

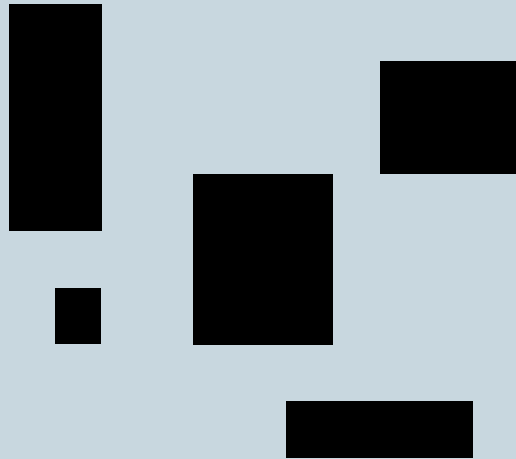
Willis Re press conference

Monte Carlo 2017



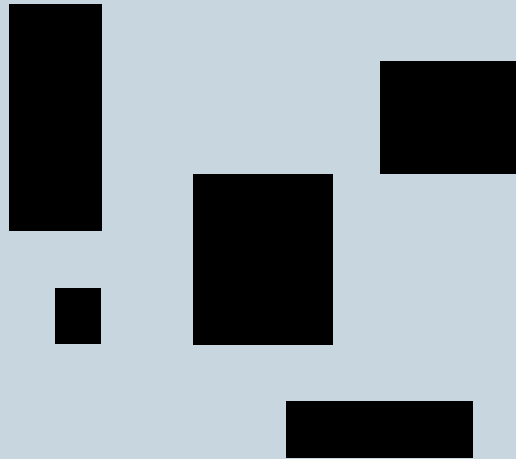
John Cavanagh

Global CEO, Willis Re



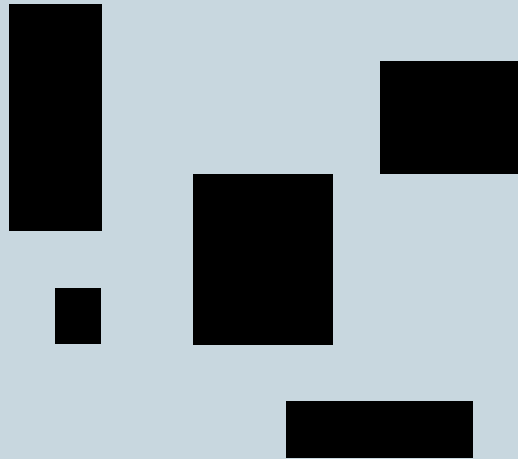
John Haley

CEO, Willis Towers Watson



James Kent

Deputy Global CEO, Willis Re



Landscape

Internal

- Miller/SurePoint acquisitions successfully bedded in
- Towers Watson integration a game changer
- OIP work complete
- Succession at CEO level



External

- Prolonged soft markets but capital at all time-high for reinsurers
- M&A activity high
- Evolution of alternative capital
- Increased demand for strategic advice
- Low interest rates
- Embryonic lines: Cyber, Mortgage, Life, Insurtech



Specific NA Hurricane Commentary

- Hurricane Harvey
 - An unusually complex cat event due to sheer level of flooding from rain
 - Before landfall, 'Live Cat' was active at triggers between \$7.5B and \$15B
 - Post event modelling suggests actual wind loss <\$2B; flood will be a much larger component
 - Key contributors to flood loss will emerge from Auto, Commercial, Cargo/Inland Marine
 - Early market commentary suggests NFIP could exceed Sandy
 - Combination of i) low insurance penetration for flood and ii) significant net retention in Auto & Commercial will drive majority of loss away from reinsurance
 - Too early to forecast loss but we expect delegated underwriting authority business to produce oversized loss relative to share of market premium
 - Some reinsurance accounts have been impacted (regional, super regional)
 - Business interruption and the tort system of TX market will add to complexity
 - Some Tor/Hail losses in prior years experienced extensive development due to lawyers re-opening claims via courts favouring policyholders
 - Likely to be a 'long-tail' cat recovery with the potential to creep in the same way EQ losses have done

Specific NA Hurricane Commentary, cont.

