



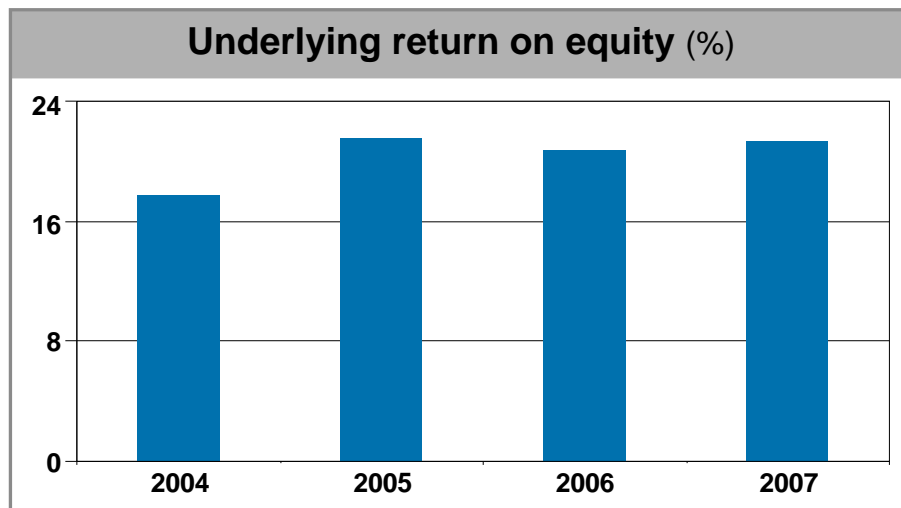
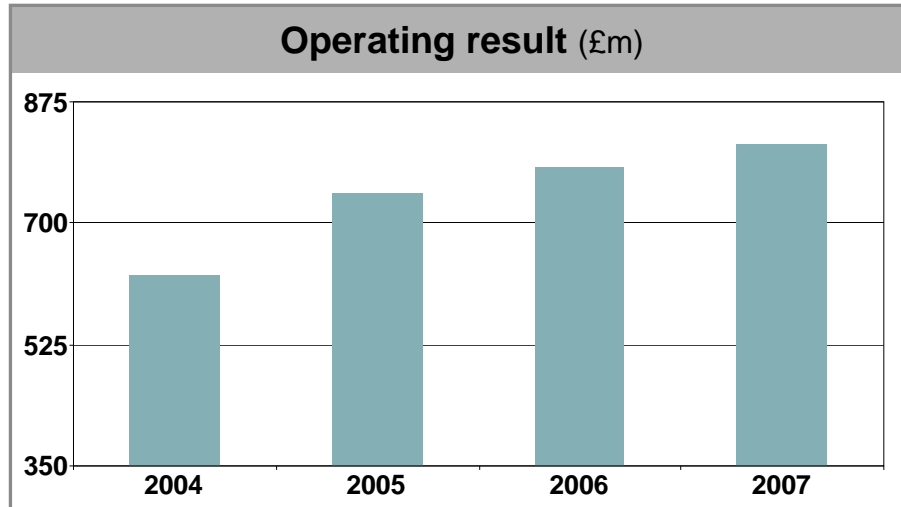
# RSA INSURANCE GROUP PLC

## Group Overview and Financial Strength

October 2008



# RSA – A LEADING GENERAL INSURER



- **A leading general insurance Group, regulated by the UK FSA**
- **Balanced and diverse portfolio – key lines include Property, Motor, Marine and Liability**
- **Operating in 29 countries, 2007 NWP £5.8bn, Combined Operating Ratio 94.9%**
- **Strong positions in attractive markets - #1 Commercial and #3 Personal in UK; #3 General Insurer in Scandinavia; #1 in Chile**
- **Relentless focus on technical excellence, underwriting discipline and tight financial management. COR <96% for last 4 years**
- **Delivering strong returns on equity – around 20% for last 4 years**
- **Track record of delivering sustainable profitable performance**

