

News Release

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Guy Carpenter Releases the First Hail Model For the Slovenian Insurance Market

London, July 5, 2011

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist and a member of Marsh & McLennan Companies (NYSE: MMC), today announced that it has developed the first hail model for Slovenia, following the 2010 creation of a flood model for the country.

Since 2004, Slovenia has been affected by severe weather events that have included damage from hail. The weather events of 2008, which combined the destructive forces of wind, flooding and hail, resulted in total estimated insured losses of EUR200 million. Three of the five events that occurred in 2008 resulted in losses to catastrophe programmes, of which hail was an important component. In addition, two significant hail events occurred in May and June of 2009 that caused insured losses.

In this context, Guy Carpenter's new Slovenia hail model will provide the industry's first tool that allows insurers to quantify their exposure to the hail peril and to guide the structuring and pricing of reinsurance programmes.

MODEL FEATURES

- **Hazard data** for the model was provided by the Environmental Agency of the Republic of Slovenia and comprises 10 years of radar data, from which hail track ellipses were determined. The high frequency of hail events has enabled the full probabilistic modelling of the peril, despite the relatively short period of historic radar data. The model's stochastic event set contains over 15,000 hail events.
- The **exposure module** allows import of geocoded portfolio information, while a detailed built environment database also allows lower resolution portfolio information to be imported, by disaggregation of the data into a high-resolution modelling grid.
- The **vulnerability module** contains damage curves for all major lines of business (motor, residential, commercial and industrial) that have been calibrated using over 90,000 hail claims from the region.
- The newly updated **financial module** of Guy Carpenter's model platform G-CAT® enables the application of all types of deductibles and limits on a per policy or per risk basis.

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For the Slovenian Insurance Market

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QUOTES

Nick Frankland, CEO of EMEA Operations, Guy Carpenter & Company

"With the successful development of this valuable model, we now offer a full range of catastrophe modelling services to our clients in Slovenia. This is another example of the value and trusted strategic advice that Guy Carpenter delivers to our clients across the globe."

Mark Weatherhead, Manager of GC AnalyticsSM Model Development Team, Guy Carpenter & Company

"Guy Carpenter is committed to providing the most accurate and transparent catastrophe modelling tools available for the key regions in which our clients operate. This new development provides detailed understanding for this increasingly significant peril and will allow our clients to make better informed risk management and reinsurance decisions."

TAGS/KEYWORDS

Guy Carpenter, Slovenia, hail, model, reinsurance, exposure, frequency, Frankland, Weatherhead

About Guy Carpenter

Guy Carpenter & Company, LLC is the world's leading risk and reinsurance specialist and a member of 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. 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, GC AnalyticsSM 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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