

Results for the year ended 31 December 2013

Thursday, 6 February 2014

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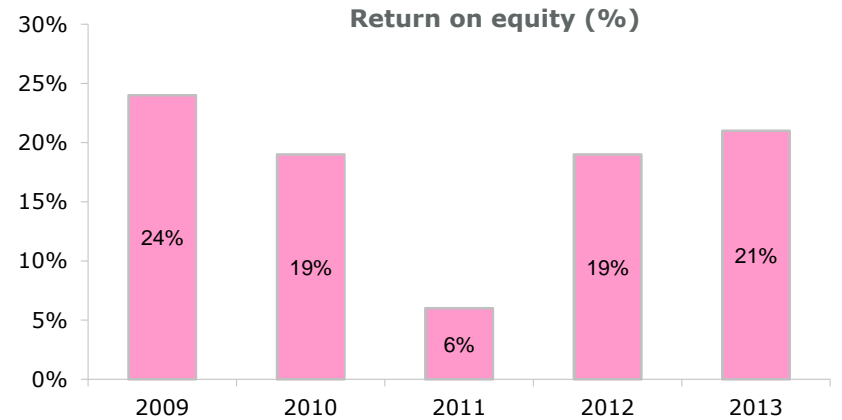
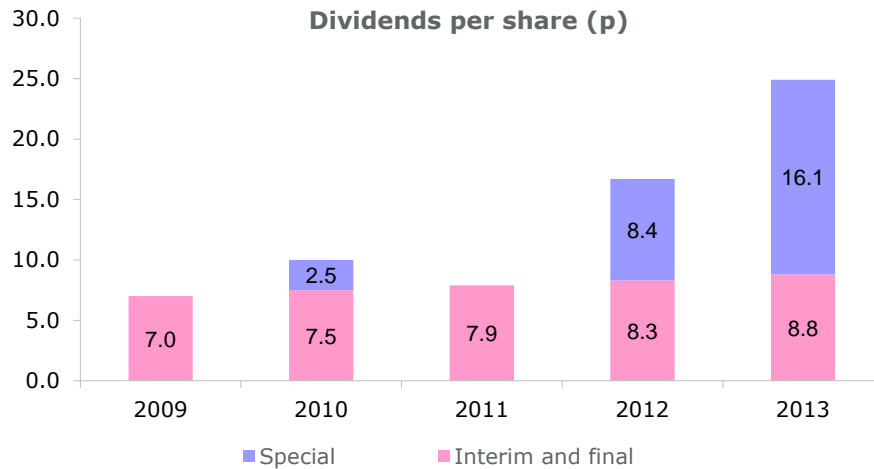
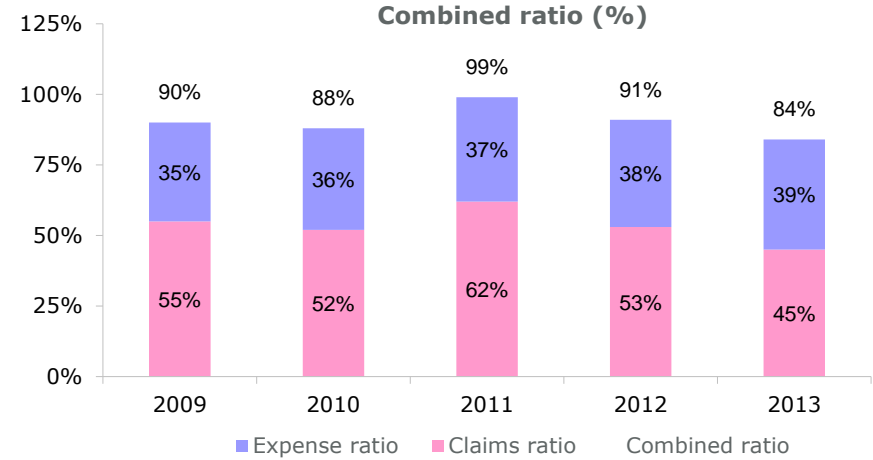
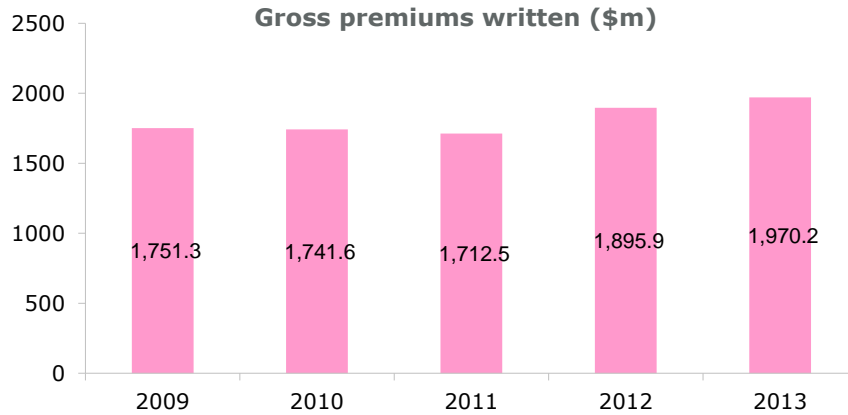
Overview of 2013

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Exceptional underwriting result

- Profit before income tax of \$313.3m (2012: \$251.2m)
- Return on equity of 21% (2012: 19%)
- Gross written premiums increased by 4% to \$1,970.2m (2012: \$1,895.9m)
- Combined ratio of 84% (2012: 91%)
- Rate increase on renewal portfolio of 1% (2012: 3%)
- Prior year reserve releases of \$218.0m (2012: \$126.0m)
- Net investment income of \$43.3m (2012: \$82.6m)
- Second interim dividend of 5.9p taking full year dividend to 8.8p (2012: Full year 8.3p).
Special dividend of 16.1p (2012: 8.4p)

