



GREENWICH

# Greenwich Insurance Holdings Plc

## April 2000 Bulletin

### *Introduction*

Since our January Bulletin, Greenwich has made substantial progress on a number of projects and we are taking this opportunity to report to you.

### *GIH Plc Warrants*

In accordance with the agreement of shareholders at the AGM last year, we are pleased to enclose, as applicable, Warrants to subscribe for 1 ordinary share for every 20 ordinary and preference shares and every £20 of loan stock in issue at 30th August. Those who converted to limited liability underwriting in 2000, Grenville IV, are not eligible for these Warrants.

### *Greenwich Lloyd's Underwriting Limited*

Greenwich has reached agreement, as advised to you by Memorandum of 27th March, to transfer the affairs of the remaining active Names' underwriting in 2000, to Hampden Agencies Limited. The consideration for this agreement will ultimately be dependent on 2001 capacity. Cost savings to the Group, however, will be more immediate and will be augmented when the remaining Greenwich Names in run-off are transferred to Lloyd's Members' Agency Services Limited in August. This will leave Greenwich Lloyd's Underwriting responsible for the administration of the Grenville converting Names and as an adviser to the Civil Service Motoring Association and the NameCo, D2000.

### *Greenwich Managing Agency Limited*

As with all Managing Agencies, the first quarter has been largely taken up with the production of the end of year Report and Accounts for all the Syndicates under management. At the same time, the management, led by Richard Thynne, have commenced the process of targeting potential underwriting for 2001 which, depending on opportunities, could see an increase in the Stamp capacity for Syndicate 994 to a level of £100m.

Thus far in 2000 the recovery in underwriting terms has been sporadic. 994 as a Non-Marine Syndicate writing a spread of different classes of Non-Marine business has seen greater strengthening in rates than the Marine and Aviation classes. Greenwich is well placed to take advantage of these improvements in underwriting conditions whilst continuing to expand its involvement in the Non-Marine sector. Greenwich plans that the anticipated increase in capacity for Syndicate 994 for 2001 will be provided by Grenville (see **Grenville Holdings** below).

## *Grenville Underwriting II Limited*

There has been a very positive response to the conversion process outlined in our letter of 14th February, 2000. Many Names' plans for converting Loan Stock to Ordinary Shares are well advanced. Converting Names may wish to take into account the following:

### **1. Orphan Syndicates**

10 Syndicates have left their 1997 Account open. Grenville II Names whose last unlimited year was 1997 will receive an Exeat reinsurance quotation in June in respect of their Open Syndicates including those left open on prior years. This will provide converting Names with the opportunity to close their remaining unlimited liability underwriting, where appropriate. Alternatively, Lloyd's will require a proportion of existing Funds at Lloyd's to be retained.

### **2. Glass Test**

As mentioned in the January Bulletin, all Names must pass this test which will include Orphan Syndicate exposures before any surplus funds can be released: full details of the effects the glass test may have on conversion will be apparent in May.

We would remind converting Names that Greenwich Financial Services (GFS) provides independent financial advice. GFS is staffed by experts from Mazars Neville Russell and if you would like to discuss conversion with them please contact your Names' Handler or Andrew Jenkins direct on 020 7220 3247.

## *Grenville Holdings Limited*

As the holding company for each of the Grenville Corporate Members, Grenville Holdings is responsible for the underwriting capacity which totals £139.1m for 2000. Following the sale of some 2000 Syndicate capacity in last year's auctions, it is planned that further opportunities to realise value from the remaining £80m of spread capacity will be taken this year (the balance is allocated to Greenwich managed Syndicates). In some instances, the method chosen may be by way of a bi-lateral deal where the price is agreed outside of the auction process: arrangements with Wellington and Limit were successfully completed last year on this basis. Such transactions will have two benefits:

1. They will provide additional cash for the funding of losses arising on the open years.
2. They will permit Grenville to provide higher levels of support for underwriting managed by Greenwich Managing Agency Limited (see **Greenwich Managing Agency** above).

