

**Beazley Ireland Holdings plc (formerly "Beazley plc") interim report and unaudited condensed consolidated financial statements for the six month period ended 30 June 2016.**

**Company information**

**Directors and advisors**

**Directors**

D Holt *	(Resigned 13/07/2016)
G P Blunden *	(Resigned 13/07/2016)
M L Bride	(Resigned 13/07/2016)
A P Cox	(Resigned 13/07/2016)
A D Crawford-Ingle *	(Resigned 13/07/2016)
D A Horton	(Resigned 13/07/2016)
J A Likierman *	(Resigned 13/07/2016)
N P Maidment	(Resigned 13/07/2016)
V J Sheridan *	(Resigned 13/07/2016)
C A Washbourn	(Resigned 13/07/2016)
C M Woods *	(Resigned 13/07/2016)
C Jones	(Appointed 23/08/2016)
N Lillis	(Appointed 13/07/2016)
E McGivney	(Appointed 13/07/2016)
C Oldridge	(Appointed 23/08/2016)

\*Non-executive director

**Secretary**

S Coope	(Resigned 01/09/2016)
C Oldridge	(Appointed 01/09/2016)

**Registered office**

22 Grenville Street  
St Helier  
Jersey JE4  
8PX

**Registered Number**

102680

**Interim management report**

The directors present their interim management report for Beazley Ireland Holdings plc that accompanies the unaudited condensed consolidated financial statements for the for the six month period ended 30 June 2016.

**Business review and principal activity**

Beazley Ireland Holdings plc (formerly "Beazley plc") was previously the ultimate parent company of the Beazley group until the change of the location of the group's management to the United Kingdom. Swift No. 3 Limited was incorporated in the United Kingdom on 4 September 2015 under the Companies Act 2006 as a private company limited by shares and with registered number 09763575. Swift No. 3 Limited reregistered from a private company to a public company on the 12 February 2016 and changed its name to Beazley plc. With effect from 13 April 2016, under a scheme of arrangement involving a share exchange with the members of Beazley Ireland Holdings plc (formerly "Beazley plc"), Beazley plc became the new holding company for the Beazley group.

Beazley Ireland Holdings plc is the parent company of Beazley Group Limited, which is the intermediate

holding company for the majority of the subsidiaries of the Beazley group. On 16 September 2016, Beazley Group Limited gave formal notice that all of the outstanding notes of the £150m fixed/floating rate subordinated notes due 17 October 2026 issued on 17 October 2006 will be redeemed by the issuer on 17 October 2016.

## **Results and dividends**

Beazley Ireland Holdings plc and its consolidated subsidiaries performed well in the first half of 2016 despite market conditions that continued to make profitable growth a challenge to achieve for many. Pre-tax profits were \$152.0m (2015: \$154.5m) on gross premiums written that rose 2% to \$1,124.1m (2015: \$1,099.7m). The combined ratio was 90% (2015: 86%).

We continued to see fairly subdued claims activity in the first half of 2016, despite a slight uptick in the second quarter. However, a subdued claims experience is a double edged sword in insurance, as it also encourages price competition. We saw premiums rates for our business overall fall by an average of 2%, with declines of 15% in energy business, 4% in reinsurance, and 7% in large scale commercial property business. By contrast, specialty lines, our largest division, saw premium rates rise by 1% which continues the generally favourable environment experienced by the team since 2012.

Investments returned \$62.7m, or 1.4%, in the first half of 2016 (2015H1: \$43.5m, 1.0%). This return is higher than expected, as falling yields in the period generated capital gains on our fixed income investments. However, the lower yields now prevailing will make returns more difficult to achieve in the remainder of the year. We have added to our corporate debt holdings during this period, focusing on high quality issuers of investment grade, to improve portfolio yield. At 30 June 2016, the average duration of our fixed income portfolios was 1.8 years (31 December 2015: 1.7 years) and the average credit rating of these exposures was A+.

We do not believe that the UK's decision to leave the European Union will have a significant impact on the operations of the Beazley group as the US is the group's largest market by a wide margin and approximately 80% of the group's business in 2015 was transacted in US dollars. However, we continue to monitor any developments arising from the result of the referendum.

A 2015 second interim and special dividend totalling £129.1m was paid in March 2016. At this time, Beazley Ireland Holdings plc was the ultimate holding company of the Beazley group. A 2016 first interim dividend of £18.2m was paid to the company's immediate parent company, Beazley plc, on 12 August 2016. These financial statements do not provide for the 2016 first interim dividend as a liability.

## **Social, environmental and ethical risks**

Social, environmental and ethical risks are managed on a Beazley group basis. More information can be obtained from the 2015 annual report and accounts of Beazley Ireland Holdings plc (formerly Beazley plc) on how the Beazley group manages these risks.

## **Responsibility statement of the directors in respect of the interim report**

We confirm that to the best of our knowledge:

- the condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and the description of the principal risks and uncertainties for the remaining six months of the year.

Chris Jones  
Director  
29 September 2016

# **Unaudited condensed consolidated statement of profit or loss for the six months ended 30 June 2016**

	6 months ended 30 June 2016 \$m	6 months ended 30 June 2015 \$m	Year to 31 December 2015 \$m
Gross premiums written	1,124.1	1,099.7	2,080.9
Written premiums ceded to reinsurers	(193.7)	(220.5)	(367.8)
<b>Net premiums written</b>	<b>930.4</b>	<b>879.2</b>	<b>1,713.1</b>
Change in gross provision for unearned premiums	(103.5)	(91.0)	(57.4)
Reinsurer's share of change in the provision for unearned premiums	34.5	69.5	43.0
<b>Change in net provision for unearned premiums</b>	<b>(69.0)</b>	<b>(21.5)</b>	<b>(14.4)</b>
<b>Net earned premiums</b>	<b>861.4</b>	<b>857.7</b>	<b>1,698.7</b>
Net investment income	62.7	43.5	57.6
Other income	15.8	14.2	30.9
	<b>78.5</b>	<b>57.7</b>	<b>88.5</b>
<b>Revenue</b>	<b>939.9</b>	<b>915.4</b>	<b>1,787.2</b>
Insurance claims	535.3	465.5	974.1
Insurance claims recovered from reinsurers	(99.1)	(47.8)	(160.2)
<b>Net insurance claims</b>	<b>436.2</b>	<b>417.7</b>	<b>813.9</b>
Expenses for the acquisition of insurance contracts	219.6	222.7	448.6
Administrative expenses	116.5	101.1	215.2
Foreign exchange loss	8.8	11.7	9.7
<b>Operating expenses</b>	<b>344.9</b>	<b>335.5</b>	<b>673.5</b>
<b>Expenses</b>	<b>781.1</b>	<b>753.2</b>	<b>1,487.4</b>
Share of profit/(loss) in associates	0.2	(0.2)	(0.5)
<b>Results of operating activities</b>	<b>159.0</b>	<b>162.0</b>	<b>299.3</b>
Finance costs	(7.0)	(7.5)	(15.3)
<b>Profit before income tax</b>			

	<b>152.0</b>	<b>154.5</b>	<b>284.0</b>
Income tax expense	(21.1)	(21.5)	(35.0)
<b>Profit after income tax</b>	<b>130.9</b>	<b>133.0</b>	<b>249.0</b>

## Unaudited condensed consolidated statement of comprehensive income for the six months ended 30

### June 2016

	<b>6 months ended 30 June 2016 \$m</b>	<b>6 months ended 30 June 2015 \$m</b>	<b>Year to 31 December 2015 \$m</b>
Profit after income tax	130.9	133.0	249.0
<b>Other comprehensive income</b>			
<i>Items that will never be reclassified to profit or loss:</i>			
Gains on remeasurement of retirement benefit obligations	-	-	0.3
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences	(5.7)	(0.4)	(1.6)
Total other comprehensive income	(5.7)	(0.4)	(1.3)
<b>Total comprehensive income recognised</b>	<b>125.2</b>	<b>132.6</b>	<b>247.7</b>

## Unaudited condensed consolidated statement of changes in equity for the six months ended 30 June

### 2016

	<b>Share capital \$m</b>	<b>Share Premium \$m</b>	<b>Foreign currency translation reserve \$m</b>	<b>Other reserves \$m</b>	<b>Retained earnings \$m</b>	<b>Total \$m</b>
<b>Balance as at 1 January 2015*</b>	<b>41.6</b>	<b>12.0</b>	<b>(85.7)</b>	<b>(32.1)</b>	<b>1,406.9</b>	<b>1,342.7</b>
Total comprehensive income recognised	-	-	(0.4)	-	133.0	132.6
Dividends paid	-	-	-	-	(137.9)	(137.9)
Equity settled share-based payments	-	-	-	9.7	-	9.7
Acquisition of own shares held in trust	-	-	-	-	-	-
Transfer of shares to employees	-	-	-	7.1	(7.2)	(0.1)
<b>Balance as at 30 June 2015</b>	<b>41.6</b>	<b>12.0</b>	<b>(86.1)</b>	<b>(15.3)</b>	<b>1,394.8</b>	<b>1,347.0</b>
Total comprehensive income recognised	-	-	(1.2)	-	116.3	115.1
Dividends paid	-	-	-	-	(26.3)	(26.3)
Equity settled share-based payments	-	-	-	7.8	-	7.8
Acquisition of own shares held in trust	-	-	-	(3.9)	-	(3.9)
Transfer of shares to employees	-	-	-	2.7	(1.0)	1.7

