News Release

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Willis Group CEO calls for a Single, National Approach to Disaster Insurance Matters; Optional Federal Charter a Good First-Step

Washington DC, June 16, 2006 – Joe Plumeri, Willis Group Holdings Chairman and CEO, delivered a pointed address, "Tumultuous Times for The Catastrophic Risk Insurance Market: Coping with a New Era of Risk", yesterday at the 2006 annual meeting of the Real Estate Roundtable. He called urgently for the insurance industry and lawmakers to develop a single, coordinated plan that will provide the necessary insurance protections to the American economy in the event that catastrophic events – whether natural or man-made – prove too much for the insurance sector to bear.

"The insurance industry is stronger today than it has ever been and can certainly withstand 'modest' disasters or severe hurricane seasons in the absence of other catastrophic events," said Plumeri. "However, if the 2005 hurricane season took out 12% of the industry's capacity and this year's storm season is predicted to be worse, couple that with the threat of a global avian flu pandemic and a coordinated, multi-city terrorist attack, and it is not hard to imagine insured losses that would exceed the industry's financial resources."

"There simply is not enough capacity in the world to endure a worst-case scenario," Plumeri continued. "Whether we establish a National Disaster Insurance Program that resembles Pool Re in London or having carriers set aside additional surplus on their balance sheets with some tax benefit or some other mechanism – we need a program that we can all agree upon and will all live by as we enter this New Era of Risk. This is not an insurance issue; and it is not a political issue – it is a matter of national economic security."

A central reason why there currently is not a national approach to this critical issue is the absence of a voice on such matters in Washington DC. In his speech, as well as in meetings on Capital Hill through the day, Plumeri stressed the need for an Optional Federal Charter to give the industry some structure and guidelines with respect to national issues, staying clear of state- or regional-specific matters.

"A national approach to disaster insurance is not a new idea," Plumeri continued. "It was proposed in the aftermath of Hurricane Andrew in 1992 and the Northridge Earthquake in 1994. Unfortunately, parochial concerns short-circuited that effort. Had there been a single voice for the industry at the federal level then, we would have had a solution by now. And the same goes for terrorism risk. TRIA is a great short-term mechanism. But the reason there is not a permanent solution to this permanent problem is because there is no federal coordination. An

Optional Federal Charter will put in place a definitive, accepted and authoritative process to find a solution that will afford some level of economic security in the face of natural and man-made catastrophic events."

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Editors Note: The full speech is available via the following link:
http://www.willis.com/news/News_Attachments/Joe_Plumeri_Real_Estate_Roundtable_Speech.pdf