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# Power Play.

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From pushing an acquisition to pressuring a company to meet earnings expectations, equity analysts' ideas carry a lot of clout. And insurers listen--because investors do.

Two years before Metropolitan Life Insurance Co.'s conversion to a public company in 2000, MetLife reached out to the very Wall Street analysts who soon would be sitting in judgment of it.

With the assistance of Eric Steigerwalt, the newly hired senior vice president in charge of financial management and investor relations, who knew many of the top analysts from his years at the recently converted Equitable Life, MetLife brought in the brokerage firm gurus for a series of speeches and presentations.

"We were having an ongoing dialogue with the analysts, soliciting comments from them about other companies that were going public," Steigerwalt said. "We put a lot of time into it."

A year after its changeover, the nation's largest life insurer is still putting time and resources into this relationship. Like MetLife, most publicly traded insurance companies have investor relations departments that devote a portion--if not most--of their energies to dealing with the equity analysts who research and report on their companies' fiscal health.

MetLife, for one, has four employees who deal exclusively with 23 buy-side and sell-side analysts. The analysts may pepper the management with questions, but MetLife puts its own questions to the analysts, too. "We take this information back to the senior executives," and it is added to the decision-making mix, Steigerwalt said.

"To a certain degree, you have to be influenced, not only about the valuation of your stock, but you also want to know what the owners think strategically and tactically about your operations," he said. "We certainly treat as critical the feedback we get" from the analysts, Steigerwalt said.

Progressive is an exception, a publicly traded company that has no distinct investor relations department but instead pulls together a core staff of about six, including Controller Tom King, when quarterly earnings releases are due out. King said the Progressive team likes dealing with the Wall Street crowd. "Interaction with equity analysts



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represents an opportunity for Progressive, not only to get a chance to tell our story to a wide audience, but also to get lots of valuable market information on a timely basis," King said. "These people are on the phone all the time, and if you listen to them, you're getting valuable information."

He estimates that roughly 15% of his time is involved with investor relations, which includes dealing with equity analysts, fixed-income analysts and direct investment.

Laura Gagnon, vice president of finance and investor relations of St. Paul Cos., said a quarter of her time is taken up with equity or sell-side analysts, meeting with them on- or off-site, answering their phone calls and reviewing their reports. St. Paul's investor relations department is made up of what Gagnon calls a "virtual team" of two core employees-- Gagnon included--but she can pull staff as needed from other departments, such as communications. Most of St. Paul Cos.' stock is held by institutional investors, Gagnon noted.

Essentially, she sees the role of the equity analyst as being an educated interpreter of a complicated industry. To that end, the analyst can direct the portfolio managers to the importance of certain key indicators, tell them what to look for and how to differentiate among companies, Gagnon said.

Her department regularly works with dozens of equity analysts. So how does St. Paul react when an analyst downgrades the company or puts its stock on hold?

"By and large, most of the analysts are very ethical," Gagnon said. "Occasionally, you get one who lets their emotions and personal feelings taint their research. But what we try to do is to be very straightforward and let the information speak for itself. So I will tend to send more information to an analyst who doesn't seem to be understanding the story."

Varied Backgrounds

As for the analysts, they tend to come to their high-powered jobs via a variety of routes. A look at the backgrounds of top equity analysts shows that some began their careers in investment banking, at least one was an insurance broker and property/casualty credit analyst and yet another began as a business journalist. Their degrees--from some of the nation's most prestigious colleges and universities--lean toward business, economics, mathematics or law. Invariably, they are in their 30s and 40s, tend to be workaholics and have been equity analysts for as long as 10 years.

And if they are on target much of the time, they can earn investors a ton of money and thereby increase revenues for their brokerage firms. For the successful equity analyst, "the rewards are significant," said Todd Bault, an institutional analyst at Sanford C. Bernstein & Co. "You will be sought after and highly compensated." The widespread assumption is that the top three analysts on the Institutional Investor ranking must make at least $1 million a year, he said.

With so much to gain, competition among equity analysts can be fierce. "There is tons of competition for jobs, for prestige," said Bault, who has been in this career for only one year. Starting out can be tough, he noted. His first industry meeting in Bermuda was

difficult. "No one talked to me," he said. "Investors didn't know me. Competitors are competitors. If you talked to them, it was only small talk."

Bault and other newcomers can only aspire to being named among the all-stars, notably the annual rankings of first, second, third and runner-up teams sponsored by Institutional Investor magazine. (See "2000 All-America Research Team," above.)

Colin Devine, a life insurance equity analyst at Salomon Smith Barney, rocketed to first team because of his industry perspective, particularly his emphasis on fundamental metrics, such as "the shift in business mix toward higher-margin retirement products from less profitable, premature-death policies," Institutional Investor said. Devine was an early researcher to zero in on the annuity as the only product that provides an income-stream guaranty, the publication said. He also got kudos for making a controversial sell-call on Conseco, the once-successful life/health holding company that has fallen on hard times.

Last year, Weston Hicks, former equity analyst at J.P. Morgan, captured the first-team slot on the nonlife insurance side for the seventh time since 1993. "Investors say Hicks' close ties to management helped him call the bottom for several stocks in late 1999, as the S&P property/casualty index fell 27% during the year," the publication said. In June 1999, Hicks co-authored a report that cautioned investors about personal auto insurers, such as Allstate Corp., Mercury General Corp. and Safeco Corp. All three insurers subsequently lost more than 20% through mid-August.

