

beazley

Results for the period ended 30th June 2024

8th August 2024

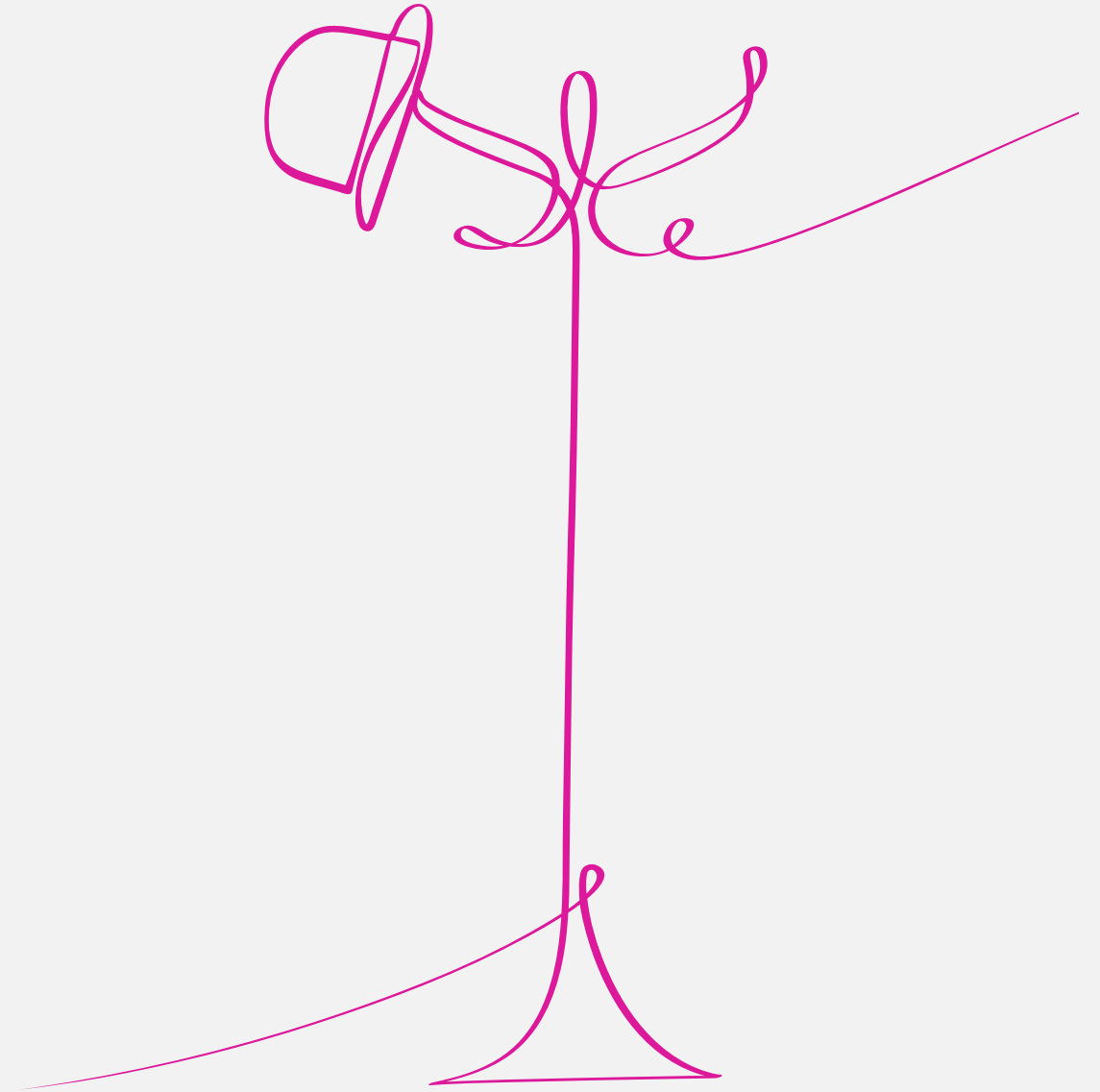


Adrian Cox

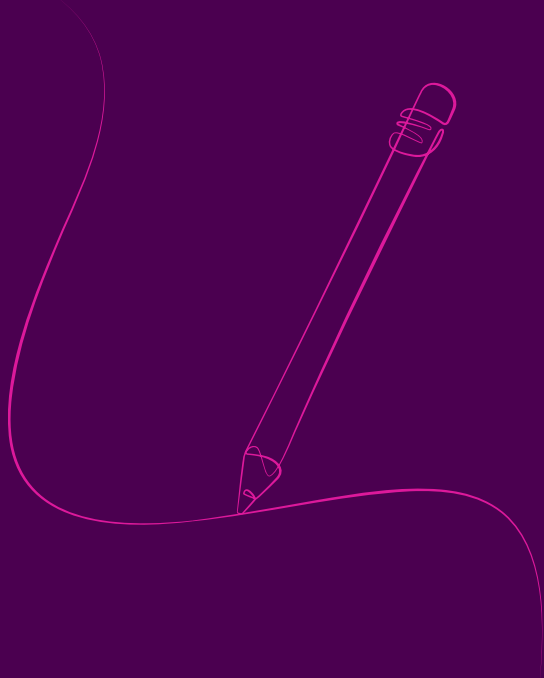
Chief Executive Officer

Barbara Plucnar Jensen

Chief Financial Officer



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Highlights

2024 HY

8th August 2024



Highlights H1 2024

Record H1 profit
\$729m



Excellent underwriting performance and **strong investment** result



Long-term **investment** in Property Risks division delivers 25% growth



E&S platform successful launch – more relevance to clients and brokers



Cyber innovation and leadership - Full Spectrum Cyber and Beazley Security



Experience and expertise allow us to navigate largest ever global IT outage



Cyber **catastrophe bonds** programme advances



Share buyback of \$325m - progressing as expected *



*£137m as at 30 June

Financial Performance



