

News Release

Contacts:

Alexis Levenson

Guy Carpenter

917.937.3264

alexis.levenson@guycarp.com

Matt Conroy

DeMartine Group

203.221.2790

mconroy@demartinegroup.com

Guy Carpenter Publishes *Cat Bond Update: First Quarter 2009*

Market Withstands Effects of Financial Catastrophe;
2009 Issuance Prognosis Remains Positive

New York, April 13, 2009

The catastrophe bond market is weathering the effects of the global financial downturn while maintaining a strong issuance pipeline for the remainder of 2009, according to a briefing published on www.GCCapitalIdeas.com by Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist, and GC Securities, a division of MMC Securities Corp*. The briefing, entitled *Cat Bond Update: First Quarter 2009*, indicates that cat bonds remain important tools for risk and capital managers, with three bonds coming to market in the first quarter of 2009, totaling \$575 million in fresh capital.

1Q09 ACTIVITY

- The number of catastrophe bond transactions in the first quarter of 2009 was equal to those in the first quarter of 2008, with the amount of risk capital virtually unchanged year over year (down a mere 6.5 percent from \$615 million).
- All three transactions in the first quarter of 2009 were for U.S. perils only, with \$150 million (26 percent) exposed specifically to Florida wind.
- Two transactions were redeemed early during the first quarter of 2009, removing \$175 million in limits from the catastrophe bond market and resulting in a net increase in risk capital for the first quarter of \$400 million.
- Catastrophe bond pricing is up 50 percent year-over-year and remains elevated relative to historical pricing, a result of a number of factors, including the sale of catastrophe bond assets to meet liquidity obligations, distress in other asset classes and rate increases in traditional reinsurance markets.
- Overall, the insurance-linked securities (ILS) sector returned a 1 percent gain in the first quarter of 2009. Given the volatility in the broader markets, the ILS market remains a valuable alternative for investors, who appreciate the prevailing return profile and the non-correlation of underlying risk characteristics relative to other asset classes.

MARKET OUTLOOK

- The consensus estimate for total cat bond issuance activity in 2009 stands at \$3 billion, dependent on market conditions.
- This figure would result in an 11.1 percent year-over-year increase in catastrophe bond limits outstanding, and would see 2009 supplanting 2008 as the third busiest issuance year in the history of the catastrophe bond market.

Guy Carpenter Publishes *Cat Bond Update: First Quarter 2009*

April 13, 2009

QUOTES

David Priebe, Chairman of Global Client Development at Guy Carpenter

“After a fallow period for cat bonds at the end of 2008, we’ve seen issuance bounce back up to levels that are consistent with the first quarter of 2008. The outlook for the remainder of 2009 is positive, with a strong pipeline of deals in the works. Sponsors are increasingly integrating catastrophe bonds into their risk management plans and leveraging these instruments as strategic tools for moving risk out of carrier portfolios.”

Chi Hum, Global Head of Distribution, GC Securities

“While it is still too early to say that the catastrophe bond market has put the financial catastrophe in the past, the resumption of issuance activity is a positive sign. Though a return to the pace of 2007 is unlikely, we expect 2009 to be a busy year, with most issuances coming from experienced sponsors with clear risk management objectives and investment interest from specialists who are familiar with the territory.”

TAGS/KEYWORDS

Guy Carpenter, catastrophe bond, cat bond, ILS, capital markets, securities, reinsurance, GC Securities

LINKS/URLs

Cat Bond Update - First Quarter 2009: <http://www.gccapitalideas.com/2009/04/13/cat-bond-update-first-quarter-2009/>

Charts Available for Download: <http://www.gccapitalideas.com/category/chart-room/>

GCCapitalIdeas.com Registration: <http://feeds2.feedburner.com/gccapitalideas>

RSS FEED SUBSCRIPTION

<http://feeds2.feedburner.com/gccapitalideas>

ABOUT GUY CARPENTER

Guy Carpenter & Company, LLC is the world’s leading risk and reinsurance specialist and a part of the Marsh & McLennan Companies. With 50 offices worldwide, Guy Carpenter creates and executes reinsurance solutions and delivers capital market solutions* for clients across the globe. The firm’s full breadth of services includes line of business expertise in Agriculture; Aviation; Casualty Clash; Construction and Engineering; Excess and Umbrella; Life, Accident and Health; Marine; Medical; Political Risk and Trade Credit; Professional Liability; Property; Retrocessional Reinsurance; Surety; Terrorism and Workers Compensation. GCFac® is Guy Carpenter’s dedicated global facultative reinsurance unit that provides placement strategies, timely market access and centralized management of facultative reinsurance solutions. In addition, Guy Carpenter’s InStrat® unit utilizes industry-leading quantitative skills and modeling tools that optimize the reinsurance decision-making process and help make the firm’s clients more successful. Guy Carpenter’s website address is www.guycarp.com.

Guy Carpenter Publishes *Cat Bond Update: First Quarter 2009*

April 13, 2009

Guy Carpenter's new intellectual capital website, www.GCCapitalIdeas.com, leverages blog technology, including Real Simple Syndication (RSS) feeds as well as searchable category tags, to deliver Guy Carpenter's latest research as soon as it is posted. In addition, articles can be delivered directly to BlackBerrys and other handheld devices.

* Securities or investments, as applicable, are offered in the United States through GC Securities, a division of MMC Securities Corp., a US registered broker-dealer and member FINRA/SIPC. Main Office: 1166 Avenue of the Americas, New York, NY 10036. Phone: (212) 345-5000. Securities or investments, as applicable, are offered in the European Union by GC Securities, a division of MMC Securities (Europe) Ltd., which is authorized and regulated by the Financial Services Authority. Reinsurance products are placed through qualified affiliates of Guy Carpenter & Company, LLC. MMC Securities Corp., MMC Securities (Europe) Ltd. and Guy Carpenter & Company, LLC are affiliates owned by Marsh & McLennan Companies. This communication is not intended as an offer to sell or a solicitation of any offer to buy any security, financial instrument, reinsurance or insurance product.

###