

## WELLINGTON IN THE US

Wellington Underwriting Inc. (WU Inc.), our wholly-owned subsidiary in the US, has gone from strength to strength since we acquired it in March 1999. It provides us with differentiated access and, at a time when a number of industry players have been forced to reduce or withdraw from the US market, WU Inc. is finding increasing acceptance among brokers and cedents.

### WU Inc. – its business

Until 31 December 2002, WU Inc. wrote property and automobile liability facultative reinsurance under a binding authority for Wellington's managed Syndicate 2020. In 1999, its first year under Wellington ownership, it underwrote £7.6 million (US\$11.1 million) of premium income for the Syndicate. In 2002 that premium rose to £58.2 million (US\$93.8 million). This generated an introductory commission, which averaged 20% of the business introduced, and a profit commission based on the net underwriting profit. WU Inc. generated a profit of £2.2 million (US\$3.2 million) in 2001, 12 months ahead of our estimates, and in 2002 its contribution to Group results had risen to £5.5 million (US\$8.8 million). In addition the business that it has underwritten into Syndicate 2020 made a contribution to the Group technical account for 2002 of £3.4 million (US\$5.5 million).

From 1 January 2003, WU Inc. has been underwriting these classes of business under a binding authority to Aspen Insurance UK Limited, but the commission generated will continue to inure to the benefit of the Group.

### WU Inc. – its people

We now employ 60 people based in our head office in Hartford (Connecticut), with branch offices in Atlanta, Chicago, Columbus (Ohio), Kansas City and San Francisco, and satellite offices in Philadelphia, New York and Sonoma (California).

We have been fortunate to recruit some hugely experienced and respected underwriters and, in common with our Lloyd's business, our teams are recognised as market leaders. The loss ratio to date is evidence of this. All underwriting decisions receive the same degree of technical analysis and evaluation as those in our London business and we deliver what has become recognised as the best response time in our industry segment.

WU Inc. has chosen to differentiate itself from its larger and more-established competitors by offering best-in-class service standards. Motivated people and up-to-date technology have helped us to make our presence felt.

Our relationship with technology-enabling company eReinsure is an example of our service and technological abilities. eReinsure has designed an electronic placement platform for facultative reinsurance which has been adopted by one of our major clients. We were one of the first providers of reinsurance to sign up to this platform and, as a result, our volume with that client increased ten fold. The platform automatically measures our response time, which is acknowledged as the best of any provider, and this undoubtedly led to our improved position with the client. In our view, eReinsure and its technological advancements will enable us to benefit from e-commerce without restricting our ability to negotiate appropriate reinsurance solutions. We are now integrating eReinsure's platform into our electronic system to continue to improve the process. This will have the additional benefit of enabling us to expand our business by facilitating our service for customers new to eReinsure.

WU Inc. gives us a significant presence in the vitally important US market and we expect the business to continue to develop.