

BEST'S RATING REPORT

Kuwait Reinsurance Company K.S.C.P.

Kuwait Re Tower, Sharq, Al Shuddha Street, P.O. Box 21929, Safat 13080, Kuwait

AMB #: 085585

NAIC #: N/A

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Kuwait Reinsurance Company K.S.C.P.

Report Release Date:

June 7, 2018

Group Members Rating Effective Date:

April 27, 2018

Disclosure Information: View A.M. Best's [Rating Disclosure Form](#)

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Ultimate Parent: [086804 - Al Ahleia Insurance Company S.A.K.P.](#)
A.M. Best Rating Unit: 085585 - Kuwait Reinsurance Company K.S.C.P.

Best's Credit Ratings:

Rating Effective Date: April 27, 2018

Best's Financial Strength Rating:	A-	Outlook:	Stable	Action:	Affirmed
Best's Issuer Credit Rating:	a-	Outlook:	Stable	Action:	Affirmed

Five Year Credit Rating History:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
04/27/2018	A-	Stable	Affirmed	a-	Stable	Affirmed
02/02/2017	A-	Stable	Affirmed	a-	Stable	Affirmed
01/14/2016	A-	Stable	Affirmed	a-	Stable	Affirmed
08/14/2015	A- u	Negative	Under Review	a- u	Negative	Under Review
05/07/2015	A-	Stable	Affirmed	a-	Stable	Affirmed
04/25/2014	A-	Stable	Affirmed	a-	Stable	Affirmed

Rating Rationale:

Balance Sheet Strength: Very Strong

- Risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), is categorised as strongest, and is expected to remain at the strongest level in the coming years.
- Balance sheet strength assessment is also reflective of the company's low dependence on retrocession, a good liquidity position and prudent reserving practices.
- An offsetting factor is the holdings of alternative assets, including real estate and a relatively small proportion of private equity, which exposes the capital base to volatility.

Operating Performance: Adequate

- Return on equity for 2017 stood at 6.9%, in excess of the five-year average (2013-2017) of 4.7%, chiefly reflecting the volatility stemming from the underwriting accounts over recent years.
- Underwriting performance marginally weakened in 2017 mainly driven by two large claims, translating into a combined ratio of 98.0% (2016: 96.7%).
- The rationalisation of operations engaged by management, with profile shifting away from proportional treaties towards facultative reinsurance, is expected to translate into improved combined ratios of around 95% prospectively.
- Operating performance continued to be supported by stable investment returns, with a five-year (2013-2017) investment yield of 2.7%.

Business Profile: Neutral

- Well-established, international composite reinsurer, offering facultative protection, proportional treaties and excess of loss reinsurance across the Middle East and North Africa, Asia Pacific and Eastern Europe.
- Business strategy implemented by the new management team since 2015 is on track and has already resulted in an improvement in the business mix, with a significant shift in the portfolio from proportional treaties towards facultative protection.
- Despite historically operating primarily in the non-life segment, profile has been strengthened by growing the life business in 2017. Life underwriting expertise has been brought in-house, and this segment is expected to account for a growing proportion of the portfolio going forward.

Enterprise Risk Management: Appropriate

- Risk management framework has seen strong levels of improvement over recent years and is considered appropriate given the complexity of operations.
- Operations are supported by well-documented policies and procedures, strong underwriting and investment guidelines and clear governance structure.
- Risks are adequately identified and monitored through a solid framework which includes risk appetite, tolerances and limits with clear escalation procedures.
- An internal capital model is in place to manage and monitor capital throughout the organisation at a 99.5% confidence level.

Outlook

The stable outlooks reflect the expectation that Kuwait Re will maintain its risk-adjusted capitalisation at the strongest level as measured by BCAR, whilst ongoing strategic initiatives implemented by the management will translate into a more stable operating performance over the medium term.

Rating Drivers

Although considered unlikely at present, positive rating pressure could arise if the successful implementation of the company's strategy were to result in sustained strong operating and technical performance.

