

Beazley in the United States

Analysts' Presentation

February 9, 2009

beazley

Today's discussion

- Why are we building a local presence in the US market?
- What is the opportunity?
- What is our value proposition?
- Who is making it happen?

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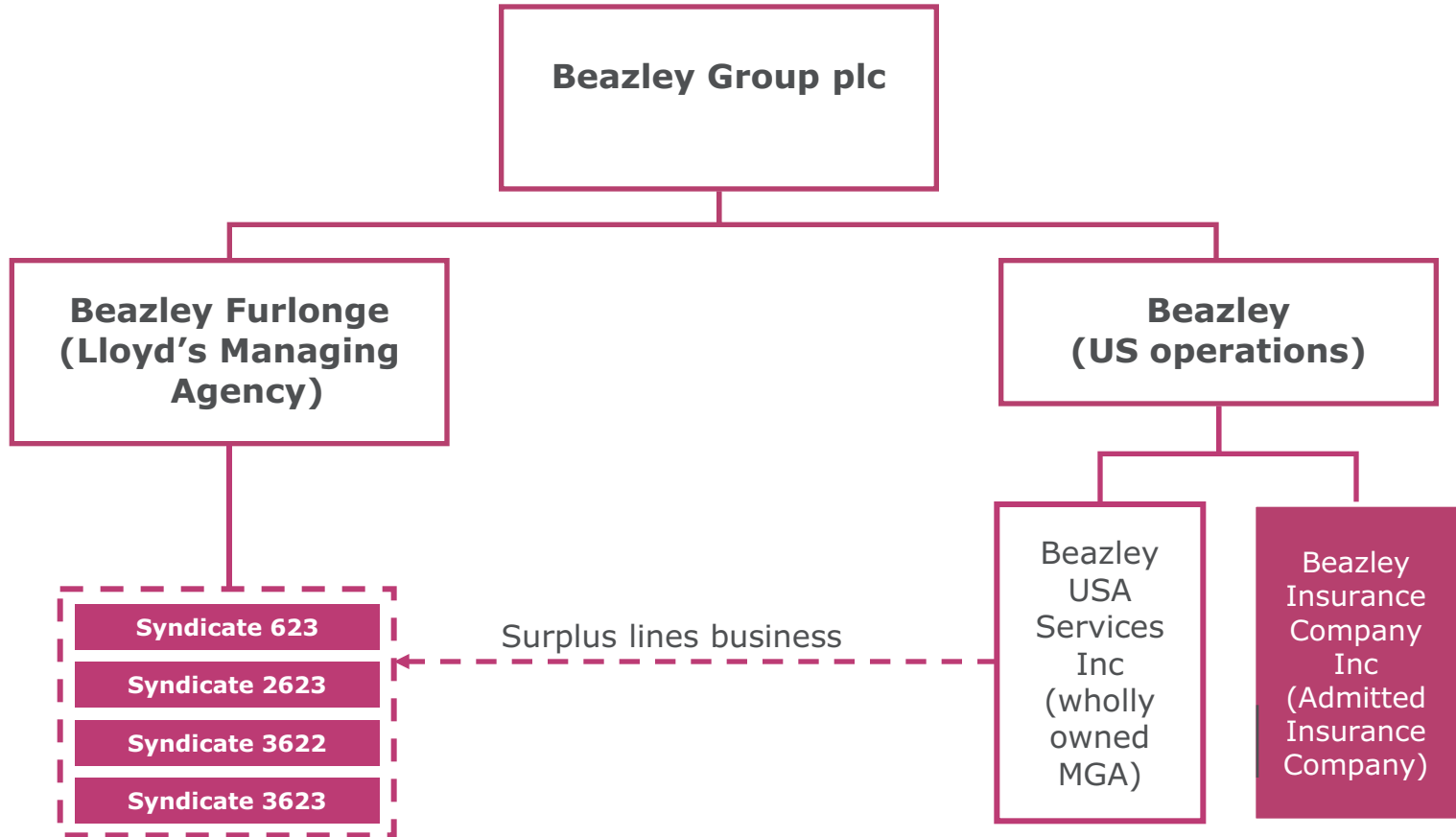
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- Beazley in the US – objectives and achievements
 - Diversifying business mix
 - Strong value proposition
 - Growing admitted market presence
- Our teams
 - Architects and engineers professional liability
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 - Lawyers professional liability
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 - Property
- Conclusion

