Alpha Insurance Analysts Limited

INVESTING AT LLOYD'S

2019 / 2020

NEW MEMBER STATEMENT - AGENT'S CONFIRMATION

We confirm that the information contained in this document has been prepared in accordance with the provisions and requirements for the New Member Statement contained in clauses 7.3 to 7.7 of the Revised Code for Members Agents: Responsibilities to Members 1999.

James Sparrow | A. J. Sparrow. Mrs Emma Royds | Emma Royds

Risk Warnings & Disclaimers

When reading this document, you must consider the following information:

Underwriting membership may not be suitable for all recipients of this document.

Underwriting at Lloyd's involves a significant degree of risk and capital providers to the market will be exposed to the risk of underwriting losses. Unlimited members are exposed to losing their entire capital and members underwriting through a limited liability vehicle are exposed to losing the entire assets of the vehicle. Unlimited members will remain ultimately liable for losses, even after death, until the liability of all syndicates participated upon have been reinsured to close, subject to there being no reinsurance failure.

Past performance is not necessarily a guide to future performance.

The bases and levels of taxation, and thus the financial planning benefits to an underwriting member, may change. There is no guarantee that the tax efficient nature of membership will remain.

Alpha is not a tax or financial advisor. Any tax information provided in this document has been supplied by Duncan & Toplis Limited. Independent tax and financial advice should always be sought before any underwriting commitment is made by a potential or existing member.

These 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.

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It is the responsibility of any person communicating the contents of this document or communication, or any part thereof to ensure complete compliance with all applicable legal and regulatory requirements.

While all reasonable care has been taken to ensure that the information contained within this document is accurate at the time of publication, Alpha does not make any representations as to the accuracy or completeness of such information.

The numerical data in this document has been accessed from various sources including Lloyd's, The Telegraph, The Insurance Journal, The Insurance Business Review and other information from London Stock Exchange press releases and market commentaries.

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Alpha is authorised and regulated by the Financial Conduct Authority (FCA).

Alpha Insurance Analysts Limited

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WHAT IS LLOYD'S?

The Lloyd's Market

Lloyd's is one of the major specialist insurance markets in the world and is regulated both by the UK Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).

For 331 years, Lloyd's has never failed to pay a valid insurance claim. This has been achieved by building a Central Fund of pooled reserves which stand as a guarantee behind each of the trading units at Lloyd's (known as syndicates) which is there to protect policyholders and to ensure all valid claims can be paid. The total value of the Central Fund (£2.2bn), together with the Corporation's contribution (£232m), subordinated debt and securities (£794m) and the callable layer (£927m) is £4.1bn as at 27th March 2019. These central assets are the third link in the Society's chain of security and can be used to meet any valid claim that cannot be met by the first two links, being syndicate level assets (£53.5bn) and members' funds at Lloyd's (£26.5bn).

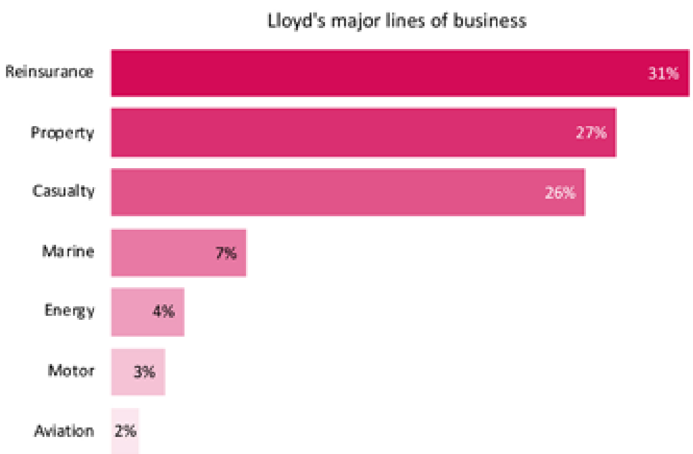
For 2019, the Lloyd's market is likely to underwrite gross premium income of approximately £25bn (net of acquisition costs) which makes it one of the larger insurance providers in the world. The Lloyd's ratings as at 27th March 2019 were: A.M. Best 'A' (Excellent), Standard and Poor's 'A+' (Strong) and Fitch 'AA-' (Very Strong).

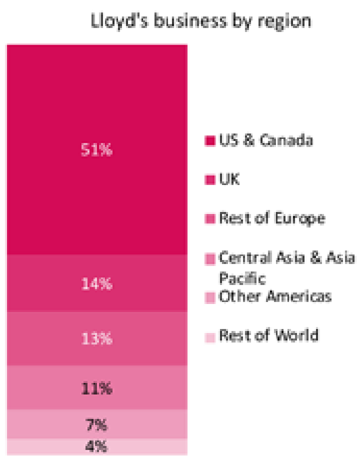
Lloyd's is not an insurance company but a market composed of different managing agents that operate a total of 84 syndicates and 15 Special Purpose Arrangements for 2019. Investors in the market can provide capital to one or more of these syndicates. Each syndicate is an annual venture and investment is for one calendar year. The syndicate then reconstitutes itself for the following year. At the start of 2019, there were 20 full tenancy syndicates and 12 Limited Tenancy Syndicates (including Special Purpose Arrangements) open to third party capital. There may well be more syndicates seeking third party capital in the future. Each of these syndicates has different areas of expertise and transacts a wide variety of insurance business on behalf of its capital providers.

Capital providers receive a share of the profits that accrue from the underwriting business of these syndicates in relation to the amount of capital provided or, in times of loss, are responsible for paying their share of the trading losses of these syndicates. The Lloyd's market benefits from a unique system of overseas business licences that gives syndicates direct access to virtually all overseas markets. To participate within the market, syndicates are given a licence to trade by the Performance Management Directorate of Lloyd's, which is reviewed annually.

The Business

Lloyd's underwrites a wide range of classes of both insurance and reinsurance business across the world which is illustrated in the table below.





Source: Lloyd's Annual Report 2018

The Performance Management Directorate (PMD)

The Franchise Performance Directorate (now called the PMD) was set up in 2003 under the Chairman's Strategy Group to ensure that the Corporation of Lloyd's undertook an active commercial role in managing market performance.

The principal purposes of the PMD are to:

- protect the Central Guarantee Fund;
- monitor and improve the long-term performance of Lloyd's syndicates;
- raise standards across the Lloyd's market.

As such, its responsibilities include to review, challenge and approve business plans; to set guidelines for the levels of risk taken; to ensure a competent standard of underwriting across all syndicates in the market; and, particularly, to improve the performance of the bottom quartile syndicates.

The PMD was successful in this endeavour, evident both in 2005 (the year of the devastating US Hurricanes Katrina, Rita and Wilma) and in the years 2010 and 2011 (a very high level of international catastrophe losses) when Lloyd's results remained positive on a three-year accounting basis.

In 2016 Tom Bolt stepped down as the Director of Performance Management and was succeeded by Jon Hancock, formerly of the RSA Insurance Group, who has introduced a more robust approach to the syndicate business planning process.

