

FITCH ASSIGNS 'BBB(IDN)' IFS RATING TO PT ASURANSI MAIPARK INDONESIA

Fitch Ratings-London/Singapore/Hong Kong-18 February 2009: Fitch Ratings has today assigned PT Asuransi MAIPARK Indonesia (MAIPARK) an Insurer Financial Strength (IFS) rating of 'BBB(idn)', with a Stable Outlook.

The rating incorporates MAIPARK's credit strengths of a sustained premium base from the result of the mandatory cession stipulated by the regulator, conservative and liquid investment mix, a seasoned management team, as well as generally prudent retrocession coverage.

Given its status as the specialised national reinsurer for catastrophic risks in Indonesia, the company obtains mandatory cession of earthquake risks from all the local players, as stipulated by regulation. The mandatory cession, which varies from 5%-25% of the sum insured, depending on the risk location in Indonesia, provides MAIPARK with a sustainable premium base. Reflective of its prudent management, MAIPARK's investments were conservatively managed and highly liquid, with about 80% of the funds invested in cash and fixed deposits.

On the other hand, given the high business concentration in the Indonesian market and that MAIPARK is owned by all the general insurance and reinsurance companies in Indonesia, there is a potential risk that it may not obtain additional funds from its shareholders if needed, in the event that a major catastrophe occurs, as this will adversely affect the financial positions of the local players across the board.

The agency notes that MAIPARK has a small business volume with a relatively short operating track record (four to five years). The company focuses on underwriting earthquake risks, which is an inherently volatile class of business. Fitch views that it is important for MAIPARK to maintain appropriate capital buffer given its potentially volatile nature of business.

MAIPARK was established in Indonesia in 2004 and is co-owned by 93 local general insurers. For the eight months ended 31 August 2008, gross premiums amounted to IDR30.7bn, compared to IDR64.4bn for the financial year ended 31 December 2007.

Note to editors: Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are rated only relative to this risk. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'AAA(idn)' for National ratings in Indonesia. Specific letter grades are not therefore internationally comparable.

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