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CATLIN GROUP LIMITED HOLDS 2007 INVESTOR DAY

Catlin Group Limited ('CGL': London Stock Exchange), the international specialty insurer and reinsurer, will hold a presentation for investors and investment analysts at 3pm today at its London office.

The topics to be discussed at the presentation will focus on the trading statement released by the Group earlier today as well as three other subjects:

- the impact of third-party capital on future net premium earnings patterns;
- the Group's risk appetite, including disclosure of catastrophe threat scenarios; and
- the disclosure of data relating to accident year loss development.

Impact of third-party capital and future net premium earnings patterns

For the 2006 underwriting year approximately 33 per cent of the capacity of Lloyd's Syndicate 2020, managed by a subsidiary of Wellington Underwriting plc ('Wellington'), was provided by third-party capital providers ('Lloyd's Names'). Wellington was acquired by Catlin in December 2006, and all Lloyd's underwriting within the Group was undertaken through Catlin Syndicate 2003 for the 2007 and subsequent underwriting years.

Concurrent with the Group's acquisition of Wellington, Catlin in effect acquired from the Names their share of Wellington Syndicate 2020's capacity in exchange for financial considerations. As part of that transaction, certain Names were given the right to participate in quota share reinsurance of Catlin Syndicate 2003 for the 2007 and 2008 underwriting years. The quota share will be equivalent to approximately 12.5 per cent of the capacity of Syndicate 2003 for both years.

Therefore, the Names' interest in Syndicate 2020 and Syndicate 2003 from 2006 to 2009 and thereafter can be summarised as follows:

Underwriting Year	
2006	Names contributed 33% of capacity of Wellington Syndicate 2020 (equivalent to 20.8% of combined Catlin-Wellington Syndicate capacity)
2007	Names participate through 12.5% quota share reinsurance of Catlin Syndicate 2003
2008	Names participate through 12.5% quota share reinsurance of Catlin Syndicate 2003
2009	No Names' interest in Catlin Syndicate 2003

Although the Names' interest in Catlin Syndicate 2003 ends at the end of the 2008 underwriting year, the effect on the Group's net premiums earned will continue through 2010. This is because approximately 50 per cent of net premiums earned in a calendar year arise from premiums written during previous years. For example, of the premiums written by the Group during the 2007 underwriting year, approximately 48 per cent of those premiums will earn in 2007, while approximately 46 per cent will earn in 2008 and approximately 6 per cent will earn in 2009.

As a result of this premium earning pattern, the net premiums earned by Catlin will increase through 2011 as the Names' participation in Syndicate 2020 and the quota share reinsurance of Syndicate 2003 unwinds, even if the underlying premium volume underwritten does not increase. This effect is illustrated in Table 1 below:

TABLE 1

US$m	2007	2008	2009	2010	2011
Underlying premiums (1)	2,856	2,856	2,856	2,856	2,856
Names' share of Syndicate 2020 for 2005-06	(265)	(16)	--	--	--
Names' quota share of Syndicate 2003 for 2007	(91)	(100)	(8)	--	--
Names' quota share of Syndicate 2003 for 2008 (2)	--	(91)	(100)	(8)	--
Illustrated net premiums earned	2,500	2,649	2,748	2,848	2,856
Cumulative growth in illustrated net premiums earned compared with 2006	12%	19%	23%	28%	28%

(1) Illustration of underlying premiums assumes no growth from 2008-2011; underlying premiums adjusted for Names' share of Wellington Syndicate 2020 in 2006 and prior years and the quota share of Catlin Syndicate 2003 in 2007 and 2008

(2) 2008 quota share assumed to be the same as in 2007

Risk Appetite / Catastrophe Threat Scenarios

The greatest likelihood of significant loss to the Group arises from natural or man-made catastrophe events, including terrorism.

The Group's tolerance for catastrophe risk is a function of expected profit and available capital. Accumulation of risk is monitored and controlled within a defined underwriting risk appetite strategy in compliance with Board policy and procedures. The Group's defined underwriting risk appetite is intended to limit exposure from a single event via a diversified portfolio of risk to a maximum of one year's profit plus 10 per cent of capital if a 1-in-100-year event occurs, taking into account reinstatement premiums both payable and receivable after an event.

