



News Release

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Property/Casualty Insurance Rates Edging Higher: Willis

Report Examines Key Claim Trends

Broker Updates 2013 Marketplace Forecast for North American Insurance Buyers

NEW YORK, April 10, 2013 – Willis Group Holdings plc (NYSE: WSH), the global risk advisor and insurance broker, expects commercial insurance buyers to experience moderate upward pressure on rates through the remainder of 2013. The range of anticipated increases is moving slightly higher for most key product lines, although commercial Property rates for non-catastrophe (CAT) exposed risks and some specialty lines may see slight reductions, according to Willis' 2013 *Marketplace Realities* report. The update to the annual report, [published today](#), serves as a guide for North American insurance buyers preparing for upcoming 2013-14 insurance program renewals and coincides with the Risk & Insurance Management Society's Annual Conference in Los Angeles April 21-24.

In the commercial Casualty lines, the top end of expected increases edged up from 7.5% to 10% since the 2013 issue of the publication was released last fall. For commercial Property insurance, price expectations for CAT-exposed programs shifted from flat renewals to slight increases. For Non-CAT risk programs, the expected price movement changed from decreases ranging from -5% to -10% to rates remaining flat or falling by up to -5%. The report notes, however, that Property programs impacted by Superstorm Sandy can expect a complicated renewal process including restructuring of the Flood language in their policies.

The specialty lines present a complex picture, with a combination of price increases and decreases across product lines. Willis expects rate declines in the Aviation, Health Care Professional, Political Risks and Surety coverage lines. Meanwhile, rate increases can be expected in the Fidelity/Crime, Kidnap & Ransom, Terrorism and Trade Credit lines. Willis experts anticipate a mix of price increases and decreases in the Energy, Environmental and Marine sectors.

In the employee benefits space, employers remain focused on elements of the health care reform law that will go into effect in the next few years, particularly the pay or play excise tax. Rate increase estimates for 2013 remain at 8%-10%, as insurers pass down the cost of compliance, even as organizations take aggressive steps to stem rising costs through wellness programs and other initiatives.

In introductory remarks, Eric Joost, Chief Executive of Willis North America Specialties and Senior Editor of *Marketplace Realities*, discusses claim trends, which are generally more complex and volatile than the fairly predictable insurance marketplace. While claim trends may have a mostly cumulative impact on the insurance marketplace, they are a critical factor in an organization’s total cost of risk. Summarizing input from claim experts across Willis North America, Joost writes, “Joe Picone, our Chief Claim Officer, sees rising costs but declining claim frequency in Workers’ Compensation. Our Property claim leader, Dave Passman, notes a growing use of lawyers and consultants in claim resolution, and at the same time increases in advance payments on claims. Likewise in the D&O space, our claim expert Ken Ross identifies forces leaning opposite ways: some claim trends are rising while overall claim frequency seems to be falling.”

The introduction includes claim trend highlights in six lines of insurance. “Claims are why we are here,” Joost explains. “Claims provide the resilience that is the ultimate reason for buying insurance.”

The 2013 edition of the annual publication is subtitled “A Group of One,” emphasizing the shift toward customization in the marketplace and the need to focus on the specifics of each risk and loss. The *Marketplace Realities* series, which is published in the fall and 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	<i>Non-CAT Risks:</i> -5% to flat <i>CAT-Exposed Risks:</i> Flat to +5%
Casualty	<i>General Liability:</i> +2% to +10% <i>Workers’ Comp:</i> +2.5% to +10%; up to +20% in CA <i>Auto:</i> +2% to +10%
Executive Risks	<i>Directors & Officers:</i> Flat to +10% <i>Errors & Omissions:</i> 0 to +3% or more for programs with good loss experience; +10 to +25% for programs with poor loss experience <i>Employment Practices Liability:</i> Flat to +10% <i>Fiduciary:</i> Flat to +15%

Cyber	-2% to +5%; 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/. To view a video interview with Eric Joost, [click here](#).

About Willis

Willis Group Holdings plc is a leading global risk advisor, insurance and reinsurance broker. With roots dating to 1828, Willis operates today on every continent with more than 17,000 employees in over 400 offices. Willis offers its clients superior expertise, teamwork, innovation and market-leading products and professional services in risk management and transfer. Our experts rank among the world's leading authorities on analytics, modelling and mitigation strategies at the intersection of global commerce and extreme events. Find more information at our website, www.willis.com, our leadership journal, [Resilience](#), or our up-to-the-minute blog on breaking news, [WillisWire](#). Across geographies, industries and specialisms, Willis provides its local and multinational clients with resilience for a risky world.

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