



News Release

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Willis Contributes to Major UK Government Report Highlighting Role of Catastrophe Modelling in Disaster Risk Reduction

London, UK, November 27, 2012 – Disaster risk reduction needs to learn from the transformation that the insurance industry has made over the past 30 years and move to a situation where the view of the future is firmly rooted in science-based risk models. This was a key message contained within a new UK Government Office of Science Foresight report entitled “[Reducing the Risks of Future Disasters: Priorities for Decision Makers](#)” published today.

Rowan Douglas, Chief Executive Officer of Willis Global Analytics and Chairman of the Willis Research Network, the academic and analysis arm of Willis Group Holdings (NYSE: WSH), joined a team of leading experts who contributed to the report, which provided recommendations for disaster risk reduction decision makers over the next ten years.

Today there are more people at risk from natural hazards, arising from disasters such as tsunamis, earthquakes or epidemics, particularly in developing countries, and this number will continue to rise over the next 30 years, claimed the report.

Led by the UK Government’s Chief Scientific Adviser, Sir John Beddington, the report stressed that disaster and death are not the inevitable consequences of greater exposures to these hazards. It is possible to stabilise disaster impacts, save lives and livelihoods. However, achieving this will require a change in culture and a new approach.

The report highlighted how new and emerging science can improve forecasting and assessments of future risks and provide better information on the efficacy of disaster risk reduction interventions. The insurance sector is seen as a leading example of progress in these areas.

For example, much more use could be made of reinsurance to address disaster risk in developing countries, noted the report, which also highlighted the Mexican Government’s national natural catastrophe insurance facility known as the FONDEN as a leading example of public and private sector collaboration.

“The insurance sector is one that has enthusiastically embraced modern methods of risk pricing which uses science for hazard anticipation. In some markets the insurance industry is a driving force for measuring exposure and vulnerability,” continued the report.

“Concerted action by organisations in the insurance sector to build risk models could open up new opportunities for insurance in developing markets, as well as demonstrating corporate responsibility.”

The role of (re)insurance in building up the financial resilience of communities was also highlighted. “Modern financial instruments can overcome the fundamental limitation of informal risk sharing: they can access much larger risk pools so that shocks which are covariant at the local level become idiosyncratic in the larger pool. For example, if reinsurance makes risk sharing effectively global then even a severe drought can be managed.”

Commented Douglas: “It has been a privilege to serve on the lead expert group for this report and see how the insurance sector has been providing leadership in the development and deployment of risk modelling techniques. It is exciting to explore how these approaches can be mainstreamed – via public/private sector collaboration – into the wider disaster risk reduction effort to form a basis for more extensive (re)insurance interventions in developing countries.”

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.

About Willis Research Network

The Willis Research Network is the world's largest collaboration between public science and the finance and insurance sectors. Some 50 universities and public science institutions across the globe collaborate with Willis and the wider industry to confront the challenges of managing risk and delivering resilience within environmental systems, financial markets and public policy.

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