



**AMLIN**

# **AMLIN PLC**

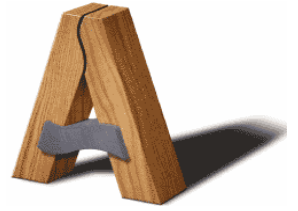
2002 Preliminary Results

27 March 2003



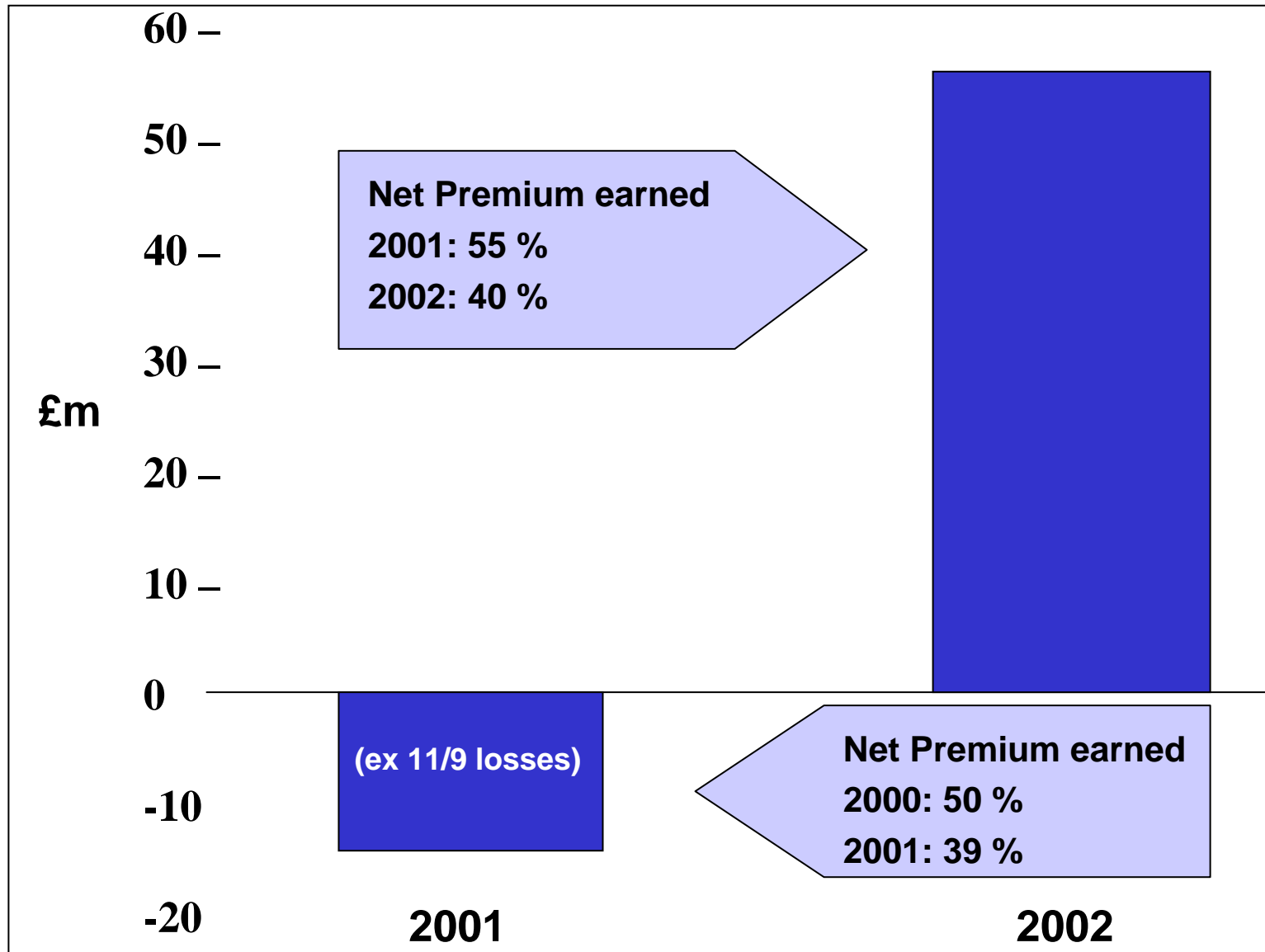
This presentation contains or may contain forward-looking statements. It is important to note that the Company's actual results could differ materially from the results anticipated or projected in any such forward-looking statements, based on a number of important factors. The Company does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Past performance cannot be relied on as a guide to future performance.

# Overview

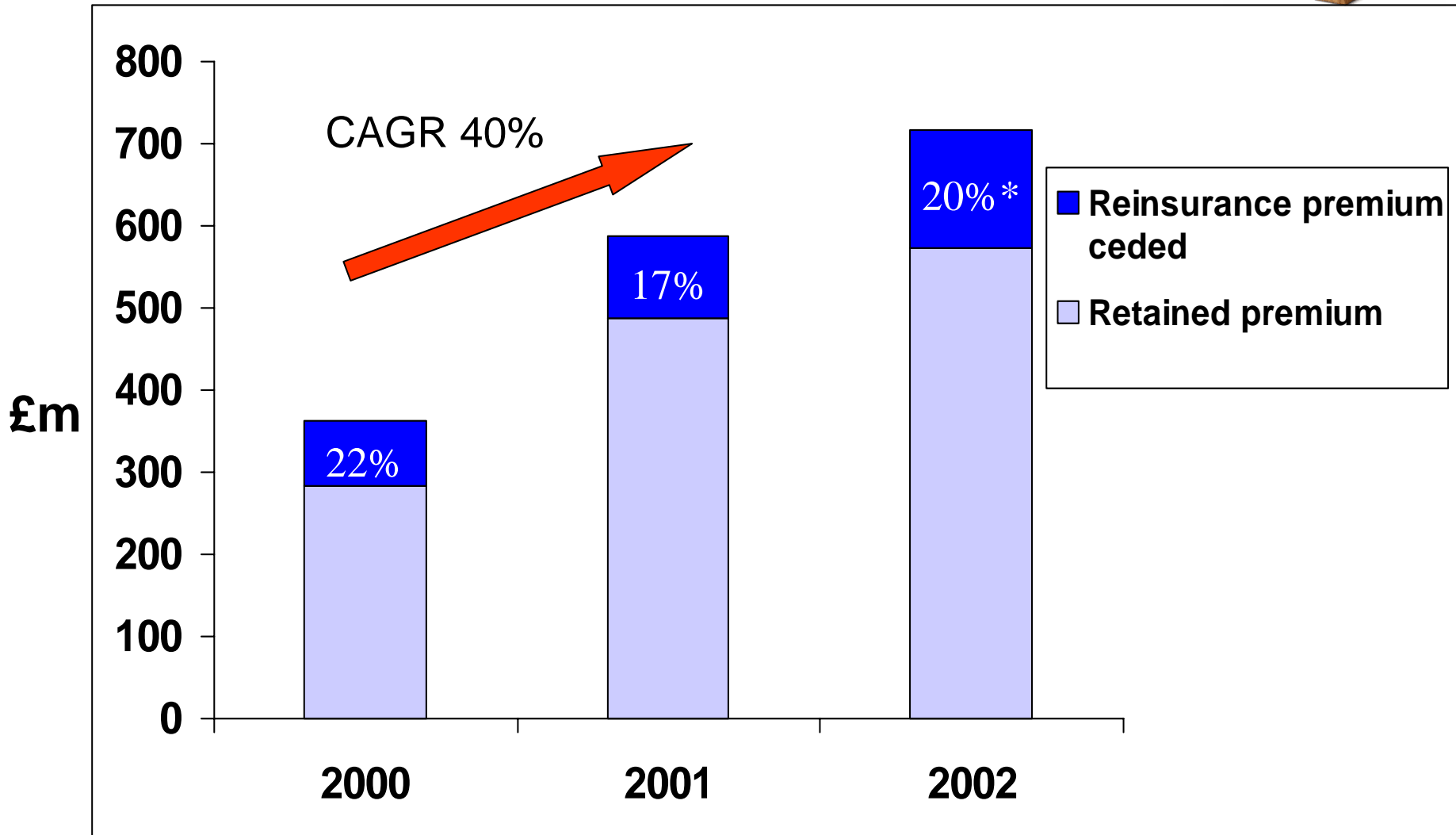


- Substantial turnaround in profitability
- Excellent earnings outlook
- Strategy to sustain out performance

