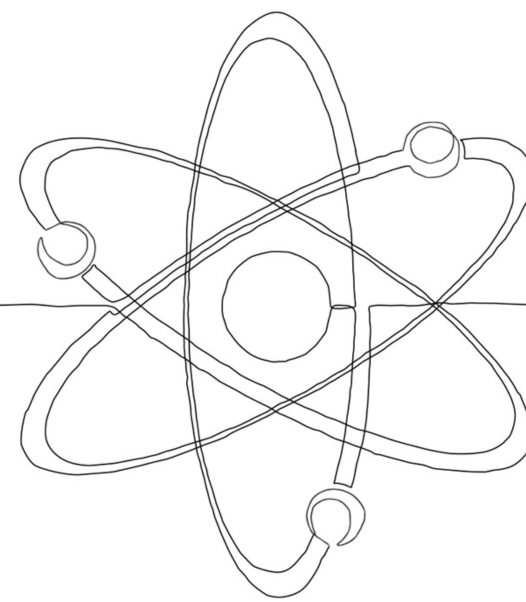
Results for the year ended 31 December 2020

Friday, 5 February 2021



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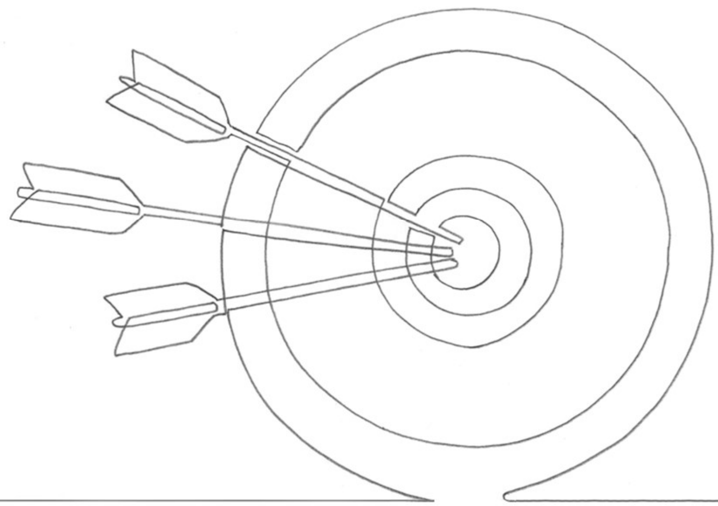
Contents

Overview

Strong premium growth in challenging year

- Loss before tax of $50.4m (2019: Profit $267.7m)
- Return on equity of -3% (2019: 15%)
- Gross premiums written increased by 19% to $3,563.8m (2019: $3,003.9m)
- Combined ratio of 109% (2019: 100%)
- Rate increase of 15% on renewal portfolio (2019: increase of 6%)
- Prior year reserve releases of $93.1m (2019: $9.5m)
- Net investment income of $188.1m (2019: $263.7m)
- Capital remains within preferred range at 23% (2019: 22%)
- No dividend to be paid in respect of 2020



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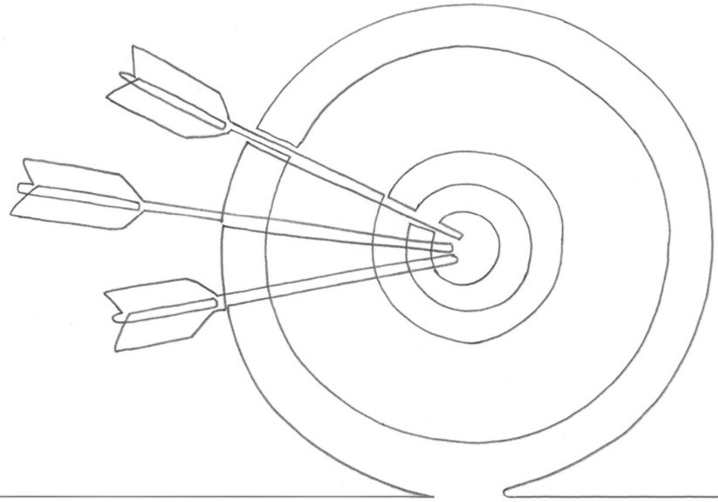
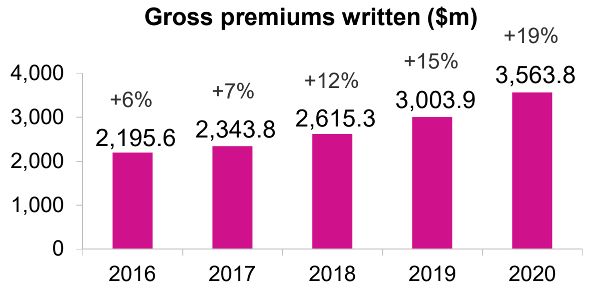
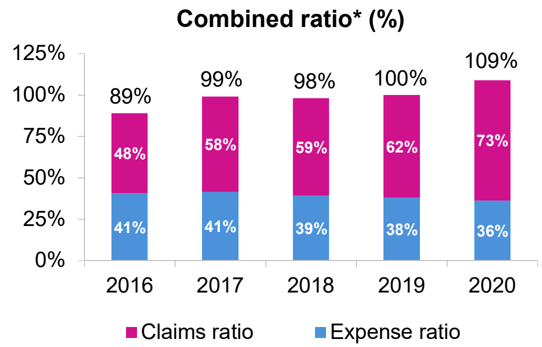
Consistent delivery on strategy

