



NEWS RELEASE

A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON

FOR IMMEDIATE RELEASE

CONTACTS: David Drummond
Senior Financial Analyst
+(44) 20 7397 0327
david.drummond@ambest.com

Catherine Thomas
Director, Analytics
+(44) 20 7397 0281
catherine.thomas@ambest.com

Rachelle Morrow
Senior Manager, Public Relations
+(1) 908 439 2200, ext. 5378
rachelle.morrow@ambest.com

Jim Peavy
Assistant Vice President, Public Relations
+(1) 908 439 2200, ext. 5644
james.peavy@ambest.com

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

LONDON, 10 January 2013—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.

The financial strength of both Amlin AG and syndicate 2001 benefits 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, supported by a generally superior operating performance. However, the series of natural catastrophes during 2011, together with a weak operating performance from **Amlin Corporate Insurance N.V. (ACI)**, led to a substantial operating loss for the group and a significant decrease in the level of consolidated risk-adjusted capitalisation. In the light of the catastrophes that occurred in both 2011 and 2010, the Amlin group has taken positive steps to enhance its management of catastrophe risk, through improved catastrophe modelling, the purchase of additional reinsurance protection and the issue in December 2011 of a USD 150 million catastrophe bond. Whilst the decrease in the

—MORE—

—2—

level of consolidated risk-adjusted capitalisation is a cause for concern, A.M. Best believes that these measures and the steps taken to improve performance at ACI are likely to provide some protection to the consolidated risk-adjusted capitalisation from further material reduction. In more normal trading conditions, good operating performance is expected to restore risk-adjusted capitalisation progressively towards the level prior to the 2011 losses.

The stand-alone risk-adjusted capitalisation of Amlin AG (formerly Amlin Bermuda Limited) also has been reduced, firstly by its change of domicile to Switzerland from Bermuda and the establishment of its Amlin Re Europe division in October 2010, which gave rise to an increase in expenses and underwriting risk, and secondly by a catastrophe-affected operating performance in 2011. However, the company's risk-adjusted capitalisation remains at an excellent level and is expected to continue to do so throughout 2013.

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. The syndicate continues to be the main underwriting platform for the Amlin group and is expected to have provided nearly 60% of consolidated gross premiums in 2012. Amlin AG also has an excellent business profile. The company's Amlin Bermuda division, established in 2005, 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 2011 was derived from the United States. Amlin Re Europe was established to write European non-life reinsurance and over time is expected to improve business diversification and earnings stability. Both the syndicate and Amlin AG continue to benefit from a strong risk management framework, which A.M. Best believes is fully embedded.

Positive rating actions for the Amlin group are unlikely in the near future. Factors that may lead to negative rating actions include a failure to rebuild risk-adjusted capitalisation after the losses of 2011, a

—MORE—



NEWS RELEASE

A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON

—3—

significant weakening of operating performance or deterioration in the group's reserves.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Key criteria utilised include: "Rating Lloyd's Syndicates"; "Rating Members of Insurance Groups"; "Risk Management and the Rating Process for Insurance Companies"; "Insurance Holding Company and Debt Ratings"; "Gauging the Basis Risk of Catastrophe Bonds"; "Understanding BCAR for Property/Casualty Insurers"; and "Understanding Universal BCAR". Best's Credit Rating Methodology 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.](#)

A.M. Best Europe – Rating Services Limited is a subsidiary of A.M. Best Company. Founded in 1899, A.M. Best Company is the world's oldest and most authoritative insurance rating and information source. For more information, visit www.ambest.com.

Copyright © 2013 by A.M. Best Company, Inc. ALL RIGHTS RESERVED.

#####