

NEWS RELEASE

AM Best Affirms Credit Ratings of Gulf Insurance Group (Gulf) B.S.C. (c)

10/11/2023

LONDON--(BUSINESS WIRE)-- **AM Best** has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a" (Excellent) of Gulf Insurance Group (Gulf) B.S.C. (c) (GIG Gulf) (Bahrain). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect GIG Gulf's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management.

GIG Gulf's balance sheet strength assessment reflects its risk-adjusted capitalisation, which was at the strongest level at year-end 2022, as measured by Best's Capital Adequacy Ratio (BCAR). Conservative asset allocation, low reliance on reinsurance and continued prudent reserving practices have remained and continue to support the company's balance sheet following its acquisition by Gulf Insurance Group K.S.C.P. (GIG). An offsetting factor is country risk. The majority of the company's premiums and assets on a consolidated basis relate to countries that are considered by AM Best to have low to moderate economic, political and financial system risk; however, exposures in Oman and Bahrain carry high economic and financial system risk.

GIG Gulf's operating performance assessment considers the company's history of strong overall profitability, with a five-year (2018-2022) weighted average return-on-equity ratio of 13.1%, as calculated by AM Best. The company's earnings have been supported by investment and underwriting returns. GIG Gulf has a five-year (2018-2022) weighted average combined ratio of 95.0%, achieved through underwriting discipline, its focus on higher margin products, and the non-renewal of poor performing business in its health segment.

GIG Gulf is diversified moderately by geography and line of business, commanding a top five position within each of

its core markets: Qatar, the United Arab Emirates, Bahrain and Oman. In 2022, GIG Gulf successfully rebranded its operations from AXA Insurance (Gulf) B.S.C. (c), whilst maintaining its competitive market position.

AM Best considers the company's risk management capabilities to be relatively sophisticated. Furthermore, GIG Gulf has successfully demonstrated its ability to mitigate the execution risks associated following its acquisition and rebranding by GIG and has integrated into the group's decentralised operating model successfully.

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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