

# Lloyd's Market Disclosures

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## APCL Directors' / Client Directors' Underwriting for 2010

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Following the finalisation of underwriting programmes as a result of Auction Four; and the coming-into-line deadline of 26<sup>th</sup> November, the following updated disclosure is made concerning the underwriting arrangements for the actively underwriting APCL Directors and Client Directors:

**Lord Brabourne** is non-executive Chairman of APCL, a non-executive Director of Argenta Holdings plc and underwrites £11m for the 2009 account through a NameCo, Romsey Underwriting Limited. Taking into account the impact of all pre-emptions and participations on new and Special Purpose Syndicates (SPSs), Romsey Underwriting Limited will be underwriting with an increased Premium Income Limit (PIL) for the 2010 year of account of £12.66m, as follows:-

Syndicate	2009 Line	Proposed 2010 Line
33	970,179	1,293,568
218	476,743	512,498
318	750,000	836,250
386	323,908	347,835
510	976,773	1,426,420
557	404,511	404,511
609	275,482	379,242
623	690,016	833,671
779	511,925	460,733
958	1,054,833	954,111
1969	-	200,000
2010	776,055	905,423
2121	2,000,000	2,000,000
2791	613,797	759,702
3334	244,307	305,383
6104	225,000	312,660
6105	450,000	450,000
6106	254,320	279,752
<b>Totals</b>	<b>10,997,849</b>	<b>12,661,759</b>

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**Mr David Harrison** is a non-executive Director of APCL and Chairman of Argenta Insurance Research Limited (**AIRL**). Mr Harrison underwrites through a Liability Partnership (**LLP**), Minhotex LLP, on a bespoke basis for 2009 with participations totaling £399,869. For the 2010 year of account, Minhotex LLP will be underwriting with an increased PIL of £528,278 as follows:-

<b>Syndicate</b>	<b>2009 Line</b>	<b>Proposed 2010 Line</b>
33	51,725	68,966
218	26,102	28,059
318	43,000	47,945
510	60,003	87,624
570	5,200	6,012
609	62,287	85,747
958	30,000	33,676
2010	37,490	43,739
2121	14,533	25,000
2791	43,480	53,815
3334	13,333	10,000
6105	-	17,695
6106	12,716	20,000
<b>Totals</b>	<b>399,869</b>	<b>528,278</b>

**GL Underwriting Ltd:** the following Directors of APCL participate through a NameCo, 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 £272,950 on MAPA 7006 for the 2009 year of account and will be underwriting with a PIL of £336,338 on MAPA 7009, arising from the merger of MAPAs 7006 and 7049, for 2010.

\* Mr Annandale is also Chief Executive Officer of Argenta Holdings plc and Managing Director of Argenta Syndicate Management Limited.

**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 a PIL of £849,004 for 2009. For 2010, Monksfield LLP will be underwriting at an increased level of £1.01m, following the application of all syndicate pre-emptions:-

Syndicate	2009 Line	Planned 2010 Line
33	95,585	127,446
218	66,839	71,851
318	31,250	34,843
386	90,000	96,648
510	98,575	135,001
557	20,010	20,010
570	48,126	55,642
609	49,158	67,673
623	32,261	48,512
727	18,120	19,636
779	41,667	37,501
958	55,500	62,301
1969	-	10,000
2010	46,862	54,673
2121	29,635	30,000
2791	38,078	47,129
3334	8,861	8,861
6103	10,000	10,000
6104	10,000	10,000
6105	50,000	50,000
6106	8,477	9,325
<b>Totals</b>	<b>849,004</b>	<b>1,007,052</b>

**Mr Mike Doughty** is a Client Director within APCL and underwrites £257,983 for 2009. For 2010, Mr Doughty will continue to underwrite on an unlimited liability basis, with an increased PIL of £313,677 based on the following bespoke participations:-

Syndicate	2009 Line	Planned 2010 Line
33	26,640	35,519
218	22,991	24,715
318	26,000	28,990
510	28,845	42,123
557	10,006	10,006
609	17,477	24,059
623	15,456	23,241
958	29,000	24,134
2010	22,860	26,670
2121	7,266	9,781
2791	20,212	25,016
6104	5,000	7,000
6105	15,000	19,423
6106	11,230	13,000
<b>Totals</b>	<b>257,983</b>	<b>313,677</b>

**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 2009 of £212,552, together with a line of £10,544 on SPS 6105. Mr Bray will underwrite on the same basis for 2010, with his participation of £261,913 on MAPA 7009 arising from the merger of MAPAs 7006 and 7049.

**Mr David Robson** is an executive Director of APCL and underwrites through a SLP with a MAPA 7049 PIL for 2009 of £1.28m, together with participations of £60,000 and £42,387 on SPS 6105 and 6106 respectively. Mr David Robson will convert to a family LLP, Robson Underwriting LLP, for 2010, with an increased PIL of £1.77m on the new merged MAPA 7009 and £60,000 and £46,626 on SPS 6105 and 6106 respectively.

