

# News Release

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## **Willis: General Insurance Sector Sees Limited Impact Thus Far From Credit Crisis**

**London, UK, October 20, 2008** – The general insurance sector has seen limited impact from the current credit crisis, with carriers having relatively limited exposure to subprime investments and relatively few experiencing negative ratings actions, according to a new report by the Market Security team of Willis Group Holdings (NYSE: WSH), the global insurance broker.

The Willis report notes that unlike banks, general insurance companies did not play a key role in each link in the chain of transactions that originated mortgage loans and subsequently bought, warehoused and distributed the derivatives to investors throughout the financial sector. The report also highlights that the investment portfolios of general insurance companies typically contained smaller proportions of subprime-exposed collateralised debt obligations and less mortgage-backed securitisations compared to banks.

Commenting on the findings of the paper, **Sally Bramall**, Managing Director of Global Carrier Management at Willis, said, “The general insurance sector as a whole appears to have remained relatively isolated from the direct impact of the credit crisis so far. Whilst there have been some notable exceptions, these have been companies that have stretched the boundaries of traditional insurance, assuming more of a ‘financial superstore’ structure.”

The paper goes on to highlight three indirect impacts of the credit crisis on insurers that may become more apparent in third-quarter earnings reporting, including: falling investment income due to deteriorating returns, increased E&O and D&O claims related to subprime litigation, and adverse investor sentiment against the entire financial sector.

The Willis report concluded that there will inevitably be some wider impact on the investment portfolios and investment returns of general insurance companies, which will become evident throughout the upcoming reporting seasons. It noted that with the anticipated moderation in the soft phase of the insurance cycle, the relatively stable rating outlook for the general insurance sector currently appears reasonably justified, but will inevitably be subject to review as financial market turbulence and attendant market sentiment plays out over the coming months.

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countries, with a global team of approximately 20,000 Associates serving clients in some 190 countries. Additional information on Willis may be found at [www.willis.com](http://www.willis.com).

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**Note to Editor:** To view the full report go to:

[www.willis.com/Documents/Publications/General Publications/Willis Market Security Report 20 October 2008.pdf](http://www.willis.com/Documents/Publications/General_Publications/Willis_Market_Security_Report_20_October_2008.pdf)