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AM Best Affirms Credit Ratings of Credendo – Single Risk Insurance AG

AMSTERDAM, 3 May 2019—AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” of Credendo – Single Risk Insurance AG (Credendo – Single Risk) (Austria). The outlook of these Credit Ratings (ratings) remains stable.

The ratings reflect Credendo – Single Risk’s balance sheet strength, which AM Best categorises as strong, as well as its marginal operating performance, limited business profile and appropriate enterprise risk management. The ratings also reflect the support of Credendo – Single Risk’s parent, Credendo Export Credit Agency. AM Best expects Credendo Export Credit Agency, which is the operating holding company of a group of trade credit and political risk insurance companies, to continue to provide support to Credendo – Single Risk due to its importance to the group, particularly as a means of diversification.

The company’s balance sheet strength is underpinned by risk-adjusted capitalisation that AM Best expects to be maintained at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR). The balance sheet strength assessment also factors in the company’s good liquidity profile and low net underwriting leverage. In 2018, the company received a capital increase of EUR 40 million from its parent, which substantially strengthened its capital base to approximately EUR 58 million by year-end 2018. Partially offsetting rating factors include the company’s high dependence on reinsurance and elevated investment risk due to the company’s material allocation to higher risk assets.

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Credendo - Single Risk's technical results remained poor in 2018, with a combined ratio of more than 200% for the year. The company has reported technical losses each year since 2015, with combined ratios ranging between 97% and 109% in the 2014-2017 period. The weak underwriting result in 2018 was largely driven by significant reserve strengthening and an increase in the expense ratio as a result of a decline in net earned premiums. AM Best expects prospective performance to improve from the 2018 level, reflecting tighter underwriting guidelines and a return to premium growth. However, performance will remain subject to volatility as the company's credit insurance portfolio is exposed to fluctuating economic and political conditions in emerging markets.

Credendo – Single Risk's limited business profile reflects its relatively small size and absence of diversification as a monoline credit insurer operating in a highly competitive market environment.

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 [Understanding 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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