

Press Release - AUGUST 17,  
2018

 Print This Page

## A.M. Best Downgrades Credit Ratings of National Insurance Company Limited; Places Under Review With Negative Implications

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### Related Companies

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#### AMB# Company Name

086042 National Insurance Company Limited

093372 National Insurance Company Limited NPB

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### FOR IMMEDIATE RELEASE

SINGAPORE - AUGUST 17, 2018

**A.M. Best** has downgraded the Financial Strength Rating (FSR) to C++ (Marginal) from B++ (Good) and the Long-Term Issuer Credit Rating (Long-Term ICR) to "b" from "bbb" of National Insurance Company Limited (National) (India). Additionally, A.M. Best has placed these Credit Ratings (ratings) under review with negative implications.

The ratings reflect National's diminished balance sheet strength, which A.M. Best categorizes as adequate, as well as its marginal operating performance, neutral business profile and weak enterprise risk management (ERM).

The company experienced a significant deterioration in its risk-adjusted capitalization as of the year-end March 2018 filing. Its capital position fell by 42% due to significantly worse-than-forecast operating results in multiple major lines of business and a one-time absorption of the remaining reserve shortfall in its motor third-party liability business. As a result of its reduced capital position, its equity investment leverage has increased significantly, further straining risk-adjusted capital, as measured by Best's Capital Adequacy Ratio (BCAR). The balance sheet

assessment of adequate could be subject to negative revision pending the progress of initiatives to improve National's risk-adjusted capital.

National's ERM is not appropriate for its size and complexity and is assessed as weak. Its financial filings have significantly lagged that of its peers due to system constraints, which has hampered A.M. Best's timely access to data. Furthermore, the company has experienced extended periods without permanent top leadership in the five years prior to March 2018.

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

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**This press release relates to Credit Ratings 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 see A.M. 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 A.M. Best press releases, please view Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases.**

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