

News Release

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Guy Carpenter Addresses the State of the Market at Reinsurance Rendez-Vous in Monte Carlo CEO-Led Panel Discusses How and Why the Industry is Rapidly Changing The Way It Identifies and Manages Risk and Capital

New York, September 7, 2008

Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist, hosted a special briefing for the press attending Reinsurance Rendez-Vous in Monte-Carlo on September 6, 2008. Peter Zaffino, President and CEO of Guy Carpenter, opened the discussion with observations on the unique complexities of today's reinsurance market, followed by additional insights from Guy Carpenter's Chris Klein, Global Head of Business Intelligence, David Priebe, Head of the Global Client Development Group, and Nick Frankland, CEO of European operations.

Peter Zaffino noted that, with the subprime crisis, "we are witness to a new type of catastrophe – the 'financial catastrophe' – with the power to hit both sides of the balance sheet."

He continued by presenting the negative impact of the credit crisis on 2008 six-month earnings results, pointing to reduced investment results that put pressure on underwriters to maximize returns.

Chris Klein stated, "If the credit crisis persists, there could be a post-loss liquidity crunch – particularly for credit." Even with sidecars and cat bonds to supplement traditional reinsurance, Mr. Klein added that "risk transfer is only as effective as the capital behind it."

Turning to market conditions, Mr. Klein pointed out that high retentions by primary insurers have accompanied the soft market conditions. With the frequency of large per risk losses in the first quarter of 2008, together with a string of hurricanes, it means "losses will weigh more heavily on primaries, who may then seek to buy down retentions." He added that "Gustav and Hanna are unlikely to have a major impact on pricing, but Ike could be a turning point."

David Priebe added that the alternative capital market is maturing, not disappearing. He stated, "The market is showing us the difference between capital markets as a source of *urgent* capacity and capital markets as a source of *strategic* capacity. Today, we're seeing the latter."

Nick Frankland commented on the European casualty marketplace, noting that risk is becoming harder to isolate as linkages in the business world are replicated in carriers' portfolios. He stated, "Casualty catastrophes, litigation, changing access to cash – it all comes down to disciplined capital management. The industry has to focus on capital first, with every risk-related decision tied back to a capital implication."

Guy Carpenter Addresses State of the Market at Reinsurance Rendez-Vous September 7, 2008

A replay of the press briefing is available at
<http://www.guycarp.com/portal/extranet/pressbriefing.html>.

About Guy Carpenter

Guy Carpenter & Company, LLC is the world's leading risk and reinsurance specialist and a part of the Marsh & McLennan Companies. With 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; Medical; 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, Guy Carpenter's Instrat® unit 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.guycarp.com.

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