Catlin defines certain Catastrophe Threat Scenarios which reflect selected areas of significant catastrophe exposure. A detailed analysis of these catastrophe events is carried out each quarter using statistical models together with input from both actuarial and underwriting functions. Within the statistical models both secondary perils and loss amplification are included.

A selection of modelled outcomes for the Group's most significant Catastrophe Threat Scenarios is detailed below. The modelled outcomes below represent the Catlin Group's modelled net loss after allowing for all reinsurances, including the external quota share with regard to Catlin Syndicate 2003. The modelled outcomes are quoted prior to any tax effect.

Modelled Gross and Net Losses

Table 2 below shows the outcomes derived from the internal and external models using data as supplied by our clients. The modelled outcomes in Table 2 reflect our current interpretation of how external models and methods should be applied and are used internally for market consistent comparisons and for regulatory returns, following the instructions as per regulators' guidelines.

TABLE 2
Examples of Catastrophe Threat Scenarios
Data Model Output – Not a Prediction of Actual Loss
(Outcomes derived as at 1 October 2007)

US$m	**Florida (Miami) Windstorm**	**California Earthquake**	**Gulf of Mexico Windstorm**	**European Windstorm**	**Japanese Earthquake**
Estimated industry loss	100,000	70,000	100,000	30,000	50,000
Catlin Group					
Gross loss	627	826	930	545	570
Reinsurance effect (1)	(394)	(548)	(589)	(320)	(384)
Modelled net loss	233	278	341	225	186
Modelled net loss as % of net tangible assets (2)	12%	14%	18%	12%	10%

(1) Reinsurance effect includes the impact of both inwards and outwards reinstatements.

(2) Net tangible assets ('NTA') amounted to US$1.94 billion at 30 June 2007; NTA defined as total stockholders' equity (including preferred shares), less intangible assets net of associated deferred tax

However, uncertainties exist in the data and the modelling and estimation techniques and include but are not limited to:

- Economic value of market loss;
- Insured values and other data items as provided by clients;
- Non modelled perils;
- Modelling and parameter uncertainty;
- Damage factor estimation; and
- Limited historic validation of model assumptions.

Due to the uncertainties and the range of potential outcomes, Management adds a further prudential margin to the modelled output above to reflect the degree of uncertainty in any peril or scenario. These adjusted outcomes are detailed in Table 3 below. These adjusted numbers are then used to monitor against the Group's Risk Appetite to add a level of conservatism above the data model outcomes. These adjusted outcomes are also used to price inwards business, to influence outwards reinsurance purchasing strategy and to measure required capital.

TABLE 3
Adjusted Data Model Output – Not a Prediction of Actual Loss
(Outcomes derived as at 1 October 2007)

US$m	Florida (Miami) Windstorm	California Earthquake	Gulf of Mexico Windstorm	European Windstorm	Japanese Earthquake
Estimated industry loss	100,000	70,000	100,000	30,000	50,000
Catlin Group					
Gross loss	848	930	1,220	575	578
Reinsurance effect (1)	(525)	(621)	(749)	(324)	(384)
Modelled net loss	323	309	471	251	194
Modelled net loss as % of NTA (2)	17%	16%	24%	13%	10%

(1) Reinsurance effect includes the impact of both inwards and outwards reinstatements.

(2) Net tangible assets amounted to US$1.94 billion at 30 June 2007; NTA defined as total stockholders' equity (including preferred shares), less intangible assets net of associated deferred tax

Multiple Events

Multiple event risk appetite is monitored as part of the Group's capital model. The capital model, which was developed in 2003, aims to:

- quantify capital for any given risk tolerance; and
- determine the capital to support the Group's business plan.

The output from the capital model is used to allocate Group capital to individual lines of business to:

- set gross underwriting profit requirements;
- assist reinsurance purchasing strategy; and
- evaluate capital needs for new initiatives.

Periodically, the Group engages external consultants to review our processes and methods. During 2006, English Matthews Brockman ('EMB'), one of the world's leading actuarial and business consultancy firms specialising in non-life insurance, were engaged to review our capital model methods and its use within the Group. EMB concluded that Catlin had "one of the more sophisticated capital quantification approaches seen in the market".

