



News Release

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Willis ILS Report: Catastrophe Reinsurance Market Nears Strategic Shift

Seven new catastrophe bonds totalling \$2.1 billion issued in second quarter of 2012

New York, 23 July, 2012 – The catastrophe reinsurance market may be on the cusp of a strategic shift, with third party capital providers set to take on increasing amounts of peak catastrophe risk in the future, according to Willis Capital Markets & Advisory (WCMA), part of global insurance broker, Willis Group Holdings (NYSE: WSH).

The latest Insurance-Linked Securities (ILS) Market Update from WCMA, '[Strong Momentum Continues into 2012 Hurricane Season](#)', reports that private unlisted vehicles, along with the growing specialist independent catastrophe risk funds, will take an increasing share of the catastrophe risk market in collateralized form over the medium term.

WCMA reports that there were seven new catastrophe bonds totalling \$2.1 billion issued in the second quarter of 2012, compared with four deals worth \$600 million in the same period a year earlier. The stand-out transaction of the quarter was Everglades Re for Florida Citizens. At \$750 million, the two-year deal was the largest single-tranche cat bond ever placed.

Bill Dubinsky, Head of ILS at WCMA, said:

“The current market outlook is very encouraging. Reduced risk spreads as a result of strong investor demand and available capital should stimulate increased issuance from sponsors in the future. In the absence of a significant catastrophe, we would expect the total issuance for this year to be in the \$5.5 billion to \$6 billion range.”

According to the report, outstanding on risk-capacity increased by just over \$700 million during the second quarter to \$14 billion.

U.S. hurricane exposed transactions continue to dominate the non-life market, with 73 per cent of outstanding cat bonds exposed to U.S. hurricane risk of some form.

This quarter's WCMA report also features an interview with Rowan Douglas, CEO of Willis Global Analytics and Chairman of the Willis Research Network, talking about the impact of scientific research on the reinsurance market.

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