

## PT Asuransi Jiwa Reliance Indonesia

Financial Strength Rating **i<sub>i</sub>BBB+/Stable**Rated Issues **N/A**

Rating Period

April 10, 2023 – April 1, 2024

Rating History

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"Insurance Company with an **i<sub>i</sub>BBB** rating have an adequate level of certainty to honor the financial obligations to policyholder. However, this certainty is more likely to diminish in the future than the higher rating categories."

The positive sign (-) indicates that the rating given is closer to the rating scale above it.

### Kredit Rating Indonesia assigns a Financial Strength Rating of '**i<sub>i</sub>BBB+**' for PT Asuransi Jiwa Reliance Indonesia with "Stable" outlook

Kredit Rating Indonesia (KRI) assigns a Financial Strength Rating of '**i<sub>i</sub>BBB+**' for PT Asuransi Jiwa Reliance Indonesia (AJRI or the Company) with "Stable" outlook. The rating reflects AJRI's sound profitability and maintained capitalization. The rating is constrained by the company's relatively small market share of GWP and insufficient liquid assets to cover technical reserves.

AJRI is a life insurance company that started operating in 2013 in Indonesia. The company is headquartered in Jakarta and has no branches running the business. In December 2022, the company's shareholders comprised PT Reliance Capital Management (99%) and Anton Budidjaja (1%).

AJRI's profitability, as indicated by the ratio of return to average assets, has shown an increase in the last 4 years, from 0.17% in 2019 to 3.00% at the end of 2022. KRI views that AJRI's management policies which tighten the selection of life insurance portfolios is expected to drive the company's profitability to a higher level.

The company's Risk-Based Capital (RBC) ratio declined, falling from 307% in FY20 to 134% in December 2022. The decline in RBC indicates that AJRI's working capital is being used efficiently, and we see this ratio as sufficient to handle negative risk shocks. AJRI maintains a minimum RBC ratio equal to OJK requirements, namely 120%.

AJRI has been operating in Indonesia for almost 10 years. During this period, the market share based on gross written premiums from AJRI was still relatively small. The company's market share is only hovering around 0.16% to 0.27% during the last three years. KRI see that the Company's liquid assets were 0.40x lower than its technical reserves. Therefore, we view that the Company is not liquid enough to cover sudden claims.

We are of the view that the ratings are constrained by AJRI's small market share which limits the development of company's size and the increasing loss ratio which erodes its ability to mitigate risk from its underwriting and investment activities.

#### AJRI Financial Results Highlights

For the year ended	Dec 2022 (Unaudited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total Assets (IDR, Bn)	1,043.8	1,191.0	972.6	805.1
Total Equity (IDR, Bn)	220.0	195.5	179.0	163.3
Investment exc. Cash (IDR, Bn)	251.1	210.6	153.1	146.4
Net Premium Written (IDR, Bn)	253.3	226.0	136.1	73.1
Net Claims (IDR, Bn)	96.5	144.0	93.8	69.1
Net income After Tax (IDR, Bn)	33.5	17.0	13.5	1.4
ROAA (%)	3.0	1.6	1.5	0.2
Loss Ratio (%)	38.1	63.7	68.9	94.4
Net Premium Written/Equity (x)	1.2	1.2	0.8	0.4
Retention Ratio (%)	95.1	45.5	35.4	33.1
Equity/Total Assets (%)	21.1	16.4	18.4	20.3
Risk Based Capital; RBC (%)	134.1	232.6	306.5	219.1

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