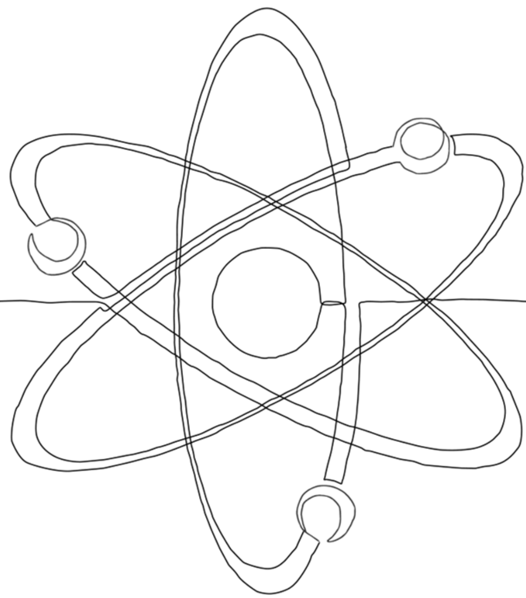
Results for the six months ended 30 June 2021

Friday, 23 July 2021 (updated 26 July 2021)



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Contents

Overview

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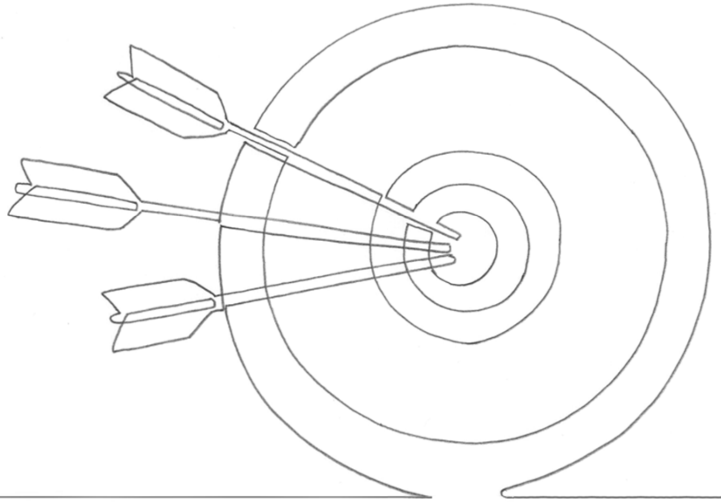
Results Summary

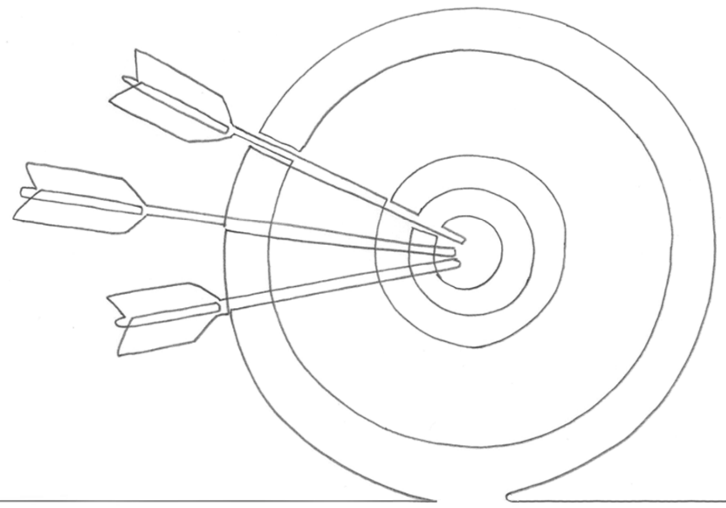
- Profit before tax $167.3m (2020: Loss of $13.8m)
- Return on equity of 15% (2020: -1%)
- Gross premiums written increased by 22% to $2,035.3m (2020: $1,663.9m)
- Combined ratio of 94% (2020: 107%)
- Rate increase of 20% on renewal portfolio (2020: increase of 11%)
- Our first party COVID-19 estimates remain unchanged
- No first interim dividend



