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MARKETS AND BUSINESS
DEVELOPMENT DIRECTOR**

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FOCUS ON JOSE RIBEIRO



Just as one high profile Portuguese manager waved goodbye to London, Lloyd's was welcoming their own to run its overseas operations.

Jose Ribeiro was appointed director of International Markets and Business Development in September. He is responsible for promoting the market

across the globe, seeking new business opportunities and monitoring the development of emerging markets. He is responsible for the management of Lloyd's operations in Asia, Australasia, Europe, Africa and South America. Kevin Reeves, Lloyd's Network Development manager asks him about his approach to the job and plans for 2008.

Q Jose, you've been in the job for some 10 weeks now, how have you been spending your time?

A I have been focussing on developing our plans for 2008 and the most important thing for me has been to talk to as many people as possible, particularly the managing agents and syndicates, who I see very clearly as our customers. I've managed to speak with most of them and will continue the process and follow up discussions with a number of them until the end of the year.

What I have been trying to find out is what the market players are thinking, what their strategies and priorities for development are and to understand any issues they have. It is also very important that we include the brokers in these discussions.

Q I would imagine that's been a very interesting exercise?

A Absolutely, as a marketplace there is a wide variation of views, opinions and ideas about what Lloyd's should be doing. It is an interesting process for me, I have been both an underwriter and most recently a broker prior to this role. I am now squarely in the middle trying to take on board views from both sides.

One of my main challenges will be to pull all of these views together and to try to create a plan which embraces the common themes and is right for the market. It is not an easy task and it would be foolish to expect to please all of the people all of the time. We do not have unlimited resources so we must be clear about where to focus our efforts for maximum benefit. Whatever actions we decide upon I am keen to ensure we provide additional value, improved services and increased efficiency.

Once we have developed the strategy, we will embark upon another round of consultation to discuss it with the market, refine it as necessary, obtain general agreement of what we are trying to do and then implement it.

Q What kind of things will form part of the strategy?

A Lloyd's is in great shape, it has an unrivalled brand and reputation around the world. Much is due to the excellent work undertaken by those working within the marketplace over recent years. There have been many successes and my approach will be to look at what we have done well, understand why and then to build on those successes.

We need to ensure that the current shape and size of our international network of offices and representatives is appropriate for where and

how our customers want to do business. The network itself has developed over a number of years. The world has moved on, local markets have grown and legislation has changed. We need to assess if the presence we established some years ago is still the most efficient and effective today.

We will also be considering how we can support those managing agents who want to diversify geographically, to look at the potential for accessing lines of business which are not currently being shown to Lloyd's underwriters, and to identify possible ways to mitigate the effects and hedge against the impact of the soft market.

Q Is there anything specific you will be including in the plan with regard to Asia?

A We need to consolidate on what we have already achieved which will mean focussing very clearly on Lloyd's presence in the region.

The Asia platform has grown significantly over the past two years and is widely considered to be a success. We will have 13 service companies operating within the platform by the end of 2007. We need to ensure that we fully support the Asia platform and those participating and to assess the implications of operating what has now become a "mini Lloyd's" away from London.

2007 was a significant year for Lloyd's with the opening of the Lloyd's Reinsurance Company China Ltd in Shanghai and syndicate interest in participating within LRCCCL continues to grow. Establishing the China operation was a key milestone, the challenge now is to make it a success.

WE NEED TO ENSURE THAT THE CURRENT SHAPE AND SIZE OF OUR INTERNATIONAL NETWORK IS APPROPRIATE FOR HOW OUR CUSTOMERS WANT TO DO BUSINESS

Also high on my agenda is Lloyd's Japan Inc which was established over 10 years ago. We have recently employed Ian Ferguson as the new Chief Operating Officer, who previously ran the Japanese operation of Royal SunAlliance. He is very experienced within the region with an excellent understanding of the market. One of the first things we will be considering is how we might enhance the platform and what we need to do to grow our business in the second largest insurance market in the world.

Previously, Jose was with Willis Group as Managing Director for Latin America and the Caribbean, based in London. He was responsible for 14 operations, including seven retail brokers and seven reinsurance brokers. The biggest operations were in Brazil and Mexico. Concurrently he was also a member of the Willis Partners Council, Willis International's management team and the Employee Benefits Steering Committee.

