Versatile specialists

Premier Partner of BRITISH FENCING

Versatile specialists

Beazley's specialist expertise derives in many cases from long experience in our chosen lines of business.

The value of this experience to clients was demonstrated in May, when we settled claims arising from the Hatton Garden robbery within a month of the heist, one of the most audacious to occur in Britain since the 1963 Great Train Robbery. We have been underwriting jewellers' block insurance for 23 years and were well aware that, for our jeweller clients, the contents of the deposit boxes stolen at Hatton Garden held inventory that represented their livelihoods.

Contents

Beazley plc is the parent company of our specialist insurance business with operations in Europe, the US, Latin America, Asia, the Middle East and Australia. Beazley is a proud participant in the Lloyd's market, one of the largest and oldest insurance markets in the world. Through the Lloyd's broker network and the market's trading licences, we are able to access a wide range of insurance and reinsurance business from around the world. Many of the lines of business we underwrite, such as marine and energy, political risks and contingency, were pioneered at Lloyd's.

Beazley manages six Lloyd's syndicates: syndicates 2623 and 623 underwrite a broad range of insurance and reinsurance business worldwide; syndicate 3623 focuses on personal accident and sport business along with providing reinsurance to Beazley Insurance Company, Inc. in the US; 3622 is a dedicated life syndicate; 6107, a special purpose syndicate, writes reinsurance business; and 6050, another special purpose syndicate, which reinsures syndicates 623 and 2623.

We also underwrite business directly in the US admitted market through Beazley Insurance Company, Inc., an admitted carrier licensed to write in all 50 states.

In 2009 we incorporated an Irish reinsurer, Beazley Re Limited, which reinsures a proportion of the group's business.

Further information about us is available at:
www.beazley.com

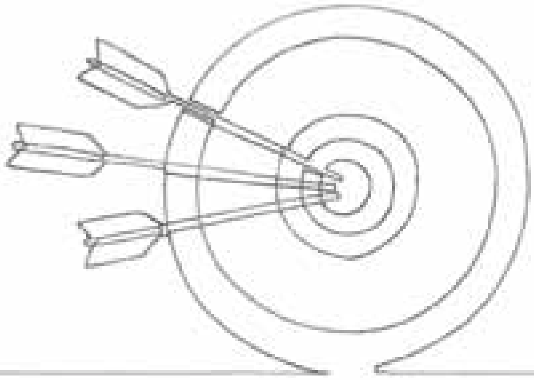
Highlights and key performance indicators

A strong underwriting performance with profit before tax rising 16% over the same period in 2014.

Highlights

	6 months 2015	6 months 2014	Full year 2014
Gross premiums written ($m)	1,099.7	1,077.7	2,021.8
Net premiums written ($m)	879.2	889.2	1,732.7
Net earned premiums ($m)	857.7	804.5	1,658.9
Profit before income tax ($m)	154.5	132.9	261.9
Claims ratio	49%	51%	49%
Expense ratio	37%	39%	40%
Combined ratio	86%	90%	89%
Basic earnings per share (cents)	26.1	22.6	43.1
Net assets per share (cents)	263.4	249.7	265.7
Net tangible assets per share (cents)	245.8	231.5	247.0
Basic earnings per share (pence)	17.2	13.5	26.1
Net assets per share (pence)	167.8	146.0	170.3
Net tangible assets per share (pence)	156.6	135.4	158.3
Proposed dividend per share (pence)	3.3	3.1	21.1
Return on equity (annualised)	20%	17%	17%
Premium renewal rate change	(2%)	(1%)	(2%)
Annualised investment return	2.0%	2.1%	1.9%

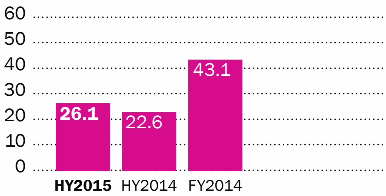
Highlights and key performance indicators *continued*



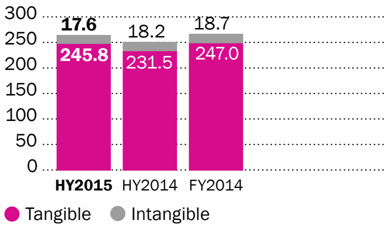
KPIs

Financial highlights

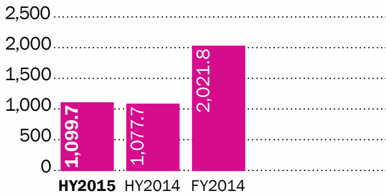
Earnings per share (c)



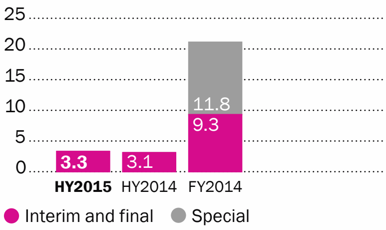
Net assets per share (c)



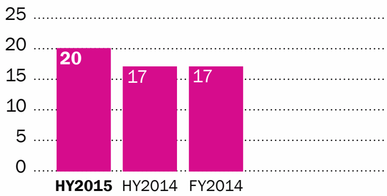
Gross premiums written ($m)



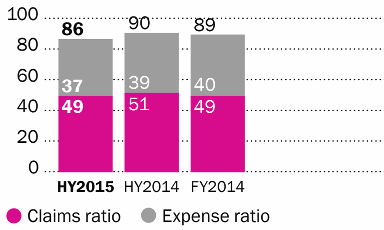
Dividends per share (p)



Return on equity (%)



Combined ratio (%)



Interim results statement

The breadth and balance of Beazley's underwriting portfolio helped us to deliver a strong performance in the first half of 2015.

Andrew Horton
Chief executive

Beazley delivered a strong performance in the first half of 2015, reporting a profit before tax of $154.5m, up 16% on the same period in 2014 despite increased competition in many lines of business. Gross premiums written rose by 2% to $1,099.7m (2014: $1,077.7m).

This result reflects the breadth and balance of Beazley's underwriting portfolio as well as a steady investment return. The engine of our growth in the first half was our locally underwritten US businesses, where managed premiums rose to $296.9m (2014: $238.2m). These tend to be smaller risks than those underwritten in London, but in largely the same lines of business. We have found competitive conditions to be more favourable for smaller risks and the growth rate for our locally underwritten US business has accelerated in the first six months of 2015 to 25%, having grown 14% in the first half of 2014 relative to the first half of 2013.

Also contributing to our US growth was our life, accident and health division, which in the US underwrites a range of 'gap protection' products to supplement the core health benefits packages offered by employers. After a long period in which uncertainty about the effects of the Affordable Care Act slowed growth in this business, our underwriters are now gaining traction and we underwrote $13.8m in the first half of 2015 (2014: $1.2m).

Our business underwritten at Lloyd's continues to generate approximately 68% of our total gross premiums written. Here the market has been highly competitive for some time and rates continue to fall for catastrophe exposed lines such as large scale commercial property, energy and reinsurance. However, we have been adjusting the size of this book downwards as competition continues to grow, fuelled both by new capacity and by a low incidence of major losses.

This dynamic management of our portfolio is characteristic of the approach we adopt across our business lines. Specialty lines, our largest division, accordingly grew by 15% to $441.9m (2014: $385.3m) supported by rates that rose by 2%. In reinsurance and in marine we continue to experience rating pressure, which contributed to reductions in premiums written in both divisions.

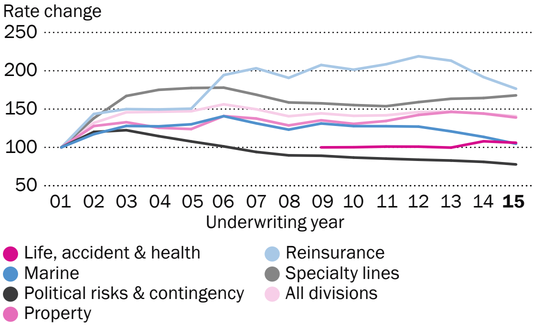
Claims continued to be fairly benign, with the normal caveat that the north Atlantic hurricane season only began in June – one important reason why full year results may differ markedly from half year results. In addition to the current year benign claims environment, prior year claims have developed favourably in the first six months of 2015 and we were able to release $74.5m (30 June 2014: $72.9m) from prior year reserves.

After 23 years at Beazley, Jonathan Gray retired in June 2015. Jonathan established our property division in 1992, writing premiums in 1993, the division's first full year, of approximately $30.0m. By last year, that figure had grown to $344.7m, protecting clients ranging from Fortune 1000 companies to homeowners.

Our open market property team, which focuses on large scale complex risks, will henceforth be led by Simon Jackson, who joined us – along with another senior colleague, John Brown – at the beginning of the year.

Interim results statement *continued*

Cumulative renewal rate changes since 2001 (%)



Elsewhere we have also continued to invest in the talented underwriters and claims professionals that are critical to Beazley's future success. In March we recruited Ron Beauregard to head our excess and surplus lines (E&S) property team in the US. We see growth opportunities in this segment of the market, focusing on commercial property risks that require skilled underwriting but are slightly smaller in scale than those we underwrite in London.

Whenever possible, we like to make internal appointments and promotions – a major benefit of the company's growth in recent years has been that it has broadened the career opportunities available to our most talented people. In January we promoted Gavin Hayes, a senior underwriter on our healthcare team, to lead our strategic initiative to develop profitable business in Asia, working closely with Byran Lee in our Singapore office. Gavin is now based in Singapore, which continues to develop as an insurance hub for the region.

In May, we were delighted to enter into an agreement with Korean Re, South Korea's largest reinsurer and one of the largest reinsurance companies in the world, to develop business together and to establish a special purpose syndicate at Lloyd's, syndicate 6050. Under the agreement, syndicate 6050 will write a whole account quota share of Beazley syndicates 623 and 2623 and Beazley will take a quota share of Korean Re's commercial lines book. This equates to a reinsurance swap of approximately $20m a year in gross premium between Beazley and Korean Re.

In strategic terms we see the agreement with Korean Re as valuable because it will allow Beazley and Korean Re to work together and identify opportunities to grow profitability. To support this, the two companies are implementing a programme of employee secondments to build experience in their respective products and markets.

In our 2014 annual report, we stated that the board was considering re-domiciling the company to the United Kingdom, a move which would have no material impact to the operating activities or the financial position of the group. The company continues to explore its options in relation to any potential re-domiciliation to the United Kingdom and will provide further updates in due course.

Investment performance

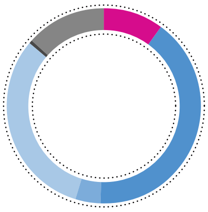
Our investments returned $43.5m, or 1.0% in the first half of 2015 (30 June 2014: $46.8m, 1.1%). Investment dispositions have not changed materially during 2015; we have moderately shortened the duration of our fixed income assets, in anticipation of an increase in yields. We have also made progress in moving a proportion of our capital growth investments from hedge funds to selected illiquid credit opportunities.