Financials

Financials

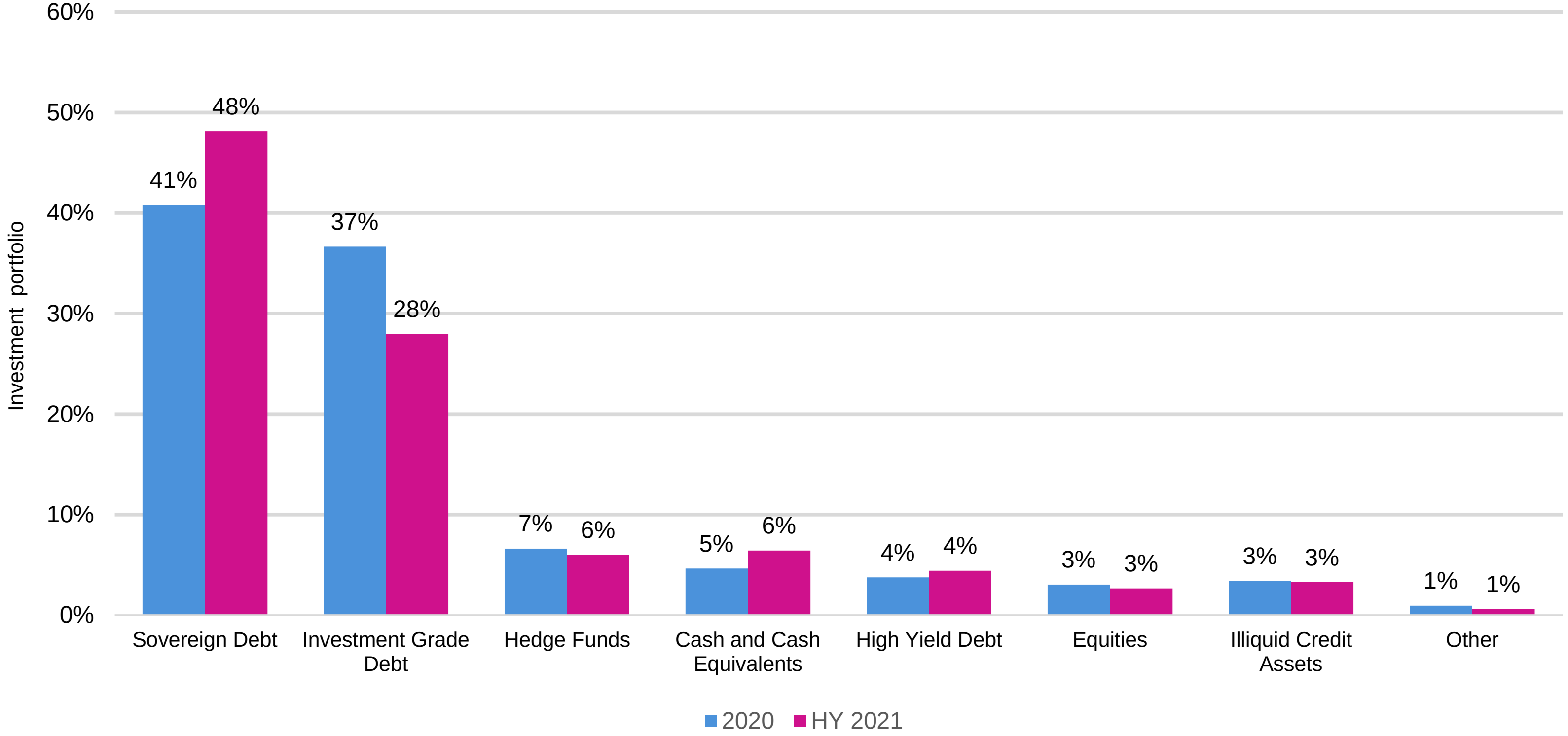
- Prior year reserve releases of $95.7m (2020: $58.6m)
- Net investment income of $83.6m (2020: $83.2m)
- Capital remains within preferred range at 23% (2020: 23%)



Financial performance

	6 months ended 30 June 2021	6 months ended 30 June 2020	% movement
Gross premiums written ($m)	2,035.3	1,663.9	22%
Net premiums written ($m)	1,442.1	1,317.8	9%
Net earned premiums ($m)	1,390.2	1,233.8	14%
(Loss)/Profit before income tax ($m)	167.3	(13.8)	
Claims ratio	57%	71%	
Expense ratio	37%	36%	
Combined ratio	94%	107%	
Earnings per share (pence)	16.7	(1.7)	
Dividend per share (pence)	-	-	
Net assets per share (pence)	229.4	239.0	
Net tangible assets per share (pence)	214.6	222.9	

