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Inside This Issue

- 1 Synd 318 – Appointment of Senior Underwriter and New Syndicate proposal
- 2 Synd 958 – 2009 Business Plan and Non-Executive Appointments
- 3 Synds 2791 & 6103 – 2009 Business Plan
- 3 APCL Directors' / Client Directors' Underwriting Intentions for 2009
- 4 Argenta MAPAs for 2009

Beaufort Underwriting Agency Ltd Syndicate 318 Appointment of Senior Underwriter and Proposal to establish a new Syndicate

On 8th August Beaufort Underwriting Agency Ltd announced in disclosure D2008002 that subject to any necessary consents being forthcoming, it was proposing to appoint a Senior Underwriter and apply to the Franchise Board to establish a new wholly aligned syndicate to focus on the development of a new specialist small business book, predominately from the USA and sourced via delegated authorities and lineslips.

Following discussions with Lloyd's and supporting members agents, the Board of Beaufort proposes to consult with the unaligned members supporting Syndicate 318 on this matter, in accordance with the Agency Circumstances procedure. Under this process, members having the right to participate on Syndicate 318 for the 2009 year of account will have 21 days to raise any objections that they might have to the proposal. A circular, setting out the Board's rationale for the proposal, anticipated benefits to be derived by Syndicate 318 members and how it is intended that conflicts of interest will be addressed, will be issued to all members who are affected by the proposal via their members' agents later today.

The detailed business plan will be submitted to the Lloyd's during the course of next week.

Comment: We will be writing to members on Syndicate 318 once we have received details from Beaufort

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Omega Underwriting Agents Limited Syndicate 958 2009 Business Plan and Appointment of Non-Executive Directors

Syndicate 958 has submitted its revised business plan for the 2009 year of account, in accordance with the required submission date in Lloyd's Business Plan timetable of 19 September 2008.

Their current estimated income for the 2008 year of account is £243m based on the prescribed Lloyd's Premium Income Monitoring (PIM) rates.

The initial 2009 year of account plan submitted to Lloyd's in June contained estimated income of £217m (again, based on Lloyd's prescribed PIM rates). This reduction in income figure took account of the prevailing market conditions at that time.

The plan submitted today for the 2009 year of account estimates a further reduction in income to a figure of £200m. This figure is based upon the Board's assumption of facts known to date. Obviously, however, the plan will need to be kept under very close consideration as more factual data begins to become known from the recent hurricane activity, including Gustav and Ike, together with consideration for any further hurricanes that may occur prior to the end of the US windstorm season.

Furthermore, this plan has been submitted at a time when there is unprecedented financial uncertainty. Independent market commentators have stated that the current difficulties being experienced by AIG represents a substantial opportunity for Lloyd's insurers and they have similarly stated that expectations for business volumes and profits in 2009 – 10 are likely to rise. It is, therefore, possible that following a review of the position, which can only be completed when the effects are fully understood, will lead to income projections for 2009 increasing significantly, potentially requiring a pre-emption for 2009 above the current capacity level of £250m.

Finally, at its meeting on 17 September, Walter Fiederowicz, the Chairman of Omega Insurance Holdings, and Ian Mercer, formerly an underwriter on Syndicate 958, were appointed as non-executive directors on the Omega Underwriting Agents Limited's Board, subject to regulatory approval.

Managing Agency Partners Limited Syndicate 2791 & 6103 2009 Business Plan

In response to recent market circumstances, the Board of Managing Agency Partners Ltd has revisited the 2009 business plan for syndicates 2791 & 6103. As a result it is proposed that, subject to business plan and ICA approval, Syndicate 2791 will retain a £400 million Stamp Capacity,

Comment: This is the first formal indication that syndicates will be reviewing their business plans for 2009

Comment: MAP to reinstate Syndicate 6103 in response to recent market circumstances. We will write to members once we have further information

with a slight improvement to the premium utilisation and profit target. Additionally, it is now proposed that Syndicate 6103 will continue into 2009 on a limited tenancy basis at its current £39.5m capacity, with a 30% cession from Syndicate 2791's USA catastrophe account. If circumstances change materially between now and the year-end, it may be appropriate to pre-empt Syndicate 6103 and/or increase the percentage cession and we will advise you as early as possible about any changes.

APCL Directors' / Client Directors' Underwriting Intentions for 2009

Our pre-Auction Two issue of *Lloyd's Market Disclosures* included details of the underwriting intentions of all Argenta Directors and Client Directors. This disclosure included confirmation that the level of underwriting of the following would be reflective of the application of all syndicate de/pre-emptions through their corresponding MAPA participation.