- Hurricane Irma
 - A very different storm to Harvey being faster moving and with much greater wind speeds
 - Live cat trading prior to event has been limited
 - Devastating impact in the Leeward Islands
 - High take-up of insurance with insurers reliant on reinsurance
 - French government has declared the loss will be ceded to CCR
 - Major commercial areas in Puerto Rico and Dominican Republic largely avoided the storm
 - Only making US landfall this morning (EST) so variance around loss estimates likely to vary significantly for next few days
 - Point of landfall favourable from expected track 2 days ago
 - FL is most heavily reinsured region and reinsurers pick-up losses from a relatively low base
 - ***If major loss happens***, the reinsured loss will be inflated by aggregate covers paying immediately after exhaustion of retention from prior events
 - ILS a major player in the FL reinsurance market but also largest PML for most cat reinsurers

Specific NA Hurricane Commentary, cont.

- Market dynamics in 2017 very different from 1986 and 2002
 - A highly regulated and disciplined reinsurance market with current capital at record levels
 - Majority of cat business now placed with A+ reinsurers or collateral
 - ILS capital has the fluidity to move very quickly post-event
 - While reserves releases have slowed, we are not seeing broad reserve strengthening as we did in aforementioned prior soft markets
- Clients approach with reinsurers has been to establish comprehensive partnerships seeking long-term stability
 - Expectations that long-term view provides continuity and longevity
 - Diversification across many reinsurance placements supports wider partnership
- Key is how market reacts after a major event
 - Correction in 2006 led to higher attachments on many accounts as well as period of ILS capital establishing strong foothold in US property cat
- Reinsurance is a proven capital management tool

An Evolving Intermediary

- Growing in a soft market
 - Investment in people, analytics, new regions, new business lines
 - A transforming business model enhanced by WTW joint offering
 - Particularly resonates with regional, specialty and life insurers
 - Accessing new forms of capital and sources of risk

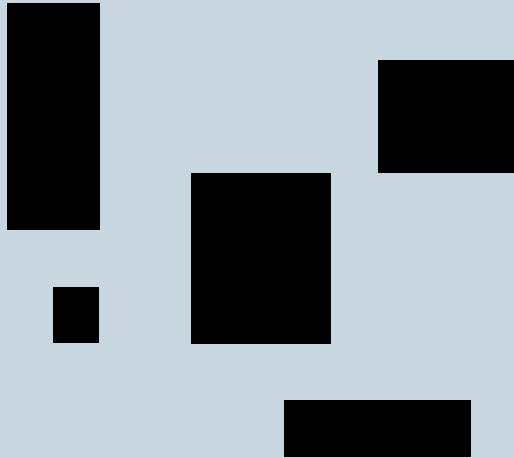
We aspire to be the professional services provider of choice across the risk/capital spectrum

Continue to broaden our fundamental value proposition utilising the entirety of the WTW product offering

Diversity of portfolio (product & geography) increases probability of significant profitable growth

Alice Underwood

Global Leader, Insurance Consulting and technology



Insurance Consulting and Technology



We live insurance

Willis Towers Watson Insurance Consulting and Technology

Insurance



...our client focus

Consulting



...strategic and analytical expertise plus deep local and global knowledge of the insurance industry

Technology



...software and solutions that span the insurance value chain

**Together with our clients, innovating and transforming
the business of insurance**

Partnering with re/insurers on their business priorities



Strategy & Growth

- Assess relative benefits of alternative strategies, e.g.
 - Organic vs. acquisition
 - New regions or products
 - Distribution channels
- Deployment and execution of selected strategy



Risk & Capital Management

- Practical solutions to meet regulatory and reporting requirements and improve performance
- Industry-leading analytical expertise



Operational Efficiency

- Transform, streamline, and automate operational processes
- Connect legacy systems
- Reduce cost
- Enhance customer management
- Create competitive advantage



Technology

- Leading global provider of insurance technology solutions
- Software products and enterprise platforms for distribution, underwriting, pricing, claims, reserving, reporting, and financial and capital modeling workflows

Global reach, local knowledge and presence

Current topics of interest by region include...



