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A.M. Best Affirms Credit Ratings of Ghana Reinsurance Company Limited

LONDON, 14 December 2017—**A.M. 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 A.M. Best categorises as very strong, as well as its neutral operating performance, limited business profile and weak enterprise risk management.

Ghana Re’s very strong balance sheet is underpinned by risk-adjusted capitalisation, which, as measured by Best’s Capital Adequacy Ratio (BCAR), is at the strongest level. Prospective capital requirements are driven by the company’s aggressive growth strategy and a high level of asset risk due to the concentration of its investments in Ghana.

Ghana Re has a track record of positive operating results, which are considered adequate when the high level of inflation in its key markets is taken into account. Underwriting results have been volatile, principally due to weather-related losses. In 2016, the company reported a return on equity of 11.8%, underpinned by a high investment return, foreign exchange gains and a small underwriting profit (combined ratio of 97%). A.M. Best expects prospective performance to benefit from double-digit investment returns, principally derived from the company’s fixed income portfolio and short term deposits.

Ghana Re has a good competitive position in Ghana as the largest local reinsurer, and continues to expand

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its Pan-African business. However, its core markets are small by international standards, and business growth is largely dependent on local regulators' initiatives to promote insurance penetration and the utilisation of local reinsurance capacity. Business is concentrated by product and geography, although approximately one-third of its gross written premiums were derived from African markets outside of Ghana in 2016

Ghana Re has a high risk profile driven by its exposure to political, economic and financial system risk in the countries in which it operates (mainly Ghana, Kenya, Zambia and Morocco). Risk management capabilities are weak, albeit improving, when compared with the company's risk profile.

This press release relates to Credit Ratings that have been published on A.M. 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 A.M. Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases](#).

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