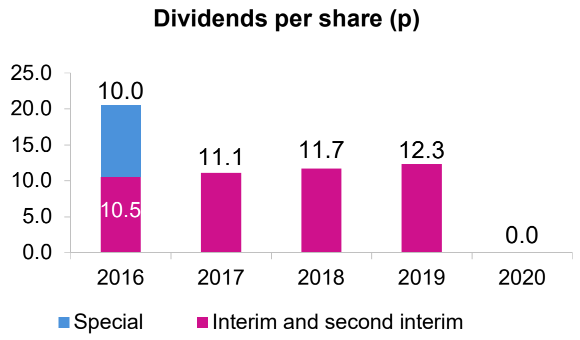
- Achieved significant growth across three major platforms – London market, mainland Europe and North America
- Equity raise and increase of banking facility to support growth and manage COVID-19 losses
- Our focus has been on evaluating claims fairly and paying promptly despite unprecedented activity due to the pandemic
- Investment in innovation continued with ongoing expansion of products & services including Transmission Failure; Product Recall; Virtual Care international rollout
- Launch of incubation underwriting team
- Responded quickly to increase in severity of ransomware

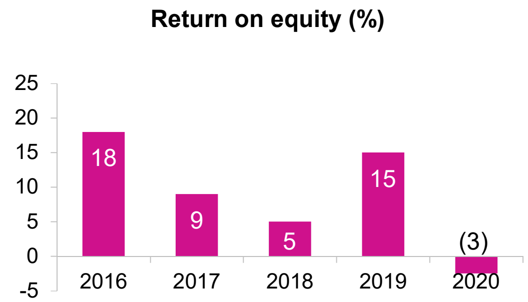


Premium growth and expense control









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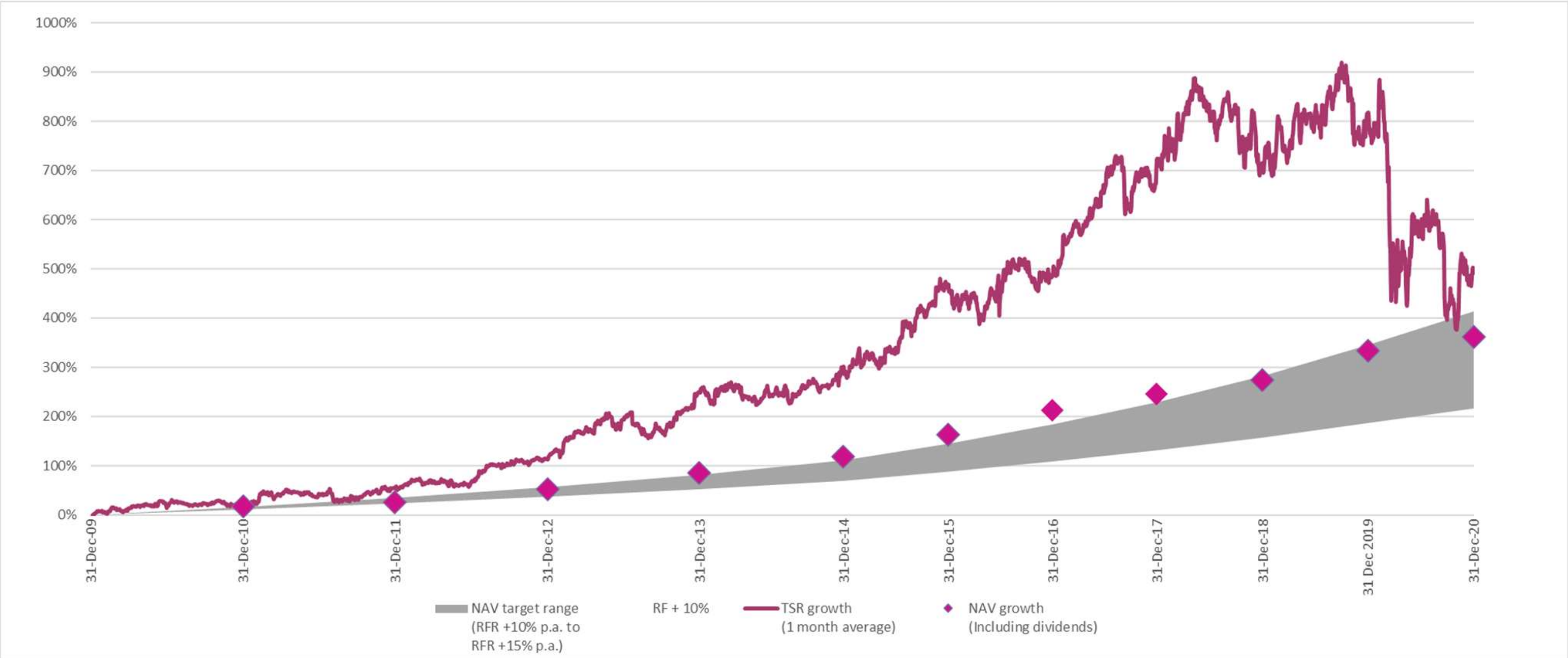
Shareholder return

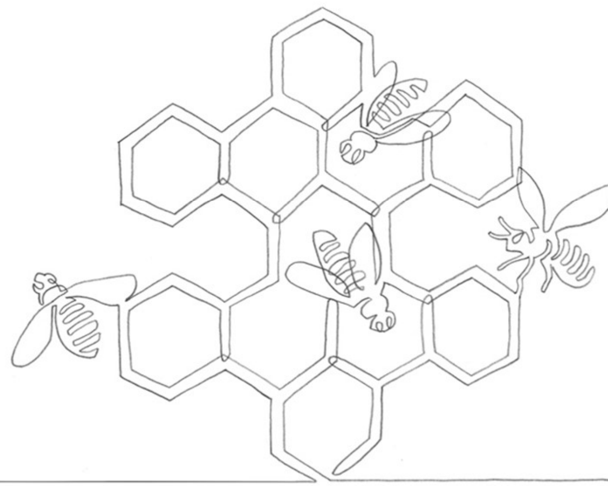


Environmental Social & Governance

Enhanced focus and commitment to ESG

- Published standalone responsible business report
- Hired sustainability officer in June 2020 to further enhance focus on this area
- Commenced workstream to enhance our understanding of climate related risk and the financial implications for Beazley. This will enable greater alignment with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD). We are on track to publish a standalone TCFD report at the end of 2021
- Developed our approach to responsible investments and will publish our responsible investment policy in March 2021
- Achieved initial gender diversity targets
- Developed mental health network
- Commenced a charity partnership with Renewable world

