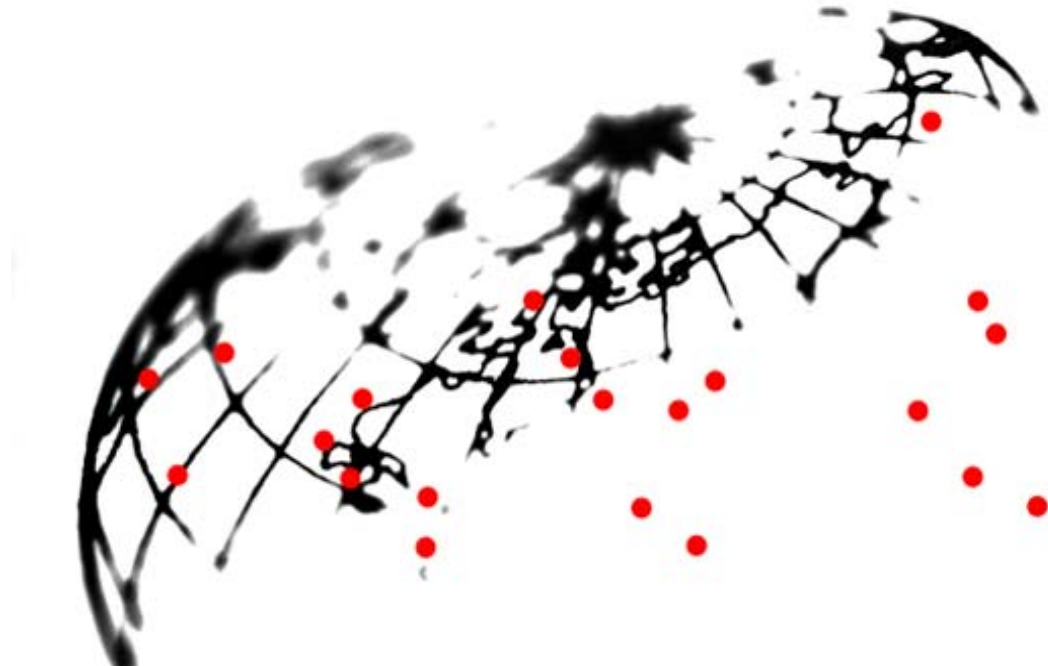


Takaful at Lloyd's

Susan Dingwall
Partner

15 July 2010



Lloyd's – Key Facts

- The world's leading specialist market
- Conducts business in over 200 countries and territories
- Started life as a 17th century coffee shop
- Now provides cover for 96% of FTSE companies and 87% of Dow Jones industrial average companies

Lloyd's – a history of innovation

- The world's largest cigar



Lloyd's – a history of innovation contd.

- A water ski-ing elephant



Lloyd's – a history of innovation contd.

