

News Release

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Catastrophe Bond Market Surges to Record High for First Quarter Issuance, Finds GC Securities Study New Cat Bond Issuance in Q1 2011 Surpasses USD1 Billion

New York, May 6, 2011

The catastrophe bond market posted its most active first quarter on record for new issuance in Q1 2011, according to a new report by GC Securities*, a division of MMC Securities Corp., a U.S. registered broker-dealer and member FINRA/SIPC, a provider of investment banking services to the re/insurance industry and affiliate of Guy Carpenter & Company, LLC. Four transactions came to market in the first quarter of 2011, securing USD1.02 billion of new and renewal risk transfer capacity. This represents a significant increase over the USD300 million issued during the same time period in 2010.

GC Securities Catastrophe Bond Market Update: First Quarter 2011, available at www.gccapitalideas.com, examines the catastrophe bond market's strong first quarter performance, outlook and investor behavior as global catastrophe activity highlighted the market's value.

ADDITIONAL KEY FINDINGS

- Q1 2011 issuance topped the previous first quarter record of USD615 million posted in Q1 2008.
- Issuance was diverse in terms of risk profile and structure, although U.S. hurricane risk was the common peril in all four transactions.
- All transactions marketed during the first quarter priced within or inside of their initial spread guidance.
- USD1.24 billion of catastrophe bond risk capital matured in Q1 2011.
- Total risk capital outstanding declined by USD223 million during this time period, despite USD1.02 billion of new issuance.
- The industry loss warranty (ILW) market hardened significantly during the final weeks of the first quarter.

QUOTES

Bill Kennedy, CEO of Global Analytics and Advisory, Guy Carpenter & Company, LLC

"Aside from strong issuance, the story of the first quarter for the cat bond market was the Tohoku earthquake, with cat bond valuations declining for the second half of March. However, it is important to note that in the aftermath of one of the largest earthquakes in recorded history, the cat bond market continued to trade in an orderly and disciplined fashion. Additionally, investors report that their own capital providers are responding well to the potential for principal loss associated with the

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event. Capital providers are prospectively focused on the implications for future issuance and investment opportunities, rather than looking to reduce their exposure to the asset class.”

Chi Hum, Global Head of Distribution, GC Securities*

”Overall, we see an improvement of the market’s ability to evaluate, understand and – where modeling and disclosure are sufficient – competitively price a more diverse range of perils, risk profiles, structures and triggers. This increased sophistication and measured expansion of investor appetite for risk should be a catalyst for healthy long-term growth. It is worth noting that the long-term cumulative return profile for outstanding catastrophe bonds also compares favorably to alternative asset classes.”

TAGS/KEYWORDS

GC Securities, catastrophe bond, cat bond, insurance linked securities, industry loss warranty, risk capital, issuance, Kennedy, Hum

About Guy Carpenter

Guy Carpenter & Company, LLC is the world’s leading risk and reinsurance specialist and a member 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 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 AnalyticsSM 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.

GC Securities provides investment banking services to the (re)insurance industry, extending the traditional reinsurance services of Guy Carpenter & Company, LLC, the world’s leading risk and reinsurance specialist and a part of the Marsh & McLennan Companies. With its team of seasoned professionals, GC Securities offers a full range of corporate finance and capital markets-based risk transfer solutions that complement Guy Carpenter’s strong industry relationships, analytical capabilities and reinsurance expertise. GC Securities’ Capital Markets group is a recognized leader in insurance-linked securities (ILS) solutions and helps clients plan, structure and issue catastrophe bonds, sidecars and other forms of ILS, thereby enabling clients to access capital markets capacity to transfer risk and maximize return on capital. GC Securities’ Corporate Finance group advises clients on mergers, acquisitions and divestitures, private debt and equity raising, as well as the development of rigorous capital plans that encompass the full array of available capital options.

Guy Carpenter’s 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.

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