



## BEST'S CREDIT RATING ACTION

Best's News & Research Service - June 18, 2025 01:01 PM (EDT)

### **AM Best Revises Outlooks to Stable for Société Tunisienne de Réassurance**

June 18, 2025 01:01 PM (EDT)

**AM Best** has revised the outlooks to stable from negative and affirmed the Financial Strength Rating of B (Fair) and the Long-Term Issuer Credit Rating of "bb" (Fair) of Société Tunisienne de Réassurance (Tunis Re) (Tunisia).

The Credit Ratings (ratings) reflect Tunis Re's balance sheet strength, which AM Best assesses as strong, as well as its adequate operating performance, limited business profile and marginal enterprise risk management (ERM).

The revision of the outlooks to stable from negative reflects AM Best's expectation that Tunis Re's rating fundamentals will remain resilient against the backdrop of the elevated economic, political and financial system risks prevailing in Tunisia.

Tunis Re's balance sheet strength is underpinned by its risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), which was at the strongest level at year-end 2024. AM Best expects the company's risk-adjusted capitalisation to remain at the strongest level, supported by good organic capital generation, despite a relatively onerous dividend policy. The assessment factors in Tunis Re's conservative investment portfolio by asset class, and its concentration in Tunisia, where the company holds over 95% of its invested assets in line with regulatory requirements, which weighs on asset quality.

Tunis Re has a track record of adequate operating performance, illustrated by a five-year (2020-2024) weighted average return-on-equity ratio of 8.2%. The company's earnings are derived largely from solid investment income, with a five-year weighted average net investment return (including gains/losses) of 7.8%. Tunis Re's underwriting performance is sound, underpinned by technical profits from its non-life portfolio, which translated into a five-year weighted average combined ratio of 96.0% (as calculated by AM Best). A partially offsetting rating factor is the potential

volatility that foreign exchange gains and losses can introduce to Tunis Re's operating performance, as reported in recent years.

Tunis Re's business profile assessment reflects its leading position in Tunisia and its good diversification into regional markets, with approximately 60% of gross written premium (GWP) generated outside Tunisia. Nonetheless, with GWP of TND 241 million (USD 76 million) in 2024, Tunis Re's scale remains limited in the global reinsurance market, which could hamper its ability to grow in a profitable manner due to competitive pressures.

AM Best assesses Tunis Re's ERM as marginal, reflective of the high-risk operating environment in Tunisia, and the adverse impact it has on the company's risk profile.

**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 [Guide to Best's Credit Ratings](#). For information on the proper use of Best's Credit Ratings, Best's Performance Assessments, Best's Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best's Ratings & Assessments](#).**

**AM Best is a global credit rating agency, news publisher and data analytics provider specialising in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.**

<https://news.ambest.com/newscontent.aspx?AltSrc=104&RefNum=266769>