Europe, Middle East, and Africa

- Reducing expense ratios through automation and industrialization
- Enhancing analytics, data and systems

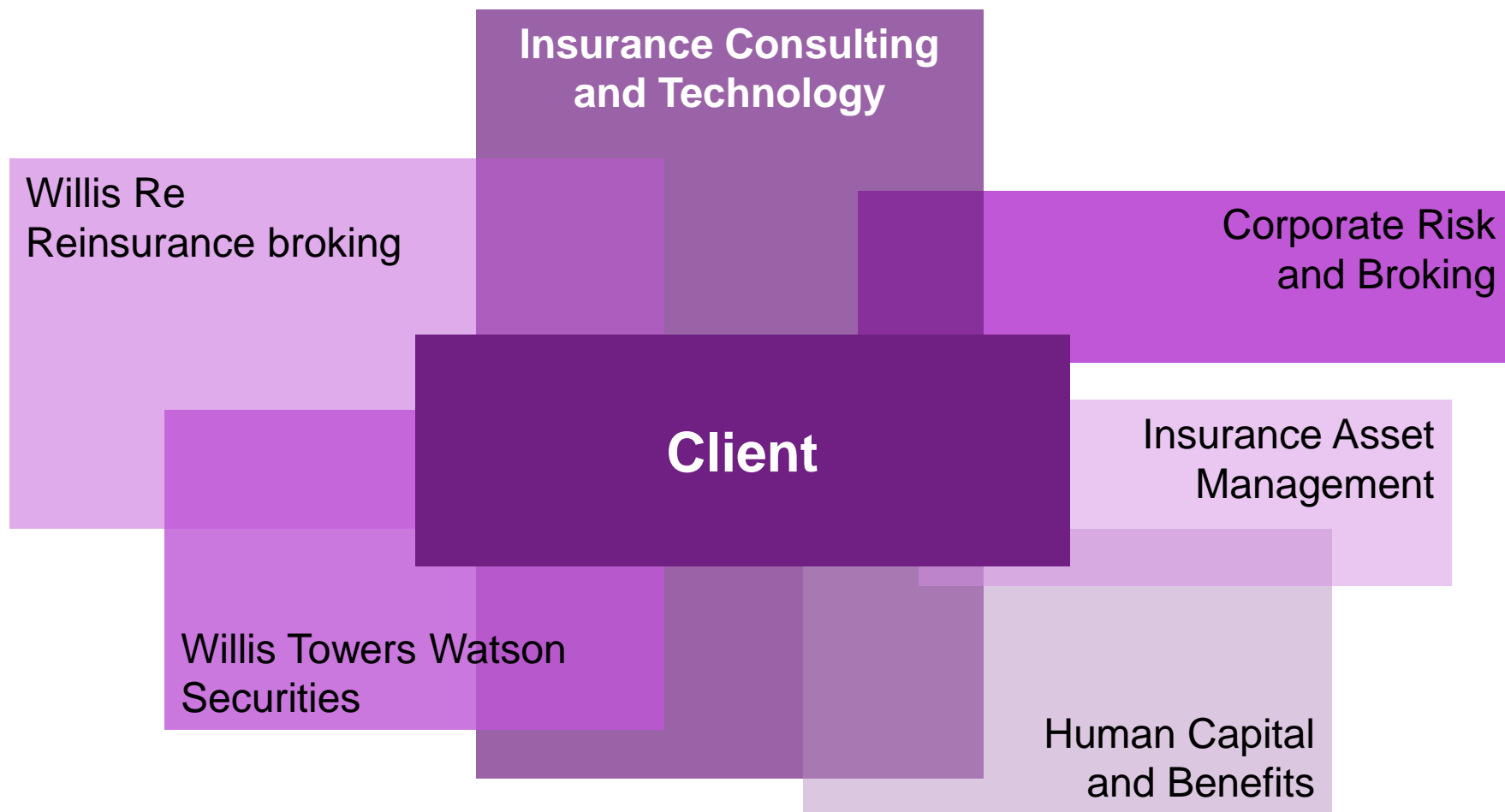
Americas

- Using technology to engage consumers
- Developing and industrializing advanced analytics solutions

Asia-Pacific

- Regulatory reform and detarification
- Market share / profitability focus of local players and MNCs

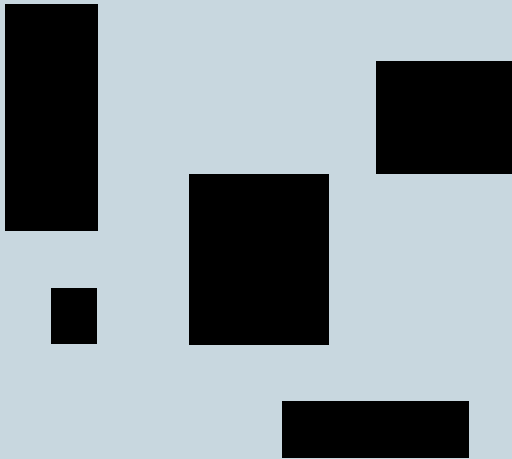
Services as integrated or as modular as you desire