Equitas

The non-life liabilities of Lloyd's for all years prior to and including 1992 were reinsured into Equitas in 1995 after the market had been threatened by major exposure to asbestosis and pollution. This meant that the market had no continuing liability to business underwritten prior to the 1993 year of account. In late 2006 an agreement was concluded whereby Equitas was acquired by the US reinsurer Berkshire Hathaway as part of a two phase arrangement. In 2009, the High Court approved the statutory transfer of the 1992 and prior non-life business of members and former members of Lloyd's to Equitas which effectively completed the transaction. This gives Lloyd's a significant trading advantage over many of its industry peers that still have latent exposure to those risks.

REASONS TO INVEST AT LLOYD'S

The Advantages

Lloyd's offers a unique investment that has the capability of producing high returns. The main benefits of Lloyd's membership now include:

- the potential for both underwriting profits and capital gains
- double use of assets
- direct investment into a diversifying asset with little correlation to other holdings
- limited liability
- tax planning opportunities (including pension and inheritance tax benefits for UK residents)

The Risks

Prospective members should note that 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, both from current underwriting and from exposure to prior years. In the event that claims reserves prove inadequate members remain liable for losses until the liability of all syndicates participated upon have been closed by means of reinsurance. Even then, in the event of failure of the reinsurer, the ultimate liability remains with the member. For limited members, this liability is limited to the total Funds at Lloyd's in place plus any pipeline profits, the value of syndicate capacity and funds held in the Limited Liability Vehicle (LLV).

The capital value of syndicate capacity can go up and down and so there is a risk of capital loss as well as underwriting loss.

Independent Advice

Underwriting membership of Lloyd's is not suitable for all and prospective members should seek independent financial advice before committing to join the market. Alpha places great emphasis on the initial Fact Find form and annual 'Know Your Principal' and 'Risk Profile' forms in order to give members advice that is tailored to the personal and financial circumstances and risk appetite of each member.

WHY INVEST AT LLOYD'S NOW?

The recent past

2017 and 2018 were the two most costly consecutive years for insured losses ever and are having a profound effect upon the global insurance industry.

The Lloyd's market as a whole has lost money in the last three years and, even though the third party capital providers who are invested in the better syndicates at Lloyd's have outperformed the market by a significant margin each year, the Performance Management Directorate has been undertaking a reinvigorated drive to improve the underwriting standards at Lloyd's.

This has coincided with an overhaul of the Lloyd's Executive and the arrival of Bruce Carnegie-Brown as Chairman, John Neal as Chief Executive and Burkhard Keese as Chief Financial Officer. A complete revision of strategy for the future of Lloyd's is underway and a prospectus entitled "The Future at Lloyd's" has been produced. This is a consultative document on modernising the Lloyd's market, setting out Lloyd's aims, which are "to be nimbler and faster, offering our customers outstanding products, services and insight, supported by technology, innovation and flexible, responsive capital". Equally important, it is investigating ways to reduce the cost base. It is very ambitious and seeks to put Lloyd's back at the forefront of the insurance industry.

The new Lloyd's Executive team appears to be far more focussed on delivering high underwriting standards, whilst also trying to cut the cost base and deliver higher quality and more consistent profitability in a rapidly changing world.

In the wider UK market, the Prudential Regulatory Authority has instructed the insurance industry to improve its underwriting standards, something which Lloyd's has a year's head start in implementing. In the United States leading carriers such as AIG and FM Global, major competitors of Lloyd's, are dramatically cutting back their insured exposures after severe losses.

At the same time less "alternative capital" has been raised for 2019, the first such reduction for several years.

What does this mean?

The Lloyd's market may well shrink before it grows again. The differential in performance between the best and worst syndicates has been increasing - for 2018, the combined ratio of the top quartile of syndicates on annualised figures was 93% as opposed to 134% for the bottom quartile. Some of the weaker elements are likely to depart. Lloyd's will remain the world's leading insurance and reinsurance market, through the collective intelligence and risk-sharing expertise of the market's underwriters and brokers and will lead the development of new relevant and innovative forms of insurance for customers globally.

Premium rates globally are starting to rise at the same time as the capacity to write many specialist classes is being withdrawn: at Lloyd's, £3bn of premiums of under-performing business has been non-renewed into 2019. This trend should accelerate in the next twelve to twenty-four months as the true cost of the recent underwriting losses becomes fully recognised, together with the global need to improve underwriting skills.

This in turn will provide greater opportunity for third party capital to become more invested at Lloyd's, as the best syndicates seek additional capital in the face of a much more attractive risk/reward ratio than has been the case in recent years.

WHY INVEST THROUGH ALPHA?

What is Alpha?

Alpha Insurance Analysts Ltd is a Lloyd's members' agency that represents and advises third party members of Lloyd's, both private and corporate, on their underwriting affairs and administration and is authorised and regulated by the Financial Conduct Authority.

The company was founded by James Sparrow and Emma Royds in September 2007. It is the first new Lloyd's members' agency that has been set up since 1986. Prior to the establishment of Alpha, there were only two members' agents active in the Lloyd's market, which meant that there was little choice for third party investors and much less than had once been the case. The executive directors have over 100 years of experience of the Lloyd's market between them.

For the 2019 account, Alpha represents 204 Lloyd's members, who collectively underwrite £384m of capacity at Lloyd's. These members either trade on an unlimited liability basis as traditional Names (48), or on a limited liability basis either as Namecos (90) or Limited Liability Partnerships (LLPs) (66). Alpha also acts as an advisor to a number of corporate investors providing administrative back up services.

The employees of Alpha completed a management buy-out from the original external shareholders in 2013 and the business is now owned by Archimedes Partners Ltd, a company wholly owned by Alpha employees.

What sets Alpha apart?

Mission Statement

Our specialised business is built around a high quality advisory service tailored to the individual needs of our members. Our client executives are principally syndicate analysts with first-hand knowledge of the underwriting businesses at Lloyd's. In this way we strive to ensure that our members have direct access to the best information to support their underwriting decisions.

Our straightforward fee structure, which does not include profit commission, sits alongside our doctrine that all syndicates recommended by the agency will also be underwritten by an Alpha director. Our members' portfolios combine a prudent balance between catastrophe-exposed business and less volatile specialty lines, according to market conditions, with the aim of producing a return that outperforms across the insurance cycle.

Personal Service

Alpha believes that personal service is of paramount importance in a private client business and thus our service is truly bespoke. Risk appetite is highly individual and Alpha does not execute discretionary portfolio management by way of Members Agency Pooling Arrangements (MAPAs).

In addition to our client executives and syndicate analysts, a team of experienced personnel is dedicated to the administrative aspects of Lloyd's membership.

Fee structure

Alpha's fee structure differs from its competitors in that profit commission is not charged to any of its members. This makes its pricing structure very competitive across the insurance cycle. Alpha considers its role is to provide best advice to members on their underwriting portfolios at all times, regardless of market conditions and income to Alpha. We strongly believe the decision not to charge profit commission removes a potential conflict of interest between members and their agent and avoids any temptation to take excessive risk in catastrophe exposed classes.

Alpha's Performance

Return on Capacity

Overall, Alpha has outperformed the Lloyd's market since its first year of underwriting in 2008, as set out below:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 est.	2018 est.	2019 est.
Lloyd's	10.2%	17.1%	2.4%	3.9%	11.8%	9.1%	10.7%	6.2%	-3.1%	-10.4%	-3.8%	5.7%
Alpha	**9.8%**	**19.0%**	**4.3%**	**6.4%**	**10.5%**	**10.5%**	**12.3%**	**10.7%**	**4.8%**	**-6.2%**	**-3.3%**	**6.0%**

Source: 2008 - 2018 syndicates' results/forecasts as at 31st March 2019, 2019 syndicate business plans as at 30th Nov 2018.

