

PT ASURANSI SINAR MAS (ASM)

Corporate rating *ir*AAA/Stable

Rated Issues N/A

Rating Period

December 16, 2021 – January 1, 2023

Rating History

November 2020

*ir*AAA/Stable

October 2019

*ir*AAA/Stable

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 FY2020, the Company owned 15.6% of market share – the largest in the industry. ASM is owned by PT Sinar Mas Murtiartha Tbk (SMMA/*ir*AA) with 99.999% of ownership and PT Sinar Mas Multifinance (0.001%).

Established in 1985, ASM is a general national insurance company that has the largest distribution channel in Indonesia. As of FY2020, the Company has 183 distribution offices throughout Indonesia. 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 (70.1%), vehicles (9.9%), marine cargo (9.7%), health (7.0%), marine hull (0.8%), engineering (1.2%), and miscellaneous (1.3%). Miscellaneous insurance decreased in 1H21 due to new policy of management to reallocate credit insurance premium to its subsidiaries, PT Sinarmas Penjaminan Kredit (*ir*AA/Stable).

In 2020, the Company recorded RBC ratio of 499%, 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 combined ratio of 94.21% was relatively low compare to its peers as of FY2020. 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	Sep 2021 (Unaudited)	Dec 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)	Dec 2017 (Audited)
Total Assets (IDR, Bn)	47,844.2	44,790.1	44,577.6	39,097.3	31,271.1
Total Equity (IDR, Bn)	4,847.4	4,995.8	4,376.1	3,806.6	3,317.2
Investment exc.Cash (IDR, Bn)	23,193.1	24,447.2	26,959.3	19,414.6	17,287.8
Net Premium Written (IDR, Bn)	16,639.1	29,087.8	24,346.0	23,239.6	19,082.9
Net Claims (IDR, Bn)	16,356.3	26,111.7	25,899.6	22,273.4	19,201.6
Net Income After Tax (IDR, Bn)	463.8	892.9	757.8	556.9	567.9
ROAA (%)	1.3	2.0	1.8	1.6	1.8
Loss Ratio (%)	98.3	89.8	106.4	95.8	100.6
Net Premium Written/Equity (x)	4.6	5.8	5.6	6.1	5.8
Retention Ratio (%)	71.6	69.9	78.5	80.9	85.2
Equity/Total Assets (%)	10.1	11.2	9.8	9.7	10.6
Risk Based Capital; RBC (%)	472.5	499.6	431.6	403.8	443.8

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