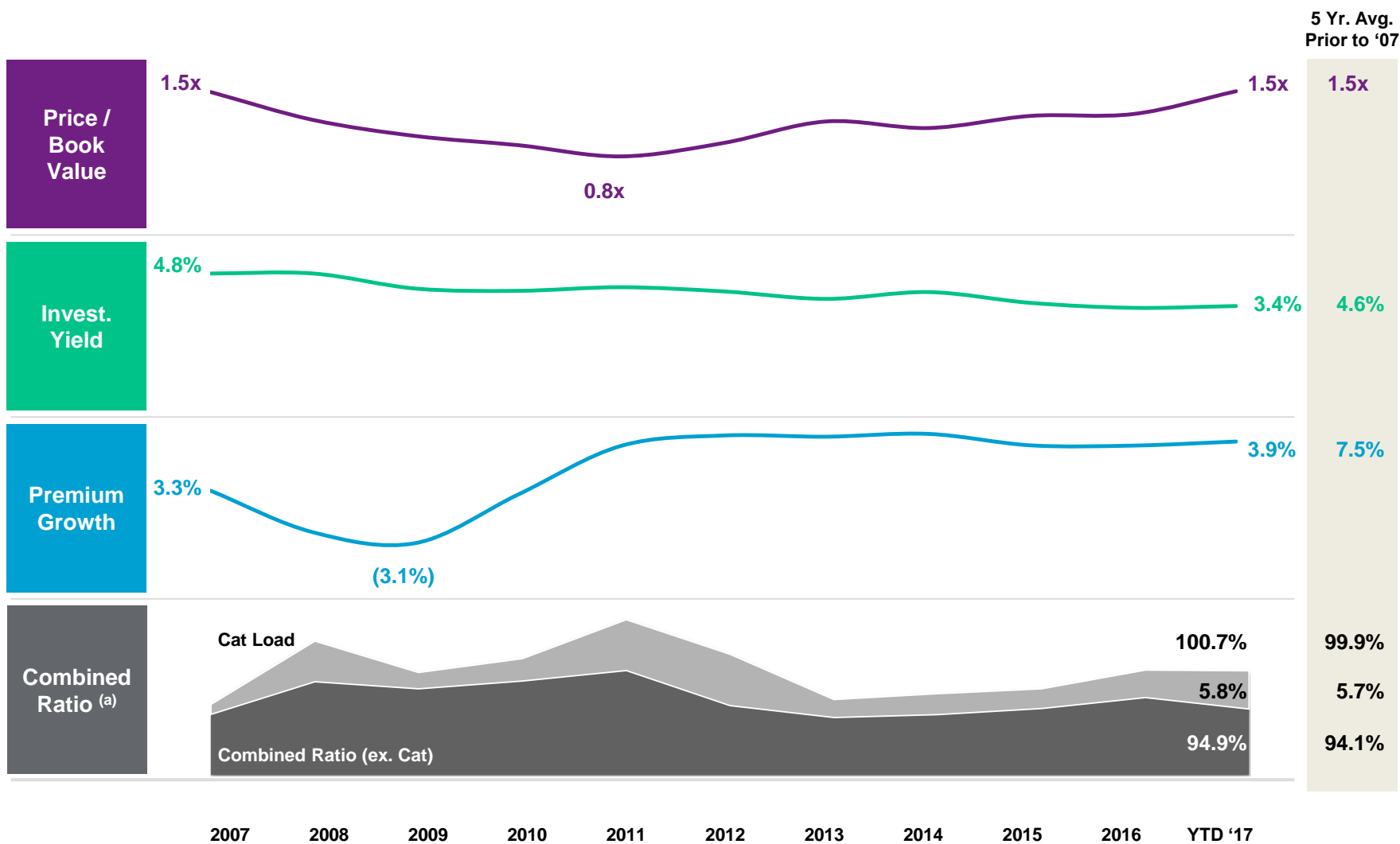
Rafal Walkiewicz

CEO, Willis Towers Watson Securities

(Re)insurance M&A Market Dynamics



Improving P&C Valuations are Not Supported by Fundamentals...