**Mr John Robson** is employed as a consultant by APCL and underwrites through a SLP with a MAPA 7049 PIL for 2009 of £850,212, along with participations of £56,097 and £27,128 on SPS 6105 and 6106 respectively. Mr John Robson will be underwriting on the same basis for 2010, subject to an increased PIL of £1.05m and £29,840 on the new merged MAPA 7009 and SPS 6106 respectively.

### Additional Disclosures

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.

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.

### Argenta MAPAs for 2010

The anticipated final MAPA constitutions for 2010 are detailed below. Whilst there is still a small chance that these could change before 1<sup>st</sup> January 2010, we believe this is very unlikely. We will publish the definitive MAPA constitutions in the New Year.

Synd	Managing Agent	Maximum	MAPA 7008	MAPA 7009
		Recommended	%	%
		Line %		
33	Hiscox	17.5	11.4	12.4
218	Equity	15.0	2.5	9.0
318	Beaufort	10.0	6.3	5.8
386	Limit	12.5		4.9
510	RJ Kiln	17.5	21.4	15.2
557	RJ Kiln	7.5	4.9	4.4
570	Atrium	12.5		4.0
609	Atrium	12.5		8.1
623	Beazley	12.5	11.0	7.8
807	RJ Kiln	10.0	5.1	3.1
958	Omega	12.5	10.4	7.7
2010	Cathedral	12.5	5.0	7.8
2121	Argenta	7.5	5.9	2.8
2791	Managing Agency Partners	12.5	10.0	7.0
6105	Ark	7.5	6.1	
			100.0	100.0

*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.*

### **Jubilee Managing Agency Limited (Jubilee) Syndicate 779 Adjustment to Profit Distribution**

Jubilee has written to advise that, in the course of reviewing the arrangements relating to the transfer of Syndicate 779 from Travelers to Jubilee in 2005, they have identified an error in the calculation of syndicate expenses. This resulted in an understatement of syndicate profit on closure of the 2002 underwriting year and, unfortunately, this error has been carried forward since that time. The profits on closure of the 2003 to 2006 underwriting years have therefore also been understated.

Procedures have been put in place to prevent this happening on closure of the 2007 and subsequent underwriting years and set out below are details of how Jubilee proposes to compensate members.

Their initial calculations indicate that a member with a £10,000 line on each year would have been disadvantaged as follows:-

*Comment: We will be writing to the members of Syndicate 779 once we know the exact amounts due and how the monies will be paid*

Underwriting Year	£
2002	41
2003	14
2004	21
2005	27
2006	27

A member providing £10,000 capacity in each year is therefore due an additional £130. A member providing average capacity to the syndicate in each year would be due a total £1,340.

Jubilee is discussing with Lloyd's the mechanism to pay members the additional profits due to them, including an element of interest on the late payment. Jubilee will write again as soon this has been agreed.

### **Omega Underwriting Agents Ltd Syndicate 958 Omega Insurance Holdings – Requisition of Special General Meeting**

Omega Insurance Holdings Limited (**Omega or the Company**) announced that on 3 December 2009 it received a communication from Invesco Asset Management Limited (**Invesco**) that it was considering convening a special general meeting (**Notification**).

The Notification calls for the directors of the Company, in accordance with the provisions of section 74 of the Companies Act 1981 of Bermuda (as amended) and/or Bye-law 22 of the Bye-Laws of the Company, to convene a special general meeting for the purposes of considering and, if thought fit, passing the following resolutions of the Company:

1. that Walter Fiederowicz be removed from the Board of Directors of the Company;
2. that Christopher Clarke be removed from the Board of Directors of the Company;
3. that John Coldman be appointed a Director of the Company to hold office as a Class II Director in place of Walter Fiederowicz;
4. that James Bryce be appointed a director of the Company to hold office as a Class I director in place of Christopher Clarke;
5. that Robin Spencer-Arscott and Jonathan Betts each be appointed as additional directors to hold office as Class II directors of the Company; and
6. that Ernest Morrison and David Cooper each be appointed as additional directors to hold office as Class I directors of the Company.

*Comment: Although this does not affect our view of Syndicate 958 at this stage we will be keeping a close eye on developments within the Omega group*

The board of directors of the Company (**the Board**) has been advised by the Company's Bermudian counsel that the Notification does not constitute a legally binding requisition. The Board has, since 3 December 2009, been in discussions with Invesco in order to ascertain whether it intended to proceed formally to requisition a special general meeting to propose the resolutions set out above (**the Proposals**) and has today been advised that Invesco does so intend.

The Proposals will continue to be discussed with Invesco and also with other key shareholders in further detail with a view to seeking shareholder support against them. The Board considers the Proposals not to be in the best interests of the Company.

The Company had already announced on 18 November 2009 that Walter Fiederowicz would be stepping down as Chairman, and that Korn/Ferry had been appointed to conduct the search for a new independent Chairman expected to be appointed by the end of the year. The Proposals make the completion of such a process extremely difficult.

A further announcement will be made in due course.