BOWRING MARSH

August 2015

US AND CARIBBEAN NAT CAT EXPOSURES INTERNATIONAL MARKET UPDATE

SOLUTIONS...DEFINED, DESIGNED, AND DELIVERED.

MARSH

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OVERVIEW

The US and the Caribbean have witnessed a series of natural catastrophes (NAT CATs) over of the past 10 years: hurricanes Charley, Frances, Ivan, Katrina, Rita, Ike, and Superstorm Sandy, and the floods that ensued, the Joplin Missouri tornado, and the Haiti earthquake.

While the 2014 Atlantic hurricane season was relatively calm in comparison to previous years, the US experienced historic levels of drought on the West Coast, polar vortexes that brought Siberian-like weather to the North East, and tornadoes and windstorms that impacted homes and businesses in the Southern states.

The most recent significant natural disaster to occur in the US and the Caribbean was Superstorm Sandy in 2012, causing tens of billions of US dollars in damage to nearly 90,000 buildings.

As a result, insurers imposed increases in property insurance rates, although this was short lived. Sandy brought insurers' desires to distinguish between flood and storm surge to the fore and highlighted the importance of accurate values, including the accumulation of exposures in certain regions. Following the storm, there was also a greater insistence on the Application of Sublimits Endorsement (LMA5130) to address the stacking of NAT CAT sublimits, which includes time element coverages.

As the US and the Caribbean are in the midst of the 2015 hurricane season, this report reviews the background to the changes taking place in the market, the capacity and appetite for NAT CAT exposures in the region, and provides an overview of the risk solutions offered by Bowring Marsh to address the key coverage challenges clients may face.

INTRODUCTION

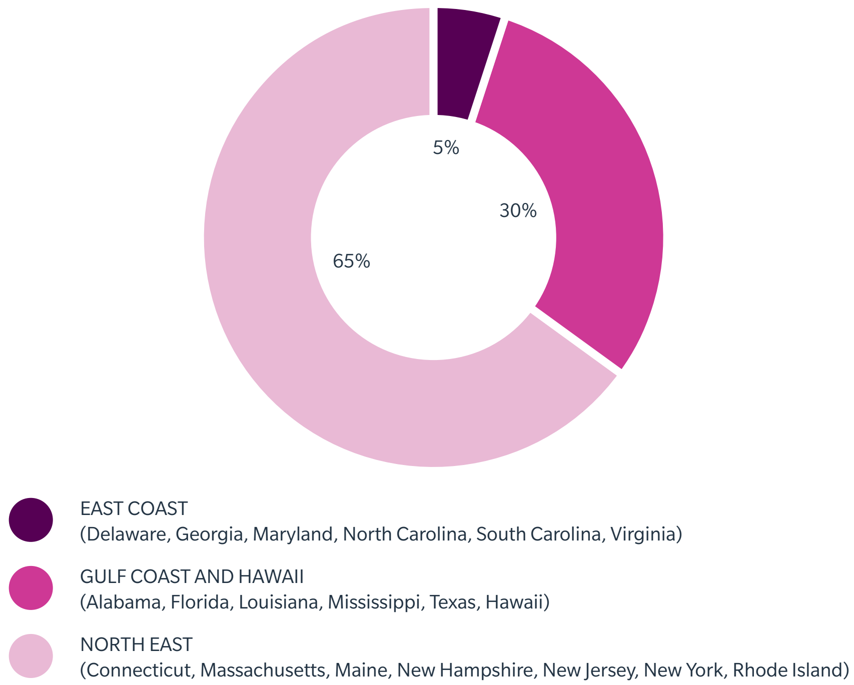
As Marsh's specialist international placement broker, Bowring Marsh has an in-depth knowledge of the global insurance market.

This understanding allows us to effectively manage clients' risk transfer solutions and prioritize which insurers to approach and in which international market hub.

We place insurance for more than 270 clients with east coast, gulf coast, north east and Caribbean wind storm exposures, with insurable values in excess of US$450 billion, and for earthquake exposures in California, with values in excess of US$170 billion.

FIGURE 1

GEOGRAPHIC SPLIT OF TOTAL INSURED VALUES OF WIND EXPOSURE BY REGION



SOURCE: BOWRING MARSH

US AND CARIBBEAN – 2014/15

AVERAGE RATE REDUCTIONS

10% – 20% Earthquake Rates

10% – 20% Tier 1 Windstorm Rates

10% Flood Rates

TYPICAL DEDUCTIBLES PER OCCURENCE

5% California Earthquake

5% East Coast Tier 1 Windstorm

3% – 5% Caribbean Windstorm

2% High-Hazard Flood Zones

Property NAT CAT pricing saw average reductions in the range of 10%-20%. Deductibles range from approximately 2%-5% per occurrence; however, there is some flexibility and room for negotiation. The international marketplace has seen new insurers enter the London market and continued growing interest from Asia for large global risks domiciled in the US.

The international insurance marketplace continues to see an increase in available capacity and, in certain cases, there is an over subscription of capacity for limits being purchased, both of which continue to drive a reduction in rates and provide additional limits of coverage. It is anticipated that, unless there is a major catastrophe in the region, domestic and international market conditions in the next 12 months will continue to benefit clients.