- Sustainability strategy to be published in March 2021
- Set new gender diversity targets
- Race & ethnicity targets will be announced shortly
- Support Lloyd’s recently published ESG strategy and look forward to working with them to help deliver their sustainability targets



In focus

COVID-19

COVID-19

- During 2020 $340m booked in respect of first party COVID-19 claims (net of reinsurance)
- This estimate would only be revised if events continue to be cancelled in the second half of 2021
- We continue to estimate this potential deterioration would be a further $50m

Swift action was taken to re-underwrite COVID-19 exposed lines

Claims have been and continue to be settled in line with our provisions

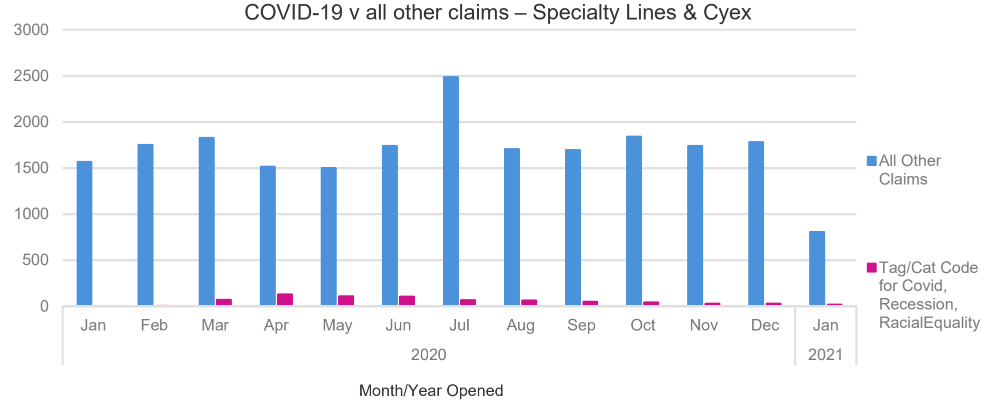
Successfully shifted to operating remotely and the focus on our people and their wellbeing remained priority throughout

COVID-19 - third party claims

- Actively re-underwriting since March last year

Examples of claims

- D&O – misrepresentations
- Healthcare – failure to prevent / mitigate transmission, rationing
- Environmental – clean up of alleged pollution



Emergence remains slow but central assumption is 2021 manifestation

Financials

Financial performance

	Year ended 31 December 2020	Year ended 31 December 2019	% Increase
Gross premiums written ($m)	3,563.8	3,003.9	19%
Net premiums written ($m)	2,917.0	2,503.5	17%
Net earned premiums ($m)	2,693.4	2,347.0	15%
(Loss)/Profit before income tax ($m)	(50.4)	267.7	
Claims ratio	73%	62%	
Expense ratio	36%	38%	
Combined ratio	109%	100%	
Earnings per share (pence)	(6.3)	35.0	
Dividend per share (pence)	-	12.3	
Net assets per share (pence)	219.1	235.0	
Net tangible assets per share (pence)	203.8	217.3	