# Substantial turnaround in pre-tax profit

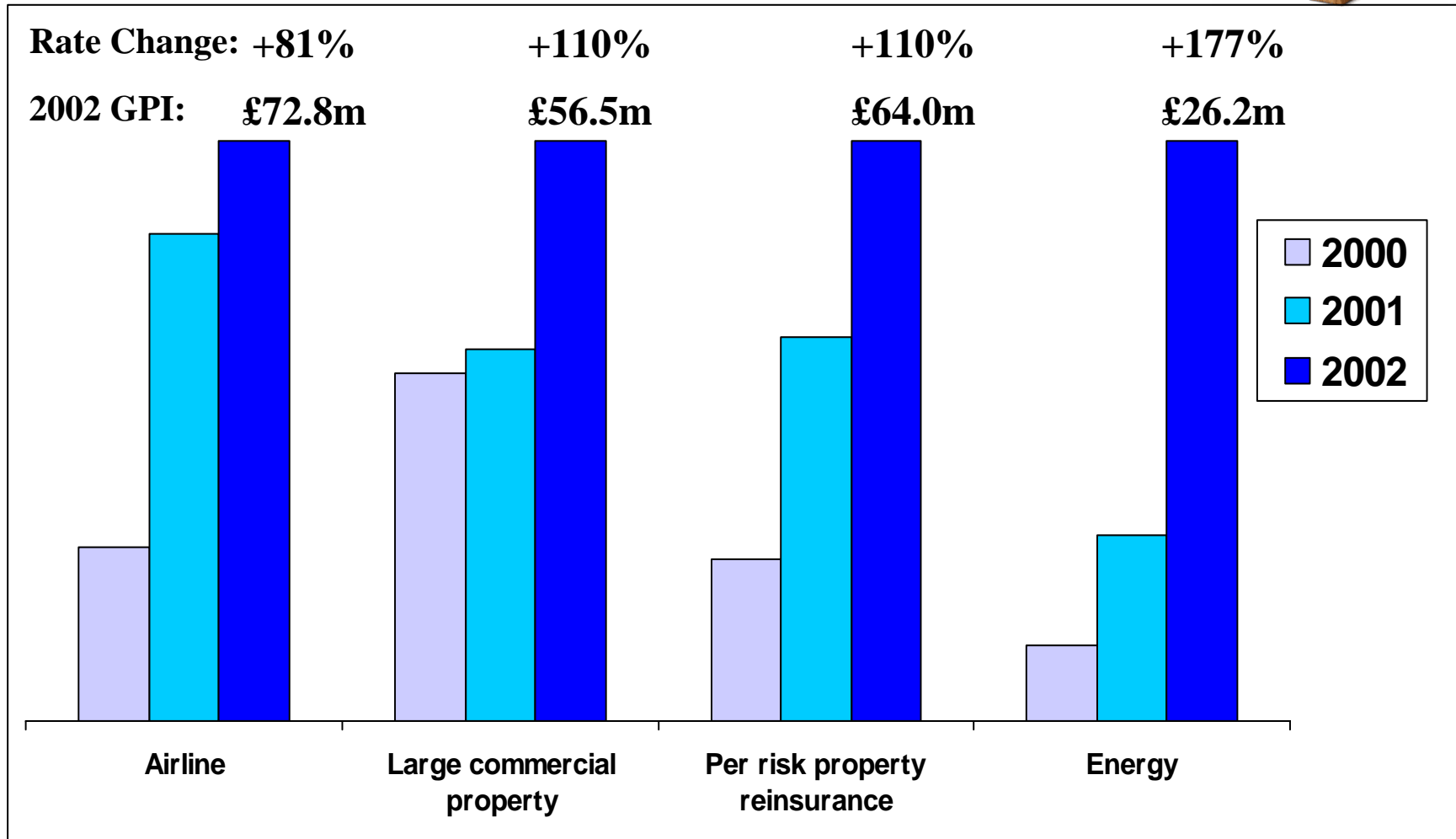


# Growth in premium into a hard market



\* 14% excluding quota share reinsurance

# Growth with significant price increases – gross premium income



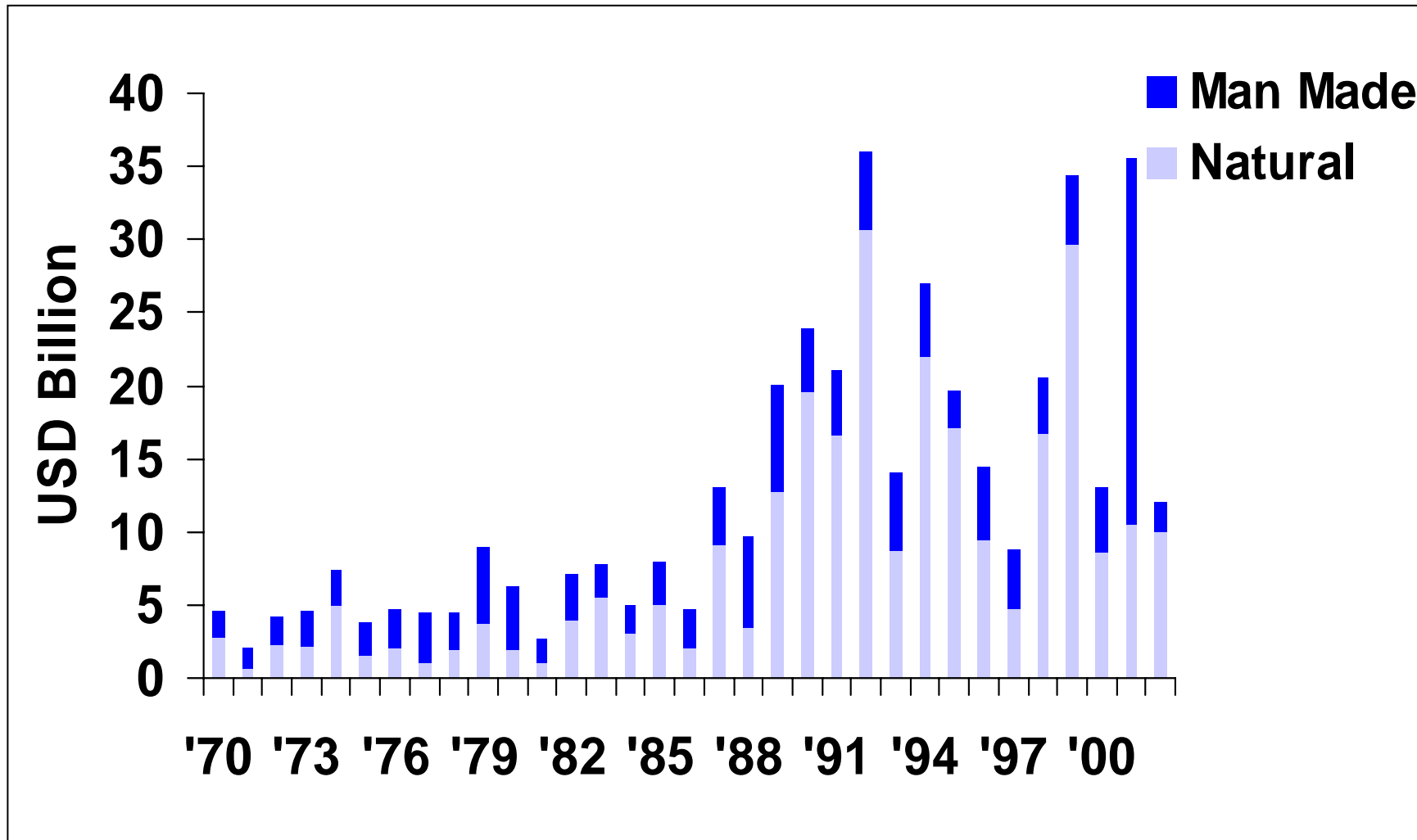
*Syndicate 2001, with gross estimated premium expressed net of brokerage*

*Rate change is the compounded 2001 and 2002 average renewal rates increase*

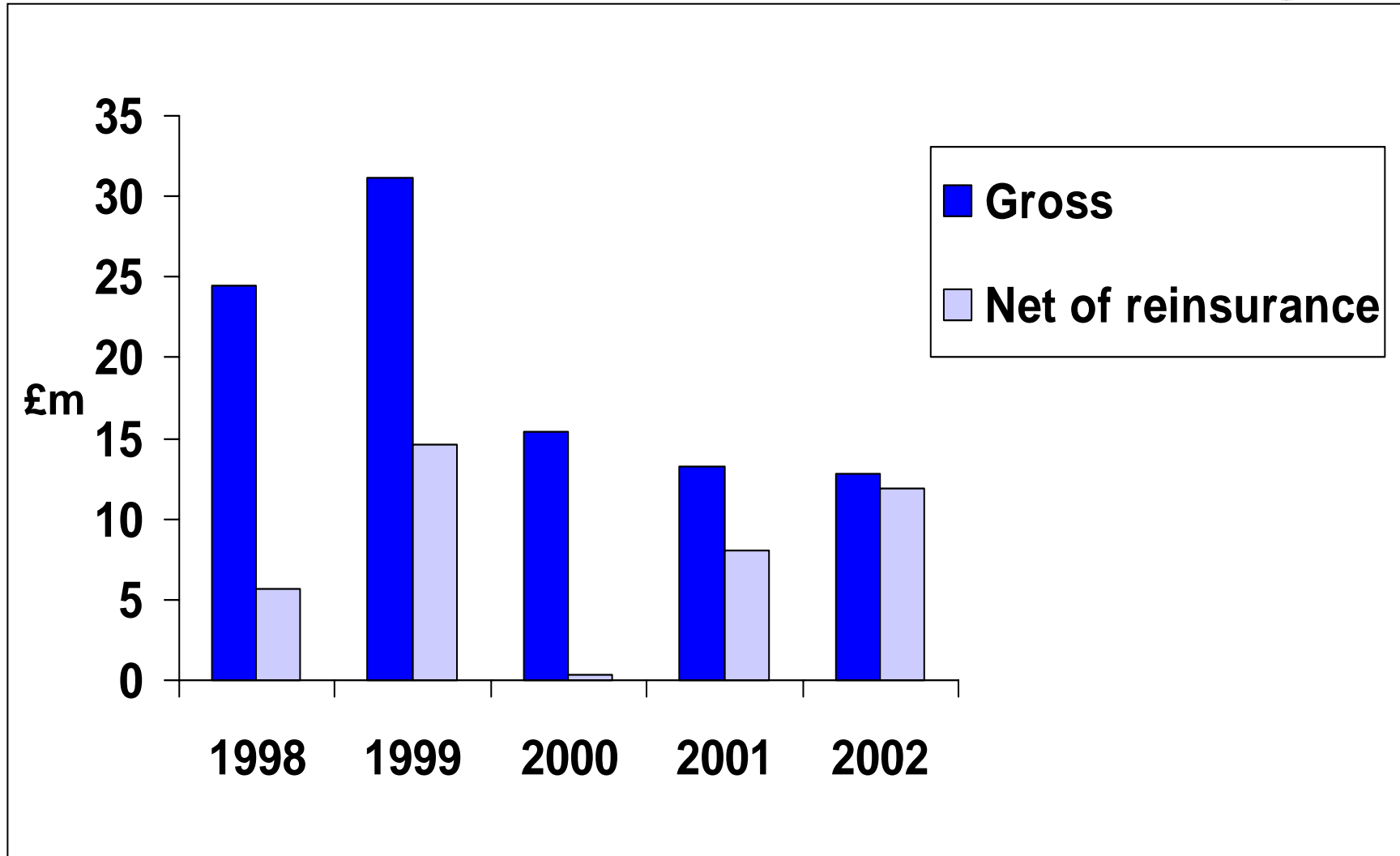
*Airline rate change excludes the per passenger surcharge of \$1.25*

# Catastrophe Losses 1970 – 2002

Insured losses in USD billions (at 2002 prices)



# Major Catastrophe losses (ex WTC) – Syndicate 2001 Share



# Results summary



## CONTINUING OPERATIONS

	2002	2001
	£m	£m
Gross premium	713	585
Net premium	570	485
Earned premium	491	342
Operating profit before 11 September	60.9	10.0
11 September claims	(1.5)	(63.9)
	59.4	(53.9)
Discontinued operations	(4.0)	(7.8)
Profit/(loss) before tax	55.4	(81.5)
Tax	(11.2)	14.5
	44.2	(67.0)
Earnings per share	14.1p	(33.3p)
Dividends per share	2.0p	-
Net tangible assets per share	65.4p	60.4p

# Differential analysis



	<b>2002</b>	<b>2001</b>	<b>Change</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Underwriting result			
- excluding 11 September 2001	33.5	(8.9)	42.4
- impact of 11 September 2001	(1.5)	(63.9)	62.4
	<hr/> 32.0	<hr/> (72.8)	<hr/> 104.8
Investment return	41.5	5.1	36.4
	<hr/> 73.5	<hr/> (67.7)	<hr/> 141.2
Discontinued operations	(4.0)	(7.8)	3.8
	<hr/> 69.5	<hr/> (75.5)	<hr/> 145.0
Other income	2.0	1.5	0.5
Other charges	(16.1)	(7.5)	(8.6)
Profit before tax	<hr/> 55.4	<hr/> (81.5)	<hr/> 136.9

# Underwriting results - 100%



	<b>2002</b>	<b>2001</b>	<b>2000</b>
	<b>£m</b>	<b>Ex 11/9</b>	<b>£m</b>
Gross premium	988.3	874.1	637.5
Net premium	793.1	723.1	497.9
Earned premium	700.6	554.6	452.6
Claims ratio	63%	70%	84%
Expense ratio	32%	30%	27%
Combined ratio	95%	100%	111%

# Reserving



## US casualty

- Combined adverse development ahead of expectations
- Business significantly reduced in 2000
- Claims development maturing

## 11 September

- Stable since April, with signs of improvement on property
- Occurrence issue unresolved
- Impact on Amlin reduced to £20 million, for second occurrence

# Underwriting results - 100% Syndicate 2001



	<b>2002</b> <b>£m</b>	<b>2001</b> <b>Ex 11/9</b>	<b>2000</b> <b>£m</b>
Gross premium	996.6	830.6	503.7
Net premium	801.0	696.4	393.9
Earned premium	703.2	493.9	358.7
Claims ratio	60%	68%	78%
Expense ratio	31%	28%	25%
Combined ratio	91%	96%	103%