Continued prudent investment approach



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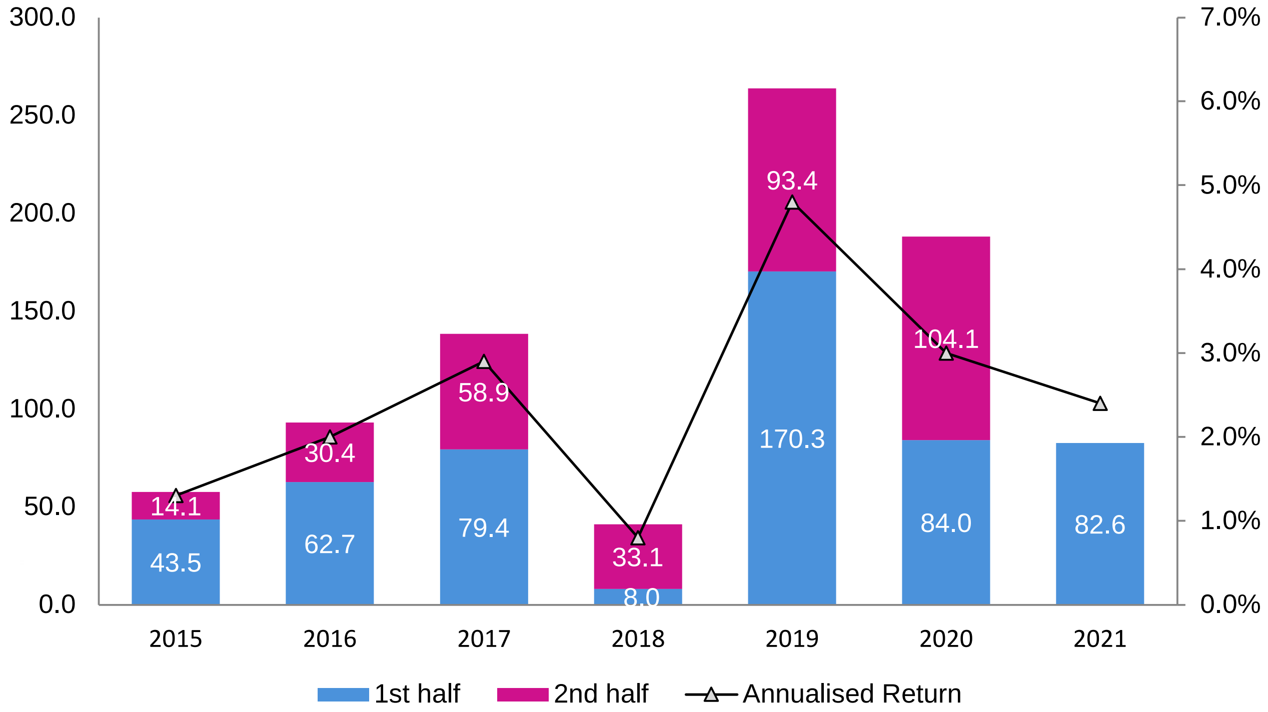
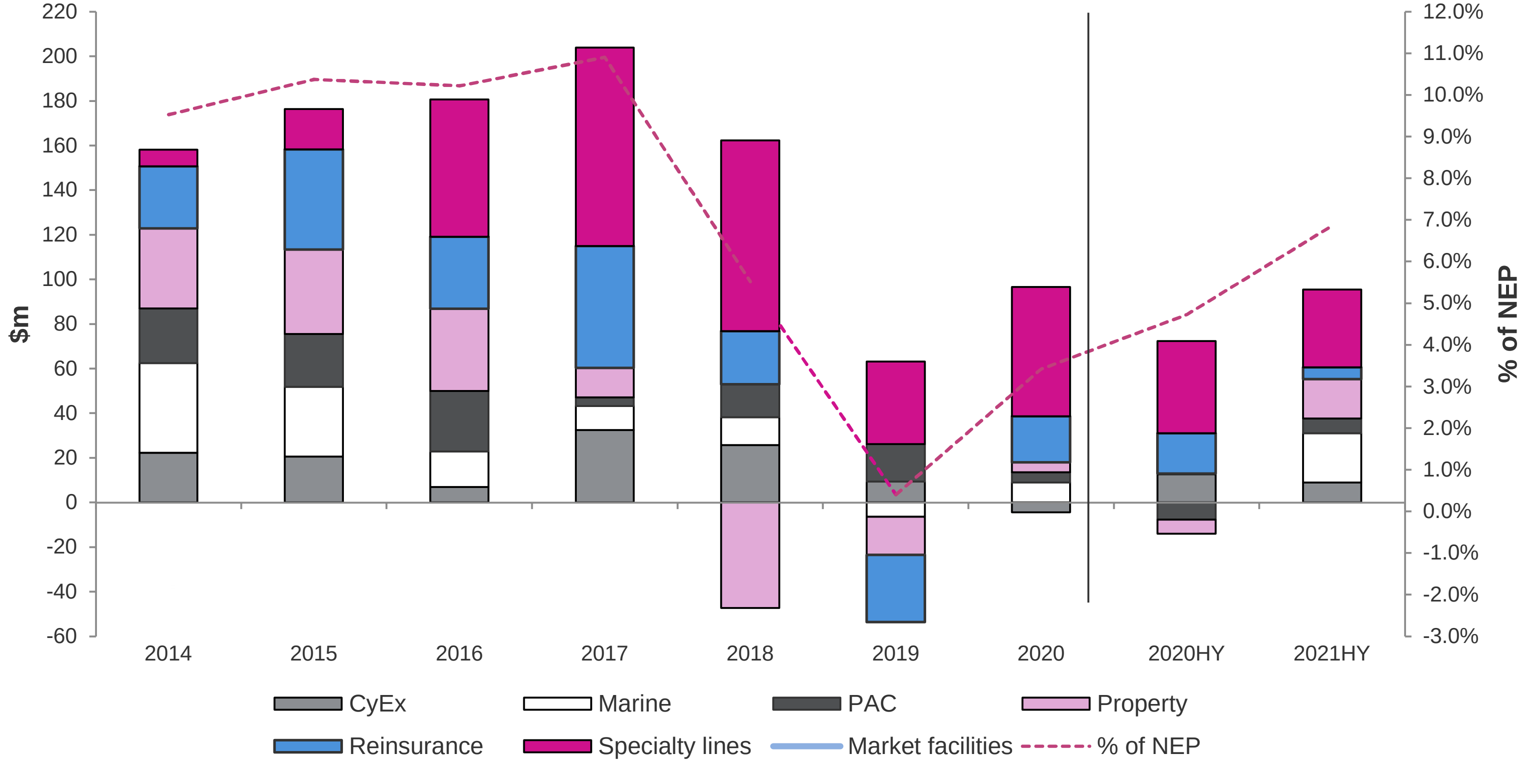
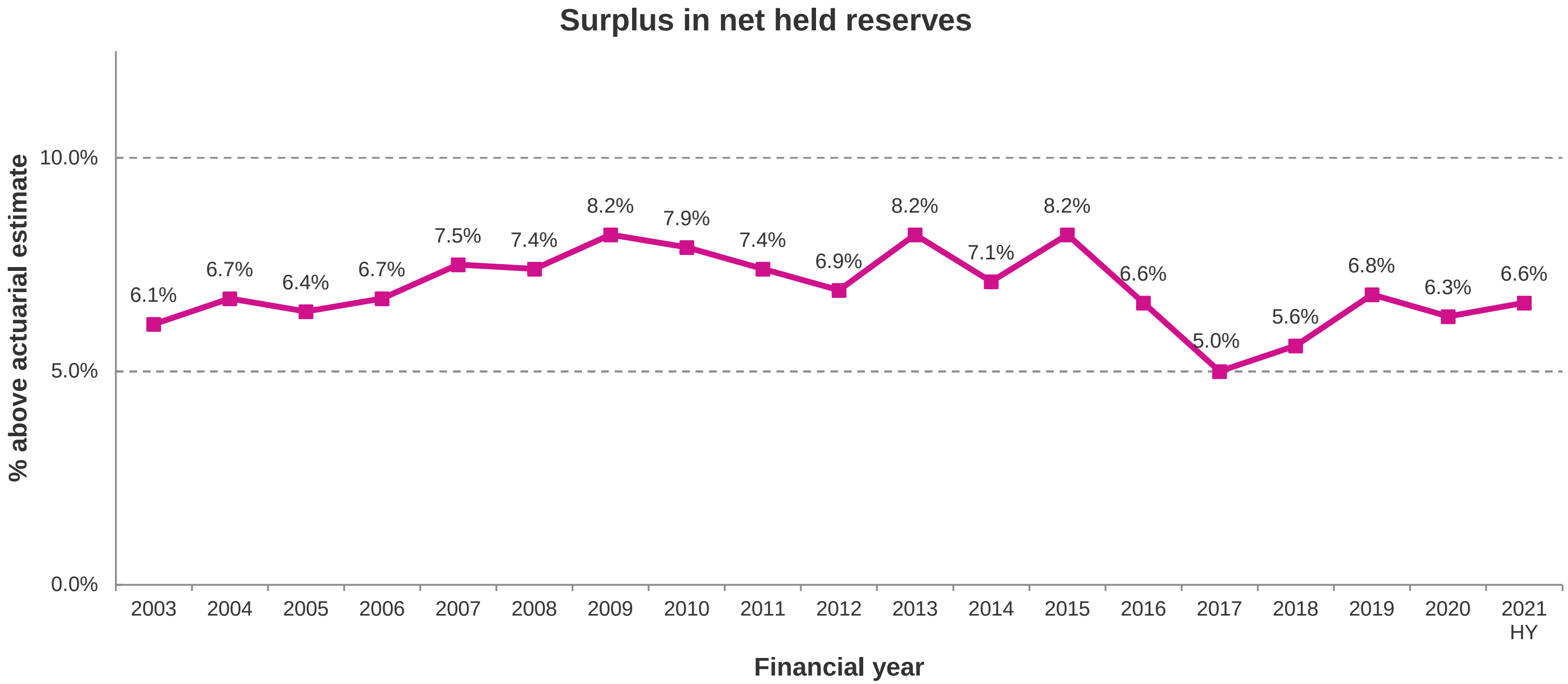
Capital growth assets drive strong investment return