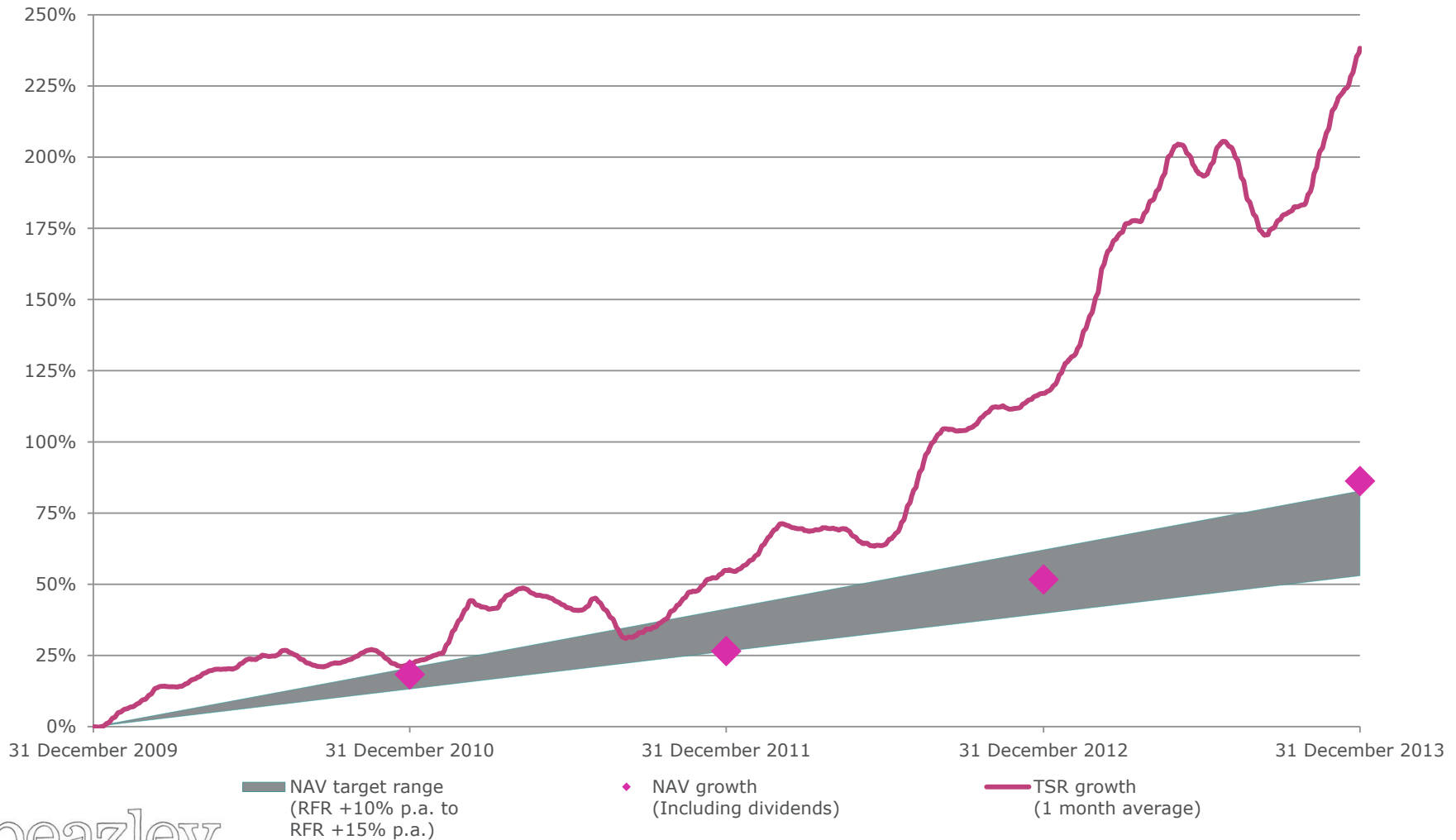
Sustained high performance



A year of significant achievement

- Record low combined ratio of 84%, with 90% average over the last 5 years
- Rate increases were achieved in specialty lines (3%) and property (3%)
- Continuing investments in:
 - People
 - Products – 2013: Aviation and growth of Beazley Breach Response
2014: Satellite
 - Geography – offices in Dallas, Miami, Dubai and Rio de Janeiro
- Continue to deliver excellent claims service - we have won two industry awards
- NAV growth achieved consistently over the last four years and active capital management has continued

Excellent total shareholder return (TSR) and NAV growth



Financials

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Strong performance across all metrics

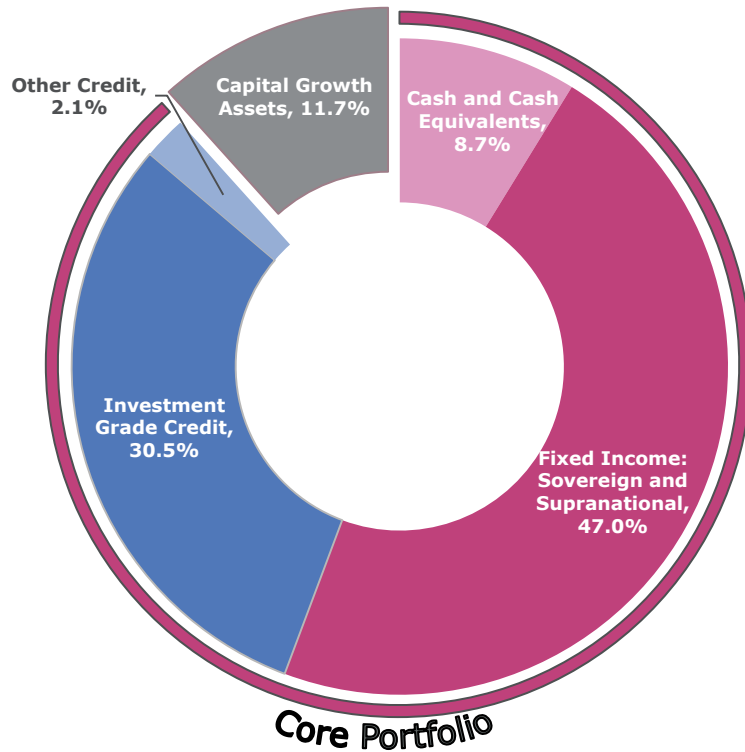
	Year ended 31 Dec 2013	Year ended 31 Dec 2012	% increase
Gross premiums written (\$m)	1,970.2	1,895.9	4%
Net premiums written (\$m)	1,676.5	1,542.7	9%
Net earned premiums (\$m)	1,590.5	1,478.5	8%
Profit before income tax (\$m)	313.3	251.2	25%
Earnings per share	33.6p	26.7p	
Dividend per share	8.8p	8.3p	
Special dividend	16.1p	8.4p	
Net assets per share (pence)	160.6p	147.5p	
Net tangible assets per share (pence)	149.6p	133.4p	