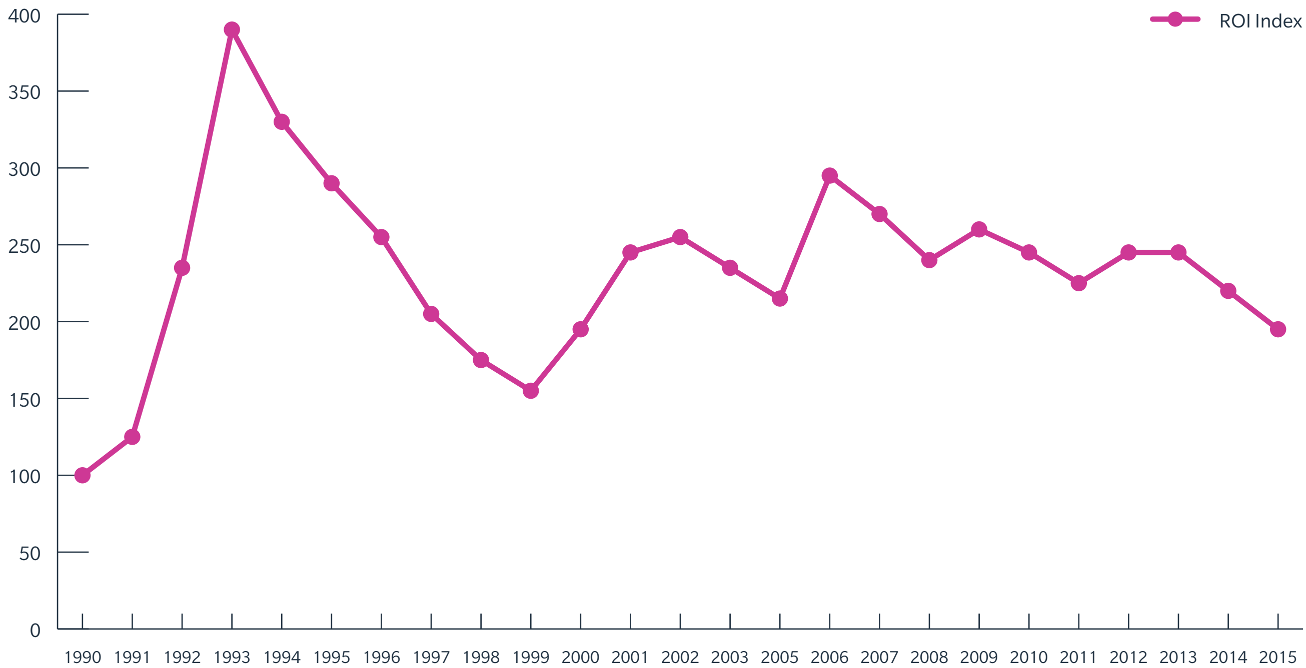
The 1 January 2015 reinsurance treaty renewals saw improved terms and reduced rates, which are enabling the direct insurance markets' pricing flexibility. Reinsurance property NAT CAT pricing saw an average reduction of 11%-14% (Fig 2.) across major geographies.[1]

The first half of 2015 has seen a significant increase in merger and acquisition activity within the international insurance market. XL completed their acquisition of Catlin in a deal reportedly valued at around US$4.2 billion, Endurance announced their intentions to acquire Montpelier for approximately US$1.8 billion – which will also provide them an opportunity to expand into the Lloyd's underwriting business with the deal expected to be completed in the third quarter of 2015.

Partner Re and Axis agreed to an US$11 billion merger, to create the world's fifth largest global reinsurer, but with Exor counter offering to acquire Partner Re, the outcome remains uncertain. In July 2015, Swiss-based insurer Ace acquired property/casualty and specialty insurer Chubb for US$28.3 billion.

FIGURE 2

GLOBAL PROPERTY CATASTROPHE ROL INDEX – 1990-2015



SOURCE: SHAPING THE FUTURE: POSITIVE RESULTS, EXCESS CAPITAL AND DIVERSIFICATION REINSURANCE RENEWAL REPORT, GUY CARPENTER, JANUARY 2015

[1] Shaping the future: positive results, excess capital and diversification Reinsurance Renewal Report, Guy Carpenter – 2015, available at http://www.gccapitalideas.com/2015/01/08/chart-global-property-catastrophe-rol-index-1990-to-2015/

THE IMPACT OF SUPERSTORM SANDY

Superstorm Sandy, which made landfall in Jamaica, Cuba, and the US, caused extensive damage and economic disruption to the North Eastern seaboard, notably New York, New Jersey, and Rhode Island. Much of the damage was caused by the widespread flooding of buildings, transportation hubs, and critical infrastructure destroying electrical and heating equipment.

In the aftermath of the storm, it was evident that many clients faced the challenge of determining which exposure (windstorm or flood) would cause the most damage and where best to position their assets – above ground where they would be exposed to windstorm risks or below ground and faced with potential flooding. The storm highlighted the importance of establishing which peril would have the greatest impact upon the client's business, along with determining the appropriate levels of coverage to protect its assets and any interruption in business operations after a NAT CAT event. For example, during the peak of the storm, some of New York's critical infrastructure including hospitals, and transportation, power and utilities networks were plunged into darkness, with many of the generators and backup generators located below ground and affected by flood damage.

