	Dil. EPS	ROE
Alterra Capital Holdings	\$19.64	\$2,355	1.5x	1.5x	8.0x	0.7x	6.5x	12.0%	0.6x	6.2x	11.0%
Everest Re Group Ltd.	72.97	4,314	0.7x	0.7x	6.5x	0.7x	10.4x	6.4%	0.6x	6.1x	10.7%
Greenlight Capital Re, Ltd.	25.98	962	1.4x	1.4x	7.4x	1.2x	8.0x	NM	1.0x	6.7x	No Est
Montpelier Re Holdings Ltd.	15.40	1,111	0.7x	0.7x	4.0x	0.7x	9.9x	5.5%	0.6x	6.6x	10.8%
PartnerRe Ltd.	73.37	5,778	0.8x	0.9x	4.1x	0.8x	11.5x	7.6%	0.8x	7.5x	10.8%
RenaissanceRe Holdings Ltd.	56.57	3,323	1.1x	1.1x	4.2x	1.0x	7.3x	14.8%	0.9x	6.9x	14.2%
	HIGH		1.5x	1.5x	8.0x	1.2x	11.5x	14.8%	1.0x	7.5x	14.2%
	LOW		0.7x	0.7x	4.0x	0.7x	6.5x	5.5%	0.6x	6.1x	10.7%
	MEDIAN		0.9x	1.0x	5.3x	0.7x	9.0x	7.6%	0.7x	6.6x	10.8%
	MEAN		1.0x	1.0x	5.7x	0.8x	8.9x	9.2%	0.7x	6.7x	11.5%

Notes: LTM financials are adjusted for extraordinary and non-recurring items. In cases where a company has an adjusted pre-tax loss, GAAP net income is shown without adjustments.

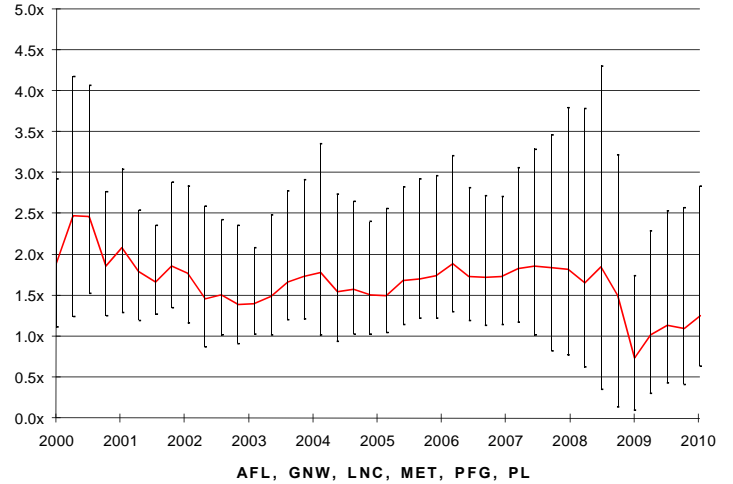
Sources: SEC Filings, SNL, Bloomberg

Historical Valuation Multiples

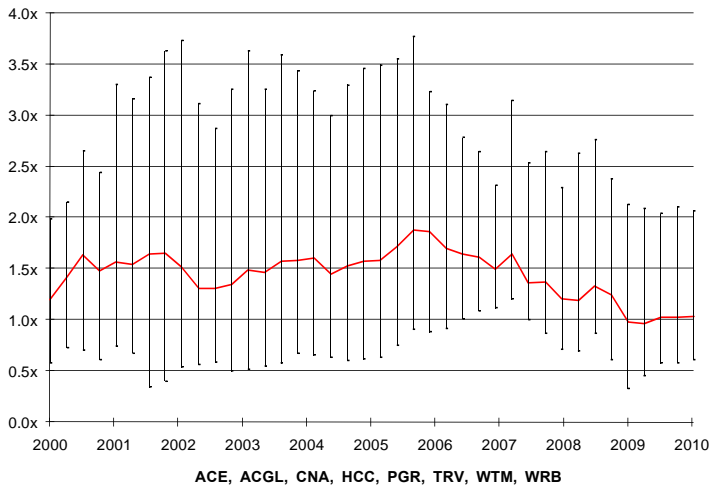
U.S. Reinsurers' Price/Book Multiples



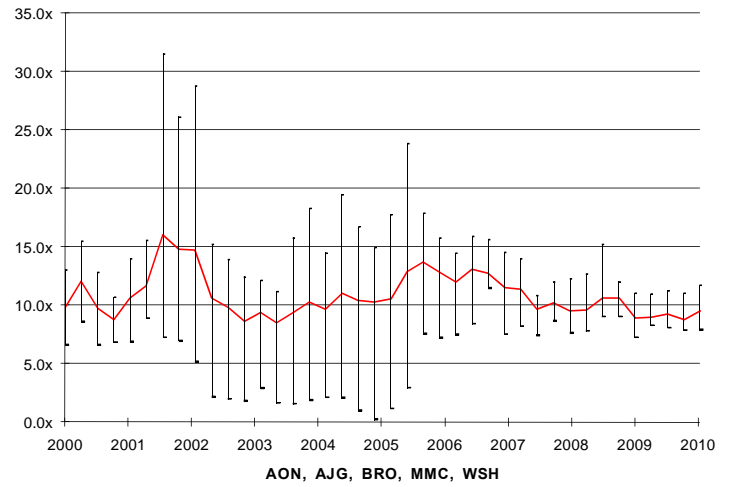
U.S. Life Insurers' Price/Book Multiples



