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AM Best Affirms Credit Ratings of Zavarovalnica Triglav d.d. and Pozavarovalnica Triglav Re, d.d.

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FOR IMMEDIATE RELEASE

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AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Ratings of “a” (Excellent) of Zavarovalnica Triglav d.d. (Triglav), the operating holding company of the Triglav group, and Pozavarovalnica Triglav Re, d.d. (Triglav Re), a wholly owned subsidiary of Triglav. Both companies are domiciled in Slovenia. The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Triglav’s balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management (ERM). The ratings of Triglav Re factor in its strategic importance to Triglav, together with its strong integration into the group.

Triglav’s balance sheet strength is underpinned by its risk-adjusted capitalisation at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR). The assessment also considers the group’s prudent reserving and good financial flexibility, with access to equity and debt markets. Financial leverage and interest coverage are well within AM Best tolerances. An offsetting factor continues to be the high average guarantees embedded within the group’s life portfolio compared with peers; however, the sale of most products with guarantees was discontinued in 2019, and the average guarantee rate has been declining steadily.

Triglav’s operating performance continues to be strong, as evidenced by a solid five-year (2017-2021) weighted average return on equity (ROE) and combined ratio of 10.5% and 94.4%, respectively (as calculated by AM Best). At half-year 2022, the group’s combined ratio and ROE were 89.5% and 11.2%, respectively, despite challenging market conditions. Triglav’s performance is driven by excellent non-life technical earnings in its domestic market, where the group’s scale enables it to operate

with a low expense base, and is supplemented by healthy investment income. The profitability of Triglav's international operations in the West Balkans remains modest mainly due to intense competitive conditions and high operating costs. Nonetheless, the group continues to demonstrate improvements in earnings derived from this region, as it grows and actively seeks alternative, lower cost distribution channels.

Triglav benefits from its dominant position in its domestic market, with a 39% market share, in terms of gross written premium, in 2021. The group is also a dominant player in the Adria region, with approximately 22% market share. Triglav writes a well-diversified portfolio by product and geography. AM Best expects growth in premium volume to be moderate over the medium term, reflecting the combination of improving operating conditions in Slovenia, and the highly competitive nature of the international reinsurance market.

AM Best considers Triglav's ERM to be developed and appropriate for the company's risk profile and operational scope.

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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