

Renewals - An International Reinsurance Perspective

AGERS

Asociación Española de
Gerencia de Riesgos y Seguros

Agenda

- Introduction
- Lloyd's market in 2010
- Lloyd's in Spain
- Renewals
- Summary

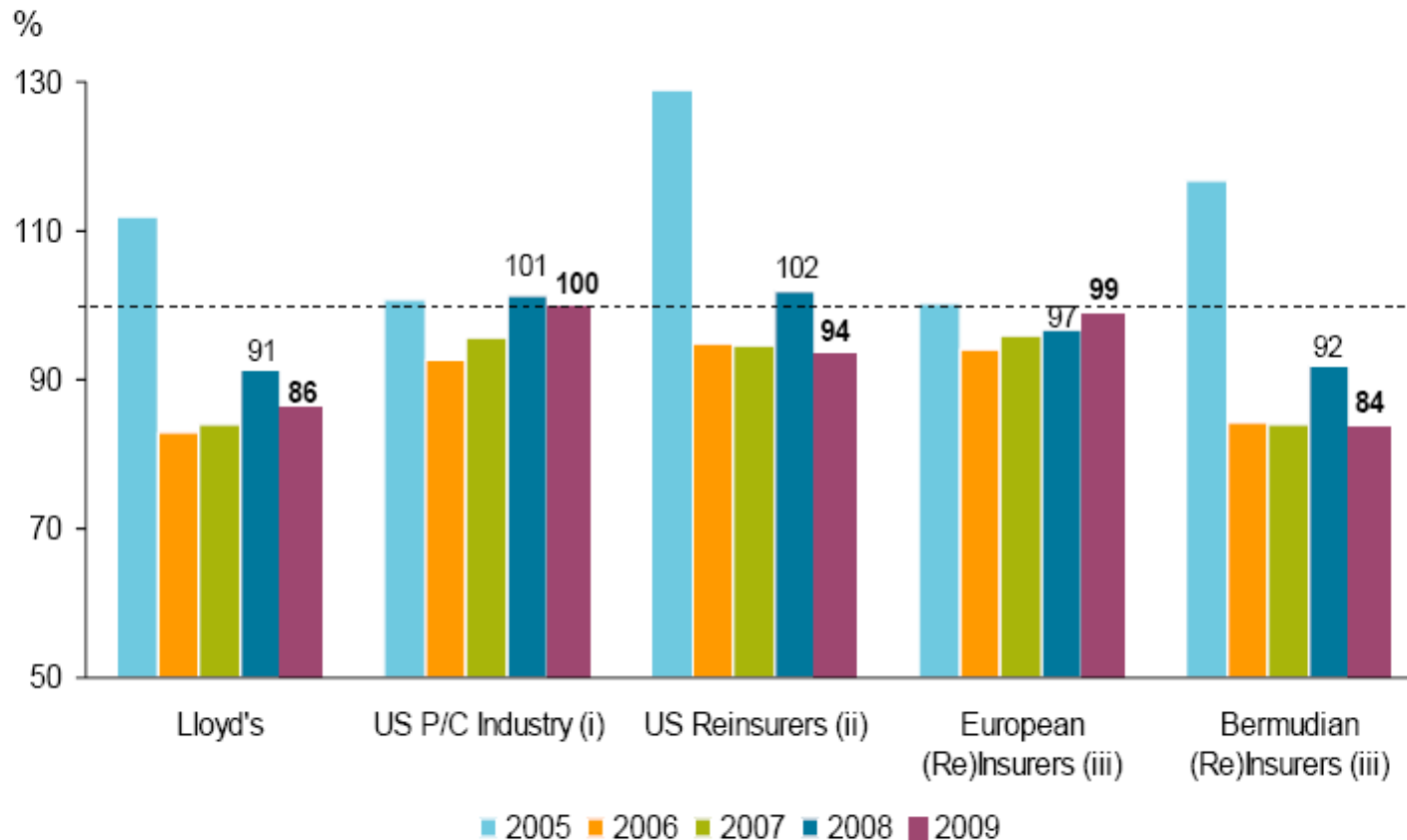
Lloyd's market in 2010 / Lloyd's Underwriting Results and Investment Return

