

# News Release

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## Willis Group CEO calls for “New Industry Model” in Insurance

### Plumeri Says Client Advocacy, Transparency and Innovation Must Be Foundation of Industry Transformation

#### Calls on the Industry to Abandon Contingent Commissions

**New York, NY, April 18, 2005** – Joe Plumeri, Willis Group Holdings Chairman and CEO, delivering the keynote address at the 2005 Risk and Insurance Management Society conference, the major insurance industry forum, today called on the industry to move beyond the challenges posted by recent regulatory issues by adopting a new model based on the key principles of client advocacy, transparency and innovation.

Mr. Plumeri also said that contingent commissions were inconsistent with the principle of client advocacy and should be abolished throughout the industry, “It doesn’t matter whether the broker is global, regional or local – based in the U.S., London, or anywhere around the world,” Mr. Plumeri said. “Carriers shouldn’t pay them. Brokers shouldn’t accept them.” Instead, he said, brokers should replace the lost revenue from contingents by delivering creative solutions and bringing real value to clients. He also called on all industry participants to work together to speed policy issuance and improve claims payment.

Delivering his remarks in Philadelphia, PA, Mr. Plumeri called upon risk managers to great pride in their critical contribution to the global economy. Time and again, he praised risk managers “Your job is vital...Protecting jobs. Enabling commerce. Facilitating investments in research and development. If that’s not an important job, I don’t know what is.” He went on to say that with such an important role, “merely responding to the changes demanded by recent regulatory investigations was insufficient and the insurance industry should “make fundamental changes in how our industry operates.”

Mr. Plumeri defined three fundamental principles as the basis for designing a new model for the industry:

**Client Advocacy** -- Describing Client Advocacy as “about listening – not selling,” Mr. Plumeri said brokers should work harder to understand the client’s unique needs and develop innovative solutions so that a client can focus on his or her core business. Brokers should display “a

passion for the client's best interests" while delivering intellectual capability to the client through consultation and advice.

**Transparency** -- Mr. Plumeri called for a broader definition of transparency, one that includes not only the disclosure of broker compensation, but also a clear explanation of the broker's role, the carrier's participation, and ultimately, how the broker will deliver what is promised.

**Innovation** – Plumeri said that, while the industry shows some signs of progress, its overall technological capability is severely inadequate. "We have great people in this business and the collective brain power solves some pretty complex problems – but we lose a lot of efficiency, value and service with systems that are as old as I am," he said.

Mr. Plumeri said that while the current industry model focuses almost exclusively on the placement of risk – or what he described as manufacturing – the new model should also include equal emphasis on distribution and service central to the business as well. The new model would include:

**Manufacturing:** Plumeri said that placement should adhere to strict protocols, including rigid internal controls protecting the best interests of the client and ensure clear, up-front disclosure of prices. He also called for more efficient regulation and said the industry should consider the optional federal charter or the SMART Act currently being debated in Congress.

**Distribution:** Plumeri said that in the insurance industry, distribution should be about delivering solutions, not just products, and requires a partnership between risk manager and broker to deliver creative, custom-tailored solutions to a client's needs.

**Service:** Plumeri urged risk managers to demand and brokers to deliver better overall service, particularly in eliminating the common delay in policy issuance and improving the vital area of claims advocacy. "Claims advocacy should be a differentiator; it should be something we are great at doing," Mr. Plumeri said. "Because nothing else matters if you don't get your claims paid."

Mr. Plumeri concluded by asking the entire industry – risk managers, brokers, and carriers – to work together for positive change. "Let this be our defining moment," Mr. Plumeri said, "a moment when together, we put comfortable tradition behind us and rise above the controversy surrounding us."

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