

Research Update:

# Milli Reasurans T.A.S. 'trA+' Turkey National Scale Ratings Affirmed

August 7, 2019

## Overview

- Milli Re has a leading position in the Turkish insurance market as the country's only national reinsurer, benefitting from 'AA' risk-based capital adequacy.
- Milli Re is exposed to high inflation and foreign exchange risks in Turkey, as well as material property catastrophe risk, particularly earthquakes.
- However, comprehensive retrocession cover from highly rated, reputable companies mitigates this property catastrophe risk.
- We view Milli Re as a moderately strategically important subsidiary of Turkiye Is Bankasi A.S. We therefore limit the rating on Milli Re to that on the parent.
- We are affirming our 'trA+' ratings on Milli Re.

## Rating Action

On Aug. 7, 2019, S&P Global Ratings affirmed its 'trA+' Turkey national scale rating on Milli Reasurans T.A.S. (Milli Re).

## Rationale

Milli Re's 'AA' risk-based capital adequacy, measured using our model, supports our 'trA+' Turkey national scale rating on the company. Milli Re is also the only national reinsurer in Turkey, and its experienced management team has maintained the company's market position for a long time.

Offsetting these strengths, the reinsurer's exposure to the country's banking system through its bank deposits continues to limit our view of its financial profile. Milli Re also faces foreign exchange risks, given the volatility of the Turkish lira. Although the proportional motor third-party liability business line has been in runoff, bodily injury claims arising from this line of business continue to affect Milli Re's operating performance.

### PRIMARY CREDIT ANALYST

**Mario Chakar**  
London  
(44) 20-7176-7070  
mario.chakar  
@spglobal.com

### SECONDARY CONTACT

**Ali Karakuyu**  
London  
(44) 20-7176-7301  
ali.karakuyu  
@spglobal.com

### ADDITIONAL CONTACT

**Insurance Ratings Europe**  
insurance\_interactive\_europe  
@spglobal.com

## Related Criteria

- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

## Ratings List

### Ratings Affirmed

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#### Milli Reasurans T.A.S.

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Issuer Credit Rating

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Turkey National Scale trA+/-/-

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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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