Limitations

Modelling Catastrophe Threat Scenarios is a complex exercise involving numerous variables and material uncertainty. The modelled output therefore does not constitute a prediction of what losses the Group would incur in the event of a modelled loss occurring.

The modelled outcomes above are mean losses from a range of potential outcomes. At the mean value, the size of one loss would be contained or nearly contained within the normal expected profits for a year with limited utilisation of capital. Significant variance around the mean is possible. For a given industry loss, there is a wide range of potential outcomes for the Group.

The selected Catastrophe Threat Scenarios are extreme and therefore highly uncertain. Should an event occur, the modelled outcomes may prove inadequate, possibly materially so. This may be for a number of reasons (e.g. legal requirements, model deficiency, non-modelled risks or data inaccuracies). Data as supplied by our insureds and ceding companies may prove to be inaccurate or could develop during the policy period. Furthermore, the assumptions made during any analysis will evolve following any actual event.

A modelled outcome of net loss from a single event relies in significant part on the reinsurance arrangements in place, or expected to be in place at the time of the analysis, and may change during the year. The modelled outcomes assume that the reinsurance in place responds as expected with minimal reinsurance failure or dispute. Reinsurance is purchased to match the inwards exposure as far as possible, but it is possible for there to be a mismatch or gap in cover which could result in higher than modelled losses to the Group.

Many parts of the reinsurance programme are purchased with limited reinstatements, and therefore the number of claims or events which may be recovered from second or subsequent events is limited. It should also be noted that renewal dates of the reinsurance programme do not necessarily coincide with those of the inwards business written. Where inwards business is not protected by risks attaching reinsurance programmes, the programmes could expire resulting in an increase in the possible net loss retained.

Development of Loss Reserves

Reserves for losses and loss expenses

Catlin adopts a conservative reserving philosophy. The Group sets loss reserves conservatively relative to the independent actuarial advisors' best estimate, reflecting the inherent uncertainties in estimating insurance liabilities.

A liability is established for unpaid losses and loss expenses when insured events occur. The liability is based on the expected ultimate cost of settling the claims. The reserve for losses and loss expenses includes:

- case reserves for known but unpaid claims as at the balance sheet date;
- incurred but not reported ('IBNR') reserves for claims where the insured event has occurred but has not been reported to the Group as at the balance sheet date; and
- loss adjustment expense reserves for the expected handling costs of settling the claims.

The process of establishing reserves is both complex and imprecise, requiring the use of informed estimates and judgments. Reserves for losses and loss expenses are established based on amounts reported from insureds or ceding companies and according to generally accepted actuarial principles. Reserves are based on a number of factors, including experience derived from historical claim payments and actuarial assumptions. Such assumptions and other factors include, but are not limited to:

- the effects of inflation;
- estimation of underlying exposures;
- changes in the mix of business;
- amendments to wordings and coverage;
- the impact of large losses;
- movements in industry benchmarks;
- the incidence of incurred claims;
- the extent to which all claims have been reported;
- changes in the legal environment;
- damage awards;
- changes in both internal and external processes which might accelerate or slow down both reporting and settlement of claims.

The Group's estimates and judgments may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed or as current laws change. Any such revisions could result in future changes in estimates of losses or reinsurance recoverable, and would be reflected in earnings in the period in which the estimates are changed.

The Group receives independent external actuarial analysis of its reserving requirements annually. These independent actuaries also opine on the reserves for individual Catlin Group platforms as required by local regulation.

The loss reserves are not discounted for the time value of money.

Estimate of reinsurance recoveries

The Group's estimate of reinsurance recoveries is based on the relevant reinsurance programme in place for the calendar year in which the related losses have been incurred. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim reserves associated with the reinsured policy. An estimate for potential reinsurance failure and possible disputes is provided to reduce the carrying value of reinsurance assets to their net recoverable amount.

Development of reserves for losses and loss expenses

Catlin believes that presentation of the development of net loss provisions by accident period provides greater transparency than presenting on an underwriting year basis that will include estimates of future losses on unearned exposures. However, due to certain data restrictions, some assumptions and allocations are necessary. These adjustments are consistent with the underlying premium earning profiles.

