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A.M. Best Affirms Ratings of Lloyd's Syndicate 2001, Amlin AG and Amlin plc

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FOR IMMEDIATE RELEASE

LONDON, DECEMBER 19, 2011

A.M. Best Europe – Rating Services Limited has affirmed the financial strength rating (FSR) of A+ (Superior) and issuer credit rating (ICR) of "aa-" of **Lloyd's Syndicate 2001**, which is managed by Amlin Underwriting Limited (United Kingdom), and the FSR of A (Excellent) and ICR of "a" of **Amlin AG** (Switzerland). At the same time, A.M. Best has affirmed the ICR of "a-" of **Amlin plc** (Amlin) (United Kingdom), the non-operating holding company of the Amlin group of companies, and the debt ratings of "bbb+" on Amlin's GBP 230 million 6.5% subordinated debt, its USD 50 million 7.28% subordinated debt and its USD 50 million 7.11% subordinated debt. The outlook for all ratings is stable.

Following its change of domicile to Switzerland from Bermuda in October 2010, Amlin AG (formerly Amlin Bermuda Limited) now underwrites through two divisions, Amlin Bermuda, its Bermuda operation established in 2005, and Amlin Re Europe, established in October 2010 to underwrite reinsurance business from European markets. Syndicate 2001 remains the main underwriting platform for the Amlin group, providing over 55% of consolidated gross premiums in 2010 (2009: 70%). The reduced proportion reflects the diversification of the Amlin group through the acquisition in July 2009 of **Amlin Corporate Insurance N.V.** (formerly Fortis Corporate Insurance N.V.). However, the syndicate's contribution to the group is expected to remain at a similar level in 2011 and 2012.

The financial strength of both Amlin AG and syndicate 2001 benefit from the support of Amlin, which owns 100% of the syndicate's capacity and provides assets in the form of bonds and equities to support the syndicate's funds at Lloyd's. Amlin maintains strong consolidated risk-adjusted capitalisation. However, the group's losses from the series of natural catastrophes during 2011, beginning with Australian floods, the second New Zealand earthquake and Japanese earthquake and tsunami, and culminating in Hurricane Irene and flooding in Thailand, together with a weak operating performance from Amlin Corporate Insurance N.V., are likely to result in a substantial reduction in the level of consolidated risk-adjusted capitalisation.

Amlin AG's stand-alone risk-adjusted capitalisation remains excellent despite significant dividend payments to its parent in 2009, 2010 and 2011. Furthermore, as Amlin Re Europe becomes established and premium income increases, the company's risk-adjusted capitalisation is likely to reduce but still remain at an excellent level.

On an annual accounting basis, the syndicate reported a profit of GBP 191 million in 2010, significantly lower than the GBP 251 million achieved in 2009 as a result of the major catastrophe losses in 2010, particularly the Chilean earthquake in February, the New Zealand earthquake in September and Australian floods in December, together with a number of other large risk losses. In 2011, however, a modest operating loss is anticipated, given the series of natural catastrophes in the year.

On a three-year funded basis, the syndicate has consistently produced superior underwriting results with a positive return on capacity every year since 2001. The 2008 year of account closed with a return on capacity of 21.5%, despite exposure to hurricanes Gustav and Ike, and this profitable record is expected to be maintained in 2009, albeit at a more modest level given the impact on the year of losses from the Chilean earthquake in early 2010. The 2010 and 2011 years of account, however, are likely to close with losses as a result of the series of predominantly non-U.S. natural catastrophes, to which the syndicate is particularly exposed, that occurred in those years. The underwriting returns are likely to be offset in part by releases from prior years' reserves and by investment income. The syndicate maintains a prudent level of reserves and has a history of reserve releases since 1998.

In 2010, Amlin AG (predominantly Amlin Bermuda, as Amlin Re Europe wrote approximately USD 4 million of premiums) reported a good profit before tax of USD 158 million, in spite of the impact of the year's catastrophes. This good performance followed the exceptional result achieved in 2009, when low catastrophe losses and favourable prior year reserve developments gave a profit of USD 391 million. The combined ratio in 2010 was 83% compared with 57% in 2009. In 2011, however, the series of natural catastrophes is likely to result in a combined ratio in excess of 100% and an operating loss is anticipated. Generally, Amlin Bermuda's performance is enhanced by low management expenses and the quality of its account, a significant proportion of which comprises participation on business underwritten by syndicate 2001.

As one of the largest syndicates in Lloyd's, syndicate 2001 has an excellent market profile and writes the majority of its business from a lead position. Amlin AG also has an excellent business profile as part of the Amlin group. Amlin Bermuda writes predominantly a property reinsurance account comprising catastrophe, risk excess and proportional business, while Amlin Re Europe underwrites property catastrophe, property risk, marine, liability and motor business on a proportional and non-proportional basis. Approximately 60% of Amlin Bermuda's business in 2010 was derived from the United States, with the remainder of the account having a good geographical spread. Amlin Re Europe was established to write European non-life reinsurance and over time is expected to improve business diversification and earnings stability. Amlin Bermuda's directly sourced account contributed 13% of the Amlin group's gross written premiums in 2010, while Amlin Re Europe is expected to contribute 5% in 2011 and over 6% in 2012. Both the syndicate and Amlin AG continue to benefit from a strong risk management framework, which A.M. Best believes is fully embedded.

Although A.M. Best does not expect a rating action in the near future, factors that may lead to a positive rating action for Amlin group include a substantial improvement in risk-adjusted capitalisation or performance. Factors that may lead to a negative rating action include a decline in risk-adjusted capitalisation, a significant weakening of operating performance or deterioration in the group's reserves.

The principal methodology used in determining these ratings is [Best's Credit Rating Methodology -- Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilised include: "Rating Lloyd's Syndicates"; "Rating Members of Insurance Groups"; "Risk Management and the Rating Process for Insurance Companies"; "A.M. Best's Ratings and the Treatment of Debt"; "Rating New Company Formations"; "Understanding BCAR for Property/Casualty Insurers"; and "Understanding Universal BCAR". Methodologies can be found at www.ambest.com/ratings/methodology.

In accordance with Regulation (EC) No. 1060/2009, the following is a link to required disclosures: [A.M. Best Europe - Rating Services Limited Supplementary Disclosure](#).

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