

## **MEDIA RELEASE**

October 18, 2021

### **CariCRIS upgrades its credit ratings for TRINRE Insurance Company Limited**

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

The one-notch uplift in TRINRE's ratings is based on:

- (i) Considerably improved capitalization over the past year with an average growth rate of 16.4% over the past 3 years.
- (ii) Annual increases in profits over the past 2 years in excess of the 15% specified as a Rating Sensitivity Factor (RSF) in our 2018 report when the ratings were first assigned.
- (iii) Material reduction in the risk profile of its investment portfolio over the past 3 years.
- (iv) Significant enhancements to its Enterprise Information Systems leading to greater synergies and business management capabilities, particularly over the past 3 years.
- (v) Diversification of revenue stream over the past year from the successful establishment of operations in Guyana.

The ratings of TRINRE are supported by healthy capitalization, good liquidity, and low risk retention. The Company has been able to continue operating profitably, with increases in profit margins recorded for its financial year ended March 2021. TRINRE has also maintained a moderately diverse investment portfolio with good asset quality. In addition, the Company continues to upgrade its information system as a proactive measure to improve operational efficiencies and overall service. This system provides real time reporting with a high level of data security and is cyber secure. Further, it offers a sufficient level of granular data to support operations and ensure readiness for IFRS 17. TRINRE has good operational efficiency, adequate risk management measures and strong corporate governance to support operations.

These rating strengths are tempered by the Company's high dependence upon the performance of the Trinidad and Tobago economy, which may impact its profitability.

CariCRIS also assigned a stable outlook on the ratings. The stable outlook is based on our expectation that over the next 12 – 15 months, TRINRE will continue to maintain profitable operations, with the expectation that the Company's capitalization and liquidity ratios will continue to remain strong.

**Rating Sensitivity Factors:**

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

- An improvement in profit after tax of over 10% in the next year
- Further diversification of revenue sources contributing to additional income
- An improvement in the ratings assigned to the T&T sovereign

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

- 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.
- A lowering of the ratings assigned to the T&T sovereign
- A lowering of the ratings of one of TRINRE's main reinsurers

**About the Company:**

Reinsurance Company of Trinidad and Tobago Limited was incorporated on July 3, 1975 by the Government of the Republic of Trinidad and Tobago (GORTT) which owned 60% of the Company and the remaining 40% held by various local insurance companies. In 2001, Investment Managers Limited (IML), a private investment holding company, acquired the majority shareholding of Reinsurance Company of Trinidad and Tobago and in 2015, changed its name to TRINRE Insurance Company Limited (TRINRE or the Company).

Currently, TRINRE offers a range of general insurance products and services that provide both individual and institutional coverage for: Motor, Property, Marine, Public/Product Liability, Engineering, Energy, Events, SMB<sup>1</sup> and Workmen's Compensation. The Company also offers a

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<sup>1</sup> *Small and Medium Businesses: Retailers, Professional Offices, Trade & Service Companies and Hospitality businesses.*

range of Group Life insurance products for Employers and Lending Institutions. Additionally, the Company offers a range of Bonds to provide financial security for project contracts. These products and services are offered through its branch network of five outlets<sup>2</sup>, agencies and brokers.

In February 2020, the Company obtained a license to operate an insurance company in Guyana, through its wholly owned subsidiary, Premier Insurance Company Limited (Premier). Premier commenced operations in January 2021 with a view to providing insurance and financial support to clients as Guyana continues to establish itself as an emerging global business destination.

*For more information on TRINRE's ratings, please visit [www.caricris.com](http://www.caricris.com) or contact:*

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<sup>2</sup> Head Office at Edward Street, Port of Spain, other outlets are located at: San Fernando, Arima, Chaguanas and Tobago.