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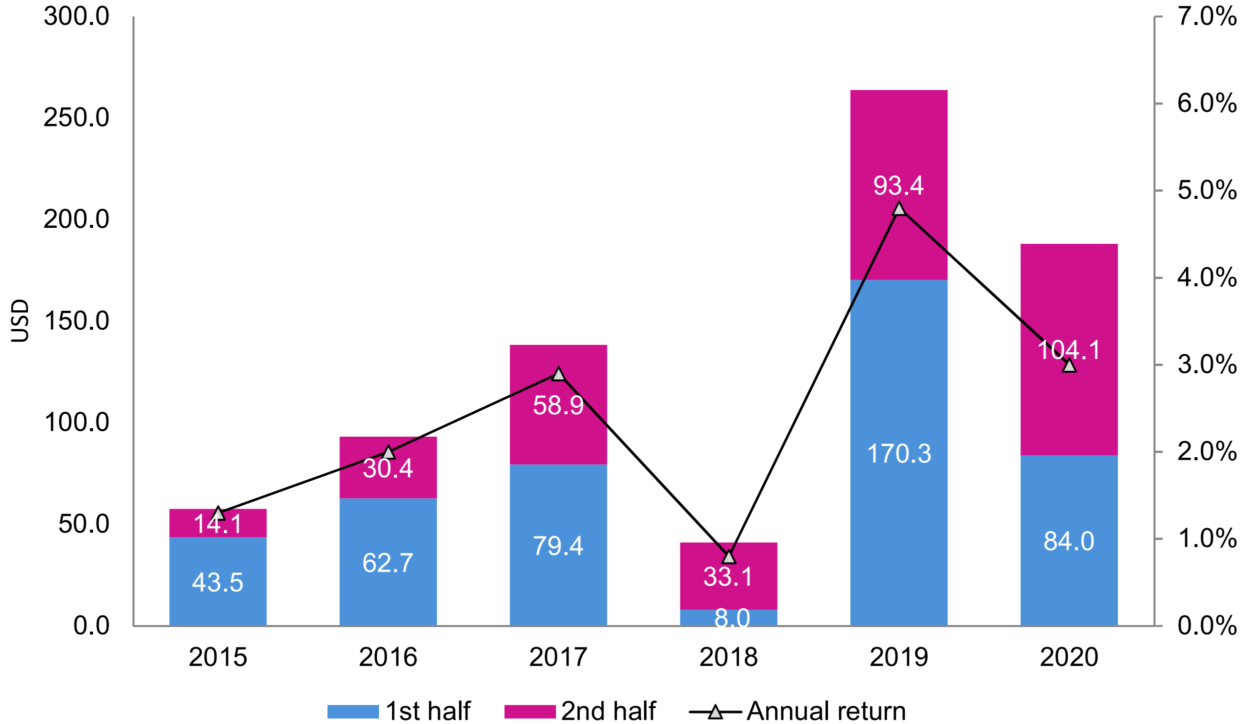
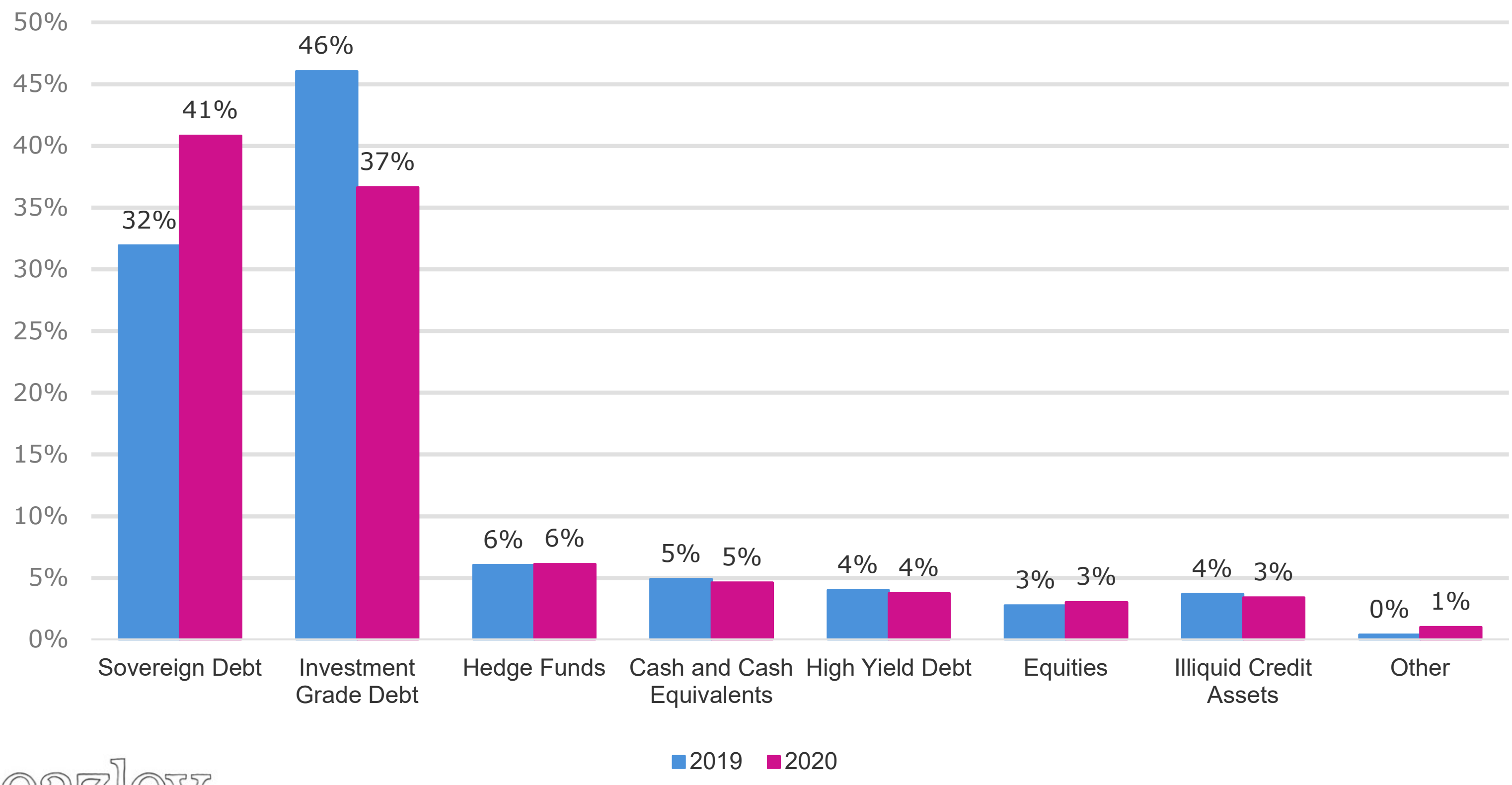
Strong investment return in volatile market



