

PT Asuransi Perisai Listrik Nasional

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Sep-2020*	Dec-2019	Dec-2018	Dec-2017	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idBBB+/Stable</i>	Total assets [IDR bn]	1,158.8	1,221.5	909.4	803.5
Rated Issues		Total equity [IDR bn]	207.6	182.8	69.7	226.4
-		Total investments-without cash [IDR bn]	168.4	178.0	92.0	81.9
Rating Period		Net written premiums [IDR bn]	142.6	146.7	82.0	54.0
<i>November 17, 2020 – November 1, 2021</i>		Net claims – including reserves [IDR bn]	39.2	24.9	20.1	14.9
Rating History		Underwriting results [IDR bn]	56.9	84.2	13.9	41.8
<i>September 2020</i>	<i>idBBB+/Stable</i>	Net income after tax [IDR bn]	25.0	21.7	(151.9)	9.5
<i>April 2018</i>	<i>idBBB+/Stable</i>	Total comprehensive income [IDR bn]	25.0	38.2	(151.4)	12.6
		ROAA [%]	**2.8	2.0	-17.7	1.4
		Loss ratio [%]	27.5	17.0	24.6	27.6
		Net written premiums/equity [x]	**0.9	0.8	1.2	0.2
		Retention ratio [%]	42.3	31.9	27.0	25.7
		Equity/total assets [%]	17.9	15.0	7.7	28.2
		Risk based capital (RBC) [%]	206.6	212.6	55.6	216.8
		USD exchange rate [IDR/USD]	14,880	13,901	14,481	13,548
		<i>*ROAA and net income before tax</i>				
		<i>**Annualized</i>				
		<i>Loss ratio = Net Claims (including reserves) / Net written premiums</i>				
		<i>The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.</i>				

PLN Insurance rated "idBBB+" with stable outlook

PEFINDO has assigned its "idBBB+" financial strength rating to PT Asuransi Perisai Listrik Nasional (PLN Insurance). The outlook for the rating is "stable".

An insurer rated idBBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian insurers. However, adverse economic conditions or changing circumstances are more likely to weaken its capacity to meet its financial commitments. The plus (+) sign indicates the rating is relatively strong within its respective rating category.

The rating reflects PLN Insurance's captive business with PT PLN (Persero) Tbk (PLN, rated at idAAA/Stable), adequate capitalization profile, and adequate liquidity. The rating is constrained by its average operating performance, tight competition in its non-captive business and high-risk nature of engineering sector.

The rating may be raised if PLN Insurance demonstrates a consistent improvement in its business position, along with a significant increase in its non-captive business, and improvement in its operating performance. The rating may be lowered if its business position weakens significantly, or if any of its financial profiles deteriorate substantially.

We are of the view that social distancing initiatives amid the COVID-19 pandemic will have a moderate impact on new business generation in the insurance industry, particularly classes of business that are directly impacted such as motor vehicles, credit insurance, and marine cargo. The property sector may also be affected to a lesser degree, as demand for property insurance renewal is still in place. The significant COVID-19 impact on the affected classes of business may limit general insurance companies' ability to obtain new business and renew their policies, thus affecting their financial profiles, especially operating performance and liquidity. Generally, we expect insurance companies to have a sufficient liquidity buffer, as a significant portion of their investments are placed in liquid assets.

We expect the COVID-19 pandemic to have a manageable impact on PLN Insurance, supported by its adequate liquidity and strong competitive edge from its synergy with PLN, catering to a captive market amid increased business growth risk. We expect the Company to maintain a sizable portion of its investment portfolio in cash and time deposits in reputable banks, for reciprocal business and to manage its liquidity against potential claims. This is reflected by its high portion of cash and time deposits at above 75% of its portfolio as of 31 December 2017 – 30 September 2020. We are of the view that this investment profile should be less affected by the COVID-19 pandemic. However, we also note that an economic downturn resulting from the pandemic raises concerns over lower new premium generation in some classes of business, such as marine cargo, credit insurance, and motor vehicle. PEFINDO will monitor these conditions to assess how the impact of COVID-19 is developing, and should there be material changes, we will conduct the necessary rating actions.

Established in 1991, PLN Insurance provides general insurance products, including coverage for engineering, fire, surety bond, motor vehicle, marine cargo, marine hull, and miscellaneous. As of September 30, 2020, it was owned by Dana Pensiun PT PLN (Persero) (79.8%), Yayasan Pendidikan dan Kesejahteraan PLN (17.5%), and PT Asuransi Jasa Raharja Putera (2.7%). It operates through its head office in Jakarta, supported by six branch offices and 15 representative offices in Jabodetabek, Java, Sumatra, Kalimantan, and Sulawesi.

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The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.