

Charles
Taylor

Professional
Services for global
insurance markets

Annual Review 2016



Review of the Year 2016

Charles Taylor plc (“Charles Taylor”) provides professional services to make the business of insurance work efficiently. We have been providing insurance-related professional services since 1884 and today we employ over 1,800 permanent and contract staff in 71 offices spread across 28 countries in the UK, the Americas, Asia Pacific, Europe, the Middle East and Africa.

The Group operates through three businesses – Management Services, Adjusting Services and Insurance Support Services. We also own international life insurers, creating value by undertaking targeted acquisitions and achieving operational efficiencies.

Our breadth of services, our technical skills and resources and our global presence means we can manage and resolve virtually any insurance-related matter, wherever and whenever it occurs.

The ‘Review of the Year 2016’ provides an overview of our business and services and highlights of our business performance in 2016. It sets out the Group’s strategy to achieve growth by providing an exceptional range of differentiated and valued professional services and solutions to our clients.

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Charles Taylor at a Glance

Charles Taylor is a global provider of professional services to the insurance market. We operate through three Professional Services businesses: Management, Adjusting and Insurance Support Services. We also consolidate international life insurance businesses through our Owned Life Insurers business.

Our Professional Services businesses



Management Services

The Management Services business provides end-to-end management of insurance companies and associations.

We deliver a complete outsourced management service to our clients, covering every aspect of an insurance company's operations including marketing, underwriting and claims management, along with the provision of regulatory, accounting, administrative, investment management and technology services.

Clients

- The Standard Club
- Signal Mutual
- The Strike Club
- SCALA
- The Offshore Pollution Liability Association

Drivers of profitable growth

- Grow membership and scale of our existing clients' businesses
- Introduce new products and services for those clients and their members
- Seek management contracts from new and existing mutuals, group captives, buying groups and other insurance-related associations



Adjusting Services

The Adjusting Services business provides loss adjusting services across the aviation, energy, marine, property, casualty and special risks sectors. We also provide marine average adjusting and technical support services.

The business' primary focus is on the resolution of larger and more complex losses arising from major insured incidents and claims. We also offer a general loss adjusting service.

Drivers of profitable growth

- Expand into new territories and grow in territories in which we are under-represented
- Extend breadth of service offering to all offices in the Group
- Recruit additional top-performing adjusters
- Introduce new loss adjusting business lines
- Develop further the skills of the next generation of adjusters



Insurance Support Services

The Insurance Support Services business provides a range of professional, technology and support services, enabling our clients to select the specific stand-alone services they require:

- Claims Management Services
- Insurance Technology Services
- Turn-key Managing Agency Services for Lloyd's syndicates
- Business Process Outsourcing
- Risk Transfer Solutions
- Investment Management

Drivers of profitable growth

- Win new mandates for assistance and travel claims accounts
- Cross-sell assistance and travel claims services to other Group clients
- Grow TPA outsourced claims services
- Expand insurance technology solutions
- Be appointed to manage new Lloyd's syndicates
- Expand our Business Process Outsourcing services for general insurers, life insurers and fund managers
- Gain new captive management mandates
- Grow risk management services
- Develop investment and capital management solutions

Owned Life Insurers



The Owned Life Insurers business consolidates international life insurance businesses, which are primarily in run-off, creating value by undertaking targeted acquisitions and achieving operational efficiencies.

Drivers of profitable growth

- Seek out opportunities to acquire and consolidate international life companies and books of business, generating operational efficiencies from the combined books

Charles Taylor's Business Strategy

Our business strategy combines our **vision**, **business model** and **growth priorities**.

Our vision

Our vision is to become the professional services provider of choice to global insurance markets by:

Building

a global professional services business in areas where superior technical skills are valued.

Achieving

leading market positions for each of our businesses and expanding into growing economies and markets.

Developing

new services that deliver sustainable revenue and profit.

Capitalising

on the opportunities for cross-referral, cross-business unit working and other synergies between our businesses and across our international network.



For investors

we target reliable income streams, with sustainable year-on-year growth in earnings, while investing to create opportunities to drive higher future earnings growth.



For clients

we provide an exceptional range of differentiated and valued professional services and solutions in an area we truly understand, in which we specialise and to which we are committed, delivered with a long-term "partnership" approach, leading technical expertise and constant innovation that meaningfully help our clients to succeed.



For staff

we offer high-quality, stimulating and exciting work, in a supportive, entrepreneurial environment, with competitive, meritocratic rewards, personal recognition and professional development opportunities.

We are well positioned to generate profitable growth and believe the demand for the professional services and solutions we offer is substantial.

Our core values

Charles Taylor is a people business. Our core values are reflected in all our businesses and activities across the Group:

Excellence

We recruit, retain and develop highly skilled, technically excellent and motivated professional staff.

Partnership

We have a partnership mind-set and work closely with our clients to deliver mutually beneficial outcomes, focusing on long-term value creation.



Our collaborative business model

We are a relationship business. It is our relationships with our clients and colleagues which underpin our business model and enable us to deliver high-quality services to our clients around the world.

Strategy and growth

- **Achieve sustainable organic growth:** We deliver growth primarily through numerous organic initiatives across our businesses and geographies, each requiring minimal to no investment, that build our businesses over time to achieve market-leading positions.
- **Execute selected larger investments:** We are strengthening our strategic and financial position through a small number of carefully targeted acquisitions, joint ventures and business investments which have a compelling strategic rationale, strong cultural fit, a persuasive financial rationale and an acceptable risk profile.
- **Inspire performance:** We develop clear, stretching and achievable strategies for our businesses that inspire performance, give direction and allow autonomy.

Capabilities and people

- **Instil a client-centric culture:** We have a Group-wide culture that promotes client service, winning business, developing people and a partnership mind-set.
- **Employ exceptional staff:** We recruit professional staff who are innovative and entrepreneurial with high standards of technical ability. We seek colleagues who share our core values, are highly motivated, well-trained and approachable.
- **Nurture talent:** We have a meritocratic, transparent and supportive talent management approach, spanning recruitment, succession, training and development planning.

