



**Hampden Agencies Ltd**

**22 April 2009**

### **Confirms Record Results for the 2006 Year of Account**

Hampden Agencies Ltd (HAL) welcomes the full year results announced by Lloyd's on the 24th of March 2009. As the largest advisor to private capital at Lloyd's, HAL is delighted to see the continuing strong performance of the Lloyd's Market.

HAL provides advice on Lloyd's underwriting to individual and corporate investors and acts for over 1,000 Members of Lloyd's, including more than 650 limited liability vehicles. HAL's clients underwrite in excess of £1 billion of underwriting capacity for 2009.

HAL has a track record of delivering attractive underwriting returns for its clients and is pleased to confirm a record performance in 2006 and provide an updated forecast for underwriting returns from 2007 and 2008.

#### **HAL results for 2006 and updated forecasts for 2007 and 2008 years of account**

The Lloyd's Market closes a year of account (the year during which a risk is allocated and to which all premiums and claims in respect of that risk are attributed) at the end of 36 months. This allows time for any claims to be settled. Consequently, Hampden reports on a three year basis, providing forecasts for individual years of account until the three years have elapsed, the year of account is closed, and any returns can be distributed to Members.

The results can be presented as return on underwriting capacity (the total premiums a Member may underwrite) or as return on the assets which Members must lodge in trust with Lloyd's to support their underwriting. These Funds at Lloyd's are usually 40% of underwriting capacity.

- The 2006 Account has just closed with a record average profit for HAL Members of 26.3% on capacity. This comes after an improvement of 6.4 percentage points in the final quarter. This represents an average return on Funds at Lloyd's of 65.8%.
- The 2007 Account is forecast to produce an average profit for HAL Members of 12.4% on capacity. This forecast has improved by 1.2 percentage points in the last quarter and represents a forecast 31% return on Funds at Lloyd's.
- 57% of syndicates (by capacity) supported by HAL have published their first 2008 forecast. The average forecast for these syndicates is a profit on capacity of 6.9%, although this year is still very immature.

The table below shows HAL's underwriting returns since 2002.

Year of Account	Hampden Agencies return as % of Premium Limit (Note 1)	Hampden Agencies return as % of Funds at Lloyd's at Risk (Note 3)
2002	13.7%	34.3%
2003	21.2%	52.9%
2004	10.5%	26.2%
2005	5.6%	13.9%
2006	26.3%	65.8%
2007 (Est.) Note 2	12.4%	31.0%

1. 2002-2006: Results at 36 months calculated from syndicate returns excluding any movement on run-off years.
2. 2007: Estimate calculated as at 27 March 2009.
3. Members' Funds at Lloyd's (FAL) assumed to be at 40% of overall premium limit. Individual Members may have a FAL ratio greater than 40%. Funds must be pledged for at least 3 years.
4. All returns include standard personal expenses but are before Members' Agents' charges.
5. The returns illustrated above can be significantly affected by currency fluctuation – Lloyd's earns 58% of its income in US\$.
6. The results exclude corporate Members underwriting on aligned syndicates.
7. Past results are not necessarily a guide to future performance.

HAL's performance is based on access to some of the best performing syndicates at Lloyd's and insurance industry analysis by our highly respected research team, Hampden Underwriting Research, enhanced by our contacts with underwriters and brokers. This powerful combination enables HAL to select and recommend appropriate syndicate portfolios, delivering strong underwriting returns for its clients.

### **Growing interest in Lloyd's**

In recent months, the financial press has highlighted the strength of the Lloyd's Market and its continued profits. At a time when many investments are suffering, Lloyd's is particularly attractive to high net worth individuals searching for alternative asset classes.

Lloyd's has low correlation with other asset classes and therefore offers an opportunity for diversification within a wealth portfolio, with the potential for significant profits over the insurance cycle. All new Members now join with limited liability, restricting potential losses, and there are tax and estate planning benefits. Existing assets (including cash, shares, letters of credit, or bank guarantees) can be used to support underwriting at Lloyd's, enabling Members to make double use of these assets, from which they can continue to derive income or capital growth.

### **Neil Smith, Chief Executive of HAL, said:**

"2006 has produced a record result for HAL Members, with an average profit of 26.3%. This follows a number of profitable years and, in the current climate of economic turmoil and recession, the Lloyd's Market is one of the few areas that is performing well. Membership of Lloyd's has a low correlation to many other forms of investment and this, together with limited liability, double use of assets, tax and estate planning benefits, plus the prospect of a period of profitable return, is leading to a number of potential new private investors assessing the benefits of Membership of Lloyd's."

**Enquiries:****Hampden Agencies Limited**

Neil Smith, CEO

neil.smith@hampden.co.uk

020 7863 6562

Chloë Reddaway, Communications Executive

chloe.reddaway@hampden.co.uk

020 7863 6508

**Cardew Group**

Tim Robertson

Shan Shan Willenbrock

020 7930 0777

For more information about HAL please visit our website at: [www.hampden.co.uk](http://www.hampden.co.uk) or contact us directly.

**Notes to Editors**

Hampden Agencies Limited (HAL) is a Lloyd's Members' agent providing advice and services to Members of Lloyd's.

HAL offers a comprehensive service covering all aspects of participation at Lloyd's, in conjunction with its sister companies, Nomina Plc and Hampden Tax Consultants Limited (HTCL). Nomina provides management and administration services required by corporate vehicles underwriting at Lloyd's. HTCL provides tax services to a wide range of clients and has considerable experience of handling Lloyd's Members' affairs.

Lloyd's is the leading marketplace for specialist insurance and reinsurance business covering some of the world's largest, most complex, and high profile risks.

Individuals can underwrite insurance risks at Lloyd's with limited liability by establishing a limited liability vehicle (LLV) for this purpose. The LLV becomes a Member of Lloyd's and can be a Limited Liability Partnership (LLP) a Nameco, or a Scottish Limited Partnership (SLP). Liability is limited to the assets of the LLV used for underwriting.

The members of a LLP, or shareholders in a Nameco, pledge assets to support underwriting. These are deposited as Funds at Lloyd's and are usually 40% of the total premium which the LLV may underwrite (its premium income limit). Funds at Lloyd's can include cash, shares, letters of credit, and bank guarantees.

Members purchase the right to participate on syndicates which underwrite at Lloyd's, up to a specified limit. This is known as purchasing capacity. Syndicates, run by managing agents, underwrite risks up to the total value of Members' capacity.

**NOTICE:**

Underwriting at Lloyd's involves a significant degree of risk and those investing in the market will be exposed to the risk of underwriting losses. They will remain ultimately liable for losses until the liabilities of the all the syndicates participated upon have been reinsured to close, subject to there being no reinsurance failure. Underwriting Membership may not be suitable for all, and if there is any doubt, independent advice should be sought. Please note that services are not offered publicly to United States persons or in the United States, nor are they offered publicly in any other jurisdiction where such offers may be unlawful. This leaflet is intended for general information purposes only and should not be construed as investment advice. Unauthorised use, disclosure, or copying is strictly prohibited and may be unlawful. While all reasonable care has been taken to ensure that the information contained in this leaflet is accurate at the time of publication, Hampden Agencies Limited does not make any representations as to the accuracy or completeness of such information. Hampden Agencies is authorised and regulated by the Financial Service Authority. This leaflet has been prepared by Hampden Agencies Limited (Registered No. 2970319 in England) which is a registered Lloyd's Members' Agent of (Registered Office) 85 Gracechurch St, London EC3V 0AA. Telephone 020 7863 6500. Facsimile: 020 7863 6555. Calls to and from Hampden Agencies Limited may be recorded.

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