

News Release

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Guy Carpenter Hosts Inaugural GC Symposium for Latin America & Caribbean Region

New York, September 19, 2013 – At the GC Symposium for Latin America & Caribbean Region Partners hosted today by Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist, David Flandro, Head of Global Business Intelligence, spoke to an audience of approximately 75 (re)insurance company executives in Miami about the unique conditions, challenges and opportunities facing the Latin American and Caribbean (re)insurance market, as well as the global market generally.

“This event demonstrates Guy Carpenter’s commitment to the Latin American and Caribbean market as it experiences unprecedented growth and demand for new (re)insurance products and solutions,” said Aidan Pope, Chief Executive Officer for Latin America and Caribbean Operations at Guy Carpenter.

The reinsurance market in Latin America and the Caribbean has seen a high level of diverse reinsurance offerings despite a slower economic growth rate compared to previous years, Mr. Flandro commented. In most of the countries in the region, players are executing an emerging markets growth strategy, which has led to rate reductions of five to 10 percent for most classes of business at July 1. It also resulted in a widening of terms and conditions and an increase in automatic capacity. Argentina, with significant flood losses in April, was an exception.

“In an environment of falling yields, interest rate sensitivity, reserve risk and emerging catastrophes, companies will find growth opportunities by adhering to strong underwriting, product differentiation and an optimal reinsurance purchase strategy,” Mr. Flandro said. “Reinsurers – especially medium-sized companies in Latin America and the Caribbean – will be examining their strategic reinsurance purchase right now.”

Even with those challenges, Latin America and the Caribbean continue to attract international investors as demand for insurance coverage increases. Additionally, demand for non-traditional reinsurance cover is also likely to rise in developing economies as insurers strengthen their presence in these markets. Alternative capacity as a percentage of global property-catastrophe limit has seen a steady increase over the past six years and more capacity than ever is being provided by convergence capital, Mr. Flandro explained at the symposium. Approximately USD10 billion of new capital has entered the market in the form of catastrophe bonds, sidecars and collateralized structures over the last 18 months as a growing number of investors have been attracted to the reinsurance space by higher yields and low correlations. Capital emanating from alternative markets now accounts for an estimated USD45 billion, approximately 14 percent of global property limit. Capital inflows will continue unabated, Mr. Flandro said. “Third-party convergence capital is now a key component of the reinsurance market.”

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The two-day symposium was attended by approximately 75 clients from Latin America and the Caribbean.

TAGS/KEYWORDS

Alternative markets, Argentina, capital, catastrophe losses, convergence, Flandro, Pope, Latin America, Caribbean, reinsurance

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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