

# News Release

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## **GC Securities\* Completes First of its Kind Catastrophe Bond for Metropolitan Transportation Authority**

*MetroCat Re Ltd. To Manage Storm Surge in the New York City Metropolitan Region for First Mutual Transportation Assurance Company*

**New York, July 31, 2013** – GC Securities, a division of MMC Securities Corp., a U.S. registered broker-dealer and member FINRA/NFA/SIPC, today announced the placement of the Series 2013-1 Notes, with notional principal at \$200,000,000, through a newly formed catastrophe bond shelf program, MetroCat Re Ltd., to benefit First Mutual Transportation Assurance Company (FMTAC), a New York State licensed and domiciled captive insurance company and subsidiary of the Metropolitan Transportation Authority (MTA). This is the first time that FMTAC / MTA has utilized the cat bond market to manage its storm surge risks in the New York City metropolitan region and is the first cat bond ever to protect solely against storm surge risk.

The bond provides three years of per occurrence determined storm surge height protection as measured by up to five Calculation Locations in the New York City metropolitan region during the event period of a Named Storm.

GC Securities served as sole bookrunner, joint structuring agent and lead manager.

### **RISK PROFILE**

<b>Series 2013-1 Notes</b>	<b>Size</b>	<b>S&amp;P Rating</b>	<b>Expected Maturity</b>	<b>Coupon</b>
Class A Notes	\$200,000,000	BB- sf	August 5, 2016	U.S. Treasury Money Market earnings + 4.50%

### **QUOTES**

**David Priebe, Vice Chairman of Guy Carpenter and Head of GC Securities**

“The remarkable convergence of capital markets capacity with the reinsurance market that has been witnessed in 2013 to-date is also applicable to the insurance markets as is evidenced by the successful MetroCat Re cat bond issuance benefiting FMTAC. Capital markets investors embraced this new peril and sponsor. Marsh and McLennan Companies is committed to leveraging the GC Securities platform for the benefit of all its operating companies’ clients.”

**Jerry Harley, Managing Director of Marsh**

“Following the damage caused by Superstorm Sandy, we worked with the MTA to find an innovative approach to manage its catastrophe risk going forward. By working with our sister company, Guy Carpenter, we were able to provide a capital market-based solution that gives the MTA the flexibility

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to spread risk over a long-term solution and introduce new sources of reinsurance capacity to replace post-storm market capacity reductions."

**Thomas F. Prendergast, MTA Chairman and CEO**

"In the aftermath of Superstorm Sandy, the traditional avenues we use for insurance and reinsurance contracted dramatically, making it exceedingly difficult for the MTA to obtain insurance. We appreciate the contributions of all of our business partners. This strengthens our position with regard to future interactions with the traditional reinsurance market. We anticipate that this deal represents the start of a long-term alternative reinsurance option that diversifies MTA's risk management strategy."

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

"This transaction highlights again the acceptability and flexibility of capital markets-based risk transfer capacity to accept and strongly support bespoke ILS solutions, specifically in this case a new peril and first of its kind trigger structure, to meet the specific needs of FMTAC. The novel and thoughtful use of various water level sources in a parametric trigger structure to align with FMTAC's storm surge risk exposure in the New York City metropolitan area coupled with the broad-based and robust support of over 20 investors demonstrates the depth and sophistication of capital markets capacity as it expands its footprint in the insurance, reinsurance and retrocession marketplaces."

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

"We approached the market with a new trigger structure for a new sponsor and the investors rose to the challenge and gave us an oversubscribed book facilitating a deal upsize from the original target of 125mm and pricing through the initial price guidance. The MTA should consider this an invitation from the capital markets to make regular use of this diversifying and deep source of reinsurance capacity. The transparent trigger structure and potential capacity needs makes the MTA an ideal "core holding" for many investors. GC Securities is proud to have brought to market this path breaking transaction that will benefit the MTA and all the citizens in the Greater New York area."

**TAGS/KEYWORDS**

Guy Carpenter, GC Securities, MetroCat, MetroCat Re, catastrophe bond, cat bond, First Mutual Transportation Assurance Company, FMTAC, Metropolitan Transportation Authority, MTA, Priebe, Harley, Anger, Hum

**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](http://www.guycarp.com).

*Reactions* magazine named Guy Carpenter Best Global Reinsurance Broking Company Overall and Best

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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 16<sup>th</sup> Annual Asia Insurance Industry Awards.

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