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

CONTACTS:

Pierre Tournier, CFA, FSA,
CERA
Senior Financial Analyst
+31 20 30 5423
pierre.tournier@ambest.com

Christopher Sharkey
Manager, Public Relations
+1 908 439 2200, ext. 5159
christopher.sharkey@ambest.com

Mathilde Jakobsen
Director, Analytics
+31 20 308 5427
mathilde.jakobsen@ambest.com

Jim Peavy
Director, Public Relations
+1 908 439 2200, ext. 5644
james.peavy@ambest.com

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AMB#	Company Name
095025	CCR RE
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088465	Caisse Centrale de Reassurance
085834	Caisse Centrale de Reassurance

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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" of Caisse Centrale de Réassurance (CCR) (France). Concurrently, AM Best has affirmed the FSR of A (Excellent) and the Long-Term ICR of "a" 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 categorises 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 enhancement, 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 reinforced by significant equalisation and special reserves, which provide capacity to absorb its peak exposures to natural catastrophe, terrorism and other exceptional risks. The balance sheet strength assessment also reflects CCR's high quality, liquid investment portfolio and conservative reserving practices.

AM Best considers CCR's long-term operating performance track record to be adequate. Results are subject to volatility given the nature of business written; however, the company has established significant equalisation reserves, which can be released in loss-heavy years, as was the case in 2016 through 2018. While loss ratios remained higher than historical norms, technical results

improved in 2019, leading to a non-life loss ratio of 85% (as calculated by AM Best before movement in equalisation reserve) compared with 91% for 2018.

CCR's favourable business profile is underpinned by 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 approximately 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 categorises 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 enhancement, 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 high quality investment portfolio. CCR RE's standalone financial flexibility improved following the issuance of EUR 300 million of subordinated debt in July 2020. Financial flexibility remains constrained; however, by the clear segregation of activities and capital within the group.

CCR RE has been profitable since its creation as a stand-alone company in 2016, driven by the strong performance of the company's life reinsurance portfolio and by investment results supported by realised gains. Non-life technical performance has improved steadily since 2016, as the company rationalised its underwriting portfolio. AM Best expects this improvement to be maintained despite the return to top-line growth in 2018 and 2019.

CCR RE has an established presence in the international reinsurance market, 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 media use of Best's Credit Ratings and AM Best press releases, please view Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases.

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