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Omega Underwriting Agents Limited Syndicate 958 2010 Business Plan

Omega Underwriting Agency Limited (OUAL) submitted to Lloyd's on 18th September its 'final' business plan for the 2010 year of account in respect of Syndicate 958.

The Syndicate Business Forecast (SBF) submitted contains certain revisions which are as a result of the stated intention to keep under review the assumptions underlying the plan. As a consequence anticipated whole account premium income has been increased from £257.50m (as advised in the SBF submitted in July 2009) to £263.9m.

The increase in income is principally driven by the Syndicate's offshore energy account. In the July SBF submission, a prudent stance was taken on this account. Whilst the significant corrections in rates, terms and conditions that were taking place as a result of the losses on Hurricanes Gustav and Ike were acknowledged, income compared to 2009 budgets was reduced significantly. This was pending confirmation that the Syndicate's objective of significantly reducing windstorm aggregate in the Gulf of Mexico (GoM) could be achieved, whilst still being able to maintain broker support. The renewal of the major GoM exposed accounts has now been completed and further analysis has confirmed that wind exposed aggregates have been reduced in line with expectations and participations on key accounts have been maintained. It has therefore been concluded that projected income on the offshore account should be maintained at 2009 levels, resulting in anticipated 2010 income of £53.0m for the marine and energy class, having taken into account the Lloyd's prescribed 2010 business planning rate of USD 1.50 (2009 USD 1.99). It should be emphasised, however that if, as a result of benign loss activity in 2009, rates on this account come under pressure in 2010, the syndicate will review its position again and reduce income as considered appropriate. The increase in offshore energy income has, however, been offset by the decision to reduce onshore energy writings due to the industry recently experiencing a high incidence of machinery breakdown claims.

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Comment: We have no concerns about these changes having discussed them with the managing agent. All third party syndicates' Business Plans, and therefore pre-emptions, are subject to approval by the Franchise Board by the end of October.

Comment: This represents a minor change to the syndicate's Business Forecast and allows more head-room in the event of a market changing event. All third party syndicates' Business Plans, and therefore pre-emptions, are subject to approval by the Franchise Board by the end of October.

Comment: Members on Syndicate 4040 have now received the proceeds of the Cash Offer. Syndicate 4040 will be 100% aligned for the 2010 account.

As was stated in the auction disclosure made on 4th September, all syndicate business plans and associated ICA require Lloyd's approval. Such approval must be forthcoming prior to any business being able to be underwritten by the syndicate for the 2010 year of account. Lloyd's have the right to require changes to business plans submitted prior to approval being granted. Members are therefore reminded that information in the plan submitted on 18th September is subject to review by Lloyd's and that following the conclusions of that review the plan may be subject to amendment. Similarly any subsequent changes to the plan would require Lloyd's prior approval.

Cathedral Underwriting Limited Syndicate 2010

2010 Business Forecast and Pre-emption

In line with the Lloyd's business planning timetable, Cathedral has submitted its 'final' SBF for the 2010 underwriting year of Syndicate 2010.

Overall gross income (after brokerage) is now forecast to be some 5% lower than was the case in the initial (June) SBF, reflecting more cautious assumptions as to likely conditions in the syndicate's non marine reinsurance and direct property accounts next year.

Cathedral believes the assumptions made in respect of the aviation and satellite and contingency accounts made in June remain valid and the income forecasts for these areas of the account remain unchanged.

The intention to pre-empt capacity to £350 million remains unchanged. Forecast capacity utilisation at planning rates of exchange is therefore now approximately 77% as opposed to the 81% utilisation envisaged in the initial SBF.

Both the Business Plan and the intended pre-emption remain subject to Franchise approval.

HCC Underwriting Agency Limited Syndicate 4040

Capacity Offer and Minority Buy-Out

On 15 September 2009 Lloyd's gave its consent to a minority buy-out in respect of Syndicate 4040 (**"the Syndicate"**). The capacity offer (**"Offer"**) was made in July 2009 by Nameco (No. 808) Limited (**"Nameco 808"**), a member of the HCC group of companies which currently provides 87.43 per cent of the syndicate allocated capacity for the 2009 year of account. The Offer to acquire all the capacity on the Syndicate for the 2010 and subsequent years of account was conditional upon Lloyd's giving such consent on or before 24 September 2009. Accordingly the Offer (which closed for acceptances at 4.00 pm on 18 August 2009) has now become unconditional.

Details of the Offer are set out in an offer document which was issued, in accordance with the Capacity Offer Rules, on 20 July 2009.

As a consequence of the above Syndicate 4040 capacity will not be traded in Auction 3 on 29/30 September 2009.

APCL Directors' / Client Directors' Underwriting Intentions for 2010

Save for minor adjustments to certain syndicate allocations, all Directors' / Client Directors' underwriting intentions remain in line with those disclosed prior to Auction Two. Final underwriting programmes for 2010 will be notified post Coming Into Line.

