Results for the year ended 31 December 2012

Thursday, 7 February 2013

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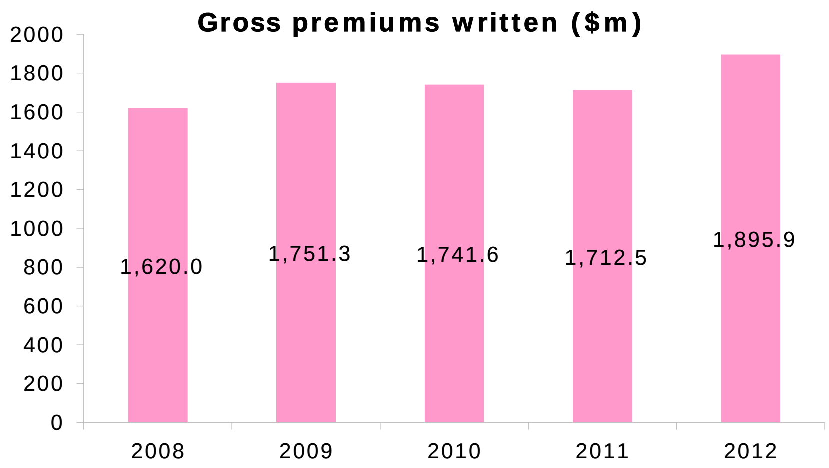
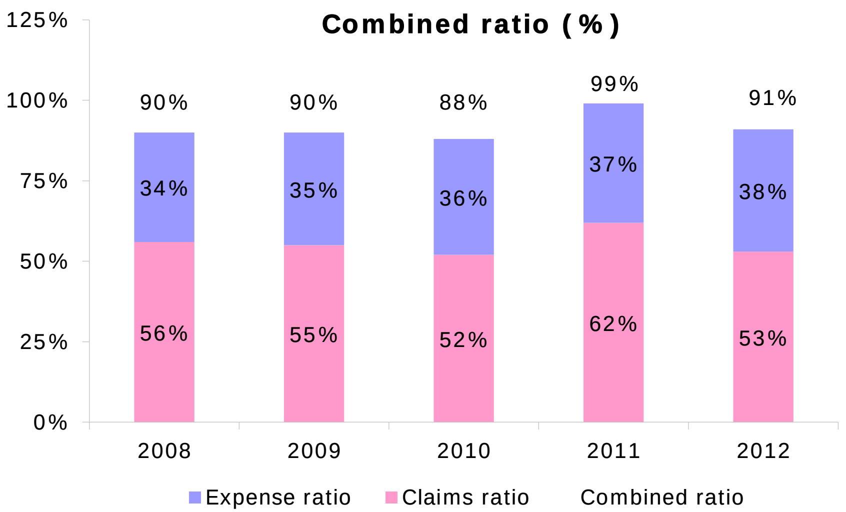
Overview of 2012

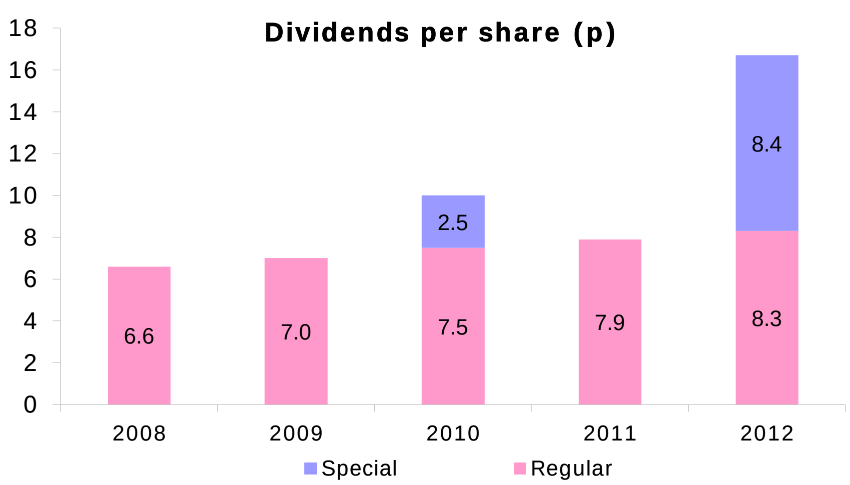
Strong growth and record profits

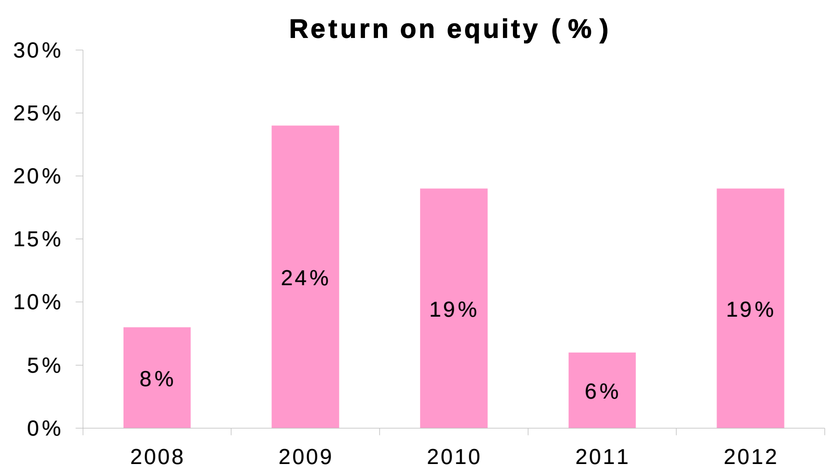
- Profit before income tax of $251.2m (2011: $62.7m)
- Return on equity of 19% (2011: 6%)
- Gross written premiums increased by 11% to $1,895.9m (2011: $1,712.5m)
- Combined ratio of 91% (2011: 99%)
- Rate increase on renewal portfolio of 3% (2011: 1% increase)
- Prior year reserve releases of $126.0m (2011: $186.5m)
- Investment income ahead strongly at $82.6m (2011: $39.3m)
- Second interim dividend of 5.6p taking full year dividend to 8.3p (2011: Full year 7.9p) up 5% plus a special dividend of 8.4p