Process and organisation

- **Drive growth:** Our businesses have a high degree of autonomy, enabling them to respond rapidly to clients' needs and emerging opportunities. They are supported by the Group's Global Business Services (finance, HR, IT, property services, assurance, marketing and corporate development).
- **Manage growth:** We have well-established business and governance models that balance a focus on near-term profits with a longer-term view.
- **Promote growth:** We continue to invest in our business development and marketing capabilities across the Group.

Quality

We have genuine pride in delivering high-quality work. We stake our reputation on the provision of high-quality professional services and it is this focus on quality which underpins our offering to clients.

Support

We work within a supportive, collegiate culture across the Group.

Our Growth Priorities

Our growth priorities are to achieve the Group's business vision by focusing primarily on the provision of professional services.

Our priorities fall into three areas:

- Optimise our business operations
- Deliver growth in our core Professional Services businesses
- Explore medium to longer-term strategic opportunities

Our strategy across our business has three elements:

Optimise our business operations

Progress in 2016

In 2016, we invested in numerous initiatives to strengthen the Group's Global Business Services, which include finance, HR, IT, property services, assurance and marketing. We strengthened our business development capabilities and initiated a major project to improve the Group's IT infrastructure. These initiatives are designed to provide a scalable operational backbone to underpin growth.

Deliver growth in our core Professional Services businesses

We are working to achieve leadership positions for all the Group's businesses and to develop new, closely related professional services. Our Adjusting Services business established a significant new UK construction and engineering loss adjusting service, grew its presence in Latin America, and is targeting growth in the very large US adjusting market, in which we are under-represented, with the appointment of a new country head and the recruitment of energy loss adjusters in Houston. We also progressed a number of other organic growth initiatives across our existing business lines.

Explore medium to longer-term strategic opportunities

We are developing new professional services capabilities through acquisitions, joint ventures and business investments. We only progress initiatives which are a good fit strategically, culturally and financially. In 2016, we invested in developing Charles Taylor InsureTech and Charles Taylor Managing Agency. We also expanded our global claims Third Party Administration capabilities. We invested in the acquisition of CEGA Group (CEGA) and we agreed to acquire an international life book and a fund administration service from Zurich.

Driving forward our strategic initiatives

Among many growth highlights of 2016, we focused on four major strategic initiatives:

1. Developing global medical claims and assistance capabilities



In July 2016, we acquired CEGA Group for £29.8m. CEGA is a market-leading provider of medical assistance and travel claims management services to insurers. CEGA now supports Charles Taylor's existing claims handling activities and assistance services for the Group's mutual and other clients. CEGA also brings longstanding relationships with large, high profile insurers, where some of these overlap with the Group's existing client base, but some are new relationships to Charles Taylor. We are already benefiting from significant joint marketing opportunities with CEGA, across all our business lines. We believe the Group's expertise in claims management and assistance, and its existing strong client relationships, means we are well positioned to grow in this market.

The global market for travel insurance and assistance services has been estimated to exceed US\$18bn this year¹.

2. Building Charles Taylor InsureTech



Charles Taylor InsureTech, the Group's insurance technology business launched in 2015, took major steps forward. We opened a technology Centre of Excellence in Mexico City and were engaged by Fadata to implement a policy administration system in Peru for a leading life insurer. We also invested in building out the business's sales and marketing capabilities. These initiatives enabled Charles Taylor InsureTech to make a small, but strategically significant, increase in its revenue contribution. Our combined expertise in insurance and technology differentiates us from competitors and means we are well positioned to benefit from this market growth.

The value of the global insurance IT market is estimated to reach US\$166bn by 2020².

3. Becoming second syndicate-ready



Charles Taylor Managing Agency (CTMA), launched in 2015, is building its proposition to manage a second Lloyd's syndicate. We invested in recruiting senior staff including a Chief Underwriting Officer and a Director of Operations with substantial experience of the Lloyd's market and developed our systems and operational capabilities. The Lloyd's turn-key managing agency services market offers CTMA sizeable potential to grow. We believe there is significant potential for turn-key managing agency services in the Lloyd's market, that we are well positioned to meet.

Lloyd's market capacity was £27.7bn in 2016³.

4. Extending our outsourced services



We have focused on growing our Third Party Administration (TPA) and Business Process Outsourcing (BPO) services in the life and general insurance sectors.

- We extended the Group's established TPA claims service capabilities, through Charles Taylor TPA, which provides tailored claims administration for insurers, MGAs, brokers and self-insureds.
- In the BPO sector we have agreed to acquire books of life insurance business and a fund administration business from Zurich International, enabling us to extend the Group's life servicing platform and enter the fund administration market.
- CEGA's capabilities in volume claims handling, fraud prevention and assistance services are helping to enhance our BPO and TPA capabilities. In addition, we are utilising Charles Taylor InsureTech to optimise the efficiency and effectiveness of our TPA/BPO service offering.
- We believe the market opportunity for our services is significant.

Research indicates that the revenue of third-party administrators and insurance claims adjusters in the US exceeds US\$190bn⁴.

These initiatives will continue to be a focus of our efforts and investment during 2017 and beyond.

1. Source: Finaccord, 3 March 2014
2. Source: Gartner

3. Source: Insurance Insider, 12 January 2016
4. Source: IBISWorld, July 2016

Why our Clients Choose Charles Taylor

Our clients choose us for our range of services, deep industry knowledge, technical expertise, global reach, partnership culture and our approach to innovation. Together, these factors enable us to stand out from alternative providers as an exceptional professional services provider in the global insurance market, offering distinctive services and solutions.



An unrivalled breadth of insurance-related professional services and solutions – we provide services across the entire insurance value chain, designed to enable our clients to increase efficiency and deliver exceptional services to their customers.

We do not simply offer a menu of services, but are able to combine different services to offer an integrated solution that is tailored to clients' specific needs and delivers direct business value.



Expert, specialist knowledge of every sector of the insurance market – we work for clients operating across every sector of the insurance market, including mutual and insurance associations, retail and commercial insurers, specialist insurers, reinsurers, life insurers, brokers, MGAs and corporates.

This combination of insurance specialism and breadth across the sector enables us to offer “best in market” solutions which provide our clients with better ways to achieve their goals.