8th August 2024

Exceptionally strong H1 result

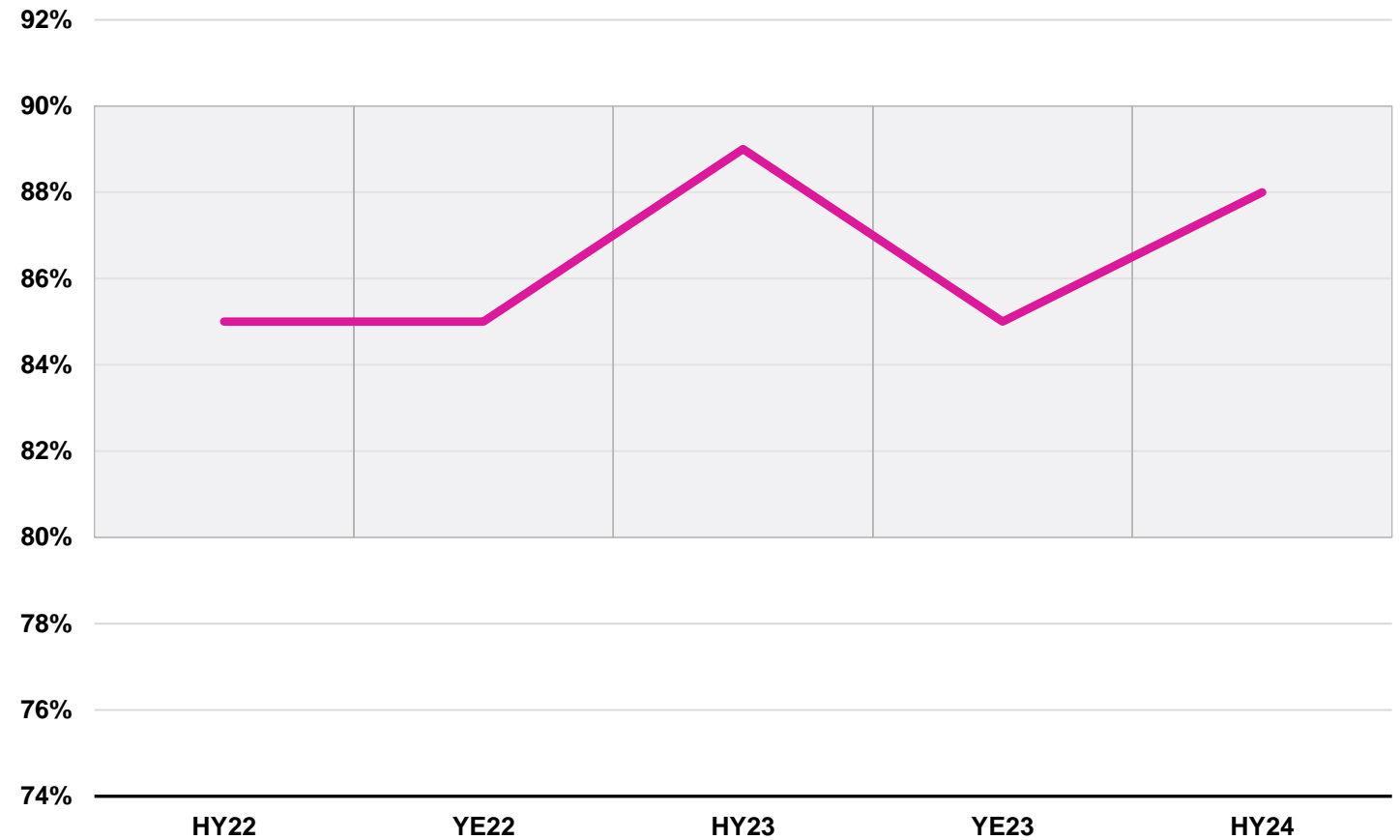
	HY 2024	HY 2023	% movement
Insurance contract written premium (\$m)	3,123.3	2,921.1	7%
Net Insurance contract written premium (\$m)	2,586.5	2,349.6	10%
Net Insurance revenue (\$m)	2,395.3	2,089.5	
Net Insurance service expense (\$m)	(1,837.3)	(1,747.3)	
Insurance Service Result (\$m)	558.0	342.2	63%
Net Investment income (\$m)	251.7	143.9	
Net insurance finance income/ (expense) (\$m)	37.5	(1.4)	
Profit before income tax (\$m)	728.9	366.4	99%
Claims ratio	45%	49%	
Expense ratio	32%	35%	
Total expense ratio*	38%	41%	
Combined ratio (undiscounted)	81%	88%	
Combined ratio (discounted)	77%	84%	

*including operating expenses

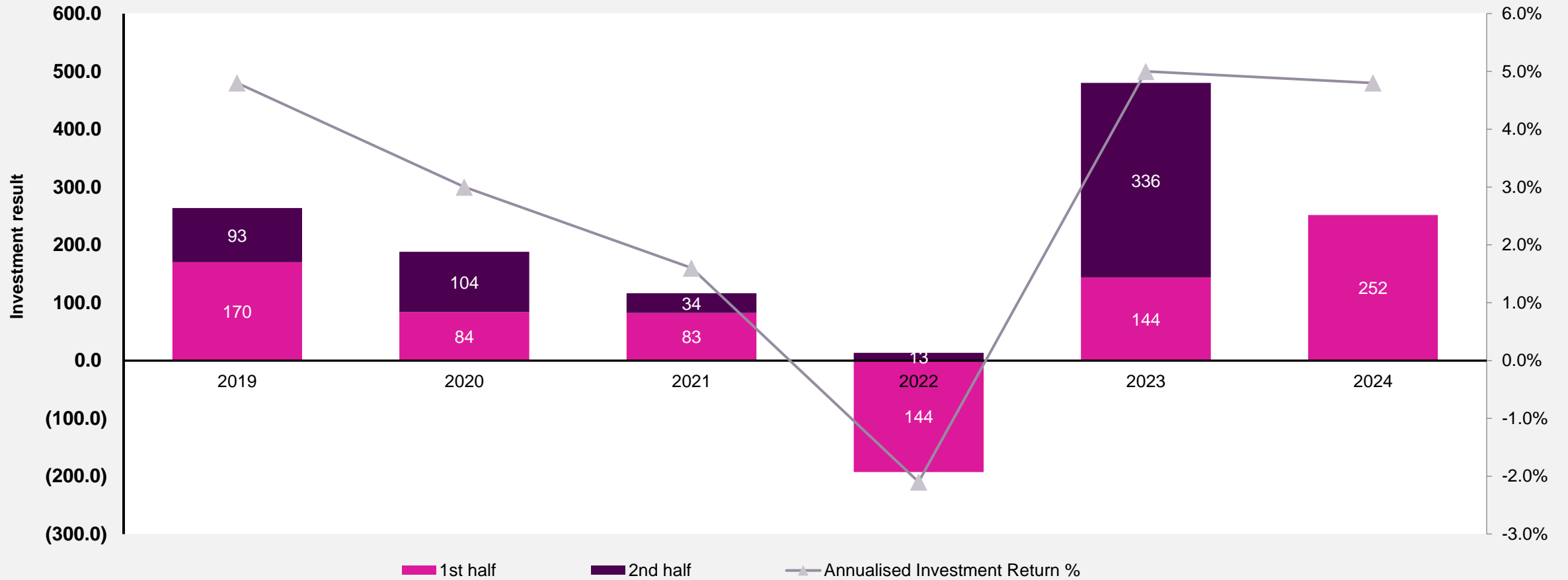
Consistent reserve strength

- Preferred confidence level is between the 80th to 90th percentile.
- Risk Adjustment represents both earned and unearned risk.