U.S. P&C Insurers' Price/Book Multiples



U.S. Insurance Brokers' TEV/EBITDA Multiples




Sources: SEC Filings, SNL, Bloomberg

Select Freeman & Co. Insurance and Mortality-linked Transactions

\$1,738,551,000

The Life Settlements and Premium Finance Portfolio of




has been acquired at auction

The undersigned acted as financial advisor to KBC Financial Products April 28, 2010

Freeman & Co. Securities LLC

\$840,000,000

The Reverse Mortgage Portfolio of



has been acquired by an undisclosed

Investment Bank

The undersigned acted as financial advisor to KBC Financial Products February 24, 2010

Freeman & Co. Securities LLC

700,000 policies administered
\$30 billion in assets under administration



led investor group has acquired



The undersigned acted as financial advisor to Security Benefit Corporation, parent of se² February 16, 2010

Freeman & Co. Securities LLC

US \$400 million investment



led investor group has acquired



The undersigned acted as financial advisor to Security Benefit Corporation February 16, 2010

Freeman & Co. Securities LLC

\$30,000,000




has completed a combined \$30,000,000 senior debt and reinsurance transaction with




The undersigned acted as financial advisor to Ullico, Inc. December 31, 2008

Freeman & Co. Securities LLC




has acquired



The undersigned acted as financial advisor to KBC Financial Products signed June 9, 2007

Freeman & Co. Securities LLC



has acquired the assets of

Mutual Credit Corp.

The undersigned acted as financial advisor to KBC Financial Products November 13, 2006

Freeman & Co. Securities LLC

The Mortgage Loan and Real Estate Division of



a wholly owned subsidiary of



has been acquired by



Acted as financial advisor to Swiss Re June 28, 2002

Freeman & Co. Securities LLC

Other Recent Freeman & Co. Transactions

\$32,000,000



NISE Alterset: HNB

has received a \$32,000,000 investment from an

Investor Group

The undersigned acted as co-manager for Herald National Bank March 31, 2010

Freeman & Co. Securities LLC

€350,000,000




has acquired the CLO business of




The undersigned acted as financial advisor to Avoca Capital December 11, 2009

Freeman & Co. Int. LLP




has been acquired by




The undersigned acted as financial advisor to TORC Financial, LLC August 26, 2009

Freeman & Co. Securities LLC



has been acquired by



The undersigned acted as exclusive financial advisor to Lane, Berry & Co. International, LLC May 26, 2009

Freeman & Co. Securities LLC



has acquired the U.S. High Yield Fixed Income assets of



HSBC Global Asset Management


The undersigned acted as financial advisor to Guggenheim Partners, LLC February 2, 2009

Freeman & Co. Securities LLC

US \$700 million AUM

KBC Alpha Asset Management

A hedge fund of funds division




has been acquired by




The undersigned acted as financial advisor to KBC Financial Products Announced December 2, 2008


Freeman & Co. Int. LLP



A wholly owned subsidiary of



has been acquired by



The undersigned acted as financial advisor to The Bank of New York Mellon October 2, 2008

Freeman & Co. Securities LLC



has raised an undisclosed amount of capital from



The undersigned acted as financial advisor to Pali Capital, Inc. August 2008

Freeman & Co. Securities LLC

Recent Publications by Freeman & Co.

Asset Management Focus

- *Putting the Pieces Back Together (April 2010)*
- *Humpty Dumpty had a Big Fall (September 2009)*
- *Can a Third Shoe Drop? (March 2009)*
- *Reports of my Death were Greatly Exaggerated (September 2008)*
- *The World is a Different Place (February 2008)*
- *Robust First-Half, Uncertain Future (August 2007)*

Insurance Focus

- *Back from the Brink (January 2010)*
- *Insurance Servicing & Processing (July 2009)*
- *Inaugural Issue (January 2009)*
- *Retirement Funding: New Solutions for a Growing Problem (July 2008)*

Private Equity Focus

- *Waiting for the Turn (September 2009)*
- *Where Have You Gone LBO? (September 2008)*
- *The Stampede Rumbles On (August 2007)*

Securities Focus

- *Focus Shifts from Survival Mode to Strategic Mode (October 2009)*
- *Securities Industry at Major Inflection Point (March 2009)*
- *Mom, Dad, Are We There Yet? (September 2008)*
- *History Repeats, but with Many Different Flavors (February 2008)*
- *Post Labor Day: Back to School, Hopefully not Schooled! (August 2007)*

Servicing, Processing & Technology Focus

- *Happy to Have No Balance Sheet (September 2009)*
- *Companies that Service & Support Wall Street (September 2008)*

Freeman & Co. LLC

“Independent Financial Services Advice”

New York

Freeman & Co. LLC
645 Fifth Avenue
9th Floor
New York, NY 10022

Tel: +1 212 830 6161

Fax: +1 212 265 4998

London

Freeman & Co. International LLP
N° 1 Cornhill
London , EC3V 3ND
United Kingdom

Tel: +44 (0) 207 743 6535

Fax: +44 (0) 207 743 6528