Negative rating pressures may arise from a deterioration of Kuwait Re's risk-adjusted capitalisation to a level that would weaken the overall balance sheet strength assessment.

Negative rating pressures may arise due to a weakening in the rating fundamentals of Kuwait Re's parent company, Al Ahleia Insurance Company.

Negative rating pressures may also arise from a sustained decline in the company's operating performance over the medium term.

Financial Data Notes:

Time Period: Annual - 2017

Status: A.M. Best Quality Cross Checked

Data as of: 02/26/2018

Key Financial Indicators:**Key Financial Indicators (000)**

	Year End				
	2017	2016	2015	2014	2013
Premiums					
Gross premiums written - combined	35,069	29,388	39,634	34,312	40,497
Gross premiums written - non life	33,273	29,279	39,530	34,214	40,497
Net premiums written - combined	31,473	25,590	34,564	30,406	36,489
Net premiums written - non life	29,677	25,481	34,460	30,308	36,489
Net premiums written - life	1,796	109	104	98	...
Capital & Surplus	45,734	42,722	42,053	40,428	41,101
Total Assets	116,259	103,531	106,115	103,643	105,806

Source: Bestlink - Best's Statement File - Global

Local Currency: Kuwaiti Dinar

US \$ per Local Currency Unit 3.31934 = 1 Kuwaiti Dinar (KWD)

Key Financial Indicators - A.M. Best Ratios (%)

	Year End				
	2017	2016	2015	2014	2013
Combined Ratio	98.0	96.7	95.8	104.8	99.1
Net Premiums Written to Equity	68.8	59.9	82.2	75.2	88.8
Liquidity					
Liquid Assets to Total Liabilities	88.5	89.3	72.0	66.1	66.5
Total Investments to Total Liabilities	116.4	125.9	112.7	109.1	105.1

Source: Bestlink - Best's Statement File - Global

Best's Capital Adequacy Ratio Summary - AMB Rating Unit (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	70.5	58.4	53.5	52.0

Source: Best's Capital Adequacy Ratio Model - Universal

Credit Analysis:**Balance Sheet Strength: Very Strong**

Kuwait Re's balance sheet strength assessment of very strong is underpinned by risk-adjusted capitalisation, which is at a strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). The company's balance sheet strength also benefits from prudent

reserving practices and good levels of liquidity. The assessment is partially offset by the company's holdings of alternative investments, including real estate and a relatively small proportion of private equity, which expose the company's capital base to volatility.

Capitalization:

Kuwait Re's risk-adjusted capitalisation is comfortably within the strongest category, with Best's Capital Adequacy Ratio (BCAR) scores above 50% at year-end 2017. During 2017, Kuwait Re's capital position strengthened as a result of good internal capital generation, coupled with continued de-risking of its equity portfolio. Prospectively, Kuwait's Re capital position is expected to remain at the strongest level.

As a result of the company's focus on underwriting and high net premium retention, underwriting risks continue to drive capital requirements. Furthermore, whilst representing a marginal share of Kuwait Re's investment portfolio at year-end 2017, the company's holdings of KWD 3.6 million of private equity investments also remain a significant driver of capital consumption, as these investments attract a capital charge of 100% in the BCAR model.

Improvement in risk-adjusted capitalisation can be mainly attributed to the gradual execution of the company's de-risking plan with regards to its investment portfolio and, more specifically, to the private equity holdings. Additionally, Kuwait Re's capital position has further strengthened as no cash dividend has been paid out in 2017, following board's decision in 2016 to change dividend policy in order reinvest profit back into the company. Current dividend policy is expected to remain unchanged in the short term.

