BEAZLEY INSURANCE DAC

(a designated activity company limited by shares incorporated under the laws of Ireland)

US$300,000,000 5.500% Subordinated Tier 2 Notes due 2029

The issue price of the US$300,000,000 5.500% Subordinated Tier 2 Notes due 2029 (the "**Notes**") of Beazley Insurance dac (the "**Issuer**" or "**Beazley dac**") is 100% of their principal amount.

From (and including) 10 September 2019 (the "**Issue Date**") to (but excluding) 10 September 2029 (the "**Maturity Date**"), the Notes will bear interest at the rate of 5.500% per annum. Interest will be payable semi-annually in arrear on 10 March and 10 September of each year commencing on 10 March 2020. Payments on the Notes will be made in US dollars without deduction or withholding for or on account of any present or future tax imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction (as defined in the Terms and Conditions of the Notes), unless such withholding or deduction is required by law and except in the circumstances described under "*Terms and Conditions of the Notes—Taxation*".

Unless previously redeemed, purchased or cancelled, the Notes will, subject to certain conditions, be redeemed at their principal amount on the Maturity Date. Subject to certain conditions set out in "*Terms and Conditions of the Notes—Redemption, Substitution, Variation and Purchase*", the Notes may be redeemed at the option of the Issuer in whole but not in part at their principal amount together with arrears of interest and any accrued (but unpaid) interest to (but excluding) the relevant date set for redemption upon the occurrence of certain tax events due to changes to law or upon a change in the regulatory classification of the Notes that results in the whole or any part of the principal amount of the Notes at any time being excluded from the Issuer's or the Regulated Group's Tier 2 Capital (as defined herein), all as more particularly provided in "*Terms and Conditions of the Notes— Redemption, Substitution, Variation and Purchase*".

This Prospectus has been approved by the UK Financial Conduct Authority (the "**FCA**") as competent authority under Part VI of the Financial Services and Markets Act 2000, as amended ("**FSMA**") as a prospectus issued in compliance with, and under, Regulation (EU) 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered by investors in the Notes as an endorsement by the FCA of either the Issuer or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Applications have been made for the Notes to be admitted to listing on the Official List of the FCA (the "**Official List**") and to trading on the regulated market of London Stock Exchange plc (the "**London Stock Exchange**"). The regulated market of the London Stock Exchange (the "**Regulated Market**") is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended or superseded ("**MiFID II**").

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**"). The Notes are being offered outside the US by the Joint Lead Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act, and may not be offered or sold within the US or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes are in registered form in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes are represented by a global registered note certificate (the "**Global Certificate**") deposited with, and registered in the name of a nominee for, a common depositary appointed by Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Individual note certificates evidencing holdings of Notes will only be available in certain limited circumstances. See "*Summary of Provisions relating to the Notes while in Global Form*".

An investment in the Notes involves risk. Prospective investors in the Notes are recommended to read this Prospectus, including the section entitled "*Risk Factors*" carefully. Investors should reach their own investment decision about the Notes only after consultation with their own financial and legal advisers about the risks associated with an investment in the Notes and the suitability of investing in the Notes in light of the particular characteristics and terms of the Notes, which are complex in structure and operation, and in light of each investor's particular financial circumstances.

The Notes are expected to be rated BBB+ by Fitch Ratings Ltd. ("**Fitch**"). The Ratings Definitions of Fitch describe this rating as indicating that expectations of credit risk relating to the Notes are currently low and the capacity of the Issuer to satisfy its financial commitments under the Notes is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. The Issuer has received an insurer financial strength rating of 'A+' and an issuer default rating of 'A', each from Fitch. Fitch is established in the European Economic Area (the "**EEA**") and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and appears on the latest update of the list of registered credit rating agencies on the European Securities and Markets Authority website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Joint Lead Managers

J.P. MORGAN CAZENOVE | **LLOYDS BANK CORPORATE MARKETS WERTPAPIERHANDELSBANK** | **NATWEST MARKETS**

The date of this Prospectus is 6 September 2019.

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IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Trustee or the Joint Lead Managers. Save for the Issuer, no other person has independently verified (a) any information contained in this Prospectus or (b) any matter which is the subject of any statement, representation, warranty or covenant of the Issuer contained in the Notes or any transaction document.

Neither the Joint Lead Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability as to (a) the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or (b) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Notes or any transaction document. To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the Notes, the transaction documents (including the effectiveness thereof) or the contents of this Prospectus or for any other statement, made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Notes, the transaction documents or this Prospectus or any such statement. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes. The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered or sold within the US or to US persons.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) Notes are legal investments for it; (b) Notes can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) understand thoroughly the terms of the Notes;

(d) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the potential investor's currency is not US dollars; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus.

The Group operates in a number of countries and earns money and makes payments in different currencies. Each of the Issuer and the Group prepares its financial statements in US dollars. All references in this Prospectus to "**pounds sterling**", "**sterling**", "**£**" or "**pence**" are to the lawful currency of the UK, all references to "**US$**", or "**US dollars**" are to the lawful currency of the US, all references to "**CAD$**", or "**Canadian dollars**" are to the lawful currency of Canada and all references to "**€**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community.

In this Prospectus, all references to the "**Group**" are to Beazley plc (the ultimate parent company of the Issuer) and its subsidiaries taken as a whole.

Investors should note that no member of the Group is a subsidiary of the Issuer and the Issuer does not exercise any control over the activities of any other member of the Group. For a description of the business of the Issuer see "*Description of the Issuer – Description of the Issuer's business*".

The Notes represent the obligations of the Issuer only. The obligations of the Issuer under the Notes are not guaranteed by, and are not obligations of, any member of the Group other than the Issuer. Accordingly, Noteholders, the Issuer and the Trustee will not have any recourse to any member of the Group other than the Issuer.

In this Prospectus, "**Lloyd's**" means the Society and Corporation of Lloyd's created and governed by the Lloyd's Acts 1871-1982, including the Council of Lloyd's and its delegates and other persons through whom the Council may act, as the context may require.

In this Prospectus, the "**Beazley Syndicates**" means the Beazley Reinsured Syndicates, Lloyd's syndicate 3622 and Beazley Corporate Member (No. 3) Limited's participation in Lloyd's syndicate 5623, all of which are backed by the Group's capital, "**Beazley Reinsured Syndicates**" means Lloyd's syndicates 2623 and 3623 and "**Beazley Managed Syndicates**" means the Beazley Reinsured Syndicates, Lloyd's syndicates 3622, 623, 5623, 6107 and 6050, all of which are managed by Beazley Furlonge Limited.

In this Prospectus, "**US**" or "**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

Percentages and certain amounts which appear in this Prospectus have been subject to rounding adjustments and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. Percentages in tables have been rounded and, accordingly, may not add up to 100%.

The website of the Issuer is https://www.beazley.com. The information on https://www.beazley.com does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

ALTERNATIVE PERFORMANCE MEASURES

To supplement the Issuer's unconsolidated financial statements presented in accordance with FRS 102 (*The Financial Reporting Standard applicable in the UK and Republic of Ireland*) and FRS 103 (*Insurance Contracts*), the Issuer uses certain ratios and measures included in this Prospectus that the Issuer considers to be "alternative performance measures" (each an **"APM"**) as described in the European Securities and Markets Authority (**"ESMA"**) Guidelines on Alternative Performance Measures (the **"ESMA Guidelines"**) published by ESMA on 5 October 2015 and which came into force on 3 July 2016. The ESMA Guidelines provide that an APM is understood as "a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework." The ESMA Guidelines also note that they do not apply to APMs "disclosed in accordance with applicable legislation, other than the applicable financial reporting framework, that sets out specific requirements governing the determination of such measures."

Any APMs included in this Prospectus are not alternatives to measures prepared in accordance with FRS 102 (*The Financial Reporting Standard applicable in the UK and Republic of Ireland*) and FRS 103 (*Insurance Contracts*) and might be different from similarly titled measures reported by other companies. The Issuer's senior management believes

that this information, when considered along with measures reported under FRS 102 (*The Financial Reporting Standard applicable in the UK and Republic of Ireland*) and FRS 103 (*Insurance Contracts*), is useful to investors because it provides a basis for measuring the organic operating performance in the periods presented. In addition, these measures are used in internal management of the Group, along with financial measures reported under the International Financial Reporting Standards (**"IFRS"**), in evaluating the Group's operating performance and comparing it to the performance of its competitors. APMs should not be considered in isolation from, or as a substitute for, financial information presented in compliance with FRS 102 (*The Financial Reporting Standard applicable in the UK and Republic of Ireland*), FRS 103 (*Insurance Contracts*) and IFRS. APMs as reported by the Issuer may not be comparable to similarly titled amounts reported by other companies.

The Issuer's senior management believes that these APMs, when considered in conjunction with measures under FRS 102 (*The Financial Reporting Standard applicable in the UK and Republic of Ireland*) and FRS 103 (*Insurance Contracts*), enhance investors' and senior management's overall understanding of the Issuer's current financial performance. In addition, because the Group has historically reported certain APMs to investors, the Issuer's senior management believes that the inclusion of APMs provides consistency in the Issuer's reporting to investors.

Measures that the Issuer considers to be APMs in this Prospectus (and that are not defined or specified by the FRS 102 (*The Financial Reporting Standard applicable in the UK and Republic of Ireland*), FRS 103 (*Insurance Contracts*), IFRS or any other legislation applicable to the Issuer) are the following (such terms being used in this Prospectus as defined below):

- *investment return:* the ratio, in percentage terms, calculated by dividing the net investment income by the average financial assets at fair value, including cash (as set out on page 29 of the Issuer's Report 2018, as defined in "*Documents Incorporated by Reference*" on page 41 of this Prospectus).

- *net investment income:* investment income less investment expenses (as set out on page 12 of the Issuer's Report 2018).

- *combined ratio:* the 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.

- *expense ratio:* means the 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.

- *claims ratio:* means the ratio, in percentage terms, of net insurance claims to net earned premiums. The calculation is performed excluding the impact of foreign exchange.

Note that the definitions of these measures set out above relate to the Issuer's direct insurance business only for the 2018 financial year, as the Issuer took the view in 2018 that, due to the accounting presentation of the reinsurance contracts, these ratios were no longer appropriate performance measures for the Issuer's reinsurance business.

IMPORTANT – EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPS Regulation**.**

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and

professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

STABILISATION

In connection with the issue of the Notes, J.P. Morgan Securities plc (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

The following overview refers to certain provisions of the terms and conditions of the Notes and the Trust Deed and is qualified by the more detailed information contained elsewhere in this Prospectus. Terms which are defined in "*Terms and Conditions of the Notes*" below have the same meaning when used in this overview, and references herein to a numbered "Condition" shall refer to the relevant Condition in "*Terms and Conditions of the Notes*".

Issue	US$300,000,000 5.500% Subordinated Tier 2 Notes due 2029
Issuer	Beazley Insurance dac
Legal Entity Identifier (LEI)	549300WWULDAFCPEU084
Website of the Issuer	https://www.beazley.com
Trustee	U.S. Bank Trustees Limited
Principal Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch
Status and Subordination	The Notes will constitute direct and unsecured obligations of the Issuer and will rank *pari passu* and without any preference among themselves. If a Winding-Up occurs, the rights and claims of the Holders (and the Trustee on their behalf) against the Issuer in respect of, or arising under, each Note shall, in lieu of any other payment by the Issuer, be for an amount equal to the principal amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any Arrears of Interest, any other accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Note, provided however that such rights and claims shall be subordinated to the claims of all Senior Creditors but shall rank (i) at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (ii) in priority to the claims of holders of: (x) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules); and (y) all classes of share capital of the Issuer.
Solvency Condition	Except in a Winding-Up (in which case "*Status and Subordination*" above will apply), all payments under or arising from the Notes and the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes or the Trust Deed (other than payments made to the Trustee for its own account under the Trust Deed) unless and until the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**"). Any payment which is not paid due to the operation of the Solvency Condition will be deferred as further provided in the Conditions. For the purpose of the Solvency Condition, the Issuer will be "**solvent**" if (i) it is able to pay its debts owed to Senior Creditors and

	Pari Passu Creditors as they fall due and (ii) its Assets exceed its Liabilities.
Interest	The Notes will bear interest from (and including) the Issue Date to (but excluding) 10 September 2029 at the rate of 5.500 per cent. per annum. Interest will be payable (subject as provided under "*Deferral of Interest*") semi-annually in arrear on each Interest Payment Date.
Interest Payment Dates	10 March and 10 September of each year, commencing 10 March 2020.
Deferral of Interest	The Issuer will be required to defer any payments of interest on the Notes which would otherwise be due on any Interest Payment Date if (i) such payment cannot be made in compliance with the Solvency Condition, or (ii) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if such payment of interest was made on such Interest Payment Date. "**Regulatory Deficiency Interest Deferral Event**" means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer or all or any part of the Regulated Group (which part includes the Issuer and at least one other Subsidiary of the Regulated Group) to be breached) which, under the Relevant Rules, means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital of the Issuer and the Regulated Group under the Relevant Rules). "**Regulated Group**" means, at any time, the Group Holding Company and its Subsidiaries (for the avoidance of doubt, excluding any Lloyd's syndicates) which from time to time are required to be included in the calculation of "group solvency" as provided for at Title III Chapter II, Section 1 of the Solvency II Directive (or if the Solvency II Directive is amended, the corresponding (if any) provisions thereto) or, if Solvency II is not part of the Relevant Rules, any other similar or corresponding calculation under the Relevant Rules. "**Group Holding Company**" means Beazley plc or, if Beazley plc has an ultimate insurance holding company that is subject to consolidated supervision by an EEA or UK regulatory authority for the purpose of the Solvency II Directive, such ultimate insurance holding company (such company being, as at the Issue Date, Beazley plc).
Arrears of Interest	Any interest in respect of the Notes not paid on an Interest Payment Date as a result of (i) the occurrence of a Regulatory Deficiency Interest Deferral Event, or (ii) the operation of the Solvency Condition will, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest may be paid in whole or in part, at any time at the election of the Issuer (subject to the Solvency Condition and to any Regulatory Conditions and to a Regulatory Deficiency Interest Deferral Event not existing at the time of, or occurring as a result of, such payment) upon notice to the Noteholders, the Trustee, the Registrar and the Principal Paying Agent, and in any event all Arrears of Interest will (subject, in the case of paragraph (i) and (iii) below, to the Solvency Condition and to any Regulatory Conditions) become payable upon the earliest of

	the following dates: (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or (ii) the date on which a Winding-Up of the Issuer occurs; or (iii) the date of any redemption or purchase of Notes by or on behalf of the Issuer or any of its Subsidiaries (subject to the deferral of such redemption pursuant to the Solvency Condition or "*Deferral of Redemption*" below). No interest will accrue on Arrears of Interest.
Redemption at Maturity	Unless previously redeemed or purchased and cancelled, the Notes will, subject as provided under "*Deferral of Redemption*", be redeemed on 10 September 2029 at their principal amount, together with any Arrears of Interest.
Deferral of Redemption	The Issuer will be required to defer any scheduled redemption of the Notes (whether at maturity or if it has given notice of early redemption in the circumstances described under "*Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event, Capital Disqualification Event or Purchases*") if (i) the Notes cannot be redeemed in compliance with the Solvency Condition, (ii) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed, or (iii) (if then required) regulatory consent has not been obtained or redemption cannot be made in compliance with the Relevant Rules at such time. In the event of any deferral of redemption of the Notes, the Notes will become due for redemption only in the circumstances described in the Conditions. "**Regulatory Deficiency Redemption Deferral Event**" means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer or all or any part of the Regulated Group (which part includes the Issuer and at least one other Subsidiary of the Regulated Group) to be breached) which, under the Relevant Rules, means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital of the Issuer and the Regulated Group under the Relevant Rules).
Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event, Capital Disqualification Event or Purchases	The Issuer may, subject to the Solvency Condition, there being no Regulatory Deficiency Redemption Deferral Event, compliance with applicable Regulatory Conditions and Regulatory Capital Requirements and, in the case of any redemption or purchase prior to the fifth anniversary of the Issue Date, such redemption or purchase being: (i) funded (to the extent then required under the Relevant Rules) out of the proceeds of a new issuance of capital of at least the same quality as the Notes (or, alternatively, in the case of a purchase of Notes only, by means of an exchange of such Notes for a new issuance of capital of at least the same quality as the Notes) and, in any such case, being

otherwise permitted under the Relevant Rules; or

(ii) in the case of a redemption or purchase of the Notes as a result of a Tax Event or Capital Disqualification Event, each as defined below, subject, amongst other conditions, to the Relevant Regulator being satisfied that the Solvency Capital Requirement applicable to the Issuer and all or any relevant part of the Regulated Group will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and all or such relevant part of the Regulated Group, including by reference to the Issuer's or the Regulated Group's medium-term capital management plan)

and upon, in each case, notice to Noteholders, the Trustee, the Registrar and the Principal Paying Agent, at any time, elect to redeem the Notes, at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest thereon to (but excluding) the date of redemption, if a Tax Event or, as the case may be, a Capital Disqualification Event has occurred and is continuing or may (subject to such conditions), at any time, purchase (or otherwise acquire) or procure others to purchase (or otherwise acquire) beneficially for its account Notes in any manner and at any price.

A "**Tax Event**" is deemed to have occurred if as a result of a Tax Law Change:

(i) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts (as defined below); or

(ii) in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date:

(a) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in Ireland, or such entitlement is materially reduced, or

(b) the Issuer would not to any material extent be entitled to have such deduction set off against the profits of companies with which it is grouped for applicable Irish tax purposes (whether under the group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist),

and, in any such case, the Issuer would still have to pay such Additional Amount or, as applicable, would not be able to claim such deduction were it to take measures reasonably available to it.

A "**Capital Disqualification Event**" is deemed to have occurred if, as a result of any change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules, all or any part of the principal amount of the Notes is excluded from counting as Tier 2 Capital for the purposes of the Issuer or the Regulated Group, whether on a solo, group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

Substitution and Variation at the Option of the Issuer	The Issuer may, subject to compliance with applicable Regulatory Conditions and Regulatory Capital Requirements and upon notice to Noteholders, the Trustee, the Registrar and the Principal Paying Agent, at any time, elect to substitute the Notes for, or vary the terms of the Notes so that they remain or become (in the case of a Capital Disqualification Event or a Tax Event) Qualifying Tier 2 Securities if, immediately prior to the giving of the relevant notice to the Noteholders, the Trustee, the Registrar and the Principal Paying Agent, a Tax Event or Capital Disqualification Event has occurred and is continuing.
Additional Amounts	Payments on the Notes will be made without deduction or withholding for or on account of any present or future tax imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless such withholding or deduction is required by law. If any such withholding or deduction is required by law, the Issuer will pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required by law to be made ("**Additional Amounts**"), subject to customary exceptions. "**Relevant Jurisdiction**" means Ireland or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes.
Events of Default and Enforcement	If the Issuer shall not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment or any other amount in respect of the Notes) shall not make payment for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default and the Trustee may, or, if so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, institute proceedings for the winding-up of the Issuer. In the event of a Winding-Up of the Issuer, the Trustee may, or, if so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, prove and/or claim in such Winding-Up of the Issuer. The Trustee may also institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for breach of any obligations in respect thereof), but in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed.
Use and Estimated Net Amount of Proceeds	The estimated net proceeds of the issue of the Notes, after deduction of commissions, fees and estimated expenses, will be

	US$298,000,000 and will be used by the Issuer to finance the Issuer's and the Group's underwriting activities, to repay the £75 million fixed rate notes due 2019 issued by Beazley Ireland Holdings plc and for general corporate purposes.
Form and Denomination	The Notes will be issued in registered form and represented upon issue by a registered global certificate which will be registered in the name of a nominee for a common depositary for Clearstream Banking S.A. and Euroclear Bank SA/NV on the Issue Date. Save in limited circumstances, Notes in definitive form will not be issued in exchange for interests in the registered global certificate. The Notes will be issued in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.
Listing	Application will be made for the Notes to be admitted to the Official List and for the Notes to be admitted to trading on the Regulated Market.
Ratings	The Notes are expected to be rated BBB+ by Fitch. The Issuer has an insurer financial strength rating of "A+ (Strong)" and an issuer default rating of 'A', each from Fitch.
Selling Restrictions	Regulation S, Category 2 and as otherwise described on pages 86 to 87 of this Prospectus.
MiFID II professionals / ECPs-only / No PRIIPs KID	Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA.
Governing Law	Save for the provisions relating to subordination and set-off which shall be governed by and construed in accordance with the laws of Ireland, the Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection therewith, will be governed by and construed in accordance with English law.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should consider carefully risk factors associated with any investment in the Notes, the business of the Issuer and the Group and the industry in which they operate together with all other information contained in this Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "*Terms and Conditions of the Notes*" below or elsewhere in this Prospectus have the same meanings in this section.

The Issuer believes that the factors described below represent the principal categories and subcategories of risks inherent in investing in the Notes. However, the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the following is an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes. Additional risks and uncertainties relating to the Issuer and the Group that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and the Group and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.

(1) Risks relating to the Issuer's business

A. Insurance risk

Given the nature of the Issuer's business as described in this Prospectus and, in particular, its principal activity for and on behalf of the Group as the reinsurer of the Beazley Reinsured Syndicates, the Issuer considers insurance risk to be the most significant category of risk relating to the Issuer's business. The main insurance risks are outlined in the sub-categories as follows:

(i) Underwriting risk

The underwriting of insurance risks is, by its very nature, a high–risk business

The underwriting of insurance risks is, by its very nature, a high–risk business. The insurance business of the Beazley Syndicates and the Issuer assume the risk of loss from persons or organisations that are directly exposed to an underlying loss. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities. Underwriting risk comprises three elements that apply to all insurance products offered by the Beazley Syndicates and the Issuer:

(a) Event risk – the risk that individual risk losses or catastrophes, natural or man-made, lead to claims that are higher than anticipated in plans and pricing;

(b) Cycle risk – the risk that external factors such as the macro-economic environment, competition, and supply of capital, lead to reduced rates or broader coverage terms; and

(c) Pricing and expense risk – the risk that the level of expected loss is understated in the pricing process or the allowance for expenses and inflation in pricing is inadequate.

As part of the Group's overall risk mitigation and capital management strategy, the Beazley Syndicates and the Issuer purchase reinsurance from a number of reinsurance providers to seek to mitigate their gross insurance risk. The Beazley Syndicates' and the Issuer's reinsurance programmes complement the Beazley Syndicates' and the Issuer's gross underwriting business plans and seek to protect the capital provided to the Beazley Syndicates and capital held by the Issuer relating to direct insurance business from an adverse volume or value of claims on both a per risk and per event basis. However, the Beazley Syndicates' reinsurance may not fully mitigate these underwriting risks. See "*– Reinsurance may not be available, affordable or adequate to protect the Beazley Syndicates or the Issuer against losses*" below.

As of the date of this Prospectus, the Issuer reinsures 75% of the result of the Beazley Reinsured Syndicates' underwriting activities and, accordingly, in the event that the Beazley Reinsured Syndicates' reinsurance programmes do not fully cover the crystallisation of underwriting risk assumed by the Beazley Reinsured Syndicates, the Issuer may be required to cover this shortfall under its reinsurance arrangements with Beazley Underwriting Limited ("**Beazley Underwriting**"), which may, in turn, have a material adverse effect on the Issuer's reputation, financial condition and

results of operations and the Issuer's ability to fulfil its obligations under the Notes. See "*Description of the Issuer – Description of the Issuer's business – Provision of funds at Lloyd's and internal reinsurance*" on page 65 of this Prospectus.

The Issuer writes, in addition, direct insurance business outside of the Lloyd's market through its European branch network (the "**Direct Non-Life Insurance Authorisation**") in all classes of business other than life and motor. Accordingly, the underwriting risks outlined above in relation to the Beazley Syndicates' underwriting activities apply also to the direct underwriting activities of the Issuer. For context, in 2018, although the Issuer reported gross premiums written of US$104.6 million, 8% of which related to the Issuer's insurance activities and the remaining 92% of which related to the Issuer's reinsurance activities described above, most of the underwriting risk still relates to the reinsurance arrangement with Beazley Underwriting. See also "*Description of the Issuer – Description of the Issuer's business - Activities writing direct non-life insurance*" on page 65 of this Prospectus. The Issuer may decide to purchase reinsurance in respect of its direct underwriting activities. However, any such reinsurance may not fully mitigate these underwriting risks.

If any of these risks were to crystallise, they could have a material adverse effect on the Issuer's reputation, financial condition and results of operations and its ability to fulfil its obligations under the Notes.

Through the underwriting of specific natural or man-made catastrophic risk, the Beazley Syndicates and the Issuer are exposed to the adverse impact of these events

The operations of each of the Beazley Syndicates (except for Lloyd's syndicate 3622) and the Issuer expose them to claims arising out of unpredictable natural and other catastrophic events which are caused, in whole or in part, by climate change, such as hurricanes, windstorms, tsunamis, severe winter weather, earthquakes, floods, fires and explosions, as well as "man–made" disasters, such as acts of war, terrorism, piracy and political instability, the emergence of latent risks, changes in law and the interpretation of law or precedent (including in relation to the measurement of damages), as well as social and political changes, and fluctuations in the global investment markets and the capacity of the global insurance market.

The warming of the global climate is recognised as a significant emerging risk due to its widespread potential impact on the global population, environment and economy. A key aspect of the Group and the Issuer's business model is to support our clients who have been affected by natural catastrophes, helping them return to pre-catastrophe conditions as soon as possible. As a specialist insurer, various classes of business we underwrite are subject to the effect climate change presents. The frequency and severity of future catastrophic events may increase as a result of changes to the global climate.

The incidence and severity of catastrophes are inherently unpredictable and the losses of the Beazley Syndicates or the Issuer from such catastrophes could be substantial. For example, there were a number of catastrophic events in 2018, including two hurricanes in the US (Florence and Michael), two typhoons in Japan (Jebi and Trami) and repeated large-scale wildfires in California, all of which meant the Group had paid out US$110 million (unaudited) in disbursements by the year ended 31 December 2018. Similarly, large natural catastrophes in 2017 resulted in claims incurred by the Group in the region of US$200 – US$300 million (unaudited). The extent of losses from such catastrophes is a function of both the number and severity of the insured events and the total amount of insured exposure in the areas affected. The frequency or severity of claims from future catastrophic events may increase through increases in the value and concentrations of insured property and demographic changes more broadly and the effects of inflation and changes in weather patterns. Moreover, the Group may from time to time issue preliminary estimates of the impact of catastrophic events that, because of uncertainties in estimating certain losses, need to be updated as more information becomes available.

The occurrence of large claims from such events could result in substantial volatility in the Group's financial results and could impact on the ability of the Beazley Syndicates and the Issuer to write new business. Although the Group's risk management programme attempts to manage its exposure to such events and ensure that exposure is not overly concentrated in any one area, a single event could affect multiple geographic zones or the frequency or severity of such events could exceed the Group's estimates. In such scenarios, each of the Beazley Syndicates and the Issuer may be faced with a shortfall where it is required to settle claims arising under insurance contracts (or, in the case of the Beazley Syndicates, where it is required to increase the amount of resources required to be held as funds at Lloyd's), but where it has not yet received monies due under any outwards reinsurance taken out to mitigate such events. In such scenarios, the Group may be required to (a) draw down on its Amended and Restated Facilities Agreement (as defined in "*Description of the Group's business – Material Contracts – Amended and Restated Facilities Agreement*" on page 81 of this Prospectus), which would increase its finance costs, (b) liquidate investments (including some of its less liquid

investments), which option may be restricted or give lower returns than expected as a consequence of macroeconomic conditions beyond the Group's control or (c) delay or vary the implementation of its strategic plans so as to maintain appropriate liquidity. Any of the foregoing may affect the amount of business that the Beazley Syndicates and the Issuer can write, the Issuer's financial condition and results of operations and its ability to fulfil its obligations under the Notes.