# Divisional analysis: Syndicate 2001



	<b>Total</b>	<b>Coles</b>	<b>Aviation</b>	<b>AIS</b>	<b>Harvey Bowring</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Gross premium	996.6	152.6	124.8	144.1	442.9
Net premium	801.0	132.6	99.5	136.1	349.6
Claims ratio	60%	54%	61%	74%	56%
Combined ratio	<b>91%</b>	<b>88%</b>	<b>85%</b>	<b>94%</b>	<b>92%</b>
<i>2001 combined ratio (ex WTC)</i>	<i>96%</i>	<i>84%</i>	<i>84%</i>	<i>95%</i>	<i>104%</i>

# Investment returns



	<b>AT 31 DECEMBER 2002</b>	<b>RETURN FOR YEAR</b>	
	<b>£m</b>	<b>2002</b>	<b>2001</b>
<b>Corporate – Bonds</b>	124.1	8.2%	5.5%
<b>Corporate – Cash</b>	102.4	4.0%	6.7%
<b>Corporate – Equities</b>	-	-	(21.2%)
<b>Syndicate – Bonds</b>	558.2	7.3%	7.0%
<b>– WTC</b>	101.9	1.7%	-

# Expenses



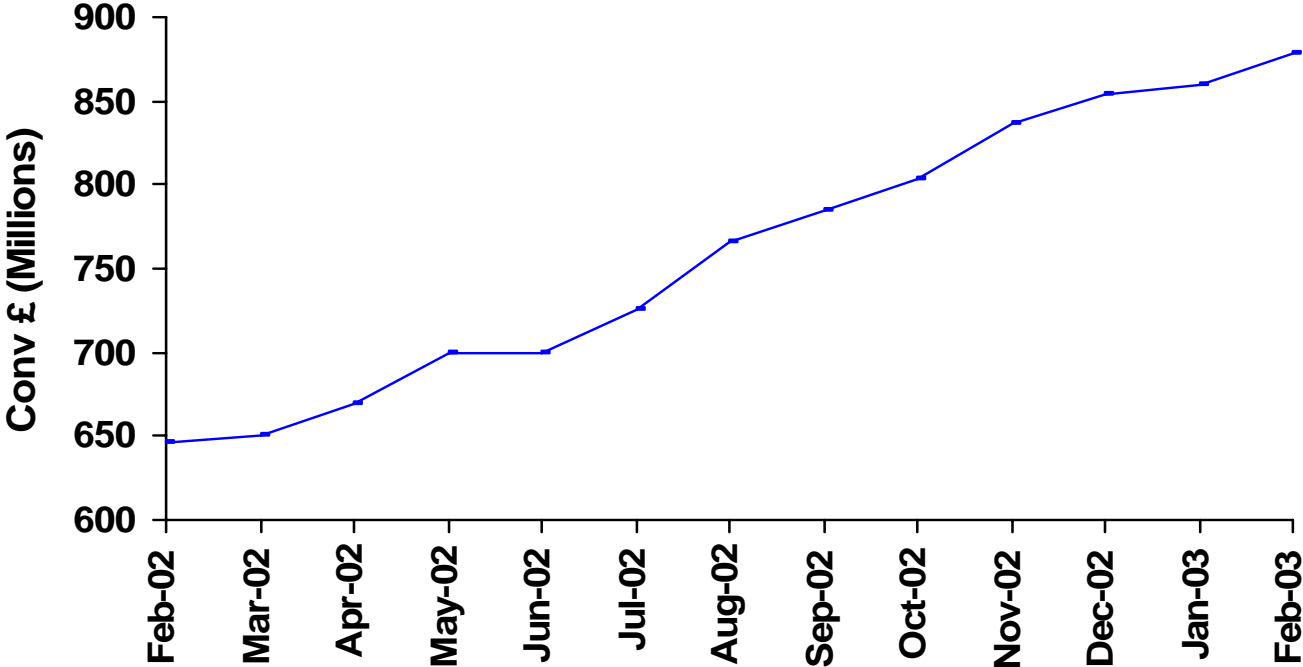
	Corporate Expenses		Syndicate Expenses	
	<b>2002</b> £m	2001 £m	<b>2002</b> £m	2001 £m
Operating expenses	8.4	4.2	24.8	23.3
Lloyd's charges	0.2	-	17.0	9.9
Professional charges	0.5	1.0	1.6	1.8
Other charges	1.4	0.9	1.5	2.1
Financing	5.6	1.4	1.1	0.8
	<b>16.1</b>	<b>7.5</b>	<b>46.0</b>	<b>37.9</b>

*1 Syndicate expenses are shown at 100% syndicate level and exclude personal expenses and acquisition costs*

# Cash flow



### Total Syndicate Funds Converted Stg



— conv £ at current month exch rates

# Balance Sheet

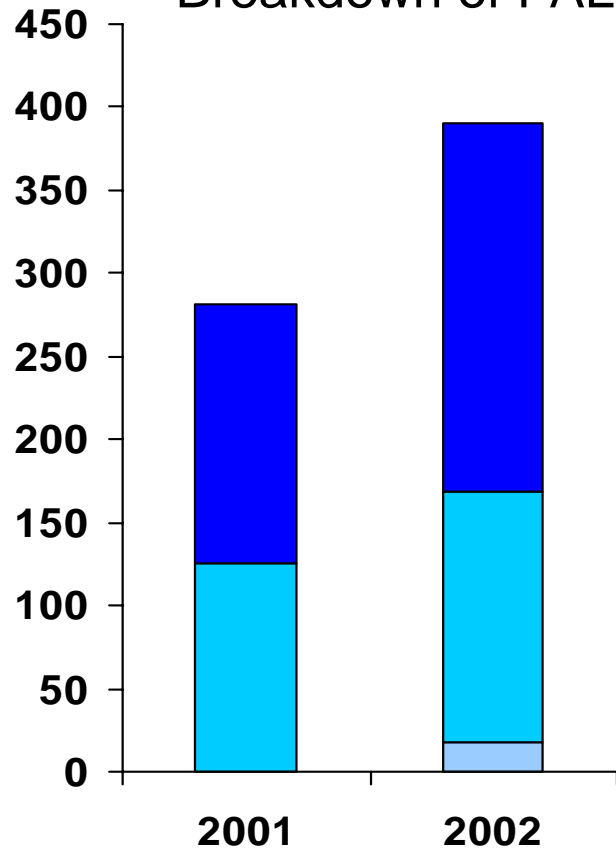


	2002	2001
Equity shareholder funds	£309.6 m	£137.2 m
Net assets per share	81.1 p	67.8 p
Net tangible assets per share	65.4 p	60.4 p

