



Argenta Insurance Research Limited
Fountain House, 130 Fenchurch Street, London, EC3M 5DJ
Email: research@argentapl.com

Inside This Issue

- 1 Synd 33 – New Fully Aligned Syndicate
- 1 Synd 623 – New Syndicate Proposal
- 2 Synds 2525 & 2526 – Increase to Fees and PC
- 2 Synd 2791 – Bilateral Arrangement
- 3 Synd 3334 – LTC Capacity and other Syndicate Transactions
- 3 APCL Directors' / Client Directors' Underwriting Intentions for 2009
- 6 Additional Disclosures

Hiscox Syndicates Limited (Hiscox) Syndicate 33 New Fully Aligned Syndicate

Further to the auction one disclosure Hiscox has confirmed that agreement has been reached with the representatives of third party capital for the establishment of a new fully aligned corporate syndicate for 2009 to underwrite business sourced through the Hiscox owned distribution network. Formation of the syndicate is still contingent on formal approval from Lloyd's.

The new syndicate will write certain business previously underwritten by Syndicate 33 comprising 100% of the US E&O account (smaller premium US E&O business) written through the Hiscox underwriting agency in Armonk, New York and 50% of the TMT business (E&O insurance for technology and media companies) via a consortium arrangement written by that underwriting agency and other Hiscox owned underwriting agencies. The reduction in premium income to Syndicate 33 has lead Hiscox to propose a reduction in the 2009 capacity of Syndicate 33 to £550m, £50m lower than the figure of £600m disclosed in the June SBF. The September SBF will reflect this further reduction in capacity.

Comment: We have considered the Hiscox proposal very carefully with our advisers. We believe that there is likely to be a reasonable commercial outcome to the discussions that we have been having with Hiscox and we will report further as soon as we are able.

Argenta Insurance Research Ltd –
Analyst Contacts:

jeremy.bray@argentapl.com
020 7825 7174

andrew.brooks@argentapl.com
020 7825 7132

andrew.colcomb@argentapl.com
020 7825 7176

Beazley Furlonge Limited (Beazley) Syndicate 623 New Syndicate Proposal

Beazley has announced that it is proposing to launch two new aligned syndicates to support business resulting from a planned acquisition. The business is a specialist portfolio and wholly different to classes currently written by Syndicate 623.

Comment: As noted above, Argenta is looking carefully at the trend of managing agents starting new syndicates. At the moment we see no reason to raise an objection to this application.

Detailed business plans have been drawn up and approved by the Board of Beazley which proposes making the necessary applications to Lloyd's Franchise Board to establish the new syndicates to commence underwriting from 1 November 2008. Subject to the necessary consents being forthcoming, it is intended that the new syndicates will be backed exclusively by the Group's corporate member subsidiaries.

Imagine Syndicate Management Limited (Imagine) Syndicates 2525 and 2526 Increase to Fees and Profit Commission

Comment: Imagine's original disclosure had incorrectly stated that the PC trigger was based on a rolling seven year "weighted", as opposed to simple, average basis.

Imagine has announced that, with effect from the 2009 year of account, its managing agency fees will be increased by 0.15% to 0.75%.

Profit commission (**PC**) will increase by 2.5% to 17.5%, provided a bottom line credit (after PC at Member level) on a rolling seven year simple average basis is at least 7.5% or more of capacity. If the rolling seven year simple average falls below 7.5% of capacity, PC will continue to be charged at 15%.

The commissionable profit remains subject to the two year deficit clause.

Managing Agency Partners Limited Syndicate 2791 Auction 1 Bilateral Arrangement

Comment: For information, as noted in our Auction One Report.

Managing Agency Partners Limited has announced that MAP Capital Ltd entered into a bilateral arrangement with the Hampden MAPA Manager for the purchase of £24.5m of MAP Capital's rights to participation on the 2009 year of account of Syndicate 2791 at a price of 16.5p per £1 of capacity. The total purchase price was therefore £4.04m. In accordance with the auction rules, this transaction was subject to interaction with Auction One.