The Beazley Syndicates and the Issuer are exposed to losses that could accumulate from different insured risks arising from systemic events such as cyber attacks or recession

A catastrophic or systemic event may cause losses to accumulate across one or more of the Group's divisions and from different insured risks. For example, a global recession (which, though difficult to predict, might result from the continued implementation by the U.S. administration of protectionist policies in a number of areas, including economy, finance, taxation, international trade and international diplomatic relations and European and Chinese counter-measures to such policies) may impact gross premiums written by the Group's Speciality Lines and cause the Group's Specialty Lines and Cyber & Executive Risk divisions to experience accumulated losses in its professional lines class, its errors or omissions class and its directors' or officers' liability class.

Through its Cyber & Executive Risk division, the Group is a leading provider of data breach insurance (that includes, amongst other disaster scenarios, the failure of a data aggregator, the failure of a shared hardware or software platform or the failure of a cloud provider), which has grown in recent years to be one of its largest products and has the potential for loss accumulation where a single event, or a series of similar events, generates data breach claims across multiple policies. Moreover, reinsurance purchased by the Group, whether directly by the Issuer or indirectly by Lloyd's syndicate 2623 or Beazley Insurance Company Inc., would be unable to mitigate the cost of all such data breach catastrophes. The Group's Specialty Lines and Cyber & Executive Risk divisions are further described on page 65 of this Prospectus.

The Group may, in addition, experience accumulated losses across a number of divisions including Property, Political Accident & Contingency (event cancellation), Marine and Reinsurance.

It is possible that the accumulated claims from catastrophic or systemic events could together exceed the Group's expected claims activity and could have a material adverse effect on the Issuer's financial condition and results of operations and its ability to fulfil its obligations under the Notes.

The Issuer's business is affected by the cyclicality of the insurance industry

The insurance and reinsurance industry historically has been cyclical, with significant fluctuations in rates and operating results due to competition, frequency or severity of catastrophic events, levels of capacity, general economic and social conditions and other factors. This cyclicality has produced periods characterised by intense price competition due to excess underwriting capacity (a so-called "soft market"), with each business line experiencing its own cycle. Where a business line experiences soft market conditions, the Beazley Syndicates, and the Issuer may fail to underwrite business lines at the desired rates.

The Beazley Syndicates and the Issuer write insurance in a variety of lines of business and geographic markets. See "*– Description of the Issuer – Description of the Issuer's business - Provision of funds at Lloyd's and internal reinsurance*" and "*– Description of the Issuer – Description of the Issuer's business – Activities writing direct non-life insurance*" both on page 65 of this Prospectus. Different lines of business and different geographic markets can experience their own cycles and, therefore, the impact of various cycles will depend in part on the sectors of the insurance and reinsurance industry, as well as the geographic markets that each of the Beazley Syndicates and the Issuer chooses to focus on. In addition, increases in the frequency and severity of losses suffered by (re)insurers can significantly affect these cycles. The Beazley Syndicates and the Issuer can be expected to continue to experience the effects of such cyclicality, which could have a material adverse effect on the Issuer's financial condition, results of operations and cash flows and its ability to fulfil its obligations under the Notes.

Interest rate movements can contribute to cyclicality in insurers' financial performance. In a high interest rate environment, increased investment returns may reduce the required contribution from the underwriting performance to achieve an attractive overall return. In a low interest rate environment, reduced investment returns may increase the required underwriting returns, which may result in a less disciplined approach to underwriting in the market generally as some underwriters would be inclined to offer lower premium rates to generate more business. Other factors may also reduce investments returns, as described in "*–The Group's investments are exposed to fluctuations in the financial markets and economic conditions*".

In addition, in a low interest rate environment or where central banks intervene in the financial markets through "quantitative easing" or similar monetary policies, reduced investment returns may lead to the Group facing increased competition from pension funds, mutual funds, hedge funds and other sources of alternative underwriting capacity as those parties seek returns on their capital. Some of these parties offering additional underwriting capacity may have a lower target return on capital, allowing them to offer lower rates. The provision of excess underwriting capacity by these parties may therefore increase price competition and contribute to the creation of soft market conditions.

In soft market conditions, intermediaries placing business into the Lloyd's market on behalf of their clients through forms of facility (e.g. panels and quota share agreements) may seek to maintain their margins on such business by reducing the margins of the syndicates writing such business. These pricing pressures may adversely affect the profitability of the Beazley Syndicates' underwriting activities, which may, in turn, adversely affect the Issuer's financial condition and results of operations.

The Beazley Syndicates and the Issuer may therefore have to accept lower rates or broader coverage terms to remain competitive in the market, with the result that the premiums received by the Beazley Syndicates and the Issuer may be inadequate to cover the losses associated with such risks.

See "*– The Group competes for clients in a highly competitive industry, which may reduce its market share and decrease its profitability*" below.

Each of the Beazley Syndicates and the Issuer may not manage the risks it undertakes in its underwriting business

The underwriting results of each of the Beazley Syndicates and the Issuer depend on whether the actual claims paid by it are consistent with the assumptions and pricing models it uses in underwriting and setting rates for its insurance covers. It is not possible to predict with certainty whether a single risk or a portfolio of risks underwritten by the Beazley Syndicates or the Issuer will result in a loss, or the timing and severity of any loss that does occur. If the underwriters of the Beazley Syndicates or the Issuer fail to assess accurately the risks underwritten or fail to comply with internal guidelines on underwriting or, if events or circumstances cause the underwriters' risk assessment to be incorrect, the premiums received under the policies written may prove to be inadequate to cover the losses associated with such risks. Failure by any of the Beazley Syndicates or the Issuer to manage the risks that it undertakes could have a material adverse effect on the Issuer's financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

Underwriting results in the Beazley Syndicates' reinsurance business are dependent in part on the policies, procedures and expertise of its ceding companies in making their underwriting decisions. The Beazley Syndicates are exposed to the risk that ceding companies might not have adequately evaluated the risks to be reinsured, that the premiums ceded might not adequately compensate it for the risks that it assumes or that claims (including the costs of claims handling) may not have been adequately reserved or notified by the policyholder.

Accordingly, failure to manage risk appropriately could have a material adverse effect on the Issuer's financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

The Issuer's reinsurance and credit facility arrangements with Beazley Underwriting Limited may not be renewed on the same terms

The Issuer has an 'aggregate excess of loss' reinsurance agreement with Beazley Underwriting. Under the terms of this agreement, the Issuer currently reinsures and indemnifies Beazley Underwriting in respect of all losses up to 75% of the declared result in excess of $4 million of Beazley Underwriting's participation in the Beazley Reinsured Syndicates. In the event that the declared result is a loss, the extent of the reinsurance is limited to the loss not exceeding 75% of the funds at Lloyd's less an excess of $4 million. Under this reinsurance contract and a credit facility agreement, the Issuer also provides Beazley Underwriting with Beazley Underwriting's total required funds at Lloyd's to support its underwriting on the Beazley Reinsured Syndicates. The Issuer receives certain fees and premiums under these contracts (which are, pursuant to the reinsurance contract, equal to 75% of the profit of Beazley Underwriting's participation in the Beazley Reinsured Syndicates in excess of $4 million, subject to a minimum premium of £100). See "*Description of the Issuer – Description of the Issuer's business – Provision of funds at Lloyd's and internal reinsurance*" on page 65 of this Prospectus.

Each of these agreements is entered into on annual basis for each Lloyd's year of account. There can be no assurance that these agreements will be renewed on the same basis as in previous years of account. If the Issuer was not able to enter into future reinsurance and credit facility arrangements with Beazley Underwriting on terms that are at least as favourable

to it as under the present arrangements or at all, then this could have a material adverse effect on the Issuer's revenues. Any change to the terms of the Issuer's arrangements with Beazley Underwriting would not affect the Issuer's role as the holder of a significant proportion of the Group's capital; however, it could have a material adverse effect on the Issuer's revenues, which might, in turn, have an adverse effect on the Issuer's ability to fulfil its obligations under the Notes.

The Issuer is dependent, in part, upon revenues received under its credit facility agreement and reinsurance arrangements with Beazley Underwriting

The Issuer is a wholly-owned subsidiary of the Group. However, it does not have any subsidiaries. Accordingly, the Issuer does not have a right to receive any dividends or other distributions from any other members of the Group.

Although the Issuer generates revenue through returns on its investment portfolio, it generates a significant portion of its revenue under its reinsurance arrangements and credit facility agreement with Beazley Underwriting. Under the reinsurance arrangement and under a separate credit facility agreement between the Issuer and Beazley Underwriting, the Issuer provides Beazley Underwriting with Beazley Underwriting's total required funds at Lloyd's to support its underwriting on the Beazley Reinsured Syndicates. As of 31 December 2018, the Issuer had provided funds at Lloyd's by way of deposits of US$994.3 million (31 December 2017: US$856.1 million) and has, accordingly, significant credit exposure to Beazley Underwriting. Under the terms of the reinsurance arrangement, Beazley Underwriting pays the Issuer an annual fee, a reinsurance premium and a profit commission. Under the terms of the credit facility agreement, Beazley Underwriting pays the Issuer an annual fee. For a description of these arrangements, see "*Description of the Issuer – Description of the Issuer's business*" on page 65 of this Prospectus. There can be no assurance that the revenues paid to the Issuer will continue to be paid to the Issuer at the same level, or at all, under any replacement reinsurance arrangements and credit facility arrangements that the Issuer may enter into with Beazley Underwriting for future years of account. If any such replacement arrangements are agreed on terms less favourable to the Issuer than under the current arrangements, or if Beazley Underwriting defaults under the present arrangements, or if the present or future arrangements are terminated or not renewed, this may have a material adverse effect on the Issuer's results of operations and its financial condition and the Issuer's ability to fulfil its obligations under the Notes.

In addition, the amount of revenues payable to the Issuer under its arrangements with Beazley Underwriting are dependent upon certain factors that are subject to change, including the amount of funds at Lloyd's provided by the Issuer to Beazley Underwriting, the profit or loss of the Beazley Reinsured Syndicates for each Lloyd's year of account and premiums paid to the Issuer by Beazley Underwriting. If there is an adverse change to any of the factors on which the amount of revenues payable to the Issuer are determined, this may have a material adverse effect on the Issuer's results of operations and its financial condition and the Issuer's ability to fulfil its obligations under the Notes.

(ii) Claims management risk

Claims management risk may arise within the Group in the event of inaccurate or incomplete case reserves and claims settlements (especially following a significant catastrophe), poor service quality or excessive claims handling costs

Claims management risk may arise within the Group in the event of inaccurate or incomplete case reserves and claims settlements (especially following a significant catastrophe), poor service quality or excessive claims handling costs. These risks may damage the Group's reputation and undermine its ability to win and retain business. These risks may also lead to the Group being exposed to punitive damages claims and may adversely affect the Issuer's ability to fulfil its obligations under the Notes. These risks can occur at any stage of the claims life cycle.

(iii) Reserving and ultimate reserves risk

Estimating insurance reserves is inherently uncertain and claims reserves may be insufficient

The underwriting and/or management of insurance risks is, by its nature, subject to uncertainty and the Group's estimation techniques, assumptions or loss mitigation actions may not result in provisions being sufficient. Among other issues, the uncertainties under insurance contracts include:

- uncertainty whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- uncertainty about the extent of policy coverage and limits applicable;
- uncertainty about the amount of insured loss suffered by a policyholder as a result of the event occurring;

- uncertainty over the timing of a settlement to a customer for a loss suffered; and
- uncertainty over the level of claims expenses to be incurred.

In addition to the inherent uncertainty of having to make provision for unreported claims, there is also uncertainty regarding the eventual outcome of the claims that have been reported as at the end of the accounting period, but remain unsettled. This includes claims that may have occurred but have not yet been reported to the Group (either in full or at all) and those that are not yet apparent to the customer (either in full or at all). Claims provisions do not therefore represent an exact calculation of liability, but rather are estimates of the expected cost of the ultimate settlement of claims. As a consequence of these uncertainties, the eventual cost of settlement of outstanding claims and unexpired risks can vary substantially from initial estimates.

The Issuer and the Group have established provisions for unpaid claims and related expenses to cover the Beazley Syndicates' and the Issuer's underwriting liability in respect of both reported claims and incurred but unreported claims. As a consequence of the uncertainties inherent in estimating and providing for insurance liabilities which are described in this risk factor, such provisions take into account both the Group's and the industry's experience of similar businesses, historical trends and patterns for similar claims and awards and customary payments for the types of loss covered, together with pending levels of unpaid claims and awards. Estimates are reviewed at prudent intervals and adjustments made to take into account the view of the Group's and the Issuer's management team on the probable ultimate liability of the Beazley Syndicates and the Issuer based on the claims made and data available. See "– *Description of the Group's business – Claims reserves and releases/strengthening*" on page 71 of this Prospectus. Ultimate losses may differ materially from the provisions established by the Group or the Issuer. In particular, the Group's Specialty Lines division, by its nature, is susceptible to the potential mismatch between ultimate losses and provisions due to the longer tail–risks involved, which make accurate provisioning more difficult.

To the extent claims provisions are insufficient to cover actual losses or loss adjustment expenses, the Issuer or the Group (as the case may be) may have to add to these claims provisions and may incur a charge to the Issuer's or the Group's (as the case may be) earnings. Conversely, if the premiums and claims provisions are too high as a result of an over–estimation of risk in respect of the Beazley Syndicates' and the Issuer's underwriting activities, the Beazley Syndicates and the Issuer may become uncompetitive, leading to the Beazley Syndicates and the Issuer losing market share. A five per cent. increase or decrease in the Issuer's total claims liabilities would, for example, have the following effect on profit or loss and equity of the Issuer:

Sensitivity to insurance risk (claims reserves)	5% increase in claims reserves		5% decrease in claims reserve	
	2018 $m	2017 $m	2018 $m	2017 $m
Impact on profit	(7.2)	(92.9)	7.2	92.9[1]

[1] Due to the accounting treatment of the new reinsurance contracts with Beazley Underwriting, driven by the 2018 endorsements, the 2017 balances disclosed in the above table are not directly comparable to those in 2018.

Any of these factors may adversely affect the Issuer's ability to fulfil its obligations under the Notes.

(iv) Reinsurance risk

Reinsurance may not be available, affordable or adequate to protect the Beazley Syndicates or the Issuer against losses

As part of the Group's overall risk mitigation and capital management strategy as described on page 12 of this Prospectus, the Issuer and the Beazley Syndicates purchase reinsurance from a number of reinsurance providers to seek to mitigate their gross insurance risk. The Beazley Syndicates' and the Issuer's reinsurance programmes complement the Beazley Syndicates' and the Issuer's gross underwriting business plans and seek to protect the capital provided to the Beazley Syndicates and capital held by the Issuer relating to direct insurance business from an adverse volume or value of claims on both a per risk and per event basis and the Issuer's purchase of reinsurance in respect of its underwriting activities is in line with the Group's risk management programme. However, the Issuer's and Beazley Syndicates' reinsurance may not fully mitigate these underwriting risks.

Market conditions beyond the Group's control determine the availability and cost of appropriate reinsurance and the receipt of future reinsurance recoveries. The market for reinsurance can be cyclical and exposed to substantial losses,

which may adversely affect reinsurance pricing and availability, or its terms and conditions. For example, following Hurricanes Katrina, Rita and Wilma in the US, terms and conditions in the reinsurance markets generally became less attractive to buyers of such coverage. Similarly, risk appetite among reinsurers may change, resulting in changes in price or their willingness to reinsure certain risks in the future. Additionally, a change in regulation could affect the availability or price of reinsurance. Any significant changes in reinsurance pricing may result in the Beazley Syndicates and the Issuer being forced to incur additional expenses for reinsurance or obtain reinsurance on less favourable terms, write less business or elect not to obtain reinsurance, thereby exposing the Beazley Syndicates and the Issuer to increased retained risk and capital requirements. Any of these risks could have a material adverse effect on the Issuer's and the Group's financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

In circumstances where the Beazley Syndicates obtain reinsurance cover in respect of a particular risk, such reinsurance cover may not be sufficient to cover the Beazley Syndicates' exposure to the relevant risk were that risk to crystallise. As of the date of this Prospectus, the Issuer reinsures 75% of the Beazley Reinsured Syndicates' underwriting activities and, accordingly, in the event that the Beazley Reinsured Syndicates' reinsurance programmes do not fully cover the crystallisation of underwriting risk assumed by the Beazley Reinsured Syndicates, the Issuer may be required to make a payment under the terms of the reinsurance arrangements between the Issuer and the Beazley Reinsured Syndicates, which may, in turn, have a material adverse effect on the Issuer's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes. See "*Description of the Issuer– Description of the Issuer's business – Provision of funds at Lloyd's and internal reinsurance*" on page 65 of this Prospectus. Similarly, where reinsurance cover is not sufficient to cover the crystallisation of risk on business underwritten by the Issuer, the Issuer may retain primary liability for the risk not covered by reinsurance.

Reinsurance cover purchased will normally contain a retention of risk provision that the relevant insurer must pay before the reinsurers become liable and may have a limit of indemnity for a single event or series of losses. As such, it is possible that, in a complex loss scenario, more than one retention may be payable by the insurer. This aggregation of retentions could have a material adverse effect on the financial condition of the Issuer and the Issuer's ability to fulfil its obligations under the Notes.

In addition, each of the Beazley Syndicates and the Issuer may be subject to liability for events against which it does not (re)insure or which it may elect not to (re)insure against because of unacceptable commercial rates or other reasons. For example, in some cases the Group deems it more economic for it to hold capital than for the Beazley Syndicates to purchase reinsurance. Moreover, each of the Beazley Syndicates and the Issuer may not be able to maintain adequate (re)insurance in the future at rates it considers reasonable or appropriate.

(v) Credit rating risk

The ability of the Group to underwrite risk depends on its credit rating

The ability of the Group's insurance operations to write certain classes of business, including reinsurance business, may be affected by a change in any ratings issued by an accredited credit rating agency to the Issuer, the Beazley Syndicates and to Lloyd's. See "*Description of the Group's business – Credit ratings*" on page 75 of this Prospectus for a description of these credit ratings.

If the Issuer, the Beazley Syndicates or Lloyd's were to suffer a credit rating downgrade in the future, there could be a number of material adverse effects on the Issuer's and the Beazley Syndicates' ability to write business, resulting in the potential loss of new business and increase in policy cancellations and non–renewals, which might adversely affect the Issuer's ability to meet its obligations under the Notes.

(vi) Risk management policies and procedures

Risk management policies and procedures relating to underwriting and other risks may leave the Issuer and the Group exposed to unidentified or unanticipated risks

The Group historically has sought and will in the future seek to manage its exposure to insurance and reinsurance losses through a number of loss limitation methods, including internal risk management procedures, oversight of its underwriting processes and outwards reinsurance protection. See "*Description of the Group's business – Risk management*" on page 79 of this Prospectus for a general discussion of the Group's risk management framework and policies.

Many of the Group's methods of managing risk and exposures are based upon observed historical market behaviour and statistic–based historical models. As a result, these methods may not predict future exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend on the evaluation of information regarding markets, policyholders or other matters that are publicly available or otherwise accessible to the Group. This information may not always be accurate, complete, up–to–date or properly evaluated. If the estimates and assumptions that the Group enters into its risk models are incorrect, or if such models prove to be an inaccurate forecasting tool, the losses the Group might incur from an actual loss event could be materially higher than its expectation of losses generated from modelled scenarios, and its financial condition and results of operations could be materially adversely affected.

The Group also seeks to manage its loss exposure through loss limitation provisions in the policies it issues, such as limitations on the amount of losses that can be claimed under a policy, limitations or exclusions from coverage and provisions relating to choice of forum. These contractual provisions may not be enforceable in the manner that the Group expects or disputes relating to coverage may not be resolved in its favour. If the loss limitation provisions in its policies are not enforceable or disputes arise concerning the application of such provisions, the losses the Group might incur from a loss event could be materially higher than its expectations, and its financial condition and results of operations could be adversely affected.

One or more catastrophic or other loss events or a greater frequency of losses than expected could result in claims that substantially exceed the expectations of the Issuer and the Group, which could have a material adverse effect on the Issuer's and the Group's financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

B. Market Risks

(i) Investment risk

The Group's investments are exposed to fluctuations in the financial markets and economic conditions

The Group holds significant investments to support its liabilities and a significant proportion of these investments are held by the Issuer in order to meet its and the Group's solvency capital requirements (which, as at 31 December 2018, amounted to US$954.4 million). Therefore, any fall in the value of the Issuer's or the Group's investments may result in a reduction in the capital of the Issuer or the Group, which may reduce the amount of business that the Beazley Syndicates and the Issuer are able to underwrite and could result in a material adverse effect on the Issuer's reputation, financial condition and results of operations and its ability to fulfil its obligations under the Notes.

In addition, the profits of each of the Issuer and the Group depend in part upon the returns achieved on its investment portfolio. In addition to seeking to generate a return on the assets that it holds, under its reinsurance arrangements with Beazley Underwriting, the Issuer receives a 75% share of the investment return of the Beazley Reinsured Syndicates as part of its share of the declared result. See "*Description of the Issuer – Description of the Issuer's business – Issuer investment portfolio*" on page 67 of this Prospectus for a description of the Issuer's returns on its investment portfolio.

Each of the Issuer and the Group is exposed to price risk from investments in bonds, equities and alternative assets, all of which are exposed to market movements. The Group aims for the majority of investment assets (80–90%) to be held in cash and sovereign and corporate bonds. The balance (10–20%) is allocated to equity and alternative investments.

Listed investments of the Group are recognised on the balance sheet at quoted bid price whilst, if the market for any investment is not considered to be active, then such investment is valued using fair value accounting methods. To establish the fair value of these instruments, each of the Issuer and the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as "active" if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, fair value is established using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. Each of the Issuer and the Group calibrates valuation techniques and

tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be subjective, dependent on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined by the Group's management on the best information available, for example by reference to similar assets, similar maturities, appropriate proxies, or other analytical techniques. The effect of changing the assumptions for those financial instruments for which the fair values are measured, using valuation techniques that are determined in full or in part on assumptions that are not supported by observable inputs, could have a material adverse effect on the Issuer's and the Group's financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

It should be noted that in determining the fair value of financial instruments, different financial institutions may use different valuation techniques, assumptions, judgements and estimates, which may result in lower or higher fair values for such financial instruments, depending on the underlying intentions of the financial institutions for those assets.

The foregoing risks may apply in the event that the market price or fair value of the Group's investments declines. For example, the impact that a 10% - 30% increase or decrease in the fair value of the Issuer's hedge fund, illiquid credit and equity investments would have had on profit after tax for the two years ended 2018 are highlighted in the following table:

	Impact on profit after tax for the year ended		Impact on net assets	
	2018 $m	2017 $m	2018 $m	2017 $m
30% increase in fair value	26.9	34.1	26.9	34.1
20% increase in fair value	17.9	22.7	17.9	22.7
10% increase in fair value	9.0	11.4	9.0	11.4
10% decrease in fair value	(9.0)	(11.4)	(9.0)	(11.4)
20% decrease in fair value	(17.9)	(22.7)	(17.9)	(22.7)
30% decrease in fair value	(26.9)	(34.1)	(26.9)	(34.1)

(ii) Interest rate risk

The Group's investments are exposed to fluctuations in interest rates

The invested assets of the Issuer and the Beazley Syndicates contain a substantial portion of interest rate and credit-sensitive instruments such as corporate debt securities. For example, as at 31 December 2018, the Issuer held an aggregate principal amount of US$1,296.1 million in fixed and floating rate securities.

Fluctuations in interest rates may affect the Issuer's and the Group's future returns on such investments, as well as the market values of, and corresponding levels of capital gains or losses on, such investments. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond the Issuer's and the Beazley Syndicates' control. A decline in interest rates improves the market value of existing instruments but reduces returns available on new investments, thereby negatively impacting the Issuer's and Beazley Syndicates' future investment returns. Conversely, rising interest rates reduce the market value of existing investments but should positively impact the Issuer and the Beazley Syndicates' future investment returns. The impact of a parallel shift in US interest rates, with all other variables held constant, on the reported profits and net assets of the Issuer can be seen from the following table:

	Impact on profit after tax for the year ended		Impact on net assets	
Shift in yield (basis points)	2018 $m	2017 $m	2018 $m	2017 $m
150 basis point increase	(32.9)	(24.6)	(32.9)	(24.6)
100 basis point increase	(21.9)	(16.4)	(21.9)	(16.4
50 basis point increase	(11.0)	(8.2)	(11.0)	(8.2)
50 basis point decrease	11.0	8.2	11.0	8.2
100 basis point decrease	21.9	16.4	21.9	16.4

During periods of declining market interest rates, the Issuer and the Beazley Syndicates could be forced to reinvest the cash it receives as interest or return of principal on its investments in lower–yielding instruments. The Issuer and the

Beazley Syndicates might not be able to mitigate interest rate sensitivity completely, and a significant or prolonged increase or decrease in interest rates could have a material adverse effect on the Issuer's results of operations or financial condition and its ability to fulfil its obligations under the Notes.

(iii) Credit risks to investments

The value of the Group's assets are exposed to fluctuations in credit spreads

Furthermore, as a result of holding debt securities, each of the Issuer and the Beazley Syndicates are exposed to changes in credit spreads. To assist in the understanding of credit risk, A.M. Best, Moody's Investors Service Ltd. (**"Moodys"**) and Standard & Poors ratings are used, as categorised below for Lloyd's reporting and reflected in the following tables that summarise the Issuer's concentration of credit risk:

Categorisation of ratings:

	A.M. Best	Moody's	S&P
Tier 1	A++ to A-	Aaa to A3	AAA to A-
Tier 2	B++ to B-	Baa1 to Ba3	BBB+ BB-
Tier 3	C++ to C-	B1 to Caa	B+ to CCC
Tier 4	D, E, F, S	Ca to C	R,(U,S)3

As at 31 December 2018, the Issuer's holdings of US$1,296.1 million in principal amount of fixed and floating rate securities described above (31 December 2017: US$1,099.5 million) comprised US$867.8 million in principal amount of such securities which fell within the Tier 1 crediting rating tier (31 December 2017: US$826.1 million) and US$428.3 million in principal amount of such securities which fell within the Tier 2 credit rating tier (31 December 2017:US$ 273.4 million).

Widening credit spreads could result in a reduction in the value of these securities but increase investment income related to purchases of new fixed income securities, whereas tightening of credit spreads will generally increase the value of these securities but decrease investment income related to purchases of any new fixed income securities.

Each of the Issuer and the Beazley Syndicates is exposed to counterparty risk in relation to its investments, including holdings of debt instruments. In particular, the business of the Issuer and the Beazley Syndicates could suffer significant losses due to defaults on corporate bond and loan investments and ratings downgrades. The value of the fixed income securities held by the Issuer and the Beazley Syndicates may also be affected by changes in the credit rating of the issuer of such securities. When the credit rating of the issuer of a debt security falls, the value of that debt security may also decline. In addition, changes in the credit rating of an issuer may affect the yield on such debt securities. If the credit rating of the issuer falls to a level that would prevent the Issuer and the Beazley Syndicates from holding securities issued by that issuer, pursuant to regulatory guidelines or internal investment policies, the resulting disposal may lead to a significant loss on the Issuer's and/or the Beazley Syndicates' investment.

Moreover, a major loss, series of losses or reduction in premium income could result in a sustained cash outflow requiring realisation of investment assets on terms or market conditions that are detrimental to the financial position of the Issuer and the Beazley Syndicates.

Equity and other capital growth investments are subject to volatility in prices based on market movements and general economic conditions, which can impact the gains that can be achieved. Investment returns are consequently volatile. The trading price of equities and other capital growth investments may go down as well as up as a result of a variety of factors over which the Group has no control, including pricing transparency, market liquidity, general market conditions and macroeconomic factors. Accordingly, it is possible that the Issuer and the Beazley Syndicates may not recover their original investment in their respective equity and other capital growth investments.