(a) Ex. cat loss ratio excludes U.S. catastrophe losses (+\$25 million per event).

Note: Public Market valuations for U.S. P&C companies only including commercial, specialty, personal, FL homeowners and Bermuda (re)insurers.

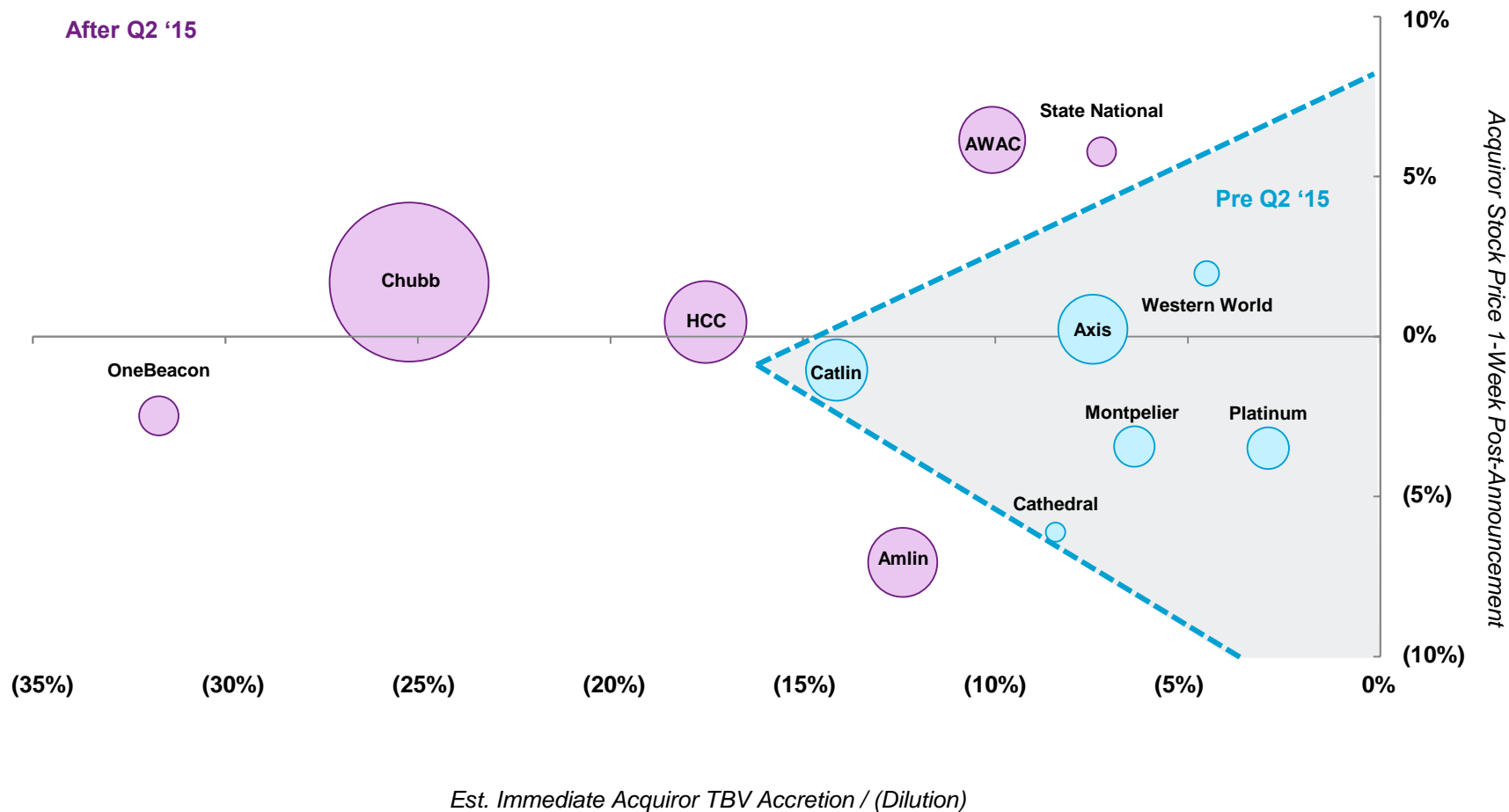
Source: SNL Financial and Insurance Information Institute.