Argenta MAPAs for the 2010 Account

Members of MAPAs 7006 and 7049 will be aware that these MAPAs have been merged. The merged MAPA for the 2010 account is MAPA 7009. Changes to the combined portfolio for 2010 will be influenced by the significant pre-emptions being offered by the MAPA syndicates for the 2010 account. These pre-emptions have enabled us to offer MAPA members a pre-emption for the 2010 account of 24%. This pre-emption remains subject to there being no change in the pre-emptions offered by the individual MAPA syndicates. Based on 2009 average adjusted auction prices, the cost of MAPA 7009 after two auctions is 25.6p, although we expect that this will rise after auction three.

In addition to Argenta's main MAPA, a new MAPA (7008) has been formed for the 2010 account to buy capacity for new members joining Lloyd's. The 2009 auctions have proved extremely difficult as demand for capacity has exceeded supply by more than 300% in the first two auctions and prices have risen to an all time high. However, we have been able to secure 55% of the capacity required on a spread of syndicates in the first two auctions and hope to be able to improve on this in auction three.

We anticipate that the overall capacity for the MAPAs will be £135 million for MAPA 7009 and between £16.8 million and £19.4m for MAPA 7008. APCL's policy on capacity allocation and auction strategy remains unchanged (details available on request).

For information, the current portfolios for each MAPA, together with their comparative Realistic Disaster Scenarios (**RDS**) exposures and split of account are shown on the following pages. However, these are likely to change as a result of activity by the MAPA Manager in the remaining auctions and any changes to syndicate pre-emptions. The portfolio for MAPA 7008 includes the amount currently unallocated.

Fee Structure for 2010

Premium Limit	Unlimited Members	NameCos	LLPs	SLPs
Annual Fee (PIL up to £1m)	0.75%	1.10%	1.00%	0.90%
Annual Fee (PIL from £1m to £1.5m)	0.50%	0.50%	0.50%	0.50%
Annual Fee (PIL in excess of £1.5m)	0.25%	0.25%	0.25%	0.25%
Minimum Annual Fee	£3,500	£7,000	£6,500	£5,500
Profit Commission	5.00%	5.00%	5.00%	5.00%
Maximum Enhancement Fee 7009 (as a percentage of PIL)	up to 0.60%	up to 0.60%	up to 0.60%	up to 0.60%

