	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Gross premium written	**842.5**	900.6	991.1	990.0	942.2
Net premium written	**628.0**	715.0	774.7	824.9	781.6
Net earned premium	**649.5**	761.0	845.4	827.5	782.0
Net claims	**(327.2)**	(280.2)	(354.5)	(467.3)	(392.1)
Expenses	**(177.8)**	(266.9)	(314.9)	(246.5)	(290.3)
Investment return	**53.2**	79.2	42.7	44.6	41.5
Profit for the financial year	**197.7**	293.1	218.7	158.3	141.1
Claims ratio	**50%**	37%	42%	57%	50%
Expense ratio	**24%**	32%	34%	25%	32%
Combined ratio	**74%**	69%	76%	82%	82%

The Syndicate performance data shown in the table above is presented on an annual accounting basis and in accordance with Generally Accepted Accounting Principles in the United Kingdom (UK GAAP). For 2004 this data is different to that originally reported to members, which was prepared on the Lloyd's three year basis of accounting, in accordance with the Syndicate Accounting Byelaw.

In calculating the expense and combined ratios personal expenses payable to the managing agency have been excluded.

Managing agent
Amlin Underwriting Limited

Directors

S C W Beale	
N J C Buchanan	Non-executive
B D Carpenter	
R G Dampier	
M D Feinstein	Non-executive
D J Harris	Managing Director
R A Hextall	Non-executive
A W Holt	Non-executive
J le T Illingworth	
S R McMurray	Finance Director (appointed 25 November 2008)
C E L Philipps	Non-executive
R J Taylor	Chairman

Company Secretary
J M Mansell

Managing agent's registered office
St Helen's
1 Undershaft
London EC3A 8ND

Managing agent's registered number
2323018

The directors of the managing agent ("the Company") present their report for Syndicate 2001 for the year ended 31 December 2008.

Principal activity and review of the business

The principal activity of Syndicate 2001 remains the transaction of general insurance and reinsurance business in the United Kingdom.

The total premium income capacity of the Syndicate for each of the years of account open during 2008 was as follows:

	£m
2006 year of account	1,000.0
2007 year of account	1,000.0
2008 year of account	825.0

The result for calendar year 2008 is a profit of £197.7 million (2007: £293.1 million).

Underwriting contributed a profit of £144.5 million (net of expenses) (2007: £213.9 million) with the overall combined ratio increasing to 74% (2007: 69%).

Underwriting profit includes run off profits from reserves of £93.0 million (2007: £96.0 million). Consistent levels of reserving strength have been maintained for liabilities assessed at 31 December 2008.

Operating expenses include exchange gains and losses which arise through the translation of non monetary assets and liabilities at historic exchange rates compared to monetary items which are translated at closing rates. The impact of this in the year is to increase profit by £43.8 million (2007: increase profit by £14.7 million).

Investments (net of expenses) contributed £53.2 million (2007: £79.2 million). Good returns were made on bonds despite difficult trading conditions in markets for corporate credit and structured bonds, particularly asset and mortgage backed securities. Losses were made on equity and property portfolios.

Underwriting performance

	2008 £m	2007 £m
Gross premium written	**842.5**	900.6
Net premium written	**628.0**	715.0
Net earned premium	**649.5**	761.0
Claims ratio %	**50**	37
Expense ratio %	**24**	32
Combined ratio %	**74**	69

Gross premium written decreased on 2007 due to pricing pressures across a number of our business classes. The decrease was partially offset by the strengthening in the US dollar and Euro relative to Sterling.

Net earned premium, upon which profit is recognised, has decreased by 14.7% as a result of the decrease in gross premium written during 2008 and increased reinsurance expenditure.

The Syndicate's claims ratio deteriorated to 50% (2007: 37%); a consequence of losses arising from Hurricanes Ike and Gustav. The expense ratio improved to 24% (2007: 32%) principally as a result of foreign exchange gains on non-sterling assets.

Business unit performance

Syndicate 2001 business is organised into segments which broadly reflect the markets and the nature of business in which the segments trade. The combined ratios quoted in the following segmental analysis are after removing the exchange differences on the translation of non-monetary assets and liabilities.

Reinsurance and Property & Casualty (Non-marine[1])	**2008 £m**	2007 £m
Gross premium written	**443.6**	500.6
Net premium written	**322.7**	400.2
Net earned premium	**341.0**	426.5
Claims ratio %	**47**	29
Expense ratio %	**31**	31
Combined ratio %	**78**	60

Non-marine accounted for £443.6 million of gross premium written in 2008 (2007: £500.6 million), with Reinsurance and Property & Casualty providing 62% and 38% respectively.

The average rate on exposure at which policies were renewed for the business unit reduced by 9.3% (2007: 4.8%). The renewal retention rate was 85% (2007: 80%).

The combined ratio of 78% (2007: 60%) reflects the magnitude of losses incurred in respect of Hurricanes Ike and Gustav. The claims ratio was 47% (2007: 29%). Run off profits on reserves were £34.5 million (2007: £50.0 million). The expense ratio was static at 31% (2007: 31%).

1. For 2008 and prior, Reinsurance and Property & Casualty were reported together as the Non-marine division.

Marine	**2008 £m**	2007 £m
Gross premium written	**189.5**	187.2
Net premium written	**138.4**	144.1
Net earned premium	**146.3**	157.1
Claims ratio %	**53**	44
Expense ratio %	**37**	39
Combined ratio %	**90**	83

The Marine business unit contributed £189.5 million to gross premium in 2008 (2007: £187.2 million) accounting for 22% (2007: 21%) of Syndicate 2001 premium. Overall the business unit experienced an average premium renewal rate reduction of 4.8% (2007: 3.6%) and the renewal retention rate was 79% (2007: 76%).

Rating experience varied by class. The average rate reduction within the energy account was 14%, reflective of competition from new entrants. War continued to experience more challenging pricing conditions, with limited loss activity experienced in the year and increased competition as a result. Attritional classes, such as hull, cargo and yacht experienced more modest rate reductions and we took selected opportunities to expand these accounts.

The combined ratio was 90% (2007: 83%). Run off profits on reserves totalled £14.3 million (2007: £8.0 million) as claims development ran off better than expected.

Aviation	**2008 £m**	2007 £m
Gross premium written	**56.6**	63.5
Net premium written	**38.6**	42.5
Net earned premium	**40.4**	46.9
Claims ratio %	**51**	33
Expense ratio %	**35**	37
Combined ratio %	**86**	70

The Aviation business unit accounted for £56.6 million of gross premium written in 2008 (2007: £63.5 million). Gross premium remained low as our underwriters remained disciplined in a highly competitive market.

However, the rating pressure was evidently less as rates fell by only 2.4% compared to 13% in the previous year.

