



NEWS RELEASE

A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON

FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of Lloyd’s Syndicates 2623, 623, 3623 and 3622

LONDON, 21 December 2010—A.M. Best Europe – Rating Services Limited has affirmed the financial strength ratings of A (Excellent) and issuer credit ratings (ICR) of “a+” of **Lloyd’s Syndicate 2623**, **Lloyd’s Syndicate 623**, **Lloyd’s Syndicate 3623** and **Lloyd’s Syndicate 3622** (United Kingdom). At the same time, A.M. Best has affirmed the ICR of “bbb+” of **Beazley plc** (Beazley) (Jersey), the ultimate holding company of the Beazley group of companies, and of **Beazley Group Limited** (United Kingdom), an intermediate holding company. A.M. Best also has affirmed the debt ratings of “bbb” on the GBP 150 million junior subordinated notes due 2026 and the USD 18 million junior subordinated notes due 2034 issued by Beazley Group Limited. The outlook on all ratings is stable.

Syndicates 2623, 623, 3623 and 3622 are managed by Beazley Furlonge Limited. Syndicates 2623 and 623 underwrite business at Lloyd’s in parallel with a premium split of 81% syndicate 2623 and 19% syndicate 623, in line with each syndicate’s share of overall combined capacity. Syndicates 2623, 3623 and 3622’s capital is provided 100% by Beazley, via its corporate member, while syndicate 623 is supported by third party capital.

The syndicates benefit from the good financial flexibility of Beazley, which maintains strong consolidated risk-adjusted capitalisation and raised GBP 150 million in a fully underwritten rights issue and placing in April 2009. In addition, the syndicates benefit from the financial strength of the Lloyd’s market, which underpins the security of all Lloyd’s syndicates.

—MORE—

—2—

Both syndicate 2623 and syndicate 623 have solid technical records, which reflect good underwriting discipline, prudent reserving practices and their well-diversified portfolios. In 2010, a stable combined ratio of approximately 90% is anticipated on an annually accounted basis (2009: 91.1% and 90.5% for 2623 and 623, respectively). As Beazley has a strategy of not releasing reserves from catastrophe-exposed accounts until premiums are substantially earned, reserves from the 2009 underwriting year, when catastrophe experience was benign, are available to meet claims arising from the Chilean earthquake. In addition, the syndicates' exposure to the Deepwater Horizon oil rig loss is modest. The prospective performance of the syndicates' specialty lines business, which represents approximately 45% of gross written premiums, is expected to benefit from measures taken to protect this business against weak economic conditions.

Syndicate 3623 was established in 2008 and syndicate 3622 in 2009, following the Beazley group's acquisition in 2008 of Momentum Underwriting Management Limited (rebranded Beazley Underwriting Services). Syndicate 3623 writes personal accident insurance and reinsurance and sports disability insurance, while syndicate 3622 writes the associated life business. In addition, syndicate 3623 accepts business through quota shares with Beazley's U.S. admitted carrier, **Beazley Insurance Company, Inc.** (BICI). On a year of account basis, both syndicates are expected to report good technical results for the open years 2008 to 2010, with anticipated combined ratios of between 90%-95%.

The Beazley managed syndicates have a strong business profile in the Lloyd's market, demonstrated by good leadership positions in their core lines of business. In addition, Beazley is establishing itself in the local U.S. market writing targeted lines of business through its managing general agents and BICI. This locally written business improves the diversification of the syndicates' and the group's underwriting portfolios by size of risk. However, the U.S. market remains intensely competitive, and A.M. Best believes the group will find profitable growth in this market challenging in the near term.

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—3—

The principal methodology used in determining these ratings is [Best’s Credit Rating Methodology -- Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best’s rating process and highlights the different rating criteria employed. Additional key criteria utilised include: “Rating Lloyd’s Syndicates”; “Risk Management and the Rating Process for Insurance Companies”; “Understanding BCAR for Property/Casualty Insurers”; “Understanding Universal BCAR”; “Rating Members of Insurance Groups”; “Solvency II and Its Impact on A.M. Best Ratings”; and “A.M. Best’s Ratings & the Treatment of Debt”. Methodologies can be found at www.ambest.com/ratings/methodology.

In accordance with Regulation (EC) No. 1060/2009, the following is a link to required disclosures:
[A.M. Best Europe - Rating Services Limited Supplementary Disclosure.](#)

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