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News Release

MARSH RESEARCH REVEALS DRAMATIC VARIANCE IN LIABILITY LIMITS PRICING ACROSS EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS INDUSTRY

LONDON, 23 November 2005 – New research by Marsh, the world's leading risk and insurance services firm, reveals a dramatic variance in the average price paid per million for liability cover across the European technology, media and telecommunications sector.

Marsh's research has found that over the past 12 months, the highest price paid per million is in the Netherlands, at €20,048, while the lowest price paid per million remains in the German market at €5,228, representing virtually no change from 2004's figure of €5,168. In Eastern Europe, the average price per million for 2005 ranked at €2,512, a massive drop from €10,991 in 2004.

Marsh's 'Technology and Telecommunications Industry Report', which is a component of the 'Liability Insurance Buyers Report Europe 2005', discusses liability data, trends and aspects of the technology, media and telecommunications industries that will be relevant to insurance buying and risk management strategies of companies in this sector. The data in this report is based on feedback from 128 companies in the industries across Europe.

Additional findings of the report include:

- Dutch companies purchased the highest average limits in 2005 (€63m) and also paid the highest price per thousand revenue (€), while Swedish firms purchased the lowest average limits (€6m).
- The five companies surveyed with revenues in excess of €10 billion purchased the highest average limits (though not the maximum for this industry sector) and paid the highest average price per million limits purchased.

- Despite paying the lowest average price per million limits, the smallest companies by revenue – those with revenues below €200million – paid the highest in terms of costs compared to revenue, at €0.46 per thousand, reflecting the impact of economies of scale.

Other highlights of the report include: the impact of rising liability exposures relating to intellectual property and professional indemnity; the risks associated with new business models; and new legislation and regulatory requirements:

- Intellectual Property Rights (IPR) infringement lawsuits are becoming more commonplace in the IT industry in Europe. Telecommunications, software, consumer electronics and semiconductor firms face a growing risk that their technologies and products will be legally challenged and found to be guilty of infringing another party's intellectual property.
- Corporate customers are tending to insist on Professional Indemnity (PI) cover in their contracts with IT service providers, to ensure that compensation is available if negligence occurs. Many smaller service providers remain underinsured and risk going out of business if they suffer claims.
- An important issue is whether service companies' errors and omissions (E&O) exposures are covered under their General Liability cover. Companies that contract in the US and have high exposures are resorting to stand-alone E&O programmes. European companies with US operations typically purchase around twice as much limits on average as those without US interests.
- Technology firms are finding it easier to obtain affordable Directors & Officers (D&O) cover compared to the recent past. The finances of the technology industry are on the mend following the earlier market downturn and insurers are more comfortable with the risks they are assuming.
- The Waste of Electrical and Electronic Equipment (WEEE) directive requires that manufacturers, retailers and importers of IT equipment are responsible for recovering, treating and recycling that equipment when it becomes waste.
- The Reduction of Hazardous Waste (RoHS) Directive comes into force July 2006 and requires that electronics products in the EU be free of lead and other hazardous materials such as mercury.

Commenting on the research, Fredrik Motzfeldt, European Leader of the Technology, Media and Telecommunications Practice at Marsh, said:

“Over the next 12 months, contract sizes are expected to increase, creating the need for additional limits; intellectual and patent disputes are likely to worsen; and consolidation across the technology and telecommunication sectors, as well as the emergence of new technologies in combination with existing ones, will continue to create entities and solutions that represent new and partly untested liability exposures.

“During this period, proactive companies that are able to retain a focus on managing risk can achieve significant discounts on premiums, and better negotiation on deductibles. As a consequence they can cope better with the volatility of the market and enjoy more sustainable prices.”

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Notes to editors

Marsh, the world's leading risk and insurance services firm, has nearly 30,000 employees and annual revenues exceeding \$5 billion. The firm provides advice and transactional capabilities to clients in over 100 countries. Marsh is a unit of Marsh & McLennan Companies (MMC), a global professional services firm with annual revenues exceeding \$12 billion. MMC is also the parent company of Guy Carpenter, the world's leading risk and reinsurance specialist; Kroll, the world's leading risk consulting company; Mercer, a major global provider of human resource and specialty consulting services; and Putnam Investments, one of the largest investment management companies in the United States. Approximately 60,000 employees provide analysis, advice, and transactional capabilities to clients in over 100 countries. Its stock (ticker symbol: MMC) is listed on the New York, Chicago, Pacific, and London stock exchanges. MMC's website address is www.mmc.com. Marsh's web site address is www.marsh.com

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