Despite the number of losses in the market the combined ratio was 86% (2007: 70%). The underlying expense ratio improved marginally to 35% (2007: 37%). Run off profits on reserves amounted to £9.8 million (2007: £15.9 million).

Amlin UK	2008 £m	2007 £m
Gross premium written	152.8	149.2
Net premium written	128.3	128.2
Net earned premium	121.8	130.5
Claims ratio %	48	62
Expense ratio %	32	24
Combined ratio %	80	86

The Amlin UK business unit accounted for £152.8 million of gross premium written in 2008 (2007: £149.2 million). The average renewal rate reduction was 2.4% (2007: 4.6%) with a healthy retention ratio of 79% (2007: 71%).

With market conditions once again proving challenging, the combined ratio of 80% is a strong result (2007: 86%). The underlying claims ratio was 48% compared to 62% in the previous year. The higher expense ratio of 32% (2007: 24%) reflects a modestly higher expense base against reduced net earned premium. Run off profits on reserves were £34.4 million (2007: £22.1 million).

Investment performance

2008 presented unprecedented challenges for investment markets, with the crisis in the global financial system undermining an already deteriorating global economic outlook. Most risk assets came under pressure and volatility was extreme. In this context, our cautious investment management strategy and tactical asset allocation proved well judged, producing an investment return of £53.2 million (2007: £79.2 million).

At 31 December 2008, investments amounted to £1,506.5 million. Short-dated bonds accounted for 71.4% of the portfolio. The residual of the portfolio was held mostly in cash. The bond portfolio remains high quality, with 71.0% of the portfolio in government and government agency backed, 18.3% AAA-rated and 8.8% A rated or above.

£24.7 million of bonds held at 31 December 2008 were subject to downgrades. The Syndicate had £4.3 million of direct exposure to bonds where the issuer went into liquidation during the year. This is based on the last price available before the liquidation date. The majority of these holdings were subsequently sold giving a net loss of £4.1 million. At the year end the Syndicate's exposure to impaired securities was de minimis.

Future developments

Syndicate 2001's expected underwriting capacity for 2009 is £825 million (2007: £825 million). The Syndicate will continue to transact the current classes of general insurance and reinsurance business.

Directors

Each director at the date of the approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Syndicate's auditors are unaware; and

- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit informatiion and to establish that the Syndicate's auditors are aware of that information.

The current directors of the managing agent, who served throughout the year ended 31 December 2008, are shown on page 2.

The following directors resigned during the year:

Name	Date of resignation
R S Joslin	24 April 2008
R H Davey	25 November 2008
R W Mylvaganam	25 November 2008
Sir M Wrightson	25 November 2008
A W Holt	31 December 2008

The following director was appointed during the year:

Name	Date of appointment
S R McMurray	25 November 2008

A W Holt was appointed non-executive director of the Company on 5 January 2009.

The principal risks and uncertainties of the business are addressed within the notes to the accounts on pages 11 to 13. The Syndicate has considerable financial resources to meet its financial needs and manages a mature portfolio of insurance risk through an experienced and stable team. The directors believe that the Syndicate is well positioned to manage its business risks successfully in the current economic environment.

After making enquiries, the directors have a reasonable expectation that the Syndicate has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

The managing agent intends to reappoint Deloitte LLP as the Syndicate's auditors.

By order of the Board

J M Mansell, Secretary

26 February 2009

Statement of managing agent's responsibilities

The managing agent is responsible for preparing the Syndicate annual report and annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 ("the 2004 Regulations") require the managing agent to prepare Syndicate annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The annual accounts are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

In preparing the Syndicate annual accounts, Amlin Underwriting Limited is required to:

- select suitable accounting policies which are applied consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that the Syndicate will do so; and
- follow applicable UK accounting standards, subject to any material departures disclosed and explained in the annual report.

Amlin Underwriting Limited is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate annual accounts comply with the 2004 Regulations. It is also responsible for the system of internal control, for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

We have audited the syndicate annual accounts of Syndicate 2001 for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of accounting policies and the related notes 1 to 17. These Syndicate annual accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Syndicate's members in accordance with regulation 3 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004. Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Syndicate's members for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the managing agent and auditors

The managing agent's responsibilities for preparing the annual report and the Syndicate annual accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of managing agent's responsibilities.

Our responsibility is to audit the Syndicate annual accounts in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Syndicate annual accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 as amended by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004. We also report to you whether, in our opinion, the information given in the Report of the directors of the managing agent is consistent with the Syndicate annual accounts.

In addition we report to you if, in our opinion, the managing agent in respect of the Syndicate has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding amounts charged to the Syndicate in respect of emoluments paid to the managing agent's directors and the active underwriters is not disclosed.

We read the other information contained in the annual report and consider whether it is consistent with the audited Syndicate annual accounts. This other information comprises only the Report of the directors of the managing agent. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Syndicate annual accounts. Our responsibilities do not extend to any further information outside the annual report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Syndicate annual accounts. It also includes an assessment of the significant estimates and judgements made by the managing agent in the preparation of the Syndicate annual accounts, and of whether the accounting policies are appropriate to the Syndicate's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Syndicate annual accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Syndicate annual accounts.

Opinion

In our opinion:

- the Syndicate annual accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Syndicate's affairs as at 31 December 2008 and of its profit for the year then ended;

- the Syndicate annual accounts have been properly prepared in accordance with the Companies Act 1985 as amended by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004; and

- the information given in the Report of the directors of the managing agent is consistent with the Syndicate annual accounts.

Deloitte LLP

Chartered Accountants and Registered Auditors
London, United Kingdom
26 February 2009

Profit and loss account
For the year ended 31 December 2008

Technical account – general business	Notes	2008 £'000	2007 £'000
Earned premium, net of reinsurance			
Gross premium written	3	**842,497**	900,550
Outward reinsurance premium		**(214,480)**	(185,571)
Net premium written		**628,017**	714,979
Change in the provision for unearned premium			
Gross amount		**11,645**	54,313
Reinsurers' share		**9,887**	(8,325)
Change in the net provision for unearned premium		**21,532**	45,988
Earned premium, net of reinsurance		**649,549**	760,967
Allocated investment return transferred from the non-technical account		**74,261**	76,302
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		**(524,366)**	(440,822)
Reinsurers' share		**131,086**	132,301
Net claims paid		**(393,280)**	(308,521)
Change in the provision for claims			
Gross amount		**(571)**	89,868
Reinsurers' share		**66,612**	(61,521)
Change in the net provision for claims		**66,041**	28,347
Claims incurred, net of reinsurance		**(327,239)**	(280,174)
Net operating expenses	5	**(177,810)**	(266,911)
Balance on the technical account for general business		**218,761**	290,184

All operations of the Syndicate are continuing.

