

# News Release

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## **GC Securities\* Completes Catastrophe Bond Tar Heel Re Ltd. Series 2013-1 Notes for the State of North Carolina's Windpool**

Fourth Successful Cat Bond Issuance benefiting the NCJUA/NCIUA

**New York, April 17, 2013** – GC Securities, a division of MMC Securities Corp., a U.S. registered broker-dealer and member FINRA/SIPC, today announced the placement of the Series 2013-1 Notes, with notional principal at \$500,000,000, through a newly formed catastrophe bond shelf program, Tar Heel Re Ltd., to benefit the North Carolina Joint Underwriting Association and the North Carolina Insurance Underwriting Association (collectively, the NCJUA/NCIUA). This is the fourth time that the NCJUA/NCIUA has utilized the cat bond market to manage its tropical cyclone risks and the first time that an annual aggregate structure was utilized.

The new bonds will sit below the existing \$201.835M per occurrence Series 2011-1 Class A and B Notes issued in 2011 from the NCJUA/NCIUA's prior cat bond facility, Johnston Re Ltd. Collectively, the NCJUA/NCIUA will have \$701.835M of catastrophe bond protection outstanding for the 2013 hurricane season.

GC Securities served as lead structurer, sole bookrunner and co-lead manager.

### **RISK PROFILE**

<b>Series 2013-1 Notes</b>	<b>Size</b>	<b>S&amp;P Rating</b>	<b>Expected Maturity</b>	<b>Coupon</b>
Class A Notes	\$500,000,000	B+ sf	May 9, 2016	TMM + 8.50%

### **QUOTES**

**Glenn Hahn – Chairman of the NCJUA/NCIUA and Member Company Board Representative, Fire Operations Manager of State Farm**

“The Board is pleased with the capital markets’ receptivity to a fourth NCJUA/NCIUA cat bond issuance. This transaction, which employs an annual aggregate structure with an expanded definition of Named Storm, as well as advance reimbursement provisions, provides our Associations with enhanced coverage and improved post-event cash flow at a competitive price.”

**Gina Schwitzgebel – General Manager, NCJUA / NCIUA**

“Since 2009, the NCJUA/NCIUA have transferred a portion of our named windstorm risk to the capital markets. The consistency and competitiveness of the capital markets help our Associations maintain strong claims-paying ability for our policyholders at competitive prices.

We appreciate all of our business partners in the Tar Heel Re transaction, especially GC Securities, who served as lead structurer, sole bookrunner and co-lead manager, and Munich Re, who served as

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co-structurer and co-lead manager. Through their efforts, the NCJUA/NCIUA were able to bring a larger bond to market at costs lower than our previous cat bonds.”

### **Cory Anger, Global Head of ILS Structuring, GC Securities**

“The capital markets have uniquely responded to the needs of the NCJUA/NCIUA by providing meaningful and cost-effective annual aggregate capacity (the first annual aggregate triggered cat bond for a wind-exposed residential market entity) while also diversifying and expanding the claims payment capacity of the NCJUA/NCIUA. This cat bond was structured to provide enhanced flexibility relative to prior issuances, such as expanding the protection to cover Named Storms (i.e. tropical cyclone) losses instead of only hurricane-related losses, eliminating certain co-participation requirements and providing certain advance reimbursement payment to the NCJUA/NCIUA and thereby enhancing the NCJUA/NCIUA’s cash management post-event.”

### **Chi Hum, Global Head of ILS Distribution, GC Securities**

“The broad based investor response to the Tar Heel Re offering shows what can be achieved with a consistent and thoughtful approach to the capital markets. Investors acknowledge the professionalism and disciplined business approach that the NCJUA/NCIUA has employed in managing its book of business and facilitating a program objective of increasing the mix of multi year aggregate covers in their reinsurance program. We expect that investors will look forward to supporting future issuances of the NCJUA/NCIUA. Amongst residual market entities, NCJUA/NCIUA has pioneered the optimization of traditional reinsurance and capital markets capacity to achieve a more robust program in terms of price, trigger and duration for the benefit of the member companies and the policyholders of North Carolina.”

### **David Priebe, Vice Chairman of Guy Carpenter and Head of GC Securities**

“This transaction exemplifies the ongoing and accelerated convergence between the insurance, reinsurance and capital markets and demonstrates the value that NCJUA/NCIUA achieved in partnering GC Securities, Guy Carpenter’s broking team and Munich Re to deliver a solution best meeting NCJUA/NCIUA’s risk transfer needs.”

### **TAGS/KEYWORDS**

Guy Carpenter, GC Securities, Tar Heel Re, Johnston Re, catastrophe bond, cat bond, North Carolina Joint Underwriting Association, North Carolina Insurance Underwriting Association, NCJUA/NCIUA, Hahn, Schwitzgebel, Anger, Hum, Priebe

### **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

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decision-making process and help make the firm's clients more successful. For more information, visit [www.guycarp.com](http://www.guycarp.com).

*Reactions* magazine named Guy Carpenter Best Global Reinsurance Broking Company Overall and Best Reinsurance Broking CEO of the year in 2012. At the *Reactions* London Market Awards, Guy Carpenter was also named Reinsurance Broker of the Year and took home Reinsurance Broking Team of the Year honors for both Property and Aviation. In the past year, Guy Carpenter has also won: Global Best ILS Advisor (GC Securities\*), US Best ILS Advisor (GC Securities\*) and US Best Broker for Casualty Reinsurance from *Intelligent Insurer*, *Insurance Day's* 2012 ILS Transaction of the Year (GC Securities\*), and Reinsurance Broker of the Year for the Asia-Pacific region at the 16<sup>th</sup> Annual Asia Insurance Industry Awards.

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