



**Strength  
Focus  
Delivery**

**Amlin plc 2010 Interim Results**

**Presentation to Analysts**

**23 August 2010**



**AMLIN**

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.





# Amlin Interim Results 2010



# Overview

- Positive result despite H1 losses: reflects quality and diversity of Amlin's portfolio: dividend increased by 10.8% to 7.2p
- Three well capitalised underwriting platforms: Syndicate 2001, Amlin Corporate Insurance (ACI) and Amlin AG (including Amlin Bermuda, subject to final regulatory approval)
- ACI return on investment of 18.8% since acquisition: integration and re-underwriting on track: performance in line with expectations
- Selectively generating growth where market conditions attractive: benefiting from previous investments in business portfolios and teams
- Amlin Re Europe launched
- Further progress towards Solvency II
- Strong capital position to take advantage of further opportunities generated by challenging markets

# Results summary

	H1 2010 £m	H1 2009 £m	Change %
Gross written premium	1,486.2	950.1	56.4
Net written premium	1,286.8	810.1	58.8
Net earned premium	862.5	510.3	69.0
Underwriting contribution	100.1	135.3	(26.0)
Investment contribution	78.7	53.1	48.2
<b>Profit before tax</b>	<b>107.6</b>	<b>177.1</b>	<b>(39.2)</b>
Tax	(23.1)	(10.1)	128.7
<b>Profit after tax</b>	<b>84.5</b>	<b>167.0</b>	<b>(49.4)</b>
<b>Return on equity</b>	<b>5.3%</b>	<b>13.7%</b>	<b>(8.4)</b>
<b>Earnings per share (basic)</b>	<b>17.1p</b>	<b>35.2p</b>	<b>(51.4)</b>
<b>Net tangible assets per share</b>	<b>295.9p</b>	<b>241.9p</b>	<b>22.3</b>

## Net foreign exchange gains and losses in the income statement

	H1 2010 £m	H1 2009 £m
Underwriting non-monetary	(6.4)	(27.1)
Other underwriting FX	27.8	(1.5)
Total FX gain/(loss) in underwriting expenses	21.4	(28.6)
Long-term US dollar borrowings	(4.6)	7.9
Other non-underwriting FX	(13.0)	15.4
<b>Total FX gain/(loss) in income statement</b>	<b>3.8</b>	<b>(5.3)</b>

- Investments in overseas operations, principally Amlin Bermuda and ACI, generated a net foreign exchange gain, after hedging, of £27.8 million in the period (H1 2009: £93.1 million net loss). The net gain was recognised in the Consolidated Statement of Changes in Equity.

# Group underwriting results

	H1 2010 £m	H1 2009 £m	H1 2008 £m	H1 2007 £m	H1 2006 £m
Gross written premium	1,486.2	950.1	715.5	805.2	846.2 <sup>(1)</sup>
Net written premium	1,286.8	810.1	633.0	732.9	766.5 <sup>(1)</sup>
Net earned premium	862.5	510.3	445.7	514.5	481.8 <sup>(1)</sup>
<b>Claims ratio</b>	<b>63%</b>	<b>39%</b>	<b>40%</b>	<b>43%</b>	<b>49%</b>
<b>Expense ratio</b>	<b>25%</b>	<b>34%</b>	<b>27%</b>	<b>28%</b>	<b>30%</b>
<b>Combined ratio</b>	<b>88%</b>	<b>73%</b>	<b>67%</b>	<b>71%</b>	<b>79%</b>

(1) Excluding premiums associated with the reinsurance to close of our increased share of capacity.

# Chile Earthquake Loss

- Insured market loss estimated at \$5.5 billion to \$8.5 billion
- Amlin exposures principally international catastrophe reinsurance
- Reinsurance estimate now \$132.3 million (initially \$158.4 million)
- Direct exposures largely absorbed but estimated at \$35.3 million
- Uncertainty remains but estimates intended to be conservative

