



**KEEFE, BRUYETTE & WOODS**  
*Specialists in Financial Services*

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# SEMINAR ON REINSURANCE

## Is This Truly a Hard Market?

North America Equity Research

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## The Question May Be Unhelpfully Precise

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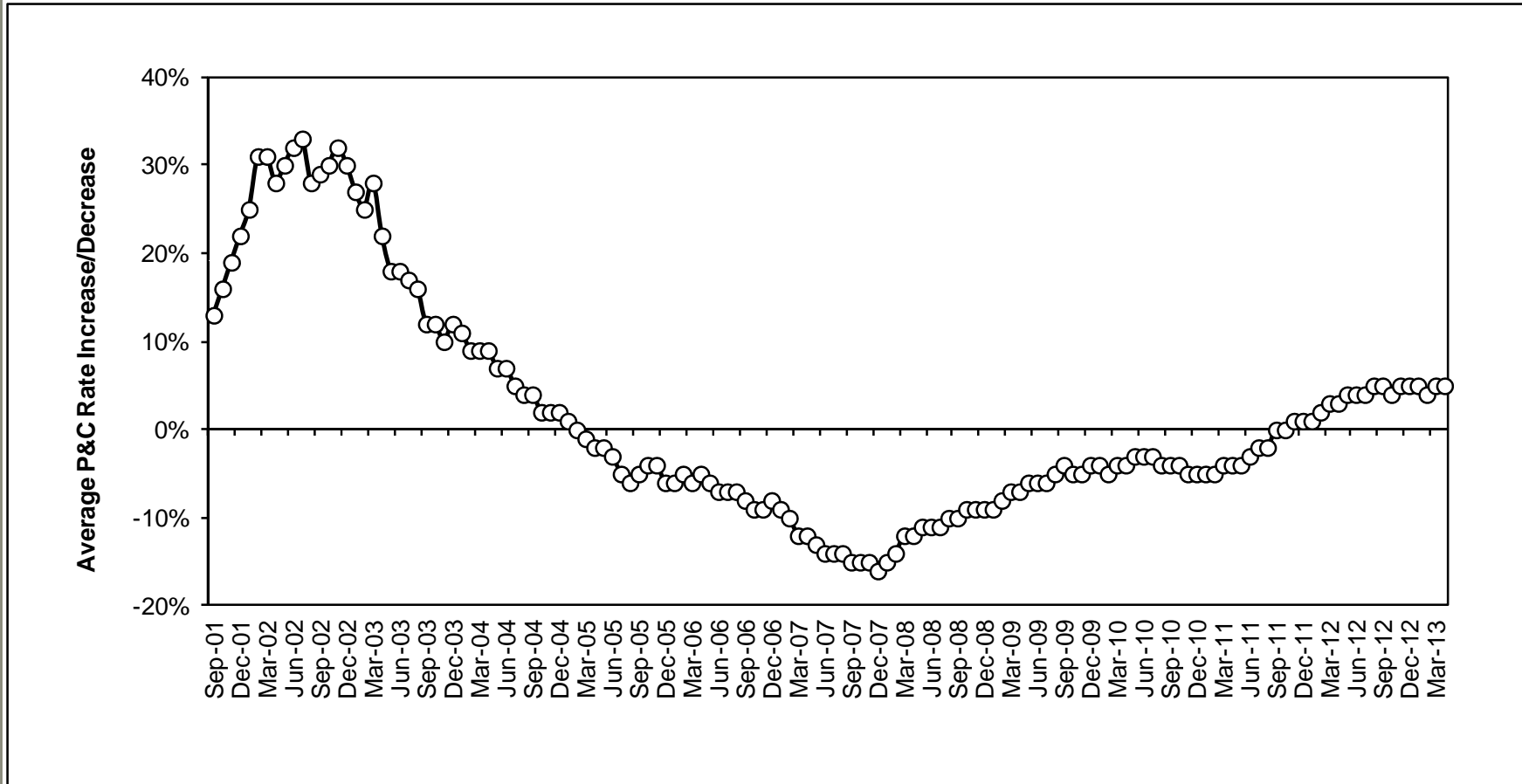
*“It’s nothing overly exciting. It’s hardly a hard market.”* – Evan Greenberg, Chairman and CEO, ACE Ltd., April 23, 2013

