



Terrorism reinsurance market trends

A global (re)insurance market perspective

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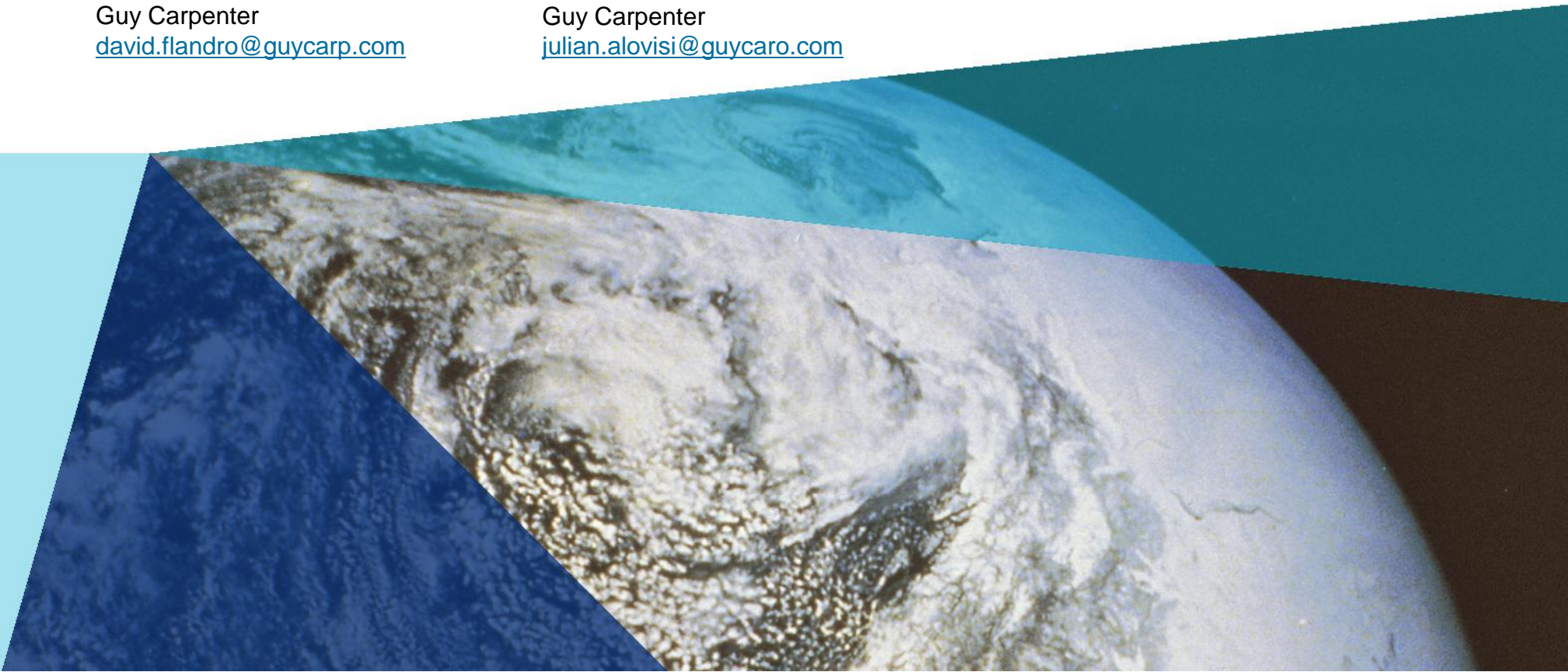