The context: Strategic direction

To become and be recognised as the highest performing specialist insurer

- Targeting at minimum a pre-tax 18% cross cycle return on equity
- Lloyd's business complemented by US underwriting for risks (both admitted and non admitted) that do not normally come to London
- Committed to deepening our relationships with US brokers to access clients
- Investment in claims expertise to enhance client service and thereby increase loyalty

The context: Our structure

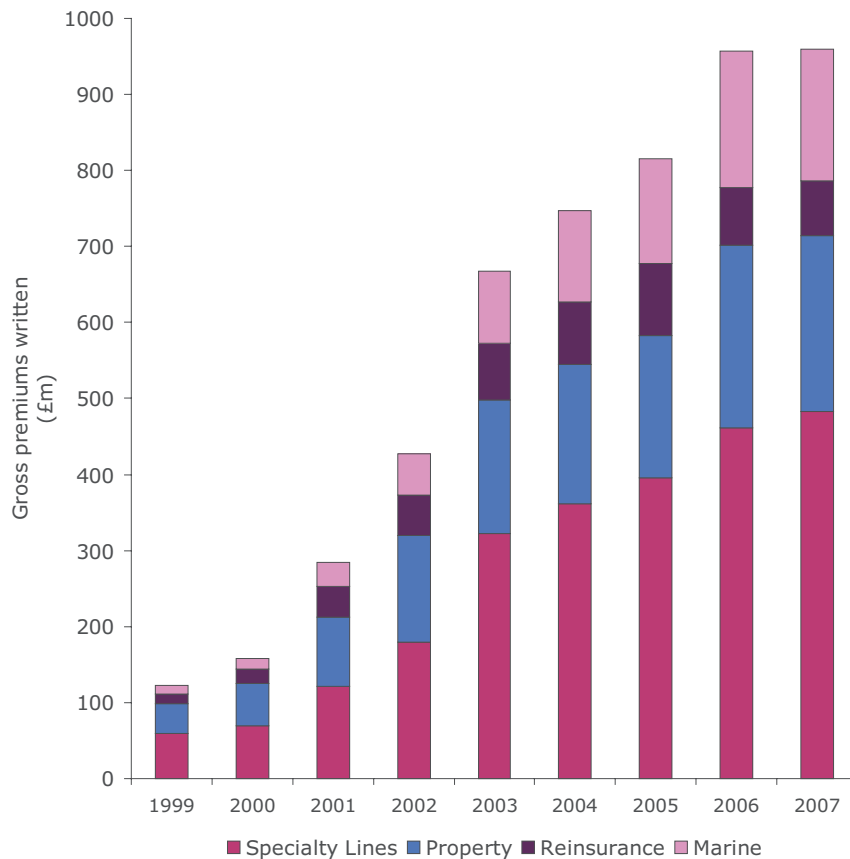


■: insuring entities
(All A.M. Best A rated)

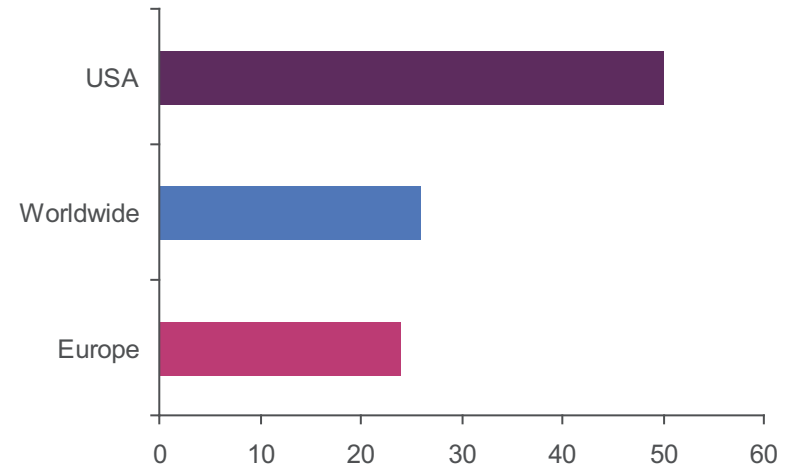


The context: Our global business

Growth & Mix of Business⁽¹⁾



Where we do it



Proportion of Accounts Led

Specialty Lines	87%
Property	69%
Reinsurance	29%
Marine	56%
Political & Contingency	77%



