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PRESS RELEASE

JLT Releases 2006 Global Terrorism Ranking

*India and Russia Ranked Higher than Afghanistan,
US makes list of Top 50 Highest Risk Countries*

New York, USA, December 8, 2005 - JLT released its **Global Terrorism Risk Ratings** ranking the 50 riskiest countries in which to do business in 2006. India and Russia, two of the most popular destinations for foreign direct investments (FDI) in 2005, came in second and third, respectively, right behind Iraq and before Afghanistan. The top ten also included other popular FDI destinations such as Indonesia, the Philippines and Turkey, which all ranked higher than Afghanistan. The United States made the top 50, coming in at 41.

Dr. Michel Léonard, JLT Emerging Markets Chief Economist said: "These ratings, which use economic and political intelligence and historical loss data, remind companies to look beyond headlines and assess their exposures in large FDI destinations and not just those that have a long history of terrorism."

He added: "India attracted more than US\$5.5 billion in foreign direct investment in 2004-05, an increase of 18%. However, the number of terrorist attacks in India is among the highest in the world even if we exclude incidents in the troubled Kashmir region and we do not see this situation improving in the short or the medium term. Similarly, the Philippines experienced high numbers both in terms of frequency and severity of attacks for more than five years, affecting companies in both rural and urban areas."

John Minor, President of JLT Emerging Markets commented: "Many companies suffer from a false sense of security due to a strong disconnect between perceived and actual risk and what's covered under their existing policies."

While industry statistics show that nearly twice as many companies buy terrorism coverage today than they did in 2001, a review of the riskiest countries on **JLT's 2006 Global Terrorism Ratings** and the type of terrorism coverage bought in the US reveals three major areas of concern for companies: lack of coverage against terrorism in the highest risk countries, lack of

protection against terrorism related trade disruption, and exceptions about what qualifies as terrorism under existing policies.

JLT estimates that these three main gaps in coverage could result in uninsured losses totaling US\$130 billion for US businesses in the event of a large scale attack. While the threat of terrorism outside the US is ten times greater than in the US, only 10% of US companies buy standalone coverage against terrorism overseas. In addition, the Terrorism Reinsurance Act (TRIA), currently does not protect US companies against terrorism attacks abroad. Similarly, while trade disruption losses make up 60% of losses as a result of a terrorist attack, only 1% of companies buy such coverage.

"To get a sense of exposure, assuming another attack on the scale of September 11, US companies could face up to US\$50 billion in uncovered trade disruption losses in the US and up to US\$80 billion in uncovered property losses abroad," said Dr. Léonard.

Mr. Minor adds: "One of the challenges in modeling terrorism losses and probabilities is defining the risk event. When analyzing terrorism risks, some analysts do not distinguish between acts of terrorists and other forms of political violence, such as civil disobedience, civil commotion and insurrection. Distinguishing between such events would be entirely academic if not for the fact that terrorism policies have strict definitions and leave out civil commotion, riots, and even specific forms of terrorism such as extortion and acts of sabotage. Coverage currently available through TRIA, for instance, does not cover acts committed by domestic terrorists, such as the Oklahoma City bombers.

"When reviewing a company's exposure to terrorism both in the US and abroad, such distinctions are critical to identifying the right type of coverage," says Mr. Minor. In Ecuador, Guatemala and Bolivia, for instance, JLT rates the risk of civil commotion much higher than terrorism risk, so buying a standard terrorism policy covering local operations there would not provide the cover required. JLT's **2006 Global Terrorism Ratings** and **Terrorism Risk Profiler** are designed to help companies differentiate and prioritize these risks, making it easier to identify which coverage is best suited for specific risk environments.

Another challenge in analyzing terrorism risks is assessing the total financial impact on a company's business globally, according to Mr. Minor. "Most companies tend to focus on brick and mortar exposures when analyzing terrorism risks, and yet the financial impact of a terrorist incident that cuts off a key supplier or customer could be far more significant than a terrorist attack on the company's manufacturing plant." Moreover, the threat of terrorism is not limited to

the risk of a direct hit on the company's own assets or that of its key supplier or customer; the threat of a terrorist incident in the vicinity of the company's normal trading routes could be enough to cause a serious disruption to the company's business.