Non-technical account	Notes	2008 £'000	2007 £'000
Balance on the general business technical account		**218,761**	290,184
Investment income	8	**99,238**	64,631
Realised gain/(loss) on investments	8	**12,513**	(646)
Unrealised (loss)/gain on investments	8	**(56,395)**	16,544
Investment expenses and charges	8	**(2,154)**	(1,316)
Allocated investment return transferred to general business technical account		**(74,261)**	(76,302)
Profit for the financial year		**197,702**	293,095

There were no recognised gains or losses during the current or preceding year other than those included in the profit and loss account. Therefore no statement of total recognised gains and losses has been presented.

	Notes	2008 £'000	2007 £'000
Investments			
Financial investments	9	**1,506,507**	1,517,097
Reinsurers' share of technical provisions			
Provision for unearned premiums		**73,437**	63,558
Claims outstanding		**460,668**	317,375
		534,105	380,933
Debtors			
Debtors arising out of direct insurance operations	10	**92,112**	74,690
Debtors arising out of reinsurance operations		**333,677**	265,326
Other debtors		**43,991**	30,388
		469,780	370,404
Other assets			
Cash at bank and in hand		**336**	3,879
Overseas deposits	11	**68,511**	60,032
		68,847	63,911
Prepayments and accrued income			
Deferred acquisition costs		**94,000**	97,121
Other prepayments and accrued income		**28,270**	15,905
		122,270	113,026
Total assets		**2,701,509**	2,445,371
Capital and reserves			
Members' balances	12	**525,486**	623,494
Technical provisions			
Provision for unearned premiums		**429,988**	441,634
Claims outstanding		**1,580,695**	1,299,990
		2,010,683	1,741,624
Creditors			
Creditors arising out of direct insurance operations		**33,106**	19,614
Creditors arising out of reinsurance operations		**84,927**	56,930
Other creditors	13	**47,307**	2,482
		165,340	79,026
Accruals and deferred income		**–**	1,227
Total liabilities		**2,701,509**	2,445,371

This annual report was approved at a meeting of the Board of Directors of Amlin Underwriting Limited on 26 February 2009.

S R McMurray

Finance Director

	Notes	2008 £'000	2007 £'000
Net cash inflow from operating activities	14	**79,755**	512,311
Transfer to members in respect of underwriting participations		**(300,729)**	(225,925)
		(220,974)	286,386
Cash flows were invested as follows:			
(Decrease)/increase in cash holdings	15	**(4,202)**	4,051
(Decrease)/increase in overseas deposits	15	**(2,098)**	3,134
Net portfolio investment			
– Purchase of investments	16	**1,434,313**	2,544,779
– Sale of investments	16	**(1,648,987)**	(2,265,578)
Net investment of cash flows		**(220,974)**	286,386

1 Basis of preparation

These financial statements have been prepared using the annual basis of accounting as required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 ("the Regulations"), and applicable Accounting Standards in the United Kingdom. The recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2006 by the Association of British Insurers have been adopted, except that exchange differences are dealt with in the technical account.

Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior years.

Insurance contracts premium

Gross premium written comprises premium on insurance contracts incepting during the financial year. The estimated premium income in respect of facility contracts is deemed to be written in full at the inception of the contract. Premium is disclosed before the deduction of brokerage and taxes or duties levied on them. Estimates are included for premium receivable after the period end but not yet notified, as well as adjustments made in the year to premium written in prior accounting periods.

Premium is earned over the policy contract period. Where the incidence of risk is the same throughout the contract, the earned element is calculated separately for each contract on a 365ths basis. For premium written under facilities, such as binding authorities, the earned element is calculated based on the estimated risk profile of the individual contracts involved.

The proportion of premium written, gross of commission payable, attributable to periods after the balance sheet date is deferred as a provision for unearned premium. The change in this provision is taken to the income statement in order that revenue is recognised over the period of the risk.

Acquisition costs comprise brokerage incurred on insurance contracts written during the financial year. They are incurred on the same basis as the earned proportions of the premium they relate to. Deferred acquisition costs are amortised over the period in which the related revenues are earned. Deferred acquisition costs are reviewed at the end of each reporting period and are written off where they are no longer considered to be recoverable.

Reinsurance premium ceded

Reinsurance premium ceded comprises the cost of reinsurance arrangements placed and are accounted for in the same accounting period as the related insurance contracts. The provision for reinsurers' share of unearned premium represents that part of reinsurance premium written which is estimated to be earned in following financial years.

Insurance contracts liabilities: claims

Claims paid are defined as those claims transactions settled up to the balance sheet date including the internal and external claims settlement expenses allocated to those transactions. The reinsurers' share represents recoveries received from reinsurance protections in the period plus recoveries receivable against claims paid that have not been received at the balance sheet date, net of any provision for bad debt.

Claims reserves are estimated on an undiscounted basis. Provisions are subject to a detailed quarterly review where forecast future cash flows and existing amounts provided are reviewed and reassessed. Any changes to the amounts held are adjusted through the income statement. Provisions are established above an actuarial best estimate and so that there is a reasonable chance of release from one underwriting year to the next.

Claims reserves are made for known or anticipated liabilities under insurance contracts which have not been settled up to the balance sheet date. Included within the provision is an allowance for the future costs of settling those claims. This is estimated based on past experience and current expectations of future cost levels.

The claims provision also includes, where necessary, a reserve for unexpired risks where, at the balance sheet date, the estimated costs of future claims and related deferred acquisition costs are expected to exceed the unearned premium provision. In determining the need for an unexpired risk provision the underwriting divisions within the Group have been regarded as groups of business that are managed together.

Although the claims provision is considered to be reasonable, having regard to previous claims experience (including the use of certain statistically based projections) and case by case reviews of notified losses, on the basis of information available at the date of determining the provision, the ultimate liabilities will vary as a result of subsequent information and events. These adjustments are reflected in the financial statements for the period in which the related adjustments are made.

Investments

Listed investments are stated at market value, based on a bid price, at the close of business on the balance sheet date. The cost of Syndicate investments held at the balance sheet date is deemed to be the aggregate of the value of investments held at the balance sheet date, and the cost of any new investments acquired during the year.

Overseas deposits

Overseas deposits are stated at the market value ruling at the balance sheet date.

Investment return

The investment return comprises investment income, investment gains less losses, and is net of investment expenses and charges.

Realised gains or losses are calculated as the difference between the net sales proceeds and their purchase price in the financial year or their valuation at the commencement of the year. Unrealised gains and losses are calculated as the difference between the valuation of investments at the balance sheet date and their purchase price in the financial year or their valuation at the commencement of the year.

All of the investment return arising in the year is reported initially in the non-technical account. A transfer is then made from the non-technical account to the technical account.

Taxation

No provision has been made in respect of UK income tax on trading income. It is the responsibility of members to settle their tax liabilities.