Beforehand, he was President and CEO of Delphos Group in Brazil – a third party administrator providing services to the insurance market (1998 to 2002), and President and CEO, AIG Life Companies, Brazil (1994 to 1998). Prior to that Jose worked in several European countries for AIG and Victoria Versicherung.

LABUAN PRESENTATION AT LLOYD'S

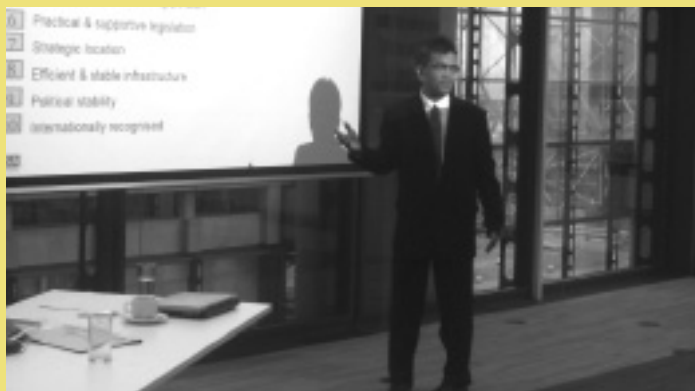
Over 60 market practitioners attended a presentation on opportunities in Labuan at Lloyd's in October. Speakers were Simon Wilson, Lloyd's General Manager for Singapore and Labuan, Sani Ab. Hamid, Senior Director of the Labuan Offshore Financial Services Association (LOFSA) and Jeremy C Camps, Chairman of the Labuan International Insurance Association (LIIA).

Simon Wilson outlined the background to Lloyd's obtaining a reinsurance licence in Labuan, the resultant benefits of Lloyd's now being able to access Malaysian business earlier than before and no longer being required to pay offshore tax on reinsurance business.

Further information was provided by Sani Ab. Hamid who outlined the competitive tax regime, incentives available and low cost of doing business in the region. He also provided a general overview of the country covering the companies trading there, the infrastructure and political climate.

In addition to his role within the LIIA, Jeremy Camps is also Chief Executive of Reinsurance/Retakaful Brokers JCC Re and has worked with the Lloyd's market for over 30 years. His speech included discussing the advantages of the Labuan Offshore Financial Center for Insurance and the growing appetite for takaful/retakaful business.

Copies of the presentations can be obtained by contacting philip.mccarthy@lloyds.com



Sani Ab. Hamid, Senior Director of LOFSA addresses the Lloyd's audience

LLOYD'S ASIA WINS BRITISH BUSINESS AWARD

Lloyd's Asia, has been awarded the British Business Award 2007 for Financial and Professional Services.

The award, given by the British Chamber of Commerce to the best British business in Singapore in their nominated category, recognises outstanding UK-linked businesses and their contributions to the local economy.

Lloyd's Asia was also recognised for its structural innovation; being the only Lloyd's office outside of London to use the unique underwriting floor of which Lloyd's is so famous.

Speaking about the award, Simon Wilson, General Manager of Lloyd's Asia, said: "The last 18 months have been an exciting time for Lloyd's in Asia, with the number of Lloyd's syndicates with a presence in Singapore quadrupling. As the Asian economy grows the platform is in an excellent position to capitalise on opportunities and support the growing market."



Left to right: Terry O'Connor, President of the British Chamber of Commerce, Simon Wilson, General Manager of Lloyd's Asia, and Lord Powell of Bayswater.

WELCOME TO THE THIRD ISSUE OF FOCUS ASIA



Kevin Reeves

Head of Operations, International Markets and Business Development
Telephone +44 (0)207 327 6264
Email kevin.reeves@lloyds.com

In this issue we are featuring the Lloyd's Asia platform which has grown significantly in recent months and as we are pleased to report is the recipient of the British Chamber of Commerce business award. We take the views of those "on the ground" to discuss the impact Lloyd's is having in the region.

We also take this opportunity to introduce you to Jose Ribeiro; Lloyd's recently appointed director of International Markets and Business Development. Following the successful launch of Lloyd's Reinsurance Company China Ltd earlier in 2007 we highlight some of the findings of our recently issued report on the country, China: Avenues for Growth.

As we go to press, we are also pleased to announce the appointment of Iain Ferguson, who will be taking over the reigns of Lloyd's Japan Inc. Iain joins us

from Royal Sun Alliance where he ran their Japanese Operation.

