



**New York State
Insurance Department**

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NEW YORK STATE SETTLES PROBE OF WILLIS **Third-Largest Insurance Broker to Pay \$50 million and Adopt Reforms**

Attorney General Eliot Spitzer and Acting State Insurance Superintendent Howard Mills today announced an agreement to resolve concerns about fraud and anti-competitive practices by the nation's third largest insurance broker.

Under the agreement, Willis North America, Inc. will provide \$50 million for restitution to policyholders and is adopting a new business model designed to avoid conflicts of interest.

"Willis moved quickly to remedy its problems," said Attorney General Spitzer. "Its actions will help bring about greater transparency and accountability in the insurance industry. Willis Chairman Joseph Plumeri has demonstrated admirable leadership in spearheading Willis's response to the issues raised in our investigation and in implementing reforms at the company."

Acting Insurance Superintendent Mills said: "Willis has rightfully agreed to undertake a broad range of substantive business reforms which will benefit consumers by providing more disclosure to them about the services they are receiving. The corporate governance initiatives codified in the settlement will also ensure these changes are instituted appropriately."

The Attorney General's Office and Insurance Department began a joint investigation of Willis last spring as part of a broad investigation of "contingent commissions" and the steering of insurance contracts by insurance brokers.

The investigation revealed internal communications about efforts to maximize Willis's revenue and insurance companies' revenues without regard to the interest of clients. For example, in an October 2003 e-mail to Willis' regional marketing officers titled "Contingent Income Push," a senior Willis executive said: "I need you to drive this initiative - - I want to see you directing the flow of business to these companies" and then named the insurers with which Willis had contingent fee agreements.

The agreement with Willis is modeled after earlier agreements with Marsh & McLennan and Aon.

Among the reforms adopted by Willis is a new policy whereby the company will accept one payment only for an insurance contract at the time of placement, and that such payments will be fully disclosed to and approved by customers. Willis had begun to implement many reforms prior to the agreement announced today.

Willis N.A. is a division of Willis Group Holdings, a multinational financial services company based in New York.

The Attorney General's Office and Insurance Department continue a broad investigation of the insurance industry. To date, ten executives from four companies have pleaded guilty to criminal charges stemming from the probe.

The investigation underlying today's Assurance of Discontinuance was conducted by Assistant Attorneys General Mel Goldberg, Michael Berlin, Maria Filipakis, and Matthew Gaul under the direction of David D. Brown IV, Chief of the Attorney General's Investment Protection Bureau. Audrey Samers, Deputy Superintendent and General Counsel of the New York State Department of Insurance, and Jon Rothblatt, Principal Attorney, led the Insurance Department's investigation.