

Press Release - JUNE 26, 2008

## A.M. Best Affirms Ratings of African Reinsurance Corporation

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### FOR IMMEDIATE RELEASE

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**A.M. Best Co.** has affirmed the financial strength rating of A- (Excellent) and the issuer credit rating of "a-" of **African Reinsurance Corporation** (Africa Re) (Nigeria). The outlook for both ratings remains stable.

The ratings reflect Africa Re's solid prospective risk-adjusted capitalisation, robust operating performance and its recognised position in the African reinsurance market.

In A.M. Best's opinion, Africa Re's prospective risk-adjusted capitalisation is expected to remain strong, despite a reduction in 2007 attributed to significant premium growth of 26%, mainly driven by an exceptional one-off opportunity from a client in South Africa. Going forward, premium growth is anticipated to stabilise at around 7.5% in 2008 and 2009, in line with rates expected across the African market. Any significant variations above this target may put the company's risk-adjusted capitalisation under pressure. Additionally, the company benefits from the financial flexibility of its shareholders, who are committed to provide financial support when required.

A.M. Best forecasts that Africa Re's operating performance will remain robust with pre-tax profits of approximately USD 30 million in each of the next two years (compared to USD 35 million in 2007). A.M. Best expects that Africa Re's overall earnings will remain good, though still largely reliant on investment income. Underwriting performance has been good, with technical results of USD 7.2 million in 2007, and is forecasted to remain resilient with a combined ratio under 100% in 2008 and 2009.

For Best's Ratings, an overview of the rating process and rating methodologies, please visit [Best's Rating Center](#).

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