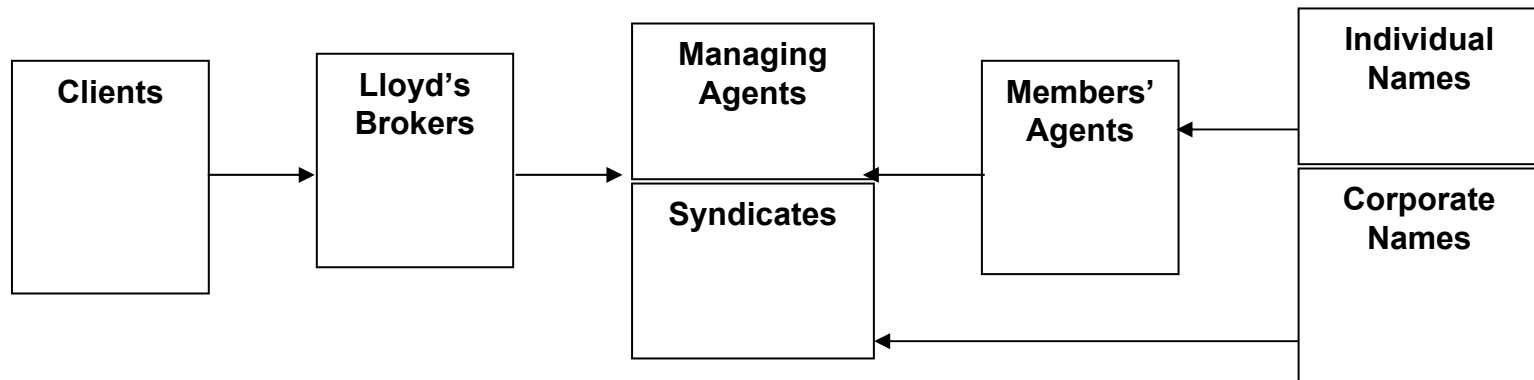
- Insurance against alien abduction



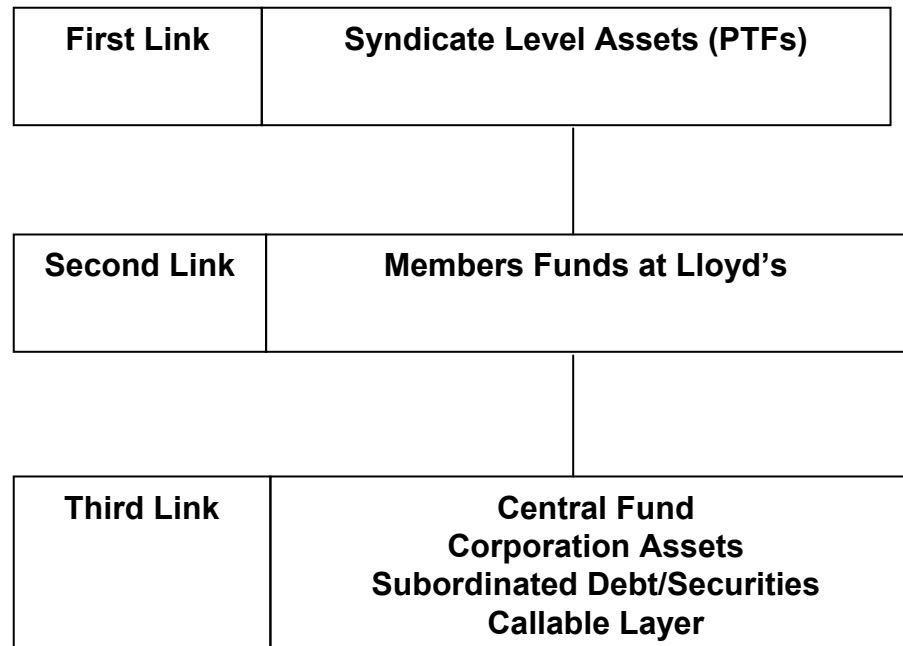
Lloyd's total business by region

- USA and Canada 45%
- UK 20%
- Europe 16%
- Central Asia and Asia Pacific 9%
- Other Americas 6%
- Rest of the World 4%

Lloyd's basic structure



Lloyd's Chain of Security



Premiums Trust Fund

- Regulatory requirement
- All premiums are paid into the Fund and all claims and expenses are paid out of it
- The Fund is held for the benefit of policyholders until such time as a profit or loss is declared
- Member at Lloyd's is ultimate beneficiary of his proportionate share of the Fund

Premiums Trust Fund contd.

- In practice, the PTFs of all syndicate members are managed as one fund
- Managing Agent can pool all open years of account of a syndicate and is entitled to pool assets between syndicates
- The distributable profit from the syndicate is transferred to the member's Personal Reserve Fund

Funds at Lloyd's

- Capital provided to support a member's underwriting
- Individual Capital Assessments ("ICAs")
- Uplifted ICAs are used to determine a syndicate's Economic Capital Assessment

Central Fund

- The Central Fund is funded by members' annual contributions and subordinated debt issued by the Corporation of Lloyd's
- These central assets can be supplemented by a "callable layer" of up to 3% of members' overall premium limits