The loss reserve triangles below show how the estimate of Legacy Catlin ultimate net losses have developed over time. The development is attributable to actual payments made and to the re-estimate of the outstanding claims, including IBNR. The development is shown both including and excluding certain large losses as detailed below. Development over time of net paid claims is also shown both including and excluding these large claims.

All historic premium and claim amounts have been restated using exchange rates as at 31 December 2006 for the Group's four functional currencies to remove the distorting effect of changing rates of exchange as far as possible.

In 2002 the Group purchased the remaining Lloyd's capacity relating to the business originally underwritten by members of Syndicate 1003. Catlin managed both Syndicate 1003 and Syndicate 2003 which underwrote business in parallel. The Group was the sole capital provider for Syndicate 2003. All ongoing business written in Lloyd's is written by Syndicate 2003. All the prior years' liabilities of both Syndicate 1003 and Syndicate 2003 are now the responsibility of the Catlin Group. Accordingly all figures shown below have been restated as if the Catlin Group had 100% ownership of the capacity of both Syndicates 1003 and Syndicate 2003 to remove the distortion of the Group's changing share over time.

It is our intention to publish annual updates of the development as part of the Group's Annual Reports and Accounts.

Wellington

During 2006 the Group acquired Wellington. As described in Note 3 of the Catlin Group Limited Annual Report and Accounts at 31 December 2006, the business combination was deemed effective 31 December 2006 for accounting purposes; accordingly the net assets acquired are valued as at that date and the operating results of Wellington will be included in the Group's consolidated financial statements in periods following 31 December 2006.

In Table 4 below the Wellington reserves arising from the transaction are shown at fair value at the date of the business combination. Legacy Wellington reserves are not included in Tables 5 and 6 below. Wellington has historically published accident year loss reserve triangles; the disclosure as at 31 December 2006 is attached as an appendix.

For the 2007 underwriting year Catlin Group in effect purchased the remaining Lloyd's capacity relating to the business previously underwritten by members of Wellington Syndicate 2020. When the 2006 underwriting year closes, by way of Reinsurance to Close, the Catlin Group will then be responsible for 100% of the liabilities of Syndicate 2020. This is expected to take place as at 31 December 2008. Until then the Catlin Group will only be responsible for a share of Syndicate 2020's reserves in line with the Wellington Underwriting plc's share of each underwriting year prior to 2007. The Wellington disclosure note below shows the development of the 100% liabilities and is shown in sterling. At 31 December 2006 the Catlin Group share of the net reserves was $1.41 billion.

At 31 December 2006 the Wellington reserves were consistent with the Catlin reserving philosophy, and Wellington was included within the scope of work undertaken by the Group's external actuarial advisors. Management considers the reserves were set conservatively relative to the best estimate of both Catlin's and Wellington's independent actuarial advisors.

In future disclosures the run-off of the 100% Wellington reserves will be included within the 2007 accident year. The reduction due to the Group only being responsible for a share of the total Wellington reserves will be shown as a reconciling item to ensure any distortions that would appear in the development triangulations are removed as the Catlin share increases in the next few years.

Highlights

Overall since 31 December 2003 there has been a reduction in Legacy Catlin net loss estimates resulting in an overall surplus from prior periods. Although the 2002 and prior accident years have deteriorated, this deterioration has been more than offset by releases from more recent accident years.

The Wellington disclosure in the appendix shows a surplus emerging in aggregate for the past two calendar years. The 2002 and prior accident periods also show a surplus during the past two calendar years.

The reserves from the accident years 2002 and prior now represent only 19% of the net reserves at 31 December 2006.

A summary of the Legacy Catlin and Wellington net reserves is shown in the table below:

TABLE 4

US$m Accident Year	**Legacy Catlin net reserves**	**Legacy Wellington net reserves(1)**	**Total net reserves**	**Percent of total net reserves**
2002 and prior	275	285	560	19%
2003	129	92	221	7%
2004	188	136	324	11%
2005	466	468	934	31%
2006	508	432	940	31%
	1,566	1,413	2,979	99%
Other Legacy Catlin net reserves (2)	29	--	29	1%
Total net reserves	1,595	1,413	3,008	100%

(1) Catlin share of Legacy Wellington accident year net reserves estimated in line with corporate share of relevant underwriting period

(2) Other legacy Catlin reserves include unallocated claims handling expenses, potential reinsurance failure and dispute, other outwards reinsurance and foreign exchange adjustments

