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22/11/2017

Ratings of IC “BUSIN” are confirmed

November 20, 2017 RA “Standard-Rating” has decided to confirm the credit rating/ the financial stability rating of the insurer PrJSC “Insurance company “Busin” – at the level **uaAA+** according to the national scale. The insurer with rating **uaAA+** is characterized by a very high financial stability compared to other Ukrainian insurers. The rating of JSC IC “BUSIN” has been updated on the basis of the analysis of the Company’s activity for the 9 months of 2017.

1. For the first three quarters of 2017 the Company has collected UAH 70,583 mln of gross premiums that is by 24,74% lower than premiums, collected for the same period of 2016. Including, receipts from individuals and reinsurers have decreased by 26,01% and 29,03%, respectively. Therefore, the proportion of individuals in gross premiums has amounted to 0,58%, and the proportion of reinsurance companies – 10,86%.

The decrease in gross business volumes, in the Agency’s opinion, is explained by the specifics of the Insurer’s activity and, despite that, the volume of gross premiums remains considerable.

Table 1

Key indicators of income and expenses of JSC IC “BUSIN”, th. UAH, p.p., %

#	Indicators	9 months of 2017	9 months of 2016	Change	Growth rate, %
1	Total gross premiums, including	70583,3	93782,3	-23199	-24,74%
2	from insurants-individuals	412,8	557,9	-145,1	-26,01%
3	from reinsurers	7665,1	10801,2	-3136,1	-29,03%
4	Proportion of individuals in gross premiums	0,58%	0,59%	-0,01 p.p.	-
5	Proportion of reinsurers in gross premiums	10,86%	11,52%	-0,66 p.p.	-
6	Insurance payments sent to reinsurers	33517,8	37885,7	-4367,9	-11,53%
7	Coefficient of dependence on the reinsurers	47,49%	40,40%	7,09 p.p.	-
8	Net premiums	37065,5	55896,6	-18831,1	-33,69%
9	Premium earned	51650	63905,1	-12255,1	-19,18%
10	Financial result from operating activity	9942,5	47068,9	-37126,4	-78,88%
11	Insurance indemnities and compensations	795	3644,7	-2849,7	-78,19%
12	Insurance indemnities/Gross premiums ratio	1,13%	3,89%	-2,76 p.p.	-
13	Net profit	3747,6	41583,1	-37835,5	-90,99%
14	ROE	4,00%	38,95%	-34,95 p.p.	-

2. Insurance premiums, sent to the reinsurers for the first 9 months of 2017 compared to the same period of 2016, have decreased by 11,53%: from UAH 37,886 mln. down to UAH 33,518 mln. Considering the faster decrease rates of gross premiums over insurance premiums, sent to the reinsurers, the coefficient of dependence on the reinsurance companies has grown by 7,09 p.p. up to 47,49%.

Business activity indicators of the Company have demonstrated a downward trend. Net premiums have reduced by 33,69% down to UAH 37,066 mln., and earned – by 19,18% down to UAH 51,65 mln.

3. For the first three quarters of 2017 the Company has performed indemnities to its policyholders for the amount of UAH 0,795 mln that is by 78,19% less than for the same period of 2016. Therefore, the indemnities’ level has decreased from 3,89% down to 1,13%, or by 2,76 p.p.

According to the results of the 9 months of 2017 IC “Busin” has demonstrated profitable activity. Thus, the financial result from operating activity has amounted to UAH 9,943 mln, and net profit – UAH 3,748 mln.

4. In the period from 01.01.2017 to 01.10.2017 balance sheet indicators of the Insurer have demonstrated multidirectional dynamics:

- Assets have decreased by 31,85% down to UAH 179,436 mln.;
- Shareholders' equity has reduced by 16,54% down to UAH 93,802 mln.;
- Liabilities have decreased by 43,26% down to UAH 85,633 mln.;
- Liquid assets have grown by 10,05%: from UAH 91,887 mln. up to UAH 101,119 mln.

Therefore, as at the beginning of the fourth quarter of 2017 the Company has possessed a very good level of capitalization (109,54%) and an excellent liquidity (118,08%).

Table 2

Key balance sheet indicators of JSC IC "BUSIN", th. UAH, p.p., %

#	Indicators	01.10.2017	01.01.2017	Change	Growth rate, %
1	Assets	179435,5	263309,4	-83873,9	-31,85%
2	Shareholders' equity	93802,3	112385,9	-18583,6	-16,54%
3	Liabilities	85633,2	150923,5	-65290,3	-43,26%
4	Shareholders' equity/Liabilities ratio	109,54%	74,47%	35,07 p.p.	-
5	Liquid assets	101118,8	91886,7	9232,1	10,05%
6	Proportion of liquid assets in assets of the insurer	56,35%	34,90%	21,45 p.p.	-
7	Liquid assets/Liabilities ratio	118,08%	60,88%	57,20 p.p.	-

Having performed the analysis of IC "Busin" activity for the 9 months of 2017, RA "Standard-Rating" notes the following factors, which enabled to confirm the insurer's rating:

- Profitable activity for the analyzed period;
- Very good reserve of shareholders' equity with respect to liabilities (109,54%);
- Excellent reserve of the Company's liquidity (118,08%).

RA «Standard-Rating» (Ukraine)