

News Release

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Willis Re Broadens Market Support For Political Risk Reinsurance

New York, NY, June 27, 2006 – Willis Group Holdings (NYSE: WSH), the global insurance broker, has published a new political risk pricing paper today looking to encourage the injection of capacity into the political risk reinsurance market.

Produced by Willis Re Inc and Willis Analytics, the paper is entitled: “Political Risk Reinsurance Pricing – A Capital Market Approach”.

The world today is increasingly exposed to the risk of political will and is therefore demanding greater political risk protection, yet conversely the supply of such protection is declining. This objective reinsurance pricing methodology helps to assess the risk of writing large political risk reinsurance portfolios and therefore hopes to broaden the support from traditional reinsurance markets and attract risk capital from the capital markets.

Key findings of the paper:

- The methodology allows political risk insurance and reinsurance carriers to evaluate their own portfolios for overall profitability and capital requirements in order to support the on-going business.
- Evidence to support the view that political risk is a business that provides healthy returns whilst also allowing the capital management of aggregate exposures.
- This approach provides organizations involved in political risk insurance and reinsurance with a solid foundation for making strategic and business decisions.

Athula Alwis, one of the co-authors of the paper said: “We very much hope that this new methodology will help to attract backing from both the underwriting community and the capital markets in supplying reinsurance capacity for political risk carriers.”

Willis Group Holdings Limited is a leading global insurance broker, developing and delivering professional insurance, reinsurance, risk management, financial and human resource consulting and actuarial services to corporations, public entities and institutions around the world. With over 300 offices in more than 80 countries, its global team of 15,400 associates serves clients in some 190 countries. Willis is publicly traded on the New York Stock Exchange under the symbol WSH. Additional information on Willis may be found on its web site: www.willis.com.

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Notes to the Editor:

To read the full paper, please go to:

<http://www.willis.com/Extras/Publications.aspx>

Political risk insurance is concerned with the risk associated with government intervention and restriction of trade into emerging markets. It may encompass long term perils (investment related), such as the confiscation, expropriation or nationalization of an infrastructure project in an emerging market or short-term perils (export trade related), such as contract frustration, embargo or currency inconvertibility.

Today exposure to the political will of a host country is being challenged by economic events blurring the landscape for political risk, which is creating a growing need for better informed econometrics, and advanced analysis of risk vs. reward, as well as a broader interpretation of covered perils and events.

The need for reinsurance capacity in Political Risk is higher than it has been in a decade. However, more and more reinsurers are either restricting the coverage or entirely leaving the practice. This paper proposes an objective reinsurance pricing methodology to assess the risk of writing a large political risk reinsurance portfolio based on country ratings, sovereign ceilings, political risk default rates and severity assumptions based on historical data. The paper also incorporates a mechanism to indicate the effects of regional and trade correlations based on advanced credit modeling. Having such an objective methodology to assess the risk of reinsuring political risk should broaden support from traditional markets and attract risk capital from the capital markets.