

**Announcement: Moody's affirms Amlin's ratings (A1 IFSR on Lloyd's syndicate 2001); outlook revised to negative**

---

**Global Credit Research - 07 Sep 2011**

London, 07 September 2011 -- Moody's Investors Service announced today that it had affirmed the ratings of Amlin plc (Baa2 subordinated), Amlin Lloyd's syndicate 2001 (A1 IFSR), and Amlin AG (A2 IFSR). The rating outlook has been revised to negative for syndicate 2001 and Amlin plc (Amlin), and revised to stable for Amlin AG. According to Moody's, the change in the outlook status was prompted by the significant net loss and fall in equity reported at H1 2011 by Amlin.

Amlin reported a large net loss for H1 2011 of GBP151 million, driven by GBP314 million of catastrophe (cat) losses via Amlin AG and syndicate 2001, underwriting losses at Amlin Corporate Insurance (ACI), and lower than expected reserve releases at Amlin UK. Meaningful non-US cat losses are possible in light of Amlin's relatively high, though reduced, risk appetite, and its large international cat account. Nevertheless, the Group's reported cat losses, which represent a very high 18.2% of YE10 equity, are outsized in relation to most of its peers, and will significantly dent Amlin's profitability metrics which historically have been excellent. Furthermore, Group shareholder's equity reduced by close to 15% at H1, driven by the net loss and a dividend payment, which reduces the amount of capital available to cushion potential shock losses for the rest of the year.

In Moody's opinion, Amlin also faces the challenge of meaningfully improving the performance of ACI which contributed a large underwriting loss of GBP43m and recorded a combined ratio of 119% at H1 2011. Whilst recognising the recent senior management appointments at ACI, the re-underwriting of parts of the book by Amlin that has led to the non-renewal in H1 of almost €60m of business, and the diversification benefits that ACI brings to Amlin, Moody's view is that it is currently too early to conclude that ACI's profitability issues are fully resolved.

The revision of the outlook on Amlin AG (formerly Amlin Bermuda) to stable from positive is driven by the negative outlook on Amlin's other ratings. Amlin AG has become well embedded into the Amlin Group, and although still a relatively small contributor to Group GPW it continues to grow, and accounts for the majority of the group's net assets. Furthermore, it is the legal entity (having been redomiciled in Switzerland and renamed Amlin AG) from which the new Amlin Re Europe business has been launched. However, Moody's does not believe that Amlin AG's stand-alone credit profile should be reflected in a higher IFSR than A2, and with a negative outlook now assigned to syndicate 2001, the outlook has been revised to stable.

The rating affirmations reflect the Group's good franchise, strong historic profitability driven in recent years by syndicate 2001, prudent reserving, excellent asset quality and good financial flexibility. Offsetting these strengths are the inherent volatility and cyclicality in a number of business lines of the Group with high exposure to natural catastrophe perils. Furthermore, Amlin continues to face integration and underwriting challenges with regard to the relatively large ACI acquisition.

Moody's noted several factors that could lead to a downgrade of syndicate 2001 and Amlin plc's ratings over the next 12 to 18 months: 1) Further meaningful deterioration in equity capital, whether from operating or investment losses or due to capital management actions 2) Adjusted financial leverage meaningfully above 25% 3) Unsuccessful integration of ACI

Conversely, the rating agency stated that a meaningful improvement in profitability at ACI and a return to excellent profitability levels for the Group with a significant recovery in equity capital, could lead to a return to a stable rating outlook.

The following ratings have been affirmed with a negative outlook:

Amlin plc- subordinated debt ratings Baa2

Amlin Lloyd's syndicate 2001- insurance financial strength rating of A1

The following rating has been affirmed with a stable outlook:

Amlin AG- insurance financial strength rating of A2

Amlin plc, which is listed on the London Stock Exchange, and which manages and capitalises Lloyd's syndicate 2001 and owns Amlin AG and Amlin Corporate Insurance, reported at H1 2011 gross premiums written of GBP1,515m and shareholders' equity of GBP1,475m.

Moody's last rating action on Amlin occurred on April 6 2011, when the Group's ratings were affirmed.

The principal methodology used in rating Amlin was Moody's Global Rating Methodology for Reinsurers, published in July 2008 and available on [www.moody's.com](http://www.moody's.com) in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

London  
Dominic Simpson  
VP - Senior Credit Officer  
Financial Institutions Group  
Moody's Investors Service Ltd.  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

London  
Simon Harris  
MD - Financial Institutions  
Financial Institutions Group

Moody's Investors Service Ltd.  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

Moody's Investors Service Ltd.  
One Canada Square  
Canary Wharf  
London E14 5FA  
United Kingdom  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454



© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody's.com](http://www.moody's.com) under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61

003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.