



Lloyd & Partners Limited

Professional CAPABILITIES

Directors' & Officers' Insurance

Introduction

Formed in 2005, Lloyd & Partners is an independent specialist insurance broker at the forefront of the insurance industry. We are headquartered at One America Square in the City of London and every one of our staff is situated within the single location.

We operate in four main sectors:

- Casualty, Healthcare & Professional
- Property (US and International)
- Cargo, Specie & Fine Art
- Energy & Marine

We work in partnership with retail brokers. Our sector specific teams focus on wholesale business produced internationally from independent sources. A key differential between Lloyd & Partners and our competition is that we maintain both our technical and claims expertise within our London office. Lloyd & Partners is also responsible for the management of JLT Park Ltd, the Bermudian broking operation, which has expertise in the fields of Property, Casualty and Professional Liabilities, Healthcare and Construction.

Directors' & Officers' Insurance

Lloyd & Partners has a focus of expertise concentrated on a small number of industry sectors and it is a market leader in these areas. As a market leader it is adept at creating and implementing unique insurance solutions to meet the needs of its clients based on their industry specific exposures, for example, medical malpractice insurance for its healthcare clients and marine insurance for its cargo clients.

One type of insurance cover relevant to nearly all companies, and of particular interest to the individuals that run those companies, including but not limited to its directors, officers, executives, certain employees and others, is Directors' & Officers' insurance ('D&O').

A D&O program that offers comprehensive protection and a sufficient limit of indemnity for the individuals it serves to protect is key to attracting and retaining executive and managerial talent whilst also protecting the company balance sheet from situations where it becomes obliged, willingly or otherwise, to defend its people against claims brought against them.

What do we look for in a D&O program?

We have significant experience in the design and placement of innovative D&O programs. We take into account the following considerations when negotiating terms and advising our clients' on how to effectively structure their programs:

Competitive coverage:

We recognise that not all clients are the same and work hard to understand the individual needs and requirements of our clients so that we can deliver tailor made solutions, rather than "off the shelf" products, which respond to their business exposures. We seek to add value by working with the client to identify risk and offer advice in addition to transacting business.

Price:

Whilst ensuring that the protection afforded under a D&O program is as broad as possible and that participating insurers meet our claims paying and security criteria, the price must be right. By exercising a combination of the leverage we hold with insurers through the placement of approximately USD1.4 billion of premium* annually into the London market and the strong relationships we have with key London market underwriters, we are able to ensure that our clients are receiving cost effective insurance cover.

Claims paying ability:

An insurers' claims paying ability is more than simply having the financial resources to pay claims in accordance with the terms and conditions of the policy. As a specialist, we have been involved with, and are aware of, the outcomes in relation to a large number of D&O claims. We do give serious consideration to the reputation and past experiences our clients have had with insurers in the handling and settlement of claims.

Vertical & Horizontal stability:

In the design of any multi-layered insurance program we look to strike a balance between vertical stability (i.e. the number and size of layers) and the increased limit factors (i.e. the ratio of the premium of one layer to that of the layer immediately below it). Equally, for reasons of gaining maximum leverage and in order to avoid disputes between opposing insurers around claims which could potentially trigger more than one policy, we look to implement horizontal stability into any multi-cover program (i.e. using the same insurer for both the D&O and Crime insurance placements).

* 2009 figures

Sufficient capacity and Reduced market risk:

Since the abatement of the last 'hard market' more than 5 years ago, most insureds have benefited from the availability of plentiful D&O capacity on favourable terms. The insurance cycle over the long term however is dynamic and prone to dramatic swings. By maintaining at least a portion of a D&O program in the London market, an insured can realise the benefits of having access to a huge number of insurers, both within and outside of the Lloyd's market, and at the same time 'hedge' their exposure to a single market through diversification. Crucially, the development of a strong tripartite relationship between client, underwriters and broker will serve a client well if a shift to a full, or a substantially increased, London market placement becomes necessary.

Security:

Our clients need to know that their insurers are financially sound and will be there when the time comes for a valid claim to be paid. Through our dedicated Security Committee, we monitor all those insurers with which we conduct business and have well developed procedures in place to respond and advise our clients of any adverse developments as and when they occur.

Our philosophy

We believe that forging strong relationships between clients and underwriters is an essential part in the process of establishing the appropriate coverage; leads to a long-term view to risk transfer; and also creates a secure program for the insured. We represent the sole interests of our clients in the market and provide a seamless service with all technical support, claims handling and policy issuance functions centralised within the same service team. We promise an exceptional level of service and are proud of the results we have achieved for our clients, year in, year out.

This brochure provides a short summary of our capabilities and our approach to transacting business. If you would like to discuss any of the products mentioned or the services we offer in relation to those products, please give us a call or send an email to any of the contacts listed overleaf.

Please visit our website www.lloydandpartners.com for more details.

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