Bowring Marsh clients – in industries as diverse as transportation, power generation, financial services, manufacturing, and tourism – suffered significant losses, both in the areas directly affected and from the subsequent wider disruption the superstorm caused. Our claims advocates worked with our retail colleagues and insurers to conclude the adjustment of more than 30 losses, with total claim values in excess of US$2.1 billion. In the early stages of the claims process, the engagement and coordination of key insurers to make advance payments to clients was an important step in the process of delivering our claims service and providing much-needed capital for clients to resume business operations.

NATIONAL FLOOD INSURANCE PROGRAM

Following Superstorm Sandy, it became evident that the National Flood Insurance Program (NFIP) rates and coverage were not sufficient to keep the program sustainable or to cover similar losses that may occur in other areas.

As a consequence, Congress, via the Biggert Waters Act, has introduced increases and surcharges to the current rates, which are due to be repeated year-on-year until they are perceived to be at a level that will make the program viable.

Marsh's recent purchase of Torrent Technologies Inc. presents Bowring Marsh with an opportunity to provide a private flood product as an alternative to the NFIP via the Lloyd's marketplace.

With the rate changes and surcharges which have commenced under the NFIP, Bowring Marsh is launching a private primary and excess flood product to act as an alternative to the current NFIP offering.

WORDINGS AND COVERAGES

Superstorm Sandy highlighted the desire of several insurers to distinguish the difference between flood and storm surge definitions in policy wordings. The LMA5130 clause (agreed by the London Market Association) addresses the stacking of NAT CAT sublimits, which includes time element coverages. This clause was first introduced by Lloyd's and the London market following Hurricane Katrina when claims impacted policies which had provided wind and storm surge coverage, separately under flood policies.

Bowring Marsh, with the aid of Marsh US, worked with Lloyd's and other international insurers to address earthquake, flood, and wind exposures and include all related water damage – tsunami as part of earthquake, and storm surge as part of wind – rather than being part of the flood limit. This revised wording has been approved by many Lloyd's syndicates and utilized on many North American property accounts.

This particularly benefits clients when they are exposed to both windstorm and flood, where flood is typically sublimited and aggregated within the policy, and windstorm is not. Although deductibles are generally lower for flood; the limits available for windstorm are usually higher, invariably benefitting clients with wind exposures.

In most cases, Bowring Marsh considers the revised wording is in the best interest of clients when considering appropriate levels of cover.

"In any insurance contract clarity of coverage is important, and we endeavour to achieve that certainty. Following Sandy, Lloyd's underwriters and Bowring Marsh specialists diligently worked together to create something which we believe achieves that goal.

However, what we are unable to do collectively, is anticipate every eventuality in any potential scenario. Each organisation and claim is unique, and therefore we shall continue to work with Bowring Marsh and our mutual clients to better understand their business needs and create a product that will support those needs in the claims environment."

Neil Chapman, Head of Property, Argo Global.

Having a concise policy is important to clients in the event of a loss and contract certainty remains a priority for insurers, and the accuracy of flood zone determinations is particularly essential for US clients when assessing Federal flood insurance.

NATURAL CATASTROPHE MODELING

After a NAT CAT event, the effects are evident in the devastation that is left behind as well as the impact on an organization's financial viability. To model the likelihood and potential impacts of these events and to differentiate risks, insurers are utilizing models such as Risk Management Solutions (RMS) and AIR Worldwide (AIR), as well as their own internally-designed tools as a guide to determine pricing based on cost of capital.

The use of technology in modeling risk exposure has become prevalent across the insurance market in recent years. This has been driven in part by reinsurers' requirements to ensure insurers are reporting their risk accumulation exposures, but also by rating agencies when determining the appropriate financial rating to each insurer, or to the market, as well as their ability to withstand multiple catastrophe events in a given year.

Furthermore, Lloyd's maintains three sets of mandatory realistic disaster scenarios (RDS) to stress test both individual syndicates and the market as a whole. These are regularly reviewed to ensure they represent events which the majority of the market would potentially be exposed to. As part of the RDS, the syndicates are required to report their theoretical estimated losses, providing Lloyd's a total of all syndicate losses.

The below scenarios are considered when reporting estimated losses:

- Two consecutive Atlantic seaboard windstorms.
- Florida windstorm.
- Gulf of Mexico windstorm.
- California earthquake.
- New Madrid earthquake.

Clients are also taking advantage of these RMS and AIR models to determine purchasing limits and/or how to structure risk transfer or retentions in their programs. The credibility and usability of the modeling depends on the quality of information and can have a significant impact on an insurer's view of the risk, pricing, participation, and terms and conditions. By reviewing modeled risk data, insurers can identify annual average loss estimates to pre-determine proposed risk pricing by program layer.

In addition, Bowring Marsh has also introduced an automated physical damage and business interruption rating engine, which analyzes the potential allocation (by layer), how much each peril contributes to the overall premium, and the value split by state, catastrophe zone, and country on individual risks prior to discussing the risk with insurers.

Combined with modeling tools, the rating engine can help drive efficiency in the cost of risk transfer for clients.

The latest catastrophe (CAT) model from RMS has taken some of the lessons learned from Hurricane Katrina and Superstorm Sandy, and consequently the new RMS Hurricane Model version 15.0 now includes the following features:

- New year-built bands for new construction as a result of observed trends in claims data and recent building code changes.
- Commercial floor area is now a factor, as larger commercial buildings tend to have lower repair costs per dollar insured compared to smaller commercial structures.
- New vulnerability curves for civil works structures and revised curves for parking structures, education occupancies, watercraft, and group institutional housing.
- Number of basement levels and the percentage of contents value located below ground are included to estimate storm surge loss.
- Greater flexibility to model business interruption losses at the location level as a function of critical contents damage instead of a factor of building damage.

