



18 July 2016

Market Information  
NZX Limited  
Level 2, NZX Centre  
11 Cable Street  
Wellington  
New Zealand

Company Announcements Office  
Australian Securities Exchange Limited  
Exchange Centre  
Level 6, 20 Bridge Street  
Sydney NSW 2000  
Australia

### **Tower Insurance Limited maintains excellent (A-) financial strength rating**

Global insurance company ratings specialist, A.M. Best Company has affirmed its financial strength rating for Tower Insurance Limited as A- (Excellent).

The company's issuer credit rating was affirmed as a-.

In its announcement, A.M. Best Company noted that Tower Insurance Limited's ratings reflect the company's adequate risk-adjusted capitalisation, moderate underwriting leverage, prudent reinsurance arrangement and conservative investments. The Company also identified that Tower Insurance Limited continues to report favourable underwriting results, with combined ratios consistently below 95 per cent over the past four years.

Tower Chief Executive Officer, Richard Harding today welcomed the ratings affirmation.

"The A- ratings support the fact that Tower retains a strong and stable capital base which is allowing us to invest in the business as we focus on implementing initiatives to drive performance improvement," Mr Harding said.

A copy of the A.M. Best Company's news release is attached.

### **ENDS**

Richard Harding  
Chief Executive Officer  
Tower Limited  
ARBN 088 481 234 Incorporated in New Zealand

For further information, please contact:  
Rupert Carlyon  
Strategy Manager  
Tower Limited  
Phone: +64 9 369 2211

For media enquiries, please contact:  
Kim Palsenbarg  
Acting Corporate Communications Manager  
Mobile: +64 21 520 340

Press Release - JULY 15, 2016

 [Print This Page](#)**A.M. Best Affirms Ratings of TOWER Limited and TOWER Insurance Limited**

## CONTACTS:

Jason Shum  
Senior Financial Analyst  
+65 6589 8400, ext. 217  
jason.shum@ambest.com

Christopher Sharkey  
Manager, Public Relations  
+1 908 439 2200, ext. 5159  
christopher.sharkey@ambest.com

Moungmo Lee  
Managing Director, Analytics  
+65 6589 8400, ext. 210  
moungmo.lee@ambest.com

Jim Peavy  
Assistant Vice President, Public  
Relations  
+1 908 439 2200, ext. 5644  
james.peavy@ambest.com

**Related Companies**

For information about each company, including the AMB Credit Reports, group members (where applicable) and news stories, click on the company name. An additional purchase may be required.

AMB#	Company Name
085484	<a href="#">TOWER Insurance Limited</a> 
089186	<a href="#">TOWER Insurance Limited</a>
089370	<a href="#">TOWER Limited</a>
091883	<a href="#">TOWER Limited</a> 

<  >

**FOR IMMEDIATE RELEASE**

SINGAPORE - JULY 15, 2016

**A.M. Best** has affirmed the financial strength rating of A- (Excellent) and the issuer credit rating (ICR) of "a-" of **TOWER Insurance Limited** (TIL). A.M. Best also has affirmed the ICR of "bbb-" of the ultimate parent, **TOWER Limited** (TL). The outlook for each rating remains negative. Both companies are domiciled in New Zealand.

The ratings reflect TIL's adequate risk-adjusted capitalization, which results from the company's moderate underwriting leverage, prudent reinsurance arrangement and conservative investments. In addition, over the past four accident years, the company continues to report favorable underwriting results, with combined ratios consistently below 95%.

A major offsetting factor in TIL's rating assessment is the volatility in its historical earnings, stemming largely from prior-year reserve adjustments for unsettled Canterbury earthquake claims. Another offsetting factor is the high dividend payout ratio, which has constrained growth in its absolute and risk-adjusted capitalization.

The negative outlook for TIL's ratings reflects A.M. Best's concern about the company's financial profile deteriorating in the event of further loss development from the Canterbury earthquake claims. Based on the company's interim financial statements through March 31, 2016, the estimated gross ultimate incurred claims for the February 2011 event have exceeded the catastrophe reinsurance and adverse development cover limits. Hence, any further significant loss development on the unsettled claims in relation to this event will be fully retained by the company and may have a material impact on its prospective financial strength.

TL is a non-operating insurance holding company, and the level and the outlook of its ICR illustrates the principle of standard notching from the rating of TIL, which is its lead insurance subsidiary.

Factors that may lead to negative rating actions include continued adverse loss development or a reduction in capital that could cause the company's risk-adjusted capitalization to decline. Furthermore, TIL's ratings may experience downward pressure if TL's financial flexibility deteriorates significantly on a consolidated basis.

Ratings are communicated to rated entities prior to publication. 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 see A.M. Best's [Recent Rating Activity](#) web page.

## A.M. Best is the world's oldest and most authoritative insurance rating and information source.

---

### European Union Disclosures

A.M. Best - Europe Rating Services Limited (AMBERS), a subsidiary of A.M. Best Rating Services, Inc., is an External Credit Assessment Institution (ECAI) in the European Union (EU). Therefore, credit ratings issued and endorsed by AMBERS may be used for regulatory purposes in the EU as per Directive 2006/48/EC.

### Australian Disclosures

A.M. Best Asia-Pacific Limited (AMBAP), Australian Registered Body Number (ARBN No.150375287), is a limited liability company incorporated and domiciled in Hong Kong. AMBAP is a wholesale Australian Financial Services (AFS) Licence holder (AFS No. 411055) under the Corporations Act 2001. Credit ratings emanating from AMBAP are not intended for and must not be distributed to any person in Australia other than a wholesale client as defined in Chapter 7 of the Corporations Act. AMBAP does not authorize its Credit Ratings to be disseminated by a third-party in a manner that could reasonably be regarded as being intended to influence a retail client in making a decision in relation to a particular product or class of financial product. AMBAP Credit Ratings are intended for wholesale clients only, as defined.

Credit Ratings determined and disseminated by AMBAP are the opinion of AMBAP only and not any specific credit analyst. AMBAP Credit Ratings are statements of opinion and not statements of fact. They are not recommendations to buy, hold or sell any securities or any other form of financial product, including insurance policies and are not a recommendation to be used to make investment /purchasing decisions.

**Important Notice:** A.M. Best's Credit Ratings are independent and objective opinions, not statements of fact. A.M. Best is not an Investment Advisor, does not offer investment advice of any kind, nor does the company or its Ratings Analysts offer any form of structuring or financial advice. A.M. Best's credit opinions are not recommendations to buy, sell or hold securities, or to make any other investment decisions. For additional information regarding the use and limitations of credit rating opinions, as well as the rating process, information requirements and other rating related terms and definitions, please view [Understanding Best's Credit Ratings](#).

A.M. Best receives compensation for rating related services provided to organizations that it rates. A.M. Best does not offer consulting or advisory services.

---

Copyright © 2016 A.M. Best Company, Inc. and/or its affiliates ALL RIGHTS RESERVED  
No part of this report may be distributed in any electronic form or by any means, or stored in a database or retrieval system, without the prior written permission of A.M. Best. Refer to our [terms of use](#) for additional details.