

## News Release

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### GC Securities\* Announces Completion of 144A Catastrophe Bond – Blue Coast Ltd.

Innovative Transaction Provides Multi-Year Aggregate Protection  
For U.S. Hurricane Peril

#### **New York, July 29, 2008**

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist, and GC Securities\*, a division of MMC Securities Corp, today announced the completion of a \$120 million, three-tranche note issuance from a new 144A catastrophe bond program, Blue Coast Ltd., a Cayman Islands exempted company, to benefit Allianz Risk Transfer (Bermuda) Limited (ART). This program is the third 144A catastrophe bond program to be established within the Allianz Group since April 2007.

GC Securities served as co-lead manager and joint bookrunner on the note issuance and joint structuring agent of the catastrophe bond program. The note issuance provides ART with \$120 million of fully collateralized, multi-year aggregate protection against the cumulative effect of U.S. hurricane risks in the coastal states from North Carolina to Texas through December 1, 2010.

“Investors appreciated the transparency of the trigger structure and also understood the reduced basis risk for the sponsor,” said Chi Hum, Global Head of Distribution, GC Securities. “The transaction was well supported by a range of investors spanning North America, Europe and Asia, including a number of recent new entrants to the insurance-linked securities space. This sets the stage for further innovation, which we expect to facilitate additional efficient delivery of capital markets capacity to insurance risk managers.”

The note issuance utilizes Property Claims Services’ index of industry insurance losses at a state level, which are then notionally allocated to counties in each state. If allocated losses exceed predetermined county level thresholds, pre-defined loss contributions will be accrued for all events in the multiple hurricane season risk period. If an aggregate threshold amount is exceeded, the coverage from the note issuance is triggered. AIR Worldwide Corporation was the modelling firm for the note issuance and also will act as the calculation agent for the notes.

“By calibrating the trigger structure of the cat bond protection at a county level, rather than a state level, we improve our ability to hedge certain underlying US hurricane risks and manage our balance sheet while minimizing and better managing our basis risk relative to other non-indemnity hedging alternatives,” said Bill Guffey, head of ART’s insurance-linked securities business.

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Cory Anger, Global Head of ILS Structuring at GC Securities, added, “The transaction was carefully constructed to provide unprecedented aggregate protection via the 144A cat bond market for U.S. hurricane risk over multiple seasons to best protect ART on a non-indemnity basis. Our InStrat® group’s unparalleled analytic and modelling resources allowed ART to implement the transaction quickly, by helping to refine the specific county level thresholds and pre-defined contributions to better target the specific aggregate layer to transfer to the capital markets.”

The tranches of the note issuance were each rated by S&P and ranged from BB- to B-.

### **About Guy Carpenter**

Guy Carpenter & Company, LLC is the world’s leading risk and reinsurance specialist and a part of the Marsh & McLennan Companies. With 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; Excess and Umbrella; Life, Accident and Health; Marine; Medical; Political Risk and Trade Credit; Professional Liability; Property; Retrocessional Reinsurance; Surety; Terrorism and Workers Compensation. GCFac® 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, 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).

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