

News Release

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The Willis Index: Directors' & Officers Liability Market Conditions and Results of the Market Survey: Policyholders Continue to Reap Benefits

London, UK, October 3, 2005 – Responses to the Willis Index for the third quarter of 2005 by Directors' and Officers' Liability ("D&O") insurers from non-US companies continue to show that there are meaningful gains for purchasers of D&O Liability Insurance in both premium rates and coverage, albeit at a lesser extent to that seen earlier in the year. Deductibles remain generally stable whilst there is some upward movement in the size of limits of indemnity purchased.

The Willis Index – a quarterly survey of over 90% of D&O insurers from non-US companies - asked all participants for their views on the past three and next three months. This quarter it revealed that policyholders continue to benefit from a competitive marketplace.

All insurers surveyed said they had experienced a reduction in primary premium rates in the past three months, with 87% expecting rates to reduce in the forthcoming three months. Less premium rate reductions were experienced on an excess basis with 94% of insurers saying that they had experienced reductions over the same period. However 87% of the market predict that there will be a reduction in excess rates over the next three months, although only 69% expect this drop to be greater than 10%.

With regard to deductibles, 91% of the market said they had experienced no change over the past three months. Furthermore, 85% expected this trend to carry on through the third quarter. The trend of insureds reviewing limits purchased on renewals that we reported on in Q1 and Q2, has continued into the third quarter, with 59% of respondents experiencing an increase in the limits of indemnity purchased.

Whilst Hurricane Katrina and Rita will not have a direct impact on D&O liability, it is too early to tell whether these events will cause a general hardening of the market and withdrawal of the capacity levels currently available.

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Editor's Note: The Willis Index is available on Willis.com via www.willis.com/Extras/Publications.aspx

