

News Release

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Catastrophe Bond Demand Remains Robust during Third Quarter 2011, Finds GC Securities*

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The third quarter of 2011 was one of the most active on record for the catastrophe bond market, according to a new update from GC Securities, a division of MMC Securities Corp., a U.S. registered broker-dealer and member FINRA/SIPC, a provider of investment banking services to the re/insurance industry and affiliate of Guy Carpenter & Company, LLC.

Three catastrophe bond transactions totaling USD512 million were completed during the third quarter, none of which contained exposure to U.S. hurricane peril. Excluding quarters in which there was no cat bond issuance, this is the first quarter since 2002 in which there was no transfer of U.S. hurricane risk.

At the conclusion of the third quarter, total 144A issuance for the 2011 calendar year stood at USD2.12 billion, below the 2010 three-quarter mark of USD2.58 billion. However, a substantial transaction pipeline exists for Q4 2011 and into the first half of 2012. Depending on how much of the pipeline converts to actual transactions and when these transactions come to market, it is reasonable to expect total issuance for 2011 to fall between USD3.5 billion and USD4.5 billion.

Additional findings and analysis of recent cat bond transaction activity, including cat bond redemptions, industry loss warranties, market dynamics and the outlook for the fourth quarter of 2011 and the first quarter of 2012 are summarized in *Cat Bond Update: Third Quarter 2011*. The report is available for download at www.GCCapitalIdeas.com.

QUOTES**Bill Kennedy, CEO of Global Analytics and Advisory, Guy Carpenter & Company, LLC**

“Our findings show that the cat bond market responded quickly to investor demand for investment opportunities, particularly for diversifying peril transactions. Demand for additional cat bond issuance remains robust.”

Chi Hum, Global Head of Distribution, GC Securities

“Continued volatility in the broader financial markets and comparatively attractive returns are driving net new inflows to the sector, helping to sustain the capital markets as a consistent, complementary source of capacity to the traditional reinsurance market.”

TAGS/KEYWORDS

GC Securities, catastrophe, cat bond, investment banking, 144A, industry loss warranties, Kennedy, Hum

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About Guy Carpenter

Guy Carpenter & Company, LLC is the world's leading risk and reinsurance specialist and a member of the Marsh & McLennan Companies. With over 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 and Energy; Medical Professional Liability; Political Risk and Trade Credit; Professional Liability; Property; Retrocessional Reinsurance; Surety; Terrorism and Workers Compensation. GC Fac® 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, GC Analytics® 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.

GC Securities provides investment banking services to the re/insurance industry, extending the traditional reinsurance services of Guy Carpenter & Company, LLC, the world's leading risk and reinsurance specialist and a part of the Marsh & McLennan Companies. With its team of seasoned professionals, GC Securities offers a full range of corporate finance and capital markets-based risk transfer solutions that complement Guy Carpenter's strong industry relationships, analytical capabilities and reinsurance expertise. GC Securities' Capital Markets group is a recognized leader in insurance-linked securities (ILS) solutions and helps clients plan, structure and issue catastrophe bonds, sidecars and other forms of ILS, thereby enabling clients to access capital markets capacity to transfer risk and maximize return on capital. GC Securities' Corporate Finance group advises clients on mergers, acquisitions and divestitures, private debt and equity raising, as well as the development of rigorous capital plans that encompass the full array of available capital options.

Guy Carpenter's intellectual capital website, www.GCCapitalIdeas.com, leverages blog technology, including Real Simple Syndication (RSS) feeds and searchable category tags, to deliver Guy Carpenter's latest research as soon as it is posted. In addition, articles can be delivered directly to BlackBerrys and other handheld devices.

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