

News Release

Contacts:

Missy DeAngelis

Guy Carpenter

1.917.937.3118

missy.deangelis@guycarp.com

Caroline Harris

Prosek Partners

1.212.279.3115 ext. 222

charris@prosek.com

Geographic Expansion and New Products to Drive Profitable Growth, Finds Guy Carpenter Survey

**(Re)Insurers Fear Undisciplined Underwriting, Catastrophe and Non-Catastrophe Losses
May Threaten Plans for Growth in 2013**

New York, November 14, 2012 – As the insurance industry readies itself for January 1 renewals, expansion into new geographic markets and new product development will be the primary drivers of profitable growth, according to a new survey released today by Guy Carpenter & Company, LLC, a leading global risk and reinsurance specialist and member of Marsh & McLennan Companies (NYSE: MMC).

The survey polled insurance and reinsurance executives at the 2012 Property Casualty Insurers Association of America (PCI) Annual Meeting, held in Dana Point, California. Designed to identify the key drivers and threats to profitable growth within the industry, the survey reveals that more than one third of respondents believe that the biggest opportunity to grow their business in 2013 will be through new products (34 percent). This is followed by expansion into new geographic markets (29 percent) and pursuing new distribution channels (16 percent). Respondents also note that talent acquisition (14 percent), along with strategic merger and acquisition opportunities (7 percent), are expected to spur growth in the year ahead.

When asked what capital sources they would be utilizing in 2013, an overwhelming majority of survey respondents (78 percent) commented that they would be leveraging traditional reinsurance vehicles. Another 16 percent of participants indicated that they would be using alternative capital sources, such as insurance-linked securities, catastrophe bonds, and collateralized reinsurance vehicles in the year ahead.

“Global reinsurance capital is at an all-time record high. Although we will continue to see the convergence of traditional and non-traditional sources of capital, it is clear that traditional vehicles will continue to be an engine for growth and play a significant role in companies’ strategy for 2013,” said Andrew Marcell, CEO of U.S. Operations for Guy Carpenter. “With continued economic stagnation and global market uncertainly poised for the year ahead, insurers and reinsurers will need diligent risk evaluation and prudent portfolio planning in order to identify new opportunities, use their capital effectively and grow profitably.”

With historically low investment returns and lingering weakness in the economy, insurers are now more than ever faced with pressure to drive profitability through solid underwriting results. When asked what they anticipated as the biggest threat to their plans for growth in the year ahead, more than a third (36 percent) of respondents indicated that undisciplined or unprofitable underwriting

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was their primary concern. This was followed by catastrophe and non-catastrophe losses (22 percent) and global economic uncertainty (19 percent).

While onsite at PCI, Guy Carpenter launched and provided demonstrations of GC ProfitPoint+SM, an integrated portfolio management solution designed to help insurance companies enhance underwriting performance, improve profitability and drive growth. GC ProfitPoint+ delivers powerful portfolio planning and point-of-sale capabilities so insurers can set, calibrate and monitor risk management strategy, while enabling line underwriters and agents to make more informed decisions about individual policies.

Innovation and improvements to technology continues to remain a top priority for (re)insurance professionals. More than a third of respondents said that if given a blank check to invest in their firm, they would choose to dedicate the additional capital to bolstering the technology at their disposal.

“The continued thirst for innovation shows that there is a significant opportunity within the industry to evolve the way in which insurers use technology to holistically assess risk, identify new growth opportunities, enhance the customer experience, and translate big data into actionable business intelligence,” said Mr. Marcell. “Insurers will need to seize every competitive advantage possible in order to reach their long-term goals for profitable growth and navigate the increasingly complex business challenges that 2013 will undoubtedly bring.”

TAGS/KEYWORDS

Guy Carpenter, Marcell, profitable growth, PCI, insurance, reinsurance, technology, GC ProfitPoint+, underwriting, products, new markets, M&A, talent

Note to Editors:

The survey of 110 insurance and reinsurance professionals was conducted by Guy Carpenter at the PCI Annual Meeting held in Dana Point, CA from October 28-31, 2012.

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.

Reactions magazine named Guy Carpenter Best Global Reinsurance Broking Company Overall and Best Reinsurance Broking CEO of the year in 2012. At the *Reactions* London Market Awards, Guy Carpenter was also named Reinsurance Broker of the Year and took home Reinsurance Broking Team of the Year honors for both Property and Aviation. Guy Carpenter has also won: Global Best ILS Advisor (GC Securities*), US Best ILS Advisor (GC Securities*) and US Best Broker for Casualty Reinsurance from *Intelligent Insurer*. *Insurance Day* acknowledged Guy Carpenter (GC Securities*) in 2012 with the ILS Transaction of the Year.

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