<b>Balance as at 31 December 2015</b>	<b>41.6</b>	<b>12.0</b>	<b>(87.3)</b>	<b>(8.7)</b>	<b>1,483.8</b>	<b>1,441.4</b>
Total comprehensive income recognised	-	-	(5.7)	-	130.9	125.2
Dividends paid	-	-	-	-	(188.3)	(188.3)
Issuance of shares	0.1	-	-	-	-	0.1
Equity settled share-based payments	-	-	-	4.0	-	4.0
Acquisition of own shares held in trust	-	-	-	(5.0)	-	(5.0)
Transfer of shares to employees	-	-	-	(2.1)	2.3	0.2
Scheme of arrangement	(4.5)	-	-	4.5	-	-
<b>Balance as at 30 June 2016</b>	<b>37.2</b>	<b>12.0</b>	<b>(93.0)</b>	<b>(7.3)</b>	<b>1,428.7</b>	<b>1,377.6</b>

### Unaudited condensed consolidated statement of financial position as at 30 June 2016

	<b>30 June 2016 \$m</b>	<b>30 June 2015 \$m</b>	<b>31 December 2015 \$m</b>
<b>Assets</b>			
Intangible assets	89.8	90.2	91.0
Plant and equipment	4.5	4.7	4.5
Deferred tax asset	6.8	8.6	7.1
Investment in associates	10.2	10.2	10.0
Deferred acquisition costs	247.1	241.6	226.2
Reinsurance assets	1,136.6	1,098.0	1,099.7
Financial assets at fair value	3,952.8	3,912.6	3,842.2
Insurance receivables	881.7	685.8	732.7
Current income tax assets	10.0	0.8	23.6
Other receivables	40.0	33.5	31.5
Cash and cash equivalents	441.8	439.3	676.9
<b>Total assets</b>	<b>6,821.3</b>	<b>6,525.3</b>	<b>6,745.4</b>
<b>Equity</b>			
Share capital	37.2	41.6	41.6
Share premium	12.0	12.0	12.0
Foreign currency translation reserve	(93.0)	(86.1)	(87.3)
Other reserves	(7.3)	(15.3)	(8.7)
Retained earnings	1,428.7	1,394.8	1,483.8
<b>Total equity</b>	<b>1,377.6</b>	<b>1,347.0</b>	<b>1,441.4</b>
<b>Liabilities</b>			
Insurance liabilities	4,704.1	4,604.1	4,586.7
Financial liabilities	232.4	259.3	247.3
Retirement benefit liability	0.6	1.1	0.7
Deferred tax liabilities	0.9	1.9	6.0
Other payables	505.7	311.9	463.3
<b>Total liabilities</b>	<b>5,443.7</b>	<b>5,178.3</b>	<b>5,304.0</b>

<b>Total equity and liabilities</b>	<b>6,821.3</b>	<b>6,525.3</b>	<b>6,745.4</b>
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## Unaudited condensed consolidated statement of cash flows for the six months ended 30 June 2016

	<b>6 months ended 30 June 2016 \$m</b>	<b>6 months ended 30 June 2015 \$m</b>	<b>Year to 31 December 2015 \$m</b>
<b>Cash flow from operating activities</b>			
<b>Profit before income tax</b>	<b>152.0</b>	<b>154.5</b>	<b>284.0</b>
Adjustments for:			
Amortisation of intangibles	2.1	2.5	5.0
Equity settled share based compensation	5.4	9.7	17.5
Net fair value (gain)/loss on financial investments	(34.8)	(15.4)	3.0
Share of (profit)/loss in associates	(0.2)	0.2	0.5
Depreciation of plant and equipment	0.8	1.1	2.1
Impairment of reinsurance assets recognised	-	0.3	-
Increase in insurance and other liabilities	143.0	112.5	235.7
Increase in insurance, reinsurance and other receivables	(194.4)	(157.2)	(203.5)
Increase in deferred acquisition costs	(20.9)	(18.9)	(3.5)
Financial income	(31.8)	(33.5)	(70.8)
Finance expense	7.0	7.5	15.3
Income tax paid	(20.0)	(57.7)	(89.8)
<b>Net cash from operating activities</b>	<b>8.2</b>	<b>5.6</b>	<b>195.5</b>
<b>Cash flow from investing activities</b>			
Purchase of plant and equipment	(1.1)	(1.9)	(2.5)
Expenditure on software development	(1.9)	(1.3)	(5.0)
Purchase of investments	(3,573.4)	(1,350.7)	(3,659.7)
Proceeds from sale of investments	3,501.6	1,530.9	3,892.2
Interest and dividends received	31.8	33.5	70.8
<b>Net cash from investing activities</b>	<b>(43.0)</b>	<b>210.5</b>	<b>295.8</b>
<b>Cash flow from financing activities</b>			
Acquisition of own shares in trust	(5.0)	-	(3.9)
Proceeds from issue of shares	0.1	-	-
Interest paid	(7.0)	(5.9)	(15.3)
Dividends paid	(188.3)	(137.9)	(164.2)
<b>Net cash used in financing activities</b>	<b>(200.2)</b>	<b>(143.8)</b>	<b>(183.4)</b>
Net (decrease)/increase in cash and cash equivalents	(235.0)	72.3	307.9
Cash and cash equivalents at beginning of period	676.9	364.2	364.2
Effect of exchange rate changes on cash and cash equivalents	(0.1)	2.8	4.8
<b>Cash and cash equivalents at end of period</b>	<b>441.8</b>	<b>439.3</b>	<b>676.9</b>

## Notes to unaudited condensed consolidated interim financial statements

## **1 Statement of accounting policies**

Beazley Ireland Holdings plc is a company incorporated in Jersey and is resident for tax purposes in Ireland. The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 comprise the parent company, its subsidiaries and the subsidiaries' interest in associates. Beazley Ireland Holdings plc immediate parent company is Beazley plc, a company registered in England and Wales and listed on the London Stock Exchange.

The unaudited condensed consolidated interim financial statements have been prepared and approved by the directors in accordance with IAS 34 Interim Financial Reporting as adopted by the EU ('Adopted IFRS'). The unaudited condensed consolidated interim financial statements of Beazley Ireland Holdings plc have been prepared on a going concern basis. The directors of the company have a reasonable expectation that the company and its subsidiaries (the 'sub-group') have adequate resources to continue in operational existence for the foreseeable future. The principal risks and uncertainties faced by the group's sub-group remain consistent with those risks and uncertainties discussed and disclosed on pages 52 to 57 of the 2015 annual report and accounts of Beazley Ireland Holdings plc (formerly Beazley plc).

The preparation of unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the sub-group's accounting policies of Beazley Ireland Holdings plc and its subsidiaries and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of Beazley Ireland Holdings plc (formerly Beazley plc) as at, and for, the year ended 31 December 2015. As required by IFRS 13 (fair value measurement) information relating to the fair value measurement of financial assets and liabilities is outlined in note 8 to the unaudited condensed consolidated interim financial statements.

The accounting policies applied in the unaudited condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements of Beazley Ireland Holdings plc (formerly Beazly plc) for the year ended 31 December 2015. In addition to changes disclosed in our annual report for the year ended 31 December 2015, the following list of standards or amendments were made effective:

IFRS 11: Amendment: Accounting for acquisitions on interests in joint operations (EU effective date: 1 January 2016);

IAS 1: Amendment: Disclosure initiative (EU effective date: 1 January 2016);

IAS 16 and 38: Amendment: Clarification of acceptable methods of depreciation and amortisation (EU effective date: 1 January 2016); and

Annual improvement to IFRSs – 2012-2014 cycle (EU effective date: 1 January 2016).

These amendments did not result in a material impact on the interim financial statements of the 'sub-group' and there have been no amendments to the accounting policies of Beazley Ireland Holdings plc and its consolidated subsidiaries as a result of the new standards listed above.

### **New holding company**

Swift No. 3 Limited was incorporated in the United Kingdom on 4 September 2015 under the Companies Act 2006 as a private company limited by shares and with registered number 09763575. The company reregistered from a private company to a public company on the 12 February 2016 and changed its name to Beazley plc. With effect from 13 April 2016, under a scheme of arrangement involving a share exchange with the members of Beazley Ireland Holdings plc (formerly Beazley plc), the company became the new holding company for the Beazley group.

Throughout the period from incorporation to 13 April 2016, Beazley plc (formerly Swift No.3 Limited) was a shell company with no material revenues and assets and did not constitute a 'business' as defined by IFRS 3 Business combinations. As part of the scheme of arrangement, the shareholders of Beazley Ireland Holdings plc (formerly Beazley plc) acquired 100% of the share capital of Beazley plc on completion of the transaction.