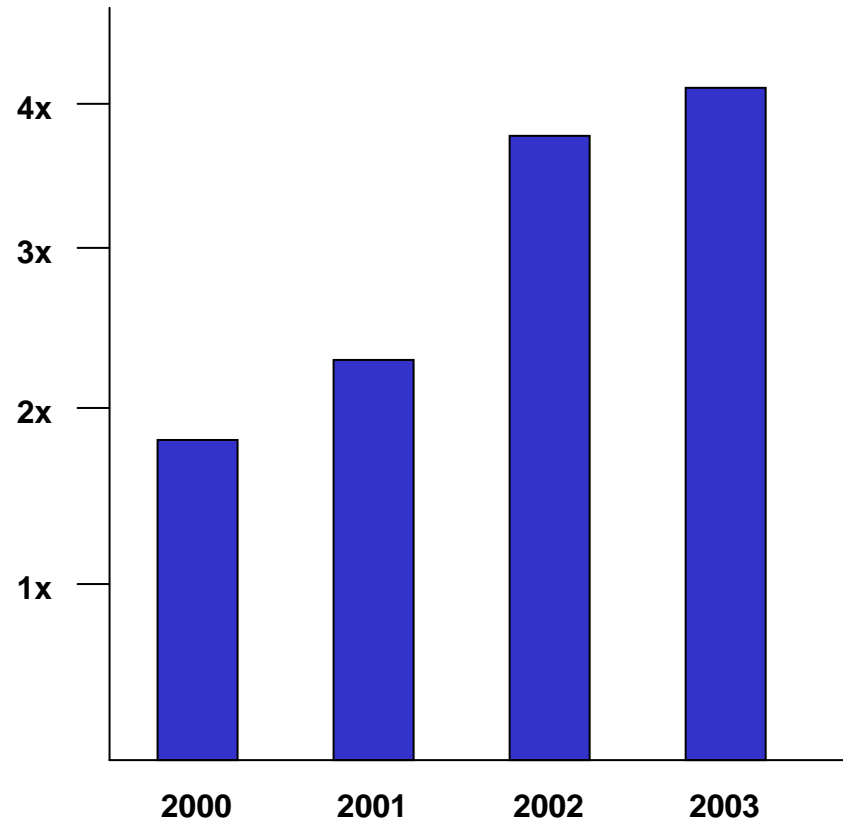
# Funds at Lloyd's and gearing



## Breakdown of FAL



## Capacity/Net assets

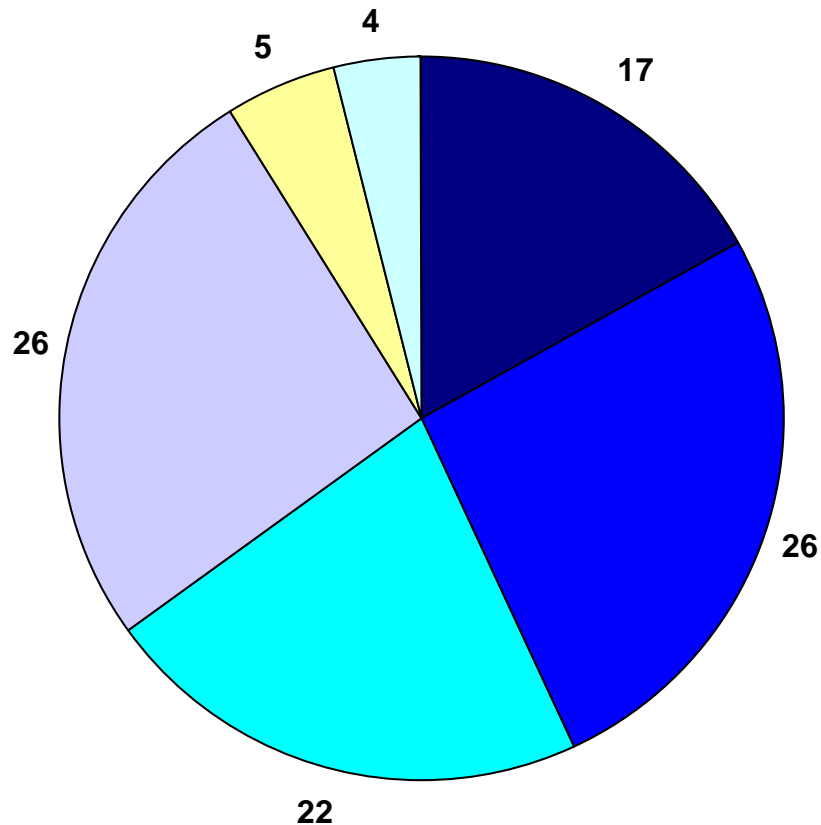


- Amlin Investments
- Letters of Credit
- Lloyd's Capital Credit

# Asset risk management

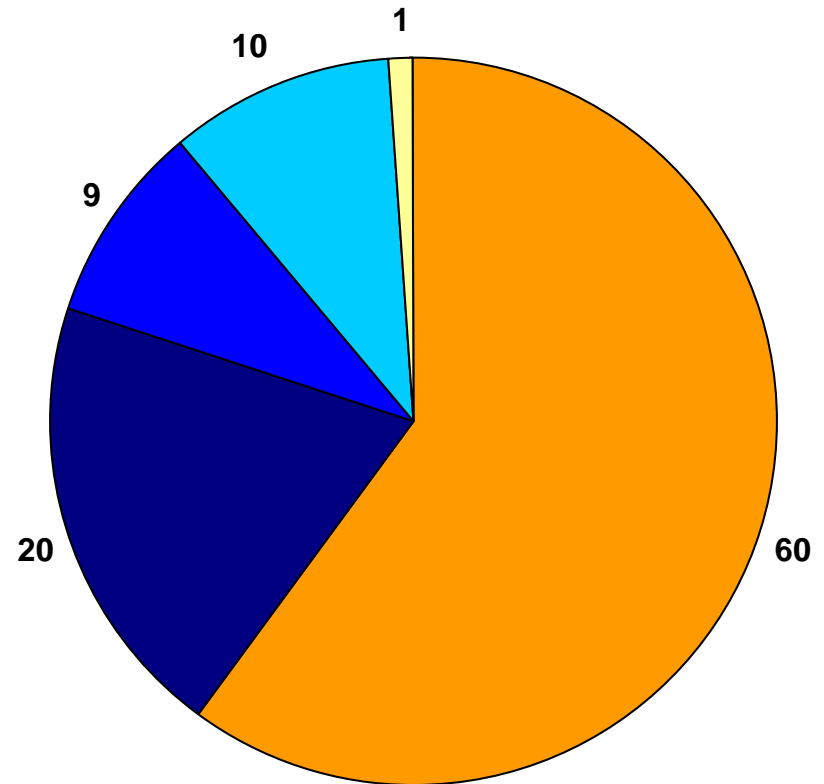


## Reinsurance Debt



- AAA
- AA
- A
- Lloyd's
- BBB
- Not rated

## Bond Portfolio



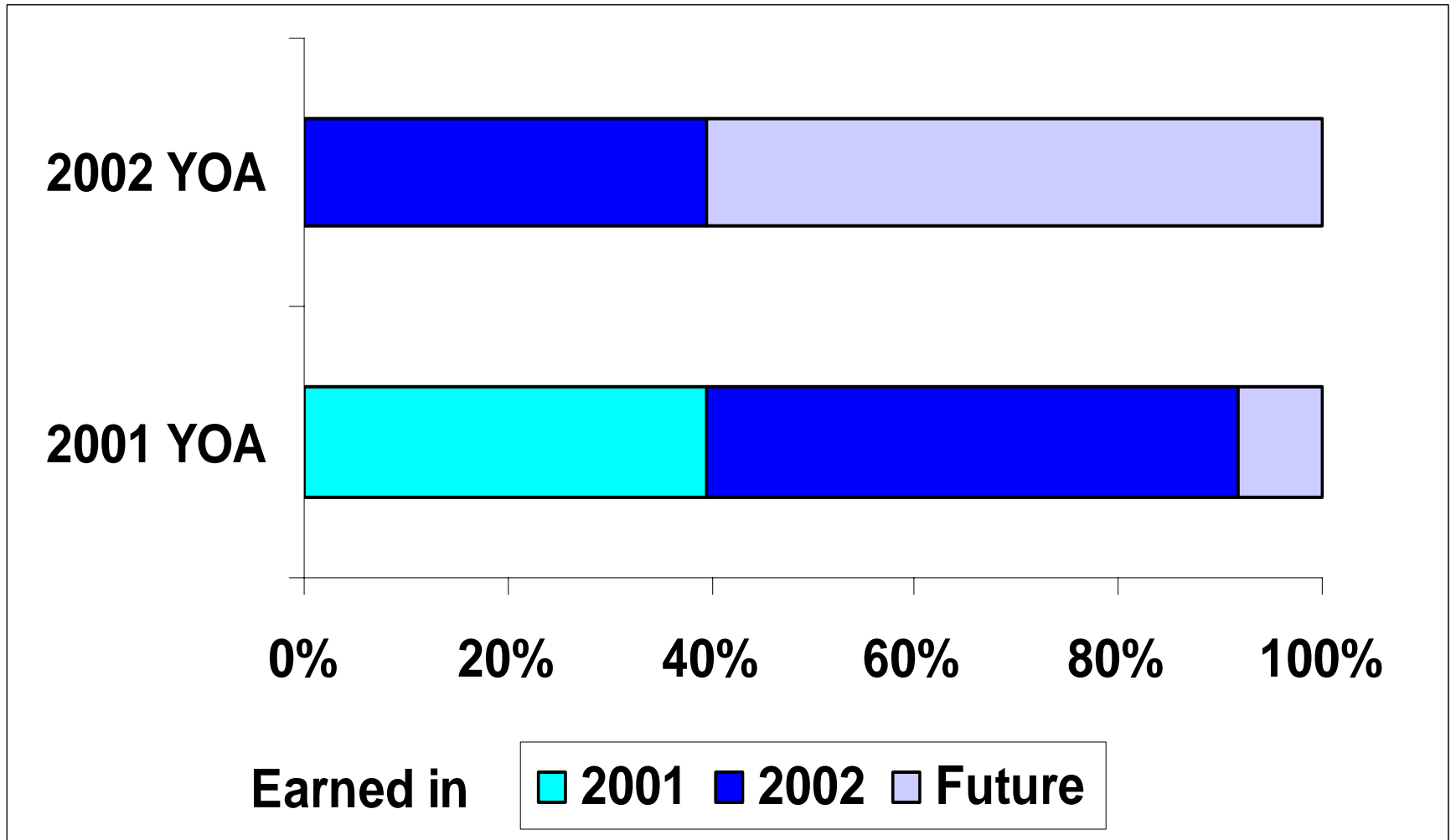
- Government/Government Agency
- AAA/Aa
- AA/Aa
- A
- BBB/baa

# Excellent outlook for 2003 results

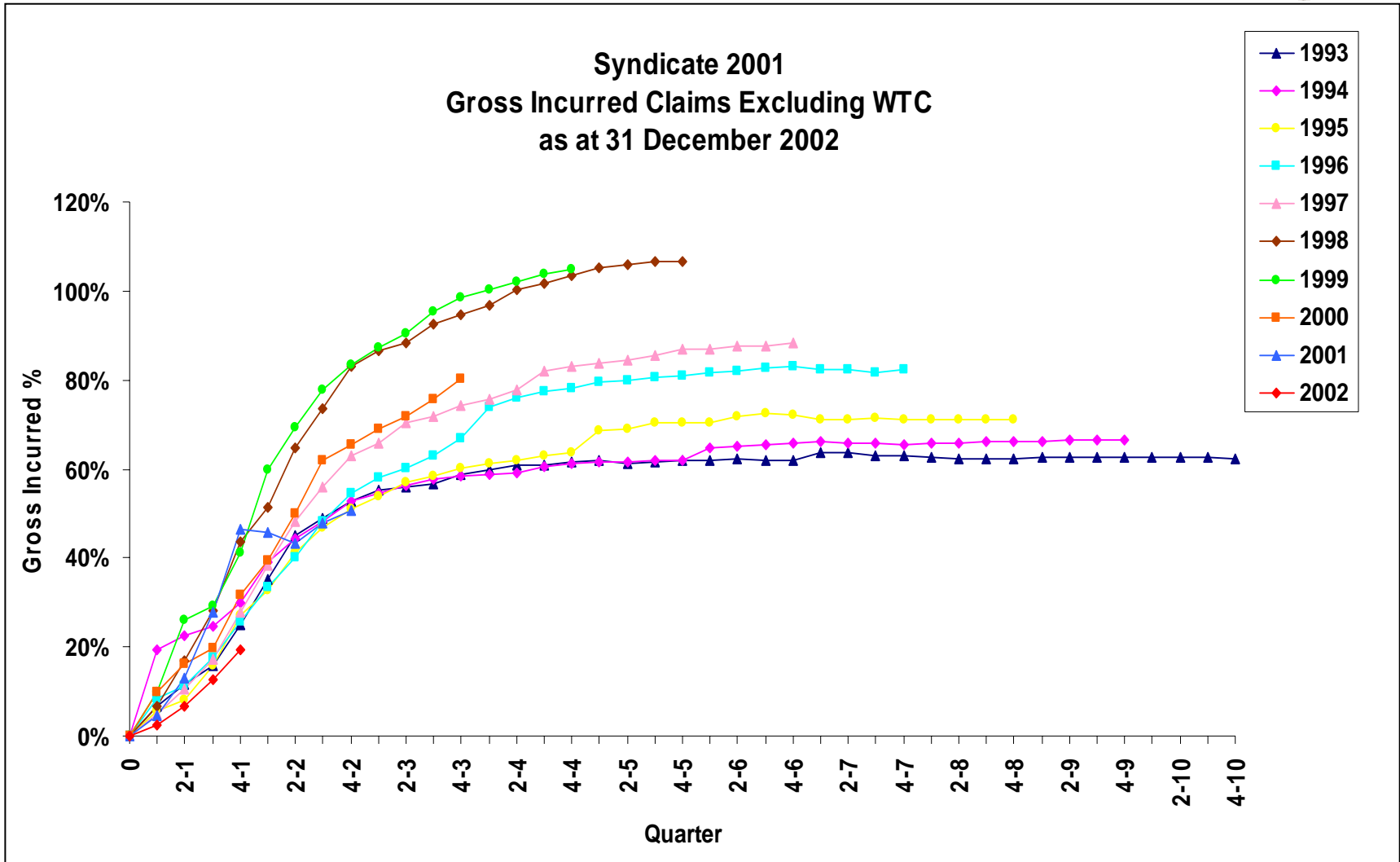


- Net underwriting result of £32.0 million for 2002
- 39% of 2002 year net premium written was earned in 2002
- Low loss incidence in year to date

