

Lloyd's Members Agency Services Limited

Our ref: LMAS/CFT/JAM/«MEMBER_CODE»

27 January 2009

«CorrespondenceName»

«Address_Lines»

«Post_Code»

«COUNTRY»

Please reply to: LMAS
Fidentia House
Walter Burke Way
Chatham Maritime
Chatham Kent
ME4 4RN

Telephone: 01634 39«Extension»

Facsimile: 01634 392081

Web site: <http://www.lmas.co.uk>

e-mail: «EMail»

MEMORANDUM

SYNDICATE 529 1998 & 1999 YEARS OF ACCOUNT

In our December 2008 Newsletter we commented that we anticipated the above syndicate would close the two open years of account, in which LMAS Names participate, at 31 December 2008.

I enclose for your information a copy of the letter I have received from Shelbourne Syndicate Services, the managing agent of Syndicate 529, in which they comment on the most favourable quotation they had received to effect closure. Regrettably, in light of the risk premium charged by a third party reinsurer, the board of Shelbourne have considered the quotations unacceptable and therefore both the above years of account of Syndicate 529 will not close at 31 December 2008 and will continue to run-off into 2009.

The managing agent will continue its discussions with the reinsurance market with a view to effecting closure as quickly as possible and of course I will keep you advised of any new information as soon as it becomes available.

«LetterName»

Encs.



Cliff Talbot
LMAS
Lloyd's
One Lime Street
EC3M 7HA

23 January 2009

Dear Sir/Madam

Closure of Syndicate 529 – 1998, 1999 and 2000 years of account

Further to our letter dated 16 January 2009 regarding the potential Reinsurance to Close (RITC) of the open years of Syndicate 529, the deadline for binding quotations has now passed. Ten different parties expressed an interest in providing a binding RITC quotation. Of these, six signed our Non-Disclosure Letter indicating they were proceeding to the "due diligence" part of the RITC quotation process. At the deadline binding quotations were received from only two parties.

As previously explained these were considered by Shelbourne Syndicate Services Limited's RITC Committee and recommendations were made by the Committee to the Board. Below is a summary of the impact of the most favourable quotation and the decision of the board which was reached after consultation with the majority capital representative.

1998 and prior years of account

Capacity £ 22,697,466

For the 1998 year of account, as at 30 June 2008 (the last audited accounts), the estimated net result for the year, after loss on exchange and syndicate expenses and including personal expenses, was a loss of 82.24% of capacity. The quoted risk premium including ULAE is £526,541. This represents 2.32% of stamp capacity. All quotations were required to be based on the unaudited third quarter figures that would be adjusted to take into account movements during the quarter. Due to the timing of this letter the actual result for the year has not been determined. However the Managing Agent is not aware of a material change in the results for the 1998 year of account since 30/6/08.

Net reserves incl. expenses and bad debt at 30/6/08	Risk premium	Risk premium
£000s	% of 30/6/08 reserves	% of capacity
4,214	12.50	2.32%

1999 year of account
Capacity £ 30,923,791

For the 1999 year of account, as at 30 June 2008 (the last audited accounts), the estimated net result for the year, after loss on exchange and syndicate expenses and including personal expenses, was a loss of 110.95% of capacity. The quoted risk premium including ULAE is £811,730. This represents 2.62% of stamp capacity. All quotations were required to be based on the unaudited third quarter figures that would be adjusted to take into account movements during the quarter. Due to the timing of this letter the actual result for the year has not been determined. However the Managing Agent is not aware of a material change in the results for the 1999 year of account since 30/6/08.

Net reserves incl. expenses and bad debt at 33/06/08	Risk premium	Risk premium
£000s	% of 30/06/08 reserves	% of capacity
5,003	16.22	2.62

2000 year of account
Capacity £ 30,923,791

For the 2000 year of account, as at 30 June 2008 (the last audited accounts), the estimated net result for the year, after loss on exchange and syndicate expenses and including personal expenses, was a loss of 65.26% of capacity. The quoted risk premium including ULAE is £2,611,730. This represents 8.45% of stamp capacity. All quotations were required to be based on the unaudited third quarter figures that would be adjusted to take into account movements during the quarter. Due to the timing of this letter the actual result for the year has not been determined. The Managing Agent is aware of a material deterioration in the 2000 year of account since 30/6/08 which is currently estimated to be in excess of 6%.

Net reserves incl. expenses and bad debt at 31.12.08	Risk premium	Risk premium
£000s	% of 2008 reserves	% of capacity
3,975	65.70	8.45

Managing Agent's Decision

The board has determined, after consultation with the majority capital provider, that recent syndicate and market developments have led to an unacceptable RITC quotation, and that the Open Years of Syndicate 529 should remain open into 2009.

Should you have any comments please feel free to contact the undersigned on 0207 961 0814 or Sean Dalton on 0207 961 0813.

Yours Sincerely



Roger Durowse
Risk and Compliance Officer

This Letter has been sent by email to clifford.f.talbot@lloyds.com