GC Securities* Completes Catastrophe Bond Panda Re Ltd. Series 2015-1 Notes Benefiting China Property & Casualty Reinsurance Company Ltd. and China Reinsurance (Group) Corporation

First Ever Catastrophe Bond Benefiting a Chinese (Re)Insurer and Chinese Perils

New York, July 13, 2015 – GC Securities, a division of MMC Securities Corp., a U.S. registered broker-dealer and member FINRA/NFA/SIPC, today announced the placement of Series 2015-1 Class A Principal At-Risk Variable Rate Notes due July 9, 2018, with notional principal of USD 50,000,000, through a newly formed catastrophe bond shelf program, Panda Re Ltd., to benefit the China Property & Casualty Reinsurance Company Ltd. and China Reinsurance (Group) Corporation (collectively “China Re”).

This is the first time that China Re has utilized the catastrophe bond market to manage its natural peril risks and is the first ever cat bond benefiting a Chinese insurer or reinsurer. Panda Re also represents the first time that cat bond investors have gained exposure to Chinese perils.

While the Series 2015-1 Notes are USD-denominated with Panda Re’s limit to China Re based on US dollars, they are positioned alongside certain layers of China Re’s traditional retrocession program to provide per occurrence protection from earthquakes on an indemnity trigger basis.

GC Securities served as sole structurer and sole placement agent.

QUOTES

Li Yuanyuan, General Manager, China Re P&C
“We are proud to be the sponsor of Panda Re, which is issuing the first cat bond covering Chinese perils. I hope this is a good sign of opening the door to transferring Chinese catastrophe risks to the capital markets. Meanwhile, as our business partner, GC Securities has shown a high level of professional service in assisting us as we complete this groundbreaking deal.”

James Nash, CEO, Asia Pacific Region, Guy Carpenter
“We are delighted and honored that China Re has selected GC Securities as its partner for accessing alternative capital capacity. Demand from Asia-Pacific cedents and interest from capital markets investors has never been higher. Given expected growth in the region for years to come, China Re’s investment to access capital markets capacity is both prudent risk management for China Re and an exciting development for the market in general.”
David Priebe, Vice Chairman of Guy Carpenter
“We are proud to have assisted China Re in the execution of this historic transaction, which exemplifies the benefit of the convergence between the reinsurance and capital markets. This transaction demonstrates Guy Carpenter’s and GC Securities’ expertise, as well as our commitment to introducing alternative capital capacity to clients, assisting clients in navigating and understanding innovative forms of risk transfer.”

Cory Anger, Global Head of ILS Structuring, GC Securities
“China Re’s use of private catastrophe bond capacity and selection of structural features demonstrate the astute acumen of China Re in approaching new sources/forms of risk transfer capacity. The protection response of the Series 2015-1 Notes was designed to minimize foreign exchange risk by determining the percentage of Panda Re’s limit response in Renminbi while acknowledging and balancing that best execution of the bond limit from capital markets investors is currently in USD denomination. In recognition as the first Chinese earthquake catastrophe bond, China Re took advantage of many latest cat bond features for indemnity-triggered catastrophe bonds but also balanced its need for every bell and whistle in order to maximize investor response. It has been a privilege to work with the China Re team and achieve the success of the Panda Re catastrophe bond.”

Chi Hum, Global Head of ILS Distribution, GC Securities
“The strong investor support for Panda Re bonds underscores the appetite of capital markets investors for accepting new risks and regions of the global insurance markets. The investors seized upon this unique opportunity to partner with a world class reinsurer to best access and support the Chinese marketplace. The industry-like risk profile of these bonds (given China Re’s broad participation in assuming risk from all Chinese insurers as well as other facultative placements) added to the attraction of the Series 2015-1 Panda Re Ltd. bond. GC Securities is excited to have been able to assist China Re in their first time access to the capital markets and to have brought investors to support Panda Re and China Re’s risk management strategies.”

TAGS/KEYWORDS
Guy Carpenter, GC Securities, Panda Re, catastrophe bond, cat bond, China Property & Casualty Reinsurance Company Ltd., China Reinsurance (Group) Corporation, China Re, Nash, Priebe, Anger, Hum

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optimize the reinsurance decision-making process and help make the firm’s clients more successful. For more information, visit www.guycarp.com and follow Guy Carpenter on Twitter @GuyCarpenter.

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