Portfolio delivered 1.0% in the second half as expected

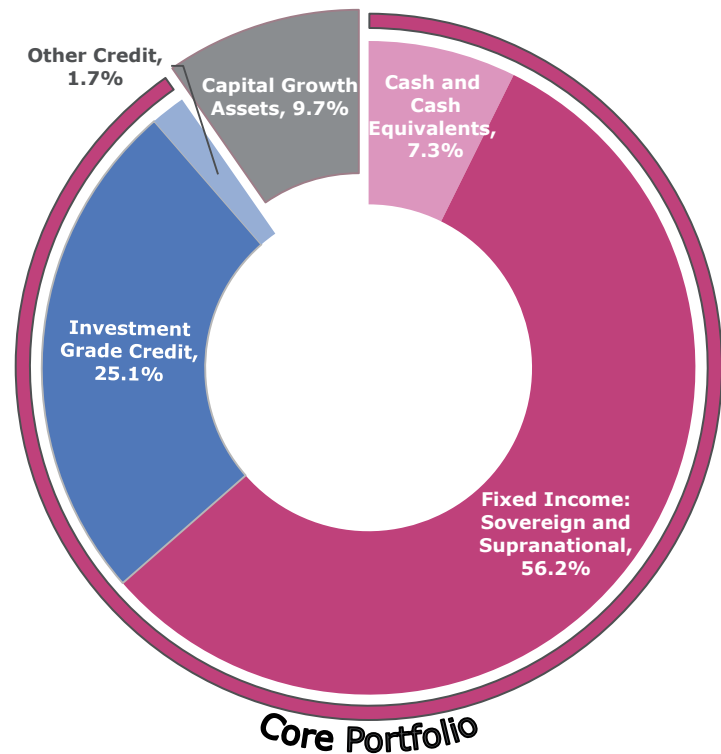


Portfolio mix remains stable

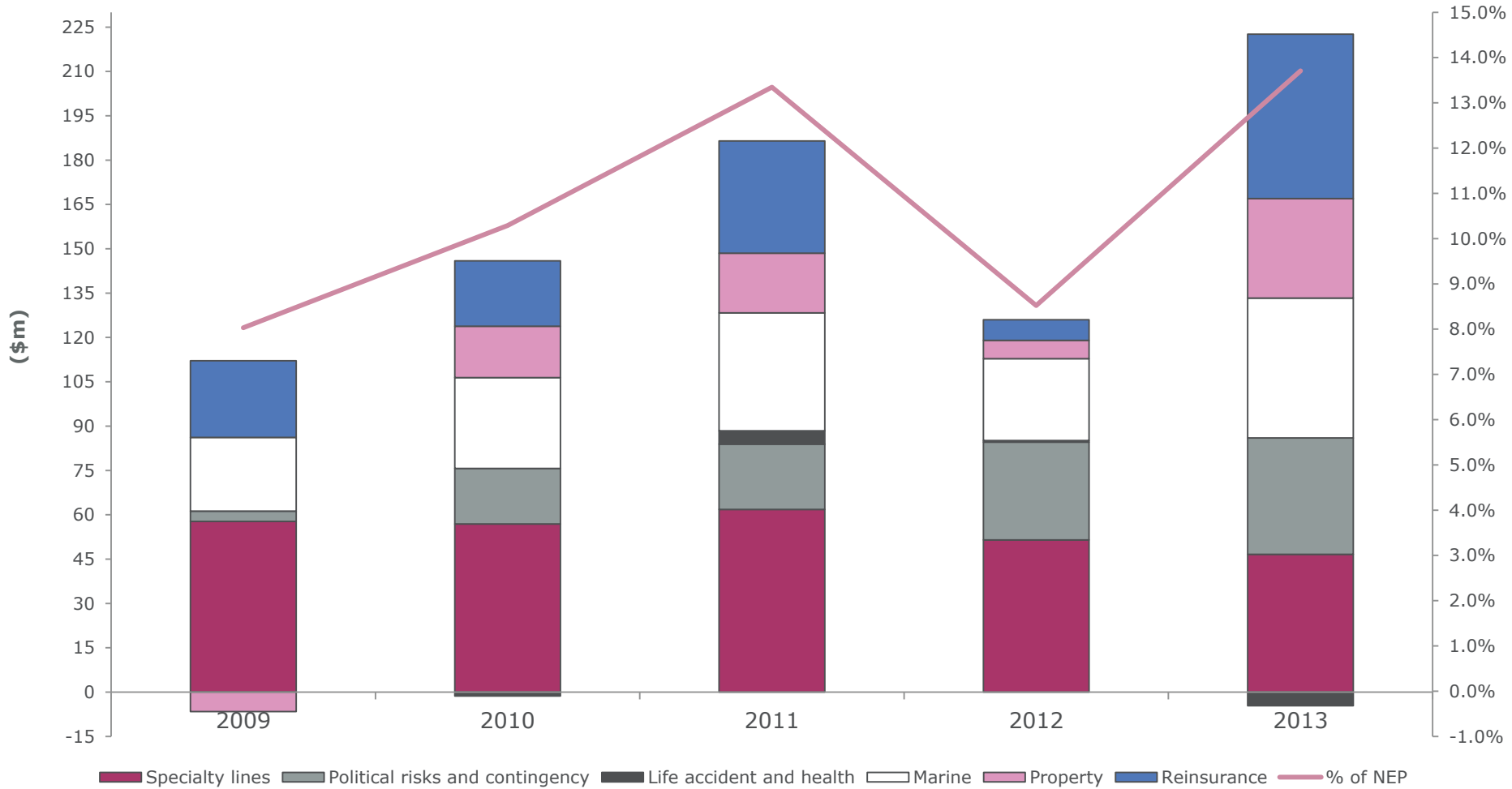
Dec-13



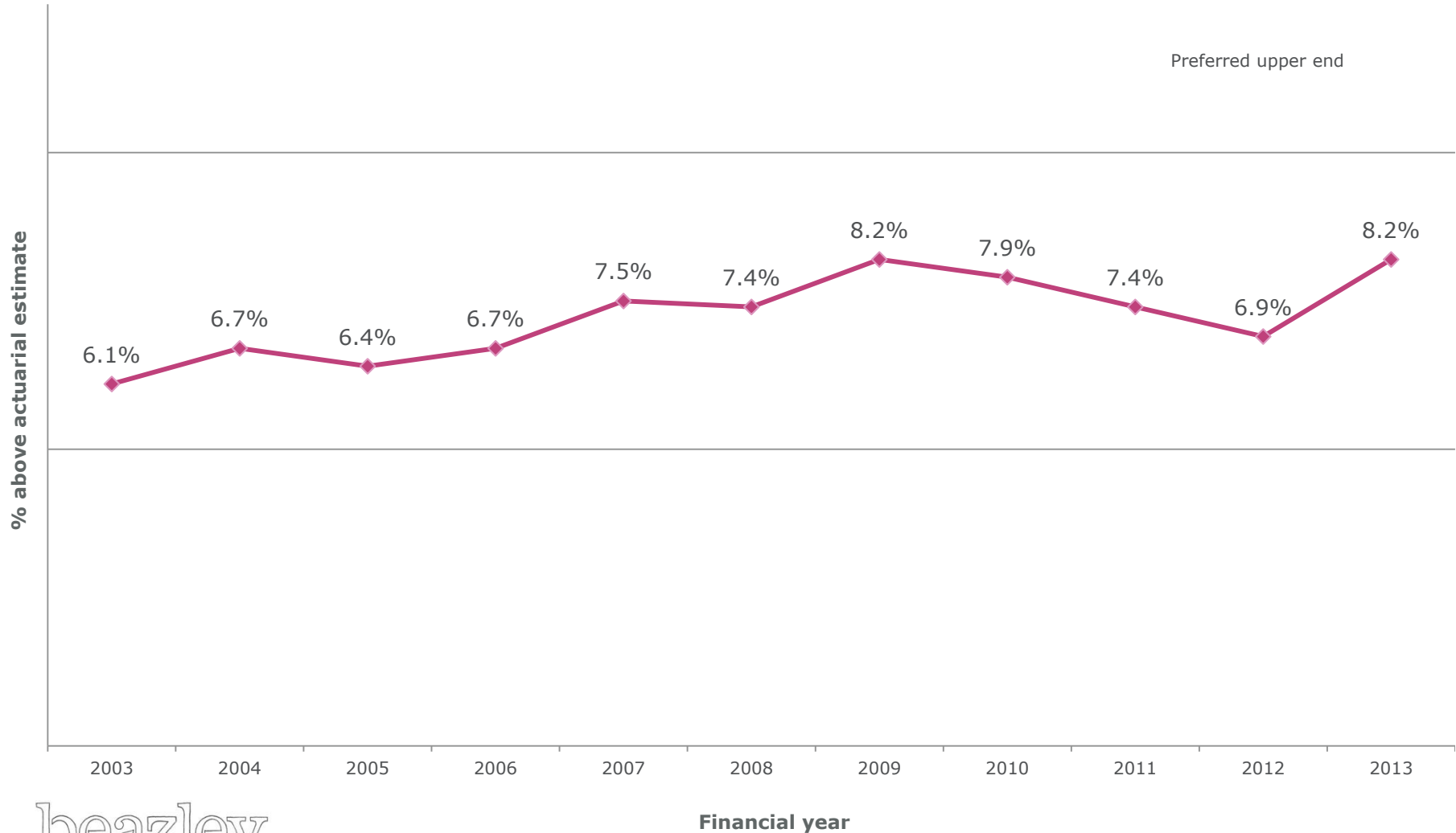
Dec-12



Strong prior year reserve releases

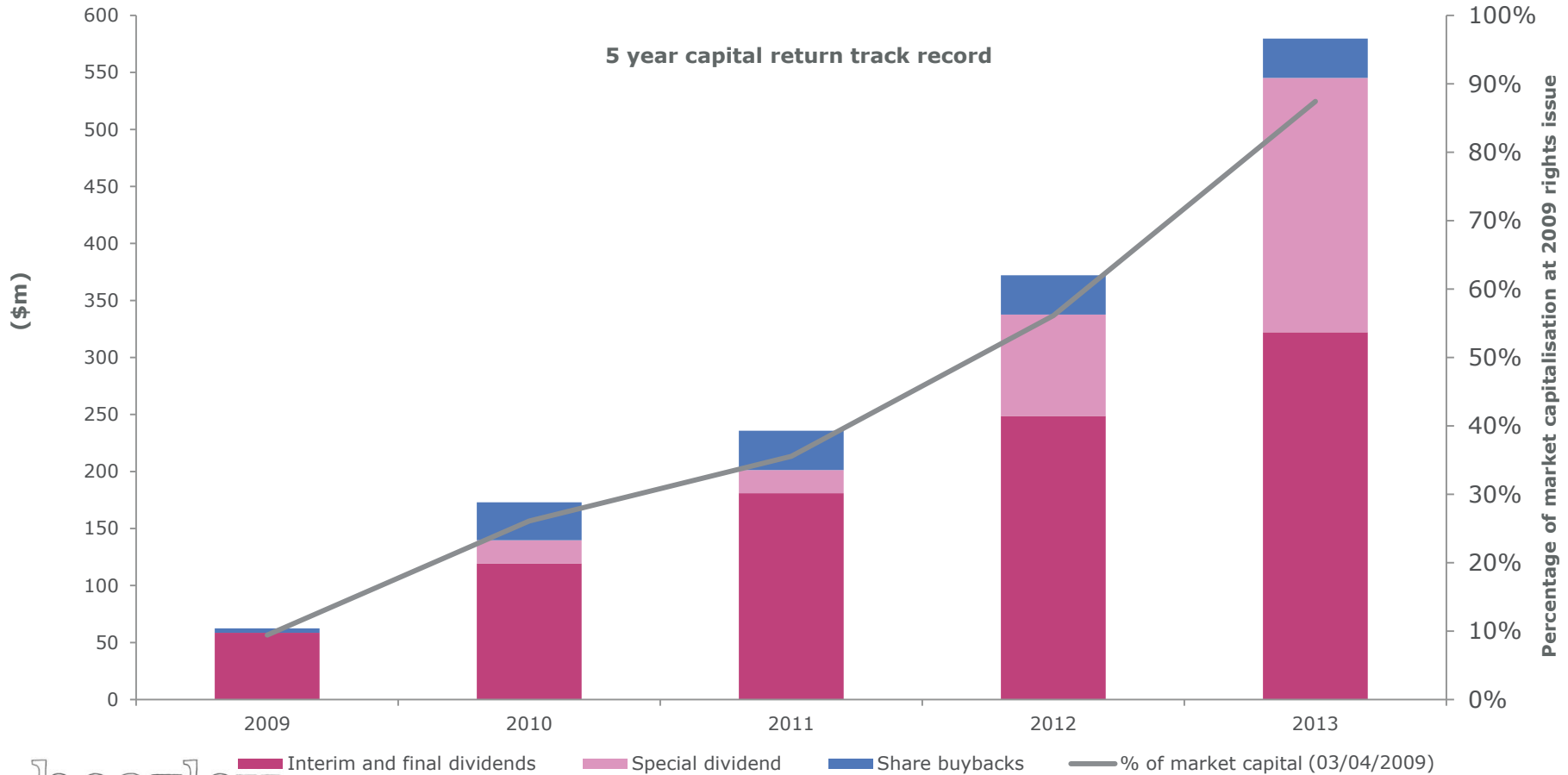


Whole account reserve strength within our target range



Capital management discipline is maintained

- We have returned capital of \$579.7m in the past 5 years
- This represents 87% of our post 2009 rights-issue market capitalisation



Strong capital position

<u>Sources of funds</u>	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Shareholders funds (\$m)	1,338.7	1,204.5
Subordinated debt (\$m)	145.0	184.3
Retail bond (\$m)	124.5	122.3
Total Sources of Funds	1,608.2	1,511.1
<u>Uses of funds</u>		
Lloyd's underwriting (\$m)	935.4	876.0
US Insurance Company (\$m)	107.7	107.7
	1,043.1	983.7
Surplus (\$m)	565.1	527.4
Unavailable surplus (\$m)	(248.4)	(267.1)
Available surplus (\$m)	316.7	260.3
Un-utilised banking facility (\$m)	225.0	225.0

