

News Release

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Subprime Crisis Continues to Impact Financial Institutions Around the World

Willis Publishes Report on Repercussions in the Insurance Market and Beyond

New York, NY, November 12, 2007 – Willis Group Holdings (NYSE: WSH), the global insurance broker, has released an alert from the Company's Financial Institutions (FI) practice, which looks at an issue that has dramatically impacted individuals and financial institutions around the world: the meltdown in the U.S. subprime mortgage marketplace.

The Alert gives background on the situation, an explanation of what went wrong, examines the impact on other outside industries, and reviews how the insurance marketplace has reacted. Directors and Officers insurers and Errors & Omissions insurers have seen a number of claims arising from the subprime issue, although it has been estimated that this is "just the tip of a huge iceberg."

The findings of Willis' report indicate the following:

- A worst case loss scenario for Directors & Officers (D&O) insurers could be in the realm of \$3 billion;
- The downturn in the real estate market resulted in a 52 percent increase in the amount of title insurance claims paid in the second quarter of 2007 as compared to 2006;
- Foreclosure activity in the first half of 2007 was up 55 percent from 2006;
- Foreclosures for the month of July rose 93 percent from the prior July, and 115 percent from the prior August; and
- Forty-three states have reported an increase in foreclosure activity in 2007.

This Alert is the direct work product of a task force that the FI Practice has created to monitor the situation and make recommendations to businesses. The task force consists of FINEX, Executive Risks and FI Associates in the U.S. and London. In the coming weeks, the team plans to issue an Alert on some insurance coverages that will receive more prominence as a result of the crisis, such as Mortgage Impairment, Foreclosed and Forced Placed covers. Further updates will be issued as circumstances develop.

Click here to download this timely publication:

http://www.willis.com/news/Publications/FI_Alert_1007_Subprime.pdf

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