

### RATING ANNOUNCEMENT

GCR affirms Tangerine General Insurance Limited national scale financial strength of A-(NG); Outlook Stable.

### Rating action

Lagos, 25 November 2025 – GCR Ratings (GCR) has affirmed Tangerine General Insurance Limited's (Tangerine General or the insurer) national scale financial strength rating of A-(NG), with a Stable Outlook.

Rated entity	Rating class	Rating scale	Rating	Outlook
Tangerine General Insurance Limited	Financial Strength	National	A-(NG)	Stable

### Rating rationale

The rating reflects the strengths and weaknesses of Tangerine General and its subsidiary, Total Health Trust Limited (THT)-collectively referred to as the group. Tangerine General is the core operating entity within the group, accounting for 92.4% and 60.1% of total assets and insurance revenue respectively as of 31 December 2024. The rating balances the group's strong risk-adjusted capitalisation and healthy liquidity profile against a limited competitive position evidenced by a low market share of less than 1% of the Nigerian insurance industry's revenue in 2024. The rating is further constrained by a high operating cost structure, which continues to strain underwriting performance.

Tangerine General's risk-adjusted capitalisation remains a major rating strength supported by a high capital base relative to the insurer's aggregated risks. As of 31 December 2024, shareholders' funds amounted to NGN22.5 billion (USD15.5 million), representing a 35.1% increase from 2023's position, driven by stronger internal capital generation. As a result, the GCR capital adequacy ratio (CAR) remained above 2x over the past three years (31 December: 2.4x; 31 December 2023: 2.3x). Similarly, the insurer's statutory solvency margin also remained robust at 6x in 2024 (2023: 4.1x), well above the regulatory minimum requirement of 1x. Looking ahead, we expect capitalisation to remain at similar levels over the next 12- 18 months, underpinned by modest risk base growth and market exposure remaining relatively limited.

Liquidity is healthy, supported by the insurer's balanced asset allocation. At fiscal year-end, the insurer held 49.6% (2023: 48.1%) of total investments in liquid assets, with the remaining balance held in Eurobonds, equities, investment property and other interest securities. As a result, the GCR liquidity coverage equated to 1.9x in 2024 (2023: 1.6x). Looking ahead, the liquidity coverage is expected to remain moderately strong, underpinned by the insurer's existing investment strategy, and sustained cash flow generation.

The insurer's earnings have been constrained, underpinned by healthy investment income partly diluted by very weak underwriting performance. Weak underwriting profitability was largely due to high claims

experience and elevated business acquisition costs arising from heavy reliance on brokers, given the corporate-focused business model. Cognisance is taken of the moderation of the insurer's combined ratio to 109.6% in 2024 (2023: 117.1%; review period average: 112.0%), largely due to the improvement in the net loss ratio. Investment income amounted to a higher NGN8.7 billion in 2024 (2023: NGN5.2 billion), on the back of significant foreign exchange changes. As such, the return on revenue registered at 30.5% (2023: 15.4%; review period average: 19.2%). Going forward, we expect earnings to remain within a similar range, in the absence of pricing adjustments, together with strict underwriting disciplines and effective cost containment measures.

Tangerine General's competitive profile recognises its long-standing track record, with over seven decades of operations in the Nigerian insurance market. In the last three years, the insurer has prioritised strengthening its market positioning through several digital transformation initiatives and optimisation of its agent and broker network, which have supported business performance. In 2024, insurance revenue rose by 41.5%, with growth recorded across all business lines, compared to the industry growth rate of 55.8%. THT also contributed positively to revenue performance, recording a 16.4% increase in premiums during the review year. The business mix is considered moderately diversified, with four lines of business contributing materially to the premium base in 2024. Nonetheless, the insurer's competitive position remains constrained by its size, as non-life premiums account for less than 1% of the industry's total insurance revenue in 2024. Looking ahead, the competitive position could be strengthened through a sustained retail penetration drive, digital transformation initiatives, and the continued scaling of recently introduced insurance products.

## Outlook statement

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The Stable Outlook reflects our expectation that the insurer's risk-adjusted capitalisation, and liquidity will continue to support its overall credit profile, with the GCR CAR and liquidity coverage and remaining above 2x and 1.5x respectively over the next 12-18 months. Earnings are expected to remain at similar levels, with a combined ratio remaining above 100%. We also expect the insurer's business profile to remain relatively stable, with potential improvements over the longer term, supported by medium-term strategic objectives aimed at diversity.

## Rating triggers

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Positive rating action could stem from further improvement in the underwriting performance, with combined ratio consistently maintained below 100%, and the industry's average, while keeping liquidity and capitalisation at current levels. Additionally, a strengthening of the group's competitive position evidenced by a market share above 1.2% and a more diversified business profile could be viewed positively. Conversely, the rating could be downgraded if the GCR CAR and liquidity coverage fall below 2x and 1.5x respectively.

