January 10, 2012

Gustav Siale, Managing Director
Ghana Reinsurance Company Limited
No. 4 Awudome Industrial EstateRing Road West
PO Box 7509
Accra-North

Dear Gustav Siale,

This letter serves as a formal notice of your organization's Best's Rating after an analysis of all current information shared with us. The rating assignments, public financial strength rating rationale, non-public rating commentary and rating release procedures are detailed below. We encourage you to visit our online **Rating Center**, located at http://www.ambest.com/ratings, for the latest Best's Ratings, an overview of our rating process and rating methodologies.

The following public rating assignments will be published:

		Financial Strength Rating		**Issuer Credit Rating**	
AMB#	**Company Name**	**Rating**	**Outlook/ Implication**	**Rating**	**Outlook/ Implication**
090035	Ghana Reinsurance Company Limited	B	Stable	bb	Stable

Public Financial Strength Rating Rationale

The downgrade of the issuer credit rating of Ghana Re reflects its weakened business profile within its core market following the removal of the compulsory legal cessions, which obliged insurers in Ghana to cede 20% of their business written to Ghana Re. The downgrade also reflects Ghana Re's sizeable premium debtors. The revision of the outlook to stable is supported by the Ghana Re's consistent operating performance and diversified portfolio within its domestic market.

Weakened business profile -- Ghana Re's business volumes continue to be negatively affected by the repeal of the compulsory legal cession in 2008, despite the company's efforts to retain business by introducing special quota share arrangements, which offer high commissions. In 2011, Ghana Re is expected to report consolidated gross written premiums of between GHC 40 million and GHC 45 million, a decline of approximately 20% since year-end 2008. To counteract the impact of its diminishing business profile in Ghana, the company seeks to focus its expansion in other African markets, largely supported by its developing presence through recently opened branch offices in Cameroon and Kenya. A rise in gross written premiums of approximately 25% is expected in each of the next two years. Given the high level of competition and Ghana Re's limited presence in some of its targeted markets, A.M. Best believes that there is significant execution risk associated with its planned expansion.

Sizeable premium debtors -- Although premium volumes from Ghana Re's outstanding debtors have fallen since the removal of the compulsory cessions, the size of outstanding premium debtors relative to the size of the balance sheet and written premiums remains a concern. Premium volumes from outstanding debtors are expected to represent approximately 60% of gross written premiums at year-end 2011 (2010: 57%). In A.M. Best's view, adequate procedures are not yet in place to improve premium collection.

Consistent operating performance -- Ghana Re's operating performance remains good. A pre-tax profit of approximately GHC 20 million is anticipated in 2011 (2010: GHC 16.8 million) underpinned by low claims activity during the year and lower expenses resulting from a number of insurers non-renewing business through the special quota share arrangement. A.M. Best remains concerned over future underwriting profitability, given the company's rapid growth plans into non-core regions.

Diversified portfolio within its domestic market -- Ghana Re operates predominantly as a non-life reinsurer (representing approximately 95% of its business), with business derived from Ghana currently accounting for around 70% of gross written premiums. The company maintains a fairly diversified portfolio, with fire and motor business representing approximately 70% of its underwriting portfolio. Ghana Re has a limited distribution network owing to the direct nature of the Ghanaian commercial market. However, A.M. Best expects that the spread of its distribution channels will improve as the company strengthens its relationships with existing brokers to support expansion outside Ghana.

Upward rating pressures may arise in the medium term if there are improvements in Ghana Re's business profile whilst maintaining strong risk-adjusted capitalisation and a good underwriting performance.

Downward rating pressures may be triggered by a worsening of Ghana Re's risk-adjusted capitalisation or deterioration in its business profile. In addition, an increase in the country risk profile of Ghana may also have a negative impact on its ratings.

Non-Public Rating Commentary

The decision to downgrade the issuer credit rating of Ghana Re reflects the committee's view that the company's business profile in Ghana, its core market, had diminished, owing to the repeal of the compulsory legal cessions in 2008. This view was supported by a presentation highlighting the decline in business volumes since 2008, due to the non-renewal of business by previously obliged cedants, following the removal of the legal cessions, and low uptake and subsequent non-renewal of the special quota share, which was implemented to replace the legal cessions.