Market volatility, changes in interest rates, changes in credit spreads and defaults, a lack of pricing transparency, market liquidity, declines in equity prices, and foreign currency movements, alone or in combination, could have a material adverse effect on the Issuer's and the Beazley Syndicates' results of operations and financial condition through realised losses, impairments or changes in unrealised positions. In addition, a decrease in the value of the Issuer's and the Beazley Syndicates' investments may result in a reduction in overall capital, which may have a material adverse effect on the Issuer's results of operations and its financial condition and its ability to fulfil its obligations under the Notes.

(iv) Liquidity risk

Certain classes of assets may be less liquid and challenging market conditions are likely to render assets less liquid or may cause them to experience significant market valuation fluctuations

Certain classes of assets held by the Issuer and the Group are by their nature inherently less liquid than other classes of assets. Challenging market conditions are likely to make certain classes of the Issuer's and the Group's assets less liquid, including those assets which are by their nature already inherently less liquid. For example, as at 31 December 2018, the Issuer held US$1,296.1 million in principal amount of fixed and floating rate securities, US$322.5 million of which had a specified maturity of more than 3 years.

If the Issuer and/or the Group requires significant amounts of cash on short notice in excess of normal cash requirements (for example, to meet higher than anticipated claims or claims from a significant market event) or is required to post or return collateral in connection with certain of its reinsurance contracts, credit agreements, derivative transactions or its investment portfolio, it may have difficulty selling any of its less liquid investments in securities in a timely manner, or may be forced to sell them for less than it otherwise would have been able to realise if sold in other circumstances. Absent default, these investments in securities will return their principal at their specified maturity date, when the principal will be available to meet cash requirements. If these assets are required to meet cash requirements before their specified maturity date, then they will need to be liquidated and the value realised will be subject to the uncertainties of financial market conditions.

(v) Financing risk

The Group may not be able to obtain additional financing on favourable terms, or at all

The Group needs liquidity to pay operating expenses, interest on debt and dividends, and to meet its liabilities (including insurance claims). In addition, each of the Issuer and the Group has a number of requirements for capital. See "*Description of the Group's business – Capital requirements*" on page 73 of this Prospectus.

Capital is primarily required to support underwriting in the Lloyd's market, Ireland and in the US and is subject to prudential regulation by local regulators (the Prudential Regulation Authority (the "**PRA**"), Lloyd's, the Central Bank of Ireland (the "**CBI**") and US state–level supervisors). Further capital requirements come from rating agencies and the Beazley Managed Syndicates and those capital requirements may increase significantly for the Group if external capital to support certain of such syndicates (for example, Lloyd's syndicates 5623 and 623) is not sufficient. Certain members of the Group, including the Issuer, underwrite reinsurance business and such underwriting activities may require significant liquidity in the event that claims are made against them under reinsurance business which they have underwritten.

The Group's principal sources of liquidity are premiums received and cash flow from its investment portfolio and assets. See "*Description of the Issuer – Description of the Issuer's business – Issuer investment portfolio*" on page 67 of this Prospectus. Unplanned realisation of the Group investment assets to pay unexpected liabilities may be on terms that are detrimental to the Group's financial position. In the event that its current sources of liquidity do not satisfy the Group's needs, it may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the Group's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Group's long– or short–term financial prospects if it incurs large investment losses or if the level of business activity decreased due to a market downturn. Similarly, access to funds may be impaired if regulatory authorities or rating agencies take negative actions against the Group. Internal sources of liquidity may prove to be insufficient, and, in such case, the Group may not be able to successfully obtain additional financing on favourable terms, or at all.

Any failure by the Group to obtain required financing successfully may have a material adverse effect on the Group's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(vi) Credit risk of counterparties

Each of the Issuer and the Group is subject to credit risk

Each of the Issuer and the Group is exposed to credit risk in a number of aspects of its business. The Group's brokers, coverholders and other intermediaries may not pass on premiums or claims collected or paid on behalf of the Group. Any crystallisation of a credit risk may have a material adverse effect on the Group's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

In addition, while reinsurance counterparties are chosen carefully by reference to, amongst other things, size, rating, trading performance and reputation, the Beazley Syndicates are exposed to credit risk with respect to such reinsurers. The Issuer also purchases reinsurance in respect of its underwriting activities under the Direct Non-Life Insurance Authorisation and is therefore exposed to credit risk with respect to such insurers.

The collectability of reinsurance is largely a function of the solvency and willingness to pay of reinsurers. The Group assesses the financial strength of individual reinsurers using market and financial information. Despite these measures, a reinsurer's insolvency, inability or unwillingness to make payments under the terms of a reinsurance arrangement could have a material effect on the Issuer's and the Group's financial condition or results of operations. Recoveries can often occur many years after the contract was placed and the delays increase the credit risk attaching to these reinsurances.

As such, the Issuer and the Group make provisions for the potential failure of such reinsurers to cover their share of the Issuer's or the Group's (as the case may be) anticipated reinsurance liability, but such provisions may not be adequate to cover the future failure of a reinsurer.

As of the date of this Prospectus, the Issuer reinsures 75% of the Beazley Reinsured Syndicates' underwriting activities and, accordingly, in the event that the Beazley Reinsured Syndicates' reinsurance does not fully cover the crystallisation of underwriting risk assumed by the Beazley Reinsured Syndicates, the Issuer may be required to make a payment under the terms of its reinsurance arrangements with Beazley Underwriting, which may, in turn, have a material adverse effect on the Issuer's financial condition and results of operations and its ability to fulfil its obligations under the Notes.

(vii) Foreign exchange risk

Currency exchange rate fluctuations could adversely affect the Issuer's results

The functional and reporting currency of the Issuer and the Group is US dollars. However, the Issuer and the Group do receive some premiums in pounds sterling, euro and Canadian dollars and pay certain staff costs in sterling, euro and Canadian dollars. The Issuer's business is exposed, therefore, to fluctuations in currency exchange rates and the impact that such fluctuations may have on the Issuer's results of operations, financial condition or the amount of the funds at Lloyd's (in sterling) the Issuer is required to provide under its arrangements with Beazley Underwriting.

In 2018, the Issuer sought to manage the Group's currency exchange risk (other than the exchange risk within the Beazley Syndicates) by periodically assessing the Group's exposures in currencies other than the US dollar, entering into hedging arrangements or other initiatives to mitigate this risk and limit exposures to assets denominated in currencies other than the US dollar. The following table summarises the carrying value of net assets categorised by currency after giving effect to the hedging arrangements described above:

Net assets by currency	UK £ m	CAD $ m	EUR € m	Subtotal $m	US $ m	Total $m
31 December 2018	195.5	(21.3)	(5.6)	168.6	918.0	1,086.6
31 December 2017	212.0	0.8	28.4	241.2	879.6	1,120.8

Hedging arrangements and other initiatives in respect of foreign exchange risk mitigation may not be successful in preventing any losses due to such changes in exchange rates or the potential opportunity cost for the maintenance of additional capital at Lloyd's. The investment income of the Issuer and the Group forms an important part of the backing provided to the Beazley Syndicates and this investment income may also be affected by adverse fluctuations in exchange rates, interest rates, taxation changes and other economic events beyond the Group's control. Accordingly, any investment losses incurred by the Issuer and the Group could have a material adverse effect on the Issuer's and the Group's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(C) Industry Risks

(i) Competition risk

The *Group competes for clients in a highly competitive industry, which may reduce its market share and decrease its profitability*

The Group operates in highly competitive markets. Customers may evaluate the Group and its competitors on a number of factors, including financial strength, underwriting capacity, expertise, local presence, reputation, experience and

qualifications of employees, client relationships, geographic scope of business, products and services offered, premiums charged, contract terms and conditions, and speed of claims payment.

The Group competes with numerous insurance and reinsurance companies and underwriting syndicates, some of which may have more established positions in the market and/or greater financial resources available to them. Its competitors vary by product line and territory, and include other Lloyd's syndicates, including syndicates of larger insurance groups, other local or global insurance providers, and in certain product lines certain specialist players, as well as global reinsurance groups and niche players such as reinsurance providers based in Bermuda. In addition, the insurance industry has faced increased competition from pension funds, mutual funds, hedge funds and other sources of alternative capital into natural catastrophe insurance/reinsurance.

Increased competition can result in less business written, lower premiums for the business that is written (over and above reductions due to favourable loss experience), increased expenses associated with acquiring and retaining business, and policy terms and conditions that are less advantageous to the Group than it was able to obtain historically or that may be available to the Group's competitors. In particular, some of the parties offering additional underwriting capacity may have a lower target return on capital, allowing them to offer lower rates to customers.

A failure to compete effectively may result in the loss of existing business, and of opportunities to capture new business, which could have a material adverse effect on the Group's results of operations, financial condition, growth and prospects and the Issuer's ability to fulfil its obligations under the Notes.

(ii) Operational risk

All of the Group's activities are subject to operational risk from the imperfect nature of the people, processes and systems necessary to run the Group's business and the influence of external events on the Group's operations

The Group's business activities involve coordination of processes across a large number of people, functions, geographies, and IT systems. This level of complexity brings a number of operational risks. Any of the Group's processes or activities may fail due to human error, cyber attack, IT malfunctions, non–performance of third parties, business interruption, or any other event. The occurrence of any of these operational risk events may have a material adverse effect on the Group's reputation, financial condition and results of operations.

This risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List.

(iii) Risk related to dependency on senior management and key personnel

The Group is dependent on certain key individuals to maintain its financial performance

The Group's future success is dependent on the continued services and continuing contributions of its directors, senior management, underwriters and other key personnel and its ability to continue to recruit, motivate and retain the services of such personnel. Whilst the relevant members of the Group have entered into employment contracts or letters of appointment with such key personnel, the Group may not be able to retain their services.

The loss of the services of any of the Group's key personnel could have a material adverse effect on the Group's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(iv) Litigation risk

The Group is subject to litigation exposure, coverage disputes and uninsured risks in the operation of its business

In the ordinary course of its business, the Group is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures in a variety of jurisdictions, the outcomes of which will determine its rights and obligations under insurance, reinsurance and other contractual agreements or under tort laws or other legal obligations. From time to time, the Group may institute, or be named as a defendant in, legal proceedings, and it may be a claimant or respondent in arbitration proceedings. These proceedings have in the past involved, and may in the future involve, coverage or other disputes with ceding companies, disputes with parties to which the Group transfers risk under reinsurance arrangements, disputes with other counterparties or other matters.

Provisions such as limitations on, or exclusions from coverage contained within, insurance policies and reinsurance contracts held by the Group may not be enforceable in the manner intended. Disputes relating to coverage and the choice

of legal forum have arisen and may in the future arise, as a result of which the Group may become exposed to losses beyond the expectations of the Group at the time of underwriting a particular insurance policy or reinsurance contract. In such circumstances, (re)insurance may not cover or be adequate to cover liabilities incurred by a Group member.

The Group is also involved, from time to time, in investigations and regulatory proceedings, certain of which could result in adverse judgments, settlements, fines and other outcomes. The Group could also be subject to litigation risks arising from potential employee misconduct, including non–compliance with internal policies and procedures. In addition, the Group may become involved in, or be affected by, legal proceedings involving Lloyd's.

An assessment of all such claims and proceedings is taken into account by the Group's management team (following any necessary legal advice) before making an informed decision on the likely outcome of such events. However, if the ultimate outcome of proceedings is not in accordance with the Group's expectations, this could have a material adverse effect on its reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(D) Risks related to regulation and Lloyd's insurance market

(i) Risk of regulatory investigations or sanctions

The Group is subject to extensive regulatory supervision and may, from time to time, be subject to enquiries or investigations that could result in fines, sanctions, variation or revocation of permissions and authorisations, reputational damage or loss of goodwill

The conduct of insurance and reinsurance business is subject to significant legal and regulatory requirements as well as governmental and quasi–governmental supervision in the various jurisdictions in which the Group operates.

In Ireland, the Issuer and the Group are subject to the regulation of the CBI. Certain members of the Group are also subject to regulation by other regulatory authorities.

In the UK, the Group is subject to the regulation of Lloyd's, the FCA and the PRA. In addition, in the US, the Group is subject to federal regulations as well as regulations in each of the 50 states and the District of Columbia. The Group is also subject to regulations in territories in which it operates across the world. Among other things, the insurance laws and regulations applicable to relevant members of the Group:

- require the maintenance of certain solvency levels;
- regulate transactions, including transactions with affiliates and intra–group guarantees;
- in certain jurisdictions, restrict the payment of dividends or other distributions;
- require the disclosure of financial and other information to regulators;
- regulate the admissibility of assets and capital; and
- establish certain minimum operational requirements.

For example, as part of regular, mandated risk assessments, regulators may take steps that have the effect of restricting the business activities of the Group, which may in turn have a material impact on the ability of the Group to achieve growth objectives and earnings targets. For example, each regulated insurance business in the Group is subject to a number of restrictions on assets it may hold under relevant regulations and tax rules, and regulators may, as has happened in the past, alter such restrictions, thus potentially affecting the Group's investment policy and any associated projected income or growth return from its investments. In addition, based on perceived risk profile of the Group, regulators may require additional regulatory capital to be held by the Group (including as part of guidance on a confidential basis), which, among other things, may affect the business the Group can write.

If any member of the Group were to be considered to be in potential breach of any existing or new laws or regulations now or in the future, that member would be exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. In addition, the Group's reputation could suffer and the Group could be fined or prohibited from engaging in some or all of its business activities or could be sued by counterparties, as well as forced to devote significant resources to cooperate with regulatory investigations, any of which

could have a material adverse effect on the Group's results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(ii) Risks of change in laws, regulations, policies and interpretations

The Group's businesses are subject to regulatory risk, including adverse changes in the laws, regulations, policies and interpretations in the markets in which it operates

The Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the EU (in particular, the UK and Ireland), the US and elsewhere both because the Group writes business covering political risks and because the Group itself may be impacted by such policies or actions.

All these are subject to change, particularly in the current market environment where recent developments in the global financial markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. As a result of recent regulatory initiatives, the level of regulatory oversight over financial institutions, including the Group or the Issuer, may increase. Any future regulatory changes may potentially restrict the Group's or the Issuer's operations, mandate certain risks that need to be additionally covered and impose other compliance costs. It is uncertain how a more rigorous regulatory climate will impact financial institutions, including the Group and the Issuer.

Although the Group expects the CBI to remain as the Group's supervisor under Solvency II, the application of Solvency II and related regulations in the UK following any withdrawal of the UK from the EU is uncertain. The CBI will regardless remain the Issuer's regulator. See "*–Political uncertainty in the UK may lead to volatility in the price of the Notes*" below.

Areas where changes could have an impact include:

- the monetary, interest rate and other policies of central banks and regulatory authorities or changes in direct or indirect taxes applicable to the Group;
- changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Group operates;
- changes in the regulatory requirements, for example relating to the capital adequacy framework and rules designed to promote financial stability;
- changes in competition and pricing environments;
- developments in financial reporting;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership, any of which may impact either, or both, of: (a) the assets and operations of the Group in the jurisdictions in which it operates and (b) the performance of the business lines of the Group which underwrite political risks and other classes of business; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for the Group's products and services.

(iii) Risks related to the accuracy of the Group's Solvency II model

The Group's Solvency II model may not provide an accurate projection of the capital that the Group or the Issuer will in fact need

Directive 2009/138/EC (the "**Solvency II Directive**" or "**Solvency II**") was implemented on 1 January 2016. Solvency II introduces a harmonised EU–wide insurance regulatory regime. In particular, it imposes a risk–based capital regime, sets out requirements for the governance, risk management and regulatory supervision of insurers and introduces certain disclosure and transparency requirements.

The Solvency Capital Requirement ("**SCR**") of each of the Issuer and the Group under Solvency II is determined in accordance with the Group's internal model, which has been approved by the CBI as the Group's supervisor under Solvency II. See "*Description of the Group's business – Group supervision under the Solvency II Directive*" on page 78 of this Prospectus. This model has been developed internally, using external software, to suit the particular circumstances and risks within the Group's business. The SCR is set at a level that ensures that the Issuer and the Group can meet their respective obligations over the following 12 months with a 99.5% probability. It is a regulatory requirement that the model captures all material risks that have been identified. However, it is subject to the limitations common to all complex models and is subject to the accuracy, completeness and integrity of the data that is inputted into the model. It is also necessary for certain estimates, assumptions and judgements to be made by management where data are incomplete or ambiguous. Accordingly the SCR, as modelled by the Group's internal model, may not provide an accurate projection of the capital that the Issuer or the Group will, in fact, need in the future. In the event that the SCR, as modelled by the Group's internal model, does not provide an accurate projection of the capital that the Issuer or the Group will, in fact, need in the future, and additional capital is required by the Issuer or the Group, the Issuer may be required to defer the payment of interest on, or any redemption of, the Notes, as described in paragraphs 2(A)(iv) and (v) of these Risk Factors.

(iv) Risks of significant problems with the Lloyd's market

Any significant problem with the Lloyd's market may result in a material adverse effect on the Group's business

The Group relies on the efficient functioning of the Lloyd's market. If, for whatever reason, members were to be restricted or otherwise unable to write insurance through the Lloyd's market, it could have a material adverse effect on the Group's business and results of operations.

Any damage to the brand or reputation of Lloyd's (whether such damage is caused by financial mismanagement, fraudulent activity or otherwise), any loss by Lloyd's of any international licences in relation to insurance or reinsurance business, a reduction in the market's capital efficiency, or any other factor that reduces the attractiveness of Lloyd's as an underwriting platform, may have a material adverse effect on the Beazley Syndicates' ability to write new business.

In addition, any increase in tax levies imposed on Lloyd's participants in the relevant jurisdictions around the world in which they offer insurance or reinsurance or any challenge to the amount of tax paid by such Lloyd's participants may result in the Group incurring a higher tax charge.

(v) Risks related to the Beazley Syndicates failure to underwrite business in the Lloyd's market

The Beazley Syndicates' ability to underwrite business in the Lloyd's market is, in part, dependent upon its relationships with intermediaries and its willingness to participate in any initiatives the intermediaries may establish to facilitate the efficient placement of business in the Lloyd's market

Lloyd's market underwriters, including the Beazley Syndicates, do not generally deal directly with policyholders. Instead, business is normally accepted by Lloyd's market underwriters through intermediaries, including registered brokers, coverholders and registered open market correspondents. Accordingly, the ability of each of the Beazley Syndicates is, in part, dependent upon those syndicates' ability to maintain strong relationships with such intermediaries.

The larger intermediaries placing business into the Lloyd's market on behalf of their clients may from time to time set up various forms of facility (e.g. panels and quota share agreements). The Beazley Syndicates' ability to underwrite in the Lloyd's market is affected by its willingness to allow the Beazley Syndicates to underwrite business via these facilities.

Any failure to maintain such relationships or any changes in the way that business is distributed may have a material adverse impact on the Group's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(vi) Risks related to the solvency and capital adequacy requirements that relate to the Lloyd's market

The Lloyd's market is subject to the solvency and capital adequacy requirements of the PRA, as a result of which members of Lloyd's, including respective entities within the Group, may be adversely affected

The PRA is the prudential regulator for Lloyd's and has responsibility for promoting the financial security and soundness of Lloyd's and its members. The FCA regulates the conduct of Lloyd's, managing agents and the members' agents and advisers and Lloyd's market brokers. Lloyd's is required by the PRA to establish and maintain appropriate controls over the risks affecting the funds of members which it holds centrally and to assess the capital needs of each member operating

on its market, in order to satisfy an annual solvency test for the PRA. The criteria used by the PRA to determine the solvency requirement is, in essence, the aggregate funds comprising syndicate level assets and members' funds at Lloyd's (each being held in trust for the benefit of policyholders) to meet all outstanding liabilities of Lloyd's members (including both current liabilities and the liabilities of membership syndicates subject to run–off), together with a capital buffer maintained from a combination of cash calls, subordinated loans and capital of syndicate members which is deposited into a central Lloyd's fund to serve as the Lloyd's fund of last resort if a Lloyd's member fails to meet its insurance liabilities in full and has insufficient assets to meet those liabilities (the "**Central Fund**"). However, the PRA may impose more stringent requirements on Lloyd's which may result in higher capital requirements or a restriction on trading activities for its members, including the Beazley Syndicates. If Lloyd's fails to satisfy its solvency test in any year, the PRA may require Lloyd's to cease trading and/or its members to cease or reduce their underwriting exposure, which may result in a material adverse effect to the Group's reputation, financial condition and results of operations. The PRA can also impose more stringent requirements directly on the Group without applying similar requirements to Lloyd's more generally or to other Lloyd's members.

In the event of Lloyd's failing to meet any regulatory solvency requirement, either Lloyd's or the PRA (or both) may apply to the High Court of England and Wales for a "Lloyd's Market Reorganisation Order" to appoint a "reorganisation controller" for Lloyd's. For the duration of the reorganisation controller's appointment, a moratorium will be imposed preventing any proceedings or legal process from being commenced or continued against any party against whom the order has been made. It is intended that such an order, if made, would apply to the market as a whole, including current and former members of Lloyd's, their agents and managing agents, Lloyd's brokers, approved run–off companies and cover-holders, unless individual parties are specifically excluded. The making of such an order could have a material impact on the ability of the Beazley Syndicates to write business on the Lloyd's market and elsewhere, resulting in a material adverse effect to the Group's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(vii) Risks related to regulation of the Group's operations in the Lloyd's market

The Group's operations in the Lloyd's market are subject to regulation by the Council of Lloyd's and the Lloyd's Franchise Board

The Council of Lloyd's has wide discretionary powers to manage and supervise the Lloyd's market. It may, for instance, vary the method by which the solvency capital requirements are calculated or the investment criteria applicable to funds at Lloyd's and/or syndicate investments are determined. Either might affect the Group's overall premium limit and consequently the returns from an investment in the Group.

The Lloyd's Franchise Board (the "**Franchise Board**") also has wide discretionary powers in relation to the business of Lloyd's managing agents including requiring compliance with the franchise performance criteria and underwriting guidelines. The Franchise Board's primary role is to protect the Lloyd's franchise. The Franchise Board may, for example, impose certain restrictions on underwriting and/or on reinsurance arrangements for any syndicate. Those members of the Group which are members of Lloyd's must comply with Lloyd's "franchise principles" which include, amongst others, ensuring that there is outstanding risk management capability throughout the franchise and that the Lloyd's market provides a competitive international trading platform. Each such member must also submit its annual business plan for each year of account to the Franchise Board (and any subsequent changes to such plan) for approval. In the event that the Franchise Board determines that changes are required to such business plan prior to its approval, any such changes could lead to a significant change in the Group's stated business strategy and objectives, which could result in a material adverse effect on the Group's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(viii) Risks related to the financial and operational obligations of the Beazley Syndicates

The Beazley Syndicates are committed to certain financial and operational obligations

The Beazley Syndicates are committed to certain financial and operational obligations, including the annual fees and levies imposed by Lloyd's on its membership syndicates for operating on its platform. One such commitment is the requirement from time to time as required by Lloyd's to contribute funds of an approved form that are lodged and held in trust at Lloyd's as security for a member's underwriting activities, known as "**funds at Lloyd's**". A member's funds at Lloyd's may contain only those assets that Lloyd's prescribes as acceptable assets under its Membership & Underwriting Conditions & Requirements. Currently, these acceptable assets consist of debt securities, bonds and other money and capital market instruments, shares and other variable yield participations, holdings in collective investment schemes, cash and cash equivalents, forward currency contracts, letters of credit, guarantees and life assurance policies, in each case

subject to certain conditions. In addition, the Group is also required to contribute funds to the Central Fund. In respect of the Group's funds at Lloyd's, as at 31 December 2018, £733.2 million, £656.9 million and £447.6 million of debt securities and other fixed income securities were subject to a deed of charge in favour of Lloyd's to secure underwriting commitments for the 2018, 2017 and 2016 underwriting years, respectively. These funds at Lloyd's are provided by the Issuer under the reinsurance arrangements with Beazley Underwriting and a separate credit facility agreement between the Issuer and Beazley Underwriting, each of which is described under " -*The Issuer is dependent, in part, upon revenues received under its credit facility agreement and reinsurance arrangements with Beazley Underwriting"* above. To the extent that Lloyd's suffers a material exposure in its asset base when compared with its liabilities, whether as a result of unexpected events, non–claims litigation, the increased costs of compliance in overseas jurisdictions for insurance and reinsurance business, increased fees and levies, currency devaluation, stamp capacity, cash calls or otherwise, members may at any such time as required by Lloyd's be called upon to invest further capital into Lloyd's portfolio of funds, including both the funds at Lloyd's and the Central Fund which, as a result, may cause the Issuer to be required to provide additional funds at Lloyd's and, as a result, a material adverse impact on its financial results and its ability to fulfil its obligations under the Notes.

Changes implemented to the list of acceptable assets for purposes of funds at Lloyd's (either voluntarily by Lloyd's or in response to regulatory requirements) may adversely impact the Issuer and the Group. If assets that the Issuer uses to fund the Beazley Syndicates' funds at Lloyd's requirement were to no longer constitute acceptable assets for the purposes of funds at Lloyd's, different assets would need to be posted, which may be more expensive to obtain and maintain or which may place an undue restriction on the Issuer and the Group's capital resources and adversely affect the Issuer's ability to fulfil its obligations under the Notes.

Lloyd's also has the power to reduce the Beazley Syndicates' underwriting capacity or to prohibit the Beazley Syndicates from underwriting if at any time the value of the Beazley Syndicates' total funds at Lloyd's falls by more than 10% from the funds required at the last "coming into line" exercise (being the Economic Capital Assessment or ECA) and such shortfall is not made good by the Group, which might not always be possible ("coming into line" refers to a bi–annual procedure currently undertaken in June and November each year, which requires members of Lloyd's to demonstrate that they have sufficient eligible assets to meet their current underwriting liabilities and to support future underwriting before they may underwrite for the next following year of account). A fall in the equity or fixed interest markets, a devaluation in the currency comprising the funds at Lloyd's or a net solvency deficit of more than 10% of the ECA could trigger such an event.

Any such event is likely to have a material adverse effect on the Issuer and the Group's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(ix) Risks related to the maintenance by Lloyd's of a satisfactory credit rating

The ability of the Beazley Syndicates to trade in certain classes of business at current levels may be dependent on the maintenance by Lloyd's of a satisfactory credit rating issued by an accredited rating agency

Each of the Beazley Syndicates (and each of the other syndicates managed by the Group but which are not backed by the Group's capital) benefits from the ability to write business based on the Lloyd's financial rating, which allows the Group to write more business as part of the Lloyd's platform than its individual capital level would otherwise support. The ability of Lloyd's syndicates to continue to trade in certain classes of business at current levels may be dependent on the maintenance by Lloyd's of a satisfactory financial strength rating issued by an accredited rating agency. At present, the financial security of the Lloyd's market is regularly assessed by three independent rating agencies, A.M. Best, Standard & Poor's and Fitch. See "*Description of the Group's business – Credit ratings*" on page 75 of this Prospectus for a description of these Lloyd's credit ratings.

Ratings are an important factor in establishing the competitive positions of insurance and reinsurance companies. Third party rating agencies assess and rate the financial strength of insurers and reinsurers. These ratings are based upon criteria established by the rating agencies.

The objective of these ratings systems is to provide an opinion of an insurer's financial strength and ability to meet ongoing obligations to its policyholders.

One or more rating agencies may downgrade or withdraw their ratings in the future. As financial strength ratings are a key factor in establishing the competitive position of insurers, a decline in ratings alone could make insurance less attractive to clients relative to insurance from its competitors with similar or stronger ratings. A ratings downgrade could also result in a substantial loss of business, including the loss of clients who are required by either policy or regulation to

purchase insurance only from reinsurers with certain ratings. Any of the foregoing could have an adverse effect on the Beazley Syndicates, which could have a material adverse effect on the Group's business, results of operations and financial condition and the Issuer's ability to fulfil its obligations under the Notes.