Sustained high performance





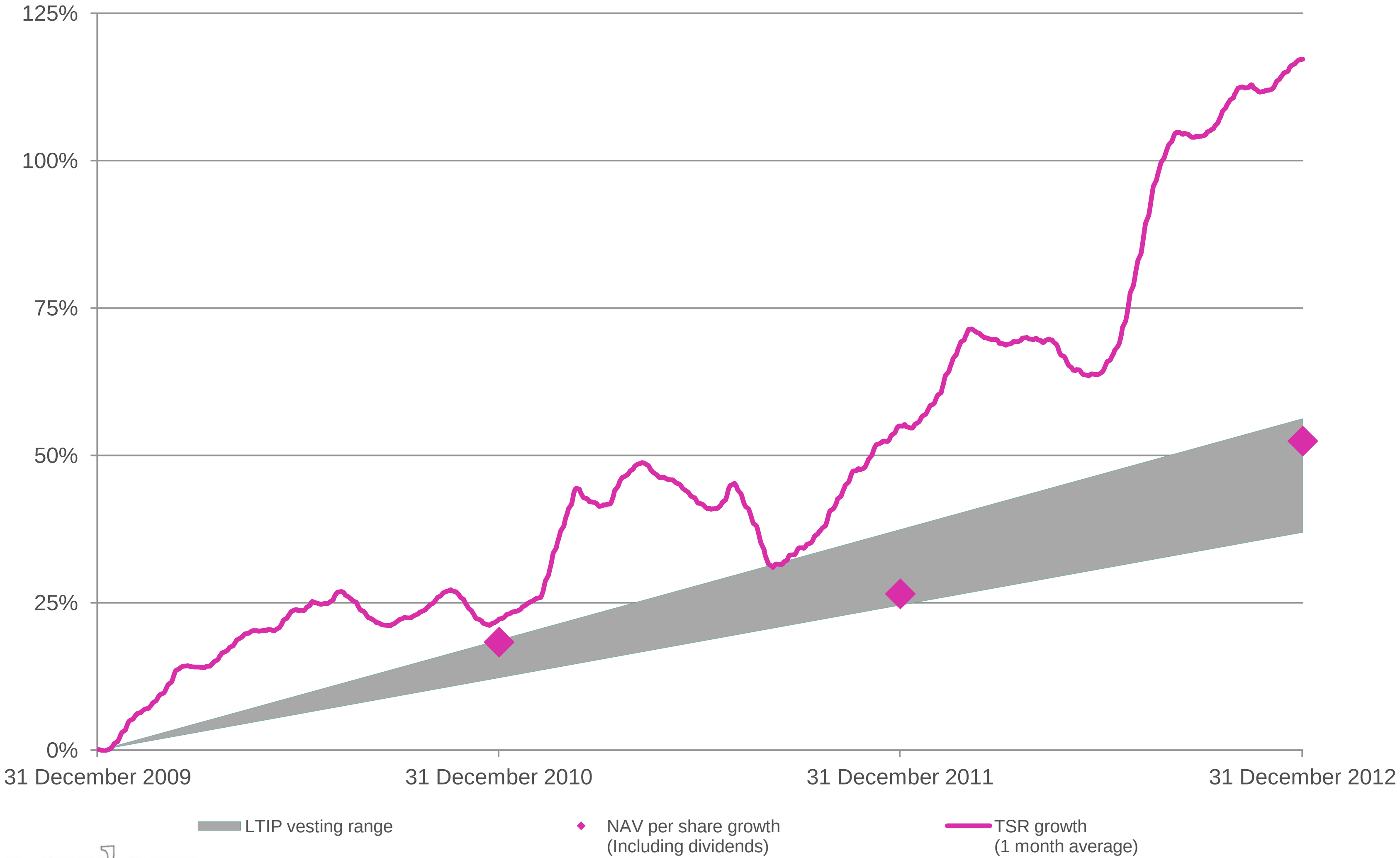




A year of significant achievement

- We achieved rate increases across a broad cross section of our portfolio including specialty lines
- Our innovation continues to add top line growth
- New product lines launched including kidnap and ransom and aviation in marine
- Had a successful year of attracting new talent to Beazley
- We achieved a positive outcome in Lloyd’s year end 2012 SII evaluation
- We have demonstrated our continuing capital discipline and undertaken innovative refinancing in the retail bond market
- NAV growth achieved consistently over the last three years

Excellent total shareholder return (TSR) and NAV growth



Board and Executive changes

Angela Crawford-Ingle joins the Beazley Board, replacing Gordon Hamilton as a non-executive director.

Angela Crawford-Ingle is a founding partner of Ambre Partners, providing business, financial and operational expertise to private equity and other institutional investors. She was previously a senior partner with PwC with executive responsibility for running the Investment Management and Insurance Division.

Mark Bernacki replaces Jonathan Gray as Head of Property Group

Mark Bernacki assumed leadership of Beazley's property group on 1 January 2013. Mark joined Beazley in 2005 from Liberty Mutual. He ran the company's US property insurance business before moving to London in 2010, where he also assumed responsibility for the London and Singapore underwriting operations.

Financials

Maintaining our track record of profitability

	Year ended 31 Dec 2012	Year ended 31 Dec 2011	% increase
Gross premiums written ($m)	1,895.9	1,712.5	11%
Net premiums written ($m)	1,542.7	1,374.0	12%
Net earned premiums ($m)	1,478.5	1,385.0	7%
Profit before income tax ($m)	251.2	62.7	301%
Earnings per share	26.7p	8.1p	
Dividend per share	8.3p	7.9p	
Special dividend	8.4p	-	
Net assets per share (pence)	148.4p	137.6p	
Net tangible assets per share (pence)	134.3p	120.8p	

