

Lloyd's Annual Underwriter Opinion Survey



April 2005

LLOYD'S

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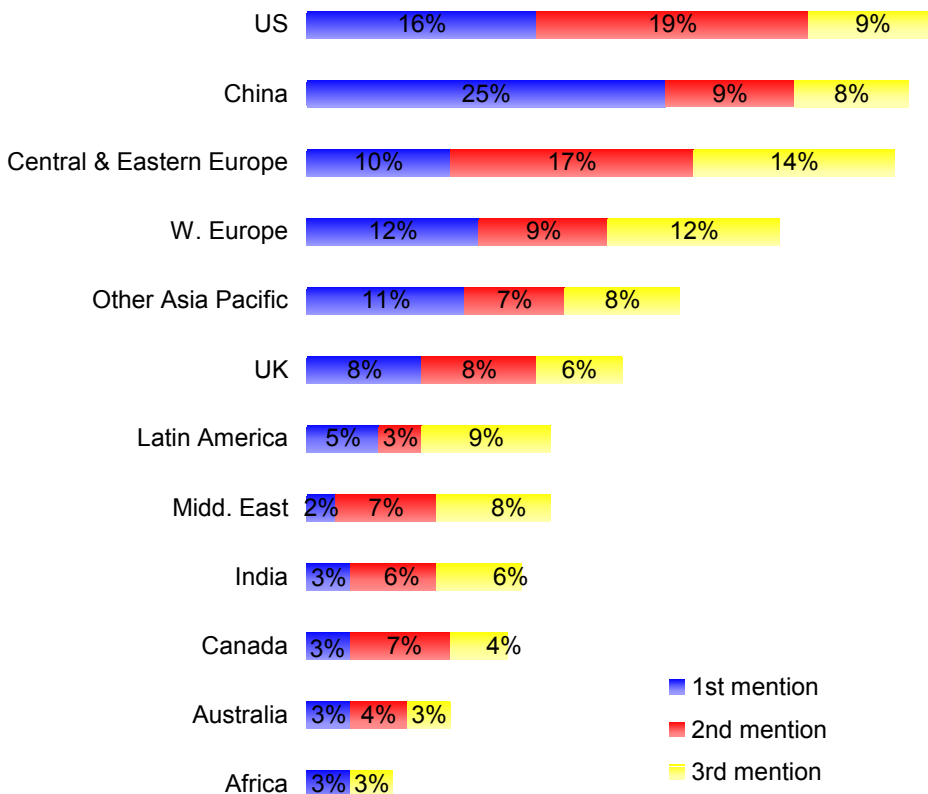
Lloyd's underwriter opinion survey

During March 2005, Lloyd's commissioned Acritas to conduct a survey of underwriters.

Over the course of two days, Acritas spent time in the Lloyd's market speaking directly to underwriters, recording their individual opinions relating to challenges and opportunities faced by the Lloyd's market in 2005. In total, 102 underwriters were interviewed from a random selection of syndicates.

Findings

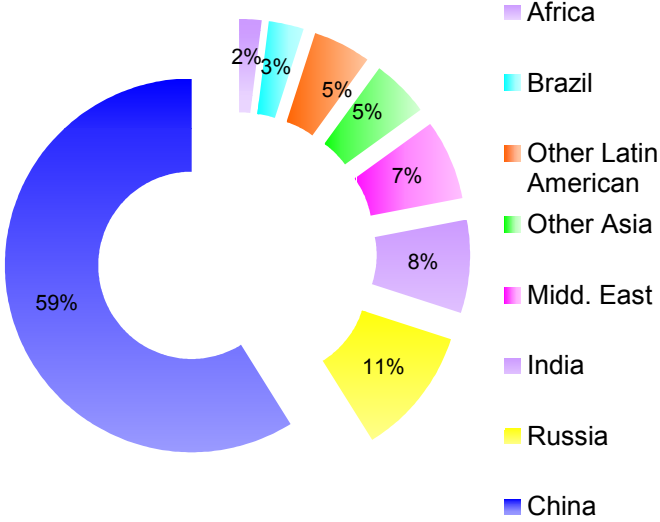
Q. Which area do you feel has the most opportunity for growth?