Risk Adjustment Percentile

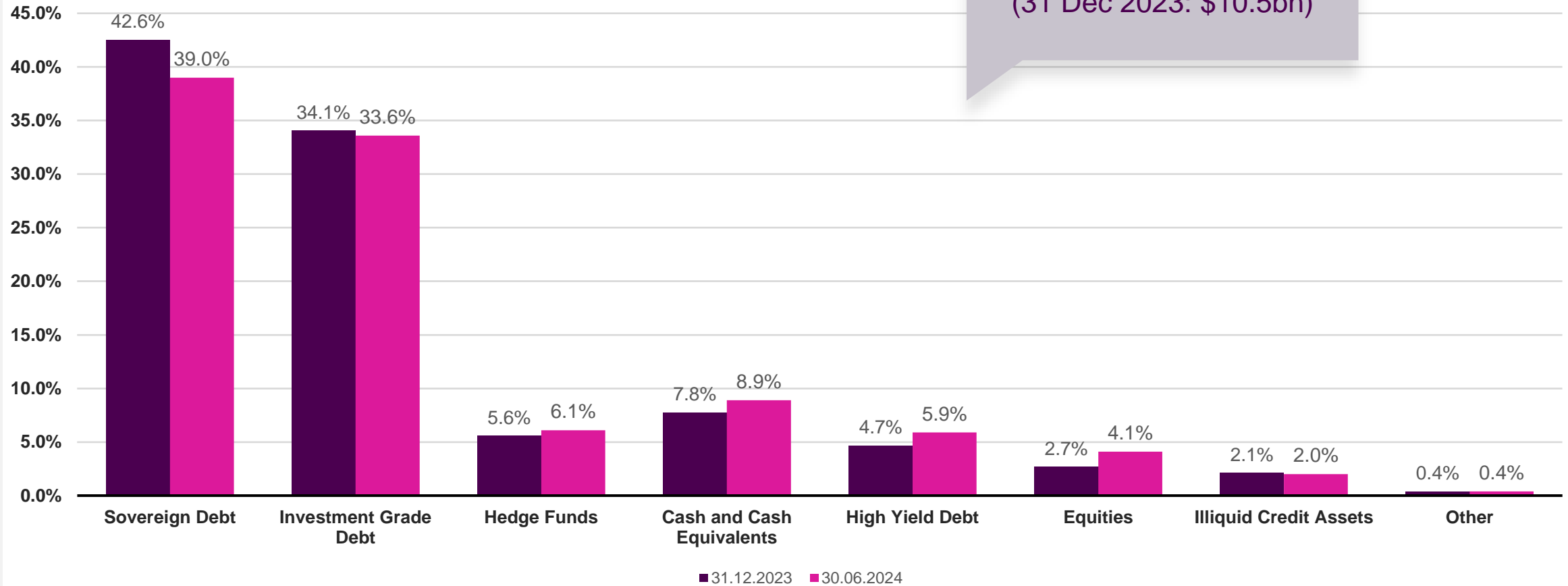


Strong H1 investment income



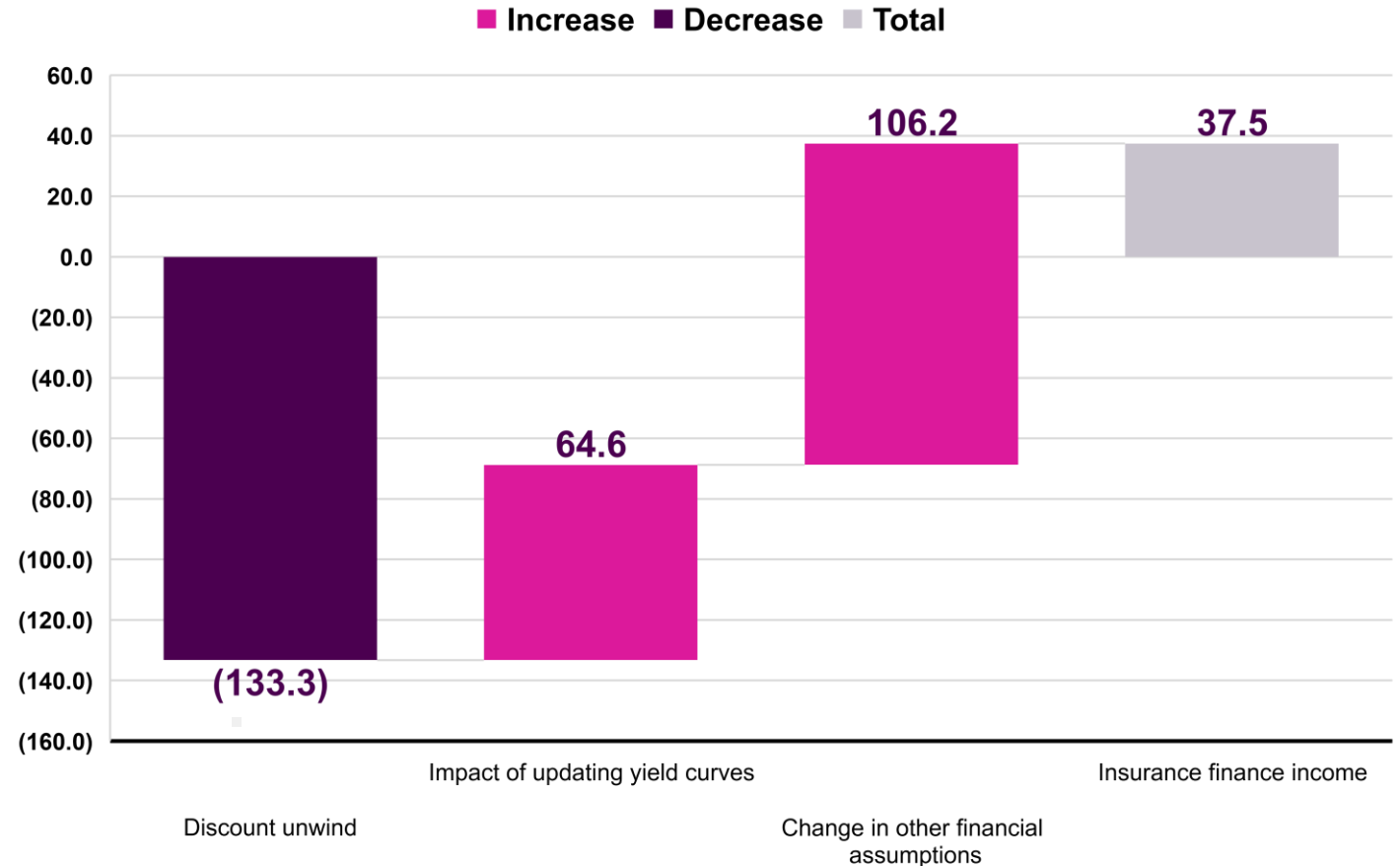
Diversified and growing portfolio drives delivery