Capital Generation Analysis (000)

	Year End				
	2017	2016	2015	2014	2013
Capital & surplus brought forward	42,722	42,053	40,428	41,101	39,452
Change in share capital	1,200	2,750
Change in non-distributable reserves	616	296	693	8	402
Change in other reserves	-1,869	-424	-693	-8	-3,152
Currency exchange gains	-121	5	307	232	88
Profit or loss for the year	3,060	1,952	3,195	-16	1,829
Capital gains or (losses)	126	340	-377	246	-268
Dividend to shareholders	...	-1,500	-1,500	-1,500	...
Other changes	365	...
Total change in capital & surplus	3,012	669	1,625	-673	1,649
Capital & surplus carried forward	45,734	42,722	42,053	40,428	41,101

Source: Bestlink - Best's Statement File - Global

Local Currency: Kuwaiti Dinar

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Asset Liability Management – Investments:

Despite holdings of higher risk and illiquid asset classes, the majority of Kuwait Re's investment portfolio comprises highly liquid cash and deposits. Over recent years the company has reduced exposure to its private equity investments and has increased holdings of bonds, cash and term deposits, which represented 73.4% of the investment portfolio at year-end 2017 (2016: 67.3%).

The company holds real estate investments which include its offices in Kuwait and Malaysia, which have historically provided a stable base for Kuwait Re's investment returns.

Kuwait Re benefits from a largely liquid investment portfolio, which provides sufficient liquidity to meet policyholder obligations. As at year-end 2017, the company's cash and fixed deposits were equal to approximately 115% of net outstanding claims reserves.

Reserve Adequacy:

Kuwait Re maintains a prudent approach to reserving. The adequacy of technical reserves is subject to independent actuarial review on an annual basis, which, as at year-end 2017, concluded that the company held a surplus in excess of best estimate reserves.

Operating Performance: Adequate

Operating Performance

In 2017, Kuwait Re reported a net income of KWD 3.06 million, 57.0% higher than in 2016 (KWD 1.95 million) which translated into a return on equity of 6.9% (2016: 4.6%). The company's operating ratio stood at 88.2% (2016: 92.7%), slightly lower than the five-year average (2013-2017) of 92.7%.

Whilst technical results have slightly decreased in 2017, a better result from investments, whose improvement relative to 2016 was driven primarily by positive currency gains, has led to the significantly higher net profit.

Kuwait Re's operating performance has historically been dependent on investment income and operating earnings could be adversely affected if investment results were to deteriorate. Although Kuwait Re's strategic initiatives aim to improve technical performance, A.M. Best expects investment results to remain a significant driver of the company's net profit, at least, in the short to medium-term.

Underwriting Performance

Kuwait Re has experienced volatile underwriting performance over the last decade. Nevertheless, strategic initiatives from 2016, seeking to generate higher long-term profits, have translated into a change in business mix, which has assisted Kuwait Re to deliver positive, albeit declining, technical results each year since then. The five-year (2013-2017) average combined ratio now stands at a modest 98.9%, although it has fluctuated between 95.8% and 104.4% over the same period.

Following the introduction of the new management team from 2016, the company has embarked on a strategy to rebalance the portfolio of its non-life operations, with the aim to start delivering enhanced profitability in 2017. As a result of the actions taken, Kuwait Re's level of attritional losses had dropped in 2017. However, underwriting profit slightly deteriorated following significant losses from two large accounts, with these being two of the largest claims Kuwait Re suffered over the last 10 years. Non-life technical result in 2017 dropped to KWD 553 thousand from KWD 982 thousand in 2016.

Whilst loss experience has marginally weakened relative to 2016, as evidenced by a loss ratio of 67.4% (2016: 64.6%), the impact on the non-life technical results has been partially offset by the reduced amount of net operating expenses (KWD 9.4 million). The lower level of operating expenses Kuwait Re incurred in 2017 are derived from a considerable decrease in acquisition costs. This is directly linked to the company's new business strategy aimed to tilt the portfolio mix towards excess of loss and facultative business, and reduce their exposure to underperforming proportional treaties and low margin binder programmes.

