

News Release

Contact:

Investors: Kerry K. Calaiaro
+1 212 837-0880
Email:
kerry.calaiaro@willis.com

Media:

Dan Prince
+1 212 837-0806
Email:
daniel.prince@willis.com

Resilient Energy Industry Weathered the 2005 Storm Season

London, UK, May 24, 2006 – Despite extraordinary losses incurred by the 2005 hurricane season, the energy insurance market has proven remarkably resilient according to the Energy Market Review published by Willis Group Holdings (NYSE:WSH), the global insurance broker. However, with numerous changes and challenges affecting the industry, it is as yet unclear whether the market could weather an active 2006 storm season as successfully.

The much-anticipated Energy Market Review is a leading industry publication that provides an overview of the energy insurance market as a whole as well as in-depth analysis of its key components. In the latest edition, Willis clearly defines the rating, capacity, deductible and other conditions of the current offshore, onshore, marine reinsurance, power generation, third party liability, and terrorism markets.

The report states that if Katrina, Rita and Wilma had struck a few years ago the size of the claims would have led to a “total capacity melt-down”. However since 9/11 the strength of the industry’s recovery is such that last year’s hurricanes were essentially earnings depleting events that did not significantly change the capital base of the industry. Despite this relative strength, Willis says that the next seven months will determine whether the market can withstand a repeat of the events of 2005.

The review found that the 2005 hurricanes emphasised the need for a significant technical re-evaluation of the upstream market; while other key findings point to the “widening gulf” between the onshore and offshore markets.

Phillip Ellis, Chairman of Willis’ Global Energy Practice commented, “Last year’s storm season triggered shock waves that are still moving through our industry. We now face not just another storm season, but an extended season of change in how we conduct our business. We welcome the challenges ahead and the stronger industry they will forge.”

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