Results for the year ended 31 December 2011

Tuesday, 7 February 2012

Disclaimer notice

Certain statements made in this presentation, both oral and written, are or may constitute “forward looking statements” with respect to the operation, performance and financial condition of the Company and/or the Group. These forward looking statements are not based on historical facts but rather reflect current beliefs and expectations regarding future events and results. Such forward looking statements can be identified from words such as “anticipates”, “may”, “will”, “believes”, “expects”, “intends”, “could”, “should”, “estimates”, “predict” and similar expressions in such statements or the negative thereof or other variations thereof or comparable terminology. These forward looking statements appear in a number of places throughout this document and involve significant inherent risks, uncertainties and other factors, known or unknown, which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, such forward looking statements should not be read as guarantees of future performance or results and no undue reliance should be placed on such forward looking statements. A number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements.

The information and opinions contained in this presentation, including any forward looking statements, are provided, and reflect knowledge and information available, as at the date of this presentation and are subject to change without notice. There is no intention, nor is any duty or obligation assumed by the Company, the Group or the Directors to supplement, amend, update or revise any of the information, including any forward looking statements, contained in this presentation.

All subsequent written and oral forward-looking statements attributable to the Company and/or the Group or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document.

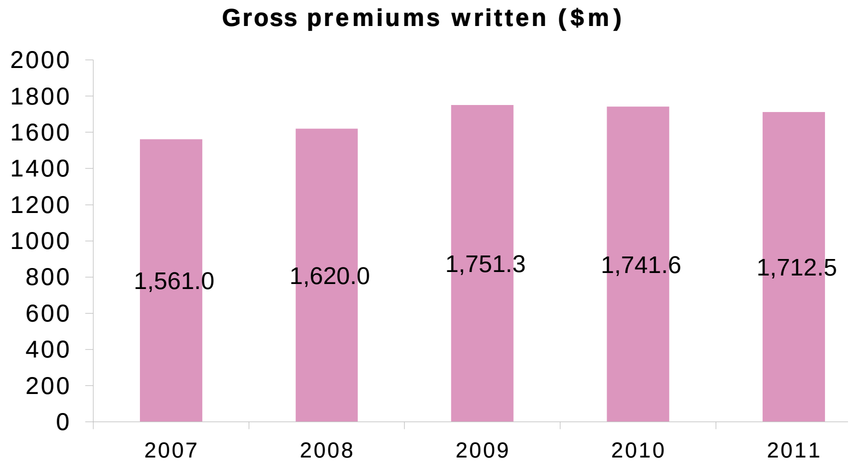
Contents

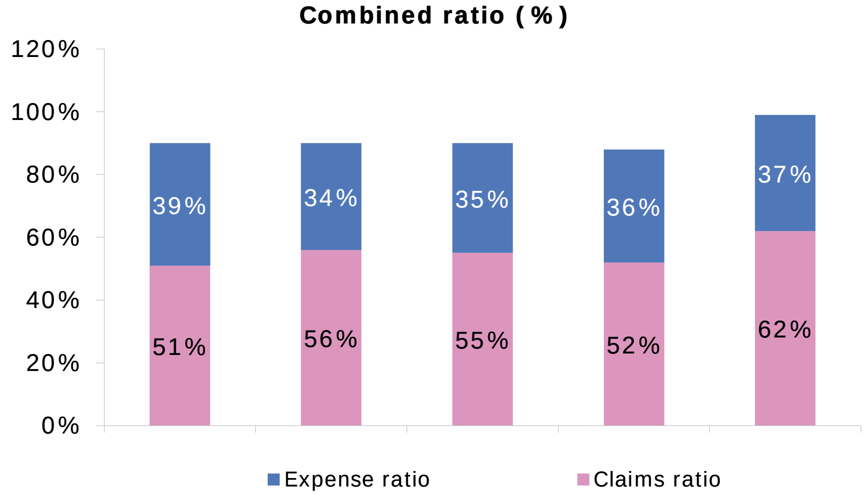
Overview of 2011

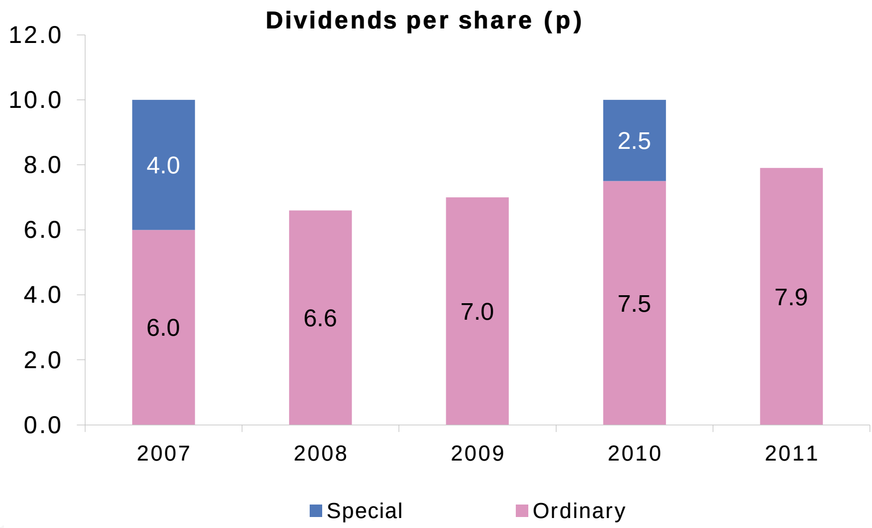
Strong performance in difficult markets

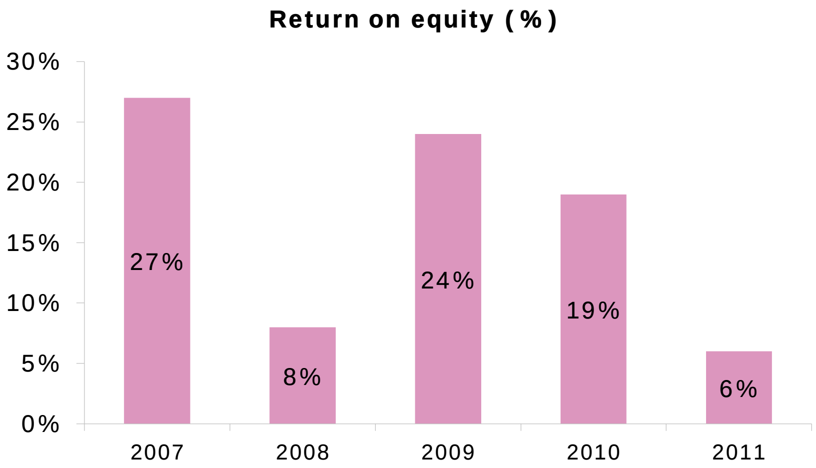
- Profit before income tax of $62.7m (2010: $250.8m)
- Return on equity of 6% (2010: 19%)
- Gross written premiums decreased by 2% to $1,712.5m (2010: $1,741.6m)
- Combined ratio of 99% (2010: 88%)
- Rate increase on renewal portfolio of 1% (2010: 2% decrease)
- Prior year reserve releases of $186.5m (2010: $144.6m)
- Investment income of $39.3m, or 1.0% (2010: $37.5m)
- Second interim dividend of 5.4p taking total dividend for the year to 7.9p (2010: Full year 7.5p plus a special dividend of 2.5p)