Underwriting review

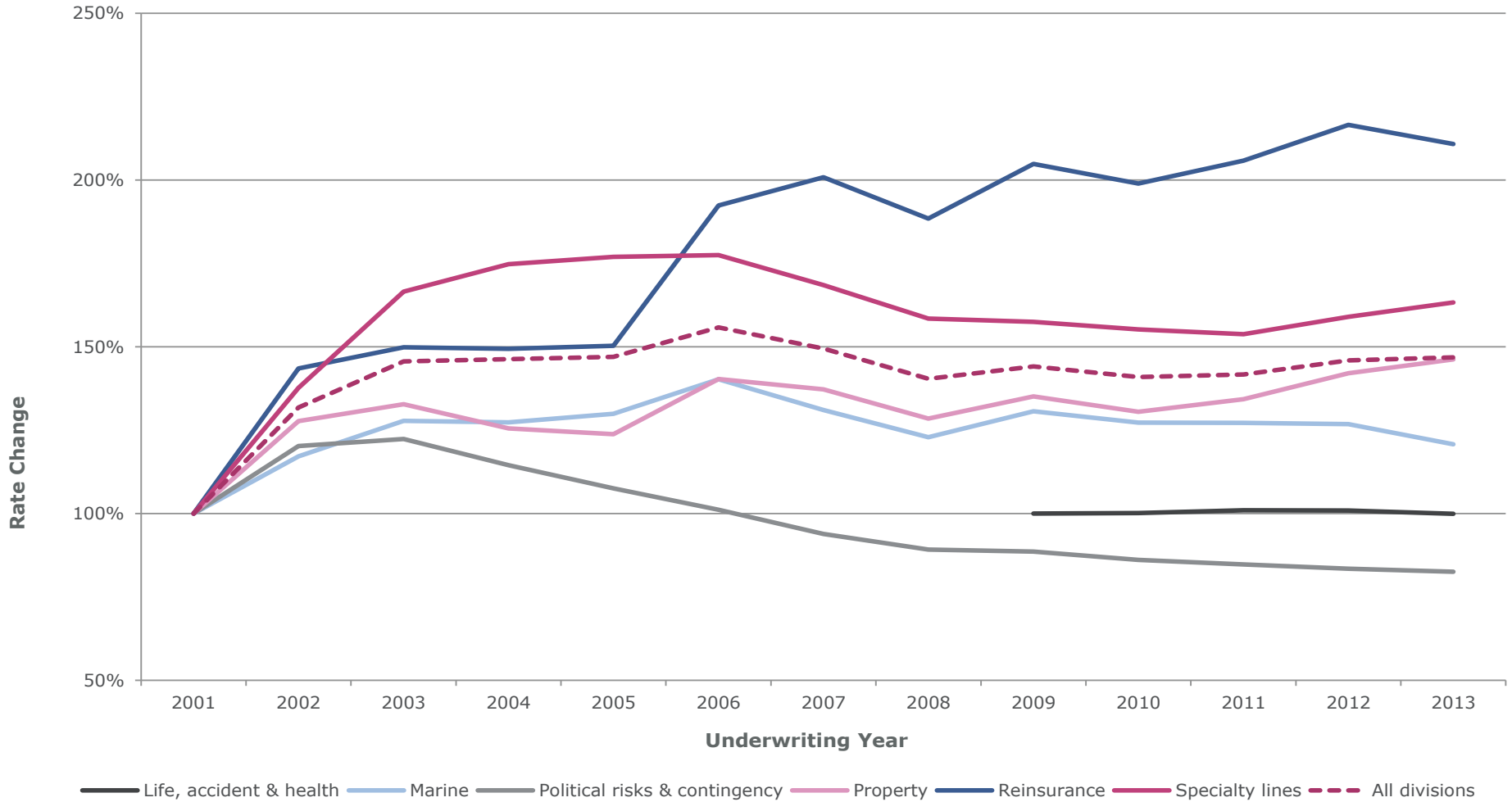
Underwriting review – 2013 achievements

- Combined ratio of 84% in line with earlier guidance
- Gross premiums written achieved 4% growth in 2013
- 2013 rate increase on renewals of 1%
- Favourable claims experience including lower than average catastrophe activity
- We continue to reserve consistently, maintaining our surplus over actuarial estimate between 5-10%

Underwriting review

	Year Ended 31 Dec 2013	Year Ended 31 Dec 2012
Gross premiums written (\$m)	1,970.2	1,895.9
Net premiums written (\$m)	1,676.5	1,542.7
Net earned premiums (\$m)	1,590.5	1,478.5
Expenses ratio	39%	38%
Claims ratio	45%	53%
Combined ratio	84%	91%
Rate change on renewals	1%	3%