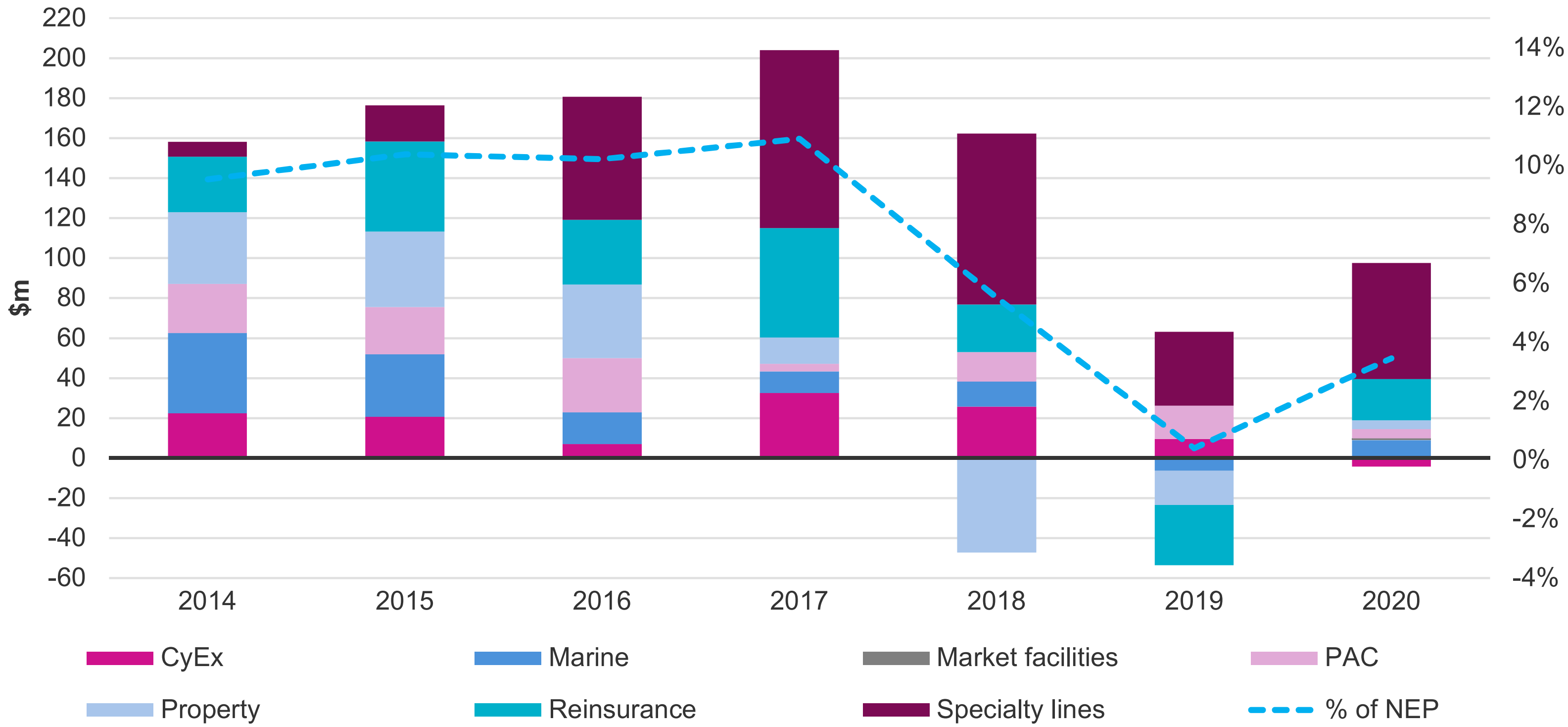
Investment portfolio

2019 Asset Balance
$5.9bn

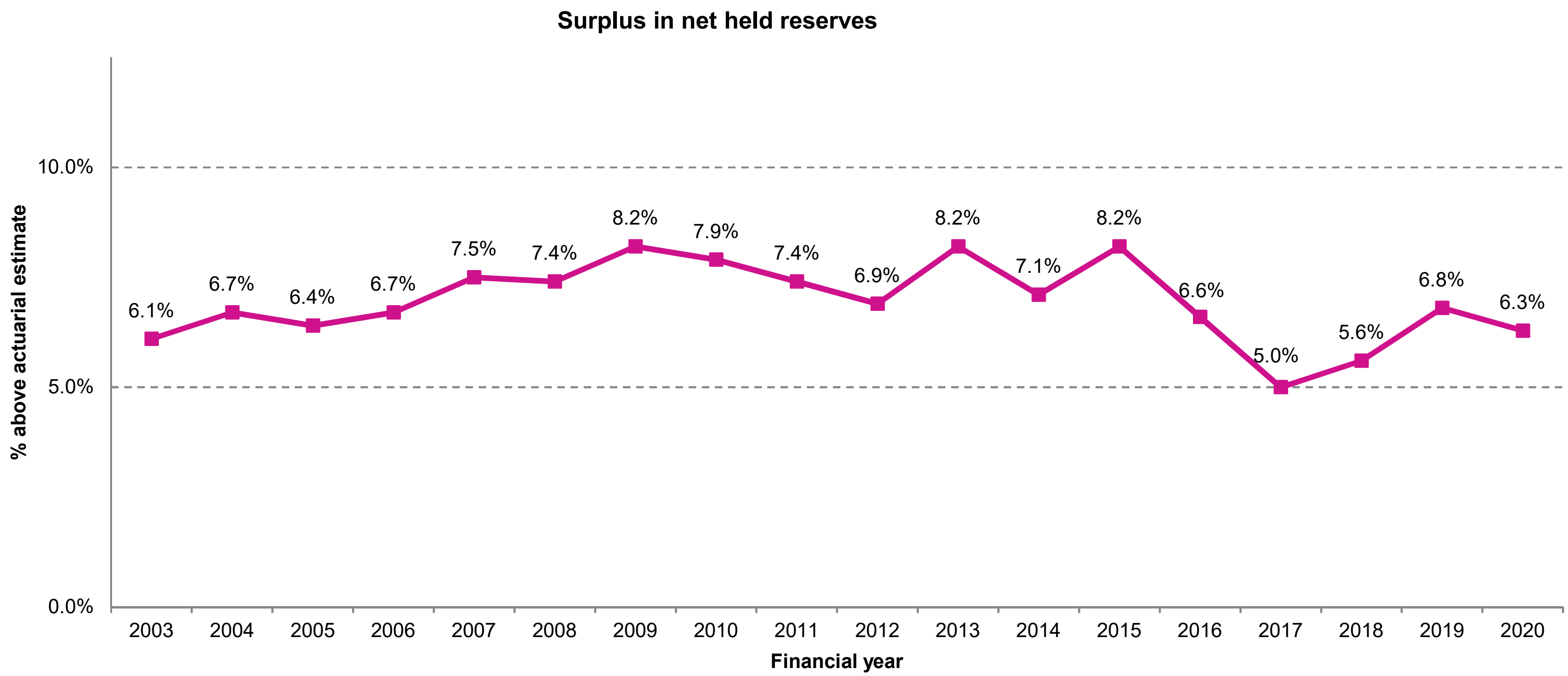
2020 Asset Balance
$6.7bn



Claims releases improving



Reserve surplus remains within target range



Beazley approach to capital

- We primarily present the Lloyd's Economic capital requirement (ECR) chosen as it is the most stringent regulatory capital measure, alongside our US capital requirement for BICI
- The ECR is the only measure we have a target surplus range for – this is an internally preferred range and is not based on any external requirement
- Calculated using the same capital model, the ECR has two main differences to the more commonly used Solvency II solvency approach
    - Firstly, the ECR considers capital to ultimate, rather than just over a one year time horizon. The difference in quantum these two ways of modelling will vary year on year, but the ultimate requirement tends to be 20%-30% greater
    - Lloyd's then applies an uplift to this ultimate number, which is currently set at 35%
- These two effects compounded and taken together lead to the ECR being over 60-75% higher when compared to a Solvency II solvency capital requirement
- Beazley target to hold 15-25% above the ECR, meaning that an equivalent target on a standard basis would be of the order of 180-220% *
- Separately, the BICI capital requirement is calculated using a risk based capital approach, and the requirement we present targets holding 300% of this

** Note: The ECR ratio is not subject to restrictions often applicable to some Solvency II calculations where not all available capital resources are allowable in the Solvency ratio calculations (which can lead to a lower percentage)*

Capital position remains strong and within preferred range