The breakdown of our investment portfolio at 30 June 2015 was:

	30 June 2015 $m	30 June 2015 %	30 June 2014 $m	30 June 2014 %
Cash and cash equivalents	439.3	10.1	372.6	8.5
Sovereign, quasi-sovereign and supranational	1,768.0	40.6	1,913.4	43.7
Asset backed securities	179.5	4.1	435.8	10.0
Corporate debt				
– Investment grade credit	1,196.6	27.5	1,055.7	24.0
– Non-investment grade credit	194.6	4.5	73.0	1.7
Derivative financial instruments	2.4	0.1	4.3	0.1
Core portfolio	**3,780.4**	**86.9**	**3,854.8**	**88.0**
Equity linked funds	138.0	3.2	152.3	3.5
Hedge funds (uncorrelated strategies)	355.0	8.1	374.5	8.5
Illiquid credit assets	78.5	1.8	–	–
Capital growth assets	571.5	13.1	526.8	12.0
Total	**4,351.9**	**100.0**	**4,381.6**	**100.0**

At 30 June 2015 the average duration of our fixed income portfolios was 1.4 years (31 December 2014: 1.8 years) and the average credit rating of these exposures was AA-.

Investments – portfolio split



Cash and cash equivalents	10.1%
Sovereign, quasi-sovereign and supranational	40.6%
Asset backed securities	4.1%
Corporate debt	32.0%
Derivative financial instrument	0.1%
Capital growth assets	13.1%

Investment return by major asset class

Analysis of returns on major asset classes are set out below:

	30 June 2015 $m	30 June 2015 annualised return %	30 June 2014 $m	30 June 2014 annualised return %
Core portfolio	21.5	1.1	33.4	1.7
Capital growth assets	22.0	7.7	13.4	5.1
Overall return	**43.5**	**2.0**	**46.8**	**2.1**

Capital position

We continue to manage our capital actively, as demonstrated through the payment of the special dividend announced in the 2014 results, whilst retaining the flexibility to capitalise on attractive investment opportunities.

Beazley maintains a robust capital position at the half year. The board will review the balance sheet capital position and consider whether any capital action is appropriate at the end of the year when the 2016 capital requirements and the 2015 full year result are certain.

The following table sets out the group's sources of funds:

	30 June 2015 $m	30 June 2014 $m
Shareholders' funds	1,347.0	1,262.0
Tier 2 subordinated debt (2026)	122.4	135.1
Retail bond (2019)	116.7	126.7
Long term subordinated debt (2034)	18.0	18.0
	1,604.1	**1,541.8**

Our funding comes from a mixture of our own equity (on a Solvency II basis) alongside $122.4m of tier 2 subordinated debt, $18.0m subordinated long term debt and a $116.7m retail bond. We also have an undrawn banking facility of $225.0m.

The following table sets out the group's capital requirement:

	30 June 2015 $m	30 June 2014 $m
Lloyd's economic capital requirement (ECR)	1,370.3	1,319.1
Capital for US insurance company	107.7	107.7
Total	**1,478.0**	**1,426.8**

At 30 June 2015, we have surplus capital of 31% of ECR, including expected Solvency II adjustments.

Dividend

The board has declared a first interim dividend of 3.3 pence (2014: 3.1 pence), in line with our strategy of delivering 5-10% dividend growth. This will be paid on 4 September 2015 to shareholders on the register at 5.00pm on 7 August 2015.

Outlook

Since 2012, which was in many respects a vintage year for our industry, we have seen – and have consistently anticipated – growing competition and falling premium rates in many lines of business. Through careful management of our underwriting portfolio, and aided by a favourable large loss experience, we have nonetheless succeeded in delivering strong profits in this ever more challenging environment.

Our future success will continue to rely upon our ability to reduce our exposure swiftly to lines of business and geographies that do not meet our profitability requirements in favour of others that do. Our continued investments in talent and service capabilities are designed to support this flexibility.

Andrew Horton
Chief executive

23 July 2015

29 years of profitable growth

Beazley's vision is to become, and be recognised as, the highest performing specialist insurer.

2005

$1,485.1m
Managed gross premiums

$1,015.6m
Group share

Beazley MGA started in the US

Beazley acquires Omaha P&C and renames it Beazley Insurance Company, Inc. (BICI)

US hurricanes Katrina, Rita and Wilma $101bn

2006

$1,762.0m
Managed gross premiums

$1,371.0m
Group share

Beazley in Hong Kong takes full ownership of APUA and renames it Beazley Limited

Expansion of construction & engineering team into Singapore

Beazley opens new office in Paris

Lloyd's active members: 2,211

Capacity: £14.8bn

Syndicates: 65

2007

$1,919.6m
Managed gross premiums

$1,561.0m
Group share

2008

$1,984.9m
Managed gross premiums

$1,620.0m
Group share

Beazley opens new office in Munich

Political risks & contingency group formed as new division

Acquisition of Momentum Underwriting Management

Accident & life formed as a new division

US hurricane Ike $20bn

2009

$2,121.7m
Managed gross premiums

$1,751.3m
Group share

Raised £150m through rights issue to develop our business at Lloyd's and in the US

Acquisition of First State Management Group, Inc., a US underwriting manager focusing on surplus lines commercial property business

Beazley plc becomes the new holding company for the group, incorporated in Jersey and tax-resident in Ireland

1986 ► 1991

Trading began 1986

$13.4m
Managed gross premiums

$42.5m
Managed gross premiums

Began trading at the 'old' 1958 Lloyd's building in 1986 with a capacity of £8.3m

Beazley, Furlonge & Hiscox established and takes over managing syndicate 623

Specialty lines and treaty accounts started

UK windstorms $3.5bn

European storms $10bn

1992 ► 1997

$58.8m
Managed gross premiums

$128.4m
Managed gross premiums

Management buyout of Hiscox share

Commercial property account started

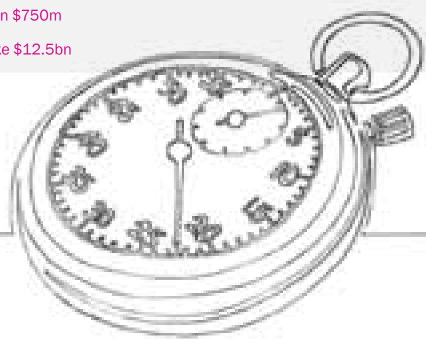
Corporate capital introduced at Lloyd's followed by Lloyd's Reconstruction and Renewal

APUA, based in Hong Kong, forms a strategic partnership with Beazley Furlonge

US hurricane Andrew $17bn

UK Bishopsgate explosion $750m

US Northridge earthquake $12.5bn



Beazley began life in 1986. Since then, we have grown steadily in terms of the risks we cover, the clients we serve and our geographic reach, and today Beazley is a mature insurance business with a well-diversified portfolio. We have weathered some of the toughest times the Lloyd's market has seen in more than three centuries and our underwriting operations have a consistent record of profitability.

2010

$2,108.5m
Managed gross premiums

$1,741.6m
Group share

Andrew Beazley, co-founder of Beazley Group and chief executive until September 2008, dies at the age of 57

Beazley changes functional and presentational currency to US dollar

Beazley opens new office in Oslo

Special purpose syndicate 6107 formed to grow reinsurance business

Chile and NZ earthquakes $14bn

Deepwater Horizon explosion triggers biggest oil spill in history

2011

$2,079.2m
Managed gross premiums

$1,712.5m
Group share

Expansion of Australian accident & health business through acquisition of two MGAs

Launch of the Andrew Beazley Broker Academy

Nick Furlonge, co-founder, retires as an executive member but becomes a non-executive of Beazley Furlonge Limited

Beazley remains profitable in worst year ever for insured natural catastrophe losses

Tohoku earthquake in Japan $37bn

Floods in Thailand $16bn

US tornadoes $15bn

NZ earthquake $16bn

2012

$2,278.0m
Managed gross premiums

$1,895.9m
Group share

Expansion into aviation and kidnap & ransom markets

Reinsurance division broadens access to South East Asia, China and South Korea business with local presence in Singapore

Political risks & contingency expands into French market

Superstorm Sandy $25-30bn

2013

$2,373.0m
Managed gross premiums

$1,970.2m
Group share

Construction Consortium launched at Lloyd's

Miami office opened to access Latin American reinsurance business

Beazley Flight – comprehensive emergency evacuation cover – launched

Beazley data breach cover extended in Europe. 1,000th breach managed

Local representation added in Rio to develop Latin American insurance business

2014

$2,424.7m
Managed gross premiums

$2,021.8m
Group share

Construction Consortium extended to Lloyd's Asia

Middle East office opened to access local political risk and violence, terrorism, trade credit and contingency business

Space and satellite insurance account started

D&O Consortium launched at Lloyd's

Locally underwritten US business grows 19% to $537m

Versatile specialists since 1986

1998 → 2000

$168.8m
Managed gross premiums

$256.1m
Managed gross premiums

Recall, contingency and political risks accounts started

Marine account started

European storms $12bn

2001 → Flotation 2002 → 2004

$431.6m
Managed gross premiums

$1,374.9m
Managed gross premiums

Management buyout of minority shareholders

EPL and UK PI accounts started

Flotation raised £150m to set up Beazley Group plc

D&O healthcare, energy, cargo and specie accounts started

Established local representation in the US

US 9/11 terrorist attack $20.3bn

SARS outbreak in Asia $3.5bn

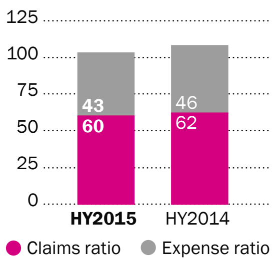
Performance by division

Supported by a relatively benign claims environment, our well balanced portfolio generated a combined ratio of 86% in the first half of the year.

Life, accident & health

Christian Tolle
Head of life, accident & health

Combined ratio (%)

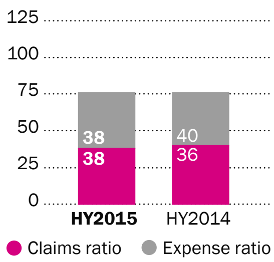


	HY 2015 $m	HY 2014 $m
Gross premiums written	79.7	81.5
Net premiums written	67.1	62.9
Results from operating activities	(1.0)	(1.9)
Claims ratio	60%	62%
Expense ratio	43%	46%
Combined ratio	103%	108%
Rate change	(2%)	12%

Marine

Clive Washbourn
Head of marine

Combined ratio (%)

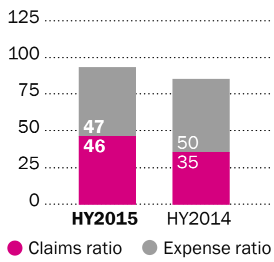


	HY 2015 $m	HY 2014 $m
Gross premiums written	162.1	196.7
Net premiums written	131.4	163.1
Results from operating activities	39.8	41.3
Claims ratio	38%	36%
Expense ratio	38%	40%
Combined ratio	76%	76%
Rate change	(8%)	(5%)

Political risks & contingency

Adrian Lewers
Head of political risks & contingency

Combined ratio (%)



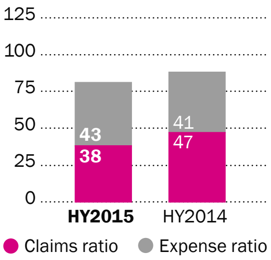
	HY 2015 $m	HY 2014 $m
Gross premiums written	67.9	60.4
Net premiums written	55.4	47.7
Results from operating activities	5.8	9.4
Claims ratio	46%	35%
Expense ratio	47%	50%
Combined ratio	93%	85%
Rate change	(4%)	(3%)

Neil Maidment
Chief underwriting officer

Property

Mark Bernacki
Head of property

Combined ratio (%)

