

PT ASURANSI SINAR MAS (ASM)

Corporate rating *ir*AAA/Stable

Rated Issues N/A

Rating Period

October 21, 2019 – November 1, 2020

Kredit Rating Indonesia assigns '*ir*AAA' financial strength rating of PT Asuransi Sinar Mas (ASM)

Kredit Rating Indonesia (KRI) assigns a Financial Strength Rating of '*ir*AAA' for PT Asuransi Sinar Mas (ASM) with a 'Stable' outlook. The rating reflects ASM's dominant market share in the industry, largest distribution channels, strong liquidity, and sound capitalization.

ASM is market leader in national's general insurance industry as the Company capable to capitalize its advantage as a member of Sinarmas Group (SMMA and SMMF are owned by Sinarmas Group), by using the Group's brand for marketing and securing niche market from sister-companies. As of end 2018, the Company owned 10.6% of market share – the largest in the industry. ASM is owned by PT Sinar Mas Murti Artha (SMMA) with 99.99% of ownerships, and PT Sinar Mas Multifinance (SMMF) (0.01%). ASM's performance has been well recognized by the public as the Company received several awards such as Top 5 Indonesia Most Admired Companies 2018 in Insurance from Warta Ekonomi, Best General Insurance 2018 with Equity Rp1.5 Trillion and Up from Media Insurance, Best General Insurance Investor Award 2018 for Assets above Rp3 Trillion, and Top 20 Financial Institutions 2018 – General Insurance Company.

In 2019, ASM received several awards such as Top GRC 2019 (4 Stars) from Top GRC 2019, Best General Insurance 2019 with equity Rp1.5 Trillion and Up from Media Insurance, 3rd The Best General Insurance 2019 Indonesia category Asset > Rp 5T from Economic Review 8th Indonesia Insurance Award 2019, The Big - 10 Indonesia GCG Implementation 2019 category: Insurance Company from Economic Review Indonesia Good Corporate Governance Award 2019, Top General Insurance 2019 with assets Rp. 5-10 trillion from Top Business – Top Insurance 2019.

Established in 1985, ASM is a general national insurance company that has the largest distribution channel in Indonesia. As to September 2019, the Company has 188 distribution offices throughout Indonesia, comprising of 34 branch offices, 76 marketing offices, and 78 network marketing points to support the Company's business. ASM has at least one distribution channel in every province and relatively dominant compare to peers in each area. Through its large distribution channel, the Company offers insurance of fire, motor vehicle, marine cargo, marine hull, engineering, health, and others.

In 1H19, ASM purchased Rp1.16 trillion limit for catastrophe coverage which has a return period of over 1,000-year in the model output. The limit purchase is still far above the minimum 1 in 250 year return period required by the regulation.

The Company recorded RBC ratio of 404% in FY18, consistently stayed at above 400% since FY17. It was also above the minimum requested ratio by OJK of 120%.

Downward rating pressures can come from a material decrease of liquidity and market share position, which eroding the Company's ability to mitigate risk from its underwriting and investment activities.

ASM Financial Results Highlights

<i>As of/For the year ended</i>	Dec 2018 (Audited)	Dec 2017 (Audited)	Dec 2016 (Audited)
Total Assets (Rp bn)	39,097.3	31,271.1	18,737.8
Total Equity (Rp bn)	3,806.6	3,317.2	3,011.4
Total Investments (Rp bn)	35,046.2	27,206.0	16,753.1
Net Premium Written (Rp bn)*	23,095.0	19,061.1	15,641.5
Net Claims (Rp bn)	22,281.8	19,225.6	2,953.7
Net Income After Tax (Rp bn)	556.9	567.9	482.8
Total Comprehensive Income (Rp bn)	609.4	551.5	465.8
ROAA (%)	1.6	3.1	2.6
Loss Ratio (%)	96.5	100.9	18.9
Net Premium Written/Equity (x)	6.1	5.7	5.2
Net Retention Ratio (%)	80.4	85.1	85.4
Equity/Total Assets (%)	9.7	10.6	16.1
Return on Equity (%)	14.6	17.1	17.8

*Total Investment (excluding cash)

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