Portfolio: \$10.7bn
(31 Dec 2023: \$10.5bn)



Insurance Finance Income

- Yields increased in H1 2024 and hence we see an income from the update in yield curves.
- \$37.5m Insurance Finance Income is split between:-
 - \$133.3m Discount unwind (Expense)
 - Offset by
 - \$64.6m impact of updating yield curves (Income)
 - \$106.2m change in other financial assumptions (Income).
- The \$106.2m change in other financial assumptions is made up of:
 - Change in payment pattern assumptions
 - Differences in actual and expected payments



Our capital position is resilient

- The latest view of our group solvency capital ratio as at HY2024 is 245% after the remaining share buyback
- Half year position does not include the following years business plan and hence year end position is expected to be lower than the half year position when the business is growing

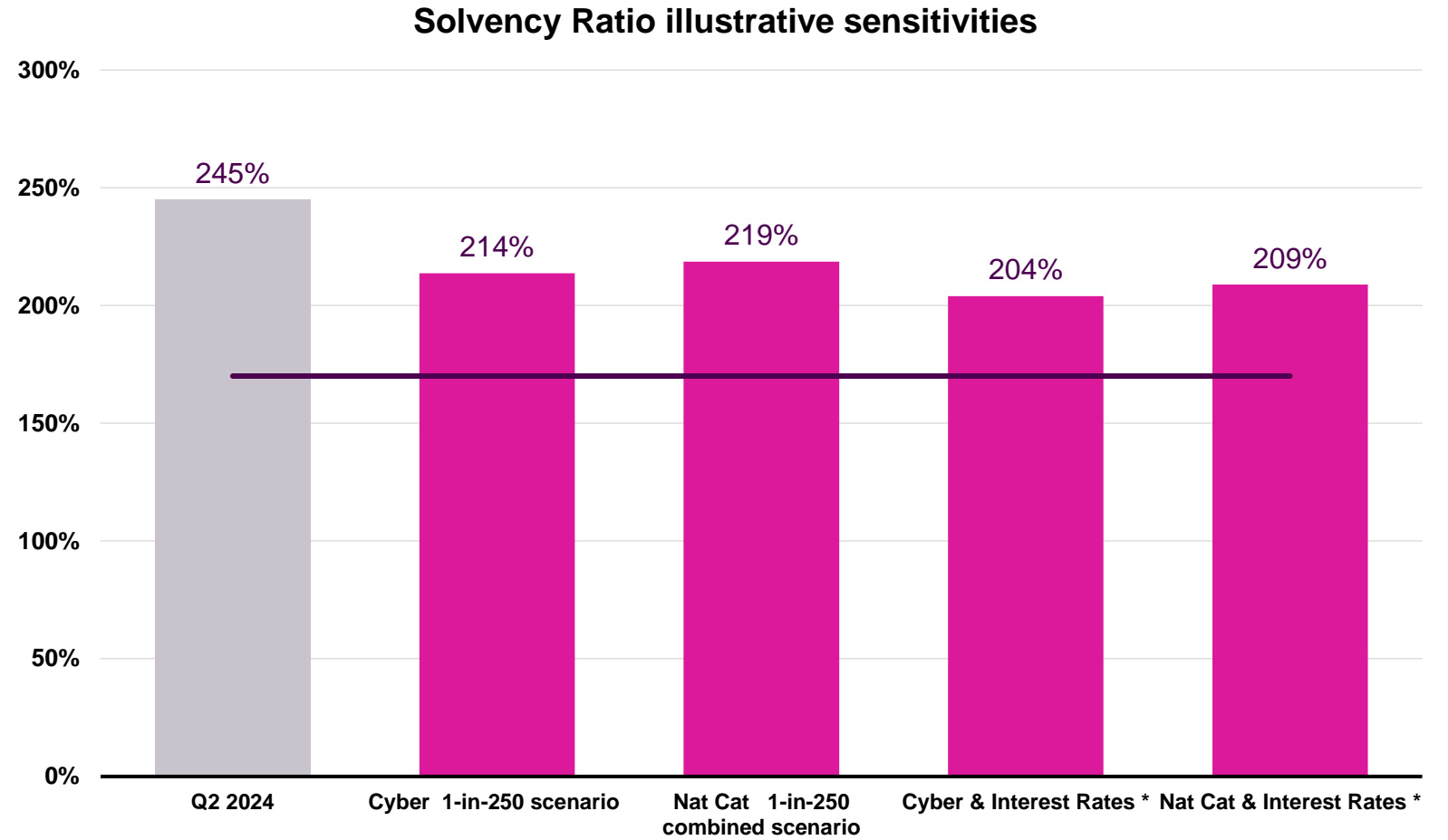
	30 June 2024 Estimated \$m	31 December 2023 Actual \$m	30 June 2023 Actual \$m
Eligible Tier 1 capital after foreseeable distributions	4,503.4	3,980.9	3,781.8
Eligible Tier 2 capital – subordinated debt	539.6	520.8	516.7
Total Solvency II Eligible own funds after foreseeable dividends	5,043.0	4,501.7	4,298.5
Capital requirement	2,058.2	2,058.2	1,573.8
Group Solvency II ratio *	245%	219%	273%

*including impacts of dividends and share buyback launched

Resilient capital position - Able to withstand external shocks

- Coverage remains strong even with a simultaneous 1 in 250 event and a 50bps decrease in interest rates

(based on estimated Solvency Capital Ratio as at 30 June 2024)



