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A.M. Best Affirms Credit Ratings of MS Amlin AG

LONDON, 10 May 2018—A.M. Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a+" of **MS Amlin AG** (Switzerland). The outlook of these Credit Ratings (ratings) remains stable.

The ratings reflect the company's balance sheet strength, which A.M. Best categorises as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management. An additional factor is the rating enhancement based on the support of its ultimate parent, **MS&AD Insurance Group Holdings, Inc.** (MS&AD).

Concurrently, A.M. Best has commented that the ratings of **Lloyd's Syndicate 2001** (United Kingdom) remain unchanged. The syndicate is managed by MS Amlin Underwriting Limited and its ratings reflect the financial strength of the **Lloyd's** market, which underpins the security of all syndicates.

MS Amlin AG is a wholly-owned subsidiary of **MS Amlin plc** (MS Amlin), the ultimate parent company of which is MS&AD. MS Amlin AG writes third-party reinsurance business through its operations in Bermuda and Zurich, and acts as an internal reinsurer for the MS Amlin group. MS&AD's Bermuda reinsurance entity, MS Frontier Reinsurance Limited, was merged into MS Amlin AG effective 31 December 2016. MS Amlin AG's ratings consider the company's strategic importance to the MS&AD group as its principal international reinsurer.

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The company's balance sheet strength assessment is underpinned by the strongest level risk-adjusted capitalisation, based on Best's Capital Adequacy Ratio as at year-end 2017. A.M. Best expects risk-adjusted capitalisation to be maintained at the strongest level over the medium term.

MS Amlin AG's operating performance is subject to volatility due to its exposure to natural catastrophe events. In 2017, the company recorded a combined ratio of 130% (2016: 96%), driven by above average catastrophe losses, higher-than-expected level of attritional losses and adverse loss reserve development. Despite weak 2017 results, historical performance is viewed as adequate, demonstrated by a weighted average combined ratio of 95% and return on capital of 5.8% over the period 2013-2017. Following recent underperformance, the reinsurer has undertaken a number of remedial actions to improve its technical profitability and to strengthen its underwriting and reserving practices. A.M. Best expects core underwriting performance to improve as a result of these actions over the medium term.

This press release relates to Credit Ratings that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's Recent Rating Activity web page. For additional information regarding the use and limitations of Credit Rating opinions, please view Understanding Best's Credit Ratings. For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases.

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