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

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#### AMB# Company Name

090035	Ghana Reinsurance Company Limited
071476	Ghana Reinsurance Company Ltd.

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#### FOR IMMEDIATE RELEASE

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**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.

Ghana Re’s very strong balance sheet strength is underpinned by its risk-adjusted capitalisation being at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR). Capital requirements are driven by a high level of asset risk due to the concentration of investments in Ghana. Prospectively, AM Best expects Ghana Re’s BCAR scores to remain at the strongest level, with good internal capital generation supporting strong premium growth.

Ghana Re has a track record of positive operating results, which are considered adequate when the high level of inflation in the company’s key markets is taken into account. Underwriting has been volatile and unprofitable in three out of the past five years due to flood-related losses in 2015, strengthening of reserves in 2017, and increased incurred claims in 2019. AM Best expects prospective performance to remain driven by double-digit investment returns, principally derived from the company’s fixed income portfolio and short-term deposits.

Ghana Re maintains a good competitive position in Ghana as the largest domestic reinsurer and continues to expand its pan-African business. However, the company's core markets are small by international standards, and business growth is dependent largely on initiatives to promote insurance penetration and the utilisation of local reinsurance capacity. The company's business is concentrated by product and geography, although approximately 45% of gross written premium was derived from African markets outside of Ghana in 2019.

Ghana Re is exposed to high levels of political, economic and financial system risk in the countries in which it operates (mainly Ghana and Kenya). The company's risk management framework is evolving, and risk management capabilities are weak when compared with the company's risk profile. AM Best expects ongoing improvement in the company's risk management to support better underwriting performance in the medium to long term.

**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.**

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