

News Release

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Terror Attacks at Historically High Levels, Still Pose Threat to Re/Insurance Industry, According to Guy Carpenter Report Global Terror Study Examines Evolving Post-Bin Laden Threat, Advances in Terror Risk Management

New York, August 9, 2011

A new report on global terrorism and the terror reinsurance market, released today by Guy Carpenter & Company, LLC, finds that while recorded incidents of terror around the world remain at historically high levels and terrorism remains a serious risk to the re/insurance industry, the industry continues to meet the current demands for terrorism risk transfer. Guy Carpenter is the leading global risk and reinsurance specialist and a member of Marsh & McLennan Companies (NYSE: MMC).

The report, *Terrorism: Terror Market Continues to Provide Abundant Cover*, highlights that the global terror threat has become increasingly diverse and dispersed in nature, shifting to softer targets and more localized attacks and plots. The number of terrorist attacks peaked at more than 14,400 in 2006, with only a slight dip in frequency over the past five years.

The report also found that despite an estimated USD6 billion to USD8 billion of terror reinsurance capacity currently available in the U.S. market – and an over-supply of terror reinsurance globally – the re/insurance industry remains vulnerable to a major terrorism loss, since a major market-moving event could quickly shift the current supply/demand dynamic. Reinsurance capital allocated in support of terror risk is likely to continue to be limited and defined given the uncertain nature of this peril.

Available for download at www.GCCapitalIdeas.com, the report examines the evolving threat of global terrorism and provides an in-depth review of the global terror reinsurance market, including advances in modeling terrorism. Key issues covered in the report include:

- **Global Terrorism** – an analysis of the post-Bin Laden threat, terrorism hotspots, unstable territories, implications of Middle East and North Africa unrest and future risks.
- **Terror Reinsurance Market** – an overview of the market, terror reinsurance pricing trends and capacity, future capacity drivers and TRIA (TRIPRA) update.
- **Terrorism Solutions** – a discussion of terrorism modeling, commercial model updates and forthcoming releases.

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QUOTES

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

“Since the catastrophic events of September 11, 2001, global terrorism has had a profound impact on the re/insurance market. Although the nature of the threat is very different today from what it was ten years ago, terrorism remains a constant and serious threat. It is forever evolving as terrorist groups and individuals adapt their tactics to counter-terrorism measures and global events. This report seeks to provide a better understanding of how that threat is changing, the varying risks in different regions of the world and what developments are likely in 2011 and beyond.”

Paul Knutson, Head of Terror Risk Specialty, Guy Carpenter & Company

“The dynamic nature of terrorism, and the uncertainty in identifying the targets and frequency of attacks, requires a different approach to risk management and thus a different approach to transferring risk to the reinsurance market. Compared with natural hazards such as hurricanes and earthquakes, the underlying analytics supporting terrorism risk management are still in the early stages of their evolution. To help bridge the gap, Guy Carpenter has developed a comprehensive suite of tools to help clients manage their exposure to terrorism loss and assess options for retaining versus transferring terror risk to a receptive reinsurance market.”

TAGS/KEYWORDS

Guy Carpenter, terrorism, terror, reinsurance, insurance, TRIA, TRIPRA, Flandro, Knutson

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. GC Fac® 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.

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 BlackBerry and other handheld devices.

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