

**NAME:** AIG UK Ltd (Regulatory Data) **DOMICILE:** UK

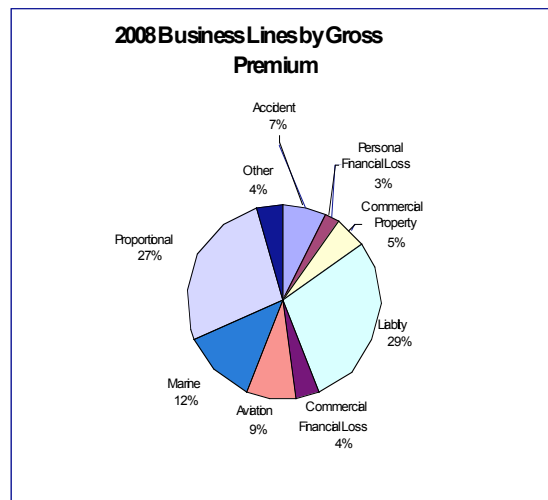
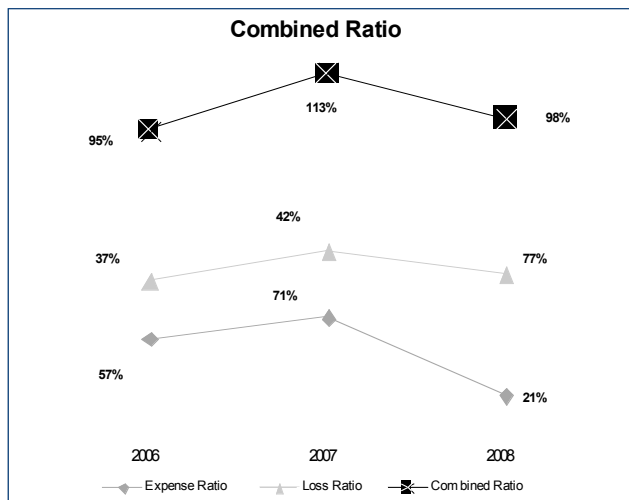
**Key Shareholders:** American International Group Inc

**Standard & Poor's Rating:** A+ 2-Mar09  
**A.M.Best's Rating:** Not Rated  
**Exchange Rate:** £1 : GBP1

KEY FINANCIAL DATA	30-Nov-08	30-Nov-2007 *	30-Nov-2006 *
	GBP (millions)	GBP (millions)	GBP (millions)
Gross Premium Written	4,373	276	220
Net Premium Written	2,312	146	131
Underwriting Result	(55)	(27)	(2)
Net Investment Income	141	8	8
Other Gains/Losses	265	(0)	1
<b>Pre-tax Profit excl. unrealised gains/(losses)</b>	351	(19)	7
Change in Equalisation Provision	(8)	1	10
Net Unrealised Gain/(Loss)	(166)	(3)	(4)
<b>Pre-tax Profit</b>	177	(21)	12
Dividend Paid and Proposed	48	0	0
Surplus	1,112	215	63
Net Technical Reserves	1,977	113	93
Liquid Assets	2,860	484	151
Total Assets	3,697	517	193

\* Refer Business Profile

KEY RATIOS:	30-Nov-08	30-Nov-2007 *	30-Nov-2006 *	S&P Standard *
<b>Net Premium/Surplus</b>	208.0	67.7	206.4	<330%
<b>Change in Net Premium Written</b>	1486.1	11.6	23.5	-10/30%
<b>Net Premium/Gross Premium</b>	52.9	52.7	59.3	>50%
<b>Net Technical Reserves/Liquid Assets</b>	69.1	23.3	61.4	<100%
<b>Two Year Avg U/W Profit/Net Investment Income</b>	-55.0	-183.9	-29.6	>-25%
<b>Pre-tax Profit/Avg Surplus</b>	52.9	-13.8	11.1	>5%
<b>Net Technical Reserves + Surplus/Net Premium</b>	133.6	225.0	119.5	>150%
<b>Net Technical Reserves/Surplus</b>	177.9	52.3	146.7	<350%
<small>Unusual Values</small>	<small>3/8</small>	<small>2/8</small>	<small>2/8</small>	
<b>Change in Surplus</b>	416.1	240.3	4.0	