In order to compare like for like, the above returns on capacity include standard personal expenses but do not take into account members' agents' fees.

After deducting members' agents' fees (and profit commission charged by other agents), Alpha outperforms the other members' agent on a three, five and ten year basis.

Return on Capital Employed (ROCE)

Alpha calculates the ROCE as follows:

$$\frac{\text{underwriting return} + \text{capacity appreciation}}{\text{Funds at Lloyd's} + \text{mark-to-market capacity value}}$$

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 est.	2018 est.	2019 est.	*simple avge*
Alpha ROCE	**9.1%**	**21.1%**	**21.3%**	**0.5%**	**4.8%**	**11.9%**	**19.1%**	**9.4%**	**13.0%**	**-11.0%**	**-18.7%**	**15.0%**	**8.0%**

Since all Alpha members underwrite on a bespoke basis and have different underwriting portfolios, auction plans, pre-emption strategies and Funds at Lloyd's (FAL) requirements, rather than an 'average Alpha member' (which would involve too many assumptions) we have used a single Alpha portfolio to calculate the ROCE. The portfolio is that of AJ Sparrow, the Managing Director of Alpha, whose underwriting is typical of an Alpha member and whose portfolio and auction trading is disclosed each year. The methodology of these ROCE returns is available upon request.

Whilst other agents may refer to a Return on FAL, we do not believe that this accurately reflects a potential return as it excludes the cost of entry.

Past performance is not necessarily a guide to future performance. Underwriting at Lloyd's involves a significant degree of risk and capital providers to the market will be exposed to the risk of underwriting losses. Members underwriting through a limited liability vehicle are exposed to losing the entire assets of the vehicle. Independent tax and financial advice should always be sought before any underwriting commitment is made by a potential or existing member.

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Company Policy

Individual Service

Underwriting portfolios are subject to annual review against the background of continuing appraisal of each member's financial and personal circumstances. Information from members' 'Know Your Principal' and 'Risk Profile' forms and regular contact with our members is vital in ensuring that our advice in respect of underwriting commitments is appropriate to individual circumstances.

We also seek to satisfy ourselves that each member has an adequate understanding of the risks inherent in underwriting. We believe that a member's risk appetite is particularly important and this should be reflected in the quantum of their underwriting (relative to the overall financial position), together with the selection and spread of syndicates and categories of business underwritten and thus exposure to certain loss scenarios.

Members are subject to a half-yearly review to ensure that they comply with Lloyd's minimum requirements with regard to capital, solvency and Funds at Lloyd's (FAL). It is important that a member's assets comprise an appropriate level of liquidity for losses or cash calls and that such assets are kept in excess of the minimum levels required by Lloyd's to enable FAL to be replenished quickly to continue to underwrite after market losses, should they so wish.

Members are required to notify us of any significant changes to their personal or financial circumstances that would impact on their ability to continue underwriting at their current level, or at all.

Research and Analysis

Our research covers Lloyd's syndicates that are open to third party capital, as well as new ventures that are proposed. We also analyse competitors in the Lloyd's, London and worldwide insurance markets. In addition, we evaluate Lloyd's and insurance markets in general in the context of the UK and other economies.

Underwriting Philosophy

It is a critical objective of Alpha to have a coherent approach to the structure of each underwriting portfolio, which should contain a suitable spread of syndicate participations. We determine which syndicates should be considered in advance of each auction season and advise on the optimum mix of classes of business and exposure each portfolio should have. We believe that this common basis benefits all our members. We can then tailor individual portfolios to their own needs.

Allocation of Capacity

Our Portfolio Allocation Policy is reviewed by the board in July and September each year and the revised version is published in our annual Syndicate and Auction Review book in October. We recommend members' portfolios have at least 60% of their underwriting on our core syndicates (syndicates 33, 510, 609, 623 and 2791) and we advise limiting members' exposure to very high risk catastrophe syndicates to no more than 5% of their total underwriting. Changes to members' portfolios are principally effected through the capacity auctions, which now take place towards the end of October/early November. We seek to buy and sell syndicate capacity at the most advantageous prices possible. We also execute specific trading wishes of our members.

In assessing portfolio structure, we take account of prevailing capacity prices and try to avoid buying syndicate participations where we believe that excessive prices make participation unattractive on a risk/reward basis.

Currently it is a guideline of Alpha that no one syndicate in a member's portfolio should represent more than 20% of the overall allocated premium limit. In this way it is intended that a severe loss by an individual syndicate will have less impact on overall underwriting.

Some members may elect to participate on syndicates not recommended by Alpha. Such syndicates are known as "starred" syndicates. In these circumstances, the member is asked to confirm in writing that the selection is made at his or her specific request.

Any surplus capacity, either from capacity handed back to managing agents after the auction process has finished ('drop') or from new syndicate opportunities on a full tenancy, limited tenancy (LTC) or special arrangement (SPA) basis, may be offered to Alpha members. This will be allocated to members in accordance with a member's circumstances and appetite. We will ask members after the main auctions if they are interested in taking up 'drop' capacity and will contact them if any becomes available. If the supply of available capacity is less than demand, requests for any free capacity may have to be scaled back pro-rata to a member's requirement.

Conflicts of Interest

As mentioned earlier, it is possible to underwrite through Alpha in a variety of ways, either as existing traditional unlimited members or as corporate members both private and institutional. Whilst such variety is a benefit, it can increase the possibility of conflicts of interest arising. We seek to minimise, wherever possible, the circumstances in which conflicts of interest may occur. We do not operate any MAPAs (managed funds) which reduces many of the conflicts of interest that can arise. Where the possibility of conflict of interest is identified, the circumstances are fully disclosed and properly managed by Alpha.

METHODS OF INVESTMENT

Limited Liability Vehicles (LLVs)

All new third party private capital investors in the Lloyd's market invest on a limited liability basis through one of the three members' agents and the relationship is governed through a standard Members' Agent's agreement. A new investor seeking to enter the Lloyd's market through Alpha can use either a Nameco (limited company) or a Limited Liability Partnership (LLP) for such an investment.

Nameco

Traditionally, members invested on an unlimited liability basis and were known as Names. Following on from the introduction of corporate capital into the market for the 1994 account, Namecos were introduced for the 1997 account which allowed members to underwrite on a limited liability basis in a limited company.

LLP

Limited Liability Partnerships were introduced into Lloyd's for the 2007 year of account. They are corporate vehicles which retain a separate legal identity from their partners (or 'members'), of which there must be at least three, two of which can be provided by a service company. The LLP is the corporate member and the individuals or companies are the partners.

The first unlimited Names began to convert to limited liability underwriting status in 1996 with the introduction of Scottish Limited Partnerships (SLPs) in which underwriting decisions are made by a General Partner based in Scotland. Alpha does not offer the opportunity to invest at Lloyd's through a Scottish Limited Partnership, but does offer investment through LLPs and Namecos.

Choice of LLV

It is very important to consider carefully whether to underwrite through a LLP or Nameco as this is dependent on each individual's personal and financial circumstances. This decision must be made at the outset of the application as it is expensive and complicated to change the structure after set-up.

