

PT Reasuransi Nasional Indonesia

Credit Rating(s)

Financial Strength ^{id}BBB+/Stable

Rating Period

August 28, 2023 – August 1, 2024

Published Rating History

NOV 2014	^{id} A/Stable
NOV 2013	^{id} A/Stable
SEP 2012	^{id} A-/Stable
JUN 2011	^{id} A-/Stable

PEFINDO has assigned its "^{id}BBB+" financial strength rating with stable outlook to PT Reasuransi Nasional Indonesia (Nasional Re). The rating reflects the strong support from PT Bahana Pembinaan Usaha Indonesia (IFG, rated ^{id}AAA/Stable) and its strong market position. However, the rating is constrained by Nasional Re's weak capitalization and reserve as well as its weak operating performance.

The rating may be raised if Nasional Re strengthens its overall capitalization and reserve position, accompanied by a prudent and conservative reserving policy, and a sustainable improvement of its underwriting results. Conversely, the rating could be lowered if the Company suffers a significant decline in any of its financial indicators, setting back the progress and causing loss of trust among business partners, damaging the Company's business reputation and its financial soundness.

Following the change of auditors in 2021, we noted a restatement in several accounts in the Company's balance sheet items regarding the figures of assets, liabilities, and equity for the year ending on December 31, 2020 (FY2020) and FY2019 to be in compliant with the requirements as stated by the PSAK 62. The restatement has resulted in a massive adjustment to the unearned premium reserve and estimated claim liabilities, the total equity base, as well as the risk-based capital (RBC) and several other ratios.

Subsequently, Nasional Re has made considerable efforts to remedy the situation through the Company's ongoing financial health plan (Rencana Penyehatan Keuangan or RPK). We expect the RBC to gradually recover to above 120% in the near term following the RPK implementation, which includes credit insurance renegotiation, introduction of stop loss and limited participation clause, and very selective risk acceptance criteria. In addition, IFG has been actively involved in the process, including close oversight, which should help improve Nasional Re's solvability position gradually. At the end of July 2023 (7M2023), the Company recorded investment adequacy ratio (Rasio Kecukupan investasi or RKI) of 106.2% and RBC level of 90.7%, from 86.7% and 3.3%, respectively, as of FY2022.

Nasional Re was established in 1994 and engaged in reinsurance business, providing life and general insurance coverage. As of 7M2023, the Company was 99.9998% owned by PT Asuransi Kredit Indonesia (Askrindo, 99.99% owned by IFG). The remainder was held by the Employees and Pensioners Cooperative of Askrindo.

Financial Highlights

As of/for the year ended	Jul-2023	Dec-2022	Dec-2021	Dec-2020
Consolidated figure	(Unaudited)	(Audited)	(Audited)	(Audited)
Total assets (IDR bn)	10,985.9	11,650.1	10,521.5	7,987.7
Total equity (IDR bn)	1,027.4	117.3	6.8	717.8
Total investments (IDR bn)	6,329.1	6,483.5	5,900.4	4,214.1
Net written premiums (IDR bn)	2,925.2	7,080.9	6,864.6	5,075.8
Net claims (IDR bn)	2,282.1	5,093.5	4,221.1	3,175.7
Underwriting results (IDR bn)	689.2	58.2	(1,078.8)	(716.3)
Net income after tax [IDR bn]	854.6	170.9	(740.4)	(542.9)
Total comprehensive income [IDR bn]	912.5	110.5	(711.0)	(500.2)
ROAA (%)	*12.9	1.5	(8.0)	(7.1)
Loss Ratio (%)	72.6	84.4	70.3	78.8
Net written premiums/equity (x)	*4.9	60.4	1,011.0	7.1
Retention ratio (%)	86.2	88.2	89.9	78.7
Equity/total assets (%)	9.4	1.0	0.1	9.0
Risk based capital (RBC) (%)	90.7	3.3	11.2	7.2
USD exchange rate [USD/IDR]	14,944	15,731	14,269	14,105

*Annualized

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

Rating Definition

An insurer rated ^{id}BBB has adequate financial security characteristics relative to those of other companies in Indonesia, but is more likely to be affected by adverse business conditions than are higher rated insurers providers. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

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