

EQUITAS

EQUITAS HOLDINGS LIMITED
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This letter is sent to you for information only and there is no action that you need to take

1 July 2009

Dear Reinsured Name,

Finality under English Law

On 25 June 2009 Mr Justice Blackburne approved the transfer, under Part VII of the Financial Services and Markets Act 2000, of all the 1992 and prior year non-life Lloyd's liabilities of open and closed year Names to Equitas Insurance Limited (formerly "Speyford Limited"). The transfer took effect yesterday.

It follows that no Name has any further liability whatsoever, under English law, in respect of 1992 and prior non-life Lloyd's liabilities. Moreover, this transfer has effect not just under English law, but throughout all jurisdictions of the European Economic Area (EEA), that is the European Union, Iceland, Norway and Liechtenstein. In the unlikely event that Equitas becomes insolvent, no policyholder with an unsatisfied claim will be able to enforce that claim in any court of the EEA to recover it from any Name.

Equitas will now explore how far it may be possible to seek formal judicial recognition of the transfer in major overseas jurisdictions, in particular the United States of America. If it does not prove to be possible to achieve such recognition Names are, nevertheless, indemnified by Equitas Insurance Limited under the terms of the Part VII Court order and/or by National Indemnity Company, within the limits of the reinsurance contract, should any claims be made against them directly in a foreign jurisdiction.


I believe that the likelihood of Equitas ever becoming insolvent is now extremely remote. Equitas has purchased all of the additional \$1.3 billion of reinsurance cover available from National Indemnity Company under the terms of the Agreement entered into in October 2006 for a further premium of £40 million; as a result, policyholders benefit from a total of \$7 billion of reinsurance cover from National Indemnity Company over and above Equitas' 31 March 2006 carried reserves.

Equitas will now move into a 'care and maintenance' stage. Therefore:-

1. We do not intend to hold any further Open Meetings and we do not expect to have to write to you again, except perhaps if overseas recognition of the transfer is secured. That is, however, unlikely to happen for some considerable time and we do not intend to issue updates, although information about the most significant developments will be posted on www.equitas.co.uk
2. We will no longer send our Report and Accounts to Names but these will be posted on the website and copies can be obtained on request to info@equitas.co.uk or in writing to the Company Secretary at the address above.
3. Names no longer need to keep us informed of their addresses, although they may wish to do so in case we should ever be in a position to pay a further return premium. We do not, however, expect to pay a further return premium in the foreseeable future and indeed it is quite possible that we may never do so.

Now that we have achieved finality under English law, I believe 'the long day's task is done' and I intend to step down as Chairman within the next few months.

I have had the privilege to be Chairman for nearly eleven years. In taking my leave, I extend my appreciation to many wonderful colleagues, to the Trustees of the Equitas Trust and to everyone who has contributed to the success of Equitas, whether in establishing the company or in discharging its mandate. Not only Names, but also the Lloyd's community as a whole, should be very grateful to all of them – as indeed am I.

Yours sincerely,


HA Stevenson
Chairman