Subjects to be considered will be the tax treatment (summarised below), including inheritance tax and pensions, the addition of new participants and the distribution of profits or payment of losses, amongst others. For more detail please refer to our 'Guide to Limited Liability Vehicles at Lloyd's', which covers these issues, as well as consulting both an independent personal financial advisor and Duncan & Toplis, an accountancy firm specialising in Lloyd's based in Grantham and our joint venturer in Fidentia Services LLP, before making a final decision. Overseas members must invest through a UK company either as a Nameco or as a limited company in a LLP.

Fidentia Services LLP

The majority of the Namecos and LLPs owned by Alpha members are administered by Fidentia Services LLP (Fidentia). Fidentia is jointly owned by Alpha and Duncan & Toplis. Fidentia's services include all the administration necessary to ensure the proper management and conduct of each Nameco or LLP. Fidentia looks after the company secretarial, compliance, accounting, audit arrangements and reporting to HM Revenue and Customs. All LLPs are required to have a corporate designated member connected to a members' agent which is provided by Fidentia.

This is only a brief summary of some areas of tax for consideration by individuals investing at Lloyd's. These notes are not detailed and individual advice should be sought from your accountant or financial advisor. Duncan & Toplis will be pleased to assist, if required.

Tax Treatment

	Nameco	LLP
Overall Tax Treatment	Corporation tax is paid on any profits or capital gains realised during an accounting period, at the prevailing rate.	LLP members are taxed on profits as earned income, at their highest marginal rate and capital gains in the relevant year. Profits are also subject to Class II and IV National Insurance, where applicable.
Underwriting Profits	These can be retained within the company, or distributed, as the directors see fit. If paid out as a dividend, a shareholder is (currently) entitled to the first £2,000 of dividend income tax-free, provided they have no other sources of dividend income in the year. Any dividends in excess of this are taxed as the shareholder's highest marginal rate for dividend income.	LLP members are taxed on their full share of profit, regardless whether profits are retained in the LLP or paid out. There are, however, complicated rules which apply if a company or trust together with individuals is included in the structure.
Underwriting Losses	Losses sustained by the underwriting activities of the Nameco can be set against profits made in the same and/or preceding year. Any unrelieved losses are carried forward and set against future profits. They cannot be relieved against other income of the individual shareholders.	A LLP member's trading losses can be set against other income in the current and prior year, subject to a £50,000 (or 25% of relevant income, whichever is the higher) cap. Any unrelieved losses can be carried forward and set against the LLP member's share of future profits. Claims are made on an individual LLP member basis and do not have to be the same for each member.
IHT for UK residents	Only the shares held in a Nameco qualify for 100% Business Property Relief (BPR), after two years of trading. Any third party FAL assets provided on behalf of the Nameco, or loans owed to directors and/or shareholders, will not qualify for BPR.	100% Business Property Relief is available on a LLP member's share of the underwriting capital and assets of a LLP after two years of trading. This includes FAL assets provided to back the LLP's underwriting which may not be held within the LLP, provided that they are not excessive.

Tax Treatment

	Nameco	LLP
Entrepreneur's Relief and Capital Gains	Entrepreneur's Relief (ER) may be available to shareholders on the sale of a material stake in a Nameco. This can result in a reduced rate of capital gains tax on some or all of the gain. Shares in a Nameco can be gifted and bequeathed. Hold-over relief for gains may be available on gifts.	When a LLP member disposes of their entire interest in a LLP, Entrepreneur's Relief (ER) may be available. This can result in a reduced rate of capital gains tax on some or all of the gain. For tax purposes, the assets of the LLP (primarily capacity) are owned by the LLP members. Any gains on disposal are shared between the members, in accordance with the ownership percentages, and taxed at the individual LLP member's capital gains rate. FAL assets are, however, not treated as assets of the LLP and any gains arising on the disposal of FAL assets are taxed to the member which provides those assets. Interests in a LLP can be gifted and bequeathed. Holdover relief for gains may be available on gifts.
Capacity	New purchases of capacity can be written off for tax purposes against underwriting profits. Any trading loss created by this can be carried forward and set against future profits. On disposal, any cost not already claimed against trading profits is set against sale proceeds. Rollover relief for gains is available.	If capacity is sold, costs incurred are set against disposal proceeds, with any gains being subject to capital gains tax. ER is only available if all capacity on all syndicates is disposed of. Rollover relief for gains is available.
Tax payment timetable	For the 2016 Year of Account, which closes at 31 December 2018, and pays out profits in Spring 2019, the accounts results are reported for the year ended 31 December 2019. Any tax payable is due by 1 October 2020.	For the 2016 Year of Account, which closes at 31 December 2018, and pays out profits in Spring 2019, the accounts results are reported as at 31 December 2019. This figure will be included on an individual member's tax return for the year ended 5 April 2020, with tax payable by 31 January 2021.

METHODS OF ENTRY

An individual or a group of investors can participate through a Nameco or LLP which can either be set up new, or purchased from existing owners, subject to availability.

Set up a new vehicle

This method of joining Lloyd's allows a member to select the size and make-up of the underwriting portfolio in accordance with their bespoke requirements. In addition, since there is no legacy from previous years of account.

However, given that capacity in the October/November auctions can be illiquid and prices can be difficult to predict, there is the potential for an unbalanced portfolio. Cash flow will also be delayed due to three year accounting. There is a strict timetable for the setting-up of a new vehicle which must be in place by the end of September.

Purchase a new vehicle

An alternative way to invest is to buy an existing LLP or Nameco which are put up for sale from time to time and are advertised on the members' agents' websites. Standard valuations of vehicles for sale are based on the previous year's auction prices and the latest syndicate midpoint forecasts on the open years. No value or liability is attributed to the current underwriting year. Bids can be made at a premium or a discount to the valuation depending on supply and demand, the outlook on the open years and future underwriting prospects. Whilst the purchase of a vehicle does mean taking on the liability of the open years, this reserving risk can be reflected in the bid price. This method of entry allows immediate cash flow (when the open years are profitable), the certainty of a balanced portfolio (any unwanted capacity can be sold or dropped at the next auctions) and a more flexible timescale.

CAPITAL REQUIREMENTS

The capital required to support the underwriting of a Nameco or a LLP, known as Funds at Lloyd's (FAL), is held in trust by Lloyd's with interest or dividends paid direct to the member. Any assets introduced to FAL will need to be supported by information on the source of wealth/source of funds for the member and participants.

The level at which a member's FAL must be maintained is related to the premium income limit, the economic capital assessment (ECA) ratio and the solvency capital requirement which are subject to regular re-calculation by Lloyd's. The release of surplus FAL, or the introduction of additional FAL, is determined by the half-yearly Lloyd's Capital Test (with a closed period between the end of November and the end of April). Losses can be settled from FAL, if no other arrangements are made, but any reductions in FAL will affect future underwriting premium limits.

Existing vehicle

The ECA of an existing vehicle might typically be about 52% of premium income limit, with additional solvency capital requirements depending on whether or not there have been market losses on the open years.

New vehicle

The minimum capital requirement for a new Nameco is £350,000 or 40% of premium income limit, whichever is the higher.

