

MOODY'S INVESTORS SERVICE

Issuer Comment: Amlin Bermuda's rating unaffected by proposed re-domiciling and launch of new reinsurance operation

Global Credit Research - 05 May 2010

Moody's Investors Service said that the rating on Amlin Bermuda Limited (Amlin Bermuda; A2 insurance financial strength rating (IFSR), stable outlook) will not be affected by the company's proposed re-domiciling to Switzerland and launch of a new European reinsurance operation, which Amlin plc (Amlin; Baa2 subordinated debt, stable outlook) announced today.

Amlin, subject to regulatory approvals, intends to re-domicile its legal carrier, Amlin Bermuda from Bermuda to Zurich, and to re-name it Amlin AG. The establishment of a reinsurance company in Switzerland is to enable access to European reinsurance business that does not typically flow into the London and Bermuda marketplaces. Amlin AG's new Zurich-based underwriting unit (to trade as "Amlin Re Europe") will be staffed by a core team recruited from Swiss Re, headed by Philippe Regazzoni who will become Chief Executive Officer of Amlin AG. Amlin Re Europe will focus mainly on non life treaty reinsurance for European insurance companies. The existing operations of Amlin Bermuda will become a Bermuda-based branch of Amlin AG and will continue to trade as Amlin Bermuda.

As a result of the above proposals, Moody's does not expect Amlin Bermuda's credit profile to materially change in the short to medium term. Amlin AG will be exactly the same legal entity as the existing Amlin Bermuda, and therefore the latter's current capital resources will remain. Furthermore, Moody's expects new business from Amlin Re Europe to constitute a relatively small part of Amlin AG's overall book in the short to medium term, and the maintenance of a branch and Amlin's stated commitment to Bermuda as a key operating platform mean that its Bermudan operations should not be negatively impacted.

As the new European reinsurance business develops, Moody's will evaluate its contribution to the business, geographic, and volatility profile of Amlin AG as well as the Group. Moody's will also monitor any changes to Amlin AG's regulatory capital requirements which are likely to increase, as well as any changes to dividend up-streaming potential and taxation, although the impact on Amlin plc's credit profile in this regard is not expected to be meaningful.

Amlin plc is a London headquartered, publicly traded (LSE: Amlin) holding company which underwrites specialty insurance and reinsurance principally through Lloyd's syndicate 2001 (A1 IFSR, stable outlook), Amlin Bermuda, and Amlin Corporate Insurance (formerly Fortis Corporate Insurance which was acquired by Amlin in 2009). At YE09, Amlin reported gross and net premium written of £1,544m and £1,323m respectively, net income of £455m, and shareholders' equity of £1,593m.

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