On the other hand, in October 1999, Hicks recommended American International Group and Marsh & McLennan Cos. as good buys, based on better pricing. By early August 2000, shares had climbed 45% and 64% respectively, the magazine said.

In March, Hicks left Wall Street and joined the industry, taking a job as senior vice president-financial assistant to Dean R. O'Hare, chairman of Chubb Corp. He was named chief financial officer in May. When he joined the company, Chubb said that Hicks would have specific responsibility for capital management, including debt and equity financings and capital allocation. He also was expected to assist Chubb in other financial areas, including investment management and investor relations.

With Hicks' departure from the analysts' ranks, the door to the top is open for Alice Schroeder, a principal at Morgan Stanley Dean Witter & Co., who has been named to Institutional Investor's second team for the past four years. In the 2000 poll, Schroeder won praise for "differentiating between the positive pricing trends in the commercial-line sector and the negative trends in the personal markets," according to the magazine.

Joining Schroeder on the second team in 2000 was Vanessa Wilson, who at the time was a life insurance analyst for Donaldson, Lufkin & Jenrette. Despite some bumpy months, Wilson helped her clients profit significantly in 2000, the magazine said. For one thing, she advised buying John Hancock Financial Services shares in February at $18 when the company demutualized. Through July, the stock was up 46%. Also, UnumProvident Corp., whose stock price plummeted nearly 50% to $13 on miserable earnings in February 2000, had rebounded to $23 by July. While other analysts threw in the towel, she dug in hard, the magazine said. Wilson now works for Deutsche BancAlex.Brown.

Prestigious Ranking

Equity analysts have to serve two masters: the companies they research and the investors who look to them for advice. Critics say that because analysts hope to maintain their relationships with the firms they cover, many tend to be too sanguine in their assessments of a company's financial outlook. But Devine brushes that criticism aside.

"As long as you're consistent and you're fair, with 90% of the companies and clients, that works fine," he said. "There are always some companies that are more challenging. It depends a lot on the CEO, who probably sets the tone."

As Devine has found, the annual rankings of the best brokerage-firm analysts amount to Wall Street's version of the Academy Awards. Devine said his first-team designation by Institutional Investor has enhanced his career by boosting his profile among his colleagues."I think it made a difference for me, but I think it also made a difference for some others," he said. "I hope it gave some other analysts out there the conviction to go and make a controversial call, and that you can be ranked, and you can be successful, and the Street will recognize it."

Some candidates may use other methods to gain recognition. "I have heard that some candidates call around and ask people to vote for them," said Schroeder, who quickly added that she never would do that.

"From a business standpoint, the largest firms consider it important to be ranked," she said. "There are some analysts, however, who aren't ranked, but excel in other areas."

"Being in the top three is really, really important," she said. "It matters, because when you're meeting new clients, they pay attention to it. The main value of being ranked is that it's the best form of job security." Historically, ranked analysts haven't lost their jobs unless their firm merged with another firm with a higher ranked analyst, and even then it's not a sure thing, she said.

Undue Influence

If equity analysts who know their stuff can be a force for good on the side of shareholders by policing how a company manages capital, their zeal can have a downside. "The single thing that we've probably all done is push companies to make acquisitions or sell themselves or make other basic business changes in order to shake some life into a stock that seems to not be doing anything-and it may not be the right thing to do," said Schroeder, who covers property/casualty giants, such as Allstate and American International Group.

It's even more common for analysts to put heavy pressure on a company to meet quarterly earnings expectations, even if the company has to sacrifice long-term value to do so, Schroeder said. She cited the example of St. Paul Cos., which has an aggregate stop loss reinsurance contract protecting its earnings. In the last two years, however, St. Paul has given a significant amount of its cash flows to Berkshire Hathaway and other reinsurers.

"They did that, in part, because Wall Street absolutely demanded it. They wanted the

earnings volatility to go away," Schroeder said. "I'm not criticizing them at all for doing it, because they are fully disclosing it, but I do believe Wall Street demands short-term performance, and short-term performance and long-term value creation don't always coincide."

But Gagnon of St. Paul Cos. takes a different view. Over the last three years, she said, the company has been looking historically at its volatility and its multiple. "A fundamental theory of finance is that the higher your beta--or your earnings volatility--the higher your cost of capital," she said. "And we believe very strongly that by lowering the volatility and taking advantage of some of the unique characteristics of our industry, we can actually lower our costs of capital and, therefore, increase shareholder value. That's the course we've been taking."

Schroeder said she likes to tell the companies she covers to ignore analysts' advice. "If you do what's right for your business and you run it for the highest return on capital over the long term," she tells managers, "eventually you'll get rewarded, and your stock multiple will be very high--and you'll get the benefit of the doubt from us. But you can't let us dictate your strategy quarter to quarter, because if you do, you will go down the wrong path every time."

Gagnon said the analysts' reports, in and of themselves, have no impact on the way St. Paul does business. "In most cases, our objective is to increase shareholder value and that is aligned with what both our owners, the institutional owners, and the sell-side analysts are looking for," she said." I think there's an alignment there, but there's certainly not any sort of direct correlation."

Steigerwalt would agree. Although MetLife cultivates its relationship with equity analysts and listens to their views, there's no question who ultimately calls the shots. "I want to make it clear that we're running the company," Steigerwalt said. "We don't let the analysts do it."

