

FOR IMMEDIATE RELEASE

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AM Best Assigns Credit Ratings to First Takaful Insurance Company – KPSC

LONDON, 1 October 2026—AM Best has assigned a Financial Strength Rating of B (Fair) and a Long-Term Issuer Credit Rating of “bb” (Fair) to First Takaful Insurance Company – KPSC (FTIC) (Kuwait). The outlook assigned to these Credit Ratings (ratings) is stable.

The ratings reflect FTIC’s balance sheet strength, which AM Best assesses as strong, as well as its marginal operating performance, limited business profile and marginal enterprise risk management (ERM).

FTIC operates under a Mudaraba model, in which the shareholders’ fund manages the takaful operations and shares in the policyholders’ investment and underwriting results based on a Mudarib share of up to 50%. AM Best assesses the company’s risk-adjusted capitalisation on a combined basis, including its policyholders’ and shareholders’ funds, due to the requirement that the shareholders’ fund has to support the policyholders’ funds if it falls into a deficit.

FTIC’s balance sheet strength is underpinned by its very strong risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), based on a combined policyholder and shareholder funds basis. The balance sheet strength assessment also factors in the KWD 6 million capital injection made in 2026 to restore FTIC’s regulatory solvency position. AM Best expects BCAR scores to remain at the very strong level prospectively. An offsetting factor is FTIC’s significant exposure to private equity investments and investments in affiliates, which together are equivalent to approximately half of the company’s capital and surplus. The

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company's relatively small capital base in absolute terms also makes its risk-adjusted capitalisation more susceptible to potential volatility.

The marginal operating performance assessment considers FTIC's weak, albeit improving, overall profitability, as evidenced by its three-year (2023-2025) weighted average combined ratio of 130% and breakeven return on equity (as calculated by AM Best). Investment results contribute positively to its earnings with a 5.9% investment yield in 2025 (2024: 4.0%). AM Best expects overall earnings to remain skewed toward investment income, albeit subject to potential volatility given the company's material holdings in equities.

AM Best assesses FTIC's business profile as limited, reflecting its position as a niche takaful insurance company, which operates solely in the relatively small and fragmented Kuwaiti market. The company reported insurance revenue of KWD 5.9 million (USD 19.2 million) in 2025. On a net basis, FTIC has relatively limited product diversification, with medical business accounting for almost half of its net portfolio.

AM Best considers FTIC's ERM approach to be largely at an early stage of development and predominantly driven by minimum regulatory requirements in Kuwait. FTIC implemented a formalised ERM framework, which is expected to be embedded into company's operations and evolve together with the company's risk profile and regulatory requirements.

This press release relates to Credit Ratings that have been published on AM 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 AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper use of Best's Credit Ratings, Best's Performance Assessments, Best's Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best's Ratings & Assessments](#).

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