

**Physicians Mutual Holds Small Business Health Insurance Crisis Summit
--Rising Health Insurance Costs Force Small Employers to Explore Alternatives --**

(Omaha, Neb., May 16, 2007) – The increasing cost of health insurance was listed as a major concern by small business owners who attended a recent small business health insurance summit, sponsored by Physicians Mutual. As a result, small employers say they are looking at alternative solutions, such as limited benefit plans or dropping employee coverage altogether.

Jeff Wilke, president and CEO of Data Media Solutions and chairman of Jelecos, says his Omaha technology companies pay 100 percent of employee health care premiums.

“In our line of business offering health insurance is both a recruitment and retention tool,” says Wilke, whose company employs 24. “I think the future of health care is going to be the ‘commoditization’ of medicine as one of the ways to control the skyrocketing costs.”

Candice Wyllie, owner of an Omaha pizza restaurant, says she initially offered health insurance to her 16 employees but had to discontinue the coverage after repeated premium increases.

“I was facing a premium increase of 300 percent because of some high claims,” Wyllie says. “Restaurants have different circumstances and continuing the coverage unfortunately just was not an option.”

A survey of business owners attending the summit indicated rising health insurance costs are a major concern and nearly all of the business owners said they were exploring alternatives such as health savings accounts and limited benefit plans.

According to Melissa Crawford, senior vice president of Physicians Mutual, the percentage of small employers offering health coverage to their employees has steadily declined since 2000.

“As employers either shift costs or eliminate coverage, more and more people are being forced into the individual health insurance market, and many of them are not too pleased with what they are finding,” Crawford says. “Individual major medical coverage can be expensive and affordability is a concern for many. The result is that many people are forced or choose to go without health insurance. However, people should not assume that there’s nothing available for them. There are new options available in the individual health insurance market that are more affordable than what consumers may have seen in the past.”

Crawford says Physicians Mutual has developed new products, including a limited benefit plan, to help meet customers’ needs. The plans have options with no deductibles, which means policyowners receive benefits the first time they have a covered medical expense.

About Physicians Mutual

Physicians Mutual Insurance Company and Physicians Life Insurance Company, a member of the Physicians Mutual family, provide a full portfolio of health and life insurance products, as well as financial products. The companies have total assets exceeding \$2 billion.

Both Physicians Mutual and Physicians Life consistently receive high grades from independent insurance analysts. They have an A.M. Best rating of “A (Excellent),” based on financial strength. TheStreet.com Ratings gives Physicians Mutual an “A+ (Excellent)” and Physicians Life an “A- (Excellent)” based on financial security. In addition, Physicians Mutual is one of only two companies to be ranked in the Wards’ Top 50 for 16 straight years based on balanced safety, consistency and performance.

Founded in 1902, Physicians Mutual headquarters are in Omaha, Nebraska. For additional information, visit www.PhysiciansMutual.com.