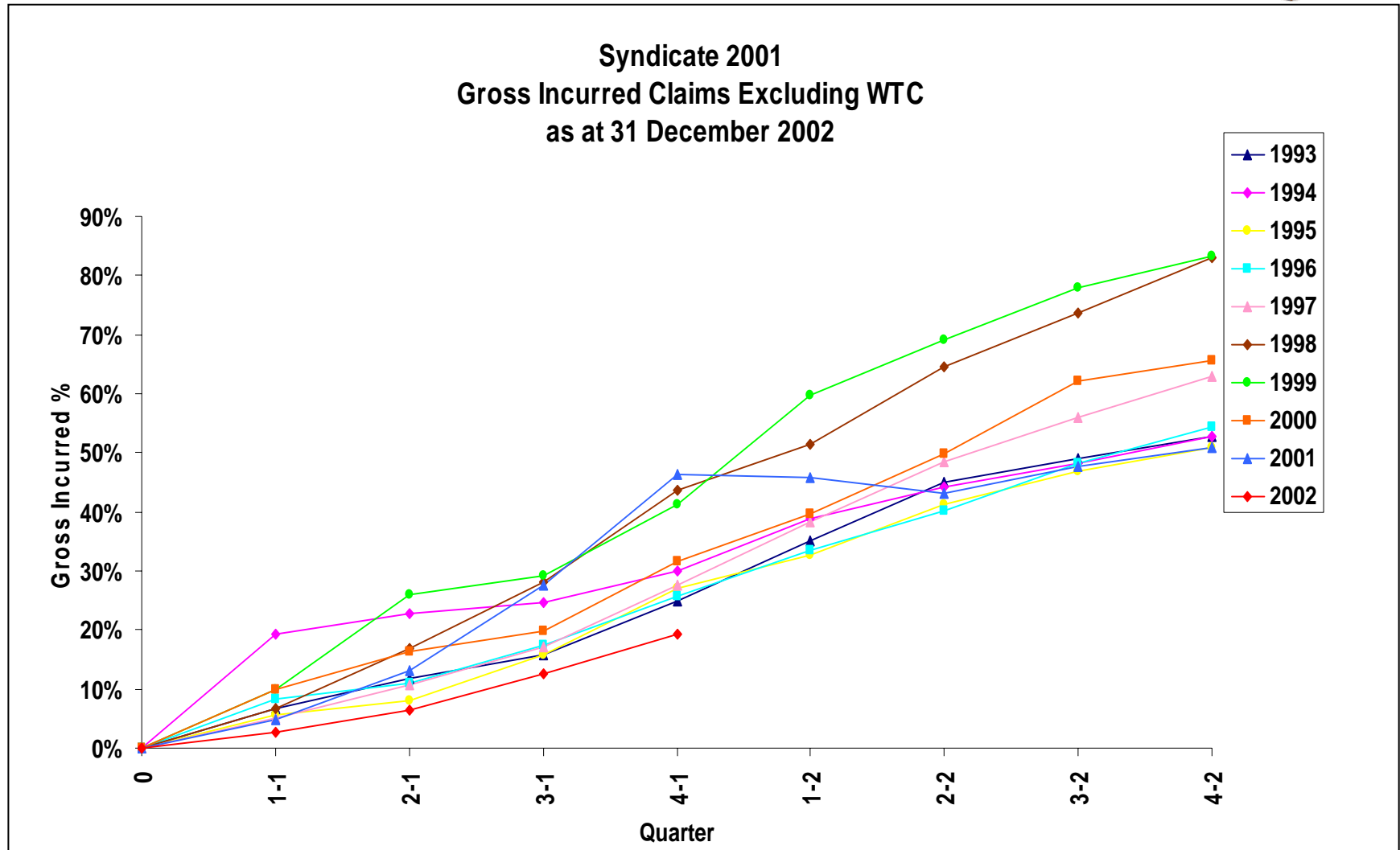
# Earning Profile



# Future performance



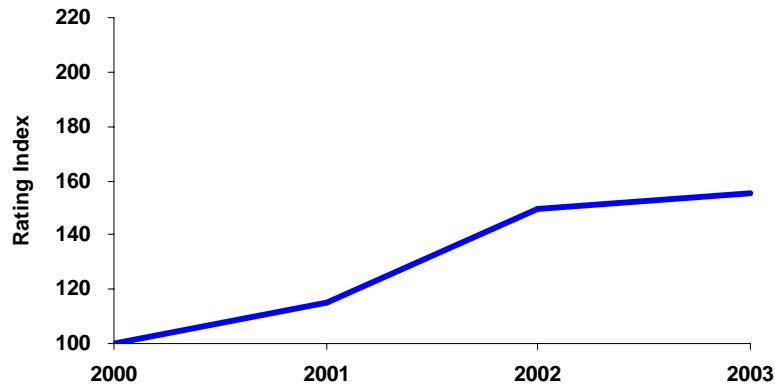
# Gross incurred loss ratios



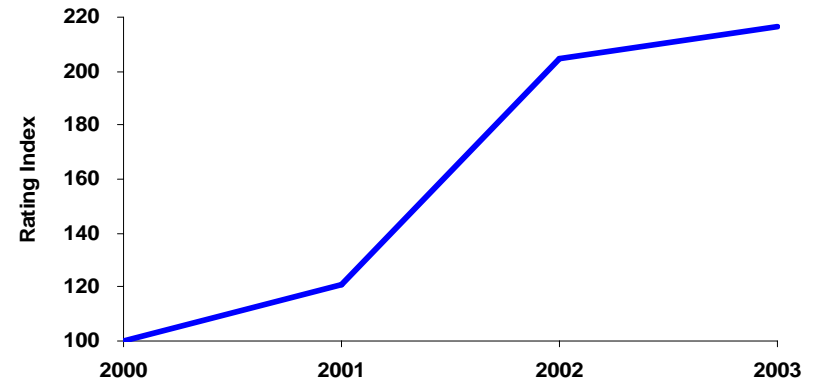
# Current trading conditions: non-marine