The comparative figures for the financial year ended 31 December 2015 are extracted from the group financial statements of Beazley Ireland Holdings plc (formerly Beazley plc) for that financial year. Those financial statements have been reported on by the company's auditor and delivered to the

Jersey Financial Services Commission. The report of the auditor was unqualified.

## 2 Segmental analysis

Segment information is presented in respect of reportable segments. This is based on management and internal reporting structures within the Beazley group and represents the level at which financial information is reported to the boards of Beazley group entities.

Finance costs and taxation have not been allocated to operating segments as these items are determined by group level factors and do not relate to operating performance.

<b>30 June 2016</b>	<b>Life, accident &amp; health \$m</b>	<b>Marine \$m</b>	<b>Political risks &amp; contingency \$m</b>	<b>Property \$m</b>	<b>Reinsurance \$m</b>	<b>Specialty lines \$m</b>	<b>Total \$m</b>
Gross premiums written	79.9	134.0	69.4	173.0	150.2	517.6	1,124.1
Net premiums written	71.8	107.9	57.0	142.1	92.9	458.7	930.4
Net earned premiums	56.5	110.7	46.7	144.1	63.9	439.5	861.4
Net investment income	1.6	5.6	2.3	6.7	4.4	42.1	62.7
Other income	0.1	1.2	1.1	2.9	3.1	7.4	15.8
<b>Revenue</b>	<b>58.2</b>	<b>117.5</b>	<b>50.1</b>	<b>153.7</b>	<b>71.4</b>	<b>489.0</b>	<b>939.9</b>
Net insurance claims	34.2	56.9	16.9	59.7	17.5	251.0	436.2
Expenses for the acquisition of insurance contracts	17.3	32.1	14.7	43.8	16.0	95.7	219.6
Administrative expenses	8.0	18.0	9.5	22.8	7.1	51.1	116.5
Foreign exchange loss	0.7	1.0	0.5	1.3	0.9	4.4	8.8
<b>Expenses</b>	<b>60.2</b>	<b>108.0</b>	<b>41.6</b>	<b>127.6</b>	<b>41.5</b>	<b>402.2</b>	<b>781.1</b>
Share of profit in associates	-	-	0.1	-	-	0.1	0.2
<b>Segment result</b>	<b>(2.0)</b>	<b>9.5</b>	<b>8.6</b>	<b>26.1</b>	<b>29.9</b>	<b>86.9</b>	<b>159.0</b>
Finance costs							(7.0)
<b>Profit before income tax</b>							<b>152.0</b>
Income tax expense							(21.1)
<b>Profit after income tax</b>							<b>130.9</b>
Claims ratio	60%	52%	36%	41%	27%	57%	51%
Expense ratio	45%	45%	52%	46%	36%	34%	39%
Combined ratio	105%	97%	88%	87%	63%	91%	90%
<b>Segment assets and liabilities</b>							
Segment assets	220.1	1,153.2	806.1	1,063.0	411.2	3,167.7	6,821.3
Segment liabilities	(202.0)	(805.8)	(670.9)	(849.7)	(248.1)	(2,667.2)	(5,443.7)
<b>Net assets</b>	<b>18.1</b>	<b>347.4</b>	<b>135.2</b>	<b>213.3</b>	<b>163.1</b>	<b>500.5</b>	<b>1,377.6</b>



<b>30 June 2015</b>	<b>Life, accident &amp; health \$m</b>	<b>Marine \$m</b>	<b>Political risks &amp; contingency \$m</b>	<b>Property \$m</b>	<b>Reinsurance \$m</b>	<b>Specialty lines \$m</b>	<b>Total \$m</b>
Gross premiums written	79.7	162.1	67.9	188.6	159.5	441.9	1,099.7
Net premiums written	67.1	131.4	55.4	151.2	109.3	364.8	879.2
Net earned premiums	56.3	144.2	50.7	147.0	70.4	389.1	857.7
Net investment income	0.7	4.7	1.9	5.1	3.6	27.5	43.5
Other income	0.6	1.8	1.0	2.5	3.1	5.2	14.2
<b>Revenue</b>	<b>57.6</b>	<b>150.7</b>	<b>53.6</b>	<b>154.6</b>	<b>77.1</b>	<b>421.8</b>	<b>915.4</b>
Net insurance claims	33.8	54.7	23.4	55.0	17.9	232.9	417.7
Expenses for the acquisition of insurance contracts	17.3	38.2	14.4	43.6	16.1	93.1	222.7
Administrative expenses	6.7	16.3	9.2	20.2	6.2	42.5	101.1
Foreign exchange loss	0.8	1.7	0.7	2.0	1.8	4.7	11.7
<b>Expenses</b>	<b>58.6</b>	<b>110.9</b>	<b>47.7</b>	<b>120.8</b>	<b>42.0</b>	<b>373.2</b>	<b>753.2</b>
Share of loss in associates	-	-	(0.1)	-	-	(0.1)	(0.2)
<b>Segment result</b>	<b>(1.0)</b>	<b>39.8</b>	<b>5.8</b>	<b>33.8</b>	<b>35.1</b>	<b>48.5</b>	<b>162.0</b>
Finance costs							(7.5)
<b>Profit before income tax</b>							<b>154.5</b>
Income tax expense							(21.5)
<b>Profit after income tax</b>							<b>133.0</b>
Claims ratio	60%	38%	46%	38%	25%	60%	49%
Expense ratio	43%	38%	47%	43%	32%	35%	37%
Combined ratio	103%	76%	93%	81%	57%	95%	86%
<b>Segment assets and liabilities</b>							
Segment assets	217.5	1,072.3	776.0	1,010.9	381.4	3,067.2	6,525.3
Segment liabilities	(194.3)	(699.1)	(646.8)	(810.1)	(226.0)	(2,602.0)	(5,178.3)
<b>Net assets</b>	<b>23.2</b>	<b>373.2</b>	<b>129.2</b>	<b>200.8</b>	<b>155.4</b>	<b>465.2</b>	<b>1,347.0</b>

<b>31 December 2015</b>	<b>Life, accident &amp; health \$m</b>	<b>Marine \$m</b>	<b>Political risks &amp; contingency \$m</b>	<b>Property \$m</b>	<b>Reinsurance \$m</b>	<b>Specialty lines \$m</b>	<b>Total \$m</b>
Gross premiums written	119.8	269.3	123.6	353.1	199.9	1,015.2	2,080.9
Net premiums written	106.6	239.5	105.0	304.8	132.0	825.2	1,713.1
Net earned premiums	110.8	258.2	106.4	297.8	133.8	791.7	1,698.7
Net investment income	1.5	6.2	2.4	6.6	4.6	36.3	57.6
Other income	2.9	3.4	2.2	5.9	5.5	11.0	30.9

<b>Revenue</b>	<b>115.2</b>	<b>267.8</b>	<b>111.0</b>	<b>310.3</b>	<b>143.9</b>	<b>839.0</b>	<b>1,787.2</b>
Net insurance claims	64.3	97.8	30.6	117.1	29.4	474.7	813.9
Expenses for the acquisition of insurance contracts	35.0	68.9	32.1	91.0	32.8	188.8	448.6
Administrative expenses	15.2	32.7	18.5	40.9	13.9	94.0	215.2
Foreign exchange loss	0.3	1.5	0.4	1.6	1.5	4.4	9.7
<b>Expenses</b>	<b>114.8</b>	<b>200.9</b>	<b>81.6</b>	<b>250.6</b>	<b>77.6</b>	<b>761.9</b>	<b>1,487.4</b>
Share of loss in associates	-	-	(0.4)	-	-	(0.1)	(0.5)
<b>Segment result</b>	<b>0.4</b>	<b>66.9</b>	<b>29.0</b>	<b>59.7</b>	<b>66.3</b>	<b>77.0</b>	<b>299.3</b>
Finance costs							(15.3)
<b>Profit before income tax</b>							<b>284.0</b>
Income tax expense							(35.0)
<b>Profit after income tax</b>							<b>249.0</b>
Claims ratio	58%	38%	29%	39%	22%	60%	48%
Expense ratio	45%	39%	47%	45%	35%	36%	39%
Combined ratio	103%	77%	76%	84%	57%	96%	87%
<b>Segment assets and liabilities</b>							
Segment assets	221.5	1,132.8	798.5	1,047.1	403.1	3,142.4	6,745.4
Segment liabilities	(195.1)	(739.6)	(650.1)	(830.7)	(242.4)	(2,646.1)	(5,304.0)
<b>Net assets</b>	<b>26.4</b>	<b>393.2</b>	<b>148.4</b>	<b>216.4</b>	<b>160.7</b>	<b>496.3</b>	<b>1,441.4</b>

### 3 Net investment income

	6 months ended 30 June 2016 \$m	6 months ended 30 June 2015 \$m	Year to 31 December 2015 \$m
Interest and dividends on financial investments at fair value through profit or loss	31.5	33.2	70.3
Interest on cash and cash equivalents	0.3	0.3	0.5
Net realised losses on financial investments at fair value through profit or loss	(4.0)	(10.3)	(18.5)
Net unrealised fair value gain on financial investments at fair value through profit or loss	38.8	25.7	15.5
<b>Investment income from financial investments</b>	<b>66.6</b>	<b>48.9</b>	<b>67.8</b>
Investment management expenses	(3.9)	(5.4)	(10.2)
	<b>62.7</b>	<b>43.5</b>	<b>57.6</b>

### 4 Other income

	6 months ended 30 June 2016 \$m	6 months ended 30 June 2015 \$m	Year to 31 December 2015 \$m
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Commission income	9.6	8.4	16.4
Profit commissions	5.2	5.0	12.4
Agency fees	1.0	0.8	1.9
Other income	-	-	0.2
	<b>15.8</b>	<b>14.2</b>	<b>30.9</b>

## 5 Finance cost

	6 months ended 30 June 2016 \$m	6 months ended 30 June 2015 \$m	Year to 31 December 2015 \$m
Interest expense	7.0	7.5	15.3
	<b>7.0</b>	<b>7.5</b>	<b>15.3</b>

## 6 Dividends

A 2015 second interim and special dividend totalling £129.1m was paid in March 2016. At this time, Beazley Ireland Holdings plc was the ultimate holding company of the Beazley group.