Overseas taxation comprises US Federal Income tax and Canadian Federal Income tax. The amounts charged to members are collected centrally through Lloyd's Members' Services Unit as part of the members' distribution process. The ultimate tax liability is the responsibility of each individual underwriting member.

Foreign currencies

The Syndicate maintains four separate currency funds, namely Sterling, US dollars, Euros and Canadian dollars.

Income and expenditure in US dollars, Euros and Canadian dollars is translated at average rates of exchange for the period. Transactions denominated in other foreign currencies are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities, expressed in US dollars, Euros and Canadian dollars are translated into Sterling at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at the average rate prevailing in the period in which the asset or liability first arose.

Assets and liabilities expressed in other foreign currencies have been translated at the rates of exchange at the balance sheet date. Where contracts to sell currency for Sterling have been entered into prior to the year end, the contracted rates have been used.

Differences arising on translation of foreign currency amounts in the Syndicate are included in net operating expenses.

Insurance debtors and creditors

In the normal course of business, settlement is required to be made with Lloyd's Central Accounting, the market settlement bureaux, on the basis of the net balance due to or from insurance brokers in total rather than the amounts due to or from the individual parties which it represents. The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Accordingly, insurance debtors and creditors, as presented, comprise respectively the totals of all the Syndicate's individual outstanding debit and credit transactions before any offset. The resultant totals give no indication of future net cash flows.

Syndicate operating expenses

Costs incurred by the managing agent exclusively for the Syndicate are charged to the Syndicate.

Expenses incurred jointly by the managing agent and the Syndicate are charged through an annual management charge. The charge reflects the expected costs of services to be provided to the Syndicate and does not include any profit element.

Retirement benefit costs

Pension contributions are charged to the income statement when due.

2 Principal risks and uncertainties

Underwriting risk

The Syndicate accepts underwriting risk in a range of classes of business through five distinct business units. The bias of the portfolio is towards short-tail property and accident risk but liability coverage is also underwritten.

In underwriting insurance or reinsurance policies the Syndicate's underwriters use their skill, knowledge and data on past claims experience to evaluate the likely claims cost and therefore the premium that should be sufficient (across a portfolio of risks) to cover claims costs, expenses and to produce an acceptable profit. However, due to the nature of insurance risk there is no guarantee that the premium charged will be sufficient to cover claims costs. This shortfall may originate either from insufficient premium being calculated and charged or result from an unexpected, or unprecedented, high level of claims.

A number of controls are deployed to limit the amount of insurance exposure underwritten. Each year a business plan is prepared and agreed which is used to monitor the amount of premium income, and exposure, to be written in total and for each class of business. Progress against this plan is monitored during the year. The Syndicate also operates under a line guide which determines the maximum liability per policy which can be written for each class and for each underwriter. These can be exceeded in exceptional circumstances but only with the approval of senior management. Apart from the UK, and some of the international, comprehensive motor liability portfolio, which has unlimited liability, all policies have a per loss limit which caps the size of any individual claims. For larger sum insured risks reinsurance coverage may be purchased. The Syndicate is also exposed to catastrophe losses which may impact many risks in a single event and again reinsurance is purchased to limit the impact of loss aggregation from such events. These reinsurance arrangements are described in the reinsurance arrangements section below.

Insurance liabilities are written through individual risk acceptances, reinsurance treaties or through facilities whereby Amlin is bound by other underwriting entities. Facility arrangements delegate underwriting authority to other underwriters, or to agents acting as coverholders, that use their judgement to write risks on our behalf under clear authority levels.

The insurance liabilities underwritten by the Syndicate are reviewed on an individual risk, or contract, basis and through review of portfolio performance. All claims arising are reserved upon notification. Each quarter the entire portfolio of business is subject to a reserving process whereby levels of paid and outstanding (advised but not paid) claims are reviewed. Potential future claims are assessed with a provision for incurred but not reported (IBNR) claims being made. This provision is subject to review by senior executives and an independent internal actuarial assessment is carried out by the in-house actuarial team to determine the adequacy of the provision. Whilst a detailed and disciplined exercise is carried out to provide for claims notified, it is possible that known claims could develop and exceed the reserves carried. Furthermore, there is increased uncertainty in establishing an accurate provision for IBNR claims and there is a possibility that claims may arise which in aggregate exceed the reserve provision established. This is partly mitigated by the reserving policy adopted by the Syndicate which is to carry reserves with a margin in excess of the in-house actuarial best estimate.

The review of claims arising may result in underwriters adjusting pricing levels to cater for an unexpectedly higher trend of claims advices or payments. However, this may not be possible in a competitive market and underwriters may respond either by accepting business with lower expected profit margins or declining to renew policies and thus reducing income. Also, there is a portfolio of risk already underwritten which cannot be re-priced until renewal at the end of the policy period.

Reinsurance arrangements

The Syndicate purchases proportional reinsurance to supplement line size and to reduce exposure on individual risks, notably for aviation and large property risks. A part of the premium ceded under such facilities is placed with Amlin Bermuda and a separate proportional facility is placed for the US and Canadian catastrophe excess of loss portfolio. Additionally, a 12.5% quota share arrangement of Syndicate 2001 is written by Amlin Bermuda. The Syndicate also purchases a number of excess of loss reinsurances to protect itself from severe frequency or size of losses. The structure of the programme and type of protection bought will vary from year to year depending on the availability and price of cover.

Realistic Disaster Scenario (RDS) analysis

The Syndicate has a defined event risk appetite which determines the maximum net loss that the Syndicate intends to limit its exposure to major catastrophe event scenarios. Currently there is a maximum of £165 million for the Syndicate.

These maximum losses are expected only to be incurred in extreme events – with an estimated occurrence probability of less than 1 in 50 years estimated for the natural peril or elemental losses. The Syndicate also adopts risk appetite maximum net limits for a number of other non-elemental scenarios including aviation collision and North Sea rig loss.

The risk appetite policy recognises that there may be circumstances in which the net event limit could be exceeded. Such circumstances include non renewal or delay in renewal of reinsurance protection, reinsurance security failure, or regulatory and legal requirements.

A detailed analysis of catastrophe exposures is carried out every quarter and measured against the event risk appetite. The following assumptions and procedures are used in the process:

- The data used reflects the information supplied to the Syndicate by insureds and ceding companies. This may prove to be inaccurate or could develop during the policy period.
- The exposures are modelled using a mixture of stochastic models and underwriter input to arrive at 'damage factors' – these factors are then applied to the assumed aggregate exposure to produce gross loss estimates. The damage factors may prove to be inadequate.

- The reinsurance programme as purchased is applied – a provision for reinsurer counterparty failure is included but may prove to be inadequate.

- Reinstatement premium both payable and receivable are included.