Potential Issues for a takaful model

- Segregation of funds
- Distribution of surplus
- Rating

Segregation of funds

- Premiums Trust Fund
- Funds at Lloyd's
- Central Fund

Distribution of surplus/ Funding of deficit

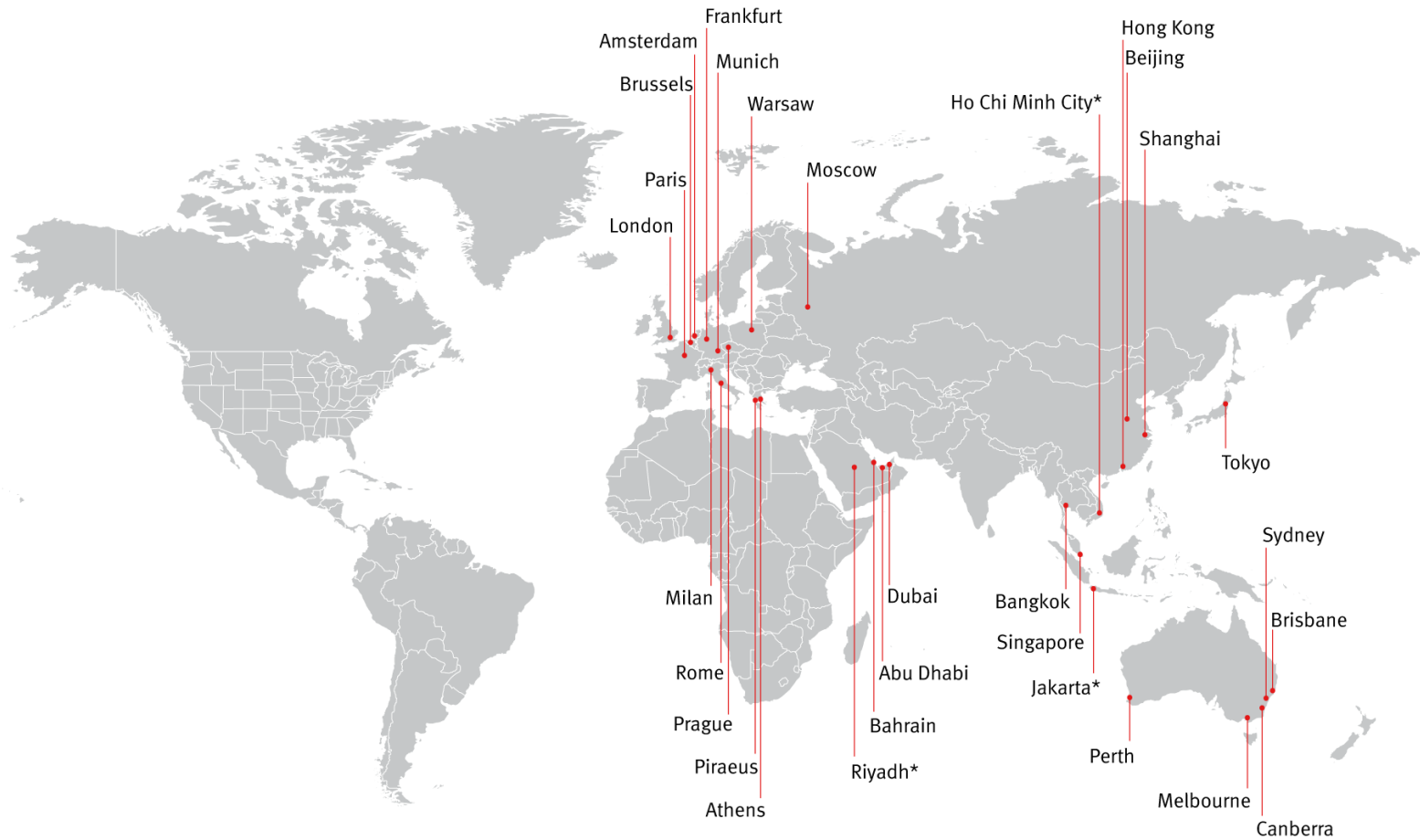
- Lloyd's accounting
- Qard al Hassan loan

Ratings

- Market rating
- A+ (Standard & Poor's and Fitch Ratings)
- A (A M Best)

Lloyd's Strategy 2010 - 2012

- Diversity
- Maintaining the attractiveness of Lloyd's as against competitor markets
- Brand and reputation



*associate office

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