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AM Best Assigns Credit Ratings to Premier Insurance Company Limited

LONDON, 12 September 2019—AM Best has assigned a Financial Strength Rating of B++ (Good) and a Long-Term Issuer Credit Rating of “bbb” to Premier Insurance Company Limited (Gibraltar). The outlook assigned to these Credit Ratings (ratings) is stable. The company is wholly owned by Premier Underwriting Holdings (Gibraltar) Limited (Premier), which is the ultimate non-operating holding company and consolidating rating unit for the group.

The ratings reflect Premier’s balance sheet strength, which AM Best categorises as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management.

Premier successfully navigates the fiercely competitive U.K. motor market through its proven business strategy, targeting a niche segment within the crowded market. The company is small and concentrated by product offering and geography; however, is expecting to report strong revenue growth during 2019, as it accepts business that is already managed by an affiliated company. Subsequent to this, AM Best expects the company to generate modest growth. Premier benefits from long-term relationships with its distribution partners.

Premier’s balance sheet strength is underpinned by the strongest level of risk-adjusted capitalisation, as measured by Best Capital Adequacy Ratio (BCAR), which has been supported by internal capital generation through the retention of earnings over time. The group’s conservative investment and reserve management provide additional stability to its financial strength. An offsetting factor in Premier’s balance sheet strength

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assessment is its small absolute capital base, which heightens the potential for volatility, and reinsurance dependency.

With a focus on the bottom line profitability, Premier has demonstrated its underwriting discipline by reporting profits in all recent years and a five-year average (2014-2018) return on equity of 12.3%. This is despite a highly competitive pricing environment. Outperforming many U.K. motor writers, the group produces healthy underwriting results, posting a five-year average (2014-2018) combined ratio of 80.8%. Robust operating performance reflects Premier's proactive and formalised enterprise-wide approach to risk management.

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 [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases](#).

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