

Lloyd's Members Agency Services Limited

LMAS/JAM/«MEMBER_CODE»

17 December 2009

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MEMORANDUM

SYNDICATE 53 1998, 1999 & 2000 YEARS OF ACCOUNT REINSURANCE TO CLOSE

I enclose, for your consideration, a copy of a letter I have received from RenaissanceRe Syndicate Management Limited, the managing agent of Syndicate 53 advising of their intention to accept a quotation from Shelbourne Syndicate Services to effect closure of the above run-off years of account at 31 December 2009.

The Shelbourne quotation is likely to produce a release to Names in respect of the 1999 and 2000 years of account of 5.07% and 5.91% respectively, whereas a call of 7.44% will be necessary for the 1998 account.

I enclose a schedule detailing the anticipated cost to you of closure based on your participation on the syndicate.

If you have any questions to raise I shall do my best to answer them for you. As the quotation consultation period ends 15 January 2010, I would ask that you raise any such questions with me by **Monday 11 January 2010** in order for us to liaise with the managing agent.

«LetterName»

Encs.



Paul Box Esq
 LMAS
 Lloyd's of London
 One Lime Street
 London
 EC3M 7HA

10 December 2009

Dear Paul

RITC QUOTES SYNDICATE 53

In May 2009, RenaissanceRe Syndicate Management Limited (RSM) invited a number of third parties to provide RITC quotes for syndicate 53. Only five providers expressed serious interest and two firm quotes were received being;

- Centrewrite; and
- Shelbourne.

The board of RSM considered these quotes at its meeting on 9 December 2009. The table below summarises the quotes received:

£ 000's	Shelbourne	Centrewrite	note
Quote based on reserves at	30.09.09	30.09.09	
Total Net Reserves	53,019	53,019	
Risk Premium return	(4,000)	(5,083)	
Return Premium	nil	20,000 (max)	(1)

The board analysed the differences between the two quotes as follows.

	1998	1999	2000	Total	note
Capacity	34,139	35,934	35,934	106,006	
Centrewrite	-2,964	-1,000	-1,119	-5,083	
EV return premium	1,000				(1)
	-1,964	-1,000	-1,119	-4,083	
Shelbourne	-1,000	-1,500	-1,500	-4,000	

Note 1-Centrewrite will call approximately \$30m on the 1998 year of account against the Legion dispute. External legal advice is that the syndicate has a 95% chance of success. Accordingly 5% multiplied by roughly £20m would equate to £1m. Centrewrite have suggested they may be able to mitigate the return premium cash call but have offered no concrete proposals as to how this would be achieved.

RenaissanceRe Syndicate Management Limited
 Incorporated in England & Wales under Company Registration No: 1120384
 Authorised and Regulated by the Financial Services Authority

The board is of the view that Capital Providers would prefer the certainty of the Shelbourne quote notwithstanding that as a percentage of aggregate capacity it is slightly more expensive. The reasoning behind this is as follows

- The Shelbourne quote is financially better for the 1999 and 2000 Capital Providers.
- For the 1998 Capital Providers informal soundings indicate they would prefer the certainty of closing 1998 for the slightly increased cost against the return premium mechanism which is a cash flow strain, carries the risk of a £20m loss albeit remote and does not bring finality to part or all of their Lloyd's affairs.

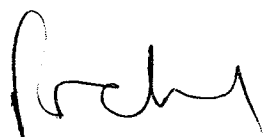
Rolling the Shelbourne quote forward to year end the following appears to be the most likely cash outturn for Capital Providers on each year of account. This is subject to final analysis and the eventual impact of exchange rates and investment income.

£ 000's	1998	1999	2000
Stamp capacity	34,139	35,934	35,934
Ultimate loss including quote and year end accruals	(210.00)%	(62.00)%	(79.00)%
Cash called to date	202.56%	67.07%	84.91%
Balance to (call)/return	(7.44)%	5.07%	5.91%

On this basis the board intend to accept the Shelbourne quote subject to finalising contract documentation and final due diligence. If capital providers wish to provide views these should be addressed to me and received no later than 5pm Friday 15 January 2010.

If anyone has any questions with regard to the above, please do not hesitate to contact Stavros Martis or myself.

Yours sincerely



Richard Murphy

CEO