	MAPA	2008 PIL £	2009 PIL £
GL Underwriting Ltd ¹	7006	379,498	288,169
Jeremy Bray	7049	234,324	199,269
David Robson	7049	1,405,944	1,195,615
John Robson	7049	937,200	796,995

A separate disclosure concerning the percentage de-emption applied to MAPAs 7006 and 7049, along with the updated constitutions of each MAPA, can be found from page four of this report.

ICAT Syndicate 4242

Lord Brabourne (non-executive Chairman of APCL) and David Monksfield (Executive Director and Client Director of APCL) intend taking-up some capacity on the new ICAT Syndicate 4242, within the Agency's maximum recommended line of 3%.

Special Purpose Syndicates (SPSs)

Disclosures on the Directors' / Client Directors' intentions concerning participations on SPSs for 2009 will be notified to eligible participants under separate cover as and when confirmation of the availability of capacity on these syndicates has been established.

Whilst there have been no other material changes to the underwriting intentions described in our pre-Auction Two issue of *Lloyd's Market Disclosures*, it is reiterated that these may also be modified as a result of

¹ Comprising Andrew Annandale, Trevor Bird, Guy Hudson and James Mackay. Please note: the reduced 2009 PIL also reflects the sale of £34,192 of capacity owned by a former shareholder of GL Underwriting Limited.

changes to syndicates' final business plans and the finalisation of coming-into-line (CIL) plans for 2009. In view of this, updated disclosures will be issued at the appropriate times, including a final version post the CIL deadline of 28th November.

Argenta MAPAs for the 2009 Account

MAPA Members will be aware that the continuing value differential has precluded the merger of MAPAs 7006 and 7049 this year and as such they will remain as separated entities for 2009. The possibility of merging these MAPAs will be reviewed again during 2009. Although, in 2008, some adjustment to the MAPA portfolios is being made by the MAPA Manager, the major influence on the MAPA portfolios will be the de-emptions on the underlying MAPA syndicates and the cessation of SPS 6102. As a result of these, both MAPAs will have an overall de-emption for 2009 which, assuming no change to individual syndicate Business Plans, will be 15.06% for MAPA 7006 and 14.96% for MAPA 7049.

Based on 2008 average adjusted auction prices, the cost of MAPAs 7006 and 7049 after two auctions is 27.0p and 24.7p respectively. These represent reductions from the MAPA costs last year and reflect the overall decrease in average auction prices from 2007.

We anticipate that the overall capacity for the MAPAs will be £39 million for MAPA 7006 and £74 million for MAPA 7049, both spread across 13 syndicates. APCL's policy on capacity allocation and auction strategy remains unchanged (details available on request), with all syndicate allocations being within the Agency's guidelines.

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 and de-emptions.

Fee Structure for 2009

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	up to 0.60%	up to 0.60%	up to 0.60%	up to 0.60%
(as a percentage of PIL)	up to 0.60%	up to 0.60%	up to 0.60%	up to 0.60%