# DELIVERING SUSTAINABLE PROFITABLE PERFORMANCE

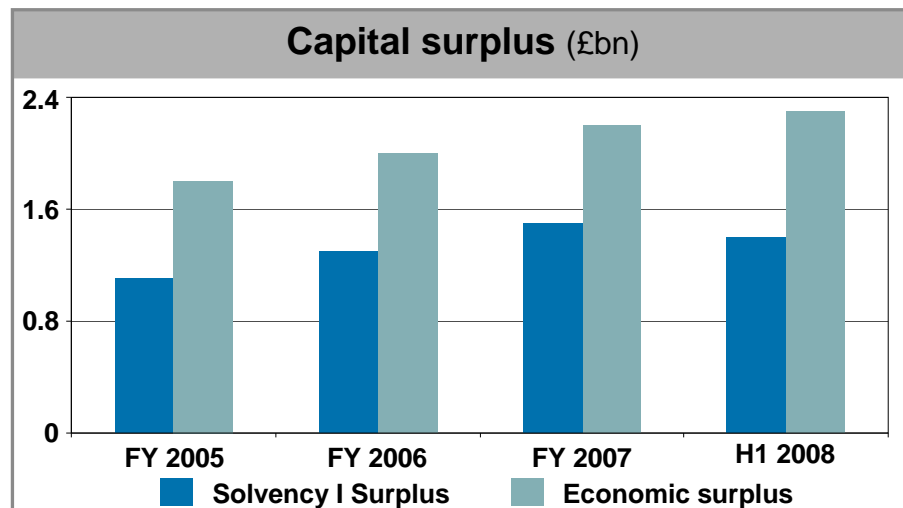
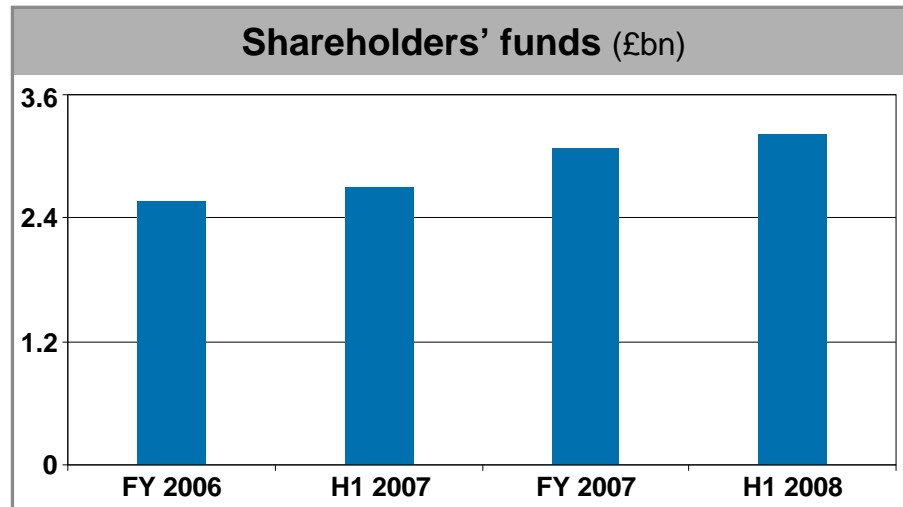
FY 2007

International	Scandinavia Denmark, Norway, Sweden & Finland	PREMIUM <b>£2.5bn</b>  COR <b>91.3%</b>
	Canada	
	Europe Ireland & Italy	
UK	Personal	PREMIUM <b>£2.7bn</b>  COR <b>97.6%</b>
	Commercial	
Emerging Markets	Latin America 7 countries	PREMIUM <b>£0.7bn</b>  COR <b>95.3%*</b>
	Baltics 3 Countries	
	Asia & Middle East 7 countries	
	Joint Ventures CEE, India	

