

News Release

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WILLIS GROUP ISSUES ANNUAL REINSURANCE MARKETPLACE REVIEW

New York, NY, January 6, 2005 – Willis Group Holdings (NYSE:WSH), the global insurance broker, has released its reinsurance review of the marketplace for the January 1, 2005 renewals. The Willis Re report includes information on rate movements and commentary from territory and class line experts, including aerospace and marine.

The major driver for price change in the reinsurance market has been regional catastrophic events. However, despite the losses from the four US/Caribbean hurricanes, capital and reserves for the reinsurance market should not be severely impacted. The high frequency of both the US/Caribbean storms and Japanese typhoon losses will be recognized more for the relatively low severity per event such that losses have often been retained by ceding companies rather than transferred to the reinsurance market.

The horrific damage to coastlines bordering the Indian Ocean and Bay of Bengal as a result of the recent tsunami has been extraordinary. The destruction, loss of life and upheaval is unlike that we have witnessed in recent history and our thoughts and prayers are with those so severely affected. While the impact of this tragedy on the insurance industry has yet to be determined, the impact on everyone as individuals will be deep and lasting.

Key findings:

- The Casualty market is maintaining discipline yet conversely there is evidence of price weakening in both the aerospace and marine markets
- Buyers are becoming far more discerning in their choice of reinsurers
- Significant compliance overhead is now required for insurers who need to meet regulatory obligations
- There is growing emphasis on the quality of exposure data and technical knowledge which will test the credibility of catastrophe models

- Recent forays into the traditional market by hedge funds offering fully collateralized capacity has created interest in this field

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Editors Note: The full report is available at
http://www.willis.com/news/publications/WillisRe_reView_010105.pdf