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A.M. Best Affirms Credit Ratings of National General Insurance Company (P.S.C.)

LONDON, XX March 2017—A.M. Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” of **National General Insurance Company (P.S.C.)** (NGI) (United Arab Emirates). The outlook of these Credit Ratings (ratings) remains stable.

The ratings of NGI reflect the company’s very strong risk-adjusted capitalisation, track record of good operating performance and well-established business profile in the United Arab Emirates (UAE). An offsetting rating factor is the execution risk relating to high growth on medical health care in a fiercely competitive operating environment.



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NGI's risk-adjusted capitalisation strengthened during 2016 and remains at a very strong level. Improvements in its capital position have been driven by a 3% increase in capital and surplus and a fall in net underwriting risk, which resulted from a change in reinsurance structure to the medical portfolio reducing net premium retention. A partially offsetting rating factor is the increased investment risk derived from higher exposure to non-rated bonds. A.M. Best anticipates that prospective risk-adjusted capitalisation will remain commensurate with the current ratings, sustained by robust internal capital generation and divestiture of higher-risk assets, supporting the company's growth targets over the next three years.

The company has demonstrated a track record of good operating results, with a five-year average combined ratio of 93.1% (2012-2016) for its non-life business and a five-year average return on equity of 12.9%. Despite this strong performance, the company's combined ratio deteriorated to 96.2% in 2016 (2015: 91.4%). Although the loss ratio improved to a healthy 66.7%, expenses significantly increased driven by brokerage costs associated with the expansion of mandatory medical business.

NGI has a well-established market profile in the UAE, ranking as a top 10 national insurer in 2016 by gross written premium. NGI has a strong presence in the medical and motor lines of business. NGI's appointment as one of the nine insurers licensed to participate in Dubai's mandatory medical scheme has driven top-line growth of 12.2% to AED 550 million during 2016. However, due to the structural change to the medical reinsurance programme, NGI's net premiums reduced by 18.5% to AED 251 million. The expected increase in the number of insurers licensed to participate in the Dubai Mandatory Medical Scheme is likely to place further pressure on NGI's performance and growth.

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



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responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#).

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