

## Chartis Europe Limited

### GENERAL INFORMATION

Domicile	United Kingdom
Key Shareholders	American International Group
Percentage Ownership	100%
Financial Year End	30 November 2010
Year of Incorporation	2007

### RATING INFORMATION

	<u>Rating</u>	<u>Outlook</u>	<u>Date</u>
A.M. Best	NR		
S&P	A	Stable	04/05/2011

### SUMMARY INCOME DATA

	USD mn	GBP mn	GBP mn	GBP mn
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Gross Premiums Written	3,535	2,251	2,171	4,355
Net Premiums Written	1,898	1,209	1,176	2,306
Underwriting Result	(88)	(56)	(65)	(55)
Net Investment Earnings (incl. realised gains/losses)	127	81	82	80
Unrealised Investment Gains	123	79	88	(151)
Other	2	1	(6)	311
Profit Before Tax	164	105	99	185

### KEY BALANCE SHEET DATA

	USD mn	GBP mn	GBP mn	GBP mn
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>				
Liquid Assets	5,406	3,442	3,105	2,860
Total Investments	5,452	3,471	3,130	2,896
Insurance Debts	940	598	552	655
Reinsurers Share of Technical Reserves	3,863	2,460	2,276	2,307
All Other Assets	597	380	412	450
Total Assets	10,851	6,910	6,371	6,307
<u>Liabilities &amp; Surplus</u>				
Total Gross Provisions	8,116	5,168	4,800	4,541
Net Technical Reserves	4,253	2,708	2,523	2,235
Total Liabilities	8,814	5,612	5,189	5,150
Shareholders' Funds (Equity)	2,038	1,297	1,182	1,157
	*Ex Rate = 1.57			

### KEY RATIO ANALYSIS

				S&P Benchmark
<b>Underwriting Performance :</b>				
Loss Ratio [Inc Claims/NPE]		71.4%	73.9%	77.1%
Expense Ratio [Underwriting Exp/NPW]		34.6%	30.3%	21.4%
Combined Ratio [Underwriting Performance]		106.0% *	104.3% *	98.5%
				<100%
<b>Investment Performance :</b>				
[Investment Income/Liquid Assets]		3.4%	3.3%	4.9%
<b>Profitability :</b>				
[Pre-Tax Profit/Equity]		8.1%	8.4%	16.0%
				>5%
<b>Solvency :</b>				
[Equity/Net Premium]		107.3%	100.5%	50.2%
[Equity/Net Technical Reserves]		47.9%	46.8%	51.8%
[Total Liabilities/Equity]		432.5%	439.0%	445.0%
				>33%
<b>Retention:</b>				
[Net Premium/Gross Premium]		53.7%	54.2%	53.0%
				>50%
<b>Liquidity :</b>				
[Insurance Debts/Equity]		46.1%	46.7%	56.6%
[Liquid Assets/Liabilities]		61.3%	59.8%	55.5%
[Net Technical Reserves/Liquid Assets]		78.7%	81.3%	78.1%
[Net Claims Reserves/Liquid Assets]		59.9%	58.8%	56.4%
				<100%

JLT has access to publicly available financial data only. Whilst the information on which we rely is obtained from sources considered to be reliable, we give no assurance about nor accept any responsibility for the financial standing or performance of any (re)insurer. We do not accept any liability for financial loss or damage, howsoever caused, arising from reliance on the review process or this document.

## OWNERSHIP INFORMATION

The company is a wholly owned subsidiary of the US based American International Group, Inc, through its Chartis Inc. business unit. Chartis is the AIG general insurance operation.

Whilst Chartis currently remains wholly owned by AIG a spin-off in whole or part is possible in the future. The Chartis business unit came into being following the well documented problems within the AIG that nearly resulted in its bankruptcy and need for significant governmental financial assistance. For an overview of recent events at AIG see main Group profile: <http://www.jltgroup.com/market-update/>

Chartis is a world leading property-casualty and general insurance organisation serving more than 40 million clients in over 160 countries and jurisdictions.

## LEGAL ENTITY RESTRUCTURE

During 2010, Chartis announced its new structure for the European Economic Area countries, Switzerland and Israel as part of its strategy to bring all of the Group's European operations under one regional management team in order to facilitate a pan European solution for Solvency II. The new structure also helped position Chartis for the proposed creation of a single UK-domiciled pan-European insurer. The new region was headquartered in London and included the following EU domiciled insurance companies: Chartis Insurance UK Ltd, Chartis Insurance Ireland Ltd and Chartis Europe SA.

This was followed in June 2011 by an announcement by Chartis of a further restructure of its European insurance companies to create a single UK domiciled insurance company, with branches across the European Economic Area (EEA) and in Switzerland. On 1 December 2011, Chartis completed a court approved portfolio transfer of its business in Ireland into a newly formed Irish branch of Chartis Europe Limited (formerly known as Chartis Insurance UK Limited). The legal entity change will have no impact on our operational management structure in Ireland.

## BUSINESS PROFILE

Chartis Insurance UK Limited came into being in its current format in 2007 when AIG re-organised its UK operations. The Group transferred the UK branch office business of its subsidiary New Hampshire Insurance Company to the UK domiciled Landmark Insurance Company Limited. Landmark was renamed AIG UK Limited. Thereafter, on 1 December 2009, AIG UK Limited was renamed Chartis Insurance UK Limited. The company's actual history in the UK goes back 60 years. On December 1<sup>st</sup> 2011 the company changed its name to Chartis Europe Ltd. The link below refers:

[http://www.chartisinsurance.com/\\_911\\_219866.html](http://www.chartisinsurance.com/_911_219866.html)

The company operates through two divisions: Commercial Lines and Consumer Lines. Commercial Lines represents 87% of the business and works alongside the broker market to serve clients that include many of the UK's top businesses, thousands of mid-sized and smaller companies, and numerous public sector organisations and charities. The company also serves overseas companies that buy insurance in the London market. Consumer Lines represents the 13% balance of the book. The product offering includes travel, personal accident and health and insurance for high net worth individuals sold through banks, building societies, trade unions, retailers and also direct.

2010 Gross premium written by class of business £000:

Accident & Health	229,534	10%
Aviation	151,263	7%
Marine	265,409	12%
Other Classes	1,100,023	49%
Reinsurance	504,612	22%
Total	2,250,841	100%

2010 Gross premium written by Geographical Distribution £000:

European Community	334,620	15%
United Kingdom	1,078,954	48%
Worldwide	837,267	37%
Total	2,250,841	100%

**NAME: Chartis Europe Limited**

**DOMICILE: UK**

### **RATINGS INFORMATION SUMMARY**

AIG UK is not rated by Best's. The company carries a financial strength rating of "A" (stable) from Standard & Poor's (dated 28/2/2011) which is the rating for the main Chartis Group operating subsidiaries. The "A" ratings on the Chartis subsidiaries reflect Standard & Poor's opinion of the group's strong and diverse competitive profile, strong capital adequacy, and strong, though diminished, operating performance.