



**Amlin plc**  
**Amlin Corporate Insurance**  
**19 January 2010**



**AMLIN**



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# Agenda

- Introduction and review of Amlin strategy: Charles Philipps, Group Chief Executive
- Overview of ACI and its markets: Patrick Coene, Chief Executive, ACI
- Integration Update:
  - Underwriting: Simon Beale, Amlin Underwriting Director
  - Operations: Andrew Grant, Group Operations Officer
  - Goodwill, reserving, investments: Richard Hextall, Group Finance Director
- Synergies and opportunities for combined Group: Charles Philipps
- Questions

# Why ACI? Review of Amlin Strategy

Charles Philipps, CEO



# Acquisition fit

The acquisition of ACI is an excellent fit with our declared strategy:

- Expands the non-catastrophe portfolio, which **improves the balance** of Amlin's overall underwriting and has potential **revenue synergies** with the catastrophe book
- Gives Amlin a **strong platform** in Continental Europe: ACI has leading position in the Netherlands and Belgium
- Provides access to a **new customer base** with **diversified distribution**
- Creates opportunities for **organic growth** as well as a **platform for further acquisitions** if opportunities arise
- Business mix is predominantly in lines where Amlin has established underwriting expertise and resource
- Strong local management team with established track record – keen to adopt Amlin's standards
- Capable of meeting Amlin's long term return target of at least 15% ROE

# Good progress from the start

- Acquisition completed on 22 July 2009, FCI renamed Amlin Corporate Insurance at this date
- Acquisition well received by staff, brokers and clients alike: majority of Belgian staff voluntarily transferred from Fortis Insurance Belgium to ACI
- Restructuring of ACI marine organisation and re-underwriting of ocean hull and cargo portfolios underway
- Integration framework and governance structure established: teams working together to address IT, finance, risk and HR issues
- ACI investment portfolio transferred to Amlin's investment managers
- All Amlin's and ACI's Insurer Financial Strength ratings affirmed by rating agencies: ACI's rating outlook upgraded from negative to stable by Standard & Poor's
- Positive market reaction illustrated by return of important Raets account to ACI after move to Swiss Re in 2008

# Integration ongoing and on schedule...

## Next steps:

- Complete the re-underwriting process
- Migrate ACI's portfolio to Amlin's core underwriting system by June 2011
- Adopt Amlin risk management standards – phased over 2010 and 2011
- Introduce more profit-focused incentives – during 2010
- Exploit cross-selling opportunities for Amlin products in Benelux markets
- Merge ACI Paris with AFU

**...which will increase ACI's margin potential**

# Market positioning

- Importance of being relevant to brokers, given continued consolidation trend:
  - top three global brokers account for 80% of brokered business in many markets
  - ongoing consolidation/vertical integration in UK and other regions
- Amlin market position:
  - Reinsurance: top 40 world-wide by NWP <sup>(1)</sup>
  - Marine including ACI: major global marine player
  - UK Fleet Motor: one of the largest Lloyd's underwriters



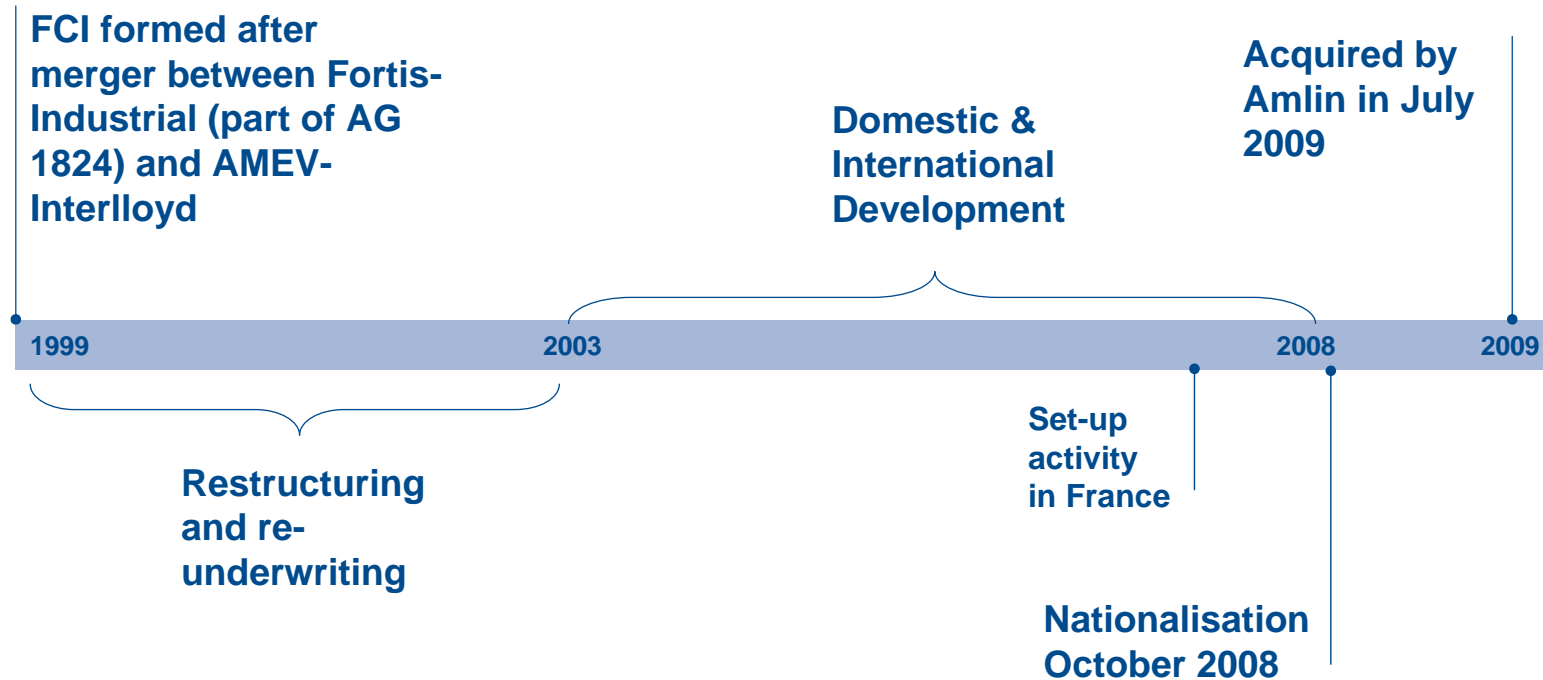
Source: (1) Standard & Poor's Global Reinsurance Highlights 2009