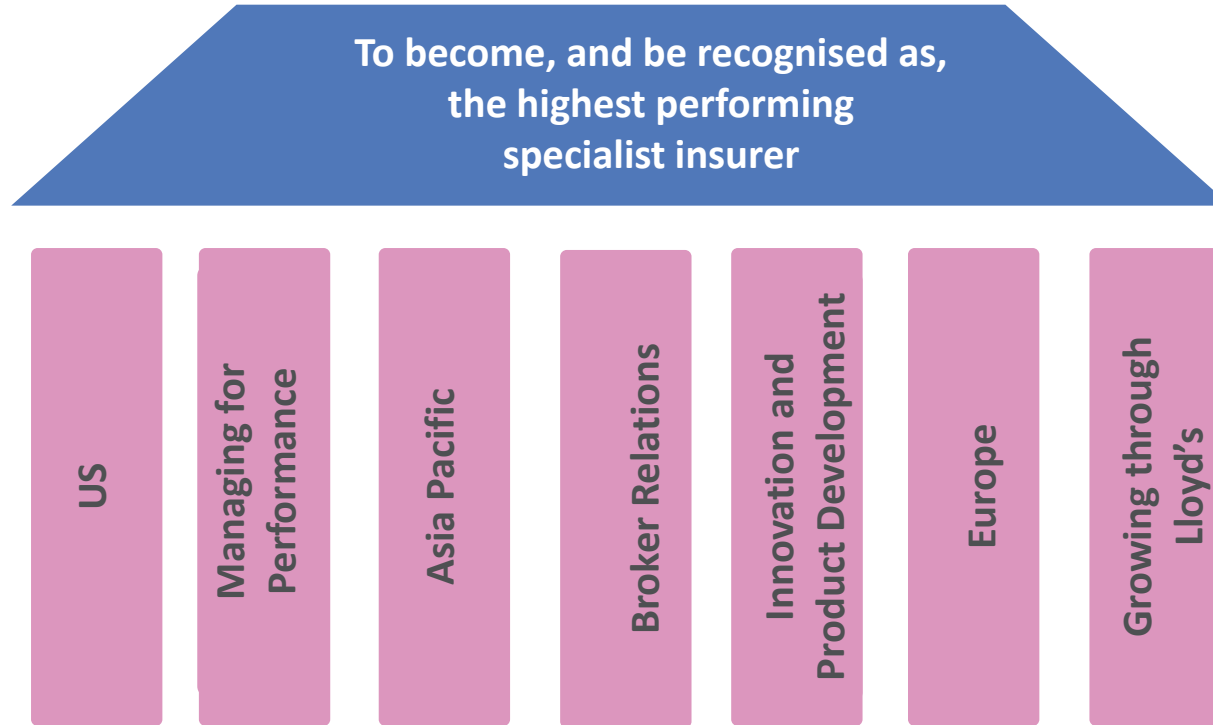
Cumulative rate changes since 2001



Underwriting review – 2014 plans

- Increasing competitive headwinds in catastrophe-driven, short tail lines
- Specialty lines continues to enjoy a more favourable rating environment
- Continued opportunities for moderate growth:
 - Marine division – marine liability, aviation, satellite
 - Property division – smaller risks
 - Political & contingency division – political risks
 - Specialty lines – employment practices liability, cyber

Our vision and strategic priorities

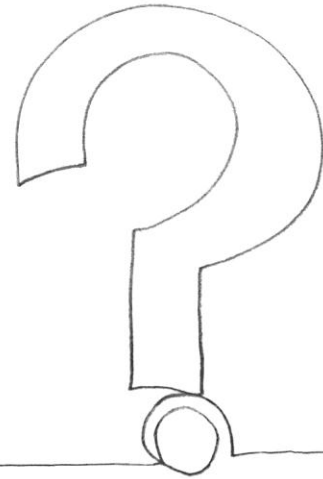


The outlook for 2014

- Well positioned in a changing and increasingly competitive market place
- We expect an annualised 2% investment yield going forward
- Premium growth of 5-10% is planned in 2014
- We continue to identify opportunities for profitable growth

Any questions?

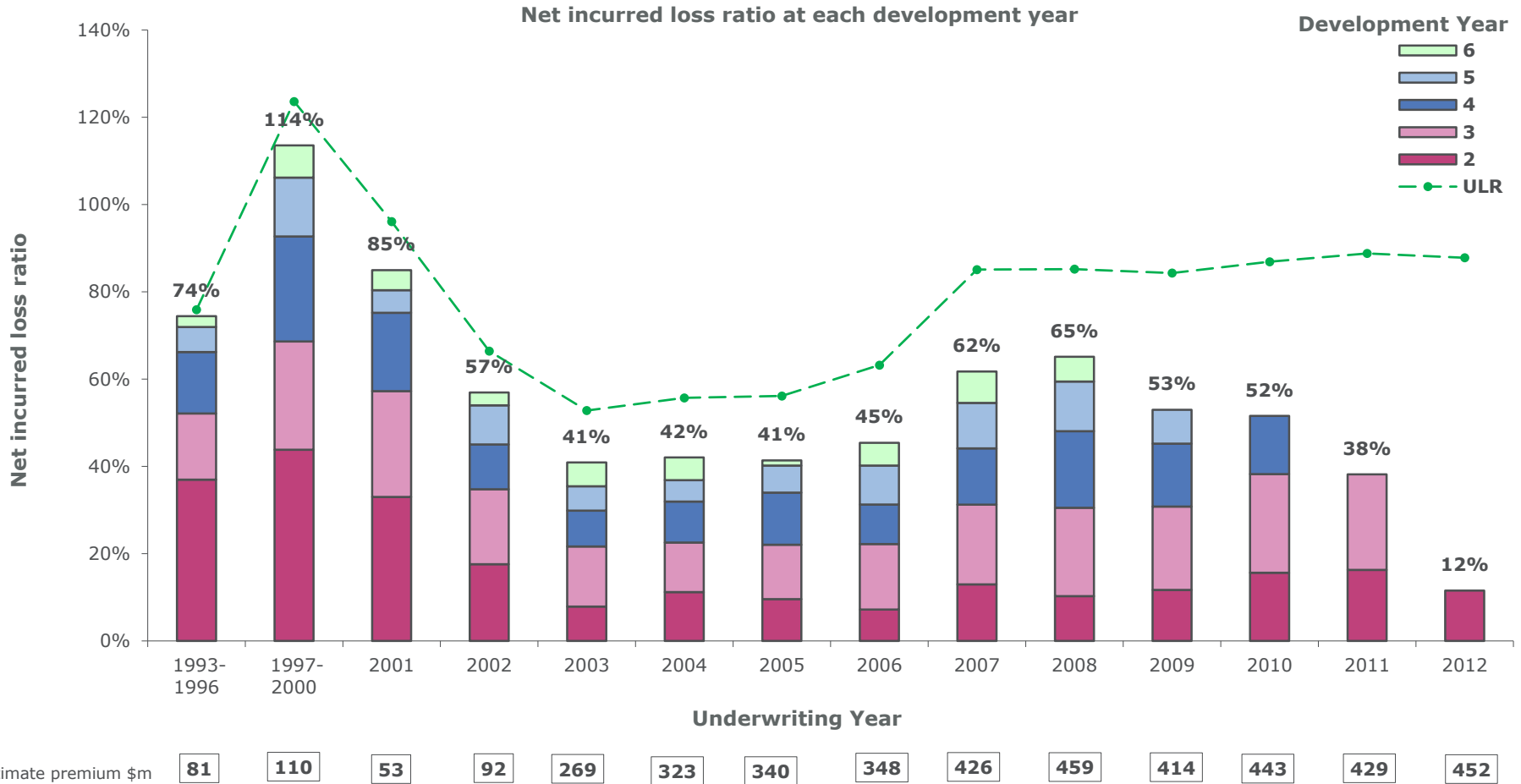
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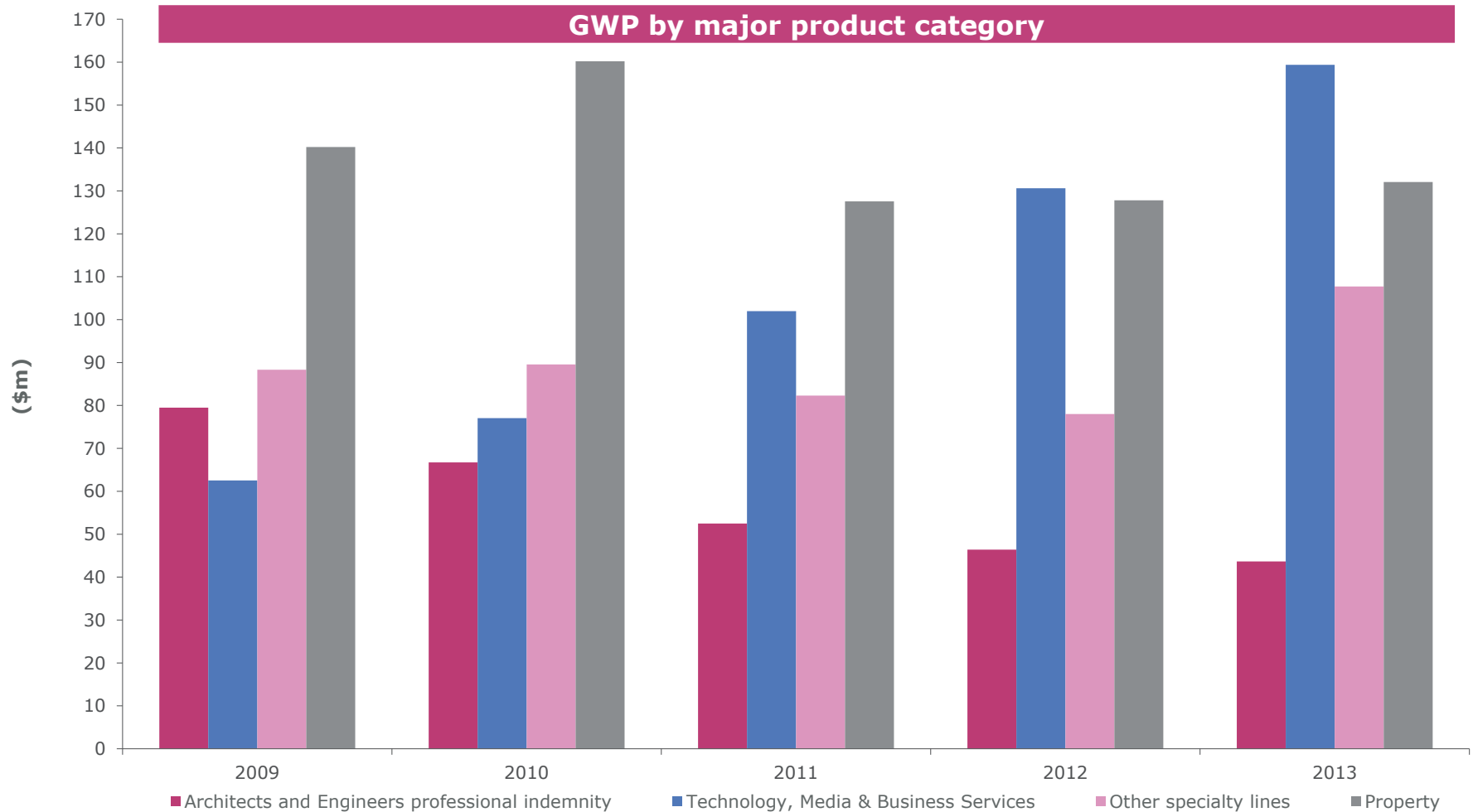
Appendix

