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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of Lloyd's of London and Society of Lloyd's

OLDWICK, NEW JERSEY, U.S.A., July 11, 2008—A.M. Best Co. has affirmed the financial strength rating (FSR) of A (Excellent) and issuer credit rating (ICR) of “a+” of **Lloyd's of London** (Lloyd's) (United Kingdom) and **Lloyd's Reinsurance Company (China) Limited** (LRCCCL) (China). At the same time, A.M. Best has affirmed the ICR of “a” of the **Society of Lloyd's** (the Society) (United Kingdom) and the ratings on debt issued by the Society of “a-” 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 “a-” on the 7.421% GBP 500 million junior perpetual subordinated loan notes issued in June 2007. The outlook for all ratings is stable.

A.M. Best believes that underwriting discipline at Lloyd's is likely to be maintained through 2008 and into 2009. Whilst market capacity remained stable at GBP16.0 billion at the beginning of 2008 (2007: GBP16.1 billion), overall, existing syndicates reduced stamp by 5% and new entrants provided the balance of capacity. A.M. Best believes that Lloyd's rigorous review procedures of both existing syndicates and new applicants is likely to help prevent new insolvent members from emerging, despite the influx of new capacity entering the market this year. A.M. Best also believes that strain on the Central Fund from existing insolvent members is diminishing, owing to stabilising reserves and the closure of a significant number of open years. A.M. Best

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expects Lloyd's central solvency capital to remain excellent through 2008. It increased 20% to GBP 2,457 million at the 2007 year-end and was supported by the GBP 500 million subordinated loan note issued in June.

A.M. Best expects strong performance from the market in 2008, although some deterioration is anticipated on the excellent results achieved in 2007, as underwriting margins reduce and uncertainty in the capital markets continues. A good combined ratio of 95%-100% is forecast, incorporating a positive contribution from prior years, due to Lloyd's current reserve strength, which partly reflects the absence of major loss experience in 2006/2007. At this stage, A.M. Best believes that the subprime related losses arising from underwriting or through investments are unlikely to have a material impact on Lloyd's performance, although uncertainty as to underwriting losses from this source will continue for some time. Excellent performance in 2007 was supported by a strong underwriting result and by investment income. Underwriting performance benefited from benign catastrophe experience in the year, a strong rating environment for certain lines of business and a significant reserve release. A.M. Best believes that continued enhancement to governance at Lloyd's, internal oversight of the market and enhanced management information and peer analysis continue to raise risk management standards. These processes are likely to help identify emerging issues early and dampen the high volatility in Lloyd's performance observed in previous cycles.

In A.M. Best's opinion, Lloyd's has an excellent business profile, which has enabled it to attract and retain business despite the development of alternative insurance centres in lower tax jurisdictions. Lloyd's benefits from a capital-efficient operating structure and global underwriting reach that facilitates access to a range of different business lines and underwriting markets. Both

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factors provide strong support for Lloyd's business profile. In A.M. Best's view, expanding international trading platforms, such as those in Singapore and China, and reducing the cost of placing business at Lloyd's are likely to further enhance its profile, reducing its dependence on a single location at which to underwrite business. Lloyd's exposure to uncertainty relating to Equitas, which was previously an offsetting rating factor, has been substantially reduced following implementation of phase one of a two-phase deal with **National Indemnity Company** (Nebraska). Completion of phase two, expected in 2009, would provide further benefit.

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