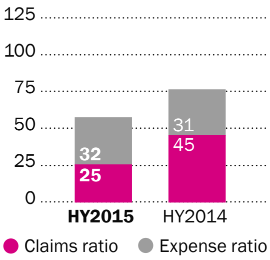


	HY 2015 $m	HY 2014 $m
Gross premiums written	188.6	190.7
Net premiums written	151.2	151.8
Results from operating activities	33.8	26.7
Claims ratio	38%	47%
Expense ratio	43%	41%
Combined ratio	81%	88%
Rate change	(4%)	–

Reinsurance

Patrick Hartigan
Head of reinsurance

Combined ratio (%)

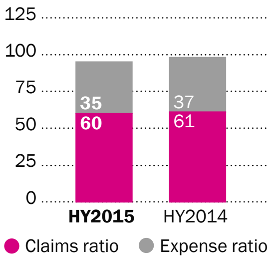


	HY 2015 $m	HY 2014 $m
Gross premiums written	159.5	163.1
Net premiums written	109.3	124.8
Results from operating activities	35.1	26.6
Claims ratio	25%	45%
Expense ratio	32%	31%
Combined ratio	57%	76%
Rate change	(8%)	(10%)

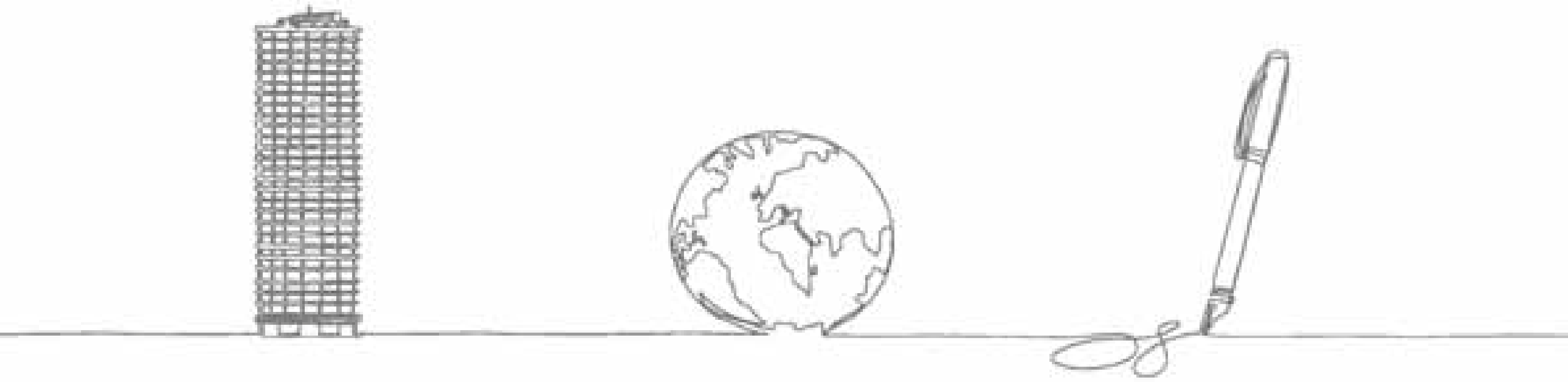
Specialty lines

Adrian Cox
Head of specialty lines

Combined ratio (%)



	HY 2015 $m	HY 2014 $m
Gross premiums written	441.9	385.3
Net premiums written	364.8	338.9
Results from operating activities	48.5	39.0
Claims ratio	60%	61%
Expense ratio	35%	37%
Combined ratio	95%	98%
Rate change	2%	1%



Condensed consolidated statement of profit or loss

for the six months ended 30 June 2015

	Note	Unaudited 6 months ended 30 June 2015 $m	Unaudited 6 months ended 30 June 2014 $m	Audited Year to 31 December 2014 $m
Gross premiums written	2	1,099.7	1,077.7	2,021.8
Written premiums ceded to reinsurers		(220.5)	(188.5)	(289.1)
Net premiums written	2	**879.2**	**889.2**	**1,732.7**
Change in gross provision for unearned premiums		(91.0)	(130.1)	(67.9)
Reinsurer's share of change in the provision for unearned premiums		69.5	45.4	(5.9)
Change in net provision for unearned premiums		**(21.5)**	**(84.7)**	**(73.8)**
Net earned premiums	2	**857.7**	**804.5**	**1,658.9**
Net investment income	3	43.5	46.8	83.0
Other income	4	14.2	10.6	26.6
		57.7	57.4	109.6
Revenue	2	**915.4**	**861.9**	**1,768.5**
Insurance claims		465.5	453.0	899.5
Insurance claims recovered from reinsurers		(47.8)	(41.8)	(81.6)
Net insurance claims	2,11	**417.7**	**411.2**	**817.9**
Expenses for the acquisition of insurance contracts		222.7	221.3	441.2
Administrative expenses		101.1	92.7	217.7
Foreign exchange loss/(gain)	2	11.7	(4.5)	12.3
Operating expenses		**335.5**	**309.5**	**671.2**
Expenses	2	**753.2**	**720.7**	**1,489.1**
Share of loss in associate	2	(0.2)	(0.1)	(1.1)
Results of operating activities		**162.0**	**141.1**	**278.3**
Finance costs	5	(7.5)	(8.2)	(16.4)
Profit before income tax		**154.5**	**132.9**	**261.9**
Income tax expense	8	(21.5)	(18.8)	(44.1)
Profit after income tax – all attributable to equity shareholders		**133.0**	**114.1**	**217.8**
Earnings per share (cents per share):				
Basic	6	26.1	22.6	43.1
Diluted	6	25.2	21.9	41.8
Earnings per share (pence per share):				
Basic	6	17.2	13.5	26.1
Diluted	6	16.6	13.1	25.3

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2015

	Unaudited 6 months to 30 June 2015 $m	Unaudited 6 months to 30 June 2014 $m	Audited Year to 31 December 2014 $m
Profit after income tax	133.0	114.1	217.8
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Loss on remeasurement of retirement benefit obligations	–	–	(1.6)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(0.4)	1.2	(2.6)
Total other comprehensive income	(0.4)	1.2	(4.2)
Total comprehensive income recognised	**132.6**	**115.3**	**213.6**

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2015

	Share capital $m	Share premium $m	Foreign currency translation reserve $m	Other reserves $m	Retained earnings $m	Total $m
Balance as at 1 January 2014	**41.6**	**12.0**	**(83.1)**	**(37.8)**	**1,406.0**	**1,338.7**
Total comprehensive income recognised	–	–	1.2	–	114.1	115.3
Dividends paid	–	–	–	–	(186.6)	(186.6)
Equity settled share-based payments	–	–	–	4.3	–	4.3
Acquisition of own shares held in trust	–	–	–	(9.7)	–	(9.7)
Transfer of shares to employees	–	–	–	1.9	(1.9)	–
Balance as at 30 June 2014	**41.6**	**12.0**	**(81.9)**	**(41.3)**	**1,331.6**	**1,262.0**
Total comprehensive income recognised	–	–	(3.8)	–	102.1	98.3
Dividends paid	–	–	–	–	(26.0)	(26.0)
Equity settled share-based payments	–	–	–	11.0	0.6	11.6
Acquisition of own shares held in trust	–	–	–	(2.8)	–	(2.8)
Transfer of shares to employees	–	–	–	1.0	(1.4)	(0.4)
Balance as at 31 December 2014	**41.6**	**12.0**	**(85.7)**	**(32.1)**	**1,406.9**	**1,342.7**
Total comprehensive income recognised	–	–	(0.4)	–	133.0	132.6
Dividends paid	–	–	–	–	(137.9)	(137.9)
Equity settled share-based payments	–	–	–	9.7	–	9.7
Acquisition of own shares held in trust	–	–	–	–	–	–
Transfer of shares to employees	–	–	–	7.1	(7.2)	(0.1)
Balance as at 30 June 2015	**41.6**	**12.0**	**(86.1)**	**(15.3)**	**1,394.8**	**1,347.0**

Condensed consolidated statement of financial position

as at 30 June 2015

	Note	Unaudited 30 June 2015 $m	Unaudited 30 June 2014 $m	Audited 31 December 2014 $m
Assets				
Intangible assets		90.2	92.1	94.6
Plant and equipment		4.7	4.9	3.9
Deferred tax asset		8.6	8.3	9.0
Investments in associates		10.2	9.9	10.5
Deferred acquisition costs		241.6	226.4	222.7
Reinsurance assets		1,098.0	1,205.8	1,053.2
Financial assets at fair value	9	3,912.6	4,009.0	4,077.4
Insurance receivables		685.8	686.5	587.0
Current income tax assets		0.8	–	–
Other receivables		33.5	33.8	20.2
Cash and cash equivalents	10	439.3	372.6	364.2
Total assets		**6,525.3**	**6,649.3**	**6,442.7**
Equity				
Share capital		41.6	41.6	41.6
Share premium		12.0	12.0	12.0
Foreign currency translation reserve		(86.1)	(81.9)	(85.7)
Other reserves		(15.3)	(41.3)	(32.1)
Retained earnings		1,394.8	1,331.6	1,406.9
Total equity		**1,347.0**	**1,262.0**	**1,342.7**
Liabilities				
Insurance liabilities		4,604.1	4,776.0	4,547.4
Financial liabilities	9	259.3	279.8	256.8
Retirement benefit liability		1.1	0.7	2.6
Deferred tax liabilities		1.9	2.3	8.5
Current income tax liabilities		–	70.6	29.2
Other payables		311.9	257.9	255.5
Total liabilities		**5,178.3**	**5,387.3**	**5,100.0**
Total equity and liabilities		**6,525.3**	**6,649.3**	**6,442.7**

D A Horton
Chief executive

M L Bride
Finance director

23 July 2015

Condensed consolidated statement of cash flows

for the six months ended 30 June 2015

	Unaudited 6 months ended 30 June 2015 $m	Unaudited 6 months ended 30 June 2014 $m	Audited Year to 31 December 2014 $m
Cash flow from operating activities			
Profit before income tax	**154.5**	**132.9**	**261.9**
Adjustments for:			
Amortisation of intangibles	2.5	2.2	4.6
Equity settled share based compensation	9.7	4.3	15.3
Net fair value gain on financial investments	(15.4)	(20.1)	(25.6)
Share of loss on associate	0.2	0.1	1.1
Depreciation of plant and equipment	1.1	1.2	2.4
Impairment of reinsurance assets recognised/(written back)	0.3	1.1	(0.4)
Increase/(decrease) in insurance and other liabilities	112.5	151.1	(103.3)
(Increase)/decrease in insurance, reinsurance and other receivables	(157.2)	(89.6)	177.6
Increase in deferred acquisition costs	(18.9)	(20.4)	(16.7)
Financial income	(33.5)	(32.2)	(67.7)
Finance expense	7.5	8.2	16.4
Income tax paid	(57.7)	(29.0)	(89.7)
Net cash from operating activities	**5.6**	**109.8**	**175.9**
Cash flow from investing activities			
Purchase of plant and equipment	(1.9)	(0.1)	(0.4)
Expenditure on software development	(1.3)	(2.3)	(5.3)
Purchase of investments	(1,350.7)	(1,494.2)	(2,832.7)
Proceeds from sale of investments	1,530.9	1,548.9	2,824.5
Investment in associate	–	(1.6)	(3.2)
Interest and dividends received	33.5	32.2	67.7
Net cash from investing activities	**210.5**	**82.9**	**50.6**
Cash flow from financing activities			
Acquisition of own shares in trust	–	(9.7)	(12.5)
Interest paid	(5.9)	(7.2)	(14.8)
Dividends paid	(137.9)	(186.6)	(212.6)
Net cash used in financing activities	**(143.8)**	**(203.5)**	**(239.9)**
Net increase/(decrease) in cash and cash equivalents	72.3	(10.8)	(13.4)
Cash and cash equivalents at beginning of period	364.2	382.7	382.7
Effect of exchange rate changes on cash and cash equivalents	2.8	0.7	(5.1)
Cash and cash equivalents at end of period	**439.3**	**372.6**	**364.2**

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2015

1 Statement of accounting policies

Beazley plc is a group incorporated in Jersey and domiciled in Ireland. The condensed consolidated interim financial statements of the group for the six months ended 30 June 2015 comprise the parent company and its subsidiaries and the group's interest in associates.