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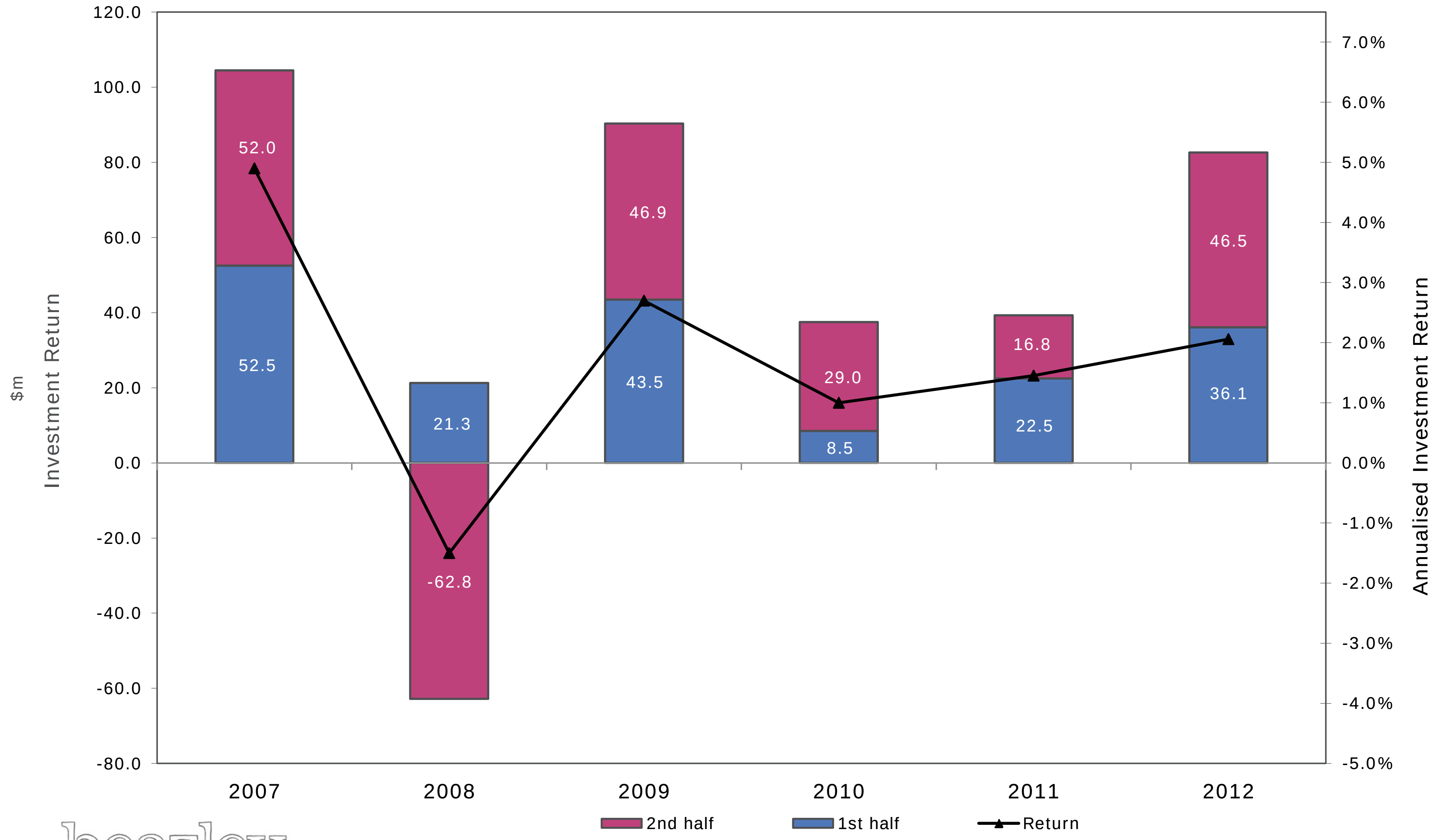
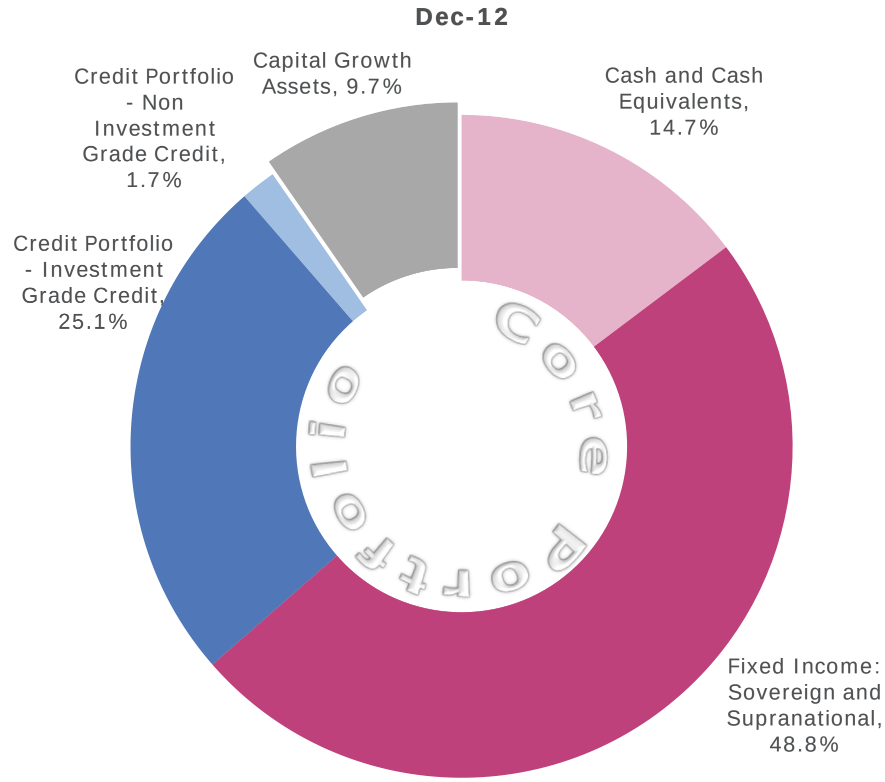
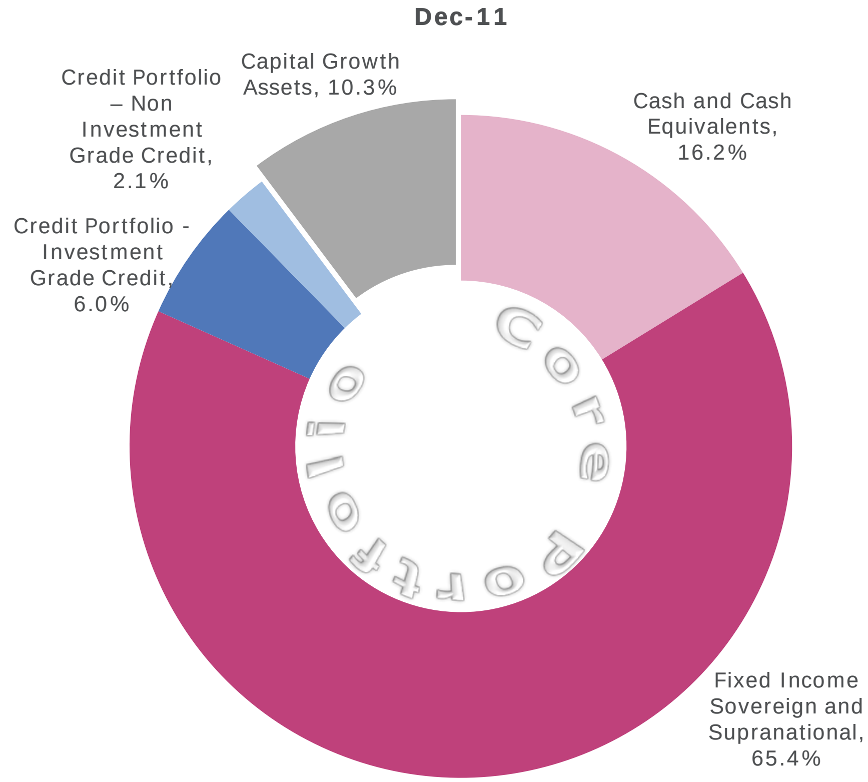
Portfolio delivers 2.0% return in 2012



