

News Release

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January 1, 2013 Renewals Bring Stable Reinsurance Pricing, Reports Guy Carpenter

New York, January 3, 2013 – Guy Carpenter & Company, LLC, a leading global risk and reinsurance specialist and member of Marsh & McLennan Companies (NYSE: MMC), reports that the reinsurance sector enters 2013 equipped with ample dedicated capital and stable pricing. In its 2013 global renewal report, *The Route to Profitable Growth*, Guy Carpenter finds that the January 1, 2013 renewals took place against a stable backdrop, with only loss-affected lines and select regions experiencing price volatility. The market was supported by a combination of factors including lower than normal catastrophe losses during the first nine months of 2012, new reinsurance capacity and record-high levels of capital.

2013 Renewal

The Guy Carpenter Global Property Catastrophe Reinsurance Rate on Line (ROL) index fell marginally at the January 1 renewals, indicating a global market with capacity appropriate to meet demand. Any upwards pressure on property catastrophe pricing generally came from programs impacted by Superstorm Sandy in the U.S. and other smaller, local events. Programs not loss impacted were overall flat to down. Price movements for non-catastrophe lines were also mixed, with marine and energy lines seeing noticeable rate increases while many other lines experienced reductions.

Fully dedicated reinsurance capital rose to record levels during the first nine months of 2012. Although Sandy's late landfall along the northeast U.S. coastline pushed global insured losses to more than USD50 billion in 2012 and likely caused capital levels to stagnate in the fourth quarter, losses were significantly less than the USD120 billion sustained in 2011.

"The January 1, 2013 renewal was very orderly as catastrophes had only local impact," said Lara Mowery, Global Head of Property Specialty, Guy Carpenter. "One area of ongoing development was growth in the number of participants and capital provided by non-traditional markets, a critical factor in the marketplace's continuing evolution. Even insurers who do not directly utilize non-traditional sources benefit as reinsurers further leverage this capacity."

The Route to Profitable Growth

The challenges of weak economic growth, lower investment returns and reserving adequacy remain. Risk carriers require sophisticated solutions to identify, mitigate and transfer an evolving range of risks to overcome these issues. In *The Route to Profitable Growth*, Guy Carpenter identifies six key areas carriers can explore to help enhance profitability in 2013 and beyond. These include optimal capital management, clear and consistent communication to rating agencies and regulators, appropriate domicile selection and capital markets opportunities.

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“The sector continues to show strong resilience,” said David Flandro, Global Head of Business Intelligence, Guy Carpenter. “Over the last five years, insurers have had to respond to financial crises, falling investment yields and increasing international losses. In this environment, it is imperative that insurance company managements have access to the best solutions and opportunities. Guy Carpenter has a long history of creating value for our clients and we are committed to providing innovative solutions for profitable growth.”

For more information, visit <http://www.gccapitalideas.com>.

TAGS/KEYWORDS

Guy Carpenter, reinsurance, renewal, Mowery, Flandro, catastrophe, rate, property, casualty, Superstorm Sandy, regulation, capital market, growth

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.

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 16th Annual Asia Insurance Industry Awards.

Guy Carpenter is a wholly owned subsidiary of [Marsh & McLennan Companies](#) (NYSE: MMC), a global team of professional services companies offering clients advice and solutions in the areas of risk, strategy and human capital. With 53,000 employees worldwide and annual revenue exceeding \$11 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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