The AIR model supports more than 20 individual building characteristics that were developed based on structural engineering analyses and building damage observations made in the aftermath of historical hurricanes. It compares modeled and observed insurable losses for hurricanes using industry estimates and claims data as provided by the Insurance Services Office's Property Claims Services.

INTERNATIONAL MARKET CAPACITY BY BOWRING MARSH OFFICE

With the benefit of having more than 300 insurance brokers located across all the major international insurance hubs, Bowring Marsh offers a comprehensive portfolio of experience and expertise within the global insurance market and the ability to access markets locally.

For the US and Caribbean, Bowring Marsh has access to more than 100 property markets with up to US$4.9 billion for all risk capacity and up to an aggregated US$1.6 billion for NAT CAT capacity, depending on risk profile and structure of the program.

The graphs below outline the maximum capacity available and provide an estimate of capacity, which is typically deployed per office.

FIGURE 3

AGGREGATED CAPACITY FOR EARTHQUAKE, WIND, AND FLOOD

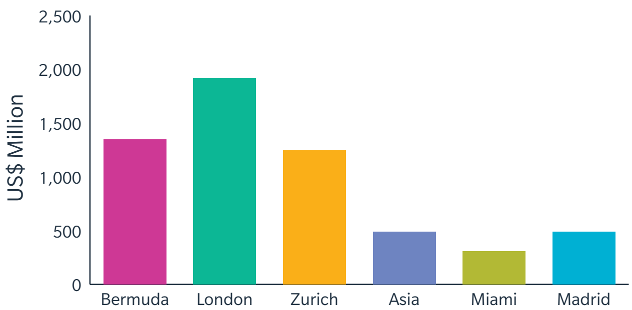


FIGURE 4

TYPICALLY DEPLOYED CAPACITY FOR EARTHQUAKE, WIND, AND FLOOD

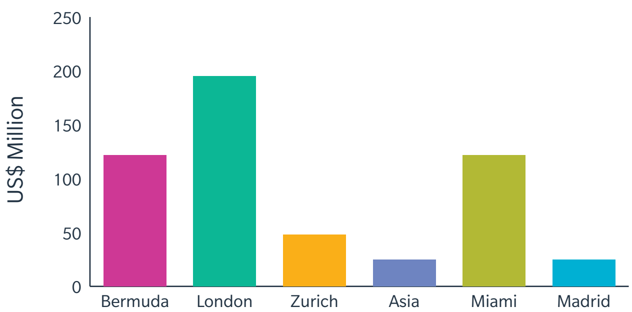


FIGURE 5

US AND CARIBBEAN - EARTHQUAKE CAPACITY BY OFFICE

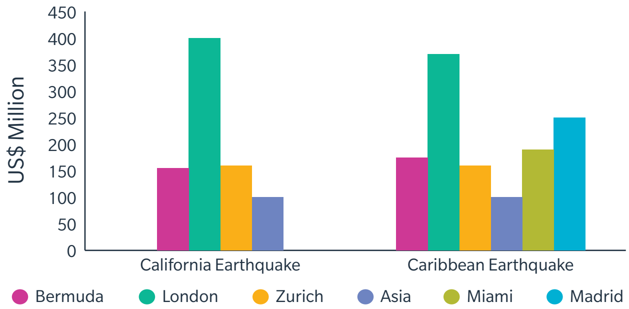


FIGURE 6

US AND CARIBBEAN - WIND CAPACITY BY OFFICE

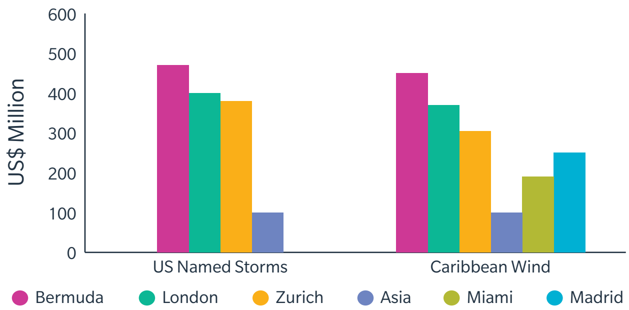
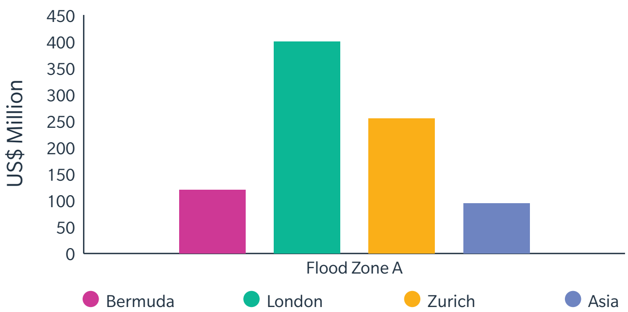


FIGURE 7

US - FLOOD CAPACITY BY OFFICE



SOURCE: BOWRING MARSH

INTERNATIONAL MARKET OVERVIEW – US EXPOSURES

Property rates (including NAT CAT) for US risks continued to soften in the first half of 2015, with rate decreases for catastrophe exposures in the range of 15%-25%.