A 2016 first interim dividend of £18.2m was paid to the company's immediate parent company, Beazley plc, on 12 August 2016. These financial statements do not provide for the 2016 first interim dividend as a liability.

## 7 Income tax expense

	6 months ended 30 June 2016 \$m	6 months ended 30 June 2015 \$m	Year to 31 December 2015 \$m
<b>Current tax expense</b>			
Current year	24.9	34.4	44.6
Prior year adjustments	1.7	(7.3)	(8.8)
	26.6	27.1	35.8
<b>Deferred tax expense</b>			
Origination and reversal of temporary differences	(4.6)	(10.4)	(2.9)
Impact of change in UK tax rates	(0.2)	-	(0.2)
Prior year adjustments	(0.7)	4.8	2.3
	(5.5)	(5.6)	(0.8)
<b>Income tax expense</b>	<b>21.1</b>	<b>21.5</b>	<b>35.0</b>

<b>Profit before tax</b>	<b>152.0</b>	<b>154.5</b>	<b>284.0</b>
Tax calculated at Irish tax rate of 12.5%	19.0	19.3	35.5
Effects of:			
- Tax rates in foreign jurisdictions	3.5	2.9	7.7
- Non-deductible expenses	1.2	1.8	0.8
- Tax relief on share based payments – current and future years	-	-	(2.3)
- Under/(over) provided in prior years	1.0	(2.5)	(6.5)
- Change in UK tax rates*	(0.2)	-	(0.2)
- Non-taxable gains on foreign exchange	(3.4)	-	-
<b>Tax charge for the period</b>	<b>21.1</b>	<b>21.5</b>	<b>35.0</b>

The Beazley group has assessed the potential impact of diverted profits tax following the enactment of new legislation in April 2015 and is of the view that no liability arises. The ultimate outcome may differ, however it is unlikely to have a material effect on the financial performance of Beazley Ireland Holdings plc and its consolidated subsidiaries for the current year.

## 8 Financial assets and liabilities

	30 June 2016 \$m	30 June 2015 \$m	31 December 2015 \$m
<b>Financial assets at fair value</b>			
Government issued	1,170.4	872.4	1,101.0
Quasi-government	121.7	555.7	362.8
Supranational	0.9	339.9	393.3
Asset backed securities	3.6	179.5	12.7
Senior secured loans	83.3	108.6	114.9
Corporate bonds			
- Investment grade	1,928.8	1,196.6	1,215.8
- High yield	118.7	86.0	68.3
<b>Total fixed and floating rate debt securities</b>	<b>3,427.4</b>	<b>3,338.7</b>	<b>3,268.8</b>
Equity linked funds	98.9	138.0	147.5
Hedge funds	295.4	355.0	329.0
Illiquid credit assets	125.8	78.5	92.3
<b>Total capital growth</b>	<b>520.1</b>	<b>571.5</b>	<b>568.8</b>
<b>Total financial investments at fair value through statement of profit or loss</b>	<b>3,947.5</b>	<b>3,910.2</b>	<b>3,837.6</b>
Derivative financial assets	5.3	2.4	4.6
<b>Total financial assets at fair value</b>	<b>3,952.8</b>	<b>3,912.6</b>	<b>3,842.2</b>

Quasi-government securities include securities which are issued by government agencies or entities supported by government guarantees. Supranational securities are issued by institutions sponsored by more than one sovereign issuer. Asset backed securities are backed by financial assets, including corporate loans. Investment grade corporate bonds include debt instruments of corporate issuers rated BBB-/Baa3 or better by one or more major rating agency and high yield corporate bonds have credit ratings below this level. Equity linked funds are investment vehicles which are predominantly exposed to equity securities. Our illiquid credit assets are described in further detail below. The fair value of these assets at 30 June 2016 excludes an unfunded commitment of \$91.0m (30 June 2015: \$96.0m).

	30 June 2016 \$m	30 June 2015 \$m	31 December 2015 \$m
The amount expected to mature before and after one year are:			
Within one year	1,069.4	938.4	983.1
After one year	2,363.3	2,402.7	2,290.3
	<b>3,432.7</b>	<b>3,341.1</b>	<b>3,273.4</b>

Our capital growth assets have no defined maturity dates and have thus been excluded from the above maturity table. However, 89% (30 June 2015: 84%) of equity linked funds could be liquidated within two weeks and 11% within six months, 96% (30 June 2015: 85%) of hedge fund assets within six months and the remaining 4% (30 June 2015: 15%) of hedge fund assets within 18 months. Illiquid credit assets are not readily realisable and principal will be returned over the life of these assets, which may be up to ten years.

	30 June 2016 \$m	30 June 2015 \$m	31 December 2015 \$m
<b>Financial liabilities</b>			
Retail bond	99.8	116.7	112.3
Subordinated debt	18.0	18.0	18.0
Tier 2 subordinated debt	103.0	122.4	116.9
Derivative financial liabilities	11.6	2.2	0.1
<b>Total financial liabilities</b>	<b>232.4</b>	<b>259.3</b>	<b>247.3</b>

	30 June 2016 \$m	30 June 2015 \$m	31 December 2015 \$m
The amount expected to mature before and after one year are:			
Within one year	114.6	2.2	117.0
After one year	117.8	257.1	130.3
	<b>232.4</b>	<b>259.3</b>	<b>247.3</b>

### Fair value measurement

The table below summarises financial assets carried at fair value using a valuation hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Valuations based on quoted prices in active markets for identical instruments. An active market is a market in which transactions for the instrument occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Included within level 1 are bonds and treasury bills of government and government agencies which are measured based on quoted prices.

Level 2 – Valuations based on quoted prices in markets that are not active, or based on pricing models for which significant inputs can be corroborated by observable market data (e.g. interest rates, exchange rates). Included within level 2 are government bonds and treasury bills which are not actively traded, corporate bonds, asset backed securities and mortgage-backed securities.

Level 3 – Valuations based on inputs that are unobservable or for which there is limited market activity against which to measure fair value.

The availability of financial data can vary for different financial assets and is affected by a wide variety of factors, including the type of financial instrument, whether it is new and not yet established in the marketplace, and other characteristics specific to each transaction. To the extent that valuation is based on models or inputs that are unobservable in the market, the determination of fair value requires more judgement. Accordingly the degree of judgement exercised by management in determining fair value is greatest for instruments classified in level 3. The sub-group uses prices and inputs that are current as of the measurement date for valuation of these instruments.

If the inputs used to measure the fair value of an asset or a liability could be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### Level 2 investments

The Beazley group has an established control framework and valuation policy with respect to the measurement of fair values. For the sub-group's level 2 debt securities our fund administrator obtains the prices used in the valuation from independent pricing vendors such as Bloomberg, Standard & Poor's, Reuters, Markit and International Data Corporation. The independent pricing vendors derive an evaluated price from observable market inputs. The market inputs include trade data, two-sided markets, institutional bids, comparable trades, dealer quotes, news media, and other relevant market data. These inputs are verified in their pricing engines and calibrated with the pricing models to calculate spread to benchmarks, as well as other pricing assumptions such as Weighted Average life (WM), Discount Margins (DM), Default rates, and recovery and prepayments assumptions for mortgage securities. While such valuations are sensitive to estimates, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not change the fair value

significantly.

The Beazley group records the unadjusted price provided and validates the price through various tolerance checks, such as comparison with prices provided by investment custodians and investment managers, to assess the reasonableness and accuracy of the price to be used to value each security. In the rare case that a price fails the tolerance test, it is escalated and discussed internally. We would not normally override a price retrospectively, but we would work with the administrator and pricing vendor to investigate the difference. We also review our valuation policy on a regular basis to ensure it is fit for purpose. As at 30 June 2016, no adjustments have been made to the prices obtained from the independent administrator.

