

News Release

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QIS5 Natural Catastrophe Scenarios within Range of Industry Models, According to Guy Carpenter's Solvency II Update

New York, December 2, 2010

As part of its Solvency II update published today, Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist and a part of the Marsh & McLennan Companies (NYSE: MMC), analyzed the industry-wide impact of the natural catastrophe scenarios provided in QIS5, the European Commission's fifth and most recent Quantitative Impact Study.

Guy Carpenter was part of an industry task force charged with the development of standardized European scenarios for all major perils that would be suitable for both regional and global re/insurers. To help clients prepare for Solvency II, Guy Carpenter also conducted its own independent analysis to measure the industry-wide impact of these scenarios and determine whether they are in line with current industry assumptions. The scenarios include windstorm, flood, earthquake, hail and subsidence. The task force proposed parameters seeking to define each catastrophe scenario at a level corresponding to a 1-in-200 year loss.

KEY FINDINGS

- On an aggregate level, the QIS5 scenarios were found to be roughly within the range of current industry models.
- Most insurers will likely need to make adjustments to optimize their positioning and operations under the Solvency II regime.
- In many European countries, the current market reinsurance limit, including catastrophe bonds and comparable structures, is below the amounts suggested by the QIS5 scenarios. On average, companies buy reinsurance below the recommended 1-in-200 return period in most countries.

The briefing also contains several illustrations, including a chart depicting the impact of a synthetic catastrophe excess-of-loss (XoL) reinsurance program on a QIS5 wind scenario as well as a graph showing that the loss projections computed with PERILS AG data under the QIS5 scenarios fall within the range of the three vendor models.

Guy Carpenter's Solvency II Update is available at www.gccapitalideas.com.

QUOTE

Claude Lefebvre, Head of Analytics - EMEA Region, Guy Carpenter & Company

"While our analysis provides useful QIS5-scenario loss metrics at the aggregate level, it is not enough to successfully position a company for the new Solvency II regulatory requirements. This

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must be done on an individual basis, taking into account each company's unique attributes, situation and strategy. As a leader in reinsurance advisory services, Guy Carpenter can help companies prepare for the new capital regime in a number of critical ways, including benchmarking their individual QIS5 findings against model results to properly assess the potential capital impact."

TAGS/KEYWORDS

Guy Carpenter, Solvency II, Quantitative Impact Study, QIS5, catastrophe scenarios, Lefebvre

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 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 & 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.guycarp.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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