

# News Release

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## GC Securities\* Completes Japan Earthquake Catastrophe Bond First Japan Earthquake-Only Transaction since the 2011 Tohoku Earthquake

### New York, February 15, 2012

GC Securities, a division of MMC Securities Corp., a U.S. registered broker-dealer and member FINRA/SIPC, today announced the placement of the Series 2012-1 Class A Notes, with notional principal at \$300 million, through a newly created catastrophe bond shelf program, Kibou Ltd. The bond will ultimately benefit ZENKYOREN, National Mutual Insurance Federation of Agricultural Cooperatives (“Zenkyoren”), which was accessed via Hannover as the transformer reinsurer. This is the first Japan earthquake-only transaction since the Tohoku Earthquake that occurred on March 11, 2011.

Kibou Ltd. provides protection on a parametric basis, using certain earthquake data gathered from various recording stations from the Kyoshin-Net (“K-NET”) network of seismographs. This protection is triggered on a per-occurrence basis and is tailored to provide more remote earthquake protection initially. Additionally, if a qualifying earthquake event happens, the protection will adjust with a higher risk profile. In return, investors will receive an increased coupon post-dropdown relative to the initial coupon.

GC Securities, a provider of investment banking services to the re/insurance industry and affiliate of Guy Carpenter & Company, LLC, served as sole structuring agent, sole lead manager and sole bookrunner.

### RISK PROFILE

Series 2012-1 Notes	Size	S&P Rating	Expected Maturity	Coupon
Class A Notes	\$300,000,000	BB+ sf	Feb 16, 2015	Initial: TMM + 5.25% Post dropdown: TMM + 9.00%

### QUOTES

**James Nash, CEO of Asia Pacific Region, Guy Carpenter & Company**

“The positive response by investors to the Kibou issuance soon after the Tohoku earthquake was an important test of the capital markets to be a viable and reliable supplement to the traditional risk management schemes for purchasers of major catastrophe programs.”

### **Cory Anger, Global Head of ILS Structuring, GC Securities**

“The Kibou issuance adopted state-of-the-art catastrophe bond technology that carefully balanced the post-Tohoku needs of Zenkyoren while showing the strength of the global ILS investor base in evaluating and providing Japan earthquake capacity after being impacted by the Tohoku earthquake. The transparent structure allows faster payouts relative to traditional reinsurance for Zenkyoren and is expected to aid their recovery efforts if a significant earthquake event affects Japan during the next three years.”

### **Chi Hum, Global Head of ILS Distribution, GC Securities**

“GC Securities is pleased to have been able to show the capital markets support for the Japanese earthquake risk market. The investors that subscribed for the deal appreciated the diversifying nature of the risk as well as the many structural refinements based on the knowledge of prior offerings in this peril. We are honored to have participated in securing \$300 million of capacity that will ultimately benefit the policyholders exposed to the earthquake risk in the Japan region.”

### **TAGS/KEYWORDS**

Guy Carpenter, GC Securities, Kibou Ltd, catastrophe bond, cat bond, Japan, earthquake, Zenkyoren, Nash, Anger, Hum

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