For our hedge funds and equity linked funds, pricing and valuation is undertaken by independent administrators in accordance with the valuation policy of each fund. Regulated equity linked fund prices are published on a daily or weekly basis via Bloomberg and other market data providers such as Reuters. Hedge fund values are communicated by the independent administrators to all investors via monthly investor statements.

Additional information is obtained from fund managers relating to the underlying assets within individual hedge funds and equity linked funds. This shows that 73% (30 June 2015: 70%, 31 December 2015: 68%) of these underlying assets were level 1 and the remainder level 2. This enables us to categorise our hedge fund and equity linked fund investments as level 2.

Prior to any new hedge fund investment, extensive due diligence is undertaken on each fund to ensure that pricing and valuation is undertaken by an independent administrator and that each fund's valuation policy is appropriate for the financial instruments the manager will be employing to execute the investment strategy. Fund liquidity terms are reviewed prior to the execution of any investment to ensure that there is no mismatch between the liquidity of the underlying fund assets and the liquidity terms offered to fund investors.

### **Level 3 investments**

The level 3 categorisation applies only to some of our illiquid credit investments. These are generally participations in limited partnership vehicles which hold diverse, typically illiquid, investments. While these funds provide full transparency of their underlying investments, the investments themselves are in many cases private and unquoted, and are therefore classified as level 3 investments.

Valuation inputs can be subjective and may include a discount rate applied to the investment based on market factors and expectations of future cash flows, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance relative to benchmarks, financial condition, and financing transactions subsequent to the acquisition of the investment.

We take the following steps to ensure accurate valuation of these level 3 assets: a substantial part of the pre-investment due diligence process is dedicated to a comprehensive review of each fund's valuation policy and the internal controls of the manager. In addition to this, confirmation that the investment reaches a minimum set of standards relating to the independence of service providers, corporate governance, and transparency is sought prior to approval. Post investment, unaudited capital statements confirming the fair value of the Limited Partner interests are received and reviewed on a quarterly (or more frequent) basis. Audited financial statements are received on an annual basis, with the valuation of each transaction being confirmed.

The following table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

<b>30 June 2016</b>	<b>Level 1 \$m</b>	<b>Level 2 \$m</b>	<b>Level 3 \$m</b>	<b>Total \$m</b>
<b>Financial assets measured at fair value</b>				
Government issued	1,170.4	-	-	1,170.4
Quasi-government	121.7	-	-	121.7
Supranational	0.9	-	-	0.9
Asset backed securities	2.0	1.6	-	3.6
Senior secured loans	-	83.3	-	83.3

Corporate bonds				
- Investment grade	39.3	1,889.5	-	1,928.8
- High yield	-	118.7	-	118.7
Equity linked funds	-	98.9	-	98.9
Hedge funds	-	295.4	-	295.4
Illiquid credit assets	-	8.7	117.1	125.8
Derivative financial assets	5.3	-	-	5.3
<b>Total financial assets measured at fair value</b>	<b>1,339.6</b>	<b>2,496.1</b>	<b>117.1</b>	<b>3,952.8</b>

#### Financial liabilities measured at fair value

Derivative financial liabilities	11.6	-	-	11.6
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#### Financial liabilities not measured at fair value

Retail bond	-	102.8	-	102.8
Tier 2 subordinated debt	-	101.2	-	101.2
<b>Total financial liabilities not measured at fair value</b>	<b>-</b>	<b>204.0</b>	<b>-</b>	<b>204.0</b>

<b>30 June 2015</b>	<b>Level 1 \$m</b>	<b>Level 2 \$m</b>	<b>Level 3 \$m</b>	<b>Total \$m</b>
<b>Financial assets measured at fair value</b>				
Government issued	870.1	2.3	-	872.4
Quasi-government	258.8	296.9	-	555.7
Supranational	194.8	145.1	-	339.9
Asset backed securities	-	179.5	-	179.5
Senior secured loans	-	108.6	-	108.6
Corporate bonds				
- Investment grade	81.8	1,114.8	-	1,196.6
- High yield	-	86.0	-	86.0
Equity linked funds	-	138.0	-	138.0
Hedge funds	-	355.0	-	355.0
Illiquid credit assets	-	12.2	66.3	78.5
Derivative financial assets	2.4	-	-	2.4
<b>Total financial assets measured at fair value</b>	<b>1,407.9</b>	<b>2,438.4</b>	<b>66.3</b>	<b>3,912.6</b>

#### Financial liabilities measured at fair value

Derivative financial liabilities	2.2	-	-	2.2
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#### Financial liabilities not measured at fair value

Retail bond	-	121.3	-	121.3
Tier 2 subordinated debt	-	127.1	-	127.1
<b>Total financial liabilities not measured at fair value</b>	<b>-</b>	<b>248.4</b>	<b>-</b>	<b>248.4</b>

<b>31 December 2015</b>	<b>Level 1 \$m</b>	<b>Level 2 \$m</b>	<b>Level 3 \$m</b>	<b>Total \$m</b>
<b>Financial assets measured at fair value</b>				
Government issued	1,901.0	10.0	-	1,101.0

Quasi-government	205.0	157.8	-	362.8
Supranational	393.3	-	-	393.3
Asset backed securities	-	12.7	-	12.7
Senior secured loans	-	114.9	-	114.9
Corporate bonds				
- Investment grade	-	1,215.8	-	1,215.8
- High yield	-	68.3	-	68.3
Equity linked funds	-	147.5	-	147.5
Hedge funds	-	329.0	-	329.0
Illiquid credit assets	-	2.6	89.7	92.3
Derivative financial assets	4.6	-	-	4.6
<b>Total financial assets measured at fair value</b>	<b>1,693.9</b>	<b>2,058.6</b>	<b>89.7</b>	<b>3,842.2</b>

#### **Financial liabilities measured at fair value**

Derivative financial liabilities	0.1	-	-	0.1
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#### **Financial liabilities not measured at fair value**

Retail bond	-	114.4	-	114.4
Tier 2 subordinated debt	-	119.7	-	119.7
<b>Total financial liabilities not measured at fair value</b>	<b>-</b>	<b>234.1</b>	<b>-</b>	<b>234.1</b>

The table above does not include financial assets and liabilities that are, in accordance with the sub-group's accounting policies, recorded at amortised cost, if the carrying amount of these financial assets and liabilities approximates their fair values at the reporting date.

#### **Unconsolidated structured entities**

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

As part of its standard investment activities the Beazley group holds investments in asset backed securities, equity linked funds, hedge funds and illiquid credit assets which in accordance with IFRS 12 are classified as unconsolidated structured entities. The Beazley group does not sponsor any of the unconsolidated structured entities. The assets classified as unconsolidated structured entities are held at fair value on the balance sheet.

The investments comprising the sub-group's unconsolidated structured entities are as follows:

	<b>30 June 2016 \$m</b>	<b>30 June 2015 \$m</b>	<b>31 December 2015 \$m</b>
High yield bond fund	40.7	-	-
Asset backed securities	3.6	179.5	12.7
Equity linked funds	99.4	138.0	147.5
Hedge funds	294.9	355.0	329.0
Illiquid credit assets	125.8	78.5	92.3
<b>Investments through unconsolidated structured entities</b>	<b>564.4</b>	<b>751.0</b>	<b>581.5</b>

#### **Transfers and level 3 investment reconciliations**

There were no transfers in either direction between level 1, level 2 and level 3 in either 2015 or 2016.

The table below shows a reconciliation from the opening balances to the closing balances of level 3 fair



values. The total net unrealised gains recognised in the \$4.7m (30 June 2015: \$1.1m) are included in the net investment income number of \$62.7m (30 June 2015: \$43.5m) shown in the condensed consolidated statement of profit or loss.

	30 June 2016 \$m	30 June 2015 \$m	31 December 2015 \$m
As at 1 January	89.7	38.0	38.0
Purchases	36.2	38.7	63.5
Sales	(13.5)	(11.5)	(13.4)
Total net unrealised gains recognised in profit or loss	4.7	1.1	1.6
<b>As at period end</b>	<b>117.1</b>	<b>66.3</b>	<b>89.7</b>

The currency exposures of our financial assets held at fair value are detailed below:

	UK £ \$m	CAD \$ \$m	EURO € \$m	Subtotal \$m	US \$ \$m	Total \$m
<b>30 June 2016</b>						
<b>Financial assets at fair value</b>						
Fixed and floating rate debt securities	219.1	121.6	118.6	459.3	2,968.1	3,427.4
Equity linked funds	-	-	28.5	28.5	70.4	98.9
Hedge funds	-	-	-	-	295.4	295.4
Illiquid credit assets	-	-	10.3	10.3	115.5	125.8
Derivative financial assets	-	-	-	-	5.3	5.3
<b>Total</b>	<b>219.1</b>	<b>121.6</b>	<b>157.4</b>	<b>498.1</b>	<b>3,454.7</b>	<b>3,952.8</b>