There is no guarantee that the assumptions and techniques deployed in calculating these event loss estimate figures are accurate. Furthermore there could also be an unmodelled loss which exceeds these figures. The likelihood of such a catastrophe is considered to be remote but the most severe scenarios modelled are simulated events and these simulations could prove to be unreliable.

Claims reserves

Claims reserves established can be more or less than adequate to meet eventual claims arising. The level of uncertainty varies significantly from class to class but can arise from inadequate case reserves for known large losses and catastrophes or from inadequate provision for IBNR. The impact on profit of a 1% variation in the total net claims reserves would be £11.2 million (2007: £9.8 million).

Large loss case reserves are determined through careful analysis of the individual claim, often with the advice of legal advisers. Liability claims arising from events such as the 11 September 2001 terrorist attacks in the US are examples of cases where there continues to be some uncertainty over the eventual value of claims.

Property catastrophe claims such as earthquake or hurricane losses can take several months, or years, to develop as adjusters visit damaged property and agree claim valuations. Until all the claims are settled it requires an analysis of the area damaged, contracts exposed and the use of models to simulate the loss against the portfolio of exposure in order to arrive at an estimate of ultimate loss to the Syndicate. There is uncertainty over the adequacy of information and modelling of major losses for a period of several months after a catastrophe loss. Account should also be taken of factors which may influence the size of claims such as increased inflation or a change in law.

The long tail liability classes, for which a large IBNR has to be established, represent the most difficult classes to reserve because claims are notified and settled several years after the expiry of the policy concerned. This is particularly the case for US liability written on a losses occurring basis.

The use of historical development data, adjusted for known changes to wordings or the claims environment, is fundamental to reserving these classes. It is used in conjunction with the advice of lawyers and third party claims adjusters on material single claims.

The allocation of IBNR to the reinsurance programme is an uncertain exercise as there is limited knowledge of the size or number of future claims advices. The assumption over future reinsurance recoveries may be incorrect and unforeseen disputes could arise which would reduce recoveries made.

Credit risk

Credit risk is the risk that the Syndicate becomes exposed to loss if a counterparty fails to perform its contractual obligations, including failure to perform them in a timely manner. Credit risk could therefore have an impact upon the Syndicate's ability to meet its claims as they fall due. Credit risk can also arise from underlying causes that have an impact upon the creditworthiness of all counterparties of a particular description or geographical location. Syndicate 2001 is exposed to credit risk in its investment portfolio and with its premium and reinsurance debtors.

As well as actual failure of a counterparty to perform its contractual obligations, the price of corporate bond holdings will be affected by investors' perception of a borrower's ability to perform these duties in a timely manner. Credit risk within the investment funds is managed through the credit research carried out by the investment managers. The Syndicate's investment guidelines are designed to mitigate credit risk by ensuring diversification of the holdings. For each portfolio there are limits to the exposure to single issuers and to the total amount that can be held in each credit quality rating category, as determined by reference to credit rating agencies.

At 31 December 2008, investments amounted to £1,506.5 million. Short-dated bonds accounted for 71.4% of the portfolio. The residual of the portfolio was held mostly in cash. The bond portfolio remains high quality, as illustrated by the asset allocation table shown below. The credit ratings on debt securities are State Street composite ratings based on Standard & Poor's, Moody's and Fitch.

	2008 £'000	**2008 %**	2007 £'000	2007 %
Government/Government Agency	**764,076**	**71.0**	707,249	69.8
AAA/Aaa	**196,826**	**18.3**	195,780	19.3
AA/Aa	**36,669**	**3.4**	44,635	4.4
A	**58,067**	**5.4**	46,052	4.6
BBB/Baa	**20,390**	**1.9**	19,568	1.9
	1,076,028	**100.0**	1,013,284	100.0

£24.7 million of bonds held at 31 December 2008 were subject to downgrades. The Syndicate had £4.3 million of direct exposure to bonds where the issuer went into liquidation during the year. This is based on the last price available before the liquidation date. The majority of these holdings were subsequently sold giving a net loss of £4.1 million. At the year end the Syndicate's exposure to impaired securities was de minimis.

The credit risk in respect of reinsurance debtors is primarily managed by review and approval of reinsurance security, by the Syndicate's Reinsurance Security Committee, prior to the purchase of the reinsurance contract. Guidelines are set, and monitored, that restrict the purchase of reinsurance security based on Standard & Poor's ratings and the Syndicate's own ratings for each reinsurer. Provisions are made against the amounts due from certain reinsurers, depending on the age of the debt and the current rating assigned to the reinsurer.

Credit risk in respect of premium debt is overseen by the Syndicate's Broker Committee. The key controls include broker approval, annual financial review and internal rating of brokers and regular monitoring of premium settlement performance.

Valuation risk
The Syndicate's earnings are directly affected by changes in the valuations of the investments held in the portfolios. These valuations vary according to the movements in the underlying markets. The Syndicate's assets are marked to market at bid price. Prices are supplied by the custodians, whose pricing processes are covered by their published annual audits. In accordance with their pricing policy, prices are sourced from two market recognised pricing vendor sources including: FT Interactive, Bloomberg and Reuters. These pricing sources use closing trades, or where more appropriate in illiquid markets, pricing models. Property investments are based on the most recent price available, which in some instances may be a quarter in arrears. Where a property transaction has taken place within the month the transaction price is used.

Low market liquidity provides challenges to assessing fair value. As an additional check, the majority of prices as at 31 December 2008 have been verified by Amlin against publicly available quoted prices to check that the prices used are a good estimation for fair value. A month to month price check is completed to ensure any stale prices, defined as prices which are one month old or more, are identified and investigated. At 31 December 2008 no stale prices were identified.

Interest rate risk
Investors' expectations for interest rates will impact bond yields. The value of the Syndicate's bond holdings is therefore subject to fluctuation as bond yields rise and fall. If the yield falls the capital value will rise, and vice versa. The sensitivity of the price of a bond is indicated by its duration. The greater the duration of a security the greater its price volatility. Typically the longer the maturity of a bond the greater its duration.

Foreign exchange risk
Policyholders' assets are held in the base currencies of Sterling, Euros, US dollars and Canadian dollars, which represent the majority of the Syndicate's liabilities by currency. This limits the underlying foreign exchange risk.

Foreign exchange exposure also arises when business is written in non-base currencies. These transactions are converted into sterling at the prevailing spot rate once the premium is received. Consequently there is exposure to currency movements between the exposure being written and the premium being converted. Payments in non-base currencies are converted back into the underlying currency at the time a claim is to be settled; therefore the Syndicate is exposed to exchange rate risk between the premium being converted and the claim being made and also between the claim being made and the settlement being paid.