NAT CAT as a type of peril and topic of discussion has changed significantly in recent years. Some 15 years ago, the exposures of greatest concern were Florida windstorm and California earthquake; today, markets are broadening their exposure accumulation analysis to other States and perils.

Today, windstorm aggregations are no longer limited to the US Gulf Coast area. Insurers have expanded their focus from assets along the coast line for tier 1 to now taking into consideration all potential positions in tier 2 counties.

With regards to earthquake aggregations, the Pacific North West and New Madrid (in addition to California) are now showing up in insurer's internal risk accumulation reports.

For the most part, CAT modeling results indicate that pure risk premiums are more than the pricing offered. In the current market, underwriters are willing to support pricing that is less than the pure risk premium and are binding accounts at a premium that is less than their internal pricing models indicate.

LONDON

Despite the growth in the marketplace, the vast majority of London's property portfolio of US risks witnessed rate reductions in 2014, and results suggest that rates will continue to decline throughout 2015. However, reports indicate that its combined loss ratios have moved above 90%.

Lloyd's wrote significant premiums in 2014, demonstrating its aim to remain competitive and develop nontraditional business, with many syndicates developing new strategies to broaden their portfolios and deliver their plans. Working with Lloyd's, **Bowring Marsh** can provide deductible buy-down options and can also provide limited coverage for transmission and distribution lines for clients with these exposures.

Market competition to write leading global, risk-managed accounts is particularly fierce, with rate reductions up to 20%. In the midmarket, rate reductions are in the range of 8%-12%.

With sizable premiums on the leading risk-managed accounts reflecting substantial exposure values, the rate takes a far less pivotal role in the underwriting decisions. While CAT models are being utilized, multiple pricings on the NAT CAT annual average loss are being challenged and reduced. As a result, clients with clean loss records who are willing to move away from incumbents and leverage the market are able to achieve premium rate reductions far above the average 10%.

There has been a slight increase in the overall aggregate available due to new capacity from **Endurance** and **Dale Syndicate**. As previously mentioned, **XL** and **Catlin** are now fully integrated, and with the likely consolidation of more insurers, an increase in line sizes and appetite is expected as these mergers take shape.

A key offering of the London market is consistency, and although capacity may change year-on-year, syndicates do not tend to change aggregates with any great variance over the short term, preferring to maintain consistency supported by their treaty reinsurance protections.

In addition, the London market thrives on finding new solutions for clients. For example, for smaller total insured value accounts, Lloyd's and Bowring Marsh have developed products such as the Prime Habitational Property Insurance Facility, a customized property insurance solution designed for multifamily property owners in the US.

BERMUDA

The first half of this year started in a similar fashion to the conclusion of 2014, with property (including NAT CAT) rates continuing their downward trajectory.

For globally managed risks, Bermuda insurers have purchased treaties to provide increased NAT CAT and all risk capacity, with some securing increased capabilities of 100% in recent months. In recognition of the abundance of capacity, Bermuda insurers are in line with their global competitors supporting rate reductions and expanding their capacity including NAT CAT.

Insurers such as **Allied World Assurance Company** (AWAC) now maintain US$25 million and are among only a handful of insurers globally with such a substantive offering for NAT CAT capacity. Similarly, **Oil Casualty Insurance Limited**'s (OCIL) expanded treaty can deploy US$50 million of capacity, which may be utilized in a quota share arrangement for energy risks.

As the market continues to soften, insurers in Bermuda are not only seeking to maintain and grow their positions on their incumbent business, but also broaden their appetite beyond the traditional global risk management business. As such, Bowring Marsh's Prime Habitational Property Insurance Facility has been expanded, with additional capacity from Bermuda.

ZURICH

The continental European insurers have responded to the current prolonged soft cycles by focusing on quality – both of risks and of relationships. Where they cannot achieve technical pricing, they have tended to reduce their percentage shares and/or increase their attachment points, especially for those risks with heavy NAT CAT exposure. More often than not, the pure risk premiums for the peril are more than the pricing that is offered and, sometimes, bound.

For 2015, continental underwriters have adjusted their targets to reflect a lower rate of return in order to retain as much business as possible. There is an increased appetite for difference in condition (DIC) placements, particularly for earthquake, from the likes of **Munich Re** (CIP and Fac) and **Partner Re**. Overall, the European insurers are making every effort to maintain their portfolios and potentially expand shares if and when possible or practical.

Nationale Suisse has reviewed its portfolio and is now focusing on manufacturing, power and utilities, and heavy infrastructure risks rather than soft occupancies (real estate, hospitality, retail) and has invested in and enlarged its underwriting team. With an AM Best A- (excellent) rating, it offers up to US$25 million in capacity. Its US excess and surplus lines are maintained by **Helvetia**, so it will continue to require a front for the foreseeable future.

Qatar Re has opened an office in Zurich and is writing US-based property risks. It will be working with a US$50-million fire capacity and US$7.5million NAT CAT capacity, and has Standard & Poor's (S&P) rating of A (stable) and AM Best rating of A (Excellent). It is looking to deploy full capacity on large, global, risk-managed accounts, including those with heavy NAT CAT exposure. As it stands, it is choosing to authorize on an excess of loss basis as opposed to on a first dollar basis. Currently, Qatar Re offers reinsurance capacity; however, it is working to have a dedicated US fronting insurer in the near future.