*“With every passing quarter, it is becoming more apparent we are entering a hard market.”* – William R. Berkley Jr., President, Chief Operating Officer & Director, W.R. Berkley Corp., January 29, 2013

*“I’d remind you again, this is not a traditional hard market, but rather a continuation of carriers recognizing that in this environment with no investment returns they have to make money on underwriting.”* - J. Patrick Gallagher, Chairman, President & Chief Executive Officer, Arthur J. Gallagher & Co., May 1, 2013



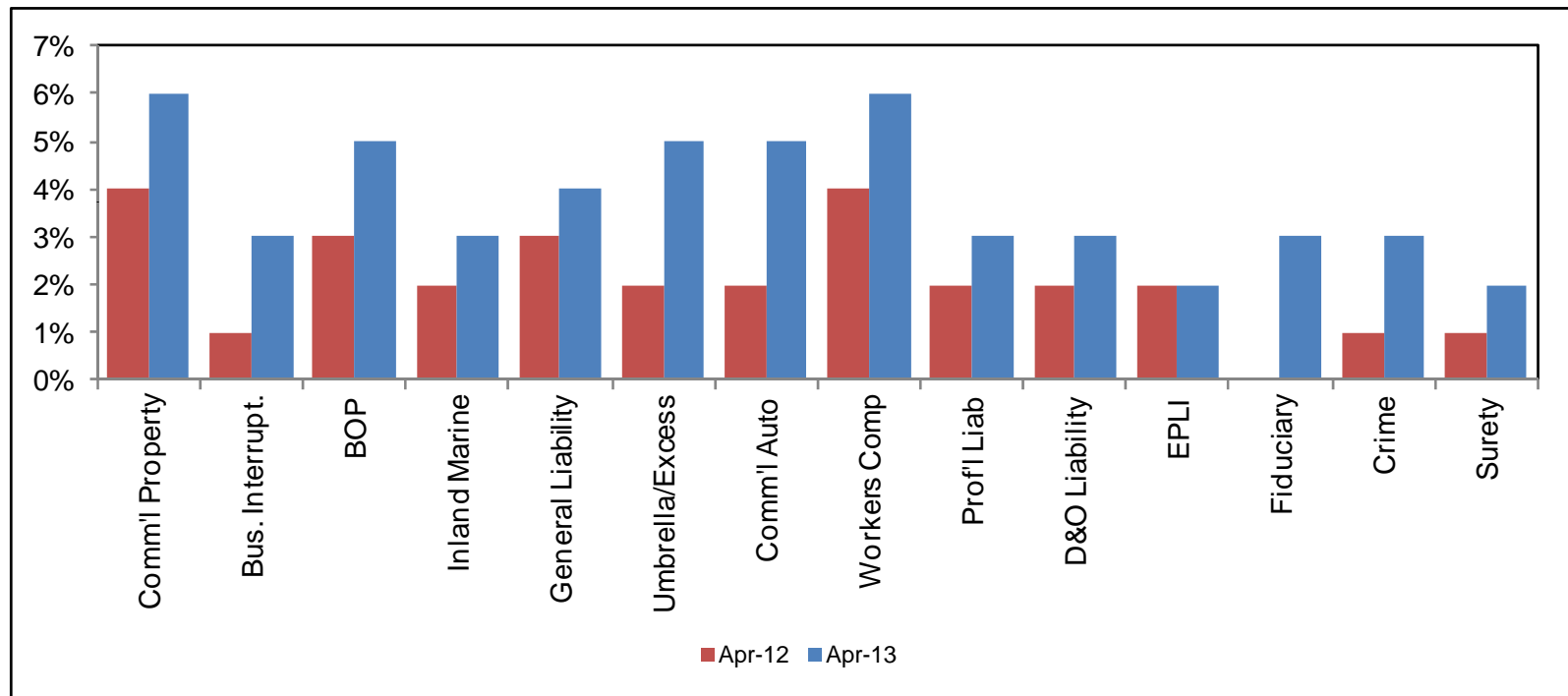
# Rates Are Rising Overall



Source: MarketScout and KBW Research.