# Divisional analysis

	<b>Group<sup>(1)</sup></b> £m	<b>Amlin London</b> £m	<b>Amlin UK</b> £m	<b>Amlin Bermuda</b> £m	<b>Amlin France</b> £m	<b>ACI<sup>(2)</sup></b> £m
Gross written premium	1,486.2	667.0	153.6	328.4	20.6	425.1
Net earned premium	862.5	304.3	88.9	218.3	11.8	237.9
Release from reserves	70.0	24.7	17.2	9.7	-	18.0
<b>Claims ratio<sup>(3)</sup></b>	<b>62%</b>	<b>51%</b>	<b>52%</b>	<b>68%</b>	<b>47%</b>	<b>71%</b>
<b>Combined ratio<sup>(3)</sup></b>	<b>88%</b>	<b>86%</b>	<b>82%</b>	<b>83%</b>	<b>89%</b>	<b>100%</b>
<b>H1 2009 combined ratio<sup>(3)</sup></b>	<b>65%</b>	<b>68%</b>	<b>80%</b>	<b>53%</b>	<b>83%</b>	<b>-</b>

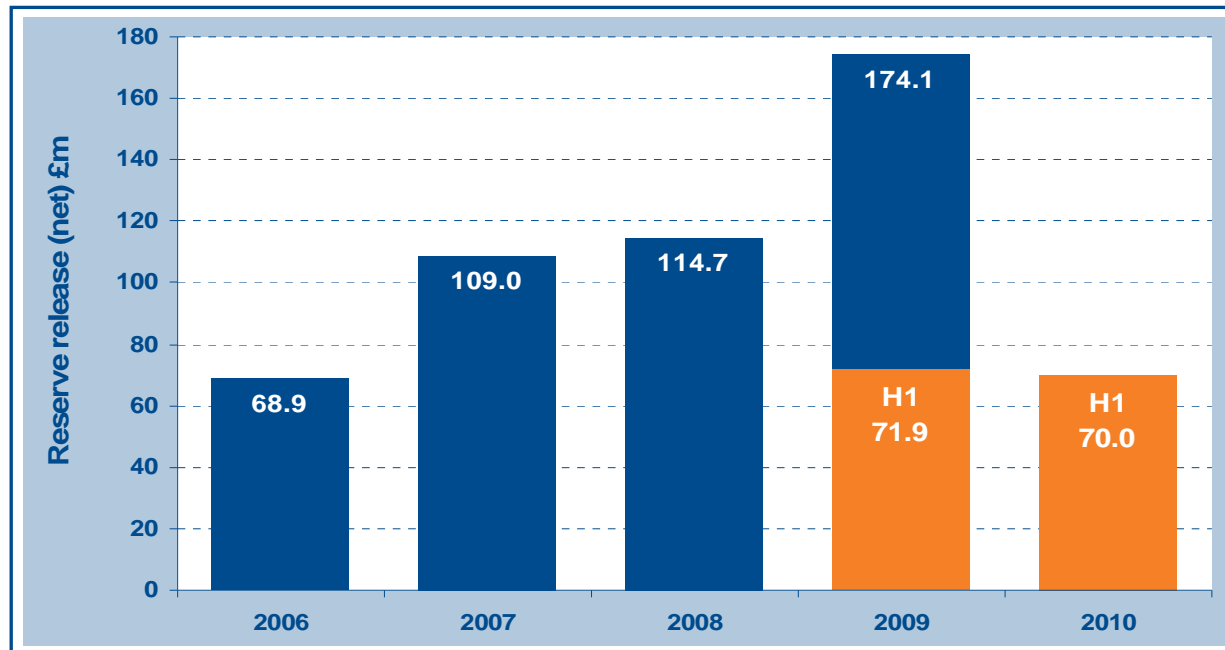
(1) Group totals include consolidation adjustments.

(2) From date of acquisition.

(3) Above ratios exclude the FX arising from the treatment of net non-monetary assets and liabilities.

# Reserving

- On an accident year basis, Group reserves are at least £200 million above actuarial best estimate



- Further reserve releases subject to normal claims development

# Investment performance

	H1 2010			H1 2009		
	Average asset allocation	Allocation	Return	Average asset allocation	Allocation	Return
	£m	%	%	£m	%	%
Cash & cash equivalents	182.4	4.4	0.1	627.2	21.5	0.3
Debt securities	3,538.6	85.7	2.4	2,005.6	68.9	2.9
Equities	277.8	6.7	(6.1)	198.4	6.8	2.4
Property	133.4	3.2	0.4	82.2	2.8	(16.7)
<b>Total</b>	<b>4,132.2</b>	<b>100.0</b>	<b>1.7</b>	<b>2,913.5</b>	<b>100.0</b>	<b>1.6</b>

