

News Release

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Willis Property Alert: A Tale of Two (Evolving) Markets

New York, NY, May 30, 2007 – As the global capacity, pricing regimens, terms and conditions for both Cat Risks and non-Cat Risks in the global property insurance market are changing more rapidly than many would have anticipated a year ago, insurance buyers are clearly benefiting from the health, financial strength and increased capacity of today's insurance marketplace.

In its latest Property Alert, Willis, the global insurance broker, reviewed natural catastrophe losses over the last few years combined with projections for the forthcoming hurricane season. The result is that outside catastrophe prone areas, the market is soft, with traditional markets and new ones chasing premium down while broadening coverage. In catastrophe prone areas, it's not soft – yet – particularly where the total catastrophe risk capacity required by a given insured dampens competitive market forces.

In fact, there are still shortages of capacity for coverage against hurricanes, floods and earthquakes. In some places, it remains impossible to purchase enough insurance to qualify for a commercial mortgage-backed securities loan unless the lenders agree to modify the insurance requirements.

The Willis report also addressed the nation's need for a long-term solution to insuring against losses incurred from a terrorist attack. The current iteration of TRIA, the Terrorism Risk Insurance Act, is due to sunset at the end of this year, and Congressional action is required to ensure that this backstop remains in place. Willis firmly believes that the insurance industry has an obligation to cover as much of such a loss as possible. The reality is, however, that the nature and severity of the next attack is restricted only by the imagination of the terrorists – and their thought patterns are beyond the industry's modeling capabilities.

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Editor's Note: Please click here for a link to the report --
<http://www.willis.com/Extras/Marketplace%20Realities.aspx>