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News Release

Insurance Buyers Facing Mixed Market for 2013: Willis

Commercial Casualty, D&O Rates Rising; Property Rates Flat or Falling

Broker Publishes 2013 Marketplace Forecast for North American Buyers

NEW YORK, October 10, 2012 – Willis Group Holdings (NYSE: WSH), the global insurance broker, expects insurance buyers will see a mix of rising and falling commercial Property/Casualty rates in 2013 as they face a complex marketplace that continues to defy the standard hard/soft market cycle. Modest rate increases in Casualty, Executive Risks and several specialty lines will be balanced by declining rates for non-catastrophe-exposed Property programs and other risk areas, according to Willis' 2013 *Marketplace Realities* report. The annual report, published today, serves as a guide for North American insurance buyers preparing for upcoming November, December and January insurance program renewals.

For the Property insurance market, 2012 has been a year of recovery from record-setting losses in 2011, but predictions of a hard market have not been borne out. Abundant capacity, low underwriting losses and the lingering weak economy are creating a flat marketplace. Insurance buyers with catastrophe (CAT)-exposed Property risks can expect flat renewals, while buyers with non-CAT exposed risks will experience decreases in the 5-10% range. Casualty lines are experiencing some upward movement and General Liability buyers are facing rate increases in the 3-7.5% range, with Excess rate increases running a higher on some programs. Price firming is expected to continue into 2013 for some specialty risks, including primary Directors & Officers Liability, Employment Practices Liability and some segments of Construction, according to Willis experts.

In the employee benefits space, employers are focused on elements of the health care reform law that will go into effect in the next few years. The cost of health insurance continues to rise as insurers pass down the cost of compliance, while organizations take aggressive steps to stem rising costs. Rate increase estimates for 2013 can be expected to approach 10%, according to Willis experts.

In introductory remarks, Willis Group Chairman and CEO Joe Plumeri noted that in the absence of strong macro trends, individual insurance buyers will be more impacted by micro trends that effect their specific industry, sub-industry and geographic region. "The key to success in a micro world is specialization, customization and individualization," Plumeri said.

“Buyers are under the same pressure to protect themselves, their capital and assets by spending as little of that capital as they can,” Plumeri noted. “There are still big savings to be had, even in a market that is firming after years of soft rates. We just have to work a little harder and look a little deeper to find them,” Plumeri added.

The 2013 edition of the annual publication is subtitled “A Group of One,” emphasizing the shift toward customization. The *Marketplace Realities* series, which is updated every spring, features market snapshots of Property, Casualty, Workers’ Compensation, Employee Benefits and all Executive Risks lines, as well as key specialty lines: Aerospace, Cyber Risks, Construction, Energy (upstream and downstream), Environmental, Health Care Professional, Kidnap & Ransom, Marine, Political Risk, Surety, Terrorism and Trade Credit.

Key Price Predictions for 2013

Property	*Non-CAT Risks:* *CAT-Exposed Risks:*	-5% to -10% Flat
Casualty	*General Liability*: *Umbrella:* *Excess*: *Workers’ Comp:* *Auto:*	+3% to +7.5% Flat to +7.5% +2% to +15% +2.5% to +7.5%; up to +20% in CA +2% to +5%
Executive Risks	*Directors & Officers:* *Errors & Omissions:* *Employment Practices Liability:* *Fiduciary:*	Flat to +10% +5% or more with good loss experience; +10 to +25% with poor loss experience Flat to +10% Flat to +15%
Cyber	Flat to -3%; more competitive for first-time buyers	
Benefits	+8% to +10%	

The publication is available free of charge on the Publications page of the Willis website, 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.

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