



# PRESS RELEASE

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**CONTACTS: Todor Kitin, ACA**  
Senior Financial Analyst  
+44 20 7397 0335  
[todor.kitin@ambest.com](mailto:todor.kitin@ambest.com)

**Christopher Sharkey**  
Associate Director, Public Relations  
+1 908 882 2310  
[christopher.sharkey@ambest.com](mailto:christopher.sharkey@ambest.com)

**Jessica Botelho-Young, CA**  
Associate Director, Analytics  
+44 20 7397 0312  
[jessica.botelho-young@ambest.com](mailto:jessica.botelho-young@ambest.com)

**Al Slavin**  
Senior Public Relations Specialist  
+1 908 882 2318  
[al.slavin@ambest.com](mailto:al.slavin@ambest.com)

### **AM Best Affirms Credit Ratings of Dubai National Insurance & Reinsurance P.S.C.**

**LONDON, 6 December 2024**—AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating (Long-Term ICR) of “a-” (Excellent) of Dubai National Insurance & Reinsurance P.S.C. (DNI) (United Arab Emirates) [UAE]. The outlook of these Credit Ratings (ratings) is stable.

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

DNI’s balance sheet strength is underpinned by risk-adjusted capitalisation at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR), which has been supported by good earnings retention in recent years. AM Best expects the company to maintain a robust buffer in excess of the minimum required for the strongest BCAR assessment, reflective of the company’s low underwriting leverage. The assessment factors in DNI’s good liquidity levels and its prudent reserving practices. An offsetting rating factor is the company’s high dependence on reinsurance, evident by a retention ratio averaging 35% over the last five years. The associated counterparty credit risk is mitigated partially by the use of a panel of international reinsurers of excellent financial strength.

DNI has a track record of strong operating performance. In 2023, under IFRS 17, the company generated a return-on-equity of 6.7% and a net-net combined ratio of 94.1% (both as calculated by AM Best). The balance of earnings is skewed toward investment income, which accounted for most of the company’s net profit in 2023. Recent technical profitability has been adversely impacted by challenging underwriting conditions, including

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pressure on premium rates for DNI’s core classes of business of motor and medical, as well as losses caused by the heavy rainfalls experienced in 2023 and 2024 in the UAE. Whilst the company’s earnings remain subject to the high levels of competition in the UAE insurance market, AM Best expects DNI’s cross-cycle operating performance to remain strong, supported by its stringent underwriting and prudent risk selection.

DNI’s business profile assessment reflects its position as a mid-tier insurer in the UAE general insurance market. The company reported AED 448 million (USD 122 million) of insurance service revenue in 2023. Although DNI’s underwriting portfolio is geographically concentrated in the highly competitive UAE market, the company has started to broaden its distribution platforms and has entered strategic partnerships with the aim to generate profitable growth.

**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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