



Best's
News Publications & Press
Releases



Press Release - AUGUST 22, 2011

A.M. Best Affirms Ratings of African Reinsurance Corporation

FOR IMMEDIATE RELEASE

LONDON, AUGUST 22, 2011

A.M. Best Europe – Rating Services Limited has affirmed the financial strength rating of A- (Excellent) and 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 improving prospective risk-adjusted capitalisation, strong operating performance and its established position in its core African markets. Offsetting rating factors include the widespread political unrest in Africa and especially in some of the countries in which Africa Re has business and shareholding partnerships.

Africa Re's capital increase which is going on during 2011 and that is expected to continue into 2012, is anticipated to support the company's current business and projected growth in the coming years. The total capital increase is expected to be in excess of USD 138 million and most of it (which is currently being offered to existing shareholders) is expected to be paid by the end of 2011. Africa Re has a good understanding of enterprise risk management and continues to develop and implement it successfully throughout the organization.

In 2010, Africa Re further improved its operating performance posting a combined ratio of 93% (2009: 96.1%) and profits-after-tax of USD 64.9 million. A.M. Best expects profits to remain stable or slightly improve in the coming two years due to the company's reinforced focus on profitability.

The 2010 premium income of USD 628 million is diversified throughout Africa Re's network of six regional African offices and its South African subsidiary. This arrangement has allowed Africa Re to maintain close contact with cedants throughout the continent of Africa and develop a very strong market position. Going forward, A.M. Best does not expect any major changes to the premium mix.

The principal methodology used in determining these ratings is [Best's Credit Rating Methodology - Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilized include: "Understanding BCAR for Property/Casualty Insurers"; "Natural Catastrophe Stress Test Methodology"; and "Assessing Country Risk". Methodologies 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](#).

A.M. Best Europe – Rating Services Limited is a subsidiary of A.M. Best Company. Founded in 1899, A.M. Best Company is the world's oldest and most authoritative insurance rating and information source.

CONTACTS:

Anandi Nangy-Kotecha
Associate Director, Analytics
+(44) 20 7626 6264
anandi.nangy-
kotecha@ambest.com

Carole Lovell
Public Relations Associate
+(1) (908) 439-2200, ext. 5445
carole.lovell@ambest.com

Carlos Wong-Fupuy
Senior Director, Analytics
+(44) 20 7626 6264
carlos.wong-
fupuy@ambest.com

Jim Peavy
Assistant Vice President, Public
Relations
+(1) (908) 439-2200, ext. 5644
james.peavy@ambest.com

[View a list of companies](#) related to this press release. The list will include Best's Ratings along with links to additional company specific information including related news and reports.

A.M. Best's credit ratings are independent and objective opinions, not statements of fact. A.M. Best is not an Investment Advisor, does not offer investment advice of any kind, nor does the company or its Ratings Analysts offer any form of structuring or financial advice. A.M. Best's credit opinions are not recommendations to buy, sell or hold securities, or to make any other investment decisions.

A.M. Best receives compensation for interactive rating services provided to organizations that it rates. A.M. Best may also receive compensation from rated entities for non-rating related services or products offered by A.M. Best. A.M. Best does not offer consulting or advisory services. For more information regarding A.M. Best's rating process, including handling of confidential (non-public) information, independence, and avoidance of conflicts of interest, please read the [A.M. Best Code of Conduct](#).

A.M. Best Company and its subsidiaries are not registered as External Credit Assessment Institutions (ECAI) in the European Union (EU). Credit ratings issued by A.M. Best Company and its subsidiaries can not be used for regulatory purposes in the EU as per Directive 2006/48/EC. View our [entire notice](#) for complete details.

Copyright © 2011 by [A.M. Best Company, Inc.](#) ALL RIGHTS RESERVED

No part of this report may be distributed in any electronic form or by any means, or stored in a database or retrieval system, without the prior written permission of the A.M. Best Company. Refer to our [terms of use](#) for additional details.