



GREENWICH

Greenwich Insurance Holdings Plc

December 2000 Bulletin

1. New Board Members

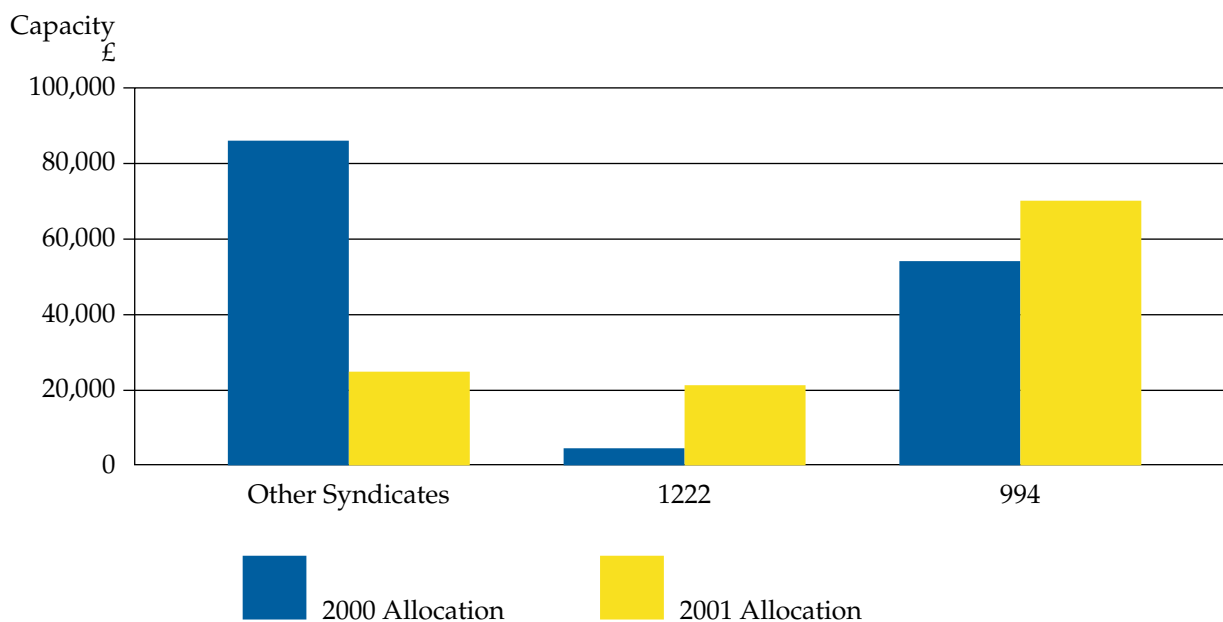
We are delighted to announce the appointment of two Non-Executive Directors of Greenwich Insurance Holdings plc. Anthony Hilton is joining the Board: he is City Editor of the Evening Standard. He underwrote through Castle Members' Agency, and subsequently Greenwich, from 1988 until 1998 when he converted to limited liability via Grenville III. Anthony Hilton served as a Non-Executive Director of the Castle Members' Agency before acting in the same capacity for Greenwich Lloyd's Underwriting Limited until October this year.

Andrew West has also accepted an offer to join the Board as a Non-Executive Director. Many of you will know of Andrew who has been an adviser to Greenwich since our formation in 1996. He formerly worked as a Director in the Corporate Finance Department of Guinness Mahon where he specialised in advice to Companies in the Insurance sector before transferring to Strand Partners. Andrew West devised much of the corporate structure which enabled Greenwich to be the pioneers of collective conversion schemes at Lloyd's. He will also act as Non-Executive Chairman of Greenwich Managing Agency Limited.

Anthony Hilton and Andrew West join Nicholas Cobbold and John Maudslay who already act as Non-Executive Directors of Greenwich Insurance Holdings plc: Angus Gilroy resigned from the Board at this year's Annual General Meeting.

2. Capacity Allocation for 2001

Greenwich has continued its policy of moving towards Integrated Lloyd's Vehicles status (ILV). For 2001, the Grenvilles will be supplying 100% of the capacity for Syndicate 994 and 97% of the capacity for Syndicate 1222 whilst continuing to support Syndicates under other management:



The number of Syndicates supported for 2001 which are not managed by Greenwich has reduced from 18 to 7 as listed below:

<i>Syndicate No.</i>	<i>Class</i>	<i>2001 Allocation £000</i>
33	C	£3,633
37	MT	£5,819
510	C	£2,867
587	MT	£2,500
1084	M	£1,699
2010	NM	£1,500
2020	C	£6,768
Total		£24,786

Syndicate 2010 is managed by Cathedral (formerly Wren) and represents a new Syndicate created by Elvin Patrick who formerly underwrote and managed Syndicate 566, which had a consistently successful track record under the management of Bankside and, later Limit.

