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FOR IMMEDIATE RELEASE

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A.M. Best Upgrades ICR on Lloyd's of London and Society of Lloyd's

OLDWICK, NEW JERSEY, U.S.A., July 19, 2007—A.M. Best Co. has affirmed the financial strength rating (FSR) of A (Excellent) and upgraded the issuer credit rating (ICR) to “a+” from “a” of **Lloyd's of London** (Lloyd's) (United Kingdom) and **Lloyd's Reinsurance Company (China) Ltd** (LRCCL) (China). At the same time, A.M. Best has upgraded the ICR to “a” from “a-” of the **Society of Lloyd's** (the Society) (United Kingdom) and the ratings on debt issued by the Society to “a-” from “bbb+” on the subordinated loan notes issued in two tranches in November 2004 (6.875% subordinated notes of GBP 300 million maturing 17 November 2025 and 5.625% subordinated notes of EUR 300 million maturing 17 November 2024), and to “a-” from “bbb” on the 7.421% GBP 500 million junior perpetual subordinated loan notes issued in June 2007. The outlook on all ratings is stable.

The rating upgrade reflects Lloyd's strengthening central solvency capital as well as reduced exposure to reinsurance credit risk. The ratings also reflect less volatile anticipated operating performance supported by enhanced risk management. In addition, as a result of implementation of phase one of the Equitas agreement with National Indemnity Company (NIC), Lloyd's exposure to uncertainty relating to Equitas has been substantially reduced. The ratings continue to reflect Lloyd's strong global business profile.

Lloyd's central solvency capital is likely to stay strong through 2007 and 2008, supported

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by the GBP 500 million subordinated loan note issue in June 2007. This follows an 11% increase in central solvency capital to GBP 2,056 million at year-end 2006. A.M. Best believes that losses from existing insolvent members are now at a manageable level, which will help to maintain Lloyd's solvency ratio (increased to 812% at year-end 2006 from 384% the previous year). The new subordinated issue provides Lloyd's with a stable resource, enabling it to replace the annual syndicate loans which fluctuate with market capacity and hence with market conditions. Lloyd's risk adjusted capital has also benefited from a 36% fall in syndicate reinsurance recoverables to GBP 9,897 million, substantially reducing its credit risk exposure.

Although Lloyd's is unlikely to maintain the strong performance reported for 2006 (net income of GBP 3,662 million) as a result of weakening market conditions, A.M. Best forecasts an excellent combined ratio of 90 to 95% in 2007. Lloyd's performance will continue to be affected by major catastrophic events, however, A.M. Best believes that the weakness in Lloyd's historic performance when the down cycle has coincided with major catastrophes is unlikely to be as severe in the future. This is supported by the implementation of enhanced risk management standards across a matrix of functional departments within Lloyd's as well as improved risk management at syndicate level.

Lloyd's benefits from excellent market access worldwide, enabling its underwriters to accept business in a global spread of territories. Its profile continues to be extended beyond Lloyd's traditionally strong areas in the English-speaking world (particularly the United States and United Kingdom). Having opened an onshore reinsurance company in China, A.M. Best anticipates that Lloyd's will now focus on improving access to the fast growing Middle East and

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Latin American markets. Lloyd's competitive position is also likely to improve with the provision of the electronic claims file (ECF) and accounting and settlement (A&S) repositories which will help to streamline trading processes and reduce operating costs.

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