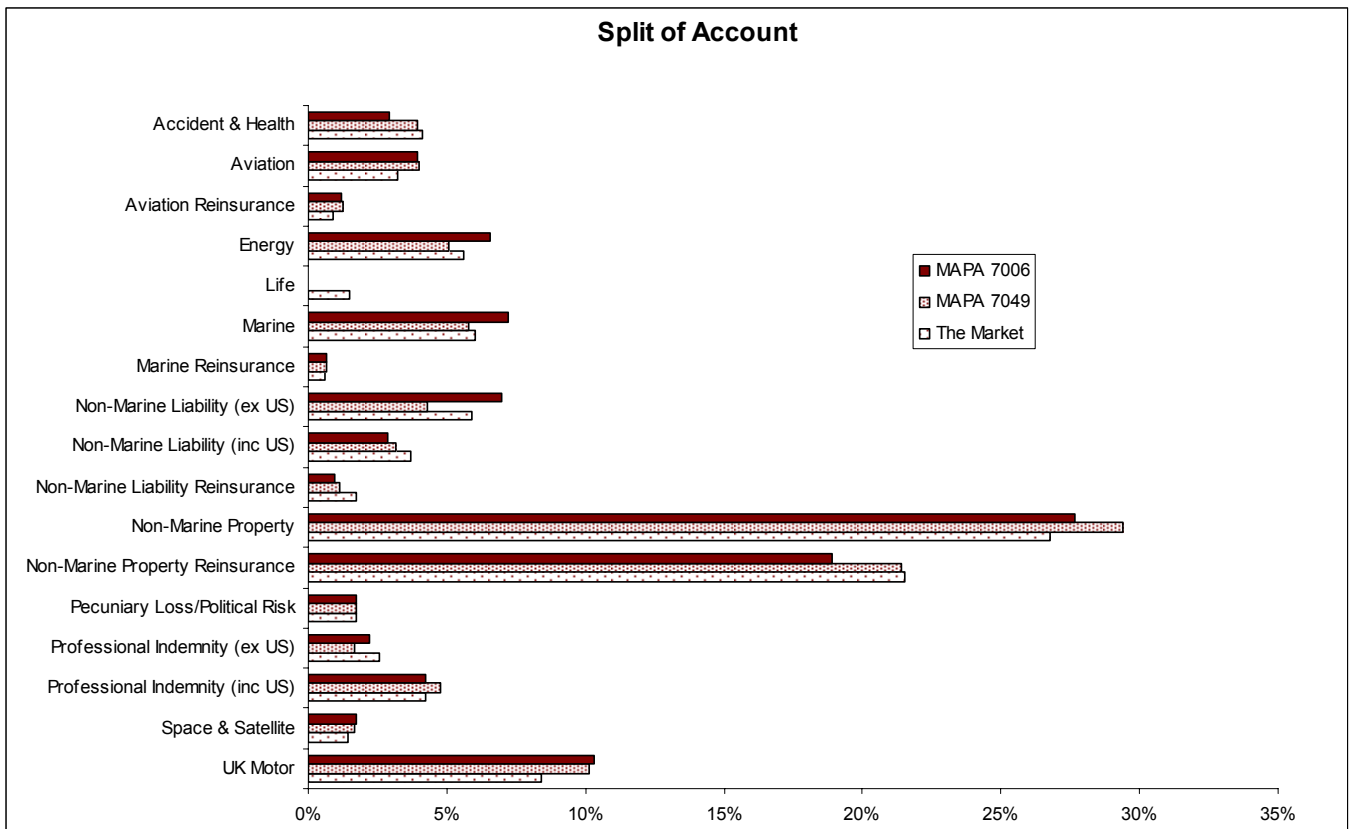
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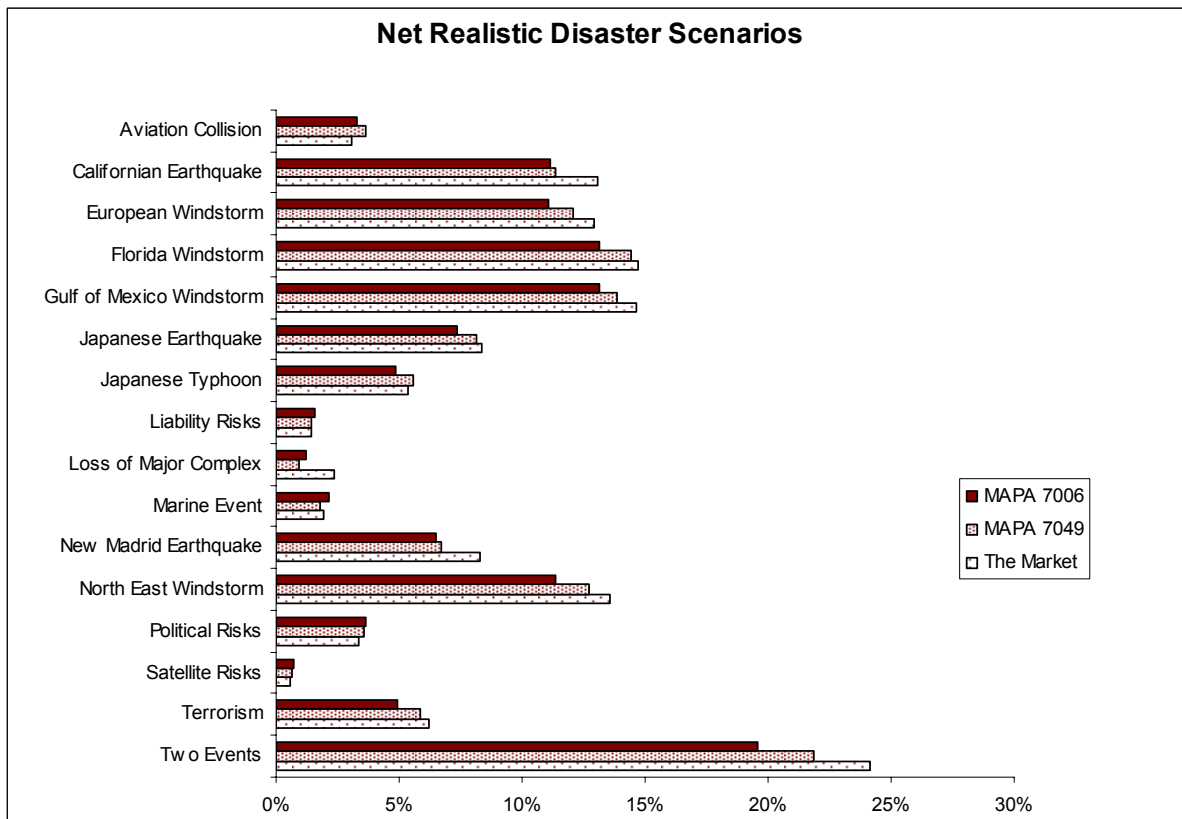
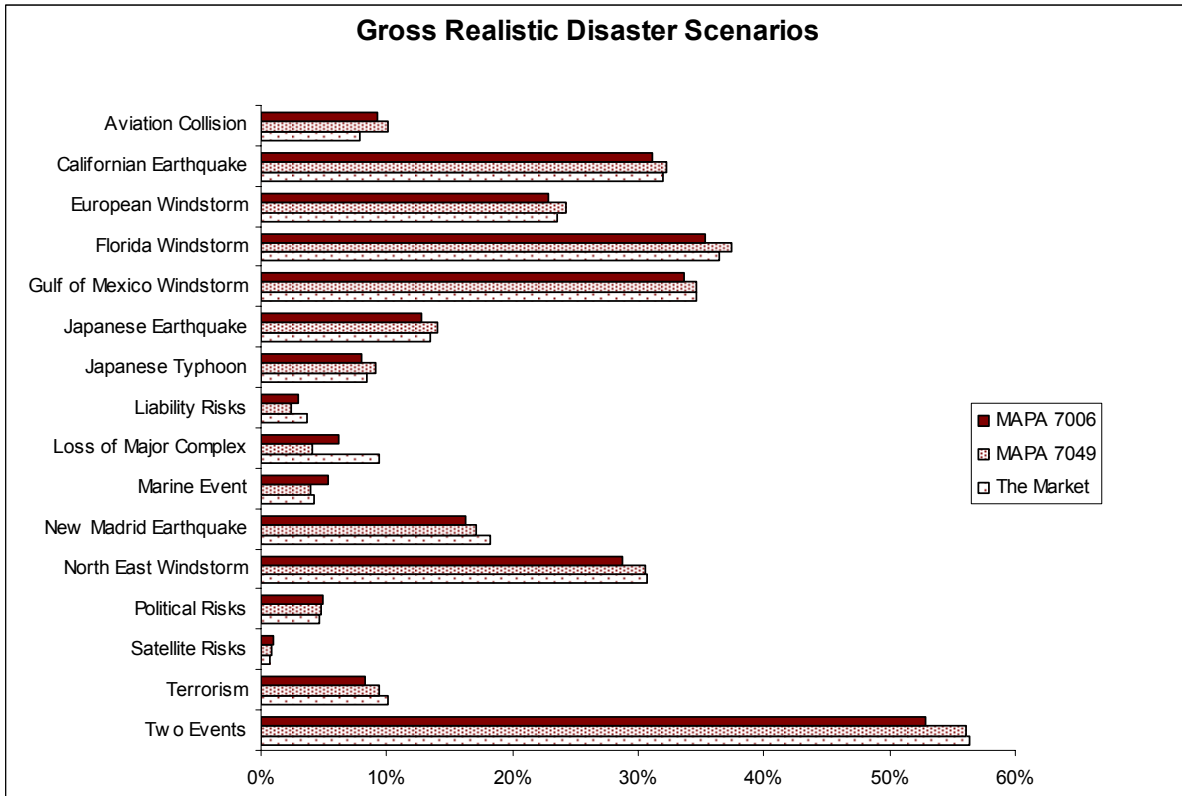
1. No minimum annual fee applies where another agent is the co-ordinating agent or the member is a working member with a PIL of £150,000 or less.
2. Winding-up fees will be charged in the first year of cessation of underwriting and calculated by reference to the member's highest overall premium limit 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.

MAPA Portfolios for 2009

Syndicate	Managing Agent	Underwriter	MAPA 7006 %	MAPA 7049 %
33	Hiscox	Watson	9.0	9.4
218	Equity	Josiah	11.5	11.2
318	Beaufort	Pritchard	6.2	7.4
386	Limit	Constable	8.4	4.9
510	RJ Kiln	“Kiln”	12.6	12.2
557	RJ Kiln	Huckstepp	5.3	6.2
570	Atrium	Wilkins	3.9	5.2
609	Atrium	Harries	7.6	6.5
623	Beazley	Beazley	5.8	6.7
807	RJ Kiln	Tunncliffe		4.3
958	Omega	Robinson	9.5	9.2
2010	Cathedral	Hamblin	8.9	9.0
2121	Argenta	Hunt	5.5	
2791	Managing Agency Partners	Trubshaw	5.8	7.8
			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 2008. 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.





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