



NEWS RELEASE

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FOR IMMEDIATE RELEASE

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A.M. Best Assigns Ratings to Energas Insurance (L) Limited

HONG KONG, Feb. 23, 2011—A.M. Best Co. has assigned a financial strength rating of A (Excellent) and an issuer credit rating of “a” to **Energas Insurance (L) Limited** (Energas) (Malaysia). The outlook for both ratings is stable.

The ratings reflect Energas’ adequate capitalization, strong reinsurance protection and its unique role as the primary insurance carrier for its ultimate parent, Petroliam Nasional Bhd (Petronas).

Energas is a captive insurer of Petronas. Based on Best’s Capital Adequacy Ratio (BCAR), A.M. Best believes that Energas’ risk-adjusted capitalization is adequate to support the current ratings. According to the company’s forecast, its underwriting leverage (net premium written to capital and surplus) will be maintained at below 0.5 times in the next five years. As at March 31, 2010, the company’s underwriting leverage stood at 0.47 times.

Energas has a stop-loss reinsurance program to protect the company’s aggregate loss exposure from a catastrophe event and for the whole account. A.M. Best believes that the underwriting risk exposure for Energas is limited, and the bottom line of its operating results could be maintained positively in a worst case scenario.

The ratings also reflect the strong level of commitment on the part of Petronas, whose management incorporates Energas as an integral component in the overall risk management program of the group. In addition, Petronas has also provided a financial guarantee to Energas.

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Partially offsetting these positive rating factors is Energas’ relatively small underwriting portfolio. Energas’ loss ratio in the past five years was in the range of 32% to 89%. Annual fluctuations in the loss ratio are due to the relatively small underwriting portfolio, as several claims in a year will have a relatively larger impact on the underwriting results.

The principal methodology used in determining these ratings is [Best’s Credit Rating Methodology -- Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best’s rating process and highlights the different rating criteria employed. Additional key criteria utilized include: “Understanding Universal BCAR”; “Natural Catastrophe Stress Test Methodology”; and “A.M. Best’s Rating Methodology for Captive Insurance Companies.” Methodologies can be found at www.ambest.com/ratings/methodology.

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