- Group capital requirement:

	Year ended 31 Dec 2020 $m	Year ended 31 Dec 2019 $m
Lloyd's economic capital requirement (ECR)*	2,116.5	1,828.4
Capital for US insurance company	246.3	203.9
	2,362.8	2,032.3

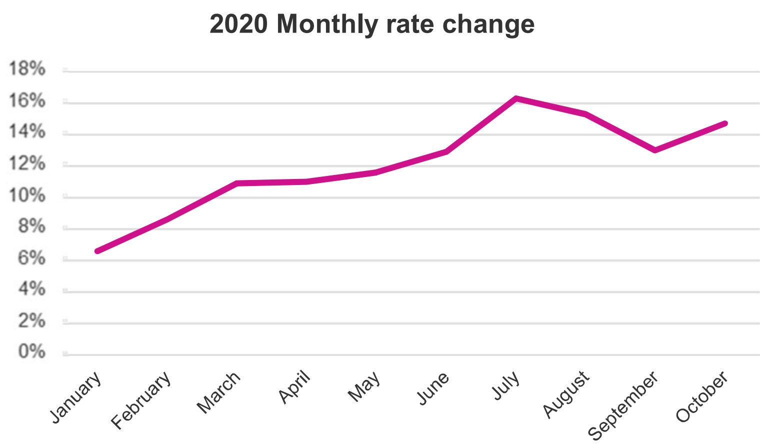
- Our funding is made up of our own equity (on a Solvency II basis) plus $550.0m of Tier 2 debt and $450m of banking facility (of which $225m remains unutilised and not included within the surplus calculation)
- As at 31 December 2020 the surplus capital is 23% of the Lloyd's ECR* (including Solvency II adjustments) which is within target range of 15% - 25%
- The ECR requirement already anticipates the strong growth planned in all the business written to the end of 2021
- Requirement for the US insurance company (based on 300% of risk based capital) has reduced following the establishment of a US captive during 2020
- Purchase of a contingent quota share adds an additional capital lever

**Note: Ultimate plus 35%*

Underwriting

2021 overview

- Market sentiment moved materially from Q2 to address issues:
    - New – COVID-19, recession, ransomware
    - Existing – underperformance in most lines, social inflation
- Change in risk : reward ratio led to increased growth
- Momentum continues into 2021
- A year to capitalise on significant growth opportunity
- New contingent quota share providing additional capital lever



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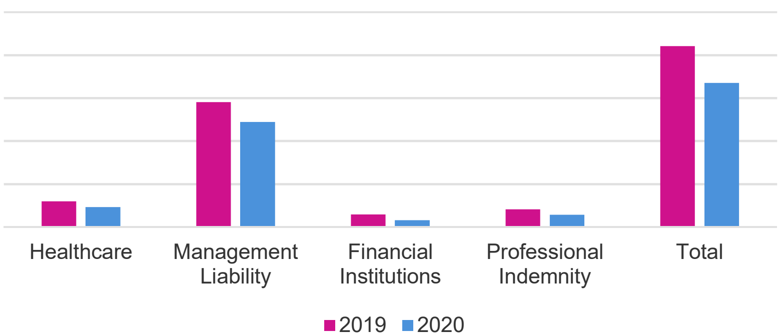
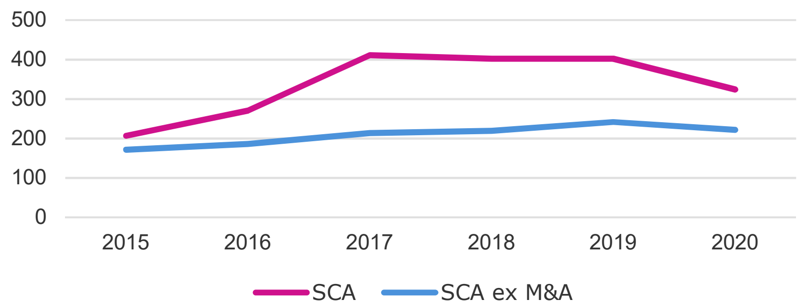
Elevated risk environment – but priced for

