ICRA Indonesia affirms PT Asuransi Mega Pratama’s rating of [Idr]BBB- with Stable Outlook

PT ICRA Indonesia (ICRA Indonesia) has affirmed the claims paying ability rating of PT Asuransi Mega Pratama (Mega Pratama) of [Idr]BBB- (pronounced triple B minus) with a stable outlook. The rating indicates moderate claims paying ability relative to other domestic insurers.

The rating reflects Mega Pratama’s maintained profitability supported by sustained premium growth, the solid performance of its key business lines of suretyship and cargo and sufficient level of capital. The rating is however constrained by the company’s small size and its consistently high claims ratio.

Mega Pratama’s rating could move upwards if the company can maintain its good operating performance while scaling up its operations as targeted. However, if Mega Pratama were to grow aggressively by compromising its underwriting practices (or by adopting such other strategies), or if it witnesses a major slow down in its operations, the rating would come under downward pressure.

The principal methodology used in arriving at Mega Pratama’s rating is ICRA Indonesia’s Rating Methodology for Claims Paying Ability of Insurance Companies. Please refer www.icraindonesia.com for more detailed information on the methodology (and on other methodologies).

Company Profile

PT Asuransi Mega Pratama had been in operations under the name PT Maskapai Asuransi Ikrar Lloyd since 1959. In 2003, PT Prima Eksekutif, its current promoter company, acquired a majority stake in it. As of December 2013, suretyship accounted for 28.7% of Mega Pratama’s gross premiums collection, followed by marine hull 19.2%, and cargo 14.7%. Mega Pratama has its head office in Jakarta, with branch offices in Surabaya, Semarang, Bandung, Medan, Padang, Lampung, Palembang, Pekanbaru, Jambi, Denpasar and Solo.

PT Prima Eksekutif owns 98.37% of the company’s shares, with individuals holding the rest 1.63%.

During 2013, Mega Pratama wrote gross premiums of Rp 106.1bn (up 10.0% year on year [yoy]) with earned premium of Rp 64.1bn (up 23.7% yoy). It recorded pretax profit of Rp 27.9bn.
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(i) Statistical analysis on public information,
(ii) Statistical analysis on public information, confirmed through discussions between ICRA Indonesia and the party being rated, and/or,
(iii) Analysis on public and non-public information, acquired during discussions between ICRA Indonesia and the party being rated.