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AM Best Withdraws Credit Ratings of Caisse Centrale de Réassurance

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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). The outlook of the FSR is stable, while the outlook of the Long-Term ICR is negative. Concurrently, AM Best has withdrawn these Credit Ratings (ratings) as the company has requested to no longer participate in AM Best’s interactive rating process.

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

The negative outlook of CCR’s Long-Term ICR reflects deterioration in the creditworthiness of the Republic of France, from which CCR receives rating lift.

The balance sheet strength assessment reflects CCR’s very strong level of risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR). The balance sheet strength assessment also reflects CCR’s liquid and high-quality investment portfolio.

CCR’s operating performance remains supportive of a marginal assessment. Since 2017, significant weather-related natural catastrophe events have generated several loss-heavy years, which have translated to a weighted average combined ratio of 114% for the five-year period ending in 2022 (as calculated by AM Best, before movement in equalisation reserves). Prospective performance remains subject to volatility given the nature of the business written.

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.

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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