Sustained high performance









After stormy year, an improving outlook

- Well diversified portfolio enabled us to maintain track record of profitability in 2011 despite record natural catastrophes

- Rates now hardening in catastrophe exposed classes, notably commercial property and reinsurance. Market still very competitive for professional and management liability

- Additionally, we continue to invest in promising growth areas:
  - Life, accident & health
    - US: significant opportunities for 'gap protection' medical products that supplement the health benefits that US employers offer their employees
    - Australia: Strong reputation as health benefits provider within superannuation (pension fund) market through AIP acquisition – attractive growth potential
  - Data breach insurance
    - Innovative product, strongly marketed, generated 125% premium growth between 2010 and 2011

Board changes

Dennis Holt (joins Beazley plc Board as non-executive director and chairman elect)

Dennis Holt has more than 40 years experience in financial services markets. He was formerly a Main Board Executive Director at LloydsTSB (2000-01) and Chief Executive of AXA UK and a member of AXA's Global Executive Committee (2001-06). He has been a Vice Chairman of the Association of British Insurers and Deputy Chairman of Bank of Ireland. He is currently Chairman of Liverpool Victoria and of Bank of Ireland UK.

Bob Deutsch (joins Beazley Furlonge Ltd Board as non-executive director)

Bob Deutsch is a partner at GCP Capital Partners LLC, where he focuses on insurance-related investments. He was the founding CEO of the Bermuda-based specialty insurer, Ironshore, Inc. Prior to that he served for five years as chief financial officer of CNA Financial Corporation. Between 1987 and 1999 he was CFO and chief actuary, as well as president of the two operating companies, at Executive Risk Inc.

Nick Furlonge (retires from Beazley but remains as non-executive director of Beazley Furlonge Ltd)

Nick Furlonge co-founded Beazley with Andrew Beazley in 1986. He was named "industry achiever of the year" at the *Insurance Day* awards in December 2011.

Financials

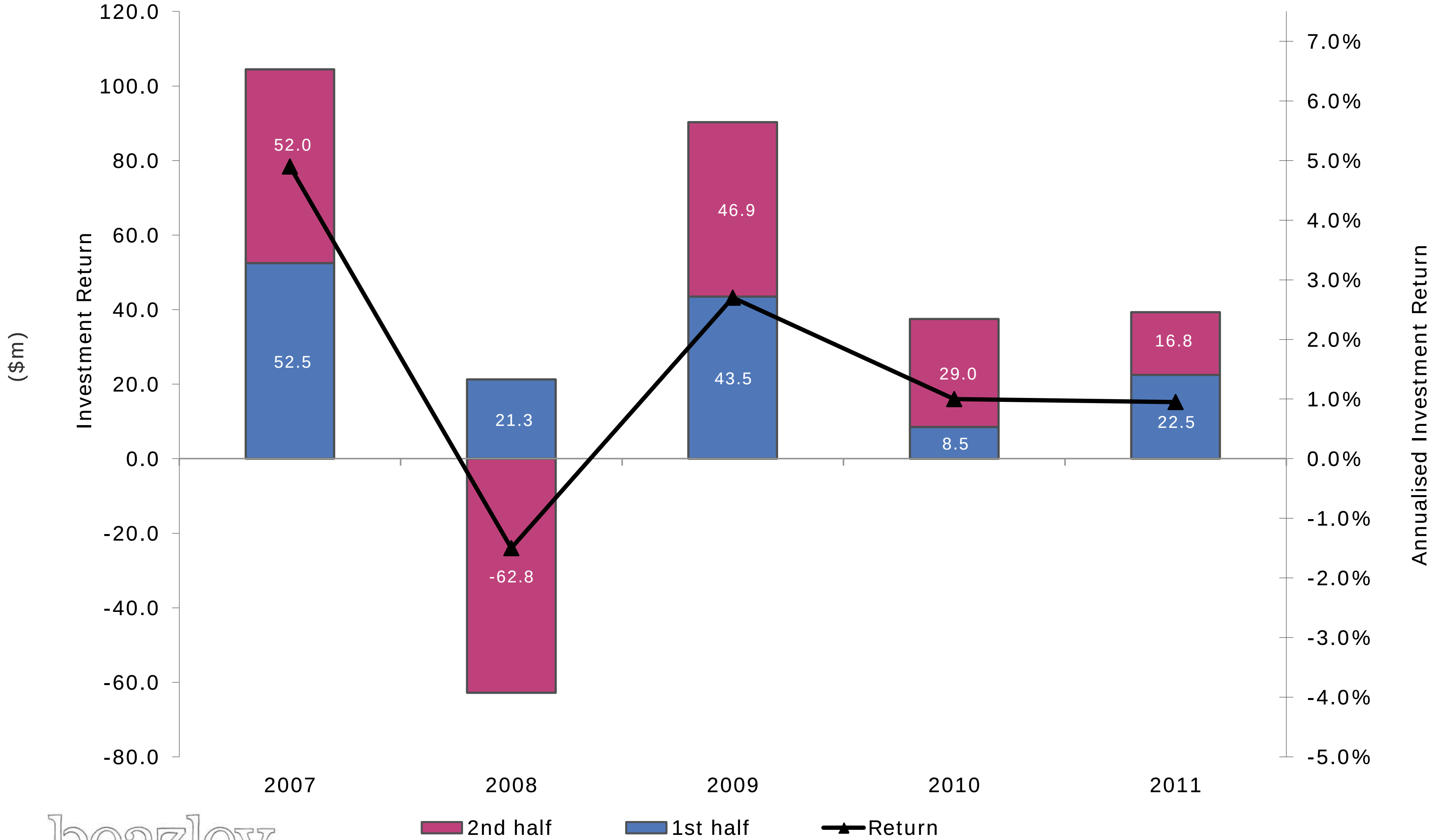
Maintaining our track record of profitability

	Year ended 31 Dec 2011	Year ended 31 Dec 2010	% increase/ (decrease)
Gross premiums written ($m)	1,712.5	1,741.6	(2%)
Net premiums written ($m)	1,374.0	1,402.1	(2%)
Net earned premiums ($m)	1,385.0	1,405.2	(1%)
Profit before income tax ($m)	62.7	250.8	(75%)

Earnings per share	8.1p	27.4p	
Dividend per share *	7.9p	10.0p	*
Net assets per share (pence)	137.6p	139.5p	
Net tangible assets per share (pence)	120.8p	124.4p	

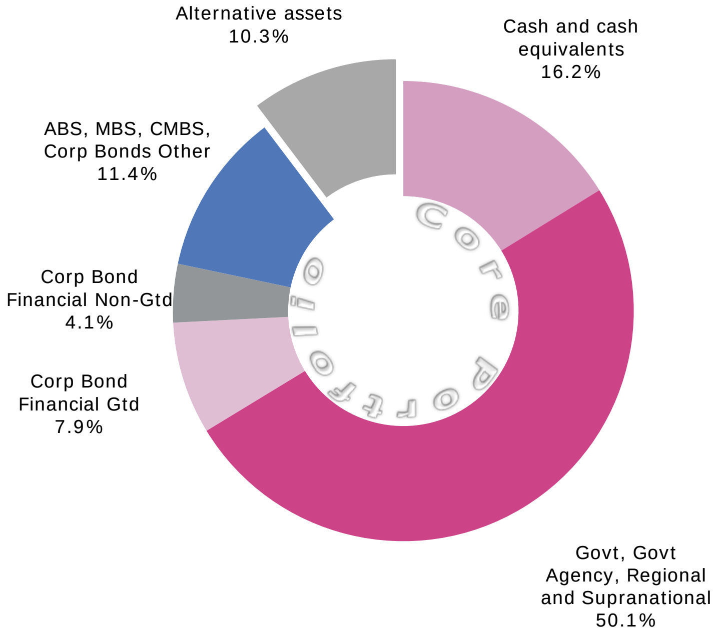
* 2010 includes 2.5 pence per share special dividend

