

A.M. Best Assigns Ratings to Compagnie Centrale de Réassurance

Press Release - MAY 26, 2010

FOR IMMEDIATE RELEASE

LONDON, MAY 26, 2010

A.M. Best Co. has assigned a financial strength rating of B+ (Good) and issuer credit rating of "bbb-" to **Compagnie Centrale de Réassurance (CCR)** (Algeria). The outlook for both ratings is stable.

The ratings reflect CCR's good local business profile, strong risk-adjusted capitalisation and good but potentially volatile underwriting performance.

A.M. Best believes that CCR has a good domestic business position as Algeria's national reinsurer, writing 33% of the market's reinsurance premiums. A.M. Best expects CCR's premium income to continue to grow in the next three years as the expenditure programme by the State is likely to result in increased property, engineering and marine business. In order to help reduce its high concentration on a limited number of local cedants, the company is aiming to diversify its business by selectively growing its international portfolio. However, foreign business is not anticipated to exceed 10%-15% of overall total premiums in the near term.

CCR's risk-adjusted capitalisation increased very significantly in 2008 following a capital injection aimed at supporting the company's future business strategy. A.M. Best believes that CCR's prospective capital levels will remain strong, despite the planned increase in net premiums, and are likely to support a potential deterioration in claims patterns following increased underwriting limits as well as the possibility of a worsening in capital market conditions.

A.M. Best expects the company's underwriting performance to deteriorate slightly in the next two years as the increase in premium retention is likely to result in lower retrocession commissions, while at the same time increasing claims volatility. However, the combined ratio is expected to remain at a good level—around 90% in the next two years. In 2009, CCR posted a good profit after tax of DA 590 million in 2009, translating into a return on premium of 16% and a return on equity of 5%.

For Best's Credit Ratings, an overview of the rating process and rating methodologies, please visit Best's Ratings & Analysis.

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at Best's Credit Rating Methodology.

Compagnie Centrale de réassurance

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[A.M. Best Downgrades Ratings of West Bend Mutual Insurance Company](#)

A.M. Best Co. has downgraded the financial strength rating (FSR) to A (Excellent) from A+ (Superior) and issuer credit rating (ICR) to “a+” from “aa-” of West Bend Mutual Insurance Company (West Bend) (West Bend, WI). The outlook has been revised to stable from negative.

[A.M. Best Removes Ratings of Aseguradora Mundial, S.A. From Under Review](#)

A.M. Best Co. has removed from under review with developing implications and affirmed the financial strength rating of A- (Excellent) and the issuer credit rating of “a-” of Aseguradora Mundial, S.A. (Mundial) (Panama). The outlook assigned to both ratings is stable.

[A.M. Best Revises Outlook to Negative for American Agricultural Insurance Company](#)

A.M. Best Co. has revised the outlook to negative from stable and affirmed the financial strength rating of A (Excellent) and issuer credit rating of “a” of American Agricultural Insurance Company (American Ag) (Indianapolis, IN).

[A.M. Best Revises Outlook to Stable for T.H.E. Insurance Company](#)

A.M. Best Co. has revised the outlook to stable from positive and affirmed the financial strength rating (FSR) of A- (Excellent) and issuer credit rating (ICR) of “a-” of T.H.E. Insurance Company (T.H.E.) (headquartered in Treasure Island, FL).

[A.M. Best Withdraws Ratings of Hereford Insurance Company](#)

A.M. Best Co. has affirmed the financial strength rating (FSR) of C++ (Marginal) and issuer credit rating (ICR) of “b” of Hereford Insurance Company (Hereford) (Long Island City, NY). The outlook for both ratings is stable. Concurrently, A.M. Best has withdrawn the ratings at the company’s request and assigned an NR-4 (Company Request) to the FSR and an “nr” to the ICR.

[Workers' Compensation](#)

[Oklahoma Bill Would Allow State Agencies an Alternative to CompSource](#)

Oklahoma state agencies would be permitted to purchase workers' compensation insurance on the open market instead of the state-backed provider under legislation now before the state Senate.

Press Release - JULY 18, 2012

A.M. Best Affirms Ratings of Compagnie Centrale de Réassurance

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FOR IMMEDIATE RELEASE

LONDON, JULY 18, 2012

A.M. Best Europe – Rating Services Limited has affirmed the financial strength rating of B+ (Good) and issuer credit rating of “bbb-” of **Compagnie Centrale de Réassurance (CCR)** (Algeria). The outlook for both ratings is stable.

The ratings reflect CCR’s strong local business profile, good risk-adjusted capitalisation and solid underwriting performance. Offsetting rating factors include a high degree of geographic concentration in terms of business origination and investments and an enterprise risk management (ERM) programme that, despite progress achieved in 2011, is in the early stage of development.

In A.M. Best’s opinion, CCR has a strong domestic business position as Algeria’s national reinsurer. A.M. Best believes that this leading position has been further strengthened in 2011 as the volume of business written by the company has benefited from the September 2010 change that increased the rate of compulsory cession to CCR to 50% (from 5% or 10%, depending on the type of risks).

As a result of this development, together with a successful growth of business originated abroad, CCR’s gross written premiums have increased by about 38% in 2011 to DZD 13.5 billion.

CCR’s technical result remained solid in 2011 and improved to DZD 1.3 billion. This improvement resulted from the significant increase in gross written premiums, whilst the company managed to maintain a good technical profitability, with a combined ratio of 74%. In addition to a sound technical performance, CCR’s 2011 record profit of DZD 1.8 billion was also driven by an increased investment income of DZD 941.3 million (against DZD 518.8 million in 2010), mainly due to a large dividend payment received from one of its participations.

CCR’s risk-adjusted capitalisation benefited from its 2011 solid results and remained good despite the significant increase in its net premiums written. Going forward, A.M. Best expects the company’s capital levels to remain supportive of its current rating level, notably as a result of a contained dividend policy with a pay-out ratio that A.M. Best expects to remain below 20%.

The ratings also factor in the country risk of Algeria, which is classified as Tier 5 by A.M. Best, where CCR operates and originated 94% of its gross written premiums in 2011. Furthermore, although acknowledging the progress made on it in 2011, A.M. Best views CCR’s ERM framework as being at an early stage of development and expects the company to maintain its efforts to improve it in the next few years.

Upward rating movement could occur if A.M. Best were to positively revise its current evaluation of Algeria’s country risk tier or if the company were to demonstrate a controlled diversification of its business profile through international growth combined with a strong technical performance.

Downward rating pressure could occur if CCR's plan to increase its international business were to impact its technical fundamentals or if the country risk of Algeria as assessed by A.M. Best were to deteriorate.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Key criteria utilised include "Understanding BCAR for Property/Casualty Insurers"; "Evaluating Country Risk"; and "Risk Management and the Rating Process for Insurance Companies". Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

In accordance with Regulation (EC) No. 1060/2009, the following is a link to required disclosures: [A.M. Best Europe - Rating Services Limited Supplementary Disclosure](#).

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