We have taken feedback on all the Focus publications throughout 2007 and as a result will be changing the format for 2008. In order to keep the content as up to date as possible, we will be moving away from the regional editions for Asia, Europe and North America to produce a single combined worldwide Focus newsletter which cover the entire network.

As usual, I welcome your views on the publications and any suggestions for additional information and content. If you would like to receive the combined Focus newsletter electronically, or would like further information on Lloyd's international network of representatives please contact me.



CHINA – AVENUES FOR GROWTH

In the first eight months of 2007, the Chinese non-life insurance market grew by 37%.¹ This dramatic growth is creating both opportunities and challenges for specialist reinsurers. Lloyd's Market Intelligence in collaboration with the Lloyd's Reinsurance Company (China) Ltd, has recently produced a new market intelligence report on this dynamic market. The key findings of China: Avenues for Growth are presented here.

Risk awareness is a key challenge

The non-life market over the past five years has been characterised by strong price competition in standard lines as insurance companies have fought to maintain market share in the face of new entrants. The focus is shifting, however, to developing new products and expanding the overall size of the insurance market.

The key challenge is low penetration as a result of low customer awareness. The low level of homeowners insurance in China is just one indicator that insurance is still not a commonly purchased item. Even in the commercial sector underinsurance is common. Where cover is bought, it tends to be very basic and driven by external factors rather than financial risk management.

Improving customer understanding of insurance is the key challenge the market faces if it is to move beyond the destructive price competition seen in the past few years.

Development of a strong broker market is vital

A strong broker market is a vital component in improving customer awareness of insurance. Broker market share has grown significantly to over 20% of the commercial insurance market, and the development of competitive local brokers (both commercial and captive), as well as the presence of the large global brokers, is a good sign. There is room for further growth, however.

A strong broker market is expected to improve the pace of knowledge transfer by providing a vital link with international expertise particularly in reinsurance companies. More importantly, brokers play a vital role in improving risk management and promoting more sophisticated forms of insurance.

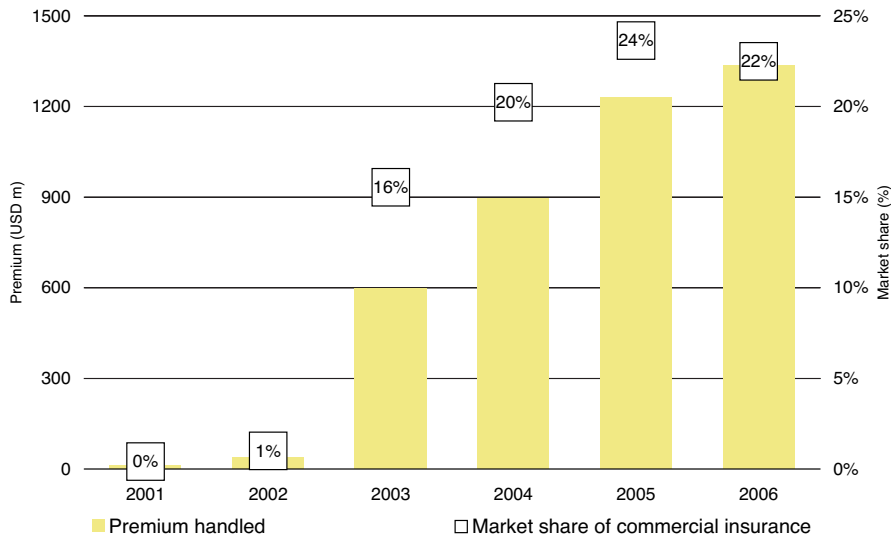
Growth of domestic reinsurance capacity

International reinsurance markets are vital providers of expert capacity to the local market. Increasingly, however, domestic insurers are relying on local reinsurance capacity which is developing rapidly. The growth of local reinsurance capacity is being driven by regulatory reform, and by the growth of the broker market.

The China Insurance Regulatory Commission (CIRC), has demonstrated its commitment to the local reinsurance market through regulations that require local cedants to offer at least 50% of business first to the domestically registered reinsurers. CIRC has also licensed several new reinsurers to improve the capacity available locally.