## Investment mix: bond analysis

	At 30 Jun 2010		At 30 Jun 2009	
	£m	%	£m	%
Government securities	1,256.8	36.5	1,188.4	36.9
Government index linked securities	-	-	16.5	0.5
Government agencies / guaranteed	138.1	4.0	171.5	5.3
Supranational	42.7	1.2	58.1	1.8
Asset backed securities	46.2	1.3	76.0	2.4
Mortgage backed securities	130.6	3.8	136.2	4.2
Corporate bonds	163.9	4.8	432.3	13.4
Pooled vehicles	1,589.1	46.2	1,076.1	33.4
Insurance linked securities	74.6	2.2	66.7	2.1
<b>Total</b>	<b>3,442.0</b>	<b>100.0</b>	<b>3,221.8</b>	<b>100.0</b>

# Strength of capital

	At 30 June 2010 £m	At 31 Dec 2009 £m
Net tangible assets	1,462.7	1,430.3
Subordinated debt	319.2	316.4
Bank facilities <sup>(1)</sup>	250.0	250.0
Total available capital	2,031.9	1,996.7
Assessed capital <sup>(2)</sup>	1,362.2	1,341.2
<b>Surplus</b>	<b>669.7</b>	<b>655.5</b>

(1) Bank facilities are subject to a number of covenants.

(2) Assessed capital is management's estimate of required capital for current trading purposes.

# Trading Environment

## Average renewal and retention rates

	Gross written premium H1 2010 £m	Gross written premium H1 2009 £m	Average renewal rate change %	Average renewal retention ratio %
Amlin London	667.0	643.5	(3.1)	87.1
Reinsurance	301.7	318.0	(4.1)	93.2
Property and casualty	155.5	139.8	(2.0)	82.1
Marine	167.8	156.4	(0.7)	78.5
Aviation	42.0	29.3	(2.6)	86.4
Amlin UK	153.6	91.7	0.9	79.7
Amlin France <sup>(1)</sup>	20.6	20.9	n/a	75.7
Amlin Bermuda (direct only)	219.9	194.0	(2.0)	92.3
Amlin Corporate Insurance <sup>(1)</sup>	425.1	-	n/a	n/a
<b>Total / average</b>	<b>1,486.2</b>	<b>950.1</b>	<b>(1.7)</b>	<b>87.3</b>

(1) Data for average renewal rates not currently available for Amlin France and ACI. Data for business retention rate not currently available for ACI