(x) Risks of Syndicates being placed into a year–end "run–off" by the Council of Lloyd's

Syndicates may be placed into a year–end "run–off" by the Council of Lloyd's resulting in members' funds being blocked

If a Lloyd's managing agent determines that funds are required to meet a cash deficiency prior to the closure of a relevant year of account, it may call on the members of a syndicate for further funds. This is known as a "cash call".

In the event that a managing agent concludes, in respect of a particular year of account of a syndicate, that an equitable reinsurance to close premium cannot be established, it must determine that the year of account will remain open and be placed into "run–off". During a run–off, there can be no release of a member's funds at Lloyd's in respect of that syndicate without the consent of the Council of Lloyd's. Any year of account of the Beazley Syndicates may go into run–off at some future time, which could have a material adverse effect to the Group's reputation, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(xi) Risks related to the Group's reliance upon the maintenance by Lloyd's of licence and approvals

The Group is reliant upon the maintenance by Lloyd's of its local jurisdictional licences and approvals, as well as its own compliance with local regulation

A significant portion of the Group's gross premiums written is derived from the US. Compliance with US regulations by Lloyd's is therefore of significant importance to the Group.

US regulators require Lloyd's syndicates writing certain business in the US to maintain trust funds in the US (the "**US trust funds**") as protection for US policyholders. With respect to business classified as "surplus lines", syndicates must currently maintain a surplus lines trust fund, funded at 30% of gross liabilities. With respect to reinsurance business, syndicates must maintain a separate "Credit for Reinsurance" trust fund which is currently required to be funded at 100% of gross liabilities assumed from US insurers. It is possible that regulators could further alter the US trust fund deposit requirements for the Lloyd's market generally or any individual Lloyd's syndicate specifically. No credit against the required deposits is allowed for potential reinsurance recoveries by the syndicates.

The funds contained within the deposits are not ordinarily available to meet trading expenses or to pay claims. Accordingly, in the event of a large claim arising in the US, for example from a major catastrophe, syndicates participating in such US business may be required to make cash calls to meet claims payment and deposit funding obligations. There is a limited ability for managing agents to withdraw funds from the US trust funds other than at the normal quarterly revision periods.

The obligation to fund the US trust funds in the event of a large claim is likely to arise before the Group can earn premiums from the related insurance or receive proceeds from the relevant reinsurance, requiring the Group to procure the upfront funding from other sources.

In addition, Lloyd's maintains certain licences and approvals in various jurisdictions. The Group is reliant on the maintenance by Lloyd's of those trading licences and approvals. A variation or removal of such licences and/or approvals may have a material adverse effect on the Group's business and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(xii) Historical market risks related to the Lloyd's market

Lloyd's market risks relating to 1992 and prior business

No corporate members, including members of the Group, participated in the Lloyd's market in 1992 and prior years' business. Equitas was established to reinsure and run–off the 1992 and prior years' non–life liabilities of Lloyd's names or Lloyd's underwriters. National Indemnity Company, a member of the Berkshire Hathaway group of companies, has reinsured Equitas Insurance Limited's liabilities and another member of the Berkshire Hathaway group, Resolute Management Services Limited, has taken over responsibility for the run–off. However, in the event that Equitas Insurance Limited and National Indemnity Company were to fail or were unable to meet their respective liabilities by a

proportionate cover plan and then pay claims at the appropriate reduced rate, the Group, and other insurance businesses which the Group may acquire in the future, could still be adversely affected. This is because, in those circumstances, Lloyd's would be required to consider whether it wished to make good any shortfall or replenish the regulatory deposits that may have been used to meet policyholder claims. This could require the use of the Central Fund following prior approval of Lloyd's members in an extraordinary general meeting. If the Central Fund is used for these purposes, an additional Central Fund levy could be imposed, subject to approval by vote, on all Lloyd's members underwriting on the relevant years of account.

(E) Other Risks

(i) Risks related to changes to tax law and regulation

From time to time changes in the interpretation of existing tax laws, amendments to existing tax rates, or the introduction of new tax legislation may adversely impact the Group's business, financial condition and results of operations

The Group operates in several tax jurisdictions around the world. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions.

There are also specific rules governing the taxation of policyholders. The Group will be unable accurately to predict the impact of future changes in tax law on the taxation of insurance policies in the hands of policyholders. Amendments to existing legislation (particularly if there is the withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules may affect the future long–term business and the decisions of policyholders. The impact of such changes could have a material adverse effect on the Group's business, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

Any changes in applicable tax law or in the interpretation of such tax law, including in respect of transfer pricing arrangements, might require the Issuer to enter into any future reinsurance and credit facility arrangements with Beazley Underwriting on terms that are less favourable to it than under the present arrangements. For example, such changes or other factors might lead to future reinsurance arrangements covering a lower percentage of the declared result of Beazley Underwriting's participation in the Beazley Syndicates. The impact of any such change could have a material adverse effect on the Group's business, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

(ii) Reinsurance risk related to The Diverted Profits Tax

The Diverted Profits Tax ("**DPT**") came into effect from 1 April 2015. The DPT is designed to apply to multinational enterprises with significant business activities in the UK who enter into arrangements to artificially divert profits from the UK – either by avoiding a permanent establishment in the UK, or through other contrived arrangements involving limited economic substance. The DPT is generally charged at a 25% rate on "taxable diverted profits" arising from UK activity. The DPT is a relatively new tax and its scope and the basis upon which it will be applied by HM Revenue & Customs remain somewhat uncertain.

Whilst the Group does not believe the reinsurance between Beazley Underwriting (as the reinsured) and the Issuer (as the reinsurer) will result in a tax liability pursuant to DPT, should it not be the case that Beazley Underwriting is outside the scope of the DPT, this could lead to an additional tax charge on Beazley Underwriting. This could have a material adverse effect on Beazley Underwriting and result in the need to renegotiate the reinsurance agreement between Beazley Underwriting and the Issuer for future periods with a consequent material adverse impact on the Issuer's results of operations.

(iii) Risks related to compliance with laws, regulations and rules on sanctions, money laundering and bribery

The Group is subject to various laws, regulations and rules relating to sanctions, money laundering and bribery

The Group must comply with laws and regulations relating to sanctions, money laundering and bribery. While it is the policy of the Group not to write any business directly in countries or for entities subject to international sanctions of the

US, EU and UK, the Group does, from time to time, underwrite risks in relation to entities which come into contact with such countries. For example, the Group, through its Marine insurance business line (which in 2018 represented 11% of the Group's gross premiums written), from time to time underwrites marine hull risks in relation to vessels which call in to or pass through the waters of such countries (such as a vessel delivering food or medical supplies to a port in a sanctioned country). While the Group has policies and procedures in place designed to ensure that the Group does not insure any activity that breaches international sanctions, there remains the risk of an inadvertent breach which may result in lengthy and costly investigations followed by the imposition of fines or other penalties or, in the case of the US, imposition of a range of significant secondary sanctions (including restrictions on the ability to effect transactions in US dollars), any of which might have a material adverse effect on the financial condition and results of operations of the Group and the Issuer's ability to fulfil its obligations under the Notes.

In relation to bribery and money laundering, the global breadth of the Group's operations and the range of brokers and policyholders with which the Group conducts business present risks of violating applicable anti–bribery and anti–money laundering laws or regulations. While the Group's specific policies and periodic training programmes in place are designed to prevent breaches of rules and regulations relating to bribery and money laundering, any inadvertent breach may trigger an intervention, including investigation, surveillance and judicial and administrative proceedings by the relevant regulatory authority, which may result in a loss of reputation, a fine and/or other disciplinary action, any of which may have a material adverse effect on the financial condition and results of operations of the Group and the Issuer's ability to fulfil its obligations under the Notes.

(iv) Risks related to data privacy laws and regulations

The Group's international business is subject to applicable laws and regulations relating to data privacy, the changes or the violation of which could affect the Group's operations

Regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning data protection. The Group processes large amounts of personal customer data as part of its business and therefore must comply with the strict data protection and privacy laws in all jurisdictions in which it operates. The interpretation and application of data protection laws in the US, Europe and elsewhere are often uncertain and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with the Group's data practices. If so, this could result in the possibility of fines, or an order requiring that the Group change its data practices, which could have an adverse effect on the Group's business and results of operations. Complying with these various laws could cause the Group to incur substantial costs or require the Group to change its business practices in a manner adverse to its business. In addition, the Group is exposed to the risk that, as a result of human error, cyber-crime or otherwise, personal customer data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by or on behalf of the Group. Such an occurrence could result in the Group facing liability under data protection laws, the loss of its customers, the loss of its goodwill with customers and the deterrence of new customers, any or a combination of which could have a material adverse effect on the Group's business, financial condition and financial results.

On 12 July 2016, the European Commission and the US Department of Commerce signed the EU-US Privacy Shield agreement (the "**Privacy Shield**") providing a framework for protecting personal data transferred from the EU to the US. Companies can certify their agreement to the Privacy Shield with the US Department of Commerce starting 1 August 2016. Alternative methods of data transfer protection (e.g. standard contractual clauses, corporate binding rules) may also be used, although there is a risk that the Privacy Shield and/or the alternative forms of data transfer may be challenged and struck down, jeopardising data transfer between the EU and the US and impacting the Group's operations. Furthermore, the General Data Protection Regulation ((EU) 2016/679) ("**GDPR**") entered into force on 24 May 2016 and has applied in all EU member states since 25 May 2018. GDPR introduced the potential for significant new levels of fines being imposed for non-compliance based on turnover. The Group will continue to review and develop existing processes to ensure that customer personal data is processed in compliance with the GDPR's requirements, to the extent that they are applicable to the Group, and it may be required to expend significant capital or other resources and/or modify its operations to meet such requirements, any or a combination of which could have a material adverse effect on the Group's business, financial condition and financial results.

As a group operating worldwide, the Group strives to comply with all applicable data protection laws and regulations. It is however possible that the Group may fail to comply with applicable laws and regulations. The failure or perceived failure to comply may result in inquiries and other proceedings or actions against the Group by government entities or others, or could cause the Group to lose clients, any of which could potentially have an adverse effect on the Group's business, results of operations and financial condition and the Issuer's ability to fulfil its obligations under the Notes.

(v) Risks related to terrorism

The Group is exposed to the impact of terrorist activity on certain of its businesses and cannot rely upon local government regimes to underwrite its exposure

Following the terror attacks on the US on 11 September 2001, the implementation of legislation in jurisdictions such as the UK, Australia and the US (which are jurisdictions in which the Group operates) provides for a governmental backstop by way of reinsurance protection for certain insured risks.

For example, the US Terrorism Risk Insurance Act of 2002, as amended, established the Terrorism Risk Insurance Program ("**TRIP**"). TRIP became effective in 2002 and was extended on various occasions, most recently to 31 December 2020. The legislation is intended to ensure the availability of commercial insurance coverage for certain terrorist acts in the US and, in particular, requires covered insurers to make coverage available for certified acts of terrorism. There can be no assurance that TRIP will be extended beyond 2020.

The expiration or a significant change in the terms of any governmental backstop programme could have an adverse effect on the Group, its clients or the insurance industry, for example if significant insurance losses are not covered by such programmes or the Group's clients expect the Group to continue to offer coverage without the benefit of such programmes.

(vi) ***Risks related to Brexit***

Political uncertainty in the UK may lead to volatility in the price of the Notes

On 23 June 2016, the UK voted in a national referendum to withdraw from the EU ("**Brexit**"). On 29 March 2017, the Prime Minister of the UK triggered Article 50 of the Lisbon Treaty by giving the European Council official notice of the UK's intentions to leave the EU. There are a number of uncertainties in connection with the future of the UK and its relationship with the EU, including the terms of any agreement it reaches in relation to its withdrawal from the EU. The terms and timing of the UK's withdrawal from the EU are unclear.

Regardless of the eventual timing or terms of the UK's exit from the EU, the June 2016 referendum has created significant political, social and macroeconomic uncertainty. For example, leaders in Scotland have announced that they may seek EU membership in the event of the UK's exit, raising the possibility of a referendum on Scottish independence.

As a result of this uncertainty, the pound sterling has remained weak against the euro and US dollar through to the date of this Prospectus. The UK's sovereign credit ratings have also been affected, with Moody's revising its outlook from stable to negative and Fitch and S&P Global Ratings downgrading their respective ratings.

The current uncertainty surrounding the exit of the UK from the EU could continue to result in significant macroeconomic deterioration, including, but not limited to decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies), decreased gross domestic product in the UK and a further downgrade of the UK's sovereign credit rating. In addition, there are increasing concerns that these events could push the UK into an economic recession. Furthermore, such events could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. Any of these factors, were they to occur, would further destabilise the global financial markets and may have a material adverse effect on the Group's business, prospects, financial condition and results of operations and the Issuer's ability to fulfil its obligations under the Notes.

Following a hard Brexit, Beazley Syndicates and the Issuer will be able to continue to underwrite the majority of the risks in the EU through the arrangements put in place by Lloyd's Brussels and through the Issuer's own authorised branch offices in the EU. As a result of Brexit, the Lloyd's platform may be less attractive to insured persons especially in Europe, which may lead to a reduction in premium written by the Beazley Syndicates and the Issuer. The Lloyd's Brussels arrangements may also prove to be more expensive to operate than the current system, which may lead to an increase in operating costs incurred by the Beazley Syndicates impacting the profitability of the Group and the Issuer and the Issuer's ability to fulfil its obligations under the Notes.

(2) Risks relating to the Notes

Given the nature of the Notes as subordinated Tier 2 capital of the Issuer, risks related to payment default by, and insolvency of, the Issuer are the most significant category of risk relating to the Notes. The main payment default and insolvency risks are outlined in the sub-categories as follows:

A. Payment default risk

(i) The Notes are unsecured and subordinated obligations of the Issuer

The Notes constitute direct unsecured and subordinated obligations of the Issuer. In the event of a Winding-Up, payment obligations on the Notes will rank junior to any unsubordinated obligations of the Issuer. See further Condition 3 (*Status and Subordination*) of the Terms and Conditions of the Notes.

If the Issuer's financial condition deteriorates such that there is an increased risk that there may be a Winding-Up, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price that may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes, whether or not there is a Winding-Up.

Investors in the Notes may recover proportionately less than holders of unsubordinated obligations of the Issuer, should there be a Winding-Up.

(ii) The Notes are not guaranteed

The Notes represent the obligations of the Issuer only. The obligations of the Issuer under the Notes are not guaranteed by, and are not obligations of, any member of the Group other than the Issuer. Accordingly, Noteholders, the Issuer and the Trustee will not have any recourse to any member of the Group other than the Issuer.

(iii) There is no limitation on issuing or guaranteeing debt ranking senior or "pari passu" with the Notes

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its affiliates (if any) may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders' investment in the Notes would absorb any financial losses of the Issuer ahead of obligations which rank senior to the Notes. Accordingly, the Noteholders could suffer direct and materially adverse consequences to which other investors in the Issuer may not be subject.

(iv) Under certain conditions, redemption or repurchase of the Notes must be deferred

The Issuer will be required to defer any scheduled redemption of the Notes (whether at maturity or if it has given notice of early redemption in the circumstances described in Condition 6 (*Redemption, Substitution, Variation and Purchase*) if: (a) the Notes cannot be redeemed in compliance with the Solvency Condition, (b) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed, or (c) (if then required) regulatory consent has not been obtained or redemption cannot be made in compliance with the Relevant Rules at such time. If a deferral of redemption or repurchase results from the occurrence of any of the aforesaid events, the Notes shall instead become due for redemption or repurchase at their principal amount, together with Arrears of Interest (if any) and any other accrued but unpaid interest up to (but excluding) the redemption or repurchase date upon the earliest of certain events as described in Condition 6 (*Redemption, Substitution, Variation and Purchase*).

Any such deferral of redemption or repurchase of the Notes is likely to have an adverse effect on the market value of the Notes and Noteholders may receive their investment back at a later point in time than initially expected. If the Notes are not redeemed or repurchased on the Interest Payment Date falling on or nearest to the Maturity Date due to the reasons referred to in the paragraph above, Noteholders will (subject to any compulsory deferral) continue to receive interest but will not receive any additional compensation for the deferral of the redemption or repurchase. In addition, as a result of the redemption or repurchase deferral provisions of the Notes, the market price of the Notes may be more volatile than the market price of other debt securities which are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

(v) Payments of interest on the Notes must be deferred by the Issuer in certain circumstances

The obligations of the Issuer to make payments under and in respect of the Notes are conditional upon (a) there being no breach of the Solvency Condition (as described in Condition 5 (*Deferral of Interest*)) at the time of such payment and no such breach occurring as a result of such payment and (b) there being no Regulatory Deficiency Interest Deferral Event at

the time of such payment and no such event occurring as a result of such payment. Any amounts of interest in respect of the Notes which cannot be paid on the scheduled payment date by virtue of such provisions must be deferred by the Issuer, and non-payment of the amounts so deferred shall not constitute a default under the Notes or the Trust Deed for any purpose, including enforcement action against the Issuer.

Any interest in respect of the Notes so deferred will, so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest. The holders of the Notes have no right to require payment of Arrears of Interest, and Arrears of Interest will become payable only upon the earliest of the dates set out in Condition 5 (*Deferral of Interest*).

The circumstances in which a Regulatory Deficiency Interest Deferral Event may occur are dependent upon the solvency position of the Issuer or any part of the Group from time to time under the other requirements of the Relevant Rules, which themselves may be subject to amendment or change from time to time. Events which constitute a Regulatory Deficiency Interest Deferral Event are, any of the Issuer or the Group is failing to meet any Solvency Capital Requirement or Minimum Capital Requirement then applicable to it and, under the Relevant Rules then applicable to the Issuer, such failure requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes in order that the Notes qualify as Tier 2 Capital of the Issuer and the Group under the Relevant Rules.

Any actual or anticipated deferral of interest can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price that may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other securities or instruments that do not require deferral of interest, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

(vi) No extensive events of default and restricted remedies

Noteholders should be aware that the Terms and Conditions of the Notes only contain limited events of default provisions relating to a failure of the Issuer to make payment on them when due following the expiry of customary grace periods or on the occurrence of its winding up. See also "*– Under certain conditions, redemption or repurchase of the Notes must be deferred*" and "*– Payments of interest on the Notes must be deferred by the Issuer in certain circumstances*".

The sole remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Conditions) any Noteholders, for recovery of amounts owing in respect of the Notes will be the institution of proceedings for the winding-up of the Issuer and/or proving in such winding-up and/or claiming in the liquidation of the Issuer for such amounts.

(vii) The Notes are not protected by a deposit protection scheme

The Notes are not protected by the UK's Financial Services Compensation Scheme or the deposit protection scheme operated by the CBI. The Notes form part of the regulatory capital of the Issuer and the Group. Insurance companies are required to hold regulatory capital to absorb losses (before senior creditors suffer losses). As a provider of capital to the Issuer, an investor in the Notes should be prepared to suffer losses on its investment if, in particular, the Issuer, the Group and/or the insurance sector generally approaches or enters into a period of financial stress. Such losses could be manifested in a number of ways, including (without limitation) that the market price of the Notes may fall significantly or the Issuer could enter into an insolvent winding-up, with the result that investors in the Notes could lose all or substantially all of their investment in the Notes. Since the Notes are not protected by a deposit protection scheme, no deposit protection scheme will pay any compensation to an investor under these, or any other, circumstances. Accordingly, an investor in the Notes may lose some, or the entire amount of, its investment in the Notes.

(viii) Credit ratings may not reflect all risks

The Notes are expected to be rated BBB+ by Fitch. The Issuer has an insurer financial strength rating of "A+ (Strong)" and an issuer default rating of 'A', each from Fitch. Such ratings may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold the Notes and may be revised or withdrawn by the rating agency at any time.

B. Insolvency risk

(i) European Union (Insurance and Reinsurance) Regulations 2015 (the "2015 Regulations")

Part 18 of the 2015 Regulations applies to the reorganisation measures and winding-up procedures applicable to insurance undertakings (including their branches in EU member states), such as the Issuer.

In particular Part 18 of the 2015 Regulations provides that the jurisdiction and governing law of any reorganisation measures or winding-up proceedings of the Issuer shall be Ireland. The 2015 Regulations provide that only the competent authority of an insurance undertaking's home EU member state (i.e. in the case of the Issuer the Irish High Court) shall be entitled to decide on the opening of reorganisation measures or winding-up proceedings of the Issuer (including its branches in other EU member states). Such proceedings are governed by Irish company and insurance law, subject to certain exceptions specified in the 2015 Regulations.

In addition, pursuant to Part 18 of the 2015 Regulations insurance claims take absolute precedence over any other claims against the Issuer (including preferential debts – see 2B(ii) below) in respect of the assets representing the technical provisions of the Issuer (other than the costs of winding-up proceedings where the assets of the Issuer, not representing the technical reserves, are insufficient to meet the costs of the winding-up proceedings). Consequently, the payment of any insurance claims will rank in priority to the payment obligations under the Notes in respect of the assets representing the technical provisions of the Issuer.

(ii) Preferential creditors under Irish law

Under section 621 of the Companies Act 2014 (the "**2014 Act**"), in the event of an insolvent winding-up of an Irish company, such as the Issuer, certain preferential debts are required to be paid in priority to all other debts of the company other than those (a) secured by a fixed security interest, (b) in respect of the winding up costs pursuant to Section 617 of the 2014 Act, (c) in respect of the costs, expenses and remuneration of an administrator appointed under Section 2 of the Insurance (No. 2) Act, 1983 and fixed by the High Court, or (d) in respect of any examiner's fees and costs sanctioned by the High Court.

Preferential debts are expressly subordinate to insurance claims against the assets representing the technical provisions of the Issuer pursuant to Part 18 of the 2015 Regulations which are discussed at 2B(i) above.

Preferential debts of the Issuer will therefore have priority over unsecured debts including the debt due on the Notes. If the assets of the Issuer available for payment of general creditors are insufficient to pay the preferential debts, the preferential debts are required to be paid *pari passu* out of the residual assets of the Issuer (after discharge of the debts discussed above).

The scope of potential preferential debts are set out in section 621 of the 2014 Act and may comprise, among other things, (i) certain amounts owed by the Issuer to the Irish Revenue Commissioners in respect of income tax, corporation tax, capital gains tax, value added tax, employee income tax deductions, levies, social security, (ii) remuneration, salary and wages of employees, (iii) local rates, (iv) local property taxes and (v) certain employee pension scheme contributions.
As outlined at 2A(i) above the Notes are unsecured and subordinated obligations of the Issuer and consequently any preferential claims (or super-preferential claims) will rank in priority to the payment obligations under the Notes.

(iii) Administration

The Irish Regulator has significant powers of intervention with respect to an insurer, such as the Issuer, under the Insurance (No. 2) Act, 1983 (the "**1983 Act**") to seek the appointment of an administrator to an insurer who can, upon court appointment, take over the management of the business of the insurer with a view to placing it on a sound commercial footing and will have all powers as may be necessary for or incidental to his/her functions in relation to the insurer, including the sole authority and direction of all officers and employees. Such an administrator is also granted power to dispose of all or any part of the business, undertaking or assets of the insurer as well as to carry on any remaining business including the settlement of liabilities, with a view to the orderly completion of the administration.

Only the Irish Regulator can petition the High Court to appoint an administrator; no equivalent rights are given to the Issuer, its shareholders or other stakeholders such as the Noteholders.

Under Section 2 of the 1983 Act, the Irish Regulator has a number of rather broad grounds on which it may ground a petition for administration. The court may make an order for the administration of an insurer and appoint a person nominated by the Irish Regulator to act as administrator, if on hearing the petition, it considers:

a) that the manner in which the business of the insurer is being or has been conducted has failed to make adequate provision for its debts, including contingent and prospective liabilities; or

b) that the business of the insurer is being or has been so conducted as to jeopardise or prejudice the rights and interests of persons arising under policies issued by the insurer; or

c) the insurer has become unable to comply with the requirements of the 2015 Regulations in a material aspect,

and that the making of such an order would assist in the maintenance, in the public interest, of the proper and orderly regulation and conduct of insurance business.

Should an administrator be appointed to the Issuer it would effectively amount to an orderly wind-down of the Issuer's operations with a consequent impact on the claims of Noteholders which would be subordinated in the manner otherwise described above in this Prospectus.

(iv) Examinership

Examinership is a court procedure available under the 2014 Act to facilitate the survival of a company and the whole or any part of its undertaking through the appointment of an examiner and the formulation by the examiner of proposals for a compromise or scheme of arrangement. If the Issuer is, or is likely to be, unable to pay its debts, and its viability as a going concern can be demonstrated to the Irish High Court, an independent examiner may be appointed on a petition to the Irish High Court under Section 509 of the 2014 Act. A petition to appoint an examiner to an insurer, such as the Issuer, can only be presented by the Irish Regulator given the Issuer's status as an authorised insurance undertaking.

Where such a petition is presented in respect of a company, that company is deemed to be under the protection of the Irish High Court for a period of 70 days beginning on presentation of the petition (which can be extended by up to 30 days). The effect of the appointment is to suspend the rights of creditors, including the Noteholders, to enforce collection of debts. No receiver can be appointed over any part of the property of the company and no attachment, sequestration, distress, execution or winding-up proceedings can be issued against the company for the period of protection. In addition, no payment may be made by the company during the period in discharge of any liability incurred before the presentation of the petition, except in limited circumstances.

An examiner, once appointed, has the power to set aside certain contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed charge. However, if such power is exercised, the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the sale.

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the relevant Irish court when at least one class of creditors has voted in favour of the proposals and the relevant Irish court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. The unsecured creditors may be entitled to argue at the relevant Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down of the value of amounts due by the Issuer to the Noteholders in respect of the Notes.

If, for any reason, an examiner were appointed while any amounts due by the Issuer under the Notes were unpaid, the primary risks to the Noteholders are as follows:

- the suspension of the ability of the Noteholders to enforce debts due on the Notes during the examinership period;

- the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of the debt due by the Issuer to the Noteholders;

- the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and

- if a scheme of arrangement is not approved in respect of the Issuer and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by the Issuer under the Notes.

C. Other risks related to the Notes

(i) Reinvestment risk on an early redemption or repurchase of the Notes

The Notes may – subject to prior approval of the Relevant Regulator and satisfaction of certain other conditions set out in the Conditions – be redeemed at the option of the Issuer at their principal amount, together with Arrears of Interest (if any) and any other accrued (but unpaid) interest up to (but excluding) the redemption date upon the occurrence of a Tax Event, Capital Disqualification Event or Ratings Methodology Event, as set out in Condition 6 (*Redemption, Substitution, Variation and Purchase*).

The cash paid to investors upon such a redemption may be less than the then current market value of the Notes or the price at which investors purchased the Notes. Subject to the contractual and regulatory restrictions on doing so set out in the Conditions, the Issuer might be expected to redeem the Notes when its cost of borrowing for an instrument with a comparable regulatory capital treatment at the time is lower than the interest payable on them. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

(ii) Risk of substitution or variation of the Notes

The Issuer may subject to satisfaction of certain conditions, elect to substitute the Notes for, or vary the terms of the Notes so that they remain or become (in the case of a Capital Disqualification Event or Tax Event) Qualifying Dated Tier 2 Securities if, immediately prior to the giving of the relevant notice to the Noteholders, the Trustee, the Registrar and the Principal Paying Agent, a Tax Event or Capital Disqualification Event has occurred and is continuing, as set out in Condition 6 (*Redemption, Substitution, Variation and Purchase*).

There can be no assurance that, notwithstanding the pre-conditions to the exchange of the Notes or the modifications of their terms, the resultant securities will be as favourable to a particular investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the resultant securities are not materially less favourable to holders than the terms of the Notes.

(iii) Risk of modification of or waiver of a default under the terms of the Notes

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities (by reference to the principal amount of Notes outstanding) to bind all Noteholders (including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted against the resolution).

The Conditions also provide that the Issuer and the Trustee may agree, in writing, without the consent of the Noteholders to: (a) any modification of the Conditions or any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or (b) any other modification and any waiver or authorisation of any breach or proposed breach of any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders.

