

RATING RELEASE

July 30th, 2021

CariCRIS reaffirms “good creditworthiness” ratings for The Beacon Insurance Company Limited

Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed the assigned corporate credit ratings of *CariA-* (Foreign and Local Currency Ratings) on the regional rating scale and *ttA-* on the Trinidad and Tobago (T&T) national scale to The Beacon Insurance Company Limited (‘Beacon’ or ‘the Company’). These ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean and within T&T is **good**. CariCRIS has also reaffirmed the Company’s financial strength rating of *CariA-* which indicates that the Company’s relative ability to meet its ongoing insurance obligations is **good**.

Beacon’s ratings continue to reflect its good financial performance driven by increases in premium income. Additionally, Beacon’s capitalization remains healthy as evidenced by a capital adequacy ratio of 207% as at March 2021, which has historically been supported by the Company’s strong reinsurance programme. Further supporting the ratings is the Company’s well diversified investment portfolio with satisfactory asset quality. These rating strengths are tempered by Beacon’s high reliance on insurance brokers, which may threaten the stability of its earnings. Also, economic challenges currently faced in Barbados, Trinidad and Tobago and the Eastern Caribbean, precipitated by the COVID-19 pandemic may constrain profitability and growth.

CariCRIS has also revised the outlook on the ratings to **stable** from negative. The stable outlook is based on our expectation that Beacon will maintain stable earnings and profits over the next 12-15 months. We also expect Beacon to remain adequately capitalized over this period, with capital levels above regulatory requirements.

Rating Sensitivity Factors

Factors that could, individually or collectively, lead to an improvement in the ratings and/ or outlook include:

- An improvement in market share of general insurance products in its largest market, T&T to 10% or more
- An improvement in the overall credit profile for Beacon's fixed income portfolio where more than 60% of the portfolio is rated investment grade on the S&P rating scale
- Enhancement of Beacon's risk management through the complete rollout of an enterprise risk management system
- Increased profitability leading to an improvement in ROA and ROE to above 2.5% and 10% respectively for 2 consecutive financial periods

Factors that could, individually or collectively, lead to a lowering of the ratings and/ or outlook include:

- A 2-notch deterioration of the credit rating of Beacon's top reinsurer.
- A deterioration of the company's capital adequacy ratio to 150% or lower on a sustained basis for at least 6 months under normal conditions.

About the company:

The Beacon Insurance Company Limited ('Beacon' or 'the Company') was originally established in 1972 as the Caribbean Insurance Company Limited, before being rebranded in 1996. On May 7, 2018, Beacon agreed to the sale of 40% of its shareholding to Colonial Group International Limited (CGI) now known as Coralisle Group Limited, a Bermuda-based insurance company with commercial operations in Bermuda, the Cayman Islands, The Bahamas, the British Virgin Islands, Turks & Caicos Islands and Barbados. The transaction was approved by the Central Bank of Trinidad and Tobago on May 3, 2019 and led to a capital injection from all shareholders totalling TT \$26.3 million in July 2019.

Beacon is now owned by CGH Limited (46%), CGI (40%), and an individual shareholder (14%). The Company is domiciled in Trinidad and Tobago (T&T) and has a regional presence through its Barbados, Grenada and Saint Lucia offices, and agency operations located in Dominica, Saint Kitts and Nevis, and Saint Vincent and the Grenadines. The Company specializes in general insurance, underwriting for both individual and institutional clients, and offers a broad product range comprised of Property, Motor,



**Caribbean Information &
Credit Rating Services Limited**

Accident and Casualty, Marine Cargo and Hull, Bonds, and Engineering insurance. The Company also provides Group Health and Group Life insurance targeted to institutional clients. The offering of all these products is made possible by Beacon's composite insurance license which allows the Company to offer any type of insurance without obtaining additional licenses.

For more information on Beacon's ratings, please visit www.caricris.com or contact:

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