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## Press release

# Munich Re provides capital markets solution for Massachusetts Property Insurance Underwriting Association – US\$96m Hurricane catastrophe bonds issued

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Munich Re has provided the Massachusetts Property Insurance Underwriting Association (MPIUA) a US\$ 96m catastrophe bond issuance that transfers hurricane risk in Massachusetts to the capital markets. Munich Re acted as joint lead manager in the transaction, reinsured the risk via its US operation and placed the bond with institutional investors in the EU and Switzerland via its placement entity.

Munich Reinsurance America, Inc. has reinsured a portion of a catastrophe hurricane risk layer of the MPIUA that have been fully retroceded to Cayman Islands-licensed special purpose reinsurer, Shore Re Ltd., providing coverage up to a maximum of US\$ 96m. Shore Re Ltd. issued under the program principal at-risk variable rate notes with a 3-year risk period. Due to MPIUA's increased traditional reinsurance purchases, the notes were issued with a volume of US\$ 96 million, notwithstanding an oversubscribed book.

The issuance provides cover against extreme event losses caused by hurricanes in Massachusetts with a statistical return period of around 70 years. The bond pays interest for the risk at 700 basis points and is rated BB by Standard & Poor's.

“With the Shore Re transaction we have been able to provide our US clients with a capital markets transaction for the second time within two months. Munich Re offers its clients the full spectrum of risk transfer solutions from traditional reinsurance to capital market solutions. The capital markets constitute a good complementary risk carrier for specialized peak risks like Massachusetts hurricane,” said Tony Kuczinski, President and CEO of Munich Reinsurance America.

For media questions please contact:

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### **Munich Re**

In the U.S., Munich Re provides access to a full range of property-casualty reinsurance and

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specialty insurance products through Munich Reinsurance America, Inc., American Modern Insurance Group and Hartford Steam Boiler Group. Together, we deal with the issues that affect society and work to devise cutting-edge solutions that render tomorrow's world insurable. For over 100 years, Munich Re has been successfully addressing the key challenges of the future in the US. Our clients trust us to develop solutions for the whole spectrum of reinsurance – from traditional reinsurance agreements to the management of complex specialty reinsurance risks. Our recipe for success: we anticipate risks early on and deliver solutions tailored to clients' needs, creating opportunities to achieve sustained profitable growth.

**Disclaimer:**

This press release is prepared for the purpose of public announcement of the insurance solution provided by Munich Re in connection with the issuance of the bonds referred to herein (the "Bonds") and does not constitute or form part of any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for any securities in any jurisdiction, nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment therefore.

All of the Bonds have been sold and this announcement is a matter of record only. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state or foreign securities law and the issuer is not and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act").

The Bonds were offered and sold only to investors who are qualified institutional buyers in accordance with Rule 144A under the Securities Act and who, in the case of U.S. persons (as the term is defined in Regulation S under the Securities Act), are also qualified purchasers for purposes of Section 3(c)(7) of the Investment Company Act and may not be re-offered or re-sold in the United States except in compliance with all applicable transfer restrictions. Any purported transfer in violation of those restrictions will be null and void. In addition, the Bonds may be held only in certain permitted jurisdictions.

This press release contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of Munich Re. Munich Re assumes no liability to update these forward-looking statements or to conform them to future events or developments.

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