

### **Willis to sell PENCO's municipality book of business to St. Paul**

Willis announced today that it intends to sell the municipality book of business of PENCO, a program administrator based in Nashville, Tenn., and owned by Willis North America Inc, to the St. Paul Companies.

Under the proposed transaction The St. Paul will purchase the PENCO name and the right to renew PENCO's entire book of municipality business. This book represents approximately \$60 million in premium. The St. Paul has also signed an agency agreement with PENCO and will be the renewal insurer for PENCO's municipality business until the transaction is closed, which is expected to occur in the first quarter of 2001.

PENCO is one of the largest program administrators of public entity insurance in the United States. Not affected by this sale are PENCO's school and energy programs, Willis Pooling and Willis' Associations Group.

"PENCO's municipality business will increase The St. Paul's presence in markets where we have desired to grow. We're excited about the opportunity to work with PENCO, an organization with more than 25 years of experience in the public sector market," said Bill Rohde, vice president of The St. Paul's Public Sector Services underwriting operation. "We also look forward to providing The St. Paul's financial strength, expertise and value-added services to PENCO customers."

"In addition to providing an opportunity for profitable growth for The St. Paul, this deal will further enhance our No. 1 market position as an insurer of public entities," said Mike Miller, senior vice president and global specialty practices leader.

"The St. Paul is uniquely qualified to affect the transfer of this business to the benefit of our insureds and subagents," said Lloyd Kelley, PENCO's president and chief executive officer.

Willis Group Limited is a leading global risk management and insurance intermediary. The Group, together with its associates, employs approximately 12,500 people and is represented through a network of offices in 73 countries.

The St. Paul Companies, Inc., headquartered in Saint Paul, Minn., provides commercial property-liability insurance and nonlife reinsurance worldwide. The St. Paul reported 1999 revenues of more than \$7.5 billion and total assets of \$38.9 billion, and is ranked No. 204 on the Fortune 500 list of largest U.S. companies (ranked by 1999 revenue).

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