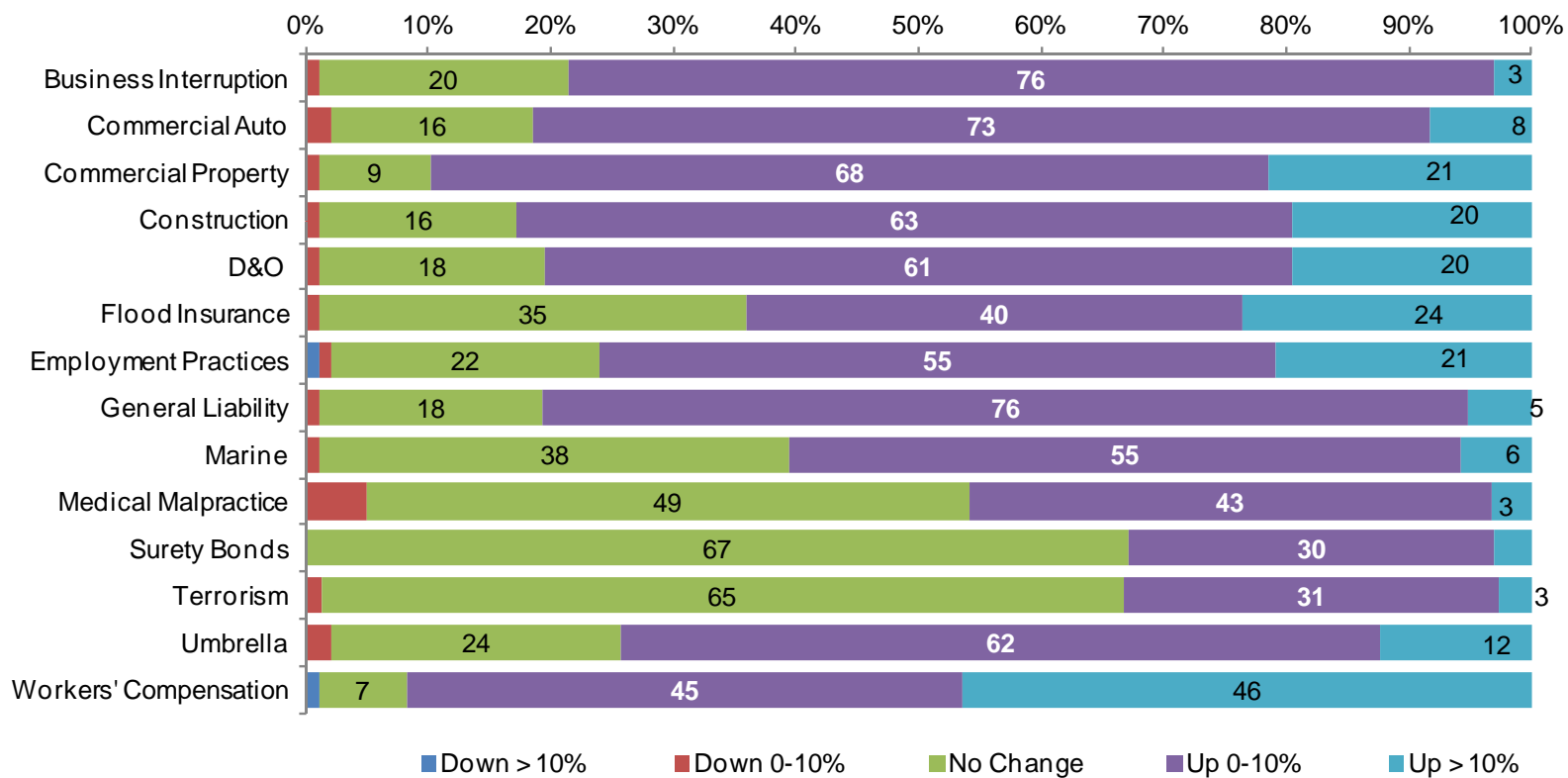
# Rate Increases Vary by Line of Business



Source: MarketScout and KBW Research.