¹ Asia Insurance Review, "Premium income up 23%", (2007)

Broker premiums and market share of commercial insurance (2001-2006)



While the large local and international brokers operating in China maintain close relationships with the international reinsurance markets, they are also developing reinsurance skills locally. In the future, it is likely that these brokers will place an increased share of reinsurance business within China or at least in the regional markets of Hong Kong and Singapore.

The market is in need of specialist expertise

Despite the rapidly growing expertise and capacity of local players, the Chinese non-life market is in need of further capacity and expertise in specialist areas. In niche areas of property, MAT and energy insurance coverage remains limited, as local companies feel uncomfortable with products such as delayed start-up and business interruption.

The greatest area of need, however, is in liability insurance, which almost all market players agree offers the greatest potential in the medium term. The desire of local companies to expand into products such as D&O and professional indemnity is tempered by the need to find international reinsurance support.

This report has identified a number of business classes offering growth opportunities summarised below.

Property

Commercial property is the largest class of commercial insurance in China despite high levels of underinsurance. Massive treaty reinsurance capacity and excessive

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competition, however, have driven rates down. Niche areas of property such as fine art & specie, terrorism & political risk, and aquaculture are currently underdeveloped but may offer opportunities in the future.

MAT

China's trade-driven economy has resulted in a relatively well-developed MAT insurance market. Marine hull and aviation are both very internationalised, while the local players compete for cargo business. Despite this, the rapidly growing and increasingly sophisticated economy will drive new opportunities for specialist insurers in this sector. Of particular interest is marine liability, as China's ports become some of the largest in the world.

Energy

China's growing energy needs are driving the development of increased capacity while also creating more specialist risks. Energy insurance is a strong growth opportunity for specialist insurers, particularly in the renewable energy field. As with the market as a whole, however, risk awareness and underinsurance remain a key challenge.

Liability

Liability insurance is an anticipated growth area, as China becomes increasingly litigious. Product liability, and particularly product recall, insurance is being driven by recent high-profile recalls. The development of professional services in China is fuelling the growth of professional indemnity insurance, particularly medical malpractice. D&O insurance is much talked about and, with the number of new listings in Shanghai and Shenzhen set to rise, this is sure to be a growth area. New products being developed in China include environmental liability and cyber risk.

PA & health

With both life and non-life insurance companies now writing PA & health business, this market is growing rapidly but it remains highly competitive. Non-life companies are focusing on group accident policies and, as personal incomes rise, this is likely to continue to be a growth opportunity.

The full report can be downloaded from www.lloyds.com/marketintelligence





LLOYD'S SYNDICATES IN ASIA – A FORCE WITH A CRITICAL MASS

With so many Syndicates setting up in Singapore and Hong Kong, Asia Insurance Review recently held a roundtable discussion with eight players within the Lloyd's Asia platform to talk about the waves they are creating in the market and how they are making a difference in the insurance industry in Asia.

"The number of Lloyd's Syndicates operating on the Lloyd's Asia platform in Singapore has grown from two at inception (Watkins and Catlin) to nine today, with the majority of that development coming in the last two years. With further growth imminent, subject to the Monetary Authority of Singapore (MAS) approval, there will be 13 Syndicates represented in Singapore by the end of 2007," said Simon Wilson, Managing Director, Lloyd's Asia. "There are also five Syndicate service companies now operating in Hong Kong."

The roundtable agreed that there is now a critical mass of Lloyd's Syndicates represented in Singapore and Hong Kong, and that the impact has been felt across the wider regional marketplace. Responding to a comment that there has been a sudden influx of these Syndicates, Simon Wilson explained that it is a gradual and necessary progress with "Syndicates setting up in a disciplined and profit-driven manner".

Jonathan Ranger, CEO of Watkins Syndicate Singapore said localisation of insurance capacity on a global scale has encouraged Lloyd's to look further afield than its Lime Street home. It is a matter of responding to the changing global dynamics of the business, the need to be nearer to clients and the rapidly growing economics of Asia. Moray Martin CEO of Alba Pte Ltd and active underwriter of syndicate 4455 commented that the ever increasing level of inward investment coming into Asia, the availability of local capacity and expertise and rapid changes in customer sophistication and expectation are strong pull factors for Lloyd's syndicates to set up here.