# Overview of Amlin Corporate Insurance

Patrick Coene, CEO, Amlin Corporate Insurance

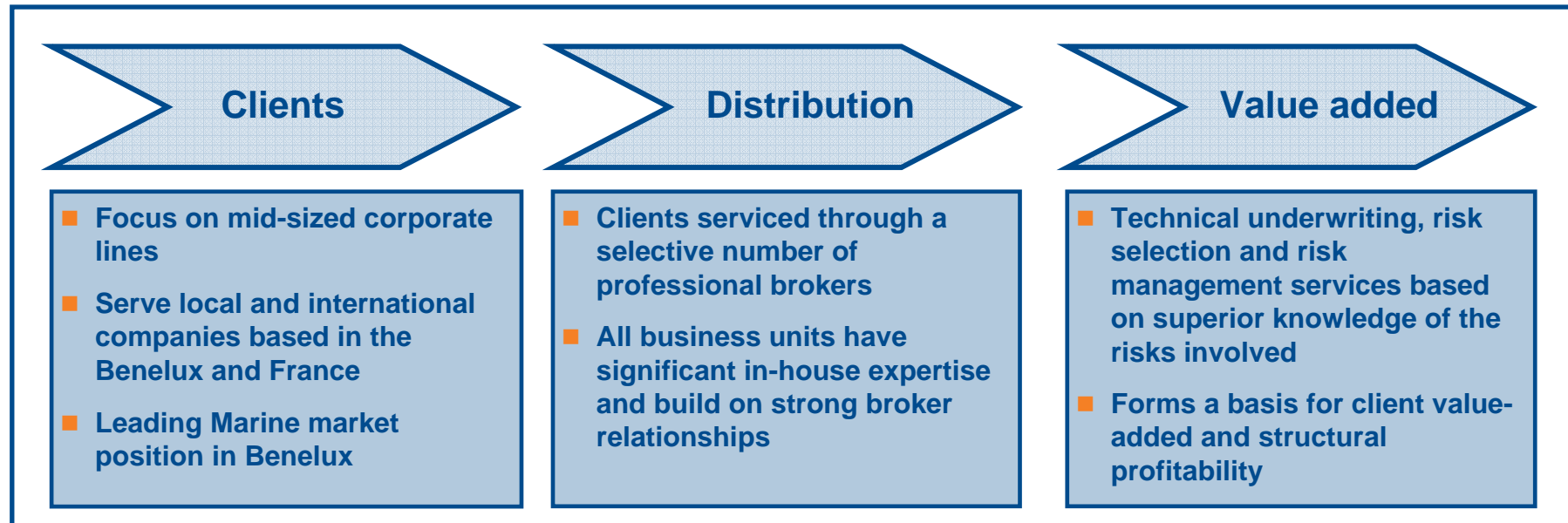


# ACI history: consolidation and restructuring followed by development



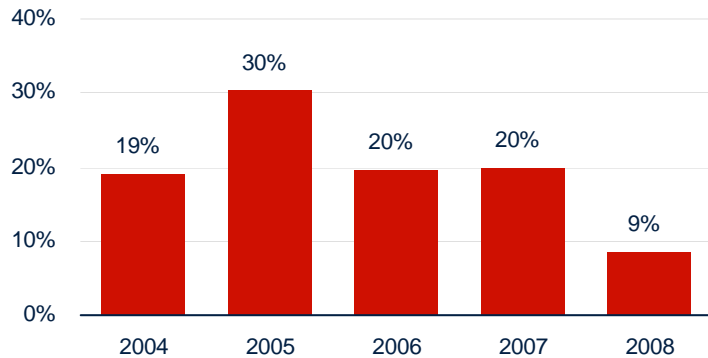
# Strategy

- ACI's core strategy fits well with Amlin's

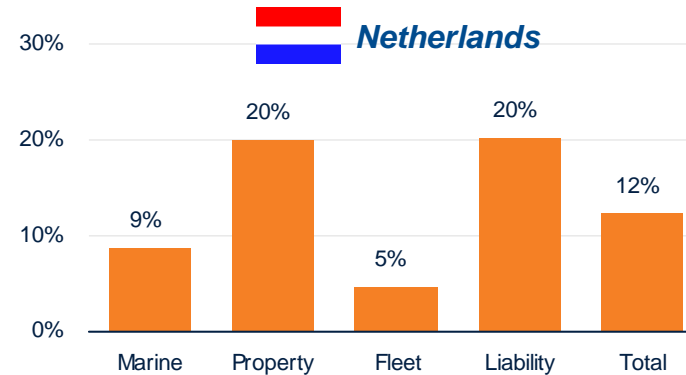


# ACI track record

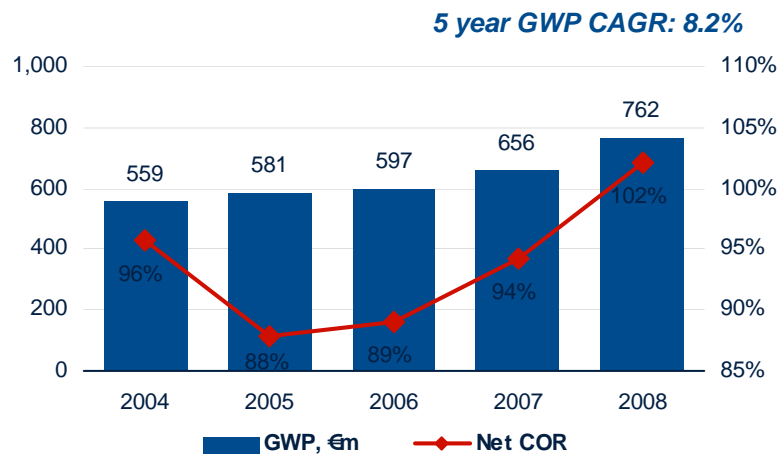
## Return on equity (1)



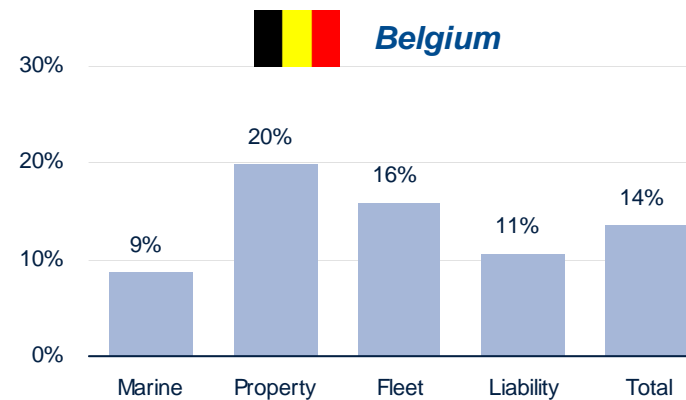
## 5 year average technical margin (2)



## GWP and Combined Ratio



## 5 year average technical margin (2)



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(1) Return on opening equity

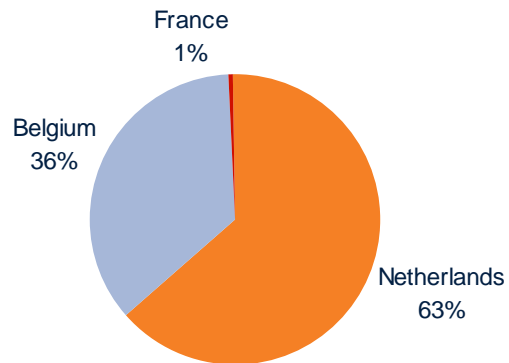
(2) Technical result: Underwriting result – operating expenses + financial revenues on assets allocated to reserves. Technical Margin: Technical result / Net earned premiums  
2004-2008 average as % of NEP. Belgian figures exclude Captives

# Strong position in home markets

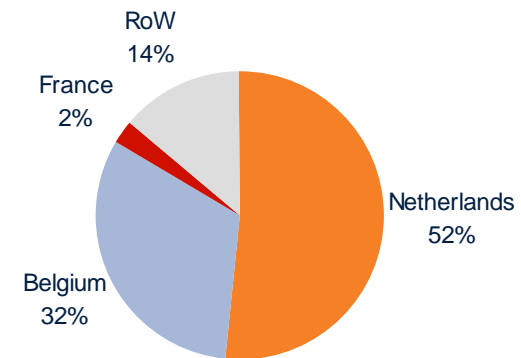
	Market	Position of ACI
<b>Netherlands</b>	<ul style="list-style-type: none"><li>■ Service economy: Trade &amp; Logistics</li><li>■ Well developed insurance exchange (Beurs) for commercial risks</li><li>■ Strong role of brokers/dominant position of AON</li></ul>	<ul style="list-style-type: none"><li>■ Dominant in Marine</li><li>■ Lead position in Liability</li><li>■ Strong position in Property (top 3) and Fleet</li></ul>
<b>Belgium</b>	<ul style="list-style-type: none"><li>■ Industrial economy, moving towards service economy</li><li>■ Long tradition and strong position of brokers</li></ul>	<ul style="list-style-type: none"><li>■ Leading position in Marine</li><li>■ Strong (lead) position in Property and top three in Liability</li><li>■ Portfolio of industrial risks</li></ul>
<b>France</b>	<ul style="list-style-type: none"><li>■ Medium sized companies are key component of French economy</li><li>■ Mutuels and agents represent large shares; brokers role focuses on commercial lines</li></ul>	<ul style="list-style-type: none"><li>■ “Embryonic” position</li><li>■ ACI approach based on risk prevention</li><li>■ Very well received by key brokers</li></ul>

