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Rating of IC «BROKBUSINESS» is confirmed

March 11, 2019 at the meeting of the Rating committee of RA “Expert-Rating” it was decided to confirm the financial stability rating of the insurer Private JSC “Insurance company “BROKBUSINESS” (20344871) at the level **uaAA-** according to the national scale. Confirming the rating at such level, the Agency was guided by the results of the Company’s activity for the 12 months of 2018.

Table

Key performance indicators of PrJSC «IC «BROKBUSINESS» (th. UAH, p.p., %)

Indicators	2018 year (31.12.2018)	2017 year (31.12.2017)	Change	Growth rate, %
Total assets, th. UAH	228 806	229 012	-206	-0,09%
Shareholders' equity, th. UAH	100 431	107 197	-6 766	-6,31%
Gross liabilities, th. UAH	128 375	121 815	6 560	5,39%
Shareholders' equity/Liabilities ratio, %	78,23%	88,00%	-9,77 p.p.	-
Cash and cash equivalents, th. UAH	81 850	94 697	-12 847	-13,57%
Cash and cash equivalents/ Liabilities ratio, %	63,76%	77,74%	-13,98 p.p.	-
Total gross premiums, th. UAH	230 060	162 161	67 899	41,87%
Proportion of insurance premiums, belonged to the reinsurers, th. UAH	10 580	11 787	-1 207	-10,24%
Insurance premiums, belonged to the reinsurers/Gross premiums ratio, %	4,60%	7,27%	-2,67 p.p.	-
Insurance indemnities and reimbursements, th. UAH	90 492	69 904	20 588	29,45%
Insurance indemnities/Gross premiums ratio for the period, %	39,33%	43,11%	-3,78 p.p.	-
Financial result from operating activities, th. UAH	-10 454	-46 755	36 301	-
ROS, %	-4,54%	-28,83%	24,29 p.p.	-
Net profit (loss), th. UAH	-20 668	-50 408	29 740	-
ROE, %	-20,58%	-47,02%	26,44 p.p.	-

Source: data of Private JSC “IC “BROKBUSINESS”, calculations by RA «Expert-Rating»

1. Shareholders' equity of IC “BROKBUSINESS” from 31.12.2017 to 31.12.2018 has reduced by 6,31% down to UAH 100,43 mln., and gross liabilities, on the contrary, have grown by 5,39% up to UAH 128,38 mln. As a result of multidirectional movement of these indicators, the ratio of shareholders' equity to the Insurer's liabilities in the analyzed period has decreased by 9,77 p.p. and as of 31.12.2018 has amounted to 78,23%. Therefore, despite a decrease, the level of this indicator as at the end of 2018 indicated the Company's formation of an acceptable reserve of equity. The Company's assets on 31.12.2018 have amounted to UAH 228,81 mln. and for the analyzed period its volume has remained almost unchanged.

2. Cash and its equivalents at the accounts of IC “BROKBUSINESS” as of 31.12.2018 has amounted to UAH 81,85 mln, that is by 13,57% lower than a year before. The increase in gross liabilities against the background of decrease in the balance of cash has resulted in the decrease of liquidity by 13,98 p.p. in the analyzed period. But, despite the decrease, as of 31.12.2018 the level of cash to liabilities ratio at IC “BROKBUSINESS” has remained at a good level and has amounted to 63,76%.

3. For the four quarters of 2018 the Company has collected UAH 230,06 mln. of gross premiums that is by 41,87% more than for the same period of 2017. Part of insurance premiums, belonged to the reinsurers, have reduced by 10,24% and has amounted to 4,6% of gross premiums. Insurance indemnities and reimbursements, performed by the Company for the 12 months of 2018, have grown by 29,45% compared to the same period of 2017 and has amounted to UAH 90,49 mln. The Insurer's indemnities level has decreased by 3,78 p.p. down to 39,33%.

4. According to the results of 2018 the activity of IC “BROKBUSINESS” has been unprofitable, but the Company has managed to considerably reduce a loss compared to the 2017 year. Thus, the loss from operating activity has amounted to UAH 10,45 mln, and net loss – UAH 20,67 mln. The volume of a received loss wasn't sufficient to misbalance liquidity and capitalization of the Company and to negatively affect its financial stability.

Therefore, having studied the activity results of IC “BROKBUSINESS” according to the results of 2018, the Agency notes a presence of good liquidity and an acceptable reserve of equity, a significant growth of gross premiums and indemnities' level, against the background of the Insurer's unprofitable activity. increase in business activity, sufficient level of capitalization and liquidity against the background of unprofitable activity.

Analytical service of RA «Expert-Rating»