

**INSURANCE  
AND SAFETY  
CONCERNS  
FOR OUR  
VALUED  
CUSTOMERS  
AND  
INTERESTED  
PARTIES.**

**CONTACT RICK JOYCE FOR  
ANY TOPICS OF INTEREST  
YOU WOULD LIKE DISCUSSED  
AT:**

**TRANSURE SERVICES, INC.  
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**(336)584-9494**

*Recently Transure was made aware that a certain large trucking company's risk manager had sent letters to their carriers who haul for them saying that a Lloyds issued policy will be unacceptable for any coverage pertaining to that company's hauls.*

*Since Transure is a Cover Holder for certain Underwriters at Lloyds, and they provide physical damage and cargo coverage for many of our customers, we felt we should present you with some information about Lloyds so that you would be prepared should you hear of this company's mandate not to use Lloyds products.*

*Lloyds of London is in good health and by opening the doors to corporate names six years ago has strengthened the basic structure and broadened the spread of risk. Lloyds names prior to the admission of corporate funds were the wealthy individuals who financed the Lloyds Syndicates for over 300 years. In the 1980's and early 1990's they rebelled over disastrous losses and the fact that they had no cap on*

*the limit of loss they could sustain when losses were at an all time high.*

*Lloyds commissioned HSBC Holding Ltd. to conduct an independent analysis of the finances of Lloyds. This was done to provide a broader picture than those published by A.M. Best, Moody's, and Standard and Poor's. The report was done because stock analysts typically follow only those companies listed on stock exchanges and Lloyds does not trade in any market.*

*The report dismissed as groundless the notion that Lloyds environment is too expensive to operate in, that it is not financially secure, and that Lloyds is sustaining bigger underwriting losses than are other insurers, None of these myths are true and Lloyds is certainly not in a death spiral as some people seem to want you to believe.*

*The analysis shows Lloyds is adequately capitalized and financially secure. The leading agencies that constantly monitor syndicate and investor affairs have always given Lloyds good marks when it comes to*

reserving and solvency. A.M. Best rates Lloyds A and Standard and Poor's rates them A+ in current issues of their rating publications.

Many of the recent myths and derogatory reports originate in the United Kingdom. This is understandable when one knows the facts surrounding the losses sustained by the names in the 1980's and the upheaval that caused the changes initiated in the early 1990's. There has been a suit filed known in the United Kingdom as the Jaffray proceedings, and Lloyds expects to win this case in the very near future. The truth of the case is that a very few of the names who apparently did not wish to part with their committed capital to pay unexpected losses filed the suit hoping to avoid payment. These names owe Lloyds 80 million dollars. For most involved, the case was a counter claim to Lloyds own proceedings for debt recovery.

These litigants are trying not to pay events that took place in the 1970's and 1980's. It is not a case about Lloyds today. The judge has made it clear that this is to be the last case in the Lloyds litigation.

Stories circulate, occassionally, through the industry about trouble with claims payments from Lloyds. This sometimes leads to a risk managers' decision to forgo any Lloyds products from their consideration. Those stories do not reflect on Lloyds, rather they reflect on the structure of the Lloyds product negotiated between a Lloyds underwriter and the Cover Holder. Many customers

bought a cheap Lloyds program thinking all Lloyds products are the same. They found out that when a loss takes place and is adjusted the funds to pay the loss must come from the United Kingdom to the USA to be processed in a time consuming maneuver. Done properly by someone who knows the trucking industry the contracts can be negotiated to allow assignment of a professional trucking adjuster and pay claims from an account drawn on a United States bank via a check. This procedure makes the claims payment, appraisal, and adjustment terms the responsibility of the Cover Holder, and the product is superior.

It is inconceivable that anyone who truly knows the London market would issue a directive to their peers restraining them from taking advantage of a well structured program simply because of a bad experience they once had. This restraint of trade being imposed on some of you is legal according to Lloyds because this person has a right to voice his opinion.

