

News Release

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The Willis Index: Environmental Insurance Premiums at an All Time Low

London, UK, May 2, 2006 – The UK environmental insurance market is more competitive now than at any other time, providing more opportunity for premium reductions and broader coverage than in recent years, according to the Willis Index tracking this coverage area for the first quarter of 2006.

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.

As with policy wording requirements, there is no "one size fits all" approach to setting premium levels. Nonetheless, a clear trend in premium level reduction is evident in cases handled at Willis, both on one-off and renewable policies. Whilst not every company has benefited from premium reductions, premium levels are as much as 50% lower than levels quoted two years ago for many comparable risks. Even within the last year, some 30% reduction in premium levels has been evident – a view supported by most insurers.

But what does the future hold? Premium rates obviously cannot continue to fall indefinitely. Some insurers consider that rates will soon level out. However, the intense market competition looks set to continue, so it seems unlikely that rates will rise in the near future.

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 full Willis Index is available on Willis.com via www.willis.com/Extras/Publications.aspx