# ACI business mix: 2008 GWP €763 million

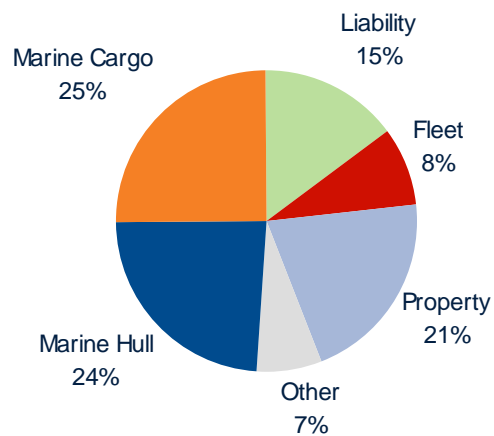
By ACI location



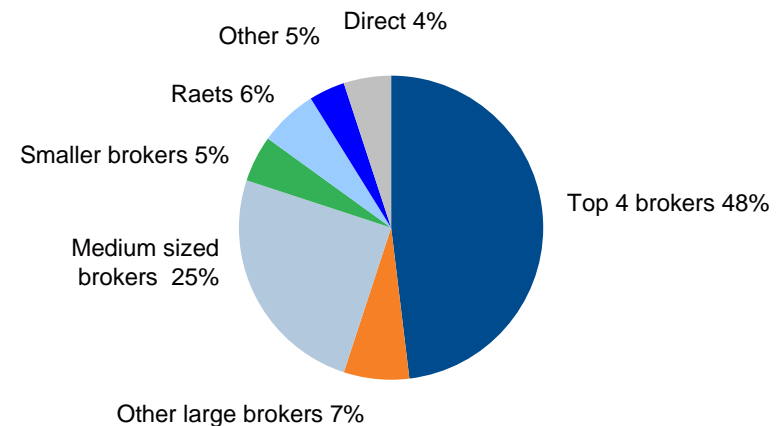
By location of broker



By product



By broker



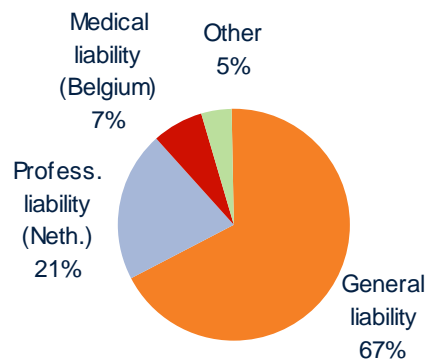
# Property & Casualty

# Liability

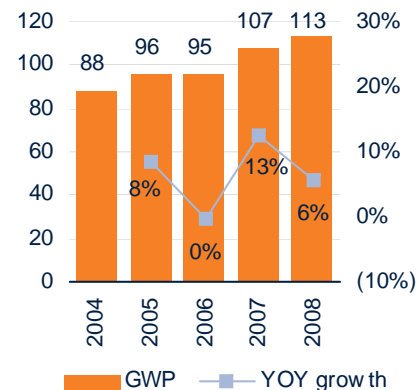
Liability (2008 GWP: €113m)

## Focus areas:

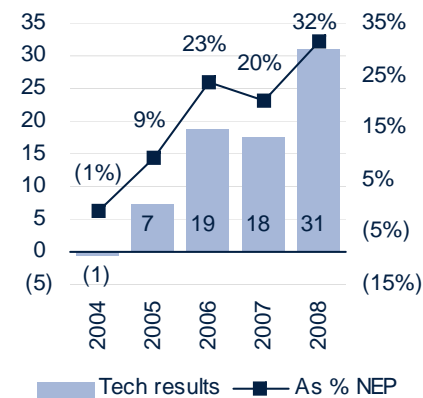
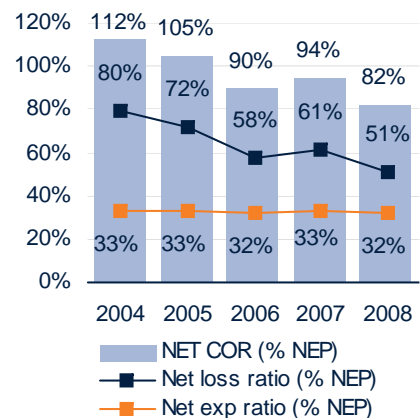
- **General liability**
  - Tort; contractual liability (limited cover); product liability; employers' liability in the Netherlands
- **Professional Liability (Netherlands)**
  - Inter alia, for notaries, accountants and lawyers
- **Medical Liability (Belgium).**
  - Long tradition (c.18% market share)
- **Other:** small portfolio of accident cover
  
- Excellent results following a period of restructuring in 2000-2003



Premium growth



Profitability ratios

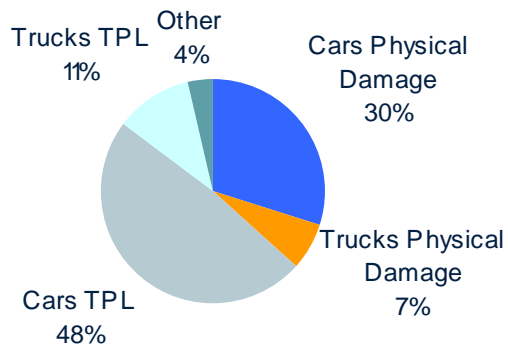


# Motor fleet

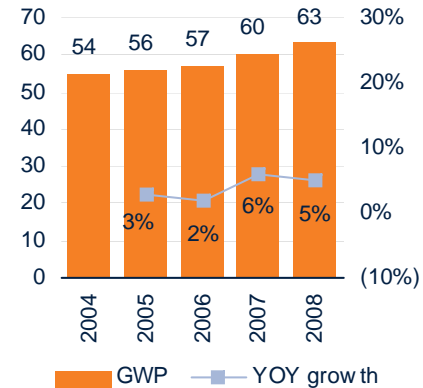
Fleet (2008 GWP: €63m)

## Focus areas:

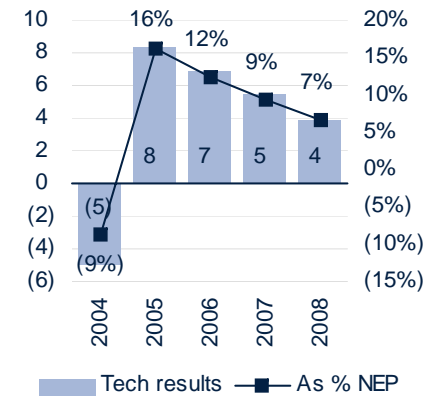
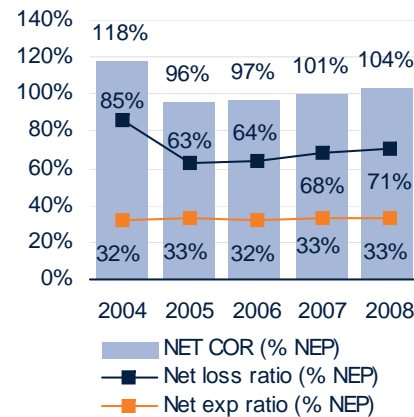
- Motor fleet and leasing
- Trucks: local transport / distribution; very limited long haulage
- Value added through risk management advice
- Good to excellent results in a very competitive market



