

07.08.2020

Rating of JSC IC “BUSIN” is updated

September 7, 2020 at the meeting of the rating committee of RA “Expert-Rating” it was decided to update the financial stability rating of the insurer PrJSC “Insurance company “BUSIN” (19492371) at the level **uaAA** according to the national scale. Stability rating of the insurer on the international scale is **A**. The insurer with rating **uaAA** is characterized by a very high level of financial stability compared to other Ukrainian insurers. Making decision to update the Insurer’s rating at this level, the Agency was guided by the analysis results of the Company’s activity for the first half of 2020 year.

Table

Key performance indicators of JSC IC «BUSIN» for the HI of 2020 year, (th. UAH, p.p., %)

Indicators	I half of 2020 (30.06.2020)	I half of 2019 (30.06.2019)	Change	Growth rate, %
Total assets, th. UAH	2 645 550	246 299	2 399 251	974,12%
Shareholders' equity, th. UAH	130 878	122 249	8 629	7,06%
Gross liabilities, th. UAH	2 514 672	124 050	2 390 622	1 927,14%
Shareholders' equity/Liabilities ratio, %	5,20%	98,55%	-93,35 p.p.	-
Cash and cash equivalents, th. UAH	115 652	95 035	20 617	21,69%
Cash and cash equivalents/ Liabilities ratio, %	4,60%	76,61%	-72,01 p.p.	-
Total gross premiums, th. UAH	23 036	71 682	-48 646	-67,86%
Proportion of insurance premiums, belonged to the reinsurers, th. UAH	15 049	22 879	-7 830	-34,22%
Insurance premiums, belonged to the reinsurers/Gross premiums ratio, %	65,33%	31,92%	33,41 p.p.	-
Insurance indemnities and reimbursements, th. UAH	2 316	4 469	-2 153	-48,18%
Insurance indemnities/Gross premiums ratio for the period, %	10,05%	6,23%	3,82 p.p.	-
Financial result from operating activities, th. UAH	19 641	33 397	-13 756	-41,19%
ROS, %	85,26%	46,59%	38,67 p.p.	-
Net profit (loss), th. UAH	29 682	22 529	7 153	31,75%
ROE, %	22,68%	18,43%	4,25 p.p.	-

Source: data of the Company, calculations by RA «Expert-Rating»

1. Throughout the period from 30.06.2019 to 30.06.2020 assets of JSC IC “BUSIN” have increased in 10,74 times up to UAH 2,646 bln. The Company’s shareholders’ equity for the same period has grown by 7,06% up to UAH 130,88 mln., and gross liabilities have increased in 20,27 times up to UAH 2,515 bln. Therefore, as at the end of the first half of 2020 year the shareholders’ equity/liabilities ratio has decreased by 93,35 p.p. down to 5,20% that was a low level for this indicator.

2. As of 30.06.2020 the volume of cash and its equivalents at JSC IC “BUSIN” has amounted to UAH 115,65 mln. that is by 21,69% more than as of 30.06.2019. Considering a significant increase of the Insurer’s gross liabilities in the analyzed period, there has been a reduction of the Company’s cash to liabilities ratio from 76,61% down to 4,60%, or by 72,01 p.p.

3. Business volumes of JSC IC “BUSIN” have decreased in the first half of 2020 compared to the same period of 2019. The reason for the fall of the Company’s gross premiums has become a significant reduction of aviation transportations due to restrictions aimed at reducing the spread of the coronavirus epidemic, while JSC IC “BUSIN” specializes in high risk insurance, particularly in the aviation segment. In particular, according to the results of 2019, compulsory aviation insurance of civil aviation, voluntary air transport insurance and liability insurance of air transport owners accounted for over 96% of the Insurer's gross premiums. Insurance indemnities and compensations, performed by JSC IC “BUSIN” for the first half of 2020, have decreased by 48,18% compared to the indicator for the first half of 2019, and the indemnities’ level has amounted to 10,05% according to the results of the first half of 2020.

4. Despite the fall of business activity, the activity of JSC IC “BUSIN” has been profitable in the first half of 2020. Thus, for the first two quarters of 2020 the Insurer has received UAH 19,64 mln. of profit from operating activity and UAH 29,68 mln. of net profit. High values of net and operating profit of JSC IC “BUSIN” have provided good indicators of return on sales and return on equity of the Insurer.

Therefore, the results analysis of JSC IC “BUSIN” activity for the first half of 2020 year has shown: significant volumes of the Insurer’s net and operating profit against the background of the reduction of gross premiums and the fall of capitalization and liquidity indicators.

Analytical service of RA «Expert-Rating»