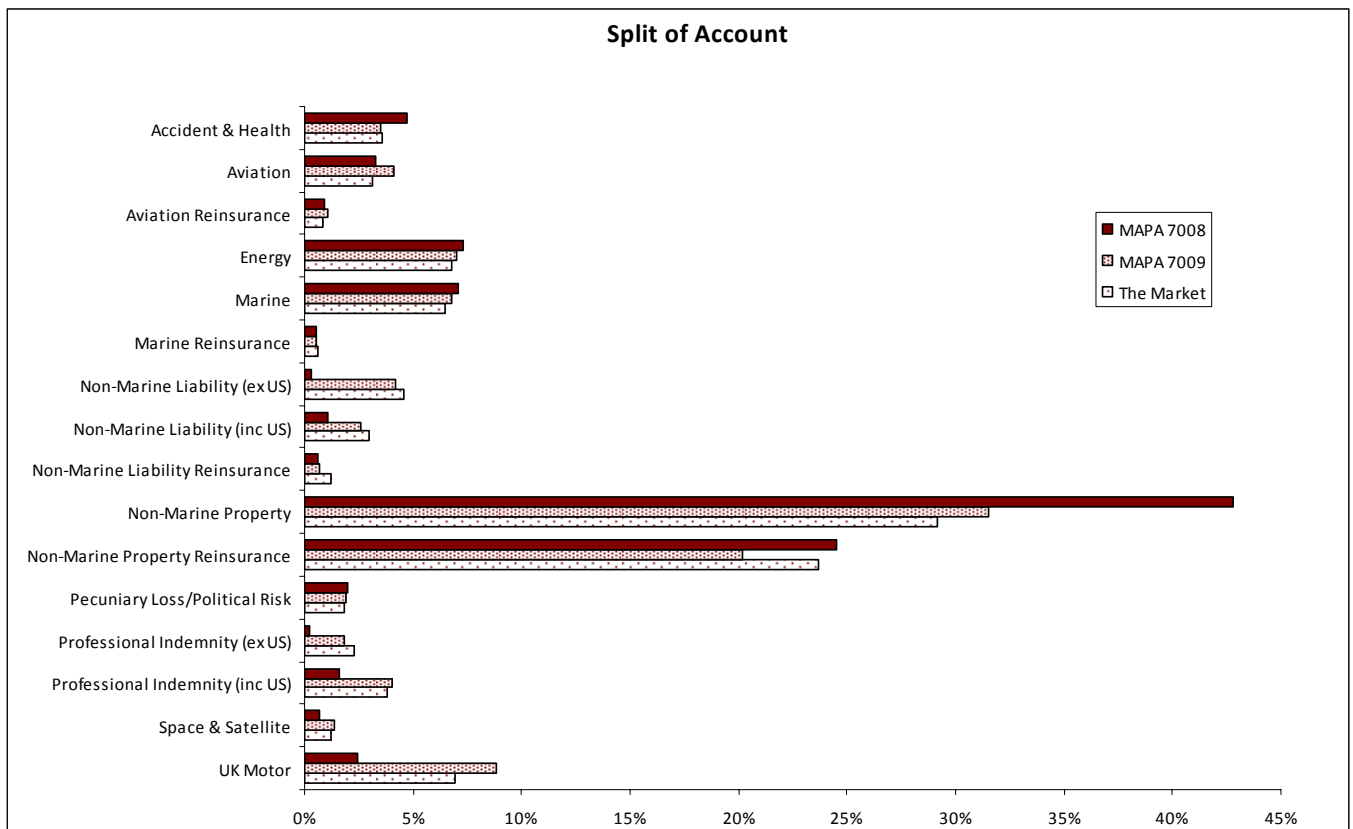
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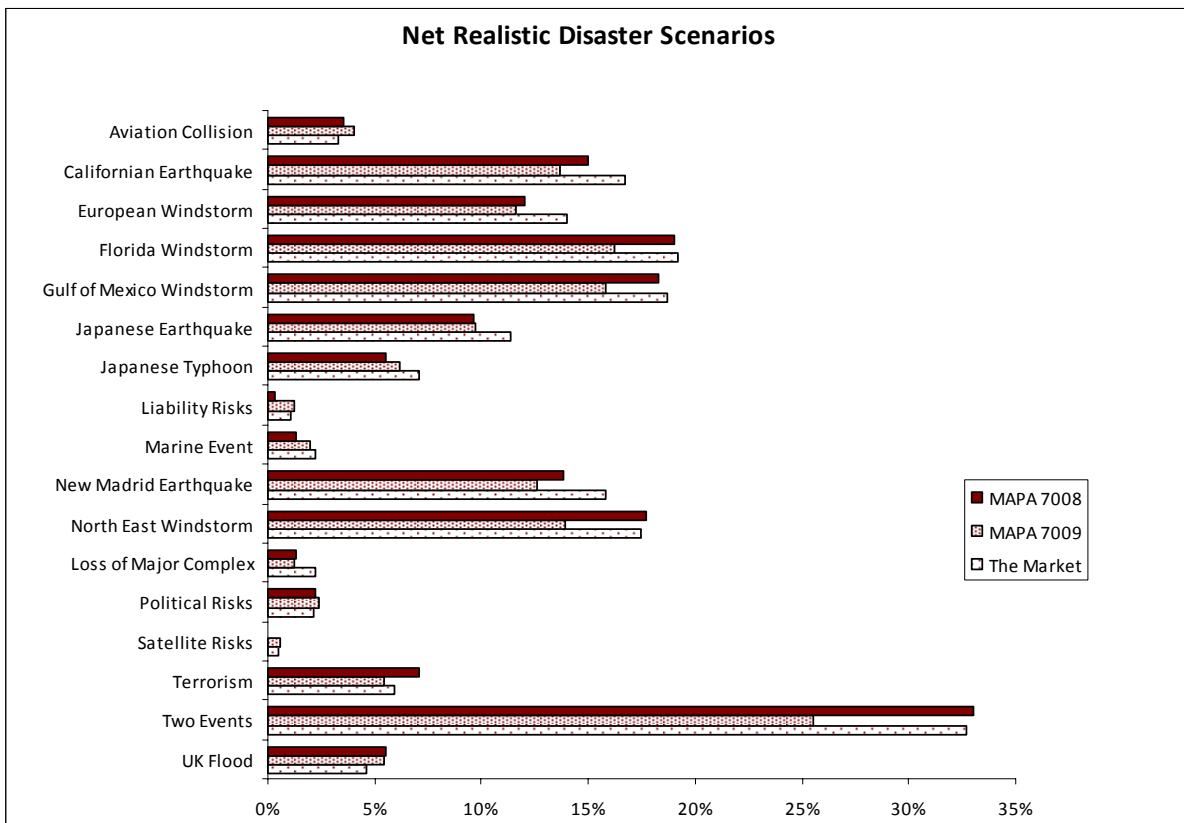
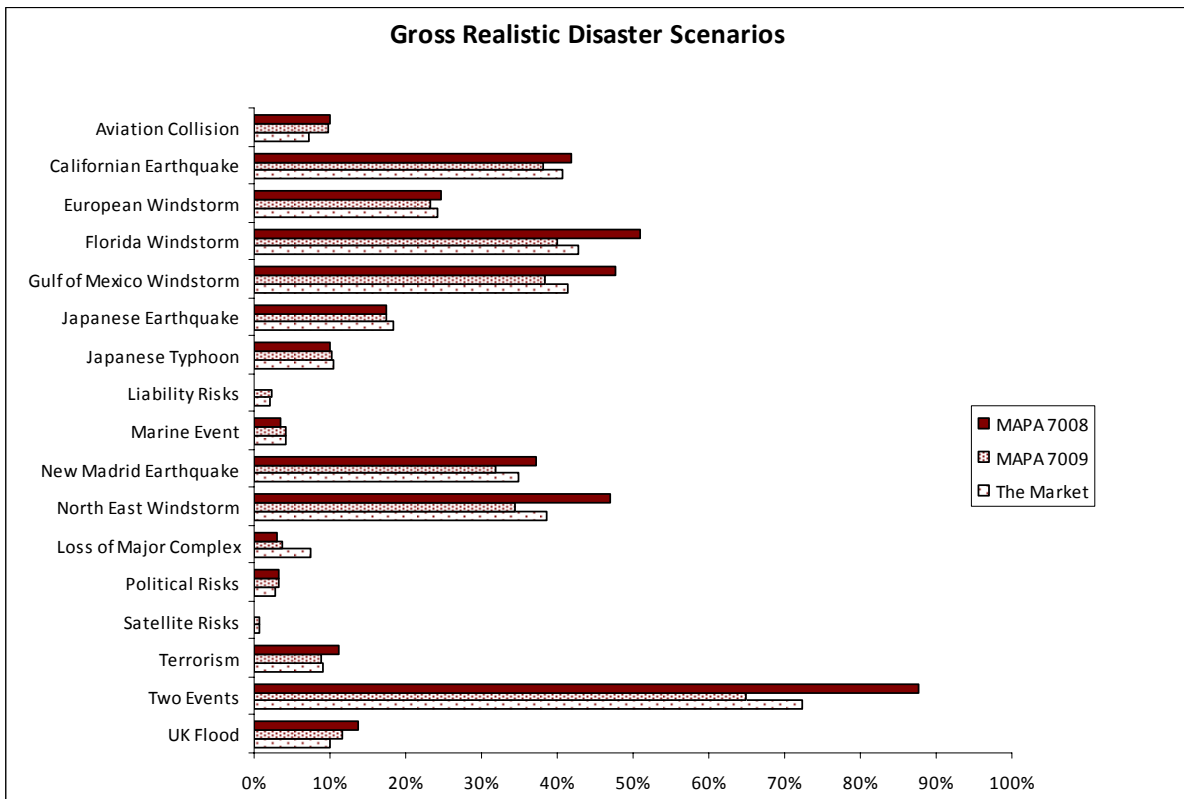
1. No minimum annual fee applies where another agent is the co-ordinating agent or the member is a working member with a PIL of £150,000 or less.
2. Winding-up fees will be charged in the first year of cessation of underwriting and calculated by reference to the member's highest overall premium limit for the previous three years of account.
3. The fee terms shown for NameCos, LLPs and SLPs are based upon single member vehicles and assume that the Agency's standard core services are used. The Agency reserves its rights to negotiate its charges, including those for group limited liability vehicles.