## Premium growth



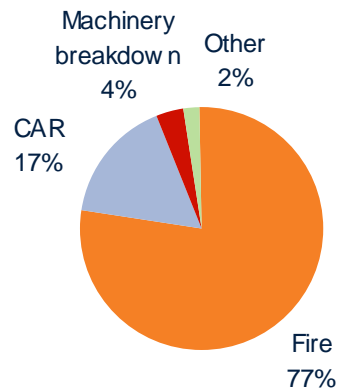
## Profitability ratios



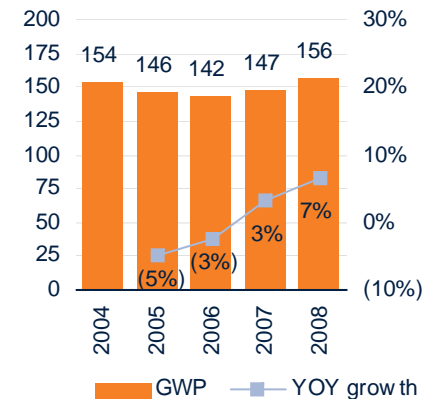
# Property

Property (2008 GWP: €156m)

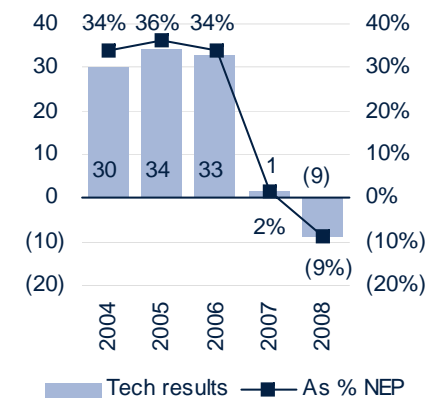
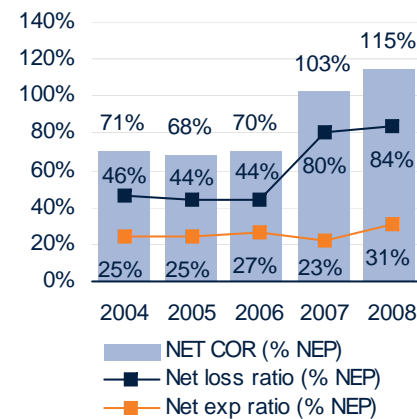
- **Focus areas** – local and foreign risks for clients based in the Benelux and France
- **Fire and Business Interruption** for mid-sized risks
- **Machinery Breakdown and Construction All Risk (CAR)**
- Risk Prevention Engineers are heavily involved in risk inspection and prevention follow-up
- Results in 2007-2008 impacted by exceptional combination of large claims



Premium growth



Profitability ratios



# ACI France

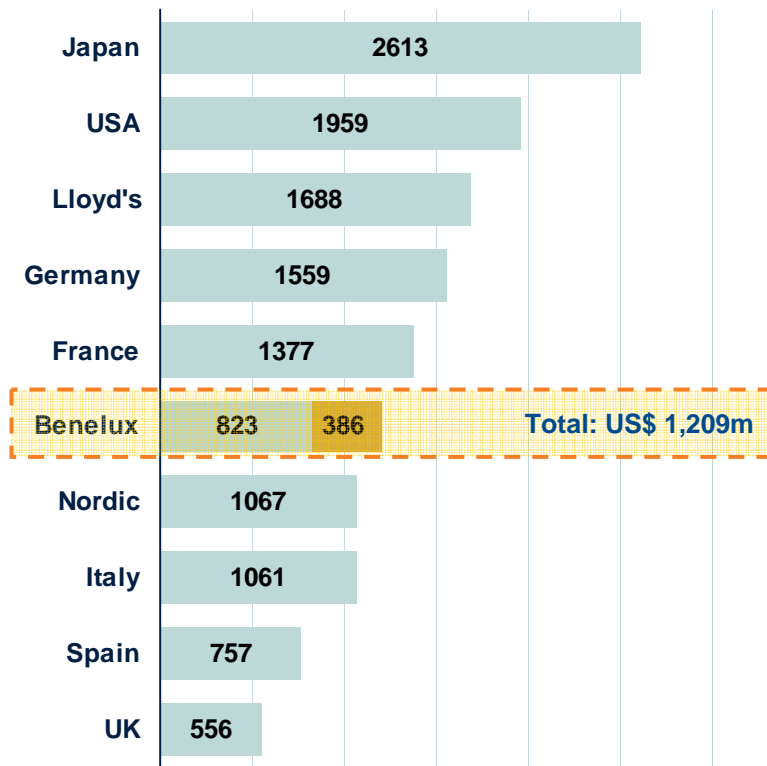
- Identified as opportunity in 2007: started underwriting Fire and Liability classes in January 2008
- Targets medium sized French companies with international operations (€50m - €500m turnover)
- Focus on service and risk prevention as differentiators
- Successful start with good premium growth despite disruption of Fortis break-up

# Marine

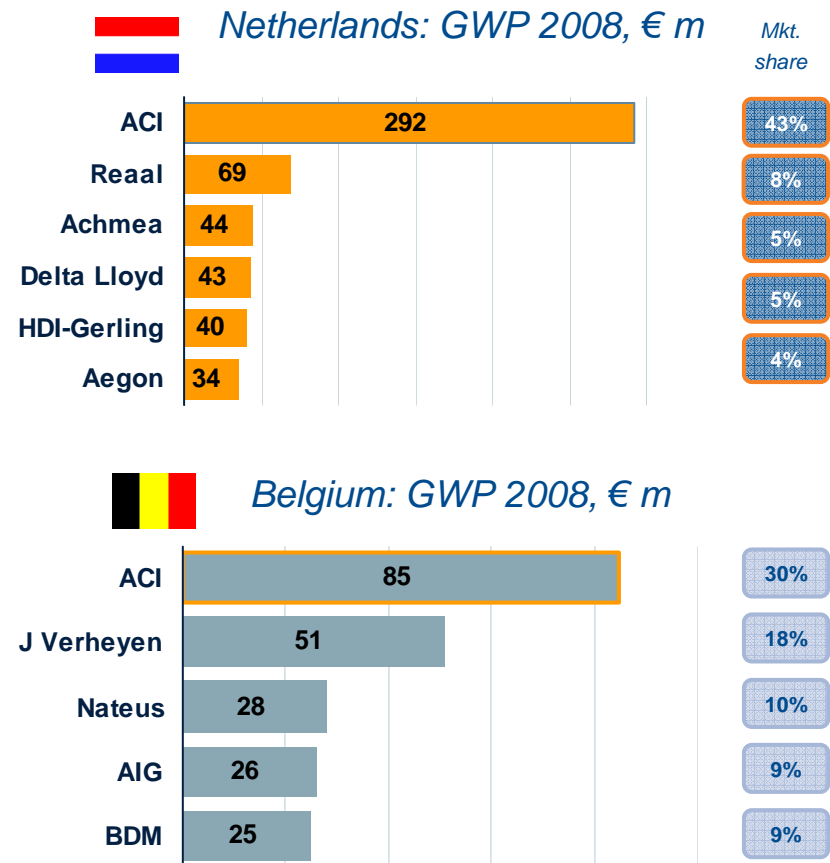
# ACI has an exceptionally strong market position in one of the key global marine markets...

