

News Release

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The Willis Index: Financial Institutions' Coverage

Market Conditions and Results of the Market Survey; Improving conditions for buyers

London, UK, February 14, 2005 – 2003 will be seen as the peak of the underwriting cycle in the Financial Institutions market, although any major settlements could again kick start the hardening cycle. 2004 saw a noticeable improvement in the market and there is no doubt that the influx of new capacity led to premium reductions and a broadening of coverage.

The Willis Index, looking at non-US companies, asked all participating insurers for their views about the past three and next three months and revealed a mixed but generally favorable perception of the future market for clients. Responses were invited from 95% of the market and the results speak volumes.

Insurers who responded felt that premium rates for Comprehensive Crime and Directors' & Officers' liability have reduced in the past three months, with the market anticipating that rates would further decrease in the next three months. This sentiment is echoed by the view of Willis. However for Professional Indemnity, insurers indicated that premium rates have risen over the past three months and will continue to rise in the next three months. This is at odds with the view of Willis, as indications show that premium rates have reduced for the majority of clients.

The Willis Financial Institutions Index is a quarterly publication reporting on the relevant risk issues affecting Financial Institutions.

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