Note: Total Syndicate Premium incl Brokerage

Beazley in the US - objectives and achievements

Objectives

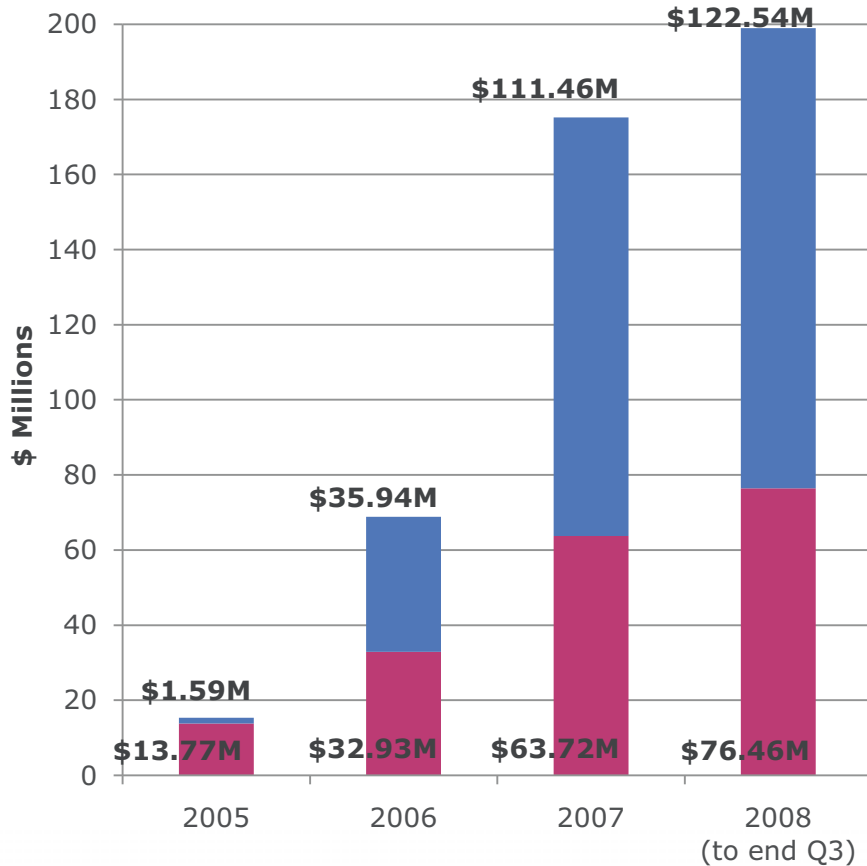
- Access to smaller scale business – both admitted and non-admitted
- Diversifies our overall portfolio, particularly by size of risk
- Cycle management - small admitted market risks are less volatile
- Opportunity to leverage existing brand to win business from smaller clients

Achievements

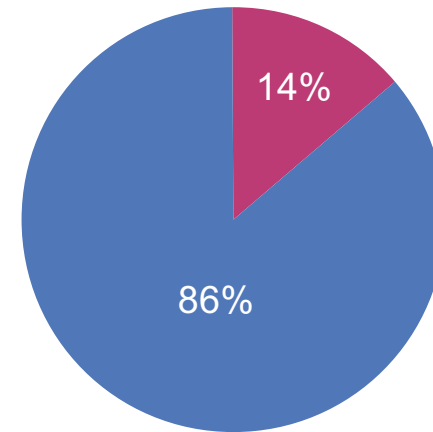
- ✓ \$175.2m of premiums written in 2007 (2006: US\$68.9m). Targeted \$250m in 2008. Average premium approx \$20,000.
- ✓ 14 products now in admitted market – business that could not come to Lloyd's
- ✓ We have grown US business while retrenching (and returning capital to shareholders) in UK
- ✓ Empowered expert brand message plays well with US brokers who know they can rely on Beazley for STRAIGHT ANSWERS (our US tagline) and fast service

Beazley in the US – the opportunity

GWP Growth 2005 through Third Quarter, 2008



US Admitted and Surplus Lines Markets, 2007
(Total: \$267.7bn)



■ Total admitted
■ Total surplus lines

Almost all of admitted market inaccessible to Lloyd's underwriters



Beazley in the US: Strong value proposition

A long term partner, rapid service

The Cincinnati Whirling Skystaurant, 2025

No matter what the future of engineering and architecture holds, professional liability insurance from Beazley will help make it happen. Our broad coverage continues to evolve with the changing exposures of design firms, as it has done for more than 22 years. Perhaps that's why today we insure 30 of the ENR top 50 firms - offering coverage limits of up to \$30 million - as well as thousands of smaller design firms.