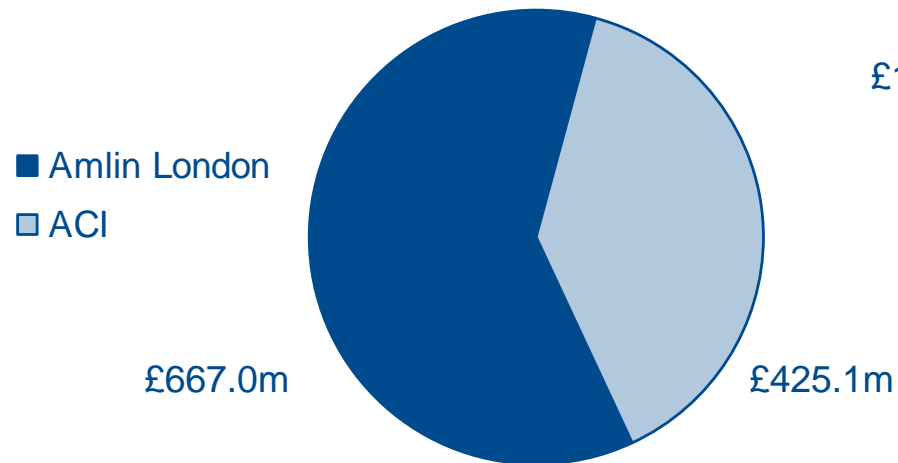
# Rating indices in key classes

Class	2001	2002	2003	2004	2005	2006	2007	2008	2009	H1 2010
US catastrophe reinsurance	115	146	150	143	144	185	188	167	185	178
International catastrophe r/i	120	157	161	145	131	138	131	119	124	122
Property reinsurance	122	189	191	170	146	170	144	126	127	117
Property	125	171	163	143	136	165	143	133	142	141
US casualty	123	172	217	234	239	237	223	203	199	199
Marine hull	115	148	171	183	189	191	192	192	205	209
Energy	140	172	189	170	175	262	243	209	256	242
War	250	288	244	220	206	191	175	160	156	153
Fleet motor	121	136	143	141	137	135	134	127	144	146
UK employers' liability	115	144	158	159	144	135	123	115	114	116
UK professional indemnity	110	149	178	181	165	154	140	129	128	127
Airline hull and liabilities	301	283	235	216	201	158	122	127	141	138

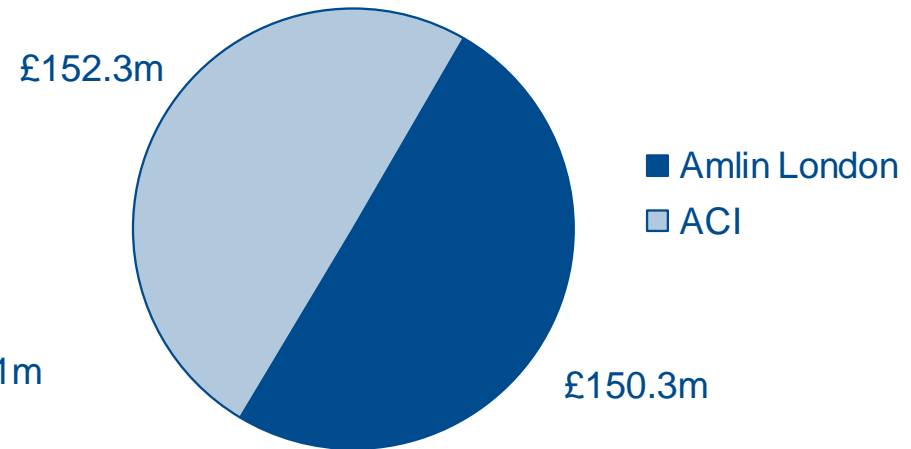
\* Base 2000: 100

# Marine and Aviation: market conditions

**Amlin London & ACI H1 2010:**  
Total GWP £1,092.1m



**Amlin Global Marine\* GWP:**  
H1 2010 £302.5m



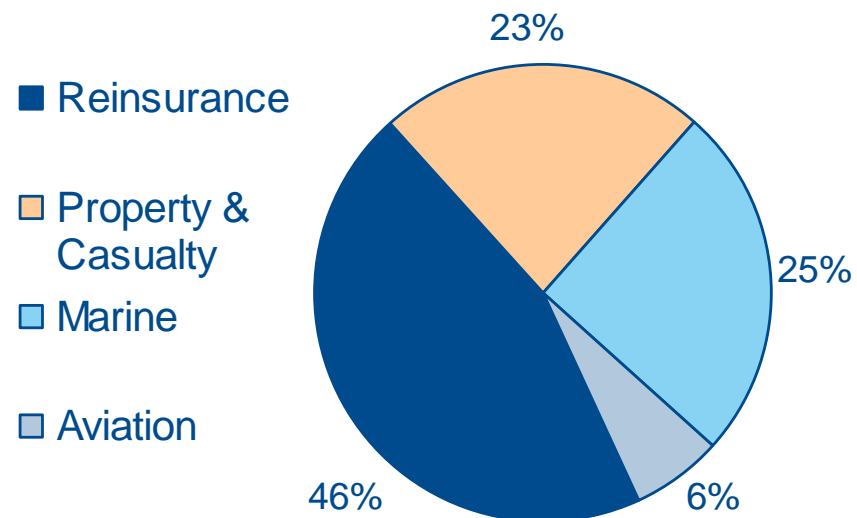
- Overall Marine rates flat in H1 2010: hull rates up 1.5%, cargo rates down 1%
- Offshore energy rates down 5.5% in H1 but reductions arrested by Deepwater Horizon loss in April: post-loss rate increases of between 7.5% - 20.0% evident
- Marine liability strengthening (+3.5% in H1) in light of Deepwater coverage concerns
- Amlin's aviation business well positioned for inevitable market improvements

