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A.M. Best Assigns Credit Ratings to Protector Forsikring ASA

LONDON, 19 October 2017—A.M. Best has assigned a Financial Strength Rating of B++ (Good) and a Long-Term Issuer Credit Rating of “bbb+” to **Protector Forsikring ASA** (Protector) (Norway). The outlook assigned to these Credit Ratings (ratings) is stable.

The ratings reflect the company’s strong overall balance sheet assessment, adequate operating performance, neutral business profile and adequate enterprise risk management (ERM).

The company’s balance sheet strength is supported by risk-adjusted capitalisation that is expected to remain at a very strong level over the medium term. Whilst underwriting growth over the next three years (2017 to 2019) is forecast to drive an increase in net required capital, A.M. Best expects this to be partially offset by reduced dividend payments, and consequently higher retention of earnings. In addition, the company’s issuance of further subordinated debt during the first quarter of 2017, which A.M. Best gives partial equity credit for as part of its capital adequacy assessment, also supports planned business expansion. Other balance sheet factors include the company’s moderate dependence on third party reinsurance as well as its relatively high risk investment strategy with allocations toward equities and non-rated bonds.

Protector has historically reported strong operating performance, demonstrated by return on equity ratios consistently above 20% over the last five years (2012-2016). Overall results have been underpinned by a good

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balance of earnings from both underwriting and investment activities. The company's five-year average combined ratio of 89.6% is viewed as excellent. Protector reported a combined ratio of 90.7% for the first half of 2017, which included the impact of a large fire loss from the Grenfell Tower in the United Kingdom (U.K.).

A.M. Best expects prospective operating performance to be adequate, reflecting combined ratios and return on equity ratios that are forecast to trend down slightly as compared with current five-year averages. This reflects A.M. Best's expectation that increased costs associated with Protector's recent entrance into the U.K. insurance sector, as well as competitive market conditions across some of its markets, may result in a weakening of technical profitability. A.M. Best will continue to view Protector's operating performance as adequate until it demonstrates a longer track record of profitability in its key markets.

Established in 2004, Protector has a developing business profile, which is viewed as a neutral rating factor. The company has grown rapidly over recent years, as evidenced by gross written premiums increasing from NOK 1.2 billion in 2011 to NOK 3.4 billion in 2016. Expansion has principally been driven by the company entering new markets, including Sweden and Denmark, and more recently the U.K. and Finland. To-date growth has been profitable and supported increased geographical diversification, which is viewed positively.

The company's ERM is adequate given the size and complexity of its operations. A.M. Best considers Protector's risk management capability to be largely aligned with its risk profile. Continued development of its ERM approach will be critical to support successful expansion in new markets, whilst maintaining appropriate control and governance over key risks.

This press release relates to Credit Ratings that have been published on A.M. 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 A.M. Best's

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