The committee queried Ghana Re's strategy for improving its business profile and understood that the company's focus was for expansion outside of Ghana, with the aim of growing gross written premiums by 25% in each of the next two years. The committee noted that Ghana Re has established branch offices in Cameroon and Kenya to support its expansion in the West and East of Africa and that the company maintained some relationships with brokers, who benefit from a strong profile in Ghana Re's targeted markets. However, the committee maintained concerns over Ghana Re's rapid growth plans, given the high level of competition and Ghana Re's limited presence in its targeted markets and believed the company faced considerable challenges in executing its business plans.

Efforts made to improve ERM processes within the company were noted. However the committee felt that ERM still remained weak. The committee discussed the company's premium debtors, a long-standing issue that has overshadowed the company's financial strength. The committee noted that the size of premium volumes from outstanding debtors relative to gross premiums still remained high and was slowly beginning to trend upwards. The committee concluded that Ghana Re had not implemented adequate procedures to improve timely premium collection.

Positive rating factors supporting Ghana Re's rating outcome were the company's strong risk-adjusted capitalisation and its good operating performance to date.

Going forward, A.M. Best expects Ghana Re to continue to maintain underwriting discipline as it expands and to pursue prudent reserving practices. A.M. Best also expects the company to continue improving its risk management capabilities. Weaker than expected performance, particularly in relation to technical performance, further deterioration in business profile, an increase in Ghana's country risk profile or significant erosion in risk-adjusted capitalisation is likely to have a negative impact on the ratings of Ghana Re. A.M. Best does not anticipate taking a positive rating action within the next 24-36 months.

In order to comply with regulatory requirements, rating must be reviewed within a 12 month period. So that we have sufficient time to conduct a thorough rating assessment, we will need to hold a management meeting with you at least 6 weeks before the first anniversary of the rating release date. Failure to carry out a full assessment within the period mentioned above through lack of information may lead us to put the rating under review.

Rating Release Procedures

Given your request of a rating from A.M. Best, we will evaluate all relevant risks within your business and financial operations. In conducting this analysis, A.M. Best analyzes all pertinent operating companies, holding companies, and any other financial obligations of the organization, including debt securities issued by such companies. Upon completing the analysis of the organization, A.M. Best reserves the right to publish our opinion of your organization's ability to meet financial obligations issued by insurance-related companies, including the assignment of Financial Strength Ratings, Issuer Credit Ratings, or Debt Ratings.

To acknowledge the assigned Best's Ratings, and the above commentary, **we request that you sign and date this letter in the space provided below and return it via fax.** Our fax number is +44-207-626-6265. If you prefer, a signed copy may be scanned, saved as a PDF and returned via e-mail to UKPresLetters@ambest.com. The rating and corresponding rationale will be publicly available via Best's Internet site immediately upon our release of the rating. While A.M. Best retains absolute control over the timing of the release of its rating opinions, we encourage acknowledgement of ratings within 3 business days (unless a shorter time period has been communicated), after which, the ratings will be released automatically. We respectfully ask that you do not publicly release the rating assignment prior to its public release by A.M. Best Company.

In addition to our subscription and Internet products, your organization's Best's Rating and corresponding Best's Company Report will appear in the next edition of Best's Insurance Reports. A draft copy of your Best's Credit Report will be sent to your designated contact for review. **Please submit any suggested revisions to this report within ten business days.**

In closing, we sincerely appreciate the valuable assistance that you and your staff have given us. Should you have any questions concerning this matter, please feel free to contact the analyst responsible for your company's rating, Grace Panti-Amoa, Associate Financial Analyst at +44-207-397-0331.

Sincerely,

Samuel Dobbyn *Grace Panti-Amoa*

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Ghana Reinsurance Company Limited, AMB # 90035

Date: _____ /_____ /2012

Acknowledged: ______________________ Title: ACTING MANAGING DIRECTOR