Mr. Minor added: "A growing number of risk managers and their boards, responding to compliance issues related to Sarbanes Oxley, are moving beyond news headlines and looking at terrorism not just as a domestic and property issue, but also in terms of emerging markets and supply chain issues, especially companies outsourcing to India or China. With close to US\$130 billion in uninsured exposure, the issue clearly has balance sheet implications."

Giving her comments from an Asian perspective, Melissa Chai, Regional Director of JLT Asia's Capital Risk practice said: "Whilst this is a study that focused on US companies, Asian companies should also find the results of interest. Asian companies are fast becoming drivers of FDI in this region and political risks increasingly influence investment decisions. Unfortunately, in many instances, familiarity results in a false sense of security amongst these companies. The ranking certainly tells a different story - five out of the top ten riskiest countries are in Asia."

JLT Terrorism Ratings

JLT's Global Terrorism Risk Ratings provide risk managers a systematic assessment of the risks facing their operations both in the US and abroad. The ratings take into account a variety of qualitative and quantitative factors such as frequency, severity, multi-year trends, footprints across regions, and ideological and political fragmentation, and provide a forward-looking assessment of corporate losses.

JLT Emerging Markets rates terrorism risk as part of its Global Political and Economic Risk Ratings that assess 12 different risk categories, including war, insurrection, terrorism and supply chain disruption, based on historical loss data and analysis of country risk information from a variety of sources.

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JLT 2006 Global Terrorism Ranking	
Rank	Country
1	Iraq
2	India
3	Russia
4	Israel
5	Nepal
6	Pakistan
7	Colombia
8	Indonesia
9	Philippines
10	Turkey
11	Bangladesh
12	Afghanistan
13	Thailand
14	Sri Lanka
15	West Bank (Palestine)
16	Algeria
17	Egypt
18	Yemen
19	Lebanon
20	Eritrea
21	Jordan
22	Chad
23	Timor Leste
24	Zimbabwe
25	Spain
26	Saudi Arabia
27	Sierra Leone
28	Uganda
29	Angola
30	Nigeria
31	Kenya
32	UK
33	Burma (Myanmar)
34	Peru
35	Ethiopia
36	Uzbekistan
37	Sudan
38	Somalia
39	China (PRC)
40	Venezuela
41	USA
42	France
43	Honduras
44	Madagascar
45	Georgia
46	Ukraine
47	Serbia and Montenegro
48	Haiti
49	Kuwait
50	Gambia

NOTES TO EDITORS:

JLT's terrorism specialists will be available for individual interviews via conference calls or emails.

About Jardine Lloyd Thompson LLC

Jardine Lloyd Thompson LLC (www.jltusa.com) is a leading risk management adviser and retail brokerage operation specialising in financial risk solutions including terrorism and political risk in the US and Emerging Markets. It is the US subsidiary of the Jardine Lloyd Thompson Group plc (www.jltgroup.com), a leading insurance and reinsurance broker, risk management advisory and provider of employee benefits administration services. Traded on the London Stock Exchange (FTSE: JLT), JLT Group is the sixth largest firm of its type in the world with more than 5,000 employees in 100 offices across 30 countries.

About Jardine Lloyd Thompson Asia

Jardine Lloyd Thompson (JLT) Asia, a wholly owned subsidiary of the Jardine Lloyd Thompson Group plc, is a market leader in insurance & reinsurance broking, risk management and corporate consultancy services. Employing 500 industry professionals across 12 major locations in Asia, JLT Asia's technical abilities and knowledge span a wide range of specialist areas: Captives, Claims Consultancy, Construction, Corporate Risks, Energy & Industry Risks, Employee Benefits, Financial Solutions, Marine (Cargo and Hull P&I), Reinsurance and Risk Management.

Our team of specialists are renowned for their innovative approach to developing integrated insurance, reinsurance and alternative risk transfer solutions. Integrity is a hallmark of the JLT organisation. We believe that our quality and compliance regimes are among the most thorough in the industry.

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