

CASE STUDY

CAPITAL SOLUTIONS

New private catastrophe bond platform broadens access to capital markets.

Client Challenge

In the past, most catastrophe bonds have been issued in Rule 144A offerings, which are only available to large institutional investors. Insurance and reinsurance companies whose capacity needs are below the threshold amount necessary to justify a traditional catastrophe bond issuance did not have a way to effectively utilize private capital markets.

Our Solution

GC Securities* recently teamed with a firm that specializes in insurance-linked securities to establish a private catastrophe bond platform. An alternative to the traditional Rule 144A offering process, the platform allows clients to sponsor catastrophe bond transactions, with GC Securities serving as the placement agent. By simplifying and standardizing the catastrophe bond process, the platform significantly reduces the time and costs historically associated with sponsoring catastrophe bonds. Clients that utilize the platform are able to customize coverage with the appropriate triggers and reinsurance structures.

The Results

With the new platform, sponsors have an efficient way to fund smaller amounts of excess of loss catastrophe reinsurance in the capital markets. The advantages of capital markets capacity – previously accessible only to the largest capacity buyers – are now available to a broader segment of the insurance and reinsurance industry.

*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/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., which is authorized and regulated by the Financial Services Authority. 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.