

Best's News

[BEST'S CREDIT RATING ACTION](#)

Best's News & Research Service - December 12, 2024 09:02 AM (EST)

AM Best Upgrades Issuer Credit Rating of Tune Protect Re Ltd.

December 12, 2024 09:02 AM (EST)



//BestWire// - **AM Best** has upgraded the Long-Term Issuer Credit Rating (Long-Term ICR) to “bbb+” (Good) from “bbb” (Good) and affirmed the Financial Strength Rating (FSR) of B++ (Good) of Tune Protect Re Ltd. (TPR) (Malaysia). In addition, AM Best has revised the Long-Term ICR outlook to stable from positive, while 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 strong operating performance, limited business profile and appropriate enterprise risk management.

The upgrade of the Long-Term ICR reflects an improvement in TPR’s operating performance in recent periods. Despite exhibiting volatile premium growth and operating earnings during the COVID-19 pandemic, the growth of the travel insurance operation has since normalised, resulting in more stable underwriting performance. In 2023, the company reported a robust combined ratio (net-net) of 84.6% and a return-on-equity ratio of 16.4% (as calculated by AM Best). In the first three quarters of 2024, TPR’s operating performance remains favourable, supported by strong technical profitability and investment performance.

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). The company has a generally conservative investment portfolio. Investment assets are held predominantly in unit trust funds, whereby the underlying assets are mainly fixed-income securities with good credit quality. A partially offsetting balance sheet strength factor is the company’s modest-sized absolute capital base (USD 33 million at year-end 2023) compared with its peer reinsurers, which exposes the company’s capital adequacy to increased volatility under stressed scenarios. AM Best’s balance sheet strength analysis also incorporates a neutral holding company impact from Tune Protect Group Berhad (TPG), TPR’s ultimate parent.

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, TPR is expected to exhibit moderate underwriting growth.

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](#).

AM Best is a global credit rating agency, news publisher and data analytics provider specialising in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.

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