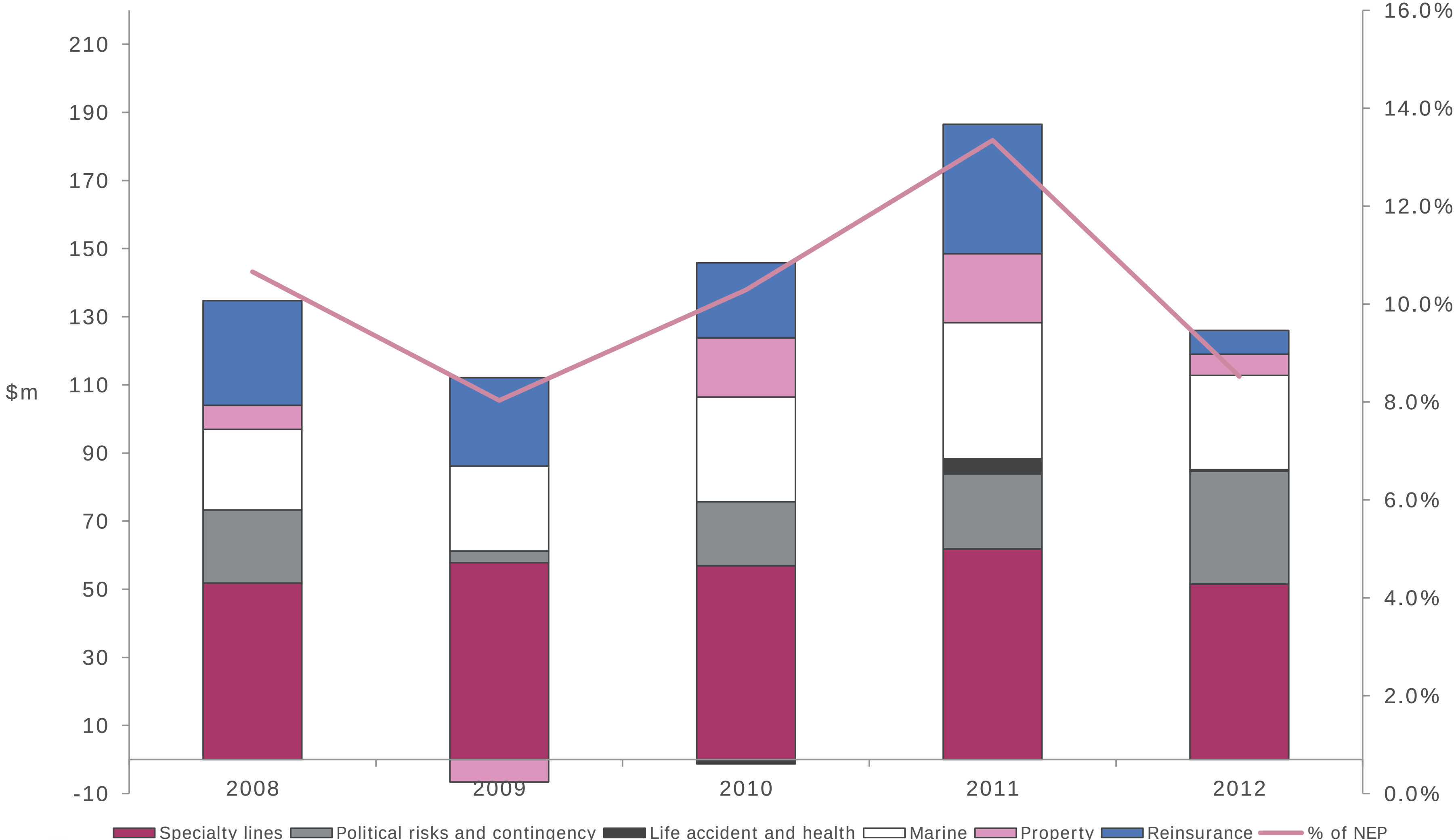
Conservative portfolio but with increased credit and duration



