



# PRESS RELEASE

OLDWICK, N.J. • MEXICO CITY • LONDON • AMSTERDAM • DUBAI • SINGAPORE • HONG KONG

## FOR IMMEDIATE RELEASE

**CONTACTS: Anthony Silverman**  
Associate Director, Analytics  
+44 20 7397 0264  
[anthony.silverman@ambest.com](mailto:anthony.silverman@ambest.com)

**Christopher Sharkey**  
Manager, Public Relations  
+1 908 439 2200, ext. 5159  
[christopher.sharkey@ambest.com](mailto:christopher.sharkey@ambest.com)

**Catherine Thomas**  
Senior Director, Analytics  
+44 20 7397 0281  
[catherine.thomas@ambest.com](mailto:catherine.thomas@ambest.com)

**Jim Peavy**  
Director, Public Relations  
+1 908 439 2200, ext. 5644  
[james.peavy@ambest.com](mailto:james.peavy@ambest.com)

### **AM Best Affirms Credit Ratings of Ghana Reinsurance Company Limited**

**LONDON, 19 December 2019**—AM Best has affirmed the Financial Strength Rating of B (Fair) and the Long-Term Issuer Credit Rating of “bb” of Ghana Reinsurance Company Limited (Ghana Re) (Ghana). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Ghana Re’s balance sheet strength, which AM Best categorises as very strong, as well as its adequate operating performance, limited business profile and weak enterprise risk management (ERM).

The company’s very strong balance sheet strength is underpinned by risk-adjusted capitalisation at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR). Prospective capital requirements will be driven by the company’s strong growth outlook and by investment risk due to the concentration of assets in Ghana. AM Best expects BCAR scores to remain at the strongest level, with good internal capital generation supporting anticipated premium growth.

Ghana Re has a track record of positive operating results, which are considered adequate when inflation rates in the company’s key markets are taken into account. In AM Best’s view, the group’s five-year return on equity compares positively with inflation after including the full return on hard currency investments, which partly arises in other comprehensive income. The combined ratio over the five-year period to December 2018 was 108% and has been volatile. Property claims drove this ratio to 123% in 2017 and flood claims pushed the 2015 combined ratio up to 133%, whilst other years in the period saw combined ratios in the 93-97% range. However,

—MORE—



# PRESS RELEASE

OLDWICK, N.J. • MEXICO CITY • LONDON • AMSTERDAM • DUBAI • SINGAPORE • HONG KONG

—2—

flood risk has been mitigated substantially since 2015 through a mix of policy exclusions, selective underwriting and retrocession cover. Ghana Re's life reinsurance activity has excellent profitability.

The company maintains a strong competitive position in Ghana as the largest domestic reinsurer with market shares in the region of 60% for non-life and 90% for life. The group's non-Ghana business (mostly from Kenya, Cote d'Ivoire and other African countries) has expanded to reach 44% of gross premiums written in 2018 (2016: 35%). Ghana and some of the company's other core markets have attractive growth prospects, but are small by international standards. AM Best expects business growth to be driven by economic growth, regulatory rules to promote the utilisation of local reinsurance capacity, and the potential for an increase in insurance penetration if gross domestic product per head continues to grow.

Ghana Re is exposed to high levels of political, economic and financial system risk in the countries in which it operates. The company's ERM is evolving as evidenced by mitigation of the group's exposure to natural catastrophes. Nevertheless, risk management capabilities are weak when compared with the company's risk profile. AM Best expects ongoing improvement in risk management, which will put the company in a better position to manage anticipated growth in its core markets.

**This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases](#).**

—MORE—



# PRESS RELEASE

OLDWICK, N.J. • MEXICO CITY • LONDON • AMSTERDAM • DUBAI • SINGAPORE • HONG KONG

—3—

**AM Best is a global credit rating agency, news publisher and data provider specialising in the insurance industry. The company does business in more than 100 countries. Headquartered in Oldwick, NJ, AM Best has offices in cities around the world, including London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City. For more information, visit [www.ambest.com](http://www.ambest.com).**

**Copyright © 2019 by A.M. Best Rating Services, Inc. and/or its affiliates. ALL RIGHTS RESERVED.**

####