

News Release

Contacts:

Missy DeAngelis

Guy Carpenter
1.917.937.3118

missy.deangelis@guycarp.com

Jennifer Ainslie

Guy Carpenter
44.207.357.2058

jennifer.ainslie@guycarp.com

Kate Dillon

Prosek Partners
1.212.279.3115 ext. 115

kdillon@prosek.com

April Renewals Bring Price Reductions and Focus on Tailored Coverage, Finds Guy Carpenter

New York, April 10, 2014 – Guy Carpenter & Company, LLC, a leading global risk and reinsurance specialist and member of Marsh & McLennan Companies (NYSE: MMC), reports that the April 1, 2014 renewal was marked by price reductions and more tailored reinsurance coverage. Strong balance sheets, an abundance of capacity and a consolidation of buying led to lower reinsurance pricing across most territories and business segments at the renewal.

"Despite a spike in insured losses during the first quarter of 2014 after severe storms and floods hit parts of Asia, Europe and the United States, excess reinsurance sector capital and rising supply from traditional and alternative sources continued to impact the market and affect pricing in Asia and the United States at April 1 renewals," said James Nash, CEO of Asia Pacific Operations at Guy Carpenter.

Japan

Pre-renewal expectations proved correct as easier market conditions returned to Japan at April 1, 2014. The degree of rate decreases was generally greater than expected and Japanese buyers benefitted from price and cost reductions in most main lines of business, as supply often exceeded demand.

Mergers, corporate restructuring, improved cedent balance sheets and a combination of perils in catastrophe covers all culminated in reduced demand at renewal. On the supply side, competition was heightened by reinsurers' strong balance sheets, the relatively high starting position of Japanese pricing as compared to historical levels, the foreign exchange depreciation of the Japanese Yen, the availability of cheap and broad retrocession cover and reinsurer growth plans.

Republic of Korea

Property excess of loss programs in Korea were significantly impacted by three big risk losses in the past year. Adjustments were consequently made to the deductibles of Korean non-marine treaties. Nevertheless, there was sufficient capacity to place business.

Reinsurers' interest in Korean casualty excess of loss lines was strong at April 1 renewals due to their strong historical performance. This, however, brought increased competition at renewals, driven by new participants in the space.

India

Although India was hit by a number of natural catastrophes in 2013, including flooding and cyclone landfall, the events had a limited impact on the market, with only a few companies picking up losses. Original property rates remained soft with no signs of correction, despite reinsurers voicing concern

April Renewals Bring Price Reductions and Focus on Tailored Coverage, Finds Guy Carpenter

April 10, 2014

and retreating from proportional programs. Notwithstanding cedent fears of placement shortfalls at April 1, programs did get placed late in the renewal, supported by select reinsurers who put up substantial lines and then leveraged their position to get equal shares on non-proportional programs.

Although softening market conditions prevailed at renewals, it was not to the extent of the wider market as many Indian programs started from a lower base technical position.

The United States

Soft pricing and a specific focus on tailored terms and conditions were again evident at April 1, 2014 for US property catastrophe business. Although the bulk of protection purchased was still placed on a traditional excess of loss basis where capital market sources have less involvement, alternative capacity providers continued to impact the market by offering capacity with flexible terms and conditions at reduced pricing while traditional providers responded to market conditions, protecting their market share. This competitive environment is expected to continue into the mid-year renewals.

TAGS/KEYWORDS

Renewals, Japan, Korea, India, catastrophe, pricing, United States, Asia, James Nash

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; cyber solutions; excess and umbrella; excess and surplus lines; life, accident and health; marine and energy; medical professional liability; mutual insurance companies; 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.

Guy Carpenter is a wholly owned subsidiary of [Marsh & McLennan Companies](#) (NYSE: MMC), a global professional services firm offering clients advice and solutions in the areas of risk, strategy and human capital. With 54,000 employees worldwide and annual revenue of \$12 billion, Marsh & McLennan Companies is also the parent company of [Marsh](#), a global leader in insurance broking and risk management; [Mercer](#), a global leader in talent, health, retirement, and investment consulting; and [Oliver Wyman](#), a global leader in management consulting. Follow Guy Carpenter on Twitter [@GuyCarpenter](#).

*Securities or investments, as applicable, are offered in the United States through GC Securities, a division of MMC Securities Corp., a US registered broker-dealer and member [FINRA/NFA/SIPC](#). Main Office: 1166 Avenue of the Americas, New York, NY 10036. Phone: (212) 345-5000. Securities or investments, as applicable, are offered in the European Union by GC Securities, a division of MMC Securities (Europe) Ltd. (MMCSEL), which is authorized and regulated by the Financial Conduct Authority, main office 25 The North Colonnade, Canary Wharf, London E14 5HS. Reinsurance products are placed through qualified affiliates of Guy Carpenter & Company, LLC. MMC Securities Corp., MMC Securities (Europe) Ltd. and Guy Carpenter & Company, LLC are affiliates owned by Marsh & McLennan Companies. This communication is not intended as an offer to sell or a solicitation of any offer to buy any security, financial instrument, reinsurance or insurance product. **GC Analytics is a registered mark with the U.S. Patent and Trademark Office.

###