RNS Number : 1475L
Beazley PLC
06 November 2024

Beazley on track to deliver Full Year guidance

London, 6 November 2024

Beazley plc trading statement for the nine months ended 30 September 2024

Overview

- **Insurance written premiums increased by 7% to 4,625m (Q3 2023: 4,325m)**
- **Net insurance written premiums increased by 7% to 3,792m (Q3 2023: 3,532m)**
- **Premium rates on renewal business are flat as expected (Q3 2023: 5%)**
- **Investment income of 513m or 4.7% year-to-date (Q3 2023: investment income of 202m or 2.1%)**
- **Initial view of net exposure to Hurricanes Helene and Milton combined is between 125m-175m**
- **Gross IWP growth guidance for the year remains at high single digits**
- **Combined ratio guidance for the year remains at around 80% on an undiscounted basis, assuming average catastrophe activity for the reminder of the year**

Adrian Cox, Chief Executive Officer, said:

"I am extremely proud of how our business has navigated the volatile claims environment we have seen so far this year. Our commitment to disciplined underwriting and our risk selection expertise mean that, despite an active hurricane season and a global cyber event, we expect to deliver an undiscounted combined ratio of around 80% for the full year, consistent with our guidance at our interim results in August."

	30 September 2024	30 September 2023	% increase
Insurance written premiums (m)	4,625	4,325	7%
Net insurance written premiums (m)	3,792	3,532	7%
Investments and cash (m)	11,433	9,983	15%
Year to date investment return	4.7%	2.1%	
Rate increase	0%	5%	

Premiums

Our performance to the end of September 2024 by business division is as follows:

	Insurance written	Insurance written

	premiums 30 September 2024	premiums 30 September 2023	% increase/ (decrease)	Year to date rate change
	m	m	%	%
Cyber Risks	924	872	6%	(6%)
Digital	190	169	12%	(3%)
MAP Risks	719	754	(5%)	2%
Property Risks	1,401	1,128	24%	2%
Specialty Risks	1,391	1,402	(1%)	1%
OVERALL	**4,625**	**4,325**	**7%**	**0%**

In **Cyber Risks**, rates have remained stable over the last quarter. As previously highlighted, competition in Europe is increasing and the market is experiencing an uptick in severity on ransomware claims, however this has not impacted our outlook for this year or our view of the long-term opportunities available.

Following a restructure of our platforms at the start of 2024, a higher proportion of **MAP Risks,** written on a managed basis, is supported by third party capital providers, resulting in a year-on-year reduction at the Group level. On a total managed basis, the division continues to grow overall with continued demand for the specialist product set within MAP Risks.

Property Risks continues to be a significant growth driver this year, and has performed in-line with expectations, benefiting from the ongoing flow of business into the E&S market.

Capital market activity remains relatively subdued resulting in lower demand, surplus capacity and very competitive pricing in the insurance market for a number of our products within the **Specialty Risks** division. Our commitment to disciplined underwriting means we anticipate very moderate growth by year end as indicated in Q1.

Claims

Analysis on natural catastrophe exposure remains ongoing however our current view, net of reinsurance, of the combined impact of Hurricanes Helene and Milton is within a range of 125m to 175m. Taking this range into account, as well as claims experience across the group year-to-date, we maintain our undiscounted combined operating ratio guidance of around 80% for 2024. This is based on average catastrophe experience for the remainder of the year.

Capital

We aim to maintain a Solvency II ratio in excess of 170%. As we remain committed to active capital management, the level of capital will continue to be driven by opportunities for growth, market environment, adequate prudence, and a desire to maximise returns for investors.

Looking ahead to 2025, whilst we are yet to conclude our business planning process, we are expecting market conditions which would typically result in slightly lower growth than we have seen this year.

Capital which cannot be profitably deployed will be returned to shareholders - as we have demonstrated through our successful share buyback programme, launched in 2024. The capital position will be reviewed at year-end to determine the level of excess capital and, if appropriate, the mechanism of any special distribution.

Investments

Our portfolio allocation was as follows:

	30 September 2024		30 September 2023	
	Assets	Allocation	Assets	Allocation
	m	%	m	%
Cash and cash equivalents	1,075	9.4	856	8.5
Fixed and floating rate debt securities				
- Government issued	4,392	38.4	4,053	40.6
- Corporate bonds				

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- Investment grade	3,769	33.0	3,538	35.4
- High yield	660	5.8	434	4.4
- Securitised				
- Collateralised loan obligations	255	2.2	0	0.0
Syndicate loans	29	0.3	33	0.3
Derivative financial assets	13	0.1	15	0.2
Core portfolio	**10,193**	**89.2**	**8,929**	**89.4**
Equity funds	314	2.7	267	2.7
Hedge funds	721	6.3	556	5.6
Illiquid credit assets	205	1.8	231	2.3
Capital growth assets	**1,240**	**10.8**	**1,054**	**10.6**
Total	**11,433**	**100.0**	**9,983**	**100.0**

Favourable financial market conditions have driven an investment portfolio return of 513m, or 4.7%, after nine months of the year. The portfolio has benefited from increased exposures to equities and high yield credit for much of this period.

Our equity portfolio has gained more than 20% in this period, while credit exposures have also produced good returns.

As at 30 September, the average yield of our fixed income investments of 4.3% continues to support a good outlook for investment returns.

A conference call for analysts and investors will be held at 8am GMT on Wednesday 6 November

Dial in details for analysts:

UK-Wide: +44 (0) 33 0551 0200

Webcast Link for all other participants:

https://brrmedia.news/BEZ_Q3_24

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Note to editors:

Beazley plc (BEZ.L), is the parent company of specialist insurance businesses with operations in Europe, North America, Latin America, and Asia. Beazley manages six Lloyd's syndicates and, in 2023, underwrote gross premiums worldwide of 5,601.4million. All Lloyd's syndicates are rated A by A.M Best.

Beazley's underwriters in the United States focus on writing a range of specialist insurance products. In the admitted market, coverage is provided by Beazley Insurance Company, Inc., an A.M. Best A rated carrier licensed in all 50 states and its subsidiary, Beazley America Insurance Company, Inc. In the surplus lines market, coverage is provided by the Beazley syndicates at Lloyd's, and from 1 January 2024, also from Beazley Excess and Surplus Insurance, Inc.

Beazley's European insurance company, Beazley Insurance dac, is regulated by the Central Bank of Ireland and is A rated by A.M. Best and A+ by Fitch.

Beazley is a market leader in many of its chosen lines, which include Professional Indemnity, Cyber Liability, Property, Marine, Reinsurance, Accident and Life, and Political Risks and Contingency business.

For more information please go to: www.beazley.com

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