The condensed consolidated interim financial statements have been prepared and approved by the directors in accordance with IAS 34 Interim Financial Reporting as adopted by the EU ('Adopted IFRS'). The condensed consolidated interim financial statements of Beazley plc have been prepared on a going concern basis. The directors of the company have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future.

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at, and for, the year ended 31 December 2014. As required by IFRS 13 (fair value measurement) information relating to the fair value measurement of financial assets and liabilities is outlined in note 9 to the condensed consolidated interim financial statements.

The accounting policies applied in the condensed consolidated interim financial statements are the same as those applied in the group's consolidated financial statements for the year ended 31 December 2014. In addition to changes disclosed in our annual report for the year ended 31 December 2014, the following list of standards or amendments were made effective (as part of the annual improvements to IFRS 2011-2013 cycle) in the EU:
- IFRS 1 – First-time adoption of IFRS;
- IFRS 3 – Business combinations;
- IFRS 13 – Fair value measurement; and
- IAS 40 – Investment property.

There have been no amendments to the group's accounting policies as a result of the new standards listed above or interpretations that have become effective during 2015.

The financial information included in this document does not comprise statutory financial statements within the meaning of Companies (Jersey) Law 1991. The comparative figures for the financial year ended 31 December 2014 are those for the group and are not the company's statutory financial statements for that financial year. Those financial statements have been reported on by the company's auditors and delivered to the Jersey Financial Services Commission. The report of the auditors was unqualified.

2 Segmental analysis

Segment information is presented in respect of reportable segments. This is based on the group's management and internal reporting structures and represents the level at which financial information is reported to the board, being the chief operating decision maker as defined in IFRS 8.

Finance costs and taxation have not been allocated to operating segments as these items are determined by group level factors and do not relate to operating performance.

	30 June 2015						
	Life, accident & health $m	Marine $m	Political risks & contingency $m	Property $m	Reinsurance $m	Specialty lines $m	Total $m
Gross premiums written	79.7	162.1	67.9	188.6	159.5	441.9	1,099.7
Net premiums written	67.1	131.4	55.4	151.2	109.3	364.8	879.2
Net earned premiums	56.3	144.2	50.7	147.0	70.4	389.1	857.7
Net investment income	0.7	4.7	1.9	5.1	3.6	27.5	43.5
Other income	0.6	1.8	1.0	2.5	3.1	5.2	14.2
Revenue	**57.6**	**150.7**	**53.6**	**154.6**	**77.1**	**421.8**	**915.4**
Net insurance claims	33.8	54.7	23.4	55.0	17.9	232.9	417.7
Expenses for the acquisition of insurance contracts	17.3	38.2	14.4	43.6	16.1	93.1	222.7
Administrative expenses	6.7	16.3	9.2	20.2	6.2	42.5	101.1
Foreign exchange loss	0.8	1.7	0.7	2.0	1.8	4.7	11.7
Expenses	**58.6**	**110.9**	**47.7**	**120.8**	**42.0**	**373.2**	**753.2**
Share of loss in associate	–	–	(0.1)	–	–	(0.1)	(0.2)
Segment result	**(1.0)**	**39.8**	**5.8**	**33.8**	**35.1**	**48.5**	**162.0**
Finance costs							(7.5)
Profit before income tax							**154.5**
Income tax expense							(21.5)
Profit after income tax							**133.0**
Claims ratio	60%	38%	46%	38%	25%	60%	49%
Expense ratio	43%	38%	47%	43%	32%	35%	37%
Combined ratio	103%	76%	93%	81%	57%	95%	86%
Segment assets and liabilities							
Segment assets	217.5	1,072.3	776.0	1,010.9	381.4	3,067.2	6,525.3
Segment liabilities	(194.3)	(699.1)	(646.8)	(810.1)	(226.0)	(2,602.0)	(5,178.3)
Net assets	**23.2**	**373.2**	**129.2**	**200.8**	**155.4**	**465.2**	**1,347.0**

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

2 Segmental analysis *continued*

30 June 2014	Life, accident & health $m	Marine $m	Political risks & contingency $m	Property $m	Reinsurance $m	Specialty lines $m	Total $m
Gross premiums written	81.5	196.7	60.4	190.7	163.1	385.3	1,077.7
Net premiums written	62.9	163.1	47.7	151.8	124.8	338.9	889.2
Net earned premiums	42.9	143.9	42.8	145.9	80.1	348.9	804.5
Net investment income	0.8	5.1	2.2	5.8	4.7	28.2	46.8
Other income	–	1.3	0.5	2.5	1.5	4.8	10.6
Revenue	**43.7**	**150.3**	**45.5**	**154.2**	**86.3**	**381.9**	**861.9**
Net insurance claims	26.5	52.2	15.0	68.8	36.2	212.5	411.2
Expenses for the acquisition of insurance contracts	13.6	42.1	13.4	42.9	17.7	91.6	221.3
Administrative expenses	6.1	15.3	8.1	16.8	6.9	39.5	92.7
Foreign exchange gain	(0.6)	(0.6)	(0.3)	(1.0)	(1.1)	(0.9)	(4.5)
Expenses	**45.6**	**109.0**	**36.2**	**127.5**	**59.7**	**342.7**	**720.7**
Share of profit/(loss) in associate	–	–	0.1	–	–	(0.2)	(0.1)
Segment result	**(1.9)**	**41.3**	**9.4**	**26.7**	**26.6**	**39.0**	**141.1**
Finance costs							(8.2)
Profit before income tax							**132.9**
Income tax expense							(18.8)
Profit after income tax							**114.1**
Claims ratio	62%	36%	35%	47%	45%	61%	51%
Expense ratio	46%	40%	50%	41%	31%	37%	39%
Combined ratio	108%	76%	85%	88%	76%	98%	90%
Segment assets and liabilities							
Segment assets	224.3	1,110.2	795.4	1,025.1	384.5	3,109.8	6,649.3
Segment liabilities	(195.5)	(740.5)	(639.8)	(862.1)	(270.1)	(2,679.3)	(5,387.3)
Net assets	**28.8**	**369.7**	**155.6**	**163.0**	**114.4**	**430.5**	**1,262.0**

2 Segmental analysis *continued*

	31 December 2014						
	Life, accident & health $m	Marine $m	Political risks & contingency $m	Property $m	Reinsurance $m	Specialty lines $m	Total $m
Gross premiums written	132.2	325.2	123.2	344.7	200.8	895.7	2,021.8
Net premiums written	113.7	289.9	101.2	297.6	153.8	776.5	1,732.7
Net earned premiums	103.0	282.6	96.9	287.9	160.1	728.4	1,658.9
Net investment income	1.0	8.9	3.8	10.2	7.8	51.3	83.0
Other income	1.0	3.4	1.8	6.6	3.8	10.0	26.6
Revenue	**105.0**	**294.9**	**102.5**	**304.7**	**171.7**	**789.7**	**1,768.5**
Net insurance claims	62.2	106.6	25.7	121.3	60.0	442.1	817.9
Expenses for the acquisition of insurance contracts	33.9	78.3	29.2	87.1	35.6	177.1	441.2
Administrative expenses	13.9	36.8	20.4	39.9	14.9	91.8	217.7
Foreign exchange loss	0.8	2.1	0.7	2.1	1.2	5.4	12.3
Expenses	**110.8**	**223.8**	**76.0**	**250.4**	**111.7**	**716.4**	**1,489.1**
Share of loss in associate	–	–	(0.3)	–	–	(0.8)	(1.1)
Segment result	**(5.8)**	**71.1**	**26.2**	**54.3**	**60.0**	**72.5**	**278.3**
Finance costs							(16.4)
Profit before income tax							**261.9**
Income tax expense							(44.1)
Profit after income tax							**217.8**
Claims ratio	60%	38%	27%	42%	37%	61%	49%
Expense ratio	47%	40%	51%	44%	32%	37%	40%
Combined ratio	107%	78%	78%	86%	69%	98%	89%
Segment assets and liabilities							
Segment assets	216.8	1,048.9	767.9	999.1	372.1	3,037.9	6,442.7
Segment liabilities	(188.8)	(673.7)	(629.6)	(808.2)	(233.2)	(2,566.5)	(5,100.0)
Net assets	**28.0**	**375.2**	**138.3**	**190.9**	**138.9**	**471.4**	**1,342.7**

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

3 Net investment income

	6 months ended 30 June 2015 $m	6 months ended 30 June 2014 $m	Year to 31 December 2014 $m
Interest and dividends on financial investments at fair value through profit or loss	33.2	32.0	67.1
Interest on cash and cash equivalents	0.3	0.2	0.6
Realised losses on financial investments at fair value through profit or loss	(10.3)	(11.5)	(16.3)
Net unrealised fair value gain on financial investments at fair value through profit or loss	25.7	31.6	41.9
Investment income from financial investments	**48.9**	**52.3**	**93.3**
Fair value gain on derivative financial instruments	–	–	–
Investment income	**48.9**	**52.3**	**93.3**
Investment management expenses	(5.4)	(5.5)	(10.3)
	43.5	**46.8**	**83.0**

4 Other income

	6 months ended 30 June 2015 $m	6 months ended 30 June 2014 $m	Year to 31 December 2014 $m
Commission income	8.4	6.5	14.2
Profit commissions	5.0	3.0	9.9
Agency fees	0.8	1.1	2.3
Other income	–	–	0.2
	14.2	**10.6**	**26.6**

5 Finance costs

	6 months ended 30 June 2015 $m	6 months ended 30 June 2014 $m	Year to 31 December 2014 $m
Interest expense	7.5	8.2	16.4
	7.5	**8.2**	**16.4**

6 Earnings per share

	6 months ended 30 June 2015	6 months ended 30 June 2014	Year to 31 December 2014
Basic (cents)	26.1	22.6	43.1
Diluted (cents)	25.2	21.9	41.8
Basic (pence)	17.2	13.5	26.1
Diluted (pence)	16.6	13.1	25.3

Basic

Basic earnings per share are calculated by dividing profit after income tax of $133.0m (30 June 2014: $114.1m; 31 December 2014: $217.8m) by the weighted average number of shares in issue during the six months of 509.0m (30 June 2014: 505.5m; 31 December 2014: 505.4m). The shares held in the Employee Share Options Plan (ESOP) of 12.4m (30 June 2014: 15.8m; 31 December 2014 16.0m) have been excluded from the calculation until such time as they vest unconditionally with the employees.

