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AM Best Affirms Credit Ratings of Protector Forsikring ASA

AMSTERDAM, 2 June, 2022—AM Best has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of “bbb+” (Good) of Protector Forsikring ASA (Protector) (Norway). The outlook of these Credit Ratings (ratings) is stable.

These ratings reflect Protector’s balance sheet strength, which AM Best assesses as strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management (ERM).

AM Best expects Protector’s risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), to be maintained at the strongest level, underpinned by strong earnings generation, which should adequately support the company’s growth forecasts.

The company’s balance sheet strength also benefits from a good liquidity profile and prudent reserving practices. A partially offsetting factor is the company’s moderate reinsurance dependence, although the associated risk is mitigated somewhat by the use of a well-diversified panel of reinsurance counterparties of good credit quality. Additionally, the company’s relatively high allocations to equities and non-rated bonds expose it to elevated investment risk, which increases the potential for volatility in risk-adjusted capitalisation.

Protector has a good earnings track record, as demonstrated by a five-year weighted average return on equity of 19% (2017-2021), as calculated by AM Best. The company recorded strong technical performance in

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2021, as demonstrated by a combined ratio of 87% (2020: 95%) as well as strong contributions from investment income, which continues to be a significant driver of overall profitability. The company's five-year weighted average yield, including gains, is 4.5% (2017-2021). However, AM Best notes that the company's investment return is subject to volatility due to relatively high exposure to higher-risk assets.

Established in 2004, Protector benefits from its relatively strong foothold and expertise in Norway's commercial and public insurance sector. The company has grown rapidly in recent years, as evidenced by gross written premiums increasing to NOK 5.9 billion (USD 670 million) in 2021 from NOK 1.2 billion (USD 201 million) in 2011. The company's entrance into new markets, including more recently, the United Kingdom, has principally driven expansion. Protector's geographic diversification has improved in line with its expansion activity.

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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