COLIN W. DEVINE

Adds Value Through Tough Calls

Colin W. Devine is a battle-scarred veteran of the tough call. Devine, a life insurance equity analyst at Salomon Smith Barney, recognized in February 1998 that growth in Conseco Inc.'s life business was slowing.

Then in June 1999, his collaboration with colleague William Ryan, a specialty finance analyst, and the firm's securitization group, led to the discovery that Conseco's consumer-finance business was failing. "When we put it all together, we realized what we were looking at was a situation that was going to materially disintegrate in the next 12 months," Devine said.

He went public with the call to sell Conseco short at $39, and Smith Barney pulled Conseco's rating. As one admiring analyst put it, this was like saying that the emperor had no clothes. That's because for 10 years, Conseco had been one of the top two or three performers in the S&P 500.

"If you want to make that kind of call, the reality on Wall Street is that you have to be prepared to put your job on the line," Devine said.

He withstood aggressive responses. Through it all, his research director, John Hoffmann, gave him unwavering support, Devine said.

As it turned out, Conseco's earnings plunged, and co-founder Stephen Hilbert resigned as chief executive officer in April 2000. Conseco now is pursuing a financial-turnaround plan.

Ultimately, Devine not only kept his job but enhanced his professional standing when Institutional Investor named him the top-ranked equity research analyst for life insurance on its "2000 All-America Research Team."

While the Conseco call may be Devine's best-applauded move so far, he has some mild regrets about his timing on another call, this one involving Unum's planned merger with Provident. Devine advised investors to buy Unum stock when it was $27 a share. "Obviously, I wish had I put the strong buy on it when it got to $12 last year," he said. "Hindsight's perfect--I wished I had waited a bit."

Devine, a Canadian who has been living in the United States since 1994, has been an equity analyst only four years. He started out in commercial banking, then moved to a large Canadian life insurer, where he was vice president and was involved in investment, risk management and corporate development. From there, he switched to Standard & Poor's Insurance Ratings group and covered a variety of life and property/casualty companies. Working at the rating service exposed him to a lot of insurers and enable him to see "the whole, broad industry," he said.

He joined Smith Barney in 1997, because he wanted to work on Wall Street during what promised to be an exciting time. "On the equity side, Wall Street is where the action is."

Devine travels three out of five days and is practiced at making calls and writing reports on the run. "I think it's a lot of fun, but it's not for everybody." The really fun part for Devine is covering such a high-growth industry.

When the market is down, a good analyst is always ready to give his clients advice and make some difficult decisions, Devine said. "You have to have a lot of conviction, and that's when I think you add the value," he said. "The value is when you make a contrarian call. Conseco was that."

Barbara Bowers

Colin W. Devine

Age: 41

Employer: Salomon Smith Barney

Position/Title: Managing director in the research division

Specialty: North American life insurance companies

Major companies followed: Conseco, John Hancock, MetLife, UnumProvident, MONY, Aflac, Manulife, Nationwide and SunLife.

Based: New York

Years as an equity analyst: 4

Career path: Master's in business administration in finance from York University, Toronto; bachelor of science in biology from the University of Guelph in Ontario. He is a chartered financial analyst and certified management accountant.

CAITLIN LONG

Blazing Her Own Trail

Caitlin Long, managing director in the equity research department of Credit Suisse First Bos ton, travels overseas several times a year to meet with investors and companies. And she spends at least two to three days a week on the road visiting clients, such as a recent trip that took her to 11 European cities in five days.

Travel is just one of the many facets of her job, which starts early in the morning and often extends well into the night. In addition to devoting hours to communicating with clients, conducting research and following Wall Street, Long goes before Credit Suisse's sales force several times a month. These brokers take her stock calls directly to the investors whose accounts they manage.

Long said her job is both re warding and exciting. "I find analyzing insurance companies very intellectually stimulating, because both life insurance and bond insurance are long-term businesses, and the long-term business trends may have very little to do with short-term business results," she said.

"The long-term nature of these industries makes the analysis a hard-core exercise in finance. It would be much easier, for example, to analyze retail companies or restaurant chains whose current profits relate to current sales," she said.

Long, who said her strengths lie in her long-term outlook and focus on balance sheets, made the not-so-typical transition to equity research from investment banking. After receiving a law degree from Harvard University, she began working in the financial-services area at Salomon Bros. She later moved into insurance equity research, eventually migrating to insurance at Credit Suisse First Boston.

Long said the industry is fairly competitive, as more analysts are making their way into the field. But she holds her colleagues in high regard and considers the analyst community to be very friendly.

Looking back at her five years as an equity analyst, Long said her best call was a directive to buy all demutualizations. "We were the first brokerage firm to make this broad call," she

said. Since Credit Suisse's call in the fall of 1997, most demutualized companies' stocks have doubled in price within a year of their initial public offerings.

Long also recommended a buy on Ambac Financial Group, a financial guarantee holding company. "On May 21, 1996, Ambac's stock was at $17.12, and we've almost consistently recommended it since that time," she said. Ambac shares reached a 52-week high of $64 on March 30 and were trading around $54 on May 1—a more than 200% increase over the five years. The insurance sector index was up 113% over the same time period, Long said.

But she acknowledges that her calls sometimes can backfire. "Not downgrading Conseco when it bought GreenTree" is a move Long wishes she could reverse.

In addition to making the right stock calls, Long said her most important job is conveying information to clients in a timely manner. "There are hundreds of clients, and it is not al ways easy to get that done," she said. But her efforts are being recognized. Last year, StarMine, an independent rating service, ranked Long No. 2 in the industry on life insurance stock calls.