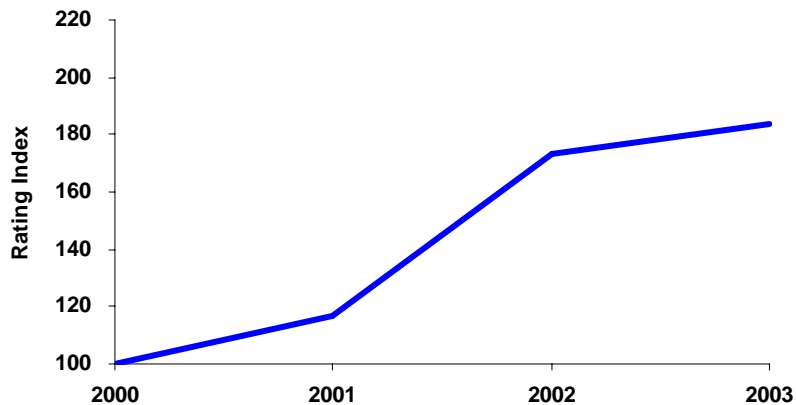
## Property catastrophe



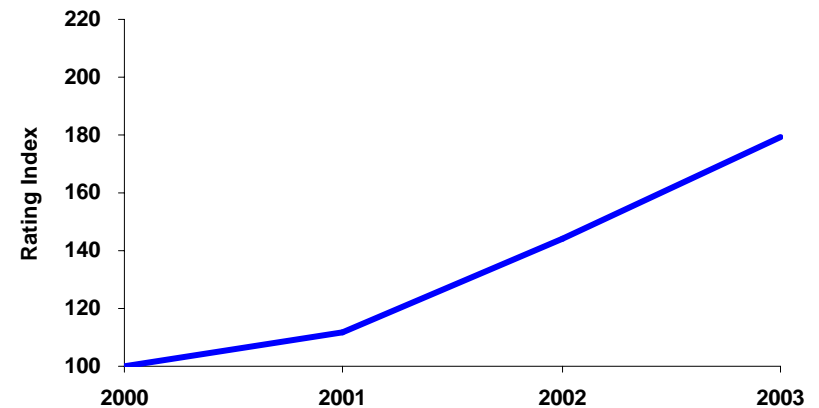
## Per risk property reinsurance



## Large commercial property



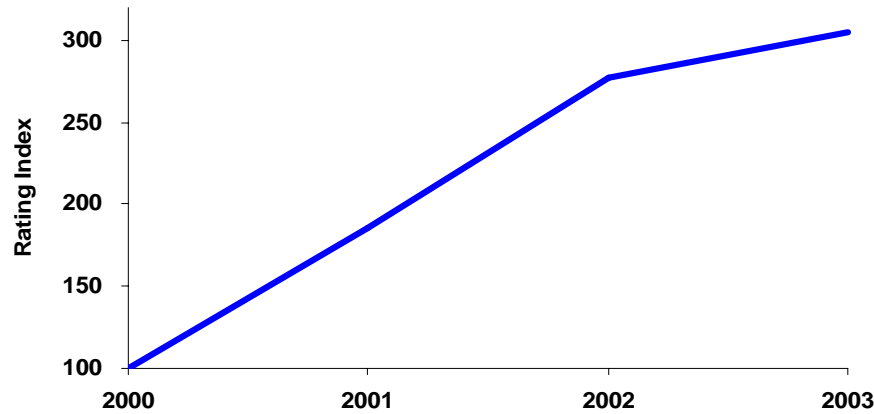
## US casualty



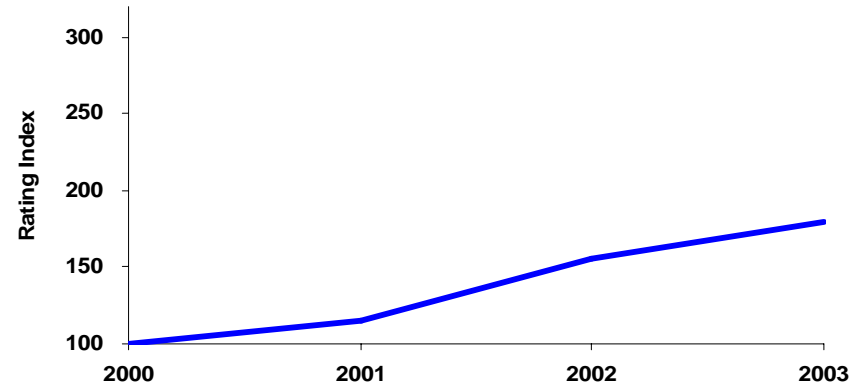
# Current trading conditions: Marine



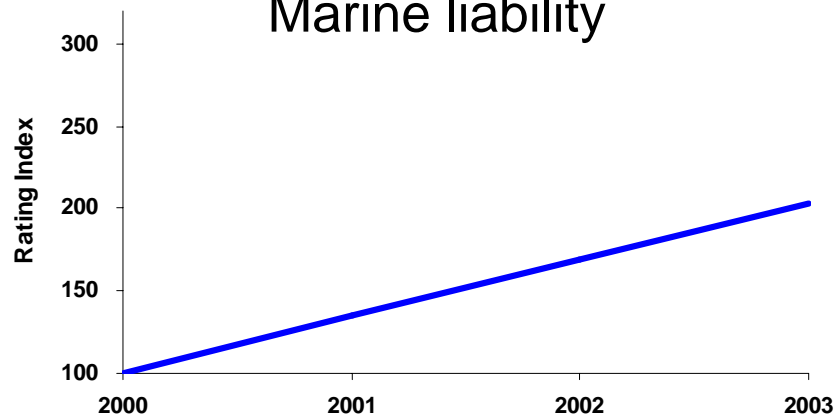
## Energy



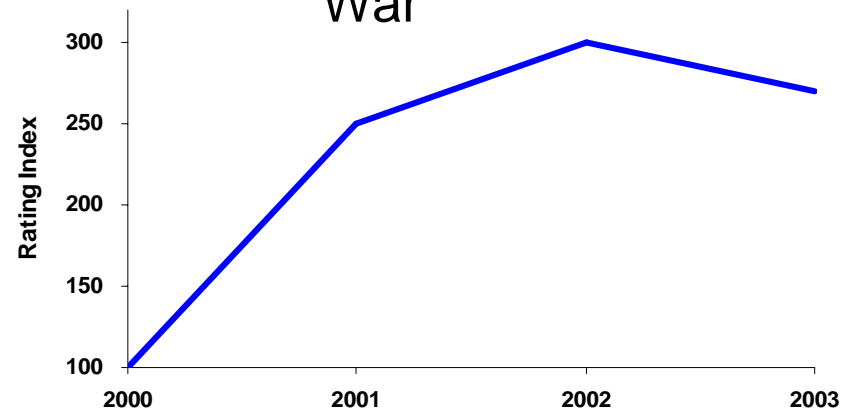
## Marine hull



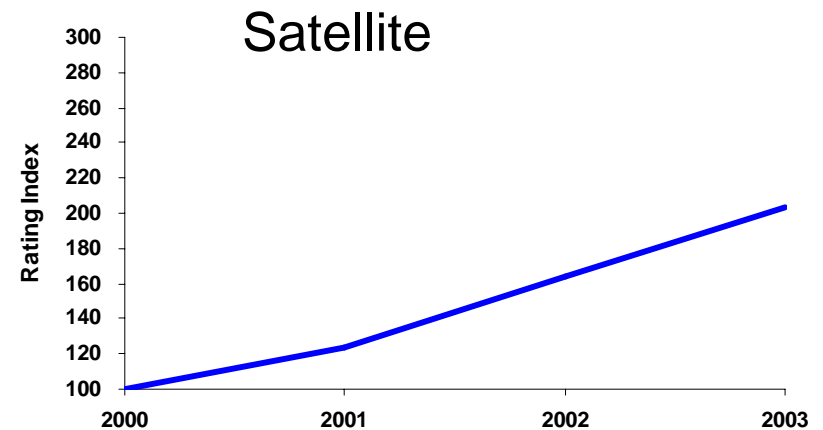
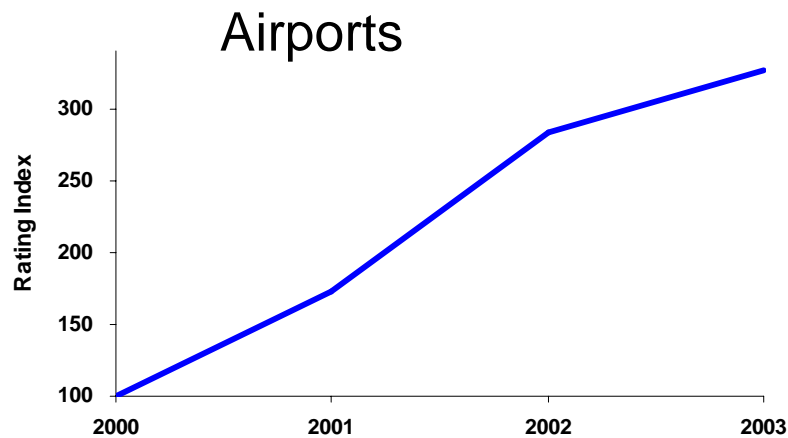
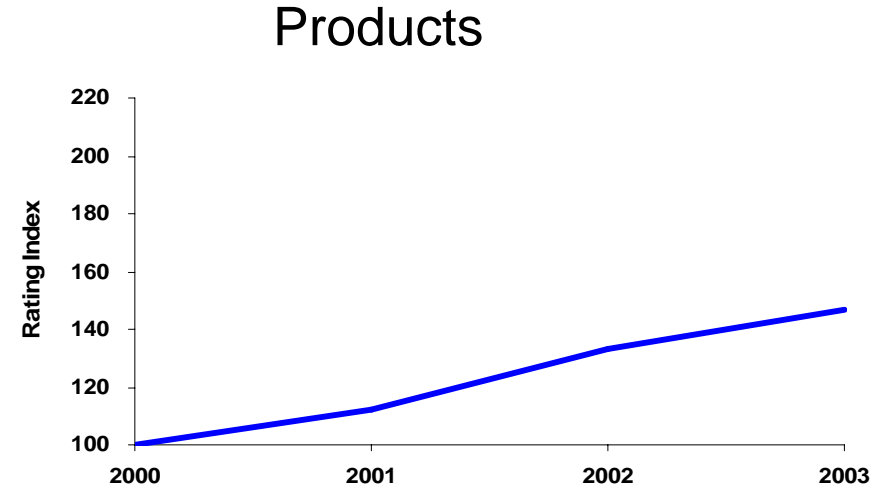
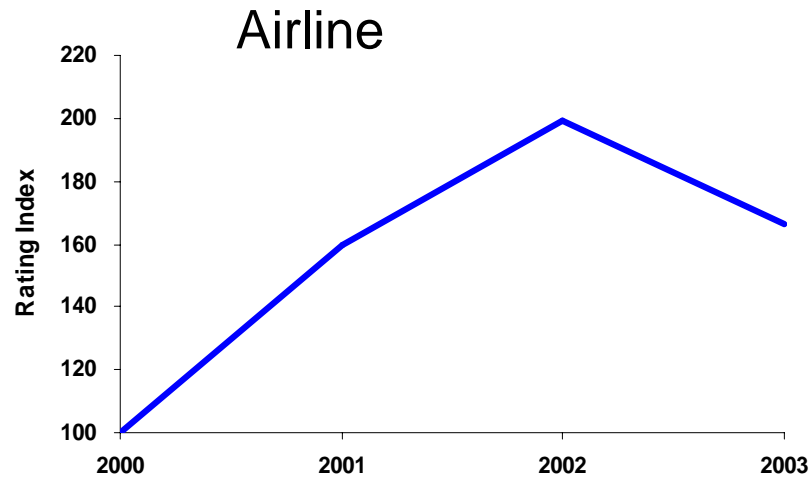
## Marine liability



## War



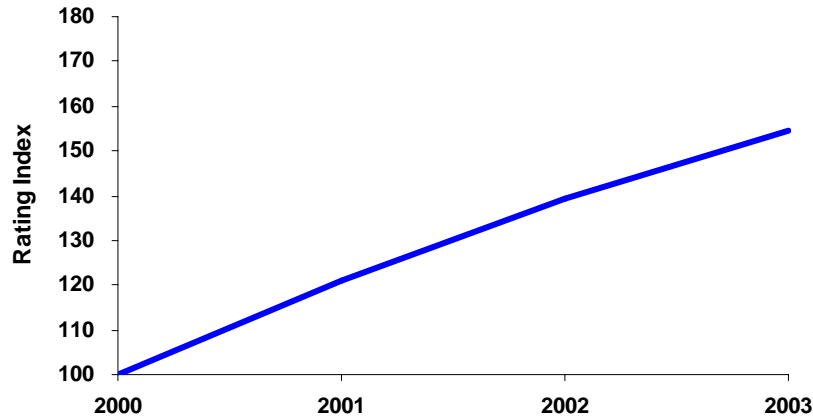
# Current trading conditions: Aviation



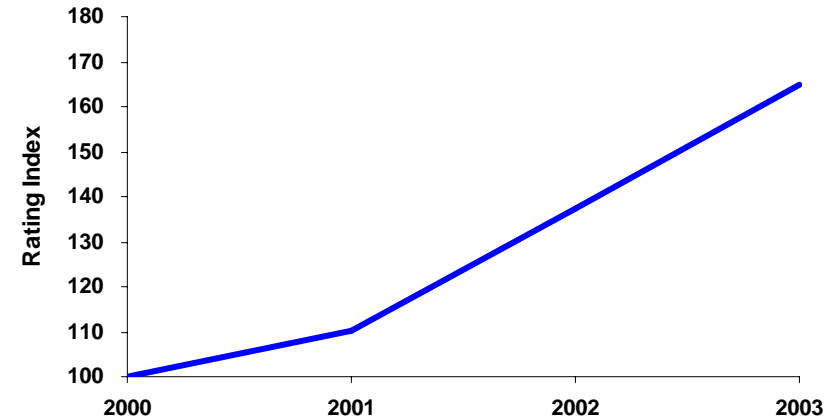
# Current trading conditions: UK Insurance



