

## News Release

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Guy Carpenter Publishes Third Installment  
Of “Succeeding Under Solvency II” Guide for Re/Insurers  
Third in Series of Special Reports Examines Impact of Solvency II  
On Re/Insurance Underwriters and Counterparty Risk

**New York, May 5, 2011**

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist and a member of Marsh & McLennan Companies (NYSE: MMC), today announced the publication of *Succeeding Under Solvency II – Special Considerations for Reinsurers and Counterparty Risk*, the third report in the firm’s series on Solvency II preparedness developed for re/insurers operating in or covering risks in Europe. The first two reports addressed re/insurance industry requirements and key issues under Pillars I, II and III.

The new report, which is available on [www.GCCapitalIdeas.com](http://www.GCCapitalIdeas.com), examines:

- **Potential risks to cedents arising from Solvency II, including:**
  - How the regulatory burden of the supervisory authorities to implement and maintain Solvency II likely will affect policyholders and cedents.
  - How the different approaches to assessing capital requirements under Solvency II by large, rated reinsurance groups, smaller, unrated reinsurers and niche reinsurers might impact each other as well as the overall marketplace.
  - Why reinsurers and cedents are likely to experience more intense and volatile underwriting cycles as capital is more closely calibrated to risk.
- **Positive developments for cedents under Solvency II, including:**
  - Why transitional periods introduced in the Omnibus II Directive should limit market disruption.
  - Why greater transparency and convergence in reporting is expected among Solvency II and equivalent regimes.
  - Why a stronger, deeper insurance linked securities (ILS) market may emerge as Solvency II goes into effect.
  - Why the overall health of the global reinsurance market should improve.
- **Strategies for managing counterparty default and credit risks**

### QUOTES

**Peter Stubbings, Managing Director, Guy Carpenter & Company**

“Solvency II is an ambitious undertaking, with the ultimate goal of making the global insurance industry more transparent and robust. As to be expected of initiatives of this scale, the new regulatory program has met its share of resistance and criticism, resulting in a gradual dilution of requirements

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and lengthening of deadlines to soften the impact. Nevertheless, the most prudent companies are well underway in their preparations for the official January 2013 implementation date of the new regime.”

**David Flandro, Global Head of Business Intelligence, Guy Carpenter & Company**

“We anticipate that the rules under Solvency II will undergo further changes before becoming law and that the overall tenor of these changes will be dilutive. However, there is no avoiding the fact that the way in which risk is viewed and managed in the European marketplace will change fundamentally under Solvency II, with important implications for any reinsurer or cedent with ties to this market.”

**TAGS/KEYWORDS**

Guy Carpenter, Solvency II, reinsurer, cedent, counterparty risk, credit risk, Stubbings, Flandro

**About Guy Carpenter**

Guy Carpenter & Company, LLC is the world’s leading risk and reinsurance specialist and a member of 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 and Energy; 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, GC Analytics<sup>SM</sup> 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).

Guy Carpenter’s intellectual capital website, [www.GCCapitalIdeas.com](http://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.

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