Lori Chordas

Caitlin Long

Age: 31

Employer: Credit Suisse First Boston

Specialty: Life insurance and bond insurance

Position/Title: Managing director in the equity research department

Based: New York

Major companies followed: Aflac, American General, AmerUs, John Hancock, Manulife, MetLife, Nationwide Financial, UnumProvident

Years as an equity analyst: 5

Career path: Bachelor of arts in political economy, University of Wyoming; master's in public policy in international trade and finance, and law degree, Harvard University.

TODD BAULT

New Kid on the Block

Todd Bault considers himself a lucky analyst. A newcomer to the rarefied domain, Bault launched as an analyst last May, covering major insurers like Chubb, AIG and Progressive for Sanford C. Bernstein & Co. in New York.

Bault said his luck comes from debuting at a sweet time in the market when stocks were outperforming. "In 2000, all stocks were so undervalued it probably was wrong to have differ entiated as much as I did. It was pretty hard to make a bad call," he said.

Bault said his best call "by far" was on Allstate. He rated Allstate as an "out perform" during a time when analysts and investors were negative about personal lines. But Bault believes that others didn't recognize a change was imminent. "They were ignoring what clearly must have been a bottom in personal lines. The gap between loss trends and pricing had become so great that to continue to extrapolate those things seemed ludicrous, so I made the call it wasn't going to continue," he said. "I expected Allstate to out perform; thus my call. It was the 100% part that was totally lucky, but I probably expected 30% to 50% of that."

Bault points to a call he made on Hartford as one he'd take back--and he has. During his launch, Bault labeled Hartford a "market-perform." He believed Hartford's life insurance growth in investment products, which in the past exceeded 20%, was unsustainable. But market conditions can change fast--he just upgraded Harford to "outperform."

"Now that expectations and Hart ford's stock price have come down, we think it's a more advantageous time to buy the stock, in anticipation of likely improvement next year," he said.

Because Bernstein is research-driven, Bault hasn't felt the fallout from the suddenly ugly market and economy. "When you're research-driven, it's ideal because we can say whatever we want. We can provide thorough guidance to clients on how to navigate through this."

But Bault had a taste of the down side last year when Progressive missed its second-quarter earnings. Because he rated the No. 4 private-passenger auto insurer as an outperform, Bernstein's sales staff was pressuring him to downgrade the stock. "I was positive overall on personal lines and realized I couldn't do the downgrade. I got lucky in the third quarter--they didn't miss, and the stock went up."

Bault's background is in insurance. "It's better to understand the under lying business than to understand Wall Street. They will teach you Wall Street," Bault said. His experience at St. Paul and Odyssey Re included strategic planning and financial analysis. "So I've actually done a lot of this work. But Bernstein was an opportunity to take everything I had in my brain and analyze it, so that's the part I hadn't done."

Bault said one of the toughest parts of his job is dealing with demanding clientele.Analysts are expected to regularly publish, do research, travel and schmooze with clients, all under tight deadlines. He is aware that while he entered the business at a good time, his time will come to face clients-during a market downturn.

"I'm waiting for when I make a serious error. It's your job to stand up and take it," he said.

Lynna Goch

Todd Bault

Age: 36

Employer: Sanford C. Bernstein & Co.

Position/Title: Institutional analyst

Specialty: Nonlife insurance

Major companies followed: AIG, Chubb Corp., CNA, Hartford, Progressive, St. Paul Cos.

Based: New York

Years as an equity analyst: 1

Career path: Bachelor of arts in mathematics and bachelor of fine arts in music composition from SUNY at Buffalo, N.Y.; master of science in applied mathematics, Michigan State University; senior vice president and chief actuary at Odyssey Reinsurance; officer-corporate development and corporate financial actuary, St. Paul Cos.

ALICE SCHROEDER

Looking for a Needle in the Haystack

If Alice Schroeder could design the ideal equity-analyst position for herself, it would include a staff of 50 or more research assistants and unlimited time to pursue the many twists and turns of property/casualty insurance that pique her curiosity.

"I like interacting with companies and clients, but what I love is figuring out the thing that no one else has figured out," said Schroeder, a principal with Morgan Stanley Dean Witter & Co. Given that she can do "maybe 1/100" of the research she'd like to do, Schroeder relies on strict discipline to limit herself and her staff to the things that have an impact on stock prices.

In most cases, sophisticated investors are looking not so much for stock ratings as for the information and the insight that nobody else has, which will affect the stocks on the market, Schroeder said. "They'll make the decision whether to buy or sell," she said.

Schroeder believes analysts have the most power to serve shareholders in the area of capital management. "It's the area where we can most clearly discern whether management is creating or destroying value," she said. In the best of instances, a company reacts to the analyst's recommendations by doing the right thing, which ranges from selling or acquiring businesses to buying back stock. Analysts are less influential when it comes to operating performance, because it is not their direct expertise. Managers often take criticism personally, and "if you've offended them to the point that they won't return your phone calls, then you can't do your job as effectively," she said.

For the past four years, Schroeder has been named to the second team of Institutional Investor's "All-America Research Team" of equity analysts.

