

Lloyds TSB Insurance Acquires New And Existing General Insurance Business Of Pearl Group

Lloyds TSB Insurance, a subsidiary of Lloyds TSB Group, has acquired the new and existing general insurance business of Pearl Group.

The acquisition, which follows a competitive tender facilitated by Dresdner Kleinwort on behalf of Pearl Group, provides Lloyds TSB Insurance the rights to renew Pearl's general insurance portfolio. Lloyds TSB will also have the right to market a range of general insurance products under the Pearl brand across the UK.

Jonathan Moss, Managing Director of Pearl, said: "We are convinced that this partnership will deliver value to both our policyholders and shareholders. The transaction demonstrates Pearl's continued commitment to provide a comprehensive general insurance product range to our customers."

Phil Loney, Managing Director, Lloyds TSB Insurance, said: "The corporate partnership market provides considerable opportunities within the general insurance arena and will support Lloyds TSB Insurance in the delivery of profitable sales growth through access to a wider customer base. With a strong track record in enhancing its manufacturing capabilities, Lloyds TSB Insurance is also well placed to maximise efficiencies from the combined operations."

In acquiring Pearl's general insurance business Lloyds TSB Insurance has further strengthened its leadership position in the home insurance market and in adding such a significant portfolio has extended its distribution capabilities within the retail sector. Lloyds TSB Insurance will provide home, motor, travel, commercial and mortgage insurance to Pearl Group customers under the Pearl, London Life and NPI brands.

The agreement with Pearl is the latest in Lloyds TSB Insurance's expanding corporate partnerships portfolio which includes organisations such as AA, More Than, Goldfish and Argos Retail Group Financial Services.

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Today's announcement demonstrates Pearl Group's dynamic management of its businesses, which in the last 12 months has seen Pearl;

- increase the Pearl policyholder Equity Backing Ratio from 25% to 45%
- enter into a new set of investment management agreements with Henderson Global Investors
- consolidate its operations onto one site in Peterborough and enter into a strategic business processes outsource agreement with Tata Consulting Services
- create a leading edge asset and risk management unit and
- instigate major programmes to ensure that Pearl is an industry leader in treating policyholders fairly in run-off
- grow its Embedded Value from £1.3billion to £2.1billion

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For further information:

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Notes to editors:

Pearl Group comprises Pearl, NPI and London Life and has over 2 million customers holding 4.3 million policies and manages £30 billion of assets. In the UK there are almost 70 closed life funds with a value of more than £190 billion, amounting to approximately one-fifth of the long-term insurance sector.

Pearl Group was acquired by Sun Capital Partners and TDR Capital in April 2005. Sun Capital and TDR Capital are committed, experienced and long-term investors. They are focused on the key areas of importance to policyholders: financial security, long-term investment returns and service.

Lloyds TSB Insurance provides financial protection to over five million customers through its motor, home, travel, pet, business and creditor insurance products and is the largest provider of home insurance in Britain. For more information on Lloyds TSB Insurance please visit www.insurance.co.uk