

News Release

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Guy Carpenter Introduces Flood Model for Czech Republic New Model Allows Insurers to Assess Potential Exposures in One of Central Europe's Most Developed Markets

London, November 15, 2007

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist and a part of the Marsh & McLennan Companies (NYSE: MMC), today announced that its InStrat[®] unit has introduced a new, fully probabilistic flood model for the Czech Republic. The model provides insurers with a reliable, high-quality set of tools for managing potential exposures in one of the most developed insurance markets in Central Europe, with a particularly high level of penetration in the property class and a rapidly strengthening economy.

"We have seen an increased demand from clients based in Central and Eastern Europe for new modelling approaches that can help them assess their potential exposures from natural catastrophes," said Hamish Dowlen, Vice President in Guy Carpenter's Munich office. "This flood model, which covers all of the Czech Republic's major rivers and most densely populated areas, will enable insurers in this fast-growing market to better understand their losses from a wide range of potential flood scenarios."

Mr. Dowlen added, "Our team has invested months of development time and significant resources in building this model, and we are confident that it offers a valuable, sophisticated service to our clients."

The new Czech flood model is based on the recently introduced Guy Carpenter Catastrophe Analysis Toolsuite (G-CAT[™]). Features of the new model include:

- A hazard module that utilizes a countrywide Digital Terrain Model (DTM) provided by T-MAPY and defined on a 40m x 40m grid.
- Detailed two-dimensional modelling of water propagation onto areas adjacent to rivers using the unique JFLOW-GPU distributed graphical processor technology.
- Event set data comprised of both historic events based on gauge station records and stochastic events that have been generated using Guy Carpenter's in-house methodology.
- A built environment module that leverages detailed land use data as well as census information to produce a building inventory, enabling a high-resolution analysis to be carried out even when the initial client's exposure information provided for analysis is at aggregate level.

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- An engineering module that addresses location-specific defence standards and includes depth-dependent loss distribution functions for each risk category available in the built environment.
- A detailed financial module allowing the calculation of ground-up and gross losses with an array of site level and policy level limits and deductibles.

“We are committed to continuing to provide our clients with effective solutions to help them mitigate risk in key geographies,” added Manuel Chirouze, Project Manager of the European Model Development Team in Guy Carpenter’s InStrat® unit. “We have introduced a number of country-specific flood risk models in recent years, including Poland in 2006 and Austria earlier this year. With the Czech model, we are taking the next step in giving insurers the tools they need to better understand and manage their exposures in Central Europe’s fastest-growing markets. We will also extend our modelling capabilities to include Slovakia within the next few months.”

Flooding of the Vltava River in 2002, which resulted in the evacuation of some 200,000 people, economic losses in the region of €2.4bn and insured losses totaling approximately €1.24bn, recently underscored the Czech Republic’s exposure to a major insured loss.

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 solutions and makes available capital market 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.

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