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Beaufort Underwriting Agency Limited (Beaufort) Syndicate 318 Capacity Offer & Syndicate Merger

In June 2011, Beaufort Underwriting Agency Ltd ('the managing agent') announced that an offer ("the Offer") had been made by Beaufort Underwriting Agency Ltd for and on behalf of Beaufort Dedicated No 2 Ltd ('the offeror'), each wholly owned subsidiaries of Munich Re, to all non-aligned members on Syndicate 318 to acquire all of the capacity not already owned by the offeror or any connected companies of the managing agent (together 'the Group').

The Offer was made in an offer document issued in accordance with the Capacity Offer Rules, and fulfilled the managing agent's obligation under the Mandatory Offer Byelaw (No. 5 of 1999) to make a mandatory offer to all members who, at the time the offer was made, were entitled to participate on Syndicate 318 for the 2011 year of account. The Offer related to capacity for 2012 and onwards and did not affect prior years.

The connected companies of the offeror own 84.7% or £190.6 million of the total capacity of £225.0 million of Syndicate 318 for the 2011 year of account and, pursuant to the terms of the Offer, the offeror offered to acquire all of the remaining capacity that it does not already own. The Offer closed for acceptances at 12.00 Noon (London time) on 22nd July 2011. Beaufort Underwriting Agency Ltd announces that acceptances representing £49,843 or 0.14% of the capacity which is subject to the Offer, have been received. The Group will therefore own 84.7% of the total capacity on Syndicate 318 for the 2012 year of account. An application to Lloyd's for a Minority Buy-out and for permission to give notice of termination under the standard managing agent's agreement to all of those members of Syndicate 318 who

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Comment: When it made the offer, Beaufort undertook to stand in this year's auctions at the same price of 10p per £1 of capacity. Participants therefore have a further opportunity to dispose of their capacity at not less than this price. Even assuming that Beaufort's share of the Syndicate's capacity reaches the minority buy-out threshold of 90% during the auctions, it will not be permitted to effect a compulsory buy-out of the remaining members' capacity until next year (i.e. for the 2013 account).

Comment: APCL has recommended a vote in favour of the merger. Our recommendation as to the level of participation for 2012 will be contained in the Syndicate Profiles, to be published shortly.

have not accepted the Offer will not be made for the 2012 year of account (the 'Minority Buy-out'). However, the Offer was not conditional on Lloyd's granting consent to the Minority Buy-out,

The offer was not made to Members who are resident in Antigua, as an Excluded territory. This announcement does not constitute a solicitation, invitation, or offer to persons in any jurisdiction where a solicitation, invitation or offer could be contrary to law.

The consideration payable of 10p in cash for each £1 of capacity held on Syndicate 318 for the 2011 year of account will be dispatched to those members of Syndicate 318 who have provided valid acceptances pursuant to the terms of the offer or before 29 July 2011.

This announcement has been prepared in accordance with Lloyd's requirements. Beaufort Underwriting Agency Ltd has confirmed to Lloyd's that this document complies with the Capacity Offer Rules.

This announcement is issued and has been approved by Beaufort Underwriting Agency Limited which is authorised and regulated by the FSA for the purposes of section 21 of the Financial Services and Markets Act 2000. This announcement relates to a capacity offer which was made for and on behalf of Beaufort Dedicated No 2 Ltd. Beaufort Underwriting Agency Ltd and Beaufort Dedicated No 2 Ltd are each interested in this capacity offer.

This announcement has not been approved by Lloyd's.

Prospective Syndicate Merger

Beaufort announces that it has submitted an application to the Council of Lloyd's to merge Syndicates 318 and 1318 (which is also managed by Beaufort) for the 2012 year of account in accordance with Schedule 1 of the Major Syndicate Transactions Byelaw. A merger proposal document setting out the terms of the merger has been delivered to Lloyd's and to members' agents. Those Syndicate 318 members who elected not to accept the capacity offer will be balloted on the proposals. The ballot and consultation period will close at 4.00pm (London time) on 24th August, after which the matter will be considered by the Capacity Transfer Panel, a sub-committee of the Council of Lloyd's, subject to the relevant levels of votes in favour being forthcoming. As part of the Ballot process, Beaufort Dedicated No 2 Ltd has undertaken not to exercise its right to vote in respect of the capacity it holds on Syndicate 318.



Comment: Ryan Specialty Group is a global organisation consisting of wholesale brokerage, underwriting managers and other specialty insurance services to agents, brokers and insurance carriers. It was founded by Mr Patrick G Ryan, the retired Chairman and CEO of Aon Corporation. We believe that this move can only be beneficial for the agency and Syndicate 779.

Comment: Members' Agents have, in principle, approved ASML's proposed Profit Commission proposal, on the basis that a commercial case has been presented and that the terms of the increase, including a performance hurdle, are in line with those agreed with other managing agents. However, should you wish to raise an objection to these proposals please advise us in writing by no later than Friday 19th August. In addition to their respective Managing Director roles of APCL and ASML, Mr Williams and Mr Annandale (also Chief Executive Officer of Argenta Holdings plc) serve as non-executive directors of the alternate companies. Mr Graham White, along with Mr Alan Tucker (an executive director of APCL), are non-executive directors of ASML.

Jubilee Managing Agency Limited Syndicate 779 Proposed Change of Control

On 18 May 2011 Jubilee Group Holdings Limited announced its sale to Ryan Specialty Group, LLC. The sale is subject to Lloyd's and FSA approval.

Applications for approval to the change of control of Jubilee Managing Agency Limited (JMAL) have been submitted to the FSA and to Lloyd's.

Upon approval of the change of control there will be changes to the Board of Directors and Senior Management of JMAL.

The Syndicate 779 business plan has been submitted to Lloyd's for 2012 with the capacity unchanged at £27m. It is not envisaged that the change of control will have any material affect on Syndicate 779 for the 2012 year of account.

If approval for the change of control is received before or during the capacity auctions a further disclosure will be made at that time.

Argenta Syndicate Management Limited (ASML) Syndicate 2121 Increase in Profit Commission

Further to our *Lloyd's Market Disclosures*, June 2011 ASML has now had an opportunity to reflect on various issues raised by Members' Agents.

In the circumstances they have reconsidered their proposal and have agreed to charging profit commission at the increased rate of 17.5% but only where the reported profit for the closed year of account on a rolling 7 year simple average basis is 7.5% or more of allocated capacity.

In this regard the result for that year of account rolling average will be calculated starting with the 2012 underwriting year of account and build up to a full 7 year average for the 2018 year of account. In the event that this hurdle is not achieved the profit commission rate will remain at 15%.

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.