Also in line with management's strategy, the company has also invested in additional technical expertise in its life division to support improved underwriting performance. During 2017, the considerable growth in its life business led to positive results, contributing 34% of Kuwait Re's total underwriting income. Although this has somewhat offset the lower results from the non-life operations, the company's combined technical account produced KWD 837 thousand, 20% lower than the previous year (2016: KWD 1.04 million).

Investment Performance

Kuwait Re's investment portfolio yielded a net investment return of 2.9% (including gains) in 2017 (2016: 2.9%). The company's investment returns are mainly driven by rental income from its property investments and by interest on fixed deposits. Whilst more volatile, investment income is also supported by dividend income from its equity portfolio, including mutual funds and the company's legacy holdings of private equity funds.

Financial Performance Summary (000)

	Year End				
	2017	2016	2015	2014	2013
Pre-Tax Income	3,205	2,029	3,351	-9	1,913
Net income (after noncontrolling interests)	3,060	1,952	3,195	-16	1,829

Source: Bestlink - Best's Statement File - Global

Local Currency: Kuwaiti Dinar

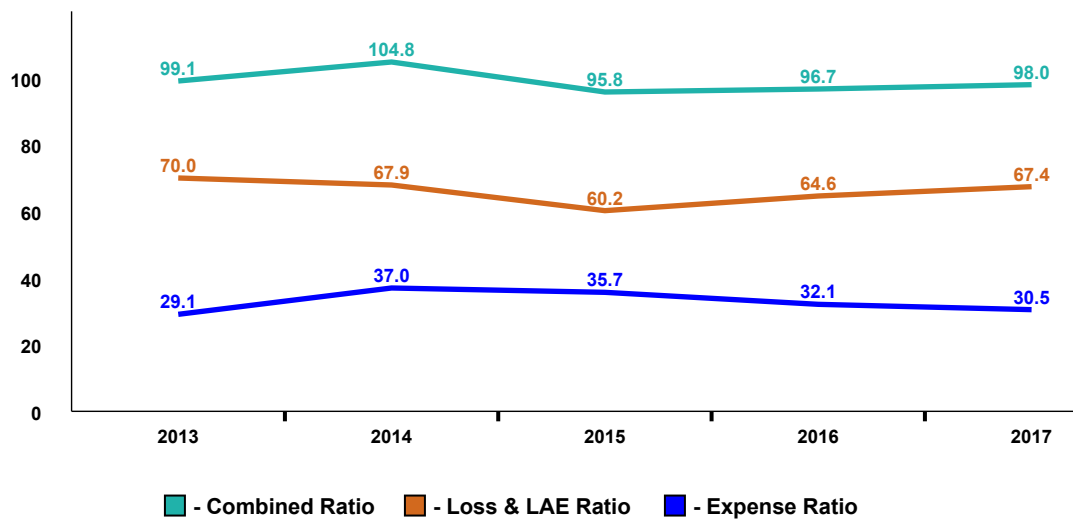
US \$ per Local Currency Unit 3.31934 = 1 Kuwaiti Dinar (KWD)

A.M. Best Ratios (%)

	Year End				
	2017	2016	2015	2014	2013
Overall Performance:					
Return on Assets	2.8	1.9	3.0	...	1.8
Return on Equity	6.9	4.6	7.7	...	4.5
Non-Life Performance:					
Loss & LAE Ratio	67.4	64.6	60.2	67.9	70.0
Expense Ratio	30.5	32.1	35.7	37.0	29.1
Combined Ratio	98.0	96.7	95.8	104.8	99.1
Combined less Investment Ratio	88.2	89.1	90.9	100.1	94.3

Source: Bestlink - Best's Statement File - Global

Combined Ratio (%)



Business Profile: Neutral

Kuwait Re is a closely held Kuwaiti company, established in 1972 by a group of local insurance, banking and investment institutions. In June 2015, AAIC's increased its shareholding from approximately 30% in Kuwait Re to reach 91.3%, which enabled the company to have board control. Kuwait Re is now part of the AAIC group, and is consolidated into the group's financial statements.

