

PT ASURANSI SINAR MAS (ASM)

Corporate rating	<i>ir</i> AAA/Stable
Rated Issues	N/A
Rating Period	November 17, 2020 – December 1, 2021
Rating History	November 2019 <i>ir</i> AAA/Stable

“Insurance Company with *ir*AAA rating has the highest level of certainty to honor its financial obligations to policyholder. *ir*AAA is the highest rating for Insurance Company given by KRI.”

Kredit Rating Indonesia (KRI) assigns a Financial Strength Rating of ‘*ir*AAA’ for PT Asuransi Sinar Mas (ASM or the Company) with “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 is capable to capitalize its advantage as a member of Sinarmas Group by using the brand for marketing and securing niche market from sister-companies. As of 1H2020, the Company owned 14.4% of market share – the largest in the industry. The Company is owned by PT Sinar Mas Murtiartha Tbk (SMMA/*ir*AA) with 99.999% ownership and PT Sinarmas Multifinance (0.001%).

Established in 1985, ASM is a general national insurance company that has the largest distribution channel in Indonesia. As of FY2019, the Company has 179 distribution offices throughout Indonesia, comprising of 34 branch offices, 76 marketing offices, and 69 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.

In 2019, the Company recorded RBC ratio of 432%, consistently stayed at above 400% since 2017. KRI estimates that the capitalization of the company will remain above the minimum requirement of 120% based on regulations. ASM’s liquid assets were higher by two-fold than its technical reserves. We believe the Company’ liquidity is sufficient to cover sudden claims. ASM’s total loss ratio of 96.39% was relatively low compare to industry as of 1H2020. We are of the view that the Company was capable to push for efficiency and bring down its commission fee in order to maintain the appropriate profit margins.

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 (consolidated)

As of/ for the years ended	Jun 2020 (Unaudited)	Dec 2019 (Audited)	Dec 2018 (Audited)	Dec 2017 (Audited)	Dec 2016 (Audited)
Total Assets [IDR Bn]	44,701.8	44,577.6	39,097.3	31,271.1	18,737.8
Total Equity [IDR Bn]	4,543.1	4,376.1	3,806.6	3,317.2	3,011.4
Investment exc. Cash [IDR Bn]	38,762.1	40,320.3	35,046.2	27,206.0	16,753.1
Net Premium Written [IDR Bn]	12,271.1	23,955.0	23,095.0	19,061.1	3,836.5
Net Claims [IDR Bn]	11,897.5	25,899.6	22,273.4	19,201.6	2,953.7
Net Income After Tax [IDR Bn]	294.6	757.8	556.9	567.9	483.0
ROAA [%]	0.7%	1.8%	1.6%	2.3%	3.7%
Loss Ratio [%]	97.0%	108.1%	96.4%	100.7%	77.0%
Net Premium Written/Equity [x]	2.7	5.5	6.1	5.7	1.3
Retention Ratio [%]	68.3%	77.2%	80.4%	85.1%	21.0%
Equity/Total Assets [%]	10.2%	9.8%	9.7%	10.6%	16.1%
Risk Based Capital; RBC [%]	375.7%	431.6%	403.8%	443.8%	360.9%

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