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TIDM HUW
Headline Final Results
Released 07:01 28-Mar-08
Number 9831Q

RNS Number:9831Q
 Hampden Underwriting Plc
 28 March 2008

Hampden Underwriting PLC ("Hampden Underwriting" or the "Company")

Preliminary Results for the year ended 31 December 2007

Hampden Underwriting, which provides investors with a limited liability direct investment into the Lloyd's insurance market, announces its preliminary results for the year ended 31 December 2007. These are the Company's first results since its admission to AIM in September 2007.

Highlights

- * Successful Admission to AIM in September 2007 raising a total of of £7.4 million
- * Acquisition of underwriting capacity of £5.1m through arrangements made by Hampden Agencies Limited ("HAL") in September 2007
- * Acquisition of a corporate member with underwriting capacity of £0.3 million in January 2008
- * Company commenced underwriting on 1 January 2008
- * Unique quoted underwriting vehicle offering investors a direct exposure to Lloyd's underwriting

Commenting upon these results Chairman, Sir Michael Oliver said:

"Hampden Underwriting provides an excellent opportunity to invest in a quoted vehicle participating in a diverse spread of syndicates at Lloyd's and a strong foundation has been established for the business through the acquisition of the underwriting portfolio and a corporate member. We believe that there are significant opportunities for the business through acquisitions of other corporate members and investment in Lloyd's related products which will enhance our market presence and generate attractive returns for shareholders."

Enquiries

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Chairman's Statement

It is with great pleasure that I present our results for the period ended 31 December 2007. This is the Company's first set of results since its admission to AIM in September 2007 and our offer for subscription which closed in October, when we successfully raised £7.4 million. The period covered by the financial accounts is prior to the Company's commencement of underwriting on 1 January 2008.

Hampden Underwriting has been incorporated to provide a limited liability direct investment into the Lloyd's insurance market. Hampden Agencies Limited ("HAL"), the largest provider of third party capital to the Lloyd's market advising over £1.2 billion of capacity in 2008, was appointed by Hampden Underwriting as Lloyd's adviser to Hampden Underwriting's wholly owned subsidiary, Hampden Corporate Member ("HCM") which will trade within the Lloyd's insurance market as a corporate member.

The rationale for establishing Hampden Underwriting was to exploit an obvious gap in the market and provide an opportunity to invest in a quoted company underwriting via a diverse spread of syndicates at Lloyd's. Hampden Underwriting is currently the only quoted company vehicle whose principal objective is to participate in a spread portfolio of Lloyd's syndicates rather than manage these syndicates itself.

To achieve our objective of generating attractive shareholder returns Hampden Underwriting will pursue a three part strategy:

- Underwriting in its own right via HCM.
- Acquisition of other corporate members of Lloyd's when suitable opportunities arise.
- Investment in other Lloyd's related products and opportunities.

During the period under review, I am pleased to report that we have delivered on the first part of our strategy by acquiring an underwriting portfolio of £5.1m. The portfolio provides a good spread of classes of business being concentrated in property insurance, reinsurance and motor business, where rating conditions are more favourable. HAL considers that the syndicates in the portfolio provide opportunities for good returns to be made. The cost of purchasing this capacity amounted to £1.0 million and as at 31 December 2007, Hampden Underwriting held cash of £3.6 million and investments of £2.5 million (including £2.0 million on deposit as funds at Lloyd's).

In January this year, we acquired a small corporate member which has underwriting capacity of £0.3 million. There is already a market in the sale and purchase of corporate members, in which HAL is active. The Company believes that the right acquisitions could lead to some significant capital gain accruing from the syndicate participations owned by the corporate members acquired and enhance the market presence of Hampden Underwriting itself. The Company will continue to explore other acquisition opportunities as they arise.

We have also been approached by a number of other Lloyd's related entities with a view to investment by HCM. It is encouraging therefore that at such an early stage in the Company's public life that all three of its strategies are being actively promoted.

Lloyd's has entered 2008 in a strong position. Lloyd's operating performance in recent years has been excellent, comparing favourably with its competitors. From 2003-2006, the average combined ratio was the best in its peer group at 95.75% (this is the standard measure of profitability for the insurance industry which measures the percentage of premiums paid out in claims and expenses). Rating agencies Fitch Ratings and Standard & Poor's upgraded Lloyd's insurer financial strength to A + (Strong) in the second quarter of 2007. Lloyd's improved financial position has enabled it to reduce its central charges by at least 0.5% on capacity for 2008 with an equivalent benefit to investors' returns.