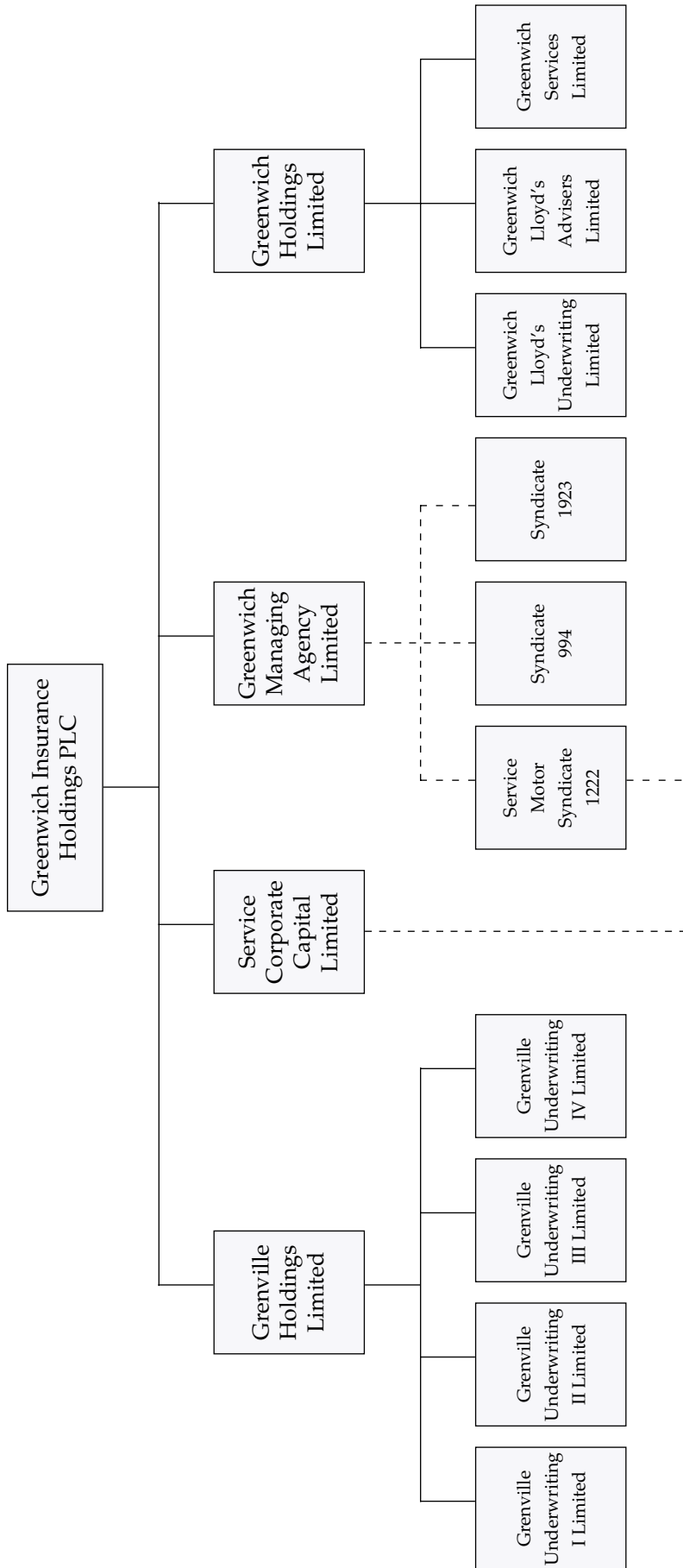
## *Sir David Rowe Ham*

Sir David has resigned from the Board of GIH with effect from 31st March 2000. The reason for his resignation was the change of Greenwich's strategy from that of obtaining a public listing to that of seeking a strategic partner (see **future strategy** below). Whilst he felt that he would make a valuable contribution to the obtaining of a public quotation he believes that the change in direction would mean that his contribution would be minimal. Whilst the rest of the board are sorry to lose Sir David, we understand his decision and remain grateful for his very valuable contribution to the company during a period of considerable change.

## *Future Strategy*

Reference to the Greenwich Organisation Chart demonstrates clearly how Greenwich has evolved from a predominantly advisory business for the benefit of individual capital providers in 1996 to that of an underwriting business strategically aiming for Integrated Lloyd's Vehicle (ILV) status in 2000. The path towards an ILV has been set and the Board intends to actively continue this process in order to maximise the potential for higher net returns for shareholders. Given the range of opportunities available to Greenwich at the current time, it is deemed appropriate to seek to introduce a strategic partner who would bring additional capital to Greenwich and provide an exit route for those shareholders seeking to reduce their involvement. Accordingly, with the assistance of our Corporate Advisers, Strand Partners, we are actively progressing initiatives with interested parties.

# GIH Organisation Chart





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