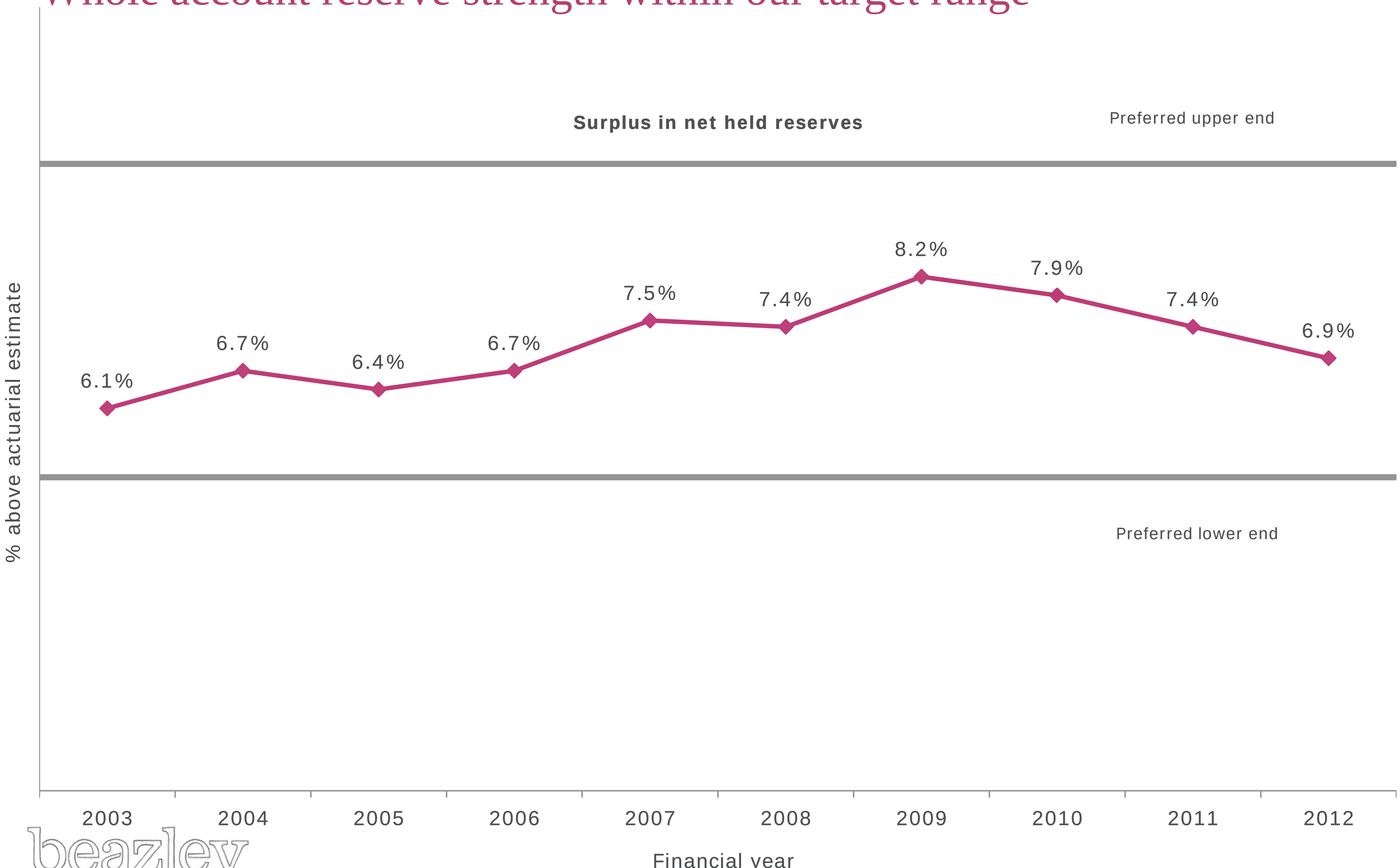


Duration of the core portfolio was 1.9 years in 2012 and 1.3 years in 2011

Continuing prior year reserve releases



Whole account reserve strength within our target range



Active and innovative capital management continues

- Special dividend of 8.4p declared will generate £42.1m of capital returned to shareholders
- Issued a retail bond (£75m for 7 years at 5.375% coupon)
- Debt buy-back in 2012 generated a profit of $12.9m
- Offer to acquire remaining 2016 subordinated debt has been launched and further retail bond is planned
- Beazley plc, S&P issuer credit rating removed following sub-debt retirement
- LOC facility remains undrawn at $225m

Strong capital position

Sources of funds	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Shareholders funds ($m)	1,211.7	1,071.0
Subordinated debt ($m)	184.3	249.0
Retail bond ($m)	122.3	
Total Sources of Funds	1,518.3	1,320.0
Uses of funds		
Lloyd's underwriting ($m)	876.0	742.9
US Insurance Company ($m)	107.7	107.7
	983.7	850.6
Surplus ($m)	534.6	469.4
Unavailable surplus ($m)	(274.3)	(267.3)
Available surplus ($m)	260.3	202.1
Un-utilised banking facility ($m)	*225.0*	*225.0*

Underwriting review

Underwriting review – 2012 achievements

- Gross premiums written achieved 11% growth in 2012
- 2012 rate increase on renewals of 3%
- Superstorm Sandy reserved at $90m net of reinsurance
- We continue to reserve consistently, maintaining our surplus over actuarial estimate between 5-10%
- Combined ratio of 91% in line with earlier guidance reflecting benefits of our diversified portfolio

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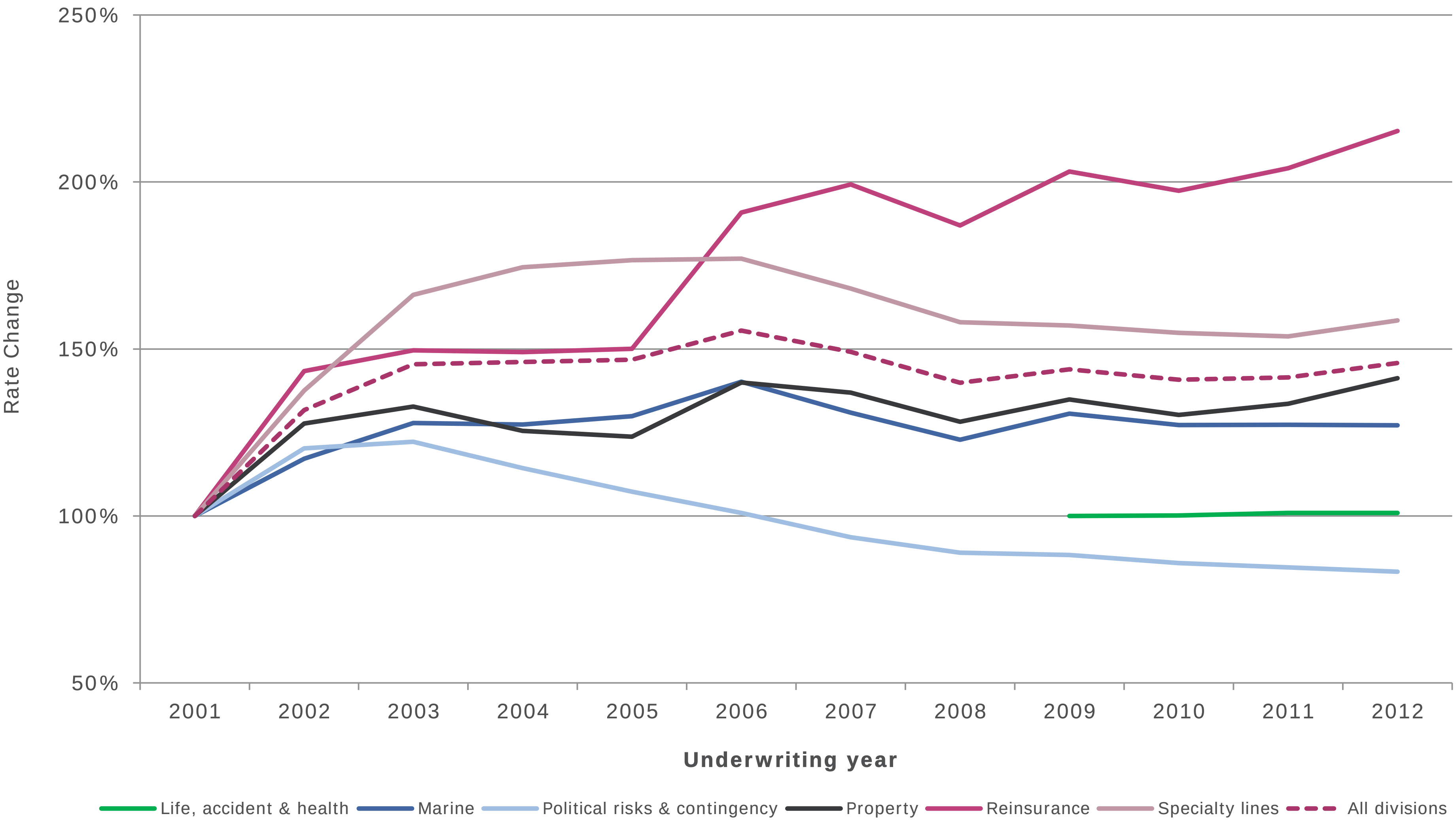
Underwriting review

	Year Ended 31 Dec 2012	Year Ended 31 Dec 2011
Gross premiums written ($m)	1,895.9	1,712.5
Net premiums written ($m)	1,542.7	1,374.0
Net earned premiums ($m)	1,478.5	1,385.0
Expenses ratio	38%	37%
Claims ratio	53%	62%
Combined ratio	91%	99%
Rate change on renewals	3%	1%