The critical mass impact

Looking at the impact of Lloyd's entities moving into Asia, Moray Martin said that individually the syndicates have limited influence, but collectively, acting as a market, that influence is multiplied and cannot be ignored. Jonathan Ranger, added that the presence of so many Syndicates automatically raises Lloyd's profile and highlights the expertise brought into the market as well. Christopher Wildee, CEO, Chaucer Singapore, said: "Every Syndicate that comes in here is very focused on what it is trying to achieve with its own model and business dictates and is not just following the herd mentality."

Rob Hands, Chief Underwriting Officer of Newline Asia, noted that there is also an increasing need and desire to work in "real time", and hence effective Syndicates need to have underwriting authority to bind as well as be responsive. "This ability to be more than just a post box referring risks to head offices, further enhances the incentive of doing business with Lloyd's Asia".

Cannibalisation: Syndicates Vs Lloyd's – True or False?

On the issue of cannibalisation of business from Lloyd's direct to Lloyd's Syndicates in Asia, the response from the participants was unanimous that they saw a different spread of business here in Asia. Lloyd's players in Asia are not taking business away from London as the business that traditionally goes to London is often "distressed business", which is not the focus of the capacity here. Participants were also unanimous that it was a myth that rates are cheaper here in Asia than in London or vice versa. Rates differ based on several factors relating to the risks and not because the risks are written in London, Singapore or Hong Kong. Although there was agreement that the "grass is always greener (rates are always cheaper) elsewhere" perception exists.

Christopher Wildee is already convinced that "as clients in the region are now able to access Lloyd's capacity here locally and can access the subscription market from here, they are unlikely to go back to London".

Byran Lee, Principal Officer, Beazley Singapore, said that Beazley came to Singapore precisely because it felt it was missing out on being shown the good risks. Looking at the developments over time, he noted that increasingly more Asian buyers prefer to place business in the region, bearing in mind the maturity of the insurance industry in terms of its depth and knowledge. This is in comparison to the old days when they bypassed Singapore to go to London directly.

Distressed Risks

Mike McFarlane, Managing Director and Underwriter, Kiln Marine Singapore, said that in the cargo class, a considerable volume of the distressed pieces of business is still heading to London, but the good pieces of business are handled in the Asia region itself. He said that more can still be done (and is being done) to publicise the efficacy of Lloyd's Asia as a one-stop centre where business can be concluded.

Keith Land, Chief Executive Officer of Kiln Asia, agreed that the Lloyd's franchise is increasingly powerful in Asia. Kiln came to Asia to keep in step with what is a very dynamic and fast-moving region, and to access business which would not normally go to London. This ultimately helps to diversify its exposures geographically and is part of their strategy to build local specialist underwriting expertise around the world. Kiln is one of the Syndicates with a presence in both Singapore and Hong Kong. Mike McFarlane added that with Lloyd's Asia making an impact with its critical mass, the company market is beginning to sit up and take close note of what it is doing.

More Expected of Brokers

Noting that much of their business is done through brokers, Rob Hands said that brokers could play a bigger role if they enhanced their knowledge and expertise, particularly in areas which are still "emerging" rather than focus all their resources on the more developed markets of Asia. Simon Wilson who agreed on the essential role played by brokers in the Lloyd's market, said the role of brokers in Asia is also increasing.

The Message: Be Warned, the Force is Here

Moray Martin said the next challenges facing Lloyd's Asia are: to ensure that sustainable critical mass – at both individual Syndicate and market levels – is achieved in a realistic timescale, that the credibility of the subscription market is enhanced, and the ability of Syndicates to lead more risks is promoted. Byran Lee said that ultimately, the Syndicates in Singapore and Asia should be able to replicate all that Lloyd's has to offer.

“EVERY SYNDICATE THAT COMES IN HERE IS VERY FOCUSED ON WHAT IT IS TRYING TO ACHIEVE WITH ITS OWN MODEL AND BUSINESS DICTATES AND IS NOT JUST FOLLOWING THE HERD MENTALITY”

Simon Wilson said that Lloyd's Asia is still work-in-progress, although now at the end of the first chapter of its journey. The central Lloyd's Asia team, is driving a Three Year Plan for the platform to ensure that the Lloyd's participants can work together to leverage their combined strength under the Lloyd's banner. The core elements of this plan include: The encouragement of face-to-face trading at One George Street; a marketing drive that will involve all participants; collective purchasing arrangements to drive down operational costs; and a continued focus on remaining co-located. In short, the experience of trading at One George Street will provide the Syndicates and customers with all the best aspects of trading at One Lime Street.