...and M&A Transactions Price with Meaningful Premium...

Buyer / Target	 / 	 / 	 / 	 / 	 / 
Deal Value (\$mm)	\$490	\$4,200	\$287	\$604	\$919
Price / TBV	--	--	--	1.5x	3.2x
Price to EBITDA / Earnings	50.0x	12.2x	19.7x	22.1x ^(a)	18.1x ^(a)
Buyer Motivations	Technology	Capital Light with Scale	Capital Light with Growth	Scale	Modular Economy

(a) Represents purchase price to earnings per share.
Source: SNL Financial and industry news sources.

... As Investors Support More Aggressive Deal-Making



Source: SNL Financial, FactSet and Company filings.

Is Insurance Going to be Next Growth Driver of U.S. Economy?

Valuation Drivers:

Entry Multiple: 20x

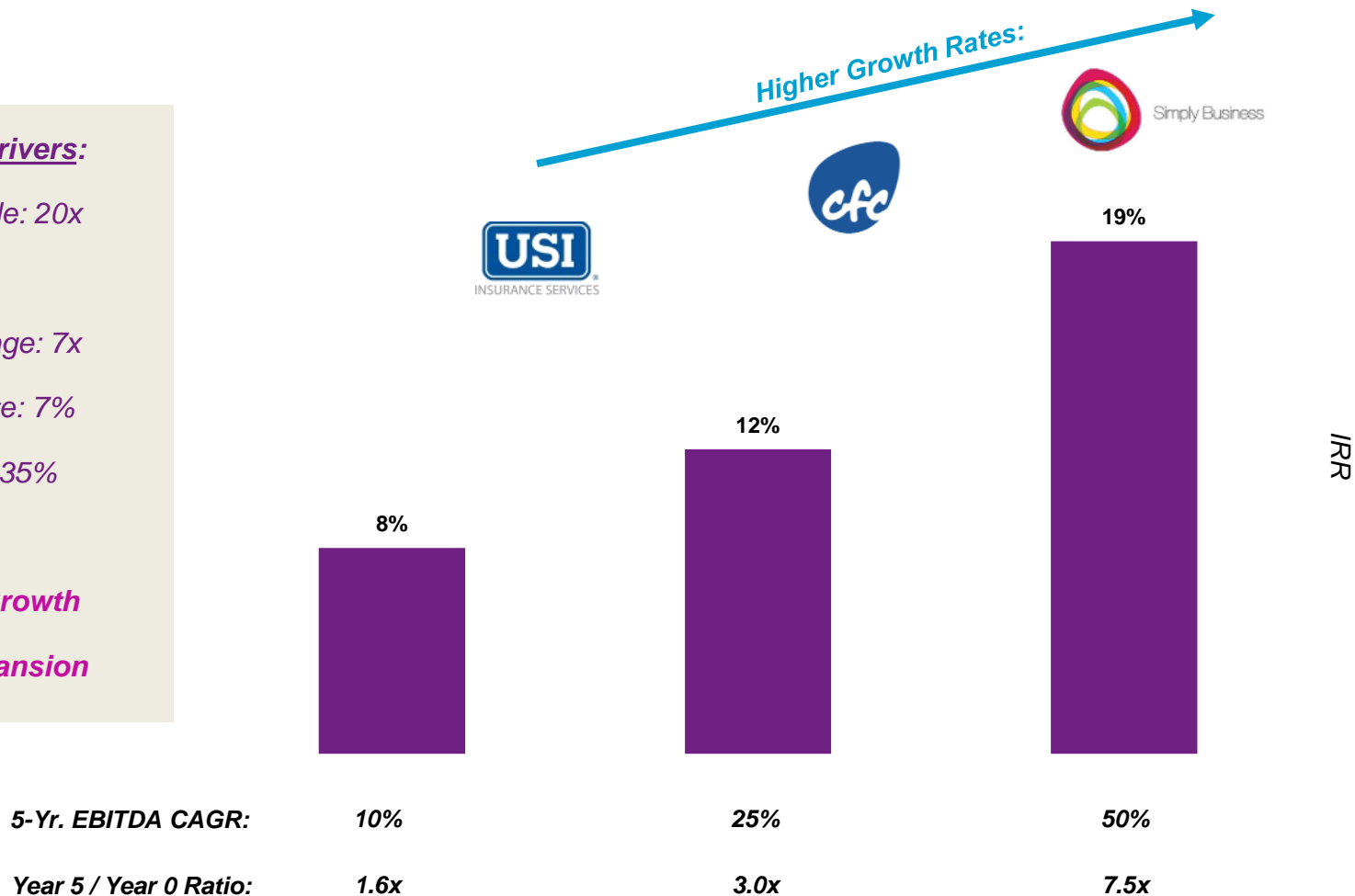
Debt Leverage: 7x

Interest Rate: 7%

Tax Rate: 35%

Premium Growth

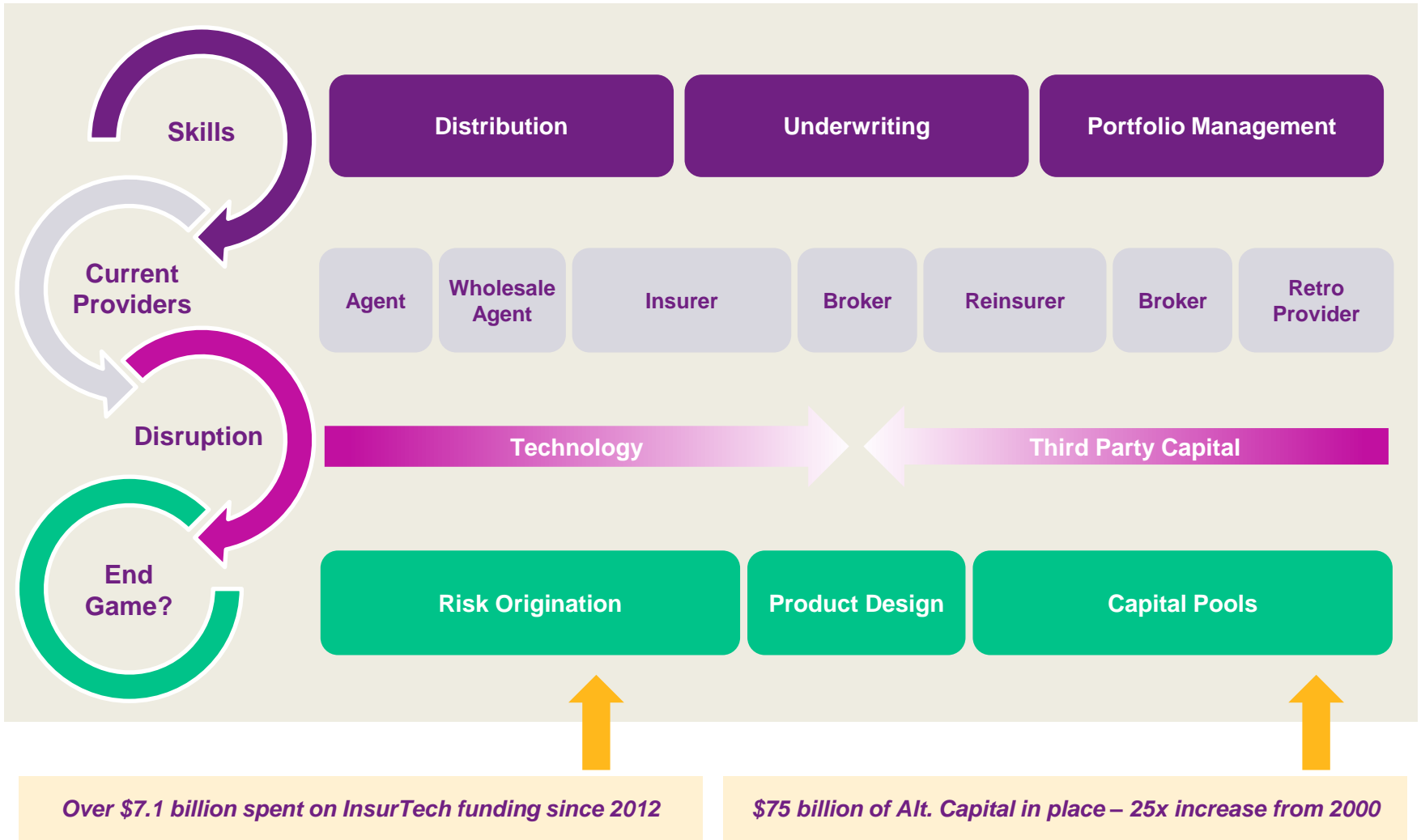
Margin Expansion