## Marine premiums (excl. offshore energy)

2008, USD m



## ACI's competitive position

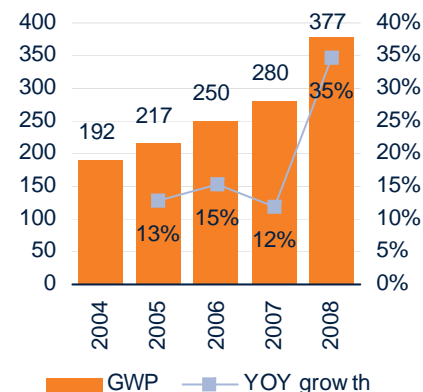


# Strong growth with weakening result in 2008

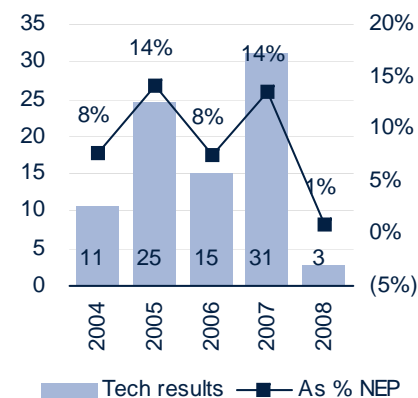
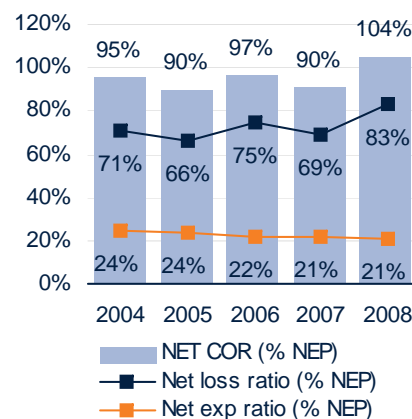
## Comments

- Marine grew significantly over the period 2004-2008, almost doubling in size as a result of:
  - Higher commodity (and other cargo) prices
  - Increases in traded volumes
  - Strategic development (locally and internationally) of niches (Builders' Risk, Yachts, Specialised Vessels...)
  
- Results in 2008 deteriorated reflecting:
  - Higher medium-sized claims frequency in Commodities
  - Higher claims frequency particularly in Ocean Hull and Cargo off-setting good results in Builders' Risk
  - Increased competition on cargo accounts
  - Over-aggressive growth in Hull segment

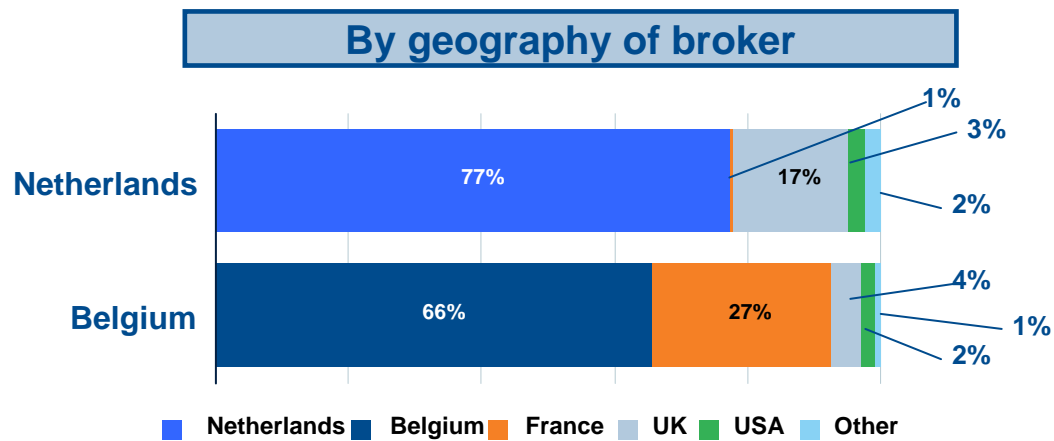
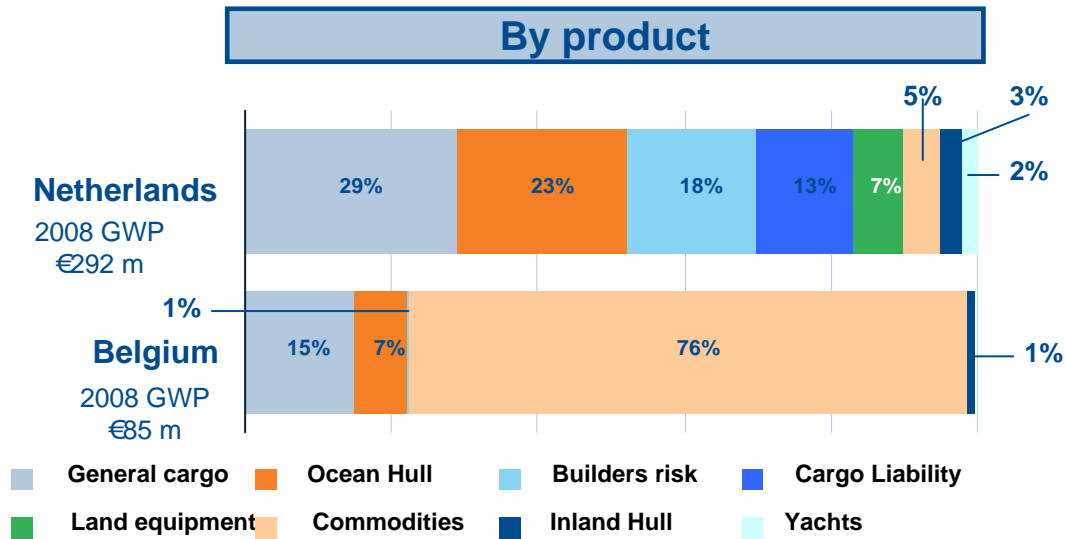
## Premium growth



## Profitability ratios



# ...and a diversified portfolio



# Action well underway to restore profitability

- Core marine portfolio is structurally sound and profitable
- Focus on re-underwriting of 20% of policies representing 38% of premium and 70% of claims
- Systematic review of all selected policies at renewal: if rate increases not accepted, policy is not renewed
- ACI welcomes assistance from London, for example:
  - additional people
  - improved monitoring of rate movements
  - peer reviews
- Co-operation with Amlin London also brings joint new business opportunities

# Integration

Simon Beale, Amlin Underwriting Director

Andrew Grant, Group Operations Officer

Richard Hextall, Group Finance Director



# Underwriting

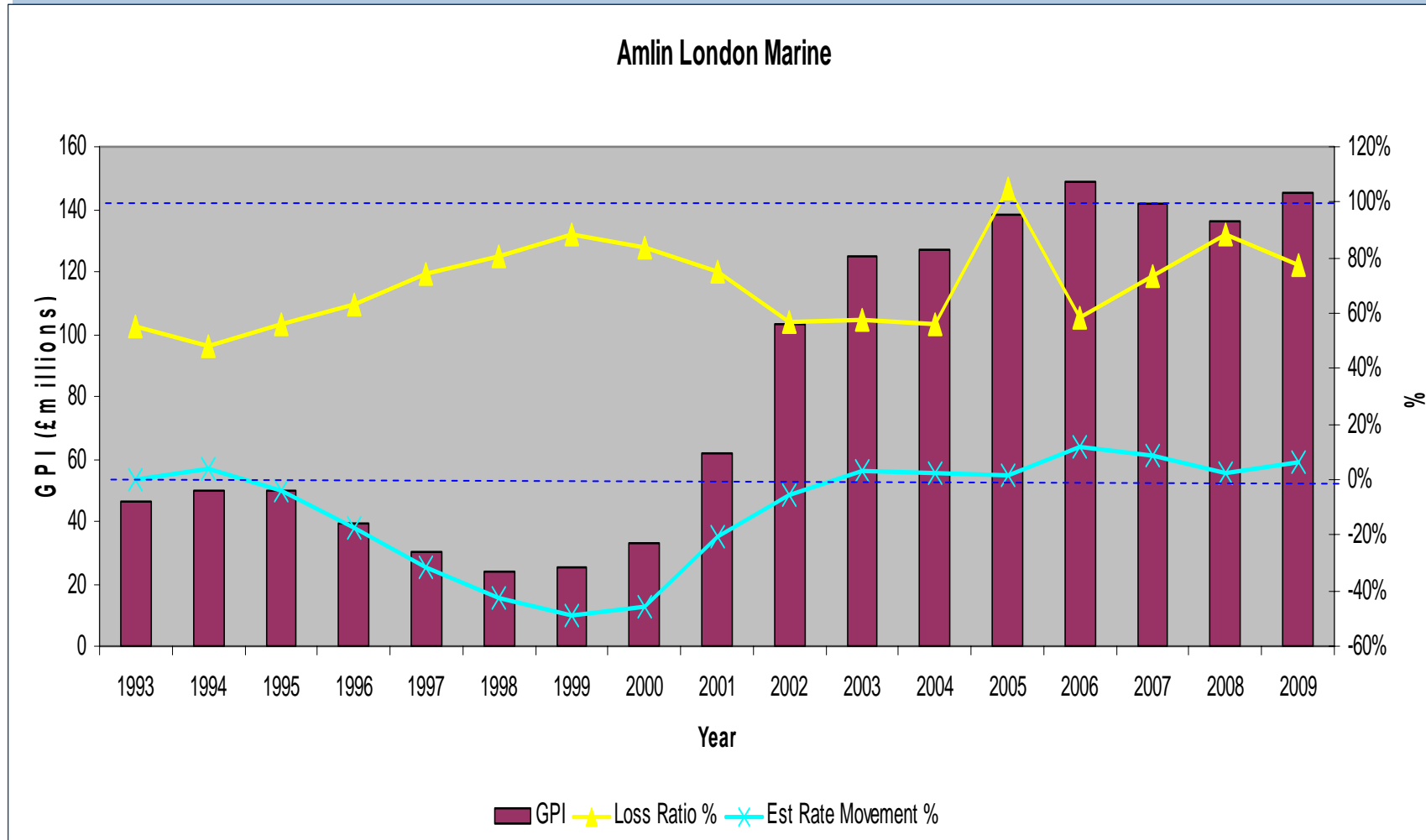
Simon Beale, Underwriting Director, Amlin London



