

# News Release

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## **Willis: Houston Energy Hub is Now Home to 50% of the World's Downstream Insurance Capacity**

**Houston, TX, February 16, 2007** – With nearly US\$1 billion of commercial market capacity for downstream risks, representing approximately 50% of the total realistic amount available worldwide, Houston is emerging as a major center for downstream insurance. The unprecedented growth in capacity is being fuelled by increased windstorm capabilities. This was revealed yesterday by Willis Group Holdings (NYSE: WSH), the global insurance broker, at the inaugural Downstream Energy Seminar in Houston.

Delegates from the Houston downstream risk management community gathered to hear three leading Willis experts outline exciting new developments in the market. One of the key themes emanating from the seminar was that there are now real opportunities for buyers to secure improved terms from this market in 2007, as long as they are properly prepared and produce detailed underwriting submissions.

**Kevin Sparks, Senior Vice President, Willis Global Energy**, explained how the Houston market had developed a healthier appetite for business during 2006. "There are now signs that insurance capacity for Gulf of Mexico downstream windstorm risks in 2007 may see dramatic increases from just US\$300 million in 2006," he said. Sparks also stressed that in order for optimum terms to be secured, buyers should provide additional information including details relating to construction quality, their contingency plans for shut-down/re-start of the processing units and the need for a thorough risk identification process.

**David Turner, Chief Executive, Willis Construction Risks** in London, outlined the elements involved in the formation of a successful construction market approach. He commented that, "planning and scheduling the different stages of the approach is very important. Buyers need to come up with a detailed breakdown of project costs as well as relevant information relating to the layout and general condition of the site." Turner went on to say that the current issues that insurers are focussing on include the development of larger, more costly projects, the need to demonstrate tried and tested technology, the availability of EPC expertise and the importance of an accurate PML assessment.

**Bob Gefers, Senior Vice President, Willis Global Energy**, concluded the presentations by explaining why the recovery and ultimate survival of troubled industry mutual Oil Insurance Limited (OIL) was in the interests of the downstream energy industry. "Following a review of OIL's history and recent developments, we believe that the industry mutual still provides significant capacity for downstream

risks. OIL's existence offers enhanced opportunities for buyers and their brokers to develop innovative risk transfer programs," Gefers said. "It is vital for buyers to discuss their OIL strategy well before their program renewal in order for them to make the most of their OIL membership in relation to new opportunities in the commercial market."

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Note to Editor:

[Click here](#) to read "Changing Priorities" - the latest Willis Energy Market Review.