- Have not seen escalation of social inflation but continue to monitor
- Repercussions of COVID-19 expected to manifest
- Recession depth & impact remain uncertain
- Underwriting action:
    - Exposure management
    - Due diligence
    - Coverage adjustment
    - Price

2019 vs 2020 claims as at 1/1/2021



D&O securities class action filings



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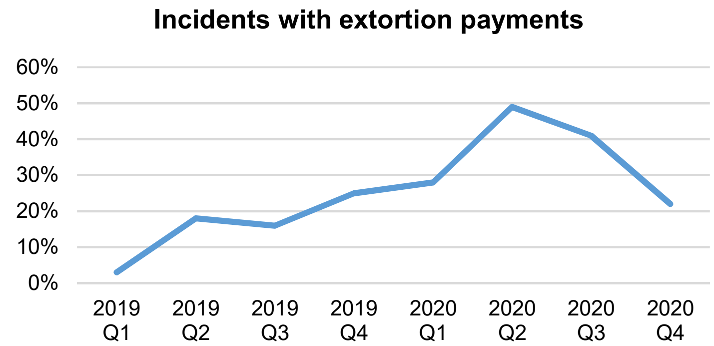
Proactive management of ransomware

- Frequency of incident increasing for many years but accelerated in 2019
- Exfiltration of data drove average cost rises in 2020
- Proximate cause is inadequate network security risk management
- Solution is to:
  - set and enforce adequate standards – familiar role for insurers
  - dynamically assess the risk preparedness of clients
  - price adequacy & appropriate insurance structure
  - continue to prudently underwrite the other cyber risks
- Marketplace is reacting fast and not in equilibrium yet (price/solution)
- Close oversight & dynamic plan for 2021



The outlook

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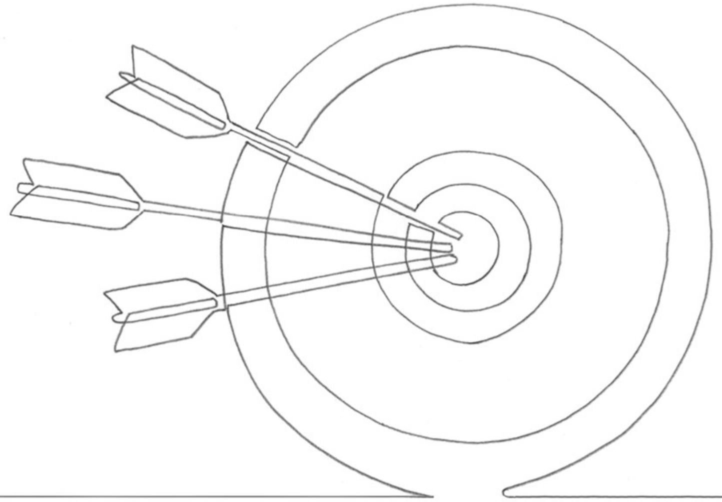
Strong financial footing for profitable growth in 2021

- Favourable rate environment and double digit growth expected to continue
- Well capitalised to take advantage of opportunities
- Continued expansion of specialist products globally
- Expected combined ratio in the low nineties in 2021
- Current yield on core investment portfolio of 0.6%
- Ongoing efficiencies and service evolution through digital technology
- Committed to meaningful progress on ESG
- Well positioned and committed to return to dividend payments