Learn more about the stability Beazley offers at beazley.com/engineers.

Ask your broker about Beazley.

The Cincinnati Whirling Skystaurant, 2025

No matter what the future of engineering and architecture hold, professional liability insurance from Beazley will help make it happen.

Average commercial property policy bound

Average commercial property policy issued

Beazley commercial property policy bound

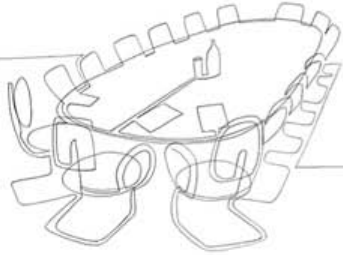
Beazley commercial property policy issued

Most insurers are a little like politicians: strong on promises, and slow to deliver. In fact, in recent research the majority of risk managers reported wait times of 90 to 120 days for commercial property policies. Beazley's flat structure and depth of underwriting experience means we issue 94% of our policies within 24 hours of binding, increasing contract certainty and reducing ESO exposures. We are especially aggressive on retail, real estate, hospitality and nursing home risks.

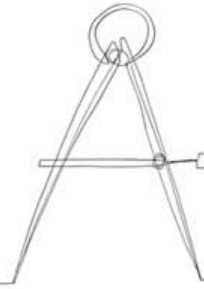
To learn more, please contact **Mark Bernacki**, Head of U.S. Property, at **630-353-8255**.

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Our teams



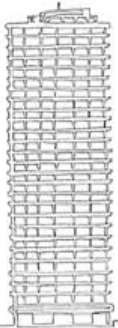
D&O, employment
practices liability, fiduciary



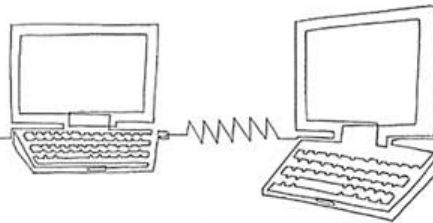
Architects and engineers
professional liability



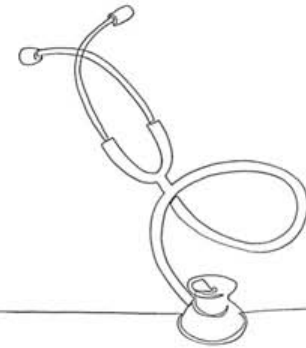
Lawyers professional
liability



Property



Technology, media and business
Services professional liability



Healthcare professional
liability

Architects and Engineers (A&E) professional liability

Strategy

- To leverage 22 year track record of writing A&E out of London and strong local US underwriting and claims capabilities to build pre-eminent A&E insurer across all risk sizes

Market space

- Architects and engineers (“design firms”) of all sizes

Capacity

- Up to \$30,000,000

Differentiation

- Broad form encompassing a range of technology related risks that are not explicitly covered by other insurers
- State of the art risk management services including webinars, the A&E Reporter newsletter, and contract advisory services

Accomplishments

- Strong growth at both ends of market

We currently insure:

- 30 of the *Engineering News-Record* top 50 design firms
- 7,500 practices with revenues of less than \$3 million – more than 2000 added in past year
- Locally underwritten US premiums (small and mid market risks) rose 76.3% to \$74.8 million in year to September 30, 2008 over comparable period in 2007

Technology, Media & Business Services (TMB) professional liability

Strategy

- Expertise-based practice working closely with technology, media and business services clients to craft insurance solutions that help them seize new opportunities in highly competitive and dynamic markets.

Market space

- Large and mid sized companies in an array of industries. Clients include technology companies of all kinds; media companies of all kinds; and business services providers such as management consultants. Additionally, clients for network security and privacy insurance include retailers, hospitals and financial services companies.