(iv) Risk of taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for the financial instruments such as the Notes. Potential investors cannot rely upon the tax summary contained in this Prospectus but should ask for their own tax adviser's advice on their individual taxation with respect of the acquisition, holding, sale and redemption of the Notes.

All payments in respect of Notes will be made free and clear of withholding or deduction of Irish taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions as provided in Condition 9 (*Taxation*) and the right to redeem or repurchase the Notes early for such tax reasons (see "– *The Notes may be redeemed or repurchased early in certain circumstances*").

(iv) Risk of change in English or Irish law or administrative practice

The Conditions are based on English and, in relation to the subordination provisions, Irish, law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or Irish law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

(v) Risk resulting from minimum denomination of the Notes

The Notes have denominations consisting of a minimum of US$200,000 and integral multiples of US$1,000 in excess thereof. It is possible that the Notes may be traded in amounts that are not integral multiples of US$200,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than US$200,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to US$200,000.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of US$200,000 may be illiquid and difficult to trade.

(vi) Risk of investor reliance on procedures of the clearing systems for transfer and payment on the Notes and communication with the Issuer

The Notes will be represented by a Global Certificate except in certain limited circumstances described in the Global Certificate. The Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Certificate, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate and, while the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the nominee for the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

(vi) Risk that no established market for the Notes develops

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

(vii) Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in US dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to US dollars would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) the Investor's Currency equivalent market value of the Notes.

(viii) Risk that value of the Notes affected by movements in market interest rates

An investment in the Notes involves the risk that, if market interest rates (for example, interest rates applicable to deposits and other investments, including, amongst other items, securities) subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes.

(ix) Risk that legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

(x) Risks related to Anti-Tax Avoidance Directive

The Council of the European Union (the "**Council**") adopted the Anti-Tax Avoidance Directive (the "**ATAD**") on 12 July 2016. The ATAD (with the exception of hybrid mismatch rules) was intended to be transposed into each EU member states' national laws no later than 31 December 2018 and should have taken effect as of 1 January 2019. However, certain derogations are available in respect of the limitation of interest deductibility rules. Hybrid mismatch rules should be transposed into national law for effect from 1 January 2020 at the latest (other than with respect to one provision which will come into effect at the latest by 1 January 2022). When implemented, it is possible that the ATAD may affect the tax treatment of the Issuer and/or the Notes. However, in the absence of implementing legislation, the possible implications of the ATAD on the Issuer and/or the Notes are unclear as of the date of this Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

(a) the audited non-consolidated financial statements of the Issuer and notes thereto for the year ended 31 December 2018, together with the audit report thereon, as set out on pages 5 – 37 of the Issuer's annual report and accounts for the year ended 31 December 2018 (the "**Issuer's Report 2018**") published at: https://www.rns-pdf.londonstockexchange.com/rns/6906W_1-2019-4-18.pdf; and

(b) the audited non-consolidated financial statements of the Issuer and notes thereto for the year ended 31 December 2017, together with the audit report thereon, as set out on pages 5 – 36 of the Issuer's annual report and accounts for the year ended 31 December 2017 (the "**Issuer's Report 2017**") published at: https://www.rns-pdf.londonstockexchange.com/rns/5856M_-2018-4-30.pdf,

which, in each case, have been previously published or are published simultaneously with this Prospectus and which have been filed with the FCA.

Such information shall be incorporated in, and form part of, this Prospectus, save that any statement contained in information which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Any documents themselves incorporated by reference in the information incorporated by reference in this Prospectus shall not form part of this Prospectus.

The information set out in any part of the documents listed above that is not incorporated by reference into this Prospectus is either not relevant to prospective investors in the Notes or is set out elsewhere in this Prospectus, in each case, subject to and in accordance with the provisions of the Prospectus Regulation.

Copies of information incorporated by reference in this Prospectus may be obtained (without charge) from the website of the Regulatory News Service operated by the London Stock Exchange at: http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html.

FORWARD-LOOKING STATEMENTS

This Prospectus includes statements that are, or may be deemed to be, "forward–looking statements". These forward–looking statements can be identified by the use of forward–looking terminology, including the terms "believes", "estimates", "forecasts", "plans", "prepares", "anticipates", "projects", "expects", "intends", "may", "will", "seeks", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward–looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the Issuer's intentions, beliefs or current expectations concerning, amongst other things, the Issuer's and the Group's prospects, growth and strategies.

By their nature, forward–looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward–looking statements are not guarantees of future performance. The Issuer's actual performance, achievements and financial condition may differ materially from those described in, or suggested by, the forward–looking statements in this Prospectus. In addition, even if the results of operations and financial position, and the development of the markets and the industry in which the Issuer operates, are consistent with the forward–looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors are advised to read, in particular, the section of this Prospectus headed "*Risk Factors*" for a more complete discussion of the factors that could affect the Issuer's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward–looking statements in this Prospectus may not occur. Additional factors that could affect the Company's ability to achieve its objective and could cause actual results to differ materially from those in the forward–looking statements include, but are not limited to, those discussed in the section of this Prospectus headed "*Risk Factors*".

Any forward–looking statements in this Prospectus speak only as of the date of such statement, and the Issuer does not undertake any obligation to update such statements unless required to do so by applicable law, the Prospectus Regulation Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules, each as set out in the FCA Handbook. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

TERMS AND CONDITIONS OF THE NOTES

The issue of the US$300,000,000 5.500 per cent. Subordinated Tier 2 Notes due 2029 (the "**Notes**") of Beazley Insurance Designated Activity Company (the "**Issuer**") was authorised by a resolution of the Board of Directors of the Issuer passed on 27 August 2019 and resolutions of duly authorised committees of the Board of Directors passed on 3 September 2019 and 5 September 2019, respectively. The Notes are constituted by a trust deed (the "**Trust Deed**") dated 10 September 2019 between the Issuer and U.S. Bank Trustees Limited (the person or persons for the time being the trustee or trustees under the Trust Deed, the "**Trustee**") as trustee for the Holders (as defined below) of the Notes. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. Copies of the Trust Deed and of the agency agreement (the "**Agency Agreement**") dated 10 September 2019 relating to the Notes between the Issuer, The Bank of New York Mellon, London Branch, as the initial principal paying agent (the person(s) for the time being the principal paying agent under the Agency Agreement, the "**Principal Paying Agent**"), and the initial registrar and transfer agents named therein (the person(s) for the time being the registrar and transfer agent(s) under the Agency Agreement, the "**Registrar**" and "**Transfer Agent(s)**"), and the Trustee, are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the Principal Paying Agent, the Registrar and each of the Transfer Agents. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. Form, Denomination and Title

(a) Form and Denomination

The Notes are serially numbered in the denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2*(a)*, each Certificate shall represent the entire holding of Notes by the same Holder.

(b) Title

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside of the UK in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

In these Conditions, "**Noteholder**" or "**Holder**" means the person in whose name a Note is registered.

2. Transfer of Notes

(a) Transfer

A holding of Notes may, subject to Condition 2*(d)*, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Holder of Notes, a new Certificate representing the enlarged holding of that Holder shall only be issued against surrender of the Certificate representing the existing holding of that Holder. All transfers of Notes and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2*(a)* shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing

Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the relevant Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2*(b)*, "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfer Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on (and including) the due date for redemption of that Note, (ii) after the Notes have been called for redemption, (iii) during the period of seven days ending on (and including) any Record Date in respect of any payment of interest on the Notes or (iv) during the period following delivery of a notice of a payment of Arrears of Interest in accordance with Condition 5*(c)* and Condition 14 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

3. Status and Subordination

(a) Winding-Up

The Notes constitute direct and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves. If a Winding-Up occurs, the rights and claims of the Holders (and the Trustee on their behalf) against the Issuer in respect of, or arising under, each Note shall, in lieu of any other payment by the Issuer, be for an amount equal to the principal amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any Arrears of Interest, any other accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Note, provided however that such rights and claims shall be subordinated as provided in this Condition 3*(a)* and in the Trust Deed to the claims of all Senior Creditors but shall rank (i) at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith ("***Pari Passu* Securities**") and (ii) in priority to the claims of holders of: (x) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules); and (y) all classes of share capital of the Issuer (together, the "**Junior Securities**").

(b) Solvency Condition

Except in a Winding-Up (in which case Condition 3*(a)* shall apply in place of this Condition 3*(b)*), all payments under or arising from the Notes and the Trust Deed (other than payments made to the Trustee for its own account under the Trust Deed) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes or the Trust Deed (other than payments made to the Trustee for its own account under the Trust Deed) unless and until the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**"). Any payment which is not paid due to the operation of the Solvency Condition will be deferred as further provided in Condition 5*(c)* or Condition 6*(a)*, as the case may be.

For the purpose of the Solvency Condition, the Issuer will be "**solvent**" if (i) it is able to pay its debts owed to Senior Creditors and *Pari Passu* Creditors as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two Authorised Signatories or, if there is a winding-up or administration of the Issuer, by two directors or authorised signatories of the liquidator or, as the case may be, the administrator of the Issuer shall, in each case, be treated and accepted by the Trustee (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Noteholders and all other interested parties) as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

The Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 14 as soon as reasonably practicable after it has determined that any payment (in whole or in part) will be deferred due to the operation of the Solvency Condition (provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such payment becoming due on the scheduled payment date).

(c) Set-off

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes or the Trust Deed and each Holder shall, by virtue of his holding of any Note, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under, or in connection with, the Notes is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

4. Interest Payments

(a) Interest Rate

The Notes bear interest at the rate of 5.500 per cent. per annum from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Interest shall, subject to Conditions 3*(b)* and 5, be payable on the Notes semi-annually in arrear on each Interest Payment Date in equal instalments and shall amount to US$27.50 per Calculation Amount, as provided in this Condition 4.

Where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a complete Interest Period, such amount of interest shall be determined on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

(b) Interest Accrual

Each Note will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 6*(a)*, *(c)* or *(d)* or the date of substitution thereof pursuant to Condition 6*(e)*, as the case may be, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall, subject to Conditions 3*(b)* and 5, be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

5. Deferral of Interest

(a) Mandatory Deferral of Interest

Any payment of interest otherwise due on the Notes on an Interest Payment Date will be mandatorily deferred if such Interest Payment Date is a Mandatory Interest Deferral Date. The Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 14 no later than the date which is scheduled to be five Business Days prior to an Interest Payment Date (or as soon as reasonably practicable if a Regulatory Deficiency Interest Deferral Event occurs less than the date which is scheduled to be five Business Days prior to an Interest Payment Date) if a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or if a Regulatory Deficiency

Interest Deferral Event would occur on the relevant Interest Payment Date if payment of interest were made (provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date).

A certificate signed by two Authorised Signatories confirming that (i) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were made or (ii) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, may be treated and accepted by the Trustee (and, if so treated and accepted by the Trustee, shall be so treated and accepted by, and be binding on, the Noteholders and all other interested parties) as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

(b) No default

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest in accordance with this Condition 5 or in accordance with the Solvency Condition will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes, petition for the winding-up of the Issuer or take any other action under the Notes or the Trust Deed.

(c) Arrears of Interest

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of (i) the obligation on the Issuer to defer such payment of interest pursuant to Condition 5*(a)* or (ii) the operation of the Solvency Condition, together with any other interest in respect of the Notes not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest may (subject to the Solvency Condition, to any Regulatory Conditions and to a Regulatory Deficiency Interest Deferral Event not existing at the time of, or occurring as a result of, such payment), be paid in whole or in part at any time at the election of the Issuer upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee, the Registrar and the Principal Paying Agent in writing and to the Noteholders in accordance with Condition 14, and in any event all Arrears of Interest will become due and payable (subject, in the case of (i) and (iii) below, to the Solvency Condition and to any Regulatory Conditions) upon the earliest of the following dates:

(i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or

(ii) the date on which a Winding-Up of the Issuer occurs; or

(iii) the date of any redemption or purchase of Notes by or on behalf of the Issuer or any of its Subsidiaries (subject to the deferral of such redemption pursuant to the Solvency Condition or Condition 6*(a)*).

The Issuer shall as soon as reasonably practicable notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 14 of any payment of Arrears of Interest made in accordance with (i) or (iii) above.

6. Redemption, Substitution, Variation and Purchase

(a) Redemption

(i) Subject to the Solvency Condition, Condition 6*(a)*(ii) and compliance by the Issuer with applicable Relevant Rules, including any Regulatory Conditions, and provided that such redemption is permitted under applicable Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules), unless previously redeemed or purchased and cancelled or (pursuant to Condition 6*(e)*) substituted, the Notes will be redeemed at their principal amount, together with Arrears of Interest (if any) and any other accrued and unpaid interest, on 10 September 2029 (the "**Maturity Date**"). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(ii) No Notes shall be redeemed on the Maturity Date pursuant to Condition 6*(a)*(i) or prior thereto pursuant to Condition 6*(c)* or *(d)* if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption were made on the otherwise applicable redemption date or (to the extent applicable in accordance with the Relevant Rules) if any of the events set out in Condition 6*(a)*(iii) below apply.

(iii) If the Notes are not to be redeemed on the Maturity Date pursuant to Condition 6*(a)*(i) or on any scheduled redemption date pursuant to Condition 6*(c)* or *(d)* as a result of circumstances where:

(*x*) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date;

(*y*) the Solvency Condition is not or would not be satisfied on such date and immediately after the redemption; or

(*z*) the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 14 no later than the date which is scheduled to be five Business Days prior to the otherwise applicable redemption date (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than the date which is scheduled to be five Business Days prior to the relevant redemption date). For the avoidance of doubt, any delay in giving such notice shall not result in the Notes becoming due and payable on the Maturity Date or the date specified for redemption in accordance with Condition 6*(c)* or Condition 6*(d)*, as applicable.

(iv) If redemption of the Notes under Condition 6*(a)*(i), *(c)* or *(d)* does not occur on the otherwise applicable redemption date as a result of Condition 6*(a)*(ii) or, as the case may be, Condition 6*(a)*(iii) above, then, subject (in the case of (x) and (y) below only) to the Solvency Condition and any Regulatory Conditions, such Notes shall be redeemed at their principal amount together with Arrears of Interest, if any, and any other accrued and unpaid interest thereon to (but excluding) the date of redemption, upon the earliest of:

(*x*) (in the case of a failure to redeem due to the operation of Condition 6*(a)*(ii) only) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of Condition 6*(a)*(ii), Condition 6*(a)*(iii) and this Condition 6*(a)*(iv) shall apply *mutatis mutandis* to determine the due date for redemption); or

(*y*) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes; or

(*z*) the date on which a Winding-Up of the Issuer occurs.

(v) If Condition 6*(a)*(ii) does not apply, but redemption of the Notes does not occur on the otherwise applicable redemption date as a result of the Solvency Condition not being satisfied at such time and immediately after such payment, then, subject to any Regulatory Conditions, such Notes shall be redeemed at their principal amount together with Arrears of Interest, if any, and any other accrued and unpaid interest thereon to (but excluding) the date of redemption, on the tenth Business Day immediately following the day that (i) the Solvency Condition is satisfied and (ii) redemption of the Notes would not result in the Solvency Condition ceasing to be satisfied, provided that if on such tenth Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, or if the Solvency Condition would not be satisfied on such date and immediately after the redemption, then the Notes shall not be redeemed on such date and Conditions 6*(a)*(ii), 6*(a)*(iii) and 6*(a)*(iv) (if such further

deferral is due to a Regulatory Deficiency Redemption Deferral Event) or Condition 3*(b)* and this Condition 6*(a)*(v) (if such further deferral is due to the operation of the Solvency Condition) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes.

(vi) A certificate signed by two Authorised Signatories confirming that (a) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (b) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring or (c) that any of the circumstances described in Condition 6*(a)*(iii)(y) or (z) apply, may be treated and accepted by the Trustee (and, if so treated and accepted by the Trustee, shall be so treated and accepted by, and be binding on, the Noteholders and all other interested parties) as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

(vii) Notwithstanding any other provision of these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with the Solvency Condition or this Condition 6 will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes, petition for the winding up of the Issuer or take any other action under the Notes or the Trust Deed.

(viii) In circumstances where redemption of the Notes has been deferred, the Issuer will notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 14 as soon as reasonably practicable after it has determined the relevant deferred date for redemption, and (if applicable) of any subsequent redemption deferrals and corresponding deferred dates for redemption.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption or purchase of the Notes or substitution or variation of the terms of the Notes is subject to:

(i) the Issuer having complied with applicable Regulatory Conditions and being in continued compliance with the Regulatory Capital Requirements applicable to it at the relevant time; and

(ii) in the case of any redemption or purchase prior to the fifth anniversary of the Issue Date (or, if any further tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes, within five years of the issue date of the latest such tranche), either:

(A) such redemption or purchase being funded (to the extent then required by the Relevant Regulator pursuant to the Relevant Rules) out of the proceeds of a new issuance of capital of at least the same quality as the Notes (or, alternatively, in the case of a purchase of Notes only, by means of an exchange of such Notes for a new issuance of capital of at least the same quality as the Notes) and, in any such case, being otherwise permitted under the Relevant Rules; or

(B) in the case of any redemption or purchase prior to the fifth anniversary of the Issue Date (or, if applicable, the issue date of the latest tranche of the Notes) pursuant to Condition 6*(c)* or *(d)* and if so permitted by the Relevant Regulator and the Relevant Rules at such time (and only if and to the extent then required by the Relevant Regulator pursuant to the Relevant Rules), the Relevant Regulator being satisfied that the Solvency Capital Requirement applicable to the Issuer and all or any relevant part of the Regulated Group will be exceeded by an appropriate margin immediately after such redemption or repurchase (taking into account the solvency position of the Issuer and all or such relevant part of the Regulated Group, including by reference to the Issuer's or the Regulated Group's medium-term capital management plan); and:

(x) in the case of redemption or repurchase following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Issue Date (or, if applicable, the issue date of the latest tranche of the Notes); or

(y) in the case of redemption or repurchase following the occurrence of a Capital Disqualification Event, the Relevant Regulator considering that the relevant change in the regulatory classification of the Notes was sufficiently certain and the Issuer having demonstrated to the satisfaction of the Relevant Regulator that such change was not reasonably foreseeable as at the Issue Date (or, if applicable, the issue date of the latest tranche of the Notes).

Notwithstanding any other provisions of these Conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Relevant Rules permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6*(b)* or otherwise in these Conditions, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6, the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, repurchase, substitute or, as appropriate, vary is satisfied, in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities comply with the definition thereof in Condition 19 and, in the case of any redemption or repurchase prior to the fifth anniversary of the Issue Date, stating that it would have been reasonable for the Issuer to conclude, judged at the time of the issue of the Notes, that the circumstance entitling the Issuer to exercise the right of redemption was unlikely to occur and (ii) in the case of a redemption pursuant to Condition 6*(c)* only, an opinion from a nationally recognised law firm or other tax adviser in Ireland experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs *(a)*, *(b)*(i) or *(b)*(ii) (inclusive) of the definition of "Tax Event" applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it or as to the materiality of any relevant reduction in entitlement). The Trustee may treat and accept (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders and all other interested parties) such certificate and, where applicable, opinion as correct and sufficient evidence of the satisfaction of the relevant conditions precedent and, if so treated and accepted by the Trustee, such certificate and, where applicable, opinion, shall be conclusive and binding on the Trustee and the Holders. The Trustee shall be entitled to rely on such certificate and, where applicable, opinion, without further enquiry and without liability to any person.

(c) Redemption Due to Tax Event

If, prior to the giving of the notice referred to below in this Condition 6*(c)*, a Tax Event has occurred and is continuing, then the Issuer may, subject to the Solvency Condition and Conditions 6*(a)*(ii) and 6*(b)* and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar, the Principal Paying Agent (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with Arrears of Interest, if any, and any other unpaid interest accrued to (but excluding) the date fixed for redemption. Subject to Conditions 6*(a)* and 6*(b)* and the Solvency Condition, upon the expiry of such notice the Issuer shall redeem the Notes.

(d) Redemption Due to Capital Disqualification Event

If, prior to the giving of the notice referred to below in this Condition 6*(d)*, a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to the Solvency Condition and Conditions 6*(a)*(ii) and 6*(b)* and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with Arrears of Interest, if any, and any other unpaid interest accrued to (but excluding) the date fixed for redemption. Subject to Conditions 6*(a)* and 6*(b)* and the Solvency Condition, upon the expiry of such notice the Issuer shall redeem the Notes.

(e) Substitution or Variation

If a Tax Event or a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to Condition 6*(b)* and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but

without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 6*(e)* and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 6*(b)* above and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 6*(e)*, as the case may be. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of Notes as so varied or the terms of the proposed alternative Qualifying Tier 2 Securities, or, as the case may be, the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions, the Trust Deed or the Agency Agreement (including any supplemental trust deed or agency agreement). If the Trustee does not participate or assist as provided above, the Issuer may, subject as provided above, elect to redeem the Notes as provided in, as appropriate, Condition 6*(c)* or *(d)*.

In connection with any substitution or variation in accordance with this Condition 6*(e)*, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(f) Purchases

The Issuer may, subject to the Solvency Condition and Condition 6*(b)*, at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 8*(c)*.

(g) Cancellation

All Notes redeemed or substituted by the Issuer pursuant to this Condition 6 will forthwith be cancelled. All Notes purchased by or on behalf of the Issuer may, subject to obtaining any consent or no objection therefor from the Relevant Regulator, be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation to the Registrar. Notes so surrendered shall be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(h) Trustee Not Obliged to Monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to Holders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual written notice of the occurrence of any event or circumstance within this Condition 6, it shall be entitled without liability to any person and without further enquiry to assume that no such event or circumstance exists.

7. Payments

(a) Method of Payment

(i) Payment of principal in respect of the Notes and payment of accrued interest (including, without limitation, Arrears of Interest) payable on redemption of the Notes (other than on an Interest Payment Date) will be made to the persons shown in the Register at the close of business on the Record Date (as defined below), subject to surrender (or in the case of partial payment only, endorsement) of the relevant Note, at the specified office of the Principal Paying Agent. Payments of principal shall be made in US dollars (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in like manner as is provided for payments of interest in paragraph (ii) below.

(ii) Interest on each Note payable on an Interest Payment Date shall be paid to the person shown in the Register at the close of business on the tenth business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in US dollars by transfer to a US dollar account maintained by the payee with a bank in New York.

(b) Payments Subject to Laws

Payments in respect of the Notes will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") or any law implementing an intergovernmental approach to FATCA.

The Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements or in respect of FATCA. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) Payment Initiation

Payment instructions (for value the due date, or, if that date is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is so surrendered.

(d) Delay in Payment

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day or if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(e) Non-Business Days

If any date for payment in respect of any Note is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and where payment is to be made by transfer to an account maintained with a bank in US dollars, on which foreign exchange transactions may be carried on in US dollars in New York.

8. Default

(a) Default

Notwithstanding any of the provisions below in this Condition 8, the right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where payment has become due and is not duly paid. Pursuant to Condition 3*(b)*, no principal, interest or any other amount will be due on a scheduled payment date if the Solvency Condition is not, or would not be, satisfied at the time of, and immediately after, any such payment. In addition, in the case of any payment of interest in respect of the Notes which is deferred pursuant to Condition 5*(a)*, such payment will not be due on the scheduled payment date and, in the case of payment of principal, such payment will be deferred and will not be due on the scheduled payment date if Condition 6*(a)*(ii) or Condition *6(a)*(iii) applies or the relevant Regulatory Conditions are not satisfied or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date.

If the Issuer shall not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment or any other amount in respect of the Notes) shall not make payment for a period of 14 days or more, in each case after the date on which such payment is due (a "**Default**"), the Issuer shall be deemed to be in default under the Trust Deed and the Notes and the Trustee, in its discretion, may, or (subject to Condition 8*(c)*) if so requested by an

Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, notwithstanding the provisions of Condition 8*(b)*, institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up of the Issuer (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, or (subject to Condition 8*(c)*) if so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, prove and/or claim in such Winding-Up of the Issuer, such claim being as contemplated in Condition 3*(a)*.

(b) Enforcement

Without prejudice to Condition 8*(a)*, the Trustee may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for breach of any obligations in respect thereof), but in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 8*(b)* shall, however, prevent the Trustee instituting proceedings for the winding-up of the Issuer and/or proving and/or claiming in any Winding-Up of the Issuer in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including any damages awarded for breach of any obligations) in the circumstances provided in, and subject to the provisions of, Conditions 3*(a)* and 8*(a)*.

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 8*(a)* or (*b*) above against the Issuer to enforce the terms of the Trust Deed or the Notes or any other action under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(d) Right of Holders

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up of the Issuer unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall, with respect to the Notes held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 8.

(e) Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

9. Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal), the Issuer will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required by law, except that no such Additional Amounts shall be payable in respect of any Note:

(a) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Relevant Jurisdiction other than a mere holding of such Note; or

(b) in respect of which the certificate representing it is presented for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to interest and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions of this Condition 9 or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes, for, or on account of, any withholding or deduction required pursuant to FATCA (including pursuant to any agreement described in Section 1471(b) of the Code) or any law implementing an intergovernmental approach to FATCA.

10. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. Meetings of Holders, Modification, Waiver

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may, subject to the provisions of this Condition 11*(a)* and the Trust Deed, be convened by the Issuer or by Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal or interest payments (including Arrears of Interest) in respect of the Notes and reducing or cancelling the principal amount of, or interest (including Arrears of Interest) on, any Notes or the interest rate of the Notes or varying the method of calculating the interest rate of the Notes or varying the circumstances in which interest payments may or shall be deferred (unless such variation reduces the circumstances in which interest payments may or shall be deferred)) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 6*(e)* to which the Trustee has agreed pursuant to the relevant provisions thereof.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders. Any

resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without consent of the Holders, determine that any Default should not be treated as such, provided that, in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby.

Any such modification, waiver or authorisation shall be binding on all Holders and shall be notified to the Holders in accordance with Condition 14 as soon as practicable thereafter.

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless any relevant Regulatory Conditions are satisfied.

(c) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

12. Replacement of the Notes

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and, regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. Rights of the Trustee

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for, and/or the pre-funding of, the Trustee and for its relief from responsibility.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may accept and rely without liability to Holders and without further enquiry on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Condition 3 applies only to amounts payable in respect of the Notes and nothing in Conditions 3 or 8 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

14. Notices

Notices required to be given to the Holders pursuant to these Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the weekday (being a day other than a Saturday or Sunday) after the date of mailing. The Issuer shall also ensure that all such notices are duly published (if such

publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders, but subject to any consent or permission required from the Relevant Regulator from time to time, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest begins to accrue) and so that such further issue shall be consolidated and form a single series with the Notes or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the Notes shall be constituted by a deed supplemental to the Trust Deed.

16. Agents

The initial Principal Paying Agent, the Registrar and the Transfer Agents and their initial specified offices are listed in the Trust Deed and Agency Agreement. They do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right, subject to the provisions of the Agency Agreement, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar and the Transfer Agents and to appoint replacement agents or additional or other Transfer Agents, provided that it will at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent.

Notice of any such termination or appointment and of any change in the specified offices of the Transfer Agents will be given to the Holders in accordance with Condition 14. If any of the Registrar or the Principal Paying Agent is unable or unwilling to act as such or if it fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place.

17. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England, save that the provisions of Condition 3 (and related provisions of the Trust Deed) relating to the subordination of the Notes and set-off are governed by, and shall be construed in accordance with, the laws of Ireland.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes (other than Condition 3 (and related provisions of the Trust Deed) relating to the subordination of the Notes and waiver of set-off ("**Excluded Matters**"), in respect of which the courts of Ireland shall have jurisdiction) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (other than in respect of Excluded Matters) and to the jurisdiction of the courts of Ireland in respect of any Proceedings relating to Excluded Matters.

(c) Service of Process

The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999.