# Amlin underwriting philosophy

- Underwriting cycle management
- Gross underwriting
- Short tail bias
- Diversified account
- Transparency of business & coverage
- Opportunistic & pragmatic
- Underwriter empowerment and remuneration
- Strong controls & monitoring

# Gross underwriting & cycle management

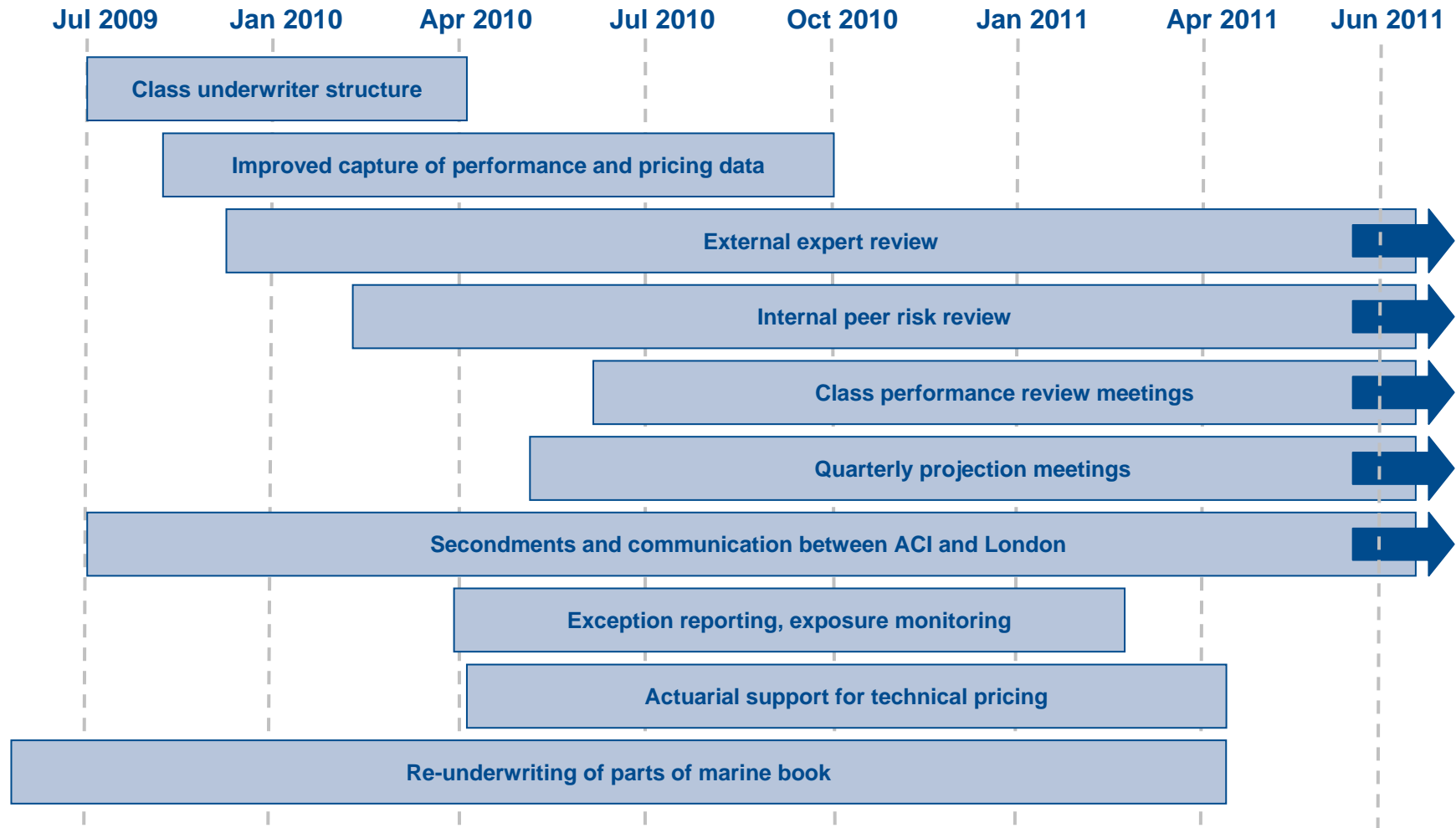


Sources: Rate Movement, Amlin Altimeter (1993=Base); Premium & Loss Ratios as Q4 2008 (2007, 2008, 2009 Projected)

ROE: £1 = USD - 1.46 CAD - 1.78 EUR - 1.05



# Underwriting and risk management integration timeline



# Operations

Andrew Grant, Group Operations Officer,  
Amlin London



# ACI Integration Challenges

*Optimising ACI's longer term contribution and realising synergies requires: immediate, medium term and platform replacement activities, each of which is being addressed at pace*

<p><b>Immediate Integration Tasks</b></p>	<ul style="list-style-type: none"> <li>▪ Re-branding</li> <li>▪ Employment contracts</li> <li>▪ Year-end reporting consolidation</li> <li>▪ Investment portfolio consolidation</li> <li>▪ Reinsurance security &amp; programme placement</li> <li>▪ Review of Marine book</li> </ul>	<ul style="list-style-type: none"> <li>▪ Completed</li> <li>▪ Completed</li> <li>▪ Completed</li> <li>▪ Completed</li> <li>▪ Completed</li> <li>▪ Completed</li> </ul>
<p><b>Medium Term Integration Tasks</b></p>	<ul style="list-style-type: none"> <li>▪ Marine Re-underwriting</li> <li>▪ Catastrophe Risk Management</li> <li>▪ Amlin Underwriting Process</li> <li>▪ Amlin Underwriting Controls</li> <li>▪ Amlin Reserving Approach</li> <li>▪ Solvency II Preparation</li> </ul>	<ul style="list-style-type: none"> <li>▪ In progress</li> <li>▪ In progress</li> <li>▪ In progress</li> <li>▪ In progress</li> <li>▪ In planning</li> <li>▪ In planning</li> </ul>
<p><b>Mid 2011 Platform Replacement</b></p>	<ul style="list-style-type: none"> <li>▪ Systems Solution and Delivery Approach</li> <li>▪ Governance and Management</li> <li>▪ Programme Definition and Scope</li> <li>▪ Programme Mobilised and Staffed</li> <li>▪ Requirements, Design, Delivery</li> </ul>	<ul style="list-style-type: none"> <li>▪ Defined</li> <li>▪ In place</li> <li>▪ Completed</li> <li>▪ Completed</li> <li>▪ In progress</li> </ul>