Foreign exchange risk arises until non-sterling profits are converted into Sterling. It is Amlin Underwritings Limited's policy to mitigate foreign exchange risk by systematically converting non-sterling profits into sterling. Given the inherent volatility in some of our business a cautious approach is adopted on the speed and level of sales, but we seek to extinguish all currency risk on earned profit during the second year after the commencement of any underwriting year. The intention is to time the currency transactions in order to optimise the conversion rates. This approach is part of risk management strategy as it avoids the inherent dangers of 'lumpier' sales. It is not the intention to take speculative currency positions in order to make currency gains.

The Syndicate will occasionally transact currencies on a forward basis. These are carried out with well rated banks, so as to limit the counterparty risk. The transactions are not designed as specific hedges and therefore realised and unrealised gains and losses are recorded in the profit and loss account of the period in which they occur. As at 31 December 2008 the Syndicate had no direct forward contracts outstanding. The investment managers did hold some forward foreign exchange contracts in their portfolios at the year end in order to hedge non-base currency investments. These are marked to market in their valuations.

Liquidity risk
It is important to ensure that claims are paid as they fall due. Levels of cash are therefore managed on a daily basis. Buffers of liquid assets are also held in excess of the immediate requirements to avoid us having to be forced sellers of any of our assets, which may result in prices below fair value being realised, especially in periods of below normal investment market activity. The policy of limiting the extent of duration divergence between the policyholders' assets and the liabilities helps to reduce the risk of a cash flow mismatch.

Liquidity in the event of a major disaster is tested regularly using internal cash flow forecasts and realistic disaster scenarios. In addition, the policyholders' funds investment guidelines require at least 25% of the funds to be held in government bonds and/or cash equivalents, which are highly liquid. If a major insurance event occurs the investment strategy is reviewed to ensure that sufficient liquidity is also available in the corporate funds.

Regulatory risk
Regulatory risk is the risk that the Syndicate fails to meet the regulatory requirements of the Financial Services Authority and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. Amlin Underwriting Limited, the managing agency has a Compliance Officer who monitors regulatory developments and assesses the impact on agency policy. He is supported by Amlin's Compliance department.

Operational risk
Operational risk is the risk that failure of people, systems or processes leads to losses to the Syndicate. The Syndicate manages these risks through internal compliance monitoring and the use of detailed procedure manuals. In addition, the Amlin Group has both a Risk Assessment and Monitoring department and an Internal Audit department which assist Amlin Underwriting Limited to meet the strategic and operational objectives of the Syndicate through the provision of independent appraisal of the adequacy and effectiveness of internal controls in operation and to provide reasonable assurance as to the adequacy of systems and procedures to enable compliance with all relevant regulatory and legal requirements.

3 Segmental analysis

An analysis of the underwriting result before investment return and net technical provisions is set out below:

2008	Gross written premium £'000	Gross premium earned £'000	Gross claims incurred £'000	Net operating expenses £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000	Commissions on gross premiums earned £'000
Direct insurance								
Accident and Health	22,236	23,344	(13,668)	(4,677)	117	5,116	22,020	7,012
Motor (third party liability)	1,759	1,746	(364)	(877)	(166)	339	745	512
Motor (other classes)	88,033	92,158	(45,092)	(17,633)	3,846	33,279	143,233	12,687
Marine, aviation and transport	104,200	107,017	(20,253)	(21,606)	(11,265)	53,893	224,714	23,328
Fire and other damage to property	152,778	172,049	(89,896)	(33,888)	2,134	50,399	133,929	32,726
Third party liability	131,175	144,999	(100,944)	(32,155)	1,376	13,276	499,866	24,287
Miscellaneous	56,386	70,515	(64,497)	(24,919)	6,950	(11,951)	127,265	19,280
	556,567	611,828	(334,714)	(135,755)	2,992	144,351	1,151,772	119,832
Reinsurance	285,930	242,314	(190,223)	(42,055)	(9,887)	149	324,806	50,395
Total	**842,497**	**854,142**	**(524,937)**	**(177,810)**	**(6,895)**	**144,500**	**1,476,578**	**170,227**

2007	Gross premium written £'000	Gross premium earned £'000	Gross claims incurred £'000	Net operating expenses £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000	Commissions on gross premiums earned £'000
Direct insurance								
Accident and health	6,954	9,618	(2,474)	(2,385)	(1,676)	3,083	14,168	3,492
Motor (third party liability)	3,166	4,087	(2,234)	(1,086)	(198)	569	6,391	1,098
Motor (other classes)	94,435	96,198	(58,650)	(18,796)	(9,307)	9,445	153,696	13,799
Marine aviation and transport	93,197	101,240	(51,528)	(29,784)	(11,115)	8,813	144,311	25,031
Fire and other damage to property	158,882	172,787	(46,002)	(60,998)	(35,550)	30,237	223,518	33,739
Third party liability	142,036	161,049	(75,875)	(54,133)	(8,090)	22,951	233,547	29,053
Miscellaneous	58,313	62,910	(16,498)	(18,359)	(11,205)	16,848	85,413	15,906
	556,983	607,889	(253,261)	(185,541)	(77,141)	91,946	861,044	122,118
Reinsurance	343,567	346,974	(97,693)	(81,370)	(45,975)	121,936	499,647	58,556
Total	900,550	954,863	(350,954)	(266,911)	(123,116)	213,882	1,360,691	180,674

All premium is written in the UK.

The geographical analysis of premium by location of client is as follows:

	2008 £'000	2007 £'000
UK	**219,461**	218,349
Other EU countries	**72,076**	73,658
USA	**337,953**	385,287
Other	**213,007**	223,256
Total	**842,497**	900,550

4 Prior periods' claims provisions

Over provisions for claims at the beginning of the year as compared with net payments and provisions at the end of the year in respect of prior periods' claims provisions are as follows:

	2008 £'000	2007 £'000
Movement in technical provisions	**92,971**	96,028

5 Net operating expenses

	2008 £'000	2007 £'000
Acquisition costs	**167,099**	168,547
Change in deferred acquisition costs	**3,128**	12,126
Administrative expenses	**55,139**	48,574
Managing agent's fees	**22,595**	25,773
Lloyd's charges	**10,239**	14,415
Foreign exchange gains	**(80,390)**	(2,524)
	177,810	266,911

Administrative expenses include:		
Auditors' remuneration		
– Syndicate audit	**262**	233
– Regulatory audit	**4**	4

6 Staff numbers and costs

All staff are employed by Amlin Corporate Services Limited, a wholly owned subsidiary of Amlin plc and the immediate parent company of the managing agency. The following amounts were recharged to the Syndicate in respect of salary costs:

	2008 £'000	2007 £'000
Wages and salaries	**19,084**	15,302
Social security costs	**2,274**	1,808
Other pension costs	**3,570**	5,269
	24,928	22,379

The average number of employees employed by Amlin Corporate Services Limited but working for the Syndicate during the year was as follows:

	2008 Number	2007 Number
Underwriting divisions		
Underwriting, claims and reinsurance	**351**	365
Administration and support	**156**	124
Central functions		
Operations	**63**	69
Finance and administration	**86**	71
Internal audit and compliance	**11**	9
	667	638

7 Directors' emoluments

The directors of Amlin Underwriting Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2008 £'000	2007 £'000
Emoluments	**2,226**	2,559

The active underwriters received the following remuneration charged as a Syndicate expense:

	2008 £'000	2007 £'000
Emoluments	**670**	598

8 Investment return

	2008 £'000	2007 £'000
Investment income	**96,105**	58,701
Cash and cash equivalents interest income	**3,133**	5,930
	99,238	64,631
Net realised gains/(losses) on financial assets	**12,513**	(646)
Net unrealised (losses)/gains on financial assets	**(56,395)**	16,544
Investment expenses and charges	**(2,154)**	(1,316)
	53,202	79,213

The above figures include a loss of £21,058,871 (2007: profit of £2,911,493) of investment income earned on cash, bonds, equity and property investments deposited by Amlin Corporate Member Limited (see note 17) into the Syndicate's Premium Trust Fund in 2007.

Calendar year investment yield

	2008 £'000	2007 £'000
Average syndicate funds available for investment during the year		
Sterling	**473,000**	512,000
Euro	**78,000**	78,000
US dollars	**558,000**	608,000
Canadian dollars	**62,000**	53,000
Combined	**1,171,000**	1,251,000
Aggregate gross investment return for the year	**75,380**	80,529
Gross calendar year investment yield:		
Sterling	**10.4%**	6.9%
Euro	**(5.9%)**	1.2%
US dollars	**4.9%**	6.9%
Canadian dollars	**8.5%**	4.0%
Combined	**6.4%**	6.4%

The average amount of Syndicate funds available for investment has been calculated as the monthly average balance of investments and overseas deposits. The yield percentages exclude immaterial sources of income and inter year interest.

9 Financial investments

	Market value		Cost	
	2008	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000
Debt securities and other fixed income securities	**1,076,028**	1,013,284	**1,058,967**	1,001,231
Shares and other variable yield securities	**121,577**	203,533	**152,781**	199,304
Participation in investment pools	**109,261**	296,945	**109,261**	296,945
Holdings in collective investment schemes	**192,876**	1,273	**187,665**	1,273
LOC collateral	**1,485**	2,062	**1,485**	2,062
Other liquid investments	**5,280**	–	**5,280**	–
	1,506,507	1,517,097	**1,515,439**	1,500,815
Listed investments included above:				
Shares and other variable yield securities	**82,290**	99,876	**107,517**	99,876
Debt securities and other fixed income securities	**1,076,028**	1,013,284	**1,058,967**	1,001,231

Policyholders funds are matched by bonds and cash. Other more volatile assets, including equities, are capital. Included above are amounts of £303,394,514 (2007: £319,435,557) owed to Amlin Corporate Member Limited (notes 12 and 17).

10 Debtors arising out of direct insurance operations

	2008	2007
	£'000	£'000
Due from policyholders	**2,828**	1,950
Due from intermediaries	**89,284**	72,740
	92,112	74,690

11 Overseas deposits

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries.

12 Members' balance

	2008	2007
	£'000	£'000
At 1 January	**304,059**	239,800
Profit for the financial year	**218,761**	290,184
Payments of profit to members' personal reserve funds	**(300,729)**	(225,925)
At 31 December	**222,091**	304,059
Funds deposited by Amlin Corporate Member Limited		
At 1 January	**319,435**	–
(Loss)/profit for the financial year	**(21,059)**	2,911
Funds deposited in financial year	**5,019**	316,524
Amounts owed to Amlin Corporate Member Limited (note 17)	**303,395**	319,435
At 31 December	**525,486**	623,494

Members participate on syndicates by reference to years of account and their ultimate result. Assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a particular year. All ongoing members of the Syndicate were wholly owned subsidiaries of Amlin plc.

13 Other creditors

	2008	2007
	£'000	£'000
Other creditors	**47,307**	2,482

Other creditors includes £43.3 million (2007: £nil) of payables for unsettled investment purchases.

14 Reconciliation of technical account balance to net cash inflow from operating activities

	2008	2007
	£'000	£'000
Technical account balance	**218,761**	290,184
Increase/(decrease) in net technical provisions	**115,887**	(72,797)
(Increase)/decrease in debtors	**(108,620)**	30,686
Increase in creditors	**69,047**	287,885
Changes to market value and currencies	**(215,320)**	(23,647)
Net cash inflow from operating activities	**79,755**	512,311

15 Movement in opening and closing portfolio investments net of financing

	2008 £'000	2007 £'000
Net cash (outflow)/ inflow for the year	**(4,202)**	4,051
Cashflow		
- (decrease)/increase in overseas deposits	**(2,098)**	3,134
- (decrease)/increase in portfolio investments	**(214,674)**	279,201
Movement arising from cash flows	**(220,974)**	286,386
Changes in market value and exchange rates	**215,320**	23,647
Total movement in portfolio investments	**(5,654)**	310,033
Portfolio at 1 January	**1,581,008**	1,270,975
Portfolio at 31 December	**1,575,354**	1,581,008

Movement in cash, portfolio investments and financing

	At 1 January 2008 £'000	Cash flow £'000	Changes to market value and currencies £'000	At 31 December 2008 £'000
Cash at bank and in hand	3,879	(4,202)	659	**336**
Overseas deposits	60,032	(2,098)	10,577	**68,511**
Portfolio investments:				
- Debt securities and other fixed income securities	1,013,284	(136,023)	198,767	**1,076,028**
- Shares and other variable yield securities	203,533	(57,014)	(24,942)	**121,577**
- Decrease in participations in investments pools	296,945	(216,732)	29,048	**109,261**
- Holdings in collective investment schemes	1,273	191,141	462	**192,876**
- Provision of LOC collateral	2,062	(1,326)	749	**1,485**
- Other investments	–	5,280	–	**5,280**
Total cash, portfolio investments and financing	1,581,008	(220,974)	215,320	**1,575,354**

16 Net cash flow on portfolio investments

	2008 £'000	2007 £'000
Purchase of debt securities and other fixed income securities	**(1,194,070)**	(2,130,733)
Purchase of shares and other variable yield securities	**(43,822)**	(154,852)
Purchase of holdings in collective investment schemes	**(191,141)**	–
Sale of debt securities and other fixed income securities	**1,330,093**	2,189,030
Sale of shares and other variable yield securities	**100,836**	48,976
Sale of holdings in collective investment schemes	**–**	13,697
Reduction/(increase) in participation in investment pools	**216,732**	(258,843)
Provision of LOC collateral	**1,326**	(351)
Syndicate loans to Central Fund	**–**	13,875
Other investments	**(5,280)**	–
Net cash outflow on portfolio investments	**214,674**	(279,201)

17 Related parties

Amlin Corporate Member Limited

In October 2007 investments owned by Amlin Corporate Member Limited of £394.2 million were transferred to the Syndicate. These investments were previously held in Amlin Investments Limited, a fellow subsidiary and used as collateral to the Syndicate's capital requirements, or funds at Lloyd's.