\*Consolidated businesses only

- **Pure play P&C insurer:**
  - **Single focus**
- **Strong and diversified portfolio:**
  - **Access markets at different stages in the cycle**
  - **Capacity allocated to optimise returns**
- **Technical and operational excellence:**
  - **Clear risk appetite, strong underwriting controls**
  - **Focus on operational efficiency**
- **Tight financial management:**
  - **Prudent reinsurance**
  - **Reserve strength**
  - **High quality, low risk investments**
  - **Strong capital position**
- **Relentless focus on execution:**
  - **High performance culture**
  - **Attracting top talent**

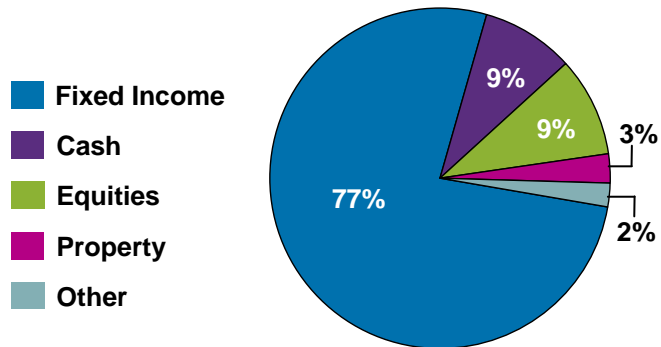
## FINANCIAL STRENGTH – CAPITAL POSITION



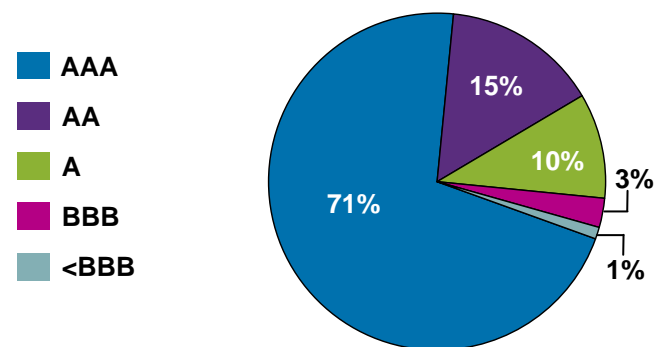
- Shareholders' funds up 20% in 2007 to £3.1bn, and up 5% in H1 2008 to £3.2bn, despite financial market turmoil
- Reflects retained profits, prudent capital management actions and conservative investment portfolio
- Strong capital position driven by prudent capital management
- EU Solvency I cover of 2.5x in 2007 and 2.3x at H1 2008 remains strong compared with peers
- Economic capital surplus at £2.3bn versus 'A' rated default; Economic capital position takes into account profitability of adverse financial and operational scenarios

## FINANCIAL STRENGTH – INVESTMENT PORTFOLIO

Asset disposition (H1 08)

