



November 12, 2002 7:41 p.m. EST  
INSIDE TRACK

## TRACKING INSIDERS

See lists of the biggest individual insider trades<sup>2</sup> of the past week and a rundown of companies with the largest net change in insider ownership.  
COMPANIES

Dow Jones, Reuters

Hilb, Rogal & Hamilton Co. (HRH)

PRICE  
CHANGE  
U.S. dollars 36.77  
0.47  
4:03 p.m.

\* At Market Close

Insiders' Cluster Buying  
At Hilb Rogal Is a Signal

By TONY COOKE  
DOW JONES NEWSWIRE

When a herd of buffalo moves rapidly in one direction, that is a stampede. When a cluster of insiders move rapidly in the same direction, that is a signal.

Insiders at insurance firm Hilb, Rogal & Hamilton Co. have been sending signals since July. During the summer, they were selling; last week, they were buying.

"Cluster buying ... is a very good signal in general," said Michael Painchaud, director of research at quantitative-research firm Market Profile Theorems.

Four insiders last week spent more than \$1 million to buy 27,725 shares of Hilb Rogal common stock, paying an average of \$38.31 a share, according to data from Thomson Financial, and three insiders exercised options recently to obtain an additional 17,222 shares at \$7.88 each.

In late July and August, six different insiders sold 48,400 shares for \$40 to \$43.05 a share, according to reports from insider-data provider Washington Service.

Hilb Rogal peaked over the summer at \$46.15 a share. On Tuesday, the shares were at \$36.77, up 47 cents for the session, in 4 p.m. New York Stock Exchange composite trading.

After the summer's insider sales, Mr. Painchaud's firm rated Hilb Rogal a "1," the most bearish rating on an insider scale of 1 to 10. After last week's purchases, Hilb Rogal vaulted to a "10" on the scale.

Mr. Painchaud said that the number of buyers or sellers -- the size of the cluster -- is an extremely important part of his rating system, more important, even, than the dollar amount of the transactions. "Contrary to popular opinion, the number of shares or dollar value makes little difference," he said.

While Mr. Painchaud emphasized the importance of the number of purchases, Thomson Financial's director of research, Lon Gerber, said that size matters. "We thought this was an interesting one," said Mr. Gerber. "The size of the trades stuck out in our minds."

The largest of last week's purchases was by company director Norwood H. Davis, who paid \$834,871 for 21,525 shares, according to Thomson Financial's data. Andrew L. Rogal, the company's chairman and chief executive, not only bought 5,000 company shares on the open market for \$36.68 a share last week, but also exercised options to buy 10,817 more shares at \$7.88 each on Oct. 29, according to Thomson Financial.

"That's a double vote of confidence," said Mr. Gerber. "When you do see option exercises and the insiders hold onto the shares, that's another bullish indicator."

Two other insiders also exercised options at \$7.88 a share and kept a total of 6,405 shares acquired. Chief Financial Officer Carolyn Jones, who acquired 3,245 shares that way, said company officials couldn't comment on the purchases, or the company's prospects, because of legal requirements related to a stock offering by the company.

"In another time frame we would love to talk ... but right now we're in a pretty sensitive time period," said Ms. Jones.

Jonathan Moreland, director of research for Insiderinsights.com, said the company's insider activity attracted his attention and its fundamentals make

it likely that his firm will recommend the stock. "I like it, and it's probably going to make it on our list," he said.

Hilb Rogal is a Richmond, Va., broker that places insurance with underwriters. Mr. Moreland said the company's business benefits from increased insurance premiums prompted by fears of terrorism, but isn't exposed to the risks of large claims that underwriters face.

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