

News Release

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Guy Carpenter Examines Multi-Model Approach in New Report on Managing Catastrophe Model Uncertainty

New York, December 8, 2011

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist and a member of Marsh & McLennan Companies (NYSE: MMC), today published a new report on the effective use of property catastrophe models by property insurers.

The report addresses the merits of adopting a multi-model approach to estimate risk and control uncertainty. Three strategies for using multiple models are examined: model blending, model morphing and model fusion. The study also provides extensive background on how catastrophe models are used and the potential sources of uncertainty in cat model results.

Managing Catastrophe Model Uncertainty: Issues and Challenges is available for download at www.GCCapitalIdeas.com.

QUOTES

John Major, Director of Actuarial Research, GC Analytics®, Guy Carpenter & Company

“Despite considerable refinement of catastrophe models since their introduction in the late 1980s, uncertainty remains – and it is a significantly bigger factor than many users may realize. While advances over the years have reduced the band of uncertainty around a typical probable maximum loss estimate, the consideration of smaller areas of geography only introduces more uncertainty.”

TAGS/KEYWORDS

Guy Carpenter, GC Analytics, catastrophe, cat model, model, property, uncertainty, Major

About Guy Carpenter

Guy Carpenter & Company, LLC is a global leader in providing risk and reinsurance intermediary services. 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. For more information, visit www.guycarp.com. Guy Carpenter is a wholly owned subsidiary of [Marsh & McLennan Companies](http://www.marsh.com) (NYSE: MMC), a global team of

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professional services companies offering clients advice and solutions in the areas of risk, strategy and human capital. With 52,000 employees worldwide and annual revenue exceeding \$10 billion, Marsh & McLennan Companies is also the parent company of [Marsh](#), a global leader in insurance broking and risk management; [Mercer](#), a global leader in human resource consulting and related services; and [Oliver Wyman](#), a global leader in management consulting. Follow Guy Carpenter on Twitter [@GuyCarpenter](#).

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