During that time, Schroeder believes her best stock call was upgrading Berkshire Hathaway to a strong buy at $43,000 a share in February 2000. "We defined it as an IQ test for investors, because the stock was trading at less than 110% of book value, and Berkshire Hathaway announced that it would buy back stock, which it had never done before," she said. The call was controversial, because Berkshire Hathaway consisted of two things: an insurance company and a portfolio of assets purchased by Warren Buffett, who didn't buy technology stocks. At the time, insurance companies were not a popular investment, and technology stocks were. "It was a desperate time for value managers. Even though it was obvious that Berkshire Hathaway was a buy, people didn't believe it," she said.

The situation also gave rise to the call Schroeder considers her worst. "Probably the single stupidest thing I did was to not upgrade the rest of my stocks at the same time, because nearly all of them were trading around book value or even cheaper," she said.

Since Weston Hicks, Institutional Investor's top nonlife insurance analyst for seven years, left the business to join Chubb Corp., there is speculation that Schroeder will make the first team. "It's fun to speculate, but that's not why we're here," Schroeder said. "What I worry about more than whether I'll be No. 1 is that it will be perceived as some kind of disappointment if I'm not, and it shouldn't be."

As for the impact being No. 1 would have on her career, Schroeder opined, "None. It's already an honor to be ranked No. 2."

Sally Whitney

Alice Schroeder

Age: 44

Employer: Morgan Stanley Dean Witter & Co.

Position/Title: Principal

Specialty: Property/casualty insurance companies

Major companies followed: Berkshire Hathaway, American International Group, Allstate, Marsh & McLennan, XL Capital, Ace Ltd., Chubb Corp., Hartford Financial

Based: New York

Years as an equity analyst: 8

Career path: Bachelor of business administration and master of business administration, University of Texas at Austin; certified public accountant for 13 years

ERIC N. BERG

Always on the Run

Reaching Eric Berg by phone doesn't mean he'll be sitting behind his desk. He gave this interview, for example, while ordering breakfast at an airport restaurant and waiting to board a delayed flight.

But such circumstances are not unusual for this equity analyst. Berg said the hardest part of his job is time management "and managing all the conflicting demands, while at the same time maintaining good cheer and spirit." On this particular morning, he had to call on that good cheer after learning that his flight would be delayed five hours. And this was after spending a night in a nearby Holiday Inn, because his flight home to Hartsdale, N.Y., the night before had been so late.

Berg's typical work day begins about 6 a.m. He reads news wires, scans the Wall Street Journal and Financial Times for headlines affecting the industry and watches CNBC television. If he's in New York, he arrives at his office around 7:30 a.m. and begins calling institutional investors. He'll meet with team members to assess the state of various research projects, then maybe work on an earnings model, conduct inter views for research pieces or with companies he follows or hold meetings with investment bankers. His workday often lasts 12 hours, but it can go to 9 or 10 p.m. if he is entertaining clients.

Travel is extensive. "I see the in side of a plane more than the inside of my house," Berg said.

Before becoming an equity analyst, Berg was a reporter with The New York Times. He said he enjoyed his many years at the newspaper, but he became restless after concluding he could use his skills more intensively and could earn more as a securities analyst.

While many in his profession are chartered financial analysts, Berg be came a certified public accountant in 1986, which he said gives him an edge. "The life industry is filled with interesting and complex financial-re porting issues," he said. "Investors want to talk with me because I sweat the details and the numbers."

The timely and topical reports he writes are also a strength. "People tell me I'm an exceptionally quick, clear and animated writer," he said. "That comes in very handy in an industry where it's important to publish frequently and in an in-depth way. We're in the business, above all, of helping investors sort through key issues."

Berg said his best call was on Axa Financial, which has profited from its strategy of focusing on financial planning as a means to facilitate sales. Conversely, his bearish signal on American General appears to have backfired. Berg pointed out that the company's growth was slowing, but it turned out that takeover bids by Prudential plc of the United Kingdom and American International Group, New York, spiked American General's stock price.

The equity analyst business is fiercely competitive, Berg said. "Every day, I wake up looking over my shoulder and trying to run harder," he said. "It takes a lot of intellectual and physical stamina."

He won't speculate as to how long he can keep up the pace, "but I've increased my daily

run on the treadmill from 3 to 4 miles," he said.

Ron Panko

Eric N. Berg

Age: 42

Employer: Lehman Bros.

Position/Title: Managing director, life insurance research

Specialty: Life insurance

Major companies followed: American General, Nationwide, MetLife, Aflac, Manulife Financial, John Hancock, UnumProvident

Based: New York

Years as an equity analyst: 10

Career path: Bachelor of arts in economics, The Wharton School of Finance and Commerce, University of Pennsylvania; master's in business administration, Stanford Business School; certified public accountant; reporter, The New York Times.

VANESSA WILSON

Every Day Is an Adventure

For Vanessa Wilson, a managing director for Deutsche Banc Alex. Brown, there is no such thing as a typical workday. The fast pace and varied duties of equity research make each day an exciting new venture.

"Breaking down the job into a five day week would involve three days of travel, three days working on earnings models and writing, plus three days on the phone with investors," she quipped.

Wilson spends 30% to 50% of her week visiting insurance companies and institutional investors. While in her New York office, however, there is a somewhat more defined business cycle, she said. Four times a year, Wilson is busy preparing for and analyzing the quarterly earnings reported by the 16 companies she covers.

Making contacts takes up another chunk of her day. "Today will be spent making presentations to two institutional investors, talking with several insurance companies and investors on the phone, tracking industry sales data and economic statistics and staying in touch with Deutsche Banc salespeople," she said.

