



# STANDARD & POOR'S RATINGS SERVICES

## McGRAW HILL FINANCIAL

### U.K.-Based Amlin Insurance (UK) PLC Assigned 'A' Rating; Outlook Stable

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Amlin Insurance (UK) PLC (AIUK) is a subsidiary of Amlin PLC and will assume all of the business and functions previously performed by Amlin Europe N.V. (Amlin Europe) and most of the U.K. business currently written by Amlin Syndicate 2001.

Amlin Europe will transfer all its assets and liabilities to AIUK through the merger process from January 2016 and AIUK will be renamed Amlin Insurance SE. At the same time, Amlin Europe will be dissolved.

We consider AIUK to be core to Amlin group's credit profile. We are therefore assigning 'A' long-term counterparty credit and insurer financial strength ratings to AIUK.

At the same, we are discontinuing the ratings on Amlin Europe as it will cease to exist in January 2016.

The stable outlook on AIUK reflects the outlook on the core entity of the Amlin group, based on its core status to the group's credit profile.

LONDON (Standard & Poor's) Dec. 18, 2015--Standard & Poor's Ratings Services said today that it assigned its 'A' long-term counterparty credit and insurer financial strength ratings to U.K.-based Amlin Insurance (UK) PLC (which will be renamed Amlin Insurance SE [AISE] in January 2016). At the same time, we discontinued the ratings on Amlin Europe N.V. as it will cease to exist from January 2016. The outlook on AIUK is stable.

The ratings reflect AIUK's core status to the Amlin group. AIUK is a subsidiary of Amlin PLC that currently writes a very small amount of business and will assume all of the business and functions previously performed by Netherlands-based Amlin Europe N.V. and most of the U.K. business currently written by Amlin Syndicate 2001. Furthermore, Amlin Europe's assets and liabilities will be transferred to AIUK through the merger process from January 2016 once all the regulatory approvals are in place. At the same time, AIUK will be renamed Amlin Insurance SE.

The company's core status primarily reflects our expectation that it will be extensively integrated within the group and will fit in with its strategy. Although legally separate, AIUK will be 100%-owned by the group and it will effectively operate as a division using common systems and branding and writing broadly similar lines of business. It will be strongly aligned with the group in terms of strategy, business, management, and operations. Specifically, AISE will primarily focus on the property and casualty business in the U.K. and continental Europe. With a good presence in continental Europe and the U.K., the company will operate in geographic regions that are integral to the overall group strategy.

By the end of 2018, the company is likely to generate gross premium income of about £900 million, equating to about 25% of the group's total premium. Just under 45% of this portfolio will be the U.K. property and casualty business previously written by Amlin Syndicate 2001. The remainder will be the majority of the business formerly written by Amlin Europe.

Over 2016-2017, we expect the company's combined (loss and expense) ratio will be 100%, primarily due to lower scale leading to a higher combined ratio. However, we expect the company's premium to increase as it renews its aforementioned U.K. business onto AISE. Hence, we expect the combined ratio to

reduce near to 95% in 2018, which is in line with the group's expectations.

From a risk management perspective, we believe that the framework will be fully aligned, particularly following the further embedding of underwriting risk controls across the Amlin Europe portfolio in recent years.

We expect AISE's capital to be at least within the 'BBB' range and we believe that the company would receive financial support from the group if required. The stable outlook on AIUK reflects the outlook on the core entity of the Amlin group, based on its core status to the group's credit profile.

If we were to downgrade Amlin group, we would likely take a similar rating action on AIUK. Although remote, we may also review the ratings on AIUK if we believe its importance and role within the group has diminished.

We could raise the ratings on AIUK if we were to raise the rating on the parent Amlin group.

#### RELATED CRITERIA AND RESEARCH

##### Related criteria

Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model - June 07, 2010

Criteria - Insurance - General: Insurers: Rating Methodology - May 07, 2013

Criteria - Insurance - General: A New Level Of Enterprise Risk Management Analysis: Methodology For Assessing Insurers' Economic Capital Models - January 24, 2011

Criteria - Insurance - General: Enterprise Risk Management - May 07, 2013

General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition - September 15, 2008

General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers - November 13, 2012

General Criteria: Group Rating Methodology - November 19, 2013

Criteria - Insurance - Property/Casualty: Assessing Property/Casualty Insurers' Loss Reserves - November 26, 2013

##### Related research

[Amlin Group](#), June 25, 2015

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