PEFINDO assigns its "μAA+" rating to PT Asuransi Kredit Indonesia (Persero)

PEFINDO has assigned its "μAA+" financial strength rating to PT Asuransi Kredit Indonesia (Persero) (Askrindo). The outlook for the rating is "stable".

An obligor rated μAA+ differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The plus (+) sign in a particular rating indicates that it is relatively strong within the respective rating category.

The rating reflects the Company's critical role to the Government of Indonesia, its strong business position, its strong capitalization profile, and strong liquidity. However, these strengths are partly offset by the high claims from the Kredit Usaha Rakyat (KUR) program.

We may raise the rating if Askrindo strengthens its business profile sustainably through diversification to non-KUR businesses, while at the same time maintaining its strong financial profiles. However, this should be accompanied by greater commitment from the government to provide extraordinary support to Askrindo. On the other hand, the rating could be lowered if there is a substantial decline in the Company's business position, followed by a material deterioration in its risk based capital (RBC) and operating performance. The rating could also be lowered if PEFINDO views there to be a lower level of support from the government.

Askrindo, a 100% state-owned company, is engaged in providing KUR guarantee, bank and non-bank credit insurance, trade credit insurance, surety bonds, customs bonds, general insurance, and reinsurance business. Askrindo was established in 1971 based on government law (Peraturan Pemerintah) No. 1/1971. In 2007, the government appointed Askrindo as one of the credit guarantors for KUR under Presidential Instruction (Inpres) No. 6/2007. The role of Askrindo was confirmed under the new government, through Minister of Economic Decree No. 188/2015. As of September 30, 2016, Askrindo had 1,233 staff members in 60 branches and 1 marketing office.

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