\*Global marine excludes bloodstock & specie

# US Property & Casualty: market conditions

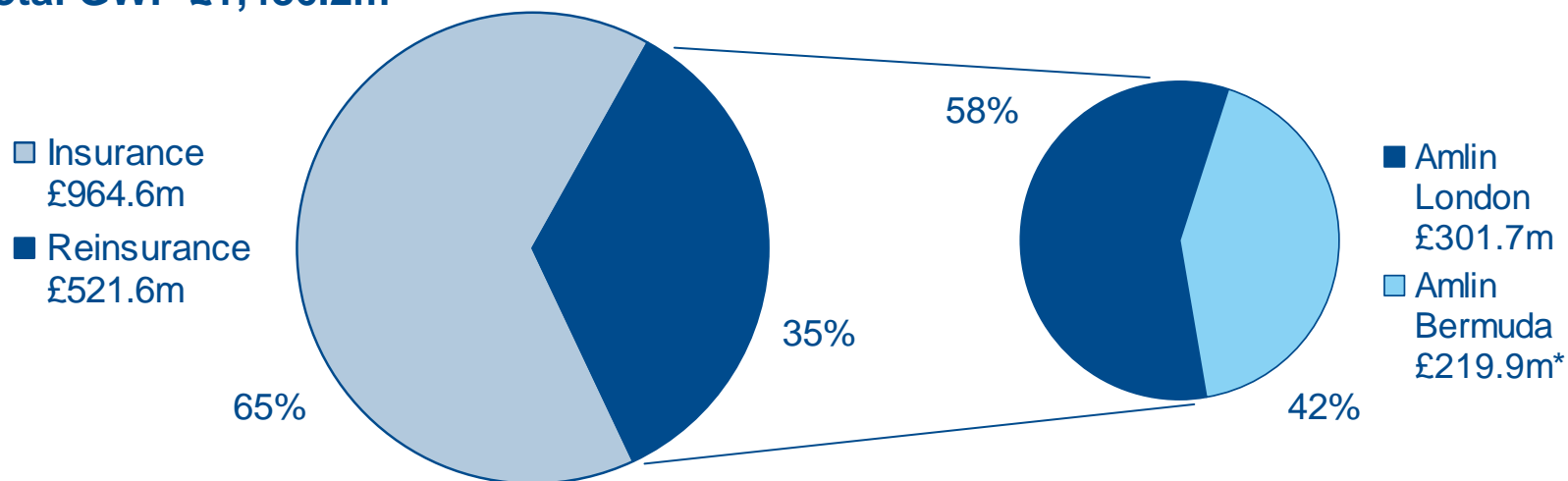
- P&C rates down 2.0% overall in H1: US direct and property rates down 5.5%: large property under particular pressure
- Casualty rates down 0.2%: some growth as a result of investment in underwriting team
- Accident & Health (+1.0%) and Auto (-0.2%) in a flat rating environment

## Amlin London H1 2010: GWP £667.0m



# Reinsurance: market conditions

**Amlin Group H1 2010:**  
**Total GWP £1,486.2m**

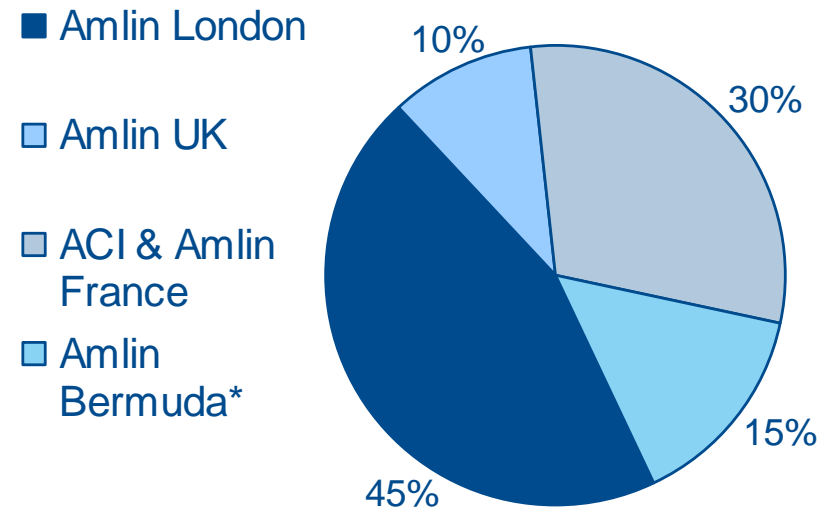


- Catastrophe rates decreased by an average 4.1% (London) and 2.0% (Bermuda) during H1 2010
- US catastrophe rates remain close to peak levels and continue to offer attractive margins
- International catastrophe rates were down 1.2% with increases in loss affected areas
- The property risk XS account remains under pressure with rates down 11.0%
- Limited opportunities for new business growth but continued high retention ratios

