

## News Release

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### GC Securities, a Division of MMC Securities Corp., Announces Completion of 144A Catastrophe Bond – Foundation Re III Ltd.

Cat Bond Transaction Provides Per-Occurrence PCS Index  
Protection for East and Gulf Coast United States Hurricanes

**New York, January 29, 2010**

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist, and GC Securities, today announced the completion of a \$180 million, single-class note issuance from a new 144A catastrophe bond program, Foundation Re III Ltd., a Cayman Islands exempted company licensed as a Class B insurer, to benefit Hartford Fire Insurance Company and certain affiliates and subsidiaries (collectively, “The Hartford”). The Foundation Re III Ltd. catastrophe bond utilizes a state-weighted per occurrence PCS index trigger structure based on insured losses reported by PCS from a hurricane event with adjustments in the state weights used for Florida and New York depending on where a hurricane event makes landfall. Investors were eager to support a repeat and consistent user of the capital markets, which resulted in the deal being upsized and pricing at the low end of the initial price guidance range

The issuance by Foundation Re III finances the provision of \$180 million of fully collateralized, multi-year protection for The Hartford against hurricane events affecting the East Coast and Gulf of the United States from Texas to Maine. This transaction represents The Hartford's sixth collateralized reinsurance coverage obtained through the risk-linked securities markets since 2004.

GC Securities was joint-structurer and co-manager on the note issuance. The details of the catastrophe bond issuance are as follows:

Series 2010-1 Notes	Size	S&P Rating	Expected Maturity	Coupon
Class A Notes	\$180 mm	BB+	February 3, 2014	Treasury Money Market Fund Yield + 5.75%

**Cory Anger, Global Head of ILS Structuring, GC Securities**

“Foundation Re III had a number of structural improvements including a transparent trigger structure, high quality and transparent collateral structure and increased protection flexibility for The Hartford to adjust the trigger formula to maintain approximation to The Hartford's underlying exposures. The improvements in the structural design of Foundation Re III demonstrate the continued innovation of insurance linked securities' structures for both new and existing sponsors.”

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### **Chi Hum, Global Head of Distribution, GC Securities**

"We are pleased to bring the Series 2010-1 Notes to the market on behalf of The Hartford. We received a strong reception from investors who were anxious to support a strong sponsor that was committed to accessing the cat bond market with a clear and transparent trigger structure. The clearing price and amount of the issuance are clear signals that this market can serve as a core component of a well managed reinsurance program."

### **TAGS/KEYWORDS**

Guy Carpenter, GC Securities, Foundation Re III Ltd., catastrophe bond, cat bond, hurricane, wind risk, Anger, Hum

### **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](http://www.guycarp.com).

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