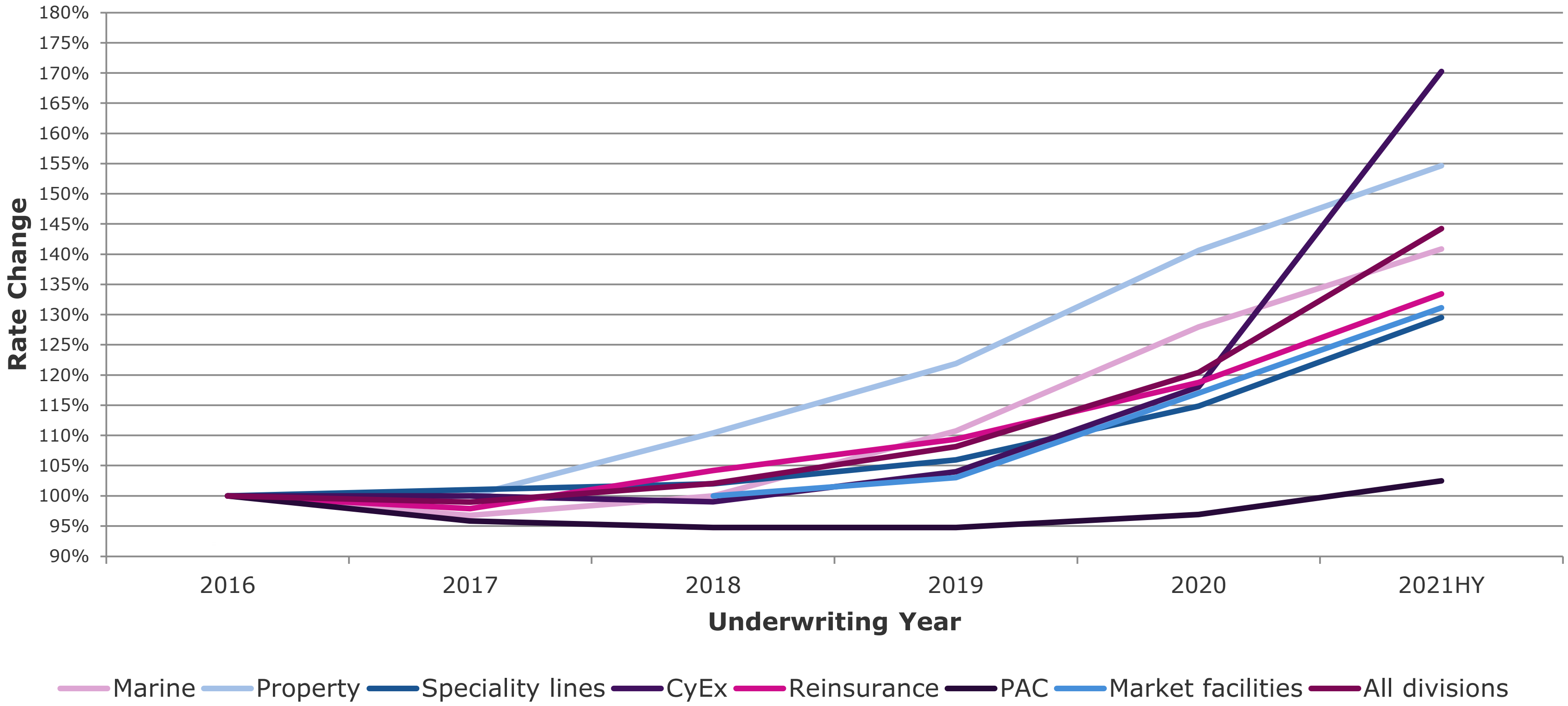
Underwriting action continues to benefit reserve releases