	UK £ \$m	CAD \$ \$m	EURO € \$m	Subtotal \$m	US \$ \$m	Total \$m
<b>30 June 2015</b>						
<b>Financial assets at fair value</b>						
Fixed and floating rate debt securities	344.7	151.5	158.5	654.7	2,684.0	3,338.7
Equity linked funds	54.3	-	47.6	101.9	36.1	138.0
Hedge funds	-	-	-	-	355.0	355.0
Illiquid credit assets	-	-	4.5	4.5	74.0	78.5
Derivative financial assets	-	-	-	-	2.4	2.4
<b>Total</b>	<b>399.0</b>	<b>151.5</b>	<b>210.6</b>	<b>761.1</b>	<b>3,151.5</b>	<b>3,912.6</b>

	UK £ \$m	CAD \$ \$m	EURO € \$m	Subtotal \$m	US \$ \$m	Total \$m
<b>31 December 2015</b>						
<b>Financial assets at fair value</b>						
Fixed and floating rate debt securities	261.6	140.7	142.5	544.8	2,724.0	3,268.8
Equity linked funds	32.0	-	30.2	62.2	85.3	147.5
Hedge funds	-	-	(0.4)	(0.4)	329.4	329.0
Illiquid credit assets	-	-	4.3	4.3	88.0	92.3
Derivative financial assets	-	-	-	-	4.6	4.6
<b>Total</b>	<b>293.6</b>	<b>140.7</b>	<b>176.6</b>	<b>610.9</b>	<b>3,231.3</b>	<b>3,842.2</b>

The above qualitative and quantitative disclosures, along with the risk management disclosure included in note 2 of the annual report of Beazley Ireland Holdings plc (formerly Beazley plc) for the year ending 31 December 2015, enables more comprehensive evaluation of Beazley's exposure to risks arising from financial instruments.

## 9 Cash and cash equivalents



108 months	43.5								
Position at 30 June 2016	43.3	51.8	49.7	42.7	32.3	32.3	45.2	48.3	54.8
<b>Political risks &amp; contingency</b>									
12 months	57.2	57.4	61.1	61.3	58.5	62.2	57.2	56.0	54.8
24 months	39.2	70.8	38.5	40.3	39.2	43.7	41.6	41.1	
36 months	56.4	75.7	34.2	33.0	33.8	39.8	35.0		
48 months	53.3	89.0	29.4	23.6	27.8	38.2			
60 months	53.5	73.6	23.4	22.3	26.2				
72 months	49.6	62.4	17.7	20.9					
84 months	47.0	59.1	17.9						
96 months	49.1	59.7							
108 months	44.9								
Position at 30 June 2016	44.9	59.7	17.9	20.9	24.5	37.4	34.4	39.0	56.0
<b>Property</b>									
12 months	57.9	70.7	53.7	58.0	58.4	55.5	55.2	53.2	54.9
24 months	55.8	65.3	41.7	60.7	50.6	47.6	49.2	47.8	
36 months	53.1	64.3	36.5	58.7	48.1	39.9	45.8		
48 months	53.7	62.2	35.4	55.9	46.3	36.8			
60 months	56.9	60.6	34.3	53.2	45.4				
72 months	66.3	59.6	33.3	52.2					
84 months	66.4	58.5	32.7						
96 months	65.7	57.8							
108 months	64.9								
Position at 30 June 2016	64.8	57.6	32.6	52.2	44.7	37.1	45.4	44.4	51.9
<b>Reinsurance</b>									
12 months	59.5	59.8	60.8	68.0	79.1	62.9	58.2	61.3	65.3
24 months	24.8	54.0	47.8	143.4	77.7	37.3	44.5	33.4	
36 months	20.6	44.5	39.8	130.6	70.3	31.9	42.0		
48 months	19.2	41.1	39.3	123.4	66.5	30.8			
60 months	18.3	40.7	35.1	127.0	63.7				
72 months	18.1	40.9	32.3	125.2					
84 months	16.5	40.1	31.4						
96 months	15.7	39.9							
108 months	15.3								
Position at 30 June 2016	15.4	39.6	31.5	125.5	63.4	31.3	41.4	31.0	52.3
<b>Specialty lines</b>									
12 months	72.8	72.1	72.5	73.8	75.5	73.9	73.4	68.5	67.4
24 months	72.3	71.9	72.5	73.9	75.6	74.0	73.2	68.4	
36 months	72.1	71.8	71.6	72.9	76.5	72.1	72.9		
48 months	72.1	72.0	71.3	73.3	75.4	70.2			
60 months	72.3	71.5	71.6	69.5	74.1				
72 months	72.0	71.8	68.5	69.6					
84 months	72.0	70.1	69.6						
96 months	71.2	73.6							
108 months	70.5								

Position at 30 June 2016	71.6	73.0	69.7	69.5	72.3	69.4	71.7	66.6	67.8			
<b>Total</b>												
12 months	64.5	69.1	62.9	64.5	67.2	64.6	63.7	62.1	62.6			
24 months	59.9	68.0	57.0	71.7	62.8	58.2	59.2	55.8				
36 months	58.7	66.5	53.1	67.7	60.5	53.2	56.3					
48 months	58.1	67.7	51.7	65.7	58.0	51.0						
60 months	59.1	65.8	50.8	63.5	57.0							
72 months	60.9	64.1	49.8	63.0								
84 months	60.1	62.1	50.0									
96 months	59.2	63.6										
108 months	58.2											
Position at 30 June 2016	58.6	62.8	50.3	63.3	55.4	50.6	55.8	54.3	61.1			
Total ultimate losses (\$m)	4,566.0	1,051.9	1,180.9	1,065.4	1,311.6	1,061.8	1,005.1	1,212.4	1,246.2	1,473.4	1,416.0	16,590.7
Less paid claims (\$m)	(4,391.8)	(920.3)	(1,038.2)	(801.0)	(1,065.5)	(791.8)	(667.9)	(622.4)	(420.3)	(169.3)	(6.2)	(10,894.7)
Less unearned portion of ultimate losses (\$m)	-	-	-	-	-	-	-	-	(6.8)	(221.6)	(1,221.6)	(1,450.0)
<b>Gross claims liabilities (100% level) (\$m)</b>	<b>174.2</b>	<b>131.6</b>	<b>142.7</b>	<b>264.4</b>	<b>246.1</b>	<b>270.0</b>	<b>337.2</b>	<b>590.0</b>	<b>819.1</b>	<b>1,082.5</b>	<b>188.2</b>	<b>4,246.0</b>
Less unaligned share (\$m)	(36.7)	(23.3)	(24.5)	(40.7)	(41.0)	(51.3)	(64.0)	(95.0)	(125.5)	(165.5)	(29.2)	(696.7)
<b>Gross claims liabilities, sub-group share (\$m)</b>	<b>137.5</b>	<b>108.3</b>	<b>118.2</b>	<b>223.7</b>	<b>205.1</b>	<b>218.7</b>	<b>273.2</b>	<b>495.0</b>	<b>693.6</b>	<b>917.0</b>	<b>159.0</b>	<b>3,549.3</b>

	2006 ae	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net ultimate claims	%	%	%	%	%	%	%	%	%	%	%
Life, accident & health											
12 months				51.7	51.1	55.2	58.1	65.6	62.6	65.2	
24 months				51.4	51.9	54.8	65.2	68.1	64.6		
36 months				44.4	52.2	63.2	63.3	66.9			
48 months				45.5	50.6	59.8	56.7				
60 months				44.8	50.1	57.6					
72 months				43.7	49.0						
84 months				43.6							
96 months											
108 months											
Position at 30 June 2016				43.6	48.5	56.6	55.9	65.6	65.0	67.1	
Marine											
12 months		55.9	61.4	53.4	52.1	55.7	55.4	56.0	56.4	56.8	
24 months		56.5	56.8	47.6	49.3	47.7	46.1	53.1	48.5		
36 months		49.4	50.5	38.9	44.8	38.7	37.4	47.3			
48 months		46.6	47.3	35.2	42.7	34.5	35.1				
60 months		47.3	46.8	34.9	41.2	35.6					
72 months		47.3	46.2	38.6	40.3						
84 months		44.9	45.0	37.9							
96 months		42.9	44.5								
108 months		42.5									
Position at 30 June 2016		42.4	45.0	37.9	42.9	33.1	35.1	48.3	47.7	55.7	

**Political risks & contingency**

12 months	55.4	55.8	59.4	57.2	54.7	59.1	54.6	52.9	51.9
24 months	40.3	78.7	35.2	37.8	37.9	42.2	40.7	39.2	
36 months	55.1	78.5	31.8	30.6	32.1	38.6	35.7		
48 months	54.7	81.3	27.2	21.4	29.2	38.4			
60 months	52.5	70.8	21.5	20.2	27.4				
72 months	49.2	60.0	16.7	20.1					
84 months	46.9	56.5	17.0						
96 months	48.6	56.8							
108 months	45.0								
Position at 30 June 2016	44.5	57.6	16.9	20.2	25.1	36.6	33.7	36.2	53.0