An enormous base of technical resource, available wherever and whenever our clients need us – we recruit and retain technical experts at the top of their games, with real-world practical experience.

Our technical experts cover the entire insurance industry – from accountants and actuaries to engineers, lawyers, surveyors and underwriters; we are able to organise ourselves through multi-disciplinary teams to meet the specific requirements of our clients.

With over 1,800 people, operating from 71 offices in 28 countries, we have the global reach to serve our clients when and where they need us, across any time zone and geography.



A culture of long-term partnership and excellent, high-quality service – Charles Taylor has been serving insurance clients since 1884.

We build long-lasting partnerships, stretching decades, even centuries, by tailoring our services to our clients' exact needs, backed by the highest levels of technical expertise and service. Underpinned by our culture and values (see page 6), our people take great pride in their relationships with clients and the service that they provide every day.

Our clients can be confident that our focus is on delivering long-term solutions that serve their best interests.



A stable, trusted and well-governed business – we operate to the highest ethical and governance standards, while our London Stock Exchange listing gives our clients the assurance of stability, transparency and excellent governance.

Our clients can be confident that we will conduct business on their behalf to the highest possible standards.



A track record of innovating successfully for our clients – our teams are never satisfied with “the way it has always been done” and are constantly looking for ways to make our clients more efficient and effective.

We were and are early adopters of using technology to support the adjusting of complex losses and automating insurance processes. We have driven innovation by developing new ways of delivering services and working with clients to build new insurance solutions. We also use innovative partnership models to expand the services and solutions available to clients.

Our clients can be confident that we will continue to innovate with them to support their success.

We offer a vast breadth of professional services and solutions

Our eight service/solution areas and underlying services/solutions cover the entire insurance value chain:

Insurance Management Services

End-to-end management of insurers and insurance programmes under a long-term “partnership” model

Underwriting and Broking Support Services

Bespoke, service-led support to underwriters, underwriting vehicles and brokers

Loss Adjusting Services

Specialist, high-quality adjusting and other related technical services, spanning all major lines and geographies

Claims Management and TPA Services

Specialist, high-quality third party claims administration and related services across the full claims lifecycle

Life, Fund Administration and Investment Services

Bespoke, high-quality administration and investment management for international life, fund and non-life insurance clients

Medical and Security Assistance, Travel Risk and Claims Management Services

End-to-end, integrated assistance and travel claims services that optimise customer experience and operational efficiency

Insurance Technology Services

Technology-related solutions and services to help insurance businesses drive change

Risk Management and Assurance Services

Advisory and outsourcing services to support the safe operation and governance of regulated and non-regulated insurance entities

Clients seek us out to enhance their propositions, to grow their businesses, to increase their efficiency and effectiveness and to respond to the ever-changing needs of their clients. In many cases, clients are seeking to transform their business models and technology platforms to enhance performance. We also enable them to respond to disruption driven by competitors or new entrants, along with meeting increased regulatory requirements.

Core services

- Mutual management
 - Lloyd’s managing agency
 - Offshore life insurance and fund administration services
 - Captive management
 - Run-off management
-
- Underwriting support
 - Broker support
-
- Loss adjusting across the aviation, energy, marine, property & casualty, special risks and general sectors
 - Technical services (forensic accounting, surveying, risk engineering)
-
- Claims handling across the aviation, energy, marine, property & casualty, special risks and general sectors
 - Travel and medical claims handling
 - Workers’ compensation and personal injury claims handling
 - “Stand-alone” specialist claims services (bordereaux management, claims audit, static claims management etc.)
 - Claims technology solutions
-
- Life insurance and investment administration
 - Investment management
-
- Emergency and contingency planning services
 - Medical planning, underwriting services and medical screening
 - Pre-travel advice
 - Travel and medical claim management
 - Fraud and investigation services
 - Remote asset medical assistance
 - Medical and security assistance
 - Medical transfers
-
- Policy administration solutions
 - Broking solutions
 - Delegated authority solutions
 - Claims technology solutions
 - Insurance software solutions
 - Business intelligence and analytics services
 - Technology development, integration and implementation
 - Support and maintenance
-
- Audit services
 - Fraud and investigations services
 - Risk management, assurance and governance outsourcing
 - Risk management, assurance and governance advisory

Group Chief Executive Officer's Report

Review of the Year 2016



David Marock, Group Chief Executive Officer

Charles Taylor performed solidly overall in 2016, building on the strong growth achieved in 2015.

We are reinvesting in the business to drive that growth, both organically and by undertaking strategic acquisitions, entering into joint ventures and making business investments. This will enable us to achieve scale economies, to diversify the business, and to deliver sustainable year-on-year growth in earnings, with reliable income streams. Our strategic investments are intended to create opportunities to drive future earnings growth in the medium to longer term.

Our investments, joint ventures and acquisitions are focused on capturing the significant growth opportunities that we see in the global insurance services market. Research reports predict that the global market for insurance services will grow from US\$4.8 trillion in 2016 to US\$6.1 trillion by 2021¹. We believe our deep expertise across the insurance market, our global reach and our focused business strategy positions us well to benefit from this future growth.

In line with the Group's strategy to deliver growth in our core Professional Services businesses we are making investments and driving forward numerous initiatives to grow the Group's existing businesses. These initiatives are set out in more detail on the following pages and include, for example, our investment to establish a significant new UK construction and engineering loss adjusting service. We also strengthened our Global Business Service teams.

In 2016, we drove forward four key strategic initiatives: the introduction of medical claims and assistance capabilities, the expansion of our insurance technology business, the development of our turn-key managing agency business and the extension of our Business Process Outsourcing (BPO) and Third Party Administration (TPA) services for both the general and life insurance market.

Among the many highlights of the year was the strategically important £30m acquisition of CEGA Group, a specialist provider of technical medical assistance and travel claims management services. This was purchased with the remainder of the proceeds of our 2015 Rights Issue. We also agreed to acquire a closed book of international life assurance business and Allied Dunbar International Fund Managers Limited from Zurich, which will enable us to enter the international fund administration services market.

