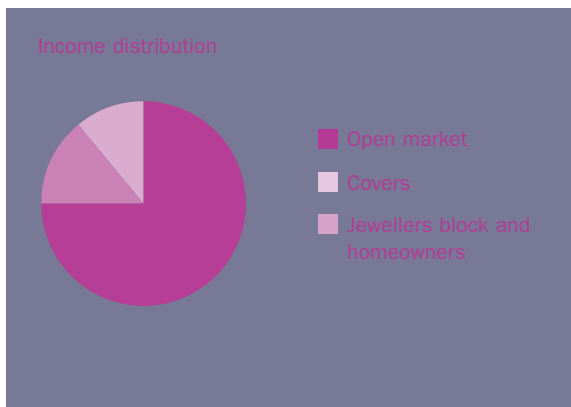


Specialist underwriting

Since 1986, our syndicate operations have focused on writing specialty-risk insurance and reinsurance business in selected markets. This is why, today, Beazley is an established lead underwriter in the main lines of business within its four divisions: Property Group, Specialty Lines, Reinsurance and Marine.

Property Group

An excellent knowledge of the property industry, together with a lead capability, enables the Property Group to provide insurance products to a worldwide market ranging from large corporate accounts to homeowners.



Underwriting results	12 months ending 31 December 2002 £m	12 months ending 31 December 2001 £m
Gross premiums written	145	123
Net premiums written	115	108
Net premiums earned	114	66
Claims ratio	41%	72%
Rate increase achieved	27%	20%
Percentage of lead business*	51%	51%

*based on gross premiums written

Profile

Established in 1992, the Property Group is led by Jonathan Gray, and it represents 33% of the syndicate's 2002 gross premium written. It maintains a strong lead market profile in risk managed property business, with considerable experience in various specialty risk sectors and territories.

The majority of income is from North America and the Caribbean, with plans to grow the book of business in the UK, Europe and Australasia during 2003.

High levels of service

The group has the expertise and experience to provide consistent management of both price and capacity, and clients have access to the decision makers at all stages of the underwriting process.

The team emphasises service as a means to product enhancement and achieves this through high underwriting skill levels accompanied by in-house technical support. This is provided by a specialist claims and policy wordings team and underwriting administration.

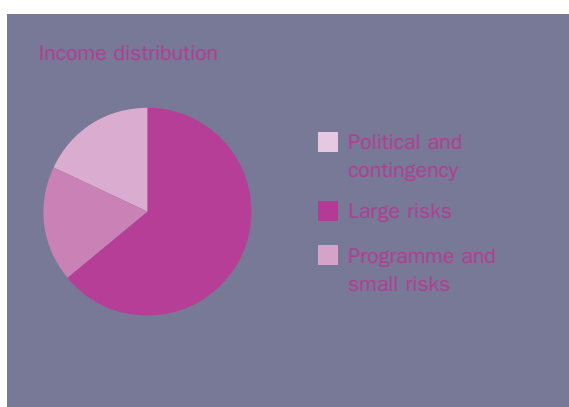
During 2002, the Lloyd's market was a market of choice for US brokers. This enabled us to increase the volume of risks underwritten and premium per risk.

The claims ratio has improved due to the low frequency of losses in 2002 and the effect from the improvement in the terms and conditions, while the 2001 result was impacted by an involvement in WTC.

Current market conditions continue to be favourable. Rate increases are still being achieved although competition is increasing from international markets, particularly in the US. For 2003, the Property Group will expand in the UK following the recruitment of a dedicated underwriting team.

Specialty Lines

The division is a recognised market leader in many Specialty Lines sectors including errors and omissions insurance. As well as including a range of specialty insurance lines, they underwrite business from a diverse base of regions around the world.



Profile

The Specialty Lines account is led by Johnny Rowell and is the largest division in Beazley in terms of premium income, underwriting 38% of the syndicate's total gross premium written. The team has a proven track record in many challenging areas of insurance, including professional indemnity, product recall, directors and officers, political risks, crime, extortion, terrorism, healthcare and employment practice liability.

Harnessing the opportunities presented by the interaction between specialist brokers and underwriters is a key feature of the Lloyd's trading environment, and enables the Specialty Lines team to provide effective coverage, very often as a lead market, within a diverse range of clients and regions.

An established lead underwriter

Specialty Lines has focused on writing specialty-risk insurance in selected markets and is an established lead underwriter in many of its areas of expertise. A significant proportion of this business is written in the US excess and surplus lines market and is predominately structured on a claims-made, rather than losses occurring, basis.

The aim is to provide very high service levels – having the necessary skills and experience to write the business, produce the policy and settle the claims.