The full article appeared in www.asiainsurancereview.com in November 2007



HONG KONG MARKET STATISTICS – GROWTH IN PREMIUMS BUT DECLINE IN UNDERWRITING PROFIT

The Office of the Commissioner of Insurance (OCI) has released the latest market statistics on market performance for the second quarter of 2007.

On General business the gross premiums showed a 6.7% increase on the same quarter of 2006 with accident and health showing the largest increase at 17.2%, mainly through reinsurance. Motor vehicles and general liability were the only two classes to show a premium decline on the same period of 2006.

Overall the underwriting profit of general insurance reduced 23.6% compared to the same period of 2006. On the direct side all classes showed an underwriting profit except for Employees' Compensation and on the reinsurance side, only aviation and ships classes showed losses.

The areas showing substantial increase in profit were direct property damage, reinsurance general liability and reinsurance property damage.

Rates in the Hong Kong market are continuing to fall with reductions of up to 20 or 30% on some risks. There is a large amount of capacity in the Asian market fuelling this reduction through competition. Most brokers are predicting a continuation of the soft market in 2008 across most classes unless a major claim occurs.

Sources: Office of the Commissioner of Insurance, August 2007; Lloyd's Hong Kong office, October 2007

LLOYD'S SPONSORS THE MELBOURNE EXPO

Lloyd's was the main sponsor for the Melbourne Expo organised by the Underwriting Agencies Council and the National Insurance Brokers Association. Around six Expo's are held each year, usually in Newcastle, Perth, Sydney, Melbourne, Brisbane and Adelaide. The Expos are an opportunity for regional brokers to network with underwriting agencies with a view to establishing new contacts. Most of the underwriting agencies exhibiting at this year's Melbourne Expo held in August at the Crown Towers Hotel, were also Lloyd's accredited coverholders.

The event was extremely well attended with over three hundred brokers present. Following the welcome speeches from Steve Hill of Oamps and Keith Stern, Lloyd's Australia, the guest speaker at the luncheon following the Expo was former cricketer, Damien Fleming, who played in 20 tests for Australia between 1994 and 2001.

LLOYD'S REPRESENTATIVE VISITS THE VANUATU FINANCIAL SERVICES COMMISSION

In June, Keith Stern, Lloyd's Representative in Australia, undertook a short visit to meet with the Deputy Insurance Commissioner and other members of the Insurance Department in Port Vila, Vanuatu. The goodwill visit followed the successful negotiation of the Lloyd's licence to trade in Vanuatu in December last year. The discussion focused on the workings of the Lloyd's market and the provision of further information relating to the security of Lloyd's policies. Although this is a very small market for Lloyd's underwriters, if there are any questions underwriters and brokers should either contact the Market Services Desk or Keith directly.

CONTACT DETAILS FOR LLOYD'S IN ASIA PACIFIC

Australia

Keith Stern
Telephone +61 2 9223 1433
Email keith@lloydsaustralia.com.au

China

Ian Faragher
Lloyd's Reinsurance Company China Ltd
Telephone +86 21 6162 8206
Email ian.faragher@lloyds.com

Hong Kong

Alex Faris
Telephone +852 2918 9911
Email afaris@lloydshk.com.hk

Japan

Iain Ferguson
Lloyd's Japan Inc.
+81 3 3215 5291
iain.ferguson@lloyds.com

New Zealand

Scott Galloway
Telephone +64 4 472 7582
Email scott.galloway@hazelton.co.nz

Singapore

Simon Wilson
Telephone +65 6538 7088
Email simon.wilson@lloyds.com.sg

LLOYD'S INTERNATIONAL TRADING ADVICE

Telephone +44 (0)20 7327 6677
Email LITA@lloyds.com

CORPORATE HOTEL RATES

Lloyd's offices in Singapore and Hong Kong have negotiated corporate rates with some hotels or hold corporate accounts. For more information please contact the relevant territory:

Singapore

Mary Abraham on +65 6538 7088 or email: mary.abraham@lloyds.com.sg

Hong Kong

Iris Cheung on +852 2918 9911 or email: icheung@lloyds.hk.com.hk