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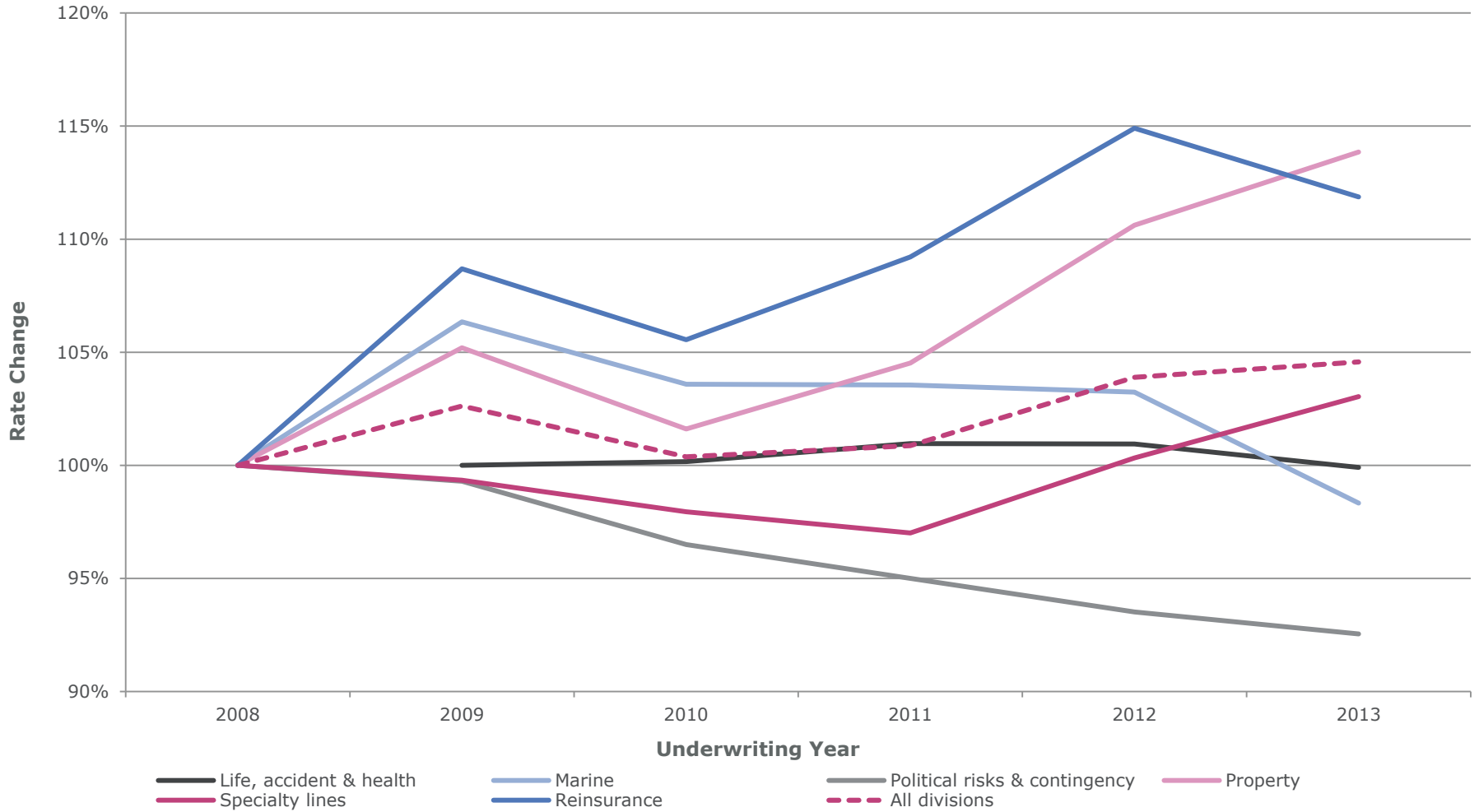
Specialty lines incurred claims remain in line with expectations