The current outlook for Lloyd's is that market conditions are becoming more challenging with the exception of UK motor. However, most classes of business remain historically well-rated and HCM participates in some of the best performing syndicates in the Lloyd's market.

I would like to take this opportunity to thank everyone who provided support to our Initial Public Offering last year. I would also like to thank Hampden Agencies for their commitment and hard work in assisting in the establishment of the Company and for their ongoing advice as Members' Agent.

2008 will be the first full year of trading and we have begun the year positively by acquiring an underwriting portfolio and a corporate member which we believe provides a good spread across classes of business. Looking ahead, we believe there are significant opportunities for acquisitions and investment in

other Lloyd's related products. The Board believes Hampden Underwriting has made a good start and is in a strong position to generate attractive returns for shareholders.

Lloyd's Adviser's Report

HAL'S ROLE AS ADVISER TO HCM

Hampden Underwriting has been incorporated to provide a limited liability direct investment into the Lloyd's insurance market. Hampden Agencies Limited ("HAL"), the largest provider of third party capital to the Lloyd's market, has been appointed by Hampden Underwriting as Lloyd's adviser to Hampden Corporate Member ("HCM"). HCM's principal underwriting exposure for 2008 is through a managed portfolio, MAPA 7208, in which other clients of HAL also participate. The objective of HAL in managing MAPA 7208 is to seek underwriting profits on a well spread portfolio across a number of syndicates and classes of business at Lloyd's.

About HAL

HAL is a wholly owned subsidiary of Hampden Capital Plc which in turn is a subsidiary of Hampden Holdings Limited (HHL), a privately owned company which invests in businesses specialising in the insurance sector.

HHL's origins in the private client business at Lloyd's date back to 1998 when it acquired Falcon Agencies, which was established in 1994. Following a series of acquisitions, HAL has become the largest Members' Agent at Lloyd's. HAL, has a successful track record of outperforming the Lloyd's market average result and is renowned for its focus on customer service and proactive management of its clients' investments at Lloyd's.

HAL currently provides advice to approximately 1,200 investors at Lloyd's with a total underwriting capacity of £1.2 billion. Its principal client base is made up of high net worth investors, most of whom now use Limited Liability Companies or Limited Liability Partnerships to underwrite at Lloyd's. HAL also acts on behalf of a number of larger corporate investors with underwriting capacity of £288 million.

LLOYD'S INSURANCE MARKET

Lloyd's operating performance in recent years has been excellent, comparing favourably with its competitors. From 2003 to 2006 the average combined ratio (the standard measure of profitability of the industry which excludes investment income) was the best in its peer group at 95.75%.

Lloyd's has entered 2008 in a stronger position relative to its competitors. This has been recognised by the rating agencies with both Fitch Ratings and Standard & Poor's upgrading Lloyd's insurer financial strength rating to A + (Strong). Lloyd's improved financial position has enabled it to reduce its central charges by at least 0.5% on capacity for 2008 with an equivalent benefit to investors' returns.

2008 PORTFOLIO ANALYSIS

HCM's main underwriting participation for the 2008 underwriting year is through £5.1m of capacity which it acquired in HAL's managed portfolio, MAPA 7208. In addition, it has acquired a small participation of £0.1m capacity on Hiscox's "sidecar" catastrophe reinsurance syndicate, Syndicate 6103, and recently announced an acquisition of another corporate member which provides approximately a further £0.3m of capacity.

The total capacity acquired by MAPA 7208 for 2008 was £44.7m. The average price of capacity at auction rose from 11.7p per pound at the 2006 auctions to 25.2p per pound in 2007. Despite being the biggest purchaser at auction, HAL's MAPA Manager was able to control the acquisition cost successfully, paying an average of 19.6p per pound of capacity, compared with the average price at which the capacity acquired traded in the three auctions of 20p per pound.

The spread of syndicates in MAPA 7208 is similar to those of HAL's existing MAPAs with a weighting towards those syndicates graded A and B with the largest lines being on Kiln Syndicate 510, Omega Syndicate 958 and MAP Syndicate 2791,

all of which are syndicates with excellent track records, specialising in areas of the market where rating conditions are more favourable.

