

## PT Asuransi Sinar Mas

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>			
		<b>As of/for the year ended</b>			
		<b>Sep-2020</b>	<b>Dec-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>
		(Unaudited)	(Audited)	(Audited)	(Audited)
<b>Corporate Rating</b>	<i>idAA+/Stable</i>	46,859.5	44,577.6	39,097.3	31,271.1
<b>Rated Issues</b>	-	4,997.9	4,376.1	3,806.6	3,317.2
		39,561.7	40,789.2	35,566.5	27,811.0
		20,856.6	24,346.0	23,239.6	19,082.9
<b>Rating Period</b>		2,248.7	5,187.3	2,175.2	1,234.6
<i>January 8, 2021 – January 1, 2022</i>		16,927.0	13,825.8	14,365.1	6,303.8
		758.2	757.8	556.9	567.9
<b>Rating History</b>		757.5	749.5	609.4	551.5
<i>DEC 2019</i>	<i>idAA+/Stable</i>	ROAA [%]	1.8	1.6	2.3
<i>SEP 2018</i>	<i>idAA+/Stable</i>	Loss ratio [%]**	10.8	9.4	6.5
		Net premium written / equity [x]	*5.6	6.1	5.8
		Retention ratio [%]	72.5	80.9	85.2
		Equity/total assets [%]	10.7	9.7	10.6
		Risk based capital; RBC [%]	409.6	403.8	443.8
		USD exchange rate [USD/IDR]	14,918	13,901	13,548

*\*Annualized*  
*\*\*Excluding redemption*  
*The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.*

### Asuransi Sinar Mas rated "idAA+" with stable outlook

PEFINDO has assigned its "idAA+" financial strength rating to PT Asuransi Sinar Mas (ASM). The outlook for the corporate rating is "stable".

An insurer rated idAA has very strong financial security characteristics relative to other companies in Indonesia, differing only slightly from those rated higher. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The rating reflects ASM's very strong position in the general insurance business, wide distribution network and enhanced IT system, very strong liquidity and asset quality profiles, and very strong capitalization and reserve profiles. These strengths are partly offset by its moderate operating performance.

The rating may be raised if the Company manages to generate a significant and sustainable expansion in its overall market share in both general and life insurance segments, which must be followed by a sustained improvement of operating performance. In addition, the rating may be under pressure if any of its financial indicators deteriorate substantially due to a weakening business position or underwriting results.

We are of the view that a large-scale social distancing measure to contain the COVID-19 pandemic has moderately affected new business generation in the insurance industry, particularly classes of business directly impacted, such as motor vehicles, engineering, and suretyship. The property sector is also affected to a lesser degree, as demand for property insurance renewal is still in place. The significant COVID-19 impact on the affected business classes has limited insurance companies' ability to obtain new business and renew policies, hence adversely affecting their financial profiles, especially operating performance and liquidity. In general, we expect insurance companies to have a sufficient liquidity buffer, as significant portions of their investments are placed in liquid assets.

We expect the COVID-19 pandemic to have a manageable impact on Asuransi Sinar Mas' credit profile, considering its firm position in the general insurance industry, as well as its strong liquidity, asset quality, and capitalization and reserves. It is supported by a large amount of liquid assets in the form of time deposits and marketable securities, tight monitoring of quality of receivables, and high RBC ratio of 409.6% as of September 30, 2020 (9M2020). However, we also note that the economic downturn due to the pandemic has lowered new premium generation in some classes of business, as well as the investment income.

Established in 1984, ASM is a general insurance company offering a wide variety of products, with its core businesses in fire, motor vehicle, and health insurance. As of 9M2020, ASM was owned by Sinar Mas Group through its financial services holding company, PT Sinar Mas Multiartha Tbk (99.999%), and PT Sinar Mas Multifinance (0.001%). In 2020 ASM established PT Sinarmas Penjaminan Kredit with 75.0% ownership, in addition to existing subsidiaries of PT Asuransi Simas Jiwa (99.9%), PT Reasuransi Nusantara Makmur (99.0%), and Sinar Mas Insurance SA, Timor Leste (82.9%).

**DISCLAIMER**

*The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.*