The company underwrites a diverse portfolio of reinsurance, categorised under three main lines of business; property and engineering, marine and energy (including cargo, hull and general aviation) and general accident. For 2017, property and engineering business lines represented 70.2% of gross written premium, marine and energy 19.4% and general accident 5.3%.

Kuwait Re's profile has further diversified in 2017 as life reinsurance accounts for 5.1% of GWP. The company brought in a life underwriter over the course of 2017 and with the focus on traditional life business, mainly Group Life. Life segment has grown to KWD 1.7 million in 2017 (2016: KWD 0.11 million) and management's expectations for this line of business is to gain traction producing up to KWD 2.4 million in premium revenue by year-end 2018.

Kuwait Re's premium retention remains high at approximately 90%, with retrocession support purchased primarily on an excess of loss basis to protect against large losses and catastrophe events.

In 2017, the company underwrote gross written premium (GWP) of KWD 35.1 million, equivalent to USD 116.4 million, representing growth of 19.3% relative to 2016, when the company reported GWP of KWD 29.4 million. Growth in 2017 arose from the company's facultative and non-proportional portfolios. 2016 had seen a 25.9% decrease in business volumes, following the company reducing its exposures to proportional treaty business, the soft rate environment and competition in the international reinsurance market.

Kuwait Re offers proportional treaties, excess of loss (XoL) and facultative protection to cedants across a diverse number of territories and regions including the Middle East and North Africa, Asia-Pacific and Central and Eastern Europe.

During 2017, Kuwait Re has continued to realign its portfolio. These strategic initiatives were aimed to shift in composition of the underlying portfolio to target facultative and XoL protection, whilst reducing exposure to proportional business (including Large and Special Risks). This reflects the company's intention to leverage from its underwriting expertise and the expectation that facultative and XoL business will produce greater long-term profitability, despite potential volatility from losses on the XoL book. Proportional treaties accounted for 42% of GWP in 2017 (2016: 48%), facultative 47% (2016: 38%) and non-proportional excess of loss business 11% (2016: 14%).

The majority of Kuwait Re's business is written via brokers, with 77% of GWP sourced in this manner during 2017, allowing the company to access business across a wide number of geographies. The company leads only a small amount of business written, following on the majority of its underwriting portfolio.

By-Line Business (000)

Year End - December 31

	2017	2016	2015	2014	2013
Accident & health	1,849	3,229	5,142	6,387	7,506
Fire	24,627	19,762	25,205	20,343	21,073
Marine	6,797	6,288	9,183	7,484	11,918
Total non-life	33,273	29,279	39,530	34,214	40,497

Source: Bestlink - Best's Statement File - Global

Local Currency: Kuwaiti Dinar

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Enterprise Risk Management: Appropriate

Kuwait Re has a well-developed ERM framework, which has seen strong levels of improvement over recent years. The risk management approach is adequately integrated, with the regular monitoring of insurance, market and operational risks.

During 2013, the company conducted an in depth review of its ERM framework, with a number of updates effected to enable a more robust approach to risk management. Kuwait Re also appointed a new Chief Risk Officer at this time, tasked with further developing and embedding the company's approach to risk management.

Senior management personnel and the Chief Risk Officer are collectively responsible for risk management, with supervision provided by the Board of Directors, to which there is detailed quarterly reporting. Kuwait Re's operation is supported by well documented policies and procedures, strong underwriting and investment guidelines and clear authority levels. The company also has well-established risk tolerances, and appropriate controls covering insurance, asset and operational risks. The company has developed internal capital modelling capability, which is employed in the strategic decision making process.

The company has the tools to monitor geographical accumulation of all risks by gathering accurate latitude and longitude data. Kuwait Re models its catastrophe exposure internally and with assistance from brokers, with its largest exposure at the 1-in-250-year return period being an earthquake event in Turkey; additional retrocession beyond modelled results at this level is purchased to mitigate model error.