Portfolio delivers stable 1% return in 2011

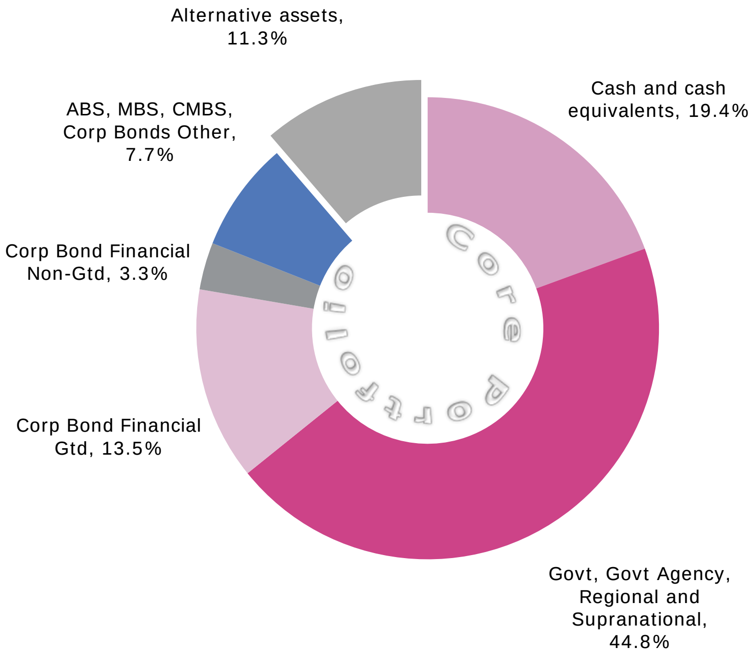


Conservative portfolio positioning maintained

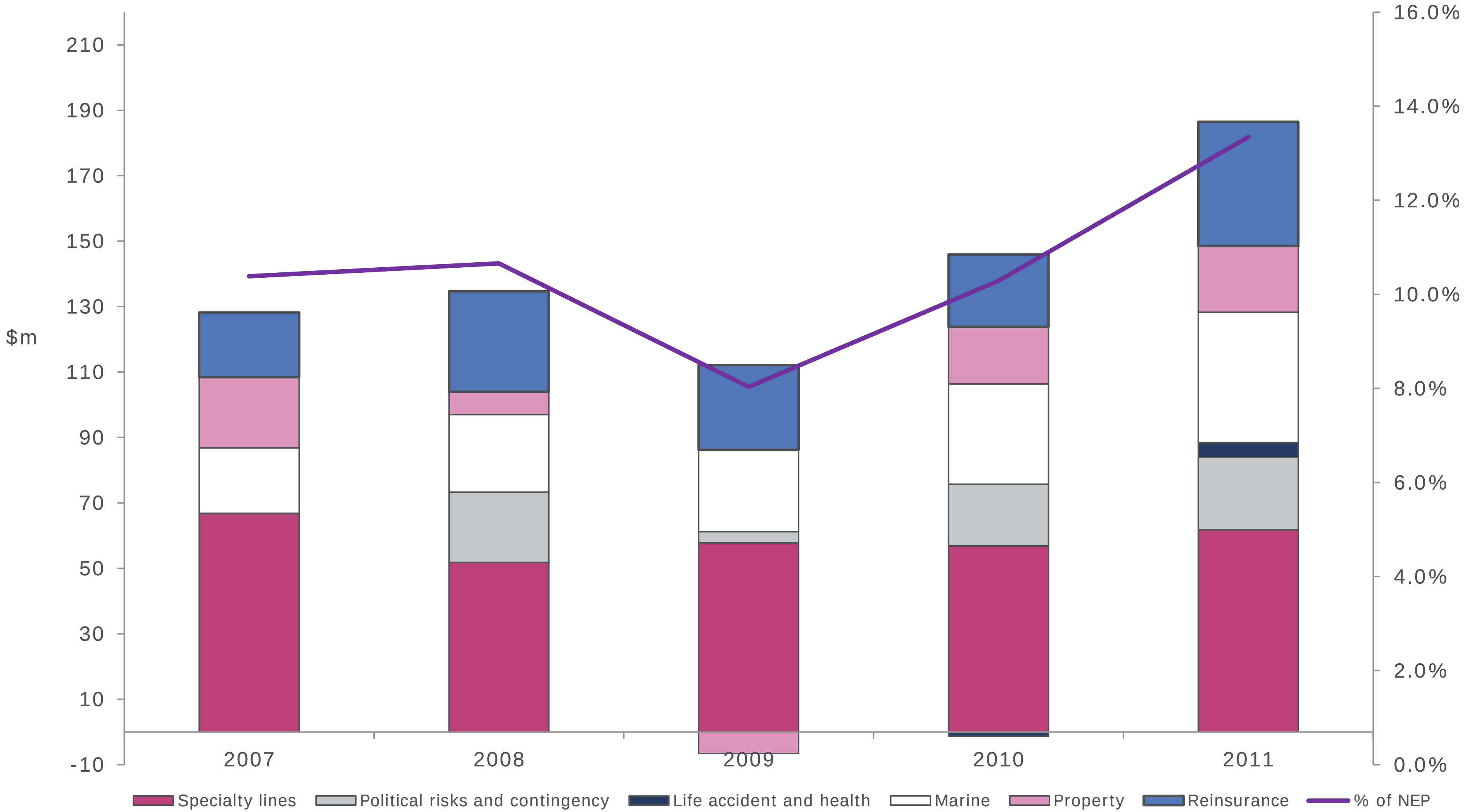
December 2011



December 2010

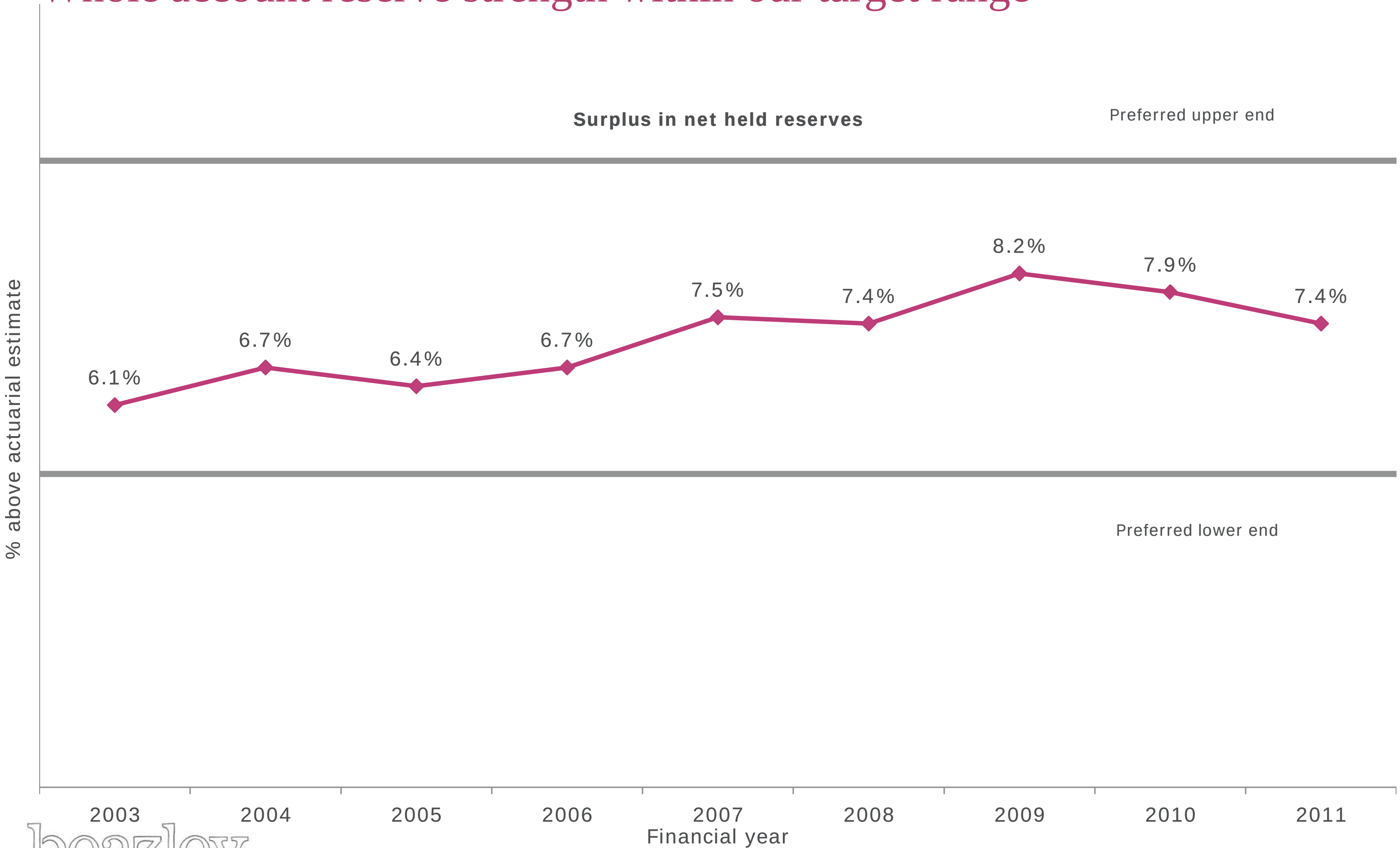


Prior year reserve releases mitigate catastrophes



beazley

Whole account reserve strength within our target range



Strong capital position

Sources of funds	Year Ended 31 Dec 2011		Year Ended 31 Dec 2010	
Shareholders funds ($m)	1,071.0		1,082.9	
Debt ($m)	249.0		248.8	
	1,320.0		1,331.7	
Uses of funds				
Lloyd's underwriting ($m)	742.9		776.9	
US Insurance Company ($m)	107.7		107.7	
	850.6		884.6	
Surplus ($m)	469.4		447.1	
Unavailable surplus ($m)	(267.3)		(206.8)	
Surplus available for underwriting	202.1		240.3	
Capital Returns				
Share buy backs	1.2		29.4	
Regular dividends	62.8	*	59.1	**
Special dividends	-		19.7	
Total	64.0		108.2	
Un-utilised banking facility ($m)	*225.0*		*150.0*	

* Includes both 2011 interims ** includes both 2010 interims

Solvency II – Beazley is on track

- We are already getting benefits from programme
- We remain alert for any growth opportunities SII might create
- We have a good understanding of our capital requirement using the SII model

