

News Release

Contacts:

Alexis Levenson

Guy Carpenter
1.917.937.3264

alexis.levenson@guycarp.com

Jennifer Ainslie

Guy Carpenter
44.207.357.2058

jennifer.ainslie@guycarp.com

Matt Conroy

DeMartine Group
1.203.221.2790

mconroy@demartinegroup.com

Guy Carpenter Addresses the Return of Capital to the Reinsurance Industry at Monte Carlo Rendez-Vous As Industry Rebounds from Financial Crisis, Disciplined Capital Management and Decision-Making Remain Paramount

New York, September 6, 2009

Guy Carpenter & Company, LLC hosted a press briefing at Monte Carlo Rendez-Vous on September 5, 2009, focusing on the return of capital to the reinsurance market.

Brian Duperreault, President and Chief Executive Officer of Marsh & McLennan Companies, Inc., opened the briefing. Peter Zaffino, President and CEO of Guy Carpenter, led a panel of Guy Carpenter executives that included Vice Chairman Richard Booth, Henry Keeling, President and CEO of International Operations, Chris Klein, Global Head of Business Intelligence and David Priebe, Chairman of Global Client Development.

In his introductory comments, Mr. Zaffino emphasized, "The reinsurance industry has been resilient this year, but we still have significant challenges ahead of us. After last year's losses, we have seen capital replenished throughout the first half of 2009, and we see that reinsurers are better positioned to respond to clients' needs."

Richard Booth remarked, "Absent another major event, either property or financial, signs are pointing to a fairly benign renewal season. As we saw last year, there are many factors that could still change renewal pricing. If we do not have a market-changing cat event, reinsurance pricing will be based on available capital and how insurers and reinsurers allocate it."

"Despite the challenging market conditions, reinsurers have been able to regain much of the capital that was lost as a result of the financial crisis and 2008 windstorms," said Christopher Klein. "Fears of a capital famine, not to mention the shortage itself, appear to have passed. By every measure - earnings, shareholders' equity, volatility, book value - a recovery is in progress." Mr. Klein added, "Whether these trends will be sustained remains to be seen, but we may be entering a growth period."

David Priebe commented on the resurgence of the capital markets. "As part of their risk and capital management strategies, major issuers are using cat bonds to complement and diversify their core placements." He also noted, "With capital flowing again, cedents and markets have options, and they are taking advantage of them."

Mr. Priebe continued, "There is a possibility that cat bond issuance activity could reach USD3 billion this year, especially with increased sponsor interest due to the reduced clearing spreads on the July transactions." He also added, "Over the next 24 months, M&A activity is likely to be robust. Opportunities abound, and as insurers and reinsurers take advantage of them, others will follow."

Guy Carpenter Addresses the Return of Capital to the Reinsurance Industry at Monte Carlo Rendez-Vous

September 6, 2009

Henry Keeling explained the capital management implications of Solvency II legislation, noting that a sophisticated compliance program can result in a competitive advantage. "Beneath the surface, there are hidden revenue opportunities. We have found that a thorough and effective compliance program can actually free up capital that might otherwise be committed as a regulatory requirement." He added, "In the Solvency II environment, competitive compliance will make a difference."

"After a year of severe strain on capital, we have seen a return to stability and our focus is now on opportunities," Mr. Zaffino concluded. "Achieving optimal return on capital is critical to our clients. In order to do this, we must thoroughly understand their core strategies and partner with them from beginning to end. They need us to help them understand their risks and the range of options for managing them in order to realize the greatest return."

A replay of the full press briefing, with a downloadable presentation, is available at **GC Capital Ideas**: <http://www.gccapitalideas.com/2009/09/06/guy-carpenter-addresses-the-return-of-capital-to-the-reinsurance-industry-at-monte-carlo-rendez-vous>

TAGS/KEYWORDS

Guy Carpenter, reinsurance, capital, renewal, catastrophe bonds, M&A, Solvency II, Duperreault, Zaffino, Booth, Klein, Priebe, Keeling

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 over 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 Professional Liability; 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's new intellectual capital website, www.GCCapitalIdeas.com, leverages blog technology, including Real Simple Syndication (RSS) feeds and 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.