

Ongoing market pressures impact declining results in H1 2017

LONDON, 6 September 2017 — Challenging market conditions saw shareholders' funds in the Willis Reinsurance Index* total USD 348.2B at HY 2017, a 1.2% increase from USD 344.1 billion at year-end 2016. The aggregate net income of USD 8.3 billion was exceeded by the dividends and share buybacks which totaled USD 10.8 Billion for the period. These are the findings of the latest [Reinsurance Market Report](#) from Willis Re, the reinsurance business of leading global advisory, broking and solutions company Willis Towers Watson (NASDAQ: WLTW).

Due to ongoing market pressures there was a reduction in the aggregate net income for HY 2017 to USD 8.3 billion from USD 14.5 billion at HY 2016. This resulted in an increase in combined ratios for the Index to 95%, up from 94.1% in HY 2016, and a reduction in investment yields to 2.8% from 3.1%. A significant reduction in both natural and man-made catastrophe losses, along with continued substantial support from reserve releases were not sufficient to offset the increase in the reported combined ratios.

The aggregate Return of Equity (RoE) for the Index reduced to 4.6% from 8.3% at HY 2016, largely due to the accounting of a significant adverse development cover written by National Indemnity. Excluding National Indemnity, on a like for like basis the remaining Index constituents returned an aggregate RoE of 7.8% (HY 2016: 8.7%).

For the Subset** of companies within the Index the ROEs, adjusted for prior year reserve releases and normalised catastrophe losses, showed a further deterioration to 3.7% from 4.5% in HY 2016.

John Cavanagh, Global CEO of Willis Re, said: "Ongoing market pressures are undoubtedly manifesting themselves in a diminishing underlying return on equity and further impacting reduced net incomes. This deterioration is further weakening the global reinsurance industry's performance. However, despite these challenging conditions shareholders' funds have strengthened, maintaining robust balance sheets across the market."

Download the full report: [The Willis Re Reinsurance Market Report Half Year 2017](#) is a biannual publication providing in-depth analysis of the size and performance of the reinsurance market. Analysis is based on the Willis Reinsurance Index* group of companies. In 2017 the Index* includes 36 companies from across the globe and the Subset** 23 companies.

* Index relates to those companies listed within Appendix 1 of this report.

** Subset is defined as those companies that make the relevant disclosure in relation to cat losses and prior year reserve releases. All constituents of the SUBSET are publicly listed groups that comprise 56% of the aggregate capital INDEX

ABOUT WILLIS RE

One of the world's leading reinsurance brokers, Willis Re is known for its world-class analytics capabilities, which it combines with its reinsurance expertise in a seamless, integrated offering that can help clients increase the value of their businesses. Willis Re

Press
Release

serves the risk management and risk transfer needs of a diverse, global client base that includes all of the world's top insurance and reinsurance carriers as well as national catastrophe schemes in many countries around the world. The broker's global team of experts offers services and advice that can help clients make better reinsurance decisions and negotiate optimum terms. For more information, visit willisre.com

ABOUT WILLIS TOWERS WATSON

Willis Towers Watson (NASDAQ:WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com

CONTACT

MEDIA

Annie Roberts: +44 20 3124 7080 | Annie.Roberts@willistowerswatson.com

INVESTORS

Aida Sukys: +1 703 258 8033 | Aida.Sukys@willistowerswatson.com