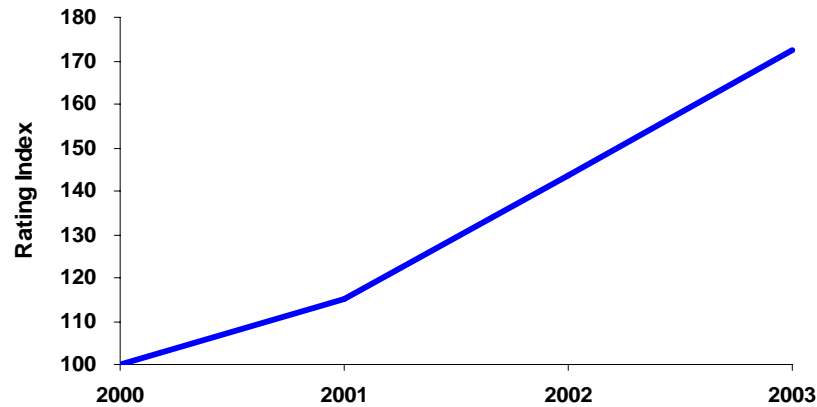
## Fleet motor



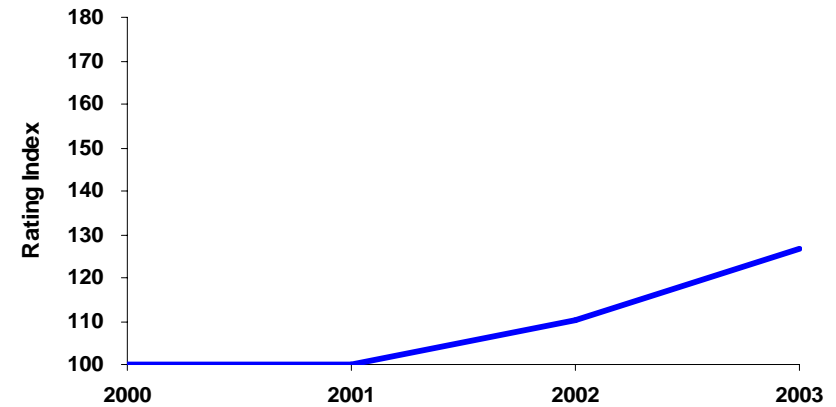
## Professional indemnity



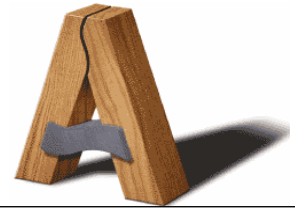
## Employer's liability



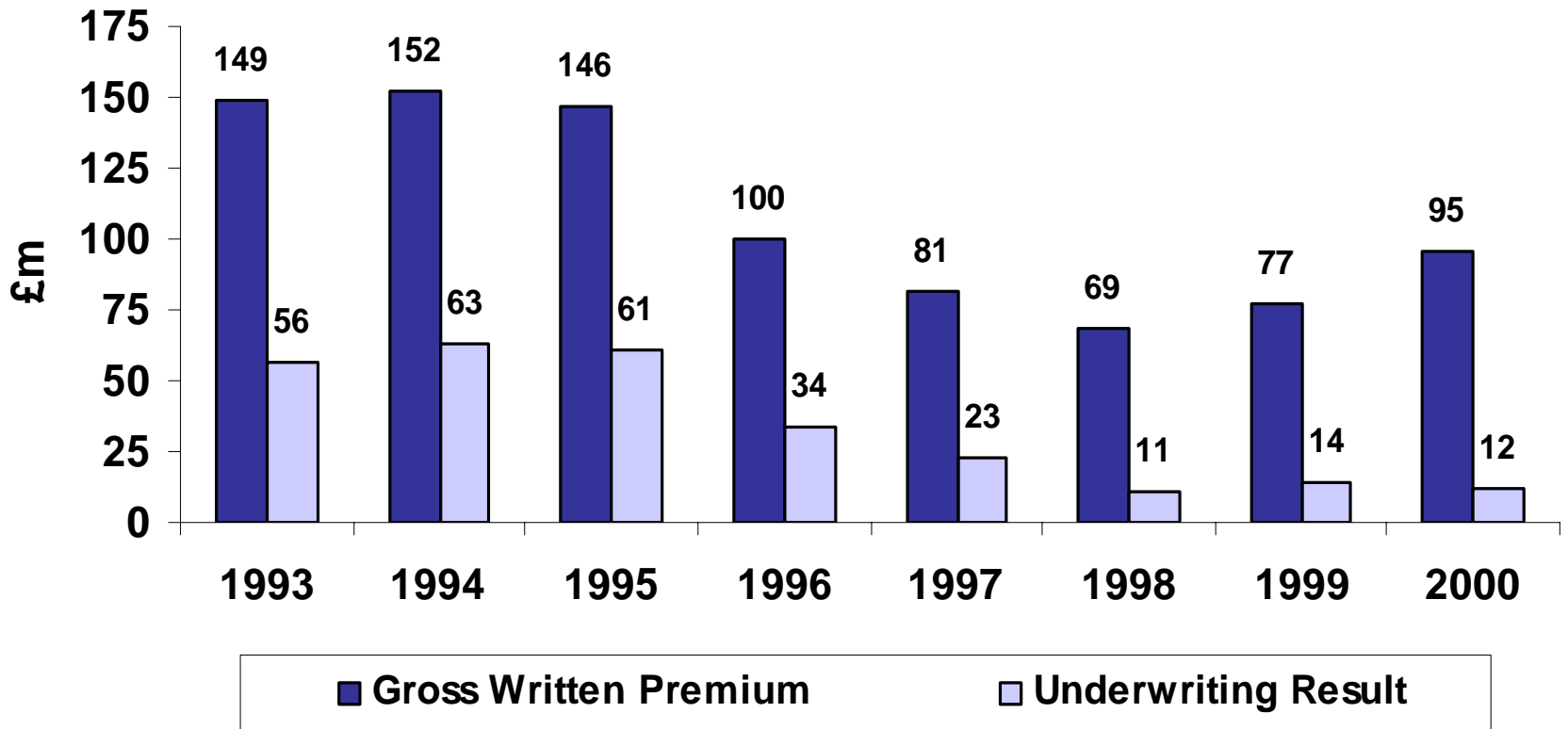
## Commercial Package



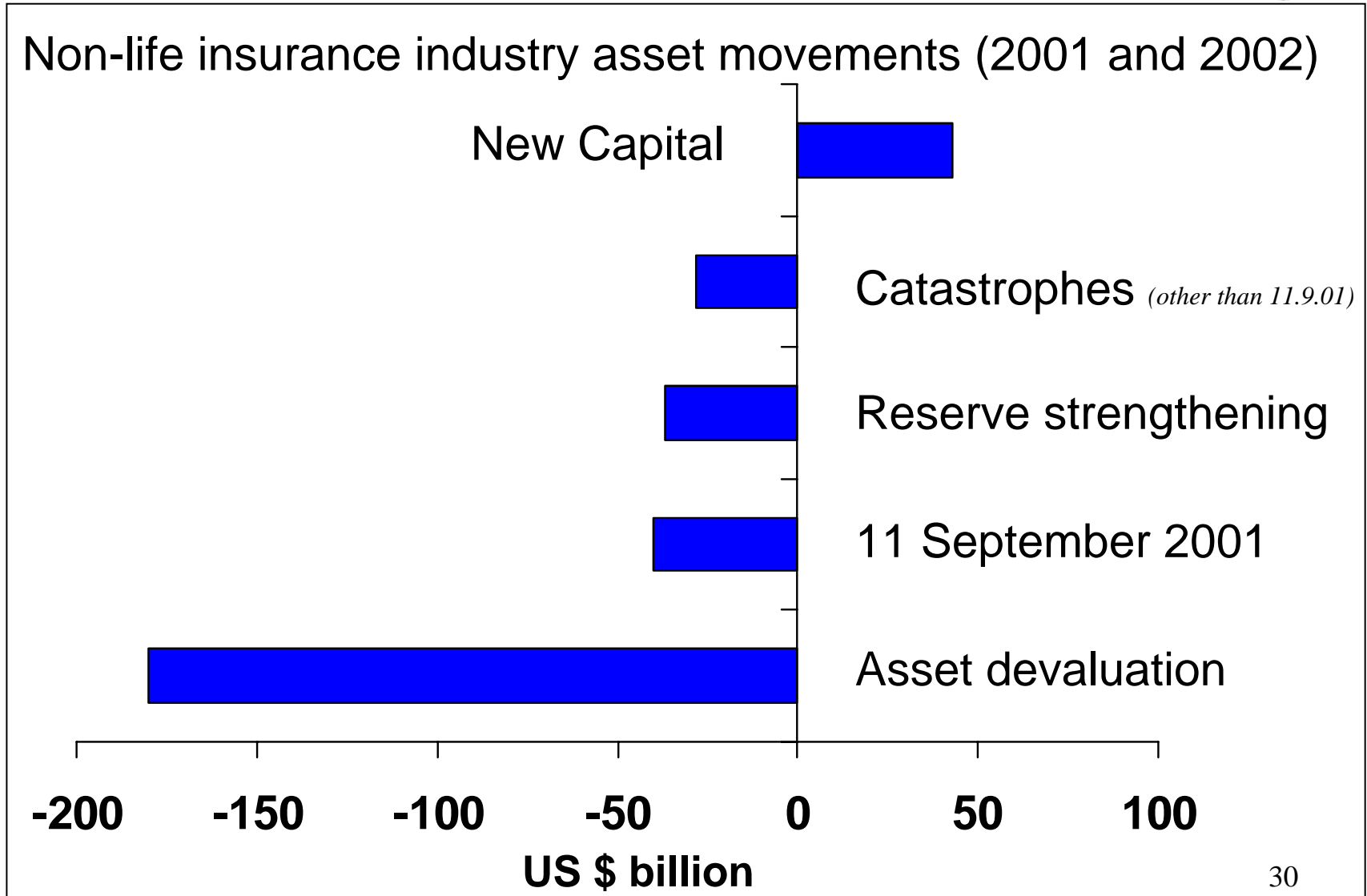
# The last cycle – Syndicate 40



## Gross Written Premium and Underwriting Result, 1993-2000



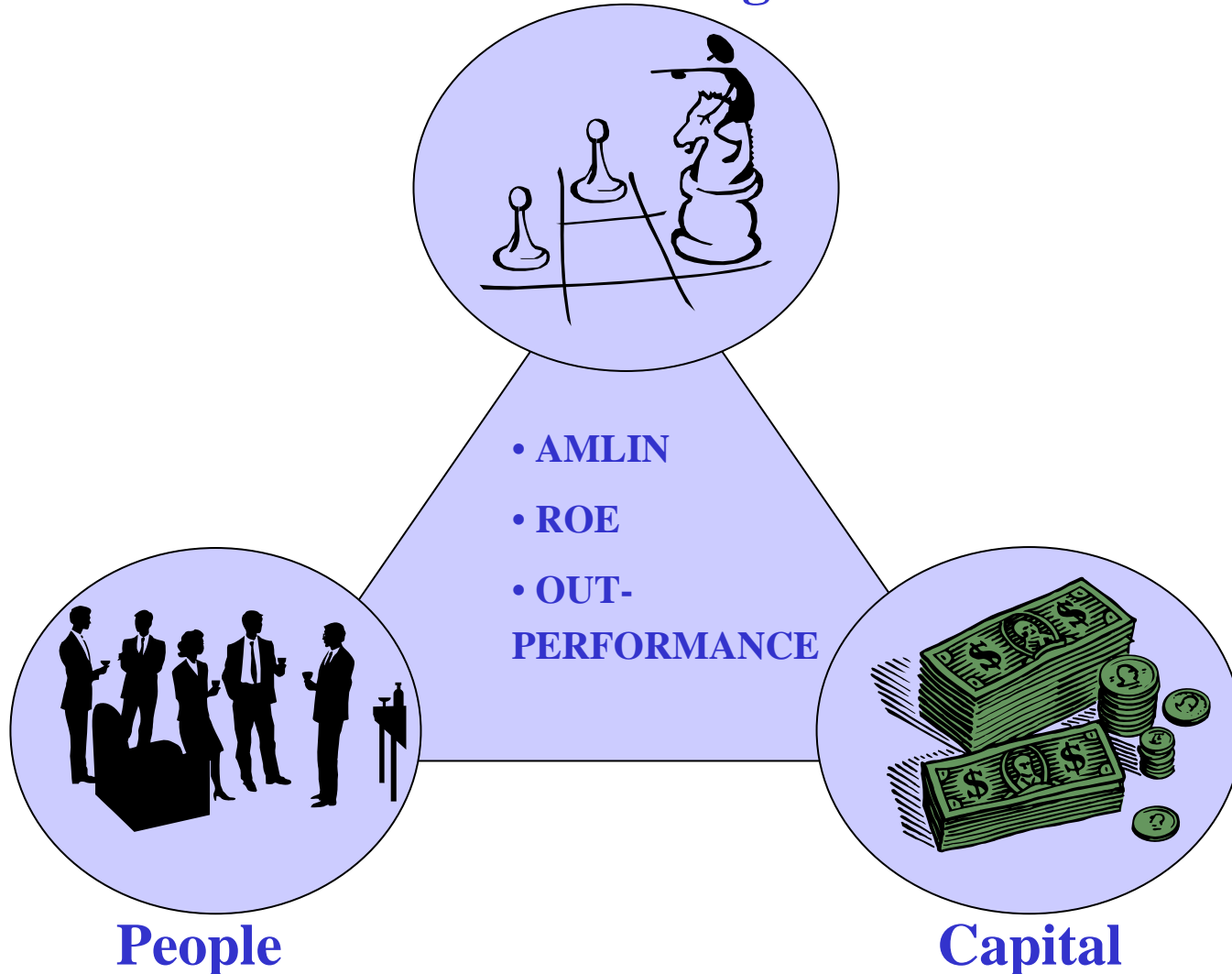
# Global industry under pressure = outlook good



# Strategy aimed at sustaining out performance



## Underwriting strategy and risk management



# Summary



- High expectations for next 2 years
- Profitable underwriting conditions anticipated for at least the next 2 to 3 years
- Strategy aimed at delivering sustained out performance