"The thing I enjoy the most is talking to companies about their business strategies: what they are planning to do, how they analyze their customers' needs, how they are going to

fulfill those needs and what products they are having success with," she said.

Wilson's career began at Marsh & McLennan as an insurance broker and later as a property/casualty credit analyst. She then moved to investment banking with Credit Suisse First Boston, and in 1991, became a sell-side equity research analyst. In 1997, Wilson moved to Donaldson, Lufkin & Jenrette, and last year she joined Deutsche Banc Alex. Brown.

She points to two particular calls as her best forecasts. "In April of 2000, I went out very aggressively with an 'overweight' call to buy the life insurance sector, not just specific companies," she said. Wilson recommended that companies buy a basket of the sector, because individual stocks were undervalued almost across the board. The call paid off, and the group experienced an 80% move from bottom to finish, Wilson said.

Her view on Prudential plc's proposed purchase of American General is what she identifies as one of her best calls this year. After analyzing the financial consequences of American General merging with seven major companies, including AIG, Wilson estimated that there was a 50% chance that another bidder would emerge and top the Prudential bid with a $45 to $50 per-share offer. AIG subsequently countered with a $46-per-share bid.

Underestimating the merger indigestion between Unum and Provident in 1999 is a call she wishes she could retract. "While I wish I had sat on the sidelines on UnumProvident in 1999, the recovery story in 2000 and early 2001 has been fun to play" she said.

Wilson has been on Institutional Investor's "All-America Research Team" since 1993, and has been ranked No. 2 for the last four years. In 1999, she was ranked No. 2 for stock picking by the Wall Street Journal's "All-Star Analysts' Survey," and in 2000, No. 1 for stock picking by BullDog Research.

Lori Chordas

Vanessa Wilson

Age: 42

Employer: Deutsche Banc Alex. Brown

Position/Title: Managing director

Specialty: Life insurance

Major companies followed: Aflac, American General, Canada Life, Hartford Financial, Jefferson Pilot, John Hancock, MetLife, MONY, Nationwide Financial, SunLife Financial, UnumProvident

Based: New York

Years as an equity analyst: 10

Career path: Bachelor of arts in economics and biology, Amherst College; master's in business administration in finance, New York University's Graduate School of Business

Selected Equity Analysts
More than 100 equity analysts are assigned to cover 10 of the largest publicly traded insurance companies.

| Analyst | Firm |
|---|---|
| Timothy M. Anderson | Prudential Securities Research |
| David Anthony | Fox-Pitt, Kelton |
| Christine Ben Arnold | Morgan Stanley Dean Witter |
| Anthony Baker | Salomon Smith Barney |
| Alan Barr | PNC Advisors |
| Robert Becker | Argus Research |
| Nancy C. Benacci | McDonald Investments |
| Charles A. Boorady | Goldman Sachs |
| Sabra R. Brinkmann | Keefe Bruyette & Woods Inc. |
| Kirstin Bucci | Morgan Stanley Dean Witter |
| Joseph T. Buckley | Bear, Stearns |
| Tom Burnett | Merger Insight |
| Alfred M. Capra | Putnam Lovell Securities |
| Thomas V. Cholnoky | Goldman Sachs |
| Jay A. Cohen | Merrill Lynch Global Securities |
| Alice Cornish | Prudential Securities Research |
| Joseph Correnti | Wayne Hummer Investments |
| Peter H. Costa | ABN AMRO |
| Greg Crawford | Fox-Pitt, Kelton |
| Nigel Dally | Morgan Stanley Dean Witter |
| Adam Dickens | SG Cowen Securities Corp. |
| Raymond L. Dirks | Dirks & Co. |
| Vincent J. Dowling | Dowling & Partners Securities |
| Lauren Fazio | UBS Warburg |
| Joseph D. France | Credit Suisse First Boston |
| Ronald W. Frank | Salomon Smith Barney |
| Gary Frazier | Deutsche Bank |
| Rita M. Freedman | PNC Advisors |
| Charles A. Gabriel | Prudential Securities Research |
| Thomas Gallagher | Dresdner Kleinwort Wasserstein |
| Cliff H. Gallant | Keefe Bruyette & Woods Inc. |
| Charles B. Gates | Credit Suisse First Boston |
| Michelle A. Giordano | J. P. Morgan |
| Robert R. Glasspiegel | Langen McAlenney |
| Roberta L. Goodman | Merrill Lynch Global Securities |
| Paul Goulekas | Conning & Co. |
| Lawrence D. Greenberg | Langen McAlenney |
| John A. Hall | Prudential Securities Research |
| Michael Hallett | Fox-Pitt, Kelton |
| Robert K. Harwood | Lafferty, Harwood & Partners |
| Alison M. Jacobowitz | Merrill Lynch Global Securities |
| Alain Karaoglan | Deutsche Bank |
| Scott Keller | DealAnalytics.com |
| Adam Klauber | Cochran, Caronia Securities |
| Edward Kiebanow | Argus Research |
| Andres Kligerman | Bear, Steams |
| Edmund E. Kroll | SG Cowen Securities Corp. |
| Stephen Lacey | IPO Reporter |
| Franklin Lam | UBS Warburg |
| Maitland Lammert | Edward Jones |

