



PRESS RELEASE

Credit Assessment of the Life Insurance Sector in 2010

Jakarta, 10 October 2011. PT ICRA Indonesia (ICRA Indonesia) today has released a commentary on the credit quality of the Indonesia life insurance sector in 2010.

Using the rating methodology for life insurance companies as guidance in analyzing publicly available (financial) data, ICRA views the credit quality of top-10 life insurers as strong in 2010, just as it had in 2009.

Liquid assets which accounted for 33.6% and 34.2% of technical reserves in 2010 and 2009 also signified sufficient liquidity to support claim paying ability of these life insurance companies.

This should provide sufficient guidance on the strength of the overall industry, as the top-10 life insurance companies represent as much as 68.3% of the total assets of the industry.

However, the recent strong performance may be attributed to the high proportion of unit-link products that have posted robust growth on the back of a strong equity market.

Consequent to the high dependence on unit link products, life insurance companies are exposed to the volatility of the equity market as evident in 2008 when assets of companies selling unit-link products shrank by close to 9% from their 2007 levels.

The full commentary is available at www.icraindonesia.com.

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