



## News Release

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### **Stable Insurance Market Poised to Handle Uptick in Demand: Willis**

***Insurance Rates Remain Flat with Modest Decreases or Increases Across Most Lines Except Catastrophe Exposed Property and Employee Benefits***

***Publishes 2012 Marketplace Forecast for North American Insurance Buyers***

**NEW YORK, November 3, 2011** – Willis Group Holdings (NYSE: WSH), the global insurance broker, reports flat to modest rate increases or decreases across major and specialty lines of insurance, with the exception of catastrophe-exposed property programs and employee benefits which are experiencing notable price increases. In the 2012 edition of its [Marketplace Realities](#) report, published today, Willis sees the stability of the current insurance marketplace as a harbinger of potentially explosive growth that the industry could experience around the globe in the next decade. The company's long-standing series offers commentary and analysis on the insurance marketplace in North America for every major line and select industry sectors.

In introductory comments, Willis Chairman and CEO Joe Plumeri suggests the industry's ability to absorb recent catastrophe losses, which could top \$100 billion for the first time, indicates a readiness for a surge in demand for insurance and risk-related services. This surge, he notes, has three sources:

- Growth in the developing world, especially Asia.
- The potential decline of public insurance support through such programs as federal flood insurance, terrorism reinsurance and federal disaster aid.
- A growing need for sophisticated risk management expertise as the risk landscape continues to evolve globally. Risks including cyber, environmental, political, and supply chain feature prominently in this new landscape.

"The assets of 21<sup>st</sup> century companies are increasingly intangible such as brand, data and intellectual property," Plumeri writes. "Traditional insurance focuses on tangibles, such as buildings and machines. This shift in organizational risk calls for a change in risk management approach – another factor that should increase the demand for sophisticated risk management expertise."

Subtitled "Solid Footing and a Foundation for Growth," the 2012 report is being published in time to help insurance buyers plan for Q4 and January 1 renewals. In addition to snapshots of Property, Casualty, Workers' Compensation, Employee Benefits and all Executive Risks lines, the publication looks at key specialty lines: Aerospace, Cyber Risks, Construction, Energy

(upstream and downstream), Environmental, Health Care Professional, Kidnap & Ransom, Political Risk, Surety, Terrorism and Trade Credit.

Highlights from the report include:

- **Property:** The Property market was rocked by recent natural disasters and changes brought by RMS 11.0, the updated version of the leading catastrophe modeling tool. Catastrophe-exposed buyers are likely to experience increases of 7.5%-12.5% in 2012, however, non-catastrophe exposed programs will see rates stay flat or decline slightly.
- **Casualty:** In primary Casualty, excess/umbrella Casualty, Workers' Compensation and Auto lines, light increases or flat renewals are expected.
- **Executive Risks:** Balancing the increases in Casualty protection, the Executive Risks lines, including Cyber, D&O, Employment Practices Liability, E&O, Fidelity and Fiduciary are expected to yield small decreases or remain flat.
- **Employee Benefits:** Compliance with health care reform continues to be a costly burden for insurers and employers, contributing to an anticipated 10%-12% rise in benefit plan costs in the year ahead.
- **Specialty Products:** Predictions of slight increases in price are largely balanced by predictions of decreases in product areas ranging from Aerospace to Trade Credit. As always, the quality of risk – and buyer submissions to the marketplace – will make the difference in the final result.

The publication, which is updated semi-annually, is available free of charge on the Publications page of the Willis website, [http://www.willis.com/What\\_We\\_Think/Publications/](http://www.willis.com/What_We_Think/Publications/).

### About Willis

Willis Group Holdings plc is a leading global insurance broker. Through its subsidiaries, Willis develops and delivers 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 400 offices in nearly 120 countries, with a global team of approximately 17,000 employees serving clients in virtually every part of the world. Additional information on Willis may be found at [www.willis.com](http://www.willis.com).

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