

## Press Release - JULY 26, 2018

## A.M. Best Affirms Credit Ratings of Société Tunisienne de Réassurance

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AMB#	Company Name
083349	<a href="#">Société Tunisienne de Réassurance</a>

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## FOR IMMEDIATE RELEASE

LONDON - JULY 26, 2018

**A.M. Best** has affirmed the Financial Strength Rating of **B+ (Good)** and Long-Term Issuer Credit Rating of “**bbb-**” of **Société Tunisienne de Réassurance** (Tunis Re) (Tunisia). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Tunis Re’s balance sheet strength, which A.M. Best categorises as very strong, as well as the company’s adequate operating performance, limited business profile and appropriate enterprise risk management (ERM).

Tunis Re’s balance sheet strength is underpinned by its risk-adjusted capitalisation, which is maintained at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR), good financial flexibility and moderate dependence on retrocession when excluding market pools that the company manages. However, with over 85% of assets invested domestically, the company remains heavily exposed to the high financial system risk in Tunisia, which is an offsetting rating factor. Additionally, A.M. Best expects that the onerous dividend policy, determined as a percentage of paid-up capital, will constrain future retained earnings.

Tunis Re’s operating performance is considered adequate, supported by solid investment returns and positive, albeit volatile,

technical results. The company reported a five-year weighted average combined ratio of 97.9% and return on equity of 7.6% for the period of 2013-2017. Net income decreased by TND 4.5 million to TND 13 million in 2017, with the company reporting a technical loss from a series of higher than expected large claims.

Tunis Re's business profile assessment takes into account its leading position in its domestic market, in addition to the diversification into regional markets it has achieved over recent years. The company's operations, however, remain limited on a global scale and its ability to grow its portfolio whilst maintaining good quality business may be hampered due to increasing competitive pressures in the market.

Tunis Re has been focusing on strengthening its risk management capabilities in recent years. A.M. Best expects further developments in the company's ERM framework in the medium term, including the third party validation of the capital model that Tunis Re has been developing over recent years. A.M. Best will continue to assess how these risk management tools are effectively deployed into the company's operations.

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*This press release relates to Credit Ratings that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases](#).*

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