

Worldwide Reinsurance Limited

Committee No. 007/2025

Report on 30th June 2024 audited Financial Statements

Committee date: January 27, 2025

Update term: Annual

Reinsurance sector/Panama

Analysis team

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CREDIT RATING HISTORY

Information date	jun-18	jun.-19	jun.-20	jun.-21	jun.-22	jun-23	jun-24
Committee date	01/07/2019	26/06/2020	12/05/2021	18/02/2022	09/12/2022	19/12/2023	27/01/2025
Financial Strength	PA BBB-	PA BBB-	PA BBB-	PA BBB-	PA BBB-	PA BBB-	PA BBB
Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Stable

Meaning of Classification

Financial Strength. Category PA BBB: Corresponds to institutions with enough strength to face its financial obligations as to the terms and deadlines contracted, nonetheless it is prone to weaken on behalf of intern changes, variations of the industry it belongs to or the economy. Hedge factors are enough.

In order to differentiate domestic ratings from international ones, (PA) has been added to the rating to indicate that it refers only to issuers/issuances of a domestic nature to be made in the Panamanian market. These categorizations may be further complemented, if applicable, with the signs (+/-), improving or downgrading the rating, respectively, within the categories AA and B.

The information used in this classification comes from official sources; however, we do not guarantee its reliability and completeness, and we are not responsible for any errors or omissions resulting from the use of this information. The rating granted or issued by PCR constitutes an assessment of the associated risk and an opinion on credit quality. It does not imply a recommendation to buy, sell, or hold a security; nor a guarantee of payment; nor price stability, and it may be subject to update at any time. Furthermore, this risk rating is independent and has not been influenced by other activities of the Rating Agency.

This report is published on the PCR website (<http://www.ratingspcr.com/informes-pais.html>), where additional documents such as the code of conduct, the respective rating methodology, and the current ratings can also be consulted.

Overview

In the Risk Rating Committee, PCR decided to upgrade the Financial Strength rating of Worldwide Reinsurance Limited to PA BBB, with a 'Stable' outlook and information as of June 30, 2024. The rating is based on the increase in premium placements as well as the decrease in claims paid, which contributes to an improvement in profitability indicators. Additionally, an improvement in solvency levels is observed as a result of capital strengthening. Finally, it is noteworthy that this year-on-year improvement has been consistent over the past five (5) years.

Outlook

Stable.

Executive Summary

- **Increase in premium underwriting:** As of June 30, 2024, Worldwide Reinsurance Limited shows a year-on-year increase in net premium underwriting (+81.2%), led by growth in the Property and Fire branch (+1.3 times), along with the Liability branch (+25%). This is explained by the company's strong commercial performance, resulting from the creation of a new underwriting agency, an increase in staff, and commercial support.
- **Claims indicators:** At the end of the first half of the year, the reinsurer shows a decrease in paid claims by TT\$ 1.1 million (-18.7%). This improvement in paid claims is the result of a new premium composition strategy, which increased the share of the Liability branch and reduced that of Property and Fire. This strategy has been applied since the previous period, but it is in this period that the results begin to show, as Property and Fire maintains a higher claims ratio than Liability. As a result, the claims indicators improved year-on-year, standing at 3.2% (June 23: 8.2%).
- **Increase in profitability levels:** As of June 30, 2024, Worldwide Reinsurance Limited reports an improvement in profit generation, demonstrating improvements in its technical and operational efficiency. This improvement is due to higher premium placements, along with appropriate control over commission expenses and a significant

reduction in paid claims. As a result, net results and profitability show positive behavior, with ROA at 18.0% and ROE at 27.2%.

- **Decline in liquidity indicators:** At the end of the first half, the reinsurer shows a decline in liquidity levels, as a result of liabilities increasing at a higher proportion than available funds and investments. As such, the entity has fewer resources available to meet its obligations, with the current liquidity ratio standing at 2.1 times. However, it is still considered to have adequate coverage to support its immediate obligations with its more liquid assets.
- **Adequate coverage and solvency levels:** As of June 30, 2024, Worldwide Reinsurance Limited shows stable indicators of financial position. The company's equity has been strengthened as a result of retained earnings and a common stock expansion. Therefore, despite the increase in liabilities mainly due to higher reserves for unearned premiums, the reinsurer shows stability in solvency (66.3%) and equity-to-debt ratio (50.7%), reflecting adequate financing through equity and solid support for insurance operational capital requirements, thereby mitigating financial risk.

Key Facts

Factors that could increase the rating:

- Constant increase in premium placements.
- Sustained improvement in operational efficiency.

Factors that could decrease the rating:

- Increase in profitability levels.
- Continuous decline in liquidity indicators.

Constraints and Potential Constraints

- **Identified Constraints:** No limitations were found in the provided information.
- **Potential Constraints (predictable risks):** i) There is a risk associated with the rise in interest rates in monetary policy, where the entity may not be able to effectively pass on the associated costs. The inflationary environment is also considered, which could affect economic dynamism and thus reduce the placement of new premiums.

Rating Methodology

The opinion reflect in the current report is based on the appliance of the Credit Rating Criteria for General Insurance Company's Obligations methodology valid as concerned in the Credit Rating Manual since 09 November 2017.

Information Used in the Credit Rating Report

- **Financial Information:** Audited Financial Statements from June 2024.
- **Institution's Profile:** Annual Memorandum, continuity certificates, business, and operative planning.
- **Manuals:** Liquidity Policies, Investments Policies, Money Laundry Prevention Policy, and Operative Procedures Policy.