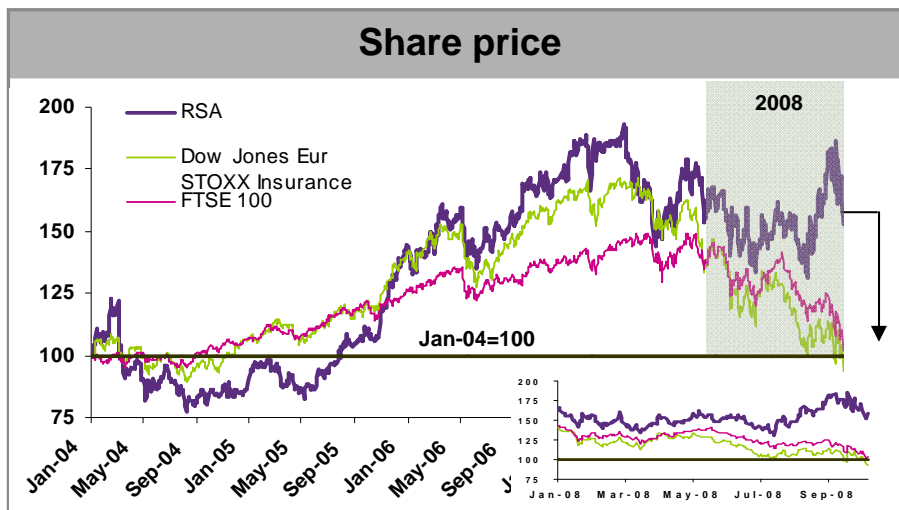
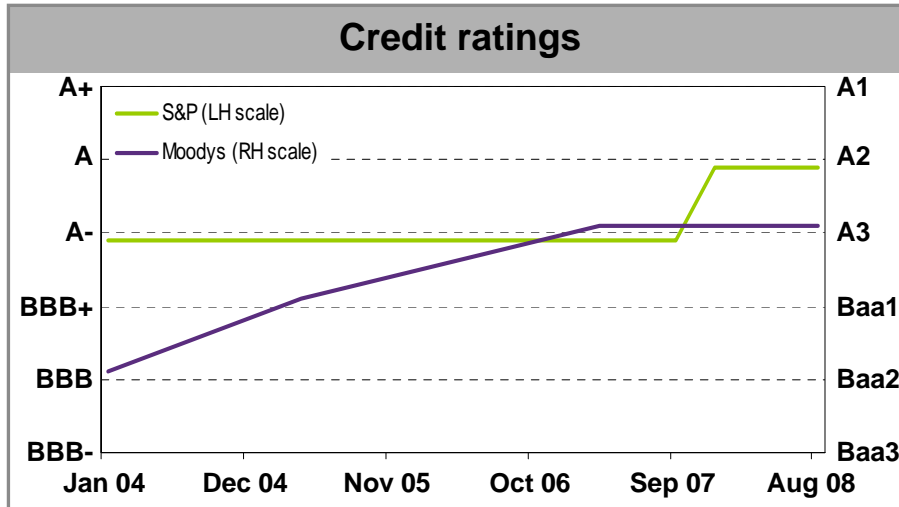


Credit quality (H1 08)



- High quality investment portfolio
  - Predominantly fixed income and cash
  - Negligible exposure to high risk assets
- 99% of bond portfolio investment grade
  - 70% invested outside GBP
  - 45% invested in corporates
  - Short duration – 2.6 years; 1.8 years in the UK
- Equities (ex preference shares and CIVs) only 8% of the portfolio
  - 75% of equity exposure covered by derivatives
- Exposure to financials well diversified e.g. Lehmans exposure just £15m (~0.1% of portfolio)

# CREDIT RATINGS & SHARE PRICE



- Despite an environment of financial market stress, RSA's strong financial and operational strength recently recognised by rating agencies
- Standard & Poor's rating committee upgraded credit rating to 'A' (stable) from A- in December 2007, and Enterprise Risk Management rating increased to 'strong' from 'adequate'
- In August 2008, Moody's placed RSA on review for upgrade to A2 (currently A3, positive outlook)
- RSA share price has performed well relative to peers and market since 2004
- RSA share price in 2008 reflects market conditions, but has outperformed market particularly during recent financial turmoil

## MARKET VIEW

---

"These [1H08] results continue to show that RSA is managing tougher times far better than peers, and illustrate why management are (rightly) held in high esteem."

James Quin, *Citigroup*, 7 August 2008

"Operationally RSA has continued to outstrip expectations..."

Oliver Steel, *Deutsche Bank*, 12 August 2008

"We believe that the robust earnings outlook afforded by RSA's underwriting consistency is increasingly attractive to investors in this time of economic uncertainty."

Richard Gradidge, *Numis*, 4 September 2008

"We believe that the greater certainty of earnings outlook at RSA....has helped it perform reasonably well against the market this year."

