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Key rating assessment factors

Key assumptions

Potential outlook or rating change factors

ACRA affirms JSC “Russian Reinsurance Company” at A+(RU), outlook Stable

The credit rating of [JSC “Russian Reinsurance Company”](#) (hereinafter, the Company) reflects the Company’s strong business and financial profile, and adequate management quality.

The Company is a specialized reinsurer of property, energy, and construction and installation risks. The Company has been operating since 1992 and has a strong position in the Russian reinsurance market. The Company’s largest shareholders are Chubb Russia Investments Limited (23.3%), Catlin Underwriting Agencies Limited (22.5%), Andrey Poliakov (22.03%), and Teymuraz Batiashvili (21.64%).

The Company’s strong business profile is based on its stable position in the insurance market and strong operating indicators for 2020, which are expected to continue in the short and medium terms. Historically, the property insurance segment occupies over 90% of the Company’s portfolio. According to results for 2020, the Company ranks fifth among reinsurers in the corporate property insurance segment and ninth in terms of accrued reinsurance premium.

ACRA assesses the diversification of the Company’s client base as medium. The quality of the Company’s product range is solid due to high underwriting expertise in insurance types, which it provides reinsurance protection for within its specialization. The diversification of sales channels is medium.

ACRA assesses the Company’s operating efficiency as high. The combined loss ratio (CLR) for 2020 amounted to 0.8, and it is expected to remain in the range of 0.8–0.85. At the same time, the Company’s forecasted growth rates in 2021–2023 are expected to be no lower than the market average.

The Company’s strong financial profile is based on its high capital adequacy, assets quality and liquidity assessments. ACRA has retained these assessments at the past-year level.

The Company has been sustainable in the capitalization of its profits, which is in line with the Agency’s last year expectations for capital adequacy assessment.

The ratio of capital to minimum amount of capital (CMAC) amounted to 2.8 according to results for 2020. The ratio of available capital to capital at risk, calculated as per ACRA’s methodology, is 3.4.

The asset quality assessment is high, which reflects the Company’s high capital to asset ratio (0.3 at the end of 2020) and low asset risk index (1.7). The high concentration of assets limits the asset quality assessment and, in general, the Company’s financial profile.

The high assessments of current (1.5) and long-term liquidity (1.3) are based on a sufficient amount of highly liquid assets on the Company’s balance sheet.

The Company’s management quality is assessed as adequate in view of positive assessment of management experience and structure, as well as of the actuarial function and risk management. Other sub-factors received neutral assessments.

- Implementing the Company’s business plans within the 12 to 18-month horizon in accordance with its forecast.

The **Stable outlook** assumes that the rating will most likely remain unchanged within the 12 to 18-month horizon.

A positive rating action may be prompted by:

- Significant decrease in the concentration of assets while maintaining the capital adequacy assessment.

A negative rating action may be prompted by:

- Lower capital adequacy;
- Significant decline in operating efficiency.

Rating components**SCA:** a+.**Adjustments:** none.**Issue ratings**

No outstanding issues have been rated.

Regulatory disclosure

The credit rating has been assigned under the national scale for the Russian Federation based on the [Methodology for Assigning Credit Ratings to Insurance Organizations on the National Scale for the Russian Federation](#), and the [Key Concepts Used by the Analytical Credit Rating Agency Within the Scope of Its Rating Activities](#).

The credit rating of JSC "Russian Reinsurance Company" was published by ACRA for the first time on June 9, 2017. The credit rating and its outlook are expected to be revised within one year following the publication date of this press release.

The credit rating was assigned based on the data provided by JSC "Russian Reinsurance Company", information from publicly available sources, as well as ACRA's own databases. The rating analysis was performed using the GAAP and IFRS financial statements of JSC "Russian Reinsurance Company". The credit rating is solicited, and JSC "Russian Reinsurance Company" participated in its assignment.

In assigning the credit rating, ACRA used only information, the quality and reliability of which was, in ACRA's opinion, appropriate and sufficient to apply the methodologies.

ACRA provided additional services to JSC "Russian Reinsurance Company". No conflicts of interest were discovered in the course of credit rating assignment.

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