MAP Capital is a corporate member on Syndicate 2791, through which staff and other third parties participate on the syndicate. The capacity that is subject to this bilateral arrangement relates to third party capital and does not in any way alter the level of participation of the staff on Syndicate 2791.

Argenta Syndicate Management Limited Syndicate 3334 Limited Tenancy Capacity (LTC) and other Syndicate Transactions

Comment: Capacity on Syndicate 3334 is eligible to be traded in this year's auctions. However, the LTC agreement only applies for two more years. It may or may not be renewed beyond 2010.

Comment: Sportscover intends to form a new managing agent to manage Syndicate 3334 from the 2009 year of account.

The current LTC arrangement in respect of Syndicate 3334 expires at 31 December 2010. Existing supporters of the syndicate are, therefore, free to trade capacity in the 2008 auction process, although any capital providers intending to purchase capacity on the syndicate for 2009 should be aware that, currently, there will be no security of tenure beyond the 2010 year. Any renewal of the existing LTC arrangements will be at the discretion of the managing agent at the time.

Subject to the necessary regulatory approval, it is proposed that the capacity of the syndicate will be increased to £20 million for 2009. It is also the intention of the Sportscover Group to establish its own managing agent to assume the right to manage the affairs of Syndicate 3334 for the 2009 and subsequent years of account. In this regard, a formal application has been submitted and discussions with Lloyd's continue. A successful outcome to this application is, however, subject to the regulatory approval of both the FSA and Lloyd's.

APCL Directors' / Client Directors' Underwriting Intentions for 2009

The following disclosure is made concerning the current intentions of the actively underwriting Argenta Private Capital Limited (**APCL**) Directors and Client Directors. It should be borne in mind that these current intentions may be modified as a result of changes to syndicates' final business plans and the finalisation of coming-into-line (**CIL**) plans for 2009. In view of this, an updated disclosure will be issued prior to the third auction on 23rd / 24th September 2008 and again post CIL.

Lord Brabourne is non-executive Chairman of APCL and underwrites £11.16m for the 2008 account and through his own NameCo. Taking into account the impact of all de/pre-emptions, Romsey Underwriting Limited intends underwriting with a reduced Premium Income Limit (**PIL**) for the 2009 year of account of around £10m, as follows :-

Syndicate	2008 Line	2009 Line
33	905,500	776,141
218	443,482	476,743
318	750,000	750,000
386	323,908	323,908
510	911,620	852,739
557	404,511	404,511
609	297,156	241,288
623	729,750	636,488
779	511,925	511,925
958	1,054,833	1,054,833
2010	776,055	776,055
2121	1,886,580	1,886,580
2791	613,797	613,797
3334	183,231	244,246
6102	873,286	0
6104	150,000	150,000
6105	300,000	300,000
Totals	11,115,634	9,999,254

Mr David Harrison is a non-executive Director of APCL and Chairman of Argenta Insurance Research Limited (**AIRL**). For 2007, Mr Harrison converted his underwriting into a Limited Liability Partnership (**LLP**), Minhotex LLP, and underwrites on a bespoke basis for 2008 with participations totaling £400,780. For the 2009 year of account, Mr Harrison intends underwriting with a de-empted PIL of around £359,500, as follows:-

Syndicate	2008 Line	2009 Line
33	48,277	41,381
218	24,281	26,102
318	43,000	43,000
510	56,001	52,384
570	5,200	5,200
609	67,187	54,556
958	30,000	30,000
2010	37,490	37,490
2121	12,577	12,577
2791	43,480	43,480
3334	10,000	13,330
6102	23,287	0
Totals	400,780	359,500

GL Underwriting Ltd: the following directors of APCL participate through a corporate member, GL Underwriting Limited :-

AJ Annandale (Non-Executive Director);
 TR Bird (Client (Services) Director);
 GB Hudson (Client Director / Director of AIRL); and
 JA Mackay (Executive Director/Client Director).