# Amlin UK: market conditions

- Fleet motor rates up 1.5% in H1 2010.
- Modest improvements in liability rates
- Lockton's Insolvency Practitioners business integrated and contributing to growth
- Overall net new business growth of £18.5 million: continuing to see benefits of previous investments in marketing, distribution and property team: well positioned to grow further as market conditions improve

## Amlin Group H1 2010: GWP £1,486.2m



# Business Development



# Amlin Corporate Insurance: update

- Return on investment of 18.8% since acquisition:
  - combined ratio 100% (H1 2009: 98% pre-acquisition)
  - underwriting contribution £(0.8) million
- H1 2010 GWP €488.6 million – down 7.0%, mainly due to continued impact of lower economic activity and marine re-underwriting programme
- Good results from property and liability lines: benefit from re-underwriting in Dutch marine portfolio
- Antwerp marine account now the subject of further detailed analysis
- High level of client retention maintained outside re-underwriting programme

# Amlin Corporate Insurance: continued

- \$20 million income generated by regaining Raets Marine Agency account at end 2009
- Trading environment remains competitive with little sign of short term improvement
- Management team strengthened with recruitment of Chief Risk Officer and Chief Operating Officer
- Integration continuing in line with expectations:
  - Systems migration on track for mid 2011 switchover
  - Amlin financial risk management processes being adopted



# Amlin AG: rationale

- Consolidation in the European reinsurance market combined with Solvency II has created cedant need for greater choice and spread of counterparty risk
- Amlin Re Europe will access Continental reinsurance business not normally ceded to London or Bermuda
- Capitalised at more than US\$1.4 billion with same excellent ratings as Amlin Bermuda and strong client and broker relationships
- No new capital required for start-up: company utilises existing capital resources through re-domicile of Amlin Bermuda to Zurich
- Benefits:
  - diversifies Amlin's existing reinsurance portfolio by geography and class
  - further reduces volatility within the overall reinsurance portfolio
  - makes more efficient use of the Amlin Group's current capital and financial strength
  - another underwriting platform from which to grow the business