The minimum capital requirement for a new LLP is also £350,000, or 40% of premium income limit, whichever is the higher, with each individual member in the LLP providing a percentage share in accordance with the members' percentage loss share in the LLP.

This capital ratio will increase towards the current average of 52% as a member's FAL is used to support more than one underwriting year of account.

SYNDICATE CAPACITY

Types of syndicate capacity

Regardless of whether as a Nameco, a LLP or an unlimited Name, a member generally underwrites with a spread portfolio of individual syndicates. Alpha aims to recommend a portfolio of syndicates that best matches a member's risk appetite.

Participation on the majority of these syndicates will be on a 'full tenancy' basis, whereby the member has the right to remain on the syndicate in perpetuity and the capacity is an asset which can be bought and sold at the annual capacity auctions. Alternatively, some syndicates operate on a 'limited tenancy' basis or as a 'special purpose arrangement' which are participations available at no cost.

In addition, the current Executive of Lloyd's is looking at how capital can access a diverse set of insurance risks in a more simple manner. This is something that we at Alpha strongly support as it will offer our members a third method of participation, complementing our current syndicate participations.

Capacity Auctions

Syndicate capacity on a 'full tenancy basis' is owned by third party private capital and can be bought and sold at the three capacity auctions that are held during October/November. This has traditionally been the main method for members to build on a syndicate portfolio (the other option being to purchase an existing vehicle). Conversely, when members choose to reduce their underwriting commitment (or resign from the market), they can try to sell syndicate capacity through the auction system. Any net proceeds will be liable to capital gains tax in the UK.

Pre-emptions and De-emptions

Depending on market conditions, syndicates will either increase or reduce their capacity for the following year. In a soft market, when rates are falling, syndicates may plan to underwrite less business and could therefore 'de-empt' their capacity accordingly. Members have no option but to accept syndicate de-emptions and do not receive any payment for this reduction.

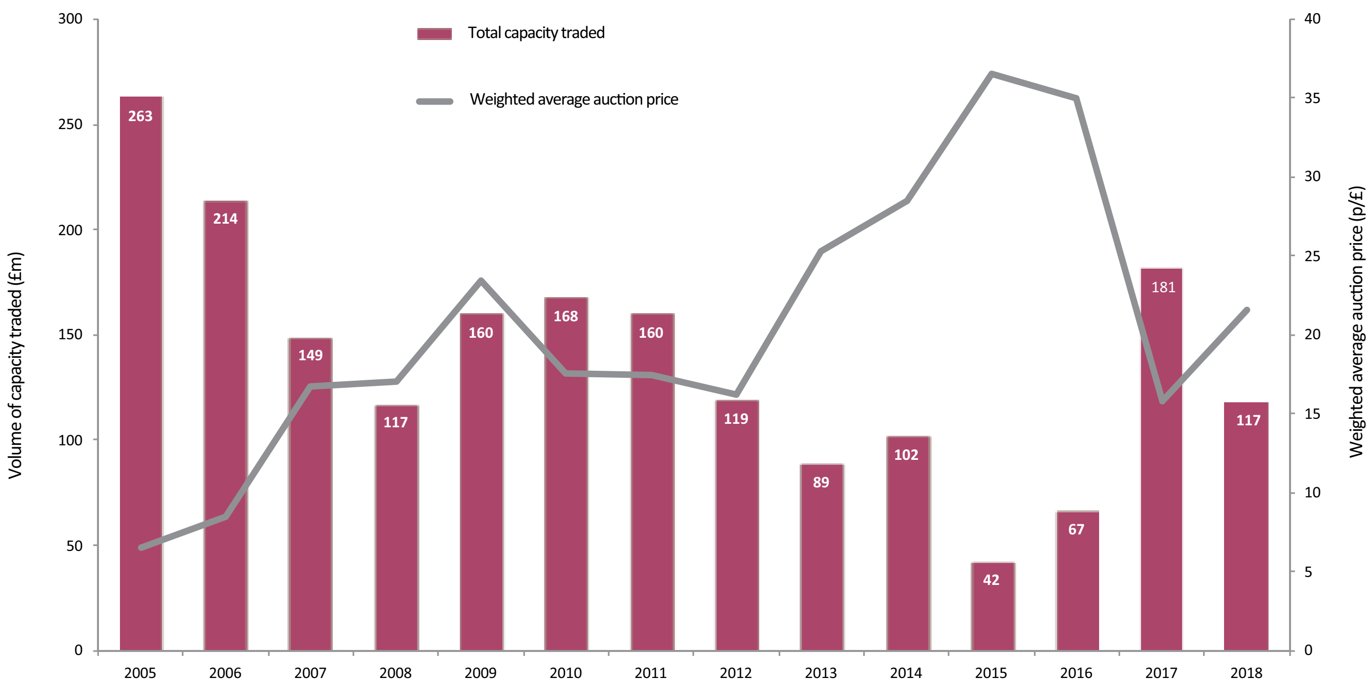
More usually, a syndicate will increase its capacity via a 'pre-emption' which is offered proportionately to all members of the syndicate. Each member can elect either to take up the offer - which is comparable to a nil value rights issue in the stock market, as it comes at no cost - or sell the additional capacity in the auctions.

Alpha aims to support syndicates capable of generating profitable growth. Not only should profits increase in line with enlarged capacities but pre-emptions also allow members to grow their participations on these syndicates at no additional cost, thereby averaging down the initial purchase price.

Capacity Value

Syndicate capacity on a full tenancy basis is an asset that can either appreciate or depreciate in value, depending on market and individual syndicate circumstances.

Due to the variable amount of capacity which is available to be traded each year the auctions are fairly illiquid, which can distort price.



Source: Lloyd's Auction Reports

As shown in the graph above, the weighted average price of *all* traded capacity in the 2018 auctions was 21.6p per £1 of capacity. This was a 36% increase from 16p in 2017 which in turn, following the 2017 hurricanes, was a 54% decrease from 35p in 2016.

Since this average price of all traded capacity can be heavily skewed by large volumes traded on lower-priced syndicates, it is more instructive to look at the year on year average value of *Alpha* capacity. Using the 2019 Alpha portfolio as a constant, its capacity value based on 2018 average auction prices is 42.9p compared to 32.8p at 2017 prices and 48.5p at 2016 prices. Whilst still volatile, the average auction price of the better performing syndicates' capacity in 2018 recovered to almost 90% of the 2016 price.

Capacity outside the Auctions

Over the past few years, a number of managing agents have launched Limited Tenancy Capacity Syndicates (LTCs) or Special Purpose Arrangements (SPAs) which have been offered to members at no cost for a limited period with limited conditions. These vehicles operate in the same way as traditional syndicates, but on a varied agency agreement with limited obligations, sometimes with no carried forward reserves and often set up to take advantage of specific market conditions or circumstances. These now seem to be the preferred method for new syndicate offerings.

Members do not buy and sell these syndicates through the auction process and they have no capital value. Members surrender capacity when the LTC/SPA ceases to trade. If the syndicate is to remain underwriting for the next year of account, existing members on the syndicate are allocated the same amount of capacity as they underwrite for the current year. Any surplus or additional capacity made available by the managing agent will be offered to existing members and to members that have not participated on the syndicate before, in accordance with their circumstances and appetite. Such requests for additional capacity on a LTC/SPA may have to be scaled back pro-rata to a member's requirement subject to the amount of capacity available to allocate. If the syndicate is to remain for the following year of account, but there is less capacity available than in the current year, existing members will be scaled back in proportion to their current capacity and no additional members will be able to join the syndicate.

