



# NEWS RELEASE

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## FOR IMMEDIATE RELEASE

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### **A.M. Best Affirms Ratings of ECICS Limited**

**SINGAPORE, February 12, 2015**—A.M. Best has affirmed the financial strength rating of A- (Excellent) and the issuer credit rating of “a-” of **ECICS Limited** (ECICS) (Singapore). The outlook for both ratings is stable.

The ratings consider ECICS’ strong risk-adjusted capitalization and high investment income ratio. While the company’s risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio, is expected to trend lower with budgeted premium growth, it is expected to remain at a high level. ECICS’ investment portfolio, holding mostly cash and fixed income assets, contributes significantly to the company’s overall earnings.

Offsetting rating factors include ECICS’ small absolute size and execution risk as the company seeks to diversify into new general insurance segments. ECICS has had a narrow business focus and mainly competes with significantly larger peers in a small segment (bond insurance) of Singapore’s non-life market. This leaves the company’s franchise more vulnerable to price competition, and during 2014, it experienced a significant decline in gross premiums due to intensifying price competition for construction bonds. In response to these developments, the company has put in place resources to expand into other non-life business lines and aims to recapture top-line growth. However, should budgeted business volumes not materialize, expense strain could result in negative net results.

Positive rating movement is not expected at this point.

Negative rating action could occur if ECICS’ gross premiums continue to decline or if the company’s

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risk-adjusted capitalization declines materially due to deterioration in operating performance.

The methodology used in determining these interactive ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

Key insurance criteria reports utilized:

- Catastrophe Analysis in A.M. Best Ratings
- Risk Management and the Rating Process for Insurance Companies
- Rating Surety Companies
- Understanding Universal BCAR
- Evaluating Non-Insurance Ultimate Parents

Ratings are communicated to rated entities prior to publication, and unless stated otherwise, the ratings were not amended subsequent to that communication.

**This press release relates to rating(s) 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 responsible for issuing each of the individual ratings referenced in this release, please visit A.M. Best's [Ratings & Criteria Center](http://www.ambest.com/ratings).**

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