

News Release

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Willis: Are Marine Insurers Trying to Defy Gravity?

London, UK, September 24, 2007 – It is hard to find any corner of the marine insurance market where rates are not softening and profitability is under severe threat yet there is no sign of capital withdrawing its capacity. Why then do insurers continue to flood the marine market, disregarding the laws of supply and demand? Willis Group Holdings (NYSE: WSH), the global insurance broker, investigates this paradox in its latest Marine Market Review entitled “Defying Gravity?”.

The Willis Marine Market Review 2007 analyses developments in the key global markets by class in an attempt to shed some light on why such ample capacity exists when so many underwriters maintain that business is marginal at best and the current rates are unsustainable even in the short term.

The comprehensive review looks at the hull and machinery, large yacht, protection and indemnity, builders’ risks, loss of earnings, cargo, liabilities, and war and related risks markets. It also provides overviews of the marine insurance market in New York, Singapore and Norway.

As the unprecedented good times for shipping continue, the hull and machinery sector is seeing increasing consolidation and IPOs resulting in larger combined fleets and greater purchasing power for insurance buyers. The Willis Marine Market Review finds that while the continuing high demand in the supply chain may be boosting the overall tonnage and therefore the premium base, it could potentially be camouflaging the erosion of good underwriting in an already marginal business. It appears that many insurers are clambering for a piece of the action offering unrealistic and unsustainable rate reductions.

The Willis Marine Market Review concludes that competition will continue to increase with insurers attempting to defy the rules of supply and demand – resulting in some fingers getting burnt. **Alistair Rivers, Chairman of Willis Marine**, warns, “It is a time for assureds to carefully examine the performance and financial strength of the insurance carriers they intend on using. Willis has already recognised this growing requirement with the soon-to-be launched Willis Quality Index® that will benchmark a wide range of insurers’ service and performance measures to help our clients make more informed decisions. Through this initiative, Willis is working with insurers to improve industry standards.”

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. Willis has more than 300 offices in some 100 countries, with a global team of approximately 16,000 employees serving clients in some 190 countries. Additional information on Willis may be found at www.willis.com.

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Note to Editor: The full Willis Marine Market Review 2007 can be found at: http://www.willis.com/news/Publications/Willis_Marine_Market_Review_2007.pdf