

# News Release

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## **The Willis Environmental Index: The Market Continues to Soften**

**London, UK, March 26, 2007** – The environmental insurance market has shown further signs of growth in 2006, with insurers interviewed in the latest Willis Environmental Index for the first quarter of 2007 reporting an increase of up to 100% in the number of policies placed compared to 2005. A corresponding increase in total premium placed has been evident with total premium spend within the London and European environmental insurance market estimated to be in the region of £60 million (EUR 90 million), up from approximately £40 million (EUR 60 million) in 2005.

The Willis Environmental Index – a quarterly survey of European environmental insurers – asks participants for their views on the underwriting market conditions.

According to the Willis Environmental Index, annual premium placed into “Pollution Pool” insurance schemes available in countries such as France, Italy, Spain and The Netherlands comprises approximately EUR 70 million, whilst premium spend on environmental coverage available through the German general liability market has been estimated to account for approximately EUR 250 million.

The increase in premium spent has been tempered by the continuing soft market conditions as well as an increase in the number of policies placed for operational risk exposures, as these tend to be written for shorter policy periods (and thus attract lower premium levels) than long term policies covering historic contamination risks.

The London and European environmental insurance market is now more competitive than at any other time, providing the opportunity for broader coverage for reduced premium levels compared to recent years.

Individual insurers are able to offer a capacity of up to approximately £25 million (EUR 35 million), with higher limits available through the use of excess layers. Such an approach is seldom required however, as the vast majority of policies proceed with a limit of £10 million (EUR 15 million) or less taken up, as reported in Willis’ Autumn 2006 Index.

The Willis Index polls non-US insurance companies providing buyers of specific lines of coverage with an overview of the market and reporting on relevant issues unique to their industry.

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Editor's Note: The complete Willis Index is available on Willis.com via [www.willis.com/Extras/Publications.aspx](http://www.willis.com/Extras/Publications.aspx)