

Protection for business



Group Fact Sheet

Brit Insurance Group
As at 31 December 2010

Group Overview

Brit Insurance is an international general insurance and reinsurance group specialising in commercial insurance

Our distribution model is centred on brokers and intermediaries and we aim to deliver an excellent service to them and their clients – through the range of cover we offer, our underwriters' expertise and our specialist, market-leading claims teams.

Reflecting how and where our customers trade, we are organised into three strategic business units – Global Markets, Reinsurance and UK – which have access to our underwriting platforms including Brit Insurance Limited and our Lloyd's syndicate, Syndicate 2987.

The Group has offices in Chicago, USA, Sydney, Australia and Tokyo, Japan and nine offices throughout the UK. The Group's holding company Brit Insurance Holdings B.V. is located in the Netherlands. Brit Insurance (Gibraltar) PCC Limited (BIG), the Group's intra-group reinsurer, is located in Gibraltar.

Brit Insurance Group

Syndicate 2987

The largest portion of the Group's ongoing business in 2010 was written by the Group's wholly-aligned Lloyd's syndicate, Syndicate 2987. For 2011, Syndicate 2987 has a capacity of £760m (2010: £745m).

Strategic Business Units

Global Markets

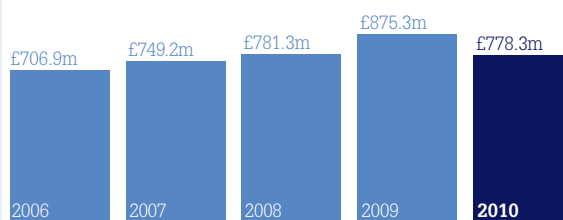
Vision Seeks to be a highly respected market leader delivering underwriting excellence based on market intelligence and innovation in its chosen fields and disciplines.

Class of business	2010 performance
Marine	32.2% Gross written premium £778.3m
Property	23.9% Profit before tax £34.6m
Professional Lines	15.9% Risks led by value 56.0%
Specialty Lines	17.6% Retention rate by value 74.0%
Accident & Health	7.3% Combined ratio 97.7%
Aerospace	3.1%

Key points

- ▶ 116 employees (2009: 104)
- ▶ 64 underwriters with an average of over 17 years' experience
- ▶ London and Chicago based
- ▶ 17.8% of business underwritten by BIL, 82.2% by Syndicate 2987
- ▶ 51% of Group ongoing gross written premium
- ▶ Tail: short 57.6%; medium 14.8%; long 27.6%

GWP Five-year record



Brit Insurance Limited (BIL)

BIL is the Group's UK-based insurance company, authorised and regulated by the FSA. In 2010, BIL wrote 41.4% of the Group's business (2009: 47.0%). BIL has shareholder funds in excess of £400m.

Brit Insurance (Gibraltar) PCC Limited

Brit Insurance (Gibraltar) PCC Limited (BIG) is the Group's wholly-owned intra-group reinsurer, licensed and regulated by the Gibraltar Financial Services Commission.

Reinsurance

Vision Aims to build a diverse and high quality multi-class and multi-territory book of business by participating in this potentially high margin but volatile global business.

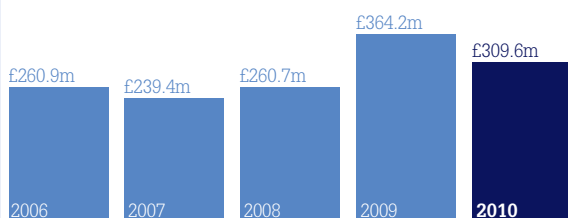
Class of business	2010 performance
Casualty Treaty	36.1%
Property Treaty North America	32.6%
Property Treaty International	20.6%
Marine XL	7.8%
Reinsurance other	2.9%

2010 performance	
Gross written premium	£309.6m
Profit before tax	£37.2m
Risks led by value	35.9%
Retention rate by value	85.6%
Combined ratio	88.2%

Key points

- ▶ 39 employees (2009: 36)
- ▶ 16 underwriters with an average of over 21 years' experience
- ▶ London based with representative offices in Tokyo and Sydney
- ▶ 35.3% of business underwritten by BIL, 64.7% by Syndicate 2987
- ▶ 20.2% of Group ongoing gross written premium
- ▶ Tail: short 54.1%; medium 16.0%; long 29.9%

GWP Five-year record



UK

Vision Aims to be a significant player in its chosen market segments. Ease of access, expertise, service and execution skills will differentiate the SBU from its peers.