| | |
|---|---|
| James A. Lane | Salomon Smith Barney |
| Mark Lane | William Blair & Co. |
| Gregory Lapin | Morgan Stanley Dean Witter |
| Analyst | Companies Covered |
| Timothy M. Anderson | Aetna |
| David Anthony | Cigna, Progressive, CNA, Allstate, American International |
| Christine Ben Arnold | Cigna |
| Anthony Baker | American International |
| Alan Barr | Chubb, Cigna, Progressive, Berkshire Hathaway, Allstate, American International |
| Robert Becker | American International |
| Nancy C. Benacci | American General, Progressive, Allsrate |
| Charles A. Boorady | Aetna, Cigna |
| Sabra R. Brinkmann | American General |
| Kirstin Bucci | Cigna |
| Joseph T. Buckley | Berkshire Hathaway |
| Tom Burnett | Chubb, Aetna, American General, Berkshire Hathaway, Allstate, American International |
| Alfred M. Capra | American General, MetLife, American International |
| Thomas V. Cholnoky | Chubb, Progressive, CNA Financial, Allstate, American International |
| Jay A. Cohen | Chubb, Allstate, CNA Financial, American International |
| Alice Cornish | Chubb, American International |
| Joseph Correnti | Allstate, American International |
| Peter H. Costa | Aetna, Cigna |
| Greg Crawford | Aetna, Cigna |
| Nigel Dally | American General, MetLife |
| Adam Dickens | Cigna |
| Raymond L. Dirks | MetLife |
| Vincent J. Dowling | Chubb, Progressive CNA Financial, Allstate |
| Lauren Fazio | American General |
| Joseph D. France | Cigna |
| Ronald W. Frank | Chubb, American General, Progressive, CNA Financial, Allstate, American International |
| Gary Frazier | Cigna |
| Rita M. Freedman | Cigna |
| Charles A. Gabriel | Aetna |
| Thomas Gallagher | American General, MetLife |
| Cliff H. Gallant | Progressive |
| Charles B. Gates | Chubb, Progressive, Berkshire Hathaway, Allstate, American International |
| Michelle A, Giordano | American General, MetLife |
| Robert R. Glasspiegel | Progressive, CNA Financial, Allstate |
| Roberta L. Goodman | Aetna, Cigna |

| | |
|---|---|
| Paul Goulekas | Aetna, American General |
| Lawrence D. Greenberg | American General, American International |
| John A. Hall | American General |
| Michael Hallett | American International |
| Robert K. Harwood | American International |
| Alison M. Jacobowitz | Chubb, Progressive, |
| Alain Karaoglan | Chubb, Progressive, Allstate, American International |
| Scott Keller | American General |
| Adam Klauber | Allstate |
| Edward Kiebanow | Aetna, Cigna |
| Andres Kligerman | American General, MetLife |
| Edmund E. Kroll | Aetna, Cigna |
| Stephen Lacey | MetLife |
| Franklin Lam | Progressive |
| Maitland Lammert | MetLife, Allstate, American International |
| James A. Lane | Aetna, Cigna |
| Mark Lane | Progressive, American International |
| Gregory Lapin | Chubb, Berkshire Hathaway, Allstate, American International |
| David O. Lewis | Robinson-Humphrey |
| Michael A. Lewis | UBS Warburg |
| Jonathan Litt | Salomon Smith Barney |
| Lawrence C. Marsh | Lehman Bros |
| John Massey | Standard & Poor's |
| Edward J. McAlenney | Langen McAlenney |
| Ronald P. McIntosh | Fox-Pitt, Kelton |
| William McKeever | UBS Warburg |
| Henry McVey | Morgan Stanley Dean Witter |
| Brian R. Meredith | Banc of America Securities |
| Bijan Moazami | Friedman, Billings, Ramsey |
| Stephen B. Musser | A.G. Edwards & Sons |
| J. Paul Newsome | Lehman Bros |
| Michael G. Paisan | Keefe Bruyette & Woods Inc. |
| Travis Pascavis | Morningstar |
| Greg Peters | Raymond James & Associates |
| Stephan Petersen | Cochran, Caronia Securities |
| Jeffrey L Pittsburg | Pittsburg Research |
| Rob Plaza | Morningstar |
| Lori M. Price | J. P. Morgan |
| Gary Ransom | Conning & Co. |
| John F. Rex | Bear, Steams |
| Todd B. Richter | Banc of America Securities |
| Steward Rider | Merrill Lynch Global Securities |
| Andrew Riper | Merrill Lynch Global Securities |
| David Ritter | Argus Research |
| John M. Roberts | J.J.B. Hilliard, W.L. Lyons |
| Ryan Sailer | Kirkpatrick Pettis |
| Marjorie Saint-Alme | Pittsburg Research |
| Blair Sanford | Cochran, Caronia Securities |
| Vinay Saqi | Morgan Stanley Dean Witter |
| Christopher Schulz | The Spin-Off Report |
| Jeffrey Schuman | Keefe Bruyette & Woods Inc. |
| Steven Schwartz | Raymond James & Associates |
| Cathy Seifert | Standard & Poor's |
| Mark Shepperd | UBS Warburg |