25% of respondents listed China as the foremost area of business opportunity

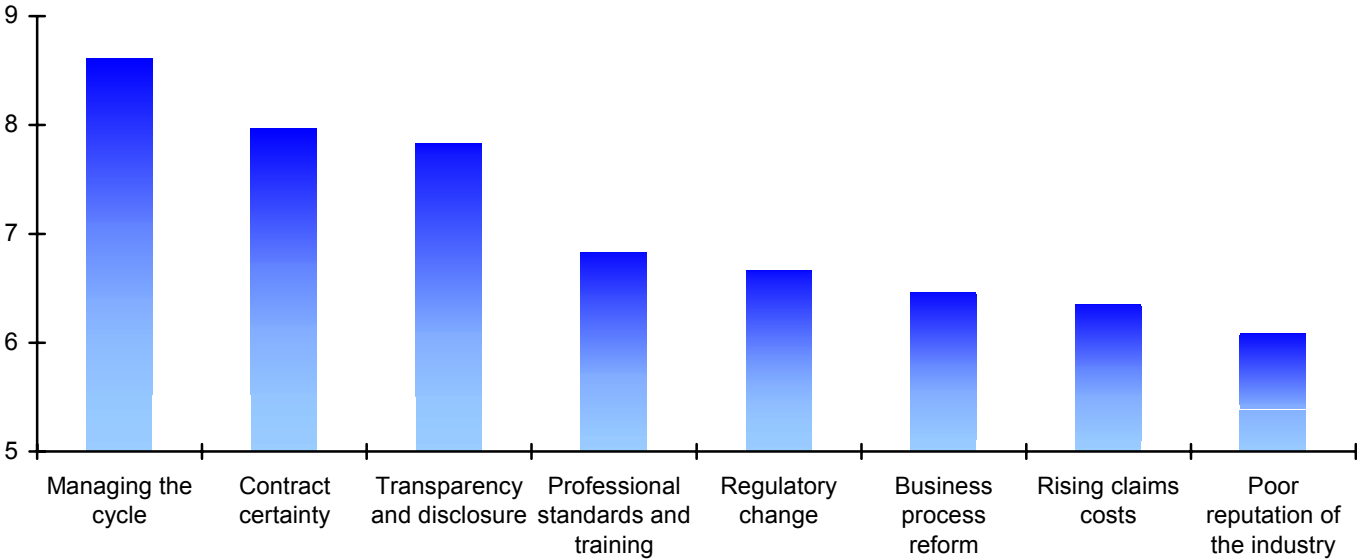
Although, overall, the US was mentioned most often in the top three

Q. Which developing market do you expect to be the single most important source of new specialist insurance opportunity over the next 5 years?



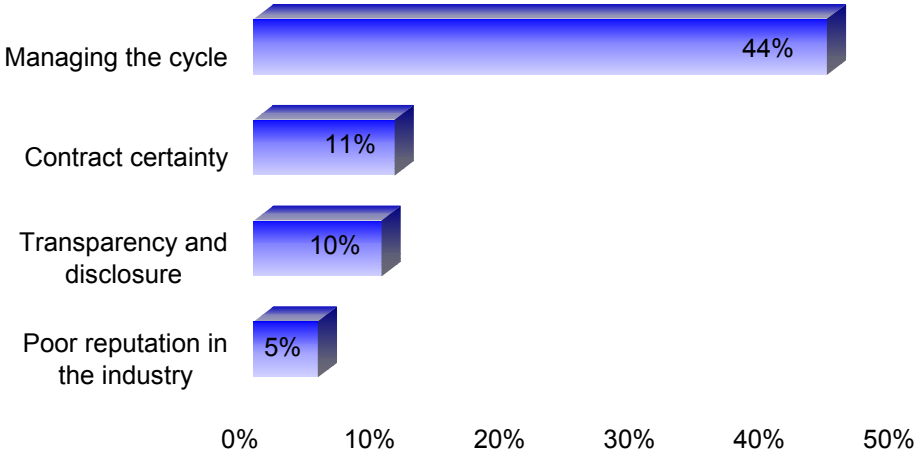
Almost 60% of the underwriters spoken to believed China to be the market offering the most new specialist opportunities

Q. How important is it for the non-life insurance market to get to grips with each of the following challenges in 2005?
(On a scale of 1-10, 10 being very important and 1 not at all)



- A clear distinction was made between the top three challenges underwriters identified and all others
- Underwriters mentioned the following as the top three challenges:
 1. Managing the cycle
 2. Contract certainty
 3. Transparency and disclosure

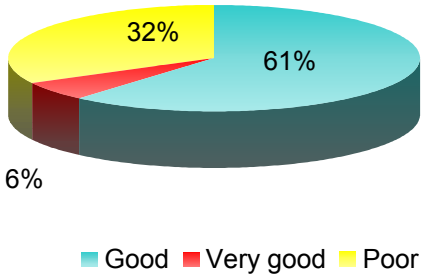
Q. Which do you see as the most important challenge to address?