3. *Risk Profile*

It has always been the policy of Greenwich to analyse the risk profile of our underwriting:

<i>Class Category</i>	<i>%</i>
Accident and Health	16
Aviation Combined Policies	0
Aviation Legal Liability	1
Aviation Physical Loss or Damage	1
Energy	1
Goods in transit	1
Long Term Business	0
Miscellaneous	0
Motor	32
Non-marine General Liability	2
Non-marine Property Loss/Damage	22
Pecuniary Loss	11
Ships & Other Marine Liability	0
Ships Physical Loss or Damage	1
Specific Inwards XOL Reinsurance	1
Whole A/c XOL Reinsurance	13
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Total (after rounding)	100%

(A comparison against the Lloyd's market average will be provided next year when up-to-date Lloyd's statistics are available).

As previously reported, we have seen a stronger recovery in underwriting conditions in the Non-Marine and Motor Markets and our risk profile is reflective of these developments. Our underwriting involvement in the other Markets is a factor of our support for certain spread Syndicates and, whilst these Markets are also recovering, we continue to believe that there is a higher expectation of profit in 2001 from Non-Marine and Motor. One area, however, that Syndicate 994 will be entering for the 2001 account is Marine Reinsurance where withdrawal of capital has created underwriting conditions which have not been experienced since 1992. Accordingly, we are delighted that Martin Thorpe will be joining Syndicate 994 to underwrite the Marine Reinsurance account: he will be reporting directly to Cliff Simmonds.

4. *Share Certificates*

Following the Grenville II Conversion Scheme, the Company Secretary, Rowena Bowman, is in the process of issuing Share Certificates which replace the Loan Stock issued in 1997. **Grenville II Shareholders are asked to return their loan stock certificates.**

5. *Greenwich Managing Agency Limited*

We were delighted to receive confirmation on 31st October that the Prudential Supervision Committee of the Lloyd's Regulatory Board lifted the Capital Loading applicable to Syndicates under the management of Greenwich Managing Agency Limited. The removal means that Greenwich's capital can be fully utilised in supporting underwriting in 2001. Lloyd's has publicly stated on many occasions its commitment to increasing standards within the Lloyd's Market and has used Capital Loadings as a tool to encourage all Managing Agents, particularly new Managing Agents such as Greenwich, to attain the highest possible standards. Great credit falls on Richard Thynne as Chairman and Managing Director of Greenwich Managing Agency Limited and the Compliance Officer, Duncan Deacon and his team, for their achievement in having the Capital Loading removed.

6. *U.K. and European Floods*

Whilst the United States have had a benign hurricane season, it has been the turn of Europe to suffer higher than normal rainfall which has created floods. Flooding in the United Kingdom has been fairly widespread with repeat flooding experienced in certain areas of Southern England. Current estimates are that the total value of loss is approximately a third of that experienced at the time of the 1987 Great Storm. In some instances, insurance cover is not available for properties in known flood areas or sadly, where insurance cover has been fully utilised, it has not always been possible for the house owner to reinstate cover prior to being flooded again. Like any other insurer, Lloyd's will be paying losses on these floods but primarily as a direct insurer under those schemes, such as Hiscox which provide cover to higher value properties. A potentially larger exposure could come from the reinsurance market if the aggregate level of claims paid by U.K. insurance companies reaches higher levels. Wellington have reported recently a current expectation that claims would not exceed £750m. They went on to point out that the reinsurance programmes of the major U.K. insurance companies are not activated until an insured event amounts to £700m. They also point out that, taking into account the current water levels, there is a significant danger of future flooding involving areas so far unaffected.

7. *Commentary by David Knight (Syndicate 994)*

David Knight is the Contingency Class Underwriter for Non-Marine Syndicate 994 and he describes his underwriting account and current Market conditions:

Since 1985, Syndicate 994 has written a Contingency account, and during that time we have been one of the main market leaders and developers of concepts and policies.

The main focus of the account is towards Event Cancellation, but we also write Non-appearance, Prize Indemnity, Film, Pluvius and Product Recall.

The major classes can be summarised :

- **Event Cancellation** – provides an organizer/owner of an event with coverage against cancellation, abandonment, postponement interruption, due to weather, strikes, earthquakes, war, or, any *force majeure* act.

Examples of events insured include exhibitions, conferences, seminars, sporting events, concerts and festivals.

This class has become highly competitive in recent years, and our aim is to provide a competitive product in conjunction with a highly professional service. We have developed an infrastructure with our main Coverholders, which allows assureds to contact experienced loss adjusters 24 hours a day, to mitigate any potential claim.

