

PT REASURANSI NUSANTARA MAKMUR (NUSANTARA RE)

Corporate rating *ir*AA-/Stable

Rated Issues -

Rating Period
November 24, 2020 – December 1, 2021

“Reinsurance Company with ir AA rating has a very high level of certainty to honor the financial 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 ‘*ir*AA-‘ 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 top technical reserves requirement and high combined ratio.

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 June’s end 2020, more than 50% of the Company’s business reflected from total gross written premium (GWP) contributed by PT Asuransi Sinar Mas. The Company offers reinsurance services for fire, cargo, liability, vehicles, marine hull, aviation, engineering, life, health, personal accident, surety ship, energy offshore, energy onshore, credit, and others.

Nusantara Re has only been in the reinsurance business for about 3 years, relatively short compared to other competitors. However, as of 1H2020 the Company already secured market share by gross written premium of 25.7% jumping from 15% as of end 2019.

Risk Based Capital (RBC) ratio of the Company was the highest among other reinsurance companies in Indonesia. It stood at 694% as of end 2019, well above OJK’s minimum required ratio of 120%. The ratio is expected to be maintained at above 400% in the future.

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 70% as of end 2019. We view that if such condition remains it may indicate inability to allocate investment appropriately. The Company also recorded a combined ratio of 83.16% as of end 2019, jumping from 72.62% as of end 2018. If this ratio persistently closes to 100%, it may indicate low efficiency performance from the Company.

Nusantara Re Financial Results Highlights

As of/for the years ended	Jun 2020 (Unaudited)	Dec 2019 (Audited)	Dec 2018 (Audited)
Total Assets (IDR Bn)	1,516.4	1,168.6	967.2
Total Equity (IDR Bn)	503.4	452.7	364.0
Total Investment exc. Cash (IDR Bn)	624.2	630.3	393.9
Net Premium Written (IDR Bn)	327.5	356.7	152.5
Net Claims (IDR Bn)	178.0	137.8	35.4
Underwriting Result (IDR Bn)	34.0	85.8	59.4
Net Income After Tax (IDR Bn)	50.7	88.8	53.8
ROAA (%)	7.6%	8.3%	7.9%
Loss Ratio (%)	54.4%	38.6%	23.2%
Net Premium Written / Equity (x)	1.3	0.8	0.4
Retention Ratio (%)	9.8%	10.5%	6.9%
Equity/Total Assets [%]	33.2%	38.7%	37.6%
Risk Based Capital; RBC [%]	432.9%	694.2%	714.6%

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