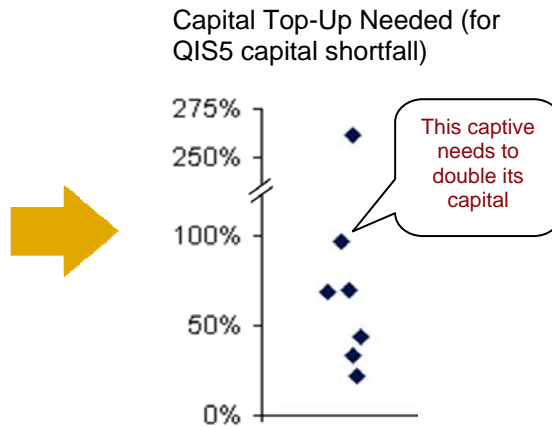
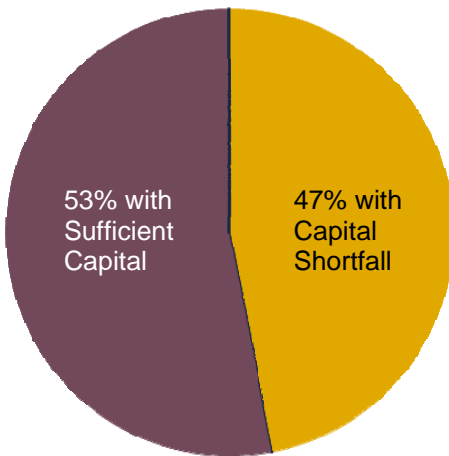


WILLIS CAPTIVE QIS5 RESULTS

QIS 5 studies were conducted in late 2010. Results for captives under our management are shown below.

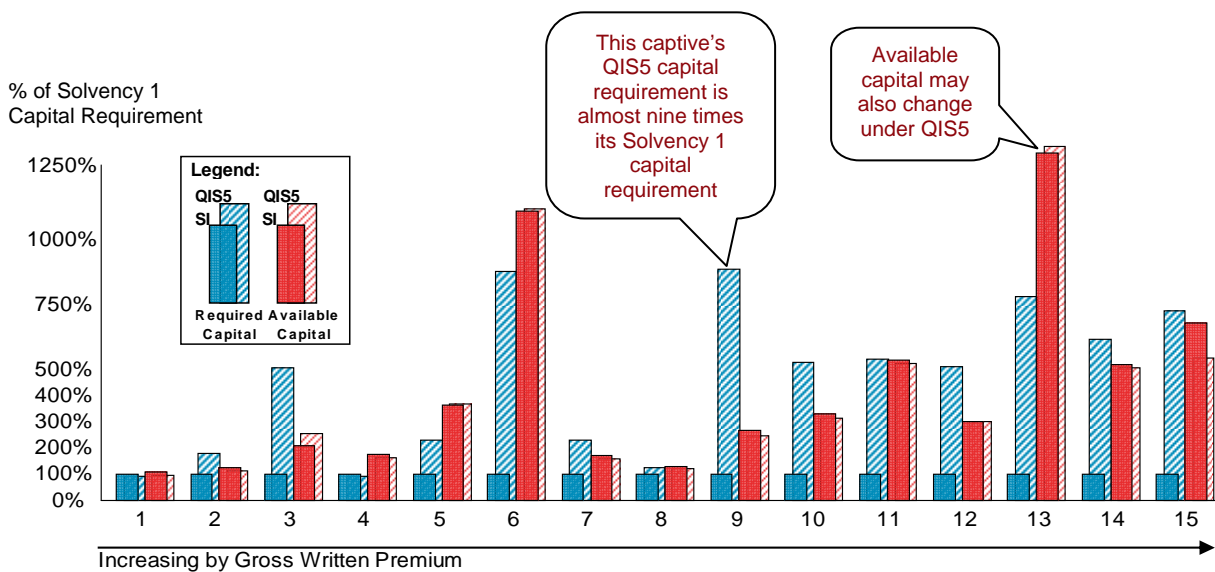
- The sample consists of 15 captive (re)insurers based in Dublin, Gibraltar and Malta



