News From Aon

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For immediate release

Aon's Risk Survey shows marginal increases to premiums and higher expectations being placed on insurers

2010/11 Risk Survey indicates insurance premiums will continue to rise and cover may be restricted in some areas

Aon's 2010/11 Australasian Risk Management Benchmarking Survey highlights:

- Premiums increased between 1% and 4% in 2010
- Further increases are expected in 2011
- Higher expectations are being placed on insurers, with every choice factor rating higher
- QBE voted most respected insurer

Watch Steve Nevett, Chairman, Pacific Region, Aon Risk Solutions discussing trends affecting premiums and policy coverage

Sydney, 31 May, 2011 – Aon's *Australasian Risk Management Benchmarking Survey* has indicated that insurance premiums are not likely to decrease any time soon, with data from 446 organisations indicating that the price of insurance is expected to continue to rise in 2011.

Aon's ninth annual *Risk Survey* revealed that businesses experienced premium increases in 2010 of between 1% and 4%. The two highest increases were for 'motor vehicle', which rose an average of 4% and 'property – material damage', rising an average of 2.5%. The lowest premium increase was for 'professional indemnity', which decreased by 1%.

There was a perception that policy coverage remained largely unchanged across all lines in 2010, however respondents reported 'improved coverage' in 'fidelity guarantee/crime/bankers bond' and 'Directors' and Officers' liability'.

Looking at the anticipated change for 2011, respondents said the largest increases are expected to occur for 'motor vehicle' and 'Directors' and Officers' liability', an increase of 7.11% and 4.44% respectively. There is also a 4% increase predicted for 'property – material damage' and 'liability (public/products)'.

The series of natural disasters that occurred at the time of this survey and afterwards, are expected to continue to place pressure on insurance premiums in the region. Steve Nevett, Chairman, Pacific Region, Aon Risk Solutions explained the effect: "Over the past two years there have been a number of significant natural disasters in our region which will place continuing upward pressure on a market already on the brink of hardening. It is anticipated that coverage for flood and earthquake related losses may become more restricted in some areas.

"The costs associated with the loss of assets and the longer term effects from business interruption and supply chain disruption will further impact on the liquidity and profitability of many organisations," said Mr Nevett.

Higher expectations placed on insurers

Organisations appear to be placing higher expectations on insurers across the board, with every insurer choice factor rated higher than in 2009/10.

Mr Nevett explained: "Coverage quality and breadth remained the number one factor influencing insurer choice followed by price competitiveness, which is possibly due to the anticipated hardening of the market and increasing liquidity concerns.

"Price, dependability and credit rating as determinants of choice, ranked slightly higher on average among companies with revenues over $1 billion. Companies of less than $100 million revenue, were more likely to rate 'coverage quality and breadth' more highly," said Mr Nevett.

QBE most respected insurer

Once again respondents ranked QBE as the most respected insurer, with the brand continuing to build on its solid reputation. Allianz was the most improved moving up the rankings from eighth position to fifth position over the 12 month period. Chubb and Zurich also performed well, improving their ranking by two places.

For organisations with revenues over $1 billion, Zurich overtook QBE to become the top insurer for the segment.

For companies with revenues of between $100 million to $1 billion, QBE held the lead with CGU showing the biggest increase moving up six places to third position, while Zurich rose four places to forth position.

QBE also retained the number one spot in the less than $100 million category. Chubb moved into the number two position, while Zurich moved up five places into fourth position.

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About the 2010/11 Australasian Risk Management Benchmarking Survey
Aon's Australasian Risk Management Benchmarking Survey is based on risk management information sourced from 446 major Australian and New Zealand corporate and public sector organisations. The respondents were from public, private and not-for-profit sectors, and from a wide range of industries and revenue sizes. It tracks the top 20 risk concerns and measures the costs incurred in delivering a risk management strategy. It is now in its ninth year.

Aon Australia developed this survey to help professionals working in risk management assess how their organisation manages risk compared to others and to help them measure the costs incurred in the delivery of a risk management strategy. It can also help executives identify practices and approaches that may improve the effectiveness of their own strategies.

Participant and readership feedback suggests that it is an invaluable reference tool for senior level decision makers such as CEOs, CFOs and Risk Managers. Business leaders are recognising the value in calculating their Total Cost of Insurable Risk (TCOIR) and the cost benefits of a structured risk management approach.

About Aon

Aon Corporation (NYSE:AON) is the leading global provider of risk management services, insurance and reinsurance brokerage, and human resources solutions and outsourcing. Through its more than 59,000 colleagues worldwide, Aon unites to deliver distinctive client value via innovative and effective risk management and workforce productivity solutions. Aon's industry-leading global resources and technical expertise are delivered locally in over 120 countries. Named the world's best broker by Euromoney magazine's 2008, 2009 and 2010 Insurance Survey, Aon also ranked highest on Business Insurance's listing of the world's insurance brokers based on commercial retail, wholesale, reinsurance and personal lines brokerage revenues in 2008 and 2009. A.M. Best deemed Aon the number one insurance broker based on revenues in 2007, 2008 and 2009, and Aon was voted best insurance intermediary 2007-2010, best reinsurance intermediary 2006-2010, best captives manager 2009-2010, and best employee benefits consulting firm 2007-2009 by the readers of Business Insurance. Visit http://www.aon.com for more information on Aon and http://www.aon.com/manchesterunited to learn about Aon's global partnership and shirt sponsorship with Manchester United.