CASH FLOW AND EXIT

Cash flow

Lloyd's syndicates have traditionally operated a three year accounting system, so as to allow adequate time for claims to develop before reserves are set and a reinsurance to close (RITC) is effected. Syndicates now also operate one year accounting in parallel with the three year accounting system so that Lloyd's market results can be published on an annual basis in line with the major insurance companies. Three year accounting means that an investor does not normally receive any profit that has accrued (or pay any losses) from underwriting until the close of the account at 36 months. Profits are paid out in the May following closure (month 41 of the account), or losses are collected in June. Under the dual accounting systems, syndicates can now make early cash releases on profitable years prior to this time. Cash calls will also be made in advance of a year closing, at thirty days' notice, if large losses have been sustained.

Reinsurance to Close

Upon joining a syndicate, a member will assume both the assets and liabilities in respect of business underwritten before the date of joining the syndicate, through the reinsurance to close (RITC) mechanism. It should be noted that the assets carried forward may not necessarily be sufficient to cover the liabilities. This is known as "inherited liability" or "reserving risk".

Normally, a syndicate's year of account will be closed after three years with either a profit or loss declared. The closing of a year of account is effected by a reinsurance policy known as a RITC. It must be noted that, whilst in practice the RITC creates finality for a member for that particular year of account, in the event of failure of the reinsurer the ultimate liability remains with the member (even after death of the participant(s)).

Membership of Lloyd's should be considered as part of a larger and long term investment strategy. Due to the annual nature of underwriting, once membership has been resigned, Funds at Lloyd's are required to remain in place until the last year of account of every syndicate has been closed ie for at least three years.

If a RITC cannot be effected after three years, usually because there is too much uncertainty surrounding the liabilities within the account at a given time, the syndicate's year of account will remain open. In this event, liability remains with the members (or their estates) participating in such a year of account until satisfactory reinsurance arrangements can be made. This could take several years and during this period a full release of Funds at Lloyd's of the member cannot take place.

Ceasing Underwriting

If the owners of the Nameco, or all underwriting partners in a LLP, wish to resign from the market, the entire company or LLP can be sold to a third party, subject to demand. The potential price of such a sale would include the value of the syndicate capacity based on the previous years' auction prices and any estimated pipeline profits/losses.

Alternatively, the capacity can be sold at auction and the proceeds, together with Funds at Lloyd's and open year profits, if applicable, are distributed to the company or LLP members, as and when released by Lloyd's.
Finality can only be achieved once all the syndicates have closed all their years of account. Lloyd's will, however, hold back an amount in FAL for another year or two to cover potential overseas tax, even after all accounts are closed.

If a partner in a LLP or a shareholder of a Nameco dies, the share is taken over by the Estate and reallocated in accordance with the wishes of the deceased, subject to probate and the approval of Lloyd's. In the interim, Fidentia Representatives will be appointed in their place.

Participation in a LLP or ownership of a Nameco can be bequeathed on death so that the vehicle can continue to underwrite at Lloyd's.

Final Closure

Subsequent to all underwriting liabilities being reinsured, the UK Department for Business, Innovation & Skills (BIS) still requires limited liability members to file annual returns, unless the vehicle has been taken over by an administrative company. Fidentia will offer this facility for a fixed fee, subject to all syndicate years of account being closed. The only method of avoiding this requirement is to sell the empty Nameco or LLP, but there is a very limited market.

Sales of Vehicles

A Nameco or LLP can be sold to a third party at any time during the calendar year. Alpha charges a fee for facilitating this transaction. This enables a faster exit from the market than waiting until all underwriting liabilities have been reinsured, but may involve a discount on value.

COSTS

Alpha

For the 2020 year of account Alpha charges a fee of £5,400 plus 0.5% of a member's overall premium limit (OPL) allocated by Alpha, subject to a maximum fee of £38,500 for members' underwriting up to £10.0m.

For members writing in excess of £10.0m, a fee of £5,400 plus 0.5% of a member's OPL allocated by Alpha will apply with no maximum, but this fee may be negotiable.

No profit commission is charged by Alpha to any member.

For members also underwriting through another members' agent, 0.3% of the OPL allocated by the other agent will be charged as a co-ordinating fee.

Members employed in the Lloyd's market will be offered a discount of 10% of their annual fee.

A group of members (either through common ownership, family or other groups) may be able to receive a discount on the agency fee if they appoint a single spokesperson for the group.

A winding-up fee equivalent to the highest annual fee payable to Alpha in respect of the last three years of account is payable following death or resignation of a member.

A syndicate transaction fee of up to 3% of proceeds may be charged per transaction (which includes a syndicate cash or share offer).

A fee of £5,500 is charged for setting up a new LLP or Nameco. This charge will cover the Fidentia application and set-up fees and any initial financial and tax advice given by Duncan & Toplis. This fee will not cover Lloyd's application fees which will be collected by Lloyd's separately and are detailed below.

Administrative charges are also levied for any subsequent changes to the structure of a vehicle.

For sellers of LLVs a fee equivalent to the highest annual fee payable to Alpha in respect of the last three years of account will be charged to cover the cost of dealing with enquiries and administration costs connected with the sale.

Fidentia

Fidentia currently charges an annual fee of £2,900 plus VAT for the administration of Namecos and LLPs. This will increase to £3,000 plus VAT from 2020.

A separate charge will be made by Fidentia for obtaining the data from Lloyd's necessary for the preparation of the LLV's accounts in accordance with Schedule 3 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008. Fidentia obtains this information from Lloyd's at a discount. The fee for a member underwriting less than £2m is currently approximately £150 including VAT and there is a sliding scale for members writing more than £2m up to a maximum fee of £625 including VAT.

Fidentia will charge a fee of £500 plus VAT for the administrative work carried out by them during any sale process.

Lloyd's

The administrative unit of The Corporation of Lloyd's that handles members' affairs is called Market Services (MS). MS charges application fees for a new LLV depending on the structure and complexity of the LLV being set up. A simple structure will incur a charge of £5,250, a complex structure a charge of £10,500 and a LLV with non-related parties will incur a charge of £52,000. There are additional charges if a third party provides FAL.

MS also charges annual fees to both Namecos and LLPs. These fees cover various regulatory, custodial and tax preparation charges. For a simple LLV, the charges normally amount to around £4,800 per year to cover custodianship of FAL assets and tax preparation. For LLPs, third party FAL providers and US resident LLV participants, there are additional charges for each underlying participant. Only the tax charges are subject to VAT.

Lloyd's charges for the application, for approval to make any subsequent changes to the members or participants of a LLP, to the controllers or directors of the Nameco or to third party FAL providers.

Deducted within the calculation of syndicates' underwriting results are also members' annual Lloyd's subscriptions and contributions to the Central Fund, charged at 0.36% and 0.5% of total gross written premium respectively for 2019.

All costs are treated as a business expense and are, therefore, tax deductible (including Fund managers' fees).

THE ALPHA TEAM

Alpha currently has 14 members of staff: six syndicate analysts and a supporting team of eight which provides members' administration, technical and systems support, compliance, company secretarial and office management services.

