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A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of Lloyd's Syndicates 2623 and 623

OLDWICK, NEW JERSEY, U.S.A., Oct. 27, 2009—A.M. Best Co. has affirmed the Best's Syndicate Ratings of A (Excellent) and issuer credit ratings (ICR) of "a+" of **Lloyd's Syndicate 2623** and **Lloyd's Syndicate 623** (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 and 623 are managed on a combined syndicate basis by Beazley Furlonge Limited and underwrite business at Lloyd's in parallel. Business is split 81% syndicate 2623 and 19% syndicate 623, in line with each syndicate's share of overall combined capacity. Syndicate 2623's capital is provided 100% by Beazley, via its corporate member, while syndicate 623 is supported by third party capital.

In A.M. Best's opinion, the syndicates benefit from the good financial flexibility of the Beazley group, which raised GBP 150 million in a fully underwritten rights issue and placing in April 2009. The capital raised was used to support an increase in the group's funds at Lloyd's (FAL), which was required in 2009 due to movements in exchange rates, organic growth in some

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lines and an increase in the syndicates' catastrophe exposure. The syndicates also benefit from the financial strength of the Lloyd's market, which underpins the security of all Lloyd's syndicates.

On an annually accounted basis, A.M. Best expects a solid combined ratio of between 90% and 95% in 2009 for both syndicates, compared with 87.4% and 87.6% in 2008 for syndicate 623 and syndicate 2623, respectively. Solid technical performance for both syndicates is supported by their well-diversified account, strong profile in the London market, underwriting discipline and prudent reserving strategy. However, the acquisition of First State Management Group Inc (First State), which writes excess lines commercial property business, as well as organic growth in large U.S. commercial property, energy and reinsurance business, has increased the syndicates' catastrophe exposure, and consequently, the likelihood of results volatility.

An offsetting factor for the syndicates' ratings is the uncertainty relating to the performance of business written locally in the U.S. market through Beazley's managing general agents (MGAs), Beazley USA Services Inc (BUSA) and First State, and via quota share agreements between the syndicates and the group's admitted carrier, **Beazley Insurance Company, Inc.** (BICI). This business has grown significantly since 2005, and further material growth is anticipated over the next three to five years.

In A.M. Best's opinion, Beazley's U.S. entities enhance the syndicates' access to small to mid-sized risks that would not traditionally be insured by Lloyd's and improve diversification of the portfolio by size of risk. A.M. Best also believes that Beazley has demonstrated underwriting discipline to date by moderating growth plans for specialty lines business where rates remain weak. However, the U.S. market remains highly competitive, and Beazley faces a significant challenge building its presence in the market while maintaining profitability. In addition, this

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smaller scale business is relatively new to the group, and due to the long-tail nature of a significant part of the portfolio, its profitability will only be proven over a lengthy period of time. A.M. Best will therefore continue to closely monitor the expansion and performance of this business.

For Best's Credit Ratings, an overview of the rating process and rating methodologies, please visit www.ambest.com/ratings.

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at www.ambest.com/ratings/methodology.

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