Capital on Solvency II balance sheet increased by 40%

Capital requirement compared to ICA increases 39%

NET IS BROADLY NEUTRAL

Underwriting review

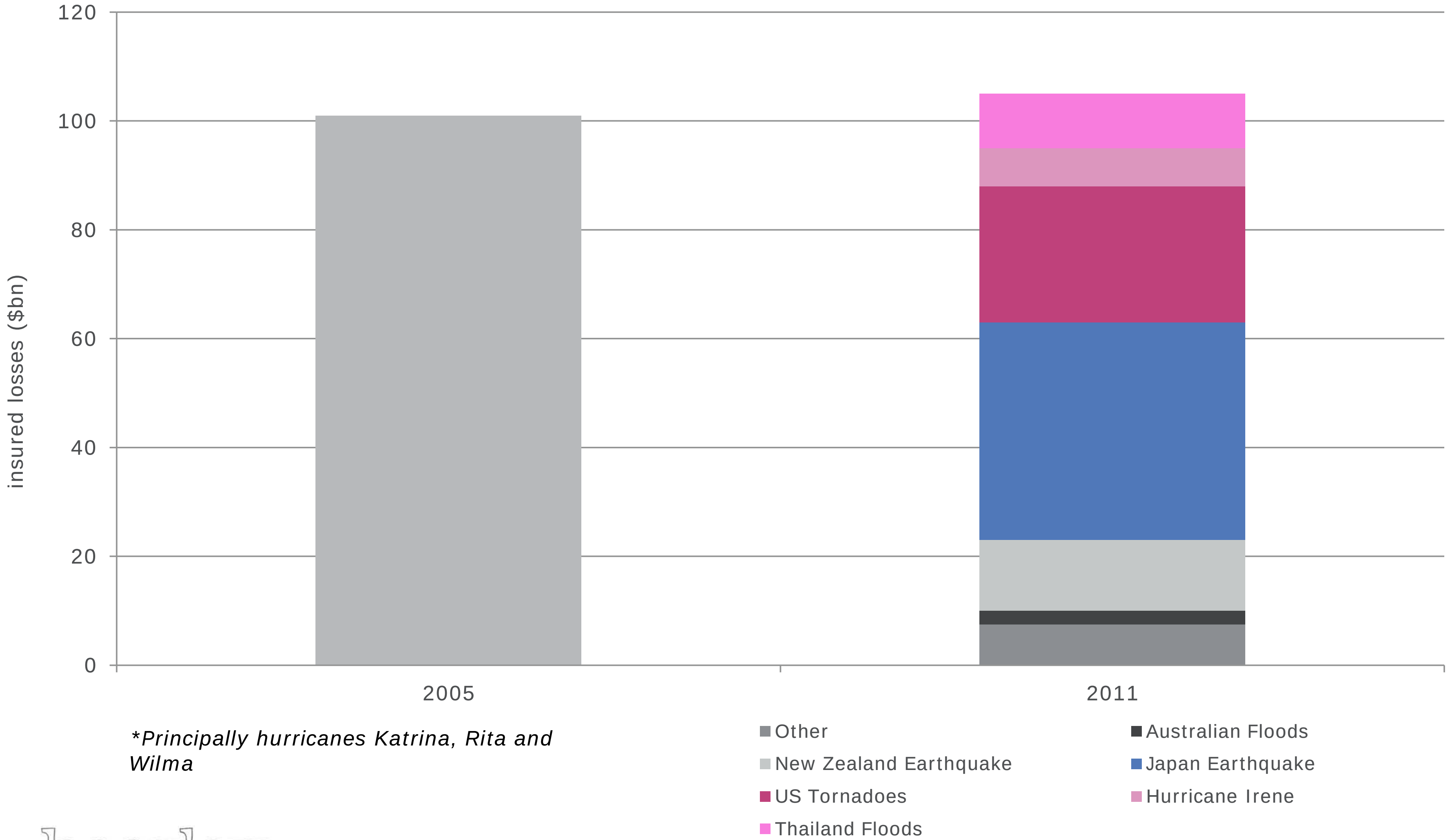
Underwriting review

- Combined ratio of 99% in line with earlier guidance reflecting benefits of our diversified portfolio
- Worst year on record for natural catastrophes: Our share $215m
- No deterioration on large loss estimates from the first half of 2011
- We continue to reserve consistently, maintaining our surplus over best estimate between 5-10%
- 2011 rate increase of 1%; 2012 expected to deliver increases

Underwriting review

	Year Ended 31 Dec 2011	Year Ended 31 Dec 2010
Gross premiums written ($m)	1,712.5	1,741.6
Net premiums written ($m)	1,374.0	1,402.1
Net earned premiums ($m)	1,385.0	1,405.2
Expenses ratio	37%	36%
Claims (excl catastrophe claims)	46%	44%
Catastrophe related claims ratio	16%	8%
Combined ratio	99%	88%
Rate change on renewals	1%	(2%)