We invested further in the training and development of existing staff to develop further our capabilities and to retain our top talent. Our annual staff engagement survey showed, for the second year running, that nine out of ten of our staff regard Charles Taylor as a great place to work that they would recommend to family and friends.

1. Source: BusinessWire 2 February 2017.

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Management Services

The Management Services business provides end-to-end management services to insurance companies, mutuals and associations.

We deliver a complete outsourced management and operational service to our clients, reporting directly to their independent boards of directors drawn from the membership. Our services cover every aspect of those companies' operations from underwriting, claims management and delivery of safety services to regulatory, accounting and administrative operations, end-to-end technological support, investment management, customer service, corporate governance and company secretarial services. We manage four mutuals – The Standard Club, Signal Mutual, The Strike Club and SCALA. We also provide administration services to the Offshore Pollution Liability Association.

The performance of our managed mutual clients is good overall – providing a positive long-term indicator of the performance of the Management Services business. The business also seeks to grow by developing new mutuals and insurance ventures and by tendering for the management contracts of other existing mutuals, insurance companies and associations.

Management Services – UK & International

Delivered services to The Standard Club

- **The Standard Club.** Charles Taylor has managed The Standard Club since it was founded in 1884. The club provides protection and indemnity (P&I) insurance to around 10% of the world shipping market. Our work has delivered a good result for the club. The club grew during the 2016/17 membership year as a result of winning new members and benefiting from an increased entry from existing members, who value the club's professional, personal service, and cost-efficiency. The club achieved a positive underwriting result, increased its reserves in line with the continued growth of the club and welcomed several new members.

Charles Taylor InsureTech, the Group's technology business, developed and implemented a new claims management system for the club. The system, "Acclaim", has proved to be a major step forward, significantly enhancing the club's claims management capabilities.

During the year, we drove forward a number of strategic initiatives on behalf of the club to help expand its offering and diversify its sources of income.

- **The Standard Syndicate 1884** at Lloyd's completed its first full year of underwriting in difficult underwriting conditions. The syndicate extended its range of insurance covers with the addition of political violence, political risk, terror and specie lines, recruited senior underwriters and established a specie underwriting consortium at Lloyd's. Over 60% of the business written by the syndicate was new business for Lloyd's, exceeding the target set for it by Lloyd's.
- **The Singapore War Risks Mutual,** Singapore's first war risks insurer, performed well ahead of expectations.

Delivered services to other mutual clients

- **The Strike Club.** 2016 was our first full year as manager of the Strike Club, the only dedicated mutual insurer covering the running costs of vessels delayed by strikes, shore delays, collisions, groundings and other incidents outside an owner's or charterer's control. We achieved a high business retention rate for the club at the 2017 renewal, with over 95% of the membership renewing their cover and some new members joining. The club has approximately 150 members and over 3,300 ships on risk and added 200 further ships at this renewal. Over the year we have focused on developing the club's business

development capabilities and restructuring the club's operating model to reduce its costs of doing business.

- **The Offshore Pollution Liability Association (OPOL).** We provide financial, administrative and IT support to OPOL. OPOL is a mutual association, established to manage offshore pollution claims in the North Sea.

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Management Services – America

The Management Services – America business supported the further growth of Signal Mutual, built up the membership of SafeShore and delivered management services to SCALA.

Secured growth for our clients

- **Signal Mutual.** Charles Taylor has been the manager of Signal Mutual, the largest provider of Longshore workers' compensation insurance to the US maritime industry, since it was founded in 1986. Signal reported a strong 2016/17 renewal. Over 99% of members renewed with the Association in October 2016, bringing the total membership to 257 companies, with a reported payroll of US\$4.0bn. Two significant members who had left the Association in the previous year re-joined. We believe this sends out a strong message about the quality of both our expertise and the services we provide for Signal Mutual members.

We also supported the Association by focusing on members' safety and accident mitigation, together with early and efficient claims resolution.

SafeShore, the Longshoreman workers' compensation small account programme, backed by Signal Mutual and which Charles Taylor helped develop and launch, is performing well. Over 150 clients have enrolled in the programme.

- **SCALA.** Charles Taylor has managed SCALA, which provides marine workers compensation insurance to the majority of Canada's ship owners, since 1978. SCALA continued to perform well for its members.

Case study

Enhancing The Standard Club's claims management technology solutions



Oliver Hutchings

Faster and more efficient claims handling has been delivered for The Standard Club members by Charles Taylor's Management Services and InsureTech businesses working together to deliver a completely new claims management solution.

"We had been using our old claims system for the last ten years," said Oliver Hutchings, Head of Division, Mediterranean & Middle East, who led the project. "It had proved effective, but was becoming dated and we knew we could improve our service to The Standard Club's members with an upgrade."

None of the commercially available insurance claims handling solutions met the specialist requirements for managing P&I claims. "We turned to Charles Taylor InsureTech to develop and implement a bespoke solution designed for The Standard Club's exact needs," said Oliver.

In just under 12 months, Charles Taylor InsureTech designed and delivered "Acclaim". The system is browser based, so can be accessed by claims handlers from multiple platforms. It enables far faster access to claims files and captures and records detailed claims data, enabling advanced data analytics. It also monitors performance against regulatory requirements and time bars.

"Acclaim uses advanced workflow management capabilities, which means we can track and monitor progress on claims. It has the ability to provide us with rich data, so that we can understand exactly where the club's members are incurring losses and the spend on third party specialists," said Oliver. This will help club members to improve their loss records and Charles Taylor to reduce the cost of claims handling for The Standard Club.

"We are planning further enhancements to Acclaim, but already it is reducing bureaucracy, enabling us to manage claims far quicker and achieve far faster claims settlement," concluded Oliver.

Group Chief Executive Officer's Report continued

Our people



Dipo Oyewole, Performance and Strategy Director, Management Services UK & International

"There is a remarkable openness to change at Charles Taylor, both in terms of adaptability to new ideas and a culture of continuous improvement," said Dipo Oyewole, Performance and Strategy Director of Charles Taylor's Management Services UK & International (MSUKI) business.

