

## PT Reasuransi Nusantara Makmur

Corporate rating *irAA-/Stable*

Rated Issues -

Rating Period

December 16, 2021 – January 1, 2023

Rating History

December 2020

*irAA-/Stable*

October 2019

*irAA-/Stable*

"Reinsurance Company with an *irAA* rating has a very high level of certainty to honor its obligations. There is, however, a slight difference in the rating scale with the highest qualification level of Reinsurance Company"

The minus sign (-) indicates that the rating is still higher than the rating category below, although it is closer to the lower rating than it is to the higher rating category

**Kredit Rating Indonesia assigns '*irAA*-' Financial Strength Rating of PT Reasuransi Nusantara Makmur (Nusantara Re or the Company) with a 'Stable' outlook**

The rating reflects Nusantara Re's ability to secure high market share in such a short period of operational time, sufficient capital, and strong shareholder commitment to support the Company's business. However, the rating is constrained by the Company's relatively weak investment to cover technical reserves requirement.

Nusantara Re is a national reinsurance company that commenced its operational activities in July 2017. The Company is owned by PT Asuransi Sinar Mas (99%), the biggest non-life insurance in Indonesia, and PT Sinarmas Multiartha Tbk (1%). As of FY2020, more than 50% of the Company's business reflected from total gross written premium (GWP) contributed by Sinarmas Group. The Company offers reinsurance services for fire, cargo, liability, vehicles, engineering, health, energy, credit, and others.

Nusantara Re has only been in the reinsurance business for about 4 years, relatively short compared to other competitors. However, as of 3QH2021 the Company already secured market share by gross written premium of 23.1% as of 3Q2021, one of the largest in industry.

Risk Based Capital (RBC) ratio of the Company was the highest among other reinsurance companies in Indonesia. It stood at 593% as of end 2020, well above OJK's minimum requirement ratio of 120%. The ratio is expected to be maintained at above 300% in the foreseeable future. The Company also recorded a combined ratio of 83.9% as of end 2020, slightly improved from 84.6% in 2019.

Constraining factors for the Company's rating are relatively low investment to cover technical reserves and high combined ratio. The amount of investment to technical reserve ratio is amounted to 73% as of end 2020. We view that if such condition remains it may indicate inability to allocate investment appropriately.

**Nusantara Re Financial Results Highlights**

As of/For the year ended	Sep 2021 (Unaudited)	Dec 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)
Total Assets (IDR Bn)	1,993.8	2,093.5	1,168.6	967.2
Total Equity (IDR Bn)	503.3	633.7	452.7	364.0
Total Investment exc. Cash (IDR Bn)	697.9	777.5	630.3	393.9
Net Premium Written (IDR Bn)	613.1	670.1	356.7	152.5
Net Claims (IDR Bn)	425.2	456.5	137.7	35.4
Net Income After Tax (IDR Bn)	9.6	180.0	88.8	53.8
ROAA (%)	0.6	11.0	8.3	7.9
Loss Ratio (%)	69.4	68.1	38.6	23.2
Net Premium Written / Equity (x)	1.6	1.1	0.8	0.4
Retention Ratio (%)	15.4	7.2	10.5	6.9
Equity/Total Assets [%]	25.2	30.3	38.7	37.6
Risk Based Capital; RBC [%]	210.8	592.9	694.3	714.6

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