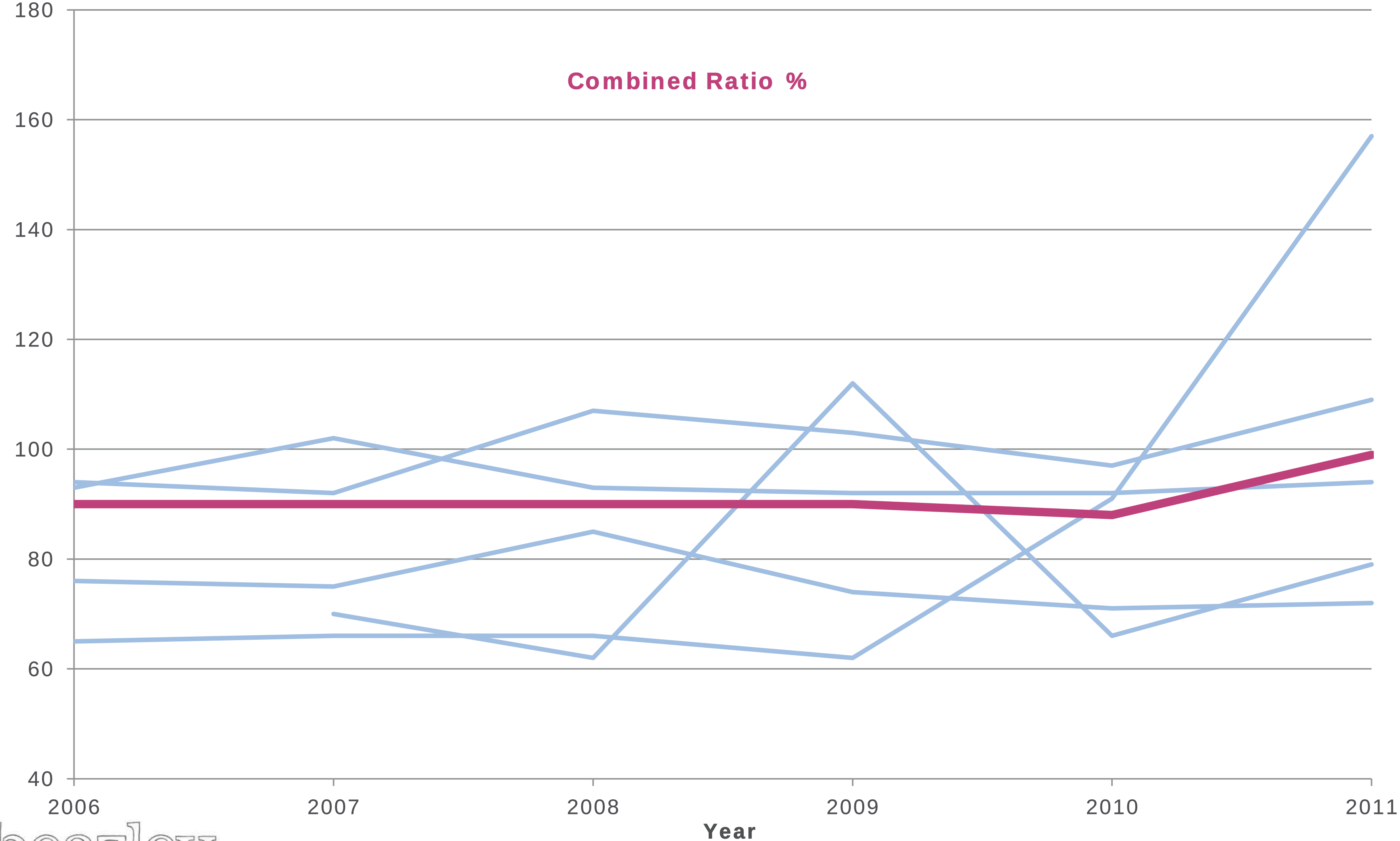
Recent catastrophe events in context



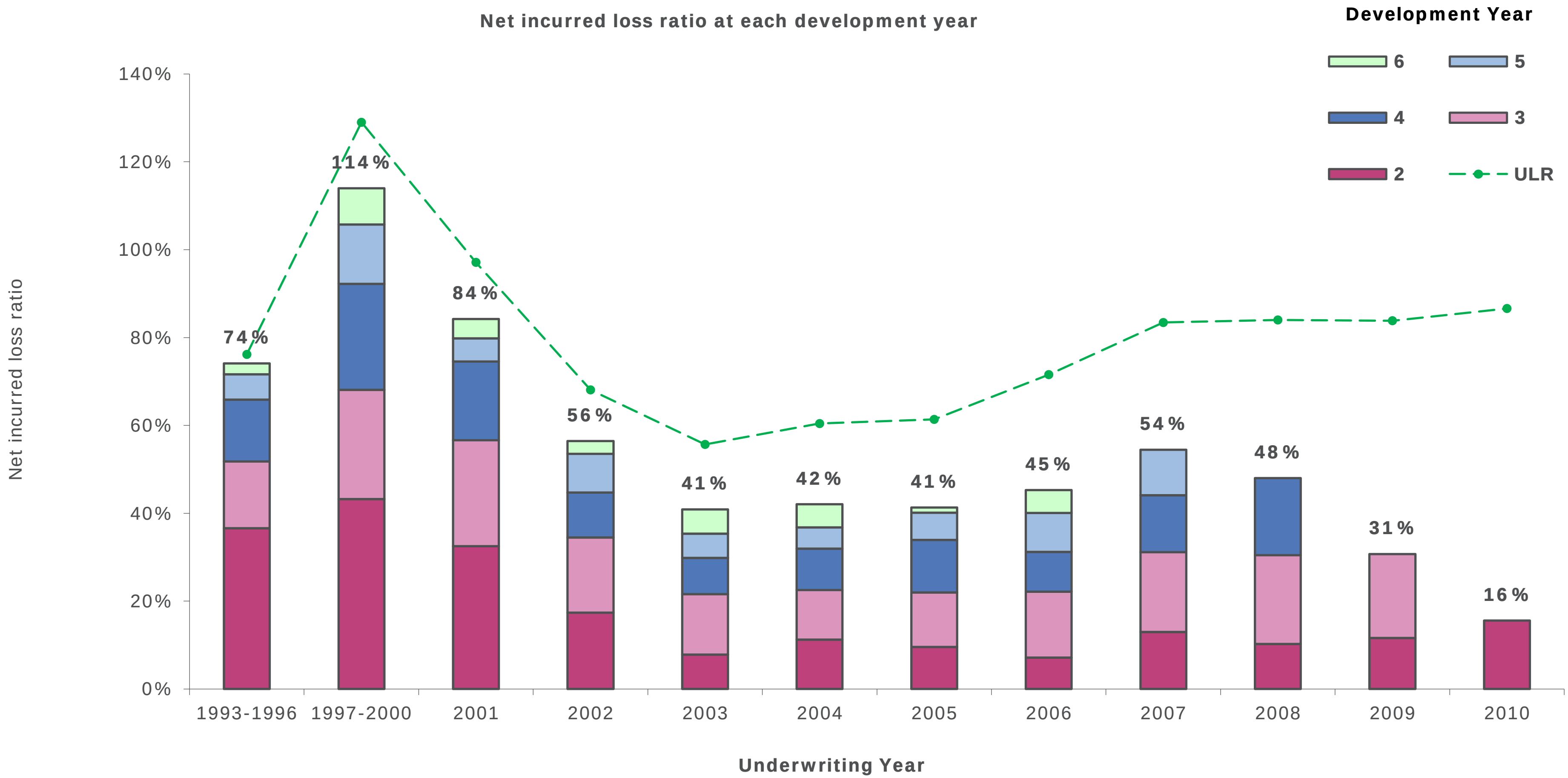
**Principally hurricanes Katrina, Rita and Wilma*