# AMLIN PLC

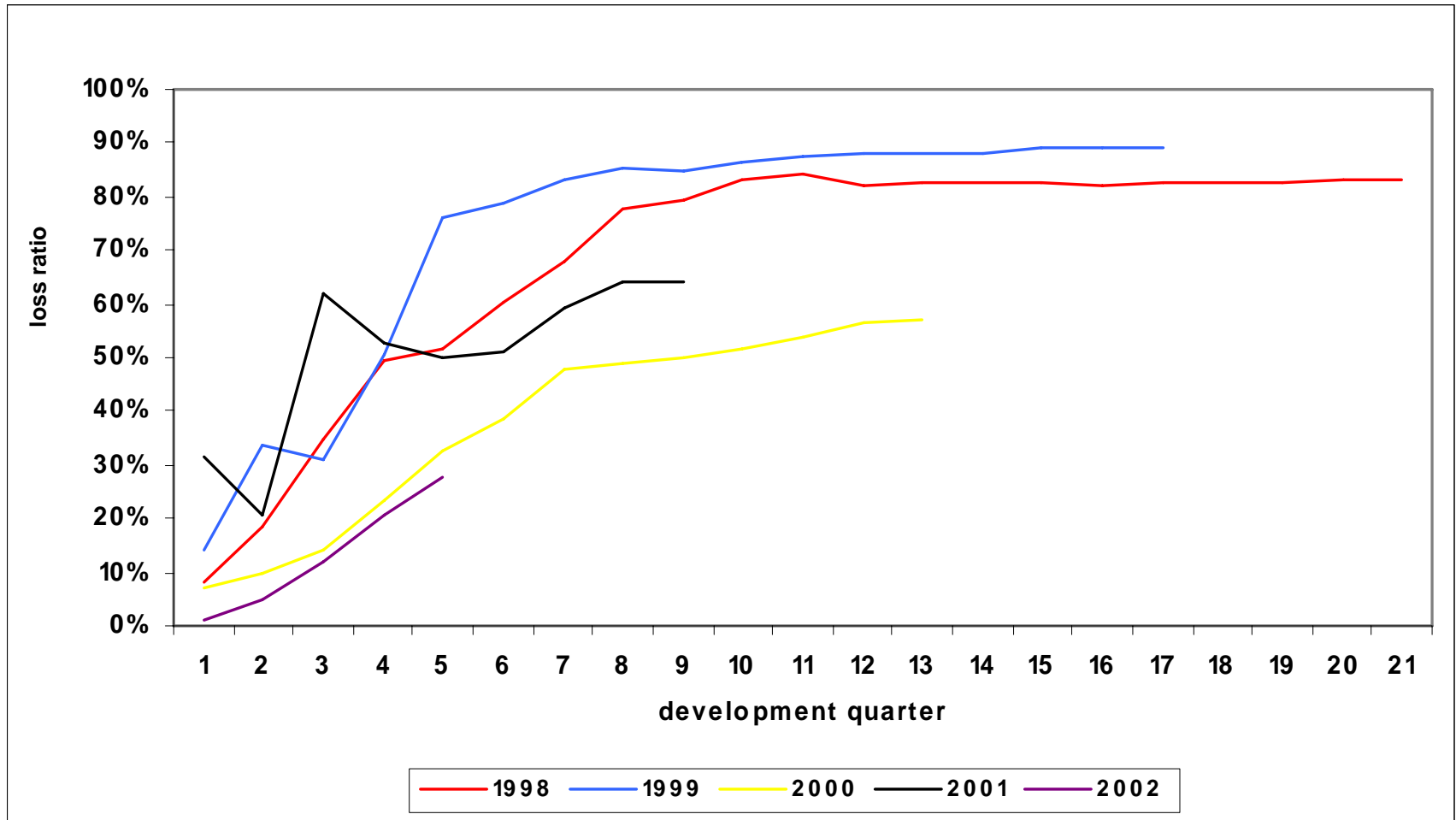
2002 Preliminary Results



# Appendices

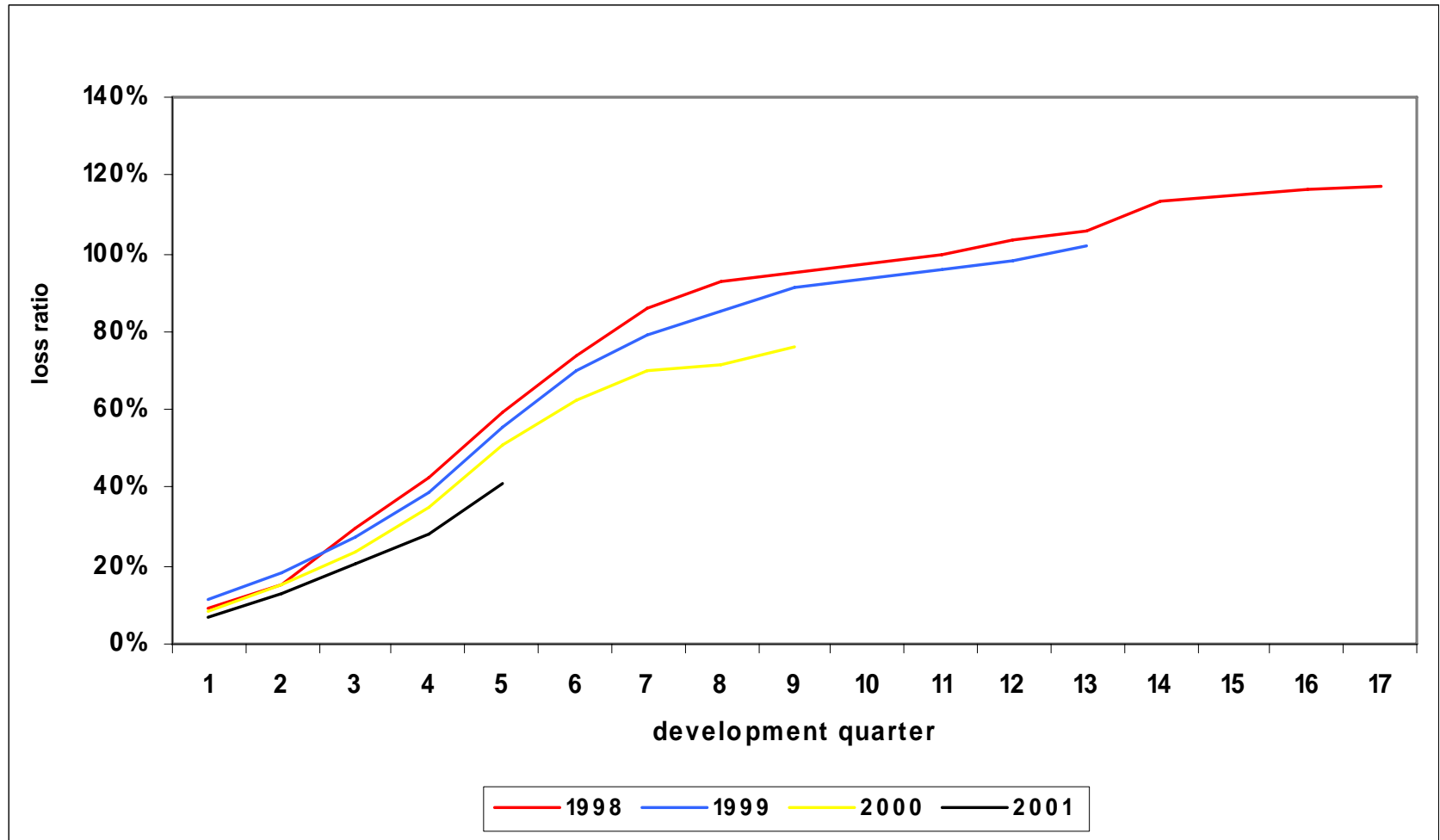
# Gross incurred claims: Coles

(excluding 11 September losses)

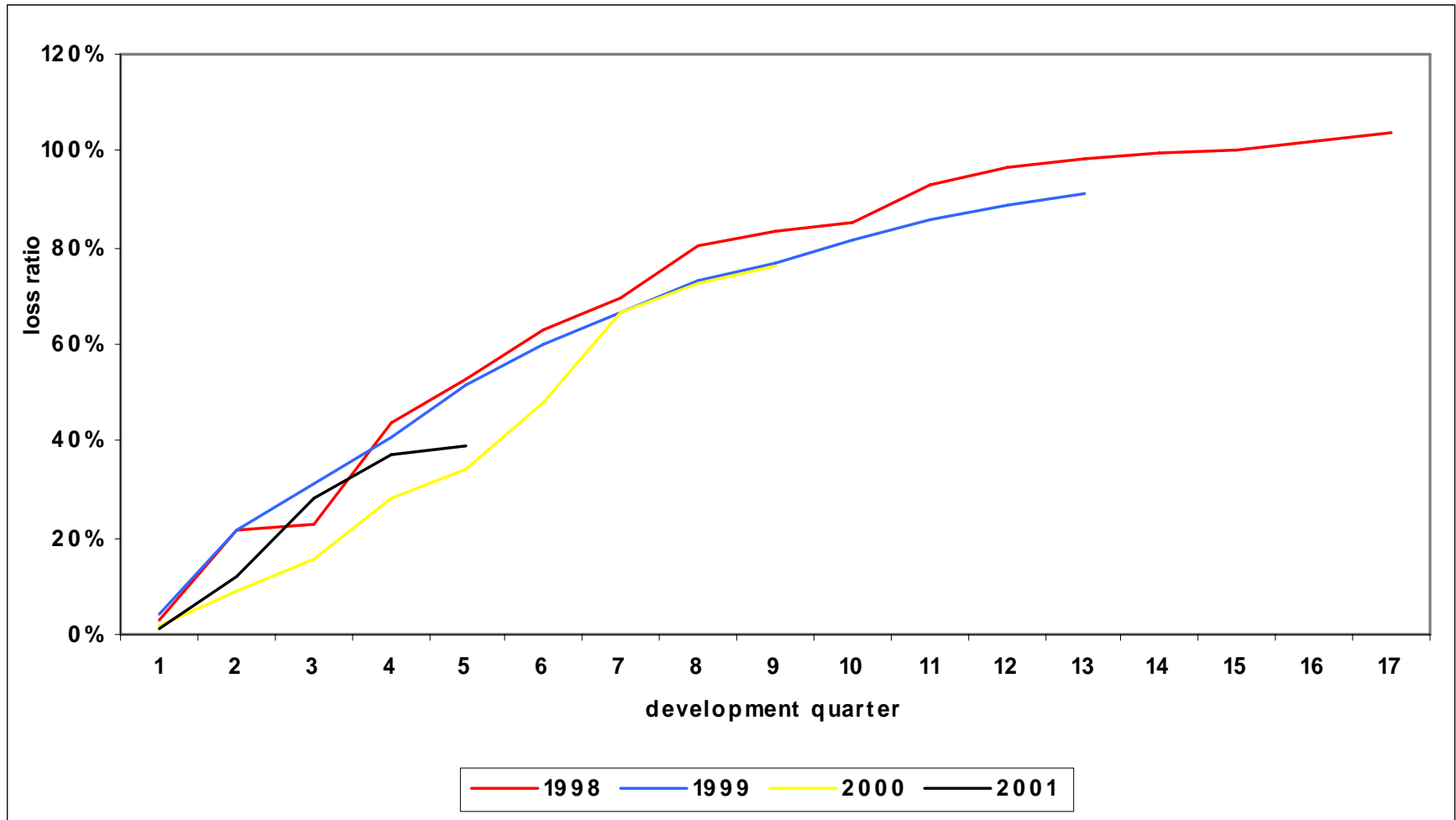


# Gross incurred claims: AIS motor

(excluding 11 September losses)



# Gross incurred claims: Harvey Bowring (excluding 11 September losses)



# Gross incurred claims: Amlin Aviation (excluding 11 September losses)