Including the Hiscox "sidecar", HCM's current portfolio is concentrated in property insurance, reinsurance and motor business. These are the classes where rating conditions are most favourable, with motor business providing a balance to the catastrophe exposed business and starting to show an increase in rates. The portfolio also includes exposure to US and non US liability business where the rates are under more pressure but where there are still opportunities for good returns to be made. HAL considers that the portfolio provides a good spread of classes of business in the current market conditions.

PORTFOLIO CLASS OF BUSINESS SPLIT FOR 2008 ACCOUNT

	Percentage of Total Gross Premium
Reinsurance	22.7
US\$ Property	17.6
Motor	12.5
US\$ Liability	9.2
Energy	8.6
Non US\$ Property	8.2
Marine General	6.8
Non US\$ Liability	5.0
Aviation	4.3
Accident & Health	2.9
Pecuniary Loss	2.2

Based on Syndicate Business plan information of gross premium income by risk code. This information is not made available by Syndicate 6101 which is supported through MAPA 7208; as such the data for this syndicate has been estimated.

TOP 10 SYNDICATE HOLDINGS

Syndicate	Managing Agent	2008 Syndicate Provisional Capacity £'000s	2008 HCM Portfolio Capacity £'000s	2008 HCM Portfolio % of Total	2008 Major Category of Business
510	R.J.Kiln & Co.Ltd	587,974.7	686.5	13.5	US\$ Property
958	Omega Underwriting Agents Ltd	249,432.4	667.8	13.1	Reinsurance
2791	Managing Agency Partners Ltd	400,001.5	644.6	12.6	Reinsurance
6101	Argenta Syndicate Management Ltd	101,063.2	559.7	11.0	US\$ Property
623	Beazley Furlonge Ltd	158,000.0	387.8	7.6	US\$ Non-Marine Liability
260	KGM Underwriting Agencies Ltd	53,698.3	255.7	5.0	Motor
557	R.J.Kiln & Co.Ltd	120,054.2	246.3	4.8	Reinsurance
218	Equity Syndicate Management Ltd	420,768.1	235.1	4.6	Motor
609	Atrium Underwriters Ltd	215,521.2	229.6	4.5	Energy
33	Hiscox Syndicates Ltd	700,000.0	228.9	4.5	US\$ Property
Subtotal			4,142.0	81.2	
Portfolio Total			5,100.0	100.0	

Based on Syndicate Business plan information of gross premium income by risk code. This information is not made available by Syndicate 6101 which is supported through MAPA 7208; as such the data for this syndicate has been estimated.

CATASTROPHE REINSURANCE

In reaction to the hurricanes in 2004 and 2005, catastrophe exposed business was

substantially re rated in 2006 with the world rate online index published by the reinsurance broker Guy Carpenter increasing by 32% in 2006. Reinsurance business comprised 34% of Lloyd's business for 2006, making Lloyd's the world's fifth largest reinsurer. We continue to be positive on profit prospects for 2008 as rates and demand for coverage remain substantially higher than in 2005 although below the peak levels of 2006. With this opportunity in mind HAL advised HCM to take a small additional participation on a reinsurance "sidecar" syndicate managed by the respected Hiscox agency for 2008.

We expect that there will be further opportunities for HCM to participate in "sidecar" syndicates over time which are likely to become available in discreet classes of business following a major loss. Such opportunities generally improve the probability and level of achievable profit from underwriting insurance.

PORTFOLIO RISK MANAGEMENT

HAL manages the portfolio risk by diversification across classes of business, syndicates and Managing Agents as well as controlling the down side, in the event of a major loss, by monitoring the aggregate losses estimated by Managing Agents to realistic disaster scenarios. HAL considers risk in the context of potential return and would seek to reduce this exposure to catastrophe losses if it considered market conditions were becoming increasingly competitive.

Lloyd's has utilised Realistic Disaster Scenarios since 1995 to evaluate exposure at both syndicate and market level. In 2005, two new scenarios were created, one of which was the \$60bn Gulf of Mexico scenario (since revised to \$108bn), which proved its worth in enabling Lloyd's to manage the impact from Hurricanes Katrina and Rita. The table below shows the aggregated impact at portfolio level for HCM of the ten largest net exposures (after reinsurance) to events modelled for 2008. These exposures provide a guide to potential downside risk but do not measure projected loss since they exclude the results of the balance of the account.