Source: Munich Re

Portfolio management achieves consistent combined ratio through market cycles

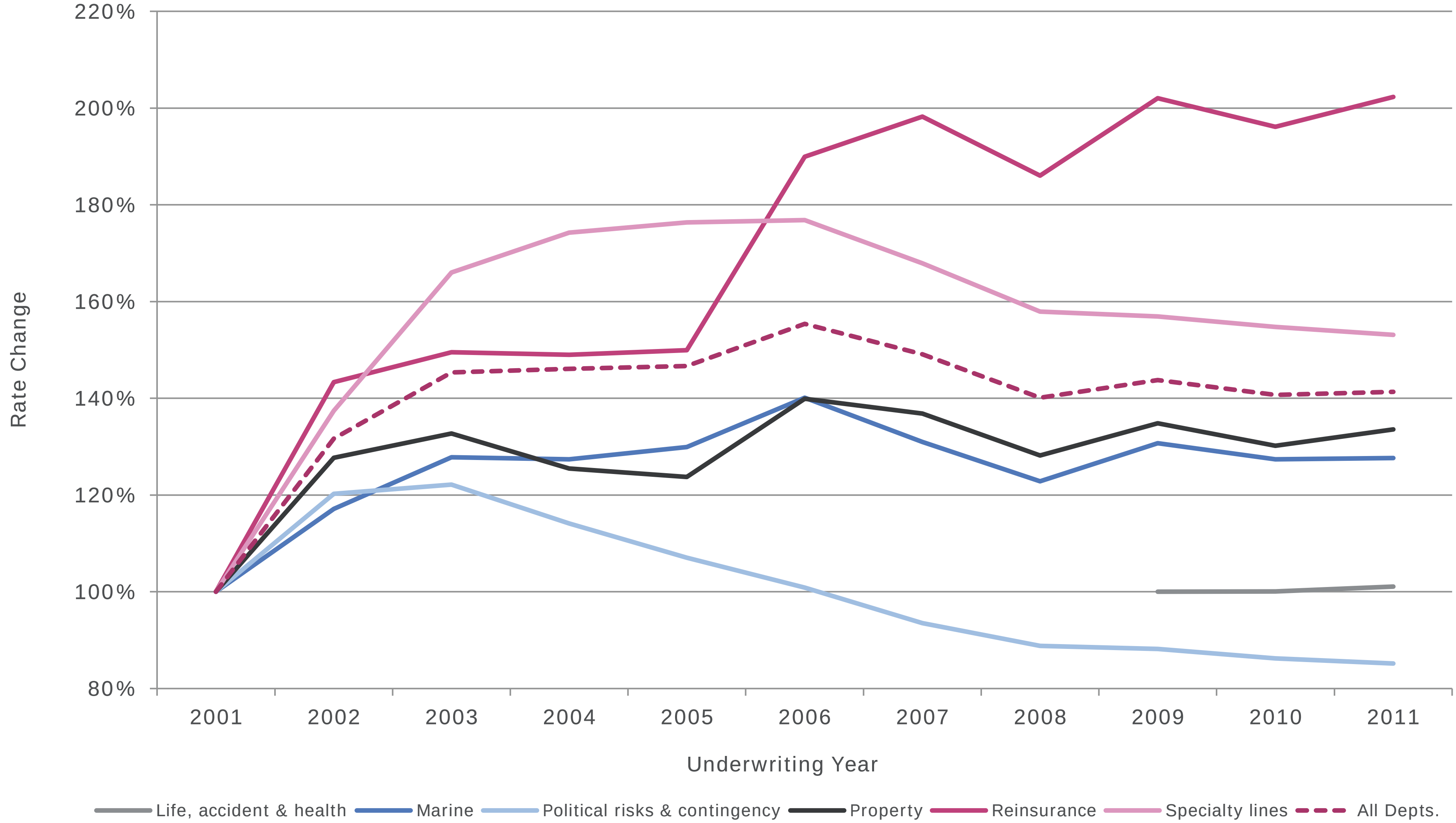


Specialty lines incurred claims remain in line with expectations



Net ultimate premium $m	79	111	54	95	269	324	341	355	433	469	411	429

Cumulative rate changes since 2001



beazley

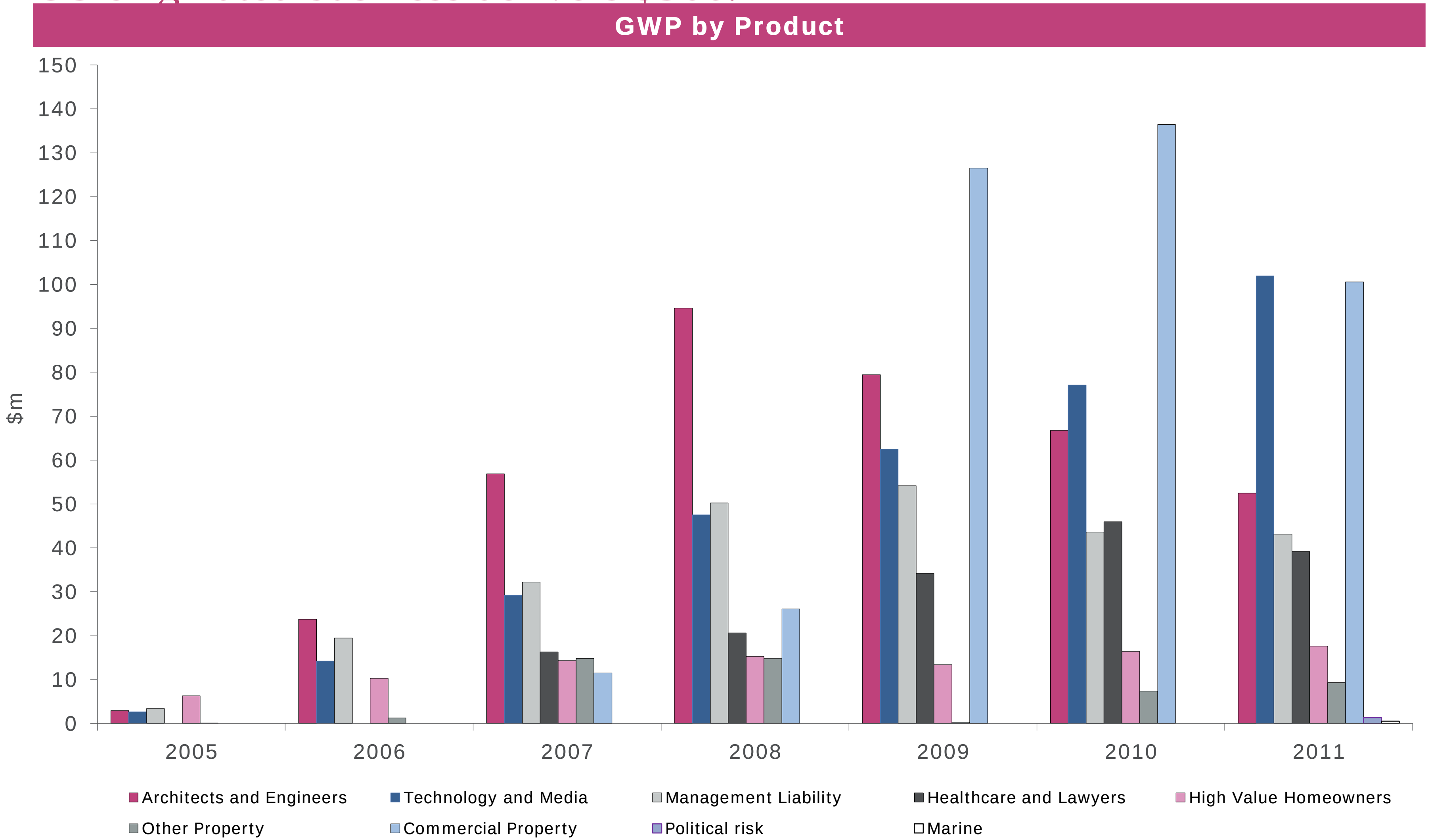
Outlook

