

AM Best Affirms Credit Ratings of Caisse Centrale de Réassurance and CCR RE

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FOR IMMEDIATE RELEASE

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AM Best has affirmed the Financial Strength Rating (FSR) of A+ (Superior) and the Long-Term Issuer Credit Rating (Long-Term ICR) of “aa” (Superior) of Caisse Centrale de Réassurance (CCR) (France). Concurrently, AM Best has affirmed the FSR of A (Excellent) and the Long-Term ICR of “a” (Excellent) of CCR RE (France). The outlook of these Credit Ratings (ratings) is stable.

The ratings of CCR reflect its balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, favourable business profile and appropriate enterprise risk management (ERM). The ratings also consider, in the form of rating lift, the explicit unlimited guarantee provided by the Republic of France to CCR’s state-backed business.

CCR’s balance sheet strength assessment reflects the company’s strongest risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR). CCR’s capital position is supported by significant equalisation and special reserves, which provide capacity to absorb potential losses from its peak exposures to natural catastrophe, terrorism and other exceptional risks. The balance sheet strength assessment also reflects CCR’s liquid and high quality investment portfolio, as well as its conservative reserving practices.

AM Best considers CCR’s long-term operating performance track record to be adequate. Results tend to be volatile given the nature of business written; however, the company manages its results through the use of its significant equalisation reserves, which are strengthened in benign years and partially released following higher claims activity. In 2021, the company experienced fewer natural catastrophe events than in the past years, translating to a combined ratio of 67% (as calculated by AM Best, before movement in equalization reserve). Results in 2021 were enhanced further by strong results on the state-backed trade credit insurance line, which saw positive reserve developments on seasoned cohorts. Since 2017, however, significant weather-related natural catastrophe events have generated numerous loss-heavy years, translating to an average loss ratio of 108% for the five-year period ending in 2021.

CCR’s favourable business profile assessment reflects the role the company plays in the French public reinsurance regime and its unique position as the principal reinsurer of natural catastrophe risks underwritten in France, with an estimated market share of over 90%. CCR’s market offering of a 50% quota share, supplemented by an optional, unlimited stop loss treaty, is considered a competitive advantage.

The ratings of CCR RE reflect its balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate ERM. The ratings also consider, in the form of rating lift, the strategic importance of CCR RE to CCR.

CCR RE’s balance sheet strength assessment reflects its strongest risk-adjusted capitalisation, as measured by BCAR. The assessment also factors in the company’s low dependence on reinsurance, conservative reserving practices, and its liquid and good quality investment portfolio. CCR RE has demonstrated its financial flexibility in recent years, by the continued reissuance of its ILS sidecar, 157 Re, since 2018 and the issuance of EUR 300 million of subordinated debt in 2020. Financial flexibility remains constrained; however, by the clear segregation of activities and capital between CCR and CCR RE.

CCR RE has been profitable since its creation as a stand-alone company in 2016, with earnings coming from technical and investment performance. Since inception, the company has enjoyed strong growth, with net written premium growing at an average annual rate of 14% for the five-year period ending in 2021 (30% in 2021).

Longer term, growth is expected to remain positive although moderate. Since 2016, technical performance has trended higher as the company rationalised its underwriting activities. AM Best expects this improvement to be maintained while the company continues to grow its top-line. Following a year where technical results were depressed by the effect of COVID-19, technical performance was positive in 2021 (2021: EUR 14.5 million, 2020: EUR -14 million).

CCR RE’s neutral business profile is supported by its established presence in the international reinsurance market, with the company writing a well-diversified underwriting portfolio and benefiting from the long-established CCR brand.

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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