**Property**

12 months	60.8	67.0	53.4	58.8	60.3	58.6	56.7	54.5	55.0
24 months	58.8	66.9	47.5	65.3	57.7	53.0	56.3	51.2	
36 months	57.9	64.8	43.9	65.9	53.7	46.0	52.3		
48 months	58.1	63.6	41.7	59.9	50.5	41.3			
60 months	61.2	62.5	41.1	57.8	49.1				
72 months	61.7	61.2	39.8	56.8					
84 months	61.8	60.5	39.3						
96 months	61.4	59.5							
108 months	61.3								
Position at 30 June 2016	61.2	59.3	39.2	57.3	48.3	41.5	50.2	47.6	53.1

**Reinsurance**

12 months	55.2	68.6	55.5	76.7	89.9	67.0	56.1	58.6	61.4
24 months	29.0	61.0	52.4	128.1	88.0	45.2	51.1	37.1	
36 months	24.1	50.9	46.6	118.9	81.1	38.9	47.7		
48 months	22.3	48.6	45.9	113.2	75.5	37.3			
60 months	21.6	48.0	41.1	122.3	72.9				
72 months	21.5	48.4	37.8	116.0					
84 months	19.6	47.2	36.8						
96 months	18.6	46.9							
108 months	18.1								
Position at 30 June 2016	18.1	46.7	36.8	117.0	72.9	37.8	46.7	33.7	49.6

**Specialty lines**

12 months	69.9	70.1	69.6	71.0	72.5	71.1	69.5	66.0	63.6
24 months	68.8	70.0	69.4	71.1	72.5	70.6	69.0	66.0	
36 months	68.6	69.9	68.8	70.5	71.7	68.7	68.5		
48 months	67.4	68.6	65.9	69.5	69.6	65.7			
60 months	67.4	67.9	65.8	68.9	70.1				
72 months	67.4	67.8	64.8	69.0					
84 months	67.4	67.8	65.5						
96 months	67.2	70.0							
108 months	66.4								
Position at 30 June 2016	66.2	70.1	65.5	68.9	69.9	64.2	65.2	64.4	64.0

**Total**

12 months		63.2	66.8	60.6	64.2	67.0	64.0	62.1	60.6	60.1		
24 months		59.2	67.0	56.5	68.8	63.6	58.3	60.1	56.0			
36 months		58.4	64.6	52.9	66.4	60.3	53.7	57.3				
48 months		57.4	63.4	50.4	63.3	57.2	50.7					
60 months		58.0	61.9	49.4	63.3	56.8						
72 months		57.8	60.6	48.6	62.3							
84 months		57.0	59.9	48.6								
96 months		56.5	60.7									
108 months		55.7										
Position at 30 June 2016		55.6	60.8	48.6	62.8	55.9	50.0	55.5	54.0	59.1		
Total ultimate losses (\$m)	2,879.9	848.1	942.1	795.0	1,052.0	888.9	851.6	1,021.8	1,057.0	1,175.0	1,290.9	12,802.3
Less paid claims (\$m)	(2,735.9)	(765.5)	(837.6)	(656.4)	(879.8)	(679.5)	(580.8)	(537.8)	(393.1)	(152.8)	(6.5)	(8,225.7)
Less unearned portion of ultimate losses (\$m)	-	-	-	-	-	-	-	-	(3.8)	(215.8)	(1,152.5)	(1,372.1)
<b>Net claims liabilities (100% level) (\$m)</b>	<b>144.0</b>	<b>82.6</b>	<b>104.5</b>	<b>138.6</b>	<b>172.2</b>	<b>209.4</b>	<b>270.8</b>	<b>484.0</b>	<b>660.1</b>	<b>806.4</b>	<b>131.9</b>	<b>3,204.5</b>
Less unaligned share (\$m)	(28.1)	(15.8)	(19.1)	(25.5)	(31.7)	(38.3)	(45.2)	(75.3)	(101.0)	(126.4)	(20.7)	(527.1)
<b>Net claims liabilities, sub-group share (\$m)</b>	<b>115.9</b>	<b>66.8</b>	<b>85.4</b>	<b>113.1</b>	<b>140.5</b>	<b>171.1</b>	<b>225.6</b>	<b>408.7</b>	<b>559.1</b>	<b>680.0</b>	<b>111.2</b>	<b>2,677.4</b>

### ***Analysis of movements in loss development tables***

We have updated our loss development tables to show the interim ultimate loss ratios as at 30 June 2016 for each underwriting year. As such, care should be taken when comparing these half year movements to the full year movements shown within the body of the table.

### ***Life, accident & health***

The experience to date on the 2015 underwriting year has been slightly worse than anticipated leading to some strengthening. Releases have been made from prior underwriting years.

### ***Marine***

The experience in the period has lead to some strengthening on prior underwriting years and releases on others, driven by movements in underlying claims. The continued benign natural catastrophe environment has been recognised, with the partial release of available catastrophe margin within the 2015 underwriting year.

### ***Political risks & contingency***

Releases have been observed across prior underwriting years as a result of favourable developments on underlying claims and the expiry of risk.

### ***Property***

There have been positive developments across most underwriting years, driven by favourable attritional experience and benign natural catastrophe experience.

### ***Reinsurance***

The 2013 and prior underwriting years have remained broadly unchanged, with no major updates to historic catastrophe estimates. Natural catastrophe experience during the period has been benign and as such, available catastrophe margin has been released from the 2015 underwriting year.

### ***Specialty lines***

The 2007 to 2010 underwriting years have remained broadly stable. Releases have been made from the more recent years, recognising both favourable claims development in the short tail cyber book and initial releases from the long tail classes as better than expected experience emerges.

### ***Claims releases***

The table below analyses our net insurance claims between current year claims and adjustments to prior year net claims reserves. These have been broken down by segment and period.

The net of reinsurance claims release on 2015 and prior underwriting years has risen to \$77.4m (2015: \$74.5m). The releases are the result of both generally favourable development and recoveries on specific claims.

The movements shown on 2013 and earlier are absolute claim movements and are not impacted by any current year movements on premium on those underwriting years.

<b>6 months ended 30 June 2016</b>	<b>Life, accident &amp; health \$m</b>	<b>Marine \$m</b>	<b>Political risks &amp; contingency \$m</b>	<b>Property \$m</b>	<b>Reinsurance \$m</b>	<b>Specialty lines \$m</b>	<b>Total \$m</b>
Current year	35.1	56.3	23.4	77.3	35.0	286.5	513.6
Prior year							
– 2013 and earlier	(1.6)	5.8	(5.4)	(5.0)	(1.1)	(22.8)	(30.1)
– 2014 underwriting year	0.1	(2.0)	(1.8)	(9.3)	(3.7)	(11.7)	(28.4)
– 2015 underwriting year	0.6	(3.2)	0.7	(3.3)	(12.7)	(1.0)	(18.9)
	(0.9)	0.6	(6.5)	(17.6)	(17.5)	(35.5)	(77.4)
<b>Net insurance claims</b>	<b>34.2</b>	<b>56.9</b>	<b>16.9</b>	<b>59.7</b>	<b>17.5</b>	<b>251.0</b>	<b>436.2</b>

<b>6 months ended 30 June 2015</b>	<b>Life, accident &amp; health \$m</b>	<b>Marine \$m</b>	<b>Political risks &amp; contingency \$m</b>	<b>Property \$m</b>	<b>Reinsurance \$m</b>	<b>Specialty lines \$m</b>	<b>Total \$m</b>
Current year	34.5	72.7	25.8	73.8	35.6	249.8	492.2
Prior year							
– 2012 and earlier	(1.4)	(7.9)	(1.9)	(10.9)	-	(20.5)	(42.6)
– 2013 underwriting year	(0.3)	(6.2)	(0.3)	(4.4)	-	2.8	(8.4)
– 2014 underwriting year	1.0	(3.9)	(0.2)	(3.5)	(17.7)	0.8	(23.5)
	(0.7)	(18.0)	(2.4)	(18.8)	(17.7)	(16.9)	(74.5)
<b>Net insurance claims</b>	<b>33.8</b>	<b>54.7</b>	<b>23.4</b>	<b>55.0</b>	<b>17.9</b>	<b>232.9</b>	<b>417.7</b>

<b>Year to 31 December 2015</b>	<b>Life, accident &amp; health \$m</b>	<b>Marine \$m</b>	<b>Political risks &amp; contingency \$m</b>	<b>Property \$m</b>	<b>Reinsurance \$m</b>	<b>Specialty lines \$m</b>	<b>Total \$m</b>
Current year	69.9	129.0	48.8	154.9	74.2	513.4	990.2
Prior year							
– 2012 and earlier	(5.5)	(7.3)	(5.4)	(25.5)	(14.8)	(32.9)	(91.4)
– 2013 underwriting year	(1.3)	(14.8)	(5.1)	(9.8)	(4.8)	(5.3)	(41.1)
– 2014 underwriting year	1.2	(9.1)	(7.6)	(2.5)	(25.3)	(0.5)	(43.8)
	(5.6)	(31.2)	(18.1)	(37.8)	(44.9)	(38.7)	(176.3)
<b>Net insurance claims</b>	<b>64.3</b>	<b>97.8</b>	<b>30.7</b>	<b>117.1</b>	<b>29.3</b>	<b>474.7</b>	<b>813.9</b>

## 11 Related party transactions

The nature of the related party transactions of the Beazley Ireland Holdings plc and its consolidated subsidiaries are consistent in nature and scope with those disclosed in note 30 of the consolidated financial statements of Beazley Ireland Holdings plc (formerly Beazley plc) for the year ended 31 December 2015.