Consistent prudent reserving approach continues



Cumulative rate change since 2016



Capital position remains strong and within preferred range

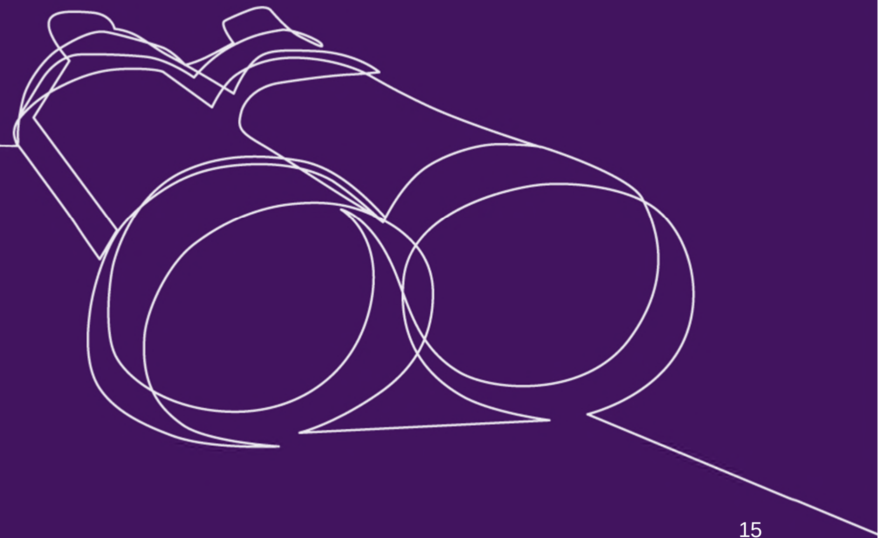
- Group capital requirement:

	Projected 31 Dec 2021 $m	Year ended 31 Dec 2020 $m
Lloyd's economic capital requirement (ECR)*	**2,221.0**	**2,116.5**
Capital for US insurance company	**259.7**	**246.3**
	2,480.7	**2,362.8**

- We expect to be at 23% above Lloyd's ECR* (including Solvency II adjustments) which is within our preferred range of 15-25%
- The ECR requirement already anticipates the strong growth planned in all the business written to the end of 2022
- $450m banking facility renewing with $225m remaining unutilsed and is not included in the surplus calculation
- Our funding is made up of our own equity (on a Solvency II basis) plus $550m of Tier 2 debt and $225m LOC
- The board remains committed to a dividend payment at year end after taking into account the 2021 results as a whole

**Note: Ultimate plus 35%*

In focus Cyber



Timeline

2003
California data security breach notification law became effective

2007
TJX Co. announce in SEC filing that more than 45 million credit and debit card numbers had been stolen from its IT systems

2009
Heartland, the fifth-biggest payments processor in the U.S., suffers major breach with up to 100 million cards compromised

2011
In rapid succession, data on 77 million Sony PlayStation Network users and 25 million Sony Online Entertainment customers is hacked