GL Underwriting Limited underwrites £379,498 on MAPA 7006 for the 2008 year of account and its intended PIL of £255,957 for 2009 will reflect

the impact of all syndicate de/pre-emptions within the MAPA, along with the resignation of an unconnected director / shareholder of the company.

Mr David Monksfield is an Executive Director and Client Director of APCL and underwrites on a bespoke basis, through Monksfield LLP (in which his wife also has an interest), with an overall premium limit of £812,437 for 2008. For 2009, Mr Monksfield intends underwriting at a reduced level of £776,298, following the application of all de/pre-emptions:-

Syndicate	2008 Line	2009 Line
33	89,213	76,469
218	62,176	66,839
318	31,250	31,250
386	90,000	90,000
510	92,000	86,058
557	20,010	20,010
570	48,126	48,126
609	53,025	43,056
623	34,118	29,758
727	18,120	18,120
779	41,667	41,667
958	55,500	55,500
2010	46,862	46,862
2121	25,646	25,646
2791	38,078	38,078
3334	6,646	8,859
6103	10,000	0
6104	10,000	10,000
6105	40,000	40,000
Totals	805,791	776,298

Mr Mike Doughty is a Client Director within APCL and underwrites £249,379 for 2008. For 2009, Mr Doughty intends continuing to underwrite on an unlimited liability basis, with the following bespoke participations reflective of all de/pre-emptions :-

Syndicate	2008 Line	2009 Line
33	24,864	21,312
218	21,387	22,991
318	26,000	26,000
510	26,921	25,183
557	10,006	10,006
609	18,852	15,308
623	16,346	14,257
958	29,000	29,000
2010	22,860	22,860
2121	6,288	6,288
2791	20,212	20,212
6102	11,643	0
6104	5,000	5,000
6105	10,000	10,000
Totals	249,379	228,417

Mr Jeremy Bray, an Executive Director and Head of Syndicate Research at APCL and AIRL, underwrites through a Scottish Limited Partnership (SLP) with a MAPA 7049 PIL for 2008 of £234,324, along with a line of £7,030 on Syndicate 6105. Mr Bray expects to underwrite on the same basis for 2009, with his participation on MAPA 7049 reflecting the application of all syndicate de/pre-emptions.

Mr David Robson is an Executive Director of APCL and underwrites through an SLP with a MAPA 7049 PIL for 2008 of £1.41m, along with a line of £40,000 on Syndicate 6105. Mr David Robson intends underwriting on the same basis for 2009, with his revised PIL taking into account all syndicate de/pre-emptions through MAPA 7049.

Mr John Robson is employed as a consultant by APCL and underwrites through an SLP with a MAPA 7049 PIL for 2008 of £937,200, along with a line of £28,114 on Syndicate 6105. Mr John Robson intends underwriting on the same basis for 2009, with an adjusted PIL which reflects the impact of all syndicate de/pre-emptions through MAPA 7049.

Additional Disclosures

The overall de-emption in the capacities of MAPAs 7006 and 7049 is currently anticipated as 14.34% and 14.24% respectively. These de-emptions may change if syndicates modify their business plans.

Mr David Monksfield and Mr Paul Sandilands (a non-executive Director of APCL) are directors of the Talisman Corporate Members and hold 10,004 and 174,970 (Mrs Sandilands) 'A' shares respectively in the parent company Talisman Underwriting plc. In addition, Mr Sandilands holds 369 'B' Unsecured Loan Stock which, upon conversion, will translate to an additional 369,000 'A' shares.

Syndicates 2121, 3334 and 6102 are managed by Argenta Syndicate Management Limited, a wholly-owned subsidiary of Argenta Holdings plc, which is also the parent company of APCL.

This Lloyd's Market Disclosures is issued for general information purposes only and should not be construed as investment advice. Whilst all reasonable care has been taken to ensure that the information contained in this document is accurate at the time of publication, Argenta Insurance Research Limited does not make any representations as to the accuracy or completeness of such information. Argenta Insurance Research Limited is a wholly owned subsidiary of Argenta Private Capital Limited which is authorised and regulated by the Financial Services Authority.