

# News Release

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## **The Willis Index: Impact of Hurricane Losses on D&O Rates Less Than Expected**

**London, UK, April 27, 2006** – Directors' and Officers' (D&O) liability insurance rates in the London market were largely unaffected by insurance industry losses following Hurricanes Katrina, Rita and Wilma, according to the latest Willis Index for 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.

The Willis Index covering D&O coverage issues for the first quarter of 2006 revealed that rate increases on reinsurance treaties that were anticipated due to the severe 2005 North American hurricane season never materialised. In fact, rate reductions continued, although at a slower pace than in preceding quarters.

The Index for the fourth quarter of 2005 noted that year-end reinsurance renewals might impact the cost of D&O premiums due to the effect of the historic insurance losses from the hurricane season. However, reviewing first quarter underwriting trends, over 69% of respondents reported reductions, suggesting that the resilience of the insurance market to the hurricane losses was greater than expected.

This strength is echoed in the current Index covering the London D&O market as 61% of respondents anticipate modest (less than 10%) rate reductions over the next three months. There were no forecasts of rate increases over the same period, with the remaining 39% expecting a flat market. There were also no predictions for premium increases for the upcoming quarter whereas three months ago 11% had forecast small increases.

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:

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[www.willis.com/Extras/Publications.aspx](http://www.willis.com/Extras/Publications.aspx)