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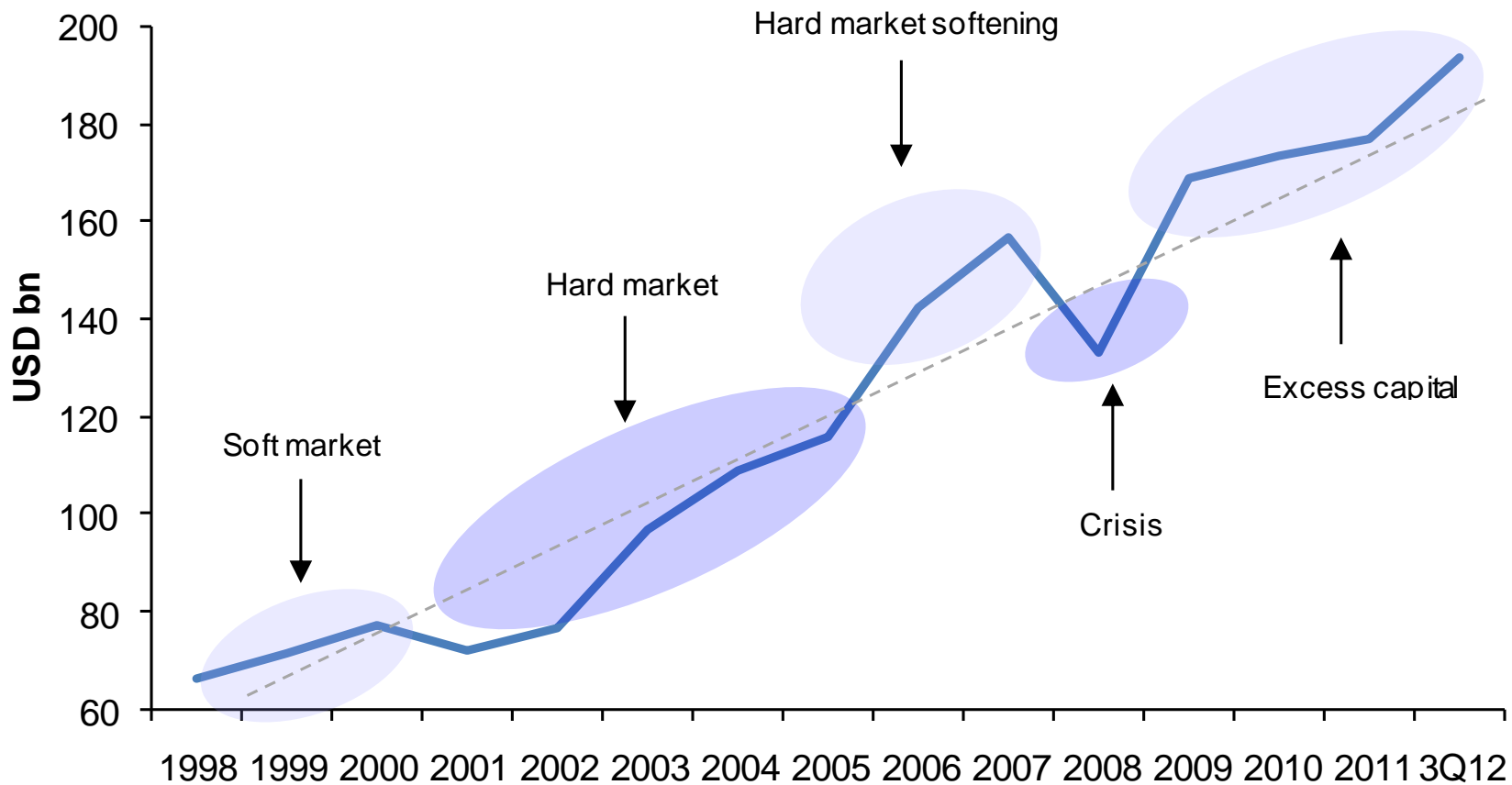
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The terror market – What is the reinsurance capital position behind it?