Kuwait Re benefits from an established and effective ERM framework, with risk management capability deemed in line with its risk profile.

Rating Lift/Drag

Kuwait Re is 91.26% owned by Al Ahleia Insurance Company, which is rated A- by A.M. Best. No lift or drag therefore applies.

Financial Statements:

Balance Sheet:

Balance Sheet:

Assets	12/31/2017	12/31/2017	12/31/2017
	KWD(000)	% of total	USD(000)
Cash & deposits with credit institutions	48,380	41.6	160,590
Bonds & other fixed interest securities	11,916	10.2	39,553
Shares & other variable interest instruments	2,111	1.8	7,007
Liquid assets	62,407	53.7	207,150
Unquoted investments	7,631	6.6	25,330
Real Estate	12,080	10.4	40,098
Total investments	82,118	70.6	272,578
Reinsurers' share of technical reserves - claims	10,158	8.7	33,718
Total reinsurers share of technical reserves	10,158	8.7	33,718
Insurance/reinsurance debtors	6,562	5.6	21,782
Other debtors	386	0.3	1,281
Total debtors	6,948	6.0	23,063
Fixed assets	1,691	1.5	5,613
Prepayments & accrued income	15,344	13.2	50,932
Total assets	116,259	100.0	385,903

Balance Sheet: (Continued...)**Balance Sheet: (Continued...)**

Liabilities	12/31/2017 KWD(000)	12/31/2017 % of total	12/31/2017 USD(000)
Capital	16,200	13.9	53,773
Paid-up capital	16,200	13.9	53,773
Non-distributable reserves	16,356	14.1	54,291
Other reserves	10,354	8.9	34,368
Retained earnings	2,824	2.4	9,374
Capital & surplus	45,734	39.3	151,807
Gross provision for unearned premiums	14,615	12.6	48,512
Gross provision for outstanding claims	51,479	44.3	170,876
Gross provision for outstanding claims - life	353	0.3	1,172
Gross provision for long term business - life	259	0.2	860
Total gross technical reserves	66,706	57.4	221,420
Insurance/reinsurance creditors	2,643	2.3	8,773
Other creditors	1,176	1.0	3,904
Total creditors	3,819	3.3	12,677
Total liabilities & surplus	116,259	100.0	385,903

Source: Bestlink - Best's Statement File - Global

Local Currency: Kuwaiti Dinar

US \$ per Local Currency Unit 3.31934 = 1 Kuwaiti Dinar (KWD)

Summary of Operations:**Statement of Income (000)****General technical account:**

	12/31/2017	12/31/2017
	KWD(000)	USD(000)
Gross premiums written	33,273	110,444
Reinsurance ceded	3,596	11,936
Net premiums written	29,677	98,508
Increase/(decrease) in gross unearned premiums	2,141	7,107
Net premiums earned	27,536	91,401
Total underwriting income	27,536	91,401
Net claims paid	18,242	60,551
Net increase/(decrease) in claims provision	329	1,092
Net claims incurred	18,571	61,643
Management expenses	1,688	5,603
Acquisition expenses	6,724	22,319
Net operating expenses	8,412	27,922
Total underwriting expenses	26,983	89,566
Balance on general technical account	553	1,836

Source: Bestlink - Best's Statement File - Global

Local Currency: Kuwaiti Dinar

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Life technical account:

	12/31/2017	12/31/2017
	KWD(000)	USD(000)
Gross premiums written	1,796	5,962
Net premiums written	1,796	5,962
Increase/(decrease) in gross unearned premiums	196	651
Net premiums earned	1,600	5,311
Net investment income	45	149
Total revenue	1,645	5,460
Net claims paid	184	611
Net increase/(decrease) in claims provision	153	508
Net claims incurred	337	1,119
Management expenses	15	50
Acquisition expenses	1,009	3,349
Net operating expenses	1,024	3,399
Total expenses	1,361	4,518
Balance on long-term technical account	284	943