Cumulative rate changes since 2001



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Underwriting review – 2013 plans

- Market conditions expected to be largely unchanged
- Continued opportunity for measured growth
  - Aviation
  - Reinsurance
  - Beazley Breach Response

Outlook

- Seeing positive rate movements in aggregate
- Premium growth of 5-10% is planned again in 2013
- We continue to identify growth opportunities
- We will maintain an active capital management strategy

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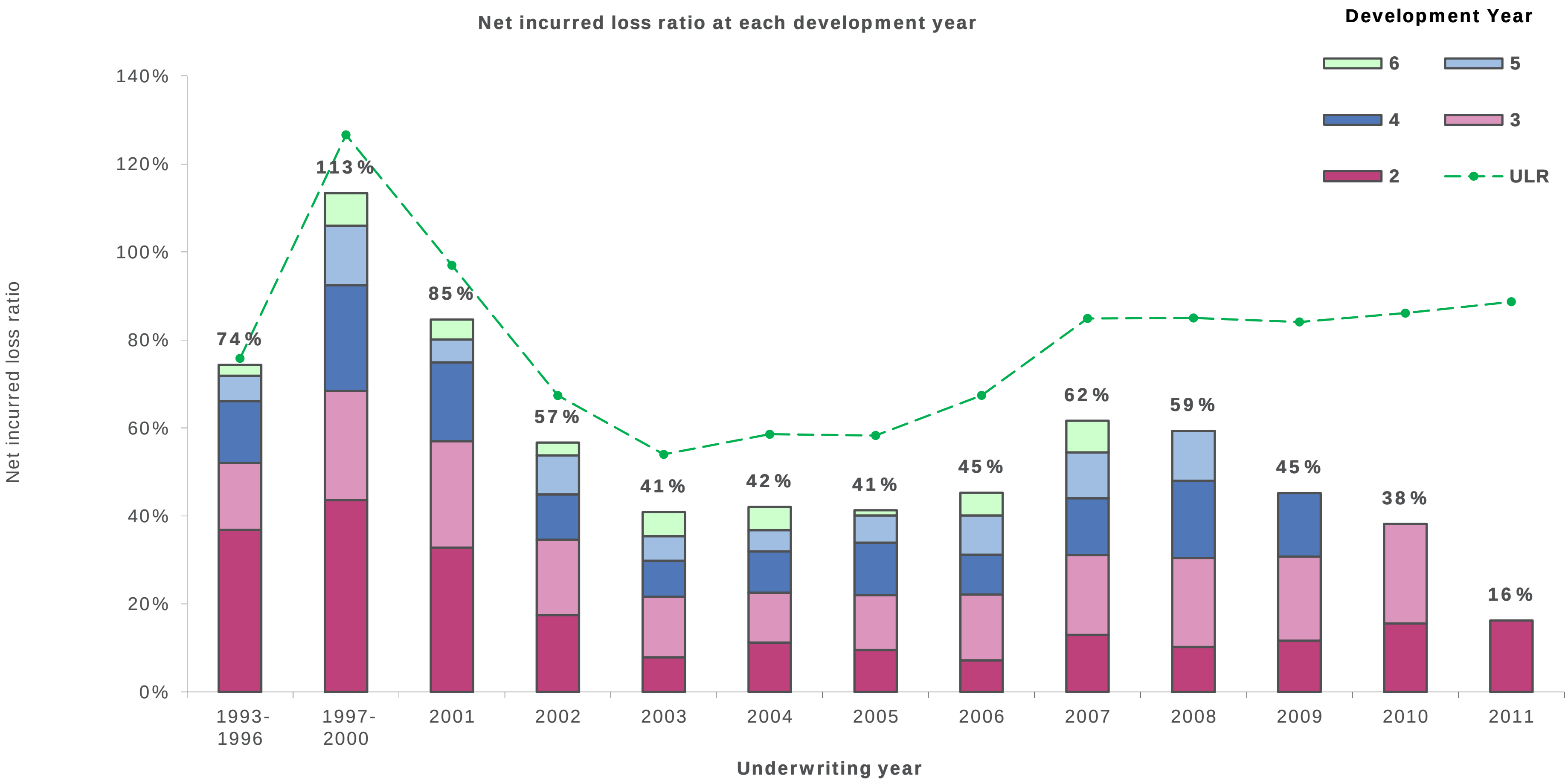
Any questions?