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Development Tables

TABLE 5: LEGACY CATLIN ESTIMATED NET ULTIMATE LOSSES

	Accident Year					
US$ millions	**2002 & Prior**	**2003**	**2004**	**2005**	**2006**	**Total**
Net premiums earned		969	1,224	1,250	1,352	
Net Ultimate Excluding Large Losses						
Initial estimate (1)	1,642	441	580	635	672	
One year later	1,656	426	510	566		
Two years later	1,672	397	483			
Three years later	1,719	396				
Net Ultimate Loss Ratio Excluding Large Losses						
Initial estimate	N/A	45.5%	47.4%	50.7%	49.7%	
One year later	N/A	44.0%	41.6%	45.3%		
Two years later	N/A	40.9%	39.5%			
Three years later	N/A	40.8%				
Net Ultimate Large Losses						
Initial estimate (1)	20	--	115	334	--	
One year later	20	--	116	386		
Two years later	19	--	118			
Three years later	20	--				
Net Ultimate Including Large Losses						
Initial estimate (1)	1,662	441	695	968	672	
One year later	1,676	426	626	952		
Two years later	1,691	397	600			
Three years later	1,739	396				
Net Ultimate Loss Ratio Including Large Losses						
Initial estimate	N/A	45.5%	56.8%	77.4%	49.7%	
One year later	N/A	44.0%	51.1%	76.2%		
Two years later	N/A	40.9%	49.1%			
Three years later	N/A	40.8%				
Cumulative Net Paid	1,464	267	412	486	164	2,794
Estimated Net Ultimate Claims	1,739	396	600	952	672	4,359
Estimated Net Claim Reserves	275	129	188	466	508	1,566
% of Net Reserves	17.6%	8.2%	12.0%	29.8%	32.4%	100.0%

1. Initial estimates for 2002 and prior shown as at 31 December 2003

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TABLE 6: LEGACY CATLIN NET PAID LOSSES

			Accident Year		
US$ millions	**2002 & Prior**	**2003**	**2004**	**2005**	**2006**
Net premiums earned		969	1,224	1,250	1,352
Net Paid Excluding Large Losses					
Initial estimate (1)	1,149	100	134	127	164
One year later	1,286	178	235	238	
Two years later	1,383	237	297		
Three years later	1,445	267			
Net Paid Loss Ratio Excluding Large Losses					
Initial estimate	N/A	10.3%	10.9%	10.1%	12.2%
One year later	N/A	18.4%	19.2%	19.0%	
Two years later	N/A	24.4%	24.2%		
Three years later	N/A	27.5%			
Net Paid Large Losses					
Initial estimate (1)	9	--	72	94	--
One year later	13	--	113	248	
Two years later	16	--	116		
Three years later	19	--			
Net Paid Including Large Losses					
Initial estimate (1)	1,158	100	206	221	164
One year later	1,300	178	348	486	
Two years later	1,399	237	412		
Three years later	1,464	267			
Net Paid Loss Ratio Including Large Losses					
Initial estimate	N/A	10.3%	16.8%	17.6%	12.2%
One year later	N/A	18.4%	28.5%	38.9%	
Two years later	N/A	24.4%	33.7%		
Three years later	N/A	27.5%			

(1) Initial estimates for 2002 and prior shown as at 31 December 2003

Large Losses

The following events are included in the large loss sections of the tables above:

Accident Year	**Event**
2002 & Prior	World Trade Center/US Terrorism 9/11
2004	Hurricane Charley
2004	Hurricane Frances
2004	Hurricane Ivan
2004	Hurricane Jeanne
2005	Hurricane Katrina
2005	Hurricane Rita
2005	Hurricane Wilma

Commentary on Development Tables

Accident Year 2006
The Legacy Catlin loss ratio is generally in line with prior years excluding large losses at similar development periods.

Accident Year 2005
In aggregate this accident year for Legacy Catlin has seen a surplus in reserves emerge over the previous year. However, this includes a deterioration on the reserves for Hurricanes Katrina, Rita and Wilma offset with releases elsewhere within the accident year.