- Seeing positive rate movements in aggregate
- Premium growth of 5-10% is planned in 2012
- We continue to explore organic and acquisition-driven growth opportunities
- We will maintain our dividend strategy
- Finance in place for known opportunities
- We wish the Olympic fencing team good luck at the games

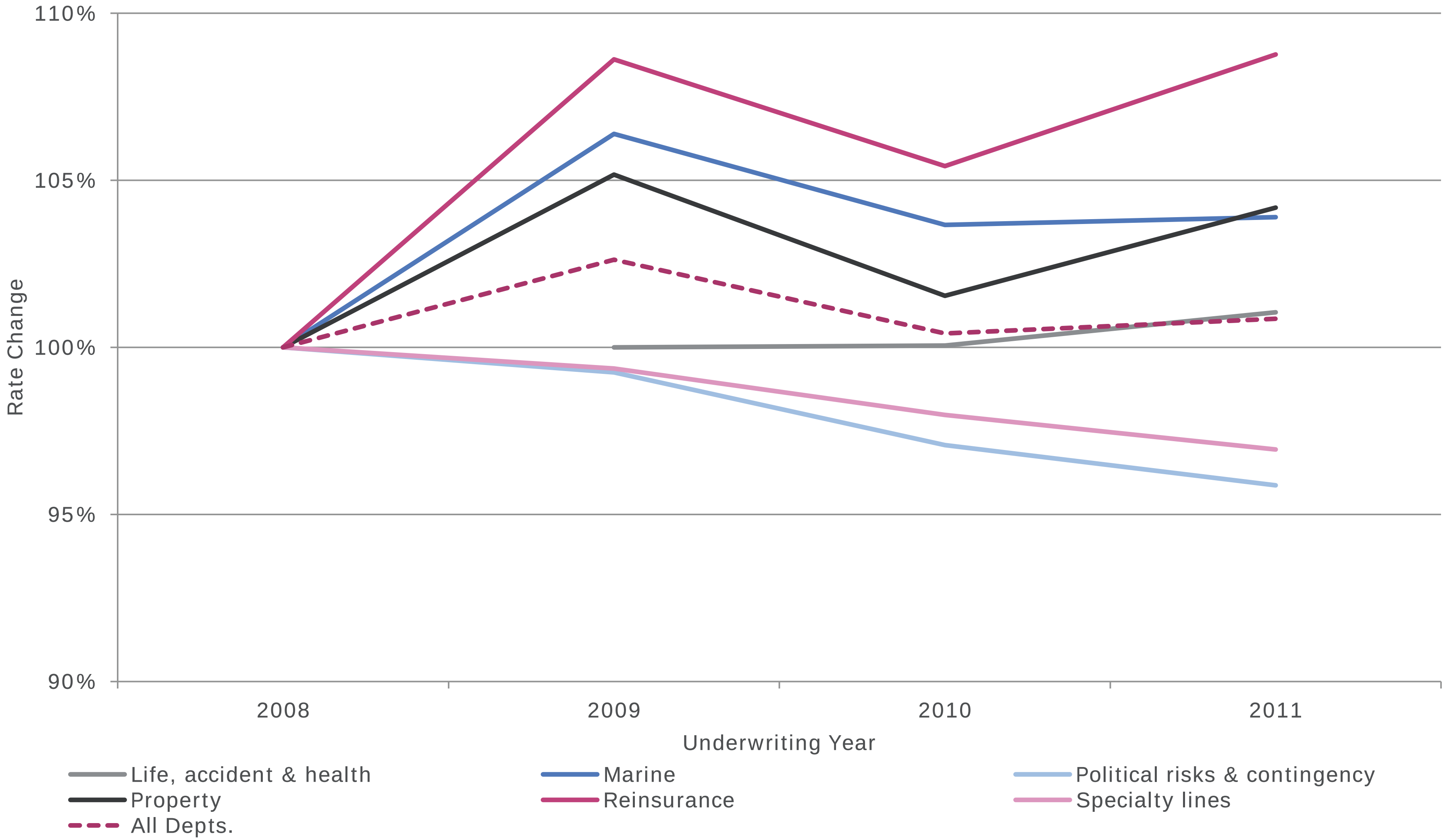
Any questions?