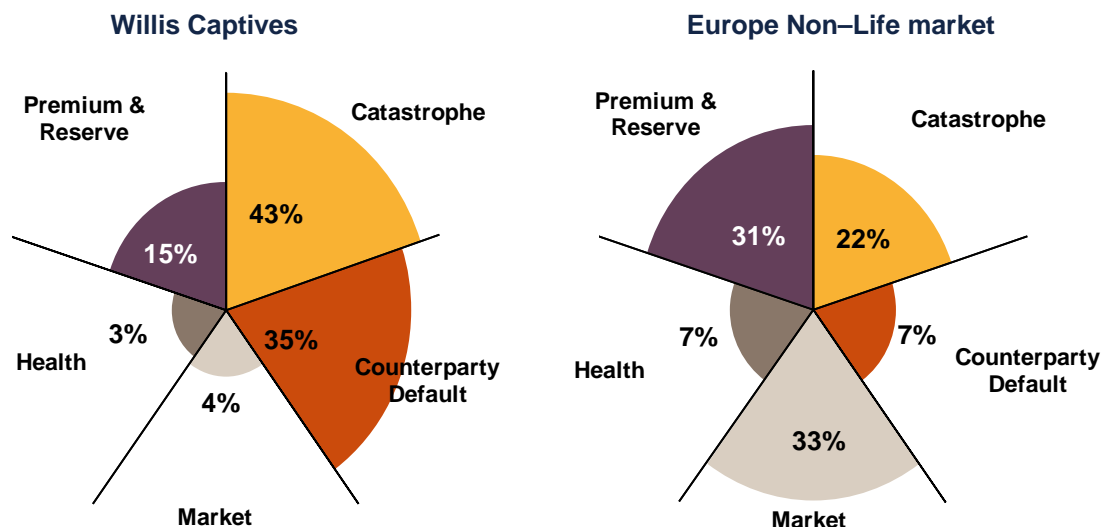
Our key findings:

- 1 in 2 captives have sufficient capital (above or within €1m of the capital requirement) to meet the capital required under QIS5
- For those with a shortfall, the necessary increase in capital ranges from 22% to 260%

CAPITAL REQUIRED MAY INCREASE UNDER QIS5



QIS5 - CAPITAL REQUIREMENT COMPOSITION BY RISK CATEGORY



Key Differences Between Captives and Non-life Market:

- The 43% that represents the average catastrophe contribution to the capital required for the Willis captives compares to 22% for the European Non-Life insurance market. This is due to the calibration and the structure of the Standard Formula (i.e. man-made catastrophe risk for fire and accumulation of charges within the non-life underwriting risk).
- The 35% that represents the average default contribution compares to 7% for the Non-Life market. This is linked to the above comment on the Standard Formula which results in a huge difference between the underwriting risk gross and net of reinsurance within the computation of the default risk. It has been widely publicised that the QIS5 technical specifications and the accompanying tools are open to interpretation. Therefore QIS5 results are subject to changes.

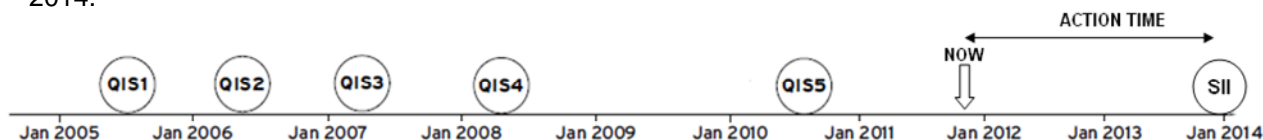
How Does Willis Captives Practice Help You Through Solvency II?

Willis is engaged with its clients and their regulators to find solutions to the challenges raised by QIS5 to the captive business model. Building on internal actuarial resources, Willis has developed a common approach as regards application of the Standard Formula and mitigation options such as programme design.

To view our August 2011 Alert discussing further findings arising from QIS 5, please click on this link http://www.willis.com/Client_Solutions/Services/Captives/Publications/

SOLVENCY II TIMELINE

It is now a year after the QIS 5 exercises was undertaken. The results are known and captive stakeholders should be planning how to meet Solvency II capital requirements in advance of 1 January 2014.



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