



Media release

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Asian companies turn to surety bonds to free up capital

(Singapore, 28 October 2008) - Marsh, the world's leading insurance broker and risk adviser, said today that more businesses across Asia are freeing up much-needed capital by switching to surety bonds from bank guarantees.

"The credit crisis is forcing companies to come up with alternative capital accessibility strategies, ensuring their banking lines remain as open as possible," said Richard Green, Head of Marsh's Trade Credit Practice for Asia.

"Most businesses don't realise that bank guarantees actually use up a company's banking facility. Switching to surety bonds with an insurer can provide the same level of protection without affecting their banking facility."

Surety bonds, most commonly associated with construction projects, offer a cost effective alternative to bank guarantees, with the added advantage of not being secured against your banking facilities. Surety bonds provide certainty that a project will be completed on time and according to the terms of the agreement.

"Surety bonds have the backing of stable, well-capitalised specialist underwriters. Competition is healthy at the moment in Asia, which means businesses can obtain surety bonds at favourable rates. This won't last for long, so companies should act now," said Mr Green.

In most cases, surety bonds can match the language and protection levels that bank guarantees provide. In an environment where protection and access to capital is so crucial, surety bonds can offer a win-win solution.

"We have seen increased interest relating to surety bonds, which is no surprise given the quest for certainty and security in the current climate. Sometimes it's best to stick with products that have withstood the test of time, which is the case with surety bonds and other trade credit insurance products."

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About Surety Bonds

Bonds offer a cost effective method to mitigate risk of non-completion or delivery of a service, as spelled out in an agreement or contract. Bonds are typically 5% to 10% of the contract price, underwritten by a local or international reputable bank or insurer. In the event of a claim where the terms of the contract are not met, the bond kicks in by providing monetary compensation for any losses incurred, or reimburses another contractor to complete the job according to the term of the contract.

About Marsh

Marsh, the world's leading insurance broker and risk advisor, has 26,000 employees and provides advice and transactional capabilities to clients in over 100 countries. Marsh is a unit of Marsh & McLennan Companies (MMC), a global professional services firm with more than 55,000 employees and annual revenue exceeding \$11 billion. MMC also is the parent company of Guy Carpenter, the risk and reinsurance specialist; Kroll, the risk consulting firm; Mercer, the provider of HR and related financial advice and services; and Oliver Wyman, the management consultancy. MMC's stock (ticker symbol: MMC) is listed on the New York, Chicago and London stock exchanges. MMC's Web Site is www.mmc.com. Marsh's Web site is www.marsh.com.