Highly resilient in spite of catastrophe losses

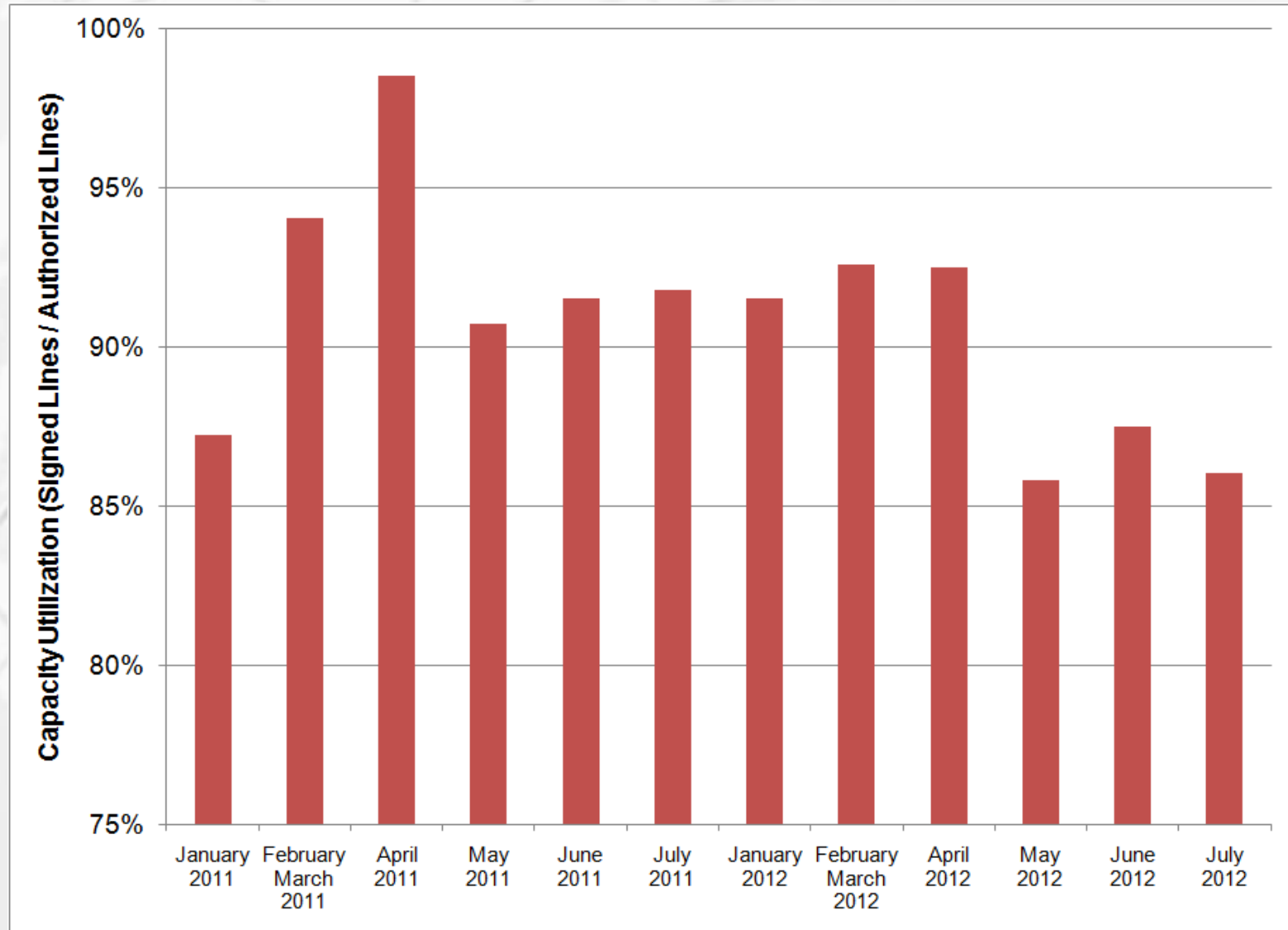


And additional supply is entering from alternative (re)insurance markets

Entity	Backer / Investor	Target Capital	Management Team
Accordion	Lancashire Holdings	\$325M	Lancashire side car vehicle
AlphaCat Re 2011	Validus, Serengeti Asset Mgmt, et al	~\$250M	Validus side car vehicle
Atropos	Scor Alternative Investments	\$100M	E.Durousseau, V.Pradis, O.Nolland
AQR Re	AQR	\$250M	A.Sterge, R.Montgomerie, C.Vaughan
CATCo-Re Ltd.	Public-LON:CATC	\$1B-\$1.2B	T.Belisle, J.Bibb, G.Wood
Financial Company	N/A	250M	–
Hedge Fund Company	N/A	250M	–
ILS Capital Management	Don Kramer	TBC	D.Kramer, A.Krutov, J.Faure
New Point IV	Alterra, Stone Point Capital	~200M	Alterra side car vehicle
SAC Re	SAC	\$500M	S.Burton
Third Point Re	Third Point, Kelso, Pine Brook, et al	\$780M-\$1B	J.Berger
Upsilon Re	RenaissanceRe Holdings	TBC	RenaissanceRe side car vehicle