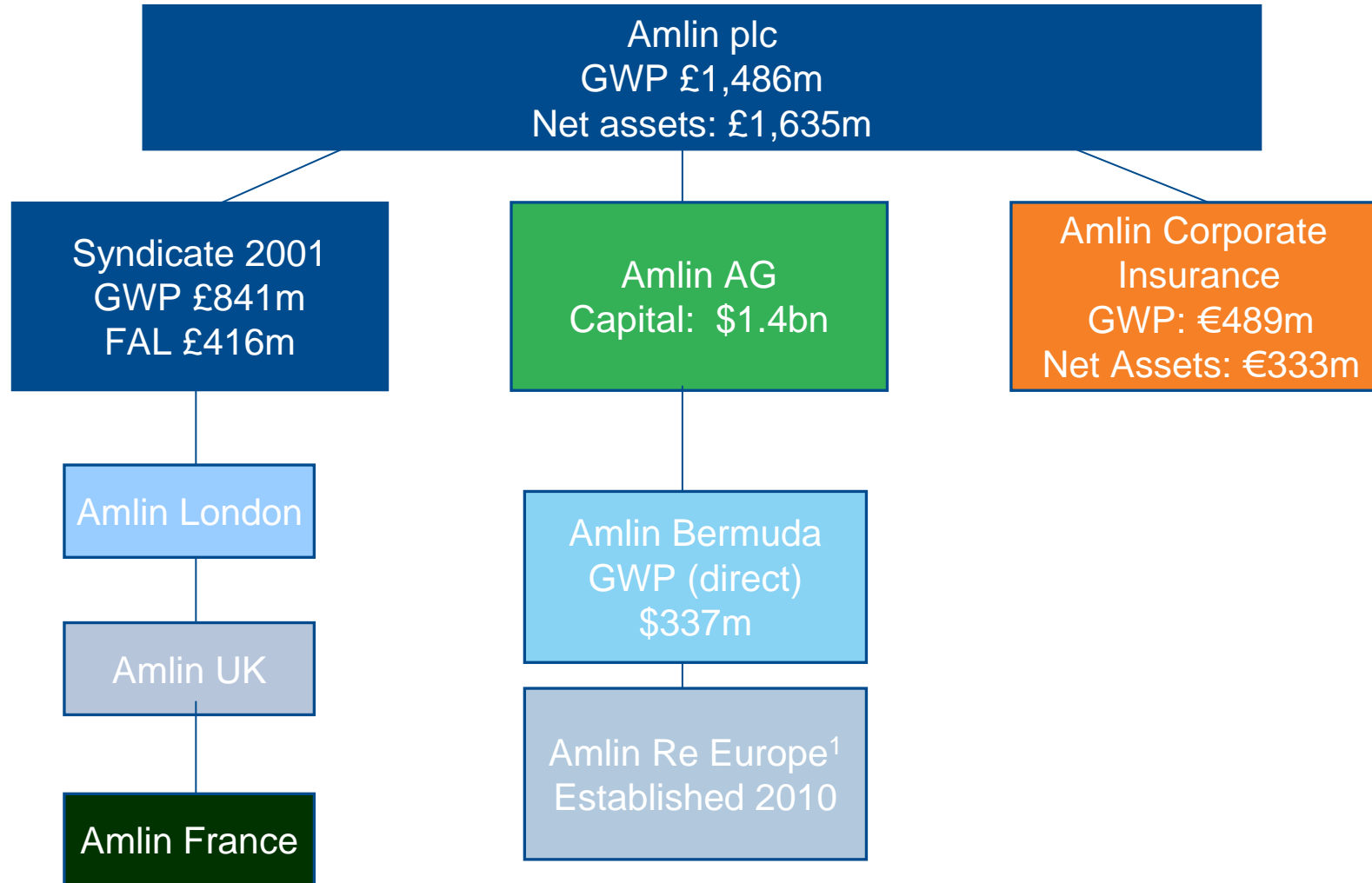


# Amlin AG continued

- Target market share: approx. 1% or €400m - €500m over time
- Focus on proportional property and casualty reinsurance for small and mid-sized insurance companies
- Opportunities to leverage existing relationships with European cedants who buy catastrophe cover in London
- Underwriting incentives and philosophy will be profit focused in line with other parts of the Amlin Group
- The Amlin Re Europe team, led by Chief Executive Philippe Regazzoni, has extensive experience and a strong track record gained with major players in the Continental European reinsurance market
- 24 people recruited so far
- Amlin Bermuda will operate as a branch of Amlin AG with same capital and ratings as before
- FINMA license expected to be granted in September 2010



# Group Structure



# Solvency II update

- Further progress towards Internal Model approval
- ACI brought into Group Solvency II programme
- Focus on embedding Internal Model in business practices to drive benefits across the Group, for example:
  - more effective reinsurance purchasing taking account of Group risk appetite
  - risk adjusted relative technical pricing framework
  - enhanced aggregate data capture
  - better challenge and validation of risks
  - enhanced capital allocation and risk based performance measurement
  - Internal Model approval providing capital flexibility

# Outlook

- Challenging market conditions: catastrophe reinsurance pricing remains near peak levels but many other lines at or near bottom of cycle: focus on selective and disciplined underwriting
- Amlin capital strength, superior ratings and diverse portfolio give scope for growth where margins are attractive: high level of retention reflects strength of Amlin's broker/client relationships and 'preferred market' position
- Continuing to diversify portfolio, client base and distribution through ACI, Amlin AG and smaller investments
- Confident of ability of core businesses to continue to perform in softer market environment

# Summary

- Long term record of cross-cycle outperformance: underwriting discipline and diverse portfolio continuing to deliver robust results
- Selective underwriting generating profitable growth
- Capital strength gives flexibility: well positioned to take advantage of opportunities created by difficult markets and to grow where rates offer attractive returns
- Remain focused on cross cycle ROE target of at least 15%

