Guy Carpenter Selected by CEA on Wildfire Fund Reinsurance and Risk Transfer Program

New York, August 20, 2019 – Guy Carpenter & Company, LLC, a leading global risk and reinsurance specialist and a business of Marsh & McLennan Companies (NYSE: MMC), today announced its appointment as the sole reinsurance intermediary for the newly formed California Wildfire Fund, which is currently being administered by the California Earthquake Authority (CEA).

Guy Carpenter will provide strategic reinsurance and advisory services to develop a risk transfer and reinsurance strategy for the California Wildfire Fund. Together, CEA and Guy Carpenter will work to increase the longevity of the California Wildfire Fund and enhance its claims-paying capacity.

“We are delighted to be selected as the exclusive reinsurance and risk transfer advisor for the California Wildfire Fund. We are looking forward to bringing our public sector and wildfire expertise to deliver results for this very important initiative for the residents of California,” said David Priebe, Vice Chairman of Guy Carpenter.

Earlier this year, the State of California enacted the 2019 Wildfire Safety and Accountability legislation, which included a broad set of forms and programs related to utility-caused wildfires in California. As a part of this legislation, the California Wildfire Fund was established, with CEA being assigned as the interim administrator tasked with operationalizing the fund, under the direction of CEA’s Governing Board.

Guy Carpenter leveraged its proven track record in analytics, as well as its strategic partnerships for this solution. This includes its modelling partnership with AIR Worldwide for proprietary wildfire modeling data, and Guy Carpenter’s exclusive license of the Tyche financial and capital modeling platform. Combined with its proprietary GC MetaRisk solution, Guy Carpenter was able to create real-time sophisticated capital models and test optimal structures for the program.

Guy Carpenter’s wildfire risk portfolio includes its proprietary GC Wildfire Diagnostic tool, which incorporates hazard-based accumulation reports; its Annual Wildfire Symposium; direct support of reinsurance solutions for utilities, including catastrophe bond solutions; wildfire catastrophe modeling; meteorological expertise; and capital modeling solutions.

Brokerage services for this program will be jointly delivered by Guy Carpenter’s California offices in Glendale and Mission Viejo.
“Guy Carpenter is focused on helping the public sector at the national, state and municipal levels. By leveraging private capital for public risks and innovative tools, we are able to help public entities mitigate risk and improve their communities,” added Mr. Priebe.

Guy Carpenter Leadership in Public Sector
Guy Carpenter has a proven commitment to identifying and building public-private partnerships that reduce the burden of catastrophic risk for public entities and make communities more resilient.

Guy Carpenter represents 31 natural catastrophe pools globally. Its 11 U.S. property residual market clients collectively represented $7.7 billion of limit and 75% of the property catastrophe limit placed on behalf of U.S. property residual markets in 2018. GC Securities pioneered the use of Insurance-Linked Securities (ILS) for sovereign/public entity/residual market insurers and remains #1 overall in this market space.

Highlights of Guy Carpenter’s and GC Securities’ work in this space include:

- Appointed reinsurance broker on FEMA’s NFIP reinsurance initiative since its inception in 2017. Guy Carpenter has assisted NFIP in structuring $4.32B of risk capital to supplement its financial framework. This includes the first issuance of a catastrophe bond by an agency of the U.S. Federal Government in 2018 through GC Securities.
- The placement of GBP 75 million Series 2019 Principal At-Risk Variable Rate Notes issued through Baltic PCC Limited, a protected cell company domiciled in the U.K., on behalf of Pool Re.
- GC Securities has placed several ILS transactions for coastal residual markets including those in Louisiana, Massachusetts, North Carolina and Texas.
- Participation in the pricing of bonds and catastrophe-linked swaps supporting pandemic risk as part of an innovative new public-private partnership aimed at improving global resiliency and health security by providing surge funding to developing countries facing a possible pandemic outbreak.
- The placement of a catastrophe bond benefiting the government of Mexico’s Fund for Natural Disasters (FONDEN). The catastrophe bond was issued by the International Bank for Reconstruction and Development, and represented the first listed property and catastrophe bond issued under its Capital-at-Risk notes program.

TAGS/KEYWORDS
Reinsurance, Public Sector, Wildfire, California, California Wildfire Fund, California Earthquake Authority (CEA), David Priebe

About Guy Carpenter
Guy Carpenter & Company, LLC is a leading global risk and reinsurance specialist with more than 3,100 professionals in over 60 offices around the world. Guy Carpenter delivers a powerful combination of broking expertise, trusted strategic advisory services and industry-leading analytics to help clients adapt to emerging opportunities and achieve profitable growth. Guy Carpenter is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), the world’s leading professional services firm in the areas of risk, strategy and people. The company’s 76,000 colleagues advice clients in over 130 countries. With annualized revenue approaching $17 billion, Marsh & McLennan
helps clients navigate an increasingly dynamic and complex environment through four market-leading companies including Marsh, Mercer and Oliver Wyman. For more information, visit www.guycarp.com and follow Guy Carpenter on LinkedIn and Twitter @GuyCarpenter.

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