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FOR IMMEDIATE RELEASE

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A.M. Best Removes From Under Review and Downgrades Credit Ratings of Lloyd's Syndicate 2001; Affirms Credit Ratings of MS Amlin AG

LONDON, 12 April 2017—A.M. Best has removed from under review with developing implications and downgraded the Financial Strength Rating (FSR) to A (Excellent) from A+ (Superior) and the Long-Term Issuer Credit Rating (Long-Term ICR) to “a+” from “aa-” of **Lloyd's Syndicate 2001** (United Kingdom), which is managed by MS Amlin Underwriting Limited. A.M. Best also has removed from under review with developing implications and affirmed the FSR of A (Excellent) and the Long-Term ICR of “a+” of **MS Amlin AG** (Switzerland). The outlook assigned to these Credit Ratings (ratings) is stable.

A.M. Best has also removed from under review with developing implications and downgraded the Long-Term ICR to “bbb+” from “a-” of **MS Amlin plc** (United Kingdom), which is the intermediate, non-operating, holding company of the MS Amlin Group of companies. This rating has been assigned a stable outlook. Subsequently, A.M. Best has withdrawn the Long-Term ICR of MS Amlin plc, as the company has requested to no longer participate in A.M. Best's interactive rating process for this intermediate holding company.

The ratings were placed under review with developing implications following the announcement in September 2015 that MS Amlin plc (then Amlin plc) had agreed to be acquired by **Mitsui Sumitomo Insurance Company Limited** (MSI), a major operating subsidiary of **MS&AD Insurance Group Holdings, Inc.** (MS&AD). The acquisition closed on 1 February 2016. The ratings have been removed from under review as

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A.M. Best has completed its analysis of the entities' rating fundamentals post acquisition.

The downgrade of the ratings of Lloyd's Syndicate 2001 primarily reflects the view that its technical performance is no longer supportive of the Long-Term ICR of "aa-" (one notch above the Long-Term ICR of the **Lloyd's** market). The syndicate reported an underwriting loss in 2011 and performance has not returned to the strong level anticipated by A.M. Best. Prior to 2011, Syndicate 2001 outperformed the overall Lloyd's market, reporting a five-year average combined ratio for 2006-2010 of 79% compared with the market's 88%. In contrast, the five-year average combined ratio for 2011-2015 is in line with that of Lloyd's.

The syndicate continues to benefit from a strong business profile as one of the largest Lloyd's syndicates. MS&AD's Lloyd's Syndicate 3210 was merged into Syndicate 2001 for the 2017 year of account. In addition, the syndicate's ratings benefit from the financial strength of Lloyd's, which underpins the security of all syndicates. Financial flexibility is enhanced by MS&AD, the ultimate parent of its corporate member.

The downgrade of MS Amlin plc, which is the intermediate, non-operating, holding company of the MS Amlin group of companies, including the corporate member and managing agent of Syndicate 2001, reflects the same deterioration in performance as described for the syndicate. MS Amlin plc is expected to maintain strong consolidated risk-adjusted capitalisation going forward. In addition, MS Amlin plc benefits from very low financial leverage, following the redemption of its subordinated debt issue in December 2016.

The rating affirmations of MS Amlin AG reflect the company's strategic importance to the MS&AD group as its primary international reinsurer writing business from Bermuda and Zurich. MS&AD's Bermudian reinsurance entity, MS Frontier Reinsurance Limited, was merged into MS Amlin AG effective 31 December 2016. In addition, MS Amlin AG benefits from strong stand-alone risk-adjusted capitalisation and strong, albeit somewhat volatile, operating performance.

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A.M. Best believes that MS Amlin plc and its rated operating entities are strategically important to the MS&AD group as its primary international operations. However, A.M. Best notes that no explicit support, such as reinsurance support or a guarantee, has been put in place for any of the MS Amlin entities.

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](#).

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