Dipo is well qualified to know; he worked for seven years in senior management consultancy roles, including at McKinsey & Co, advising international companies on accelerating growth. This was followed by eight years' experience in commercial organisations, defining and driving execution of their growth plans.

Dipo joined Charles Taylor in 2016 to help MSUKI further extend the high levels of performance for its mutual insurance clients, and he is also responsible for identifying and developing areas of growth for the business. "It is an extremely rewarding and broad role – one that requires constant prioritisation to ensure that we're collectively focused on the performance levers and growth opportunities that will make a genuine difference."



Sam Lai, Assistant Vice President – Safety Services, Management Services Americas

Sam Lai is a member of an eight-strong US based team, which focuses on improving safety and reducing workers' compensation claims in ports, terminals and shipyards that are members of Signal Mutual. He also audits prospective members of the Association before they are permitted to join the Association. "High safety standards are very important to Signal Mutual, so meeting the grade is essential for a prospect to be invited to join the mutual," he said.

The focus on safety works, with Signal Mutual's claims record improving year on year. "We work with members at every level, from the C-Suite to union members out on the dockyard. When we advise a member, it depends how quickly they embrace the plan. It can take time for the numbers to start to fall – but year-on-year claims have gone down." Sam is also keen to advise prospects which do not reach the safety standards for admission to Signal. "We want to get them to a place where we can invite them in. And if I can help save a life, that's a real bonus."

Sam joined Charles Taylor in 2005. He has over 28 years' experience in safety and loss prevention and has worked across a wide range of different sectors, including oil and gas, construction, general industry and agriculture. "Breadth of experience really helps, as knowledge of hazards in one sector can help us to come up with solutions in others," he said.



Tanisha Cobb-Anderson, Claims Manager, Management Services Americas

"Charles Taylor really promotes fresh thinking to future-proof our solutions," said Tanisha Cobb-Anderson, Claims Manager in Charles Taylor's US Management Services business. Tanisha needed no more encouragement and instigated and then worked with a team to develop a series of educational videos on a wide range of subjects for members of Charles Taylor's client, Signal Mutual.

"It all started when I suggested that we produce a Jones Act educational video. Our team then worked with a professional videographer to produce educational video workshops on a myriad of specialist subjects. The latest video was an initiative on 'Know Your Manager'. It was shown at the Signal Board meeting, where it was really well received," she explained.

Tanisha joined Charles Taylor over 22 years ago, starting as a temporary employee, before developing her career as a key member of the claims management team. She is now responsible for handling workers' compensation claims in the Great Lakes and Gulf Regions. "I supervise claims, working closely with our Third Party Administrators and defence attorneys to ensure the best outcome for the claimant and Signal's members," she said.

Adjusting Services

The Adjusting Services business provides loss adjusting services across the aviation, energy, marine (including average adjusting), property & casualty and special risks sectors.

As a global loss adjuster serving a wide range of aviation, marine, energy, property, casualty and special risks markets we believe we are well placed to grow profitably our market share over time.

Our most important initiative of 2016 was to invest in developing a significant UK construction and engineering (C&E) adjusting service. We appointed experienced joint heads to lead this new service in October, both of whom had excellent reputations and strong market followings. We built up the team during the fourth quarter, to around 20 adjusters by the year end.

The C&E service offering is already having some early wins. Working with our property & casualty business in London and our offices in Dubai and Doha, the C&E team has been appointed as one of the lead adjusters on an international sporting event construction project. We have also been appointed to the claims management role for the project as a whole. The appointment involved close working with Charles Taylor InsureTech to develop an innovative new claims portal.

We invested in developing our office network in Latin America, opening a new office in Peru with the recruitment of a team of five local adjusters. We have also appointed senior energy adjusters in Houston and strengthened our management team in Indonesia. Just after the year end, we appointed a Regional Head for the USA with responsibility for driving new business growth, managing client relationships and leading operations across the US non-aviation adjusting business. The US is the world's largest insurance market and we believe there is considerable opportunity to expand profitably our business there,

particularly in the property & casualty sector. These initiatives are all in line with our strategy of building market leading positions for each of our businesses and expanding into growing economies and markets where there is a demand for our services.

Case study

Spearheading the response to Hurricane Odile

When Hurricane Odile ripped through one of Mexico's top tourist destinations, Los Cabos, Baja California Sur, at wind speeds in excess of 200 km/h, it caused massive damage to the resort's property and infrastructure. Severe wind damage and extensive power cuts caused over US\$1bn in damage.

Charles Taylor Adjusting's Mexico City office responded immediately, to provide a complete loss adjusting service to insurers. "We ensured that a rapid response team of adjusters was in place within hours," said Felipe Ramirez, Regional Head for Latin America. "We quickly set up a temporary office in the resort, with all the technological capabilities required to enable our adjusters and engineers to conduct surveys, manage technical databases and provide real-time, accurate information to insurers."



Hurricane Odile

Insurance claims from Hurricane Odile included damage to the facilities of major hotel chains, airports, ports and marinas, and high capacity roads. "Given the complexity of claims and issues arising during settlement, we were also appointed to oversee the conclusion of cases handled by other adjusting firms," added Felipe Ramirez.

Charles Taylor Adjusting's team worked on Los Cabos claims for almost eight months. "At its height we had a team of 45 loss adjusters working out of our temporary office," said Felipe Ramirez. "Over the course of the adjustment process, we produced detailed descriptions of the losses and accurate loss assessment analysis that enabled very satisfactory conclusions of the claims," he noted.

Group Chief Executive Officer's Report continued

Our people



Nanami Hara, Average Adjuster, Charles Taylor Adjusting

Nanami Hara joined Charles Taylor's Tokyo office in 2010 as a trainee average adjuster, after studying law at university, during which time she had acquired an interest in marine insurance and maritime law. This was followed by a two-year secondment to the UK, working in the Group's Liverpool and London offices. She has now relocated to London and advises Charles Taylor's clients on marine claims and disputes. "The opportunity to work in the Group's different offices was a great experience and has been really helpful. I have been able to meet and learn from many colleagues around the world."