£m	2008	2009	% change	% change in local currency
Gross written premiums	17,985	21,973	22	8
Net earned premiums	13,796	16,725	21	8
Net incurred claims	(8,464)	(8,624)	2	(10)
Underlying operating expenses ¹	(4,987)	(5,712)	15	2
Gains / (losses) on exchange	853	(69)	-	-
Underwriting result	1,198	2,320	94	72
Investment return ²	957	1,769	85	64
Other income / expenses ³	(256)	(221)	(14)	-
Profit before tax	1,899	3,868	104	82
Combined ratio	91.3%	86.1%		

Source: Lloyd's pro forma financial statements, 31 Dec 2009 1) Technical account excluding gains/losses on foreign exchange
 2) Return on syndicates' assets, members' funds at Lloyd's and central assets 3) Non-technical account

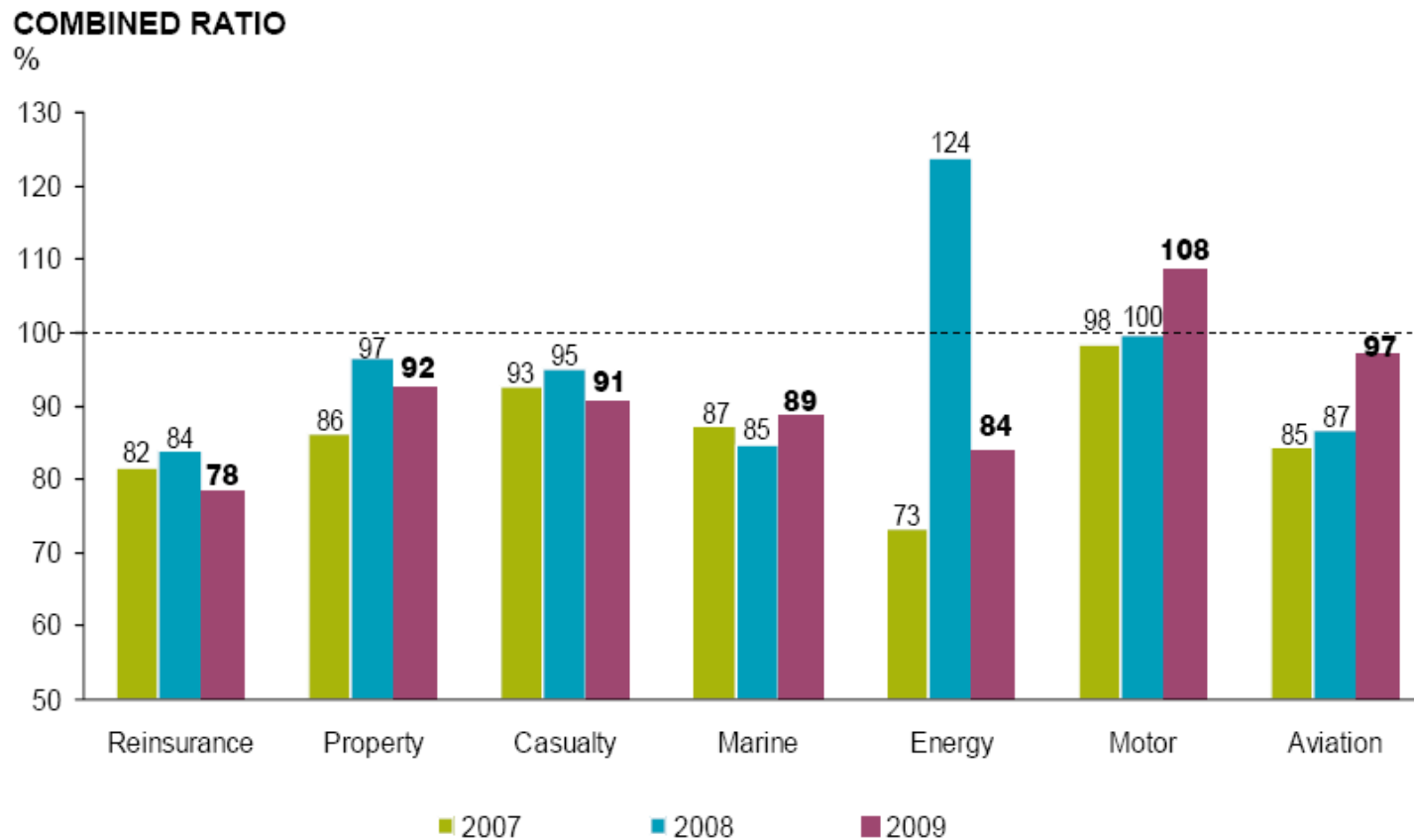
Lloyd's market in 2010 / Lloyd's Performance against Peers

