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## FOR IMMEDIATE RELEASE

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### **AM Best Affirms Credit Ratings of Tune Protect Re Ltd.**

**SINGAPORE, August 2, 2019**—AM Best has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of “bbb+” of Tune Protect Re Ltd. (Malaysia). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect TPR’s balance sheet strength, which AM Best categorizes as strong, as well as its strong operating performance, limited business profile and appropriate enterprise risk management (ERM).

TPR’s balance sheet strength assessment is underpinned by risk-adjusted capitalization that remains at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR). Despite a high dividend payout ratio over the past five years, retained earnings have remained robust and sufficient to support business growth. Other balance sheet considerations include the company’s modest-sized absolute capital base, as well as its large balance of premium receivables relative to capital and surplus, albeit improved collection processes have reduced the timeframe for receipt and the size of this asset item over recent years. The balance sheet strength assessment also reflects a neutral holding company impact arising from TPR’s ultimate 100% ownership by Tune Protect Group Berhad (TPG).

AM Best views TPR’s operating performance as strong, with the company having achieved a five-year average combined ratio of 56% and an operating ratio of 54% (2014-2018). TPR’s loss ratio has remained at a single digit level, reflecting the low loss experience arising from its assumed portfolio of travel insurance business, although the company’s expense ratio has trended upward in recent years. Investment

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income remains a small, albeit positive and stable, contributor to overall earnings. Prospectively, AM Best expects operating performance to remain strong, driven by continued favorable underwriting results over the medium term.

TPR's business profile is assessed as limited. The company is a small-sized and single-product focused reinsurer, predominantly providing quota share coverage for short-tail travel insurance policies with low and defined limits. TPR maintains a quasi-captive relationship with the AirAsia group (AirAsia), with over 80% of its gross written premiums originating from this source in 2018. TPR has multi-year distribution agreements with AirAsia in a number of its operating countries to provide travel insurance protection to airline customers through a range of local insurance partners, with that business ultimately reinsured by TPR. A high dependence on the AirAsia group remains; however, over recent years the company has expanded to other distribution partners in select Asia, Europe, Middle East, India and Africa markets, aimed at supporting diversification over time.

AM Best views the company's ERM approach as appropriate given the current size and complexity of its operations. TPR has taken steps to develop its risk management framework over recent years, with a level of oversight and support provided by TPG. Despite this, AM Best expects the company to exhibit further advancements to its risk management capabilities over the near term in order to support continued operational expansion, appropriate management and mitigation of key risks.

**Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.**

**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**

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