Diluted

Diluted earnings per share are calculated by dividing profit after income tax of $133.0m (30 June 2014: $114.1m; 31 December 2014: $217.8m) by the adjusted weighted average number of shares of 526.9m (30 June 2014: 521.9m; 31 December 2014: 521.2m). The adjusted weighted average number of shares assumes conversion of dilutive potential ordinary shares, being shares from the SAYE (Save As You Earn), retention and deferred share schemes. The shares held in the ESOP of 12.4m (30 June 2014: 15.8m; 31 December 2014: 16.0m) have been excluded from the calculation until such time as they vest unconditionally with the employees.

7 Dividends

A first interim dividend of 3.3p per ordinary share (2014: 3.1p) is payable in respect of the six months to 30 June 2015. These financial statements do not provide for this dividend as a liability.

A second interim dividend of 6.2p per ordinary share and a special dividend of 11.8p was paid on 27 March 2015 to shareholders registered at 5.00pm on 27 February 2015 in respect of the six months ended 31 December 2014.

The first interim dividend will be payable on 4 September 2015 to shareholders registered at 5.00pm on 7 August 2015 (save to the extent that shareholders on the register of members on 7 August 2015 are to be paid a dividend of 3.3p by a subsidiary of the company (being Beazley DAS Limited) resident for tax purposes in the United Kingdom pursuant to elections made in which case such shareholders shall have a right to be paid the aforementioned dividend but shall have no right to the first interim dividend).

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

8 Income tax expense

	6 months ended 30 June 2015 $m	6 months ended 30 June 2014 $m	Year to 31 December 2014 $m
Current tax expense			
Current year	34.4	82.5	95.6
Prior year adjustments	(7.3)	(1.5)	5.5
	27.1	81.0	101.1
Deferred tax expense			
Origination and reversal of temporary differences	(10.4)	(61.0)	(55.2)
Impact of change in UK tax rates	–	0.1	0.4
Prior year adjustments	4.8	(1.3)	(2.2)
	(5.6)	(62.2)	(57.0)
Income tax expense	**21.5**	**18.8**	**44.1**
Profit before tax	**154.5**	**132.9**	**261.9**
Tax calculated at Irish tax rate (12.5%)	19.3	16.6	32.7
Effects of:			
– Tax rates in foreign jurisdictions	2.9	4.2	4.9
– Non-deductible expenses	1.8	0.7	3.5
– Tax relief on share based payments – current and future years	–	–	(1.4)
– (Over)/under provided in prior years	(2.5)	(2.8)	3.3
– Change in UK tax rates*	–	0.1	0.4
– Foreign exchange on tax	–	–	0.7
Tax charge for the period	**21.5**	**18.8**	**44.1**

* The summer budget 2015 announced that the UK corporation tax rate will decrease from the current rate of 20% to 19% in 2017 and to 18% in 2020. These reductions to 19% and 18%, which were not substantively enacted at the balance sheet date, will reduce the company's future current tax charge and the UK deferred tax liability. The UK deferred tax liability on the balance sheet at 30 June 2015 has been calculated using the current enacted UK corporation tax rate of 20%.

9 Financial assets and liabilities

	30 June 2015 $m	30 June 2014 $m	31 December 2014 $m
Financial assets at fair value			
Sovereign issued	872.4	933.4	820.1
Quasi-sovereign	555.7	564.4	585.7
Supranational	339.9	415.6	439.8
Asset backed security	179.5	435.8	378.6
Corporate debt			
– Investment grade credit	1,196.6	1,055.7	1,111.5
– Non-investment grade credit	194.6	73.0	181.6
Total fixed and floating rate debt securities	**3,338.7**	**3,477.9**	**3,517.3**
Equity linked funds	138.0	152.3	145.9
Hedge funds (uncorrelated strategies)	355.0	374.5	367.0
Illiquid credit assets	78.5	–	45.9
Total capital growth	**571.5**	**526.8**	**558.8**
Total financial investments at fair value through statement of profit or loss	**3,910.2**	**4,004.7**	**4,076.1**
Derivative financial instruments	2.4	4.3	1.3
Total financial assets at fair value	**3,912.6**	**4,009.0**	**4,077.4**

Quasi-sovereign securities include securities which are issued by government agencies or entities supported by government guarantees. Supranational securities are issued by institutions sponsored by more than one sovereign issuer. Asset-backed securities are backed by financial assets, including mortgage, credit card and auto loan receivables. Investment grade credit assets include corporate debt rated BBB-/Baa3 or higher by one or more major rating agency, while the remainder of our corporate debt is rated below investment credit. Equity linked funds are investment vehicles which are predominantly exposed to equity securities. Our illiquid credit assets are described in further detail below. The fair value of these assets at 30 June 2015 excludes an unfunded commitment of $96.0m (30 June 2014: $34.0m).

The amount expected to mature before and after one year are:	30 June 2015 $m	30 June 2014 $m	31 December 2014 $m
Within one year	938.4	1,120.1	807.0
After one year	2,402.7	2,362.1	2,711.6
	3,341.1	**3,482.2**	**3,518.6**

Our capital growth assets have no defined maturity dates and have thus been excluded from the above maturity table. However, 84% (30 June 2014: 93%) of equity linked funds could be liquidated within two weeks and the balance within six months, 85% (30 June 2014: 88%) of hedge fund assets within six months and the remaining 15% (30 June 2014: 12%) of hedge fund assets within 18 months. Illiquid credit assets are not readily realisable and principal will be returned over the life of these assets, which may be up to ten years.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

9 Financial assets and liabilities *continued*

Financial liabilities	30 June 2015 $m	30 June 2014 $m	31 December 2014 $m
Retail bond	116.7	126.7	115.8
Subordinated debt	18.0	18.0	18.0
Tier 2 subordinated debt	122.4	135.1	122.5
Derivative financial instruments	2.2	–	0.5
Total financial liabilities	**259.3**	**279.8**	**256.8**

The amount expected to mature before and after one year are:	30 June 2015 $m	30 June 2014 $m	31 December 2014 $m
Within one year	2.2	–	0.5
After one year	257.1	279.8	256.3
	259.3	**279.8**	**256.8**

Fair value measurement

The table on page 24 summarises financial assets carried at fair value using a valuation hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Valuations based on quoted prices in active markets for identical instruments. An active market is a market in which transactions for the instrument occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Included within level 1 are bonds and treasury bills of government and government agencies which are measured based on quoted prices.

Level 2 – Valuations based on quoted prices in markets that are not active, or based on pricing models for which significant inputs can be corroborated by observable market data (e.g. interest rates, exchange rates). Included within level 2 are government bonds and treasury bills which are not actively traded, corporate bonds, asset backed securities and mortgage-backed securities.

Level 3 – Valuations based on inputs that are unobservable or for which there is limited market activity against which to measure fair value.

The availability of financial data can vary for different financial assets and is affected by a wide variety of factors, including the type of financial instrument, whether it is new and not yet established in the marketplace, and other characteristics specific to each transaction. To the extent that valuation is based on models or inputs that are unobservable in the market, the determination of fair value requires more judgement. Accordingly the degree of judgement exercised by management in determining fair value is greatest for instruments classified in level 3. The group uses prices and inputs that are current as of the measurement date for valuation of these instruments.

If the inputs used to measure the fair value of an asset or a liability could be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Level 2 investments

The group has an established control framework and valuation policy with respect to the measurement of fair values. For the group's level 2 debt securities our fund administrator obtains the prices used in the valuation from independent pricing vendors such as Bloomberg, Standard & Poor's, Reuters, Markit and International Data Corporation. The independent pricing vendors derive an evaluated price from observable market inputs. The market inputs include trade data, two-sided markets, institutional bids, comparable trades, dealer quotes, news media, and other relevant market data. These inputs are verified in their pricing engines and calibrated with the pricing models to calculate spread to benchmarks, as well as other pricing assumptions such as Weighted Average life (WM), Discount Margins (DM), Default rates, and recovery and prepayments assumptions for mortgage securities. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value significantly.

9 Financial assets and liabilities *continued*

Fair value measurement *continued*

The group records the unadjusted price provided and validates the price through various tolerance checks, such as comparison with prices provided by investment custodians and investment managers, to assess the reasonableness and accuracy of the price to be used to value each security. In the rare case that a price fails the tolerance test, it is escalated and discussed internally. We would not normally override a price retrospectively, but we would work with the administrator and pricing vendor to investigate the difference. We also review our valuation policy on a regular basis to ensure it is fit for purpose. As at 30 June 2015, no adjustments have been made to the prices obtained from the independent administrator.

For our hedge funds and equity linked funds, pricing and valuation is undertaken by independent administrators in accordance with the valuation policy of each fund. Regulated equity linked fund prices are published on a daily or weekly basis via Bloomberg and other market data providers such as Reuters. Hedge fund values are communicated by the independent administrators to all investors via monthly investor statements.

Additional information is obtained from fund managers relating to the underlying assets within individual hedge funds and equity linked funds. This shows that 70% (30 June 2014: 69%, 31 December 2014: 59%) of these underlying assets were level 1 and the remainder level 2. This enables us to categorise our hedge fund and equity linked fund investments as level 2.

Prior to any new hedge fund investment, extensive due diligence is undertaken on each fund to ensure that pricing and valuation is undertaken by an independent administrator and that each fund's valuation policy is appropriate for the financial instruments the manager will be employing to execute the investment strategy. Fund liquidity terms are reviewed prior to the execution of any investment to ensure that there is no mismatch between the liquidity of the underlying fund assets and the liquidity terms offered to fund investors.

Level 3 investments

The level 3 categorisation applies only to some of our illiquid credit investments. These are generally participations in limited partnership vehicles which hold diverse, typically illiquid, investments. While these funds provide full transparency of their underlying investments, the investments themselves are in many cases private and unquoted, and are therefore classified as level 3 investments.

Valuation inputs can be subjective and may include a discount rate applied to the investment based on market factors and expectations of future cash flows, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance relative to benchmarks, financial condition, and financing transactions subsequent to the acquisition of the investment.

