



Media Release

RAM Ratings affirms Tune Protect Group's A2/Stable/P1 ratings

RAM Ratings has affirmed Tune Protect Group Berhad (TPG or the Group)'s A₂/Stable/P1 corporate credit ratings.

The affirmation is premised on our expectation that TPG's underwriting performance will be supported by further recovery in air travel and the Group's expanding partnership network. Its robust liquidity and capital position and adequate reserve levels also back the ratings.

TPG's insurance revenue declined to RM418 mil in 2023 from RM482 mil a year ago, mainly due to the Group's withdrawal from large commercial risks and the lapsing of policies sold under the Perlindungan Tenang Voucher (PTV) programme, with minimal renewals. In contrast, the Group's key segments of motor and travel insurance saw decent growth during the year on the back of higher car sales and travel recovery. This coupled with improved investment returns enabled TPG to record a pre-tax profit of RM3.2 mil in FY Dec 2023 (FY Dec 2022: RM33.7 mil loss).

Further upside to revenue is likely as visa exemptions for travel between China and some ASEAN countries could spur air passenger growth. Additionally, the Group is actively expanding its list of partners to tap into new markets and broaden its product offerings. However, the government's upcoming planned rationalisation of subsidies and ongoing motor and fire tariff liberalisation could weigh on earnings.

TPG's revenue was also hit by an impairment of RM43.6 mil relating to its inability to collect some PTV premiums due to technical issues. The impact to its pre-tax profit, however, was smaller at -RM29.5 mil as commissions tagged to the disputed accounts were forfeited. We view this as a one-off event as the PTV programme has ended. Additionally, the Group has tightened its standard operating procedure to avoid a recurrence. Pre-tax profit excluding the PTV impairment would have been higher at RM32.7 mil.

TPG's liquidity profile is robust, with liquid assets amply covering 2.6 times its net insurance contract liabilities. The latest capital ratios of its subsidiaries were well above the required regulatory minimum, while at the holding company level, the Group has remained debt-free since its listing in 2013.

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