

News Release

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April 1, 2013 Renewals See Reinsurance Pricing Stabilize Amid Dynamic Capital Growth, Reports Guy Carpenter

New York, April 10, 2013 – Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist, reports that dynamic capital growth and ample reinsurance capacity resulted in a relatively stable renewal at April 1, 2013. In a briefing released today, Guy Carpenter comments that the convergence of traditional and alternative capital sources is changing the marketplace, with non-traditional capacity now making up an estimated 14 percent of global property catastrophe limit.

Guy Carpenter says this environment benefited insurers at April 1, 2013, which is a significant renewal date for the Asia Pacific region. Reinsurance pricing in Asia generally stabilized or fell marginally this year as the adverse conditions experienced in the wake of the Tohoku earthquake in Japan and Thailand flooding in 2011 generally gave way to modest softening. Rates did increase in Korea, however. In the United States, non-traditional capacity is having a significant impact on property catastrophe business. Indeed, traditional reinsurance pricing to date has decreased on similar coverages from the January 1 renewal.

Key highlights from the briefing include:

- **Japan:** Rates decreased moderately for most catastrophe excess of loss lines in Japan due to a year largely absent of major catastrophe losses. However, the losses from the Tohoku earthquake and the Thailand floods in 2011 still influenced the 2013 renewal by limiting downward pressure on prices.
- **Republic of Korea:** The Korean insurance market endured a relatively turbulent 2012 after being hit by three typhoons. Adjustments were consequently made to pricing, resulting in rate increases to catastrophe excess of loss treaties on a risk adjusted basis. Pricing for loss-affected risk excess of loss treaties also rose significantly.
- **India:** The Indian domestic treaty renewal was subject to an environment similar to that faced by other territories in the Asia Pacific region. The softer market conditions saw reinsurance buyers increase their attachment points to save money or negotiate further in order to maintain a similar reinsurance spend against meaningful exposure growth.
- **U.S. Property Catastrophe:** For the few but sizable placements renewing at April 1, traditional reinsurance pricing was down generally in the single digit range. Non-traditional capacity has impacted the market and is expected to continue to do so in the upcoming June renewals.

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QUOTE

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

“The April 1 reinsurance renewal saw pricing stabilize in most regions as insurers benefited from an environment of dynamic capital growth. Much of this growth emanated from non-traditional sources, confirming that the convergence between traditional reinsurance and capital market solutions has now occurred.

Guy Carpenter feels that an accurate understanding of how the market is converging and where the capacity will be deployed is essential to creating new competitive advantages at future renewals. This begins with an accurate and rigorous study of the sources and uses of capital, as well as an accurate quantification of available and deployed reinsurance capacity. Guy Carpenter is uniquely positioned to assist clients and reinsurers in this area in the pursuit of opportunities for profitable growth”.

For more information, visit <http://www.gccapitalideas.com>.

TAGS/KEYWORDS

Guy Carpenter, reinsurance, renewal, catastrophe, property, United States, Asia, Australia, Japan, Korea, New Zealand, India, 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.

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. In the past year, 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's* 2012 ILS Transaction of the Year (GC Securities*), and Reinsurance Broker of the Year for the Asia-Pacific region at the 16th Annual Asia Insurance Industry Awards.

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