We take the following steps to ensure accurate valuation of these level 3 assets: A substantial part of the pre-investment due diligence process is dedicated to a comprehensive review of each fund's valuation policy and the internal controls of the manager. In addition to this, confirmation that the investment reaches a minimum set of standards relating to the independence of service providers, corporate governance, and transparency is sought prior to approval. Post investment, unaudited capital statements confirming the fair value of the Limited Partner interests are received and reviewed on a quarterly (or more frequent) basis. Audited financial statements are received on an annual basis, with the valuation of each transaction being confirmed.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

9 Financial assets and liabilities *continued*

The following table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

30 June 2015	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets measured at fair value				
Sovereign issued	870.1	2.3	–	872.4
Quasi-sovereign	258.8	296.9	–	555.7
Supranational	194.8	145.1	–	339.9
Asset backed securities	–	179.5	–	179.5
Corporate debt				
– Investment grade credit	81.8	1,114.8	–	1,196.6
– Non-investment grade credit	–	194.6	–	194.6
Equity linked funds	–	138.0	–	138.0
Hedge funds (uncorrelated strategies)	–	355.0	–	355.0
Illiquid credit assets	–	12.2	66.3	78.5
Derivative financial assets	2.4	–	–	2.4
Total financial assets measured at fair value	**1,407.9**	**2,438.4**	**66.3**	**3,912.6**
Financial liabilities measured at fair value				
Derivative financial liabilities	2.2	–	–	2.2
Financial liabilities not measured at fair value				
Retail bond	–	121.3	–	121.3
Total subordinated debt	–	145.1	–	145.1
Total financial liabilities not measured at fair value	**–**	**266.4**	**–**	**266.4**

30 June 2014	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets measured at fair value				
Sovereign issued	910.0	23.4	–	933.4
Quasi-sovereign	358.4	206.0	–	564.4
Supranational	343.0	72.6	–	415.6
Asset backed securities	–	435.8	–	435.8
Corporate debt				
– Investment grade credit	40.7	1,015.0	–	1,055.7
– Non-investment grade credit	–	73.0	–	73.0
Equity linked funds	–	152.3	–	152.3
Hedge funds (uncorrelated strategies)	–	374.5	–	374.5
Illiquid credit assets	–	–	–	–
Derivative financial assets	4.3	–	–	4.3
Total financial assets measured at fair value	**1,656.4**	**2,352.6**	**–**	**4,009.0**
Financial liabilities measured at fair value				
Derivative financial liabilities	–	–	–	–
Financial liabilities not measured at fair value				
Retail bond	–	132.7	–	132.7
Total subordinated debt	–	157.4	–	157.4
Total financial liabilities not measured at fair value	**–**	**290.1**	**–**	**290.1**

9 Financial assets and liabilities *continued*

31 December 2014	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets measured at fair value				
Sovereign issued	779.7	40.4	–	820.1
Quasi-sovereign	310.3	275.4	–	585.7
Supranational	323.2	116.6	–	439.8
Asset backed securities	–	378.6	–	378.6
Corporate debt				
– Investment grade credit	48.2	1,063.3	–	1,111.5
– Non-investment grade credit	–	181.6	–	181.6
Equity linked funds	–	145.9	–	145.9
Hedge funds (uncorrelated strategies)	–	367.0	–	367.0
Illiquid credit assets	–	7.9	38.0	45.9
Derivative financial assets	1.3	–	–	1.3
Total financial assets measured at fair value	**1,462.7**	**2,576.7**	**38.0**	**4,077.4**
Financial liabilities measured at fair value				
Derivative financial liabilities	0.5	–	–	0.5
Financial liabilities not measured at fair value				
Retail bond	–	124.7	–	124.7
Total subordinated debt	–	145.1	–	145.1
Total financial liabilities not measured at fair value	**–**	**269.8**	**–**	**269.8**

The table above does not include financial assets and liabilities that are, in accordance with the group's accounting policies, recorded at amortised cost, if the carrying amount of these financial assets and liabilities approximates their fair values at the reporting date.

Unconsolidated structured entities

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

As part of its standard investment activities the group holds investments in asset backed securities, equity linked funds, hedge funds and illiquid credit assets (the capital growth assets) which in accordance with IFRS 12 are classified as unconsolidated structured entities. The group does not sponsor any of the unconsolidated structured entities. The assets classified as unconsolidated structured entities are held at fair value on the balance sheet.

At 30 June the investments comprising the group's unconsolidated structured entities are as follows:

	30 June 2015 $m	30 June 2014 $m	31 December 2014 $m
Asset backed securities	179.5	435.8	378.6
Equity linked funds	138.0	152.3	145.9
Hedge funds (uncorrelated strategies)	355.0	374.5	367.0
Illiquid credit assets	78.5	–	45.9
Investments through unconsolidated structured entities	**751.0**	**962.6**	**937.4**

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

9 Financial assets and liabilities *continued*

Transfers and level 3 investment reconciliations

There were no transfers in either direction between level 1, level 2 and level 3 in either 2014 or 2015.

The table below shows a reconciliation from the opening balances to the closing balances of level 3 fair values. The total net unrealised gains recognised in the $1.1m (30 June 2014: $nil) are included in the net investment income number of $43.5m (30 June 2014: $46.8m) shown in the condensed consolidated statement of profit or loss.

	30 June 2015 $m	30 June 2014 $m	31 December 2014 $m
As at 1 January	38.0	–	–
Purchases	38.7	–	38.0
Sales	(11.5)	–	–
Total net unrealised gains recognised in profit or loss	1.1	–	–
As at 30 June	**66.3**	**–**	**38.0**

The currency exposures of our financial assets held at fair value are detailed below:

30 June 2015	UK £ $m	CAD $ $m	EURO € $m	Subtotal $m	US $ $m	Total $m
Financial assets at fair value						
Fixed and floating rate debt securities	344.7	151.5	158.5	654.7	2,684.0	3,338.7
Equity linked funds	54.3	–	47.6	101.9	36.1	138.0
Hedge funds (uncorrelated strategies)	–	–	–	–	355.0	355.0
Illiquid credit assets	–	–	4.5	4.5	74.0	78.5
Derivative financial assets	–	–	–	–	2.4	2.4
Total	**399.0**	**151.5**	**210.6**	**761.1**	**3,151.5**	**3,912.6**

30 June 2014	UK £ $m	CAD $ $m	EURO € $m	Subtotal $m	US $ $m	Total $m
Financial assets at fair value						
Fixed and floating rate debt securities	297.3	146.7	212.8	656.8	2,821.1	3,477.9
Equity linked funds	61.0	–	49.2	110.2	42.1	152.3
Hedge funds (uncorrelated strategies)	–	–	6.4	6.4	368.1	374.5
Illiquid credit assets	–	–	–	–	–	–
Derivative financial assets	–	–	–	–	4.3	4.3
Total	**358.3**	**146.7**	**268.4**	**773.4**	**3,235.6**	**4,009.0**

31 December 2014	UK £ $m	CAD $ $m	EURO € $m	Subtotal $m	US $ $m	Total $m
Financial assets at fair value						
Fixed and floating rate debt securities	307.3	155.4	182.3	645.0	2,872.3	3,517.3
Equity linked funds	53.1	–	54.7	107.8	38.1	145.9
Hedge funds (uncorrelated strategies)	–	–	2.7	2.7	364.3	367.0
Illiquid credit assets	–	–	–	–	45.9	45.9
Derivative financial assets	–	–	0.1	0.1	1.2	1.3
Total	**360.4**	**155.4**	**239.8**	**755.6**	**3,321.8**	**4,077.4**

The above qualitative and quantitative disclosures, along with the risk management disclosure included in note 2 of the annual report for the year ending 31 December 2014, enables more comprehensive evaluation of Beazley's exposure to risks arising from financial instruments.

10 Cash and cash equivalents

	30 June 2015 $m	30 June 2014 $m	31 December 2014 $m
Cash at bank and in hand	377.9	300.3	261.0
Short-term deposits and highly liquid investments	61.4	72.3	103.2
	439.3	**372.6**	**364.2**

Total cash and cash equivalents include $50.1m (31 December 2014: $42.2m) held in Lloyd's Singapore trust accounts. These funds are only available for use by the group to meet local claim and expense obligations.

11 Insurance claims

The loss development tables below provide information about historical claims development by the six segments – life, accident and health, marine, political risks and contingency, property, reinsurance and specialty lines. The tables are by underwriting year which in our view provides the most transparent reserving basis. We have supplied tables for both ultimate gross claims ratio and ultimate net claims ratio.

The top part of the table illustrates how the group's estimated claims ratio for each underwriting year has changed at successive year-ends. The bottom half of the table reconciles the gross and net claims to the amount included in the statement of financial position.

While the information in the tables provide a historical perspective on the adequacy of the claims liabilities established in previous years, users of these financial statements are cautioned against extrapolating past redundancies or deficiencies on current claims liabilities. The group believes that the estimates of total claims liabilities as at 30 June 2015 are adequate. However, due to inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

11 Insurance claims *continued*

Gross ultimate claims	2005ae	2006 %	2007 %	2008 %	2009 %	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	Total
Life, accident & health												
12 months					53.1	52.8	56.0	56.7	63.3	64.4		
24 months					52.4	52.5	52.2	68.1	64.7			
36 months					45.3	49.0	60.0	65.9				
48 months					43.5	48.0	57.2					
60 months					42.6	47.5						
72 months					41.6							
84 months												
96 months												
108 months												
Position at 30 June 2015					41.7	47.0	56.9	65.2	65.2	66.4		
Marine												
12 months		57.1	58.3	69.2	55.0	50.6	55.0	56.0	56.5	57.6		
24 months		42.3	60.2	65.1	51.3	49.7	47.8	46.2	51.9			
36 months		32.8	50.7	59.2	44.7	44.0	39.7	34.6				
48 months		29.1	48.2	62.9	41.1	42.4	34.3					
60 months		28.8	49.5	62.7	40.8	40.8						
72 months		26.4	50.2	59.0	49.1							
84 months		26.3	47.0	55.3								
96 months		25.7	44.2									
108 months		25.4										
Position at 30 June 2015		25.1	44.2	55.0	48.7	40.7	33.6	32.3	48.5	52.8		
Political risks & contingency												
12 months		57.1	57.2	57.5	61.1	61.4	58.8	62.5	57.3	56.0		
24 months		36.3	39.9	67.5	38.6	40.4	39.4	43.0	42.4			
36 months		32.3	56.4	74.6	34.9	33.0	34.4	39.5				
48 months		43.6	53.5	87.5	30.3	23.8	28.8					
60 months		39.8	53.8	72.3	24.5	22.5						
72 months		39.3	49.9	61.4	18.6							
84 months		36.3	47.4	58.4								
96 months		30.8	49.3									
108 months		28.2										
Position at 30 June 2015		28.5	47.4	59.6	18.7	21.6	28.0	38.0	42.5	56.0		
Property												
12 months		58.5	58.3	71.1	53.9	58.7	59.2	55.8	55.3	55.3		
24 months		44.2	56.3	66.0	42.5	61.9	51.4	48.0	49.4			
36 months		43.2	53.7	64.9	37.4	59.8	49.3	40.4				
48 months		50.5	54.4	62.8	36.3	57.1	47.4					
60 months		50.7	57.5	61.3	35.2	54.4						
72 months		50.4	66.2	60.2	34.2							
84 months		49.8	66.4	59.1								
96 months		47.6	65.7									
108 months		46.6										
Position at 30 June 2015		45.8	64.9	58.8	34.0	54.1	47.6	38.0	47.5	49.8		

