

Press Release

For Immediate Release

13th November 2006

Martello

Sale to Royal & SunAlliance

Martello Underwriting Limited (“Martello”), the holding company for Martello Professional Risks Limited, the specialist professional indemnity insurance agency, which trades as PI Direct, PI Brokerlink, Magian Underwriting and Saturn, has agreed a sale of the entire business to Royal & SunAlliance (“R&SA”), subject to regulatory approval, for £38.5m in cash.

Martello, founded in 1997, is one of the largest providers of professional indemnity insurance in the UK. It provides insurance for virtually all professions and with approximately 30,000 policies has a particularly significant market share in the SME sector.

A key to the consistent record of underwriting profitability is its unique claims handling model. An in-house team of experienced professional negligence solicitors leads to significant defence cost savings.

Martello and the trading operations will initially continue to operate under their existing names, Michael Wood will remain Chief Executive, and the management team will remain in place.

R&SA is already a major capacity provider to Martello and following the change of ownership, R&SA will in due course expand its commitment and become the sole capacity provider across all of Martello’s lines of business.

Michael Wood, Chief Executive of Martello, commented: “In nine years we have reached a leading position in our chosen market and our plans for development have included broadening our product range and providing certainty in our capacity base. We already have a significant connection to R&SA and this deal provides not only uniformity and continuity of underwriting capacity, but the opportunity to bring new products to brokers and customers which will help us in our next phase of development. We look forward to this new chapter with real enthusiasm and our clients can expect our high levels of service to be unaffected.”

Andrew Wallas, Chairman of Martello, added: “As market leaders in a number of areas, we have been approached by a number of potential buyers over the last year or so. We were particularly concerned that any choice we made for the future of the business be

in the best interests of our staff and our clients. Building on the existing relationship with R&SA, assisted by the known cultural fit between the companies, provides an exciting route forward.”

Bridget McIntyre, UK Chief Executive, Royal & SunAlliance, said: “This transaction offers an ideal opportunity for R&SA to strengthen its position in the Professional Indemnity market. The combination of Royal & SunAlliance’s technical excellence and distribution network and Martello’s dedicated expertise in the PI market, creates an attractive platform from which to drive profitable growth.”

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