COMBINED RATIO



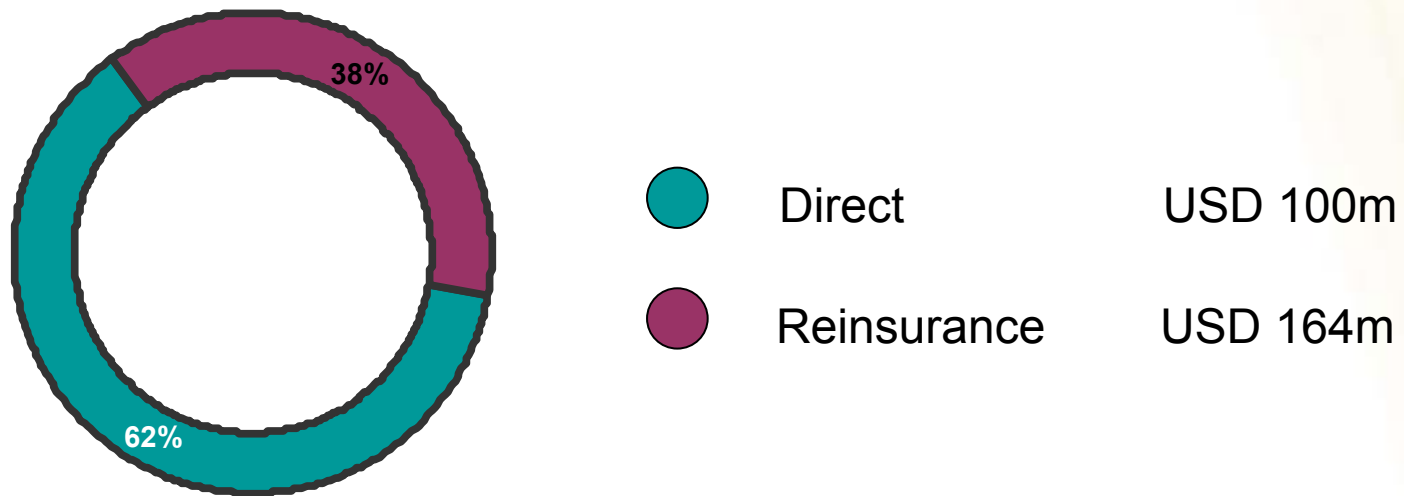
Sources i) Insurance Information Institute (estimate-2009), ii) Reinsurance Association of America, iii) Company data (8 European companies: 17 Bermudian companies)