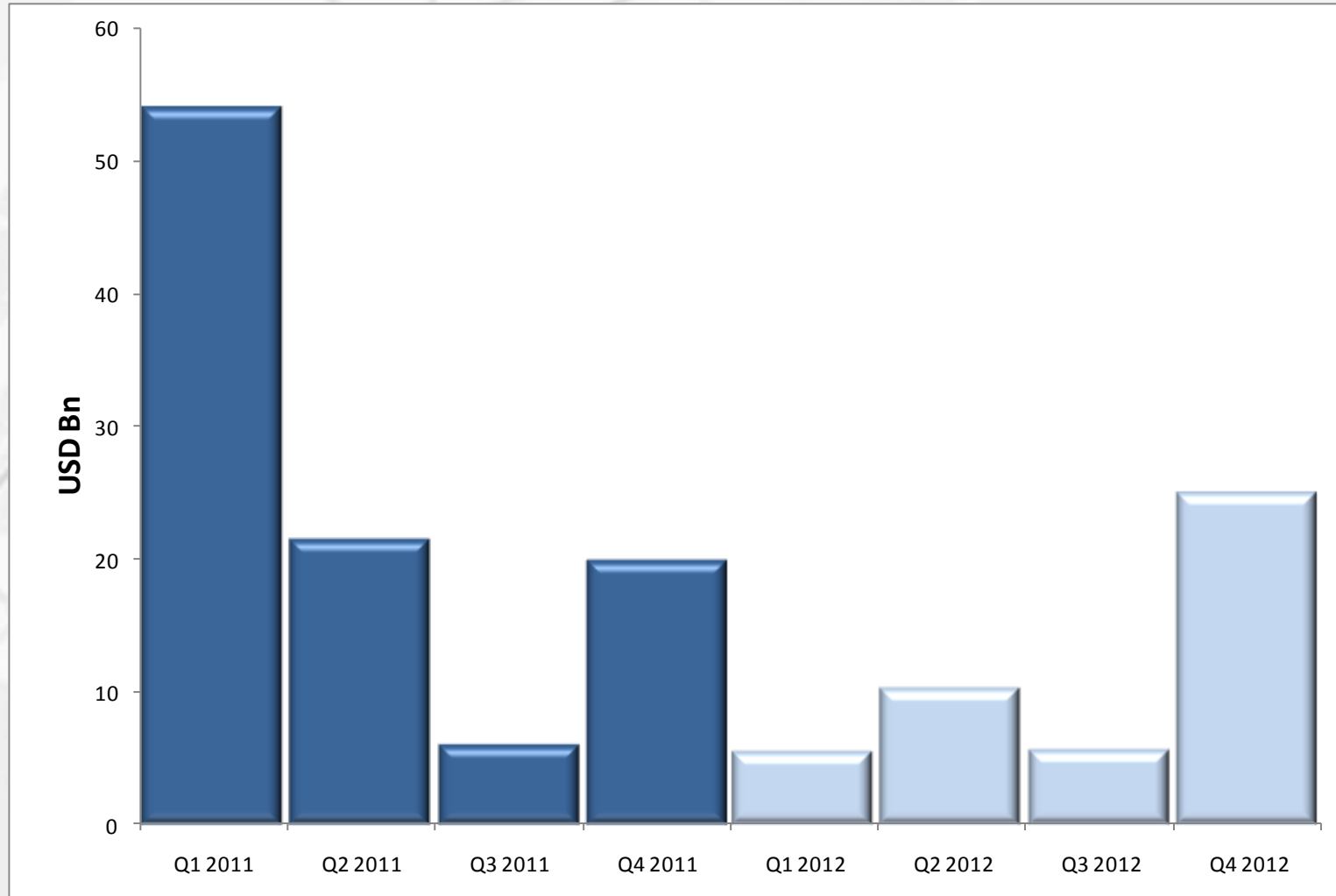
≈ \$4 – 4.5 billion?