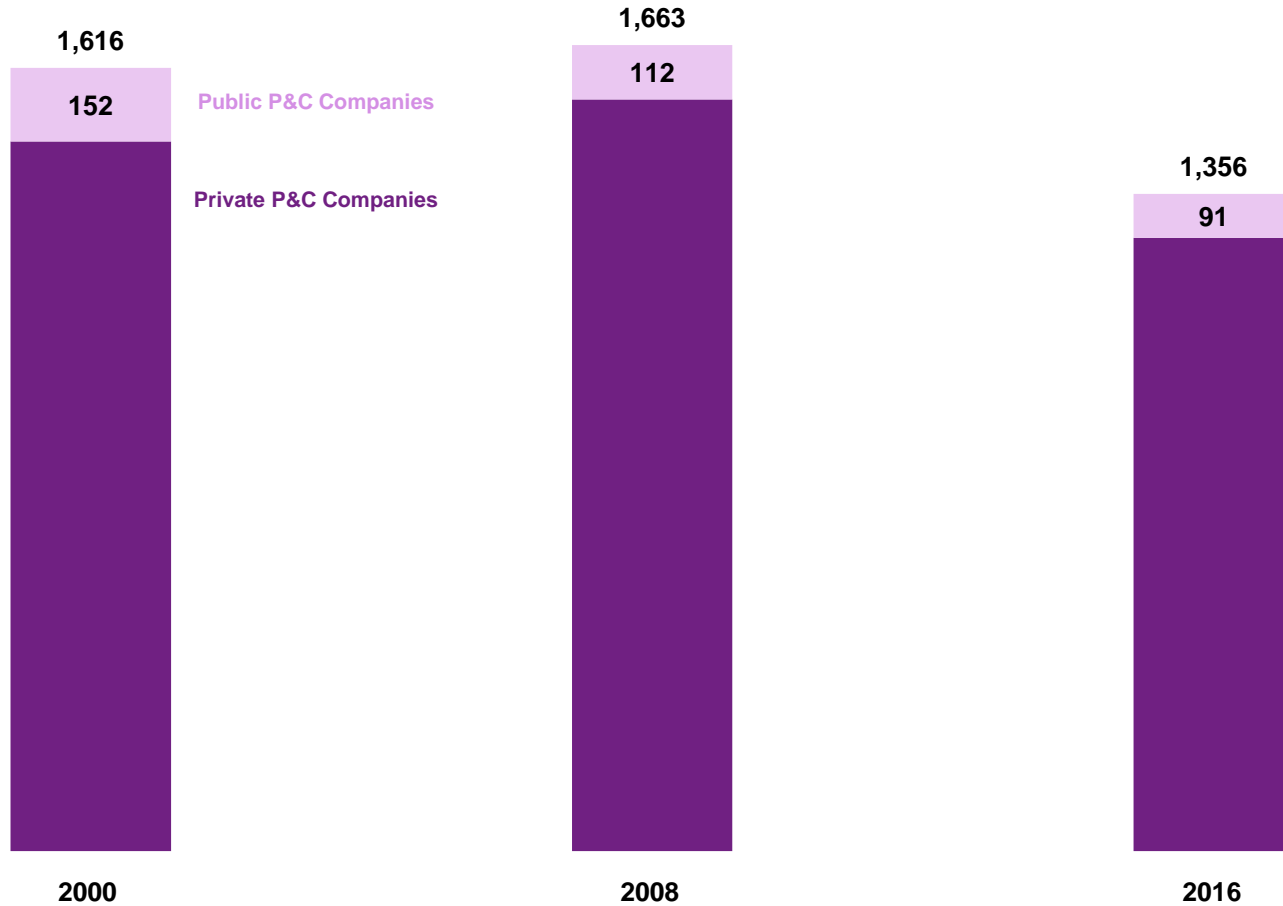
Is Insurance Going to be Next Growth Driver of U.S. Economy?

5 Fastest Growing Industries in the U.S.	Projected 5 Year Revenue Growth
Peer to Peer Lending	+35%
Medical Marijuana Stores	+38%
Cider Production	+38%
Telehealth Services	+50%
Motion Capture Software Developers	+65%

In Times of War Law Falls Silent



M&A Pressure will Further Increase due to Scarcity of Targets





Questions?