19. Definitions

In these Conditions:

"**Additional Amounts**" has the meaning given to it in Condition 9;

"**Agency Agreement**" has the meaning given to it in the preamble to these Conditions;

"**Arrears of Interest**" has the meaning given to it in Condition 5*(c)*;

"**Assets**" means the unconsolidated total assets of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the Directors may determine;

"**Authorised Signatory**" means any Director of the Issuer;

"**Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and, if on that day a payment is to be made, in New York City also;

"**Calculation Amount**" means US$1,000 in principal amount;

a "**Capital Disqualification Event**" is deemed to have occurred if, as a result of any change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules all or any part of the principal amount of the Notes is excluded from counting as Tier 2 Capital for the purposes of the Issuer or the Regulated Group, whether on a solo, group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital;

"**Conditions**" means these terms and conditions of the Notes, as amended from time to time;

"**Directors**" means the directors of the Issuer;

"**EEA**" means the European Economic Area;

"**EIOPA**" means the European Insurance and Occupational Pensions Authority;

"**FATCA**" has the meaning given to it in Condition 7*(b)*;

"**Group Holding Company**" means Beazley plc or, if Beazley plc has an ultimate insurance holding company that is subject to consolidated supervision by an EEA or UK regulatory authority for the purpose of the Solvency II Directive, such ultimate insurance holding company (such company being, as at the Issue Date, Beazley plc);

"**Group Supervisor**" means the regulatory authority exercising group supervision over the Regulated Group in accordance with the Solvency II Directive;

"**Holder**" has the meaning given to it in Condition 1;

"**insurance holding company**" has the meaning given to it in the Solvency II Directive;

"**Interest Payment Date**" means 10 March and 10 September in each year, starting on (and including) 10 March 2020;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Irish Regulator**" means the Central Bank of Ireland or any successor or other regulatory authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Regulated Group;

"**Issue Date**" means 10 September 2019, being the date of the initial issue of the Notes;

"**Issuer**" means Beazley Insurance Designated Activity Company;

"**Junior Securities**" has the meaning given to it in Condition 3*(a)*;

"**Level 2 Regulations**" means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended or supplemented from time to time;

"**Liabilities**" means the unconsolidated total liabilities of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events in such manner as the Directors may determine;

"**Lloyd's**" means the Society incorporated by Lloyd's Act 1871 by the name of Lloyd's;

"**Mandatory Interest Deferral Date**" means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

"**Maturity Date**" has the meaning given to it in Condition 6*(a)*(i);

"**Minimum Capital Requirement**" means the Minimum Capital Requirement, the minimum group Solvency Capital Requirement or other minimum capital requirements (as applicable) referred to in the Relevant Rules;

"**Noteholder**" has the meaning given to it in Condition 1;

"**Notes**" has the meaning given to it in the preamble to these Conditions;

"**Official List**" means the official list of the UK Financial Conduct Authority acting under Part VI of the Financial Services and Markets Act 2000;

"***Pari Passu* Creditors**" means creditors of the Issuer whose claims rank, or are expressed to rank, *pari passu* with the claims of the Noteholders, including (without limitation) holders of *Pari Passu* Securities;

"***Pari Passu* Securities**" has the meaning given to it in Condition 3*(a)*;

"**Principal Paying Agent**" has the meaning given to it in the preamble to these Conditions;

"**Qualifying Tier 2 Securities**" means securities issued directly by the Issuer or issued indirectly by the Issuer and guaranteed by the Issuer (on a subordinated basis equivalent to the ranking of the Notes set out in Condition 3 and in the Trust Deed) that:

(a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect (including as to such consultation and in respect of the matters specified in items (1) to (7) of this paragraph) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then current requirements of the Relevant Rules in relation to Tier 2 Capital; (2) include terms which provide for the same interest rate and Interest Payment Dates from time to time applying to the Notes; (3) rank senior to, or *pari passu* with, the ranking of the Notes; (4) preserve any existing rights under these Conditions to any accrued interest, Arrears of Interest and any or other amounts in respect of the Notes which have not been paid; (5) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (6) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and (7) contain terms providing for mandatory deferral of payments of interest and/or principal only if such terms are not materially less favourable to an investor than the mandatory deferral provisions contained in the terms of the Notes; and

(b) are (i) listed on the Official List and admitted to trading on the regulated market of the London Stock Exchange or (ii) listed on such other internationally recognised, regularly operating stock exchange as is a

Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld or delayed; and

(c) where the Notes which have been substituted or varied had a published rating from one or more international rating agencies immediately prior to their substitution or variation (which ratings were solicited by, or ascribed with the assistance of, the Issuer, the Group Holding Company or another member of the Regulated Group), such rating agencies have ascribed, or announced their intention to ascribe, an equal or higher published rating to the relevant securities;

"**Recognised Stock Exchange**" means a recognised stock exchange as defined in the Irish Revenue Commissioners' Tax and Duty Manual: Part 04-02-03 (as amended, supplemented or replaced from time to time) and which is situated in the UK, Switzerland or the EEA;

"**Record Date"** has the meaning given to it in Condition 7*(a)*;

"**Register**" has the meaning given to it in Condition 1(*b*);

"**Registrar**" has the meaning given to it in the preamble to these Conditions;

"**Regulated Group**" means, at any time, the Group Holding Company and its Subsidiaries (for the avoidance of doubt, excluding any Lloyd's syndicates) which from time to time are required to be included in the calculation of "group solvency" as provided for at Title III Chapter II, Section 1 of the Solvency II Directive (or if the Solvency II Directive is amended, the corresponding (if any) provisions thereto) or, if Solvency II is not part of the Relevant Rules, any other similar or corresponding calculation under the Relevant Rules;

"**Regulatory Capital Requirements**" means any applicable capital resources requirement or applicable overall financial adequacy rule (or equivalent) required by the Relevant Regulator pursuant to the Relevant Rules, as any such requirement or rule is in force from time to time;

"**Regulatory Conditions**" means, in relation to any action at any time, any notifications to, or consent or the provision of non-objection (or, as appropriate, waiver) from, the Relevant Regulator for such action to be undertaken which are required at such time by the Relevant Regulator pursuant to the Relevant Rules;

"**Regulatory Deficiency Interest Deferral Event**" means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer or all or any part of the Regulated Group (which part includes the Issuer and at least one other Subsidiary of the Regulated Group) to be breached) which, under the Relevant Rules, means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital of the Issuer and the Regulated Group under the Relevant Rules);

"**Regulatory Deficiency Redemption Deferral Event**" means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer or all or any part of the Regulated Group (which part includes the Issuer and at least one other Subsidiary of the Regulated Group) to be breached) which, under the Relevant Rules, means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital of the Issuer and the Regulated Group under the Relevant Rules);

"**Relevant Date**" means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

"**Relevant Jurisdiction**" means Ireland or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power

to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

"**Relevant Regulator**" means the Irish Regulator or, if the Irish Regulator at any time ceases to be the Group Supervisor, such other regulator as becomes the Group Supervisor for the purpose of Solvency II or such other regulator having primary supervisory authority with respect to prudential matters in relation to the Regulated Group;

"**Relevant Rules**" means, at any time, any legislation, rules or regulations (whether having the force of law or otherwise) in the jurisdiction of the Relevant Regulator and applicable to the Issuer and/or the Regulated Group (including, without limitation and to the extent then applicable as aforesaid, Solvency II and any legislation, rules or regulations implementing Solvency II and any relevant prudential rules for insurers applied by the Relevant Regulator and any amendment, supplement or replacement thereof) from time to time relating to the characteristics, features or criteria of own funds or capital resources;

"**Senior Creditors**" means (i) creditors of the Issuer who are unsubordinated creditors of the Issuer including all policyholders of the Issuer (for the avoidance of doubt, the claims of policyholders shall include all amounts to which policyholders and beneficiaries of policies written by the Issuer are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders may have), if any, and (ii) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of instruments or obligations which constitute, or would but for any applicable limitation on the amount of any such capital constitute, (a) Tier 1 Capital or (b) Tier 2 Capital (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules), or whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders);

"**Solvency II**" means the Solvency II Directive and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of a regulation (including, without limitation, the Level 2 Regulations), a directive, application of relevant EIOPA guidelines or otherwise);

"**Solvency II Directive**" means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II);

"**Solvency Capital Requirement**" means the Solvency Capital Requirement or the group Solvency Capital Requirement (as applicable) referred to in, or any other capital requirement (other than the Minimum Capital Requirement) howsoever described in, the Relevant Rules;

"**Solvency Condition**" has the meaning given to it in Condition 3*(b)*;

"**Subsidiary**" has the meaning given to it in Section 7 of the Irish Companies Act 2014 (as amended from time to time);

"**Tax Event**" is deemed to have occurred if, as a result of a Tax Law Change:

(a) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or

(b) in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date:

(i) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in Ireland, or such entitlement is materially reduced; or

(ii) the Issuer would not to any material extent be entitled to have such deduction set off against the profits of companies with which it is grouped for applicable Irish tax purposes (whether under the group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist),

and, in any such case, the Issuer would still have to pay such Additional Amount or, as applicable, would not be able claim such deduction were it to take measures reasonably available to it;

"**Tax Law Change**" means a change in, or amendment to, the laws or regulations of (in the case of sub-paragraph (a) of "Tax Event"), a Relevant Jurisdiction or (in the case of sub-paragraph (b) of "Tax Event") Ireland, including any treaty to which such jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws or regulations or treaties, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or treaties that differs from the previously generally accepted position in relation to similar transactions, which change or amendment (x) (subject to (y)) becomes effective on or after the Issue Date, or (y) in the case of a change in law, if such change in law is enacted, on or after the Issue Date;

"**Tier 1 Capital**" has the meaning given to it for the purposes of the Relevant Rules;

"**Tier 2 Capital**" has the meaning given to it for the purposes of the Relevant Rules;

"**Transfer Agents**" has the meaning given to it in the preamble to these Conditions;

"**Trust Deed**" has the meaning given to it in the preamble to these Conditions;

"**Trustee**" has the meaning given to it in the preamble to these Conditions;

"**United Kingdom**" or "**UK**" means the United Kingdom of Great Britain and Northern Ireland;

"**US$**" or "**US dollars**" means the lawful currency of the United States of America; and

"**Winding-Up**" means:

(i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions);

(ii) following the appointment of an administrator of the Issuer, an English law administrator gives notice that it intends to declare and distribute a dividend; or

(iii) an order is made appointing an administrator to the Issuer under the Irish Insurance (No. 2) Act 1983 and such administrator gives notice that it intends to declare or distribute a dividend.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Notes while interests therein are represented by the Global Certificate, some of which will modify the effect of the Terms and Conditions of the Notes. The following is a summary of certain of those provisions.

Exchange for Definitive Registered Notes

The Global Certificate is exchangeable in whole but not in part (free of charge to the holder) for Definitive Registered Notes (a) if the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or such other clearing system as shall have been approved by the Trustee (the "**Alternative Clearing System**"), and any such clearing system is closed for business for a continuous period of at least 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, (b) upon or following any failure to pay principal in respect of any Notes when it is due and payable or (c) with the consent of the Issuer, provided that, in the case of the first transfer of part of a holding of Notes as a result of an event described in (a) or (b) above, the holder of the Notes represented by the Global Certificate has given the Registrar not less than 30 days' notice at the Registrar's specified office of its intention to effect such transfer.

On or after any exchange as aforesaid, the holder of the Global Certificate shall surrender it to or to the order of the Registrar. In exchange for the Global Certificate, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Registered Notes.

Except as otherwise described in this Prospectus, the Global Certificate is subject to the Terms and Conditions of the Notes and the Trust Deed and until it is exchanged for Definitive Registered Notes, its holder shall be entitled to the same benefits as if it were the holder of the Definitive Registered Notes for which it may be exchanged and as if such Definitive Registered Notes had been issued on the date of the Global Certificate.

Payments

The Issuer is obligated to pay such amount or amounts as shall become due and payable from time to time in respect of the Notes and otherwise to comply with the Terms and Conditions of the Notes. Each payment shall be made to or to the order of the person whose name appears at the relevant time in the register of Noteholders as holder of the Notes in respect of which the Global Certificate is issued.

Notices

So long as the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System, notices required to be given to Noteholders may be given by their being delivered to Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System, rather than by notification to Noteholders as required by the Terms and Conditions of the Notes in which case such notices shall be deemed to have been given to Noteholders on the date of delivery to Accountholders (as defined below) through Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System.

Record Date

For the purposes of the Global Certificate, the definition of Record Date contained in Condition 7(a)(ii) will not apply. Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Prescription

Any claim in respect of principal, interest and other amounts payable in respect of the Global Certificate will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest or any other amounts) from the appropriate Relevant Date (as defined in Condition 19 (*Definitions*)).

Meetings

The holder of the Global Certificate shall be treated as one person for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each US$1 principal amount of Notes for which the Global Certificate may be exchanged.

Trustee's powers

In considering the interests of Noteholders while the Global Certificate is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of a holder of a book-entry interest representing entitlements to the Global Certificate (each such person, an "**Accountholder**") and may consider each such interest as if such Accountholders were the holder of the Global Certificate.

Redemption at the option of the Issuer

The options of the Issuer provided for in Condition 6 (*Redemption, Substitution, Variation and Purchase*) shall be exercised by the Issuer giving notice to the Accountholders through Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System within the time limits set out in, and containing the information required by Condition 6 (*Redemption, Substitution, Variation and Purchase*). Upon exercise of any such option, the Principal Paying Agent shall annotate the Global Certificate accordingly.

Purchase and cancellation

Cancellation of any Note represented by the Global Certificate which is required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the Global Certificate on its presentation to or to the order of the Principal Paying and Transfer Agent for annotation.

Electronic Consent and Written Resolution

While the Global Certificate is held on behalf of, or any global certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75% in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Certificate or global certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The estimated net proceeds of the issue of the Notes, after deduction of commissions, fees and estimated expenses, will be US$298,000,000 and will be used by the Issuer to finance the Issuer's and the Group's underwriting activities, to repay the £75 million fixed rate notes due 2019 issued by Beazley Ireland Holdings plc and for general corporate purposes.

DESCRIPTION OF THE ISSUER

Introduction

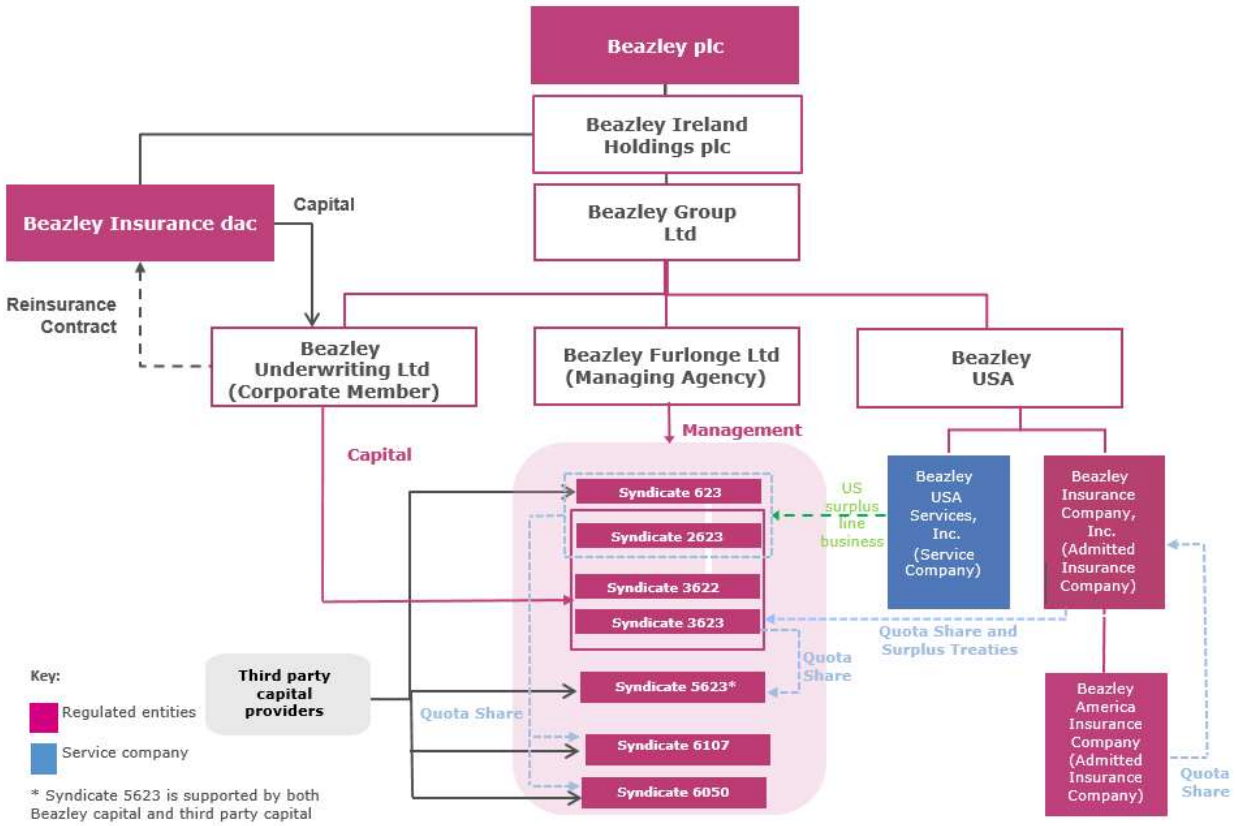
The Issuer is a member of the Beazley group of companies. The Group is a global specialist insurance and reinsurance group with underwriting platforms in the Lloyd's market, the US and Ireland. The Group also operates out of an international network of offices in Europe, the US, Canada, Latin America and Asia.

As of the date of this Prospectus, the Issuer:

- provides capital to support the underwriting activities of Beazley Underwriting's non-life syndicates in the Lloyd's market;
- reinsures and indemnifies Beazley Underwriting in respect of all losses up to 75% of the declared result in excess of US$4 million of Beazley Underwriting's participation in the Beazley Reinsured Syndicates;
- writes direct non-life insurance through its European branch network; and
- holds a significant proportion of the Group's capital and seeks to generate returns on its investment portfolio.

Group structure

The diagram below sets out a simplified overview of the Issuer's position within the Group as of the date of this Prospectus:



As of the date of this Prospectus, the Issuer does not have any subsidiaries.

Description of the Issuer's business

Provision of funds at Lloyd's and internal reinsurance

The Issuer has an aggregate excess of loss reinsurance arrangements with Beazley Underwriting. Under the terms of this arrangement, the Issuer currently reinsures and indemnifies Beazley Underwriting in respect of all losses up to 75% of the declared result of Beazley Underwriting's participation in the Beazley Reinsured Syndicates in excess of US$4 million. In the event that the declared result is a loss, the extent of the reinsurance is limited to the loss not exceeding 75% of the funds at Lloyd's less the excess of US$4 million.

The reinsurance arrangement is made by way of an aggregate excess of loss reinsurance agreement in respect of each Lloyd's year of account.

Under this reinsurance arrangement and under a separate credit facility agreement between the Issuer and Beazley Underwriting, the Issuer also provides Beazley Underwriting with Beazley Underwriting's total required funds at Lloyd's to support its underwriting on the Beazley Reinsured Syndicates. Beazley Underwriting is the sole corporate member of the Beazley Reinsured Syndicates. As of 31 December 2018, the Issuer had provided funds at Lloyd's by way of deposits of US$994.3 million (31 December 2017: US$856.1 million).

Under the terms of the reinsurance arrangement, Beazley Underwriting pays the Issuer an annual fee based on 75% of the amount of funds at Lloyd's provided and a reinsurance premium (which is pursuant to the reinsurance arrangement, being 75% of the profit arising from Beazley Underwriting's participation in the Beazley Reinsured Syndicates in excess of US$4 million, subject to a minimum premium of £100). Under the same arrangement, the Issuer pays to Beazley Underwriting a profit commission based upon the premia it receives less certain expenses. Under the terms of the credit facility agreement, Beazley Underwriting pays the Issuer an annual fee based on 25% of the amount of funds at Lloyd's provided.

Activities writing direct non-life insurance

As of the date of this Prospectus, the Issuer is authorised by the CBI to write non-life insurance and reinsurance business. Pursuant to this authorisation the Issuer reinsures certain Lloyd's business. In July 2017, the Issuer received authorisation from the CBI to convert from a reinsurance company into a non-life insurance company. Since July 2017, the Issuer has received authorisation to write direct insurance business and reinsurance business, in all classes of business other than life and motor.

The direct non-life insurance business supports the ability of the Group to grow and develop its European business and has increased the amount of gross premiums written by its Specialty Lines and Cyber & Executive Risk divisions (note that since 1 January 2019, the Specialty Lines division has been split into the Specialty Lines and Cyber & Executive Risk divisions, both of which are written as direct business by the Issuer). The Specialty Lines division has written a significant proportion of the business under this new underwriting platform so far, but other divisions are able to utilise the platform. The classes of business written through this platform by the Specialty Lines division are substantially the same as those offered by the division through the Beazley Syndicates in the Lloyd's market.

This direct non-life insurance business is written by the Issuer through branches that it has established in the UK, France, Germany and Spain, and the business operates across Europe on a freedom of services basis. The Issuer underwrote its first policies for European banks in the fourth quarter of 2017, and 2018 was the first full year of operations of the non-life insurance business. In 2019, the Issuer began writing property treaty business.

Future developments in the direct non-life insurance business

The Issuer is seeking to grow and expand its new non-life insurance business across Europe through the launch of new products and additional underwriting capability, including in relation to political, accident, contingency and delegated authority business. The Issuer is in the process of seeking authorisation for a Swiss branch and has submitted an application to the PRA for the authorisation of its UK branch as a third country branch, due to Brexit. The Issuer intends that, once authorised, the Swiss branch will underwrite Specialty Lines, Cyber & Executive Risk and property risk.

Capacity of the Beazley Syndicates

The following table shows the growth in the aggregate underwriting capacity of the Beazley Syndicates for the 2014 to 2019 years of account:

	2014	2015	2016	2017	2018	2019
Capacity (*£ million*)	1,250	1,187	1,346	1,584	1,790	1,712
Growth (*%*)	7	(5)	13	18	13	(4)

Underwriting capacity across the Beazley Syndicates is managed by Beazley Furlonge Limited. Capacity was increased in 2014 in order to achieve planned growth in premiums written. In 2015, capacity was flat in US dollar terms; the decrease reported in pound sterling was due to the movement in the exchange rate for the US dollar against pound sterling. In 2016, capacity increased marginally in US dollar terms, with the increase reported in pounds sterling being principally due to a reversal of the movement in the exchange rate for the US dollar against pound sterling seen in 2015. Capacity was increased in 2017 and 2018 as a result of growth led by the Specialty Lines, Cyber & Executive Risk and catastrophe related business. The decrease in capacity in 2019 was largely driven by amendments to the reinsurance agreement between the Group's US admitted insurance carrier, Beazley Insurance Company, Inc (**"BICI"**), and Lloyd's syndicate 3623 in 2018, which resulted in more premium being retained in the US in BICI with a corresponding reduction in premium in Lloyd's syndicate 3623, and some level of growth restriction imposed on the Beazley Syndicates' 2019 business plan by Lloyd's. However, Group results are not impacted by internal reinsurance arrangements and the Group showed strong growth across all divisions.

Underwriting performance

The table below sets out the claims ratio, expense ratio and combined ratio of the Issuer over the last three full financial years relative to the combined ratio of the Lloyd's market as a whole. These ratios may differ from the ratios reported by the Group as a whole. Note that, for the 2018 financial year, the claims ratio, expense ratio and combined ratio are presented in respect of the direct insurance business only, as the Issuer took the view in 2018 that, due to the accounting presentation of the reinsurance contracts, these ratios are no longer appropriate performance measures for the Issuer's reinsurance business. Therefore, the ratios set out below for the 2018 financial year are not directly comparable to prior year comparatives or the Lloyd's market as a whole on a line by line basis.

	2016	*2017*	*2018*
Expense ratio	42%	43%	65%
Claims ratio	48%	58%	69%
Combined ratio	90%	101%	134%
Lloyd's market ratio[(1)]	98%	114%	105%

Notes:

(1) Source: Lloyd's.

Reconciliation of ratios

The Issuer's expense ratio represents the ratio of expenses to earned premiums net of reinsurance. The Issuer's claims ratio is the ratio, in percentage terms, of claims incurred net of reinsurance to earned premiums net of reinsurance. The Issuer's combined ratio is the ratio, in percentage terms, of the sum of claims incurred net of reinsurance and expenses to earned premiums net of reinsurance. This is also the sum of the expense ratio and the claims ratio. Each of these calculations is performed excluding the impact of foreign exchange. A reconciliation of these ratios to the Issuer's financial statements included in this Prospectus is presented in the table below. For the reasons outlined above, the ratios set out below for the 2018 financial year are for the direct business only and not directly comparable to prior year comparatives or the Lloyd's market as a whole on a line by line basis.

	2016	2017	2018
	(US$ million, unless otherwise stated)		
Earned premiums net of reinsurance	1,267.6	1,334.0	2.6
Claims incurred net of reinsurance	(612.0)	(771.2)	(1.8)
Expenses	(529.6)	(573.7)	(1.7)
Combined ratio in %	**90%**	**101%**	**134%**
Claims ratio in %	48%	58%	69%
Expense ratio in %	42%	43%	65%

Issuer investment portfolio

The Issuer seeks to generate a return on the capital it holds. Details of the Issuer's investment return on a standalone basis for the indicated periods are set out in the table below:

	Year ended 31 December		
	2016	*2017*	*2018*
	(US$ million, unless otherwise stated)		
Opening balance – cash and cash equivalents	239.9	25.8	23.1
Opening balance – financial assets at fair value	989.8	1,278.2	1,234.3
	1,229.7	**1,304.0**	**1,257.4**
Closing balance – cash and cash equivalents	25.8	23.1	20.9
Closing balance – financial assets at fair value	1,278.2	1,234.3	1,399.6
	1,304.0	**1,257.4**	**1,420.5**
Average financial assets at fair value (including cash and cash equivalents)[(1)]	1,266.9	1,280.7	1,339.0
Investment income	137.0	132.7	31.1
Investment expenses	(8.3)	(5.9)	(1.4)
Net investment income [(2)]	128.7	126.8	29.7
Investment return[(3)]	10.2%	9.9%	2.2%

Notes:

(1) Average financial assets at fair value (including cash and cash equivalents) is calculated as opening balance – cash *plus* opening balance – financial assets at fair value *plus* closing balance – cash *plus* closing balance – financial assets at fair value *divided* by two.

(2) Net investment income is calculated as investment income less investment expenses for the period

(3) Investment return is calculated as net investment income for the period divided by average financial assets at fair value (including cash and cash equivalents) and presented as a percentage.

In 2016 and 2017 the Issuer's investment return is significantly greater than the investment return of the Group (see "*– Description of the Group's business – Group investment portfolio*" below) as, in these years, in addition to the investment return it generated on its own investment portfolio, the Issuer received a 75% share of the investment return of the Beazley Reinsured Syndicates (and for the 2016 financial year only, Lloyd's syndicate 3622) under its reinsurance arrangements with Beazley Underwriting. These reinsurance arrangements have been amended and have a different accounting basis going forward.

The Issuer's financial assets at fair value as of the dates indicated are set out in the table below:

	Year ended 31 December	
	2017	*2018*
	(US$ million)	
Fixed and floating rate debt securities		
Government issued	374.6	375.7
Supranational	11.6	-
Corporate bonds (investment grade)	713.3	920.4
Other financial assets		
Equity-linked funds	80.9	53.5
Hedge funds/uncorrelated strategies	48.9	49.0
Derivative financial assets	5.0	1.0
Total financial assets at fair value	1,234.3	1,399.6

Description of the Group's business

Overview

Beazley plc is the ultimate parent company of the Group. Beazley plc's shares are listed on the premium listing segment of the Official List and are admitted to trading on the London Stock Exchange's main market for listed securities.