The role of an average adjuster is to assess and advise on marine claims. They work with shipping companies and insurers to set out clearly all the material facts in complex claims and to advise on the liabilities in maritime claims in a clear and impartial manner. By experience, study and on-the-job training, average adjusters are problem-solvers and mediators. "Being an average adjuster really suits my personality," says Nanami. "Every case is different and I am very interested in maritime law and insurance. I really enjoy the research and report writing that leads to a successful outcome for our clients."

Nanami has taken full advantage of the training opportunities offered by Charles Taylor and has already completed four of the six examinations which lead to qualifying as a Fellow of The Association of Average Adjusters. "I really enjoy working at Charles Taylor. The Group puts a lot of effort into supporting me and my colleagues with education and career development."



Luis Farell, Technical & Special Risks Adjuster, Mexico City

"One of the most interesting parts of my job is the opportunity to work with people from other countries and cultures and to understand different ways of handling insurance claims," said Luis Farell, Technical & Special Risks Adjuster in Charles Taylor's Mexico City office. "I have worked with colleagues in London, the USA, Canada and other countries. They are all keen to help and work together to resolve complex claims for our clients."

Before joining Charles Taylor in 2005, Luis was a lawyer working in the legal departments of international companies. He holds a law degree from Universidad Panamericana in Mexico City and a Master degree in Legal Studies from Universidad de Navarra, Spain. He was originally approached to help Charles Taylor with legal claims advice in relation to hurricane damage. "I quickly learned what a fascinating career loss adjusting is and since joining the Group I have worked on a wide range of directors' and officers' liability claims and financial lines losses." Luis now heads a team of five loss adjusters, responsible for major claims across North Mexico.

Luis says he particularly enjoys the variety and breadth of technical work at Charles Taylor. "Every day is different and we see a wide range of different claims and losses. Everyone's personal input is valued and makes a real difference to delivering successful outcomes for our clients."



Sam Edwards, Aviation Adjuster, London

Sam Edwards was a highly qualified licenced aircraft engineer before joining Charles Taylor's aviation loss adjusting team in 2014. He had worked for 23 years on a wide range of aircraft types, ranging from commercial airliners and air cargo transport planes to business jets. His broad experience is the perfect training for his role as an aviation loss adjuster, where an in-depth understanding of aircraft engineering and repair procedures is essential in assessing insurance claims.

Sam took his apprenticeship at Marshall Aerospace in Cambridge, before joining Lynden Air Cargo, where he worked in both Alaska and Singapore, maintaining aircraft. He then joined Monarch, maintaining their fleet and aircraft for third party operators.

His responsibilities as a licenced aircraft engineer would range from performing heavy base maintenance activities in Luton, to recovering aircraft around Europe and attending aircraft on the ground which had suffered a wide range of technical problems. "One day I would be recovering a frozen airliner in the Arctic Circle, the next replacing an engine after a bird strike," he said.

Sam describes joining Charles Taylor as a brilliant career move. "I have joined an excellent company as part of a loss adjusting team that is very much focused on aviation, combined with the opportunity to learn about insurance. I've had great support and guidance in learning how to produce reports for insurers which explain highly complex engineering issues."

Insurance Support Services

The Insurance Support Services business provides a wide range of professional, technology and support services, enabling our clients to select the specific services they require.

Insurance Support Services provides medical assistance and travel claims management services to insurers. It includes our turn-key managing agency, technology services, and TPA/BPO services for the life and non-life insurance market. It also offers other technical services to clients in the Lloyd's, London and international insurance markets, such as investment management, captive management and risk consulting. Finally, the Insurance Support Services business acts as the Group's business incubator where we can develop and test new business initiatives.

- **CEGA** is a market-leading provider of assistance and travel claims management services to insurers. It provides a high-quality, seamlessly integrated end-to-end service, which combines medical assistance with claims and case management, pre-travel advice, medical screening and corporate travel contingency planning.

The acquisition of CEGA brings additional technical, high value-added services which complement our existing capabilities. CEGA has long-standing relationships with large, high profile domestic insurers, some of which are not currently clients of Charles Taylor, which offers the opportunity to cross-sell the Group's other professional services. In addition, many of our businesses and major clients use medical assistance services. This means we are well positioned to support CEGA's long-term growth. We are working closely with the CEGA management team to realise the full potential of the acquisition.

- **Charles Taylor InsureTech** draws together the Group's specialist and bespoke technology solutions, systems development and implementation solutions into a single client-focused business. InsureTech made good progress in 2016, increasing its range of solutions and building its business development capabilities. InsureTech also won a number of contracts to implement systems for insurance brokers and has been invited to tender for further technology projects. InsureTech also won new contracts for TRAX, its claims workflow and diary management system.

We focused on the expansion of InsureTech into Latin America by opening a technology Centre of Excellence in Mexico City and recruiting a sales director for the Latin American region. We were appointed by and are working in partnership with Fadata, in which the Group has just over a 25% shareholding, to help implement a policy administration system for a leading life insurer in Peru.

InsureTech also acquired a majority stake in a small insurance technology platform business to extend its capabilities in offering delegated underwriting, authority solutions and partnered with a copy data virtualisation specialist to improve insurers' use of data.

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The acquisition of CEGA brings additional technical, high value-added services which complement our existing capabilities.

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Group Chief Executive Officer's Report continued

– **Charles Taylor Managing Agency** the Group's recently established Lloyd's turn-key managing agency, is delivering high-quality services to The Standard Syndicate 1884. CTMA is actively seeking the management of a second syndicate or Special Purpose Arrangement (SPA) and we have invested in developing the business's operational capabilities and senior management team ahead of its next such appointment. We recruited a Chief Underwriting Officer in May 2016, followed by the appointment of a Director of Operations, just after the year end.

– **Charles Taylor Insurance Services (Non-life)** provides outsourced insurance services to the Lloyd's, London and international insurance markets. The business performed steadily in 2016. CTIS introduced additional functionality to the London Market Experts Database, which it operates on behalf of the Lloyd's market. It also strengthened the business's senior management team with the appointment of a finance director.

– **Charles Taylor Insurance Services (Life)**, based in the Isle of Man, is the Group's life insurance administration servicing business. It provides policy administration services to both life insurance businesses, writing live business and those in run-off.