Although there remains uncertainty in the final outcome of the three Hurricanes during 2005 the uncertainty has reduced during the year which is evidenced by the increase in the paid element of the estimated net ultimate loss from these events increasing from 28% at the end of 2005 to 64% at the end of 2006.

Legacy Wellington shows a similar surplus emerging from the 2005 accident year.

Accident Years 2003 and 2004
Both Legacy Catlin accident years continue to run off at a surplus to booked reserves with few issues emerging.

Similarly, the Legacy Wellington 2003 and 2004 accident years continue to run off at a surplus.

Accident Years 2002 and prior
These accident years deteriorated during 2004 for Legacy Catlin. The main area of deterioration was a reassessment of reserves from the Group exposure to US casualty business. These areas have remained broadly stable since this reassessment.

During 2005 these Legacy Catlin accident years also deteriorated. This arose mainly from two sources.

- In the late 1990's through to 2002 the Catlin Syndicate entered into an arrangement with The Accident Group ('TAG') which wrote 'after the fact' legal expense coverage in the UK. The Group ceased this arrangement during 2002. The Group had been in dispute over certain elements of the underlying claims and the funding arrangements with certain banks. TAG reserves were increased by approximately $10 million primarily due to a settlement between the Group and one of the funding banks. As detailed below the main uncertainties in this account have now been finalised.
- The Group underwrites UK motor excess of loss reinsurance. During 2005 due to the potential increase in the use of structured settlements within the UK, the Group reassessed the basis of the bodily injury reserves it holds. This resulted in an increase of approximately $6 million. This change was immediately reflected in the pricing of ongoing business.

During 2006 there was additional deterioration from 2002 and prior Legacy Catlin accident years. This came from two main sources.

- During 2006 the Group came to an arrangement with the final TAG funding bank resulting in an increase in the net provision to the Group of approximately $10 million. However, this removed the final significant uncertainty in this area for the Group.
- A large motor bodily injury loss in the 2002 accident year of approximately $29 million. Details of this loss emerged much later than usual for this type of claim. This loss is now reserved within the outwards reinsurance programme.

The 2002 and prior Legacy Wellington accident years have shown a surplus over the last two calendar years.

Limitations

Establishing insurance reserves requires the estimation of future liabilities, which depend on numerous variables. As a result, whilst reserves represent a good faith estimate of those liabilities, they are no more than an estimate and are subject to material uncertainty. It is possible that actual losses could materially exceed reserves.

While the information in the tables above provides a historical perspective on the changes in the estimates of the claims liabilities established in previous years and the estimated profitability of recent years, users are cautioned against extrapolating future surplus or deficit on the current reserve estimates. The information may not be a reliable guide to future profitability as the nature of the business written might change, reserves may prove to be inadequate, the reinsurance programme may be insufficient, and/or reinsurers may fail or be unwilling to pay claims due.

Management considers that the loss reserves and related reinsurance recoveries continue to be held at levels which are conservative relative to the independent actuarial advisors' best estimates based on the information currently available. However, the ultimate liability will vary as a result of inherent uncertainties and may result in significant adjustments to the amounts provided. There is a risk that, due to unforeseen circumstances, the reserves carried are not sufficient to meet ultimate liabilities.

The accident year triangles were constructed using several assumptions and allocation procedures which are consistent with underlying premium earning profiles. Although we believe that these allocation techniques are reasonable, to the extent that the incidence of claims does not follow the underlying assumptions, our allocation of losses to accident year is subject to estimation error. This is primarily due to the fact that for certain types of business we do not necessarily receive sufficient information to allocate claims exactly to specific accident years. In many markets the convention is that loss amounts for a treaty or a delegated authority are advised on what is known as a 'bordereau' or an aggregate basis. In such presentations details on individual losses, other than perhaps large event losses, are not available.

APPENDIX: Wellington Underwriting plc Disclosure at 31 December 2006

Year ended 31 December 2006: (£m)	**Gross**	**Reinsurance**	**Net**
Notified claims	824.4	(455.0)	369.4
IBNR	528.0	(150.0)	378.0
Total at beginning of year	1,352.4	(605.0)	747.4
Cash paid for claims settled in the year	(431.7)	242.6	(189.1)
Increase in liabilities:			
- arising from current accident year claims	268.8	(27.7)	241.1
- arising from prior accident year claims	(30.4)	22.8	(7.6)
- arising from increase in Group's participation	1.7	(0.6)	1.1
Net exchange differences	(127.0)	55.0	(72.0)
Total at end of year	1,033.8	(312.9)	720.9
Notified claims	613.5	(230.0)	383.5
IBNR	420.3	(82.9)	337.4
Total at end of year	1,033.8	(312.9)	720.9

The current portion of the loss provision is £432.6m (2005: £467.8m) on a net basis.