Beazley plc's regulated subsidiary, Beazley Furlonge Limited, acts as the managing agent for the following 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 insurance along with providing reinsurance to Beazley Insurance Company, Inc., the Group's main admitted carrier and writes the facilities business managed by Beazley Furlonge Limited;
- Syndicate 3622 is a dedicated life syndicate;
- Syndicate 6107 is a special purpose syndicate, writing reinsurance business ceded from Lloyd's syndicates 623 and 2623;
- Syndicate 6050 is a special purpose syndicate in cooperation with Korean Reinsurance Company; and
- Syndicate 5623 is a special purpose syndicate writing facilities ceded from syndicate 3623.

Syndicates 623, 6107, 5623 and 6050 are managed by Beazley Furlonge Limited on behalf of third party capital providers (with the exception of Beazley's participation in Lloyd's syndicate 5623 in the 2018 underwriting year), whereas the Beazley Syndicates are backed by the capital of the Group. Through these Lloyd's syndicates, the Group is licensed to provide specialist insurance services to businesses in the US and over 200 other countries and territories.

The Group also underwrites business directly both in the US admitted market through Beazley Insurance Company, Inc., an admitted carrier licensed to write in all 50 states, and in the European branches of the Issuer. In 2019, the Group established a second admitted carrier in the US, Beazley America Insurance Company, Inc. ("**BAIC**"). BAIC will start writing admitted business in early 2020.

Since its establishment in 1986, the Group has returned a profit in each closed year of account.

These businesses are integrated onto a single operating platform and managed on a product–line basis across six divisions in 2019:

- Specialty Lines;
- Property;
- Marine;
- Reinsurance;
- Cyber & Executive Risk; and
- Political, Accident & Contingency.

In 2017, the Life, Accident and Health division combined with the Political Risks and Contingency division to form the Political Accident and Contingency division and, in 2019, the Specialty Lines division was split into two separate divisions, being Cyber & Executive Risk and Specialty Lines, and therefore the financial information set out in this Prospectus (including in the information incorporated by reference) for those divisions in the relevant years is not directly comparable to prior year comparatives. In particular, the financial information set out in the tables below in relation to the divisions marked with an asterix (*) for the relevant years is not directly comparable to prior year comparatives.

A breakdown, by division, of the Group's share of gross premiums written from 2014 to 2018 is set out in the table below (based on the divisional split defined in 2019):

	2014	*2015*	*2016*	*2017*	*2018*
			(US$ million)		
Specialty Lines	489.1	524.2	632.6	691.4	755.5
Property	344.7	353.1	329.7	362.9	415.4
Marine	325.2	269.3	247.4	267.6	284.8
Reinsurance	200.8	199.9	213.4	206.8	207.4
Cyber & Executive Risk	406.6	491.0	527.2	600.8	713.5
Political, Accident & Contingency*	255.4	243.4	245.3	214.3	238.7
Total	2,021.8	2,080.9	2,195.6	2,343.8	2,615.3

The below table sets out the renewal premium rate achieved by the Group relative to the risk taken on for each indicated period compared to that achieved in 2014:

	Year ended 31 December					*Six months ended 30 June*
	2014	2015	2016	2017	2018	2019
Specialty Lines*	100%	99%	100%	101%	102%	106%
Property	100%	96%	92%	92%	101%	110%
Marine	100%	92%	85%	83%	85%	91%
Reinsurance	100%	93%	89%	87%	92%	96%
Cyber & Executive Risk*	100%	104%	105%	104%	103%	107%
Political, Accident & Contingency*	100%	96%	92%	89%	88%	87%
Total	100%	98%	96%	95%	98%	102%

Selected financial information for the Group

Set out below is selected consolidated financial information of the Group as of and for the indicated periods and dates:

	As of or for the six months ended 30 June		*As of or for the year ended 31 December*				
	2018	*2019*	*2014*	*2015*	*2016*	*2017*	*2018*
	(US$ million, unless otherwise stated; unaudited)		*(US$ million, unless otherwise stated)*				
Gross premiums written	1,323.8	1,483.6	2,021.8	2,080.9	2,195.6	2,343.8	2,615.3
Net premiums written	1,105.3	1,225.5	1,732.7	1,713.1	1,854.0	1,978.8	2,248.5
Net earned premiums	990.2	1,118.0	1,658.9	1,698.7	1,768.2	1,869.4	2,084.6
Profit before income tax	57.5	166.4	261.9	284.0	293.2	168.0	76.4
Profit for the period attributable to equity shareholders	47.6	138.6	217.8	249.0	251.0	130.0	68.2
Basic earnings per share (US cents per share)[(1)]	9.1	26.4	43.1	48.8	48.6	25.0	13.0
Dividend per share (pence)	3.9	4.1	9.3	9.9	10.5	11.1	11.7
Special dividend per share (pence)	-	-	11.8	18.4	10.0	-	-
Tangible net assets[(2)]	1,341.0	1,430.9	1,248.1	1,350.4	1,387.1	1,365.4	1,340.4
Tangible net assets per share (US cents)[(3)]	256.2	272.4	247.0	263.9	268.2	261.6	256.2
Intangible assets	131.5	120.7	94.6	91.0	96.6	133.5	126.5
Intangible net assets per share (US cents)[(4)]	25.1	23.0	18.7	17.8	18.7	25.5	24.2
Net assets per share (US cents)[(5)]	281.3	295.4	265.7	281.7	286.9	287.1	280.4
Total equity	1,472.5	1,551.6	1,342.7	1,441.4	1483.7	1,498.9	1,466.9
Average daily total equity balance[(6)]	1,471.7	1,494.2	1,283.2	1,330.4	1,381.6	1,429.5	1,444.8
Return on equity (%)[(7)]	6%	19%	17%	19%	18%	9%	5%

Notes:

(1) Basic earnings per share are calculated by dividing profit after tax of (2018: US$68.2 million, 2017: US$130.0 million, 2016: US$251.0 million, 2015: US$249.0 million, 2014: US$217.8 million, first half of 2019: US$138.6 million and first half of 2018: US$47.6 million) by the weighted average number of shares of the Group parent company in issue during the period (2018: 523.2 million, 2017: 520.5 million, 2016: 516.3 million, 2015: 510.4 million, 2014: 505.4 million, first half of 2019: 525.0 million and first half of 2018: 523.1 million). The shares held in the Employee Share Options Plan (2018: 4.7 million, 2017: 3.8 million, 2016: 6.1 million, 2015: 9.7 million, 2014: 16.0 million, first half of 2019: 3.9 million and first half of 2018: 3.7 million) have been excluded from the calculation, until such time as they vest unconditionally with the employees.

(2) Tangible net assets is calculated as net assets (total equity) less intangible assets.

(3) Tangible net assets per share is the ratio calculated by dividing net tangible assets by the number of shares in the capital of the Group parent company in issue at the end of the period (30 June 2019: 529.2 million; 30 June 2018: 527.2 million; 31 December 2018: 527.8 million; 31 December 2017: 525.8 million; 31 December 2016: 523.3 million; 31 December 2015: 521.4 million; and 31 December 2014: 521.4 million), less the shares held in the Employee Share Options Plan (until such time as they vest unconditionally).

(4) Intangible net assets per share is the ratio calculated by dividing net intangible assets by the number of shares in the capital of the Group parent company in issue at the end of the period (see note 3 above).

(5) Net assets per share is the sum of intangible net assets per share and tangible net assets per share.

(6) Average daily total equity balance is calculated as the average of the total equity balances of the Group over the relevant period. The Group's total equity balances within each period are re-calculated upon the date of each transaction that causes a movement in total equity.

(7) Return on equity for the years ended 31 December 2014, 2015, 2016, 2017 and 2018 is the ratio, in percentage terms, calculated by dividing the Group's consolidated profit for the period attributable to equity shareholders by the average daily total equity balance. Return on equity for the six months ended 30 June 2019 and 2018 is the ratio, in percentage terms, of the Group's consolidated profit for the period attributable to equity shareholders multiplied by two, divided by the average daily total equity balance.

Underwriting performance

The table below sets out the claims ratio, expense ratio and combined ratio of the Group over the indicated periods.

	Six months ended 30 June		*Year ended 31 December*				
	2018	*2019*	*2014*	*2015*	*2016*	*2017*	*2018*
Expense ratio	39%	38%	40%	39%	41%	41%	39%
Claims ratio	56%	62%	49%	48%	48%	58%	59%
Combined ratio	95%	100%	89%	87%	89%	99%	98%

Reconciliation of ratios

The Group's expense ratio represents the ratio of the sum of expenses for acquisition of insurance contracts and administrative expenses to net earned premiums. The Group's claims ratio is the ratio, in percentage terms, of net insurance claims to net earned premiums. The Group's combined ratio is the 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. Each of these calculations is performed excluding the impact of foreign exchange. A reconciliation of these ratios to the Group's consolidated financial statements is presented in the table below:

	Six months ended 30 June		*Year ended 31 December*				
	2018	*2019*	*2014*	*2015*	*2016*	*2017*	*2018*
	(US$ million, unless otherwise stated; unaudited)		*(US$ million, unless otherwise stated)*				
Net earned premiums	990.2	1,118.0	1,658.9	1,698.7	1,768.2	1,869.4	2,084.6
Net insurance claims	549.5	693.1	817.9	813.9	855.6	1,075.7	1,227.8
Expenses for the acquisition of insurance contracts	258.6	298.4	441.2	448.6	472.5	519.7	561.9
Administrative expenses	131.2	129.6	217.7	215.2	247.8	254.7	250.7
Expense ratio	39%	38%	40%	39%	41%	41%	39%
Claims ratio	56%	62%	49%	48%	48%	58%	59%
Combined ratio	95%	100%	89%	87%	89%	99%	98%

Claims reserves and releases/strengthening

The Group uses a quarterly dual track process to set its reserves:

- the actuarial team uses several actuarial and statistical methods to estimate the ultimate premium and claims costs, with the most appropriate methods selected depending on the nature of each class of business; and

- the underwriting teams concurrently review the development of the incurred loss ratio over time, work with the Group's claims managers to set reserve estimates for identified claims and utilise their detailed understanding of both risks underwritten and the nature of the claims to establish an alternative estimate of ultimate claims cost, which is compared to the actuarially established figures.

A formal internal peer review process is then undertaken to determine the reserves held for accounting purposes which, in totality, are not lower than the actuarially established figure. The Group also commissions an annual independent review to ensure that the reserves established are reasonable or within a reasonable range.
Movement in these reserves forms an integral element of the Group's operating result. Reserve releases result in an increase in operating profit, while reserve strengthening results in a decrease in operating profit. Reserve adjustments across all divisions during the indicated periods are set out in the below table:

	Six months ended 30 June		*Year ended 31 December*				
Division	*2018*	*2019*	*2014*	*2015*	*2016*	*2017*	*2018*
	(US$ million, unless otherwise stated; unaudited)		*(US$ million, unless otherwise stated)*				
Specialty Lines*	43.2	23.9	7.1	16.7	61.8	87.6	85.5
Property	(33.7)	3.1	35.9	37.8	36.8	13.2	(47.3)
Marine	(0.1)	(7.0)	40.2	31.2	15.9	10.7	12.5
Reinsurance	11.4	(21.9)	27.8	44.9	32.3	54.7	23.8
Cyber & Executive Risk*	25.1	1.1	22.6	22.0	6.7	33.8	25.7
Political, accident & contingency*	2.2	4.2	24.5	23.7	27.2	3.9	14.8
Total	**48.1**	**3.4**	**158.1**	**176.3**	**180.7**	**203.9**	**115.0**
Releases as a percentage of net earned premiums	4.9%	0.3%	9.5%	10.4%	10.2%	10.9%	5.5%
Net earned premiums	*990.2*	*1,118.0*	*1,658.9*	*1,698.7*	*1,768.2*	*1,869.4*	*2,084.6*

The Group has adopted a consistent reserving philosophy, with initial reserves being set to include risk margins which may be released over time as uncertainty reduces. Historically, these margins have given rise to held reserves within the

range 5–10% above the actuarial estimates, which themselves include some margin for uncertainty. The margins held above the actuarial estimate for the indicated dates are set out in the table below:

	As of 31 December					*As of 30 June*
	2014	*2015*	*2016*	*2017*	*2018*	*2019*
Surplus in net held reserves	7.1%	8.2%	6.6%	5.0%	5.6%	5.2%

This margin is a lead indicator for the sustainability of reserve releases. However, a positive lead indicator will not always equate to future releases.

Group investment portfolio

Details of the Group's consolidated investment returns (including returns from the investments held by the Issuer) for the indicated periods are set out in the table below:

	Six months ended 30 June		*Year ended 31 December*				
	2018	2019	2014	2015	2016	2017	2018
	(US$ million, unless otherwise stated; unaudited)		*(US$ million, unless otherwise stated)*				
Opening balance - cash	440.5	336.3	382.7	364.2	676.9	507.2	440.5
Opening balance – financial assets at fair value	4,449.6	4,716.3	4,043.6	4,077.4	3,842.2	4,195.4	4,449.6
	4,890.1	**5,052.6**	**4,426.3**	**4,441.6**	**4,519.1**	**4,702.6**	**4,890.1**
Closing balance – cash	432.9	293.7	364.2	676.9	507.2	440.5	336.3
Closing balance – financial assets at fair value	4,434.6	4,897.9	4,077.4	3,842.2	4,195.4	4,449.6	4,716.3
	4,867.5	**5,191.6**	**4,441.6**	**4,519.1**	**4,702.6**	**4,890.1**	**5,052.6**
Average financial assets at fair value (including cash and cash equivalents)[(1)]	4,878.8	5,122.1	4,434.0	4,480.4	4,610.9	4,796.4	4,971.4
Investment income	8.0	170.3	83.0	57.6	93.1	138.3	41.1
Investment return[(2)]	0.2%	3.3%	1.9%	1.3%	2.0%	2.9%	0.8%
Annualised investment return[(3)]	0.4%	6.6%	1.9%	1.3%	2.0%	2.9%	0.8%

Notes:

(1) Average financial assets at fair value (including cash and cash equivalents) is calculated as opening balance – cash *plus* opening balance – financial assets at fair value *plus* closing balance – cash *plus* closing balance – financial assets at fair value *divided* by two.

(2) Investment return is calculated as investment income for the period divided by average financial assets at fair value (including cash and cash equivalents) and presented as a percentage.

(3) For the six month periods ended 30 June 2018 and 2019, annualised investment return is calculated as the investment return percentage multiplied by two.

For details of the Issuer's investment returns on a standalone basis, see "*Description of the Issuer's business – Issuer investment portfolio*" above.

The Group's financial assets at fair value as of the dates indicated are set out in the table below:

	31 December 2018	*30 June 2019*
	(US$ million)	*(US$ million; unaudited)*
Fixed and floating rate debt securities		
Government issued	1,384.2	1,629.5
Quasi-government	25.9	17.2
Supranational	-	7.6
Corporate bonds		
Investment grade	2,525.3	2,475.4
High yield	32.7	143.9
Senior secured loans	132.1	0.6
Total fixed and floating rate debt securities	4,100.2	4,274.2
Capital growth assets		
Equity-linked funds	85.4	115.1
Hedge funds	337.2	285.8
Illiquid credit assets	186.6	219.8
Total capital growth assets	609.2	620.7
Total financial investments at fair value through statement of profit or loss	4,709.4	4,894.9
Derivative financial assets	6.9	3.0
Total financial assets at fair value	4,716.3	4,897.9

Current trading and future developments

The Group achieved strong premium growth of 12% in the first half of 2019. Claims concentrated largely in the Group's marine and reinsurance divisions drove the Group's combined ratio to 100%, but premium rates have adjusted accordingly and margins in many lines of business are now better than in recent years.

The Group expects to achieve double digit premium growth over the remainder of 2019, while continuing to reserve prudently.

The Group's investment return was 3.3% for the first half of 2019, with nearly all asset classes performing strongly. Investment returns are expected to be lower in the second half of 2019.

Capital requirements

The Group has a number of requirements for capital at a Group and subsidiary level. Capital is primarily required to support underwriting in the Lloyd's market, in the US for the admitted business and by the Issuer to support the direct insurance activities in addition to its reinsurance of the Group's underwriting at Lloyd's, and is subject to prudential regulation by local regulators (the PRA, Lloyd's, the CBI and US state–level supervisors). Further capital requirements come from credit rating agencies for the Issuer, BICI, BAIC and the Lloyd's syndicates managed by Beazley Furlonge Limited on a standalone basis.

The Issuer provides Beazley Underwriting with 100% of Beazley Underwriting's total required funds at Lloyd's to support the underwriting of Beazley Underwriting on the Beazley Reinsured Syndicates. In addition, the Issuer is required to hold capital on a standalone basis under the CBI's prudential rules and regulations.

The Group, including the Issuer, actively seeks to manage its capital base to target capital levels. The Group holds a level of capital over and above its regulatory requirements and targets a level of surplus capital that would enable it to take advantage of new underwriting opportunities.

The approach of each of the Issuer and the Group is to manage its liquidity position so that it can reasonably survive a significant individual or market loss event. This means that it seeks to maintain sufficient liquid assets, or assets that can be translated into liquid assets at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid funds are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return.

The Group has a consistent reserving philosophy, with initial reserves being set to include risk margins that may be released over time as and when any uncertainty reduces. Historically, these margins have given rise to held reserves within the range of 5–10% above the actuarial estimates, which themselves include some margin for uncertainty. The margin held above the actuarial estimate was 5.6% as of 31 December 2018 (31 December 2017: 5.0%). This margin has

remained stable over time and is a lead indicator for the sustainability of reserve releases. However, a positive lead indicator will not always equate to future releases.

The Issuer's principal sources of liquidity are cash flow from its investment portfolio and assets. See "– *Description of the Issuer's business – Issuer investment portfolio*" above.

The remainder of the Group also has access to capital from underwriting profits generated by participation in the Beazley Syndicates and in BICI, Beazley plc's equity (US$1,551.6 million as at 30 June 2019), debt instruments (as of the date of this Prospectus, US$250 million notes due 2026 issued by the Issuer and £75 million fixed rate notes due 2019 issued by Beazley Ireland Holdings plc), amounts available under the Amended and Restated Facilities Agreement (as defined and described in "– *Material contracts – Amended and Restated Facilities Agreement*" below) and cash flow from investments held by members of the Group other than the Issuer (see "– *Description of the Group's business – Group investment portfolio*" above). The Issuer does not have direct access to these additional sources of liquidity.

Solvency capital requirement

Each of the Issuer and the Group is subject to a capital requirement under Solvency II calculated by the Group's internal model ("**SCR**"), which has been approved by the CBI and which captures the risk in respect of the planned underwriting for the prospective year of account. The SCR is set at a level that ensures that the Issuer and the Group can meet their respective obligations over the following 12 months with a 99.5% probability. The table below sets out the SCR ratio of the Issuer and the Group under the Group's approved internal model as of the indicated dates.

	31 December 2017	*31 December 2018*
Issuer[(1)]	246%	247%
Group[(2)]	223%	202%

Notes:

(1) The Issuer's SCR ratio is the quotient of the Issuer's eligible own funds under Solvency II and the Issuer's SCR.

(2) The Group's SCR ratio is the quotient of the Group's eligible own funds under Solvency II and the Group's SCR.

The Issuer's SCR ratio as of 30 June 2019 was 232%. The SCR ratio of the Group as of 30 June 2019, while not confirmed at the date of the Prospectus, is expected to similarly reduce. These reductions are related to changing from the 2019 SCR to the projected 2020 SCR in the ratio calculation – see *"Future Capital Requirements"* on page 75 of this Prospectus.

See *"– Group supervision under the Solvency II Directive*" below.

Solvency capital requirement sensitivities

The estimated sensitivity of the Issuer's and the Group's respective SCR ratios as of 31 December 2018 to significant changes in market conditions is as follows:

- A 1-in-30 years US windstorm is reflective of the Group's peak exposure to natural catastrophe. The occurrence of this scenario would have reduced the SCR ratios of the Issuer and the Group as of 31 December 2018 to 230% and 187%, respectively. This estimate does not take into account the positive impact of any hardening of rates subsequent to the event.
- A 1-in-20 years deterioration for Specialty Lines is the largest scenario modelled by the Group when stress testing its SCR ratio, consistent with the fact that reserve and premium risk is the largest contributor to the Issuer's and the Group's respective SCRs. The occurrence of this scenario would have reduced the SCR ratios of the Issuer and the Group as of 31 December 2018 to 188% and 148%, respectively.
- An increase in interest rates to 4% across all maturities and currencies would have resulted in an immediate reduction in the SCR ratios of the Issuer and the Group as of 31 December 2018 to 230% and 171%, respectively. The majority of the Issuer's and the Group's investments are in US dollars and a rise in US rates of this size and speed has not been seen since 1980.

Each of the Issuer and the Group is well capitalised with limited sensitivity to external shocks and changes in market conditions.

Economic capital requirement

Each of the Beazley Syndicates' members are required to hold certain levels of capital to support their underwriting to ensure capital is in place to support Lloyd's ratings and financial strength. This is calculated as the uSCR (being the SCR

to ultimate) 'uplifted' by 35% (the "**ECR**"). As of 30 June 2019, the Group had a surplus Solvency II capital position of 19% of the Beazley Syndicates' projected ECR, which was equal to 28% of the 2019 ECR as of 31 December 2018. The Group targets a range of 15% to 25% of ECR. As of 30 June 2019, the Beazley Syndicates' projected ECR was US$1,745.7 million (being the estimated level of capital required to support the Beazley Syndicates' underwriting in 2020), compared to US$1,594.5 million as of 31 December 2018. The increase in ECR and a reduction in surplus ratio reflect the growth in business for the 2020 underwriting year.

The Solvency II results of each of the Beazley Syndicates affects the Group's SCR as 25% of the Beazley Syndicates' Solvency II equity and profits and losses are consolidated in the Group's consolidated own funds. Under Solvency II, 75% of the Beazley Syndicates' Solvency II equity profits and losses are only recognised if they are reported under GAAP by the time each year of account closes. The remaining Solvency II margin is not recognised in the Group's Solvency II net assets. However, none of the Beazley Syndicates are Group subsidiaries. Therefore, in the event that any of the Beazley Syndicates' ECR was not met, this would not (provided that each of the Issuer and the Group was in compliance with its Minimum Capital Requirement and SCR) permit or require the Issuer to defer payment of principal or interest under the Notes. See Condition 6 (*Redemption, Substitution, Variation and Purchase*).

Future capital requirements

The Issuer expects the Group's capital requirements to increase during 2019 and, in particular, expects the Beazley Syndicates' ECR requirement to increase to approximately US$1,745.7 million by 31 December 2019, which represents a 9.5% increase compared to their ECR as of 1 January 2019. This expected growth in ECR reflects the Group's plan for double digit growth across all divisions given the current positive rates environment. The Issuer expects this level of growth to continue in 2020. The Issuer and the Group expect their SCR to increase in line with the Beazley Syndicates' ECR.

The Group's Specialty Lines and Cyber & Executive Risk divisions are likely to play a significant role in driving the Group's capital requirements in the future as they are becoming a larger percentage of the total, thanks to their growth, and because the Group continues to operate below its previous peak natural catastrophe exposure to reflect the rating environment. As a consequence, the Issuer expects the rate of growth of the Group's capital requirement to be close to double digits over the few years following the date of this Prospectus. The Issuer will use the net proceeds of the issue of the Notes to partly fund this increased capital requirement.

Credit ratings

The Issuer has an insurer financial strength rating of "A+ (Strong)" and an issuer default rating of 'A', each from Fitch. The Issuer and BICI each have a financial strength rating of "A (Excellent)" from A.M. Best Europe – Rating Services Limited ("**A.M. Best**"). Beazley plc has an issuer default rating of 'A' from Fitch.

Each of the Beazley Syndicates and Lloyd's Syndicate 623 have been assigned a financial strength rating of "A (Excellent)" and an issuer credit rating of "a+ (Strong)" by A.M. Best. Lloyd's has been assigned a financial strength rating of "A (Excellent)" by A.M. Best, a financial strength rating of "A+ (Strong)" by Standard & Poor's Financial Services LLC and a financial strength rating of "AA– (Very Strong)" by Fitch. As at the date of this Prospectus, each of A.M. Best, Fitch and Standard & Poor's is a credit rating agency established in the EU and is registered under the CRA Regulation. As such, each such rating agency is included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Recent events

There are no recent events that are material to an evaluation of the Issuer's solvency.

Management of the Issuer

As of the date of this Prospectus, the directors of the Issuer, the business address of each of whom is 2 Northwood Avenue, Santry, Dublin D09 X5N9, Ireland, and their functions, together with their principal activities outside the Group (where these are significant with respect to the Issuer), are as follows:

Name	*Position*	*Principal activities outside the Group*
Catherine Woods ...	Chairman	AIB Group plc Director of AIB Mortgage Bank Director of Allied Irish Banks plc Director of EBS Designated Activity Company Director of BlackRock Asset Management Ireland Limited
Edward McGivney	Executive Director and General Manager	None
Sally Lake	Executive Director and Group Finance Director	None
Andrew Horton	Non-Executive Director and Chief Executive Officer of the Group	Director of MAN Group plc
Ian Stuart.....	Non-Executive Director	Director of Zurich Assurance Limited
Karl Murphy	Non-Executive Director	Director of Covea Insurance plc Director of Covea Life Limited Director of River Thames Insurance Company Limited Director of Mercantile Indemnity Company Limited
Pierre-Olivier Desaulle	Non-Executive Director	Director of Setoo SAS Director of Baloon Africa SAS Director of ITIA SAS

There are no potential conflicts of interest between the duties to the Issuer of the directors of the Issuer and their private interests or other duties.

Corporate governance

The Issuer's Board of Directors (the "**Board**") is committed to the principles of corporate governance contained in: (a) the Corporate Governance Requirements for Insurance Undertakings and (b) the Domestic Actuarial Regime and Related Governance Requirements under Solvency II, each as published by the CBI from time to time.

In line with these corporate governance requirements, the Board has established a Risk and Compliance Committee and an Audit Committee. These committees are separate from the Audit and Risk Committee established by Beazley plc's Board of Directors.

Audit Committee

The Issuer's Audit Committee is chaired by Ian Stuart and its other members are Karl Murphy and Pierre-Olivier Desaulle.

The Committee's main objective is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Issuer's process for monitoring compliance with laws and regulations. In particular, the Committee is responsible for (among other things):

- monitoring the integrity of the Issuer's financial statements and reviewing significant financial reporting judgements contained in them before submission to, and approval by, the Board and before clearance by the external auditors;
- monitoring the effectiveness of the Issuer's internal financial controls and its internal control, internal audit, information technology and risk management systems;
- considering the appointment, or termination of appointment, of the head of the Issuer's internal audit function and reporting its findings to the Board;
- monitoring and reviewing the independence, objectivity and effectiveness of the Issuer's internal audit function;
- reviewing and monitoring management's responsiveness to the internal auditor's findings and recommendations;
- recommending to the Board the internal audit plan and considering outstanding points from previous audits;
- receiving a report on the results of the internal auditor's work on a periodic basis, reviewing internal audit reports and reporting any identified issues to the Board;
- reviewing and monitoring the effectiveness of internal audit plan and resources;
- considering the appointment and remuneration of the Issuer's external auditors and making appropriate representations to the Beazley plc Audit and Risk Committee or the Board;

- liaising with the external auditors, particularly in relation to their audit findings;
- reviewing the adequacy and security of the Issuer's arrangements by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.

In respect of any firm of consulting actuaries which may be appointed by the Issuer, the Committee is also responsible for recommending their appointment and termination, recommending their terms of reference, receiving regular reports (independent of management where necessary), determining their independence, monitoring their performance and approving their fees.

The Committee meets at least three times each year. In addition, the Committee's chairman may call ad hoc meetings of the Committee as and when required. The Committee meets with the Issuer's internal and external auditors annually (without management being present) to discuss matters relating to its remit and issues arising from internal and external audits.

The Committee chairman or his nominee reports to the Board following all Committee meetings at all scheduled Board meetings, and at such other times as are necessary. A report from the Committee is provided to the Beazley plc Audit and Risk Committee and where necessary, the Committee also escalates any significant or material issues to the Beazley plc Audit and Risk Committee.