Appendix

Specialty lines incurred claims remain in line with expectations



Net ultimate premium $m	81	113	55	96	272	327	344	357	436	470	428	436	416

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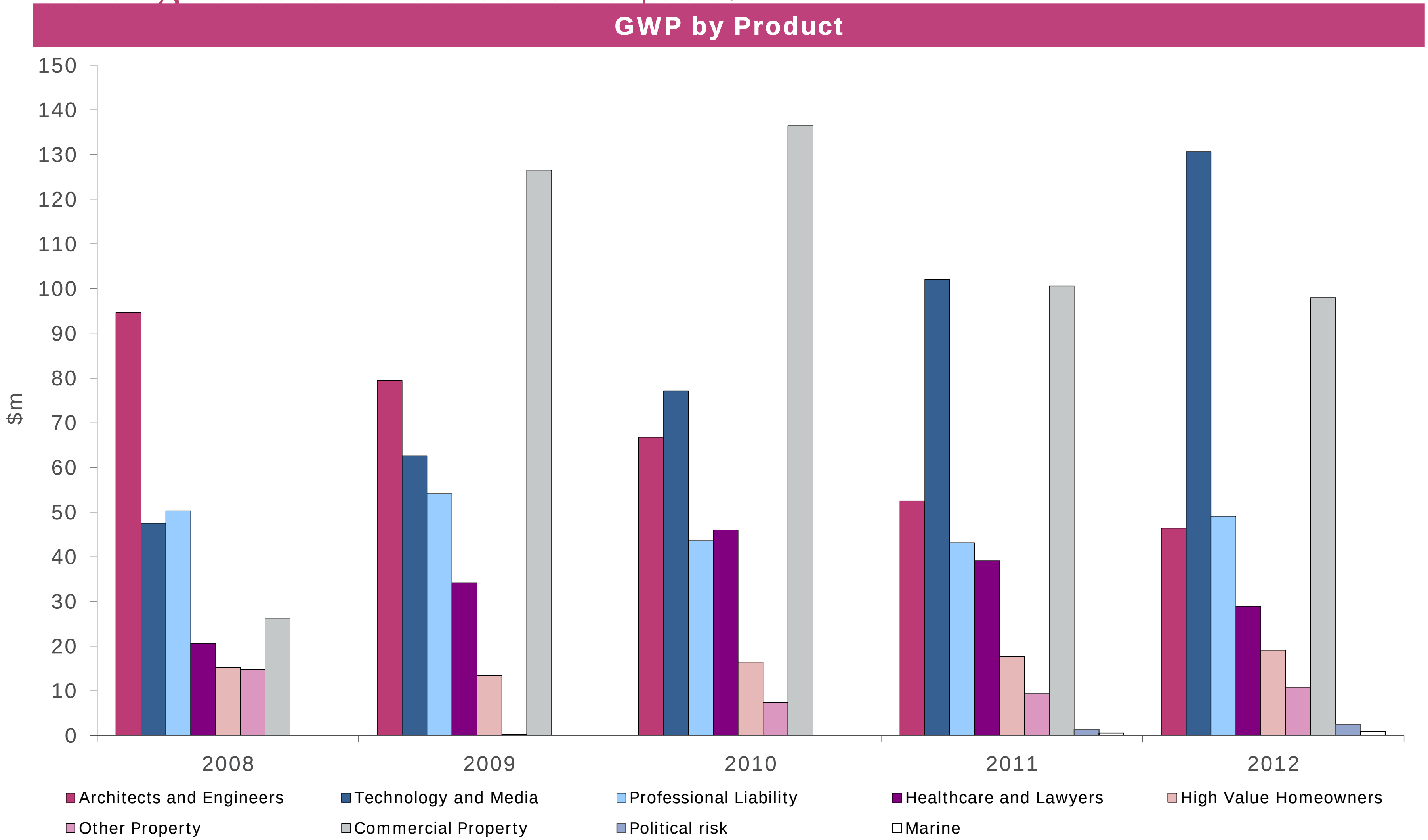
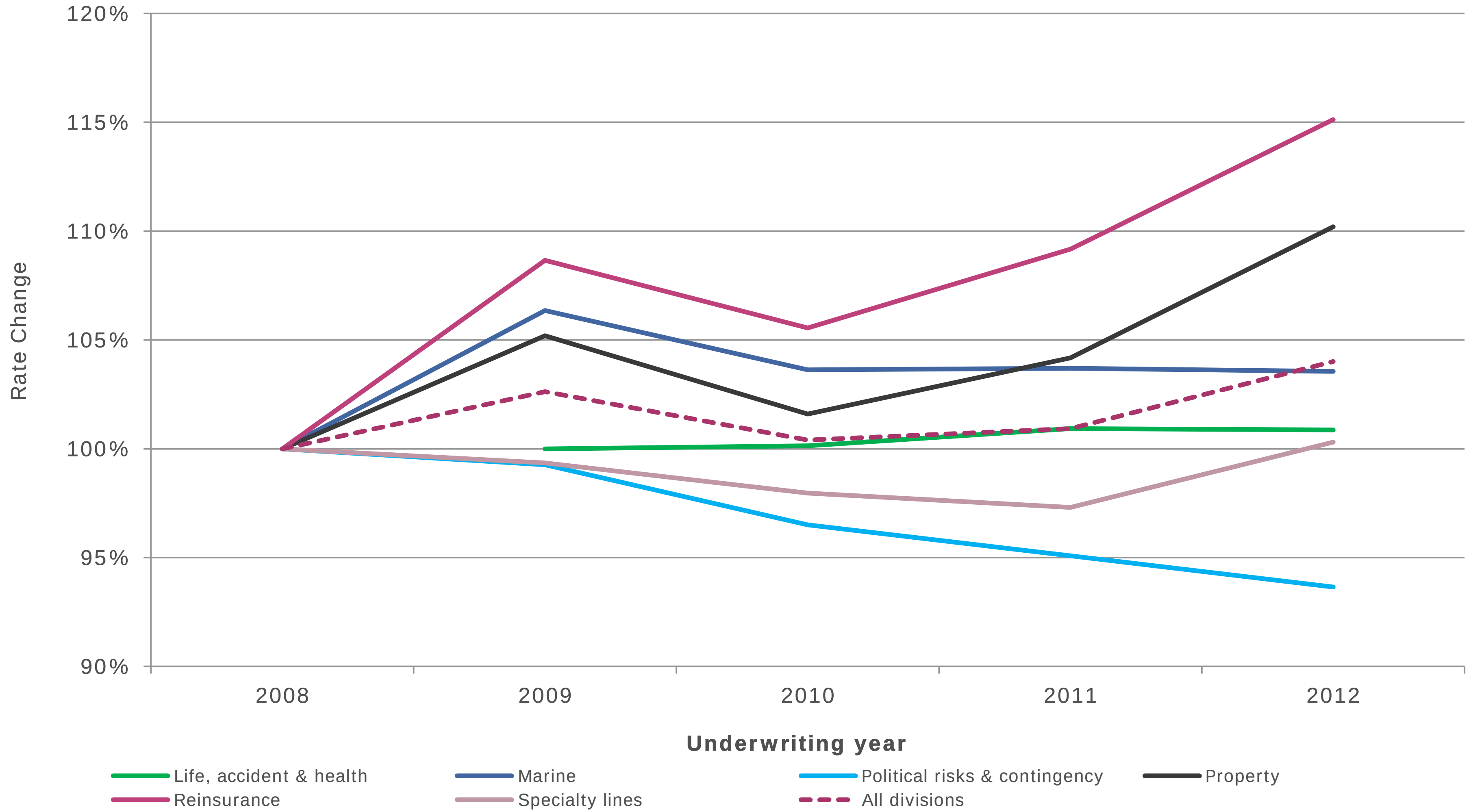
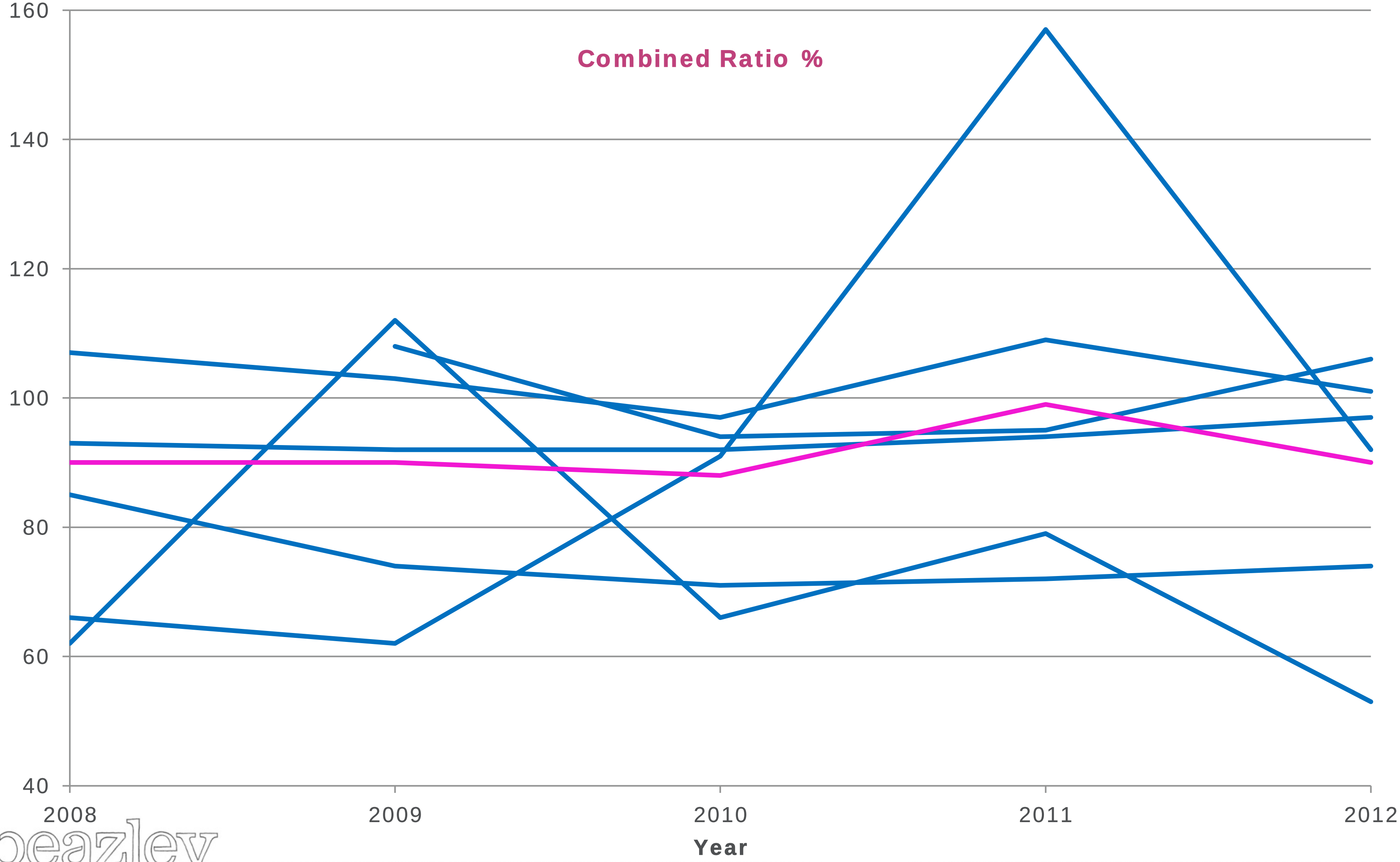
US originated business delivers $386.2m