Beazley approach to **capital**

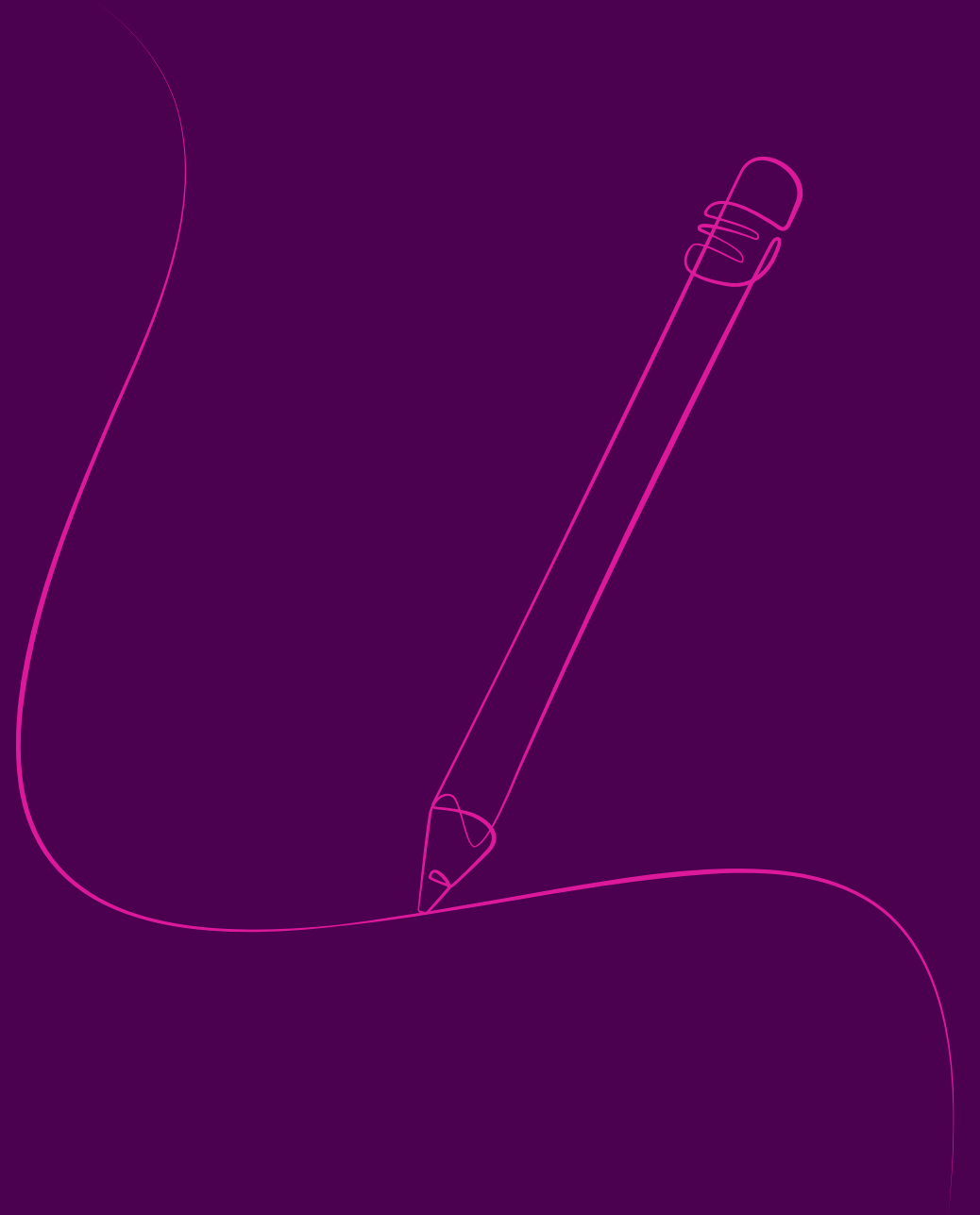
Capital strategy

- Our ambition is to remain above SCR ratio of 170%
- Our priority is to invest in sustainable, profitable growth in a balanced, well diversified business
- We factor in growth for the year ahead and opportunities which may emerge in subsequent 1-2 years
- We are focused on managing peak tail risk and absorbing volatility
- Where surplus capital cannot be profitably deployed, we will return to shareholders

Our Underwriting

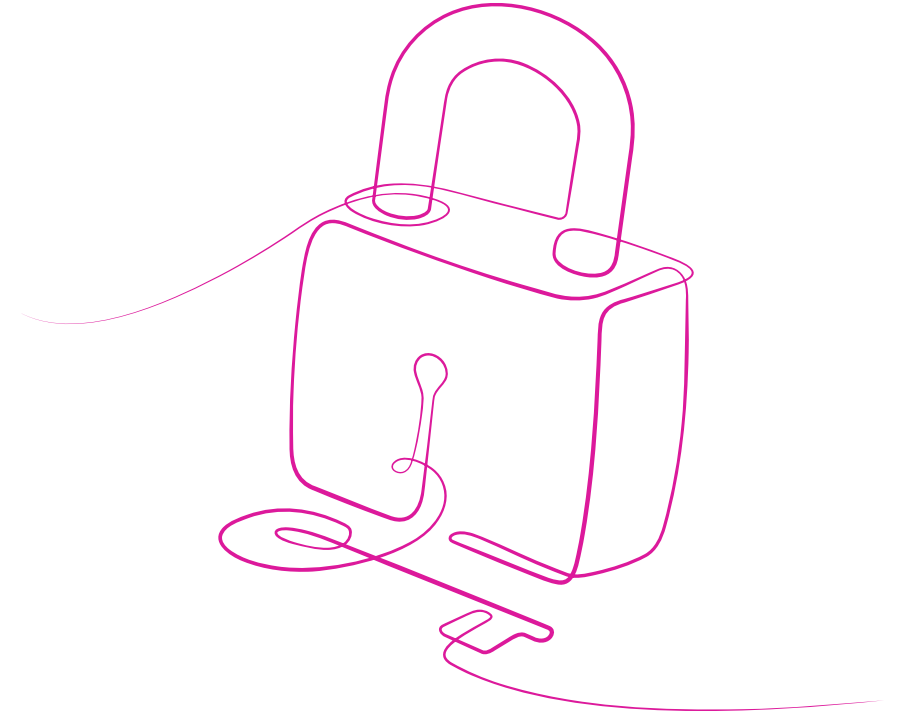
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Cyber Risks – Demand-led growth continues