As mentioned in note 1 to the financial statements, Beazley Ireland Holdings plc (formerly Beazley plc) executed a scheme of arrangement in April 2016, the effect of which was the establishment of a new ultimate holding company of the Beazley group. As at 30 June 2016, the ultimate holding company, named Beazley plc, is a company incorporated in England and Wales. Beazley plc is the immediate parent company of Beazley Ireland Holdings plc.

## 12 Foreign exchange rates

The sub-group used the following exchange rates to translate foreign currency assets, liabilities, income and expenses into US dollars, being the sub-group's presentation currency:

	6 months ended 30 June 2016 \$m	6 months ended 30 June 2015 \$m	Year to 31 December 2015 \$m
<b>Average</b>			
Pound sterling	0.69	0.66	0.65
Canadian dollar	1.34	1.24	1.26
Euro	0.90	0.90	0.90
<b>Spot</b>			
Pound sterling	0.75	0.64	0.66
Canadian dollar	1.30	1.25	1.38
Euro	0.90	0.90	0.91

## 13 Subsequent events

In August 2016 Beazley Furlonge Holdings Limited, an indirect 100% subsidiary of Beazley Ireland Holdings plc, completed the acquisition of a Lloyd's coverholder Leviathan.

On 16 September 2016, Beazley Group Limited gave formal notice that all of the outstanding notes of the £150m fixed/floating rate subordinated notes due 17 October 2026 issued on 17 October 2006 will be redeemed by the issuer on 17 October 2016. The directors of Beazley Ireland Holdings plc are of the view that this notice does not have undue impact on the liquidity or capital position of the sub-group and in this regard, it has been treated as a non-adjusting event in the interim financial statements for the period ended 30 June 2016.

There are no other events that are material to the operations of the sub-group that have occurred since the reporting date.

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## Glossary

### Aggregates/aggregations

Accumulations of insurance loss exposures which result from underwriting multiple risks that are exposed to common causes of loss.

### Aggregate excess of loss

The reinsurer indemnifies an insurance company (the reinsured) for an aggregate (or cumulative) amount of losses in excess of a specified aggregate amount.

### A.M. Best

A.M. Best is a worldwide insurance-rating and information agency whose ratings are recognised as an ideal benchmark for assessing the financial strength of insurance related organisations, following a rigorous quantitative and qualitative analysis of a company's balance sheet strength, operating performance and business profile.

### Binding authority

A contracted agreement between a managing agent and a coverholder under which the coverholder is authorised to enter into contracts of insurance for the account of the members of the syndicate



concerned, subject to specified terms and conditions.

**Capacity**

This is the maximum amount of premiums that can be accepted by a syndicate. Capacity also refers to the amount of insurance coverage allocated to a particular policyholder or in the marketplace in general.

**Capital growth assets**

These are assets that do not pay a regular income and target an increase in value over the long term. They will typically have a higher risk and volatility than that of the core portfolio. Currently these are the hedge funds, equity linked funds and illiquid credit assets.

**Catastrophe reinsurance**

A form of excess of loss reinsurance which, subject to a specified limit, indemnifies the reinsured company for the amount of loss in excess of a specified retention with respect to an accumulation of losses resulting from a catastrophic event or series of events.

**Claims**

Demand by an insured for indemnity under an insurance contract.

**Claims ratio**

Ratio, in percentage terms, of net insurance claims to net earned premiums. The calculation is performed excluding the impact of foreign exchange.

**Combined ratio**

Ratio, in percentage terms, of the sum of net insurance claims, expenses for acquisition of insurance contracts and administrative expenses to net earned premiums. This is also the sum of the expense ratio and the claims ratio. The calculation is performed excluding the impact of foreign exchange.

**Coverholder/managing general agent**

A firm either in the United Kingdom or overseas authorised by a managing agent under the terms of a binding authority to enter into contracts of insurance in the name of the members of the syndicate concerned, subject to certain written terms and conditions. A Lloyd's broker can act as a coverholder.

**Deferred acquisition costs (DAC)**

Costs incurred for the acquisition or the renewal of insurance policies (e.g. brokerage, premium levy and staff related costs) which are capitalised and amortised over the term of the contracts.

**Economic Capital Requirement (ECR)**

The capital required by a syndicate's members to support their underwriting. Calculated as the uSCR 'uplifted' by 35% to ensure capital is in place to support Lloyd's ratings and financial strength.

**Excess per risk reinsurance**

A form of excess of loss reinsurance which, subject to a specified limit, indemnifies the reinsured company against the amount of loss in excess of a specified retention with respect to each risk involved in each loss.

**Expense ratio**

Ratio, in percentage terms, of the sum of expenses for acquisition of insurance contracts and administrative expenses to net earned premiums. The calculation is performed excluding the impact of foreign exchange on non-monetary items.

**Facultative reinsurance**

A reinsurance risk that is placed by means of a separately negotiated contract as opposed to one that is ceded under a reinsurance treaty.

**Gross premiums written**

Amounts payable by the insured, excluding any taxes or duties levied on the premium, including any brokerage and commission deducted by intermediaries.

**Hard market**

An insurance market where prevalent prices are high, with restrictive terms and conditions offered by insurers.

**Horizontal limits**

Reinsurance coverage limits for multiple events.

**Incurred but not reported (IBNR)**

These are anticipated or likely claims that may result from an insured event although no claims have been reported so far.

**International Accounting Standards Board (IASB)**

An independent accounting body responsible for developing IFRS (see below).

**International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS)**

Standards formulated by the IASB with the intention of achieving internationally comparable financial statements. Since 2002, the standards adopted by the IASB have been referred to as International Financial Reporting Standards (IFRS). Until existing standards are renamed, they continue to be referred to as International Accounting Standards (IAS).

**Lead underwriter**

The underwriter of a syndicate who is responsible for setting the terms of an insurance or reinsurance contract that is subscribed by more than one syndicate and who generally has primary responsibility for handling any claims arising under such a contract.

**Line**

The proportion of an insurance or reinsurance risk that is accepted by an underwriter or which an underwriter is willing to accept.

**Managing agent**

A company that is permitted by Lloyd's to manage the underwriting of a syndicate.

**Managing general agent (MGA)**

An insurance intermediary acting as an agent on behalf of an insurer.

**Medium tail**

A type of insurance where the claims may be made a few years after the period of insurance has expired.

**Net premiums written**

Net premiums written is equal to gross premiums written less outward reinsurance premiums written.

**Private enterprise**

The private enterprise team offers specialised professional and general liability coverage supported by a high service proposition, focusing on meeting the needs of small businesses with assets up to \$35 million and up to 500 employees.

**Provision for outstanding claims**

Provision for claims that have already been incurred at the reporting date but have either not yet been reported or not yet been fully settled.

**Rate**

The premium expressed as a percentage of the sum insured or limit of indemnity.

**Reinsurance special purpose syndicate**

A special purpose syndicate (SPS) created to operate as a reinsurance 'sidecar' to Beazley's treaty account, capitalising on Beazley's position in the treaty reinsurance market.

**Reinsurance to close (RITC)**

A reinsurance which closes a year of account by transferring the responsibility for discharging all the liabilities that attach to that year of account (and any year of account closed into that year), plus the right to buy any income due to the closing year of account, into an open year of account in return for a premium.

**Retention limits**

Limits imposed upon underwriters for retention of exposures by the sub-group after the application of reinsurance programmes.

### **Retrocessional reinsurance**

The reinsurance of the reinsurance account. It serves to 'lay off' risk.

### **Risk**

This term may variously refer to:

- a) the possibility of some event occurring which causes injury or loss;
- b) the subject matter of an insurance or reinsurance contract; or
- c) an insured peril.

### **Short tail**

A type of insurance where claims are usually made during the term of the policy or shortly after the policy has expired. Property insurance is an example of short tail business.

### **Sidecar special purpose syndicate**

Specialty reinsurance company designed to provide additional capacity to a specific insurance company. It operates by purchasing a portion or all of a sub-group of insurance policies, typically cat exposures. These companies have become quite prominent in the aftermath of Hurricane Katrina as a vehicle to add risk-bearing capacity, and for investors to participate in the potential profits resulting from sharp price increases.

### **Soft market**

An insurance market where prevalent prices are low, and terms and conditions offered by insurers are less restrictive.

### **Solvency Capital Requirement on an ultimate basis (uSCR)**

The capital requirement under Solvency II calculated by Beazley's internal model which captures the risk in respect of the planned underwriting for the prospective year of account in full covering ultimate adverse development and all exposures.

### **Treaty reinsurance**

A reinsurance contract under which the reinsurer agrees to offer and to accept all risks of certain size within a defined class.

### **Unearned premiums reserve**

The portion of premium income in the business year that is attributable to periods after the reporting date in the underwriting provisions.