

NEWS RELEASE

AM Best Affirms Credit Ratings of GIG Insurance - Egypt S.A.E.

10/11/2023

LONDON--(BUSINESS WIRE)-- **AM Best** has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of "bbb+" (Good) of GIG Insurance - Egypt S.A.E. (GIG-Egypt) (Egypt). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect GIG-Egypt's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, limited business profile and appropriate enterprise risk management. The ratings also factor in rating enhancement from GIG-Egypt's parent company, Gulf Insurance Group K.S.C.P. (GIG), reflecting the strategic importance of GIG-Egypt to the group. In April 2023, it was announced that GIG had acquired AIG Egypt Insurance Company S.A.E. (AIG Egypt). Merger between GIG-Egypt and AIG Egypt is planned to be completed before the end of 2024.

GIG-Egypt's balance sheet strength is underpinned by its risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). The company's capital requirements are driven by investment risk, with the majority of its assets held in Egyptian government bonds and local real estate. Regulatory restrictions in Egypt limit the investment opportunities available to GIG-Egypt; however, the company's capital position is sufficiently robust to absorb the higher risk charges associated with assets held locally. The company benefits from low underwriting leverage and has a history of internal capital generation. AM Best expects GIG-Egypt's consolidated risk-adjusted capitalisation to remain at the strongest level. The assessment also considers GIG-Egypt's exposure to high levels of economic, political and financial system risks from operating exclusively in Egypt.

GIG-Egypt has a record of generating strong earnings despite the challenging operating conditions and high inflationary environment of Egypt. GIG-Egypt generated a five-year (2018-2022) weighted average return on equity

of 24.6% and has an excellent underwriting record, with a five-year (2018-2022) average combined ratio of 84.9%.

GIG-Egypt is the third-largest non-life insurer in the Egyptian market, as measured by gross written premiums, with a non-life market share of approximately 8%. However, the company's profile is limited to its domestic market and is concentrated heavily toward the motor business line on a net premium basis. GIG continues to integrate its subsidiary operationally within the broader group, providing support in areas such as reinsurance purchasing, risk management, pricing and reserving and investment management services. In addition, GIG has demonstrated its commitment to GIG-Egypt through the periodic capitalisation of retained earnings, providing funding for capital expenditures and by increasing its ownership stake.

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's **Recent Rating Activity** web page. For additional information regarding the use and limitations of Credit Rating opinions, please view **Guide to Best's Credit Ratings**. For information on the proper use of Best's Credit Ratings, Best's Performance Assessments, Best's Preliminary Credit Assessments and AM Best press releases, please view **Guide to Proper Use of Best's Ratings & Assessments**.

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