This transfer gave the Syndicate the ability to use the Group's master custodian, State Street, to manage these assets rather than Lloyd's Members Service Unit. This improves the settlement and foreign currency dealing services for the fund manager. It also streamlines and speeds up the preparation of management information.

During 2008 additional funding of £5.0 million was provided by Amlin Corporate Member Limited as the Syndicate's capital requirements changed (2007 return of £79.7 million). The investments realised a loss of £21.0 million for the period to 31 December 2008 (2007: return of £2.9 million). The balance of £303.4 million (2007: £319.4 million) is included within capital and reserves on the Syndicate balance sheet and is owed exclusively to Amlin Corporate Member Limited.

Amlin Underwriting Limited

Managing agent's fees of £22,594,955 (2007: £25,874,992) were paid by the Syndicate to Amlin Underwriting Limited during the year.

There have been no transactions entered into or carried out during the year by the managing agency on behalf of the Syndicate in which it or any of its executives had directly or indirectly a material interest other than by way of their shareholding in Amlin plc or participation in Syndicate 2001.

Amlin Corporate Services Limited

Amlin Corporate Services Limited was paid £63,037,873 during the year (2007: £62,851,366) for expenses incurred directly and indirectly on behalf of the Syndicate. This included a management charge of £24,031,007 (2007: £23,743,669) for central costs of the Amlin Group that are attributable to the Syndicate. There is no profit element in the amounts paid to Amlin Corporate Services Limited.

Amlin Bermuda Limited

Amlin Bermuda Limited (ABL) is an insurance and reinsurance company operating in and licensed in Bermuda. ABL is a wholly owned subsidiary of Amlin plc, the ultimate parent company of the managing agency.

Syndicate 2001 placed nine (2007: eight) proportional treaty reinsurance contracts with ABL for marine, aviation, direct property, special risks, specie, war, excess of loss treaty, combined hull, cargo and liability and miscellaneous classes of business. The Syndicate also placed a whole account quota share reinsurance contract of 12.5 % with ABL for the 2008 year of account (10.0% for 2007 and 2006 years of account) and one excess of loss reinsurance contract for Aviation. All reinsurance contracts are agreed on an arms' length basis with terms that are consistent with those negotiated with third parties. The total premium (less commissions retained) payable to ABL in respect of 2008 was £96,316,149 (2007: £91,439,949), of which £41,211,803 (2007: £35,002,235) was outstanding as at 31 December 2008.

Amlin Singapore Pte Limited

Amlin Singapore Pte Limited (ASL) is a service company operating in, and licensed in, Singapore which was established up to source insurance and reinsurance business from the asian market on behalf of the Syndicate. ASL is a wholly owned subsidiary of Amlin plc, the ultimate parent company of the managing agency, and commenced trading on 3 July 2007.

Service companies

Amlin Underwriting Limited has a number of subsidiaries which introduce business to, or provide specialist services on behalf of, Syndicate 2001. Amlin plc owns Amlin Underwriting Services Limited which introduces business to Syndicate 2001.

The service companies and the income received by the Syndicate are summarised below.

Service company	Insurance class of business introduced	**2008 Gross premium written £'000**	2007 Gross premium written £'000
Amlin Credit Limited *	Trade credit insurance	**–**	11,545
Amlin Plus Limited	Equine insurance	**12,779**	12,484
Amlin Underwriting Services Limited	UK cargo, goods in transit, dinghy, yacht and trade credit insurance	**20,045**	9,431
		32,824	33,460

Service company	Service provided	**2008 Fees received £'000**	2007 Fees received £'000
Serviceline (UK) Limited	Motor and legal expenses	**196**	233
AIS Limited	Claims adjusting and administration	**1,028**	995
Just Law Limited	Legal services	**2,826**	2,759
		4,050	3,987

* On 2 July 2007, the business of Amlin Credit Limited was transferred to Amlin Underwriting Services Limited. This business ceased to be written from 27 November 2008.

The entire share capital of these companies, with the exception of Amlin Plus Limited, is held by Amlin plc and its subsidiaries. Amlin Underwriting Limited and Lycetts Holdings Limited, the owners of Lycett, Browne-Swinburne and Douglass Limited, own 60% and 40% respectively of the share capital of Amlin Plus Limited. The business of Amlin Plus Limited is written under a binding authority agreement with Syndicate 2001, some of which is sourced through Lycett, Browne-Swinburne and Douglass Limited.

All transactions between Amlin Plus Limited and Syndicate 2001 are conducted on an "arm's length" basis.

The results of all of the companies, other than Amlin Plus Limited, are included in that of the Syndicate. No fees are paid by these companies to any of the directors of Amlin Underwriting Limited.

Transactions with directors

Certain directors of the managing agent are also directors of other companies, which may, and in some cases do, conduct business with Syndicate 2001 and with companies in the Amlin group, including GeoVera Insurance Ltd (of which Mr Feinstein is a non-executive director) which purchases reinsurance from Syndicate 2001. In all cases transactions between the Syndicate and with the Amlin group and such other companies are carried out on normal arms length commercial terms without any involvement by the director concerned on either side of the transaction.

Sir Mark Wrightson Bt (who was a director of the managing agent during the year until 25 November 2008) and a family company currently insure a number of motor vehicles on a group policy with Syndicate 2001. The policy was placed on the recommendation of a broker on normal commercial terms and has an annual premium of £2,490 per annum. There are no claims pending. As with any motor policy meeting UK statutory requirements, there is no policy limit in the case of such events as third party damage and personal injury (extreme instances of which are covered by the Syndicate's usual reinsurance protections).

	2006 account £'000	2007 account £'000	2008 account £'000	2009 account £'000
Number of members	2	1	1	1
Syndicate allocated capacity	1,000,000	1,000,000	825,000	825,000*
Members composition	**%**	**%**	**%**	**%**
Amlin Corporate Member Limited	90.57	100.00	100.00	100.00
AUT (No. 2) Limited	9.43	–	–	–
	100.00	100.00	100.00	100.00

*Represents expected Syndicate allocated capacity.

Syndicate auditor
Syndicate, Amlin plc and subsidiaries
Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

Corporate solicitors
Linklaters
1 Silk Street
London EC2Y 8HQ

Norton Rose LLP
3 More London Riverside
London SE1 2AQ
United Kingdom