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AM Best Revises Long-Term Issuer Credit Rating Outlook to Positive for Tune Protect Re Ltd.

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FOR IMMEDIATE RELEASE

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AM Best has revised the outlook to positive from stable for the Long-Term Issuer Credit Rating (Long-Term ICR) of “bbb” (Good) and affirmed the Financial Strength Rating (FSR) of B++ (Good) as well as the Long-Term ICR of Tune Protect Re Ltd. (TPR) (Malaysia). The outlook of the FSR is stable.

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

The revised Long-Term ICR outlook of positive from stable reflects AM Best’s expectation that TPR’s operating performance metrics will improve over the medium term, predominantly driven by the growth of the travel industry post COVID-19.

TPR’s balance sheet strength assessment is underpinned by its risk-adjusted capitalisation, which is expected to remain at the strongest level over the medium term, as measured by Best’s Capital Adequacy Ratio (BCAR). AM Best views the company as having a modest risk investment strategy. Investment assets are predominantly held in unit trust funds, whereby the underlying assets are mainly fixed-income securities with good credit quality. Partial offsetting balance sheet factors include the company’s modest-sized absolute capital base compared with peer reinsurers (USD 31 million at year-end 2022), which increases the volatility of the capital adequacy under stressed scenarios. AM Best’s balance sheet strength analysis also incorporates a neutral holding company’s impact following an assessment of TPR’s parent group, Tune Protect Group Berhad (TPG).

AM Best considers TPR’s operating performance to be adequate, with a five-year average return-on-equity ratio of 16.4% (2018-2022). Over the past three years, the company’s revenue and operating earnings were adversely impacted by the COVID-19 pandemic, as well as by unrealised fair value investment losses arising from interest rate movements in recent periods. However, the recovery of air travel post COVID-19 is expected to drive an improving trend in TPR’s technical performance due to economies of scale.

AM Best assesses TPR’s business profile as limited given its position as a niche reinsurer with a focus on travel-related insurance products. TPR leverages TPG’s in-house technology platform to support and distribute policies in collaboration with corporate partners including airlines and travel agencies. Over the medium term, the company is expected to accelerate its diversification into new lines of business (including lifestyle and supplemental healthcare products) and new business partners.

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 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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AMB#	Company Name
059529	Tune Protect Group Berhad
092785	Tune Protect Re Ltd.



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