## Analytical contacts

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Related criteria and research

- Criteria for the GCR Ratings Framework, May 2024
- Criteria for Rating Insurance Companies, May 2024
- GCR Ratings Scales, Symbols & Definitions, May 2023
- GCR Country Risk Scores, October 2025
- GCR Insurance Sector Risk Score, October 2025

Ratings history

Tangerine General Insurance Limited					
Rating class	Review	Rating scale	Rating class	Outlook	Date
Claims paying ability	Initial	National	BBB+ <sub>(NG)</sub>	Positive	September 2014
Financial strength	Last	National	A- <sub>(NG)</sub>	Stable	November 2024

Risk score summary

Rating Components & Factors		Risk scores
<b>Operating environment</b>		<b>6.75</b>
Country risk score		3.50
Sector risk score		3.25
<b>Business profile</b>		<b>(1.25)</b>
Competitive position		(1.25)
Sustainability		0.00
<b>Financial profile</b>		<b>2.00</b>
Earnings		(0.75)
Capitalisation		1.75
Liquidity		1.00
<b>Comparative profile</b>		<b>0.00</b>
External support		0.00
Peer analysis		0.00
<b>Total Score</b>		<b>7.50</b>

## Glossary

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Accounting	A process of recording, summarising, and allocating all items of income and expense of the company and analysing, verifying and reporting the results.
Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Benefits	Financial reimbursement and other services provided to insureds by insurers under the terms of an insurance contract.
Bond	A long term debt instrument issued by either a company, institution or the government to raise funds.
Capital Adequacy	A measure of the adequacy of an entity's capital resources in relation to its risks.
Capital	The sum of money that is invested to generate proceeds.
Capitalisation	The provision of capital for a company, or the conversion of income or assets into capital.
Cash	Funds that can be readily spent or used to meet current obligations.
Claim	1. A request for payment of a loss, which may come under the terms of an insurance contract (insurance). 2. A formal request or demand (corporate finance).
Combined Ratio	Measures the ability to conserve profits through the expense line.
Commercial Paper	Commercial paper is a negotiable instrument with a maturity of less than one year.
Distribution Channel	The method utilised by the insurance company to sell its products to policyholders.
Diversification	Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in.
Dividend	The portion of a company's after-tax earnings that is distributed to shareholders.
Equity Investment	An instrument that signifies an ownership position of shares of stock in a company that is either listed or traded on a stock exchange (also known as a counter) or are unlisted.
Impairment	Reduction in the value of an asset because the asset is no longer expected to generate the same benefits, as determined by the company through periodic assessments.
Investment Portfolio	A collection of investments held by an individual investor or financial institution.
Investment Yield	Measures the investment return achieved relative to funds invested in financial instruments, excluding unrealised gains/losses.
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Liquid Assets	Assets, generally of a short term, that can be converted into cash.

Margin	A term whose meaning depends on the context. In the widest sense, it means the difference between two values.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Operating Expense Ratio	Measures the proportion of operating expenses in net premiums earned.
Policy	The legal document issued by the company to the policyholder, which outlines the conditions and terms of the insurance.
Policyholder	The person in actual possession of an insurance policy.
Premium	The price of insurance protection for a specified risk for a specified period of time.
Reinsurance	The practice whereby one party, called the Reinsurer, in consideration of a premium paid to him agrees to indemnify another party, called the Reinsured, for part or all of the liability assumed by the latter party under a policy or policies of insurance, which it has issued. The reinsured may be referred to as the Original or Primary Insurer, or Direct Writing Company, or the Ceding Company.
Statutory Solvency Margin	Gives an indication as to whether the minimum regulatory solvency margin is being met, based on the net statutory assets to statutory net premiums ratio.
Statutory	Required by or having to do with law or statute.
Underwriting	The process of selecting risks and classifying them according to their degrees of insurability so that the appropriate rates may be assigned. The process also includes rejection of those risks that do not qualify.
Upgrade	The rating has been raised on its specific scale.
Yield	Percentage return on an investment or security, usually calculated at an annual rate.

## Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the rating process was based solely on the merits of the rated entity, security or financial instrument being rated; and c.) the rating process was an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit rating has been disclosed to the rated entity.

The rating above was solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit rating included:

- Audited financial statements as of 31 December 2024,
- Full year budgeted financial statements for 2025;
- Unaudited interim results to 30 June 2025;
- Exchange Rate Source: Central Bank of Nigeria; USD1.00 = NGN1,479.6 (2024 Average); and
- Other relevant documents.

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