

*Press release*

## **GCR accords Santam AAA claims paying ability rating**

---

Global Credit Rating Company ("GCR") has accorded Santam Limited ("Santam") a domestic ZAR currency claims paying ability rating of AAA (triple A), which is the highest rating that can be attained by an insurance company. Furthermore, a domestic ZAR currency long term subordinated debt rating of AA- (double A minus) was assigned to the company's R1bn subordinated debt issue. This is indicative of very high credit quality and strong protection factors.

The ratings were underpinned by Santam's leading position in the South African short term insurance market, complemented by its strong brand and highly experienced management team. Santam's strong market share is considered a significant competitive advantage, as it provides the insurer with a high degree of diversification and greater flexibility to price for risk. Furthermore, the insurer benefits from sustainable cost efficiencies, while the extensive historical database and scientific approach to pricing have lent stability to underwriting performance since the 2005 downturn in the underwriting cycle. Santam has an entrenched risk management culture and business decisions are guided by a holistic risk based capital model. The insurer has maintained comfortable solvency measures, particularly in view of the high degree of diversification in the business. The R1bn in subordinated debt, which is recognised as secondary capital, enhances solvency and policyholder security. At year-end F08, the gross gearing ratio amounted to 21%, while the company was un-gearred on a net basis. Santam reflected sound debt serviceability ratios from a profit after tax and operating cash flow perspective.

Santam displays a large and diversified investment portfolio and adequate liquidity. While the company has a large portfolio of listed equities, note was taken of the intentional reduction in this exposure, through a combination of disposals and hedges.

**[End]**

---

### **GCR contact person**

Name: Susan Andrews  
Tel: (011) 784 1771

### **Santam contact person**

Name: Adriaan Bester  
Tel: (021) 915 7373