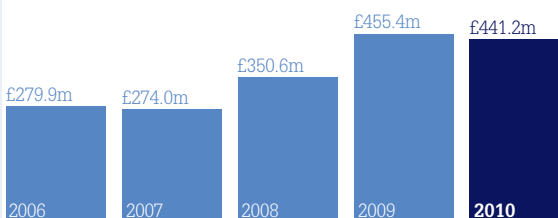
Class of business	2010 performance
Property & Commercial Packages	47.6%
Employers'/ Public Liability	26.3%
Motor	18.5%
Professional Indemnity/D&O	7.6%

2010 performance	
Gross written premium	£441.2m
Profit before tax	£14.3m
Risks led by value	92.5%
Retention rate by value	66.4%
Combined ratio	99.8%

Key points

- ▶ 156 employees (2008: 157)
- ▶ 105 underwriters with an average of over 15 years' experience
- ▶ Nine UK offices including London
- ▶ 87.4% of business underwritten by BIL, 12.6% by Syndicate 2987
- ▶ 28.8% of Group ongoing gross written premium
- ▶ Tail: short 47.3%; medium 18.5%; long 34.2%

GWP Five-year record



2010 Highlights

▼
Return on equity excluding the effect of foreign exchange on non-monetary items of

14.4%

17.4% 2009

▼
Gross written premium of

£1,530.2m

£1,696.4m 2009

a reduction of 10.4% at constant currency

▼
Combined ratio excluding the effect of foreign exchange on non-monetary items of

97.1%

94.0% 2009

▼
Profit before tax excluding the effect of foreign exchange on non-monetary items of

£119.2m

£171.3m 2009

▼
Earnings per share of

142.4p

113.2p 2009

an increase of 20.5%

▼
Distributions paid during the year of

60.5p per share

60.0p 2009

▼
Net tangible assets (NTA) per share of

£11.41

representing growth of 8.5% during 2010

Operational and strategic highlights

Successful first year with new Netherlands-based holding company

Continued active management of the underwriting portfolio throughout the business

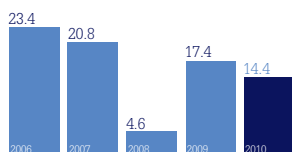
Further talent attracted to the Group together with a number of senior appointments from within the business

Significant progress made on driving upper quartile performance throughout the Group as part of the 'Average to Outperform' agenda

5-Year Track Record

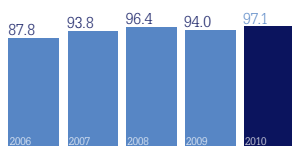
Return on equity*%

Return on equity measures how effectively the Group has used its net tangible assets. It is based on profit after tax, before intangible amortisation, expressed as a percentage of adjusted net tangible assets. The Group is focused on delivering return on equity of more than 6% above UK base rate across the cycle.



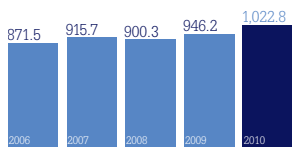
Combined ratio*%

The combined ratio measures the cost of claims, commission and insurance expenses relative to the Group's net earned premium. The Group seeks to control this ratio by managing the Group's risk appetite, cost control, and improving operational effectiveness.



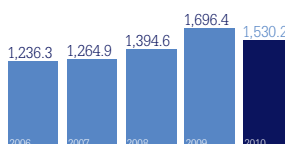
Financial resources £m

Financial resources measures the long-term capital base of the Group and is made up of net tangible assets and long-term subordinated debt.



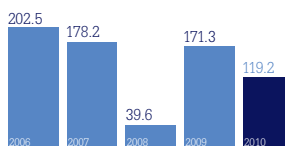
Gross written premium £m

Gross written premium is a measure of how the Group's underwriting business is developing. The Group's objective is to build balanced, diversified portfolios of sustainable business from its targeted market sectors.



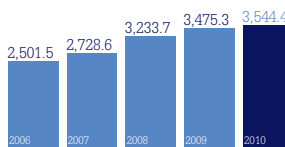
Profit before tax*£m

Profit before tax measures how the Group has performed during the year. The Group aims to achieve sustainable growth in its profit, recognising the cyclical nature of the business.



Total invested assets £m

Total invested assets are available to the Group to pay its insurance liabilities and to support its financial resources. The Group's objectives include enhancing asset management capabilities in asset allocation, fund manager selection and in-house fund management.