11 Insurance claims *continued*

Gross ultimate claims	2005ae	2006 %	2007 %	2008 %	2009 %	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	Total
Reinsurance												
12 months		52.4	59.7	60.0	60.8	68.0	78.3	62.9	57.3	60.8		
24 months		25.4	25.3	52.6	47.6	152.0	77.7	36.4	43.6			
36 months		25.0	21.3	43.7	39.7	140.6	72.3	31.1				
48 months		23.5	19.7	40.5	39.2	135.1	68.5					
60 months		21.6	18.8	40.1	35.1	139.1						
72 months		21.3	18.7	40.2	32.2							
84 months		21.5	17.1	39.5								
96 months		21.0	16.3									
108 months		20.4										
Position at 30 June 2015		20.4	16.3	39.5	32.2	139.2	68.4	31.1	43.7	41.6		
Specialty lines												
12 months		72.6	72.8	72.1	72.8	73.9	75.7	74.1	73.5	68.5		
24 months		72.7	72.4	72.0	72.7	74.0	75.7	74.1	73.2			
36 months		72.6	72.3	72.0	71.9	72.9	76.5	72.2				
48 months		72.9	72.3	72.0	71.4	73.3	75.4					
60 months		70.9	72.4	71.6	71.6	69.2						
72 months		65.8	72.3	72.0	68.1							
84 months		61.9	72.3	70.2								
96 months		58.3	71.3									
108 months		57.0										
Position at 30 June 2015		55.0	70.0	71.9	68.1	69.5	76.3	71.3	73.3	68.5		
Total												
12 months		63.8	64.5	69.3	63.1	64.7	67.3	64.6	63.7	62.1		
24 months		54.0	60.1	67.7	57.2	72.9	63.0	58.1	59.1			
36 months		51.6	59.0	66.3	53.5	68.9	61.0	53.2				
48 months		53.4	58.5	67.6	52.0	67.2	58.4					
60 months		52.0	59.4	65.7	51.0	64.8						
72 months		49.3	61.2	64.1	49.9							
84 months		47.3	60.3	62.1								
96 months		44.7	59.3									
108 months		43.6										
Position at 30 June 2015		42.6	58.4	62.9	49.8	64.9	58.7	51.8	58.2	58.8		
Total ultimate losses ($m)	**3,988.8**	**705.0**	**1,059.7**	**1,207.7**	**1,048.8**	**1,335.8**	**1,122.3**	**1,064.8**	**1,291.8**	**1,419.6**	**1,556.8**	**15,801.1**
Less paid claims ($m)	(3,786.1)	(622.9)	(903.6)	(1,009.4)	(766.9)	(1,014.7)	(741.0)	(525.1)	(464.9)	(149.3)	(6.0)	(9,989.9)
Less unearned portion of ultimate losses ($m)	–	–	–	–	–	–	–	–	(1.5)	(260.9)	(1,357.7)	(1,620.1)
Gross claims liabilities (100% level) ($m)	**202.7**	**82.1**	**156.1**	**198.3**	**281.9**	**321.1**	**381.3**	**539.7**	**825.4**	**1,009.4**	**193.1**	**4,191.1**
Less unaligned share ($m)	(38.7)	(15.0)	(30.3)	(33.4)	(46.5)	(54.1)	(73.0)	(89.9)	(128.5)	(155.3)	(29.3)	(694.0)
Gross claims liabilities, group share ($m)	**164.0**	**67.1**	**125.8**	**164.9**	**235.4**	**267.0**	**308.3**	**449.8**	**696.9**	**854.1**	**163.8**	**3,497.1**

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

11 Insurance claims *continued*

Net ultimate claims	2005ae	2006 %	2007 %	2008 %	2009 %	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	Total
Life, accident & health												
12 months					51.7	51.5	55.1	58.0	65.6	62.6		
24 months					50.7	52.1	54.2	64.9	68.1			
36 months					44.5	52.0	63.2	63.7				
48 months					45.5	51.3	60.2					
60 months					44.7	50.7						
72 months					43.6							
84 months												
96 months												
108 months												
Position at 30 June 2015					43.4	50.0	59.8	59.2	68.2	64.1		
Marine												
12 months		54.1	55.5	61.4	54.0	52.3	56.0	55.4	56.1	56.5		
24 months		42.0	56.7	56.7	47.9	49.4	48.0	46.0	53.0			
36 months		32.9	49.6	50.6	39.4	44.7	39.3	37.4				
48 months		31.4	46.7	47.5	35.7	42.8	35.1					
60 months		31.0	47.5	47.0	35.4	41.6						
72 months		29.2	47.5	46.4	39.0							
84 months		29.0	45.1	45.2								
96 months		28.5	43.2									
108 months		28.1										
Position at 30 June 2015		27.8	43.2	44.9	38.7	41.5	34.4	35.6	50.4	53.6		
Political risks & contingency												
12 months		56.0	55.4	55.9	59.0	57.3	55.0	59.3	54.7	52.9		
24 months		40.5	40.7	75.4	35.2	37.9	38.2	41.4	41.9			
36 months		36.6	55.1	77.2	32.4	30.6	32.7	38.2				
48 months		47.3	54.8	80.0	27.8	21.8	30.2					
60 months		41.6	52.7	69.7	22.3	20.4						
72 months		40.0	49.4	59.2	17.5							
84 months		39.9	47.3	55.8								
96 months		37.2	48.9									
108 months		34.0										
Position at 30 June 2015		34.0	46.7	57.3	17.8	20.2	29.2	37.7	41.9	52.9		
Property												
12 months		61.3	61.1	67.3	53.7	59.1	60.6	58.7	56.8	54.6		
24 months		48.9	59.4	67.3	48.3	66.1	57.9	53.3	56.3			
36 months		47.3	58.5	65.0	44.8	66.6	54.4	46.4				
48 months		50.9	58.8	64.0	42.7	60.7	51.1					
60 months		50.1	61.9	62.9	42.0	58.5						
72 months		50.2	62.1	61.5	40.8							
84 months		49.8	62.1	60.8								
96 months		48.1	61.7									
108 months		47.5										
Position at 30 June 2015		46.9	61.8	60.3	40.7	58.2	51.3	42.7	54.1	52.2		

11 Insurance claims *continued*

Net ultimate claims	2005ae	2006 %	2007 %	2008 %	2009 %	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	Total
Reinsurance												
12 months		54.3	55.3	68.0	55.6	76.7	88.4	67.1	55.0	57.9		
24 months		37.0	29.6	58.9	51.8	138.4	87.9	43.8	49.8			
36 months		34.9	24.7	49.5	46.1	131.6	83.0	37.5				
48 months		32.7	22.7	47.5	45.5	127.2	77.4					
60 months		31.2	22.1	46.9	40.8	133.5						
72 months		31.3	21.9	47.1	37.5							
84 months		31.5	20.1	46.1								
96 months		30.8	19.0									
108 months		29.9										
Position at 30 June 2015		30.1	19.0	46.1	37.5	133.1	77.7	37.3	50.0	41.4		
Specialty lines												
12 months		68.7	69.8	70.2	69.9	71.3	72.8	71.3	69.6	66.0		
24 months		68.6	68.7	70.2	69.8	71.4	72.8	70.8	69.1			
36 months		68.7	68.6	70.2	69.1	70.7	71.9	68.9				
48 months		67.8	67.4	68.8	66.1	69.6	69.8					
60 months		63.8	67.4	68.2	65.9	69.2						
72 months		57.7	67.4	68.1	64.9							
84 months		54.1	67.5	68.2								
96 months		50.8	67.2									
108 months		49.6										
Position at 30 June 2015		48.5	66.4	69.2	64.8	69.3	70.3	65.8	69.4	66.2		
Total												
12 months		62.2	63.1	66.8	60.8	64.4	67.0	64.1	62.0	60.6		
24 months		54.4	59.3	66.8	56.7	70.2	63.7	58.2	60.0			
36 months		51.8	58.6	64.5	53.3	67.9	60.7	53.6				
48 months		52.5	57.6	63.3	50.7	65.0	57.6					
60 months		50.1	58.2	61.9	49.7	64.8						
72 months		47.1	58.0	60.7	48.9							
84 months		45.5	57.2	59.9								
96 months		43.4	56.7									
108 months		42.3										
Position at 30 June 2015		41.8	56.2	60.5	48.8	64.5	57.8	51.2	59.1	58.2		
Total ultimate losses ($m)	**2,410.1**	**571.2**	**877.5**	**943.1**	**808.9**	**1,092.4**	**942.7**	**877.8**	**1,101.8**	**1,177.7**	**1,243.0**	**12,046.2**
Less paid claims ($m)	(2,271.4)	(510.2)	(758.7)	(805.7)	(634.1)	(862.1)	(649.9)	(464.6)	(406.8)	(147.2)	(4.4)	(7,515.1)
Less unearned portion of ultimate losses ($m)	–	–	–	–	–	–	–	–	(4.4)	(234.5)	(1,102.0)	(1,340.9)
Net claims liabilities (100% level) ($m)	**138.7**	**61.0**	**118.8**	**137.4**	**174.8**	**230.3**	**292.8**	**413.2**	**690.6**	**796.0**	**136.6**	**3,190.2**
Less unaligned share ($m)	(26.4)	(11.9)	(20.5)	(24.1)	(32.1)	(39.5)	(53.6)	(68.3)	(106.1)	(126.2)	(21.1)	(529.8)
Net claims liabilities, group share ($m)	**112.3**	**49.1**	**98.3**	**113.3**	**142.7**	**190.8**	**239.2**	**344.9**	**584.5**	**669.8**	**115.5**	**2,660.4**

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

11 Insurance claims *continued*

Analysis of movements in loss development tables

We have updated our loss development tables to show the interim ultimate loss ratios as at 30 June 2015 for each underwriting year. As such, care should be taken when comparing these half year movements to the full year movements shown within the body of the table.

Life, accident & health

2013 and 2014 underwriting years experience to date has been slightly worse than anticipated leading to some strengthening. All other underwriting years have released over the period.

Marine

The relatively benign claims experience has continued within the Marine account leading to either no movement or releases across all underwriting years. The reduction in 2014 is driven by the partial release of available catastrophe margin.

Political risks & contingency

One large claim moved from the 2007 underwriting year into 2008, this lead to a release on 2007 and a strengthening on 2008. Other years have remained broadly stable.

Property

There have been positive developments across most underwriting years, driven by reserve releases on previous natural catastrophes, a favourable attritional experience and a benign natural catastrophe experience.

Reinsurance

2013 and prior underwriting years have remained broadly unchanged, with no major updates to historic catastrophe estimates. The reduction in 2014 is driven by the partial release of available catastrophe margin.

Specialty lines

Releases from the 2003 to 2006 underwriting years have continued, with more recent underwriting years remaining broadly stable. 2008 has strengthened slightly as we obtain greater certainty around claims outcomes. The 2012 underwriting year continues to release in the shorter tail classes.

11 Insurance claims *continued*

Claims releases

The table below analyses our net insurance claims between current year claims and adjustments to prior year net claims reserves. These have been broken down by segment and period.

The net of reinsurance claims release on 2014 and prior underwriting years has risen to $74.5m (2013: $72.9m). The releases are the result of both generally favourable development and recoveries on specific claims.

The movements shown on 2012 and earlier are absolute claim movements and are not impacted by any current year movements on premium on those underwriting years.

