

A.M. Best Affirms Ratings of Caisse Centrale de Reassurance

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LONDON, AUGUST 27, 2010

A.M. Best Co. has affirmed the financial strength rating of A++ (Superior) and issuer credit rating of "aa+" of **Caisse Centrale de Reassurance** (CCR) (France). The outlook for both ratings remains stable.

The ratings reflect CCR's superior risk-adjusted capitalisation, good operating performance and excellent business profile in France and abroad. CCR's capitalisation continues to be supported by its conservative earnings retention policy and the backing of the French State. CCR offers reinsurance cover for natural catastrophe, terrorism and other exceptional risks with the explicit support of the French State, its sole shareholder, in the form of unlimited stop-loss reinsurance. Additionally, the company writes some conventional reinsurance business not covered by the State stop-loss, which is likely to represent approximately 40% of CCR's premium income in 2010.

A.M. Best anticipates that CCR's operating performance will continue to be driven mainly by the results of natural catastrophe reinsurance, which accounts for more than half of the company's net written premiums. Despite the high volatility of natural catastrophe and other lines of business written by CCR, A.M. Best believes that the impact of a catastrophic event on CCR's balance sheet can be effectively absorbed by its equalisation reserves and, should the latter prove insufficient, by the unlimited State reinsurance. In 2010, A.M. Best does not anticipate a significant deterioration in CCR's risk-adjusted capitalisation as a result of Windstorm Xynthia and flash floods in Var in southeast France.

A.M. Best anticipates that CCR's technical ratios will deteriorate in 2010 mainly due to the impact of Windstorm Xynthia on its natural catastrophe book, only partially offset by the improving performance of the smaller book of business not covered by the stop-loss. In 2009, CCR recorded a net profit of EUR 554 million before equalisation reserve provisions and a combined ratio of 56.0% despite the impact of Windstorm Klaus, the bush fires in Australia and the July hailstorm in Switzerland and Austria.

CCR maintains a unique position as the main reinsurer of natural catastrophe risks underwritten in France. A.M. Best expects the company to retain its strategic importance for the French State as a provider of reinsurance for risks typically considered uninsurable. A.M. Best also believes that CCR will maintain a solid profile in the open market, although this portfolio of

business will continue to be incidental to the company's main strategic mission. In 2010, A.M. Best expects CCR's gross written premiums to remain stable at around EUR 1.2 billion (EUR 1,236 million in 2009).

The principal methodology used in determining these ratings is [Best's Credit Rating Methodology -- Global Life and Non-Life Insurance Edition](#), which provides a comprehensive explanation of A.M. Best's rating process and highlights the different rating criteria employed. Additional key criteria utilized include: "Understanding Universal BCAR – A.M. Best's Capital Adequacy Ratio for Insurers"; "Natural Catastrophe Stress Test Methodology"; and "Assessing Country Risk". Methodologies can be found at [Best's Credit Rating Methodology](#).

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers.

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