Analysts

At Alpha's core is an experienced group of analysts, three of whom have been working together since 1999 (previously with CBS Private Capital Ltd).

James Sparrow ACII - Managing Director

After Law School, James joined CT Bowring, the insurance broking group, in 1976 as a management trainee. He headed up the non-US non marine casualty team, until 1985, when he left to join Donner Underwriting Agencies. Following its sale to Sturge in 1990 he, with three colleagues including Emma Royds, acquired a majority shareholding in Philip N Christie, the members' agency arm of the Charman Group. This was merged with Brockbank Shipton Agencies in 1993, to form Christie Brockbank Shipton (CBS - later CBSPC) members' agency. Throughout his career in members' agencies James has been responsible for syndicate analysis. He has been a member of Lloyd's since 1977 and currently underwrites on an unlimited basis. He was a director of CBSPC until the ongoing business was acquired by Hampden Agencies Ltd in 2006. Together with a group of investors, including Emma Royds, he founded Alpha which started operations in September 2007. James is a significant shareholder in Archimedes, the holding company of Alpha.

Emily Apple - Director

Emily joined CBS (later CBSPC) in 1999 as a syndicate analyst, having read mathematics at Oxford University. Her primary focus was to develop the internal modelling systems used by the analysis team. Following the acquisition of the ongoing business of CBSPC by Hampden Agencies Ltd, Emily moved over to work with ICP, the CBS corporate vehicle, as the primary syndicate analyst. She worked closely on the formation of Alpha and formally joined Alpha in October 2007. Emily is a shareholder in Archimedes, the holding company of Alpha.

George Furlonger

George joined Alpha in June 2015 after four years as a North American property broker at RK Harrison Insurance Brokers Limited. During this time he built up a strong market knowledge, placing business with many of the Alpha supported syndicates. He holds a degree in International History and Politics from Leeds University. He looks after members alongside James Sparrow, as well as being actively involved in the analysis of syndicates and the market. George is a shareholder in Archimedes, the holding company of Alpha.

Crawford Henderson ACII - Director

Crawford started his career as a broker at Leslie & Godwin in 1992 having first obtained a degree in Spanish at Durham University and then completed his studies at Oxford University (where he also won a Double Blue in rugby and athletics). In 1995 he joined the Latin American reinsurance unit of Willis Faber & Dumas, travelling extensively to build key business relationships with both new and existing clients, before moving on to lead the Nordic reinsurance team based out of London in 2005. In 2010 Crawford moved across to Willis Re's retrocession department, using his blend of knowledge, experience and contacts within the international reinsurance markets to originate new deals from both traditional reinsurers and ILS funds. Crawford joined Alpha as a director in September 2015 and is a shareholder in Archimedes, the holding company of Alpha. He looks after members as well as being actively involved in the analysis of syndicates and the market.

Emma Royds ACII - Director

Emma started at an independent members' agency, Donner Underwriting Agencies, in 1983 having read Economics and Geography at Exeter University. Since 1985 she has concentrated on the syndicate analysis side of the business with James Sparrow and moved to Philip N Christie in 1990 following the sale of Donner to Sturge. She was part of the founding team that went on to merge the agency with Brockbank Shipton Agencies to form Christie Brockbank Shipton (CBS – later CBSPC) members' agency for the 1994 account. Emma was the director in charge of the syndicate analysis team until the ongoing business of CBSPC was acquired by Hampden Agencies Ltd in 2006. Emma was part of the founding team at Alpha which started operations in September 2007 and is a shareholder in Archimedes, the holding company of Alpha. Emma underwrites through a corporate underwriting vehicle, ICP, which was founded and run by her late husband, Charles Harbord-Hamond.

Alex Skingle - Data Analyst

Alex joined Alpha in May 2017 after 27 years' experience in the insurance industry. His primary role within the syndicate analysis team is data management.

Administration and Compliance

Nicola Baldwin

Nicola joined Lloyd's in 1984 working within the New Names Department. In 1990 Nicola left Lloyd's to become a Names' Executive at Barder & Marsh, which became Marlborough Underwriting Agency following re-organisation. She was involved with all aspects of members' agency work and from 1994 undertook the role of Compliance Officer, leaving in November 1996 to raise her family. After various part time employments, Nicola returned to Lloyd's in 2008, working as a technician with the Direct Corporate Participants team before joining the Alpha team in 2010. Nicola moved up to work in the London office in August 2017.

Kiran Barvé

Kiran began working in the Lloyd's market in 1991 when he joined Anton Members' Agency Ltd. In 1994 he joined CBS members' agency (later CBSPC) in a technical role. He worked there for 12 years until the ongoing client business was acquired by Hampden Agencies Ltd in 2006. He resigned from Hampden in 2009 and joined Alpha as systems analyst and developer.

Graham Bonner

Graham has been working in the Lloyd's market since 1983, working initially for the R W Sturge & Co members' agency, but then directly for Lloyd's from 1995. He worked for Market Services for 23 years, with the last 15 of those years based in Chatham. Graham's main roles have been within the Distribution Team which involves the collation of syndicate results and the payment of surpluses and collection of losses, as well as administration of the Auctions. Graham joined Alpha as a Technical Administrator and Systems Analyst in July 2018.

Ellie Bryant

Ellie studied Business with Human Resource Management at university in Cambridge graduating in 2018. Once she completed her studies she decided to move back home and begin her career in the City. Ellie joined Alpha as our receptionist and has now moved across to the members' administrative team.

Jenny Doyle ACII – Director

Jenny began working in the Lloyd's market in 1988 when she joined John Heynes & Company. In 1993 she joined Wellington Members' Agency (later taken over by Stace Barr which merged with Murray Lawrence to become Amlin and then CBSPC) as a Names' Executive until she took on the role of compliance officer in 2004. She worked at CBSPC until the ongoing business was acquired by Hampden Agencies Ltd in 2006. Jenny resigned from Hampden in 2008 and joined Alpha as compliance officer. She has since also taken over the role of company secretary. Jenny is a shareholder in Archimedes, the holding company of Alpha. Jenny was appointed a Director of Alpha in July 2018.

Mandy Murdoch

Mandy began working in the Lloyd's market in 1981 at Alexander Howden Limited which, following several mergers, became Anton Private Capital Limited. Mandy joined CBS members' agency in a technical role in 2005 until the ongoing business was acquired by Hampden Agencies Ltd in 2006. She resigned from Hampden and joined Alpha as a Technical Administrator in 2015.

Sonya Smith

Sonya began working in the Lloyd's market for Merrett Syndicates Limited which became Anton Members' Agency as a Names' Administrator in 1991. She remained in the members' agency world and for a short while with Murray Lawrence, until 1998 when she left the Lloyd's market to travel and start a family. Sonya retrained to work in the education sector. Now that her children are older, Sonya has returned to work in the City and joined Alpha as a Technical Administrator in April 2018.

Christian Turner

Christian graduated from Buckinghamshire New University in 2013 and had various work experience and retail employments before joining Lloyd's in the Chatham office in 2014. He worked as part of the Income Team within Market Services and then moved on to the Trade and Settlements Team as a Technician. Christian joined Alpha in March 2018 as a Technical Administrator.