Corollary: plentiful reinsurance capacity for most coverage needs



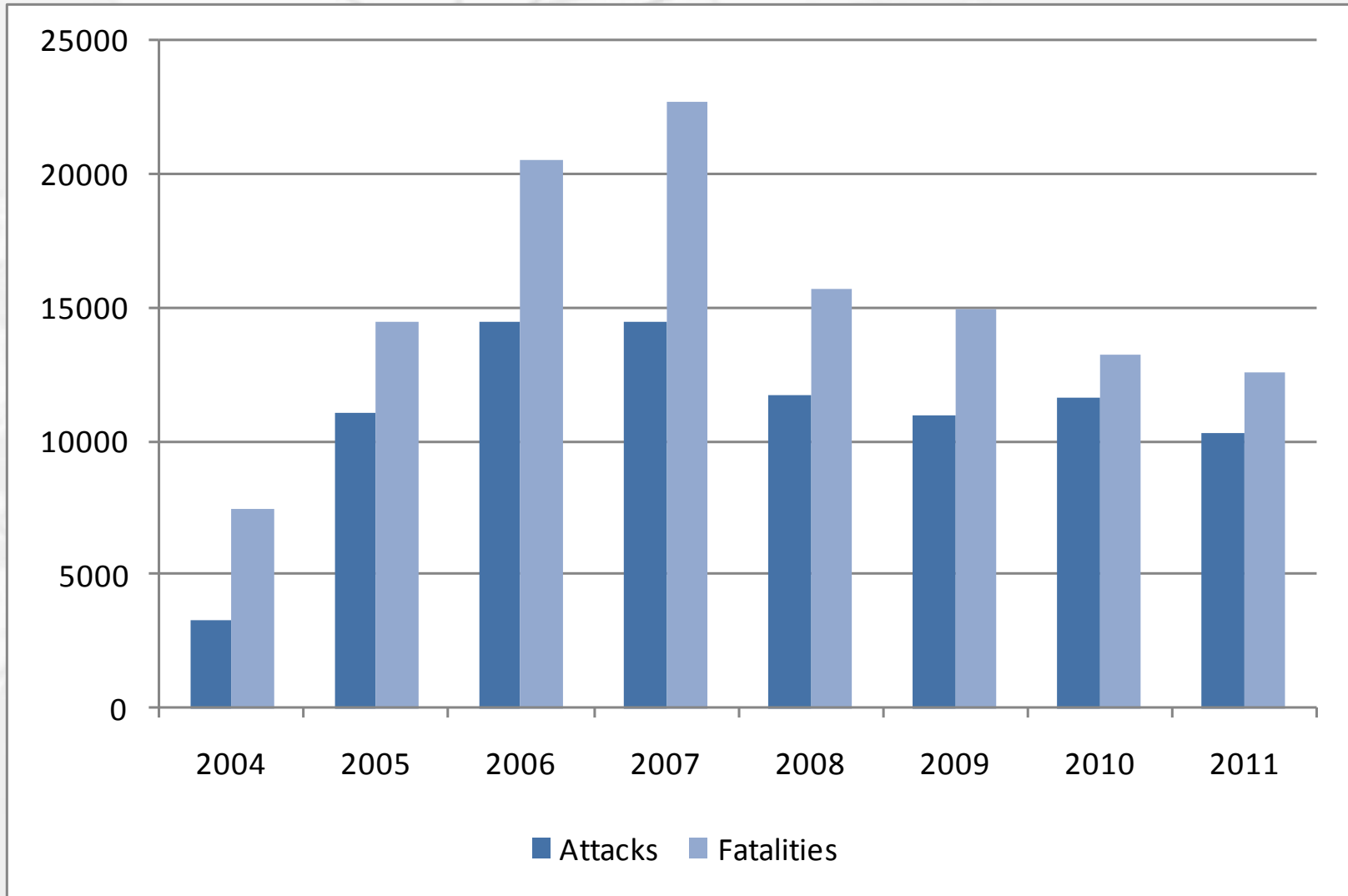
Large catastrophe losses – 2011 and 2012