2013
Yahoo data breach impacting all 3 billion users.
Yahoo later fined $35m

Neiman Marcus Data breach

2008
First cyber policy written

2009
Beazley Breach Response launch

2010
BBR expands to smaller organizations

2012
International expansion with the launch of Beazley Global Breach Solutions

A dedicated business unit, BBR Services, established to help clients

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Market

Beazley Cyber

Timeline

Market

2015

OPM data breach – largest US government data breach in history of US

2017

Equifax data breach - one of the largest cybercrimes related to identity theft

The first Ransomware – WannaCry and NotPetya

2018

Marriott data breach. Marriott fined $23.8m by the UK Information Commissioner's Office

General Data Protection Regulation goes into effect

2020

California Consumer Privacy Act goes into effect

Solar winds ransomware attack, Microsoft ransomware attack

2021

Colonial pipeline ransomware attack

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2015
Launch of proprietary risk management website, beazleybreachsolutions.com

Data breach mini hard market (retail and healthcare)

2017
Lodestone Security established in the US and launch of broker cyber portal

2018
Launch of risk management portal for UK and International clients

2019
Suite of prebreach services for international policyholders

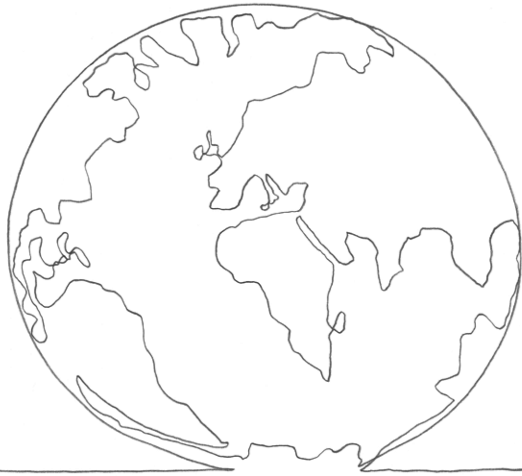
2021
Lodestone created UK

Changing threat landscape - how are we responding?

- Ransomware underwriting global approach:
    - 5 key pillars
        - Data and analytics
        - Ransomware application: Follows cyber kill chain
        - Vulnerability scanning
        - Limits Management: Targeted approach
        - Rates: Building the runway

- Supporting underwriters globally

- Investment in risk management –
  Beazley View of Risk: All new and renewal clients receive this



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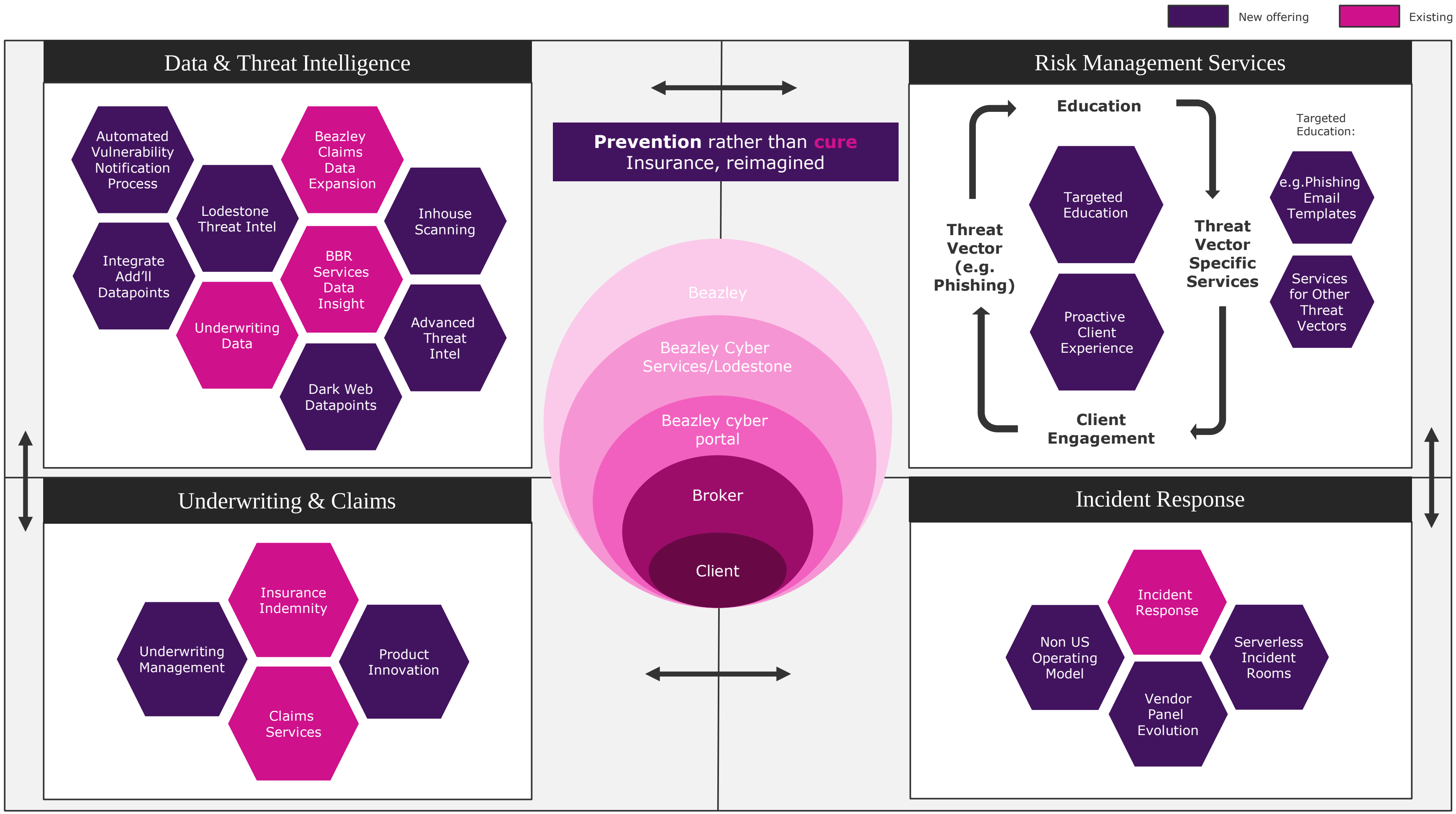
Cyber Ecosystem

