

# Quantitative Market Risk Disclosures

(unaudited)

Quantitative market risk disclosures are only presented for market risk categories when risk is considered material. Materiality is determined based on the fair value of the financial instruments at December 31, 2006, and the potential for near-term losses from reasonably possible near-term changes in market rates or prices.

## Other Than Trading Financial Instruments

Financial instruments subject to interest rate risk were:

(millions)	Fair Value				
	-200 bps Change	-100 bps Change	Actual	+100 bps Change	+200 bps Change
U.S. government obligations	\$ 3,523.1	\$ 3,358.1	\$ 3,203.4	\$ 3,058.3	\$ 2,921.8
State and local government obligations	3,332.1	3,223.0	3,119.7	3,021.7	2,928.8
Asset-backed securities	2,497.0	2,445.4	2,390.1	2,335.4	2,285.0
Corporate securities	1,199.0	1,155.1	1,113.8	1,074.8	1,037.8
Preferred stocks	1,839.1	1,809.3	1,781.0	1,754.1	1,728.3
Other debt securities <sup>1</sup>	139.0	135.4	131.9	128.7	125.5
Short-term investments	581.2	581.2	581.2	581.2	581.2
Balance as of December 31, 2006	\$ 13,110.5	\$ 12,707.5	\$ 12,321.1	\$ 11,954.2	\$ 11,608.4
Balance as of December 31, 2005	\$ 13,008.3	\$ 12,604.0	\$ 12,215.8	\$ 11,850.3	\$ 11,506.0

<sup>1</sup>Includes \$99.1 million in mandatory redeemable preferred stocks.

Exposure to risk is represented in terms of changes in fair value due to selected hypothetical movements in market rates. Bonds and preferred stocks are individually priced to yield to the worst case scenario, which includes any issuer-specific features, such as a call option. Asset-backed securities, including state and local government housing securities, are priced assuming deal-specific prepayment scenarios, considering the deal structure, prepayment penalties, yield maintenance agreements and the underlying collateral.

Financial instruments subject to equity market risk were:

(millions)	Fair Value	Hypothetical Market Changes	
		+10%	-10%
Common equities as of December 31, 2006	\$ 2,368.1	\$ 2,604.9	\$ 2,131.3
Common equities as of December 31, 2005	\$ 2,058.9	\$ 2,264.8	\$ 1,853.0

The model represents the estimated value of our common equity portfolio given a +/- 10% change in the market, based on the common stock portfolio's weighted average beta of 1.0. The beta is derived from recent historical experience, using the S&P 500 as the market surrogate. The historical relationship of the common stock portfolio's beta to the S&P 500 is not necessarily indicative of future correlation, as individual company or industry factors may affect price movement. Betas are not available for all securities. In such cases, the change in fair value reflects a direct +/- 10% change; the number of securities without betas is approximately 1%, and the remaining 99% of the equity portfolio is indexed to the Russell 1000.

As an additional supplement to the sensitivity analysis, we present results from a value-at-risk (VaR) analysis used to estimate and quantify our market risks. VaR is the expected loss, for a given confidence level, of our portfolio due to adverse market movements in an ordinary market environment. The VaR estimates below are used as a risk measurement and reflect an estimate of potential reductions in fair value of our portfolio for the following 22 and 66 trading days (one- and three-month intervals) at the 95<sup>th</sup> percentile loss. We use the 22-day VaR to measure exposure to short-term volatility and the 66-day VaR for longer-term contingency capital planning.

(millions)	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005
<b>22-day VaR</b>					
Fixed-income portfolio	\$ (102.1)	\$ (95.9)	\$ (119.3)	\$ (107.2)	\$ (106.0)
% of portfolio	(.8)%	(.8)%	(1.0)%	(.9)%	(.9)%
% of shareholders' equity	(1.5)%	(1.4)%	(1.9)%	(1.7)%	(1.7)%
Common equity portfolio	\$ (83.4)	\$ (98.3)	\$ (129.1)	\$ (83.8)	\$ (84.6)
% of portfolio	(3.5)%	(4.4)%	(6.1)%	(3.9)%	(4.1)%
% of shareholders' equity	(1.2)%	(1.5)%	(2.0)%	(1.3)%	(1.4)%
Total portfolio	\$ (128.1)	\$ (148.1)	\$ (189.5)	\$ (144.9)	\$ (137.4)
% of portfolio	(.9)%	(1.0)%	(1.3)%	(1.0)%	(1.0)%
% of shareholders' equity	(1.9)%	(2.2)%	(3.0)%	(2.3)%	(2.2)%
<b>66-day VaR</b>					
Fixed-income portfolio	\$ (174.7)	\$ (164.2)	\$ (204.5)	\$ (183.9)	\$ (181.9)
% of portfolio	(1.4)%	(1.3)%	(1.6)%	(1.5)%	(1.5)%
% of shareholders' equity	(2.6)%	(2.4)%	(3.2)%	(2.9)%	(3.0)%
Common equity portfolio	\$ (138.5)	\$ (162.6)	\$ (213.7)	\$ (138.5)	\$ (140.7)
% of portfolio	(5.8)%	(7.3)%	(10.1)%	(6.5)%	(6.8)%
% of shareholders' equity	(2.0)%	(2.4)%	(3.3)%	(2.2)%	(2.3)%
Total portfolio	\$ (218.8)	\$ (248.2)	\$ (318.4)	\$ (244.3)	\$ (230.9)
% of portfolio	(1.5)%	(1.7)%	(2.2)%	(1.7)%	(1.6)%
% of shareholders' equity	(3.2)%	(3.7)%	(5.0)%	(3.9)%	(3.8)%

Our VaR results are based on a stochastic simulation where all securities are marked to market under 10,000 scenarios. Fixed-income securities are priced off simulated term structures and risk is calculated based on the volatilities and correlations of the points on those curves. Equities are priced off each security's individual pricing history. The model uses an exponentially weighted moving average methodology to forecast variance and covariance over a two-year time horizon for each security. In estimating the parameters of the forecast model, the sample mean is set to zero and the weight applied in the exponential moving average forecasts are set at .97, making the model more sensitive to recent volatility and correlations. The VaR of the total investment portfolio is less than the sum of the two components (fixed income and common equity) due to the benefit of diversification.

The slight decrease in the 22-day and 66-day VaR from December 31, 2005 to December 31, 2006, primarily results from lower volatility in the equity market in 2006. Volatility in the fixed-income market was relatively unchanged.