Current MAPA Portfolios for 2010

Syndicate	Managing Agent	Underwriter	MAPA 7008 %	MAPA 7009 %
33	Hiscox	Watson	9.0	12.4
218	Equity	Josiah	1.0	9.0
318	Beaufort	Pritchard	5.0	5.7
386	Limit	Constable		4.9
510	RJ Kiln	"Kiln"	17.0	15.1
557	RJ Kiln	Huckstepp	2.9	4.4
570	Atrium	Wilkins		4.0
609	Atrium	Harries		8.0
623	Beazley	Beazley		8.3
807	RJ Kiln	Tunncliffe	4.1	3.1
958	Omega	Vanous		7.7
2010	Cathedral	Hamblin	3.9	7.7
2121	Argenta	Hunt	4.7	2.8
2791	Managing Agency Partners	Trubshaw	8.0	6.9
Unallocated	n/a	n/a	44.4	
			100.0	100.0

Note: A detailed description of the underwriting business of each syndicate, along with the APCL rating attributed to each, is included within the APCL Syndicate Profiles Book, published in August 2009. Syndicate 2121 is managed by Argenta Syndicate Management Limited, a wholly-owned subsidiary of Argenta Holdings plc, which is also the parent company of APCL.





Note: The RDS for MAPA 7008 are shown as percentages of the capacity currently allocated.

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