Youssef Ziai, *RBS*, 10 September 2008

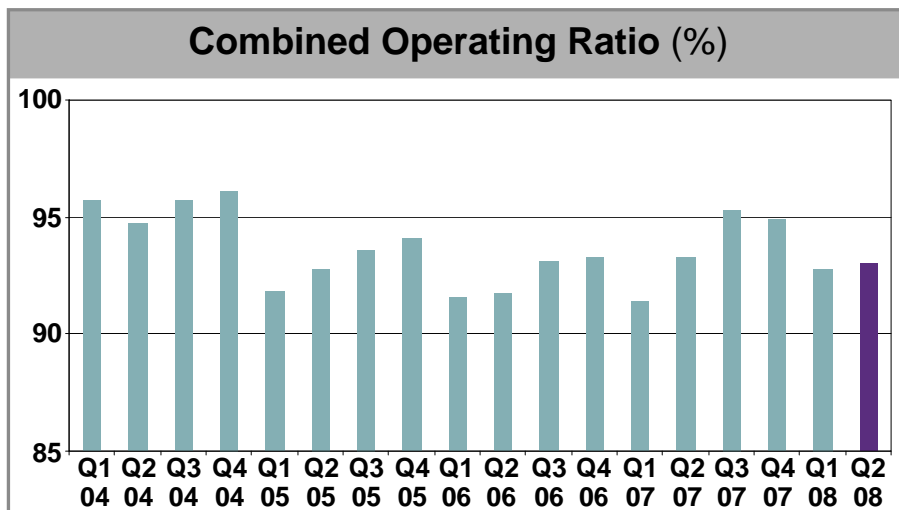
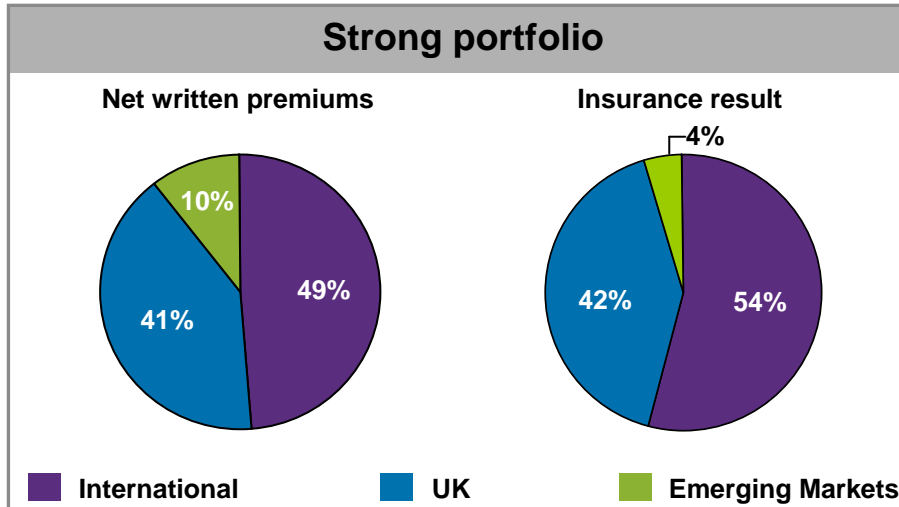
"We believe RSA is one of the most defensive stocks amongst the major European insurance peers, both in terms of the balance sheet and earnings."

Fahad Changazi, *Cazenove*, 20 October 2008

"RSA remains a solid defensive holding in the insurance sector with relatively low macro sensitivity together with a cautiously invested asset base."

Neil Manser, *Merrill Lynch*, 7 August 2008

# POSITIVE OUTLOOK



- **Track record of delivery:**
  - 18 quarters of combineds in the low to mid 90s
  - Strong growth in operating result
  - 10% increase in 2008 interim dividend
- **Confident will continue to deliver strong results:**
  - Strong diversified portfolio
  - Taking the right action on rate, capacity and expenses
  - Prudent reinsurance and reserving policies
  - High quality, low risk investment strategy
  - Strong capital position
- **2008 COR guidance better than 95%**

---

**This presentation may contain “forward-looking statements” (as defined in the US Private Securities Litigation Reform Act of 1995) with respect to certain of the Company’s plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the Company’s control, including amongst other things, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which the Company and its affiliates operate. As a result, the Company’s actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Company’s forward-looking statements. The Company undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation. Nothing in this presentation should be construed as a profit forecast.**