

Press Release - AUGUST 10, 2010

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 strong competitive position within its core African markets, robust operating performance and improving level of enterprise risk management. Offsetting factors include a trend of deteriorating risk-adjusted capitalisation.

Africa Re's 2009 premium income of USD 536 million is diversified throughout the group'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.

Overall earnings of USD 44.3 million in 2009 represented Africa Re's most profitable year to date and were supported by a significantly improved underwriting result of USD 15.7 million. Improving underwriting results represent a change in trend from recent years, where investment results have been relied upon for overall profits.

A.M. Best considers that risk-adjusted capitalisation has deteriorated in each of the past two years, largely driven by increasing levels of premium income. Partially mitigating this concern is Africa Re's intention to expand its adjusted capital base by USD 100 million before the end of 2011. Furthermore, ongoing implementation of an internal capital model is enhancing the company's understanding of its capital requirements.

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

The principal methodology used in determining these ratings is [Best's Credit Rating Methodology - Global Life & Non-Life Insurance Edition](#). Additional methodologies that may apply can be found at [Best's Credit Rating Methodology](#).

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers.

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