

News Release

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Reinsurance Rates Decline at January 1, 2011 Reinsurance Renewals For Second Consecutive Year, Finds Guy Carpenter Potential Catalysts for Turnaround May Start to Emerge

New York, December 30, 2010

For the second consecutive year, global reinsurance property catastrophe rates on line for most lines of business declined at the January 1, 2011 renewals, according to a report published today by Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist and a member of Marsh & McLennan Companies (NYSE: MMC). The Guy Carpenter Global Property Catastrophe Rate on Line Index dropped 7.5 percent in 2010, as moderate loss activity, high levels of industry surplus and other factors contributed to the decrease. Structures did not change significantly, with cedents buying amounts of cover comparable to last year.

The report, titled *Points of Inflection: Positioning for Change in a Challenging Market*, features Guy Carpenter's comprehensive 2011 reinsurance industry outlook and identifies several emerging drivers of change that have the potential to turn around current soft market conditions in the year ahead.

Key reinsurance industry issues and trends examined in the report include:

RENEWAL RATES

- Guy Carpenter's exhaustive sector-by-sector and regional review of renewal rates indicates, with few exceptions, further softening in the market.

EXCESS CAPITAL

- Guy Carpenter estimates dedicated reinsurance sector capital to be USD19 billion (11 percent) in excess of historical levels given risks currently assumed, with a defensible range of between USD14 billion (8 percent) and USD26 billion (15 percent).

REGULATION

- The Solvency II regulatory capital regime has profound impact on the industry far beyond the European jurisdiction. Re/insurers worldwide should be prepared to identify, understand and manage these risks associated with Solvency II changes.

Points of Inflection: Positioning for Change is available exclusively to Guy Carpenter clients. Please contact Guy Carpenter directly with any questions or to request a copy.

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For Second Consecutive Year, Finds Guy Carpenter
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QUOTES

Bill Kennedy, CFA, CEO of Global Analytics and Advisory, Guy Carpenter & Company, LLC

“We expect 2011 to be a challenging year in terms of global macroeconomic issues and insurance underwriting. It is also likely to be a year of opportunity. Insurers armed with the best information, insights and innovative solutions will be best positioned to take advantage of the changing environment. Guy Carpenter is committed to helping its clients successfully navigate this challenging market environment.”

David Flandro, Head of Global Business Intelligence, Guy Carpenter & Company, LLC

“While current market conditions show no immediate signs of reversing, we see an increasing number of latent factors which – alone or in combination – could at some point precipitate a meaningful change in the market’s direction. Depending on loss experience, these factors could begin to coalesce around renewals later in 2011.”

TAGS/KEYWORDS

Guy Carpenter, reinsurance, insurance, renewals, property catastrophe, ROL, Lloyd’s, Solvency II, ILS, cat bond, Kennedy, Flandro

About Guy Carpenter

Guy Carpenter & Company, LLC is the world’s leading risk and reinsurance specialist and a member of Marsh & McLennan Companies. 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. GCFac® 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. Guy Carpenter’s website address is www.quycarp.com.

Guy Carpenter’s intellectual capital website, www.GCCapitalIdeas.com, leverages blog technology, including Real Simple Syndication (RSS) feeds and searchable category tags, to deliver Guy Carpenter’s latest research as soon as it is posted. In addition, articles can be delivered directly to BlackBerrys and other handheld devices.

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