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RATING SERVICES LTD

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05 August, 2019

Jason Light, Chief Executive Officer
Emirates Insurance Company P.S.C.
Emirates Insurance Co. Building
AL Zahiya (Tourist Club Area)
Abu Dhabi United Arab Emirates

Dear Jason,

This letter serves as a formal notice of your organisation's Best's Credit Ratings after an analysis of all current information shared with us. The Financial Strength Rating (FSR) and Issuer Credit Rating (ICR) assignments, public FSR rationale, non-public rating commentary, regulatory considerations and rating release procedures are detailed below. We encourage you to visit our online **Rating Center**, located at <http://www.ambest.com/ratings>, for the latest Best's Credit Ratings, as well as an overview of our rating process and rating methodologies.

The following public rating assignments will be published and are associated with **Emirates Insurance Company P.S.C.:**

AMB#	Company Name	FSR	FSR Outlook/ Implication	ICR	ICR Outlook/ Implication
085401	Emirates Insurance Company P.S.C.	A-	Stable	a-	Stable

While A.M. Best Rating Services, Inc. retains absolute control over the timing of the release of its rating opinions, we encourage acknowledgement of this ratings notification as soon as practicable, via an email to your analytical contact.

Rating Rationale Summary for: 85401 - Emirates Insurance Company P.S.C.

Balance Sheet: Very Strong

- Emirates Insurance Company's (EIC) risk-adjusted capitalisation is at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR) model, supported by low retained underwriting risk and a stable dividends policy.
- The company's balance sheet benefits from its strong liquidity position, prudent reserving practices, and its well-rated reinsurance panel.
- Partially offsetting factors include the company's concentrated investment portfolio and high reliance on reinsurers.

Operating Performance: Strong

- The company has a track record of strong operating performance, reporting a five-year (2014-2018) average return on equity (ROE) of 9.4%, (10.4% in 2018).
- Underwriting performance remains strong and stable. EIC reported a five-year average combined ratio of 88.5% (82.6% in 2018). Underwriting income is primarily driven by EIC's domestic business.
- Earnings are typically well balanced between underwriting and investment income, and in 2018, the company reported an investment yield (excluding unrealised gains/losses) of 3.5%.

Business Profile: Limited

- EIC has a sound position in the UAE insurance market as a top-five insurer. Furthermore, the company achieves geographical diversification via its specialist reinsurance arm, Emirates Insurance Company International (EIC

International).

- Whilst the company has a good position in its domestic market, the company's global profile remains limited.
- The company has a strong management team with a good understanding of the markets in which EIC operates.

Enterprise Risk Management: Appropriate

- EIC's enterprise risk management (ERM) framework is sufficiently developed and appropriate for the size and complexity of the company.
- Risk management capabilities are considered to be aligned with the company's risk profile.
- Whilst the company is compliant with local solvency requirements, it is working towards reducing its holding in domestic equities to a level within the Insurance Authority's (IA) investment limits.

Comprehensive Adjustment: None

Outlook: Stable

The stable outlooks are underpinned by the expectation that risk-adjusted capitalisation will remain at the strongest level as measured by Best's Capital Adequacy Model, supported by strong internal capital generation. The company is expected to maintain its well-established position in its domestic market and continue demonstrating strong operating performance as it executes its business plan.

Rating Drivers

Positive rating pressure may arise from the expansion of the company's business profile whilst maintaining strong technical profitability. Potential rating impact:Minor

Negative rating pressure may arise from a material reduction in risk-adjusted capitalisation. Potential rating impact:Minor

Negative rating pressure may arise should there be a prolonged deterioration in the company's operating performance. Potential rating impact:Minor

Positive or negative rating pressure may arise from a change in AM Best's assessment of the economic, political, or financial system risks in the UAE. Potential rating impact:Minor

Regulatory Considerations

In order to comply with regulatory requirements, the rating must be reviewed within a 12 month period. So that we have sufficient time to conduct a thorough rating assessment, we will need to hold a management meeting with you at least 6 weeks before the first anniversary of the rating release date. Failure to carry out a full assessment within the period mentioned above through lack of information may lead us to put the rating under review.

Financial strength ratings are prospective and subject to change depending on A.M. Best's continuous assessment of the company's performance. Any material changes in the factors behind the rating decision and departures from the business plan provided should be promptly communicated and may trigger a rating action.

Rating Release Procedures

As part of the rating procedure, A.M. Best Rating Services, Inc. (AMBRS) evaluates both financial and non-financial risks within your business. Where applicable, such analysis will include a review of the organisation's parent company(ies), and material subsidiaries, affiliates or sister companies. Upon completing the analysis, AMBRS reserves the right to publish its opinion of your organisation's ability to meet financial obligations issued by insurance-related companies, including the assignment of Financial Strength Ratings, Issuer Credit Ratings, or Issue Credit Ratings. Ratings referred to in this letter relate solely to the company(ies) specified and should not be applied, explicitly or implicitly, to any other entity.

The rating and corresponding rationale will be publicly available via, <http://ratings.ambest.com/ratingeventdisclosures.aspx>, immediately upon our release of the rating.

Do not disclose the ratings externally, either publicly or privately, prior to their public release by AMBRS. Please be advised that AMBRS and many global regulators consider an unpublished rating committee determination to be Material Non-Public Information (MNPI) that must be treated in a confidential manner with due care so that the information is not prematurely released and/or otherwise capitalized upon from its misuse. We respectfully request that you protect this MNPI from unauthorized view or use. Misuse of MNPI may be a violation of applicable law relating to the trading of securities and may result in serious consequences from its misuse that may include civil and criminal liability, sanctions, significant fines, and imprisonment.

A draft copy of your Best's Credit Report will be sent to your designated rating contact for review. Please submit any suggested revisions to this report within ten business days of receipt. Your organisation's Best's Credit Ratings and corresponding Best's Credit Report will appear in the next edition of Best's Insurance Reports and on the AMBRS website.

Should you have any questions concerning this matter, please feel free to contact the analyst responsible for your company's rating, Jessica Botelho-Young, Senior Financial Analyst at +44-207-397-0310.

Sincerely,

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