

Press Release

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Willis' *Marketplace Realities* Reports "Tumultuous Times" for the Natural Catastrophe Risk Insurance Market April 2006 Online Edition Addresses 10 Major Market Segments

New York, NY, April 20, 2006 – In the April 2006 online edition of *Marketplace Realities and Risk Management Solutions*, Willis Group Holdings describes events in the natural catastrophe (Nat Cat) segment of the property marketplace as "nothing less than tumultuous." Directly affected are "clients with assets and operations in areas exposed to the Nat Cat perils of wind, flood and earthquake and to the peril of terrorism."

With the beginning of the 2006 Atlantic Hurricane Season fast approaching, "Terms and conditions offered by insurers and reinsurers have deteriorated rapidly and precipitously." The bar has been raised "for program design and marketing strategies for programs renewing in the near term, while prompting comprehensive studies of long-term business plans and risk-funding arrangements."

Willis further observes that:

- Nat Cat models are being retooled to reflect new data and revised, more forward-looking assumptions.
- There is a widespread feeling that the recent two-year spike in frequency and severity of windstorm events may well be repeated in years to come.
- With capacity retrenching and premiums increasing, the underwriting community of insurers and reinsurers is struggling to find equilibrium.

Against the backdrop, it is imperative to understand the mechanics of Nat Cat risk exposure analysis, underwriting regimens, program design and marketing strategies.

The Willis *Marketplace Realities* report addresses ten major market segments – **Property, Aviation, Casualty, Cyber Risk, Environmental, Executive Risks, Healthcare Professional, Private Client Group** (personal lines), **Surety** and **Workers' Compensation**. The articles focus on what clients need to know about current and anticipated marketplace conditions, and how to build positive differentiation through risk management, program design and strategic marketing.

The report also includes a strategic view of the marketplace. **Aggregation Risk**, reprising major excerpts from the Willis webcast of March 30, examines the dimensions of such risk, the threat it poses to the balance sheet, the future performance of the commercial insurance marketplace, and strategies that companies can undertake today to address volatility and shape the future. **Macro Markets, Micro Markets and Liquidity** contemplates the evolving structure and role of the commercial insurance marketplace.

Marketplace Realities and Risk Management Solutions provides Willis clients with the very latest marketplace intelligence, analysis of headline issues, program design concepts and placement strategies. The April 2006 and November 2005 editions are available online via Willis.com at the following link: <http://www.willis.com/Extras/Marketplace%20Realities.aspx>.

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