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Research Update:

African Trade Insurance Agency Assigned 'A' Financial Enhancement Rating

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Overview

- In our opinion, ATI has the willingness and capacity to make timely payment with respect to its pledged financial commitments under its insurance policies that are predominantly used as credit enhancement and/or financial guarantees.
- We are therefore assigning our 'A' financial enhancement rating.

Rating Action

On Sept. 25, 2018, S&P Global Ratings assigned its 'A' financial enhancement rating (FER) to Kenya-based African Trade Insurance Agency (ATI).

Rationale

This is the first FER issued to a multilateral insurance agency. S&P Global Ratings' FER is an opinion of an insurer's willingness and capacity to make timely payment with respect to its pledged financial commitments under its insurance policies, or other financial obligations that are predominantly used as credit enhancement and/or financial guarantees. ATI has made representations to S&P Global Ratings that it understands the capital market expectations that timely payments are essential to protect the integrity of rated transactions written as financial guarantees. We therefore equalize the FER with our financial strength rating and issuer credit rating on ATI.

The issuer credit rating on ATI is supported by our view of its strong business profile and adequate financial profile, further underpinned by strong liquidity metrics. Established by treaty in 2001, ATI supports trade and investments in African member-state nations by providing comprehensive risk solutions such as political risk insurance (PRI) and commercial insurance products. ATI's growing shareholder base reinforces the agency's role and public policy mandate, underpinning our view of its strong business profile. This is reflected by increased market penetration and membership growth, as well as strong ties with key multilateral development banks. ATI's business profile is constrained by the somewhat weaker preferred credit treatment, when we compare this with other multilateral lending institutions. However, ATI also has a proactive stance in reinforcing its preferred creditor status among its member states.

Related Criteria

- Criteria - Insurance - Specialty: Trade Credit Insurance Capital Requirements Under Standard & Poor's Capital Adequacy Model, Dec. 6, 2013
- Criteria - Insurance - General: Enterprise Risk Management, May 7, 2013
- Criteria - Governments - General: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Nov. 26, 2012
- 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
- General Criteria: Understanding S&P Global Ratings' Rating Definitions, June 3, 2009

Related Research

- S&P Global Ratings Definitions, April 19, 2018

Ratings List

New Rating

African Trade Insurance Agency
Financial Enhancement Rating
Local Currency

A/--/--

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 for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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