



Press Release - MARCH 29, 2018

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A.M. Best Affirms Credit Ratings of Asian Reinsurance Corporation

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AMB#	Company Name
085568	Asian Reinsurance Corporation

FOR IMMEDIATE RELEASE

SINGAPORE - MARCH 29, 2018

A.M. Best has affirmed the Financial Strength Rating of B+ (Good) and the Long-Term Issuer Credit Rating of “bbb-” of **Asian Reinsurance Corporation** (Asian Re) (Thailand). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Asian Re’s balance sheet strength, which A.M. Best categorizes as strong, as well as its marginal operating performance, limited business profile and appropriate enterprise risk management.

Asian Re’s balance sheet strength reflects solid risk-adjusted capitalization that is supported by low underwriting leverage and an investment portfolio consisting mostly of cash and deposits. However, there is the potential for transfer restrictions as some of these deposits are placed with entities that have been sanctioned in the past.

In terms of operating performance, the company experienced deterioration in underwriting results this year, partially due to reserve developments. A steady stream of interest income has mitigated the impact of this deterioration. Overall, Asian Re’s capital and surplus has remained fairly stable.

Following losses from catastrophe events in 2011 and 2012, Asian Re recapitalized and improved its capital position. As of year-end 2017, its capital stood at USD 69 million, above the USD 55 million it reported at year-end 2010, before the

catastrophe events. However, the company continues to face challenges in rebuilding its business profile, and premium volumes remain considerably lower than before the catastrophe events. In addition, regulatory requirements also have made it harder for Asian Re to access certain markets.

Positive rating actions could result from the company successfully rebuilding its premium base while improving underwriting results.

Negative rating actions could result from material deterioration in Asian Re's operating performance or if transfer restrictions are placed on its assets.

Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.

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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