Source: Bestlink - Best's Statement File - Global

Local Currency: Kuwaiti Dinar

US \$ per Local Currency Unit 3.31934 = 1 Kuwaiti Dinar (KWD)

Summary of Operations: (Continued...)**Statement of Income (000) (Continued...)****Combined technical account:**

	12/31/2017	12/31/2017
	KWD(000)	USD(000)
Gross premiums written	35,069	116,406
Reinsurance ceded	3,596	11,936
Net premiums written	31,473	104,470
Increase/(decrease) in gross unearned premiums	2,337	7,757
Net premiums earned	29,136	96,712
Net investment income	45	149
Total revenue	29,181	96,862
Net claims paid	18,426	61,162
Net increase/(decrease) in claims provision	482	1,600
Net claims incurred	18,908	62,762
Management expenses	1,703	5,653
Acquisition expenses	7,733	25,668
Net operating expenses	9,436	31,321
Total underwriting expenses	28,344	94,083
Balance on combined technical account	837	2,778

Source: Bestlink - Best's Statement File - Global

Local Currency: Kuwaiti Dinar

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Non-technical account:

	12/31/2017	12/31/2017
	KWD(000)	USD(000)
Net investment income	2,691	8,932
Realised capital gains/(losses)	494	1,640
Unrealised capital gains/(losses)	-961	-3,190
Exchange gains/(losses)	371	1,231
Other income/(expense)	-227	-753
Profit/(loss) before tax	3,205	10,638
Taxation	145	481
Profit/(loss) after tax	3,060	10,157
Transfer to reserves	1,869	6,204
Retained Profit/(loss) for the financial year	1,191	3,953
Retained Profit/(loss) brought forward	1,633	5,420
Retained Profit/(loss) carried forward	2,824	9,374

Source: Bestlink - Best's Statement File - Global

Local Currency: Kuwaiti Dinar

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Kuwait Reinsurance Company K.S.C.P.

Report Revision Date:

June 8, 2018

Company Attributes:

Industry:	Insurance
Business Type:	Composite
Entity Type:	Operating Company
Organization Type:	Stock
Business Status:	In Business - Actively Underwriting
Marketing Type:	Not Available
Financial Size:	VIII (\$100 Million to \$250 Million)

Company History:

Date Incorporated: 1972

Date Commenced: 1972

Domicile: Kuwait

Company Operations:

Licensed Territory: Kuwait

Company Management:

Last significant update on 05/25/2018

Following the acquisition of Kuwait Re by AAIC, there have been a number of key management changes at the company, which gives rise to potential execution risk for Kuwait Re achieving its strategic plan.

Post-acquisition, AAIC established a new board at Kuwait Re and a new executive management team is in place, comprised of existing Kuwait Re employees, former AAIC employees and external hires, who are leading Kuwait Re through its strategic plan. Board members serve across both companies, allowing oversight throughout the group.

The management team benefits from a wide range of experience in the regional (re)insurance industry. Further strengthening of the management team could arise, as Kuwait Re executes its strategic plan over the coming years.

Officers

CEO: Mr. Dawoud Al Duwaisan

Directors

Mr. Sulaiman Hamad Al-Dlali (Chairman)
 Mr. Mohammad Abdul Mohsen Al-Saad (Vice Chairman)
 Dr. Ali Hamad Al-Bahar
 Mr. Tariq Fahad Mohammed Bouresli
 Mr. Muzaffer Aktas (Independent)

Company Management: (Continued...)

Directors (Continued...)

Dr. Mohammed Cherif Chentir (Independent)
Mr. Mowaffaq Ridha Khamis (Independent)

Regulatory:

Auditor: Ernst & Young Al Aiban, Al Osalmi & Partners

An independent audit of the company's affairs through December 31, 2017, was conducted by Ernst & Young Al Aiban, Al Osalmi & Partners.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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