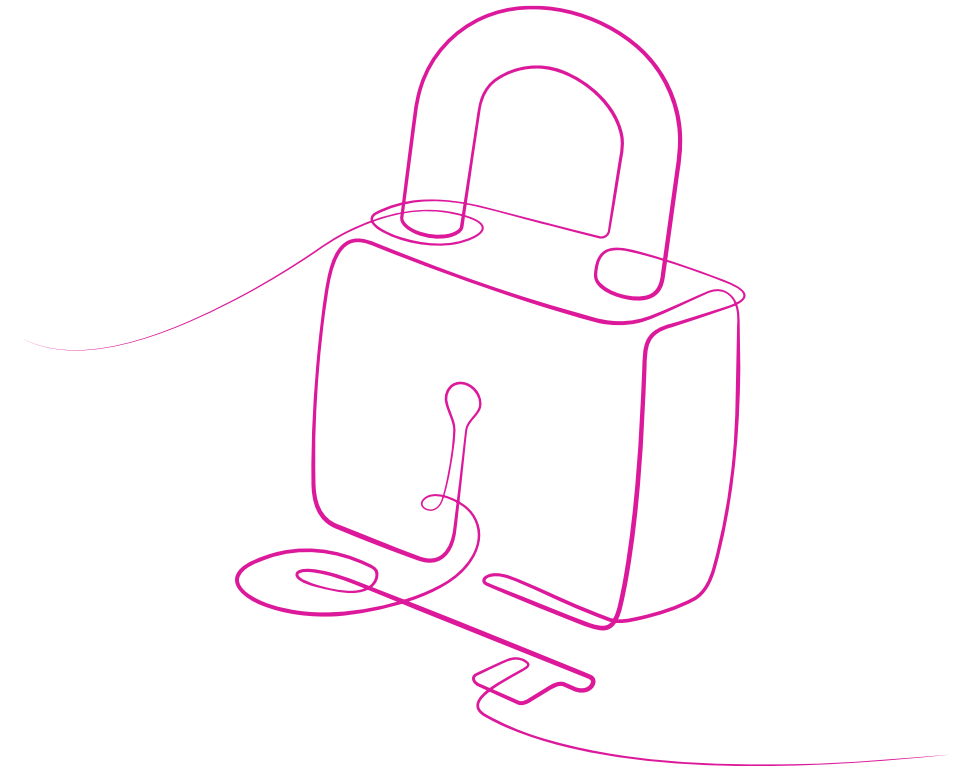
- IWP \$577.8m (2023HY \$541.4m)
- Undiscounted COR 73% (2023HY 78%)
- Rate change: (6%) (2023HY: (3%))
- Stable and sustainable rating environment
- Increased frequency in ransomware activity has not materially impacted our book



CrowdStrike – Comparison against other systemic events

- 179 notifications to date
- The majority of notifications arise within the first two weeks of an incident
- To date CrowdStrike notifications are lower than other systemic cyber events

HY24	Total notifications
Change Health cyber attack 2024	540
CDK cyber attack	247
MOVEit data breach 2023	905
Blackbaud cyber attack	718

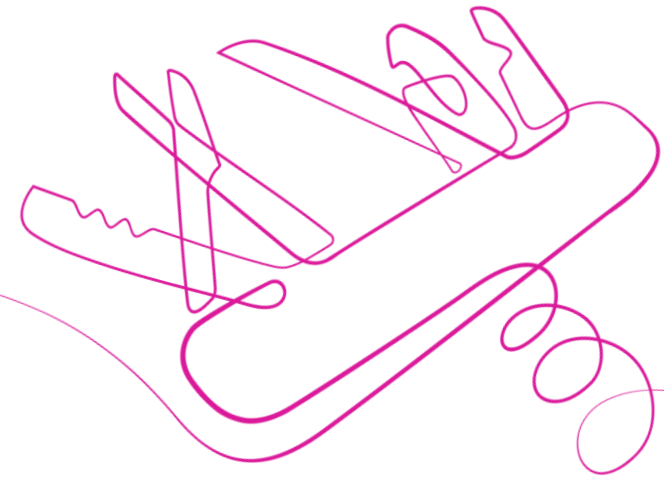


Property Risks – Continued momentum

- IWP \$1,008.4m (2023HY: \$805.2m)
- Undiscounted COR 81% (2023HY: 84%)
- Rate change 3% (2023HY: 22%)
- Long-term opportunity as changing conditions lead to more complexity in US property risks
- Catastrophes in H1 are well within margins held
- Active management of reinsurance programme

Specialty Risks – Active cycle management

- IWP \$903.4m (2023HY: \$941.3m)
- Undiscounted COR 98% (2023HY: 91%)
- Rate change 1% (2023HY: (1)%)
- Growth is focused on diverse businesses area such as environmental liability, programs and Safeguard



MAP Risks – The power of expertise

- IWP \$506.9m (2023HY: \$522.4m)
- Undiscounted COR 64% (2023HY: 102%)
- Rate change 2% (2023HY: 6%)
- Demand remains strong and we are confident of continuing growth prospects
- Continuing the favourable claims environment that was seen from the second half of 2023, this has led to a significantly improved combined ratio

**Business mix within the group has changed following the launch of our US E&S platform. The group now retains less MAP risks premium as a higher proportion is ceded to third party capital. MAP risks grew 6% on a total basis

Outlook

8th August 2024



Outlook for remainder of 2024 and beyond

Continuing era of **accelerating risk** calls for underwriting and claims **expertise**



We have a diversified portfolio with the right people in the right place to gain best **access to business**



Property business will see **long-term growth** – focus is on US E&S market



Cyber will continue to see **demand-led growth**, particularly internationally



Investment yield at 30th June 2024 **5.0%**



Expect **around 80%** undiscounted combined ratio YE 2024



Anticipate YE 2024 gross growth in **high single digits**



Capital markets session on systemic cyber
1st October



Questions

8th August 2024

Appendices

8th August 2024

Other Key Information

Undiscounted Combined Ratios

	HY 24	HY23	YE23
Cyber Risks	73%	78%	72%
Digital Risks	74%	82%	70%
MAP	64%	102%	79%
Property Risks	81%	84%	67%
Specialty Risks	98%	91%	78%
Total	81%	88%	74%

IFRS 17 Deepdive - Insurance Finance Income

Item	Factors that will impact	Direction
Discount unwind (Expense)	<ul style="list-style-type: none"> • Size of net liabilities • Interest rates at the start of the period 	<ul style="list-style-type: none"> • Increase in net liabilities leads to higher discount unwind • A higher opening yield curve will lead to a higher discount unwind
Impact of updating yield curves (Income or Expense)	<ul style="list-style-type: none"> • Size of net liabilities • Relative mix of Gross and RI • Relative movement in interest rates during the period 	<ul style="list-style-type: none"> • A larger net liability would lead to a larger \$ impact from the change in yield curves. • Increase in yield curves will result in an income, decreases will result in an expense
Changes in other financial assumptions (Income or Expense)	<ul style="list-style-type: none"> • Change in expected payment patterns • Differences in actual payments vs expected payments • Size of unearned liabilities / growth 	<ul style="list-style-type: none"> • If payment patterns are lengthened this will lead to an income • If paid claims are lower than expected during the period, there will be an income. This can be volatile and would result in more volatile movements in higher interest environments. • Increases in the size of the unearned liabilities will drive larger impacts from the GMM element of this bucket.

