

News Release

Contacts:

Missy DeAngelis

Guy Carpenter
1.917.937.3118

missy.deangelis@guycarp.com

Jennifer Ainslie

Guy Carpenter
44.207.357.2058

jennifer.ainslie@guycarp.com

Kate Dillon

Prosek Partners
1.212.279.3115 ext. 115

kdillon@prosek.com

Guy Carpenter Report Shows Insurance Industry Continuing to Release Reserves Through 2014

Homeowners and Private Passenger Auto Lines Exert Greatest Impact on Reserve Cycle

New York, April 30, 2014 – Guy Carpenter & Company, LLC, a leading global risk and reinsurance specialist and member of Marsh & McLennan Companies (NYSE: MMC), today released an updated analysis of industry reserves.

Based on 2013 annual statutory statements, Guy Carpenter has updated their analysis of the reserve cycle by examining accident year data for eleven lines of business. According to the analysis, workers compensation reserves appear to be improving, despite noted deterioration over the last year. Similarly, medical professional liability and commercial multi-peril lines appear to be making tentative turns to show greater reserve release in accident year 2012 than expected. Conversely, other lines such as commercial auto liability continued to exhibit deterioration.

“Guy Carpenter looks at the reserve cycle differently, by studying reserve movements by accident year, rather than financial year,” said Jessica Leong, Lead Casualty Specialty Actuary. “By analyzing the cycle the same way actuaries do – by accident year – the trends are clearer. We can help our clients better understand the drivers of the cycle and navigate through it. According to our analysis, accident year 2013 shows more releases than accident year 2012, not less, as we had been expecting.”

A major driver of the continued release of reserves can be attributed to homeowners and private passenger auto lines, which are responsible for 70 percent of the improvement for accident year 2012. However, there is a lack of a clear cycle for short tailed lines, which makes it challenging to predict whether accident year 2013 will continue to show releases in 2014.

“The somewhat random movement of the reserve cycle for short tailed lines of business, such as homeowners and private passenger auto lines, makes it harder to predict what the future holds for the 2013 accident year,” said Leong. “However, long tailed lines such as workers compensation, medical professional liability and commercial multi-peril, also released more reserves for accident year 2012 than for accident year 2011. That is much more interesting, since these long tailed liability lines are very cyclical.”

TAGS/KEYWORDS

Reserves, Reserve Cycle, Jessica Leong, Guy Carpenter, Actuary, Workers Compensation, Medical Profession Liability, Commercial Multi-Peril, Homeowners Liability, Private Passenger Auto Liability

Guy Carpenter Report Shows Insurance Industry Continuing to Release Reserves Through 2014

April 30, 2014

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; cyber solutions; excess and umbrella; excess and surplus lines; life, accident and health; marine and energy; medical professional liability; mutual insurance companies; 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](#) (NYSE: MMC), a global professional services firm offering clients advice and solutions in the areas of risk, strategy and human capital. With 54,000 employees worldwide and annual revenue of \$12 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 talent, health, retirement, and investment consulting; and [Oliver Wyman](#), a global leader in management consulting. Follow Guy Carpenter on Twitter [@GuyCarpenter](#).

*Securities or investments, as applicable, are offered in the United States through GC Securities, a division of MMC Securities Corp., a US registered broker-dealer and member [FINRA/NFA/SIPC](#). Main Office: 1166 Avenue of the Americas, New York, NY 10036. Phone: (212) 345-5000. Securities or investments, as applicable, are offered in the European Union by GC Securities, a division of MMC Securities (Europe) Ltd. (MMCSEL), which is authorized and regulated by the Financial Conduct Authority, main office 25 The North Colonnade, Canary Wharf, London E14 5HS. Reinsurance products are placed through qualified affiliates of Guy Carpenter & Company, LLC. MMC Securities Corp., MMC Securities (Europe) Ltd. and Guy Carpenter & Company, LLC are affiliates owned by Marsh & McLennan Companies. This communication is not intended as an offer to sell or a solicitation of any offer to buy any security, financial instrument, reinsurance or insurance product. **GC Analytics is a registered mark with the U.S. Patent and Trademark Office.

###