Lloyd's market in 2010 / Lloyd's Combined Ratio Major Classes



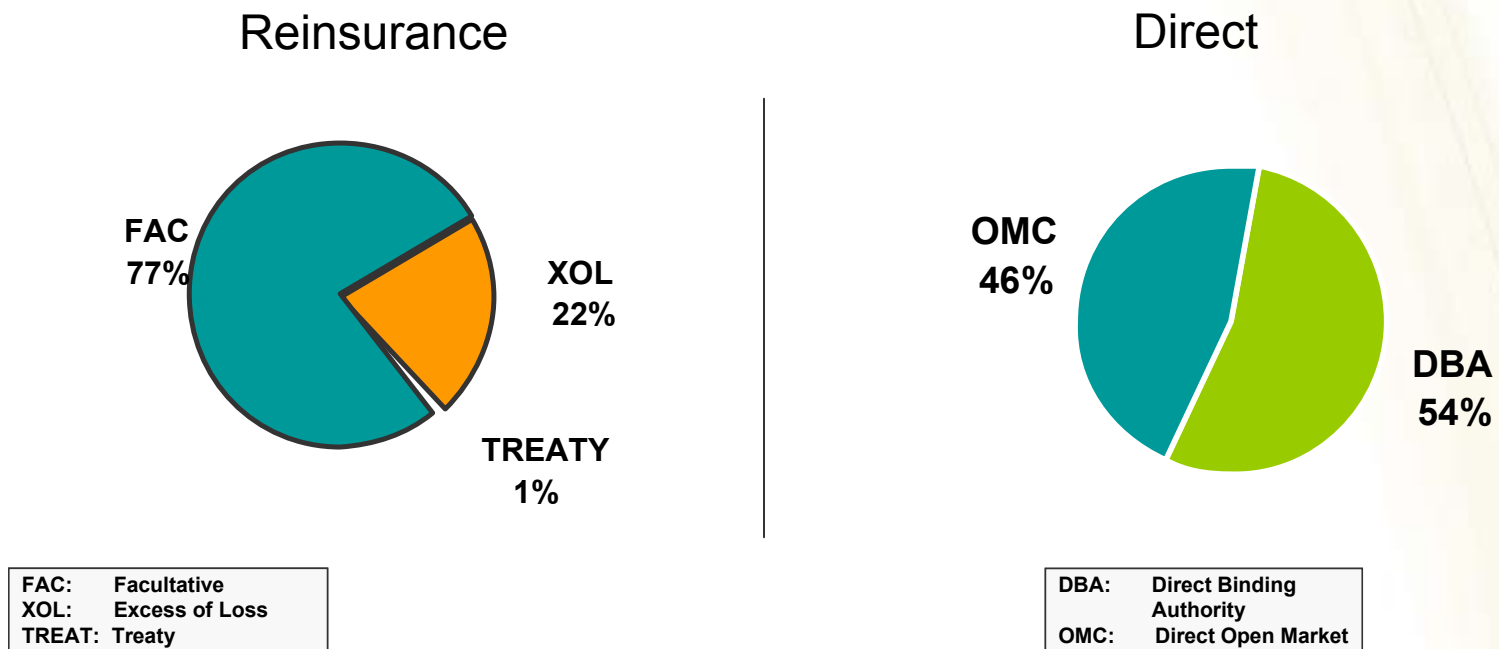
Source: Lloyd's pro forma basis at syndicate level, 31 Dec 2009

Lloyd's in Spain - 2009 Direct & Reinsurance*



*Lloyd's data is based on Xchanging "REG 258", (2010); unaudited figures based on country of origin and processing by calendar year

Lloyd's in Spain - 2009 Premiums by Type*



*Lloyd's data is based on Xchanging "REG 258", (2010); unaudited figures based on country of origin and processing by calendar year

Lloyd's in Spain - 2009 Premiums by Class*



*Lloyd's data is based on Xchanging "REG 258", (2010); unaudited figures based on country of origin and processing by calendar year

Renewals - Property Treaty

- Quiet US hurricane season last two years
- Still relatively light catastrophe losses in 2009 & 2010 years - little impression on rating in global markets
- US: no major hurricane but small/medium losses from winter storms (North East) and hail/tornado (Mid West)
- Reduction in catastrophe excess of loss rates by 5% to 15% in most markets
- Discounting is expected to reduce as cat losses are paid and Solvency II requires increased levels of capital

Renewals - Casualty Treaty

- Market still reasonably disciplined
- Little widening of cover at major 1/7 renewals
- Cedants often looking to retain more risk
- First layers often dropped to achieve reduced premiums
- Low single digit rate increases predominantly seen Q2 2010 renewals
- Claims frequency low

Renewals – Other Treaty

Marine XL

- Rates broadly flat this year

Aviation XL

- Reinsurance market more disciplined than direct
- Still profitable, despite frequency of large aviation losses this year
- Significant capacity - rates flat/small reductions

Personal Accident XL

- Strong results in recent years has increased pressure on rates

Summary

- Relatively benign claims environment
- Still relatively weak outlook for 2011
- Need for Reinsurance market to stay disciplined