

**Inside This Issue**

- 1 Syndicate 33 – Multiple Syndicate Byelaw
- 2 Syndicates 33 and 6104. Australia and New Zealand Opportunity
- 3 Appointment of Syndicate Auditors and Syndicate AGMs

**Hiscox Syndicates Limited (Hiscox)****Syndicate 33****Multiple Syndicate Byelaw**

In accordance with the conditions provided for in the Multiple Syndicates Byelaw Part C, paragraph 7, Hiscox has notified us of their application for consent for an underwriter to underwrite for more than one syndicate concurrently. Further to their May 2010 disclosure (included in our June 2010 *Lloyd's Market Disclosures*), this application is to request permission for one further underwriter to accept Fire, Theft and Collision business into Syndicate 3624.

The following disclosure is made in accordance with sub paragraph 9(4):-

- Consent is being applied for under paragraph 7 of the Multiple Syndicates Byelaw for Mr Charles London, Property trainee underwriter for Syndicate 33, to accept all Fire Theft and Collision business into Syndicate 3624.
- The allocated capacity for Syndicate 33 for 2011 is £900m.
- The allocated capacity for Syndicate 3624 for 2011 is £250m.
- The number of underwriting members for Syndicate 33 is 1402.
- Syndicate 3624 has only one corporate member.
- No registered classes are affected for Syndicate 33.
- The registered class of business affected for Syndicate 3624 is Fire, Theft and Collision.
- The managing agent for both Syndicate 33 and Syndicate 3624 is Hiscox, which is wholly owned by Hiscox Holdings Limited.

Argenta Insurance Research Ltd –  
Analyst Contacts:

[jeremy.bray@argentapl.com](mailto:jeremy.bray@argentapl.com)  
020 7825 7174

[andrew.brooks@argentapl.com](mailto:andrew.brooks@argentapl.com)  
020 7825 7132

[andrew.colcomb@argentapl.com](mailto:andrew.colcomb@argentapl.com)  
020 7825 7176

*Comment: We note that "No registered classes are affected for Syndicate 33".*

- Both syndicates affected are managed by the same managing agent, Hiscox, and there is no staff allocated capital in either syndicate.
- Hiscox does not intend to reinsure both syndicates under the same contract of reinsurance. Syndicate 33 and Syndicate 3624 may reinsure each other on arms length terms, if it is deemed appropriate to do so by the managing agent Hiscox.

### **Hiscox Syndicates Limited (Hiscox) Syndicates 33 and 6104 Australia and New Zealand Opportunity**

We have received the following advice from Hiscox:

2010 and 2011 have seen unprecedented insured losses in the Australian and New Zealand market places. 2010 events included the powerful magnitude 7.0 New Zealand earthquake [and now the further February 2011 earthquake] and the series of Queensland flood events. 2011 saw a continued flooding of much of Queensland, the devastating Tropical Cyclone Yasi (one of the most powerful cyclones to have affected Queensland since records commenced) and the more recent Perth brushfires.

*Comment: The second earthquake in New Zealand may make this a more attractive proposition.*

Although in recent years Hiscox exposures in the region have been cut-back to a very modest core, this has been in response to weak rates rather than a lack of appetite for the region per se. Hiscox anticipate that this recent loss activity will drive terms and conditions up to attractive levels, and will consequently increase their net appetite appropriately. Further, Hiscox view this as a good opportunity for quota share partners and as such would like bring into scope cessions from Australia and/or New Zealand specific programmes which incept on or after the 1<sup>st</sup> March 2011. There is some evidence that larger gross lines offered in the region achieve preferential terms. Anticipated additional gross income is estimated to range between \$5m - \$10m USD [for 100%] for the remaining term. Of course if the rating environment does not improve as anticipated then Hiscox will not look to grow their gross or net participation on accounts from the region.



### **Appointment of Syndicate Auditors and Syndicate AGMs**

*Comment: We intend to vote on members' behalf on the appointment of syndicate auditors and will not object to applications for dispensation to hold a syndicate AGM. Please let us know in writing by 28 March if you object to these intentions. Any applications for changes to existing audit arrangements (e.g. where there is an intention to appoint the same auditor for the managing agent as the syndicate(s)) will fall outside the scope described above and be subject to separate consultation with members. In addition, we do of course continue to meet with managing agents on an ongoing basis as part of our assessment and monitoring of syndicates.*

Following the requirements arising from the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, Argenta Private Capital Limited introduced new procedures for 2009 to reduce the administrative burden on our members and ourselves by exercising our power of attorney (afforded under the terms of the Members' Agent's Agreement) on members' behalf in voting on the reappointment of syndicate auditors.

Although the time restrictions for holding an Annual General Meeting (**AGM**) have been lifted we plan to proceed on the same basis. To that end, we intend to exercise the power of attorney in approving the reappointment of auditors for all syndicates on which you participate. In the event that you have any objections to this intention and wish to vote in your own right and / or attend the AGM, could you please let us know in writing **by no later than 28 March 2011**.

In addition, as in previous years, managing agents have the option to request dispensation from the requirement to hold a syndicate AGM, subject to there being no objection from members. We fully expect that many managing agents will wish to avail themselves of this dispensation and anticipate that a notice to this effect will be included in the syndicates' Reports & Accounts. However, as the sole formal business of an AGM is the re-appointment of the syndicate auditors, we do not anticipate that there will be grounds for objection. Therefore, to avoid the need for you to receive details of every application for dispensation to hold an AGM, under the terms of the above-noted power of attorney we do not intend objecting to any such dispensation and will assume that you similarly have no objection. If however you are not happy for us to proceed on this basis, please let us know in writing **by no later than 28 March 2011** and we will arrange for details of all applications to be forwarded to you.

This Lloyd's Market Disclosures is issued for general information purposes only and should not be construed as investment advice. Whilst all reasonable care has been taken to ensure that the information contained in this document is accurate at the time of publication, Argenta Insurance Research Limited does not make any representations as to the accuracy or completeness of such information. Argenta Insurance Research Limited is a wholly owned subsidiary of Argenta Private Capital Limited which is authorised and regulated by the Financial Services Authority.