Non-Executive Directors

John Scott FCII - Non-Executive Chairman

John brings very broad experience to the Alpha board. Having spent 20 years at Lazard, he is currently chairman of Impax Environmental Markets PLC and of Jupiter Emerging & Frontiers Income Trust, and a director of Bluefield Solar. He is also a former Chairman of the UK's largest investment trust, Scottish Mortgage. John's experience in the insurance industry includes six years with Jardines in Hong Kong, London and Australia and more recently, 12 years as a non-executive director of Miller Insurance. Miller Insurance is a Lloyd's broker that places in the Lloyd's market, amongst many other things, the largest marine insurance contract in the world, for the International Group of P&I Clubs, covering the potential liabilities of over 90% of the world's ocean going shipping. John joined Alpha in 2013 on the completion of the management buy-out.

Andrew Hussey

Andrew started his insurance career as a marine broker with Hogg Robinson in 1980. After broking for 8 years, he joined the Bowring Members' Agency and was subsequently a director of the Murray Lawrence, Wellington and Stace Barr Wellington agencies where he was involved in syndicate analysis and looking after both corporate and individual members. In 1997 Andrew became managing director of ABSA Syndicate Investments Ltd, a wholly owned subsidiary of ABSA Group in South Africa and corporate spread fund underwriting at Lloyd's, which produced excellent results throughout its underwriting career. He joined Alpha as an executive director in January 2010. Andrew was an unlimited member of Lloyd's from 1987 until 2012 when he converted to a LLP for 2013. Andrew retired as an executive director in mid 2016 and became a non-executive director of Alpha.

Michael Meacock

Michael is the active underwriter of syndicate 727 at Lloyd's and a director of and major shareholder in the managing agency, SA Meacock & Co. He and various members of his family are substantial unlimited members of Lloyd's underwriting through Alpha and he also has a limited underwriting vehicle. Michael joined Alpha as a non-executive director from the start in 2007.

David Pattinson

David has an engineering degree from Reading University. After several years in manufacturing, he has spent the last 25 years working in the commercial property industry, involved mainly with property development and investment. He has been an unlimited member of Lloyd's since 1986 and was one of the founder external shareholders in Alpha. David joined as a non-executive director of Alpha following the management buyout in March 2013.

Directors' Underwriting

	2017 (£)	2018 (£)	2019 (£)
A D Hussey (per Rimington Heaton LLP)	903,608	1,003,895	983,840
M J Meacock	7,505,775	7,710,778	7,815,637
Mrs R J R Meacock (wife of M J Meacock)	2,322,464	2,431,424	2,399,834
Meacock 727 Ltd (M J & R J Meacock)	839,741	855,416	843,523
D D Pattinson	1,026,164	1,002,301	1,001,949
Mrs E L Royds (via ICP)	482,801	371,801	404,186
A J Sparrow	1,533,329	1,643,170	1,619,188
Fidentia 1009 LLP (family of A J Sparrow)	763,152	765,521	754,962

E L Apple, J S C Doyle and W M C Henderson underwrite small amounts via ICP, a corporate underwriting vehicle.

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ALPHA'S CAPACITY FOR 2019

The table below shows the syndicate capacity underwritten through Alpha for 2019.

Synd.		Managing Agent/Syndicate	Business underwriten	2019 Alpha capacity £	%
33		Hiscox	Composite	62,434,170	16.3%
218		ERS	UK Motor	19,074,315	5.0%
386		QBE	Non-US liability	12,607,308	3.3%
510		Tokio Marine Kiln	Composite	61,562,168	16.0%
557	*	Tokio Marine Kiln	Catastrophe reinsurance	289,112	0.1%
609		Atrium	Composite	52,468,652	13.7%
623		Beazley	Composite	38,637,374	10.1%
727		Meacock	Property & casualty	20,186,666	5.3%
1176		Chaucer	Nuclear	1,084,100	0.3%
1200	*	Argo	Property & casualty	201,484	0.1%
1729		Asta / Dale (Duncan)	Property & casualty	2,887,838	0.8%
1969	*	Apollo	Composite	1,853,767	0.5%
1971		Apollo	'Sharing economy' liability	671,500	0.2%
1991	*	Coverys	Property & casualty	151,000	0.0%
2010		Cathedral	Property & reinsurance	19,488,279	5.1%
2121	*	Argenta	Property & casualty	875,954	0.2%
2525		Asta / Dale (David)	Non-US liability	16,931,744	4.4%
2689	*	Asta / Verto	Specialty reinsurance	75,000	0.0%
2791		MAP	Property & reinsurance	38,842,652	10.1%
4242	*	Beat	Catastrophe insurance	1,000	0.0%
4444	*	Canopius	Property & casualty	21,744	0.0%
5623		Beazley	Property & casualty 'beta'	1,916,366	0.5%
5886		Asta / Blenheim	Property & reinsurance	9,778,546	2.5%
6103		MAP SPA	Catastrophe reinsurance	8,999,137	2.3%
6104		Hiscox SPA	Catastrophe reinsurance	8,630,946	2.2%
6107		Beazley SPA	Catastrophe reinsurance & cyber	3,753,138	1.0%
6133		Apollo SPA	Catastrophe reinsurance	740,421	0.2%
TOTAL				**384,164,381**	

** represents a syndicate participation not recommended by Alpha.*

A commentary on the performance of each syndicate on which members through Alpha participate is provided in our Syndicate and Auction Review book published each year. Syndicates highlighted in pink are Alpha's core syndicates on which we recommend members to have at least 60% of their portfolio.

LLOYD'S RESULTS

The following table shows the historical results of the Lloyd's market (on a three year accounting basis) since the 2001 year of account, including the 2017 and 2018 open year forecasts. As can be seen on page 6, Alpha has outperformed the Lloyd's market.

Year of account	Capacity (£m)	Result of best performing syndicate	Result of worst performing syndicate	Lloyd's market result
2001	11,263	41.3%	(87.6%)	(18.7%)
2002	13,239	41.1%	(57.8%)	11.4%
2003	14,729	39.2%	(21.9%)	18.8%
2004	14,962	40.6%	(18.9%)	10.3%
2005	13,765	42.8%	(74.4%)	2.5%
2006	14,910	73.3%	0.6%	27.1%
2007	16,433	66.5%	(20.9%)	16.9%
2008	16,106	72.6%	(56.0%)	10.2%
2009	18,136	64.7%	(40.6%)	17.1%
2010	23,022	38.0%	(41.5%)	2.4%
2011	23,297	25.3%	(12.6%)	3.9%
2012	24,184	62.4%	(38.1%)	11.8%
2013	24,998	54.3%	(85.0%)	9.1%
2014	26,527	52.9%	(18.6%)	10.8%
2015	26,266	51.5%	(43.1%)	6.2%
2016	27,512	47.6%	(40.1%)	(3.1%)
2017 (estimate)	*30,296*	*45.0%*	*(57.1%)*	*(10.4%)*
2018 (estimate)	*32,290*	*25.0%*	*(74.5%)*	*(3.8%)*

Source: Lloyd's Global Results. Syndicate best & worst results/forecasts, before any members' agents' fees, as at 31st March 2019 are for those syndicates with some element of third party capital. Past performance is not necessarily a guide to future potential profitability.

CONTACT DETAILS

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