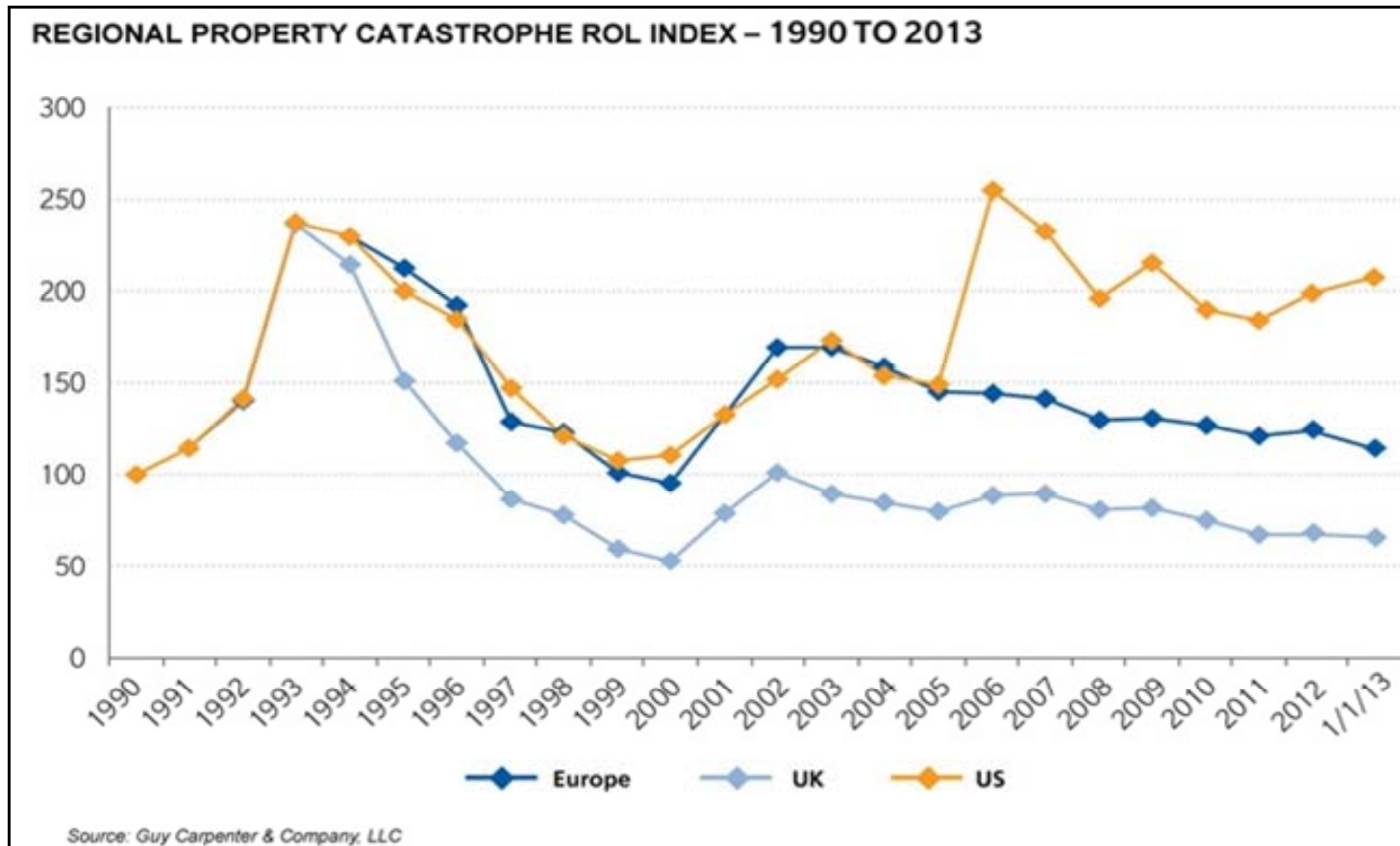
# Another Perspective



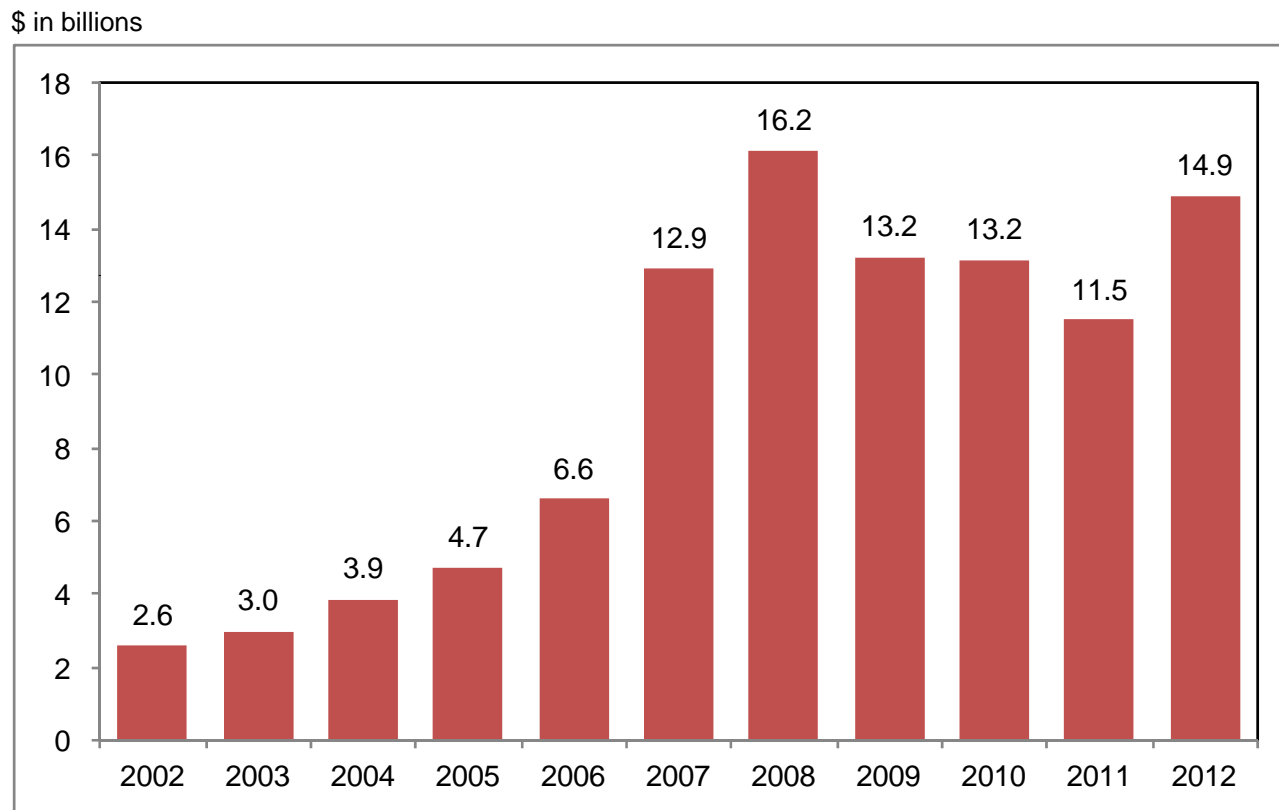
Source: CIAB and KBW Research.



# Property Catastrophe Rate Trends



# Outstanding Catastrophe Bond Volumes



Source: Aon Benfield Securities, Inc.



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|--------------------------|--------------------------------------------|---------|------------------------|---------|
|                          | Count                                      | Percent | Count                  | Percent |
| Outperform [BUY]         | 170                                        | 29.82   | 80                     | 47.06   |
| Market Perform [HOLD]    | 306                                        | 53.68   | 102                    | 33.33   |
| Underperform [SELL]      | 48                                         | 8.42    | 11                     | 22.92   |
| Restricted [RES]         | 0                                          | 0.00    | 0                      | 0.00    |
| Suspended [SP]           | 46                                         | 8.07    | 7                      | 15.22   |
| Covered -Not Rated [CNR] | 3                                          | 0.53    | 2                      | 66.67   |

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As of May 17, 2013

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