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## OWNERSHIP INFORMATION

The company is a wholly owned subsidiary of the US based American International Group, Inc. For an overview of recent events at AIG see main Group profile: <http://www.jltgroup.com/market-update/>

AIG has announced its intention to form a general insurance holding company called AIU Holdings Inc. AIG UK will become part of the new grouping. The new entity will be one of the largest global general insurance operations with \$43 billion in equity as at 31/12/08 and revenues of over \$43.4 billion. It will have 44,000 employees providing over 500 products to 40 million customers in over 130 countries and jurisdictions. Its creation provides increased certainty about the continuation of the Group's global network. AIU Holdings will have its own board of directors, management team and brand distinct from AIG. AIU Holdings will include well-capitalised businesses that hold substantial liquidity and have not required capital funded through AIG's agreement with the U.S. government to support its financial strength.

## BUSINESS PROFILE

In December 2007, following the completion of a lengthy Part VII transfer process, involving permission from the High Court, AIG UK Ltd came into being. It represents the transfer of all of the UK general insurance business previously underwritten by New Hampshire Insurance Company into Landmark Insurance Company which then subsequently changed its name to AIG UK. The financial data provided is therefore not comparable across the years.

All assets held by the company for solvency purposes comply with FSA rules on admissibility and are certified as unencumbered by the FSA. The assets held by the company for solvency purposes cannot be accessed by AIG Inc. or by any other AIG company. Any dividend payment from AIG UK to its parent entity would need to go through the standard FSA notification process and solvency assessment. In 2008, AIG UK paid £48 million in dividend.

Formerly there was a guarantee of Landmark's business by major AIG operating entity American Home Assurance Company. As part of the transfer process this guarantee was terminated and going forward AIG UK Ltd benefits from a capital maintenance agreement from its current ultimate parent, AIG, Inc.

With effect from December 1<sup>st</sup> 2009 AIG the company will be renamed to Chartis Insurance UK. This name change is part of a global initiative by AIG's general insurance operations, announced on 27 July 2009. The link refers: [http://www.jltgroup.com/content/s2/Name\\_Change.pdf](http://www.jltgroup.com/content/s2/Name_Change.pdf)

## INVESTMENT PORTFOLIO & BUSINESS RETENTION

In the 2008 AIG UK Performance Review Lex Baugh, CEO of AIG UK, advised the following:

### *Investments*

Based upon shareholder account data, as opposed to the attached regulatory filings, the AIG UK portfolio consists of 97% investment-grade securities, and at the year end 2008 18% was in time deposits and cash. The portfolio includes less than 1% of equities.

### *Business Retention*

AIG UK has retained relationships with 98% of its major accounts that have become eligible for renewal, and the retention rate across the company is roughly 5% below that of last year. This is in line with the company's expectation in view of increased rates.

## RATINGS INFORMATION SUMMARY

AIG UK is not rated by Best's. The company carries a financial strength rating of A+ from Standard & Poor's. The rating, which carries a negative outlook, was last affirmed on March 2<sup>nd</sup> 2009. The affirmation primarily reflects S&P's view that the U.S. Treasury and the Federal Reserve will continue their financial support of and ongoing commitment to AIG Inc. as the revised recapitalisation AIG Inc announced improves its capital adequacy by making available more equity capital and reduces pressure on debt holders. The ratings reflect a combination of the extraordinary external support from the U.S. government in light of AIG Inc's status as a highly systemically important financial institution. S&P expects this support to be ongoing during AIG Inc's period of stress. The ratings are also based on the stand-alone insurance subsidiaries' 'A+' credit characteristics. The full rating rationale can be accessed via the main Group profile as above.

## NOTES TO THE FINANCIALS

The data is sourced from the 2008 FSA Return. Total admissible assets for 2008 were £45.7 million (2007: £27.8 million) less than total assets determined in accordance with UK GAAP. "Premium Reserve" for 2008 is shown net of deferred acquisition costs of £257.6 million (2007: £176.6 million). For 2008 "Pre-tax Profit" excludes unrealised losses on investments of £166.1 million (2007: £3.1 million).

S&P Standard ratios - these have been developed over several years by Standard & Poor's.