

PT Asuransi Simas Insurtech

Financial Strength Rating *iiA-/Stable*

Rated Issues N/A

Rating Period

January 9, 2023 – January 1, 2024

Rating History

December, 2020

A-/Stable

"Insurance Company with *iiA* rating has a high level to honor the financial obligations to policyholder, but it can be affected by adverse changes in business and economic conditions, relative to Insurance Company with higher rating".

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 a Financial Strength Rating of '*iiA-*' for PT Asuransi Simas Insurtech with "Stable" outlook

Kredit Rating Indonesia (KRI) assigns a Financial Strength Rating of '*iiA-*' for PT Asuransi Simas Insurtech (ASI or the Company) with "Stable" outlook. The rating reflects ASI's business strategy in utilizing technology, strong support from shareholders, and satisfactory operating performance. However, the ratings are constrained by its relatively moderate capitalization.

Established in 2014, ASI is the first technology-based standalone general insurance company in Indonesia. As of 1H22, ASI did business without making use of its branch network. By utilizing an application programming interface (API) that connects the ASI core system with the Affinity Channel, ASI can market insurance products in bundling / optionally for affinity channel products. Until now, 90% of ASI's total customers come from Affinity Channel users who use ASI insurance products on its platform. Affinity channels that work with ASI are dominated by e-commerce, marketplace, online travel agent, and fintech companies. We see that the rapid development of technology in Indonesia is an advantage for ASI in marketing its insurance products.

ASI market share in general insurance industry is relatively small with 0.93% share as of June 2022, in terms of Gross Written Premium (GWP). ASI recorded GWP of IDR426.45 billion in 1H22, increased from IDR319.52 billion in FY21. This rapid increase market share of ASI is inseparable from the support and synergy between Sinarmas Multiartha's (SMMA) subsidiaries. ASI's loss ratio has shown a figure of less than 100% since 2019, indicating the company's claims (net claims + claims reserves) are lower than the written net premium (NPW). Meanwhile, the company's ROAA is still growing from 1.1% in 2020 to 14.1% in 1H22. ASI's relatively low claims of IDR171.1 billion as of June 2022 (FY21: IDR158.2 Bn; FY20: IDR467.5 Bn) positively impacts the company's net income.

The company's RBC level had maintained at above 200% during the last three years, far above the OJK regulation of minimum 120%. ASI's liquid assets are 1.26x higher than its technical reserves. We believe the company is sufficient to cover sudden claims.

Downward rating pressure can come from the material increase in loss ratio and declining RBC ratio, which erodes its ability to mitigate risk from its underwriting and investment activities.

ASI Financial Results Highlights

As of/For the year ended	Jun 2022 (Unaudited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total Assets (IDR, Bn)	932.1	808.3	767.1	889.6
Total Equity (IDR, Bn)	420.2	363.4	310.7	331.1
Investment exc. Cash (IDR, Bn)	519.4	317.7	424.3	262.7
Net Premium Written (IDR, Bn)	426.3	319.0	583.6	662.3
Net Claims (IDR, Bn)	171.1	158.2	467.5	349.2
Underwriting Results (IDR, Bn)	78.3	123.3	1.3	66.7
Net income After Tax (IDR, Bn)	61.4	53.1	8.9	62.6
ROAA (%)	14.1	6.7	1.1	10.4
Loss Ratio (%)	40.1	49.6	80.1	52.7
Net Premium Written/Equity (x)	2.0	0.9	1.9	2.0
Retention Ratio (%)	100.0	99.8	82.9	38.3
Equity/Total Assets (%)	45.1	45.0	40.5	37.2
Risk Based Capital; RBC (%)	288.0	336.0	237.0	258.7

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