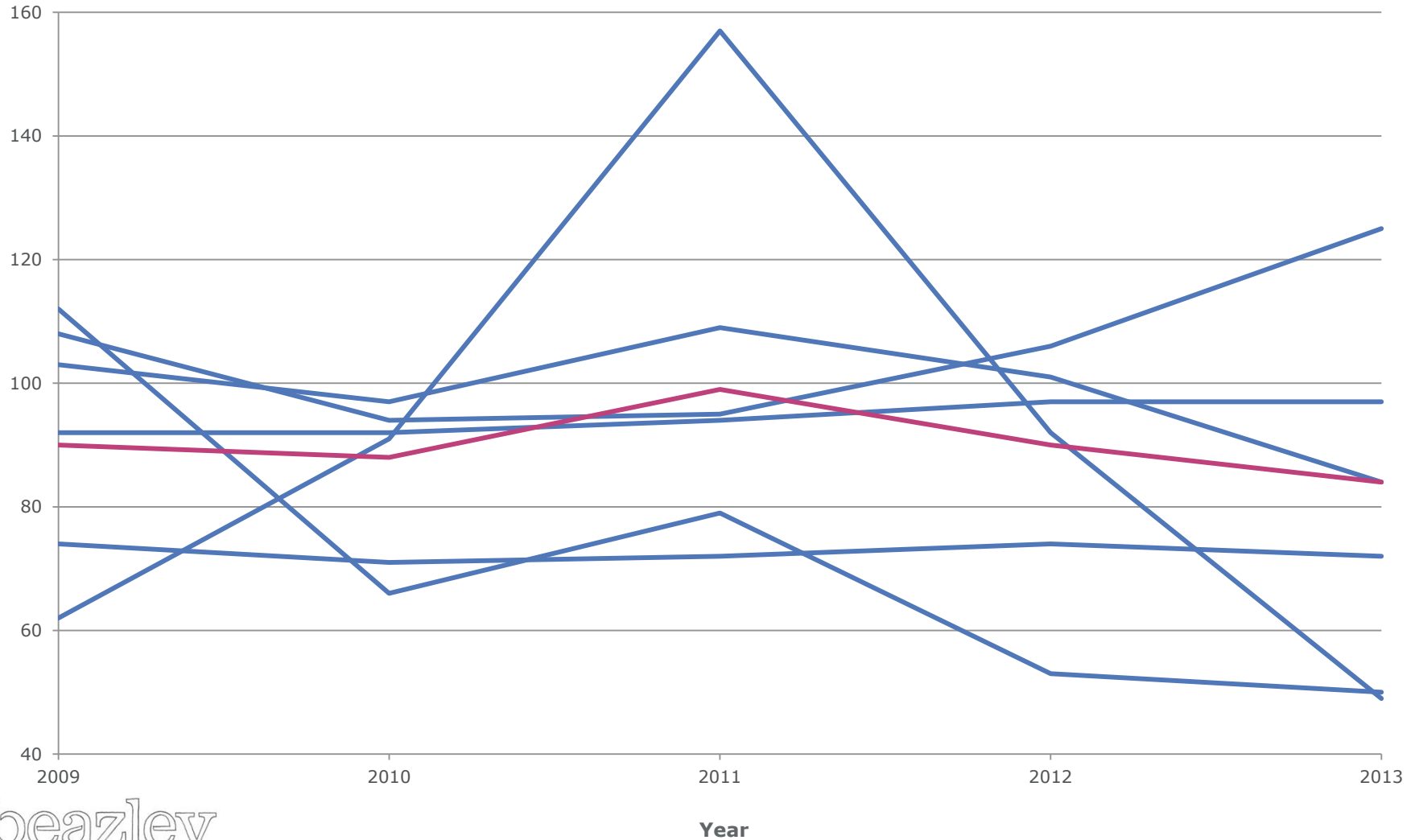
Locally underwritten US business grows 17% to \$451.8m



Zoom on rate changes since 2008



Portfolio management achieves consistent combined ratio through market cycles



Life accident & health

Year ended 31 December

	2013	2012	
Gross premiums written (\$m)	100.3	94.4	
Net premiums written (\$m)	96.1	75.3	• 6% increase in gross premiums
Net earned premiums (\$m)	95.4	80.3	• Losses in Australian business, although renewal secured at significant rate increase
Claims ratio	74%	58%	
Rate change on renewals	(1%)	-	
Percentage of business led	73%	73%	

Marine

Year ended 31 December

	2013	2012	
Gross premiums written (\$m)	315.9	311.2	
Net premiums written (\$m)	282.1	283.1	• Gross premiums increased by 2%
Net earned premiums (\$m)	264.4	279.6	• Combined ratio of 72% continues recent outstanding performance
Claims ratio	34%	42%	• Prior year reserve releases of \$47.3m (2012: \$27.7m)
Rate change on renewals	(5%)	-	
Percentage of business led	44%	48%	

Political risks and contingency

Year ended 31 December

	2013	2012	
Gross premiums written (\$m)	131.2	116.6	
Net premiums written (\$m)	110.1	102.3	<ul style="list-style-type: none"> • Growth in gross premiums of 13% due to development in our political books • Combined ratio 50% (2012: 52%) • Strong prior year reserve release of \$39.4m (2012: \$33.1m)
Net earned premiums (\$m)	98.6	98.1	
Claims ratio	5%	12%	
Rate change on renewals	(1%)	(1%)	
Percentage of business led	69%	64%	

Property

Year ended 31 December

	2013	2012	
Gross premiums written (\$m)	371.4	376.7	
Net premiums written (\$m)	308.7	275.7	<ul style="list-style-type: none"> • Increase in net premiums of 12% with improved contribution to group result of \$65m • Rate change on renewals of 3% • Combined ratio of 84% (2012: 101%)
Net earned premiums (\$m)	302.6	266.4	
Claims ratio	40%	53%	
Rate change on renewals	3%	6%	
Percentage of business led	74%	73%	

Reinsurance

Year ended 31 December

	2013	2012	
Gross premiums written (\$m)	221.6	188.6	
Net premiums written (\$m)	171.5	146.7	<ul style="list-style-type: none"> • Increase in gross premiums of 17% in spite of rate decreases on renewals of (3%) • Combined ratio of 49% (2012: 92%)
Net earned premiums (\$m)	165.3	139.0	
Claims ratio	18%	63%	
Rate change on renewals	(3%)	5%	
Percentage of business led	38%	37%	

Specialty lines

Year ended 31 December

	2013	2012	
Gross premiums written (\$m)	829.8	808.4	
Net premiums written (\$m)	708.0	659.6	• Positive rate change on renewals
Net earned premiums (\$m)	664.2	615.1	• 3% increase in gross premiums written
			• Prior year reserve releases of \$46.6m (2012: \$51.5m)
Claims ratio	61%	61%	
Rate change on renewals	3%	3%	
Percentage of business led	96%	96%	