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## FOR IMMEDIATE RELEASE

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### **AM Best Affirms Credit Ratings of East Africa Reinsurance Company Limited**

**LONDON, 16 September 2022**—AM Best has affirmed the Financial Strength Rating of B (Fair) and the Long-Term Issuer Credit Rating of “bb+” (Fair) of East Africa Reinsurance Company Limited (EARE) (Kenya). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect EARE’s balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, limited business profile and marginal enterprise risk management.

The balance sheet strength assessment is underpinned by EARE’s risk-adjusted capitalisation at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR), benefiting from a prudent investment allocation and low underwriting leverage. A partially offsetting rating factor is EARE’s strategy to maintain a negative currency asset-liability mismatch on its foreign currency-denominated business, accounting for approximately half of the company’s 2021 gross total sum insured, which exposes the company to potential capital volatility. The ratings also consider the company’s significant exposure to the high economic, political and financial system risks in Kenya, where over 90% of EARE’s assets are invested.

EARE has a track record of adequate operating performance, evidenced by a five-year (2017-2021) weighted average return on equity (ROE) of 10%. AM Best notes that ROE should be viewed in light of the moderate levels of inflation in Kenya, which have averaged approximately 6% over the same period.

Underwriting earnings have been supported by modest results from the company’s non-life business, which has a

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five-year weighted average combined ratio of 99%.

EARE is a small reinsurer by global standards, with gross written premium of USD 39 million in 2021. The company has a presence in over 30 countries in Africa and Asia, with premium volumes skewed toward East African markets.

**This press release relates to Credit Ratings that have been published on AM 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 AM Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best’s Credit Ratings](#). For information on the proper use of Best’s Credit Ratings, Best’s Performance Assessments, Best’s Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best’s Ratings & Assessments](#).**

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