

News Release

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The Willis Directors and Officers Index: Stabilisation in Premium Rates Ahead

London, UK, November 23, 2006 – In contrast to the Summer 2006 publication of the Willis Directors and Officers Index, response to the third quarter's survey has shown early signs of a stabilisation in premium rates ahead. After well over two years of declining rates across the board, this may come as no surprise, although over the last year the actual reported rate of decline in rates has generally exceeded the market's predictions in every quarter, suggesting that the insurers' hoped-for stabilisation of premiums has not been realised.

The Willis Index – a quarterly survey of London market insurers – asks participants for their views on the underwriting market over the past three and for the next three months; each Index explores a different coverage area.

Primary Premium Rates

As a historic picture of the last three months, 67% of respondents reported that primary premium rates had fallen between 1% and 10%, a similar proportion to Q2. However, interestingly 33% believed that rates were flat, with no change being reported. This data is in stark contrast to Willis' last report where none of the respondents reported 'no change' and 34% reported premium rates falling between 11% and 20%.

Looking forward to the next three months, an even larger proportion of respondents (42%) predicted that primary premium rates would be static. This change in consensus is significant, having jumped from just 8% of respondents in Q2. However, 58% still believe that primary premium rates are set to fall between 1% and 10% in the next quarter, down from 75% in Willis' last survey. Significantly, no respondents reported reductions of more than 10%, a contrast to the feedback received from 17% of respondents in Willis' previous Index.

Excess Premium Rates

As a picture of the last three months, 42% of respondents believe that excess premium rates had fallen between 1% and 10% during the period which is less than the 54% of respondents within the second quarter survey. Moreover, only 25% of our respondents

believed that excess rates had declined between 11% and 20% during the period, down from 38% of respondents in Q2.

However, the most significant change in consensus was the number of respondents predicting 'no change' in excess rates over the next three months. This reading more than quadrupled to 50% from just 8% in Willis' last report, indicating that excess insurers, like their primary counterparts, are increasingly looking for future stabilisation of rates.

The Willis Index polls non-US insurance companies providing buyers of specific lines of coverage with an overview of the market reporting on relevant issues unique to their industry.

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