PORTFOLIO REALISTIC DISASTER SCENARIO AGGREGATES FOR 2008 ACCOUNT: TOP 10 NET EXPOSURES GROSS AND NET OF REINSURANCE

	Gross Loss as Percentage of Capacity	Final Net Loss as Percentage of Capacity
Gulf of Mexico Windstorm	39.3	17.7
2 Events - NE Windstorm	34.4	16.5
Florida Windstorm - Pinellas	37.5	16.5
Los Angeles Earthquake	34.4	15.4
San Francisco Earthquake	35.0	15.3
Florida Windstorm - Miami	34.0	14.4
European Windstorm	21.9	12.2
New Madrid Earthquake	23.2	11.7
2 Events - Carolina Windstorm	21.4	11.4
Japanese Earthquake	15.4	8.6

Based on Syndicate Business plan information of Projected Realistic Disaster Scenario Exposures. This information is not made available by Syndicate 6101 which is supported through MAPA 7208; as such the data for this syndicate has been estimated.

MARKET OUTLOOK

The current outlook for underwriting at Lloyd's is that market conditions in most classes of business are becoming challenging, with rates "softening", but not yet soft. The main exceptions are aviation and UK liability where both markets are "soft" and motor where rates are beginning to rise. We expect bottom line profitability in 2008 to be supported by both releases from prior years and investment returns on increased funds at syndicate level, relative to underwriting capacity with many syndicates having reduced their capacity for 2008 in line with market conditions. However, the decline in interest rates, particularly in the US, is likely to have an adverse impact on this year's investment yield. HAL continues to believe that syndicates supported by HCM have sufficiently well rated businesses to produce a good return although, as ever, profitability is vulnerable to major catastrophe losses which the industry did not suffer from in 2006 and 2007.

Group Income Statement For the Period 1 August 2006 to 31 December 2007

	Note	2007 Total £'000
Net investment income	2	174
Revenue		174
Other operating expenses		85
Operating profit before tax	3	89
Income tax expense		27
Profit attributable to equity shareholders		62
Earnings per share for profit attributable to equity shareholders		
Basic and diluted	4	0.83p

The profit and earnings per share set out above are in respect of continuing operations.

Group Balance Sheet At 31 December 2007

	Note	2007 £'000
Assets		
Intangible assets	5	981
Financial investments	6	2,486
Other receivables		112
Cash and cash equivalents		3,552
Total assets		7,131
Liabilities		
Other payables		40
Current income tax liabilities		27
Total liabilities		67
Shareholders' equity		
Share capital	7	741
Share premium	7	6,261
Retained earnings		62
Total shareholders' equity		7,064
Total liabilities and shareholders' equity		7,131

Group Cash Flow Statement Period ended 31 December 2007

	2007 £'000
Cash flow from operating activities	
Results of operating activities	(85)
Changes in working capital:	
(Increase)/decrease in other receivables	(112)
Increase/(decrease) in other payables	40
Cash generated from operations	(157)
Interest paid	-
Income tax paid	-
Net cash outflow from operating activities	(157)

Cash flows from investing activities	
Purchase of intangible assets	(981)
Proceeds from sale of intangible assets	-
Purchase of financial investments	(2,385)
Amounts owed by subsidiary undertakings	-
Interest received	73

Net cash used in investing activities	(3,293)

Cash flows from financing activities	
Net proceeds from issue of ordinary share capital	7,002
Interest expense	-

Net cash used in financing activities	7,002

Net increase in cash, cash equivalents and bank overdrafts	3,552
Cash, cash equivalents and bank overdrafts on incorporation	-

Cash and cash equivalents at 31 December 2007	3,552

Statement of Changes in Shareholders' Equity Period ended 31 December 2007

Group	Ordinary Share Capital	Preference Share Capital	Share Premium	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000
On incorporation	-	-	-	-	-
Profit for the period	-	-	-	62	62
Share issue expenses charged to equity	-	-	(411)	-	(411)

Total profit for the period attributable to equity shareholders	-	-	(411)	62	(349)
New preference shares issued	-	50	-	-	50
New ordinary shares issued	741	-	6,672	-	7,413
Preference shares redeemed	-	(50)	-	-	(50)

At 31 December 2007	741	-	6,261	62	7,064

Notes to the Financial Statements Period ended 31 December 2007

1. Accounting policies

The principal accounting policies adopted in the preparation of the financial information set out in this announcement are set out in the full financial statements for the period ended 31 December 2007 (the "Financial Statements").

Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), incorporating IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 1985, applicable to companies reporting under IFRS. The Financial Statements comply with Article 4 of the EU IAS regulation.

The Financial Statements are prepared for the period from 1 August 2006, the date of incorporation, to 31 December 2007. These are the first set of Financial Statements prepared by the Group and Parent Company.

The Financial Statements have been prepared under the historical cost convention other than as stated in the Financial Statements.

The preparation of Financial Statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best

knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

The Group participates in insurance business through its Lloyd's corporate member. Accounting information in respect of syndicate participations is provided by the syndicate managing agents and is reported upon by the syndicate auditors.

International Financial Reporting Standards

At the date of authorisation of these Financial Statements the following IFRSs and IFRICs had been published by the IASB but were not yet effective:

- IFRS 8 Operating Segments;
- IFRIC 11 IFRS 2 - Group and Treasury Share Transactions; and
- IFRIC 12 Service Concession Arrangements.

The Directors anticipate that the adoption of IFRS 8 in future periods and the interpretations IFRIC 11 and 12 will have no material impact on the Financial Statements except for additional disclosures.

The Group has not yet adopted IFRS 4 on the basis that the Group did not commence underwriting until 1 January 2008.

2. Net investment income

	2007 £'000
Investment income at fair value through income statement	
Unrealised (losses)/gains on financial investments at fair value through income statement	101
Bank interest	73

	174

3. Operating profit before tax

	2007 £'000
Operating profit before tax is stated after charging:	
Directors' remuneration	26
Auditors' remuneration - audit of the Parent Company and Group Financial Statements	12
- services relating to taxation	2

During the period an amount of £20,000 was charged to the share premium account for services rendered by the auditors on the AIM admission.

The Group has no employees.

4. Earnings per Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The Company has no dilutive potential ordinary shares.

Earnings per share have been calculated in accordance with IAS 33.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2007 £'000
Profit for the period	61,676

Weighted average number of shares in issue	7,413,376

Basic and diluted earnings per share	0.83p

5. Intangible assets

	Syndicate Capacity £'000
Cost	
On incorporation	-
Additions	981

As at 31 December 2007	981

Amortisation	
On incorporation	-
Charged in the period	-

As at 31 December 2007	-

Net book value	
As at 31 December 2007	981

On incorporation	-

6. Financial investments

	2007 £'000
Investment in subsidiary undertaking	-
Other financial investments	2,486

	2,486

Other investments includes approximately £2m held at Lloyd's in order to support the group's underwriting.

The Company was interested in the following principal subsidiary at 31 December 2007 which is incorporated in England and Wales.

	Principal Activity	Class of Shares	Held by the Company
Hampden Corporate Member Limited	Lloyd's Corporate Member	Ordinary	100%

Other financial investments

	2007	
	Market Value £'000	Cost £'000
Equity shares	435	334
Deposits with credit institutions (cash at bank)	2,051	2,051
	-----	-----
	2,486	2,385
	-----	-----
Listed investments included in the above	435	334
	-----	-----

7. Share capital and share premium

	Ordinary shares £'000	Preference shares £'000	Total £'000
Authorised			
Ordinary shares of 10p each and preference shares of 50p each on incorporation	5	50	55
AIM admittance increase in authorised share capital, 4 September 2007	2,945	-	2,945
	-----	-----	-----
Ordinary shares of 10p each and preference shares of 50p each at 31 December 2007	2,950	50	3,000
	-----	-----	-----

Allotted, called up and fully paid	Ordinary shares £'000	Preference shares £'000	Share premium £'000	Total £'000
2 Ordinary shares of 10p each on incorporation	-	-	-	-
AIM admittance increase in ordinary shares	741	-	6,261	7,002
Paid up preference shares of 50p each	-	50		50
Redeem preference shares of 50p each	-	(50)		(50)
Total ordinary share capital and share premium account at 31 December 2007	741	-	6,261	7,002

Share issue expenses of £410,800 were charged to the share premium account in the period.

During the period the Company issued 50,000 £1 redeemable preference shares to Hampden Agencies Limited. These shares were redeemed at par out of the public issue of shares.

8. The financial information set out in this announcement does not constitute statutory accounts but has been extracted from the Financial Statements which have not yet been delivered to the Registrar. The Group's annual report and financial statements will be posted to shareholders shortly. Further copies will be available from the Company's registered office: Hampden House, Great Hampden, Great Missenden, Buckinghamshire, HP16 9RD.

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