

News Release

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**Guy Carpenter Examines Excess Capital Strategies
At Monte Carlo Reinsurance Rendez-vous
Addresses Challenges and Opportunities for Insurers and Reinsurers
To Optimize Capital in Current Environment**

New York, September 12, 2010

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist, hosted its third annual press briefing on September 11 at the [Reinsurance Rendez-vous 2010](#) in Monte Carlo. During the briefing Henry Keeling, President and CEO of Guy Carpenter's International Operations, led a panel discussion on key industry issues, including determining the best use of excess capital in today's marketplace.

Guy Carpenter's Bill Kennedy, CEO of Analytics, Capital Markets, Specialty Practices and Advisory, Chris Klein, Global Head of Reinsurance Markets, Andrew Marcell, CEO of Global Practices and Head of Placement Strategy, and Nick Frankland, CEO of European Operations, joined Mr. Keeling on the panel.

In his opening remarks, Mr. Keeling said, "For many, excess capital is being returned to investors – taken off the table – in the form of dividends and buybacks. For some, this may be prudent, but we see this as giving up a potential competitive advantage."

Mr. Klein followed with an overview of the state of the reinsurance market, observing that "it almost feels like 2007 all over again. Rates are falling, there's plenty of capital in the industry, and reinsurers are trying to figure out what to do with it."

He cautioned, "Returning capital provides some measure of relief relative to attaining return on equity targets, but it also comes at the expense of future growth."

Mr. Kennedy discussed the macroeconomic factors framing the reinsurance rate environment, including the increasing volatility of economic growth and the likelihood of deflation. "Against this structural backdrop, global economic growth and reinsurance pricing may remain far weaker for far longer than normal," he said.

Mr. Kennedy concluded, "With so much excess capital currently in the marketplace, carriers should be looking for value-accretive opportunities to deploy capital, rather than sending it back and sacrificing longer-term returns."

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Analyzing the impact of this market dichotomy is an important step in the development of solutions for optimizing capital and long term earnings power. Mr. Keeling said, "There are many ways insurers and reinsurers can deploy capital to grow their businesses – from new technology to emerging risks and markets. Returning capital doesn't create profitable growth and increased market share. Innovation, on the other hand, does."

A replay of the full press briefing, with a downloadable presentation, is available at **GC Capital Ideas** (www.gccapitalideas.com).

TAGS/KEYWORDS

Guy Carpenter, Monte Carlo Rendez-vous, reinsurance market, excess capital, capital allocation, Keeling, Klein, Kennedy, Marcell, Frankland

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 analytics 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.

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