Risk and Compliance Committee

The Issuer's Risk Committee is chaired by Pierre-Olivier Desaulle and its other members are Sally Lake, Karl Murphy, Ian Stuart and Catherine Woods.

The Committee's main objectives are to provide oversight of the Issuer's risk management framework (including the effectiveness of the control environment), to review the effectiveness of the Issuer's risk functions and to provide oversight of the Issuer's internal model and Own Risk and Solvency Assessment ("**ORSA**") process. In particular, the Committee is responsible for (among other things):

- reviewing, and recommending to the Board for approval, the Issuer's risk appetite;
- reviewing the Issuer's consolidated assurance report to enable a clear understanding of the key risks and controls in its business;
- reviewing the Issuer's strategic/heightened risk report;
- ensuring the development and on-going maintenance of an effective risk management system within the Issuer that is effective and proportionate to the nature scale and complexity of the risks inherent in its business;
- reviewing and recommending to the Board the Issuer's ORSA report;
- reviewing and recommending to the Board the Issuer's solvency capital requirement as calculated by the Issuer's internal model;
- monitoring the development of the Issuer's internal model by reviewing all aspects of its design and implementation and ensuring that the model meets the appropriate principles, tests and standards; and
- advising the Board on the effectiveness of strategies and policies with a view to the maintenance of, on an ongoing basis, amounts, types and distribution of both internal capital and own funds adequate to cover the risks faced by the Issuer.

The Committee meets at least four times a year. In addition, the Committee's chairman may call ad hoc meetings of the Committee as and when required. The Committee's chairman or his nominee reports to the Board following all Committee meetings at all scheduled Board meetings, and at such other times as are necessary. A report from the Committee is provided to and, where necessary, the Committee also escalates any significant or material issues to the Beazley plc Audit and Risk Committee.

Controlling shareholder

As of the date of this Prospectus, the Issuer's sole shareholder is Beazley Ireland Holdings plc, which is a wholly-owned subsidiary of Beazley plc. Accordingly, as of the date of this Prospectus, the entire issued share capital of the Issuer is indirectly controlled by Beazley plc.

Incorporation, registered office and telephone number

On 27 November 2008, the Issuer was incorporated under the laws of Ireland under the name Beazley Risk Services (Ireland) Limited. On 15 May 2009, the Issuer changed its name to Beazley Re Limited. On 29 October 2015, the Issuer converted to a Designated Activity Company under the Companies Act 2014 with the name Beazley Re Designated

Activity Company. On 30 June 2017, the Issuer changed its name to Beazley Insurance Designated Activity Company. The Issuer's registration number is 464758.

The Issuer's registered office is 2 Northwood Avenue, Santry, Dublin D09 X5N9, Ireland and its telephone number is + 353 (0)1 854 4700.

Share capital

As of the date of this Prospectus, the Issuer has in issue one ordinary share of €1.00. This ordinary share is fully paid.

Regulation by the CBI

General

The CBI is responsible for both central banking and financial regulation in Ireland. The CBI's regulation of insurance undertakings is undertaken through assertive risk–based supervision, which is underpinned by powers to take a range of disciplinary and enforcement actions. The CBI is responsible for the prudential supervision and conduct of business of authorised firms. It monitors compliance with prudential standards primarily through examining firms' quarterly and annual prudential returns, financial statements and annual reports and by conducting regular review meetings and on–site inspections.

The CBI has legislative powers to impose sanctions for prescribed contraventions of legislation or regulatory rules. The CBI may conduct an inquiry where it suspects on reasonable grounds that a prescribed contravention is being or has been committed. Any such inquiry will decide if the prescribed contravention has occurred and determine the appropriate sanctions. The CBI has the power to impose sanctions in respect of breaches of regulatory requirements by regulated entities and to publicise the findings and sanctions imposed. The final decision of an inquiry may be appealed to the Irish Financial Services Appeals Tribunal and subsequently to the High Court of Ireland.

If a person intends to acquire or increase "control" over a firm authorised by the CBI, that person must first notify and obtain prior approval from the CBI before becoming a "controller" or increasing its level of control above certain thresholds. Breach of the notification and approval regime is a criminal offence.

Supervision of the Issuer

The business of non-life insurance and reinsurance is within the scope of the Issuer's authorisation and the Issuer reinsures certain Lloyds' business. The CBI monitors the Issuer's financial status through, among other things, a review of: regulatory returns that the Issuer is required to file on a quarterly and annual basis; its financial statements; an annual Actuarial Opinion on Technical Provisions, an annual Actuarial Report on Technical Provisions and an annual Own Risk and Solvency Assessment, together with discussions with the Issuer's executive and non-executive directors and meetings with the Issuer's external auditors.

Group supervision under the Solvency II Directive

Under article 247 of the Solvency II Directive, a single regulatory supervisor is responsible for the coordination and exercise of group supervision (the "**group supervisor**"). The group supervisor is designated from among the supervisory authorities of the EU member states concerned. For the purposes of Solvency II, the Issuer is the only insurance or reinsurance undertaking in the Group within the European region subject to Solvency II regulations. Accordingly, pursuant to Solvency II, the CBI is the Group's group supervisor.

Supervision of the Issuer and the Group

The Solvency II Directive has set out certain requirements for companies and groups, covering authorisation, corporate governance, supervisory reporting, public disclosure and risk assessment and management, as well as solvency and reserving. These requirements are categorised under three pillars:

Pillar 1: Financial requirements

Under Solvency II, capital is referred to as 'own funds' and is divided into tiers 1 to 3, reflecting permanence of capital and the ability to absorb losses.

The risk-based capital requirement, the SCR, is calculated using either a standard formula, a bespoke internal model that has been approved by the Solvency II supervisors or a mixture of both. The SCR enables undertakings to absorb significant losses. The CBI has approved the Group's internal model for the purposes of the Group's SCR under

Solvency II. A breach of the Group's SCR would result in supervisory intervention from the group supervisor. The Issuer also has its own SCR, as modified by the Group's approved internal model, on a standalone basis. A breach of the Issuer's SCR would result in a supervisory intervention from the Issuer's supervisor and a requirement on the Issuer to defer redemption or repayment of, or interest payments on, the Notes. See the section of this Prospectus headed "*Risk Factors*".

The respective minimum capital requirements ("**MCR**") of the Issuer and the Group are set at a lower threshold than their respective SCRs. The MCRs should not be less than 25% of the relevant SCR. Any breach of the MCR can, unless it is remedied promptly, lead to a loss of regulatory authorisation.

Pillar 2: Risk management

Pillar 2 of Solvency II sets out formal governance and risk management requirements, requiring authorised insurers to establish a risk management function, an independent audit function, an actuarial function and a compliance function. The processes established for risk management are set out in an Own Risk and Solvency Assessment ("**ORSA**"). The ORSA should include a risk-based assessment of the insurer's solvency needs based on its business and its own risk appetite and must be taken into account in the operation of its business. Pillar 2 of Solvency II also imposes requirements in relation to outsourcing and remuneration.

Pillar 3: Disclosure

Pillar 3 requirements under Solvency II include requirements to provide reports to the group and company supervisor on a regular basis appropriate to the nature and size of the insurer. Insurers are also required to publish a public annual report – the Solvency and Financial Condition Report for both the Issuer and the Group – which includes detailed narrative disclosure and numbers in a specified format.

Risk management

The Group's risk management function is implemented on a Group-wide basis while including a focus on each of the significant entities within the Group. The following is a description of the Group's risk management philosophy, strategy and framework.

Risk management philosophy

The Group's risk management philosophy is to seek to balance the risks the business takes on with the associated cost of controlling these risks, whilst also operating within the risk appetite agreed by the Board. In addition, the Group's risk management processes are designed to continuously monitor the Group's risk profile against risk appetite and to exploit opportunities as they arise.

Risk management strategy

Beazley plc's Board of Directors has delegated executive oversight of the Group's risk management department to the Group's Executive Committee, which in turn has delegated immediate oversight to the Group's Risk and Regulatory Committee. Beazley plc's board of directors has also delegated oversight of the risk management framework to Beazley plc's Audit and Risk Committee and certain of the Group's regulated subsidiaries (including the Issuer) have established a Board Risk Committee.

Clear roles, responsibilities and accountabilities are in place for the management of risks and controls, and all employees are aware of the role they play in all aspects of the risk management process, from identifying sources of risk to their part in the control environment. The impact of each risk is recorded in the risk register on a 1:10 likelihood of that risk manifesting in the next 12 months. A risk owner has been assigned responsibility for each risk, and it is the responsibility of that individual to periodically assess the impact of the risk and to ensure appropriate risk mitigation procedures are in place. External factors facing the business and the internal controls in place are routinely reassessed and changes are made when necessary.

On an annual basis, the Beazley plc's Board of Directors sets the risk appetite at an overall Group level for each risk event and this is documented in the risk framework document. The agreed risk appetite is cascaded down to subsidiary entities including the Issuer. The Issuer's board of directors reviews the approved risk appetite or, if required, requests permission from the Beazley plc board to operate above the cascaded risk appetite. The residual financial impact and/or accepted risk is managed in a number of ways, including:

- mitigating the impact of the risk through the application of controls;
- transferring or sharing risk through outsourcing and purchasing insurance and reinsurance; and

- tolerating risk in line with the risk appetite.

In addition, the following risk management principles have been adopted by the Group:
- risk management is a part of the wider governance environment;
- techniques employed are fit for purpose and proportionate to the business;
- it is a core capability for all employees;
- risk management is embedded in day–to–day activities;
- there is a culture of risk awareness, in which risks are identified, assessed and managed;
- risk management processes are robust and supported by verifiable management information; and
- risk management information and reporting is timely, clear, accurate and appropriately escalated.

Risk management framework

The Group's risk management framework has three principal elements: business risk management, the risk management function and the internal audit function.

The Group's risk management framework is summarised in the table below:

Risk management element	*Role*	*Role in risk management framework*
Business risk management	Risk ownership	• Identifies risk • Assesses risk • Mitigates risk • Monitors risk • Records status • Remediates when required
Risk management	Risk oversight	• Are risks being identified? • Are controls operating effectively? • Are controls being signed off? • Reports to committees and board
Internal audit	Risk assurance	• Independently tests control design • Independently tests control operation • Reports to committees and board

Within business risk management, there are two defined risk and control roles: risk owner and control reporter.

Each risk is assigned to a senior member of staff who is the "risk owner" for that risk. These risk owners, supported by the risk management team, perform a risk assessment twice a year, including an assessment of heightened and emerging risks.

The Group maintains a risk register that records the risks that apply to the Group and its business. These risks are grouped into eight categories: insurance, market, credit, liquidity, operational, regulatory and legal, group and strategic.

In considering these risks, the Beazley plc Board of Directors sets the risk appetite to be followed by the Group. The Group then implements a control environment which seeks to ensure that the Group's business operations stay within these risk appetite parameters. The Group's risk management team provides reports to the Beazley plc board of directors on how well the business is operating using a consolidated assurance report. For each identified risk, this report brings together a view of how successfully the Group's business is managing risk, qualitative commentary from the assurance function and details of any events that have highlighted any risk management improvements that can be made. The Group seeks to improve this framework through stress and scenario testing, themed reviews using risk profiles and an assessment of strategic and emerging risks.

A suite of risk management reports are provided to senior management and directors to assist them in discharging their decision–making responsibilities. The risk reports include the risk appetite statement, the consolidated assurance report, risk profiles, stress and scenario testing, reverse stress testing, an emerging and strategic risks report, a report to the Beazley plc remuneration committee and the Group's Own Risk and Solvency Assessment. The Issuer's Risk Committee is provided with risk reports relevant to the Issuer, including the risk appetite statement, the consolidated assurance report, reverse stress testing, an emerging and strategic risks report and the Own Risk and Solvency Assessment.

As part of its wider role, the internal audit function reviews the Group's risk management framework in order to determine its annual risk–based audit plan. Any recommendations from these internal audit reviews are considered by the Group's risk management function for inclusion in the risk register.

Material contracts

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) that has been entered into by the Issuer, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Notes:

Amended and Restated Facilities Agreement

On 23 July 2019, certain members of the Group entered into a US$225 million multi–currency standby letter of credit and revolving credit facilities agreement (the **"Amended and Restated Facilities Agreement"**), which amended and restated a facilities agreement entered into on 31 July 2015 which had been amended and restated on 25 July 2017. The Amended and Restated Facilities Agreement entered into between (1) Beazley plc as parent; (2) Beazley plc and Beazley Furlonge Holdings Limited (as original borrowers); (3) Beazley Underwriting Limited and Beazley Staff Underwriting Limited, Beazley Corporate Member (No. 3) Limited (as account parties); (4) Beazley plc, Beazley Ireland Holdings plc, Beazley Group Limited, Beazley Furlonge Holdings Limited, Beazley Holdings, Inc., Beazley Management Limited and the Issuer (as guarantors); (5) Commerzbank Aktiengesellschaft, Filiale Luxemburg, Lloyds Bank plc, National Westminster Bank plc and The Bank of Nova Scotia London Branch (as arrangers); (6) Lloyds Bank plc (as bookrunner and agent) (the "**Agent**"); and (7) Lloyds Bank plc, Commerzbank Aktiengesellschaft, Filiale Luxemburg, National Westminster Bank plc, and The Bank of Nova Scotia London Branch (as the banks).

The borrowers' obligations under the Amended and Restated Facilities Agreement are guaranteed on a joint and several basis by certain members of the Group, including the Issuer. The maximum amount which may be recovered from the Issuer under this guarantee is limited to the amount by which the Issuer's net insurance assets exceed its Solvency Capital Requirement plus its technical provisions (but on the basis that there will be deducted from the technical provisions the amount of any assets held to satisfy the technical provisions to the extent they have already been included in calculating the net insurance assets).

The revolving credit facility under the Amended and Restated Facilities Agreement was granted for: (i) the general corporate purposes of the Group; and (ii) refinancing the US$225 million multi–currency standby letter of credit and revolving credit facility agreement dated 31 July 2015.

Under the Amended and Restated Facilities Agreement, the Group borrowers are granted a multicurrency standby letter of credit ("**Letter of Credit**"). The purpose of each Letter of Credit is to enable funds at Lloyd's to be provided: (i) for the 2019, 2020 and 2021 underwriting years of account; and (ii) in the event of certain changes to Lloyd's byelaws, for the 2022 underwriting year of account.

The Amended and Restated Facilities Agreement has a final maturity date of 23 July 2022, although any Letter of Credit issued may continue in effect until 23 July 2025. By no later than 23 July 2022, the Group must cash collateralise each outstanding Letter of Credit in full.

As at the date of this Prospectus, the facility is undrawn.

Subject to certain conditions, the borrowers may voluntarily prepay utilisations under the Amended and Restated Facilities Agreement by giving not less than five business days' notice to the Agent. Amounts prepaid may (subject to the terms of the Amended and Restated Facilities Agreement) be reborrowed.

Interest is payable on revolving advances under the Amended and Restated Facilities Agreement at a rate of LIBOR or EUIBOR plus a margin, which is currently 1.1%. In addition, the Amended and Restated Facilities Agreement includes a commitment fee of 0.385% per annum.

The Amended and Restated Facilities Agreement contains representations, information and financial covenants and undertakings that are customary for debt facilities of this nature. The Amended and Restated Facilities Agreement also contains customary events of default including in relation to non–payment, misrepresentation, insolvency, winding up and material adverse change.

The Amended and Restated Facilities Agreement is governed by English law.

TAXATION

Irish tax considerations

The following general summary describes the material Irish tax consequences of ownership of the Notes. It is based on the Irish tax law and published practice of the Revenue Commissioners as in effect on the date of this Prospectus and both are subject to change, possibly with retroactive effect. The following summary does not purport to be a complete analysis of all Irish tax considerations relating to the Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. The summary relates to the position of persons who are absolute beneficial owners of the Notes and may not apply to certain classes of persons such as financial institutions, dealers and certain tax exempt bodies. Noteholders are advised to consult their own tax advisers regarding the taxation implications of acquiring, owning and disposing of the Notes.

Withholding tax on interest

In general, withholding tax at the standard rate of tax (currently 20%) must be deducted from Irish source interest payments. Interest paid on the Notes may be regarded as Irish source. However, for so long as the Notes are listed on a recognised stock exchange (as defined in the Irish Revenue Commissioners' Tax and Duty Manual: Part 04-02-03 (as amended, supplemented or replaced from time to time) and which is situated in the UK, Switzerland or the EEA (**"Recognised Stock Exchange"**) (which includes the London Stock Exchange) and the Notes carry a right to interest, the Notes should constitute "quoted Eurobonds" under section 64 of the Irish Taxes Consolidation Act 1997 (as amended).

Interest paid on quoted Eurobonds can be paid free of withholding tax, provided the following criteria are satisfied (the "**quoted Eurobond exemption**"):

(a) the interest is paid by or through a person who is not in Ireland (a "**non-Irish paying agent**"); or

(b) the interest is paid by or through a person in Ireland, and either:

  (i) the quoted Eurobond is held in a clearing system recognised by the Revenue Commissioners (which includes Euroclear and Clearstream); or

  (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made all necessary declarations in the prescribed form, in accordance with section 64(7) of the Irish Taxes Consolidation Act 1997.

Therefore, provided the Notes are quoted Eurobonds and held in Euroclear or Clearstream, there should be no requirement to withhold Irish tax on the interest arising on the Notes regardless of the status of the recipient.

If the quoted Eurobond exemption referred to above does not (or ceases to) apply, there are other exemptions from the obligation to withhold Irish tax that may apply to the interest payments. For example, interest payments made by the Issuer in the ordinary course of a trade or business carried on by it can still be paid free from withholding tax to a company where:

(a) the company is resident in a Relevant Territory and that Relevant Territory imposes a tax that generally applies to interest receivable by companies from foreign sources (a "**Relevant Territory**" is a member state of the European Union (other than Ireland) or a country with which Ireland has concluded a double taxation agreement); or

(b) the interest is exempted from Irish income tax under a double taxation agreement which is either in force or which will come into force once all ratification procedures have been completed,

provided the interest is not paid to that company in connection with a trade or business carried on in Ireland by that company through a branch or agency.

Charge to Irish Tax on Interest

A Noteholder may be liable to Irish tax on interest on the Notes even where there is no Irish withholding tax. Persons (individuals and companies) tax resident in Ireland are generally liable to Irish tax on their worldwide income, including any income from the Notes.

In the case of individuals, interest will be liable to income tax at the marginal rate (up to 40%). Such income will also be liable to the Universal Social Charge at rates of up to 11% depending on the individual's circumstances. Irish social security contributions may also be payable. In the case of corporate entities, the rate of corporation tax applying to the interest income is 25% (unless the income constitutes trading income of the corporate Noteholders).

Interest paid on the Notes may be regarded as Irish source and therefore be within the charge to Irish tax for persons who are neither resident nor ordinarily resident in Ireland.

However, there are certain exemptions for interest paid by a company to persons resident outside Ireland where the quoted Eurobond exemption from withholding tax applies:

(a) interest paid to persons resident outside Ireland and who are resident in a Relevant Territory is not chargeable to Irish income tax provided the Notes are quoted Eurobonds;

(b) a company not resident in Ireland and under the control (directly or indirectly) of persons who are resident in a Relevant Territory and not under the control (directly or indirectly) of Irish residents is not chargeable to Irish income tax on interest arising on quoted Eurobonds; and

(c) a company which is not resident in Ireland and the principal class of the shares of which (or (i) where the company is a 75% subsidiary of another company, of that other company, or (ii) where the company is wholly-owned by two or more companies, of each of those companies) is substantially and regularly traded on a stock exchange in Ireland or on one or more than one Recognised Stock Exchange in a Relevant Territory or Territories, or on such other stock exchange as may be approved by the Irish Minister for Finance is not chargeable to Irish income tax on interest arising on quoted Eurobonds.

For the purposes of paragraphs (a) to (c) above, the terms "**75% subsidiary**" and "**control**" have the meanings given to them in the Taxes Consolidation Act 1997.

Interest on the Notes which does not fall within the above exemptions may be within the charge to Irish income tax. Ireland operates a self-assessment system in respect of income taxes, corporation taxes, social security contributions and the Universal Social Charge. Any person with Irish source income which is chargeable to Irish tax comes within the scope of that system and may have to file an Irish return.

Encashment tax

If the Paying Agent is not in Ireland, there is no obligation to deduct encashment tax. If a person in Ireland were to pay the interest or receive the interest on behalf of a third party, then Irish encashment tax (at the standard rate – currently 20%) would apply to amounts belonging to Irish resident holders of the Notes, or non-Irish residents who hold Notes and who had not completed the requisite non-resident declaration forms.

Deposit Interest Retention Tax

The interest on the Notes will not be liable to Deposit Interest Retention Tax.

Capital gains tax

In the case of a person who is either tax resident or ordinarily tax resident in Ireland, the disposal or redemption of the Notes may be liable to Irish capital gains tax at a rate of 33%. If the person is neither resident nor ordinarily resident in Ireland, such person will not be liable to Irish capital gains tax on the disposal or redemption unless the Notes are situated in Ireland and have been used for the purposes of a trade carried on by such person in Ireland through a branch or agency. Registered instruments will be deemed to be situated in Ireland if the register is located in Ireland at the time of the disposal or redemption.

Capital acquisitions tax

A gift or inheritance of the Notes will be within the charge to capital acquisitions tax where the donor or the beneficiary in relation to the gift/inheritance is tax resident or ordinarily tax resident in Ireland on the date of the gift or inheritance, or if the Notes are regarded as property situated in Ireland. Special rules with regard to tax residence apply where an individual is not domiciled in Ireland. Capital acquisitions tax is charged at a rate of 33% on the taxable value of the gift or inheritance above a tax-free threshold.

Value Added Tax

There is no Irish Value Added Tax payable in respect of payments in consideration of the issue of the Notes or for the transfer of a Note.

Stamp duty

Issuance of Notes

No stamp duty arises on the issuance of the Notes.

Transfer of Notes

A transfer of Notes in bearer form by physical delivery only and not otherwise should not attract Irish stamp duty. A transfer of Notes by instrument may be liable to Irish stamp duty at a rate of 1%.

No stamp duty is chargeable on a transfer of the Notes if they meet the following conditions for exemption under Irish tax legislation:

(a) they do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right;

(b) they do not carry rights of the same kind as shares in the capital of the company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidations;

(c) they are issued for a price which is not less than 90% of the nominal value; and

(d) they do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices specified in any instrument or other document relating to such loan capital.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The FTT proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. Additional EU member states may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

US Foreign Account Tax Compliance Act withholding

FATCA

The Foreign Account Tax Compliance Act ("**FATCA**") is US legislation introduced to combat US tax evasion by improving exchange of information between tax authorities in relation to US citizens and residents who hold assets outside of the US. FATCA also provides that US securities held by a non-US Financial Institution that does not comply with the regime will be subject to a US tax withholding of 30% on gross sales proceeds as well as income. This regime was effective from 1 July 2014.

The US developed an intergovernmental approach to the implementation of FATCA which is intended to reduce the burden for Financial Institutions ("**FIs**") of complying with FATCA. The Irish and US Governments signed an intergovernmental agreement ("**Irish IGA**") on 21 December 2012. Under the Irish IGA, information about relevant US investors will be provided on an annual basis by each Irish FI (unless the FI is exempted from the FATCA requirements) directly to the Irish Revenue Commissioners, who will then provide such information to the US tax authorities.

CRS

The Common Reporting Standards ("**CRS**") requires participating jurisdictions to exchange certain information held by financial institutions regarding their non-resident customers. Over 100 jurisdictions including Ireland have committed to exchanging information under the CRS and the first data exchanges took place in 2017. CRS does not impose any additional requirements to withhold tax on payments to investors.

Reporting obligations under FATCA and the CRS

A common feature of both FATCA and the CRS is that entities that are classified as "Financial Institutions" are required to identify their investors and in certain circumstances report information to their local tax authorities (for onward reporting to overseas tax authorities, in the case of CRS, and for onward reporting to the US tax authorities, in the case of FATCA).

The Irish Revenue Commissioners have issued regulations and guidance notes making compliance with the Irish provisions implementing CRS and FATCA mandatory. As a result, Irish entities that are classified as "Financial Institutions" in accordance with FATCA and CRS have obligations in respect of the Irish law implementing CRS and FATCA.

In order to comply with FATCA and CRS obligations, the Issuer may require Noteholders to provide the Issuer with information and documentation prescribed by applicable law and such additional documentation as reasonably requested by the Issuer.

Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

Anti-Tax Avoidance Directive

The Council of the European Union (the "**Council**") adopted the Anti-Tax Avoidance Directive (the "**ATAD**") on 12 July 2016. The ATAD (with the exception of hybrid mismatch rules) was intended to be transposed into each EU member state's national laws no later than 31 December 2018 and should have taken effect as of 1 January 2019. However certain derogations are available in respect of the limitation of interest deductibility rules. Hybrid mismatch rules should be transposed into national law for effect from 1 January 2020 at the latest (other than with respect to one provision which will come into effect at the latest by 1 January 2022). When implemented, it is possible that the ATAD may affect the tax treatment of the Issuer and/or the Notes. However, in the absence of implementing legislation, the possible implications of the ATAD on the Issuer and/or the Notes are unclear as of the date of this Prospectus.

SUBSCRIPTION AND SALE

J.P. Morgan Securities plc, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH and NatWest Markets Plc (the "**Joint Lead Managers**") have, in a subscription agreement dated 6 September 2019 (the "**Subscription Agreement**") and made between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 100% of their principal amount, less certain commissions. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the US or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes, (i) as part of their distribution at any time or (ii) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the US or to, or for the account or benefit of, US persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the US or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the US to non-US persons in reliance on Regulation S.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the US by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

UK

Each Joint Lead Manager has further represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018.

General

Each Joint Lead Manager has represented, warranted and agreed that it has (to the best of its knowledge and belief) in all material respects complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was duly authorised by a resolution of the board of directors of the Issuer passed on 27 August 2019 and resolutions of duly authorised committees of the Board of Directors passed on 3 September 2019 and 5 September 2019, respectively.

Listing and trading

It is expected that the admission of the Notes to the Official List and to trading on the Regulated Market will be granted on or about 10 September 2019. The total expenses related to the admission of the Notes to trading are expected to be £5,515.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and/or the Group.

Significant/material change

There has been no material adverse change in the prospects of the Issuer and there has been no significant change in the financial performance or financial position of the Issuer since 31 December 2018, being the end of the last financial period for which the Issuer has published its financial statements.

Auditors

The financial statements of the Issuer have been audited without qualification for the years ended 31 December 2017 and 2018 by KPMG, Chartered Accountants and Registered Auditors and a member of the Institute of Chartered Accountants in Ireland, of 1 Harbourmaster Place, International Financial Services Centre, Dublin 1, D01 F6F5, Ireland.

Joint Lead Managers transacting with the Issuer

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Website of the Issuer

The website of the Issuer is https://www.beazley.com. The information on https://www.beazley.com does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

Documents on display

The following documents may be inspected on the website of the Issuer at https://www.beazley.com, for so long as the Notes remain outstanding:

(a) the up to date constitutive documents of the Issuer;

(b) the audited financial statements of the Issuer for the years ended 31 December 2017 and 2018;

(c) the Trust Deed and the Agency Agreement; and

(d) this Prospectus together with any supplement to this Prospectus or further Prospectus.

Yield

On the basis of the issue price of the Notes of 100% of their principal amount, the gross yield of the Notes to the Maturity Date is 5.5756% on an annual basis. This figure is calculated on the basis of the issue price and as at the date of this Prospectus, and is not an indication of future yield.

Third party information

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where it is used.

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. The Issuer has not independently verified any of the data from third–party sources nor has it ascertained the underlying economic assumptions relied upon therein.

Clearing

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue of Notes is XS2010045438 and the Common Code is 201004543. In addition, the CFI for this issue of Notes is DBFXFR and the FISN is BEAZLEY INSURAN/EUR NT 20290910 SU.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

INDEX OF TERMS

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