

Table 1: Correlation coefficients matrix

Variable	P/B	P/E	PVL1	PVL2	PVS1
P/B	1				
P/E	0.1691	1			
PVL1	0.883	0.0198	1		
PVL2	-0.847	-0.0452	-0.9893	1	
PVS1	-0.581	-0.6212	-0.5441	0.5344	1
PVS2	-0.5461	0.527	-0.5729	0.4914	-0.207

Table 2:  $P_t = a + b_1PB_t + b_2PE_t + b_3PVS1_t + e_t$

Value in parentheses ( ) represents the p-value and double star \*\* denotes the significance at 5%.

Response Variable	Price (market value weighted)				
Predictors (coefficient)					
Intercept	-18.3396	-18.1503	-17.0025	-5.4116	-6.1176
P/B ratio (market value weighted)	9.8158 (0.4666)	8.7774 ** (0.0201)	-	21.6970** (8.546e-009)	-
P/E ratio (market value weighted)	2.0767** (0.0083)	2.0421** (0.0011)	1.8662** (0.0072)	-	-
P/V ratio under short term rate (spot rate)	-1.3095 (0.9356)	-	10.2048** (0.0279)	-	22.6889** (1.672e-009)
Adj. R-square	0.9628	0.9628	0.961	0.9125	0.9306

Table 3:  $P_t = a + b_1PB_t + b_2PE_t + b_3PVS2_t + e_t$

Value in parentheses ( ) represents the p-value and double star \*\* denotes the significance at 5%.

Response Variable	Price (market value weighted)				
Predictors	(coefficient)				
Intercept	-18.3396	-18.1503	-17.1973	-5.4116	-5.9888
P/B ratio (market value weighted)	10.4178 (0.4327)	8.7774** (0.0201)	-	21.6970** (8.546e-009)	-
P/E ratio (market value weighted)	2.0911** (0.0059)	2.0421** (0.0011)	1.9054** (0.0057)	-	-
P/V ratio under short term rate (3 months)	-2.0314 (0.8966)	-	9.9384** (0.0293)	-	22.6606** (2.213e-009)
Adj. R-square	0.9628	0.9628	0.9608	0.9125	0.9278

Table 4:  $P_t = a + b_1PB_t + b_2PE_t + b_3PVL1_t + e_t$

Value in parentheses ( ) represents the p-value and double star \*\* denotes the significance at 5%.

Response Variable	Price (market value weighted)				
Predictors	(coefficient)				
Intercept	-18.3396	-18.1503	-16.9948	-5.4116	-5.9224
P/B ratio (market value weighted)	9.2282 (0.4644)	8.7774** (0.0201)	-	21.6970** (8.546e-009)	-
P/E ratio (market value weighted)	2.0570** (0.0073)	2.0421** (0.0011)	1.8781** (0.0066)	-	-
P/V ratio under short term rate (3 months)	-0.5674 (0.9699)	-	10.1212** (0.0281)	-	22.6716** (1.823e-009)
Adj. R-square	0.9628	0.9628	0.961	0.9125	0.9298

Table 5:  $P_t = a + b_1PB_t + b_2PE_t + b_3PVL2_t + e_t$

Value in parentheses ( ) represents the p-value and double star \*\* denotes the significance at 5%.

Response Variable	Price (market value weighted)				
Predictors	(coefficient)				
Intercept	-18.3396	-18.1503	-16.9718	-5.4116	-5.9070
P/B ratio (market value weighted)	8.7782 (0.4905)	8.7774** (0.0201)	-	21.6970** (8.546e-009)	-
P/E ratio (market value weighted)	2.0421** (0.0075)	2.0421** (0.0011)	1.8735** (0.0065)	-	-
P/V ratio under short term rate (3 months)	-0.001 (0.99999)	-	10.1487** (0.0271)	-	22.6553** (1.78e-009)
Adj. R-square	0.9628	0.9628	0.9612	0.9125	0.93

Table 6: Summary of estimators

Minimum, first quarter, median, mean, third quarter, maximum, and stand error are displayed in columns 2 to 8 respectively.