The recently announced acquisition of Allied Dunbar International Fund Managers, which manages a collective investment scheme, will, on completion, enable us to further extend our range of professional services by entering the international fund administration services market. Fund administration services are closely related to the policy administration services we already offer. This opens up opportunities for us to deliver new services to fund managers in the Isle of Man and other international markets.

– **Charles Taylor TPA** is a global Third Party Administrator (TPA), expert in handling claims for insurers, coverholders and self-insured employers. The business takes on some or all of our clients' claims management functions, from white-labelled first notification of loss services, through to claims investigation and delegated claims settlement and loss fund management. In 2016, we extended the Group's TPA service capabilities to offer services to a much wider range of clients around the world.

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Charles Taylor Managing Agency is delivering high quality services to The Standard Syndicate 1884. It is actively seeking the management of a second syndicate.

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Case study

Containing the cost of corporate travel insurance claims from Costa Rica

Two female volunteers, working in Central America, were injured while jumping from the Montezuma Waterfalls on Costa Rica's remote Nicoya Peninsula. After initial support from a local search and rescue crew, the pair's ongoing care was managed by CEGA. They were soon evacuated from a local medical facility to a hospital that better met their needs in Costa Rica's capital.

CEGA was keen to minimise costs for its insurer client and ensured that all bills relating to the two corporate travel insurance claims were scrutinised by its in-house medical and cost containment teams. Being familiar with costs in this part of the world, with the extent of the injuries sustained by the two volunteers and with the standard rescue protocol, they suspected that the search and rescue elements of the bills were inflated. After questioning the policyholders via email, (overcoming the



Montezuma Waterfalls

restrictions of their remote location), they established that the search and rescue crew had charged for considerably more support than they had actually supplied.

CEGA's rapid response, combined with its ability to admit the patients to a hospital within its extensive global network (with which preferential rates had already been agreed) and to negotiate a rapid payment discount, thereby reduced the insurer's costs by about 25%. A similar percentage had already been saved by CEGA's use of bespoke evacuation methods for both patients.

At the same time, both policyholders made an excellent recovery and were discharged from hospital after an overnight stay and successful treatment overseen by CEGA.

Our people



James Walker, Head of International Network, CEGA

"Last year we managed over 40,000 medical insurance claims," explains James Walker, Head of International Network at CEGA. "Our clear focus on cost management cut the cost of these medical bills for our insurance clients by around 25%."

James joined CEGA in 2005 and now heads a ten-person team responsible for developing and managing a global network of medical and transport providers as well as benchmarking performance and costs.

He has built up a huge knowledge base of hospitals in different parts of the world and says there is often little correlation between the cost of care and quality of treatment. "Sometimes low-cost hospitals can provide the best treatment and vice versa. We make sure that our customers have access to the best healthcare, at the best price."

His team scrutinise every bill to ensure that there is no evidence of overcharging or unnecessary treatment. "Medical providers can be very commercial and we see plenty of evidence of inflated bills. Our expertise is in negotiating the right price for care every time. This can save our clients a great deal of money."

James's former roles at CEGA have included providing specialist pre-travel advice for travellers to remote locations and heading CEGA's Cost Containment Team. He was also seconded to the USA for a year to monitor the performance of CEGA's third party network provider.



William Wood, Chief Executive, Captive Management

"There is tremendous diversity of interesting work at Charles Taylor," says William Wood, Chief Executive of the Group's Captive Management operation in Bermuda. "Because we provide a full range of bundled and unbundled management services, it allows our teams to get exposed to all different aspects of the insurance industry."

William is responsible for developing Charles Taylor's international captive insurance management business. He is also Chief Operating Officer of the Group's operations in Bermuda, overseeing the management and consulting services for the Group's captives and segregated cell clients.

Recently he has been involved in the development of a new captive management programme and the opening the Group's Panama office.

William qualified as a chartered accountant and holds IIA qualifications in reinsurance and risk management. He joined Charles Taylor in 2013, bringing more than 20 years of experience in the Bermuda (re)insurance market and extensive financial management and analytical experience. "I really like the working environment at Charles Taylor. The Group is a growing, ambitious business with a wide range of expertise across all areas of the global insurance industry."



Gemma Smyth, Exposure Manager, Charles Taylor Managing Agency

Insurance syndicates need to avoid building up exposures to risk concentrations in vulnerable areas if they are to prevent facing unexpectedly large losses following a natural catastrophe or man-made disaster. That's where Gemma Smyth, Exposure Manager for Charles Taylor Managing Agency (CTMA), comes in.

"I make sure that our client, Syndicate 1884, is not exposed to excessively large losses from catastrophic events," says Gemma. "Say a hurricane hit the US East Coast and there was a concentration of risks exposed to claims in that region, the results could be calamitous. The same could be true if it had a lot of risks in a small area where a fire or explosion could occur, such as the Tianjin blasts." Gemma works closely with CTMA's Chief Risk Officer and Chief Actuary to support Syndicate 1884's Active Underwriter and ensure that risks across all business lines are monitored continuously.

A Mathematics and Statistics Master from Newcastle University, Gemma has worked in the London insurance market for nearly ten years. She joined Charles Taylor in 2015 from Lloyd's underwriter Allied World, where she focused on cargo exposures, following five years' experience at Faraday's Lloyd's operation, concentrating on property risks.

"Charles Taylor is a great place to work as our colleagues have such a wide range of expertise and work across so many areas of the insurance market. We're already looking at how we can develop our risk modelling services for other areas of the Group," she said.

Group Chief Executive Officer's Report continued

Owned Life Insurers

The Owned Life Insurers business consolidates life insurance businesses which are primarily in run-off, creating value through targeted acquisitions and operational efficiency.

Life insurance

The Group currently owns three life insurance businesses. We are working towards consolidating two of those businesses into LCL International Life Assurance Company Limited and anticipate that we will progress this over the next six to twelve months.

