

Press Release - JULY 09, 2007

A.M. Best Affirms Ratings of African Reinsurance Corporation

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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 risk-adjusted capitalisation and its recognised position in the African reinsurance market. An offsetting factor is its marginal underwriting performance.

A.M. Best expects Africa Re's prospective risk-adjusted capitalisation to remain solid, subject to a projected premium growth of 6% in 2007 and 2008. Significantly high growth, in A.M. Best's opinion, may put the company's risk-adjusted capitalisation under pressure.

Africa Re's operating performance will remain moderate, with pre-tax profits of approximately USD 26-28 million in each of the next two years (compared with USD 25 million in 2006), as the company is reliant on investment income. Furthermore, based on A.M. Best's expectations, Africa Re needs to improve its operating performance and ensure its combined ratio remains below 100%. Any deterioration in the company's performance is likely to have negative implications on its rating.

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

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