Year ended 31 December 2005 (£m)	**Gross**	**Reinsurance**	**Net**
Notified claims	368.7	(142.2)	226.5
IBNR	304.4	(61.7)	242.7
Total at beginning of year	673.1	(203.9)	469.2
Cash paid for claims settled in the year	(299.3)	96.3	(203.0)
Increase in liabilities:			
- arising from current accident year claims	791.4	(402.3)	389.1
- arising from prior accident year claims	(2.8)	(7.6)	(10.4)
- cession of reserves under reinsurance arrangement	-	(6.7)	(6.7)
- arising from increase in Group's participation	105.4	(42.5)	62.9
Net exchange differences	84.6	(38.3)	46.3
Total at end of year	1,352.4	(605.0)	747.4
Notified claims	824.4	(455.0)	369.4
IBNR	528.0	(150.0)	378.0
Total at end of year	1,352.4	(605.0)	747.4

The table below shows how the estimate of the respective balance sheet provision has developed over time. The development is attributable to payments made and to the re-estimate of the outstanding claims. The run-off result reflects the difference between the current estimate for the accident year ultimate loss provision and the estimate that existed at the previous calendar year-end.

100% Syndicate 2020
Gross development

£m	1999 & prior	2000	2001	2002	2003	2004	2005	2006	Total
Initial estimate of ultimate loss provision		366.0	894.0	460.3	349.5	435.7	1,266.2	384.9	
One year later		388.3	908.5	446.0	321.8	443.2	1,232.8		
Two years later		401.4	917.2	439.1	323.8	410.9			
Three years later		408.9	956.8	434.9	328.2				
Four years later		406.2	960.7	433.4					
Five years later	1,768.7	398.2	930.4						
Six years later	1,760.8	391.1							
Seven years later	1,727.7								
Current estimate of ultimate loss provision - gross	1,727.7	391.1	930.4	433.4	328.2	410.9	1,232.8	384.9	5,839.4
Cumulative payments to date	(1,616.1)	(339.7)	(745.6)	(315.3)	(209.8)	(282.3)	(549.4)	(37.4)	(4,095.6)
Remaining provision	111.6	51.4	184.8	118.1	118.4	128.6	683.4	347.5	1,743.8
Exchange movements									(66.9)
Other									12.1
Members' share									(655.2)
Group share of provision									1,033.8

100% Syndicate 2020
Net development

£m	1999 & prior	2000	2001	2002	2003	2004	2005	2006	Total
Initial estimate of ultimate loss provision		192.8	305.5	264.4	252.0	343.7	623.3	358.5	
One year later		162.7	327.1	278.5	240.5	326.9	618.7		
Two years later		172.8	338.3	284.8	234.8	308.4			
Three years later		179.1	334.0	286.2	234.5				
Four years later		204.2	342.0	284.1					
Five years later	1,042.2	188.4	328.9						
Six years later	1,040.3	191.1							
Seven years later	994.8								
Current estimate of ultimate loss provision - net	994.8	191.1	328.9	284.1	234.5	308.4	618.7	358.5	3,319.0
Cumulative payments to date	(951.1)	(137.1)	(276.2)	(174.1)	(150.9)	(193.0)	(252.8)	(23.4)	(2,158.6)
Remaining provision	43.7	54.0	52.7	110.0	83.6	115.4	365.9	335.1	1,160.4
Exchange movements									(33.1)
Other (a)									47.5
Members' share									(453.9)
Group share of provision									720.9

(a) Other primarily comprises £25.2m of additional reserves resulting from commutation agreements with reinsurers, £12.3m of bad debt provisions and £10.0m net reserves for CSIC.

In 2006 the total net reserves showed positive development of £17.0 million (2005: £18.8 million) at the 100% level with a Group share of £7.6 million (2005: £10.4 million).