



NEWS RELEASE

A.M. BEST EUROPE – RATING SERVICES LIMITED, LONDON

FOR IMMEDIATE RELEASE

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

LONDON, XX December 2015—A.M. Best has affirmed the financial strength rating (FSR) of B (Fair) and the issuer credit rating (ICR) of “bb” of **Ghana Reinsurance Company Limited** (Ghana Re) (Ghana). The outlook for the FSR is stable while the outlook for the ICR is positive.

The rating actions reflect Ghana Re’s improving domestic profile and the ongoing positive effect of evolving regulations in Ghana on the company’s reducing levels of outstanding premium debtors on its balance sheet. Additionally, the ratings consider Ghana Re’s strong risk-adjusted capitalisation, solid operating performance and the uncertainty associated with the weakened economic conditions of the company’s core market.

Ghana Re continues to grow its premium volumes as it expands across Ghana and other African markets, with the company recording gross written premiums (GWP) of GHC 104 million in 2014 (2013: GHC 75 million, 2012: GHC 68 million). The rise in premium volumes continues to be largely supported by infrastructure projects as well as the benefit of the regulator’s efforts to improve insurance penetration in Ghana and other target markets, through the enforcement of compulsory insurance.

Despite Ghana’s economic woes and its potential to slowdown insurance demand and negatively impact Ghana Re’s balance sheet strength, due to high inflationary and interest rates pressures, A.M. Best expects the company’s risk-adjusted capitalisation to remain at a strong level with material capital buffers in place to cushion against volatility arising in the claims environment and the financial markets.



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The implementation of the “no premium, no cover” regulation (enforced in April 2014) is showing initial signs of success in halting Ghana Re’s premium collection delays. This policy ceases the practice of providing (re)insurance cover without the payment of premiums in advance. For the first half of 2015, Ghana Re impaired GHC 1.6 million or 2.5% of net earned premiums compared with GHC 8.0 million (18.8% of net earned premiums) for the same period of 2014. Although Ghana Re remains exposed to payment delays across its target markets outside of Ghana, the company is endeavouring to implement this standard across its operations.

Ghana Re’s operating performance remains solid, largely supported by the high yields derived from its fixed income portfolio. Despite the increasing loss environment, Ghana Re is likely to report a combined ratio of below 100% in 2015 (2014: 117.5%, 2013: 130.4%), owing to the reduced impact of premium debtors impairments, which considerably affected prior years’ technical results. The significant flood events that affected Ghana’s primary sector during 2015 is not expected to have a material impact on Ghana Re’s technical results for the year, owing to the benefit of its high-quality retrocession covers.

In accordance with Regulation (EC) No. 1060/2009, the following is a link to required disclosures:

[A.M. Best Europe - Rating Services Limited Supplementary Disclosure.](#)

This press release relates to rating(s) 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 visit A.M. Best's [Ratings & Criteria Center.](#)

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