Contrary to popular belief, 2012 'normal' and losses are manageable



Terror losses are also moderating

Global terror attacks approached an 8-year low in 2011



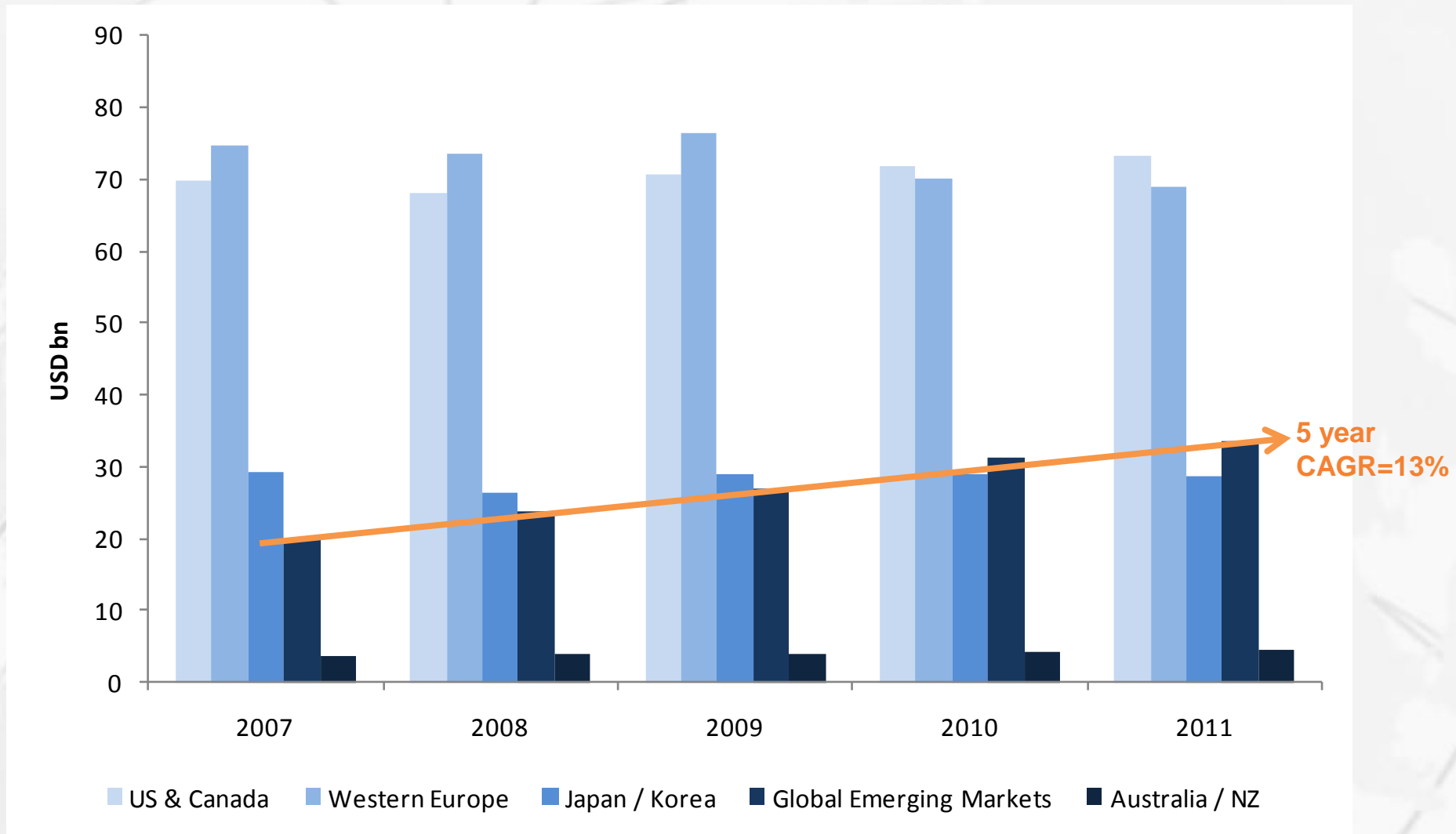
Terror losses are also moderating

No significant large loss in the last four years

Date	Country	Event	Insured Property Loss (USD Million)*	Fatalities
September 11, 2001	United States	Attacks in New York and Washington DC	23,870	2,982
April 24, 1993	United Kingdom	IRA bomb attack in London	1,152	1
June 15, 1996	United Kingdom	IRA bomb attack in Manchester	946	0
April 10, 1992	United Kingdom	IRA bomb attack in London	852	3
February 26, 1993	United States	World Trade Center bomb attack	794	6
July 24, 2001	Sri Lanka	Tamil Tiger attack at Colombo Airport	507	20
February 9, 1996	United Kingdom	IRA bomb attack in London	329	2
April 19, 1995	United States	Oklahoma City bomb attack	185	166
April 11, 1992	United Kingdom	IRA bomb attack in London	122	0
November 26, 2008	India	Attacks and shootings in Mumbai	107	172
*All losses adjusted to 2011 dollars				

But new risks are clearly emerging

Most growth has come from global emerging markets, particularly China, India, SE Asia



Source: Swiss Re Sigma, OECD, Bloomberg consensus 2011 GDP forecasts, Conning, Standard & Poor's, Guy Carpenter estimates

Conclusion

The changing nature of global terror risk

- Recent events in the Middle East, Western Europe and North Africa have shown that the nature of terror risk is changing

Coverage must adapt to meet these new and emerging risks:

- Emerging need for civil unrest and riot coverages
- Increased territory-specific facultative losses

Renewal (or not) of TRIA will have significant US implications

The international reinsurance market can provide capital and alternative solutions

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