Other Key Information

Discount rates & Liability Mean Terms

- Risk Free Rates derived using Moody's government bond yields by currency (USD/CAD/GBP/EUR)
- Illiquidity premium also sourced from Moody's and adjusted to reflect the Group's own asset portfolio
- Discount rates as at HY24 are shown below – these are the discount rates at the stated duration
- The illiquidity premium is a flat percentage and varies by currency. For USD at 30 June 2024 this is 0.29% (2023 YE: 0.36%)

HY24	1 year	3 year	5 year
CAD	5.1%	4.5%	4.3%
EUR	3.5%	3.1%	3.0%
GBP	5.0%	4.6%	4.4%
USD	5.4%	4.9%	4.7%

- Undiscounted mean terms in years as at HY24 are shown below. These are on an ultimate basis and include all claim dependent cashflows but excludes Risk Adjustment.

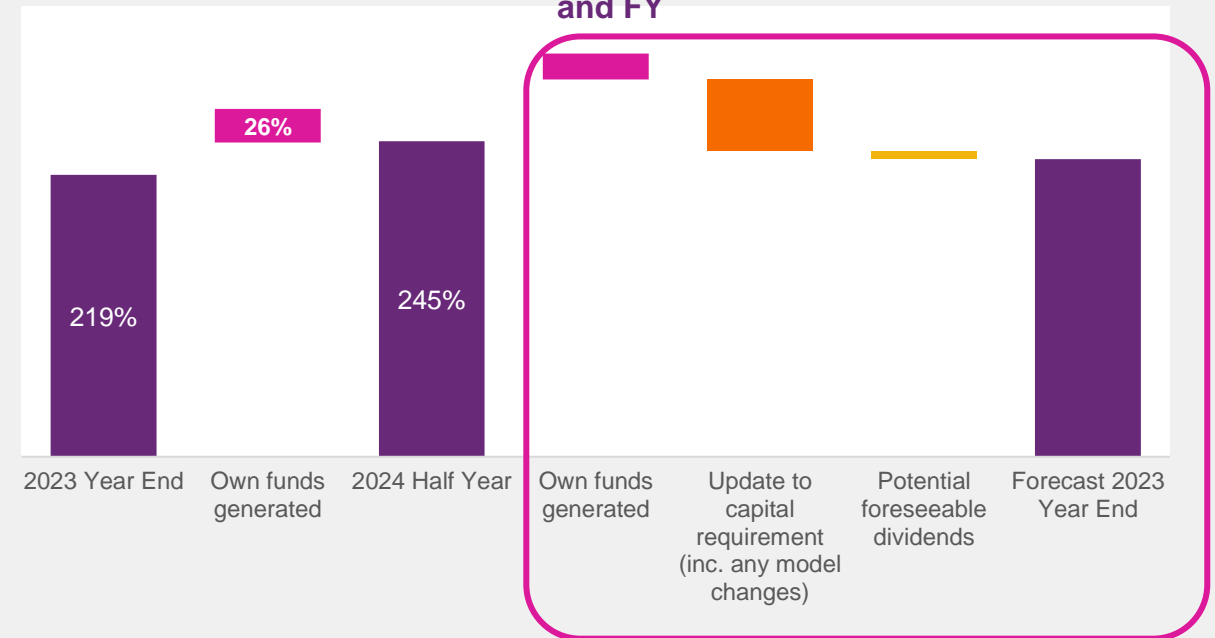
Division	Insurance Contract Liabilities	Reinsurance Contract Assets
Cyber Risks	1.8	1.8
Digital	1.6	1.6
MAP Risks	1.8	1.7
Property Risks	1.3	1.2
Specialty Risks	2.7	2.8

Other Key Information

Capital Seasonality

- Strong underwriting and investment performance drives significant own funds generation – delivering positive HY SCR
- We typically expect HY SCR ratio to be higher than FY SCR as HY only includes current year capital requirements. The following year's business plan is recognised in the second half

