

IMMEDIATE

6 May 2010

## RSA Interim Management Statement

### Quarter 1 2010: Good top-line momentum and strong financial position

- Net written premiums of £1.9bn up 5%
- Acquisitions in Sweden, Denmark and Oman and signed deal with Tesco Pet in the UK
- IGD surplus maintained at £1.7bn; coverage remains strong at 2.4 times
- Net asset value per share excluding IAS 19 of 111p, compared with 106p at 31 December 2009<sup>1</sup>
- Total net asset value per share of 104p compared with 99p at 31 December 2009<sup>1</sup>
- Expect to deliver a COR of around 95% in 2010

### Overview

We have made a good start to the year with net written premiums for the three months to 31 March 2010 of £1,938m, an increase of 5% over 2009 (3% at constant exchange).

- International net written premiums of £1,029m up 3% (in line at constant exchange)<sup>2</sup>
- UK net written premiums of £697m up 7%<sup>2</sup>
- Emerging Markets net written premiums of £204m up 5% (4% at constant exchange)<sup>2</sup>

Our associate in India also delivered strong growth with premiums up by 21% (21% at constant exchange). We have undertaken acquisitions in Sweden, Denmark and Oman and signed a deal in the UK with Tesco to provide Pet insurance, which is expected to deliver around £100m of premiums in its first full year. In 2010 we continue to expect International to deliver mid-single digit growth, the UK to remain in positive territory and Emerging Markets to return to double digit growth over the longer term.

During the first quarter, we completed our current UK and Scandinavian cost savings programmes and we continued to push rate across the business. In

February, an earthquake struck Chile causing widespread damage. As announced at the time, RSA is the largest insurer in Chile and while the situation is still evolving, we continue to expect an estimated cost from the event of around £30m, net of reinsurance.

In the first three months we have also experienced increased large losses and severe winter weather across the UK, Ireland and Scandinavia, the impact of which was around £80m greater than would normally be expected. Despite these losses we continue to expect to deliver a COR of around 95% in 2010 and, as previously reported, we also expect investment income for 2010 to be around £540m and total gains to be around 2009 levels.

### **RSA Asia and Middle East Business update**

In Asia and the Middle East, premiums of £49m were down 23% (down 18% at constant exchange). As disclosed last year, Q1 2009 benefitted from a significant construction win in Hong Kong. Excluding this win, premiums are up by 3% on a constant basis with double digit growth in Singapore and China, driven by strong growth in Specialty lines. Our associate in India continues to perform well and premiums are up by 21% to £26m (21% at constant exchange), with Personal Motor growing on the back of strong new car sales. During the quarter we also undertook the acquisition of Al Ahlia, creating the largest insurer in Oman by net written premium.

### **Andy Haste, Group CEO of RSA, commented:**

“We have built good top-line momentum in the first quarter of 2010, with strong growth in the UK, Canada and Latin America. As we celebrate our 300<sup>th</sup> anniversary, we look to the future with confidence. We are well placed with a great set of businesses with strong positions in attractive markets and we remain confident of our ability to deliver targeted growth and sustainable profitable performance.”

- ENDS -

## **About RSA**

With an almost 300 year heritage, RSA is one of the world's leading multinational quoted insurance groups. It has the capability to write business in over 130 countries and with major operations in the UK, Scandinavia, Canada, Ireland, Central and Eastern Europe, Asia and the Middle East and Latin America. Focusing on general insurance, it has around 21,000 employees and, in 2009, its net written premiums were £6.7bn.

## **About RSA China**

RSA's links with China go back to 1853 when it first operated in Shanghai. In 1992, RSA returned to China and opened a representative office in Beijing, becoming the first European insurer to set up an office in China.

In 1998, RSA became the first British insurance company to be granted an operating license in China and on 8th October 1998, RSA officially opened its branch in Shanghai. After 10 years of writing business as a branch, RSA launched its new subsidiary, Sun Alliance Insurance (China) Limited, in March 2008. As a wholly owned subsidiary of RSA, Sun Alliance Insurance (China) Limited is capitalized at RMB 500m, with a Head Office in Shanghai and transacts the full range of property and casualty insurance, as well as marine, construction & engineering and renewable energy insurance. In October 2009, Sun Alliance Insurance (China) Limited has been granted approval to commence branch operations in Beijing by the China Insurance Regulatory Commission (CIRC), initiating its offering of the full range of RSA China products for the Beijing market.

For more information about RSA China, please visit the website:  
[www.rsagroup.com.cn](http://www.rsagroup.com.cn)

## **Media enquires:**

RSA China

**Peter Huang, Marketing & communications**

Tel +86 (21) 3855 4828

[peter.huang@cn.rsagroup.com](mailto:peter.huang@cn.rsagroup.com)