SHANGHAI, SINGAPORE, AND TOKYO

Emerging Asian insurers are providing new additional capacity for US clients, complimenting a placement by providing further diversification of the insurance panel but also creating competition to participate on the program as a follow market, primarily on an excess of loss basis. They have demonstrated an appetite – with one of the largest levels of NAT CAT capacity deployed on a US risk being US$67 million – within the California earthquake sublimit. They require fronting by a global insurer, captive, or an admitted US insurer such as AIG, Zurich, ACE, or Allianz.

The **People's Insurance Company of China** (PICC) and **China Pacific Insurance Company** (CPIC) are the leading two Chinese insurance insurers, both with a Moody's rating of A1. Both have developed a portfolio of US clients with catastrophe exposures and provide capacity on a self-procured basis.

With a S&P rating of A-, **Ping An** is a leading Chinese insurer and continues to cautiously develop its appetite for US risks along with other Chinese insurers.

In the past few years, new capacity has entered the market from the Japanese insurer, **Aioi Nissay Dowa**, which is part of the Mitsui Sumitomo Insurance Group. With a S&P rating of A+, it is developing a US portfolio with excess of loss capacity, including some capability to offer NAT CAT-specific capacity, dependent on risk profile and exposures.

South Korean insurer, **Samsung Fire and Marine Insurance Company**, recently began underwriting US risks with NAT CAT exposures, with a broad industry appetite on an excess of loss basis. Dependent on the client's risk profile, NAT CAT exposures, and attachment level, it has the ability to offer capacity up to US$25 million. It has a S&P rating of A+ and AM Best of A++.

In order to achieve enhancements for clients faced with challenges purchasing NAT CAT coverage, Bowring Marsh's deductible buy-down facility has, for example, secured windstorm coverage that can reduce a client's retention from 3%-5%. In addition, single peril coverage, including increased limits for flood in the 100-year zones, is also available.

INTERNATIONAL MARKET OVERVIEW – CARIBBEAN EXPOSURES

The property rates for Caribbean risks continued to reduce in 2014, and further reductions have been seen in 2015, with rate decreases for catastrophe exposures in the range of 10% to 15%.

The reductions depend on the risk profile, concentration of catastrophe-prone areas, current rate/premium level of an account, loss experience, and the intensity of market competition.

For the 10 years prior to 2014, while there was some variance across the islands, broadly speaking, rates in the Caribbean were considered to be stable. In recent years, following past losses and renewed emphasis on risk management, the quality of construction has improved on many islands, both for new builds and renovations, and has brought with it new insurers and increased appetite.

Over the past 12 months, there has also been a noticeable increase in local capacities in the Caribbean and the use of coinsured structures, which is reducing the number of insurers needed to provide facultative capacity.

However, recently we've seen an increase in available capacity, driving an increase in competition and a reduction in rates. In the Bahamas, the marketplace is considered to be more challenging as insurers tend to aggregate with Florida, meaning there is less available capacity, while a greater level of local capacity is available for islands such as Puerto Rico.

LONDON

London is traditionally, and continues to be, a leading market for insurance and reinsurance, taking a lead position in the primary and setting terms and conditions. Over the past year, there has been an increase in appetite to write Caribbean business and in the amount of capacity deployed.

New London insurers looking to write the business include **Ark** (NOA) syndicate and **Novae** (NVA) syndicate, with US$5 million and US$1.5 million in NAT CAT capacity respectively.

It is yet to be seen how the acquisition of **Catlin** by **XL** will affect its appetite for Caribbean business, which is currently 22% of its international portfolio. With US$15 million in NAT CAT capacity, Catlin has traditionally been a key insurer in this region and offers capacity in the primary areas of a program, and higher excess of loss areas. There are in excess of 30 Lloyd's syndicates and insurers that have an appetite for writing Caribbean business.

MADRID

Madrid continues the process of consolidation as an underwriting hub for the Caribbean and Latin America, with a rapid increase in premiums written in the region. Capacity for the Caribbean from the Madrid market is up to US$250 million for NAT CAT zones. The Spanish market would typically consider quota share participations, and would assess each account on a case-by-case basis, with capacity deployed based on the individual merits of each account.

Mapfre Global Risks, XL, Allianz Global Corporate & Specialty (AGCS), and the subsidiaries of **Munich Re** and **Swiss Re** are the main incumbent markets.

Mapfre is the leading insurance company in Spain and the largest and oldest non-life insurance company in Central America, and is deploying up to US$50 million in NAT CAT-exposed areas throughout the Caribbean, with more available on request.

The Spanish branches of Munich Re Fac and Swiss Re Fac are able to write risks in the Caribbean with dedicated separated capacity for Spanish cedants.

In particular; XL Spain's capacity is up to US$25 million in critical zones, and US$50 million for exposed zones. With a referral to XL Switzerland, it can place up to approximately US$100 million, depending on factors including participation in primary/excess layers.

AGCS can offer US$25 million in capacity for critical zones, with significantly more available on request.

MIAMI

Miami continues to grow as a hub for the Caribbean and Latin America. NAT CAT capacity from the Miami market has increased to US$200 million.

ACE International Excess (AIXS), **Swiss Re Corporate Solutions**, and **Catlin** have demonstrated a broad appetite across various product lines, and their level of support is generally dependent on the client's location and activity, with a key focus on underwriting information in order to determine their commitments. AIXS is writing excess of loss, with a minimum attachment point of US$50 million (excluding oil and gas), and is deploying up to US$25 million in NAT CAT-exposed areas throughout the Caribbean.