Appendix

US originated business delivers $366.2m

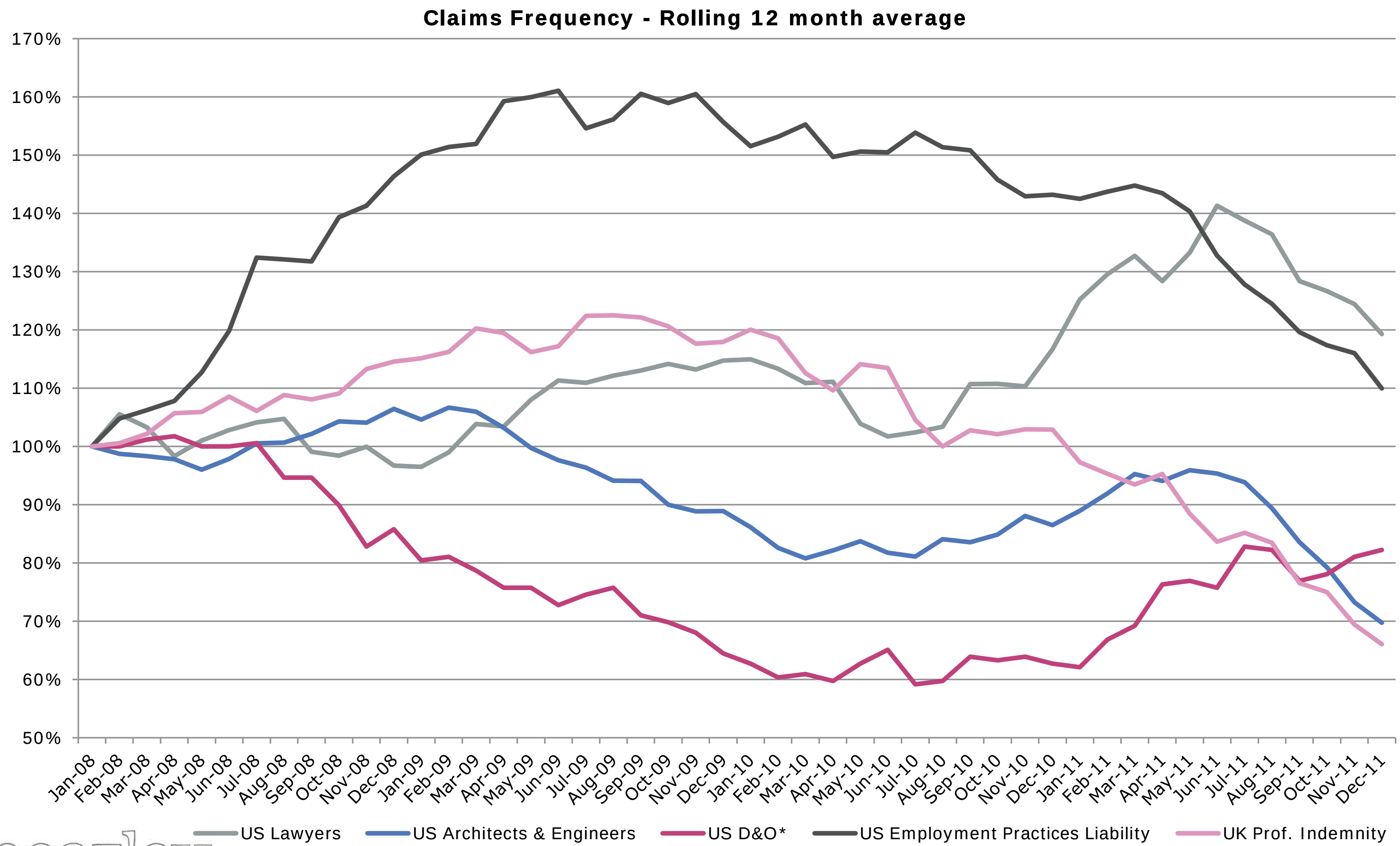


Zoom on rate changes since 2008



beazley

Recession planning: frequency has reverted to normal levels



*US D&O statistics are market-wide

Life accident & health

	Year Ended 31 December	
	2011	**2010**
Gross premiums written ($m)	**86.9**	**78.1**
Net premiums written ($m)	**80.3**	**71.4**
Net earned premiums ($m)	**74.0**	**65.7**
Claims ratio	**48%**	**53%**
Rate change on renewals	**1%**	**-**
Percentage of business led	**68%**	**58%**

- Combined ratio 95% despite investment in business in US and Australia
- Beazley opened a Minneapolis office in 2011 where we will begin writing admitted accident and health business in 2012
- Presence in Australia increased with the acquisition of Australian Income Protection Pty Limited

beazley

Marine

	Year Ended 31 December	
	2011	2010
Gross premiums written ($m)	274.2	261.7
Net premiums written ($m)	245.1	235.6
Net earned premiums ($m)	231.7	233.9
Claims ratio	36%	38%
Rate change on renewals	-	(3%)
Percentage of business led	52%	53%

- Gross premiums increased due to strong performance in energy
- Delivery of combined ratio of 72% and achieved an average combined ratio of 77% over the last 7 years
- Prior year reserve releases of $39.9m (2010: $30.7m)

Political risks and contingency

	Year ended 31 December	
	2011	**2010**
Gross premiums written ($m)	**102.5**	**100.9**
Net premiums written ($m)	**85.2**	**79.9**
Net earned premiums ($m)	**84.3**	**87.4**
Claims ratio	**42%**	**29%**
Rate change on renewals	**(1%)**	**(2%)**
Percentage of business led	**67%**	**67%**

- Combined ratio of 79% despite losses incurred in Libya on the political book
- Continued expansion of our global presence, with underwriters in the US, Singapore, Australia and plans for France
- Political: claims reserves on 2008 are stable

Property

	Year ended 31 December	
	2011	2010
Gross premiums written ($m)	359.4	382.5
Net premiums written ($m)	273.9	283.8
Net earned premiums ($m)	283.7	285.9
Claims ratio	63%	49%
Rate change on renewals	3%	(4%)
Percentage of business led	74%	77%

- Rate improvements follow the restructuring of our US portfolio to focus on excess and surplus lines business
- All teams saw rate increases in 2011 despite planned reductions
- Market continues to be competitive into 2012
- We continued to achieve a client retention rate of 82%,significantly above the market average

Reinsurance

	Year ended 31 December	
	2011	2010
Gross premiums written ($m)	178.3	174.4
Net premiums written ($m)	130.4	134.4
Net earned premiums ($m)	131.7	131.6
Claims ratio	130%	63%
Rate change on renewals	3%	(3%)
Percentage of business led	41%	36%

- Multiple events impacted the performance during the worst year on record for natural catastrophes
- Beazley's reinsurance team has implemented changes to by limiting territorial coverage and assigning a rate per peril

beazley

Specialty lines

	Year Ended 31 December	
	2011	**2010**
Gross premiums written ($m)	**711.2**	**744.0**
Net premiums written ($m)	**559.1**	**597.0**
Net earned premiums ($m)	**579.6**	**600.7**
Claims ratio	**60%**	**61%**
Rate change on renewals	**1%**	**(2%)**
Percentage of business led	**95%**	**93%**

- Reduction in premiums – mainly in A&E and healthcare PI insurance
- Prior year releases of $61.8m (2010: $56.9m)
- Cycle management expertise contributed to a 94% combined ratio in often challenging markets