In November, we agreed to acquire a closed book of international life assurance business from Zurich International Life Limited. The life book acquisition is part of our strategy to make acquisitions in the international life insurance sector and will increase the Group's life insurance assets under management and delivery of policy administration services. This will be the fifth life insurance acquisition the Group has made in the last five years. Charles Taylor's strategy of acquiring and consolidating life insurers in run-off

creates benefits from economies of scale. Small insurers typically have operational inefficiencies, often relating to legacy systems and manual processes, and have high fixed costs to cover, such as management, audit, director and regulatory fees. Such cost structures are an important factor in small to medium-sized insurers holding actuarial reserves on a prudent basis. By acquiring such insurers and then merging them, legally and operationally, with another insurer, economies of scale in the annual running costs are created for the current period and future years. As future expected expenses over a number of years can be a major factor in setting the actuarial reserves, such economies of scale can trigger reductions in the actuarial reserves, which can lead to profits and cash releases arising at trigger points such as acquisition, reinsurance and following schemes of transfer.

The Group has been successful in the acquisition and consolidation of life insurers in run-off since 2006. On completion, the Zurich transaction will demonstrate that we also have the ability to acquire books of legacy business from insurers with operations still open to new business in other product areas.

Non-life insurance

As reported at the half year, we completed the sale or business transfer of the Group's non-life insurers during the year. As a result, the Group no longer has any non-life insurance exposures.

Other Group strategy initiatives

During 2016, we worked to provide the Group's business lines with more responsive and accountable shared services with the further development of our Global Business Services teams. We implemented a "business partner" model for those shared service teams and invested in building our core capabilities. Human resources, technology finance, legal, compliance and marketing business partners are now embedded into our main business units. We also recruited additional staff to provide our businesses with enhanced marketing, legal and HR capabilities.

We undertook a second staff engagement survey in 2016. The results have been very encouraging, with nine out of ten staff saying they regard Charles Taylor as a great place to work that they can recommend to family and friends. We further developed

our staff training and professional development initiatives, extending the core learning and development curriculum with the addition of new training courses. We also appointed a Group Director of Property and Procurement, to oversee our property management strategy globally and to drive efficiencies through more effective Group procurement.

Extending our services for clients

We are focused on building our core Professional Services businesses organically, though a series of investments and new business initiatives to drive growth. We are also actively considering a number of acquisition opportunities to enable us to further extend our range of professional services. We will only invest where there is a compelling strategic rationale, a strong cultural fit, a persuasive financial business case and an acceptable risk profile.

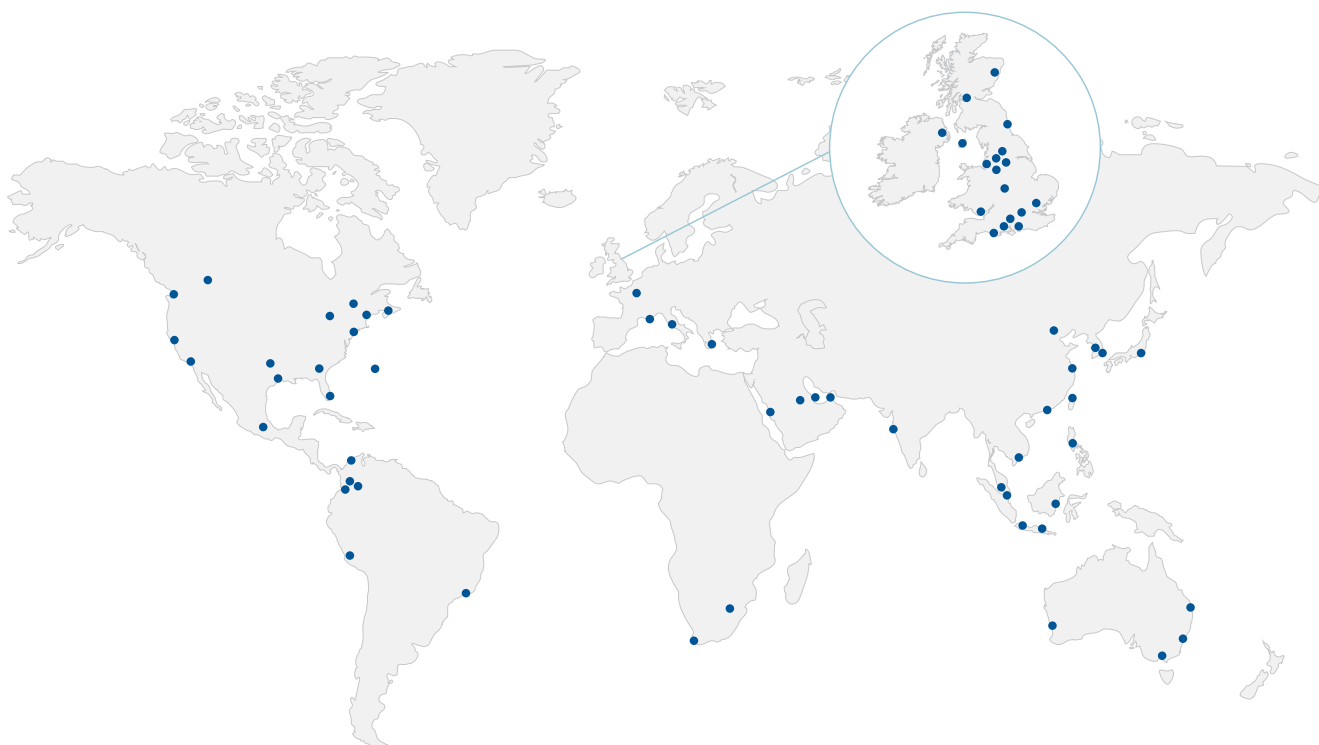
Our performance could not have been achieved without the full commitment of our highly professional team; so I would like to thank all our staff for their hard work and dedication throughout the year.



David Marock
Group Chief Executive Officer

Charles Taylor

Charles Taylor provides professional services to make the business of insurance work efficiently. We have been providing insurance-related services since 1884 and today we employ over 1,800 permanent and contract staff in 71 offices spread across 28 countries in the UK, the Americas, Asia Pacific, Europe, the Middle East and Africa.



Charles Taylor operates through three businesses – Management Services, Adjusting Services and Insurance Support Services. We also own life insurers, creating value by undertaking targeted acquisitions and achieving operational efficiencies.

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