Characteristic Variable	Min.	1st Q.	Median	Mean	3rd Q.	Max.	Std. Error
Price	17.96	29.42	54.15	52.95	73.92	92.96	24.7967
Book Value	13.26	17.56	18.7	19.01	19.97	24.34	3.119
VS1	13.52	18.19	19.66	19.6	20.87	24.65	3.0382
VS2	13.52	18.19	19.64	19.62	20.85	24.85	3.0828
VL1	13.52	18.19	19.76	19.65	20.9	24.76	3.0542
VL2	13.52	18.19	19.76	19.64	20.87	24.76	3.0485

Figure 1: Price of insurance industry portfolio and S&P 500 index

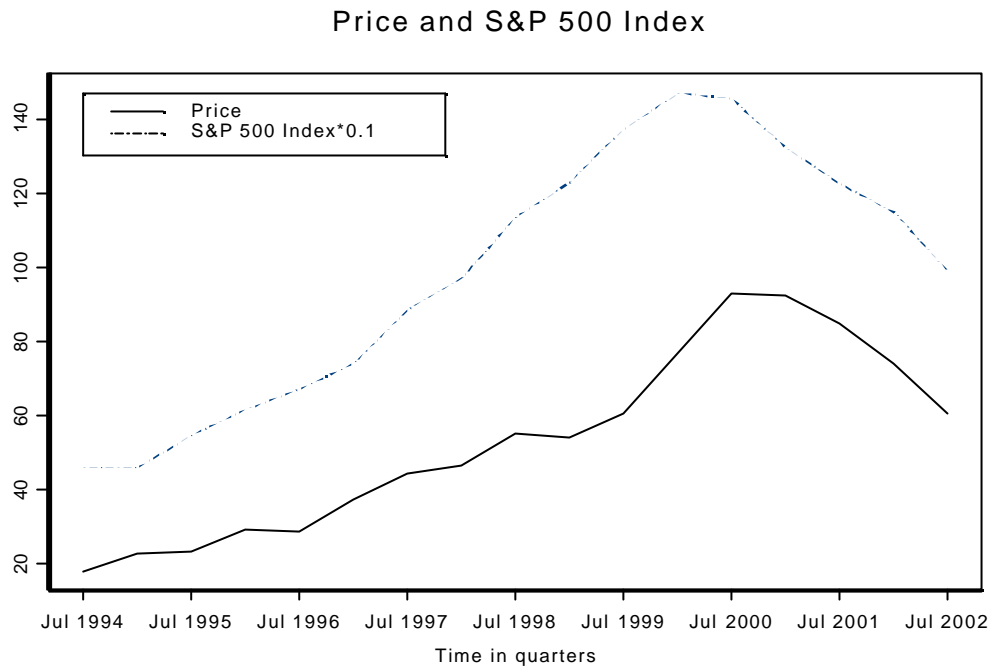


Figure 2: Book value and intrinsic value estimations using different discount rates

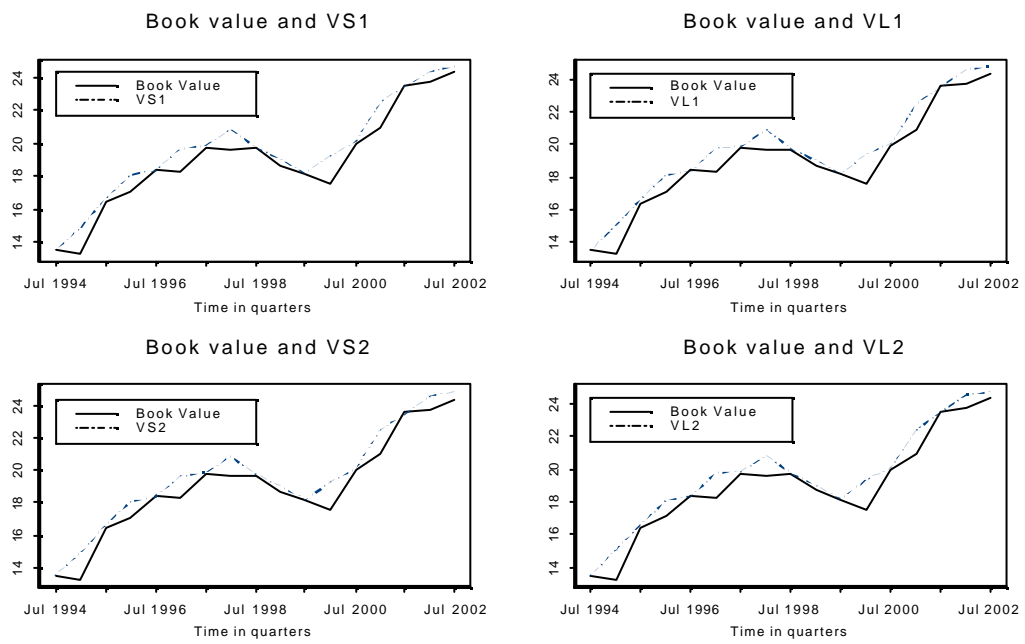


Figure 3: Financial ratios

