

News Release

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January 1, 2012, Renewals Reveal Shift in Industry Behavior, Finds Guy Carpenter

New York, January 11, 2012

The January 1, 2012, renewals saw a shift in industry behavior as both insurers and reinsurers implemented more sophisticated, customized approaches to risk assessment and mitigation, according to Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist and a member of Marsh & McLennan Companies (NYSE: MMC). In its 2012 global reinsurance outlook, *Catastrophes, Cold Spots and Capital: Navigating for Success in a Transitioning Market*, Guy Carpenter reported that reinsurers were in a position to undertake a major review of pricing and underwriting going into the renewal season. This led to significant market fragmentation and increased market volatility at January 1.

There were wide-ranging rate movements at national, regional and even local levels, depending on loss experience and exposure perceptions. The broader reinsurance market experienced mixed renewals. Despite the prospect of sustained low interest rates, rate movements for casualty lines continued to be subdued. Most other lines also saw moderate price changes, with increases and decreases in the low single digits.

The 80-page report provides:

- A comprehensive update on reinsurance renewals by line and geography.
- A summary of 2011 catastrophe losses and reinsurance capital levels.
- An overview of the reinsurance marketplace from a macroeconomic perspective.
- An analysis of key capital management trends and strategies, including mergers and acquisitions, catastrophe bonds and industry loss warranties.
- A discussion of ten major themes expected to dominate the industry in 2012, from aggregate covers used to protect against severe shock losses and horizontal coverage to the internationalization of losses.

QUOTES

Alex Moczarski, President and CEO, Guy Carpenter & Company, LLC

“The complex January 1, 2012, renewals were a culmination of a difficult twelve months, with the expectation of another challenging year ahead. However, for companies equipped with the proper tools and insights, challenges can become opportunities. With the publication of our global reinsurance outlook, we seek to arm clients with best-in-class market intelligence on our sector’s rapidly evolving dynamics. And by continuing to provide real time, in-depth analysis of shifts in market behavior as they occur, we can help our clients differentiate themselves in the marketplace and achieve the best possible outcome.”

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

“Near-record catastrophe losses that were second only to 2005, catastrophe model changes and a challenging macroeconomic environment put considerable pressure on the industry in 2011. Unlike 2005, however, reinsurers were well prepared. They were able to pay claims, and the market did not suffer significant dislocation. Today, the sector remains fully functional and adequately capitalized, in part due to the strengthening of enterprise risk management practices over the last few years.”

TAGS/KEYWORDS

Guy Carpenter, reinsurance, renewal, catastrophe, rate, property, casualty, enterprise risk management, Moczarski, Flandro

About Guy Carpenter

Guy Carpenter & Company, LLC is a global leader in providing risk and reinsurance intermediary services. 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 Analytics® utilizes industry-leading quantitative skills and modeling tools that optimize the reinsurance decision-making process and help make the firm’s clients more successful. For more information, visit www.guycarp.com.

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