Illustrative example of SCR ratio movements between HY and FY



This is for illustrative purpose only –not to scale

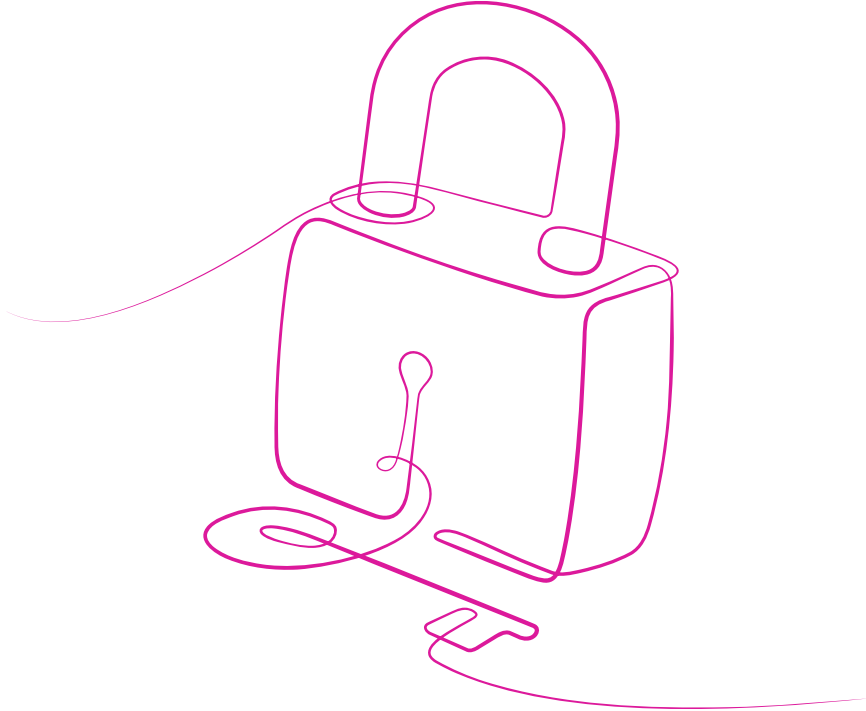
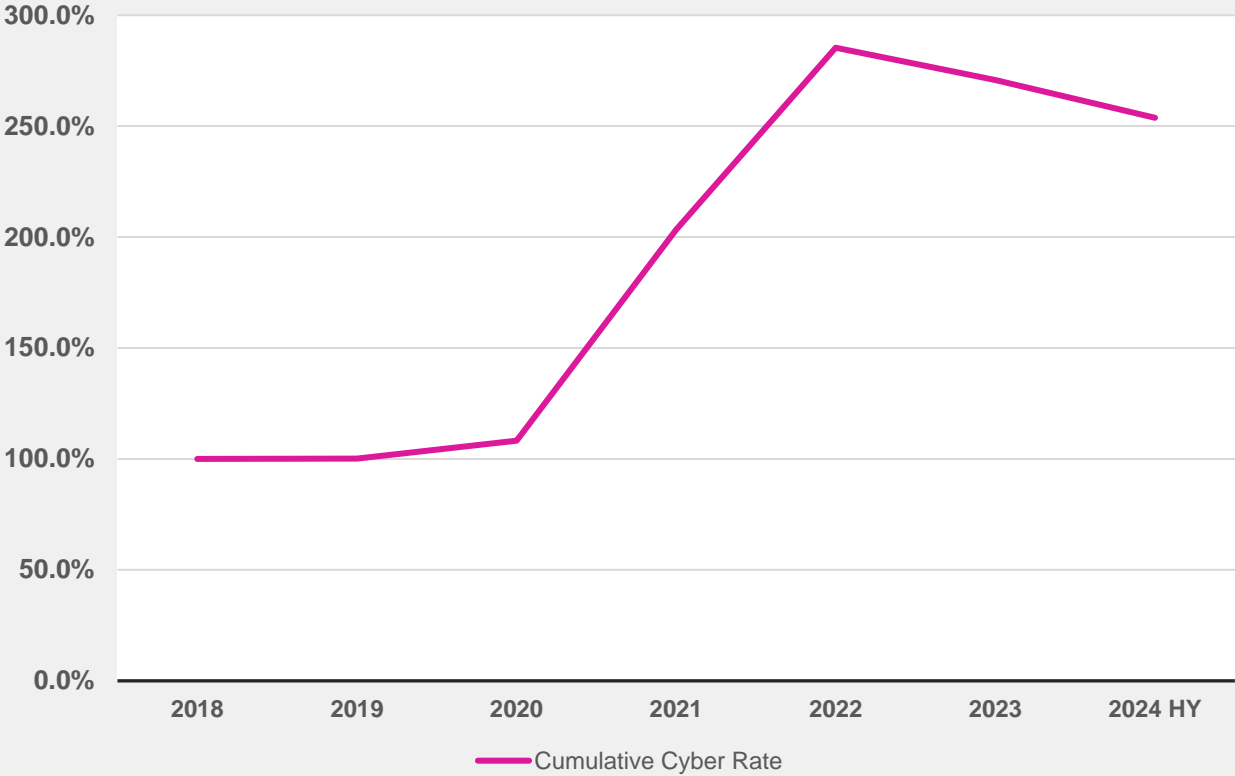
Other Key Information

Scenario sensitivity analysis

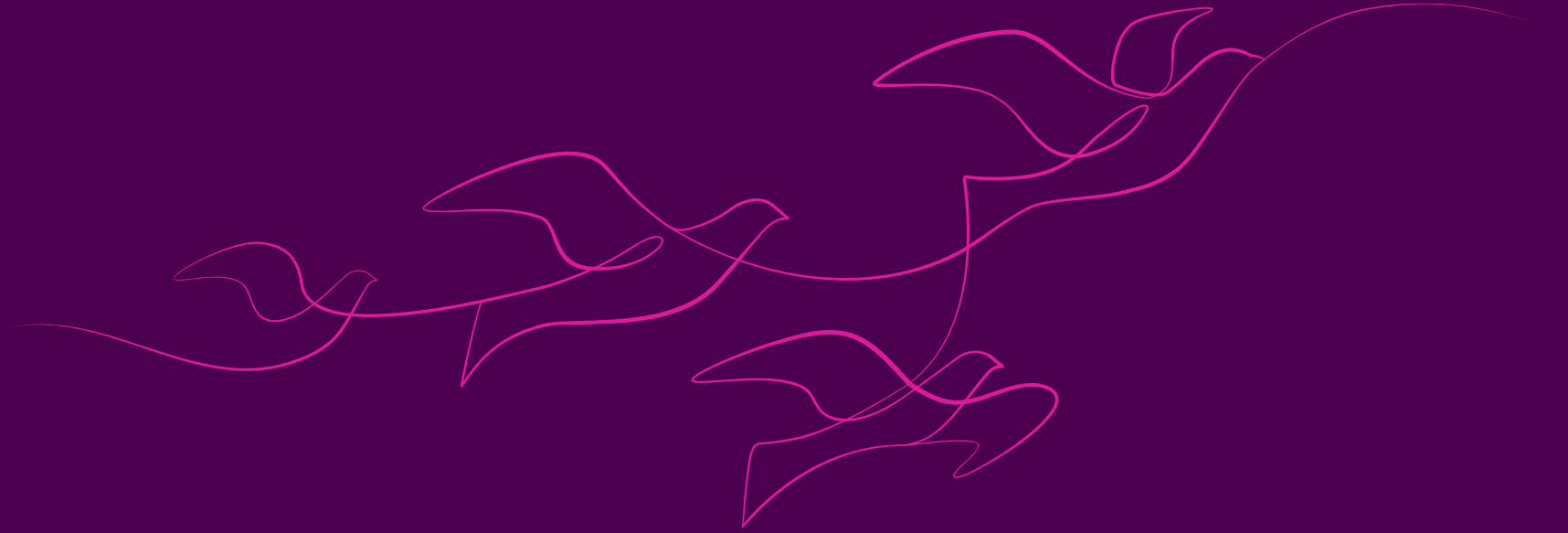
Illustrative scenario	Impact on solvency capital ratio	Details on modelling
Cyber 1-in-250 Cyber scenario	(31%)	<ul style="list-style-type: none"> Based on cyber probabilistic model
Nat Cat 1-in-250 Combined scenario	(26%)	<ul style="list-style-type: none"> Net natural catastrophe risk appetite
50 bps decrease in interest rates	(10%)	<ul style="list-style-type: none"> Aim to maintain a materially matched position between assets and liabilities, therefore, impact on expected own funds is insignificant. Change to SCR ratio arises from impact on SCR capital requirement due to reduced future investment income and discounting benefit.

Cyber pricing - rate adequacy

Cyber Risks cumulative rate change



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Thank you

8th August 2024