Brit Insurance has expanded its operation to Miami and is looking to write business in the region. It has consistently supported the market terms in 2014 and we expect that to continue throughout the second half of 2015.

Liberty International underwriters and **Aspen Insurance** offer proportional and excess of loss insurance within Latin America and the Caribbean, across heavy industry and engineering lines. Individually, these insurers can deploy significant capacity – up to US$50 million on a per risk and catastrophe basis – with a strong focus on risk selection and probable maximum loss (PML) modeling.

ZURICH

Two divisions within **Munich Re** are able to write risks in the Caribbean, while Munich Re Fac (Germany) is responsible for Caribbean business. It has undergone a management restructure, and subsequently has been very aggressive with its pricing to write more business. It will consider quota share, primary, or excess participation and will assess each account on a case-by-case basis, measuring its attachment point and capacity deployed based on the individual merits of the account.

Munich Re (CIP) has been focused on building long-term relationships with its clients and providing capacity as either direct insurance business or via reinsurance of a captive. It has shown an appetite for both soft occupancies and low/medium-hazard industrial risks, and generally attaches excess of US$15million to US$30 million and has expressed an interest in writing stand-alone NAT CAT deals.

BOWRING MARSH SOLUTIONS

As a market leader in placing NAT CAT-exposed risks into the international insurance marketplace, our teams work with clients and Marsh colleagues, and negotiate with (re) insurers who understand the geography and the intricacies of the local markets.

To effectively manage clients' risk transfer solutions, we:

- Drive price and coverage by putting international and domestic insurers into competition by differentiating your risks.
- Determine market appetite and use our industry knowledge to innovate, customize, design, and place your insurance programs with international insurers.
- Have direct access to the key decision makers in each of the major underwriting organizations, coupled with a global footprint. We will challenge the market to find the most competitive terms and broadest coverage available.
- Provide alternative options of bespoke capacity for NAT CAT solutions, either incorporated into a property program or placed as standalone cover.
- Consider emerging capacity to reflect strategic local investment and insurable interest.

In addition, the size and diversity of our global portfolio has enabled us to develop award-winning and market-leading facilities.

BOWRING MARSH QBE PROPERTY FACILITY

Many of our clients in the US and the Caribbean can face some specific challenges when purchasing property insurance, such as frequent and often acute exposure to NAT CATs, including earthquake, windstorm, and flood. Bowring Marsh's QBE property facility can write all industries and cover all perils, including NAT CAT.

The facility offers up to US$125 million for business domiciled in the United States, the Caribbean, and Puerto Rico of the Bowring Marsh order per slip. For any business that is not a renewal to Bowring Marsh and contains any Florida windstorm or California earthquake exposure, the QBE facility will participate 5%-10% (at QBE's discretion) to stand of Bowring Marsh order per slip.

PRIME

Bowring Marsh's Prime Habitational Property Insurance Facility is a customized property insurance solution designed for multifamily property owners in the US, which remains one of the toughest classes to insure in the property insurance market, due to the fact that many properties are located in high-hazard wind, flood, and earthquake zones.

Due to modeling changes, reinsurance costs, and the high frequency of low severity claims, a number of mainstream retail insurers have stopped insuring catastrophe-exposed habitational units or significantly tightened terms, conditions, minimum deductible requirements, and pricing.

Bowring Marsh's Prime facility has the ability to provide capacity for habitational units in catastrophe-exposed locations, including flood, earthquake, windstorm, and tornado risk areas. While terms, conditions, and pricing for each risk are individually rated, London and Bermuda capacity provides property owners with a competitive risk transfer option for difficult-to-place risks.

Product details include:

- Limit: Up to US$50 million in primary placements.
  - No shared limits.
- Deductible: A minimum of US$25,000.
- Policy wording: Pre-agreed, best available habitational wording provided by Marsh, based on manuscript form.

DEDUCTIBLE BUY-DOWN FACILITY

This facility offers deductible buy-downs for NAT CAT exposures (including earthquake, windstorm, and flood) as well as for standard all other perils (AOP) property deductibles, with capacity up to US$1.5 million per risk.

Exclusive to Bowring Marsh, the facility is available in the US and the Caribbean and can typically provide windstorm deductibles that reduce a client's retention from 3%-5%.

TORRENT SOFTWARE

In late 2014, Marsh purchased Torrent, which operates a service platform for the write your own (WYO) insurers under the NFIP, and is the second largest flood vendor in the industry. With the imminent rate changes and surcharges due to commence under the NFIP, Bowring Marsh will launch a private flood product in the near future to act as an alternative to the current NFIP offering, which has seen the premium increases, some of which are three times current premiums.

TAILORED REPORTS FOR CLIENTS AND PROSPECTS

Using the Risk Modelling Analysis Platform (RAMP), Bowring Marsh develops confidential, tailored reports to compare local programs, provide “ball-park” estimates based on historical trends and a clear representation of insurance programs.

THOUGHT LEADERSHIP

Bowring Marsh uses the combined knowledge and experience of our brokers and our proprietary claims data to provide regular, thought-provoking, industry-focused research papers for clients and prospects.

BOWRING MARSH FACILITIES

Bowring Marsh offers specially-negotiated facilities, specifically for mining clients, which facilitate the speedier quotation and placement of client risks.