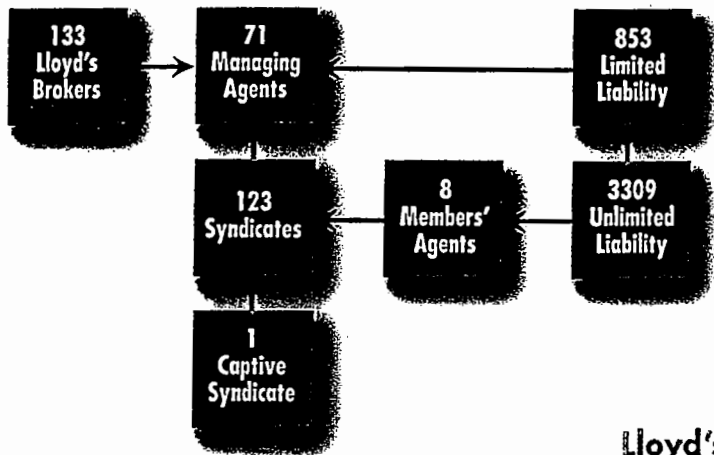
Lloyds will continue to strengthen as the market returns to more realistic pricing worldwide. They, like many domestic companies, have suffered the losses but like their domestic brethren they have recovered most of the monies paid out from their reinsurers, in this case the names. They have not sustained more than their share of loss compared to domestic insurers when you think that Lloyds insures many perils that a domestic insurer will not consider under any circumstances. Lloyds has

survived longer than many domestic insurers and in fact seventeen billion dollars are the Lloyds capital base projections for 2000. Very few domestic insurers can boast of that size asset base.

Sources: A.M. Best  
Rattner Mackenzie Limited  
Lloyds America, copy attached

# LLOYD'S TRADING STATUS IN THE U.S.

## Projected Structure of the Marketplace in 2000



**A**

**STANDARD  
& POOR'S**

**A+**

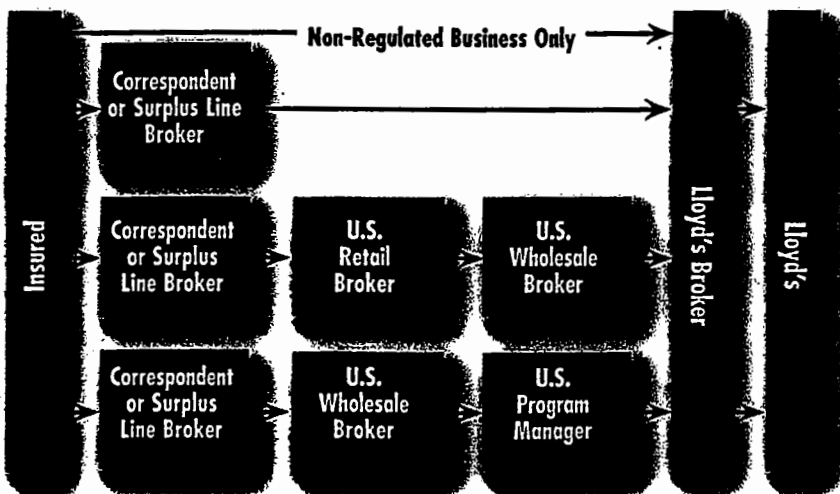
### Lloyd's Operates as:

*"...The capital position of Lloyd's remains excellent. The increased requirements on members in respect of their funds at Lloyd's has strengthened the total resources of the market..."*

—A.M. Best

	U.S.:	Intermediary Contact:
Licensed Insurer	→ Illinois, Kentucky, U.S. Virgin Islands	→ Lloyd's approved local licensed broker
Surplus/Excess Line Insurer	→ All states but Kentucky & U.S. Virgin Islands	→ Licensed surplus line broker
"Direct Placement" Business Insurer	→ Where state law permits	→ Direct to Lloyd's broker in London
"Exempt" Business Insurer	→ Where state law permits	→ Local Broker
Reinsurer	→ All states but Arizona, Kansas & Michigan	→ Reinsurance Broker

### Lloyd's Typical Direct U.S. Business Chain



*... "very strong" capital base, financial flexibility and regulatory management ...*

—Standard and Poor's