6 months ended 30 June 2015	Life accident & health $m	Marine $m	Political risks & contingency $m	Property $m	Reinsurance $m	Specialty lines $m	Total $m
Current year	34.5	72.7	25.8	73.8	35.6	249.8	492.2
Prior year							
– 2012 and earlier	(1.4)	(7.9)	(1.9)	(10.9)	–	(20.5)	(42.6)
– 2013 underwriting year	(0.3)	(6.2)	(0.3)	(4.4)	–	2.8	(8.4)
– 2014 underwriting year	1.0	(3.9)	(0.2)	(3.5)	(17.7)	0.8	(23.5)
	(0.7)	(18.0)	(2.4)	(18.8)	(17.7)	(16.9)	(74.5)
Net insurance claims	**33.8**	**54.7**	**23.4**	**55.0**	**17.9**	**232.9**	**417.7**

6 months ended 30 June 2014	Life accident & health $m	Marine $m	Political risks & contingency $m	Property $m	Reinsurance $m	Specialty lines $m	Total $m
Current year	27.2	73.5	24.4	83.6	46.3	229.1	484.1
Prior year							
– 2011 and earlier	(0.9)	(11.4)	(10.7)	(11.0)	(5.9)	(15.3)	(55.2)
– 2012 underwriting year	(0.2)	(10.4)	1.4	(5.6)	(3.8)	(1.3)	(19.9)
– 2013 underwriting year	0.4	0.5	(0.1)	1.8	(0.4)	–	2.2
	(0.7)	(21.3)	(9.4)	(14.8)	(10.1)	(16.6)	(72.9)
Net insurance claims	**26.5**	**52.2**	**15.0**	**68.8**	**36.2**	**212.5**	**411.2**

Year to 31 December 2014	Life accident & health $m	Marine $m	Political risks & contingency $m	Property $m	Reinsurance $m	Specialty lines $m	Total $m
Current year	66.6	146.8	45.8	157.2	87.8	471.8	976.0
Prior year							
– 2011 and earlier	(3.8)	(15.0)	(12.8)	(19.6)	(9.1)	(18.3)	(78.6)
– 2012 underwriting year	(1.0)	(19.6)	(0.8)	(17.3)	(8.6)	(11.4)	(58.7)
– 2013 underwriting year	0.4	(5.6)	(6.5)	1.0	(10.1)	–	(20.8)
	(4.4)	(40.2)	(20.1)	(35.9)	(27.8)	(29.7)	(158.1)
Net insurance claims	**62.2**	**106.6**	**25.7**	**121.3**	**60.0**	**442.1**	**817.9**

Notes to the condensed consolidated interim financial statements *continued*

for the six months ended 30 June 2015

12 Related party transactions

The nature of the related party transactions of the group are consistent in nature and scope with those disclosed in note 30 of the group's consolidated financial statements for the year ended 31 December 2014.

There were no other transactions with related parties during the period which have had a material effect on the results or financial position of the group.

13 Foreign exchange rates

The group used the following exchange rates to translate foreign currency assets, liabilities, income and expenses into US dollars, being the group's presentation currency:

	6 months ended 30 June 2015	6 months ended 30 June 2014	Year to 31 December 2014
Average			
Pound sterling	0.66	0.60	0.61
Canadian dollar	1.24	1.10	1.10
Euro	0.90	0.73	0.75
Spot			
Pound sterling	0.64	0.58	0.64
Canadian dollar	1.25	1.06	1.16
Euro	0.90	0.73	0.83

14 Subsequent events

There are no events that are material to the operations of the group that have occurred since the reporting date.

Responsibility statement of the directors in respect of the interim report

We confirm that to the best of our knowledge:
- the condensed consolidated financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that six months; and any changes in the related party transactions described in the last annual report that could do so.

Martin Bride
Finance director

23 July 2015

Independent review report to Beazley plc

Introduction
We have been engaged by Beazley plc ("the company") to review the condensed consolidated set of financial statements in the interim report for the six months ended 30 June 2015 ("Interim Report") which comprises the condensed consolidated profit and loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of financial position, condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The Interim Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The directors are responsible for ensuring that the condensed consolidated set of financial statements included in this Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility
Our responsibility is to express to the company a conclusion on the set of condensed consolidated financial statements in the Interim Report based on our review.

Scope of review
We conducted our review in accordance with the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the interim report for the six months ended 30 June 2015 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Hubert Crehan
For and on behalf of
KPMG
Chartered Accountants
1 Harbourmaster Place
International Financial Services Centre
Dublin 1, Ireland

23 July 2015

Glossary

Aggregates/aggregations
Accumulations of insurance loss exposures which result from underwriting multiple risks that are exposed to common causes of loss.

Aggregate excess of loss
The reinsurer indemnifies an insurance company (the reinsured) for an aggregate (or cumulative) amount of losses in excess of a specified aggregate amount.

A.M. Best
A.M. Best is a worldwide insurance-rating and information agency whose ratings are recognised as an ideal benchmark for assessing the financial strength of insurance related organisations, following a rigorous quantitative and qualitative analysis of a company's balance sheet strength, operating performance and business profile.

Binding authority
A contracted agreement between a managing agent and a coverholder under which the coverholder is authorised to enter into contracts of insurance for the account of the members of the syndicate concerned, subject to specified terms and conditions.

Capacity
This is the maximum amount of premiums that can be accepted by a syndicate. Capacity also refers to the amount of insurance coverage allocated to a particular policyholder or in the marketplace in general.

Capital growth assets
These are assets that do not pay a regular income and target an increase in value over the long term. They will typically have a higher risk and volatility than that of the core portfolio. Currently these are the hedge funds, equity linked funds and illiquid credit assets.

Catastrophe reinsurance
A form of excess of loss reinsurance which, subject to a specified limit, indemnifies the reinsured company for the amount of loss in excess of a specified retention with respect to an accumulation of losses resulting from a catastrophic event or series of events.

Claims
Demand by an insured for indemnity under an insurance contract.

Claims ratio
Ratio, in percentage terms, of net insurance claims to net earned premiums. The calculation is performed excluding the impact of foreign exchange.

Combined ratio
Ratio, in percentage terms, of the sum of net insurance claims, expenses for acquisition of insurance contracts and administrative expenses to net earned premiums. This is also the sum of the expense ratio and the claims ratio. The calculation is performed excluding the impact of foreign exchange.

Coverholder/managing general agent
A firm either in the United Kingdom or overseas authorised by a managing agent under the terms of a binding authority to enter into contracts of insurance in the name of the members of the syndicate concerned, subject to certain written terms and conditions. A Lloyd's broker can act as a coverholder.

Deferred acquisition costs (DAC)
Costs incurred for the acquisition or the renewal of insurance policies (e.g. brokerage, premium levy and staff related costs) which are capitalised and amortised over the term of the contracts.

Earnings per share (EPS) – basic/diluted
Ratio, in pence and cents, calculated by dividing the consolidated profit after tax by the weighted average number of ordinary shares issued, excluding shares owned by the group. For calculating diluted earnings per share the number of shares and profit or loss for the year is adjusted for certain dilutive potential ordinary shares such as share options granted to employees.

Economic Capital Requirement (ECR)
The capital required by a syndicate's members to support their underwriting. Calculated as the uSCR 'uplifted' by 35% to ensure capital is in place to support Lloyd's ratings and financial strength.

Excess per risk reinsurance
A form of excess of loss reinsurance which, subject to a specified limit, indemnifies the reinsured company against the amount of loss in excess of a specified retention with respect to each risk involved in each loss.

Expense ratio
Ratio, in percentage terms, of the sum of expenses for acquisition of insurance contracts and administrative expenses to net earned premiums. The calculation is performed excluding the impact of foreign exchange on non-monetary items.

Facultative reinsurance
A reinsurance risk that is placed by means of a separately negotiated contract as opposed to one that is ceded under a reinsurance treaty.

Gross premiums written
Amounts payable by the insured, excluding any taxes or duties levied on the premium, including any brokerage and commission deducted by intermediaries.

Glossary *continued*

Hard market
An insurance market where prevalent prices are high, with restrictive terms and conditions offered by insurers.

Horizontal limits
Reinsurance coverage limits for multiple events.

Incurred but not reported (IBNR)
These are anticipated or likely claims that may result from an insured event although no claims have been reported so far.

International Accounting Standards Board (IASB)
An independent accounting body responsible for developing IFRS (see below).

International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS)
Standards formulated by the IASB with the intention of achieving internationally comparable financial statements. Since 2002, the standards adopted by the IASB have been referred to as International Financial Reporting Standards (IFRS). Until existing standards are renamed, they continue to be referred to as International Accounting Standards (IAS).

Lead underwriter
The underwriter of a syndicate who is responsible for setting the terms of an insurance or reinsurance contract that is subscribed by more than one syndicate and who generally has primary responsibility for handling any claims arising under such a contract.

Line
The proportion of an insurance or reinsurance risk that is accepted by an underwriter or which an underwriter is willing to accept.

Managing agent
A company that is permitted by Lloyd's to manage the underwriting of a syndicate.

Managing general agent (MGA)
An insurance intermediary acting as an agent on behalf of an insurer.

Medium tail
A type of insurance where the claims may be made a few years after the period of insurance has expired.

Net assets per share
Ratio, in pence and cents, calculated by dividing the net assets (total equity) by the number of shares issued.

Net premiums written
Net premiums written is equal to gross premiums written less outward reinsurance premiums written.

Private enterprise
The private enterprise team offers specialised professional and general liability coverage supported by a high service proposition, focusing on meeting the needs of small businesses with assets up to $35 million and up to 500 employees.

Provision for outstanding claims
Provision for claims that have already been incurred at the reporting date but have either not yet been reported or not yet been fully settled.

Rate
The premium expressed as a percentage of the sum insured or limit of indemnity.

Reinsurance special purpose syndicate
A special purpose syndicate (SPS) created to operate as a reinsurance 'sidecar' to Beazley's treaty account, capitalising on Beazley's position in the treaty reinsurance market.

Reinsurance to close (RITC)
A reinsurance which closes a year of account by transferring the responsibility for discharging all the liabilities that attach to that year of account (and any year of account closed into that year), plus the right to buy any income due to the closing year of account, into an open year of account in return for a premium.

Retention limits
Limits imposed upon underwriters for retention of exposures by the group after the application of reinsurance programmes.

Retrocessional reinsurance
The reinsurance of the reinsurance account. It serves to 'lay off' risk.

Return on equity (ROE)
Ratio, in percentage terms, calculated by dividing the consolidated profit after tax by the average daily total equity.

Risk
This term may variously refer to:
a) the possibility of some event occurring which causes injury or loss;
b) the subject matter of an insurance or reinsurance contract; or
c) an insured peril.

Short tail
A type of insurance where claims are usually made during the term of the policy or shortly after the policy has expired. Property insurance is an example of short tail business.

Sidecar special purpose syndicate
Specialty reinsurance company designed to provide additional capacity to a specific insurance company. It operates by purchasing a portion or all of a group of insurance policies, typically cat exposures. These companies have become quite prominent in the aftermath of Hurricane Katrina as a vehicle to add risk-bearing capacity, and for investors to participate in the potential profits resulting from sharp price increases.

Soft market
An insurance market where prevalent prices are low, and terms and conditions offered by insurers are less restrictive.

Solvency Capital Requirement on an ultimate basis (uSCR)
The capital requirement under Solvency II calculated by Beazley's internal model which captures the risk in respect of the planned underwriting for the prospective year of account in full covering ultimate adverse development and all exposures.

Surplus lines insurer
An insurer that underwrites surplus lines insurance in the USA. Lloyd's underwriters are surplus lines insurers in all jurisdictions of the USA except Kentucky and the US Virgin Islands.

Total shareholder return (TSR)
The increase in the share price plus the value of any first and second dividends paid and proposed during the year.

Treaty reinsurance
A reinsurance contract under which the reinsurer agrees to offer and to accept all risks of certain size within a defined class.

Unearned premiums reserve
The portion of premium income in the business year that is attributable to periods after the reporting date in the underwriting provisions.

Company information

Directors
George P Blunden*
Martin L Bride (Finance director)
Adrian P Cox
Angela Crawford-Ingle*
Dennis Holt* (Chairman)
D Andrew Horton (Chief executive)
Sir J Andrew Likierman* (appointed 25/03/2015)
Neil P Maidment
Padraic J O'Connor*
Vincent J Sheridan*
Ken P Sroka*
Rolf A W Tolle*
Clive A Washbourn

* non-executive director

Company Secretary
Sian Coope

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