- **Non-appearance** – we write a limited number of rock/pop 'non-appearance risks'. This class is still competitively rated but we feel if risks are selected carefully they can be underwritten successfully.
- **Prize Indemnity/Contractual Bonus** – Prize Indemnity offers a prize if a challenge is completed i.e. a golf 'Hole in One', a mathematical puzzle and, more recently, lotteries.
- **Contractual Bonus** is the bonus or loss of revenue offered to sports teams and athletes. The syndicate is not a market leader in this class, and has traditionally always written small lines.
- **Film** – this class is limited to Film Producers Indemnity (FPI). It provides "All Risks" coverage for film and TV productions in respect of cast, negatives, props, sets and wardrobes. Results have been good and rates remain stable.
- **Weather** – We do offer pluvial coverage, this is often used by stores for sales promotions to boost revenue. Rating is based on historical weather statistics.

A new product that we developed with R J Kiln is "Weather Downtime". Cover is aimed at operators engaged in the marine survey, pipe and cable laying, offshore construction, decommissioning and sub-sea operations, drilling, towing, dredging and other related activities. We provide coverage for operational delays caused by bad weather at sea. Risks will only be underwritten following risk analysis by experts in the field.

- **Product Recall** – this class is split between Accidental Product Contamination, (APC) where, for example, food has been contaminated in the production process, and Malicious Product Tamper (MPT) an example of which would be an individual contaminating or threatening to contaminate a company's products. The policy indemnifies the insured for costs involved in recalling the product. We subscribe to the main market Binding Authorities following the recognised market leads.

8. Cash Calls

Greenwich Managing Agency Limited announced cash calls, payable 30th September, 2000 as follows:

<i>Syndicate No.</i>	<i>Year of Account</i>	<i>Cash Call</i>	<i>Forecast Result</i>
947	1999	10%	20%
994	1998	7%	22%
994	1999	11%	12.5%

Factors contributing to these calls included regulatory funding requirements of the US and other international trust funds, combined with adverse developments in the Contingency Account. Grenville support of these Syndicates for the 1998 and 1999 Accounts is:

<i>Syndicate No.</i>	<i>Year of Account</i>	<i>% of Whole</i>
947	1998	1.52%
947	1999	1.27%
994	1998	0.61%
994	1999	0.56%

Other cash calls met by the Grenvilles at 30th September were:

<i>Syndicate No.</i>	<i>Year of Account</i>	<i>Cash Calls</i>	<i>Grenville %</i>
205	1998	7.5%	2.30%
376	1998	8.5%	4.34%
205	1999	7.5%	4.43%
376	1999	3.5%	4.21%

9. Future Cash Calls

Due to lack of liquidity, as a result of the Syndicate ceasing to trade in 1999, Syndicate 1308 has confirmed a cash call of 13% payable at 28th February, 2001 in respect of the 1999 Account. **Grenville IV Names who underwrote Bespoke or MAPA in 1999 should note this cash call.**

10. Run-Off Syndicates

Some Grenville Names continue to have involvement in Run-Off Syndicates and we received reports from the following Syndicates:

256 – 1993 Account

We are advised of the following:

"Prospects of Closure

This report comments on the progress on the closure of the above syndicate's 1993 run-off year of account.

Due to Syndicate 256's involvement in the Personal Accident Spiral, the operation of which was outlined in the syndicate's Report and Accounts, we have been unable to obtain a quotation for the closure of the syndicate. At this stage we are unable to predict when a quotation might be obtained or the potential cost of closure, but will continue to pursue possible avenues.

Material changes impacting the Run-Off

There are no other matters concerning the syndicate which we believe should be brought to Names' attention."

718 – 1993 & 1994 Accounts

These years are left open as a result of disputes with reinsurers of the Syndicate's LMX business.

1993: The disputes with Transamerica and Manulife have now been resolved by commutation and others are being negotiated which brings the Syndicate much closer to a reinsurance to close, possibly with Equitas if regulatory hurdles can be overcome.

1994: The Managing Agents are now seeking a valid RITC, having terminated liabilities in respect of the PA LMX account by commutation and by the purchase of unlimited Stop Loss reinsurance.

11. Disclosures

Lloyd's regulators require that we keep Names, including resigned Names, advised of changes at Managing Agencies and their Syndicates. A comprehensive statement is enclosed with this Bulletin covering all Syndicates with which Greenwich has been associated since its formation in 1996. If you require any additional information on any of the announcements, please contact Philip Noel (020 7335 6022) or visit the News section of our web site at www.greenwichgroup.co.uk.



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