



News Release

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Serving on a Board has Never Been so Risky Warns Willis

New York, August 6, 2012 – Increased regulatory, shareholder and media scrutiny combined with volatility in the global economy means that serving on the board of a company has never been so risky, according to Willis Group Holdings (NYSE:WSH), the global insurance broker, which released its latest Boardroom Guide on Executive Risk.

Against a backdrop of almost unparalleled financial instability, corporate crises, increasing regulation and public resentment over the perceived power of business executives, rarely have directors of large companies (especially in the financial services sector) been the subject of more scrutiny.

With risk management now a key boardroom concern, Willis' latest publication, *Executive Risks: A Boardroom Guide*, explores in-depth the whole range of risks and responsibilities that accompany the role of a director. It provides up to date information to help educate and inform directors about the many risks they face.

Written by Willis and a collection of powerhouse global law firms, the Boardroom Guide focuses on legal developments for directors in 18 key jurisdictions around the world and also has six special focus chapters addressing issues with global reach.

In addition to a detailed breakdown of legal developments by country, highlights include:

Ten key questions to ask before joining a board: There are some important issues to consider before joining a company's board of directors. Particularly considering that your personal assets could ultimately be at stake. Willis' boardroom guide explores the top ten.

Directors' and Officers' (D&O) cover for US governmental investigations: The costs incurred by governmental investigations in the US can be immense – often running into millions of dollars. But recent federal cases have thrown into doubt whether some of the costs incurred in responding to such investigations are covered by D&O insurance.

Why directors should be concerned by cyber risks: In 2011, companies of all sizes struggled with "cyber incidents", ranging from malicious intrusions to employee negligence. The expanding online universe has introduced new financial risks that may not be covered under standard insurance policies. As

a result, corporate directors and risk managers must ensure that they buy appropriately tailored policies that provide protection against the rapidly expanding risks to which they are vulnerable.

Cross border risks: Directors and officers are looking more closely at the language and enforceability of their D&O policies and questioning whether the traditional “one global policy” approach to insuring D&O liabilities leaves them exposed.

Effective board oversight of risk management: In light of new disclosure requirements, directors are increasingly asking what the proper role of boards is in corporate risk management. Willis’ report explores in detail what they need to know including concerns around incentivizing risk-taking and monitoring risk appetite.

Elsewhere in the report and commenting on overall market dynamics Willis said that the global D&O insurance market has grown in capacity, while a number of new insurers have entered the market for international excess. The effect of this has been to keep pricing of D&O insurance relatively stable in most areas, despite the economic turmoil and the heightened threat of litigation.

“Overall the market has so far weathered the economic storm if not intact, then without any major disruption,” said Mark Wakefield, Executive Director of FINEX Global, Willis’ Financial, Executive Risk and Professional Liability business. “Courts generally take the view that directors have a duty to gain a sufficient understanding of the nature of all the major risks facing their businesses. Against this backdrop the D&O policy has had to move with the times, as buyers and brokers seek cover for new and previously untested areas of liability.”

Copies are available from Ann Longmore, Executive Vice President of Willis’ Executive Risks practice in New York.

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