QBE Property Facility	Offers up to US$80 million capacity per insured using superior A+ rated security.
Deductible Buy Down Facility	Offers buydowns for NAT CAT exposures (including earthquake, windstorm, and flood) as well as for standard all other perils (AOP) property deductibles with capacity up to US$1.5 million.
Prime Habitational Property Insurance Facility	Together with Marsh’s Real Estate practice, offers limits up to US$50 million of capacity for habitational units in CAT-exposed locations, including flood, earthquake, windstorm, and tornado risk areas.

Detailed information on the above facilities is available from your usual Bowring Marsh contact, or from fleur.giraud@marsh.com

ABOUT MARSH

Marsh is a global leader in insurance broking and risk management. Marsh helps clients succeed by defining, designing, and delivering innovative industry-specific solutions that help them effectively manage risk. Marsh's approximately 27,000 colleagues work together to serve clients in more than 130 countries. Marsh 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 people.

With 57,000 colleagues worldwide and annual revenue exceeding US$13 billion, Marsh & McLennan Companies is also the parent company of Guy Carpenter, a global leader in providing risk and reinsurance intermediary services; Mercer, a global leader in talent, health, retirement, and investment consulting; and Oliver Wyman, a global leader in management consulting. Follow Marsh on Twitter @MarshGlobal, or on LinkedIn, Facebook and YouTube.

ABOUT BOWRING MARSH

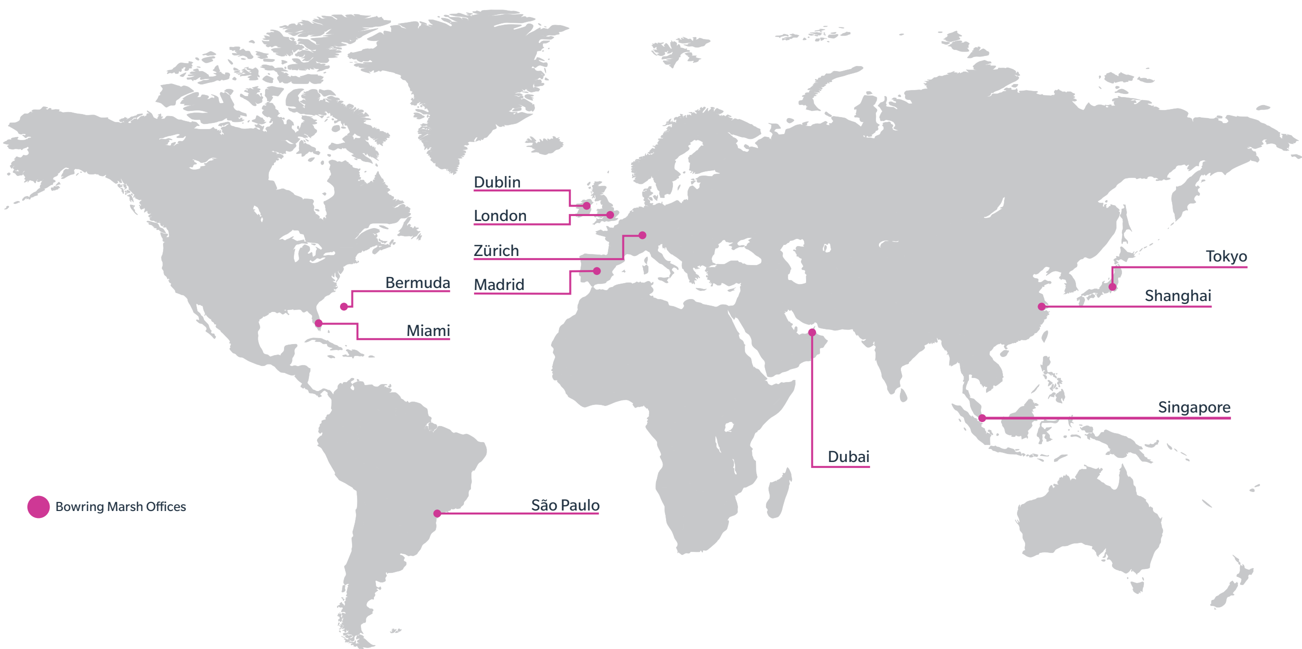
Bowring Marsh is the dedicated, specialist international placement broker for Marsh. Working seamlessly with Marsh, Bowring Marsh provides you with risk transfer solutions, benchmarking, and claims advocacy wherever you are in the world through its global insurance placement network of 11 offices in the United Kingdom, Ireland, Continental Europe, Asia, the Middle East, Latin America, and Bermuda.

With more than 300 insurance brokers located across all the major international insurance hubs, Bowring Marsh provides international placement options that suit your business risk and exposures. We use our comprehensive portfolio experience, our in-depth knowledge of your risks, our ability to have face-to-face negotiations with decision makers, and our industry knowledge to innovate, customise, design, and place your insurance programmes with international insurers.

THE BOWRING MARSH ADVANTAGE

With the size of our portfolio and our global network of Bowring Marsh offices, we can offer a real advantage to clients who are in need of an international placement solution. Some of our attributes which we live by and share are:

- Our energy.
- Our enthusiasm.
- Our global network.
- Our industry and technical knowledge.
- Our ability to have face-to-face negotiation with decision makers.
- Our proprietary facilities.
- Our Risk Analysis Modelling Platform.
- Our results from our 2013 underwriter survey.



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