

## News Release

Contact:

**Jennifer Ainslie**

Guy Carpenter  
020 7357 2058

[jennifer.ainslie@guycarp.com](mailto:jennifer.ainslie@guycarp.com)

**Joanne Lessner**

DeMartine Group  
203.221.2790

[jlessner@demartinegroup.com](mailto:jlessner@demartinegroup.com)

### **Guy Carpenter Publishes *Casualty Specialty Update***

**London, September 11, 2007**

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist and a part of the Marsh & McLennan Companies (NYSE: MMC), today announced the publication of *Casualty Specialty Update*. The report, prepared by Guy Carpenter's International Casualty Specialty Practice, covers the areas of liability catastrophe modelling, European environmental liability legislation and the impact of Basel II banking accords on insurers and reinsurers.

“Most insurers have concentrated on their exposure to potential catastrophe losses but have paid little attention to the liability classes, partly because no reliable modeling approach has been developed,” said George Carrington, Managing Director and a member of Guy Carpenter's International Casualty Specialty Practice. “It's clear that a different approach to modelling these liability risks is required if useful results are to be obtained, and this report outlines a number of steps we have taken to move toward developing a probabilistic casualty catastrophe model.”

In addition, the report examines two areas of growing importance in the European market – the transposition of the EU environmental liability directive (ELD) into national laws and the state of Basel II-compliant insurance policies.

“With regard to the adoption of ELD, there remains a high degree of uncertainty, as well as latitude in the directive itself, that is likely to result in variations from one country to the next,” added Mr. Carrington. “Overall, we believe that the trend will be toward a minimal application of the directive. The insurance and reinsurance market certainly cannot afford to delay its response to the ELD until transposition is complete, because the provisions apply retroactively back to April 30, 2007 and potentially have an indirect effect on many existing policies. We expect the insurance and reinsurance market to respond positively to the required changes.”

Adoption of Basel II-compliant insurance policies has been sporadic, involving only a handful of banks, mostly in France, where regulators have been more welcoming of the Basel II approach than their counterparts in other territories. The report concludes that a definitive strategy towards Basel II compliant insurance policies has yet to be established, with some carriers discussing alternative ‘market solutions.’

## **Guy Carpenter Publishes *Casualty Specialty Update***

September 11, 2007

A full copy of the report is available for download at [www.guycarp.com](http://www.guycarp.com). Printed copies can be obtained by contacting Guy Carpenter at [marketing@guycarp.com](mailto:marketing@guycarp.com).

Guy Carpenter & Company, LLC is the world's leading risk and reinsurance specialist and a part of the Marsh & McLennan Companies. Guy Carpenter creates and executes reinsurance and risk management solutions for clients worldwide through 2,600 professionals across the globe. The firm's full breadth of services includes 16 centers of excellence in Accident & Health, Agriculture, Alternative Risk Transfer, Environmental, General Casualty, Investment Banking\*, Life & Annuity, Marine & Energy, Professional Liability, Program Manager Solutions, Property, Retrocessional, Structured Risk, Surety, Terror Risk, and Workers Compensation. In addition, Guy Carpenter's InStrat® unit utilizes industry-leading quantitative skills and modeling tools that optimize the reinsurance decision-making process and help make the firm's clients more successful. Guy Carpenter's website address is [www.guycarp.com](http://www.guycarp.com).

\* 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/SIPC. Main Office: 1166 Avenue of the Americas, New York, NY 10036. Phone: (212) 345-5000. Advice on securities or investments in the European Union is provided through GC Securities Ltd., regulated by the Financial Services Authority for the conduct of investment business in the United Kingdom. Reinsurance products are placed through qualified affiliates of Guy Carpenter. MMC Securities Corp., GC Securities Ltd. and Guy Carpenter are affiliates owned by Marsh & McLennan Companies.

###