

PT Pacific Life Insurance (PLI)

Financial Strength rating *irA*/Stable

Rated Issues -

Rating Period

August 29, 2022 – September 1, 2023

"Insurance Company with *irA* rating has a high level of certainty to honor the financial obligations to policyholder, but it can be affected by adverse changes in business and economic conditions, relative to Insurance Company with a higher rating."

Kredit Rating Indonesia assigns a Financial Strength Rating of '*irA*' for PT Pacific Life Insurance with "Stable" outlook.

Kredit Rating Indonesia (KRI) assigns a Financial Strength Rating of '*irA*' for PT Pacific Life Insurance (PLI or the Company) with "Stable" outlook. The rating reflects PLI's strong liquidity and sound capitalization. The company's low profitability is also considered in rating assigned.

PLI started its business activities in 2017, in relatively short period the Company is capable to secure gross written premium of IDR 1.6Tn (2020: IDR1.7Tn). KRI is of the view that the Company has small presence in the industry with only 0.9% share in GWP market share.

KRI is of the view that PLI has strong liquidity with liquid assets to Technical reserve ratio of 1.15x in 2021. The ratio is relatively higher compare to its peers. The Company recorded RBC ratio of 141% in 2021 (1H2022: 130%), slightly decreased from 166% in 2020. KRI estimates that the capitalization of the company will remain above the minimum requirement of 120% based on OJK regulation.

PLI's total loss ratio of 109% was relatively high compare to its peers as of FY2021. We are of the view that the Company needs to push for efficiency and bring down its operational fee in order to maintain the appropriate margins. The company recorded low profitability with ROAA at 0.32% as of 1H2022 (FY21: 0.38%; FY20: 0.44%) due to contribution from investment income.

Downward rating pressures can come from a material increase of loss ratio and declining RBC ratio, which eroding the Company's ability to mitigate risk from its underwriting and investment activities.

PLI Financial Results Highlights

For the years ended	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)	Dec 2017 (Audited)
Total Assets (IDR, Bn)	2,538.3	1,732.3	1,042.4	259.9	113.8
Total Equity (IDR, Bn)	374.1	317.6	180.9	110.5	110.8
Investment exc.Cash (IDR, Bn)	2,201.1	1,520.3	292.0	59.2	34.4
Net Premium Written (IDR, Bn)	1,627.3	1,713.9	798.4	152.7	2.9
Net Claims (IDR, Bn)	1,771.9	1,843.1	827.5	159.6	2.9
Net Income After Tax (IDR, Bn)	8.2	6.1	1.4	1.8	0.0
ROAA (%)	0.4	0.4	0.2	1.0	0.1
Loss Ratio (%)	108.9	107.5	103.6	104.5	100.7
Net Premium Written/Equity (x)	8.7	5.4	4.4	1.4	0.0
Retention Ratio (%)	100.0	100.0	100.0	99.9	98.8
Equity/Total Assets (%)	14.7	18.3	17.4	42.5	97.3
Risk Based Capital; RBC (%)	141.4	165.8	163.2	558.7	1593.9

Analysts : Gromy Pilipi Pranata Purba (gromy.purba@kreditratingindonesia.com)
Furqon Abrory Samara (furqon.samara@kreditratingindonesia.com)

DISCLAIMER

PT Kredit Rating Indonesia (KRI) does not represent or warrant or guarantee the accuracy, completeness, timeliness or availability of the contents of this report or publication. KRI does not perform an audit and does not undertake due diligence or independent verification of any information used as the basis of and presented in this report or publication. Although the information upon which KRI rating report are based, and any other contents provide in this rating report is obtained by KRI from sources which KRI believes to be reliable.

KRI will be held harmless against any responsibility arising from its use, its partial use, or its lack of use, in combination with other products or used solely, nor can it be held responsible for the result of its use or lack of its use in any investment or other kind of financial decision making on which this report or publication is based. The issuance of a solicited or unsolicited rating report does not supply financial, legal, tax or investment consultancy. The rating report is not an opinion as to the value of securities, therefore KRI is not responsible for any credit, loan or investment decision, damages or other losses resulting from the reliance upon or use of this report.

In no event shall KRI be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this rating report or publication.

Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. Therefore, this report may not reflect any event or circumstances which occur after the date of this report.

KRI also assumes no obligation to update the content following publication in any form. KRI does not act as fiduciary or an investment advisor. KRI keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical process and products. As a result, certain units of KRI may have information that is not available to other units. KRI has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. KRI may receive compensation for its ratings and other analytical work, normally from issuers of securities. KRI reserves the right to disseminate its opinions and analyses. KRI's public ratings and analyses are made available on its website, <http://www.kreditratingindonesia.com> (free of charge) and through other subscription based services, and may be distributed through other means, including via KRI publications and third party redistributors. Information in KRI's website and its use fall under the restrictions and disclaimer stated above. No part of KRI's website, the content of this report, may be reproduced or transmitted by any means, electronic or non-electronic whether in full or in part, will be subjected to written approval from KRI.