

PT ASURANSI SIMAS JIWA (ASJ)

Financial Strength rating *ir*AA+/Stable

Rated Issues -

Rating Period

May 6, 2021 – May 1, 2022

“Insurance Company with *ir*AA rating has a very high level of certainty to honor the financial obligations to policyholder. There is, however, a slight difference in the rating scale with the highest qualification level of Insurance Company.”
The plus sign (+) indicates that the rating given is closer to the rating scale above it.

Kredit Rating Indonesia (KRI) assigns a Financial Strength Rating of ‘*ir*AA+’ for PT Asuransi Simas Jiwa (ASJ or the Company) with “Stable” outlook.

The rating reflects ASJ’s strong presence in the industry and sound capitalization. The company’s relatively high loss ratio is also considered in rating assigned.

Established on 18 December 1995, PT Asuransi Simas Jiwa started its business activities with the initial name PT Asuransi Jiwa Mentari Mulia. Then it changed its name to PT Asuransi Simas Jiwa in 2015 with the current ownership portion of 99.9% by PT Asuransi Sinarmas (*ir*AAA) and 0.1% by PT Sinarmas Multiartha Tbk (*ir*AA).

ASJ is one of market leaders in national’s life insurance industry as the Company is capable to secure 11.8% market share as of FY2020, 2nd largest in industry. ASJ gross written premium in FY2020 has increased to IDR 20.23Tn from IDR 16.68Tn in previous year. KRI is of the view that the new taxation scheme imposed by the government in regards to income tax for life Insurance’s unit-link products may discourage potential customers to buy insurance.

In 2020, the Company recorded RBC ratio of 1278%, consistently stayed at above 400% since 2018. KRI estimates that the capitalization of the company will remain above the minimum requirement of 120% based on regulations.

ASJ’s total loss ratio of 111% was relatively high compare to industry as of FY2020. We are of the view that the Company needs to push for efficiency and bring down its commission fee in order to maintain the appropriate profit margins.

Downward rating pressures can come from a material increase of loss ratio and market share position, which eroding the Company’s ability to mitigate risk from its underwriting and investment activities.

ASJ Financial Results Highlights

For the years ended	Dec 2020 (Unaudited)	Dec 2019 (Audited)	Dec 2018 (Audited)	Dec 2017 (Audited)	Dec 2016 (Audited)
Total Assets (IDR, Bn)	31,225.5	35,182.5	30,914.1	24,838.4	13,122.3
Total Equity (IDR, Bn)	1,038.4	936.4	792.7	670.9	605.4
Investment exc. Cash (IDR, Bn)	21,779.9	24,699.0	17,822.5	16,204.0	10,335.0
Net Premium Written (IDR, Bn)	20,227.5	16,671.2	19,068.2	16,395.2	13,034.2
Net Claims (IDR, Bn)	22,419.2	20,749.8	20,011.3	18,013.4	13,511.4
Net Income After Tax (IDR, Bn)	124.4	143.7	120.0	116.1	46.9
ROAA (%)	0.4	0.4	0.4	0.6	0.7
Loss Ratio (%)	110.8	124.5	104.9	109.9	103.7
Net Premium Written/Equity (x)	19.5	17.8	24.1	24.4	21.5
Retention Ratio (%)	100.0	99.9	100.0	100.0	99.9
Equity/Total Assets (%)	3.3	2.7	2.6	2.7	4.6
Risk Based Capital; RBC (%)	1,278.2	814.9	507.7	348.7	451.0

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