Nearly half of the underwriters interviewed believed that managing the cycle was the most important challenge to address

Q. How would you rate the insurance industry's overall reputation with end-clients and end-insureds?

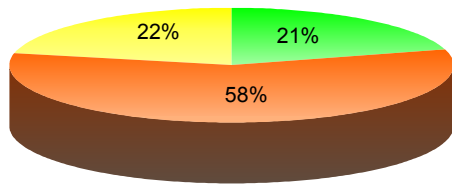
Very Good	5.9%
Good	60.8%
Poor	32.4%



Although 61% of underwriters believe the industry's overall reputation to be 'good', 16% of those think that it has deteriorated in the past 12 months

However, just over a quarter that answered 'good' think the reputation has improved

Q. In the past year, do you feel the overall reputation has improved, stayed the same or deteriorated?



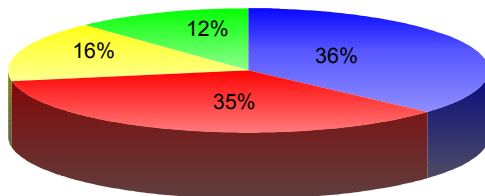
■ Improved ■ Stayed the same
■ Deteriorated

Improved	20.6%
Stayed the same	57.8%
Deteriorated	21.6%

Just over half the underwriters who said the industry reputation was poor did not see any change in the past year

Of those who rated the reputation as poor, 12% have noticed improvement

Q. Which initiative would strengthen the industry’s reputation the most?



■ Increase transparency & disclosure
■ Communicate better with those outside the industry
■ Reform business processing
■ Improve professional standards and training

Nearly three quarters of the underwriters spoken to believe that industry reputation would be most strengthened by either:

1. Increased transparency and disclosure
- or
2. Better communication with those outside the industry

**Q. Which group of people will have the most powerful impact on the industry in 2005?
Do you believe this group will be mainly positive or mainly negative?**



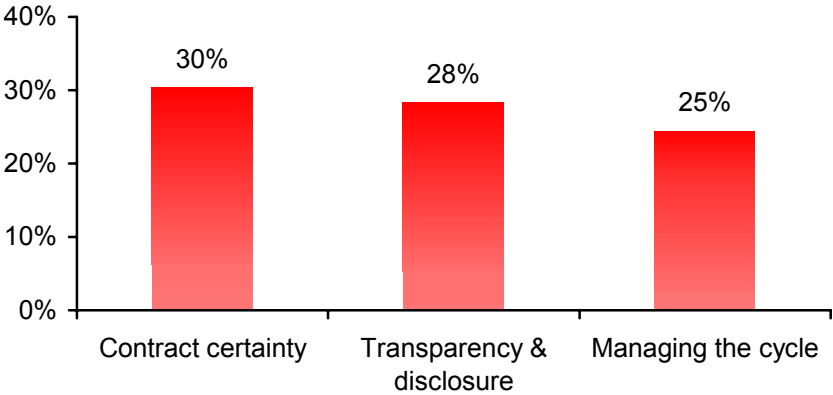
- Over half the underwriters interviewed believed that regulators would have the most powerful impact on the industry in 2005
- Of those who believe the regulators will be the most influential, 54% think that the impact will be negative and 43% think it will be positive
- Considering the number of respondents, this is actually a very even split
- While only a small proportion (7%) of the underwriters thought that the media would have the largest impact, nearly three quarters of those felt that impact would be mainly negative

Q. Which of the following issues do you think will be most at the forefront of insurance buyers' minds during 2005?

Pricing	84%
Financial security	6%
Fallout from Spitzer allegations	4%
Service standards	2%
Availability of coverage	2%

The general feeling among underwriters was that, regardless of all other issues, cost is currently the determining factor for buyers

Q. In which one of the following areas do you believe the Lloyd's market will make most progress in 2005?



Contract certainty was seen as the area in which Lloyd's will make most progress during 2005