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Questions

Appendices

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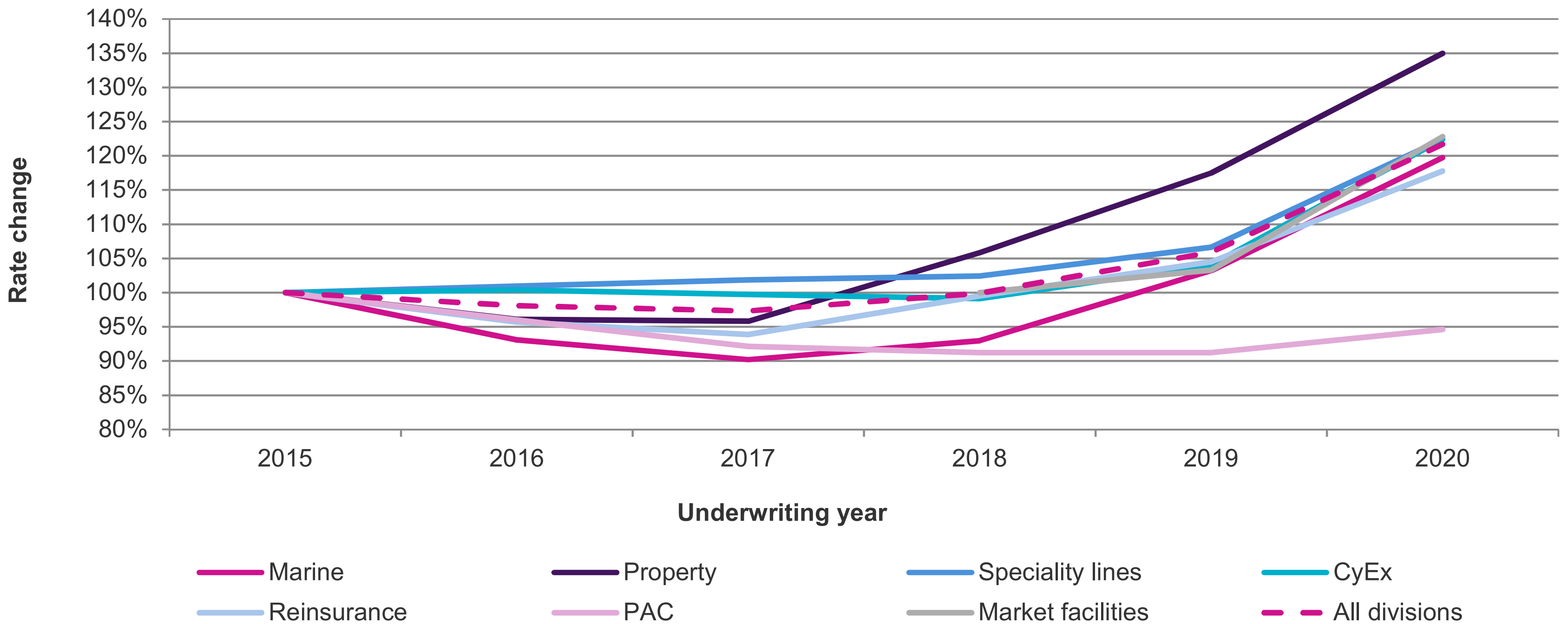
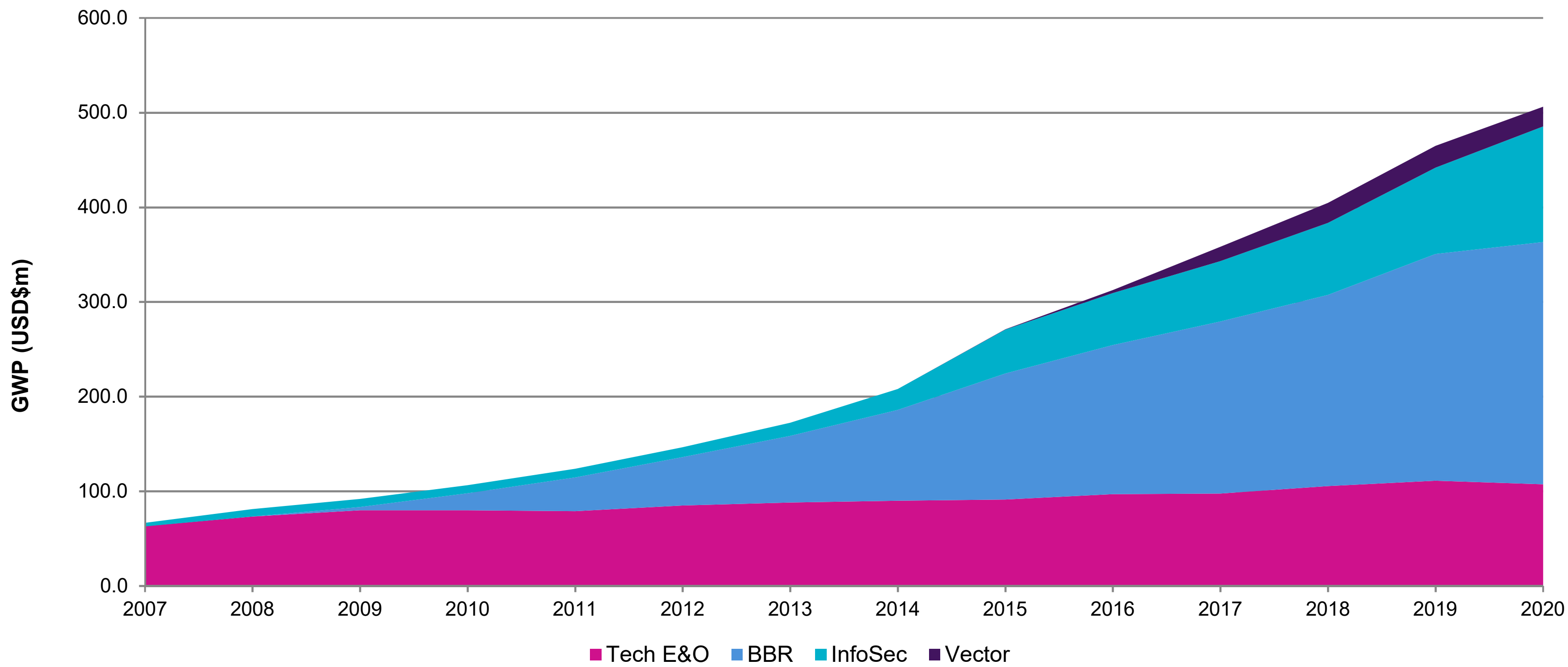
Cumulative rate change since 2015



Cyber gross premiums written growth



Performance by division

Year ended 31 December 2020	Cyber & Executive Risk	Marine	PAC	Property	Reinsurance	Specialty Lines	Market Facilities
Gross premiums written ($m)	1020.1	337.4	273.0	470.5	194.5	1134.9	133.4
Net premiums written ($m)	864.6	309.4	227.1	389.9	126.9	961.8	37.3
Result from operating activities ($m)	54.8	45.0	(223.7)	(44.4)	7.4	151.6	(0.9)
Claims ratio	71%	54%	166%	81%	70%	57%	30%
Expense ratio	30%	36%	46%	39%	35%	37%	76%
Combined ratio	101%	90%	212%	120%	105%	94%	106%
Rate change	18%	16%	4%	15%	13%	15%	19%