# Achievements

*We have made strong progress in building a globally integrated team, have completed planning and have moved into delivery*

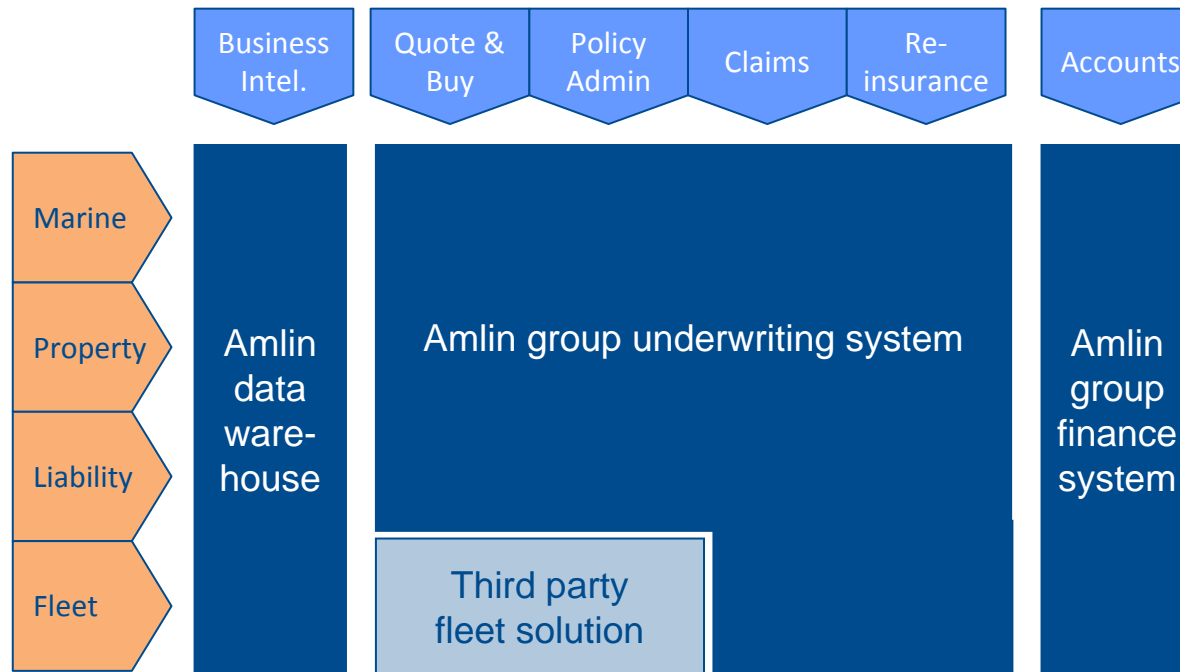
- Leveraging existing Amlin platforms:
  - consistency
  - scale efficiency
  - will support enhanced underwriting performance
- Project scope and approach defined
- Platform will support the ACI business across countries, business lines and functions
- Single integration team covering Amlin and ACI
- Recruited a very strong programme team:
  - programme director led a system roll-out across several European countries including Netherlands and Belgium
  - very high calibre senior programme team with experience at international insurers and leading professional services firms
  - industry best practice and a track record of delivery
- Amlin and ACI management and business area heads engaged in governance

# Benefits

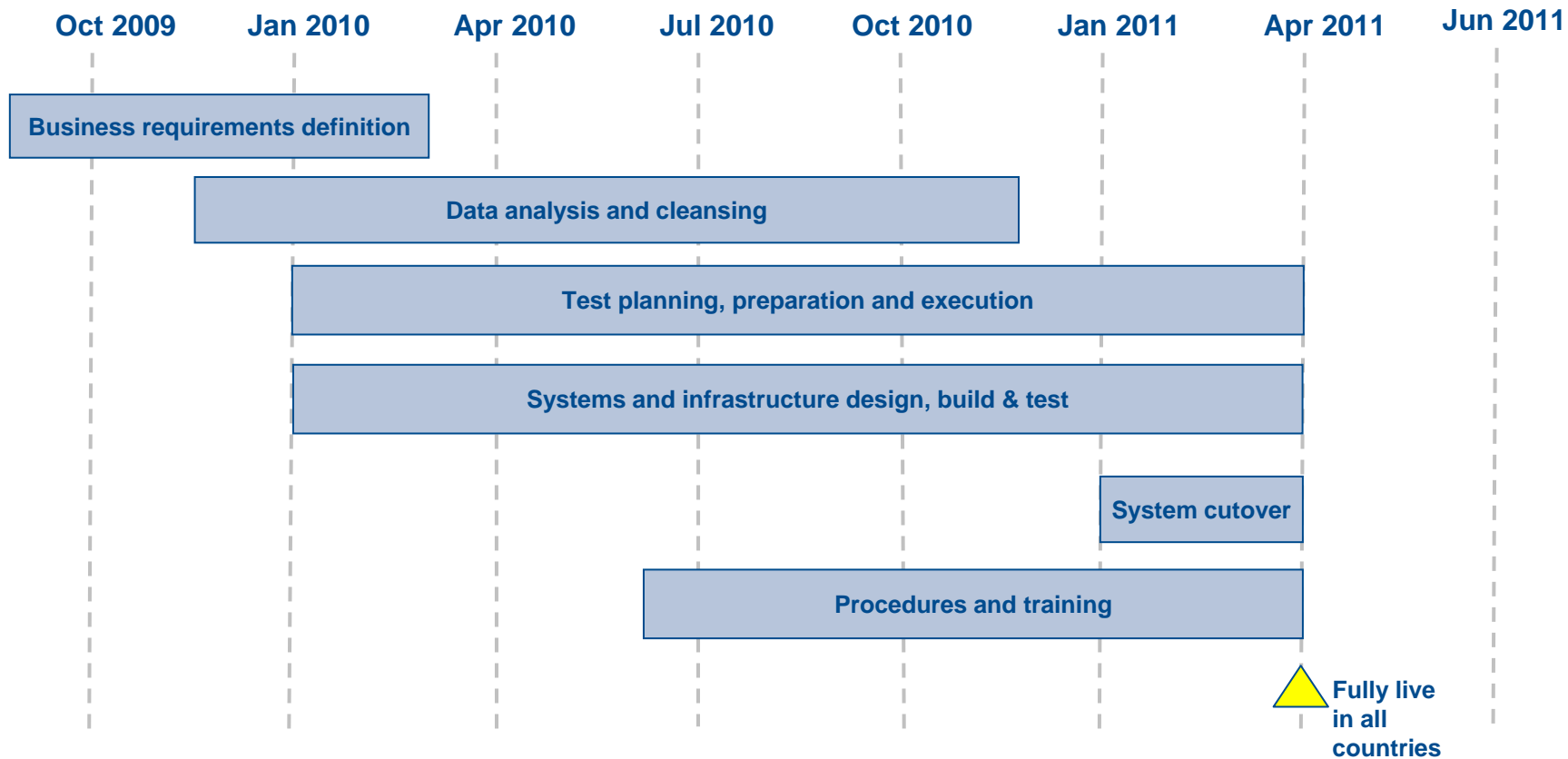
*Using the new systems, processes and controls will enable ACI to enhance underwriting quality and risk management across all of the operation*

- Amlin approach:
  - disciplined and profit-focused approach to underwriting
  - fully embedded in our businesses
  - benefits seen in loss ratio development
- Amlin approach and culture is underpinned by:
  - process disciplines and controls
  - high quality management information
  - systematic approach supported by technology
  - hence transferable
- Using Amlin's IT systems will facilitate ACI's alignment with Amlin's approach, when combined with:
  - enhanced decision support
  - process change capability
  - emphasis on combined strengths
  - organisational commitment to deliver

