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FOR IMMEDIATE RELEASE

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AM Best Affirms Credit Ratings of Tune Protect Re Ltd.

SINGAPORE, 11 November 2022—AM Best has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of “bbb” (Good) of Tune Protect Re Ltd. (TPR) (Malaysia). The outlook of these Credit Ratings (ratings) is stable.

The 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.

TPR’s balance sheet strength assessment is underpinned by its risk-adjusted capitalisation that 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 moderate risk investment strategy with investment assets 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 36 million at year-end 2021), which increases the susceptibility of capital adequacy to volatility under stressed scenarios. AM Best’s balance sheet strength analysis also incorporates a neutral holding company impact following an assessment of consolidated risk-adjusted capitalisation of TPR’s parent group, Tune Protect Group Berhad (TPG).

AM Best considers TPR’s operating performance to be adequate. Whilst TPR’s revenue and operating earnings were impacted adversely amid the COVID-19 pandemic, the company has been able to grow its

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premium base through geographical expansion and new business partners in recent periods. Prospectively, TPR is expected to achieve moderate revenue growth and robust operating earnings over the medium term, driven by the recovery of air travel and new product initiatives. However, the performance metrics remain sensitive to the company's ability to develop and maintain profitable arrangements with distribution partners. TPR recorded a five-year average net investment yield of 2.9% (2017-2021).

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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