

## News Release

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### Catastrophe Losses Make 2008 One of Costliest Years On Record, According to Guy Carpenter Briefing Ten-Year Moving Average of Insured Catastrophe Losses Costs Rises by 7 Percent

**New York, December 30, 2008**

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist, today published *2008 Catastrophe Update*, a briefing about the catastrophe reinsurance marketplace in 2008. The briefing, available on [www.GCCapitalIdeas.com](http://www.GCCapitalIdeas.com), Guy Carpenter's new intellectual capital website, states that the high frequency and severity of Atlantic hurricanes in 2008, coupled with other weather-related and man-made losses, placed the year among the costliest on record for insured catastrophe losses.

"The record-setting Atlantic hurricane season – especially Ike and Gustav – is the big story and the primary driver of insured losses in 2008," said Chris Klein, Global Head of Business Intelligence, Guy Carpenter. "At the same time, one should not overlook the role that other events, such as the China earthquake, California wildfires, and man-made catastrophes, played in making this an especially active year."

The ten-year moving average of insured catastrophe losses costs continued to rise in 2008, increasing by 7 percent over 2007 – from \$35.5 billion to \$38 billion. Overall, the 2008 hurricane season produced a record number of consecutive storms striking the United States, ranking as one of the most active seasons in the 64 years since comprehensive records began. Other notable storms of 2008 included Hurricane Dolly in Texas, Tropical Storm Fay in Florida, and Tropical Storm Hanna in the Carolinas.

Other noteworthy weather-related events in 2008 included Windstorm Emma – causing insured losses of \$1.3 billion – which affected northern and eastern regions of Europe, with Germany the hardest hit. The year's largest and most costly earthquake hit the Chinese province of Sichuan in May, killing more than 85,000 people. Though only a fraction of the loss is insured, it is likely to represent one of the highest insured losses in China's history.

In the United States, in addition to hurricane activity, flooding and wildfires triggered significant losses in 2008. May and June storms in the Midwest led to severe flooding, inundating up to 40,000 homes and businesses. Insurance Services Office's (ISO) Property Claim Services® (PCS) unit estimates insured losses from the floods at \$725 million. Wildfires in Southern California, meanwhile, destroyed around 980 homes, triggering an EQECAT-estimated total property loss of up to \$500 million.

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The year 2008 was also an unusually active year for man-made catastrophe losses. Losses in the mining, energy, and steel industries were particularly large in 2008. Claims were exacerbated by the impact of record high commodity prices on business interruption cover.

Guy Carpenter's new intellectual capital website, [www.GCCapitalIdeas.com](http://www.GCCapitalIdeas.com), leverages blog technology, including Real Simple Syndication (RSS) feeds, as well as searchable category tags, to deliver Guy Carpenter's latest research as soon as it is available. In addition, articles can be delivered directly to BlackBerry® devices and other personal digital assistants (PDAs).

### **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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