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AM Best Revises Outlooks to Positive for Protector Forsikring ASA

AMSTERDAM, 22 June 2023—AM Best has revised the outlooks to positive from stable and 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 Credit Ratings (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).

The positive outlooks reflect AM Best’s expectation that Protector will maintain a trend of strong earnings generation with reduced volatility in technical performance metrics following various remedial actions undertaken by the company, which were prompted by weaker underwriting performances in 2018 and 2019. The company recorded a strong technical performance in 2022, as demonstrated by a combined ratio of 89% (2021: 87%), as well as strong contributions from investment income that continues to be a significant driver of overall profitability. Protector’s five-year weighted average return on equity is 20% (2018-2022), as calculated by AM Best. The company’s five-year weighted average yield, including gains, is 4.3% (2018-2022). The relatively short duration of its bond portfolio coupled with a higher interest rate environment has supported stronger investment income in 2022 and first-quarter 2023.

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

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adequately support its growth plans. 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, Protector'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.

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 7.1 billion (USD 725 million) in 2022 from NOK 1.5 billion (USD 256 million) in 2012. Protector's entrance into new markets, including in 2015 the United Kingdom, has principally driven expansion and its 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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