*Excluding the effect of foreign exchange on non-monetary items.

Financial Results

12 months ended 31 December 2010

	Global Markets £m	Reinsurance £m	UK £m	Other underwriting £m	Intra Group £m	Total underwriting excluding the effect of foreign exchange on non-monetary items £m	Effect of foreign exchange on non- monetary items £m	Total underwriting after the effect of foreign exchange on non-monetary items £m	Other corporate £m	Total £m
Gross premiums written	778.3	309.6	441.2	12.2	(11.1)	1,530.2	-	1,530.2	-	1,530.2
Less premiums ceded to reinsurers	(143.2)	(61.2)	(58.1)	(0.4)	11.1	(251.8)	-	(251.8)	-	(251.8)
Premiums written, net of reinsurance	635.1	248.4	383.1	11.8	-	1,278.4	-	1,278.4	-	1,278.4
Gross earned premiums	809.7	311.6	439.5	14.2	(13.1)	1,561.9	(11.2)	1,550.7	-	1,550.7
Reinsurers' share	(136.7)	(61.9)	(63.3)	(0.4)	13.1	(249.2)	0.8	(248.4)	-	(248.4)
Earned premiums, net of reinsurance	673.0	249.7	376.2	13.8	-	1,312.7	(10.4)	1,302.3	-	1,302.3
Investment return	19.8	8.9	14.0	0.5	-	43.2	-	43.2	70.2	113.4
Return on derivative contracts	(0.1)	(1.2)	(0.5)	-	-	(1.8)	-	(1.8)	0.1	(1.9)
Loss on disposal of associated undertaking	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Net foreign exchange gains	-	-	-	-	-	-	5.2	5.2	24.1	29.3
Total revenue	692.7	257.4	389.7	14.3	-	1,354.1	(5.2)	1,348.9	93.8	1,442.7
Gross claims incurred	(491.0)	(188.7)	(284.6)	(17.2)	16.8	(964.7)	-	(964.7)	-	(964.7)
Reinsurers' share	104.2	40.0	41.1	(0.4)	(16.8)	168.1	-	168.1	-	168.1
Claims incurred, net of reinsurance	(386.8)	(148.7)	(243.5)	(17.6)	-	(796.6)	-	(796.6)	-	(796.6)
Acquisition costs – commission	(203.7)	(43.7)	(82.0)	(0.1)	-	(329.5)	2.4	(327.1)	-	(327.1)
Acquisition costs – other	(33.7)	(11.5)	(22.7)	(1.1)	-	(69.0)	-	(69.0)	-	(69.0)
Other insurance related expenses	(33.9)	(16.3)	(27.2)	(1.5)	-	(78.9)	-	(78.9)	-	(78.9)
Other expenses	-	-	-	-	-	-	-	-	(38.9)	(38.9)
Total expenses excluding finance costs	(658.1)	(220.2)	(375.4)	(20.3)	-	(1,274.0)	2.4	(1,271.6)	(38.9)	(1,310.5)
Operating profit/(loss)	34.6	37.2	14.3	(6.0)	-	80.1	(2.8)	77.3	54.9	132.2
Finance costs										(14.0)
Share of loss of associated undertakings										(1.8)
Profit on ordinary activities before tax										116.4
Tax expense										(5.9)
Profit attributable to owners of the parent										110.5
Claims ratio	57.4%	59.6%	64.7%	127.6%		60.7%		61.2%		
Expense ratio	40.3%	28.6%	35.1%	19.6%		36.4%		36.4%		
Combined ratio	97.7%	88.2%	99.8%	147.2%		97.1%		97.6%		

Investments

The Group's investment portfolio is diversified in terms of asset class and currency.

Asset allocation by asset class

	31 December 2010		31 December 2009	
	£m	%	£m	%
Equity securities	125.7	3.5	102.0	2.9
Debt securities	2,692.7	76.0	2,282.4	65.7
Specialised investment funds	102.6	2.9	96.7	2.8
Cash and cash equivalents	623.4	17.6	994.2	28.6
Total portfolio	3,544.4	100.0	3,475.3	100.0

Investments by currency

	31 December 2010		31 December 2009	
	£m	%	£m	%
Sterling	1,787.5	50.4	1,780.1	51.2
US dollar	1,224.1	34.5	1,226.6	35.3
Euro	387.8	11.0	348.2	10.0
Canadian dollar	145.0	4.1	120.4	3.5
Total	3,544.4	100.0	3,475.3	100.0

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