

News Release

Contact:

Investors: Kerry K. Calaiaro
+1 212 915-8084
kerry.calaiaro@willis.com

Media: Ingrid Bosch
+44 (0)20 7481 7182
boschi@willis.com

Willis Reports on the Market's Response to the EU Environmental Liability Directive

London, UK, 6 August 2007 – Spain, Germany and Italy are leading the way in the implementation of the EU Environmental Liability Directive and are consequently showing the most interest in purchasing environmental cover. This is in contrast to the UK, where insurers report that operators have shown very little interest in the Directive. These findings were published in the latest Willis Environmental Index from global insurance broker, Willis Group Holdings (NYSE: WSH).

The Willis Environmental Index – a quarterly survey of London market environmental insurers division – asked participants for their views on how the environmental insurance market has responded to the challenges of the Environmental Liability Directive. It also gauged whether there is evidence of an increasing uptake in environmental insurance in readiness for the Directive.

The EU Environmental Liability Directive, which is based on the “polluter pays” principle, establishes a liability framework for the following categories of “environmental damage”: harm/damage to species and natural habitats, water pollution and land contamination. Member States were given until 30 April 2007 to implement the Directive, although most have failed to meet this deadline.

Insurers surveyed by Willis have seen the greatest interest in the uptake of environmental insurance from operators in countries such as Spain, Germany and Italy. Compared to other Member States, these countries are relatively advanced in their plans to implement the Directive, suggesting that this may be a key factor. By contrast, insurers report very little interest in the Directive in countries such as the UK, where many businesses may be unaware of the environmental legislation affecting their activities.

In terms of insurers' response to the Directive, the Willis Index found that all environmental insurers surveyed are now able to offer explicit cover for much of the increased scope of liability presented by the Directive, ensuring a competitive market for such enquiries. Insurers surveyed identified the current absence of guidance on the implementation of the Directive as being a key concern.

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Editor's Note: The complete Willis Index is available on Willis.com via http://www.willis.com/news/Publications/WillisIndex_Environmental_Q22007.pdf