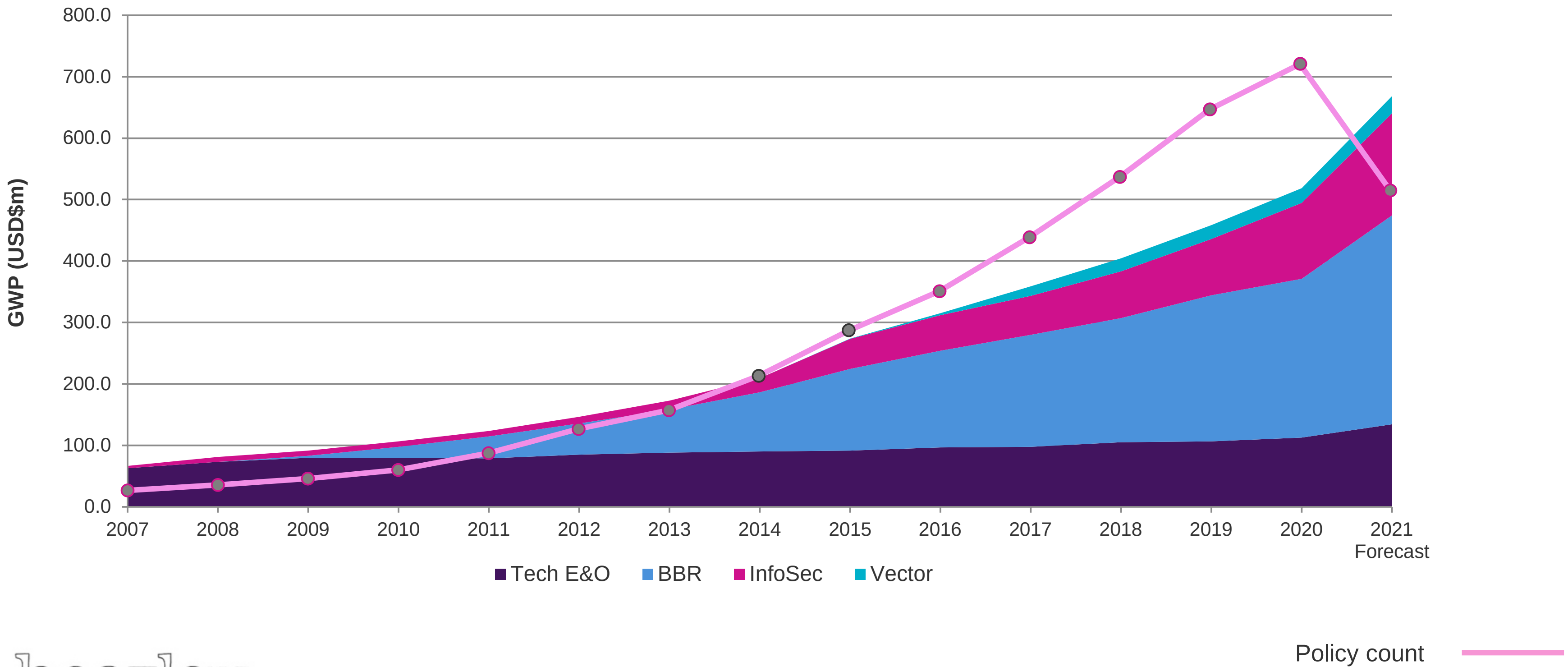

New offering
Existing
Data & Threat Intelligence
Automated Vulnerability Notification Process
Beazley Claims Data Expansion
Lodestone Threat Intel
Inhouse Scanning
Integrate Add'll Datapoints
BBR Services Data Insight
Underwriting Data
Advanced Threat Intel
Dark Web Datapoints
Prevention rather than cure
Insurance, reimagined
Beazley
Beazley Cyber Services/Lodestone
Beazley cyber portal
Broker
Client
Risk Management Services
Education
Targeted Education:
Threat Vector (e.g. Phishing)
Targeted Education
Threat Vector Specific Services
e.g.Phishing Email Templates
Proactive Client Experience
Services for Other Threat Vectors
Client Engagement
Underwriting & Claims
Insurance Indemnity
Underwriting Management
Product Innovation
Claims Services
Incident Response
Incident Response
Non US Operating Model
Serverless Incident Rooms
Vendor Panel Evolution