Zoom on rate changes since 2008



Portfolio management achieves consistent combined ratio through market cycles



Beazley's ratings

	A.M. Best (www.ambest.com)		Standard & Poor's Ratings Services	
Syndicates 623 / 2623 / 3622 / 3623	Best Syndicate Rating	A Excellent "Stable Outlook"	Lloyd's Syndicate Assessment	4 Minus "Stable Outlook"
Lloyd's Market Rating (applies to all managed syndicates)	Lloyd's Market Rating	A Excellent "Stable Outlook"	Lloyd's Market Rating	A+ Strong "Stable Outlook"
Beazley Insurance Company, Inc.	Financial Strength Rating	A Excellent "Stable Outlook"		
Beazley plc	Issuer Credit Rating	***Rating Withdrawn***	Counterparty Credit Rating	***Rating Withdrawn***
Beazley Group Ltd	Issuer Credit Rating	***Rating Withdrawn***	Counterparty Credit Rating	***Rating Withdrawn***

Life accident & health

	Year ended 31 December	
	2012	**2011**
Gross premiums written ($m)	**94.4**	**86.9**
Net premiums written ($m)	**75.3**	**80.3**
Net earned premiums ($m)	**80.3**	**74.0**
Claims ratio	**58%**	**48%**
Rate change on renewals	**-**	**1%**
Percentage of business led	**73%**	**68%**

- Growth of 9% in gross premiums with flat rate change on renewal business
- Continuing to invest in this division's international operations – combined ratio increased to 107% (2011: 95%)

Marine

	Year ended 31 December	
	2012	**2011**
Gross premiums written ($m)	**311.2**	**274.2**
Net premiums written ($m)	**283.1**	**245.1**
Net earned premiums ($m)	**279.6**	**231.7**
Claims ratio	**42%**	**36%**
Rate change on renewals	**-**	**-**
Percentage of business led	**48%**	**52%**

- Gross premiums increased by 13% due to growth in energy book
- Combined ratio of 75% consistent with historic performance
- Prior year reserve releases of $27.7m (2011: $39.9m)
- Development of kidnap and ransom and aviation product

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Political risks and contingency

	Year ended 31 December	
	2012	**2011**
Gross premiums written ($m)	**116.6**	**102.5**
Net premiums written ($m)	**102.3**	**85.2**
Net earned premiums ($m)	**98.1**	**84.3**
Claims ratio	**12%**	**42%**
Rate change on renewals	**(1%)**	**(1%)**
Percentage of business led	**64%**	**67%**

- Growth in gross premiums of 14% due to development in our contingency and political books
- Combined ratio of 52% (2011: 79%)
- Strong prior year reserve release of $33.1m (2011: $22.1m) driven by recoveries on credit crunch claims

Property

	Year ended 31 December	
	2012	**2011**
Gross premiums written ($m)	**376.7**	**359.4**
Net premiums written ($m)	**275.7**	**273.9**
Net earned premiums ($m)	**266.4**	**283.7**
Claims ratio	**53%**	**63%**
Rate change on renewals	**6%**	**3%**
Percentage of business led	**73%**	**74%**

- Increase in gross premiums of 5%
- Rate change on renewals of 6% (positive across all areas)
- Combined ratio of 101% includes the impact of superstorm Sandy

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Reinsurance

	Year ended 31 December	
	2012	2011
Gross premiums written ($m)	188.6	178.3
Net premiums written ($m)	146.7	130.4
Net earned premiums ($m)	139.0	131.7
Claims ratio	63%	130%
Rate change on renewals	5%	3%
Percentage of business led	37%	41%

- Return to profitability in 2012 despite superstorm Sandy
- Rate increase on renewal business of 5% (2011: 3%)
- Increase in 6107 capacity in 2013

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Specialty lines

	Year ended 31 December	
	2012	**2011**
Gross premiums written ($m)	**808.4**	**711.2**
Net premiums written ($m)	**659.6**	**559.1**
Net earned premiums ($m)	**615.1**	**579.6**
Claims ratio	**61%**	**60%**
Rate change on renewals	**3%**	**(1%)**
Percentage of business led	**96%**	**95%**

- Positive rate change on renewals of 3%, the first rate increase since 2006
- 14% increase in gross premiums written
- Prior year reserve releases of $51.5m (2011: $61.8m)