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|---|---|
| David H. Shove | Prudential Securities Research |
| Joanne Smith | UBS Warburg |
| Michael A. Smith | Bear, Steams |
| Edward A. Spehar | Merrill Lynch Global Securities |
| Susan Spivak | ABN AMRO |
| Peter C. Streit | UBS Warburg |
| Brenna Sullivan | Dowling & Partners Securities |
| James W. Sullivan | Prudential Securities Research |
| John Szabo | CIBC World Markets |
| Jeffrey V. Thompson | Conning & Co. |
| Alan Towbin | ING Barings |
| Sobani M. Warner | Williams Capital Group |
| Hugo Warns | Legg Mason Wood Walker |
| David W. Wiley | Wiley Bros. -Aintree Capital |
| Brian Wilhelm | Dowling & Partners Securities |
| Chris Winans | Morgan Stanley Dean Witter |
| William L Yankus | Fox-Pitt, Kelton |
| Joan H. Zief | Goldman Sachs |
| Jason Zucker | Bank of America Securities |
| Kenneth S. Zuckerberg | Dresdner Kleinworth Wasserstein |
| David O. Lewis | American General |
| Michael A. Lewis | Chubb, American General, Progressive, Allstate, American International |
| Jonathan Litt | Chubb |
| Lawrence C. Marsh | Aetna, Cigna |
| John Massey | Aetna, Cigna |
| Edward J. McAlenney | Chubb, Aetna, Cigna |
| Ronald P. McIntosh | American General, MetLife |
| William McKeever | Aetna, Cigna |
| Henry McVey | Chubb, Progressive, American International |
| Brian R. Meredith | Chubb, Allstate |
| Bijan Moazami | Chubb, Progressive, Allstate, American International |
| Stephen B. Musser | Chubb, Progressive, Allstate American International |
| J. Paul Newsome | Chubb, Progressive, Allstate |
| Michael G. Paisan | CNA Financial |
| Travis Pascavis | Allstate |
| Greg Peters | Chubb, Allstate, American International |
| Stephan Petersen | Allstate |
| Jeffrey L Pittsburg | Aetna |
| Rob Plaza | Aetna |
| Lori M. Price | Aetna, Cigna |
| Gary Ransom | Chubb, Progressive, CNA Financial, Berkshire Hathaway, Allstate, American International |
| John F. Rex | Aetna, Cigna |
| Todd B. Richter | Aetna |
| Steward Rider | MetLife |
| Andrew Riper | Chubb |
| David Ritter | American International |
| John M. Roberts | Berkshire Hathaway, American International |
| Ryan Sailer | Berkshire Hathaway |
| Marjorie Saint-Alme | Aetna |

| | |
|---|---|
| Blair Sanford | Progressive |
| Vinay Saqi | American General, MetLife, Progressive |
| Christopher Schulz | Aetna |
| Jeffrey Schuman | MetLife |
| Steven Schwartz | American General |
| Cathy Seifert | Chubb, American General, Progressive, CNA Financial, Allstate, American International |
| Mark Shepperd | Chubb |
| David H. Shove | Aetna, Cigna |
| Joanne Smith | American General, MetLife |
| Michael A. Smith | Chubb, Aetna, Progressive, Allstate, American International |
| Edward A. Spehar | American General, MetLife, American International |
| Susan Spivak | Chubb |
| Peter C. Streit | Allstate, American International |
| Brenna Sullivan | Progressive, Allstate |
| James W. Sullivan | Progressive |
| John Szabo | Aetna, Cigna |
| Jeffrey V. Thompson | Chubb, Progressive |
| Alan Towbin | Progressive Allstate, American International |
| Sobani M. Warner | Allstate |
| Hugo Warns | Progressive, Allstate |
| David W. Wiley | American General |
| Brian Wilhelm | CNA Financial |
| Chris Winans | Chubb, Progressive, Berkshire Hathaway, Allstate, American International |
| William L Yankus | Chubb, Allstate |
| Joan H. Zief | American General, MetLife |
| Jason Zucker | MetLife |
| Kenneth S. Zuckerberg | Chubb, Allstate, Progressive, CNA Financial, American International |

Source: Bloomberg L.P.

To select analysts for this year's team, Institutional Investor magazine sent questionnaires covering 82 industry groups and investment specialties to directors of research and chief investment officers of more than 725 money-management institutions. Rankings were determined by using the numerical score each analyst received. Scores were produced by taking the number of votes awarded to an individual analyst and weighting them based on the size of the voting institution and the place that the respondent awarded to the analyst. Winners for insurance are listed below.

| | |
|---|---|
| Financial Institutions: | |
| Insurance/Life | |
| First Team: | Colin Devine |
| Second Team: | Vanessa Wilson |
| Deutsche Banc Alex. Brown) | |
| Third Team: | Michael Blumstein |
| Runners Up | Caittin Long |
| | Michelle Giordano |
| | Eric Berg |
| | Edward Spehar |

| | |
|---|---|
| Financial Institutions: | |
| Insurance/Nonlife | |
| First Team: | Weston Hicks |
| Second Team: | Alice Schroeder |
| Third Team: | Jay Cohen |
| Financial Institutions: | |
| Insurance/Life | |
| First Team: | Salomon Smith Barney |
| Second Team: | Donaldson, Lufkin & Jenrette |
| Deutsche Banc Alex. Brown) | (moved to Deutsche Banc Alex. Brown) |
| Third Team: | Morgan Stanley Dean Witter |
| Runners Up | Credit Suisse First Boston |
| | J. P. Morgan Securities |
| | Lehman Bros. |
| | Merrill Lynch |
| Financial Institutions: | |
| Insurance/Nonlife | |
| First Team: | J. P. Morgan Securities (moved to Chubb Corp.) |
| Second Team: | Morgan Stanley Dean Witter |
| Third Team: | Merrill Lynch |

Source: Institutional Investor

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