

# MARSH

## Media release

### **MARSH CEO URGES WORLD'S NATIONAL OIL COMPANIES TO ADDRESS RISKS**

DUBAI, February 27, 2007 – As the national oil companies and their control of at least 80 percent of the world's known oil reserves continue to grow in importance, they face a number of risks that must be addressed strategically, according to Marsh, the world's leading risk and insurance services firm.

Speaking at the opening of the Marsh National Oil Company conference in Dubai today, Brian Storms, Chairman and CEO of Marsh Inc, said: "The world's desire for environmentally-friendly energy sources appears to be rising faster than global temperatures. This is a growing risk to all energy producers – one that goes well beyond a fire at a plant, or a tanker that runs aground. What's important for you as large producers of hydrocarbons is to view this risk honestly and address it strategically.

"The normal tendency would be a bias for action, where you might jump to a tactical, defensive position. But there is a 'new world' view of risk – specifically, how to find opportunity in the kind of global changes we're seeing...where risks and potential liabilities can be turned into a competitive advantage over those companies that don't move to address them."

In his speech, Mr Storms cited the example of a major energy client, with significant assets in the northern hemisphere, which undertook a comprehensive risk assessment and prioritization exercise. While previously the subject of climate risk had only been an abstraction, the review found that potential impact of climate change represented massive exposures. With many facilities situated either on areas of permafrost or in proximity to the arctic ice shelf, a potential thawing induced by climate change would present significant new risk. Understanding this risk and prioritizing its potential impact, allowed the client to take measures to address it.

Mr Storms also cited other potential risks faced by national oil companies including the potential for a terrorist act to halt distribution, the effects of a major natural disaster on production, the concentration of supply chains – especially due to the threat of avian flu as well as a variety of operational risks, reputation risks, strategic risks and financial risks.

Mr Storms added: “Frankly, insurable risks, while frequently complex, are the easiest to plan for. Uninsurable risks – climate change, for example – require far more foresight and creative solutions. Among the most vital elements of this risk identification process is the analysis of the value chain. That requires mapping and dissecting supply and distribution networks to understand every potential point of failure. We have the capability to deliver value to a company that goes beyond the pure placement of insurance.”

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**About Marsh**

Marsh, the world's leading risk and insurance services firm, has 26,000 employees and annual revenues approaching \$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 approximately 55,000 employees and approximately \$12 billion of annual revenues. MMC also is the parent company of Guy Carpenter, Kroll, Putnam Investments, and Mercer. MMC's stock (ticker symbol: MMC) is listed on the New York, Chicago, and London stock exchanges. MMC's website address is [www.mmc.com](http://www.mmc.com). Marsh's website address is [www.marsh.com](http://www.marsh.com).