# Questions

**Strength  
Focus  
Delivery**

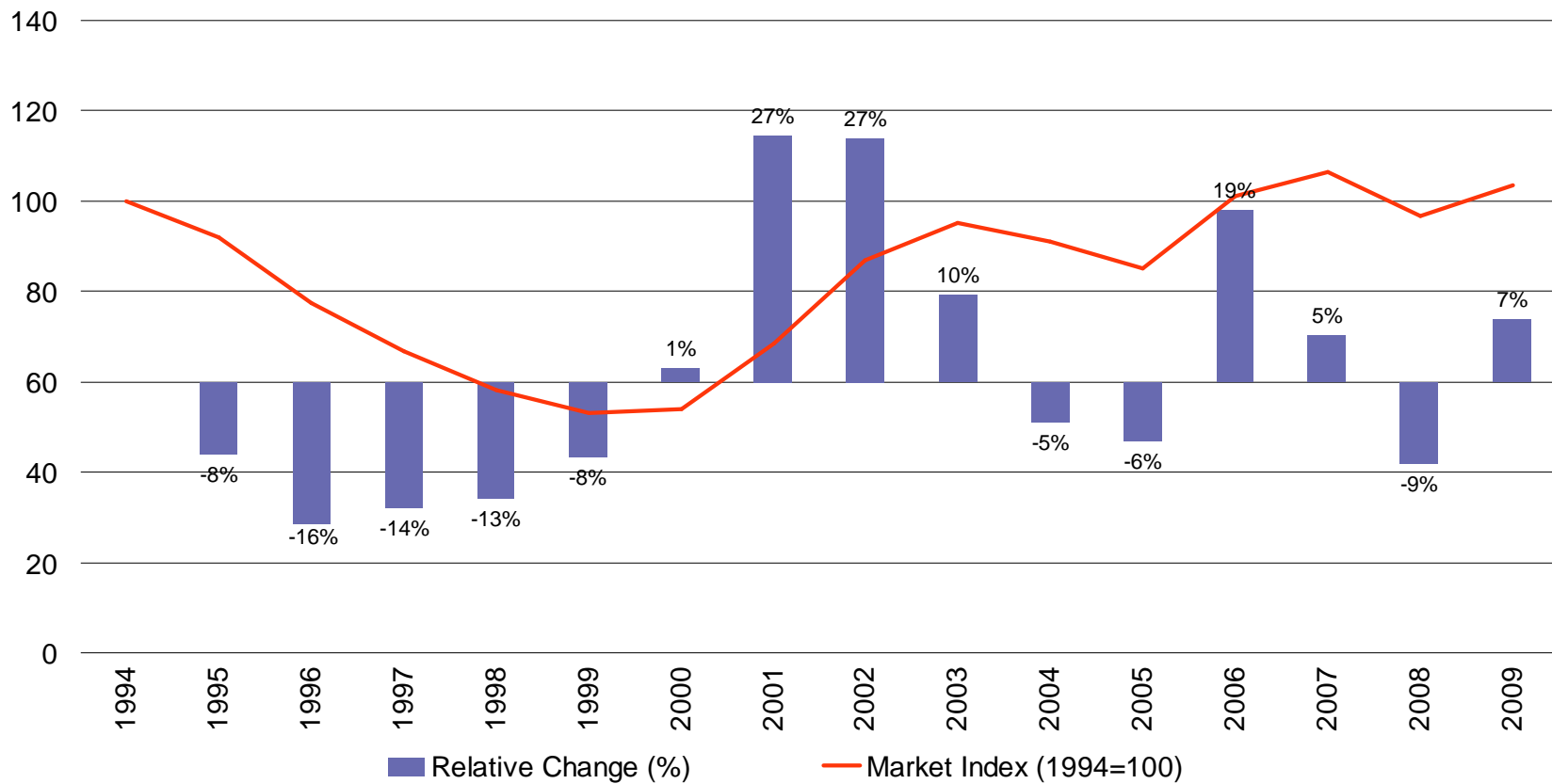


**AMLIN**

# Appendix

# Catastrophe reinsurance pricing trends since 1994

Annual CatXL premium level of 14 largest markets



Source: Swiss Re, CAMARES