Capacity

- Up to \$30,000,000

Differentiation

- Depth of expertise
- Collaborative manner of working with clients and brokers to create customized solutions

Accomplishments

- Strong US growth (\$23.2 million in year to September 30, 2008, up 44.4% from comparable period in 2007)

Clients include:

- 17 of the top 25 global software and software services companies as ranked by *Software Magazine*
- Four of the top five global management consulting firms

Property

Strategy

- To provide enhanced client service to mid sized commercial property owners and to high value homeowners, capitalizing on expertise of underwriters; breadth and design of policy form; and quality of systems

Market space

- Four client categories: mid sized commercial property risks with low cat exposure (admitted coverage); mid sized commercial property risks with higher cat exposure or other elevated risk characteristics (non admitted coverage); hard to place high value homeowners (non admitted); and transportation (trucking) risks.

Capacity

- Up to \$150,000,000 per location (commercial, admitted)

Differentiation

- Highly experienced underwriters
- Flat organizational structure.
- Broad policy with 33 extensions of coverage included in standard price
- Rapid policy issuance

Accomplishments

- 94% of admitted policies issued within 24 hours, compared to norm of several months for market as a whole
- Nationwide coverage of broker offices through three regional hubs since admitted product launched in February 2007

Lawyers' professional liability

Strategy

- A committed long term partner to our insureds in a market that has seen many insurers come and go. Coverage carefully tailored to each client's needs

Market space

- Three main types of client: Global and national US-based law firms; regional firms with 35 or more attorneys; and specialist law firms that currently or potentially confront coverage challenges due to high profile areas of practice or loss record.

Capacity

- Up to \$25,000,000

Differentiation

- Tailored coverage
- Longevity
- Specialist claims advice
- Partnership with best of breed risk management advisors

Accomplishments

- One third of the AmLaw 200 list of top US law firms insure with Beazley
- 80,000 individual attorneys protected by our coverage
- Strong risk management advisory capabilities that help clients reduce or prevent total economic cost of loss, not just insured portion

Management liability

Strategy

- To offer brokers expertise and flexibility from a seasoned team, leveraging our Lloyd's experience (we write approximately a third of the market's total D&O premiums) and strong local US underwriting and claims capabilities. Underwriters in two US hubs: Chicago and New York.

Market space

- D&O (including Side A cover), employment practices liability (EPL) and fiduciary insurance for wide range of insureds including public companies, private company and not for profit organisations.

Capacity

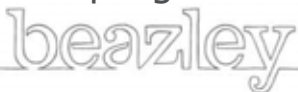
- Up to \$20,000,000

Differentiation

- Unburdened by 'baggage' that weighs down some carriers that wrote large volumes of financial institutions D&O at uneconomic rates
- Attractive counterparty to brokers and clients concerned at excessive concentration of their existing D&O programmes

Accomplishments

- Second largest line of business offered through local US underwriters
- Successful launch of Beazley Armour, Side A D&O cover, in April 2008
- Strong risk management capabilities for EPL policyholders through BeazleySource website



Healthcare

Strategy

- Expertise-based practice with successful track record serving high quality clients in a market that has proved challenging for many insurers

Market space

- Three areas of focus: hospitals and hospital systems; long term care facilities; and miscellaneous medical risks, a broad category including blood and tissue banks, medispas, behavioral healthcare, contract research organisations, and nurse staffing and other allied professional agencies

Capacity

- Up to \$30,000,000

Differentiation

- Stable long term market for high quality clients.
- Quality improvements incentivized through innovative premium credit program for hospitals
- Highly tailored risk solutions for often unique miscellaneous medical risks

Accomplishments

- Building on sterling reputation for Lloyd's business. Insure four of the top 10 'Honor Roll' US hospitals as listed by *US News and World Report* (2007 listing) and three of the top six pediatric hospitals
- Successful integration in 2007 of Sapphire Blue, a managing general agency specialising in long term care risks

Conclusion

- US business is meeting strategic objectives
- Significant opportunities in current market for companies with strong underwriting and claims expertise, and conservatively managed balance sheets
- Infrastructure – people, offices, systems, licenses – in place to support further growth

We've never been one for trading exotic financial instruments. Or underwriting risks we don't understand. That's why for more than two decades in business, we've never posted a loss. And why today we stand ready to support you with well crafted products at a fair price.

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exotic about us
is our color.

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To learn more, visit beazley.com/businesslines or call King Flynn at 904 567 1221.

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Straight Answers

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