Changing threat landscape - Impact of our response so far

Early trend analysis since October 2020 shows:

- 20% ransomware frequency reduction per policy
- 50% ransomware frequency reduction per premium
- Increasing rates, less exposure

Increased Premium, Reduced Exposure



Cyber exposure management

Attritional vs Systemic cyber risk

Attritional	Systemic	Management of systemic	Reinsurance

• Data breach
• Ransomware
• Malicious employee
	• Cloud outage
	• Supply chain attacks (Ransomware)
	• Payment networks
		• Risk appetite and realistic disaster scenarios
		• Black swan scenarios
		• 3rd party expertise
		• Managing exposures that drive systemic risk
		  o Coverage
		  o Diversification
			• Systemic catastrophe cover
			• Aggregate cover
			• Line boost

Cyber positioning

- We understand how to manage our exposure and we understand the market
- We have developed an appropriate culture and process to enable smart underwriting which allows us to make the right risk selection/ design the make up of our book
- We have developed and refined an evolving risk management solution which presents a significant opportunity to capitalise on our leadership position that makes our clients more resilient
- This is a continuous journey, and we are aware of the need to constantly improve, learn and invest

The outlook

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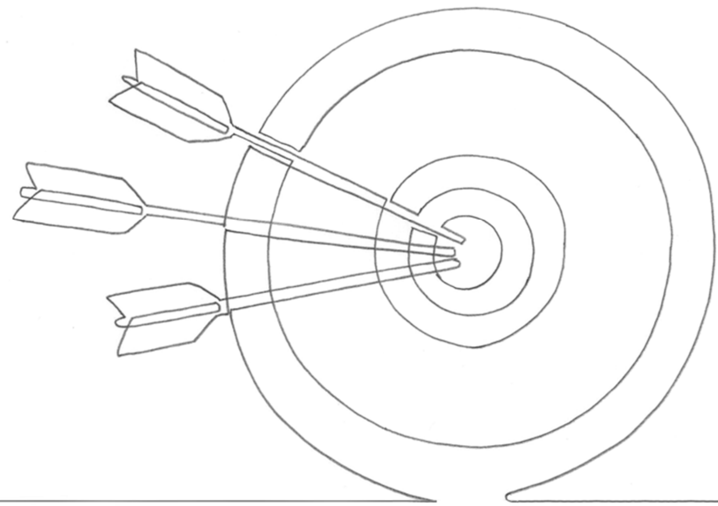
Outlook

- Market conditions and rate continue in our favour
- We expect growth to be in the mid 20's for the full year with net growth in the mid teens
- Our combined ratio guidance is unchanged at low 90s
- Investment yield on core portfolio 0.5% as at 30th June
- We remain focussed on achieving disciplined growth
- Continued investment in underwriting technology
- The board remains committed to a dividend payment at year end after taking into account the 2021 results as a whole



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Strategy

Questions

Appendices

Performance by division

Six months ended 30 June 2021	Cyber & Executive Risk	Marine	Market Facilities	PAC	Property	Reinsurance	Specialty Lines
Gross premiums written ($m)	548.8	194.1	88.8	154.8	276.6	161.5	610.7
Net premiums written ($m)	405.3	162.9	23.1	126.8	151.2	94.9	477.9
Result from operating activities ($m)	35.4	43.1	0.2	12.3	8.9	11.8	76.6
Claims ratio	68%	34%	23%	50%	51%	62%	61%
Expense ratio	30%	42%	78%	46%	53%	31%	32%
Combined ratio	98%	76%	101%	96%	104%	93%	93%
Rate change	44%	10%	12%	6%	10%	12%	13%

Beazley approach to capital

- We primarily present the Lloyd's Economic capital requirement (ECR) chosen as it is the most stringent regulatory capital measure, alongside our US capital requirement for BICI
- The ECR is the only measure we have a target surplus range for – this is an internally preferred range and is not based on any external requirement
- Calculated using the same capital model, the ECR has two main differences to the more commonly used Solvency II solvency approach
    - Firstly, the ECR considers capital to ultimate, rather than just over a one year time horizon. The difference in quantum these two ways of modelling will vary year on year, but the ultimate requirement tends to be 20%-30% greater
    - Lloyd's then applies an uplift to this ultimate number, which is currently set at 35%
- These two effects compounded and taken together lead to the ECR being over 60-75% higher when compared to a Solvency II solvency capital requirement
- Beazley target to hold 15-25% above the ECR, meaning that an equivalent target on a standard basis would be of the order of 180-220% *
- Separately, the BICI capital requirement is calculated using a risk based capital approach, and the requirement we present targets holding 300% of this

** Note: The ECR ratio is not subject to restrictions often applicable to some Solvency II calculations where not all available capital resources are allowable in the Solvency ratio calculations (which can lead to a lower percentage)*

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