# Target Business Applications



# High Level Programme Timeline



# Goodwill, reserving, investments

Richard Hextall, Group Finance Director

# Fair value exercise

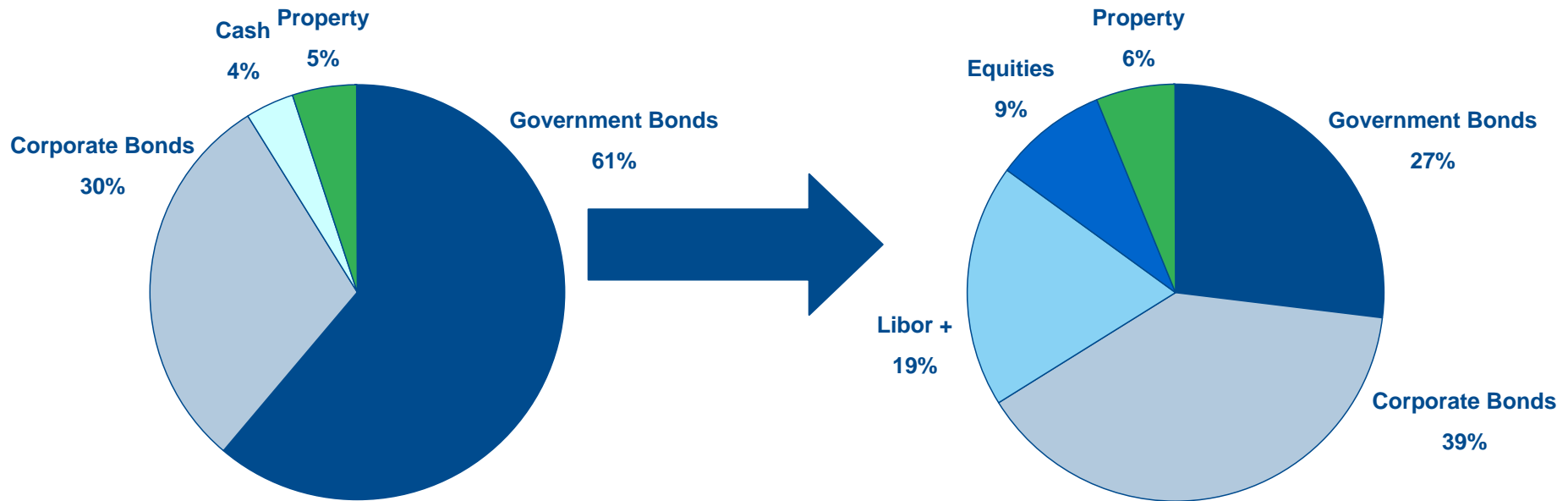
- The circular to shareholders on 15 June 2009 indicated ACI's provisional goodwill at £103.7 million. This figure was based on 31 December 2008 figures and took no account of prospective fair value adjustments
- Following completion, the provisional intangible assets figure, based on net assets at 30 June 2009 and prior to fair value adjustments, was reduced to €85 million, reflecting a satisfactory first half trading performance
- ACI's investment performance in July was excellent: this will reduce the balance further
- The review of insurance liabilities and associated reinsurance assets is ongoing, but work to date suggests a good margin above best estimate is held
- Broker relationships intangible estimated at €20 million
- Acquisition accounting requires discounting of liabilities: using risk free discount rate, Amlin's first estimate of discount is €30 million
- **Post review goodwill associated with acquisition could reduce to €35 million**

# Investment management

- Investment assets at acquisition €1.4bn
- Investment performance since acquisition: +4.7%
- Asset strategy agreed and brought under central Amlin control
- Risk driven investment philosophy
- Move from static portfolio management to more dynamic style



# Asset mix & manager changes



**Duration 4.7 years**

ASR Netherlands

Fortis Belgium



**Duration 3 years**

Insight - government & corporate bonds

Bluebay - corporate bonds/Libor

CAAM - Libor

THS - Equities

ING - Property

# Summary

Charles Philipps

# Synergies and future opportunities

- Inwards catastrophe business
  - risk appetite increased for 2010
- Raets
  - more than €60 million premium returned to ACI following acquisition by Amlin
- Systems
  - initial investment included in acquisition planning
  - medium term savings
  - better underwriting controls and management information will improve ACI performance
- Merger of ACI France and AFU
  - increased broker penetration for ACI business lines
  - more efficient administration as business grows

# Summary

- ACI has a leading position in the Benelux market and provides a platform for further growth in Continental Europe
- The acquisition of ACI has diversified Amlin's business mix by geography and increased the proportion of non-catastrophe exposed business in the overall portfolio
- The integration and business improvement programme is well underway
- We remain confident that ACI will meet Amlin's cross cycle target of at least 15% ROE

# Questions



**Amlin plc**



**AMLIN**



# Appendix

# ACI management team



**Patrick Coene**  
CEO

- CEO since December 2003
- Joined FCI in 1998 with responsibilities over time including Fleet, Property, IT and Belgium
- 1992-1998: Several management functions at AG (now FIB) in P&C division, including head of motor insurance business
- Management consultancy with DRI Europe and McKinsey & Company
- Master in business (equivalent) and Ph.D. in Engineering Economic Systems (Stanford, USA)



**Yves Warlop**  
CFO & IT

- CFO since 2006
- Joined FCI in 1998
- Finance Manager since 2000
- 1995-2000: Several management functions at AG (now FIB) and also in corporate finance and management controlling
- Over 10 years of experience in accountancy with Arthur Andersen
- Master in business (equivalent)



**Michiel Vervliet,**  
Netherlands & INI

- EVP Netherlands since 2002
- Chairman of INI network and board member of the VNAB (Dutch 'Beurs' Association)
- Held several management functions with FCI and also EVP (since 1999) for Liability and Marine
- Joined Interlloyd in 1990 (now FCI) as head of casualty department
- Started career with Delta Lloyd and also assistant to the Director of Liability
- Master in Law (equivalent)



**Philippe van Oosterzee**  
Belgium

- Joined FCI as EVP Belgium in 2006
- Over 20 years of experience in the banking sector as account manager for corporate clients, Director of Relationship Management and Credit Control Manager at Generale Bank (now Fortis Bank Belgium) and later as Managing Director of BIAO (International Bank of Western Africa) in the Ivory Coast
- Master in commercial sciences and finance (equivalent)



**Jaap Gispens**  
Marine

- Joined FCI as EVP Marine in January 2009
- 2003-2008: Managing Director of Concordia Holland B.V.
- Extensive experience as marine underwriter (Mees & Zoonen, now part of Marsh) and marine underwriting manager (Nieuw Rotterdam Schade, now part of Axa)
- Over 10 years of management experience in the ICT-sector

# Definitions

- Net earned premiums: Gross earned premiums after cessions to reinsurers
- Combined ratio (Net COR):

$$\frac{(\text{Gross Claims} - \text{Reinsurance Claims}) + (\text{Gross Commissions} - \text{Reinsurance Commissions}) + \text{Operating Expenses} + \text{Other costs \& revenues}}{(\text{Gross Earned Premium} - \text{Reinsurance Earned Premiums})}$$

- ROE: Net income / Equity
- Underwriting result: Net earned premiums – commissions net of reinsurance – claims net of reinsurance
- Technical result: Underwriting result – operating expenses + financial revenues on assets allocated to reserves
- Technical Margin: Technical result / Net earned premiums

# Andrew Grant: C.V.

- Andrew Grant joined Amlin in May 2009.
- He has extensive experience as an integration and restructuring consultant for financial institutions including Royal Bank of Scotland where he helped to lead the separation and integration of the investment banking business of ABN Amro.
- From 1997 – 2007 Andrew worked for UBS, latterly as Managing Director and Chief Operating Officer for UBS Wealth Management. Prior to that he played a leading role in the development and management of UBS's FX systems and infrastructure. He joined UBS from Accenture where he was latterly involved in programme management and technology change leadership in the insurance sector.