Underwriting results	12 months ending 31 December 2002 £m	12 months ending 31 December 2001 £m
Gross premiums written	166	152
Net premiums written	79	111
Net premiums earned	93	77
Claims ratio	80%	72%
Rate increase achieved	38%	13%
Percentage of lead business*	77%	68%

*based on gross premiums written

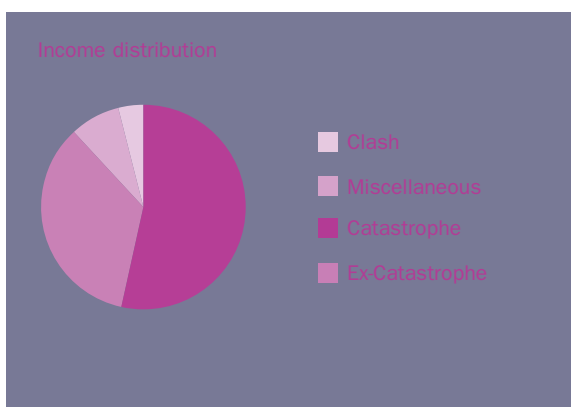
Rate increases achieved accelerated throughout 2002 as the number of competitors reduced. As part of the overall syndicate capacity management, quota share reinsurance was purchased on this account which reduced the net premiums written in 2002. It is not anticipated that we purchase similar levels of quota share reinsurance in 2003.

The account maintains its conservative reserving strategy in line with recent years.

During 2003, we will continue to recruit additional specialist underwriters to build existing lines of business within the team. We expect the rating environment to continue to improve.

Reinsurance

The Reinsurance division specialises in writing property catastrophe, per risk and aggregate excess of loss and pro rata business and casualty clash.



Underwriting results	12 months ending 31 December 2002 £m	12 months ending 31 December 2001 £m
Gross premiums written	67	42
Net premiums written	49	18
Net premiums earned	46	18
Claims ratio	68%	105%
Rate increase achieved	44%	14%
Percentage of lead business*	20%	21%

*based on gross premiums written

Profile

Established in 1986, the Reinsurance division is led by Neil Maidment and represents 15% of the syndicate's 2002 gross premiums written. It maintains an established lead position in the market.

Although market capacity has fluctuated dramatically during the last 16 years in response to catastrophes and large risk losses, they have remained committed to the reinsurance marketplace and have increased their support to many long-standing clients.

Highly accessible

Our Reinsurance underwriters employ the most up-to-date software programmes and analytical tools to assist risk assessment and help utilise available capacity more effectively.

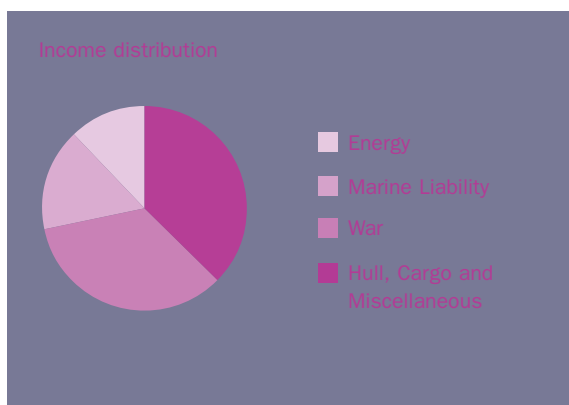
The growth in the Reinsurance account comes from taking larger participation on core accounts in addition to rate increases.

The 2001 result was affected by the WTC loss. The underlying impact of the WTC loss for the syndicate was £20m. The estimates for the ultimate gross and net WTC loss have not been changed.

During 2003, the rating depends upon the client's loss record and exposure but, on average, rate levels are expected to be maintained in 2003.

Marine

A highly developed knowledge of the marine sector, together with a lead capability, enables the Marine division to provide clients with comprehensive and competitive risk solutions.



Underwriting results	12 months ending 31 December 2002 £m	12 months ending 31 December 2001 £m
Gross premiums written	60	38
Net premiums written	46	31
Net premiums earned	39	17
Claims ratio	55%	63%
Rate increase achieved	16%	11%
Percentage of lead business*	51%	57%

*based on gross premiums written

Profile

Established in 1998, the Marine division is led by Clive Washbourn and represents 14% of the syndicate's 2002 gross premiums written. The underwriting team, which has been working together since 1990, offers extensive market knowledge of the clients' needs and provides a flexible and proactive claims service.

Beazley is known in the Lloyd's market for being selective in the quality of the business it accepts and its drive to enhance profit potential from this selectivity.

A strong position

The Marine team is an acknowledged leader of traditionally difficult areas such as Greek trampship operators, demolition and towage business and the insurance of older vessels.

The Marine account has shown positive premium growth this year and was not materially affected by the significant marine losses of late 2002.

We expect significant growth in the energy account following the recruitment of a specialist underwriter, an area that has seen dramatic rate rises over the last 18 months.

Although rate rises in the portfolio were lower than other markets, further rises of a similar level are expected during 2003. There continues to be good prospects for underwriting returns in the short and medium-term.